

BAYVIEW PLACE

June 23, 2022

Mayor & Council, City of Victoria
1 Centennial Square, Victoria, BC

Dear Mayor and Council,

Attached please find a range of technical submission materials that we feel meet the final outstanding items raised by staff in their Spring 2021 report and several subsequent reviews. Focus Equities and our consulting team has been working diligently for years in close collaboration with members of the Vic West community, City staff and local not-for-profit partners to continually revise this plan for the Bayview-Roundhouse neighbourhood to fix the restrictive design guidelines and to support the overall viability of the project, support its implementation and help this important project meet the needs and priorities of the City of Victoria. We feel strongly that this iteration meet those needs and is ready for Council consideration. Staff have been working on a draft report for Committee of the Whole since we circulated the January 2020 application.

Focus Equities embarked upon its partnership with the City of Victoria more than two decades ago with the launch and successful development of the first phases of the Bayview project, which also required rezoning to fix impossible design guidelines. Since then, we have undertaken environmental remediation of a significant portion of the City, delivered hundreds of new homes for Victoria residents (including housing dedicated to the local seniors population), and provided well loved new and improved public spaces and parks to the Vic West community. Financial support from the project has also contributed to local community events and organizations, not least of which our ongoing support for the return of rail service to Vancouver Island.

The first phase of the project required a significant rezoning to fix design guideline mistakes. The design of the first parcel in the Roundhouse portion of the project in 2017 laid bare a number of technical challenges with developability and marketability of the approved 2008 urban design guidelines. Work on the first parcel (DA-3), now referred to as the E&N Building, faced a range of complications in meeting guidelines that include a large number of “must, will and shall” requirements not typical in a guideline document. Meeting these requirements while delivering a building which is marketable for new homeowners, turned out to be prohibitively expensive to build. While the E&N Building was eventually designed and granted approval by City Council four years ago, the lack of progress on the project since then is evidence of the challenges faced in marketing it. Initial review of subsequent parcels shows similar challenges to viability going forward.

Given the limitations of the current plan for the project, Focus Equities began a process to reposition the project and fix the restrictive guidelines through a new development application starting in late 2016 and culminating in the submission of a comprehensive rezoning application in January 2020.

The repositioning of the project finds precedent in the process undertaken for the Dockside Green project in 2016. In that year, Dockside's ownership sought a rezoning of that project along with a renegotiation of a number of the terms of its Master Development Agreement to create a feasible project from one that was unable to move forward under the previous terms of those agreements. This saw previous approvals and agreement provisions revised in support of a more developable project, while still maintaining the original intent of the project.

Focus Equities is seeking similar consideration for the Bayview-Roundhouse project.

At Bayview-Roundhouse, much like Dockside, the repositioning of the project is vital to helping to deliver the public amenities that that were promised to local residents. For Bayview this includes such things as the restoration of the heritage structures on site, as well as the provision of a world class retail area and associated public spaces. Focus Equities is committed to providing these amenities to the City of Victoria, but they can only be delivered through the development of the project.

One of the key, though largely unseen amenities associated with this project, is the remediation of a site with significant contamination challenges. However, the impact of the closure of two sites – the High West Facility in Highlands and the Shawinigan Waste Disposal Facility has led to significant increases in the costs associated with this remediation. The closure of these facilities has required a complete rethink of the remediation strategy for the Bayview-Roundhouse project. Contaminated soil will now need to be contained on-site through a doubling of the required excavation for each development parcel along with expensive encapsulation technology necessary to keep contaminants contained and allow for development above. Other soils not able to be encapsulated will need to be shipped to the US at a premium cost.

In order for the project to continue while maintaining our commitment to provide agreed-to public amenities, the addition of these costs now means that additional offsetting revenue is required to make the project viable. As such, we are seeking an increase in the allowable density for the Bayview-Roundhouse lands to 1,895,006 square feet.

We understand that this extra density needs to clearly demonstrate that it meets the goals of the OCP and delivers key public benefits to the residents of the City of Victoria. In terms of meeting the goals of the OCP, the revised plan will:

- Maintain the urban amphitheatre concept in the DCAP which assumes higher buildings ringing the harbour and anticipates height and density on the Bayview lands similar to those seen along the Blanshard-Douglas corridor.

