



January 24, 2025
City of Victoria
1 Centennial Square
Victoria, BC
V8W 1P6

Re: The Hive – Development Permit – Revision 5
(Property Addresses: 1516 Camosun Street, 1270 & 1286 Pandora Avenue)

Dear Mayor, Council, and Staff,

We are pleased to resubmit our Development Permit application, showcasing valuable changes and design efficiencies stemming from a comprehensive review of construction costs as we advance towards delivering this proposal.

Our journey began in November 2021, with the initial presentation of our proposed development. We successfully secured Rezoning approval at a Council meeting on September 28, 2023, marking a significant milestone. Since then, our team has been relentlessly devoted to bringing these essential homes to fruition. Yet, we acknowledge that securing Rezoning and Development Permits are merely parts of a broader process to render these projects feasible and market-ready.

The economic landscape has transformed significantly since our initial proposal. The Bank of Canada's base interest rate has surged by 3.00% in a short span, impacting our project's viability. Additionally, covenant restrictions pose further challenges in fulfilling lender requirements.

Economic Viability Factors:

- **Construction Costs** have soared by 53%, with Class D assessments completed on October 18, 2021, and Class B on July 7, 2024.
- **Financing Costs** have risen by 76%. The prime rate, which was 2.45% during our pre-application phase on November 10, 2021, now stands at 5.45%.

In response to these shifting market dynamics, our proposal has been substantially revised to enhance design efficiencies and explore cost-effective materials through extensive consultation and coordination with our experienced team over the past year.

Enclosed with this letter are appendices that detail the proposed changes:

Appendix List:

- **A1:** [Architectural and Landscape Revision List](#)
- **A2:** [Bubbled Architectural, Landscape, and Civil Drawings](#)
- **A3:** [Unbubbled Architectural, Landscape, and Civil Drawings](#)

- **A4: Parking Memorandum**

In light of these revisions, we propose additional essential adjustments to ensure progress on the delivery of much-needed housing in the Fernwood neighborhood:

1. Ground Floor Revision:

- We propose replacing the Common Room with an additional residential unit, optimizing the project's density to address urgent housing demands in urban areas.
- Many urban residents prefer accessing public amenities like parks, community centers, and gyms instead of integrated facilities, fostering community engagement. This aligns with our vision for a boutique building suited for a transient lifestyle. Residents will benefit from Fernwood Village, the Downtown Core, and various transportation options.
- By foregoing amenity spaces, purchasers can achieve notable cost savings, as this decision reduces ongoing expense related to maintenance, insurance, and management. As a result, living in the development becomes more financially accessible due to lower strata fees.

2. Legal Agreements:

- **Affordable Homeownership:** The original proposal included a legal agreement with the Capital Regional District to secure three below-market homes, exceeding the Inclusionary Housing and Community Amenity Policy targets. However, given the current challenges outlined above, we propose the removal of this covenant, enabling market-rate home sales. We will maintain a cash-in-lieu contribution of \$20 per square foot, which totals \$150,000, directing 70% to the local amenity fund.
- **Public Realm Agreement:** We propose substituting the secured works legal agreement with a one-time cash-in-lieu contribution of \$100,000, allocated to civil frontage improvements on Pandora Avenue. This covers improved bicycle lanes along the Pandora Avenue frontage, an improved pedestrian crossing of Pandora Avenue at Camosun Street, all to be designed and constructed by the City of Victoria upon the approval of the bike lane project. Given the pending design approvals and the uncertainty surrounding construction timelines, opting for a cash-in-lieu approach is the most practical and effective solution.
- **TDM (Transportation Demand Management) Measures:** A memorandum from WATT Consulting Group, included in the appendix, supports the proposed removal of two TDM measures:
 1. One car share vehicle
 2. Weather protection for short-term bike parking



The transportation landscape surrounding the site has evolved, with 13 Modo vehicles now located within 550m. Parking demand estimates were based on ICBC vehicle ownership data. Consequently, the findings of this study endorse the removal of the two identified TDM measures.

Although we explored the possibility of incorporating a sixth story into the building's design, we determined this was impractical for several reasons:

- **Cost Implications:** Redesigning architectural plans incurs significant costs, including expenses for design work and potential delays increasing overhead.
- **Timeline Delays:** Altering plans could delay the project timeline, affecting relationships with stakeholders.
- **Community Engagement:** The original design process benefited from community input and feedback. A redesign could undermine the trust and engagement developed, possibly alienating residents and stakeholders.

Our consulting team has diligently reviewed neighborhood context, relevant policies, and existing plans to ensure a well-informed approach to this project. It is critical to adhere to the existing community-agreed design to maintain control over soft costs and timelines.

We are eager to engage in detailed discussions regarding these amendments and explore how these adjustments align with our shared objectives. Our goal is to deliver a successful project that enhances the neighborhood and enriches the City as a whole.

Thank you for your ongoing support and consideration.

Sincerely,

Elliot Hersant
H Development