From: [redacted]
To: Council
Cc: Corporate Services; WestBayResidentsAssoc; [redacted]
Subject: Fwd: Feedback on Small-Scale Multi-Family Housing (SSMFH) Regulations — Bylaw No. 3142
Date: July-16-26 6:54:53 PM

Dear Mayor and Council, We are writing to share our letter submitted to Bill Brown, Director of Development Services, as part of our recommendtions on changes to Esquimalt's bylaw associated with the Province's mandated Small-Scale Multi-Unit Housing (SSMUH) legislation.

Sincerely, Esquimalt Residents: Richard Ackrill, River Chandler, Rozlynn Mitchell and Tara Todesco

Dear Mr. Brown,

Thank you for hosting the SSMUH workshop on June 29 — we attended and found it genuinely useful. This letter follows from that session.

We're heartened to see the Township taking the time to revisit these standards now. Bylaw 3142 was brought in quickly, under the province's original mandate and compressed timeline. We appreciate that staff and council are prioritizing a review and modifications.

Nothing below relates to unit count, which is set provincially. We support the added density in principle, but believe it needs to better reflect, and make possible, the environmental and community values already articulated in Esquimalt's OCP and DPA guidelines.

Our concern has four connected pieces: the current bylaw results in building footprints that exceed what's needed to accommodate the mandated number of units; some resulting units have been considerably larger than needed to meet that density, running counter to the affordability goals SSMUH is meant to serve; the bylaw doesn't yet offer flexibility to adjust a building's footprint or siting for site-specific needs, including reducing impact on tree canopy; and it treats every principal building the same regardless of position, when, for example, a larger building toward the front and a smaller one toward the rear would better protect neighbouring privacy.

A bylaw that combines more precise limits on bulk *(massing/height/footprint)* with built-in flexibility for site-specific needs could address all four — tighter baseline standards where bulk currently exceeds what's needed, and defined discretion for the cases where a fixed rule doesn't fit, such as protecting a significant tree or varying building position for privacy.

Reducing bulk beyond what density requires.
RSM-1's 50% lot coverage matches the province's own recommended benchmark, but the standards are explicitly non-binding. We recommend the Township consider bringing it down toward 40% — the standard already used for larger lots under RSM-2, and one worth applying to RSM-2's smaller lots as well, which currently also sit at 50%.

Even at 40% coverage across three storeys, a small lot still comfortably supports unit sizes well above the bylaw's own 25m² minimum, so this change wouldn't compromise the mandated density — units would still land well above the bylaw's own minimum size — while reducing excessive bulk in massing and footprint.

The Township could also consider a Floor Area Ratio provision as one option for capping total building size more precisely than coverage and height alone. The province generally favours coverage and height for SSMUH, but only requires that guidance be considered, not adopted outright.

Flexibility to protect site-specific assets.
This is the piece we'd most encourage the Township to prioritize. We understand the Township's Natural Environment DPA have been under review as part of the OCP update, and that SSMFH development permits are already approved at the staff level rather than by Council.

We recommend the updated DPA 1 guidelines include a defined mechanism allowing setback or siting adjustment — not a reduction in unit count — specifically to retain significant trees or other identified natural features, evaluated by staff as part of the existing development permit review. This wouldn't require developers to pursue a separate variance application; the flexibility would be built into the process that's already in place, so accommodating a tree the Township has identified as worth protecting doesn't cost a developer added time or a separate step.

Varying building size by position, and separation between principal buildings.
Both zones allow two principal buildings per lot with a flat 2.5m separation, and no distinction between a building at the front of a lot and one at the rear.

Vancouver's R1-1 zoning takes a different approach: 2.4m separation between buildings on the same frontage, but 6.1m front-to-rear. Vancouver and Burnaby both cap rear buildings at two storeys against three at the front, concentrating mass toward the street and reducing height directly behind neighbouring yards.

We recommend the Township consider a similar approach here. This belongs in the bylaw itself rather than the Form and Character DPA, which the province has cautioned against using for massing controls in SSMUH.

Stormwater.
Lot coverage doesn't distinguish paved from permeable surface. We recommend the Township introduce a separate impervious surface standard to close that gap.