- Maintains the spirit of the 2008 design guidelines by maintaining key visual and access corridors through the site and masses taller tower elements to minimize shadow impacts on the Roundhouse Plaza and surrounding public spaces while creating an undulating skyline for Vic West.
- Continues to support the provision of rail traffic and transportation use through the site in line with Bayview's ongoing support of the Island Corridor Foundation.

At the same time, the revisions to the project has been positioned to deliver on Council's key priority – addressing Victoria's housing crisis. The revised plan for the Bayview-Roundhouse lands will, at its core, provide more than 1,600 homes for approximately 4,000 Victoria residents in a range of housing forms. In addition to market condo units, the project will also provide more than 150 units of affordable, workforce housing (developed and administered by the Greater Victoria Housing Society) and approximately 150 units of purpose-built rental housing.

This is a plan that we feel strongly supports the goals and aspirations of the residents of the City of Victoria. We feel this because we've asked them. Since embarking on the revised plan for the site, we have undertaken numerous meetings with local community stakeholders and worked closely with a dedicated advisory group of nearby residents and businesses to provide ongoing input and guidance to the planning and design process to ensure that the future Bayview-Roundhouse project will fit seamlessly into local community and that details such as community amenities, public space materials and/or retail leasing strategies all meet with local expectations and are shaped by their input.

Overall, we feel that the revised Bayview-Roundhouse project is well positioned to meet the goals and objectives of the City of Victoria, and as importantly, to support the delivery of commitments made when project was first conceived. Focus Equities is keen to see this project move forward in a timely way, and we are committed to creating a positive legacy for the City of Victoria. Our track record in Vic West in the first phases of the Bayview project shows that we are well positioned to deliver the envisioned community-focused project that the City can be proud of. With the revisions and updates that we are requesting for the Roundhouse site, we are confident that we can continue that legacy on this iconic site – creating a mutually impressive outcome with the City as our partners.

Regards,



Focus Equities

TO Focus Equities DATE June 9, 2022
 FROM Jonathan Tinney, MCIP, RPP DELIVERY Email + Print
 CC City of Victoria

This report provides an addendum to the attached Letter to Mayor and Council laying out a policy, economic and public benefit justification for the proposed development. This report is based upon publicly-accessible City data, policy documents along with information included in the associated Official Plan Amendment and Rezoning application package submitted to the City of Victoria on June 9, 2022.

This report was prepared by Jonathan Tinney, MCIP, a partner with SvN Architects + Planners. Jonathan is a Registered Professional Planner and the former Director of Sustainable Planning and Community Development for the City of Victoria.

1. The Current Proposal

Roundhouse at Bayview Place is a multi-phased, mixed-use master plan redevelopment situated on the Songhees Peninsula within the Core Area of the City of Victoria. Bayview Place is a comprehensive master planned community for which a comprehensive re-zoning application was initiated in the early 2000's and approved in 2008.

