DEVELOPING INTERESTS

ARCHITECTS WHO WORK AS DEVELOPERS—OWNING, FINANCING, DESIGNING AND SOMETIMES EVEN ACTING AS THE BUILDER FOR PROJECTS—TAKE CALCULATED RISKS TO DELIVER REWARDING PROJECTS FOR THEIR COMMUNITIES AND THEMSELVES.

техт Elsa Lam

"Show me a wealthy architect," architect Lloyd Hunt once quipped to his class at the University of Waterloo School of Architecture, "and I'll show you a developer."

The profits of developers can seemingly outstrip an architect's fees on a project. But for architects, there's a way to reap the financial rewards of development—by becoming the developer.

The rewards go beyond potential financial gains, though. Architects who enter the development arena are often aiming to make modest, but important improvements to a neighbourhood or city that they know well. They're gaining valuable knowledge about building from a clientand-owner perspective that feeds back into their architectural practice.

When architects own, finance, and sometimes even act as the builder for development projects of their own design, caution is needed to navigate potential conflicts of interest. As with some other professions, architects are ethically bound to maintain a high level of independence and impartiality in supporting the interests of clients and of the public.

A conflict of interest can arise when an architect has other roles in a project. For instance, when an architect has a financial interest or acts as the builder on a project, it can be difficult to be impartial in tasks such as certifying the value of work, explains the Ontario Association of Architects in its Practice Tip 26.

The Tip states that business activities outside of providing architectural services should not be connected to the architect's Certificate of Practice. "The OAA does not discourage members from pursuing other avenues of business, such as the provision of construction services, under a separate entity," it reads.

The Alberta Association of Architects expects that members choosing to be involved in activities such as development conduct their business through a separately registered legal entity. It also expects members to communicate and market their architecture design services independently from other industry-related activities. For the AAA, the onus lies with members to clearly identify and distinguish in which capacity they are operating if they provide a combination of regulated and unregulated services.

Some of the architects I spoke with for this story set up a separate corporation that owns the property under development, and that hires the architect to work on it. All of them emphasized the importance of fully disclosing their role to all parties involved, and ensuring that their professional responsibilities supersede their financial interests.

The Architectural Institute of British Columbia's Bylaw 31.5 states

that an architect may be a project's owner, and may also be a project's contractor. The bylaw adds that in these cases, written disclosures of the architect's additional roles should be provided to contracting parties, as well as to authorities having jurisdiction over the project's review and approval process. Written acknowledgments that those disclosures have been received and accepted are also required.

In Ontario and Quebec, if architects own greater than a 10 percent share of a project, they forfeit their professional liability insurance for that project.

Pro-Demnity, the provider of mandatory professional liability insurance for Ontario's architects, notes that conflicts of interest can provide an enduring risk with regards to future claims, which may come from other parties involved in the project, the users of the building, and people who may be affected by the project, such as adjacent landowners and passers-by.

"Pro-Demnity's experience arising from claims where an architect attempts to wear two hats at the same time through two separate incorporated entities, is that the architect potentially undermines the strength of their own legal defense as professionals," comments the insurer. "The prudent way forward is for the architect to make informed decisions about the type of risks they choose to accept, keeping the professional liability insurance limitations in mind, and appreciating that playing only one role or the other is the best way to eliminate the conflict of interest risk altogether."

In California, where architects can obtain insurance as an owner, architect and builder, architect Jonathan Segal has built a thriving practice around development work. Segal has developed and designed 30 projects over as many years, holding most of the properties as rental apartments which his small firm also manages.

The rentals create the income needed to fund new projects and pay for employees. Since the apartments depreciate over time, they also present a tax advantage that can be used to offset gains from annual rental income.

Segal, who offers an online course in his method, says that being the developer helps him to expedite work by eliminating the disputes and finger-pointing that typically arise between architects, owners and builders in conventional practice. "I'm making the drawings and writing the cheques," he says. "I want to get financing, get the building done, collect rental income, and then move on to the next project."

