

Due Diligence 39 King Street North: *The Uptown*

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1.0 Introduction and Site Context

The site is located in Uptown Waterloo on the west side of King Street between Dupont Street and Princess Street. The dimensions of the site are 40.9 metres by 13.1 metres. There was previously a mixed-use commercial-residential building on the site but it burnt down in a fire in August 2012. The previous use was a restaurant, with four units of residential on upper floors. The site is currently zoned Commercial 8-25, with residential units being allowed above a first storey of commercial use. Since the site is on the Uptown Waterloo King Street corridor, the maximum allowed height of a proposed building according to the Zoning Bylaw 1108 Section 12C.2.1.6.2 is 4.0 storeys and cannot exceed 16.0 metres in height.



(SWOOP: Orthoimagery, 2010) (The City of Waterloo Municipal Data, 2011)



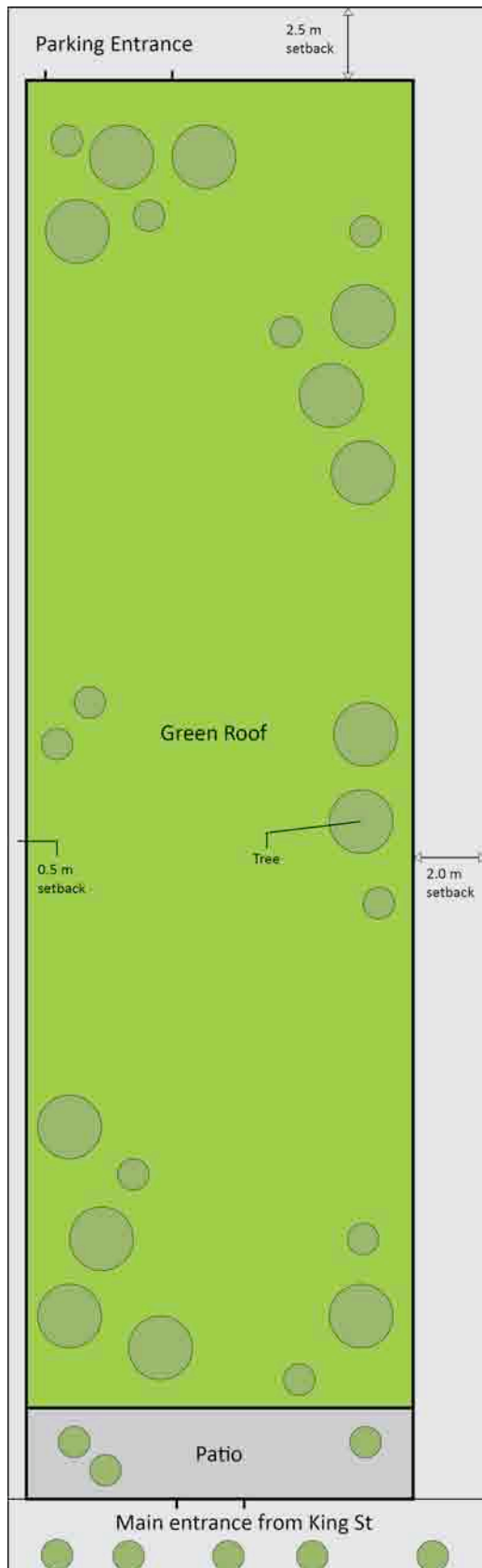
Current state of the site (Popescu, 2013)



(Popescu, 2013)