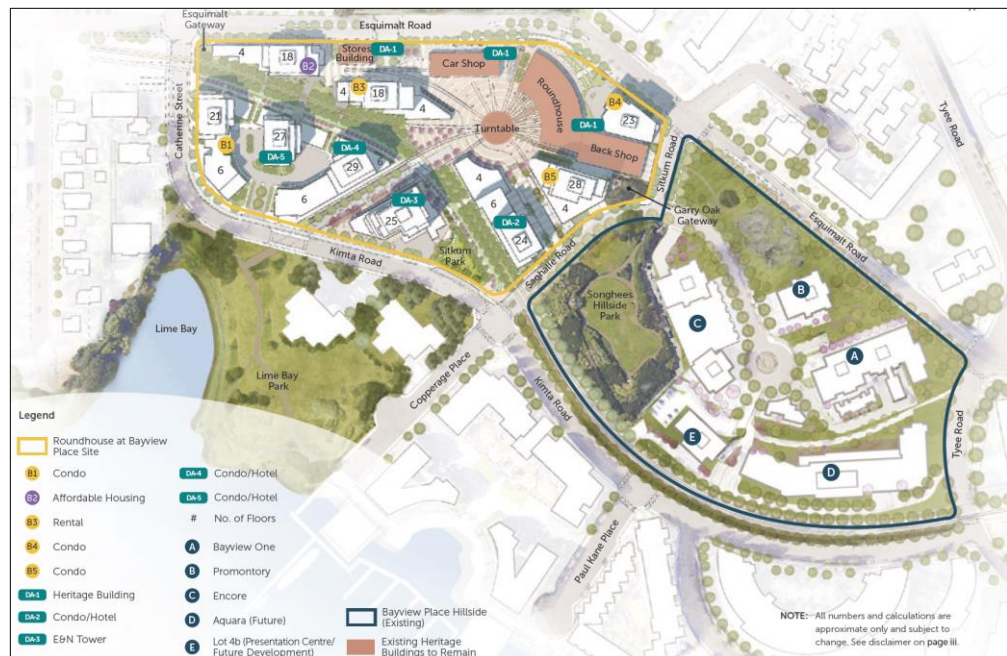


FIGURE: CURRENT MASTERPLAN SUBMISSION (JUNE 2022)

Phase 1 of the project, the Bayview Hilltop, has almost been completed. Comprising three condominium towers and one retirement residence (under construction), it has delivered a urban residential neighbourhood set in a context of substantial public open space and park amenity.

The current development proposal encompasses the second phase of the project within a 9.18-acre site. The current approvals for this site allow for 803,409 square feet of development within four towers and three revitalized heritage buildings.

The revised development is seeking approval via an Official Plan Amendment and Rezoning application to allow for four mixed-use condominium buildings, one mixed-use condominium/hotel building, two residential condominium buildings, one rental apartment building, and one affordable apartment building, alongside the three existing Roundhouse heritage buildings. Collectively, the development will deliver approximately 1,895,006 square feet of mixed-use development. This represents an increase of 1,091,157 square feet over the 803,849 square feet currently approved through the existing zoning for the site.

A breakdown of the proposed development statistics is provided below.

Proposed Development - Summary of Changes			
<i>All Values in Square Feet</i>	Existing Zoning	Proposed Rezoning	Difference
Strata Residential	705,036	1,501,562	796,526
Purpose-Built Residential Rental	0	146,700	146,700
Affordable Housing	0	150,700	150,700
Heritage Commercial	41,603	35,733	-5,870
Other Commercial	57,210	40,611	-16,599
Total	803,849	1,895,006	1,091,157
Site Area	400,130	400,130	---
Floor Area Ratio	2.01	4.75	2.73

2. A Policy Rationale

Victoria City Council was one of the earliest cities in North America to pass a Council Declaration of Climate Emergency along with a commitment to accelerated action on climate change. Based on Council's decision, climate action in Victoria will consist of GHG reduction targets through implementing an ambitious renewable energy transition strategy, and consistently achieving smart, compact development.

Meeting the compact development outcomes associated with the City's climate goals will be governed by the current Official Community Plan (OCP), which anticipates the city to grow by an additional 20,000 people by 2041. 50% of these new residents are to be accommodated in the City's Core Area

(which includes the Songhees area of Victoria West) in walkable, mixed-use communities which reduce building footprints, limit sprawl and increase transit and active transportation options.

The ability of the City to meet the OCP targets for housing supply and location are challenged by existing land use policy. A recent (2021) Housing Futures Study commissioned by the City found that the current OCP designations do not provide enough development potential for the anticipated number of homes the city will need to 2040. This shortfall is particularly acute in condo and apartment housing forms where estimates suggest that future supply will fall short of demand by approximately 25%. Given this condition, beyond 2040 it is expected that this gap will only increase without the substantial rethinking of density targets, with specific focus on key locations where additional densities are most appropriate.

Current OCP policies currently promote higher-density development within the pattern of an ‘urban amphitheatre’, with heights and forms gradually stepping up from Victoria’s open Harbour basin. This approach is also articulated through other policy documents, such as the Downtown Core Area Plan. A low-scale urban form is maintained along the waterfront and throughout Old Town, rising steadily eastward to a concentration of newer, higher density commercial, mixed-use and residential buildings in the Central Business District (Downtown) and the Residential Mixed-Use District (Harris Green) as well as on the Songhees Peninsula (Vic West).