Since he continues to own the properties, this allows him to push the envelope of what he would do for clients. For instance, in one project he put in a glass floor that later leaked—it wasn't a problem, in his view, as he simply repaired it. "These buildings are all one-offs, so they're all going to have problems—we can fix that stuff," says Segal.





LEFT A Vancouver duplex is architect Shora Parvaresh's first foray into working as both the architect and developer of a residential property. ABOVE In contrast to the local convention of dividing duplexes into front and back units, Parvaresh created side-by-side units that give both residences a front entrance. A double-height void extends above the living area, creating a sense of interior spaciousness.

He advises architects interested in development to start by building their own house and flipping it, gaining experience in dealing directly with trades, financing, and real estate transactions. This can be repeated to gain capital and momentum, with the goal of moving up to progressively larger projects.

Segal notes that the appreciation of projects over time is where he's seen the greatest profit in his work. "Always do rentals, never condos," he says, noting that he has only rarely sold buildings from his portfolio, when he was offered twice what he considered to be their worth.

It's recommended for architects pursuing development work—along with any work outside the scope of architectural practice—to obtain appropriate legal and insurance advice in their province or territory to suit the contractual relationships involved.

Is it worthwhile to navigate the regulatory issues and financial risks to pursue this kind of practice? We spoke to a half dozen architects who've taken the leap, and haven't looked back.

SHORA PARVARESH, NOBLE ARCHITECTURE vancouver, british columbia

With their high real estate prices, cities like Vancouver and Toronto are tough places to get started with development projects. But while the financial risks are high, architect Shora Parvaresh felt a strong pull to pursue her own developments as a way of nudging up the city's standards for housing quality.

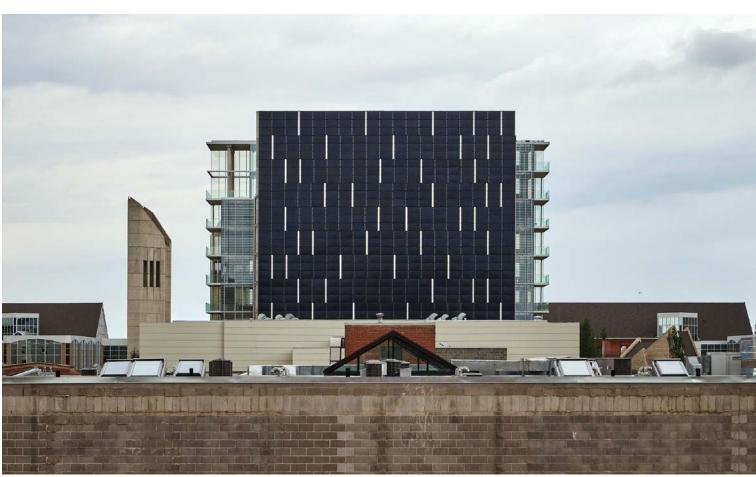
"My theory is that quality really matters—and if you're not in a position to get an architect to design your dream home, there's not many options that have a lot of sparkle and joy in them," says Parvaresh. "Is it possible to push the boundaries a little, and make something affordable, high-quality, well-designed, and with an element of delight?"

Three years ago, Parvaresh founded Noble Architecture amid pursuing a Masters degree in management, all while continuing her full-time job. (She says that her current employer, MA+HG, has been supportive of this work, and she sees principals Marianne Amodio and Harley Grusko as her mentors.) Parvaresh recently completed and resold her first project under Noble—a duplex replacing a single-family home.

While most Vancouver duplexes divide houses into square-shaped front and back units, Parvaresh instead wanted to explore a side-by-side typology that would give both homes a front entrance and allow equal use of the backyard. To offset the narrower plans, more akin to Vancouver townhouses, her units include a double-height void that creates a sense of openness throughout the floorplates.

In construction, she prioritized high quality materials, including raw natural wood shingles that will develop a silvery sheen over time, and a metal roof chosen for its longevity and ease of maintenance.

In Vancouver, most spec homes maximize the number of bedrooms and bathrooms, and add so-called luxury finishes like faux-



marble tiles. "Those things are not on the top of my list, but highquality spaces are," says Parvaresh. "There's things that sell in the city that become the norm, but they're not necessarily making our lives better."

