



December 6, 2023

Geordie Gordon, Senior Planner
City of Victoria
Sustainable Planning and Community Development

Dear Geordie:

RE: 133-135 E Gorge Rd – COTW Response – Consideration of Inclusion of a Daycare in the Complex

In response to a request from Council through the Committee of the Whole motion for the applicant to consider the inclusion of a daycare in the complex.

Market Rental

Intracorp has worked diligently with the property Owner, Belmont Properties, and the City, to ensure the desired outcome of the project meets the intent of various stakeholders – being the addition to purpose-built rental housing stock in addressing the City's affordability and undersupply crisis.

To meet the intent of community goals, the Owner decided to move forward with a purpose-built rental housing application rather than proceeding with a condo site as would be permitted by the neighborhood plan, resulting in a significant economic devaluation of the project.

The Owners, Belmont Properties, in addition to maintaining their history of being good corporate citizens, are committed to continuing to be long term rental housing suppliers in the City of Victoria. Long term committed owners add to the security of rental housing stock for years to come which must be considered as a community amenity.

Economic Burden

Accepting an economic devaluation in proposing a 100% rental application, rather than condo, inherently poses hardship to procure on site in-kind amenities such as the inclusion of a day care.

Furthermore, requesting a daycare to be designed and included on site at this stage in Phase 1 would constitute a major re-design when we are very close to construction start. A major delay to the project would further strain the economics of the rental project..

Secured market rental housing applications have been economically tested for the provision of Community Amenity Contributions which have proven to be unviable. Adding a day-care without an offsetting incentive for the project is not viable.

The addition of a non-performing use such as a daycare being offered as an in-kind amenity adds significant cost to the project economics with no real revenue generating offset. This will materially threaten economic viability of the project and likely disable the project from moving forward, resulting in almost 478 units of rental housing not being delivered to the market.

Creating these sorts of economic burdens at this stage is incredibly challenging on a 100% rental housing application.



Site Constraints

In addition to economic hardship, site constraints present challenges in achieving the 2.0 FAR target density required for project viability.

Both Phase 01 and Phase 02 must be procured in a woodframe form with the target density of 2.0 FAR to achieve minimum viable project economics. Site constraints have proven to be extremely challenging to allocate the target density, and the addition of a daycare will detract from target 2.0 FAR of residential area.

The density required for a daycare would directly impact the residential density on a 1:1 basis due to substituting the density, as no further buildable area can be located on the site.

Existing site conditions have created complex site constraints:

- Significant topographic changes exacerbate the issue of placing buildable area throughout the site, and result in a more complex construction methodology.
- Reduction in buildable site area due to City-required increased waterfront setback, increased Gorge Rd SRW setback, and building separation requirements throughout the site.
- A substantial CRD Water Main, and City Sewage pipe which bisects the site, further decreasing the buildable footprint.

Locating a daycare on-site at this late stage is near impossible to the above site constraints. The outdoor spatial requirements of daycare space adjacent to the indoor daycare space are significant and cannot be realistically located on site and continue to maintain an economically viable project.

Right of First Refusal

The application is providing a significant number of Right of First Refusal – 200 units representing 42% of the new development units, which encumbers economic viability of the project due to the inherent 20% discount to market rents per the City's Tenant Assistance Policy. The addition of a daycare within the complex further encumbers the project and threatens economic viability due to the significant added cost of the specified use – to a project which is already challenged with the provision of the Right of First Refusal units.



Conclusion

The Owner, as a result of early community consultation feedback, opted to move forward with a 100% purpose-built market rental application with the addition of a neighborhood-serving retail node which responds as consideration for a community amenity. The project will be providing public access to the currently privately-owned waterfront area, which further serves as consideration for a community amenity being provided as a result of this application.

The Owner agreed to move forward with a rental housing application which aligns with the City's goals and objectives to address the affordability and supply crisis, and intends to deliver 478 rental units to the market after extensive public consultation and design work responding the prior City comments. Belmont intends to maintain ownership of the completed rental buildings for the indefinite future and will continue to maintain it's standing as a reputable and credible housing supplier in the City.

The applicant has reviewed the request for the addition of a daycare within the complex, and confirmed that the request is not viable for the aforementioned reasons.

Yours truly,
INTRACORP PROJECTS LTD.

Matt Kolec
Senior Development Manager