Privacy.
There's nothing currently addressing overlook from upper-storey windows. We recommend the Township add a third-storey stepback requirement or window-placement limits — or, where a lot has two principal buildings, a reduced height or storey count for whichever building faces the rear property line, as discussed above.

Thank you again for the workshop and the Township's effort on this process. We'd welcome the chance to discuss any of this further.

Sincerely,

Esquimalt Residents: Richard Ackrill, River Chandler, Rozlynn Mitchell and Tara Todesco

P.S. As a final note: with the six-unit density tier tied to frequent transit corridors, we'd also encourage the Township to consider whether street-specific form standards might be worth exploring going forward — allowing higher-intensity form on arterial and transit-facing streets, while considering more modified expectations on quieter residential streets within the same zone.

From:	Devon Skinner
To:	Council
Subject:	Critical Response to SSMUH Report for your consideration
Date:	July-20-26 9:09:02 AM
Attachments:	2026-07-17 - Critical Response to SSMUH Report v2.pdf

Good morning Mayor and Council,

Respectfully, I submit this critical response on the subject of the SSMUH bylaws and the recent report that was published by Staff.

Regards,
Devon Skinner

A CRITICAL RESPONSE TO THE SMALL-SCALE MULTI-UNIT HOUSING (SSMUH) COMMUNITY ENGAGEMENT FINAL REPORT

Date: July 17, 2026

To: The Township of Esquimalt – Mayor and Council, Development Services

Introduction

I will begin with a necessary, if unfashionable, concession to transparency. The pages that follow are not a neutral academic inquiry; they are an indictment of omission. I am a registered Architect in the Province of British Columbia and a real estate development professional. I have been a part of the delivery of several hundred units of housing to the region, the vast majority of which have managed to exist without disrupting the equilibrium of the neighborhood, despite the familiar outcry prior to their construction.

My tenure in this industry dates to 2006, though my involvement in the industry predates this. I was raised in a construction family, where I watched and learned as my father constructed schools, housing, churches, and car dealerships throughout my formative years, and well before I ever got around to my academic and professional pursuits.

Furthermore, I have served as both a panelist and the Chair of the Victoria Advisory Design Panel. I have sat on the institutional side of the ledger. At times, I have looked my colleagues in the eye and suggested to them, with varying degrees of diplomacy, that their massing was oppressive, their setbacks were tight and ungenerous, and their appeal to "neighborhood character" was, in point of fact, a polite fiction. I have come by my cynicism honestly. I have also been on the other side of the table representing my clients as a consultant and politely asking angry neighbours how they might do it differently, usually to resounding silence.

Which brings us to the immediate friction. I am currently developing a Small-Scale Multi-Unit Housing (SSMUH) project at Lampson and Dunsmuir—a corner of Esquimalt that, as any close reader of Appendix E will recognize, has achieved a minor, yet durable infamy in the local social media forums. I am not a detached academic observer. My business partners and I are oftentimes the focal point of the drama on the *Esquimalt Community Connections* group chat. I have made my peace with this.

My objective is not to relitigate the neighborhood's grievance. They have a right to their indignation, and several have expressed it to me with exemplary clarity by shouting at our trades “to go back to where they came from” or through passive-aggressive emails stating the trades should not be allowed to turn their trucks around in the public road. Rather, my objective is to point out a systemic methodological failure. We have before us a report constructed almost entirely on the ephemeral: architectural hypotheticals, subjective sentiment surveys, and limited stakeholder workshops convened long before a single shovel struck soil. It is a document that conspicuously lacks the single, unyielding metric that dictates whether a single unit of housing will ever transition from theory to timber: the proforma.

I happen to possess one. Several, actually, because when you do this for a living, they tend to accumulate. What follows is an attempt to introduce arithmetic discipline to a public discourse that has, thus far, been conducted almost entirely in adjectives and led predominantly by the armchair critics and not those delivering homes.

It Is Too Early to Judge the Bylaw, Let Alone Rewrite It

The Final Report recommends establishing a Select Committee to develop targeted bylaw amendments, with preliminary advice due by March 31, 2027. This recommendation asks Council to act on community sentiment about how SSMUH “is shaping neighbourhoods,” before a single SSMUH project has finished being built.

