

# Kootenay Co-op Member Update, May 2014

## Nelson Commons Redevelopment Project : F A Qs

The past year has been a very busy time for those involved in planning for the redevelopment, opening the residential show suite and selling residential and commercial spaces in the Nelson Commons multi-use development. As we refresh our timeline, it feels critical to keep our member-owners informed and engaged. In this update we'll cover important topics like:

- The Co-op's ongoing role as project Developer
- Restricted Resale housing and the Nelson Commons
- Project cost and timelines
- Local labour & employment
- Member Loans
- Environmental considerations
- And more!

We hope you find this update helpful. And remember, we want to hear from you! We've included some contact information on the last page.

***Want to keep in touch with new developments?*** Sign up for the Nelson Commons Enews and you'll get the latest updates on the store, specials and our redevelopment project. Simply visit the Nelson Commons website [www.nelsoncommons.ca](http://www.nelsoncommons.ca). You can also sign up to Co-op Enews to stay current with store news! Sign up on our website: [www.kootenay.coop](http://www.kootenay.coop)

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### Why has the Co-op taken on the role of developer for this project?

To the best of our knowledge, we are the first natural food retail cooperative in North America to take on the self-development of a project like this – it’s a pretty big deal! We are thrilled with the support and excitement of our membership and our community for the Nelson Commons project.

Being the developer has allowed us greater control over our choice of financial partners (credit unions), design and materials (built to last), and flexibility and openness in working with local partners like the City of Nelson and our new neighbors. The success of the residential component of the development will also mean a better long-term financial future for the Co-op as the profits from the project will stay hyper-local!

### What is the difference between the Kootenay Co-op and the Nelson Commons?

Nelson Commons is the name of the entire project and the residential component. The Kootenay Co-op will be a commercial tenant within the Nelson Commons. The Kootenay Co-op will own our own portion of the building as well as some additional commercial space that will be leased to the BC Wine Guys.

### What is the risk to the Co-op?

Any project of this magnitude carries risk. We plan to mitigate this risk both by sharing it with other equity investors and by ensuring an adequate level of commercial and residential pre-sales before demolition of the existing building. If our pre-sale target is not met, we will shift our focus to “Plan B” – renovating the existing building to be the new home of the Co-op. Although this is completely a fallback position, we have plans in place for Plan B along with Plan A.

### What is the timeline for the project?

We began pre-selling the residential units at the end of November, 2013 and will continue selling until our pre-sale target is met. Once our pre-sale target is met, we will demolish the existing building and prepare to begin construction in 2014. We expect the Co-op to move to our new store in early 2016, with the residential units also ready for occupation in the spring of 2016. We will have a firmer timeline once construction is underway.

### How will this project be financed?

The Nelson Commons project will be financed through a combination of Co-op retained earnings (\$2.5 million), other equity investors and Credit Union debt financing. The Co-op store project will be financed through retained earnings, debt financing and our member loan program.



### What if all the units don’t sell?

We need to pre-sell about 40 of the 54 units in order to satisfy our lenders before we begin our construction. That being said, we are investigating other sources of funding that may allow us to get construction underway before hitting that pre-sale target. If we are unsuccessful hitting our pre-sale requirement or finding other funding, we will reconsider the Nelson Commons mixed-use project and likely renovate the existing building to become the new home of the Co-op.

### What is the cost to the Co-op?

If the project succeeds in selling all commercial and residential units, the new Co-op will cost in the range of \$6 million. If we have to revert to Plan B (refurbishing the exiting building) the costs are considerably higher. This is largely due to having to pay for the full cost of the real estate rather than sharing it with the other participants.

### Will there be another member loans campaign?

The Co-op held a very successful member loan campaign in the fall of 2013, securing \$1.78 million from our membership to help finance the fixtures for the new Co-op. This was the largest amount raised through a member loan program for any natural food co-op in North America! Although that loan offering has now closed, additional investment opportunities may be available in the future. Leave your contact information with the General Manager if this is something you may be interested in.



### Will we be offering affordable housing units in the Nelson Commons development?

Due to generous financial contributions from Vancity Credit Union and the Kootenay Co-op, we will be offering three residential units as “Restricted Resale” homes. These units will be offered to buyers who meet a certain financial criteria (TBA) at about 25% below today’s market value. Those units will only be owner-occupied; they will not be available to rent. When it comes time for those buyers to re-sell their unit, the price will be restricted and the unit will again be sold below market value. The RR buyers will only build equity in their home but will not earn more than an inflation-linked profit on the unit.

### Will we be hiring local builders?

The size and complexity of this project has prompted us to bring in a very experienced builder from Vancouver, ITC Construction. The founder of ITC, Peter Rezansoff, and many of his team were born and raised here in the Kootenays. They are committed to using as many local trades and labour as possible and have already made several scouting trips here to assess local resources.

### Will we be hiring local professionals?

We have several local professionals working on our team: Steven Kaup of Studio 9 Architecture + Planning, David Dobie of David Dobie Design, Ron Little, CA, David Fisher of New Leaf Landscaping. Also involved in the project are: Spearhead Timberworks, Mark Harold (Rocky Point Engineering), Peter Ward (Civil Engineering) and a host of City of Nelson professionals.

## How green will the new building be?

We are looking at the full menu of 'green building' options, many of which have become pretty standard in the building trade. The entire project exemplifies 'eco-density' meaning, less land being used by multiple users – residential stacked on top of the commercial. Being downtown will offer the chance to live somewhat vehicle free. Energy efficiency and "built to last" are two other key green elements that we will focus on. We are currently in dialogue with the City of Nelson to connect to their proposed, 'biomass' central hot water system.

## How green will the new Co-op store be?

The biggest improvement in the Co-op's ecological footprint will be through energy efficiency. Our current building was never intended to be a grocery store. The heating, cooling and refrigeration systems are very inefficient. Our new store will utilize a fully integrated system whereby heat recaptured from our extensive refrigeration will heat both the store and the underground parking and even preheat our hot water.



## What kind of job opportunities will there be in the new Co-op?

We expect to hire an additional 20 – 30 people for the new store immediately and that number will grow to meet our sales growth. Most of these will be entry level cashier, department clerk and food service positions.

## What can I do to help make sure the Nelson Commons project is a success?

1. Visit us at our showroom and learn more about the project.
2. We often hear from prospective buyers that they plan to wait until the units are built to purchase one. The truth of the matter is that the project may not happen if people are unwilling to commit during the pre-sales phase. This is simply the nature of developments of this kind. So, if you are hoping to live at the Nelson Commons, we encourage you to consider making your investment now!
3. Help us make the Nelson Commons neighborhood a vibrant and beautiful place to live by telling your friends and family about it!

## How do I purchase a unit?

You can view available units either by visiting our website ([www.nelsoncommons.ca](http://www.nelsoncommons.ca)) or visiting us at our showroom (621 Vernon Street, Wednesday through Saturday from noon until 5:00 pm). To purchase a unit a deposit of 10% is required upon signing and an additional 5% in 120 days. The non-refundable deposits are held in our lawyer's trust account and are returned to the buyer if for any reason the project does not proceed.



**Contact Nelson Commons:**  
tel: 250 352 5847/email: [info@nelsoncommons.ca](mailto:info@nelsoncommons.ca)  
[www.nelsoncommons.ca](http://www.nelsoncommons.ca)  
Follow the project on facebook!



Friendly. Healthy. Community owned.

**Contact the General Manager:**  
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