2.0 Conceptual Site Plan and Urban Design Considerations

2.1 Site Plan

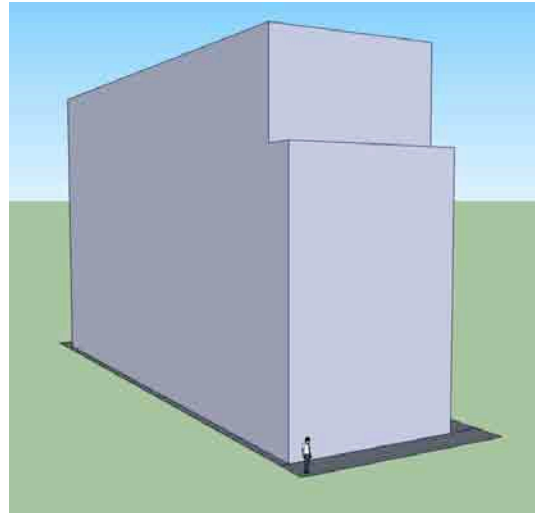


The Uptown Plan Concept:

- 6 storey residential condominium
- Commercial uses on the first floor
- Step back with a 45° angle after four storeys (16.0 m) based on the City of Toronto mid-rise urban design guidelines for a 20 m right-of-way
- 20 residential units
- FSR of 3.7
- Average unit size: 943 ft²
- Mix of one bedroom and two bedroom units, ranging in size from 750 ft² to 1100 ft²
- Sustainable green roof for stormwater management
- Amenities include a fifth floor 70 ft² patio space and 1010 ft² fitness centre
- 1,095 ft² of commercial space on King
- 20 parking spaces for residents on first floor, access is behind building through alley
- Secure bicycle parking on first floor
- Main entrance and lobby off of King Street
- Will be marketed towards young professionals, students, young families and empty-nesters

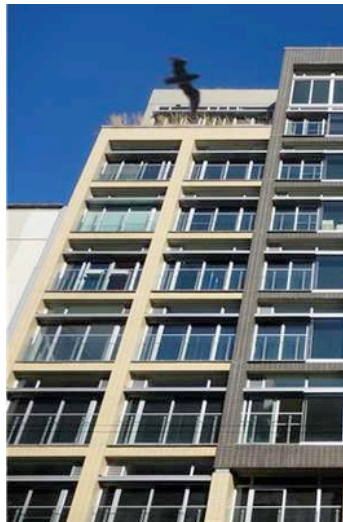


City of Toronto, 2010



2.2 Precedent

This high-density infill project developed by Georgia Laine Developments is located in Vancouver’s downtown eastside and integrates well within the historic character of the Gastown neighbourhood despite its modern look. The exterior of the development features glass, concrete, wood and marble (Blu Realty, 2010). The design of this building will be used as precedent in the design of the façade and units of *The Uptown* condominium development.



(Blue Realty, 2010)

3.0 Political Context

The local City of Waterloo councilor for Uptown Waterloo Ward 7 is Melissa Durrell. Melissa Durrell is innovative and passionate about green sustainable solutions. This development is in conformity with her environmental values as a

result of its sustainable building design and its central location allowing residents to choose alternate modes of transportation. Melissa Durrell also runs her own communications company, and would be supportive of this project if there were sufficient public consultation meetings conducted from the beginning of the development process (City of Waterloo, 2013). The regional council for Waterloo consists of Jane Mitchell, Sean Strickland and Brenda Halloran, the Mayor of the City of Waterloo (Region of Waterloo, 2013). This issue would attract Mayoral attention because it is in the central corridor of Uptown Waterloo. Brenda Halloran is passionate about inclusion, affordable housing and age-friendly cities (City of Waterloo, 2013). This project will be marketed towards members of the public that want to live in a central location and do not want to be dependent on a private vehicle. Therefore this development will be inclusive to all ages and abilities, including “empty nesters” and people who desire to age in place.

The Uptown Waterloo West Neighbourhood Association represents the area bordered by Union, Westmount, Erb and King Streets and is made up of a close-knit community of families, couples, singles and students benefiting from the vibrant urban core of Uptown Waterloo. Their goal is to expand relationships within the community and would welcome the demographic of young professionals, young families, students and empty nesters (Uptown West Neighbourhood Association, 2012). The vision of the Uptown Waterloo Business Improvement Area is to create a distinctive district that provides the population with a safe, lively, accessible and attractive place to live, work and shop. The goal is to draw people to a core that is physically attractive commercial and living space and that develops in harmony with Waterloo’s historic character and attributes (Uptown Waterloo BIA, 2013). *The Uptown* development is consistent with the visions and goals of the Uptown Waterloo BIA, as it will provide additional vibrant commercial and residential uses in the core while contributing to the beautification of the centre of the city.

