

AMENDED AGENDA PLANNING AND LAND USE COMMITTEE MEETING OF JULY 9, 2015, AT 9:00 A.M. COUNCIL CHAMBERS CITY HALL, 1 CENTENNIAL SQUARE

Page

CALL TO ORDER

APPROVAL OF AGENDA

CONSENT AGENDA

ADOPTION OF MINUTES

1.	Minutes from the Meeting held on June 25, 2015.	5 - 12
	POLICY REPORT	
2.	Density Bonus Policy Study J. Tinney, Director - Sustainable Planning and Community Development	13 - 171
	A report regarding the City's Density Bonus Policy for sites outside of the Downtown Core Area.	
	<u>Staff Recommendation</u> : That Council consider the proposed recommendations.	
	DECISION REQUEST	
3.	Late Item: Dr. Sun Yat-Sen Statue Donation and Site ApprovalJ. Jenkyns, Deputy City Manager	173 - 186
	A report to seek direction regarding the installation of a statue of Dr. Sun Yat- Sen in Capital Regional Square.	
	<u>Staff Recommendation</u> : That Council consider approving the Dr. Sun Yat-Sen statue donation and site location.	

[Addenda]

DEVELOPMENT APPLICATION REPORTS

4.	Development Permit Application No. 000427 for 1284 - 1298 Gladstone Avenue J. Tinney, Director - Sustainable Planning and Community Development	187 - 211
	An application to authorize the design of a rear yard garbage and recycling enclosure in the Fernwood Neighbourhood.	
	<u>Staff Recommendation</u> : That Council consider authorizing the permit.	
5.	Development Variance Permit Application No. 00149 for 1362 Dallas Road	213 - 241
	J. Tinney, Director - Sustainable Planning and Community Development	
	An application to authorize the conversion of the existing house into four apartments in the Fairfield Gonzales Neighbourhood. A hearing is required prior to Council making a final decision on the application.	
	Staff Recommendation: That Council consider authorizing the permit.	
6.	Development Permit with Variances Application No. 000425 for 755 Caledonia Avenue J. Tinney, Director - Sustainable Planning and Community Development	243 - 337
	An application to authorize the conversion of ground floor commercial space into apartments in the Downtown Neighbourhood. A hearing is required prior to Council making a final decision on the application.	
	Staff Recommendation: That Council consider authorizing the permit.	
ę	STRATA CONVERSION APPLICATION	
7.	Strata Conversion Application for 1237-1239 Oscar Street B. Dellebuur, Acting Director - Transportation and Parking Services	339 - 359
	An application to authorize a contribution to the Victoria Housing Reserve Fund as a condition of the application.	

<u>Staff Recommendation</u>: That Council consider authorizing the contribution.

POLICY REPORT

8.

Review of Licensee Retail Rezoning Policy --J. Tinney, Director - Sustainable Planning and Community Development 361 - 379

A report to propose changes to the City's Land Use Policy that relates to liquor stores.

Staff Recommendation: That Council consider the proposed amendments.

MOTION TO CLOSE THE JULY 9, 2015, PLANNING & LAND USE STANDING COMMITTEE MEETING TO THE PUBLIC

That the Planning & Land Use Committee convene a closed meeting that excludes the public under Section 12(6) of the Council Bylaw for the reason that the following agenda items deal with matters specified in Sections 12(3) and/or (4) of the Council Bylaw, namely:

• <u>Section 12(3)(e)</u> - The acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure might reasonably be expected to harm the interests of the City.

• <u>Section 12(3)(i)</u> - The receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

- 9. Minutes from the Closed meeting held on June 25, 2015.
- 10. Land / Disposition Amendment to the Master Development Agreement --J. Tinney, Director - Sustainable Planning and Community Development

ADJOURNMENT

MINUTES OF THE PLANNING & LAND USE COMMITTEE MEETING HELD THURSDAY, JUNE 25, 2015, 9:00 A.M.

