
28 September 2023**City of Victoria**1 Centennial Square
Victoria, BC V8W 1P6**RE: 902 Foul Bay Road - Summary of Changes to the Approved Development (Request for Council Authorization)**

Dear Mayor Alto, Council and Staff:

At Aryze, we see it as our responsibility to advocate for a City with diverse housing for all neighbourhoods, incomes and demographics. We want people in our community to see options that reflect their needs, whether they call Victoria home today or wish to someday soon. That's why we bring forward ambitious projects like 902 Foul Bay Road—a collection of 18 townhomes in the centrally located neighbourhood of Gonzales.

We first initiated the proposed development in 2019 and achieved successful Rezoning approval at a Council meeting nearly three years later on September 29, 2022. Since that day, we have been working hard to bring these much needed homes to fruition, but the reality is that the Rezoning and Development Permit stages are just one step in a long process of ensuring that projects are viable to bring to market. Unfortunately, market conditions have continued to shift dramatically since 2019—and even more over the last few months.

The project we presented to Council for approval last year included a legal agreement between the owner and the Capital Regional District to secure four of the homes at a below market rate. This commitment to affordable home ownership was introduced as an amenity contribution to build a mixed-income community and increase housing choice in a neighbourhood with room to grow. As with all projects, after approvals we undertake more detailed construction costing to determine how the project could be delivered using current lending terms for construction financing. Since September 2019, market conditions have continued to shift dramatically and the Bank of Canada has increased the base interest rate by 3.25% in a very short period. Unfortunately, this has a direct impact on the viability of delivering the project as it is currently proposed, and the restrictions in the covenant make it even more difficult to satisfy the terms laid out by lenders.

For additional context, since the project was approved there has also been a significant housing policy change in Victoria with the adoption of the Missing Middle Housing Initiative in January 2023. This policy establishes new zoning regulations for large parts of the City and resets the context of what could be

achieved at 902 Foul Bay Road without having to undertake a Rezoning process. The Missing Middle Housing policy is a good comparison for ground oriented housing that is similar in nature to the proposed development. If the site at 902 Foul Bay Road was considered under the Missing Middle Housing policy a greater density could be achieved than is currently being pursued. In addition, a greater building height and a larger parking variance (subject to delegated staff powers) could be achieved. Furthermore, the recent changes to the Missing Middle Housing Policy in September 2023 have removed the requirement for a Community Amenity Contribution, which means if a proposal came forward for housing at 902 Foul Bay Road under the current policy environment, the affordable housing covenant would not be required for a site in Traditional Residential zoning.

After much consideration, we have therefore decided to request the removal of the covenant, allowing all homes to be sold at market rate. This is not the outcome we hoped for when we began this project in 2019, but we are faced with factors out of our control which jeopardize our ability to deliver any homes on the site—let alone homes at a discounted rate. We believe that delivering 18 much needed homes in an established Victoria neighbourhood is a better outcome for the City than the site remaining empty as it has since 2016. We therefore request Council authorisation on this change to the legal agreements.

We look forward to discussing this amendment with you in more detail and, ultimately, delivering a successful project for the neighbourhood and City as a whole.

Thank you



Chris Quigley

Director of Development
Aryze Developments