4.0 Approvals Required

4.1 City of Waterloo Zoning Bylaw 1108

The site is currently zoned Commercial 8-25, with residential units being allowed above a first storey of commercial use. The following City of Waterloo Zoning Bylaw 1108 exemptions will be required for the development of the site to proceed:

- Zoning Bylaw 1108 Section 12C.2.1.3.1 states that no Side Yard required except with the lot line is a boundary of a residential zone or municipal park, 5.0 m is required.
 - There is a need to change the 5.0 m setback to 2.0 m between the proposed building and the mixed-use commercial-residential building on the north side of the site. The setback of 2.0 m already existed for the previous building that was on the site before it burnt down.
- Zoning Bylaw 1108 Section 12C.2.1.6.2 states that the maximum height of a building within 30 m of the Street Line of King Street between William Street and Young Street cannot exceed 4.0 storeys or 16.0 m high.
 - There is a need to change the 16.0 m allowed to 22.0 m to allow for six storeys instead of four storeys. The proposed building will be stepped back 2.0 m at the height of four storeys (16.0 m) with a two storey (8.0 m podium proposed. This will conform to the City of Toronto's performance standards for mid-rise buildings for a 20 m right of way. The King Street right of way is 20.0 m according to the Official Plan Road Allowances Schedule "G". This will help maintain the human scale on King Street.