1. THE CHAIR CALLED THE MEETING TO ORDER AT 9:00 A.M.

Committee Members Present:	mittee Members Present: Mayor Helps (Chair); Councillors Coleman, Loveday, Lucas, Madoff and Thornton-Joe.				
Absent:	Councillors Alto, Isitt and Young.				
Staff Present:	J. Johnson – City Manager; J. Tinney – Director, Sustainable Planning & Community Development; T. Soulliere – Director, Parks & Recreation; S. Thompson – Director, Finance; K. Hamilton – Director, Citizen Engagement & Strategic Planning; B. Dellebuur – Acting Assistant Director, Transportation & Parking Services; A. Hudson – Assistant Director, Community Planning; A. Meyer – Assistant Director, Development Services; S. Hutchinson – Transportation Planner; M. Wilson – Senior Planner; H. Cain – Senior Planner; M. Miller – Heritage Planner; L. Taylor – Planner; R. Woodland – Director, Legislative & Regulatory Services; T. Zworski – City Solicitor; C. Mycroft – Executive Assistant to the City Manager; A. Ferguson - Recording Secretary.				

Mayor Helps introduced Jonathon Tinney, the new Director of the Sustainable Planning & Community Development Department.

2. APPROVAL OF THE AGENDA

- Action: It was moved by Councillor Madoff, seconded by Councillor Lucas, that the Agenda of the June 11, 2015, Planning & Land Use Committee meeting be approved.
- <u>Amendment:</u> It was moved by Councillor Lucas, seconded by Councillor Coleman, that the Agenda of the June 11, 2015, Planning & Land Use Committee meeting be amended to include the following agenda items on the consent agenda:

- Item #1 Minutes from the meeting held June 11, 2015.
- Item #4 Development Permit with Variances Application No. 000388 for 80 Saghalie Road.
- Item #5 Heritage Alteration Permit Application Nos. 00198, 00199 and 00200 for 521, 539, and 545 Superior Street.
- Item #6 Heritage Alteration Permit Application No. 00196 for 1202/1208 Wharf Street.

On the amendment:

CARRIED UNANIMOUSLY 15/PLUC/137

On the main motion as amended: CARRIED UNANIMOUSLY 15/PLUC/138

3. CONSENT AGENDA

It was moved by Councillor Lucas, seconded by Councillor Coleman, that the following items be approved without further debate:

3.1 Minutes from the meeting held June 11, 2015

Action: It was moved by Councillor Lucas, seconded by Councillor Coleman, that the Minutes from the Planning & Land Use Committee meeting held June 11, 2015, be adopted.

CARRIED UNANIMOUSLY 15/PLUC/139

3.2 Development Permit with Variances Application No. 000388 for 80 Saghalie Road

Committee received a report dated June 11, 2015 regarding a Development Permit with Variances Application for the property located at 80 Saghalie Road. The proposal is to permit an existing office building on-site and to subdivide the lands.

Action: It was moved by Councillor Lucas, seconded by Councillor Coleman, that Committee recommends that after giving notice and allowing an opportunity for public comment, that Council consider the following motion:

> "That Council authorize the issuance of Development Permit with Variances Application No. 000388 for 80 Saghalie Road in accordance with:

- 1. Plans date stamped March 13, 2015.
- 2. Development meeting all *Zoning Regulation Bylaw* requirements, except for the following variances:
 - a. Part 10.42.27 Increase the allowable maximum floor area for Commercial use from 190.00m² to 938.40m²;
 - b. Part 10.42.31 Reduce the minimum required open site space from 50% to 45%;
 - c. Part 10.42.32 Allow commercial uses on all floors rather than only the ground floor;
 - d. Part 10.42.34 (a) Allow required parking to be located on-site rather than being enclosed;

- e. Schedule C, Section C(5) Reduce the required number of parking stalls from 14 to 8.
- 3. Register a legal agreement on title to limit the commercial use of the buildings and guarantee the future removal of the trailers within 15 to 20 years to the satisfaction of staff.
- 4. Final plans in to be accordance with the plans identified above the satisfaction of the staff."

CARRIED UNANIMOUSLY 15/PLUC/140

3.3 Heritage Alteration Permit Application Nos. 00198, 00199 and 00200 for 521, 539, and 545 Superior Street

Committee received a report dated June 2, 2015, regarding three Heritage Alteration Permit Applications for the Heritage-Registered houses (presently located at 521, 539 and 545 Superior Street) to be relocated to 580, 588 and 584 Michigan Street, respectively.

