

WESGROUP

March 3, 2020

Andre Boel
City of Port Moody
100 Newport Drive
Port Moody, BC V3H 5C3

Dear Andre:

RE: Coronation Park – Pre-Application Inquiry

On behalf of Wesgroup Properties Ltd (“Wesgroup”), we would like to submit a pre-application inquiry for an assembly of properties located in the Coronation Park neighbourhood (the “Assembly”) of the City of Port Moody (the “City”). These properties are single-family homes the majority of which have been placed under contract by Wesgroup with the intention of rezoning and improving the sites with a masterplan community generally in-line with the vision set out by the Official Community Plan (the “OCP”). Coronation Park (“CP”) is a noted sub-area of the OCP, and it is Wesgroup’s intent to assemble all properties south of Guildford Drive. Properties north of Guildford Drive are not included in this application. For the purposes of this pre-application and future discussions “Coronation Park” is the Assembly area.

Background

Due to it’s proximity to the new loco Evergreen Line Station, the Assembly was envisioned in the OCP as a Transit Oriented Masterplan community of predominately multi-family residential homes in a variety of low and high-rise forms with the goal of maximizing the investment of rapid transit in the community. Although there were some noted tower and low-rise heights, there was no specific density or detailed site plan in the OCP. At the time, this was done purposefully to allow flexibility in assembly and development. Unfortunately, given the quantity of individual land owners and complexity of infrastructure upgrades, the intended flexibility has created a uncertainty, making the assembly quite challenging. Without clear policy outlining density, housing mix etc., it has been very challenging for prospective purchasers to arrive at an agreeable valuation with over 50 individual owners. As a result, no sites have proceeded to application stage in Coronation Park since the OCP was approved.

The combination of the above issue, along with a general downturn in the market and rising construction cost environment has created an unfortunate situation with the existing homeowners. The lack of assembly has prevented many of owners has prevented many from selling their homes and realizing the inherent value of their homes. Many owners feel trapped with their properties, many of which are nearing the end of their structural life and require substantial capital expenditures and maintenance. However, due to the approved OCP to a highest and best use as multifamily, reinvestment in these homes is not an attractive long-term financial decision. Additionally, selling their homes for less than their value based on highest and best use to another single-family homeowner is unlikely desirable. Finally, an increased property tax burden due to the OCP designation has added an ongoing financial burden to the homeowners.

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Properties

Wesgroup began the assembly of these properties by having discussions with many homeowners. Our commitment to them was one of a partnership rather than a standard acquisition. We committed to investing our resources and capital to rezone the Assembly for all homeowners to unlock the rezoned value of their properties. Wesgroup currently has the majority of the 59 homes under contract within CP. Our approach with all homeowners is based on transparency and open communication and we have committed to keeping them updated at every step of the way. The purpose of this assembly is to realize the goals of all parties including the City, homeowners and Wesgroup.

It is Wesgroup's intention to assemble all 59 homes to allow for flexibility in design, phasing and construction. However, based on ongoing discussions, there are a few properties which we believe are high risk of not reaching terms with Wesgroup. These properties have terms or conditions which are either extremely unreasonable or have other barriers preventing reaching a deal. Unfortunately, these Hold Out properties ("HO") have an impact on the ability for the remaining homeowners to sell their properties. This is due to the complex nature of road redesign and servicing required for the site. These HO properties create complexities with the design which are outlined further below. Wesgroup has provided a feasible alternative plan which, if required to pursue will require the City to work with Wesgroup to find a solution on how to proceed in this unique circumstance.

Assembly Timeline

As noted above, given the complexities of this assembly, Wesgroup's mandate from the homeowners is to proceed in a timely manner to an approved rezoning of the properties. Based on our agreement with the homeowners, we have until June 2022 to enact rezoning for Coronation Park. Many of the homeowners have placed their life plans on hold pending a result of this process and we understand their frustrations. The intent of clear transparency with the City on the terms of our assembly deal is in the spirit of cooperation and honesty so that work can proceed collaboratively towards the mutual goal of assisting the homeowners.

Proposal

Preliminary design for the project has been built on the foundation of the OCP. It should be noted that the OCP did not specifically identify total density or number of buildings. However, given the additional desire of the City to incorporate affordable and rental housing within the development, additional heights have been added. It is understood that these additional heights will require an OCP Amendment. Below is a summary of the key components of the proposal:

Development Summary

- Schematic Site Plan A
- Net Site Area = 556,863 SF (exclusive of new road network)
- High-Rise - 6 Towers of approximately 32 storeys with 6 storey podiums.
- Low-Rise - 5 Low-rise buildings of 6 storeys.