This is not a rhetorical point — it is a data point already put on the record. At the May 2026 Committee of the Whole meeting where a temporary pause on new SSMUH applications was discussed, a presentation was made to Council that not one SSMUH project in Esquimalt had been completed and that nobody had yet moved into a unit built under the new RSM-1 or RSM-2 zones. CHEK News reports noted that Esquimalt had already exceeded its first-year provincial housing target (81 units) with 369 units built — but that figure spans condominiums and purpose-built rental housing broadly, not SSMUH projects specifically, and should not be read as evidence about SSMUH outcomes. Additionally, many projects in the Township appear to have been stalled or not proceeding due to macro-economic pressures in the market, likely lowering this statistic.

If the position is that zero SSMUH units are occupied, then every concern in the Final Report about massing, privacy, shadowing, and "character" is necessarily a concern about renderings, under-construction buildings which are not finished to their final state, and a small number of approved-but-unbuilt permits. It is not about the lived experience in or adjacent to a finished building. This is not to say the concerns are illegitimate, but it does mean the Township is being asked to amend a bylaw based on anticipated harm rather than demonstrated harm. It is often difficult for the layperson to visualize the end result when a building is mid-build. The site is often chaotic, noisy and cluttered, and raw in appearance. Much as it would be premature to judge a dish in a restaurant mid-preparation, it would be premature to judge the bylaw based on partially complete structures during the short-lived construction period. Council would be sensible to allow these SSMUH to be complete, have a chance to meet new residents moving in, and gauge the results more holistically, rather than during a disruptive period of change.

To fully evaluate the success or failure of the current Bylaw, Council, and possibly this proposed Committee in the future, also needs a clean count of projects that the Final Report does not provide:

- First, the number of SSMUH (RSM-1/RSM-2) applications submitted to date, isolated from custom rezonings, Development Variance Permits unrelated to SSMUH, and legacy secondary-suite/garden-suite approvals.
- Of those, the number approved, under review, and refused, and;
- Of the approved applications, the number that have received a Building Permit, the number under construction, and the number that have received occupancy.

The Township's public Development Tracker separates rezoning applications, development permit applications, and development variance permit applications, but does not appear to publish a standalone SSMUH-specific count in a form that answers the above questions directly. This is a reasonable ask of Administration before Council commits to amending standards: a one-page table showing applications-in, applications-out, and even units-occupied, filtered to SSMUH only. Until that data table exists, any claim that the current standards are "producing the wrong outcomes" is an inference from zero completed data points and is driven by emotions from those existing residents most acutely affected by the change.

This context also reframes the engagement itself. Asking residents in June 2026 what they think of buildings that are not complete and nobody has yet lived in, measures anticipatory anxiety about change, which is a normal and human reaction, rather than an assessment of how SSMUH fits in and performs once occupied. The Final Report's own workshop notes this directly. Several participants said their opening concerns had already softened once they saw how the standards actually work, and the closing poll recorded a net-positive shift in understanding with zero negative shifts. That is evidence of an information gap closing, not evidence of a bylaw failing.

The Engagement Likely Over-Represents a Narrow, Already-Housed Constituency

The Final Report is candid, to its credit, that its survey and workshop are self-selected and not statistically representative. It states plainly that voluntary participation "likely over-represents residents who are already engaged with or concerned about SSMUH" and that "those who are supportive or neutral are less likely to respond to a voluntary survey addressing a contentious planning issue." This response takes that admission seriously and asks what it means for who is actually driving the "needs more consideration" results Council is being asked to act on.

The respondent profile supports the concern. Firstly, the survey appears to have been open-access and possible to be repeatedly completed by the same party, as no unique identifier was needed to complete the survey. Ignoring that possibility of skewed responses, of the 413 online survey respondents, 79.9% identified as homeowners and only 13.8% as renters, which is significant in a Township where a meaningful share of residents rent. More than half of respondents (56.2%) had lived or worked in Esquimalt for more than 10 years, and a further 16.9% for 6–10 years, meaning roughly three in four respondents are long-tenured, already-housed residents, not the working households, renters, or new arrivals that SSMUH is designed to serve.