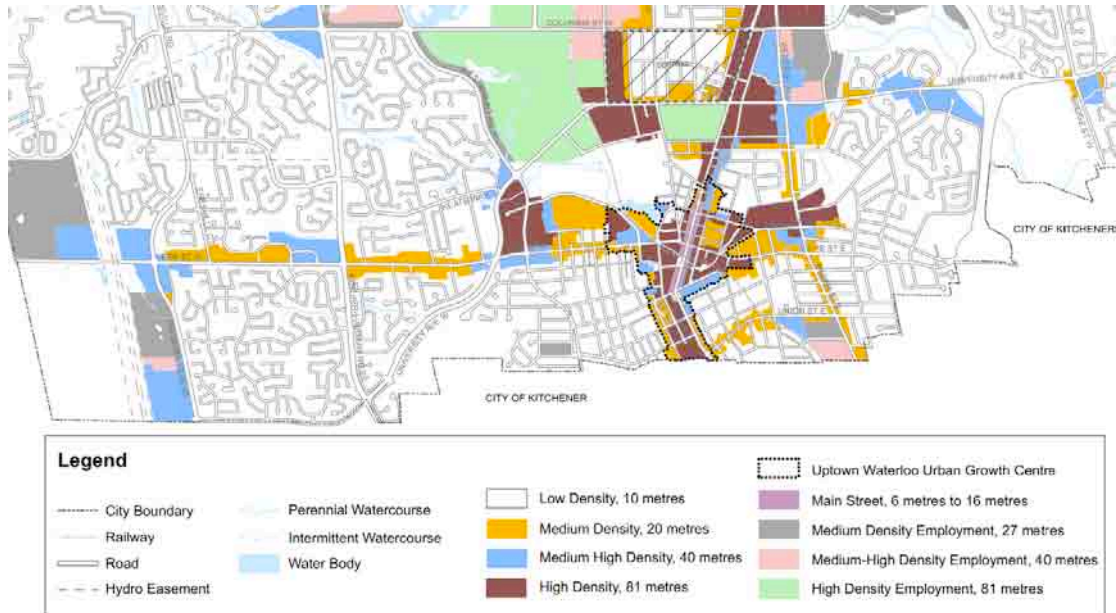


- Zoning Bylaw 1108 Section 12C.2.2.1 states that for commercial uses, off-street parking shall be provided at the rate of 2.15 spaces for every 100 m² of floor area.
 - There will be a need to eliminate the commercial parking required for this development. As per Zoning Bylaw 1108 Section 12C.2.5.2, each dwelling in this development will be provided with one parking space per unit. The parking area in the project will be limited to residents only, for the safety of the inhabitants. The parking will be on 75% of the ground floor at the rear of the building, as required per Zoning Bylaw 1108 Section 12C.2.5.2.1. There will be 20 parking spaces provided instead of the 43.5 parking spaces required by the zoning bylaws. This parking exemption will be based on the fact that close to the site there is the Uptown Waterloo parking garage, several parking lots and on-street parking for commercial uses and many surrounding businesses are exempt from providing parking for their patrons. Furthermore, the site is located on the proposed LRT corridor, on current transit routes and is surrounded by city-wide cycling routes and pedestrian amenities, further reducing the need for parking provisions.

There will be a need to amend the zoning bylaws above prior to the site plan application. Alternatively, approvals can also be obtained for all three requirements through a minor variance through the committee of adjustment. It is estimated that the zoning bylaw amendments will take a few months to obtain.

4.2 City of Waterloo Official Plan and Waterloo Regional Official Plan

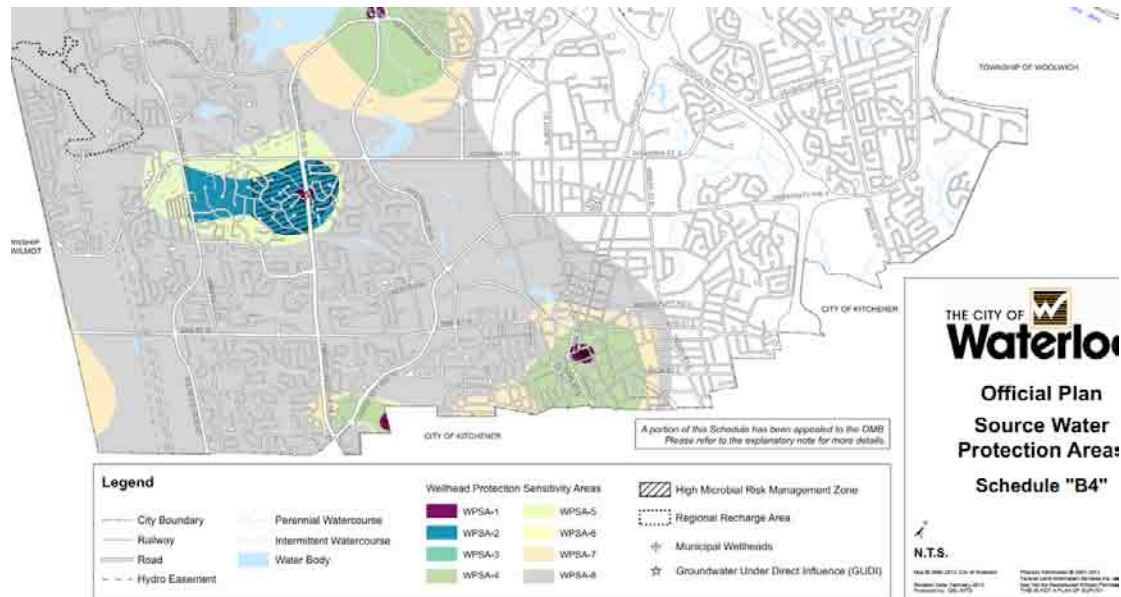
Through the City of Waterloo Official Plan, the land is designated “Commercial” and is part of the Uptown Waterloo Urban Growth Centre and Uptown Waterloo Commercial Core.



As shown above, the site is designated through the City of Waterloo Official Plan as Main Street with a height restriction of 6.0 m to 16.0 m. This development would require an application to amend the Official Plan. The rationale behind this amendment would be that 30.0 meters away from the line of King Street high density of 81.0 m is allowed. Further justification for the Official Plan amendment is that this project proposes a two metre step back for building heights greater than 16.0 m so that there would still only be 16.0 m on the façade of King Street. It is estimated that the Official Plan amendment will take a few months to obtain, and can be done simultaneously to the zoning bylaw amendment.