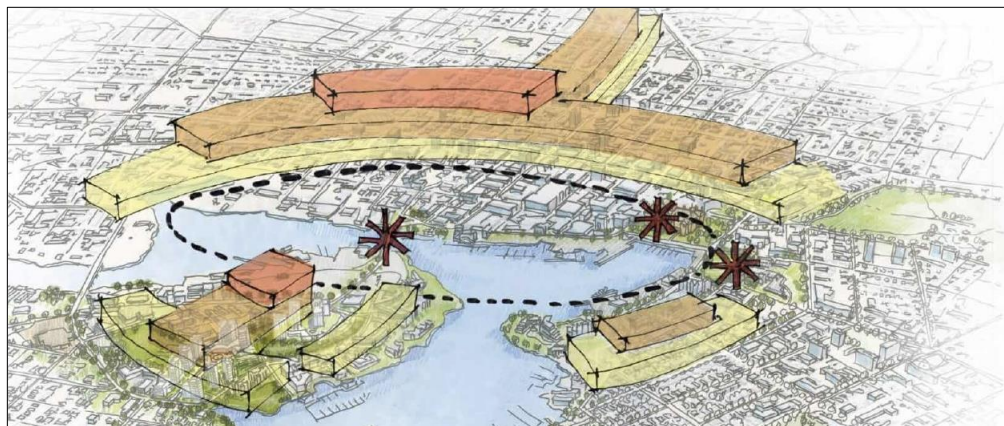


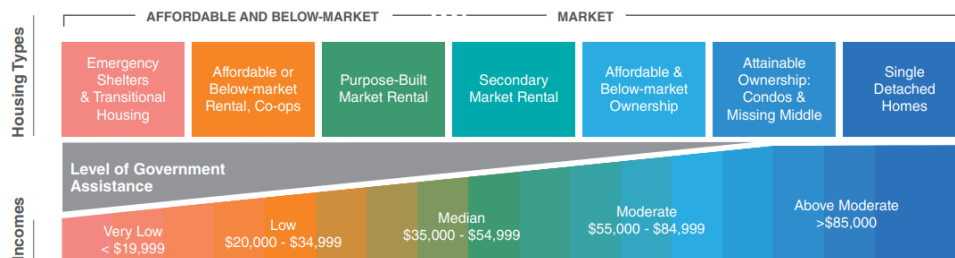
FIGURE: GRAPHIC ILLUSTRATING APPLICATION OF THE “URBAN AMPHITHEATRE CONCEPT FROM THE DCAP

This framework within existing policy represents an understanding and a policy guide for where the additional density necessary to meet future housing demand should go in the short term. The densities now proposed for Bayview-Roundhouse (at 4.74 FSR), while greater than the 2.5 FSR currently envisioned in the OCP and the Vic West Neighbourhood Plan, they are within the range of those seen within the fringe areas of the downtown core. Overall, the proposed development supports the logical extension of the urban amphitheatre concept across the water (anticipated in the DCAP and OCP) providing precedent for the densities proposed.

Further, the aforementioned 2021 Housing Futures Report highlights a specific shortfall of housing capacity in areas within the City’s urban core and within close proximity to its Urban Villages. The

Bayview project is strategically located within the City's Urban Core and adjacent to the primary Urban Village within Vic West. As one of the largest undeveloped sites in the City, it is well positioned to provide additional housing supply with a focus on condo and apartment forms of housing within walking distance of the Region's core employments areas. As such it represents one of the City's best opportunities to meet future housing demand in a form and location that supports climate-positive development.

In addition to the climate emergency, Victoria City Council has also declared a housing crisis, making the provision of appropriate and affordable housing a key policy goal. As stated above, the development of the Bayview-Roundhouse site will have a significant impact on the provision of housing supply, specifically in strategic locations.



The bulk of this housing will be in the form of market condos, providing smaller, lower-maintenance housing options to new and existing Victoria residents looking to acquire their first home (perhaps a smaller unit in an urban location where decreased transportation costs help to support housing attainment) or to downsize (catering to retirees selling a single-family home elsewhere in the region).