An unexpected challenge that Parvaresh encountered in the development process was securing a commercial mortgage for the project, even though on paper, she met all the requirements. From her Masters' research, she learned that women typically had more difficulty accessing financing than men—and this resonated with her experience. "It could be that it was my first project, or that I was trying a newish idea," she says, reflecting that it's impossible to know why her applications were rejected by several banks. Eventually, she was able to get approved for financing, but it wasn't easy.

Parvaresh is hoping to ramp up to larger-scale development projects, although she is being careful to find the right investment partner to work with. Her ideal: a partner that shares her philosophy of contributing positively to the city, and producing a bottom line that doesn't stop at profit alone.

"The reason to do this is not because I am dying to take financial risks or that I am that entrepreneurial by nature," says Parvaresh. "But because it is the right and necessary thing to encourage market change and better housing outcomes across the city and the country. My dream is to lift up the public expectation of developments."

"We all know that a duplex in East Vancouver is not going to solve

affordability and density issues in this city," she says. "But it is a very small step towards the right direction. Two families on one lot is a tiny bit closer to a healthier, more appropriate density."

GENE DUB, DUB ARCHITECTS EDMONTON, ALBERTA

When Gene Dub was establishing himself as an architect in the 1970s, he got in the habit of renovating the houses he lived in and reselling them. "My father was handy and my mother was industrious," he recalls. "The first six houses, they did all the legwork with me."

He also started fixing up spaces occupied by his office, Dub Architects—it moved four times in its first few years, each time leaving behind a newly renovated building, and accruing a bit more money to fund the next project. The firm continued to take on development projects, owned by sister company Five Oaks. Dub had a development project going at all times, to act as a levelling device for the firm's workflow.

That's still the case—Five Oaks projects make up between 10 to 30 percent of Dub Architects' work in any given year. But over time, those projects have gotten progressively larger in scale. Five Oaks has completed 20 major projects, and its current work is its most ambitious, including a \$70-million residential project with 400 terraced units in the historic Rossdale brewery and on an adjacent







OPPOSITE Gene Dub's most recently completed project with Five Oaks is a mixed-use development called The Edge. The 10-storey building supports one of Canada's largest vertical solar arrays, overlooking a lower-slung property also owned by Five Oaks. **ABOVE, CLOCKWISE FROM TOP LEFT** 2nd Avenue lofts transforms Saskatoon's abandoned Hudson's Bay department store into 130 two-storey lofts, while retaining street-front retail; Dub reconstructed the façades and key interiors of the historic Alberta Hotel adjacent to its original site in downtown Edmonton; the City Market Lofts reuses an existing exposed concrete structure from the 1960s to create 72 units of affordable housing.

four-acre parcel, and the redevelopment of the 1968 Charles Camsell Hospital into a mixed-use project with 600 residential units.

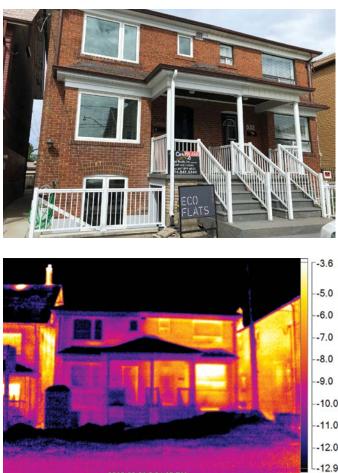
Dub's passion for self-initiated development work stems from both an entrepreneurial drive and a love of history. Fourteen of the projects he's completed under Five Oaks, representing some \$120-million of work, are historic renovations—the kind of project that conventional developers wouldn't take on because they were too risky. This includes restoring Edmonton's historic registry A-listed Mc-Leod Building—a Chicago-style neoclassical office building replete with terracotta ornament.

In 1984, the turn-of-the-century Alberta Hotel was demolished to make room for a new federal office building. Thirty years later, Dub recovered its carved sandstone-and-brick façades, cupola, cornice and bar mirrors—and rebuilt the front part of the building, with a contemporary rear, 50 feet away from its original site. "The façade and hotel bar now exist as they did when Prime Minister Laurier came to declare Alberta a province, and apparently stayed at the hotel," says Dub.