The site is not part of the flood plain from the Grand River, however the City of Waterloo Official Plan designates the land as WPSA 7 under the OP Source Water Protection Area. According to the City of Waterloo Official Plan, development applications within the Source Water Protection Areas will be reviewed and considered in accordance with the Source Water Protection Policies in the Waterloo Regional Official Plan. The Waterloo Regional Official Plan states that 75% of the Region’s water supply comes from ground water sustained by the Waterloo Moraine

and 25% comes from the Grand River. These water resources must be protected from contamination. Additionally, the municipal drinking water supply system is protected by the Provincial Policy Statement, the Safe Water Drinking Act and the Clean Water Act. The Region of Waterloo implements these provincial policies in the Regional Official Plan.



The Wellhead Protection Sensitivity Areas is a classification system that allows for management relative to the vulnerability of the area’s groundwater to contamination and the importance of the groundwater to the municipal drinking-water supply system. According to the Waterloo Regional Official Plan, development applications within the WPSA 7 designation must comply with the following:

- Category ‘A’ (Very High Risk Uses such as waste treatment facilities and storage of hazardous chemicals) will not be permitted;
- Category ‘B’ (High Risk Uses such as manufacturing plants and gas stations) and ‘C’ (Moderate Risk Uses) will not be permitted outside of the Built-Up Area; and
- Category ‘D’ (Uses such as an underground parking garage) and plans of subdivision or vacant land condominiums may be permitted subject to further study.

Since this application is not proposing any such uses mentioned above, it is in accordance with the environmental provisions in the City of Waterloo Official Plan and the Waterloo Regional Official Plan.

5.0 Key Development Considerations

5.1 Site Servicing

The site is in a central urban environment, so it is realistic to assume that the following is already installed:

- Sanitary and Water Services
- Hydro Services
- Road and Site access

Stormwater best management practices will be implemented in the construction of the development. This will include the installation of a green roof to collect stormwater into a storage facility so that the water can be reused inside the building.

5.2 Site Conditions

The soil suitability of the site is dependent on the historical uses of the land. The previous use was a mixed-use commercial-residential unit with a restaurant on the main floor and four residential units on the upper floors, pictured below.



(Google Maps, 2013)

Since this is similar to the proposed developed, it assumed that the soil is suitable for the project. Furthermore, the fire of August 2012 may have benefited the site, as

fires have been known to nourish the soil and kill disease (State of California, 2012). However, a several month-long archeological study will be required as part of the environmental studies done on the site. As pictured below, recent photographs of the site show the soil to look clean with few weeds and no species habitats.



(Popescu, 2013)



(Popescu, 2013)

The details of the grade conditions of the site are shown below. The site is topographically flat, simplifying development.



(SWOOP: Orthoimagery, 2010) (The City of Waterloo Municipal Data, 2011)

5.3 Environmental Constraints

The Grand River Conservation Authority has no specific interests in this property because it is not in the Grand River floodplain. The objectives of the GRCA include to protect property damage from flooding and erosion and to improve watershed health (Grand River Conservation Authority, 2012). The Ministry of

Natural Resources also has no interests in this site because there is no animal and plant species at risk for the City of Waterloo observed on the gravel pit (Ministry of Natural Resources, 2013). The Ministry of Environment's interest in the property is that it is designated WSPA – 7 under the OP Source Water Protection Area classification. This site is part of the Wellhead Protection Sensitivity Areas, which means that if there was to be underground digging to be conducted on the site for underground parking, environmental studies are required (Region of Waterloo Official Plan, 2010). It is not necessary to do an Environmental Impact Assessment for this project because there are no environmental features on or near the site. Any environmental studies required are estimated to take about four months to complete.