In addition to the overall supply, the Bayview-Roundhouse project will also provide specific opportunities for additional housing tenures – chief among them, the provision of an estimated 150 units of affordable housing (provided in partnership with the Greater Victoria Housing Society). This represents approximately 14% of the additional density being sought as part of this rezoning, well within the targets identified by the City as part of its Inclusionary Zoning Policy.

Discussions with the GVHS has indicated their proposed interest in developing this site for below-market, workforce housing, a key gap in the City's housing stock, run by a long term, reputable local housing provider. The provision of the site for this development is proposed as being part of the first phase of the new development, allowing GVHS to move forward with their development in short order following zoning approval.

The proposed new masterplan will also include an estimated 150 units of purpose-built, market rental housing. While provision of below market housing is a key goal of the City's Housing Strategy, so is provision of purpose-built, market-rate apartments as they operate as a key contributor to supporting housing affordability in the City. According to the Housing Strategy, the majority of residents in households with incomes between \$35,000 to \$54,999 will be housed via the purpose-built and secondary rental markets. As well, records indicate that approximately 50% of existing units within

Bayview Place currently are rented within the secondary rental market. As such is likely that the Bayview-Roundhouse project will support an even greater share of the City's market rental housing targets -- perhaps as high as 900 units if current trends continue as part of future phases.

3. Public Amenities to Support Density

As part of its first phases, the Bayview Hilltop project has provided the City of Victoria and the Vic West neighbourhood with a number of significant public benefits including improvements to the public realm, including a new park with off-leash dog run, as well as new landscaping, street furniture and streetscape improvements. The project has also in the process of providing Victoria residents with a 161 units of senior's focused housing that will enable seniors to age-in-place with supports to facilitate a transition from independent living to complex care.

Harder to see, but an important aspect of the project, the previous phases of the Bayview development also provided environmental remediation of the lands that now form the Bayview Hilltop project.

Looking forward, the future Roundhouse at Bayview Place will build upon the work done at Bayview Hilltop by introducing a mixed-use neighbourhood with retail and commercial uses, as well as a range of residential opportunities, and public open spaces connecting restored historic buildings and rail infrastructure, along with plazas, mews and park trails.

As outlined in the original Master Development Agreement, the development project has committed to providing the following amenities and benefits:

- Rehabilitation and adaptive re-use of the heritage designated Roundhouse buildings and structures, including the Carshop, Roundhouse, Back Shop, Stores Building and the Turntable;
- Provision of off-site streetscape and frontage improvements along Esquimalt Road;
- Development of a multi-purpose pathway, the E&N Rail Trail, linking Sitkum Road and Catherine Street;
- Development of a central Turntable Plaza, which will function as a focal point of community gathering;
- Development of a naturalized landscape knoll within the northwest corner of the site, which will be planted with native species;
- Development and maintenance of a water feature at the corner of Kimta Road and Catherine Street;
- Provision of off-site park improvements to Lime Bay Park and the city park adjacent to Sitkum Road and Kimta Road;
- Development of Lime Bay Mews and Roundhouse Mews, shared-use corridors that will accommodate vehicular, pedestrian and cyclist traffic;
- A cash contribution to support future indoor community space in the area;
- Development of an on-site Site Interpretation Program which will highlight the unique history and heritage value of the E&N Roundhouse;

Overall, the value of the current amenities package is more than \$25 million dollars. A summary of the major cost items is provided below.

Committed Amenities Secured in the MDA	
<i>Amounts in 2021 Dollars</i>	Value
E&N Trail Easement	\$428,556
Lime Bay Mews (Public Access Mews)	\$393,019
City-Owned Park Improvements	\$265,638
Lime Bay Park Improvements	\$301,485
Cash Contribution for Public Space	\$815,826
Heritage Restoration (All-In Costs)	\$22,820,280
Total	\$25,024,804

While Focus Equities is committed to providing the amenities laid out in the MDA, the reality of land development means that the project must move forward in order to provide the technical and financial means to deliver these important public benefits. Currently the project faces several economic challenges driven by increased costs and exacerbated by the current design guidelines that have impeded the ability of the project to move forward and deliver on these important commitments.

