

Troubled condo project on the rise again after recovering lost financing

BY DERRICK PENNER, VANCOUVER SUN SEPTEMBER 14, 2009

Concrete forms now poke above ground at 838 West Hastings St. as signs that the landmark Jameson House condominium development is back from the financial intensive care of court protection from creditors.

The project suffered the loss of financing last fall and then a lengthy struggle to restructure under court protection, which included a battle with presale buyers, who argued the turmoil ought to have given them the right to opt out of their contracts.

And it all coincided with Metro Vancouver's housing market downturn that saw sales collapse and property values contract.

However, Jameson House's new partner and construction manager, Bosa Properties, vows that construction is back on track at what appears to be at a turning point in the market, although the manager hasn't re-launched marketing efforts to unload the building's 35 units that remain unsold.

"What is a priority for us is building [the project], and doing a great job of building the homes that people are expecting," said Daryl Simpson, vice-president of sales and marketing for Bosa Properties Inc.

Bosa has been on site since March building the 37-storey, \$180-million tower's parking garage. Simpson said the company completed negotiations for construction financing through TD Bank and BMO and has begun drawing funds on the loan.

In the interim, Bosa has put considerable effort into appeasing the project's presale buyers, who were compelled to stick with the project by the B.C. Supreme Court order that approved Jameson's restructuring.

One condition of its restructuring was that the project's 103 presale contracts be held in force though a significant number fought for the right to rescind their agreements and get their deposit money back.

"I think there were buyers in this project that were deservingly upset because they weren't communicated with as well as perhaps they ought to have been," Simpson added.

Part of bringing presale buyers back on board has involved offering them discounts ranging from a low of \$29,000 to a high of \$575,000, Simpson added, with the amount depending on when during the presale marketing phase buyers signed on and at what prices.

Buyers who signed on later at the height of the market, Simpson said, would see the bigger discounts, which Bosa was able to offer in part because of the amount it was able to shave off of construction costs.

"We think it's fair and equitable and the right thing to do," he said, which will allow buyers to obtain pre-approved financing to close their purchases when the project completes, which is scheduled for May of 2011.

Simpson is adamant though that they will not be skimping on the interior design elements that purchasers bought into, such as the exterior and interior finishings designed by the firm of renowned architect Norman Foster.

Vancouver's Pappajohn family, under the name Jameson House Properties Ltd., is still officially the developer.

However, Bosa became an equity partner in the project during its restructuring and has become the onsite construction manager with Bosa affiliate Axiom Builders Inc. stepping in as its general contractor.

Simpson said they won't be in a hurry to sell the remaining 35 units and perhaps won't until the project is complete in 2011.

He added that the recent rebound of sales and prices, despite a general improvement in the economy, have emboldened the developer into believing the market has "turned a corner."

"We're cautiously optimistic about the market today and tomorrow," he added, and the project will be in a better position in 2011.

depenner@vancouver.sun.com

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