This matters because tenure and housing security correlate with time available to attend a full-day workshop, complete a 10-minute survey, and follow a contentious municipal file closely and, often, with a stake in preserving the character of a neighbourhood one already owns into. Retired, long-tenured homeowners are disproportionately available to participate in daytime civic engagement in a way that working-age renters, young families, and shift workers typically are not. The Final Report's own workshop record shows the same skew: participants themselves flagged that “the composition of the workshop overemphasized 'too big, too tall' perspectives,” and one participant raised concern about long-time residents making decisions that will affect future residents who are not yet in the room.

Unfortunately, very few construction, design, architectural, engineering, or planning professionals were invited to this consultation. This would suggest a disinterest in relevant professional opinion and in critical discussion, and was held simply to pander to the most upset neighbours adjacent to the projects currently underway in the run-up to the upcoming election. The session had a heavy attendance of neighbours from Munro, Lampson, and Paradise. These are not the average “community members”, they are the most negatively charged neighbours who are at the peak of their emotional response to the change on their streets. As has been said previously, this is a normal human response to change, but it is certainly not an objective one. Out of 23 attendees, it appears at least 30% of them were neighbours living directly adjacent or near a current project and the average age range of the attendees appeared to be 60 years+. It was also reported back that the attendees were by and large all homeowners, with no or minimal attendees being renters.

Where this argument needs to stay disciplined is on causation. The Final Report does not publish a cross-tabulation of respondent age, tenure, or homeownership status against the specific “needs more consideration” responses on height, setbacks, or privacy and it is not possible to prove from the published tables alone that older, long-tenured homeowners are the ones driving the concern responses specifically (as opposed to being evenly distributed across supportive and concerned camps).

The stronger, defensible claim is the one the report itself makes: the sample is not representative, it skews toward exactly the demographic profile described above, and Council should weight the “needs more consideration” findings accordingly rather than treating 413 self-selected responses as a mandate, or even as a “temperature check” as this data (term used loosely) likely reflects a very biased point of view. If Council wants to test the stronger hypothesis directly, the Committee should request the cross-tabulation of Q1/Q2 (tenure/connection) against Q8–Q15 (sentiment and bylaw-topic responses) from the raw survey data before drawing conclusions about who wants what.

A Prescriptive, Non-FAR Bylaw Is a Feature, Not a Flaw

A recurring theme in the Final Report is a call for more “site-responsive” flexibility. Some examples include angular planes, variable setbacks by lot size, and staff discretion on variances. Some of that is worth exploring – specifically, staff discretion on variances. But it should not be mistaken for a case against the current framework, which deliberately does not use Floor Area Ratio (FAR) as its primary density control, relying instead on height, setback, lot coverage, and parking standards operating together.

Think of it as two ways to cut a pie. A FAR-based bylaw hands a builder a fixed total floor area and lets them slice it however the market and the site dictate. For example, it could be a tall, narrow building on one lot, a low, sprawling one on the next; an irregular massing wherever the buildable envelope allows it to be pushed. The final shape is genuinely unpredictable until a specific design is drawn, because the only constraint is a total-FAR number that can be arranged in a large number of ways.

A height-and-setback bylaw by contrast, like the one currently implemented, is a pie already scored into a fixed number of expected pieces: a neighbour can look at the zoning table today and know, within the millimeter, how tall a building can be and how far it must sit from every property line — before a single design exists. What varies from lot to lot is only the size of each slice, not the shape of the pie.

That predictability is exactly what the interview and correspondence themes in this same Final Report say residents want: "clearer and more predictable rules," confidence that the process is being applied consistently, and less uncertainty about what a neighbour is legally entitled to build. A FAR overlay, layered on top of the current standards as some workshop participants suggested, would reintroduce the very unpredictability those same participants said they wanted removed because it adds a second, interacting variable (total buildable area) on top of height and setback, and different designers will solve for that combined constraint in different ways on every lot.

The current envelope-based approach is what lets Studio PA, or any other firm, propose several genuinely different, creative built forms on the same lot — a stacked triplex, a courtyard fourplex, a side-by-side townhouse configuration — all while guaranteeing the neighbour next door the same height and setback protection regardless of which design gets built. That flexibility-within-predictability is the correct trade-off for a missing-middle zone, and Recommendation 2 should treat the absence of FAR as something to preserve, not something to fix.