4. Economic Realities

As Focus Equities began more detailed planning and costing of the next phases of the project, several challenges have emerged. Chief among them are a number of constraints created by the 2008 Design Guidelines (which current govern development on the site) which make the buildings permitted very difficult and, in some cases, impossible to develop within the local marketplace (meeting local market interests and affordability levels).

These challenges became evident in the process of working with staff on the Development Application for the E&N Building (known as DA-3) in 2018 and 2019. The numerous building step-backs and façade articulation required within the guidelines added significant cost and create challenges related to core positioning, parking and access. This approach to building design also has significant energy efficiency and carbon emission impacts over the life of the building. A review of future development areas show that significant redesign outside what is possible under the current guidelines is required in order to create buildable and marketable parcels going forward.

But the most significant change to the financial feasibility of the Bayview Roundhouse project is the closure of the Shawinigan and Highlands Waste Disposal facilities in 2017. This facility was the only one on Vancouver Island available to accept contaminated soils necessary in the remediation of older industrial sites such as those at the Roundhouse. Removal of contaminated soils off-island is significantly more expensive and thus, Focus Equities will be required to excavate and isolate most contaminated soils on site with the remainder shipped to US-based contaminated site disposal depots. This will generate substantial additional costs for the project.

Additional costs are also required to support shoring of parkades, realignment of the rail corridor to facilitate development, and site servicing.

Summary of Increased Costs			
<i>Amounts in 2021 Dollars</i>	Current Plan	Proposed Plan	Increase
Land Remediation	\$18,131,825	\$25,899,413	\$7,767,588
Shoring Costs for Parkades	\$0	\$6,750,000	\$6,750,000
Site Servicing	\$3,786,819	\$4,975,437	\$1,188,618
Railway Realignment	\$0	\$4,002,210	\$4,002,210
Total	\$21,918,644	\$41,627,060	\$19,708,416

The sum of these additional costs total more than \$19 million dollars and coupled with design guideline challenges mean that the future feasibility of the Bayview Roundhouse project faces significant impediments. It is for these reasons that Focus is looking to reposition the project through revisions to the design and phasing to make existing development areas less costly to build, more attractive within the local marketplace, and align them with new excavation and remediation requirements for the site.

Council's consideration and participate through zoning in the repositioning for a major project is well established in Victoria. Dockside Green recently completed a renegotiation and regulation update that has allowed the project to move forward after years of limited activity on the site. The renewal of the project has since allowed long-promised public amenities to be provided to the local community. As with the Bayview-Roundhouse, these amenities had been tied to the ability of future phases to move forward.

5. Increasing the Benefit to the Public

As stated previously, the current approvals for the Roundhouse lands include an amenity package made up of public spaces and heritage restoration that is valued at more than \$25 million. This package includes provision of lands and easements to support the strong public realm plan for the project, financial support for offsite improvements to surrounding parks and future public spaces, and the significant investment in the restoration of the Roundhouse heritage buildings.

Given that the current proposal would see the addition of new density to the Roundhouse neighbourhood, expansion of the list of amenities has been part of the plan from its earliest iterations. The current proposal includes a significant increase to the public spaces being conveyed or made available for public use within the site. As diagrammed below, the previous approvals provided for approximately 3.13 acres of secured, publicly-accessible space within the site. The updated proposal would see the share of lands for public access increase to more than 3.61 acres.



FIGURE: COMPARISON OF 2008 AND 2022 ON-SITE IMPROVEMENTS

In determining the appropriate scale of public amenity required for new development applications, the City of Victoria applies a “land lift” analysis that assesses the value of the additional density being sought with an expectation that the value of the amenity package being offered as part of the development should be a minimum of 75% of that value.

CAC Envelope Based on Land Lift	Value (In Millions)
<i>Amounts in 2021 Dollars</i>	
Estimated Supportable CAC (75% of Rezoning Land Value Uplift)	\$18.9
Value of On-Site Open Space	\$13.6
Land Lift Value Remaining	\$5.3
Value of Affordable Housing Parcel	\$13.2
Overall Value of Proposed Amenity Package	\$26.8

The land lift analysis for the revised Bayview-Roundhouse project has identified an envelope of \$18.9 million as a guide to gauging the appropriateness of the development package. Overall, the increased public space package provide for the project represents a value of approximately \$13.6 million, leaving \$5.3 million within this envelope of community amenity contributions.