<u>Action</u>: It was moved by Councillor Lucas, seconded by Councillor Coleman, that Committee recommends that Council consider the following motion:

"That Council authorize the issuance of Heritage Alteration Permit Applications Nos. 00198, 00199 and 00200 for 521, 539 and 545 Superior Street, respectively, in accordance with:

- 1. Plans date stamped February 18, 2015.
- 2. Development meeting all Zoning Regulation Bylaw requirements.
- 3. Final plans to be generally in accordance with plans identified above as amended to the satisfaction of the Assistant Director, Community Planning, prior to the issuance of a Building Permit."

CARRIED UNANIMOUSLY 15/PLUC/141

3.4 Heritage Alteration Permit Application No. 00196 for 1202/1208 Wharf Street

Committee received a report dated June 5, 2015, from Community Planning, that presented Council with information, analysis and recommendations for a Heritage Alteration Permit Application for the property located at 1202 / 1208 Wharf Street. The proposal is to extend a lower level arbour from the existing deck to provide seasonal coverage to the patio.

Action: It was moved by Councillor Lucas, seconded by Councillor Coleman, that Committee recommends that Council authorize the issuance of Heritage Alteration Permit Application No. 00196 for 1202 / 1208 Wharf Street, in accordance with:

- 1. Revised Plans date stamped June 4, 2015.
- 2. Development meeting all Zoning Regulation Bylaw requirements.
- 3. Final plans to be generally in accordance with the plans identified above to the satisfaction of the Assistant Director, Community Planning.

CARRIED UNANIMOUSLY 15/PLUC/142

4. DEVELOPMENT APPLICATIONS

4.1 Rezoning Application No. 00476 for 1040 Moss Street (Art Gallery of Greater Victoria

The Chair advised the Committee of two additional late items received for consideration as part of the application.

Committee received a report dated June 11, 2015 regarding a Rezoning Application for the property located at 1040 Moss Street. The proposal is to remove a Land Use Contract and to rezone the property from the PB Zone (Public Building District) to a new zone to increase density and to permit the expansion and exterior alteration of a cultural facility (the Art Gallery of Greater Victoria (AGGV) through a new three-storey addition to a Heritage-Registered property.

Committee discussed:

- The importance of monitoring the construction of the heritage building alterations.
- The possibility of securing legal agreements for soft parking measures.
- The desire to see the Spencer Mansion heritage designated.

Action: It was moved by Councillor Madoff, seconded by Councillor Coleman, that Committee recommends that Council instruct staff to prepare the necessary Zoning Regulation Bylaw Amendment that would authorize the proposed development outlined in Rezoning Application No. 00476 for 1040 Moss Street, that first and second reading of the Zoning Regulation Bylaw Amendment be considered by Council and a Public Hearing date be set once the following conditions are met:

- 1. Applicant to further consider if refinements to the form and massing of the addition could improve visibility of the upper storey of Spencer Mansion, from Moss Street, while enabling the upper floor of the expanded gallery to function as exhibition space.
- 2. Further revisions to the proposed Statement of Significance for Spencer Mansion, to the satisfaction of staff.
- 3. Referral of Rezoning Application No. 00476 to the Advisory Design Panel and the Heritage Advisory Panel.
- 4. Removal of the existing Land Use Contract that is registered on the property title.
- 5. Registration of a Section 219 Covenant to secure the details for design and heritage alterations to the satisfaction of staff.
- 6. Applicant to explore the feasibility of securing access to surplus parking spaces on nearby properties and through legal agreements.

Committee discussed:

- The lack of clarity on the proposed mesh screen material proposed on the front entrance and the possibility of having the applicant present a sample at the public hearing.
- Having the applicant explore ways of mitigating the parking issues.
- The possibility of securing ancillary parking agreements with nearby parking areas.
- Appreciation for the artistic articulation of this building; however, further design refinement with consideration of the neighbouring heritage building would be encouraged.

CARRIED UNANIMOUSLY 15/PLUC/143

4.2 Rezoning Application No. 00381 and Development Permit Application No. 0003851 for 1002, 1008-1012 Pandora Avenue (St. Andrew's School)

Committee received a report dated June 12, 2015 regarding new information that has been presented since Council's motion of September 11, 2014, which cancelled the Public Hearing at the applicant's request for Rezoning Application No.0038. for 1002, 1008-1012 Pandora Avenue.

