

March 17, 2022

Mayor and Council
City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor Helps and Members of the Council,

We are pleased to submit our revised development permit application for the mayor and council's consideration. We have been asked by the planning department to outline the project's affordability and amenity contributions to the City of Victoria. We believe there are four pillars of affordability being offered at 937 View Street:

- 266 rental units in a highly walkable and bikeable urban environment in the core of Downtown Victoria;
- Efficiently sized and functionally designed units that drive affordability;
- Designing a building that allows and encourages bike ownership as an alternative to car ownership;
- Delivering the units into a rent-controlled regulatory environment; and
- Offering the City of Victoria, a rental housing agreement covenant for the life of the building.

937 View Street is a desirable location for prospective renters to reside. Looking at the Walk Score data for the site, we note that it is a Walker's Paradise (99 points) and Biker's Paradise (100 points). We have worked hard over the past few years with planning to maximize the number of units on the site to fully utilize the site's existing zoned allowable density. In total, we have 266 units on the site that range in size from 314 to 523 sqft with an average of 400 sqft with most units falling on the smaller side of the spectrum.

We have engaged dHKarchitects and Bidgood interior designers to drive affordability through efficient and compact layouts and incorporating interior design techniques including the extensive use of built-in cabinetry as well as in-board bedrooms to improve the livability as well as comfort and functionality of these smaller than average living spaces. Overall, all things being equal, a 400 sqft unit will rent for much less than a 600 sqft unit, which means our units are generally positioned at the lower range of the affordability scale. We expect our units to rent from between \$1,400 and \$1,800 per month when completed in a couple of years. Using the government set 30% housing income allocation, this translates into \$56,000 to \$72,000 in annual household income for the units to be considered affordable with the added benefit of savings due to not owning a car potentially driving the income required down even further.

Leveraging the excellent walkability and bike-ability, we have designed the building to have no car parking and extensive bike storage as an alternative. The building is ideally suited to

tenants who chose not to own a car or cannot afford one and would prefer to use a bike or to walk. Some estimates suggest that owning a car cost approximately \$10,000 a year. It is also worth pointing out that rather poetically we are proposing to convert a 45-stall surface car parking lot with 266 rental units and no car parking.

Additional tenant amenities include power for e-bikes in the long-term bike storage area, extensive amenity rooms and areas which include indoor ground floor patio and multi purpose rooms, roof deck amenity rooms and roof terrace with BBQ. The ground floor amenity rooms are suitable for co-working, meetings or other events and have access to exterior covered private patio areas. Two roof deck amenity rooms with bathrooms allow flexibility for tenants for differing uses simultaneously, both with access to the exterior roof deck area.

Finally, we are willing to secure the 266 rental housing units as permanent rental housing in the form of rental housing agreement with the City of Victoria.

In BC, we are subject to relatively significant rent control regulations. For example, the 2022 annual allowable rent increase for existing tenancies is prescribed at 1.5% while the January 2022 BC CPI was running at 4.3%. Under the prior government, the annual allowable rent increase was regulated at inflation plus 2%. Using the January data, this would have equated to a 6.3% allowable increase. If market rents of the units were allowed to be adjusted freely each year, rents may even come in higher depending on the market supply and demand characteristics at renewal. Over time, the 2.8% to 4.8% difference between inflation and the actual allowable rent increases are very likely to compound and result in these rental units renting well below the potential market rate of the unit. After just five years, the 4.8% difference could work out to approximately a 26% below market rent for the tenant and in turn will drive excellent relative affordability for the tenant. In summary, delivering rental housing units into a rent-controlled market under a rental housing agreement covenant for the life of the building, drives affordability over time for existing tenants and prevents them from being priced out of the market in the long term.

We thank you all for considering our affordable, modern and urban rental project for the height variance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Nelson', written in a cursive style.

Chris Nelson, President, Nelson Investments Inc.

cc: Merhdad Ghods, Pivotic Properties
Chris Owen, Interior Plumbing & Heating, Ltd