In holding with an ethos that repurposing older structures is much more sustainable than demolishing then, Dub has also renovated several modern-era buildings, including converting Saskatoon's 1960 Hudson's Bay department store into condos.

The success of Five Oaks has come from seeing long-term value in heritage buildings—and, more generally, in Edmonton's real estate. This has put Dub in a position where he can give back to his community in significant ways. In 2018, he donated a \$3-million, newly renovated apartment building to a group providing housing to homeless, pregnant women in Edmonton. The City Market Lofts reuses a market building from the 1960s, creating affordable housing for artists, and providing high-quality spaces that elevate the transitional neighbourhood, rather than contributing to its stigma. A new 10-storey office building, where Dub Architects currently resides atop a fashion-and-beauty college, sports one of the country's largest vertical solar arrays.

Dub is philosophical about rolling with the gains and losses that come with this type of work. Early on, he converted a fire station from the 1950s as a new office for Dub Architects. Just as they finished it, someone offered him much more money to use the site for a new-build. "So we sold it, and they tore it down." He expects his current conversion of the 23,225-square-metre Charles Camsell Hospital to lose money—it has been a complicated project, with a significant amount of asbestos abatement. But many interesting stories have emerged in the decade since the project began: it's come to light that an earlier hospital on the same site was where Indigenous people were treated for tuberculosis in the 1950s, and often separated from their families in the process. "It's been a financial disaster," says Dub, "but it's a significant Canadian history story, for good or bad. Movies have been made about this place—it's a really interesting building."





LEFT Toronto architect Tom Knezic has completed two renovations of Toronto row houses into highly energy-efficient rental triplexes. A thermal image shows how their project, at left, conserves energy compared to its unrenovated neighbour, at right. ABOVE Hamilton architect Bill Curran purchased a vacant Hamilton industrial building and adaptively reused it as a trio of loft-style townhouses. RIGHT Curran's first development project was a 19th-century furniture store in the downtown core, which he purchased with two friends and converted into a mixed-use commercial building that includes Their + Curran's studio.

TOM KNEZIC, SOLARES TORONTO, ONTARIO

Sustainability is at the top of the agenda for Solares, a Toronto firm co-founded by architects Tom Knezic and Christine Lolley. It's also the driving force behind a series of development projects they've undertaken in the west end of Toronto.

A soft start to this aspect of their practice was setting up their office on the ground floor of a Dufferin Street fixer-upper, with their own apartment above it and a rental unit below. Later, they gut-renovated a house in Roncesvalles for their growing family, making it a showpiece for the space-efficient, environmentally conscious design that they bring to their clients, and including a rental unit in the basement.

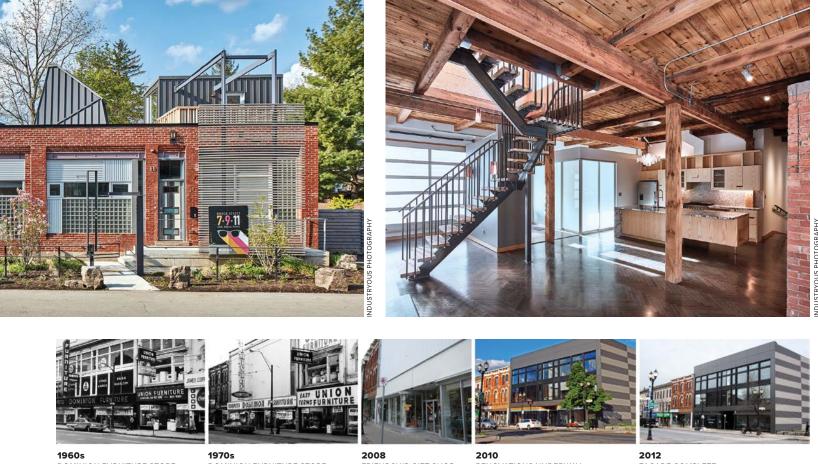
Eco Flats #1—their first project developed fully as an investment property—was an effort to bring the same principles of considerate design and energy efficiency to the Toronto rental housing market. After leveraging their existing properties to purchase a local singlefamily row house, they gut-renovated the dwelling, converting it into three passive-house inspired apartments. The work included underpinning the basement, giving it a separate entrance and full-sized windows to make it more airy and light than typical basement units.