Committee discussed:

- The reduced impact of shadowing on the Mason Street Farm with the buildings' lower height on Mason Street.
- Concerns that the only access to the building being off of Mason Street and the traffic volume it will create. As per the *Highway Access Bylaw*, Mason Street is the only option for access.
- Strong preference for the access to be off of Pandora Street as it currently is; however, as per the *Highway Access Bylaw* this is not permitted.
- Reducing the size of the traffic calming "bump outs" for more parking on Mason Street.
- Ensuring the proposed Community Room is included as this is a great amenity space.
- Accessibility of the units, in terms of disabled assess and affordability.

Action:

It was moved by Councillor Lucas, seconded by Councillor Coleman, that Committee recommends that Council:

- 1. Rescind third reading of Housing Agreement (1002-1008, 1012 Pandora Avenue) Bylaw No. 14-69.
- 2. Amend the Housing Agreement (1002-1008, 1012 Pandora Avenue) Bylaw No. 14-069 by replacing the amended Schedule A that secures 11 non-market rental units.
- 3. Give third reading of Housing Agreement (1002-1008, 1012 Pandora Avenue) Bylaw No. 14-069 with an amended Schedule A that secures 11 non-market rental units.
- 4. Refer the Rezoning Application No. 00381 for consideration at a Public Hearing.
- 5. Following consideration of Rezoning Application No. 00381, that Council approve a Development Permit for 1002, 1008-1012 Pandora Avenue, in accordance with:
 - a. Plans for Rezoning Application No. 00381 and Development Permit Application No. 000351, stamped June 8, 2015;
 - b. Development meeting all Zoning Regulation Bylaw requirements;
 - c. The Development Permit lapsing two years from the date of this resolution.
- 6. Authorize staff to execute an Encroachment Agreement for a fee of \$750 plus \$25 per m² of exposed shored face during construction, in a form satisfactory to staff. This is to accommodate shoring for construction of the underground parking structure at the property line.

Committee discussed:

- Appreciation for the applicant's initiative in addressing the public's concerns.
- The supportability of the height reduction on Mason Street as well as the inclusion of 5% of the total units as affordable housing units offered in perpetuity.
- Giving the public opportunity to decide if the refinements to the proposal are adequate for approval.
- Directing traffic to the smaller street seems counter intuitive; preference to preclude access off Mason Street and have access off of Pandora.
- The extraordinary potential of the site and how the current proposal may be better suited in a different location.
- The proposal's strong street interfaces.
- Concerns of including a large retail space in this location.
- Regulating the left turn from Cook Street north bound onto Mason Street.
- The ten-year rental agreement and what will happen to the renters once the building is no longer required to provide rental units.
- Designing the intersection at Vancouver Street and Mason Street to fit with the landscape of the proposal and discourage the use of Mason Street as access from Cook Street.

CARRIED 15/PLUC/144

For:Mayor Helps; Councillors Coleman, Loveday, Lucas, and Thornton-JoeAgainst:Councillor Madoff

Committee recessed at 10:29 a.m.

Councillor Coleman excused himself from the meeting at 10:29 a.m.

Committee reconvened at 10:34 a.m.

6. POLICY REPORT

6.1 Zoning Regulation Bylaw Improvement Project – Phase 2

Committee received a report dated June 11, 2015 from Development Services that updated Council on the results of the community consultation that took place regarding the *Zoning Regulation Bylaw* as it pertains to alteration of topography in low-density residential zones and to advance the proposed *Zoning Regulation Bylaw* amendments for consideration at a Public Hearing.

Committee discussed:

- Examples of grade issues from previous proposals.
- That blasting has become more common instead of working with the topography of the site.
- Concerns that some people are more concerned with maximizing the density on the site without consideration for the impact on neighbours.
- The City's authority to regulate retaining walls, and exploring ways to regulate the height of retaining walls.

- Action: It was moved by Councillor Madoff, seconded by Councillor Thornton-Joe, that Committee recommends that Council instruct staff to prepare the necessary Zoning Regulation Bylaw Amendment, that first and second reading of the Zoning Regulation Bylaw Amendment be considered by Council and a Public Hearing date be set in order to:
 - 1. Add definitions of "finished grade" and "natural grade".
 - 2. Amend the definitions of "site coverage" and "setbacks" and the applicable low density residential zones to include a requirement that raised-building features greater than 0.6m in height are subject to site coverage and setback regulations.