The Financial Viability Beast

The workshop's Studio PA presentation (identified in the Final Report as the session's third presentation), showed visual, 3D representations of what is achievable on different lot sizes under the current bylaw, and argued that densification "can be done successfully" while remaining "financially feasible." That is a claim worth testing against an actual proforma, not a rendering, and the *sniff test* most certainly does not pass.

A concept massing study answers what can be drawn inside the envelope; it does not answer what can be sold for a price that covers land, hard costs, soft costs, financing, and a builder's margin in the current Greater Victoria market. Leaving aside the myriad municipal regulations, ever-changing building and energy codes, and the destabilizing Canadian housing market, the below cost pressures compound against the workshop's feasibility framing, and the Final Report addresses none of them quantitatively:

- Land cost: eligible SSMUH lots of the size needed to make a 3 or 4-unit form work are a fixed, non-growing supply in Esquimalt, and land price is set by what any buyer, SSMUH builder or otherwise, is willing to pay for that lot, independent of what zoning permits.

- Hard costs: Statistics Canada's Building Construction Price Index shows residential construction costs up roughly 69% since 2019, with the steepest increases concentrated in 2021–23; BC-specific escalation has moderated since but from a permanently higher base, and certainly not back to pre-2020 levels. For the purpose of this example, the proforma uses the Province's own Class D (conceptual) cost estimates from the pre-designed home catalogue, which should serve as a reasonable, defensible input, as those estimates sit on top of this higher cost base.

- Soft costs and financing: design, engineering, DPA compliance (Natural Environment, Form and Character, Energy Conservation, Water Conservation), development cost charges (mercifully absent in Esquimalt), and construction financing at current rates all apply per project regardless of unit count, so they land harder on a 3 and 4 unit SSMUH projects than on a larger-scale rezoning application that can spread the same fixed costs across more units.

A working proforma for an actual Esquimalt-area SSMUH project built with these real land, hard-cost, and soft-cost inputs is the right evidence standard here and is more probative than a rendering. The proforma summary provided below **(FIGURE A)** was run against Studio PA's own "Example 2" site plan from the workshop — a 1,027 m² (11,085 sf) Esquimalt lot developed as 4 units across two duplex buildings using inputs drawn from an actual, currently-permitted Esquimalt project rather than assumptions: real soft costs from the 527 Lampson three-plex projects, and hard costs of $325/ft2, which is the Province's own Class D conceptual estimate from the pre-designed homes catalogue (the same benchmark cited earlier in this section). Also included is the upcoming CRD-wide water DCC which is anticipated to take effect in the coming year. This $325/ft2 number aligns with the current construction hard costs from our internal data.

The sale price of $1,499,000 per unit (works out to ~$714.00/ft2 as a crude, but common measure of value) was set to match the only genuinely comparable recent sale identified for this unit size and form in Esquimalt, on Munro Street.

At a 1.9% margin on cost and a levered IRR of 1.77%, this project does not even remotely clear a construction lender's return threshold: commercial construction lenders in this market typically look for levered returns well into double digits (18% +) before committing capital, precisely because of the risk premium on the 6.70% interest rate and 75% loan-to-cost structure already embedded in this proforma.

FIGURE A

MARKET CONDO · PROFORMA SUMMARY

Victoria, BC | 4 Units | Duplex — **May 2026**

PROJECT DETAILS & KEY STATISTICS

PROJECT ATTRIBUTES	VALUE	PROJECT SCHEDULE	DATE
Unit Type	Duplex condo	Land Purchase	May-25
# of Units	4	DP Submission	Jul-25
Net Saleable Area	8400 sf	DP Approval	Sep-25
Avg Unit Size	2100 sf	BP Submission	Sep-25
Gross Buildable Area	8400 sf	BP Approval	Dec-25
Site Area	11085 sf	Construction Start	Dec-25
FSR	0.76	Construction End	Apr-27
Efficiency	100.0%	Sales Launch	Mar-26
Parking Stalls	4	Expected Sell Out	Apr-27
Gross Revenue	$5,996,000	Construction Duration	16 months
Avg Sale Price / Unit	$1,499,000	Project Duration	22 months
Avg Price / SF	$0.00		

