

January 22, 2018

Mayor and Council  
Corporation of the City of Victoria  
1 Centennial Square  
Victoria, B.C. V8W 1P6

Good Day Mayor and Council,

This letter is a follow up to the detailed information I sent to Mayor and Council on November 17, 2017.

For 2 years we have met with Planning and the various City departments, and reached out to Mayor and Council to obtain input and feedback on our proposal for The Hive at 736 Princess. As a result, there was general agreement that this is a much-needed innovative approach to workforce housing and we were encouraged to explore and submit this application.

Planning's rationale and objections result in no affordable housing, with this level of amenities in the downtown core. Assembling land, reducing density and/or adding more commercial space, is simply not financially viable and would kill The Hive. It makes no sense to limit residential density to protect commercial space for increased employment at a time when a lack of affordable housing is making it extremely difficult to fill the already available jobs.

The Hive is a bold and innovative solution which will set a new standard for workforce housing and compel other developers to compete at this level. No more warehousing with diminished offerings, where amenities are eliminated, and livability is reduced to effect cost savings. Instead, we are providing our tenants more amenities than any other building in the City – even some of the more expensive rentals.

But, The Hive vision cannot be realized without the co-operation of Council and ourselves. For our part, we are:

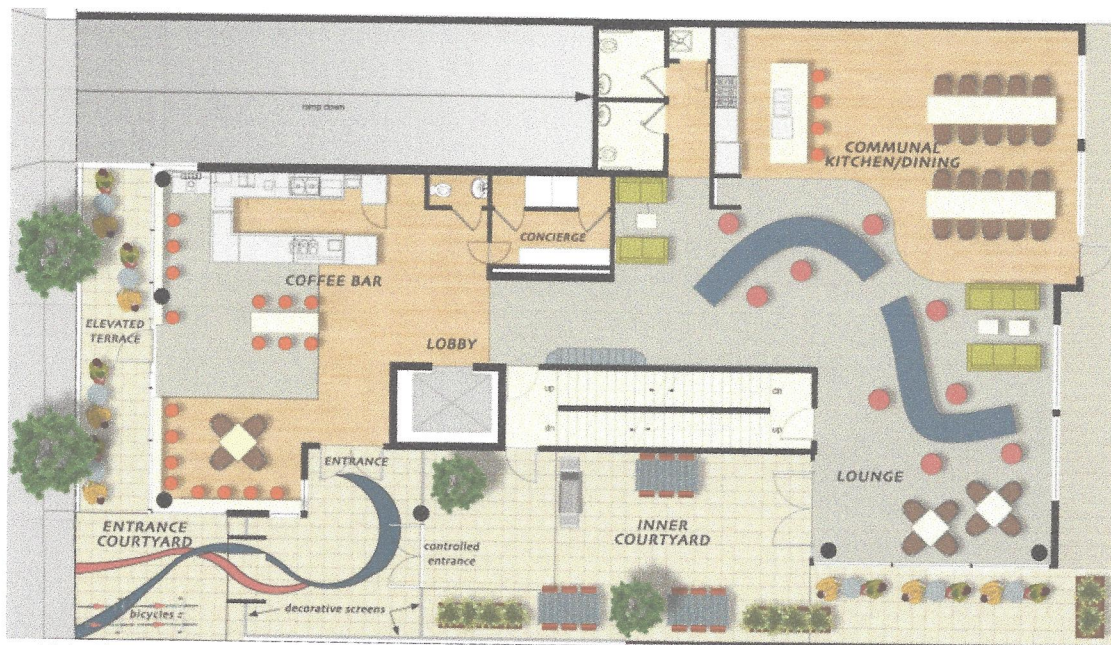
- Contributing the land - low cost land ideally situated on the edge of town.
- Supporting the project financially by offering units below market (*See attached First National Letter regarding CMHC Loan*).
- Adding to the job market by creating employment opportunities through building management, The Café and the electric Vehicle Share Program (eVSP).

