

W.C.D. DEVELOPMENTS LTD.
MOON VALLEY HOLDINGS LTD.

March 8, 2016

Bowen Island Municipality
981 Artisan Lane
Bowen Island, B.C. V0N 1G2

By email (original by mail)

Attn.: Daniel Martin, Island Community Planner
Re: Application for Spot Rezoning of Lots 62, 64, 65, 68 (District Lot 489, Plan BCP32677, Group 1, NWD) on Cates Hill

Dear Daniel,

Thank you for your email on March 4, 2016. We appreciate your efforts to move this file forward, and are in agreement to allow secondary suites under any circumstances.

We say that because our most recent construction cost estimates have raised serious alarm and questions about whether the intended two-family dwellings are still financially viable. You may remember that we had provided a market rationale with the application with a date of July 21, 2015. That rationale was based on construction costs of \$200 per square foot plus 15% for soft costs, i.e. \$230 per square foot combined. Those costs were customarily standard in the recent past for solidly, but not extravagantly, built homes in the 1,750- to 2,250-square-foot range.

This came to an end quite abruptly in 2015, and has since toppled many of our project calculations. The reasons stated by contractors are many, and all of them seem to be fair and hard to dispute.

First, there is the impact of the lower Canadian dollar with a discount of about 30% against the U.S. dollar, which makes a large number of imported building materials that much more expensive.

Another reason for substantial increases to construction costs is ongoing changes to building codes, which all trades and probably the Building Inspector can attest to. It is true that the quality of homes is getting better and better, but unfortunately the costs are getting out of the range of affordability.

All this is aggravated by an acute shortage of qualified trades and their helpers on Bowen Island. Life on Bowen Island is expensive, and the shortage of rental space has become a serious problem. Where helpers are lacking, higher paid trades have to do lower-value jobs themselves with the resulting extra costs.

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We have obtained several quotes from local contractors and, in addition, from one major contractor from the Sunshine Coast. All those quotes arrive at about \$250 per square foot, not including soft costs which are customarily estimated at 15%, which therefore arrive at total construction costs of \$285 per square foot.

To make matters even more difficult is the fact that smaller homes (i.e. 1,500 square feet and smaller) generally have higher per-square-foot costs than larger homes.

The resulting bottom line means that we will not be able to meet our hoped for price points any longer. For that reason, we will have no choice but to have at least two of the two-family homes built in the conventional fashion, namely with ownership divided vertically rather than horizontally (i.e., one dwelling unit on top of the other, instead of side by side). However, we still plan to build at least one two-family dwelling on Lot 64 (units side by side), and possibly another one on Lot 65, simply because those lots are ideally suited for such a configuration. Besides, we want to establish the true costs of the horizontal configuration versus the conventional vertical configuration for the benefit of ourselves, other builders, designers, and political decision makers.

That brings us to three issues raised in comments from the public.

1. "Pilot project." We treat the construction on Lots 62, 64, 65, and 68 as an in-house pilot project with the intent of making the resulting true and verifiable costs available to members of the interested public, and if desired to Bowen Island Municipality, for information and scrutiny. Our reasons for doing that are twofold: a) we want to find out whether even the most modest form of densification, namely to share one property by two owners, will make a meaningful difference regarding affordability, and b) to provide reliable information about true costs thereto. As it stands, Bowen Island is getting close to the point where a new modest single-family home on a modest property will get close to or exceed a million dollar price tag. That will result in serious changes to Bowen Island's social fabric and economic functionality, for which we believe the island is not prepared.
2. "Amenity." We sincerely believe that our proposed spot rezoning and subsequent construction of a "pilot project" with the aim of providing an example of greater affordability and useful data thereto (without any increase in density and without any expectation of a material gain or profit) is an amenity in itself. If we are mistaken in that belief, we are happy to withdraw our rezoning application and will go on with life.
3. "The inferior quality of the neighbourhood park." If the neighbourhood park is in any respect inferior, then it is most likely because of the ongoing illegal dumping of excavation materials, debris, and junk right in front of Rivendell Drive and below the Tir-na-nOg Theatre School parking lot. For information, please see the enclosed photos.

In light of increasingly scarce construction capacity, we appreciate all efforts by staff and Council towards a timely decision about our rezoning application, whatever that might be.

With best regards,

Wolfgang Duntz, President