FINANCIAL ANALYSIS

METRIC	VALUE	METRIC	VALUE
Unlevered Project IRR	4.16%	Profit Margin (% of Revenue)	1.9%
Levered Project IRR	1.77%	Profit Margin (% of Costs)	1.9%
Required Shareholder Equity	$1,462,816	Construction Loan Amount	$4,388,448
Gross Income (Unlevered EBITDA)	$261,216	Final Cash Profit to Equity	$147,275
Gross Income (Unlevered EBT)	$112,875	Final Change in Cash (Levered)	$112,875

PROFORMA BUDGET SUMMARY

Code	Description	Original Budget	Current Budget	Costs to Date	Cost to Complete
GROSS REVENUE					
	Gross Residential Sales Revenue	$5,997,600	$5,996,000	-	-
	Additional Sales Revenue	-	-	-	-
10000-001	Less: Sales Commissions	($194,922)	($192,192)	-	-
TOTAL NET REVENUE		**$5,802,678**	**$5,803,808**		
DEVELOPMENT SOFT COSTS					
1000	Land and Related	$1,287,280	$1,287,280	-	$1,287,280
1001	Pre-Development Costs	$4,787	$4,787	-	$4,787
1002	Permits, Licenses, & Municipal Fees	$82,069	$82,069	-	$72,320
2000	Design Consultants	$242,091	$242,091	-	$242,091
3000	Marketing	$23,500	$23,147	-	$23,147
4000	Insurance & Warranty	$58,200	$58,200	-	$58,200
5000	Legal and Administration	$39,500	$39,500	-	$39,500
6000	Operations	$196,000	$196,000	-	$196,000
7000	Finance	$311,350	$311,350	-	$311,350
TOTAL SOFT COSTS		**$2,244,777**	**$2,244,424**	-	**$2,234,675**
CONSTRUCTION HARD COSTS					
8000	Building Construction	$2,730,000	$2,730,000	-	$2,730,000
8001	Other Construction	$235,000	$220,000	-	$220,000
8002	Sitework and Frontage	$291,840	$291,840	-	$291,840
8003	FF&E	-	-	-	-
TOTAL HARD COSTS		**$3,256,840**	**$3,241,840**	-	**$3,241,840**
CONTINGENCY					
9000	Contingency - Hard Costs (8%)	$260,000	$260,000	-	$260,000
9000	Contingency - Soft Costs (5%)	$105,000	$105,000	-	$105,000
TOTAL CONTINGENCY		**$365,000**	**$365,000**	-	**$365,000**
TOTAL PROJECT COSTS (INCL. CONTINGENCY		**$5,866,617**	**$5,851,264**	-	**$5,841,515**
NET PROFIT (UNLEVERED EBITDA)		**($63,939)**	**($47,456)**		
FINAL CASH PROFIT (LEVERED – AFTER FINAN			**$147,275**		

FINANCING SUMMARY

METRIC	VALUE	METRIC	VALUE
Total Project Cost	$5,851,264	Debt Financing % of Total Costs	75.0%
Shareholder Equity Required	$1,462,816	Interest Rate (Annual)	6.70%
Construction Loan Amount	$4,388,448	Loan Period	18 months
Commitment Fee	1.0%	Est. Construction Loan Interest	($113,941)

SIGNIFICANT ASSUMPTIONS & NOTES

1. *All figures in Canadian Dollars (CDN$). Proforma as of May 2026.*
2. *Sales commissions budgeted at 3.25% of gross residential sales revenue.*
3. *Development management fee budgeted at a reduced ~3.0% of total project costs - Typical DM Fee is 4.5%*
4. *Hard cost contingency at 8%; soft cost contingency at 4.75%.*
5. *Construction financing: prime + 1.75% (6.70% p.a.), 75% LTC, 18-month loan period, 1.0% commitment fee.*
6. *Unlevered IRR 4.16%; Levered IRR 1.77% — based on cash flow timing assumptions in CASH FLOW tab.*
7. *Revenue recognized at closing; commissions split 50% at pre-sale / 50% at closing.*
8. *All 4 units assumed sold near project end for conservative estimate based on historical pattern of sales on these types of units.*

A simple second run **(FIGURE B)** of the same model where nothing changes but the sale price to $1,690,000 per unit (~$805.00/ft2) produced a materially better levered IRR result of 13.10%, but still sub-threshold, and returned a profit margin on costs of 14.4%. This would still be considered below the threshold of viability, but a risk-tolerant private lender may consider funding this at a much higher interest rate than prime plus 1.75%.