A three-unit renovation dubbed Eco Flats #2, completed last year, built on the lessons learned from the first. "The impulse of architects is to always take things to the next level of difficulty, but here, we had the discipline to do almost exactly the same project as before but to do it better," says Knezic.

A big part of both projects was cutting the gas line—since natural gas is a potent contributor to carbon emissions—and going all-electric. Because the dwellings achieve a passive-house level of airtightness, they use very little energy. In Eco Flats #1, the first electricity bills came in at \$30 per person. Eco Flats #2 takes 88% less energy to heat and cool than pre-renovation, and achieves a 96% reduction in carbon emissions.

The projects also allowed Solares to test-drive advanced building technologies, such as grey-water reuse systems, air source heat pumps, and electric heat pump hot water tanks. In the second project, Knezic specified Quebec-made Minotair compact air treatment units for each apartment—ERVs that also heat and cool the air, and are small enough to fit inside tenant closets overtop the laundry machines. In all, "these mechanical units weren't much more expensive than conventional systems," says Knezic. Moreover, he adds, they freed up the space normally occupied by a basement mechanical room. "That gave us an extra bedroom—so the decision paid for itself almost immediately."

To reduce the use of high-carbon plastics and foams, Knezic experimented with using parging and plaster on the interior walls of Eco Flats #2 as a partial substitute for standard air barriers. To achieve a tight envelope without an extra layer of spray foam, he specified Aerobarrier a substance similar to Elmer's glue, that's pumped as an aerosol into a pressurized home to fill cracks in the envelope.



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RENOVATIONS UNDERWAY

FAÇADE COMPLETE

For Eco Flats #2, Knezic optimized the sequencing of the trades to complete the project in under a year-a feat for a gut-renovationminimizing the amount of time that the building was unoccupied by renters. "It shows that it's not a choice between environment, speed, and cost," says Knezic. "This was done in 10 months, and it makes money month over month."

"There's a mission to all of this," he adds. "It's a way to show people that we're not kidding about this work. When we design houses for clients, we're always saying that we should go a little further-we should go all-electric, we should insulate more. I can really advocate for these things because I've done it for myself."

BILL CURRAN, THIER + CURRAN ARCHITECTS HAMILTON, ONTARIO

Purchasing and designing one's own office space is one starting point for architects to act as developers. That was the case for Bill Curran, whose firm occupies the top floor of a converted 19th-century furniture store in downtown Hamilton. Curran purchased the brick-and-timber loft building with two non-architect friends a decade ago. In addition to Thier + Curran's offices, it now includes a half-dozen commercial and office spaces, with tenants such as the CBC, a café, and a beauty salon and supply store.

Curran has since developed two additional Hamilton properties: a Prohibition-era liquor warehouse that he adaptively reused as three loft-style townhouses, and a pair of joined main-street buildings in Hamilton's Barton Village, with commercial units at street level and residences above.

Curran developed the townhouses on his own, while the Barton Village project, like his office building, was completed with others. The decision to find investment partners depends on the project, says Curran. "A bigger project demands more money, especially if it's an older building in a sketchy neighbourhood," he says, noting that banks will not finance vacant land, and don't like empty or derelict buildings as investment properties. A loan is only available for the value of what's already built on the site. "I'm looking for a gem in the rough-where you can see that the bones are fantastic, but to the untrained eye, it looks very, very unappealing. And the untrained eye includes the appraiser from the bank. So you have to work with them, to convince and educate them."

By working with buildings on the fringes, Curran's work contributes to Hamilton's revitalization. "Our office was one of the first buildings to be redeveloped as part of the renaissance on James Street North. Now our Barton Village building is also becoming a beacon in its community," he says.

Curran has a vested interest in seeing his projects thrive, but as a proud Hamiltonian, he also carries a personal passion for each of them.





