



Leducor Properties Inc
1400-1067 W Cordova St
Vancouver, BC
V6C 1C7

June 11, 2024

SENT VIA ELECTRONIC MAIL

Planning and Development Services
City of White Rock
15322 Buena Vista Avenue
White Rock, BC V4B 1Y6

Attention: Ms. Neethu Syam

Dear Neethu:

Re: Proposed Development at 14780 North Bluff Road

We are responding to your request for additional information regarding our proposed development at 14780 North Bluff Road. Specifically, you requested a summary of changes since the 2023 proposal and an explanation concerning the Fair Market Rent model. As such, we provide the following:

Summary of Changes

For ease of reference, we have provided you with our revised drawings, with the changes clouded and annotated. Please note the following list of changes:

1. The parking rate has been reduced to 1.1 stalls per unit, comprised of (resident) 1.0 stalls per unit plus (visitors) 0.1 stalls per.
2. The total parking has been revised to reflect the new proposed parking rate. We are now proposing to provide 100 parking stalls for residents and 10 parking stalls for visitors.
3. The rendering on SK-0.05 has been updated.
4. To introduce affordability into the project, we propose leasing 10% of units (10 units) at rates 20% below Fair Market Value. We would distribute these units across all unit types.
5. The site plan for SK-2.00 has been revised to replace a two-bedroom unit with a one-bedroom unit and an exit corridor.

Below Market Housing Delivery

Council did not support our proposal submitted in 2023 due to the lack of below-market units in the project. Delivering below-market housing is extremely challenging without the municipal government's financial support to cover the units' cost. In most cases, below-market housing is achieved through density bonusing or other financial mechanisms, where the municipality allows additional density on-site in exchange for a certain number of below-market units.



Since the 2023 Council meeting, we have been exploring ways to deliver below-market units with the development. Here are some of the options that were explored:

1. **Density Bonusing**

We reviewed the feasibility of trading additional density on this site in exchange for below-market units, which, as noted above, is common practice in many municipalities. Our building is currently proposed as a six-storey wood frame, and adding additional density would require us to switch to mass timber construction. Mass timber is costly, approximately 3% to 5% higher than concrete construction, making the development not feasible.

2. **Reduction of City fees**

We have reviewed the estimated charges for our project and note that the payments are insufficient to offset the cost of delivering below-market units.

3. **Parking Reduction and Delivering Units Below Fair Market Rent**

Delivering below-market units at our proposed development is extremely challenging, as the conventional means of providing these units are not feasible. As a result, delivering below-market units is contingent on 1) reducing construction costs and 2) using an alternate methodology to define them.

Reducing Construction Costs

To achieve the cost savings necessary for providing below-market units, we need to focus on reducing the expenses related to the construction. Most of our unit costs are fixed, so significant savings can only be achieved by lowering the underground parkade structure. This would result in a lower parking ratio for the development. We suggest a parking rate of 1.1 stalls per unit, which is still higher than in most other municipalities. As the developer and owner of this project, we are taking on the market risk if we supply insufficient parking. However, we have conducted a parking demand study for the development and are confident that a 1.1 stalls per unit ratio is adequate. Furthermore, parking reduction is necessary to offset the significant costs of delivering below-market rental units.

Alternate Methodology for Below Market Units

Burnaby uses the standard affordable housing definition to deliver below-market units, which typically involves rents 20% below the Canada Mortgage and Housing Corporation (CMHC) average. However, in Burnaby, the cost of delivering below-market rental units is offset by density bonusing, a practice that we believe is feasible in a place like Metrotown.



Coquitlam had previously experienced a lack of below-market rental units, and in 2021, they developed a plan to deliver these units using the following model:

1. The private developer will continue to own the below-market units.
2. The units would rent for 20% below Fair Market Rent for 60 years and will be available to moderate-income households.
3. Fair Market Rent is defined as “the monthly rent which would be paid for a Rental Unit as between persons dealing in good faith and at arm’s length for a similar residential dwelling of comparable size and number of bedrooms in buildings similar in location, age, quality and materials as the Development.”
4. A Section 219 Covenant – Housing Agreement would secure the below-market units.

We propose following a similar model for our development in White Rock, enabling us to lease out 10% of the rental units at below-market rates.

Please review this letter and the attached materials and confirm whether it is sufficient for your purposes. We look forward to progressing this important project with the City of White Rock.

Sincerely,

Leducor Property Investments Ltd.

Lorne Wolinsky
VP Development