Further confounding this, there are no comparable listings or completed sale at that price point could be located for this unit size and form on Realtor.ca or HouseSigma anywhere in Esquimalt. In other words, the sale price required to make this exact Studio PA-style form merely marginal has no supporting market comparable in the Township today; the $1,499,000 price point that does have a comparable (Munro Street) is the one that produces the 1.9%-margin, sub-lending result above. I can only posit this project works because the land was purchased at substantially less than the current BC Assessment assessed values for a lot this size in Esquimalt and incredibly tight cost controls to deliver a higher-end home worthy of its sale price.

FIGURE B

FINANCIAL ANALYSIS			
METRIC	VALUE	METRIC	VALUE
Unlevered Project IRR	15.56%	Profit Margin (% of Revenue)	12.6%
Levered Project IRR	13.10%	Profit Margin (% of Costs)	14.4%
Required Shareholder Equity	$1,462,816	Construction Loan Amount	$4,388,448
Gross Income (Unlevered EBITDA)	$1,000,386	Final Cash Profit to Equity	$886,361
Gross Income (Unlevered EBT)	$851,961	Final Change in Cash (Levered)	$851,961

PROFORMA BUDGET SUMMARY					
Code	Description	Original Budget	Current Budget	Costs to Date	Cost to Complete
GROSS REVENUE					
	Gross Residential Sales Revenue	$5,997,600	$6,760,000	-	-
	Additional Sales Revenue	-	-	-	-
10000-001	Less: Sales Commissions	($194,922)	($192,192)	-	-
TOTAL NET REVENUE		**$5,802,678**	**$6,567,808**		
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Total Project Cost	$5,851,264	Debt Financing % of Total Costs	75.0%
Shareholder Equity Required	$1,462,816	Interest Rate (Annual)	6.70%
Construction Loan Amount	$4,388,448	Loan Period	18 months
Commitment Fee	1.0%	Est. Construction Loan Interest	($114,025)

SIGNIFICANT ASSUMPTIONS & NOTES

1. *All figures in Canadian Dollars (CDN$). Proforma as of May 2026.*
2. *Sales commissions budgeted at 3.25% of gross residential sales revenue.*
3. *Development management fee budgeted at a reduced ~3.0% of total project costs - Typical DM Fee is 4.5%*
4. *Hard cost contingency at 8%; soft cost contingency at 4.75%.*
5. *Construction financing: prime + 1.75% (6.70% p.a.), 75% LTC, 18-month loan period, 1.0% commitment fee.*
6. *Unlevered IRR 15.56%; Levered IRR 13.10% — based on cash flow timing assumptions in CASH FLOW tab.*
7. *Revenue recognized at closing; commissions split 50% at pre-sale / 50% at closing.*
8. *All 4 units assumed sold near project end for conservative estimate based on historical pattern of sales on these types of units.*

These are “real” proforma summary sheets; the same being used to successfully achieve funding on smaller $4M projects and much larger $100M+ builds. My hope in providing this peek into how the sausage is made is to provide transparency and context for what developers are struggling with every day in our region and broader context. While the intentions behind the design concepts are good, the only logical conclusion that can be drawn from the figures is that the workshop concept templates for “financially feasible” densification are below the edge of viability.

Currently, projects built to the existing bylaw's envelope are already quite thin financially. If the eventual mandate comes down to make amendments, it most certainly will "unintentionally increase costs, reduce housing choice or make incremental development unworkable." While a modest reduction in height from 11m to 10m may not sink a project, further restrictions to coverage, or unit counts, or any added privacy/landscaping requirement that increases soft or hard costs without a corresponding increase in achievable sale price, should be assumed to push this class of SSMUH development from marginal to unbuildable until proven otherwise with an equivalent proforma.

The Fallacy of Affordability: SSMUH Is Designed to Deliver Attainability, Not Subsidized Affordability

The Final Report treats "affordability" as an outcome SSMUH itself should be judged against, noting that survey respondents rank affordability as a top three priority (40.9%) and that interview participants questioned whether homes "selling at prices beyond the reach of many local households can reasonably be described as attainable or middle-income housing." That framing conflates two distinct policy tools, and the distinction matters for what Council does next.