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- Commercial – Limited opportunity for neighbourhood serving retail requires further discussion.
- Total Proposed Density = 2,442,446 SF
- Total FAR = 4.4 FAR (Net Site Area)
- Total Units = 2,800 +/- (subject to change)
- Note: Above density, tower height and building quantity subject to discussions regarding site grading, park location and affordable/rental housing commitments.

Affordable and Rental Housing

- City of Port Moody does not have a specific Affordable Housing Policy consistent with recent Council discussions.
- Preliminary analysis indicates that there is the ability to provide affordable housing and market rental housing on the property
- Further to discussions with Staff and Council determined there was a desire to increase the total amount of affordable and rental housing. Below is currently proposed:
 - o 50 +/- Affordable Rental Units (10% below CMHC Average rental rates)
 - o 450 +/- Market Rental Units
 - o 500 Total Units (Approximately 18% of total units)
- Above is subject to change based on discussions regarding depth of affordability and density.
- At the time of Rezoning approvals, it is anticipated that the location and phasing of these housing types will be determined.
- As noted previously, Wesgroup is willing to work with the City to find a mix of housing options which is desirable for all parties. However, costs of affordable housing and rental housing must be considered when discussing Density Bonus calculations.

Amenities

- Public Park – Approx. 1.0 acres (opportunity to increase based on other proposal components)
- Park space forms an integral part of the design concept and further discussions needed regarding proportion of dedicated park space and publicly accessible open space.
- To improve orientation of Public Park, Wesgroup requests the ability to park under City park.
- Daycare – Opportunity for daycare space to be incorporated into design.

Road Network and Infrastructure

- City of Port Moody and the City of Coquitlam have jointly completed a Transportation assessment which identified a potential future road network. This network required significant grading which negates the desired effect of enabling phased development to proceed over time.
- Wesgroup proposes a modified road network which allows development on the north and south sides of Guilford to proceed independently and utilizes a linear park (east-west) for movement through the site. This is a critical item of the proposal, as it ensures that Wesgroup can proceed with development of the entirety of it's CP assembly while existing properties to the north remain

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- Given the scope of the proposed development, Wesgroup has engaged Aplin and Martin consultants to complete a review of the proposed road network along with a servicing assessment. Aplin and Martin to directly collaborate with City Engineering.
- This assessment will inform required infrastructure costs to realize the proposed development. These costs to be deducted from Density Bonus calculations.

Hold Out Strategy

- As noted above, certain HO properties may require design alternatives to work around.
- To enable the remainder of the homes to proceed with redevelopment, Wesgroup would like to discuss the potential for the City to rezone these properties or allow the development to proceed around them. This would then allow Wesgroup to incorporate the homes in the Rezoning application or proceed without them.
- Based on Schematic Site Plan B, these homes could be developed around and potentially be designated as park, but ultimately need to be incorporated into the site planning design depending on agreed upon direction.
- Note – Schematic Site Plan B would require additional height on each tower (34 storeys) to maintain the same proposed density as Schematic Site Plan A.

Process

Due to the complexities of the project, Wesgroup and the City have agreed that the City will engage a third-party consultant at the cost of Wesgroup. Coriolis Consulting has been contacted and have expressed interest in assisting with the financial analysis required to determine the Density Bonus for the project. A land residual analysis approach must be taken to evaluate the Density Bonus as the property requires significant infrastructure upgrades to realize the proposed development. Engaging Coriolis provides third party validation during discussions as well as consistency in the proforma analysis.

Additionally, Wesgroup and the City have agreed that the City will engage Eric Vance to assist coordination between parties and provide insight and direction through this complex process. Eric will be engaged by the City at the cost of Wesgroup.

Critical Questions

A number of critical path items have evolved through our due diligence which we would like to specifically ask the City:

1. Does the City support moving forward with the modified road network, leaving most of the existing grades unchanged, specifically Guilford Drive?
2. Due to the modified road network, does the City support the concept of a linear neighbourhood park which would serve as an accessible pathway through the site as well as a City Park?
3. Would the City support proceeding with rezoning the hold out properties in tandem with our proposal or allow the properties to be developed around and left out of the conceptual design?

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4. Does the City generally support the proposed concept of 6 x 32 storey towers with 6 storey podiums as well as 6 storey low-rise buildings?
5. Given the above noted timeline constraints, does the City commit to working with Wesgroup to achieve Rezoning enactment by June 2022?

Given the scale and complexities of this site, the answers and direction received on the above questions will determine if we can proceed to the rezoning application stage.

Should you have any further questions regarding this or any aspect of the project, please contact me.

Sincerely,

WESGROUP PROPERTIES LTD.



Dean Johnson

Director of Development