LEFT Kobayashi + Zedda's Bling development includes 18 residences, with a mix of ground-level access, walk-up, and penthouse suites. The project was built in three phases to allow the architects to manage its financing. ABOVE To help address Whitehorse's need for affordable housing, Kobayashi + Zedda developed a 14-unit apartment building with 10 rent-geared-to-income units and four market rental suites. RIGHT Humà's MV development in Dorval, west of downtown Montreal, includes a mix of unit types from lofts to single family homes, all of which share access to landscaped grounds and indoor amenities.

The Barton building, for instance, once housed Gallery 435, known for its 35 years of Friday night art and music jam sessions—an event Curran loved. "We bought the Barton building selfishly," he says, "to keep the Friday boozecan Openings going."

"It's gratifying to buy and improve real estate and for it to be catalytic," says Curran. "As an architect, you have the ability to make that happen."

Financially, several of Curran's developments depend on the gap between commercial and residential real estate prices in Hamilton. "Derelict commercial buildings are cheaper than houses, and I like their inherent character and how they're put together," says Curran. With housing prices on the rise, his properties have gained substantially in worth when upgraded into residences.

Curran estimates that the buildings he's been part of have more than doubled in value from what he and his partners put into them. "This is my retirement fund," says Curran. "I'm far more comfortable investing in real estate than in stocks or derivatives."

JACK KOBAYASHI, KOBAYASHI + ZEDDA whitehorse, yukon

When Jack Kobayashi and Antonio Zedda set up their architecture firm in Whitehorse, most of their work was outside of the city. "Downtown Whitehorse was the domain of small-time developers doing mediocre buildings," says Kobayashi. Many of these didn't even involve an architect—a possibility since Yukon doesn't have an Architects' Act. "Anyone can do their own building—and they were."

Like a musician who isn't landing a record deal and decides to start an indie label, Kobayashi and Zedda decided to do downtown buildings on their own. Their first project, completed in 2001, was a multi-use condominium, with four residential units and a ground-floor dental office. They funded the project with help from family and resold it when completed. "It didn't make us rich, but we liked doing it," says Kobayashi.

Since then, they've completed a half-dozen more multi-use residential projects on their own, keeping a unit as their earnings each time. The most recent is an affordable rental apartment building that they will hold rather than sell off. "It's a bit more challenging, as there's no capital injection to pay down the whole building—we've got to carry the asset and live off the rental income," says Kobayashi. "We're at a certain level where we can do that—we could never have afforded to at the beginning."

The projects are built by a sister company led by Kobayashi and Zedda, called 360 Design Build. "We run it off the side of our desk," says Kobayashi, who says he spends 95 percent of his time on the main architecture practice, and the remainder running the design-build company. 360 has three full-time staff and also takes on some private projects—usually single-family houses designed



COURTESY HUMÀ DESIGN + ARCHITECT

by Kobayashi and Zedda. (To avoid stepping on the toes of local contractors, 360 doesn't bid on any projects, either public or private.) "Building ourselves keeps us current," says Kobayashi. "You're seeing more of the spectrum of construction, and that informs your professional life."

In addition to their new-build development projects, Kobayashi and Zedda also own Horwood's Mall, where they've had their offices since 1995. The 4,100-square-metre building has sections that go back to the early 1900s, which is ancient by Yukon standards—"like Roman times," says Kobayashi. Since purchasing the property eight years ago, they've been gradually restoring its heritage features and bringing up the design standard of its spaces, which house 40 tenants. Their vision is for Horwood's Mall to become the town's social and community hub, and they're gratified to see it starting to attract local artists, start-ups, and other creative endeavours.

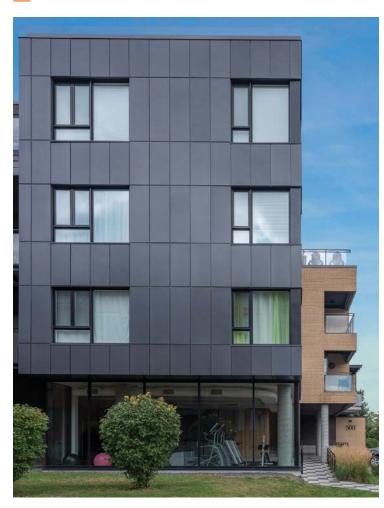
Kobayashi's advice to architects thinking of taking on their own development projects? "Start with something small and keep building on that." He adds, "As architects, we're the perfect people to do this. We have the skill set, and then we hire ourselves out to other people who then have full control of the project." Fundamentally, the only thing that separates developers from architects, he says, is their ability to take on risk. "The only thing holding us back is the risk factor. Find the confidence somewhere to do it; the door's wide open after that."