Affordability, in the technical sense the term is used in housing policy, means income-tested, subsidized, or below-market housing, typically the product of programs like BC Housing, co-op housing, or the recent federal/provincial initiative to acquire unsold condominium inventory in Metro Vancouver for conversion to rent-to-own and subsidized units.

That is deliberately a senior-government tool, funded by direct public tax investment, and it is not what Bill 44 was designed to produce. SSMUH is a supply and choice tool: it removes the requirement to rezone in order to build gentle density, so that market-built, ground-oriented housing can compete on price with a detached home without an onerous discretionary approval process standing in the way. Major Vancouver-based Developer Rick Ilich of Townline went on the record in March 2026 stating that "Victoria has been a comfortable place to invest and develop new buildings for the past 20 years. But like other parts of British Columbia, local government grew and chose to target new development as a source of new-found capital, through increased fees, levies, and taxes. Other political ideologies have also been baked into new construction, such as inclusionary housing, multiple social policies, and ideals like desires to 'save the planet,' all through very expensive energy modeling and carbon reduction efforts."

All of this to say: affordably delivering homes is becoming increasingly more untenable and complex.

To restore confidence, all layers of government need to collaborate to reduce the regulatory burden of inventing then overseeing politically popular policies, which end up driving up the cost of housing, thus making it very challenging for the very people that they need to attract as investors in their communities.

The correct yardstick for SSMUH is therefore attainability relative to the existing single-family alternative, not affordability relative to income. On that yardstick, the case is strong. A new, code-compliant, fire-sprinklered, seismically designed, energy-efficient ~1,450 sq. ft. townhouse unit in a triplex can be delivered under $1 million. This is comparable to or below the price of an equivalent-size detached home in Esquimalt that is commonly 80-plus years old, has not been substantially upgraded since the 1990s (in some cases the 1950s), and would require a six-figure renovation to bring to a livable standard. The proformas provided above demonstrate this – more flexibility in the bylaw to allow for a variety of homes delivers attainable housing options for a variety of buyers at each stage of life.

Statistics Canada's construction price data (cited previously) shows why that renovation gap has only widened: a renovation project to an aging single-family home that cost roughly $250,000 to complete five years ago is meaningfully more expensive today, in line with the ~69% cumulative rise in residential construction prices since 2019 and continued escalation since.

Framed this way, SSMUH's real function in the housing market is to let two groups solve two different problems with the same new supply: a young family gets a new, warm, safe, appropriately-sized home at a lower entry price than an aging detached house plus its deferred renovation bill; and a long-tenured senior downsizing out of a large, hard-to-maintain home can sell into a favourable market, purchase a new SSMUH unit outright, and retain substantial home equity as a retirement asset, and better yet, remaining in the neighbourhood they already know.

That is precisely the “missing middle” outcome the Province intended, and it is a reason to be cautious about amendments that shrink unit size, add cost-driving requirements, or reduce achievable density in the name of an affordability standard SSMUH was never designed to meet in the first place. Recommendation 2's mandate already acknowledges this tension by proposing a newly appointed Select Committee assess “whether proposed amendments could unintentionally increase costs, reduce housing choice or make incremental development unworkable” — that test should be applied rigorously, with a real proforma, before any of the workshop's form-and-character or setback recommendations move forward.

Summary

None of the arguments above ask Council to ignore what residents said this summer. They ask Council to weigh it correctly: as an early, self-selected, and demographically skewed signal about a bylaw with no completed projects to evaluate, rather than as a verdict on outcomes. The strongest, most defensible next step is not to accelerate bylaw amendments on the current record, but to:

- First, publish a clean SSMUH-only application and completion count,
- Cross-tabulate the survey's own tenure and homeownership data against its sentiment questions before citing that sentiment as representative,
- Preserve the current height/setback/coverage framework as the source of the predictability residents say they want,
- Assess the Studio PA concepts against a real construction and sale-price proforma before treating them as evidence of feasibility, and;
- Hold the line that SSMUH's job is attainable market supply, not subsidized affordability, when the Select Committee weighs any future change to unit size, setbacks, or massing standards.

Sources

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