To fill the remaining value identified by the land lift, Focus Equities is proposing the provision of the affordable housing site to the Greater Victoria Housing Society, in a shovel-ready state, as part of the first phase of the project. An MOU reflecting the Partnership between the GVHS and Focus Equities is attached to this report. This site, once zoned and subdivided, has an appraised value of approximately \$13.2 million dollars (site Appraisal attached to this report) and represents a clear benefit to the GVHS

as it will allow them to move forward a significant housing project that will not be burdened by land and rezoning costs, which would be the case on any other site in the City of Victoria.

Overall, the Roundhouse at Bayview Place project is proposing an amenity package as part of the revised proposal that is well in excess of the envelope identified by the land lift analysis (\$26.8 million vs. \$18.9 million). This is in addition to the more than \$25 million in benefits already committed to in the 2008 approval. Combined with the investment by Focus Equities in key policy areas for the City (affordable housing, heritage revitalization, rail activation and public realm improvements), this project represents a once-in-a-generation partnership to support the ongoing development of this community. When considered along with the provision of necessary new housing supply, the addition of new residents close to downtown, and the remediation of one of the City's most high-profile contaminated sites – this project represents a clear benefit to the City of Victoria and its residents.

6. In Summary

The City of Victoria is facing twin emergencies related to the climate and housing crises. One major tool in addressing both is the development of dense, livable infill projects within strategic, walkable locations within the Urban Core. While the current OCP envisions this type of development recent analysis by City staff indicates that current densities are not sufficient to meet demand over the next two decades. Demand beyond 2040 is not even currently considered in existing policy documents.

Opportunities to address this shortfall in the short-term are limited, but one potential opportunity would be to consider an increase in densities beyond the current OCP limits in key locations. Bayview Roundhouse is one of those locations. Height and density in this location is anticipated by existing OCP and DCAP policies, and the current density permitted on the site through existing zoning, at roughly 2.0 FSR is well below what is seen elsewhere within the Core Area – representing a missed opportunity to provide substantial new housing supply (including market condo, secondary rental, purpose-built rental, and affordable, below market housing options) in a climate-supportive location.

At the same time, the existing Roundhouse project is stalled. Challenges with the current design guidelines and significant additional costs related to site remediation endanger the project's ability to provide existing public benefits and meet commitments associated with the project. The community has been awaiting the revitalization of the heritage Roundhouse and its associated structures.

Repositioning of this project will allow for those existing benefits to be delivered and along with additional amenities such as affordable housing, expanded public spaces and related retail amenities for the surrounding community, representing a significant investment into the VicWest community and meeting a range of City goals.

**MOU Bayview Place LP and
Greater Victoria Housing Society (GVHS)
Roundhouse, Victoria**

This document is not binding and does not create enforceable legal rights or obligations and is only intended by the parties to create a common understanding of their mutual goals.

February 4, 2022

**OVERVIEW OF POTENTIAL INCLUSION OF AFFORDABLE HOUSING ON
BAYVIEW ROUNDHOUSE SITE**

- **Bayview Place LP wishes to assist in the creation of affordable rental units. GVHS would seek to purchase or otherwise acquire certain lands (GVHS Lands) from Bayview Place LP for at no cost subject to a purchase and sale agreement (PSA) to be negotiated between the parties.**
- **The GVHS Lands would be a separate legal parcel pursuant to the terms of the PSA.**
- **GVHS would, at its cost, build and manage an approximately 190 unit building designated for affordable housing on the GVHS Lands.**

Project Background and Description

Bayview Place LP has discussed with GVHS making available to GVHS land within its Roundhouse Project for the creation of affordable housing, subject to the parties being able to enter into a mutually acceptable agreement in respect of such housing. A possible suggested location for the building in which such housing would be located is identified as B2 in the attached AH Bayview Test Fit Option #2 dated 20211207. Bayview Place LP envisions permitting GVHS to acquire the GVHS Lands at no cost, but subject to the terms of one or more mutually acceptable agreements, to assist Bayview Place LP in the creation of affordable housing for the benefit of the area. GVHS would design, build and operate the building. This development would result in affordable housing units designed for low to moderate income households (defined by BC Housing) based on the current CMHC Co-investment funding program or other suitable program, with much of the equity coming from the land value of the site provided

High-Level Requirements

Building Design, Amenities and Units

The building would be designed and operated to an acceptable standard in keeping with the overall design and character of the Roundhouse Project.