AURÈLE CARDINAL, STÉPHANIE CARDINAL, AND LUDOVIC CARDINAL, HUMÀ DESIGN + ARCHITECTURE Montreal, quebec

"When I was much younger," says architect and planner Aurèle Cardinal, co-founder of Cardinal Hardy, "the developers didn't want to build what we were drawing, because they thought we were dreaming too much." So, he reasoned, "we'll build the dreams, and then we'll have more clients who believe in us."

That impulse led Aurèle to lead a string of development projects in the Montreal region, first on his own, and more recently with his children—architect Stéphanie Cardinal and former banker Ludovic Cardinal. In all, they've built and sold some 1,350 units of housing, working on all aspects of the projects from purchasing the land, to finding outside investors, to managing construction and sales.

Aurèle's first development projects in the 1980s were small-scale condominium buildings—a type uncommon at the time in Montreal, when most developers were focused on building three-storey walk-up rental apartments. The family has continued to innovate in bringing new typologies to the city. They're currently completing the fourth phase of Espace MV, a multi-block development in Dorval that includes single-family homes, townhouses, and condo-and-loft buildings up to





TESY HUMÀ DESIGN + ARCHITECTURE

LEFT The fourth phase of MV is in development, and includes both condos and townhomes. ABOVE Surrounded by water, a circular pavilion includes a luxe lounge and private gym for MV's residents.

seven stories in height-all of which share co-owned amenity spaces.

Stéphanie and Ludovic hadn't originally set out to join their father in development. Stéphanie trained as an architect and specialized in interiors, starting her own firm, Humà, in 2006. For university, Ludovic was accepted into architecture and commerce programs, and was encouraged by Aurèle to choose finance. He worked as a commercial banker for 20 years.

In 2010, Cardinal Hardy was sold to IBI Group, which in turn sold its Quebec offices to Lemay in 2015. Aurèle then joined Humà to expand its architectural offerings and ability to support real estate development work. (A sister company owned by the Cardinal family, Gestion PCA, is also involved with the family's development portfolio.) Five years ago, Ludovic also joined Humà, bringing financial expertise that allowed for more substantial involvement with larger development projects.

The trio estimates that their own development projects constitute about a fifth of Humà's work. The majority of Humà's work is for outside clients, primarily real estate developers, for whom it acts as a one-stop shop. Its diversified in-house expertise allows Humà to take on the marketing, branding, interior design, architecture, and construction supervision of developments, as well as financial reporting to investors. "All of these people are under the same roof," says Ludovic, "it's a super nice unity when everyone is rolling in the same direction-it's very satisfying."

Being involved in all aspects of a project-both in their own development work and for outside clients-allows the team to bring a greater depth of reflection to their designs, says Stéphanie. This was especially evident in Espace MV, where early on, the team decided to retain and adaptively reuse an existing brick-and-beam factory structure-a choice that informed later design choices throughout the site. "The fact that we could work for 13 years within the same spirit is added value for the project," she says. Moreover, "it's also added value for the profession to see a project within this holistic view."

One measure of success, for Aurèle, is that many of the first residents of Espace MV are still living there. "You have to bring good solutions for people to stay on the land for that long; you have to have satisfied clients," he says.

Ludovic says that architects' interest in development is often a case of the grass being greener on the other side. In his analysis, when all is said and done, development is not necessarily more lucrative than architecture-each party contributes its own expertise, and collects a concomitant level of return.

But the opportunity to work together as a family? That's priceless. "Cross-generational work is not done enough," says Stéphanie. "To be able to integrate 35 years of our father's experience into our work—it's amazing."