

December 12, 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 Incorporating Affordability

Intracorp and Belmont Properties is fully committed to, and it remains our top priority, to ensure this 100% rental proposal is viable to proceed with construction as expeditiously as possible, aligning with the goals of the City of Victoria to address the housing supply crisis.

In response to Council's Committee of the Whole request to consider incorporating some units with deeper affordability within the complex, we are offering the following response.

1. Right of First Refusal (RoFR)

The 100% purpose-built proposal replaces the existing 200 rental homes with 478 new rental homes. In accordance with the City's Tenant Assistance Policy, eligible tenants are entitled to RoFR at market rents with a 20% discount.

Given the significant number of eligible tenants that can exercise the ROFR, the proposal already provides some deeper level of affordability.

1. RTE Analysis

The applicant has also reviewed the City's proposed Rental Housing Initiatives, specifically related to the recent proposed Revitalization Tax Exemption Bylaw (RTE). We explored whether the RTE could be utilized to provide 10% of affordable units in perpetuity at the City of Victoria's Median Market Rent Rate in exchange for a 10-year property tax exemption on the land lift.

As shared with Staff, our analysis indicated that the implementation of RTE for this site is not feasible and would result in a material impact to project viability. Inclusion of RTE would reduce the availability of construction debt and would necessitate a significant increase in the Owner's equity requirements. This is because rental underwriting looks at the long-term ability to repay construction and term debt, based on NOI servicing the debt obligation along with a debt service coverage ratio.

The property tax exemption timeline should align with the affordability timeline for this policy to work as intended.



The applicant has worked cooperatively with the City to ensure that the project meets the intent of the Burnside Gorge Neighbourhood Plan. The project responds directly to a number of key priorities including the provision of purpose-built rental housing, neighbourhood-serving retail, sustainability, traffic and transportation, and public realm improvements including reconnecting the public to the waterfront.

We have exhaustively reviewed Council's request to consider incorporating some units with a deeper affordability. As noted above, the project already provides a deeper level of affordability due to the substantial number of tenants that are eligible for RoFR of the new units at a 20% discount to market rents. Any additional on-site affordability, including the proposed RTE policy, is not a viable option.

Belmont Properties is committed to maintaining their history of being good corporate citizens and long-term rental housing providers in the City of Victoria. In consideration of Council's request, Belmont is pleased to offer a \$200,000 contribution to the Victoria Housing Reserve Fund to support the development of non-market housing. This contribution directly bridges outstanding equity gaps for proposed affordable housing projects, enabling these projects to proceed with construction to deliver urgent housing for those who need it most.

Yours truly,
INTRACORP PROJECTS LTD.



Matt Kolec
Senior Development Manager