Probably the most significant contribution is coming from our Chairman of the Board who will ***personally guarantee*** the CMHC loan.

Large & Co., with its 50 years of accomplished business acumen, plans to build, own and operate The Hive. We have worked diligently to create a viable business model and to eliminate the obstacles that prevent its success. We ask Council to do the same.

The City is continually expanding and changing to address the housing/affordability crisis. The Hive is the new norm; it is the right way forward for workforce housing. Yes, we need new zoning and an OCP amendment, but the OCP supports amendments for proposals like this. Our application is **not inconsistent** with the OCP and the City can contribute to The Hive's success by overcoming Planning's objections.

What makes The Hive special? It is a complete community for happy living. It is a downtown, below market, full service rental building with the entire main floor and outdoor spaces dedicated to amenities, **plus** a full service onsite eVSP. This constitutes almost 6000sqft of overhead in support of our tenants.



*Main Floor Concept Model*

Imagine for a moment . . . waking up in your new home at The Hive. You shower, dress for work and make your way through the shared community space toward the Café. On the way you notice a meeting in the private collaborative space; a neighbour reading *The Buzz* at the community board; and several others relaxing on their computers. You mention to the Concierge you are expecting a delivery and are assured it will be waiting when you return. In the Café you order your regular latte, grab a free newspaper and take a seat by the window before heading off to work.

You notice its raining and wonder if instead of walking today, whether you will take the bus or rent an e-vehicle. You decide on the e-vehicle and think how great it is to have 3 different types to choose from! What car owner has this choice? You head to the underground parking where the eVSP Manager assigns your vehicle.





The Hive – 736 Princess

Rezoning Application: 00602

Development Permit w Variance Application: 00065

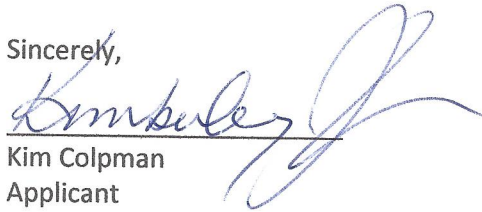
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At the end of the day, the Manager washes, parks and recharges the vehicle. Bonus – no maintenance costs! You then stop by the Café to purchase a light snack and join your neighbour in the lounge area. Around 7pm you head up to your room and get ready for your friends who are popping by for movie night in the lounge.

Seventy-five new fully self-contained workforce housing units downtown; 5 of which are accessible; bike/personal storage; laundry facilities; access to a variety of 'pay for use' vehicles; other transportation at your doorstep; entire main floor and outdoor space(s) with amenities!

*This* is the vision of The Hive – affordable downtown living that is **more** than just shelter. The City has asked for innovative solutions and we have provided one. Together we can make The Hive a reality . . . and if we can, why wouldn't we?

Sincerely,



Kim Colpman  
Applicant

*The following addendum addresses concerns raised by Planning in their Report(s).*

## Addendum: Response to Main Comments from Planning Reports

### 1. Increased Density Triggers an OCP Amendment

The OCP indicates its intention to guide planning and growth in Victoria but to also be flexible and adapt to current situations. We are not asking for 'spot' or 'one-off' OCP designation. We are not trying to move the OCP away from its broad land use policy scheme. Quite the contrary - we are asking the OCP to be flexible enough to allow Council to approve proposals, like The Hive, that creatively address the issues of the day.

In consultation with John Alexander, Lawyer with expertise in Land Use Law, the City could add the following statement to the Core Employment section of the OCP under Density to satisfy this application (Section 6 Figure 8 of the OCP):

"Council may consider densities in excess of those set out above if the proposed development achieves other goals within the OCP."

The Hive is **not inconsistent** with OCP goals. In fact, our proposal is extraordinarily consistent in many areas and does further the overall objectives of the OCP (*e.g. Compact Urban Settlements; Build Complete Communities; Improve Housing Affordability; Increase Transportation Choice – see Nov 17, 2017 letter to Mayor and Council for more detail*). The OCP also outlines how Council can consider density bonus in exchange for the provision of affordable housing.