GVHS would lead the design process with regular, timely consultation and input from Bayview Place LP.

GVHS requires a legal interest that will allow for customary mortgage security.

Anticipated Deliverables

Both parties will further edit a mutually agreeable MOU as needed.

GVHS will attend Council meetings with Bayview Place LP in respect of matters relating to the affordable housing component of the project and provide written materials in support of the project

Bayview Place LP and GVHS would enter into a LOI for the purchase, sale and, if necessary, subdivision of the Lands and Commercial Component on or before June 30th, 2022.

GVHS would seek to obtain preliminary financing approval by December 15, 2022.

GVHS and Bayview Place LP would enter into the PSA with conditions on or before June 15, 2023, subject to:

- Bayview Place LP obtaining council approval.
- GVHS obtaining final financing and board approval.
- GVHS securing permits and approvals, performance bonding, insurance, and financing.

Affected Parties

The PSA between Bayview Place LP and GVHS would not be assignable by either party except as permitted therein.

Municipal Approvals

Bayview Place LP will lead and pay for all municipal approvals permits and processes.

Affordability

GVHS will provide affordable rental housing units with rents that comply with CMHC or other program affordable housing requirements or acceptable government financing program subject to Bayview Place LP approving the rental market objectives not to be unreasonably withheld or final decision by the City of Victoria if necessary.

Implementation Plan

GVHS will apply for funding from multiple sources, but will concentrate on CMHC Co-investment Financing.

High-Level Timeline/Schedule

Bayview Place LP Initial Approval – January 26, 2022

Finalize LOI regarding purchase and sale – June 30, 2022

Finalize PSA and related agreements– July 31, 2022.

GVHS to obtain preliminary financial approval – December 15, 2022

Start Construction – January, 2024

Occupancy – August, 2025.

Upon signing this non-binding Letter of Interest, the parties agree to hold a joint press conference at the Bayview Place Marketing Center no later than February 24, 2022.

APPROVAL AND AUTHORITY TO PROCEED

We understand the project as described above and authorize the team on a non-binding basis to proceed to create agreements and plans.

BAYVIEW PLACE LP, by its general partner,
FOCUS NORTHERN GENERAL PARTNER
INC.

Per: _____ Date _____

GREATER VICTORIA HOUSING SOCIETY



James Munro Director of Real Estate Development Feb 8 ,2022
Per: _____ Date _____



Virginia Holden, Executive Director Feb. 9, 2022
Per: _____ Date _____

Attached

AH Bayview Test Fit Option #2 dated 20211208

File No. 84220-(MF)

April 14, 2022

Greater Victoria Housing Society
2326 Government Street
Victoria, B.C.
V8T 5G5

Attention: James Munro

**Re: Property Appraisal Report Concerning:
Part of Lot 1 Plan EPP33936 District Lot 119 Section 31 Land District
57 PID: 029-397-065**

As requested, we have prepared an appraisal report concerning the above-described lands proposed for development including +/-150 rental apartment units with ground-floor commercial, located in the Municipality of Victoria, British Columbia.

It is our opinion, as a result of our studies and subject to the Assumptions and Limiting Conditions contained in the attached appraisal report; that the current market value estimate as of April 14, 2022, was:

'AS IS'
SIX MILLION FOUR HUNDREDTHOUSAND DOLLARS
\$6,400,000.00

'AS ZONED'
THIRTEEN MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS
\$13,150,000.00

The data and procedures used in determining the foregoing value estimates are contained in the attached report.

Thank you for this opportunity to be of service. We remain,

Yours truly
BAKER & OSLAND APPRAISALS LTD.



Sophia Schmidt, AACI, P.App

SS/am

Attachments