

Vic West condo project in receivership

Wing's developer fails to pay \$11-million mortgage but says he's trying to find the funds to finish construction

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Strands of rebar poke from the concrete foundation behind a padlocked chain-link fence in Victoria West, where a sign warns trespassers to keep out.

Behind the fence stands a partially completed four-storey condo building, the first phase of the 99-unit Wing project, where construction work stalled last fall.

The 51-unit warehouse-style building at 109 Wilson St. is in receivership after developer Fernando Costa failed to pay off a construction mortgage of almost \$11 million.

The sum, including interest accruing at the rate of \$5,300 a day, was due in full on Oct. 1, 2005, to Calgary-based Gibraltar Mortgage. The lender plans to apply for a court order to either take over the property or to sell it to the highest bidder.

The Wing is the latest in a series of development casualties in Greater Victoria at a time when escalating construction costs offset lofty real estate prices.

Despite foreclosure proceedings, a website was still advertising The Wing this week, promoting the panoramic views of its loft-style apartments. The website indicated 13 units have been sold, with the remainder carrying prices from \$220,900 to \$492,900.

Costa said Thursday he is still trying to find the money to complete the building he called 80-per-cent finished.

He described the situation as a "soft receivership" that would be resolved in about six months, "We're all trying to work out a solution."

Costa said he faced unexpectedly high costs for the project. The city required him to complete underground parking for the second phase before approving an occupancy permit for the first phase.

He said he agreed to this without realizing how expensive the concrete work for the parking area would be. The extra costs -- estimated at \$500,000 -- became clear only after plans were drawn up for the planned six-storey, 48-unit second phase, he said. The second building requires more concrete than the first, he said.



CREDIT: Darren Stone, Times Colonist

The unfinished Wing condo development on Wilson Street sits behind a chain-link fence Thursday. It's the latest victim of rising construction costs in Greater Victoria. Despite foreclosure proceedings, a website was still advertising units for sale.

Costa said five of the people signed up to purchase units in The Wing have backed out, receiving back the average deposits of \$4,000 to \$5,000 held in trust. But eight investors are hanging on as the value of the property rises, he said.

Raymond Bergen, president of Canreal Management Corp., was named receiver-manager of the property after Costa did not borrow \$3 million by last weekend as required by a B.C. Supreme Court order.

This was to pay contractors owed more than \$1 million for work done and to cover mortgage interest payments, Bergen said from Vancouver.

Costa said he is \$500,000 to \$1 million short of raising the money required.

Bergen, appointed by the court, said he has taken action to protect the property.

"We're providing security," he said, adding that insurance on the property had lapsed, coverage which has now been picked up by Gibraltar Mortgage.

Bergen said he is authorized to oversee repairs to water damage to the four-storey building during a storm in February when glass doors were broken.

Construction materials left on the site will also be cleared, he said.

The city issued a building permit for the project on July 13, 2004, but no work has been done on the property since last November.

Victoria building inspector Ron North said a stop-work order was issued on March 2 after architect Nicholas Bawlf bowed out of the project.

Bawlf, who suffered a fall recently, has retired from the profession, North said. All construction projects require an architect to proceed, he said.

The wood-frame building has faced a range of problems during its construction, including a previous stop-work order last summer. "There's a lot of things to finish and correct," North said, noting that most of the units are not ready for drywalling.

The project is no longer covered by the National Home Warranty program, having been delisted Feb. 13, he said.

The Wing took off on property that used to house the clubhouse of the Royal Canadian Air Forces Pacific Wing.

When Fernando Costa, a Comox developer, came to Victoria four years ago, he proposed a 100-unit rental building for the Vic West site. But city council, concerned about the density of the building at 105-109 Wilson St., overlooking the Dockside Green development, preferred two buildings.

Costa came back with a new proposal but the changed economics meant most of the units would be condos. In the end, he and architect Nicholas Bawlf submitted five designs to the city before council approved a development permit for the two-phase condo project.

At one point in the 18-month process, Mayor Alan Lowe called one of the designs the worst he had seen in 10 years on council. The city's advisory design panel rejected proposals for the

project four times. Costa and Bawlf, designer of the Victoria Conference Centre, threatened to file a complaint to the Architectural Institute of B.C. but nothing came of the issue.

Costa, who has also acted as general contractor on the stalled Wing project, said Thursday he was frustrated with the "bureaucracy" at City Hall. "It's my first project in Victoria and it'll be my last."

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