5.4 Construction

The mid-rise condominium development will be constructed with a concrete base. The exterior of the development will feature brick, glass, concrete and wood. The look of the building will conform to the heritage of the surrounding neighbourhood, with a modern twist. The parking will be provided at grade on the first floor of the building. Underground parking is expensive and supplementary environmental studies would have to be conducted because of the high watershed level on the site. Furthermore, the development will seek parking exemptions because it is in the centre of the City of Waterloo surrounded by existing transit routes, cycling routes, pedestrian amenities, commercial uses and on the proposed LRT corridor.



(Ministry of Municipal Affairs and Housing, 2008)

6.0 Marketing

6.1 Value Benchmarks

There are several major developments being proposed on King Street in the core of the City of Waterloo. Once council approves the new developments, they will become precedent for *The Uptown* project. The Hampton Inn Condominiums, a 25-storey, 150-unit residential condominium building with 3,000 square feet of retail space, 6,000 square feet of residential space and a five-storey 100-suite addition to the existing historic hotel was proposed in 2012 and preliminary designs are ongoing (Ian Brown Kitchener Waterloo Real Estate, 2013). GSP Group Inc is proposing a 185-unit condominium on King Street and Noecker Street marketed only towards a young professional and student demographic because of its proximity to the university and its smaller units (GSP Group Inc, 2013). The Barrel Yards approved development currently under construction is bringing over 1,000 condominium and townhouse units into the Uptown neighbourhood. These new proposed and under construction developments will further saturate the condominium market in the City of Waterloo. However, because *The Uptown* is a niche mid-rise project right in the heart of Uptown, the units will sell to a particular crowd.

6.2 Market Attractiveness

The real estate bubble in the City of Waterloo has not yet burst, however the condominium market has become slightly saturated. Housing starts in the City of Waterloo has lowered in the second quarter of 2013 compare to a year ago (Canadian Mortgage and Housing Corporation, 2013). The average sale price for a condominium in September of 2013 was \$221,810, which reveals a 1.4% decrease compared to September of 2012 (Ian Brown Kitchener Waterloo Real Estate, 2013). The retail price for a condominium in the City of Waterloo is between \$300 to \$400 per square foot (GSP Group Inc, 2013). Below are some condominium market comparisons that are selling in the City of Waterloo:

Bauer Lofts	\$569,900 for two bedroom two bathroom
223 Erb St W	\$339,000 for two bedroom two bathroom
191 King St S	\$379,900 for two bedroom two bathroom

Due to the close proximity to the technological hub and to universities, apartments make up a large share of the total starts, as nearly half of all residential construction is happening in the City of Waterloo. On a positive note, the most apartment housing starts in the Region of Waterloo in the second quarter of 2013 was in the City of Waterloo (Canadian Mortgage and Housing Corporation, 2013). There is still strong residential activity present in the Region of Waterloo, because of the diversity of the economy and the appeal of the area as a place to live and work (Ian Brown Kitchener Waterloo Real Estate, 2013). Even though the market is cooling down to where it was previously, there is still a viable market in Waterloo for apartments and condominiums, due to the growing knowledge based sector. Furthermore, the City of Waterloo has an aging population who would like to be able to age in place. Centrally located condominiums are conducive in allowing older adults and empty nesters to age in place.

The absorption rate for the City of Waterloo, retrieved from the Canadian Mortgage and Housing Corporation is the following:

- Current month (September 2013): 225
- Three month average: 64
- Twelve month average: 72

6.3 Marketing Plan

The target market is young professionals, young families and empty nesters that want to live sustainably near amenities in the centre of the City of Waterloo. This is a green development because Uptown living will reduce car dependence for condominium residents and green technology such as a green roof installed for stormwater management will reduce the building's ecological footprint. This project is a well-situated development because of its proximity to Uptown Waterloo amenities such as restaurants, cafes, bars, theatres, grocery stores and retail. The new condominiums will be high quality design, developed with the end user's needs and Uptown Waterloo's context in mind. Because of the amazing location right on King Street and distinct design, the 20 units will be sold above the market average. The market will be first time buyers and people looking to downsize. These large units are family oriented and allow for families to grow in place and while living in the centre of the city. There will be no issue selling out the condominium within the

projected timeline because there are only 20 one-bedroom and two-bedroom units to be sold.

