

Attachment 11

Applicant's Letter to Council Regarding Use Restriction



January 30, 2024

City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9

Dear Mayor & Council,

Re: 145-207 E Columbia RZ/DP application

I am writing this letter in regards to our combined rezoning and development permit application for 145-209 East Columbia and more specifically our concerns regarding impediments to delivering economically viable projects in New Westminster; requirements we do not see when investing in other cities within our region.

Delivering housing (let alone rental housing and job space together) is extremely challenging right now given the current economic environment of high interest rates, rapidly escalating construction costs and general volatility, however we are excited and proud to propose, with the support of CMHC financing, the delivery of:

- 99 rental homes;
- 18,000 sf of office space; and
- 12,000 sf of retail space.

Much credit should be given to staff for working diligently with us to ensure the project has moved forward in a timeframe that doesn't put our approved CMHC funding at risk, and with openness to discuss and try to resolve added complexities we see when developing in New Westminster. However, there is one item that remains a significant concern for us - **the proposed zoning bylaw restriction on the amount of medical & dental uses allowed at grade** (this restriction includes related health & wellness uses like chiropractors, physiotherapists, etc). Staff have noted that this item could delay approvals should Council not agree, however we do feel it is important enough to raise and expand upon as discussed below.

To set the broader context of this discussion, the project will be delivering extensive off-site improvements and two levels of commercial space that together greatly increase costs & risk for a project of our size. For instance, it is largely accepted throughout the Lower Mainland if rental housing is to be delivered in a 6-storey form that at most retail at-grade can be delivered. In contrast our application is being asked to deliver retail at-grade and a floor of office space. This office space has a direct impact on our project's economic viability through increased equity requirements and building complexity that increases costs and reduces efficiencies (office requires separate access, circulation and

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building systems). In addition to these more definable impacts is the increased risk that these use requirements introduce to the project, making the viability of the project critically dependent on the successful leasing of the commercial spaces - uses that in a post COVID world are increasingly hard to find tenants for. Despite this risk, restrictions on our retail uses are being implemented by staff in response to perceived council positions, even though we do not feel this specific restriction is not recommended by the council adopted Retail Strategy as the project is located outside the "core" area. This aligns with our own retail market research with our location at the south end of East Columbia having minimal foot traffic counts. We have also accepted zoning language to restrict opaque storefronts – a performance-based approach that helps achieve urban design goals without limiting certain businesses.

It is important for us to convey that we are raising this issue with the experience of delivering housing throughout the region; our company is newly formed, however our team has a long history working in multiple lower mainland municipalities including New Westminster. As long-term owner/operators we are able to move forward with a lower initial return and hope we can achieve profitability over the long term however we would be remiss if we did not make Council aware of the challenges we are facing to provide housing within your city. Items such as zoning restrictions on a minority of retail units may seem trivial in the context of the larger application but have tangible and outsized impacts on project value, financing, leasing and ultimately long-term viability. At this point in our entitlements process we cannot afford a delay in approvals without losing our CMHC funding, so we need to progress regardless of the retail restriction but are doing so with increased, and in our opinion unnecessary, financial risk. We hope council will be supportive of us in the future should this restriction need to be revisited.

Yours truly,



THIRD SPACE PROPERTIES INC.

Per:

Nathan Shuttleworth (Architect-AIBC)
Director, Development