### 2. Encourage Commercial Uses for Increased Employment and Limit Residential Density

Planning has indicated The Hive does not generate employment, but that's not true. Our proposal includes increased employment – concierge staff, maintenance staff, café employees, eVSP manager. However more jobs are not the burning issue for Victoria. What we need is more workforce housing. In an article from DOUGLAS Magazine (Oct/Nov 2017 - '*No Where to Rent*'), business owners indicate their inability to attract and retain employees due to a lack of affordable housing. The Hive increases employment AND addresses affordable housing.

### 3. Land Assembly to Decrease Density

This presumes that adjacent land is even available for purchase. It also presumes the City would allow demolition of the eastern building that Planning indicates has heritage value. Regardless, land assembly is not a solution. Purchasing adjacent land simply extends the same application over two sites. The density would still be needed to offset the additional land purchased at today's market price, and to offer the same below market rents, services and amenities.

#### 4. Reduce Density of Existing Proposal

Any reduction in density kills The Hive. We have spent 2 years finding the right balance and a way to make The Hive a reality. In order to provide our tenants a quality life (6000sqft of amenity/service area) at below market rates we must construct this building as proposed with 75 units.

#### 5. Transportation

The eVSP is a revolutionary concept for alternate transportation choices. It removes the burden of expensive car ownership but retains the convenience of vehicle access for all tenants. Using this model, we do have sufficient underground parking to satisfy the building and tenants needs.

Because this is a new concept, Watt Consulting conducted detailed research to see if Council could overcome the objections of Planning. What they found was success for zero-parking micro-unit buildings in locations like The Hive, the Janion being one. Their report recommends support of zero off-street parking if up to 10 shared vehicles are provided onsite. We are proposing to *start* with a mix of 20 vehicles and will guarantee a minimum of 10 vehicles for 5 years.

Planning indicated the Janion received zero parking as a bonus for its heritage restoration. The Hive could receive the same consideration given affordable housing is also an important City objective.

With respect to one lane driveway, there are examples throughout Victoria where this model is functioning successfully.



January 22, 2018

Large & Company  
607 Vancouver Street  
Victoria BC V8V 3T9

Attention: Kim Colpman

Dear Sirs / Mesdames:

**Re: Affordable Housing Project 736 Princess Avenue, Victoria BC  
CMHC Insured First Mortgage Financing**

I attended a meeting with CMHC on January 9, 2018. We met with the underwriter for your loan and with CMHC's principal underwriter for the BC region.

I am pleased to report that the feedback to date has been positive. The local CMHC office has not fully completed their review but this is expected to be completed within the next few weeks. The principal underwriter indicated that the only exception to CMHC policy is for the size of the units but CMHC has approved similar sized micro-units in the past and he does not anticipate an issue here. Once the local CMHC office has completed their review, they are expected to recommend approval to CMHC's 11 person credit committee which meets weekly.

CMHC's affordable housing program requires that the total residential rental income of the property must be at least 10% below its potential residential rental income as supported by an appraisal report; and a minimum of 20% of the units must be affordable with rents at or below 30% of the median household income in the subject market. An appraisal was completed by a qualified appraiser and provided to CMHC who have indicated that the proposed rents appear to meet their criteria. Your company will be required to provide evidence to First National Financial LP that the actual rents being charged at initial lease-up comply with the approval and then provide annual evidence that the rents on the affordable units have not been increased at higher than the provincial allowable rate. Failure to comply with the affordable housing requirements shall, at CMHC's option, constitute a default under the mortgage.

First National Financial LP is the largest provider of CMHC rental apartment financing in Canada, funding over \$3 billion per year. We believe that the CMHC application for 736 Princess Avenue meets CMHC's criteria and has a strong probability of approval.

Yours truly,



Russ Syme  
Assistant Vice President  
Commercial Financing