

December 15, 2023

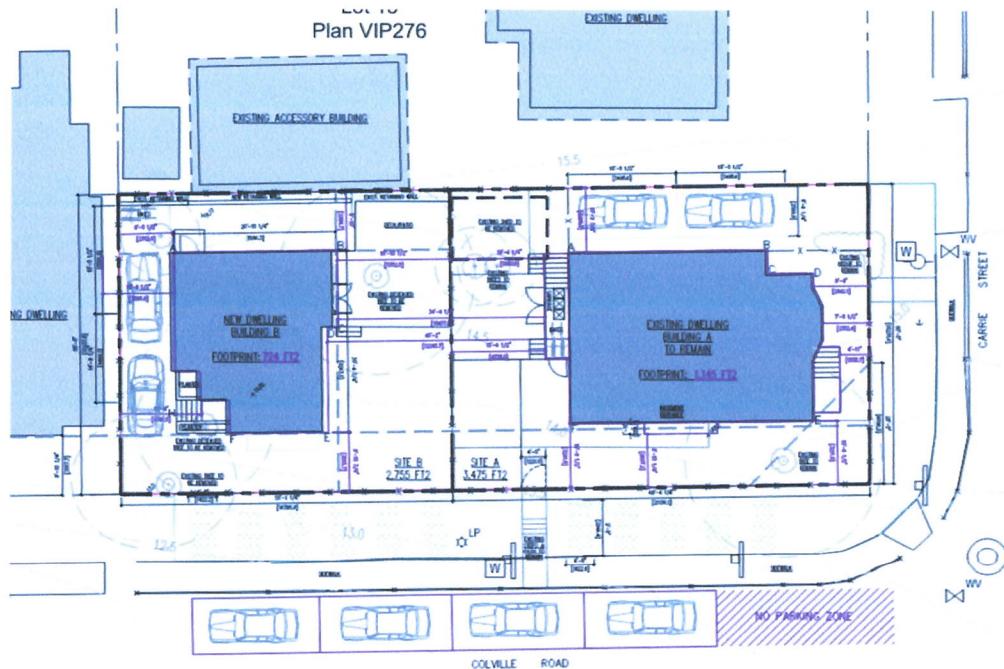
To: Mayor and Council

Re: 850 Colville Rd and 842 Carrie Street Covenant



Dear Mayor and Council,

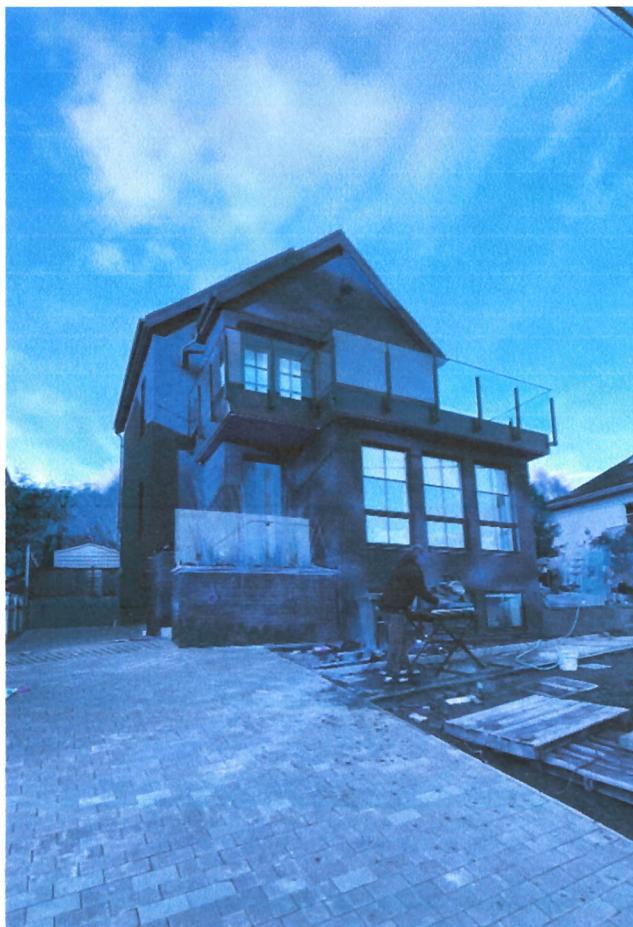
As some of you may know, in 2019, Xquimalt Developments Ltd applied to subdivide a 6,000sf lot with civic address 842 Carrie Street (where we resided) into two smaller infill lots, one of which became 850 Colville Rd.



At the time of subdivision, Planning department proposed that 219 Covenant tying the two lots was signed.

It has been explained to us that this covenant is there to ensure a speedy execution of construction of 850 Colville Rd, and to prevent Xquimalt Developments Ltd. from simply subdividing and selling the new lot for profit, without fulfilling the promise of building an energy efficient Step Code 3 compliant single-family home on it. Knowing that we fully intend to build the home, we have agreed to said covenant.

Construction of energy efficient home at 850 Colville is now completed. We have fulfilled (and exceeded) our promise to the Township by building this residence to Step 5 energy efficiency. We believe this new home is a great addition to the community, and we are proud to now call it home.



We are now ready to move on to the second part of the project – 842 Carrie St. However, we are unable to secure funding for this project due to the existing covenant, as lenders see this Covenant as something that would prevent a quick sale of property should we default during construction, as having the properties tied together for sale limits the potential pool of buyers significantly (they would need to find a buyer that is interested in paying over 2 million for a property that has two dwellings on it, and be interested in potentially finishing the whatever the phase of construction 842 Carrie St is in at the time – not an easy task!)

**In essence, a covenant that was intended to expedite the project is now serving the opposite purpose.**

**We ask that Council consider removing the existing 219 Covenant allowing us to move forward with the second part of this project.**

I would also like to point out to Council, that this kind of covenants are quite prohibitive and burdensome to small developers like us. They require a developer to take on an undue risk, disproportionate to the scale of the project. We were new to development at the time of signing this,

and quite inexperienced to fully understand financial implications of such covenant, what it would mean to the lenders, and what it would mean to us long term. I do not want to take responsibility off our shoulders, we have agreed to it and maybe we should not have. At the time it seemed to be the choice between agreeing to it, or not doing the project at all.

The position we are in now - we have to carry two mortgages at the same time (one on the existing home, and one on the new one,) without being able to off-load one of them if needed. With interest rates as high as they are now, this is a huge risk to our family. It is a bit of a ticking bomb, because if something were to happen to our stream of income, we would not be able to cut our losses, and would essentially become homeless as we would be forced to sell our home together with the other property - a stressful situation to be in.

We lacked foresight on this, but I could see how other regular families that do think this through all the way would be unnecessarily discouraged from developing their lots by covenants such as this. They may go ahead with the subdivision, but the building part will surely prove to be challenging, as financing two separate builds without having the two properties separated has proved to be essentially impossible.

We believe subdivisions like this should be going ahead without a covenant tying properties together. Once the lot is subdivided, even if it does change hands, the new owner would have to apply for all the permits anyways. If they deviate from the original plans approved with the subdivision, they will have to apply for new permits, where Director of Development or Council will have a say, and authority to not approve it, and to stick to the original plans.

As per the expedited timeliness of projects that such covenants imply – we have learnt that the small developers simply do not have the luxury of moving fast. It is far more important that they have a bit more freedom to use financial plans B and C if required, otherwise they just cannot move ahead with the daunting risks of complete and utter financial ruin should things go not according to plan.

Sincerely,

Xeniya & Janos.