	Projected Sales Price Point (\$400.00 per square foot)
One Bedroom Unit (750 ft ²)	\$300,000
Two Bedroom Unit (1100 ft ²)	\$440,000

7.0 Development Process and Timing

	Jan 2014	May 2014	Sep 2014	Jan 2015	May 2015	Sep 2015	Jan 2016	May 2016	Sep 2016
Land Acquisition	■								
Amend zoning bylaw and OP	■								
Environmental studies		■							
Site plan approval			■						
Public Consultation				■	■	■	■	■	
Sales and Marketing							■		
Building permit					■	■	■	■	
Construction						■	■	■	■
Closing									■
TARION									■
Condo Board (six months past closing)									■

8.0 Conclusions

Strengths	<ul style="list-style-type: none"> • Central location surrounded by amenities, parks and transit • Appeals to a niche market • Small scale and integrated in surrounding neighbourhood • Public consultation throughout the development process
Weaknesses	<ul style="list-style-type: none"> • Condominium market in Uptown Waterloo is becoming saturated
Opportunities	<ul style="list-style-type: none"> • Current site is an eyesore • Neighbourhood would benefit from a mixed-used commercial residential development • Minimal environmental considerations • Site situated on the transportation corridor of the future LRT
Threats	<ul style="list-style-type: none"> • The timeline is dependent on City of Waterloo Zoning Bylaw and Official Plan amendments and site plan approval • Neighbour opposition because of the historic established district

There are three amendments to the City of Waterloo Zoning Bylaw 1108 that must be go through before the site plan can be approved: a side yard setback change from the required 5.0 m to 2.0 m, a parking amendment from the required 43.5 parking spaces to 20 parking spaces reserved for residents of the condominium and an amendment to the height allowed on King Street from 16.0 m to 24.0 m with a 8.0 m podium at a step back of 2.0 m. The side yard setback and parking amendment will be obtained through a minor variance application to the committee of adjustment, because it will shorten the timeline to obtain. The City of Waterloo Official Plan designation of the site as a “Main Street” only allowing for a height of 16.0 m will also need to be amended before the site plan is submitted for approval. The Official Plan Amendment and the zoning bylaw amendment for density along King Street will be submitted simultaneously under the argument that a 2.0 m step back at 16.0 m with an 8.0 m podium still meets the general intent of both the Official Plan and the zoning bylaw, as the scale of King Street will be unimpaired. Under the best-case scenario, these amendments will go through in four months, however, this could be a potential threat to developing the site within the projected timelines. The current established neighbourhood might oppose this project, and therefore continuous public consultation will be administered to appease the needs of the Ward 7 councilor Melissa Durrell and local residents.

The strengths and opportunities of the site once the zoning bylaw and Official Plan amendments go through are numerous. Despite being designated as WPSA 7 under the OP Source Water Protection Area, the site is not affected because none of the prohibited uses are proposed. The historical context of the site reveals a previous use of commercial-residential, and it assumed that the soil is uncontaminated. The site is currently a brownfield gravel pit and is not a habitat for flora or fauna, so it is assumed that the environmental studies will be simple and there will be no findings to hinder development. The tragic fire last year left this site in the centre of the City of Waterloo as an eyesore and it has little potential as parkland. Therefore, a well-designed mixed-use commercial-residential project would be the perfect addition to beautify and revitalize the surrounding neighbourhood. Service of the LRT is set to begin in 2017, aligning with the completion of construction. This project will provide an opportunity to intensify the

central transit corridor of the Region of Waterloo. In conclusion, this niche project will be extremely marketable to young professionals, families and older adults looking to live close to amenities in a unique and sustainable condominium development. Regardless of the numerous other condominiums being proposed nearby, this project will be distinctive because of smaller scale and integration within the historic Uptown Waterloo.

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