CARRIED UNANIMOUSLY 15/PLUC/145

- Action: It was moved by Councillor Madoff, seconded by Councillor Loveday, that the Planning & Land Use Committee convene a Closed meeting that excludes the public under Section 12(6) of the Council Bylaw for the reason that the following agenda items deal with matters specified in Sections 12(3) and/or (4) of the Council Bylaw, namely:
 - <u>Section 12(3)(g)</u> Litigation or potential litigation affecting the City
 - <u>Section 12(3)(i)</u> The receipt of advice that is subject to solicitor-client privilege including communications necessary for that purpose.

CARRIED UNANIMOUSLY 15/PLUC/146

Committee recessed at 11:00 a.m. for a Special Governance and Priorities Committee Meeting.

Committee reconvened at 11:34 a.m.

7. CLOSED MEETING AT 11:34 A.M.

7.1 Approval of the Agenda

Action: It was moved by Councillor Coleman, seconded by Councillor Lucas, that the Agenda of the Closed Planning & Land Use Committee meeting be approved.

CARRIED UNANIMOUSLY 15/PLUC/147

7.2 Adoption of minutes from the Closed Meeting held June 11, 2015

Action: It was moved by Councillor Lucas, seconded by Councillor Thornton-Joe, that the Minutes from the Closed Planning & Land Use Committee meeting held June 11, 2015, be adopted.

CARRIED UNANIMOUSLY 15/PLUC/148

7.2 Legal Advice

Committee received information from the City Solicitor regarding an agreement to transfer lands with the Province.

The discussion and motion was recorded and kept confidential.

CARRIED UNANIMOUSLY 15/PLUC/149

8. ADJOURNMENT

Action: It was moved by Councillor Thornton-Joe, seconded by Councillor Lucas, that Committee adjourn the Planning & Land Use Committee meeting of June 25, 2015, at 11:57 a.m.

CARRIED UNANIMOUSLY 15/PLUC/150

Mayor Helps, Chair



Planning & Land Use Committee Report

For the Meeting of July 9, 2015

To: Planning and Land Use Committee Date: July 9, 2015

From: Marc Cittone, Senior Planner, Community Planning Division

Subject: Density Bonus Outside of the Downtown Core Area

RECOMMENDATIONS

Staff recommend that Committee:

- 1. Receive the City of Victoria Density Bonus Policy Study, March 2015 for information;
- 2. Direct staff to consider the appropriate community amenity contribution approach based on the following:
 - a. The amount of development growth envisioned within the Official Community Plan;
 - b. The findings of the Density Bonus Policy Study respecting the limited contributions predicted to be available;
 - c. Housing affordability objectives within the Strategic Plan, 2015-2018; and
 - Actions arising out of the Mayor's Housing Affordability Task Force related to developer contributions to affordable housing (e.g. inclusionary zoning or similar mechanism); and
- 3. That staff report back to Council in the fall of 2015 with a proposed approach to community amenity contributions including proposed public engagement.

LEGISLATIVE AUTHORITY

Under the Local Government Act (section 903), Council may divide the City into zones and may regulate within each zone the use of land, buildings and other structures, the density of the use of land, buildings and other structures, the siting, size and dimensions of buildings or uses, as well as the location of uses on the land or within buildings. Council has done so through the Zoning Regulation Bylaw.

In addition to the general zoning power under section 903, the Local Government Act (section 904) grants Council the power to establish special zones with different density regulations, one generally applicable and the other or others to apply only if certain conditions are met. Council can establish conditions related to conservation or provision of amenities, or provision of affordable or special needs housing that have to be met before the higher, "bonus" density applies.

When exercising zoning power, whether as part of regular rezoning under section 903 or the bonus density zoning under section 904, Council is granted broad discretion. Council must consider whether or not a rezoning is in the public interest, including potential positive and negative impacts on the community and which may include consideration of the provision of

amenities which offset the impacts of additional density. The rezoning must be consistent with the Official Community Plan (the "OCP") but there is no obligation to amend existing zoning to match the OCP land use designations.

EXECUTIVE SUMMARY

On September 26, 2013, Council approved a motion to use density bonus to facilitate the provision of community amenities outside of the Downtown Core Area, and directed staff to analyse the feasibility of setting a fixed-rate amenity contribution target to enhance or accelerate amenity development.

Coriolis Consulting completed a report on the feasibility of, and recommended approach for, a fixed-rate amenity contribution policy outside of the Downtown Core Area. The consultant's report finds that a fixed-rate amenity contribution system is feasible for standard rezonings outside of the Downtown Core Area, and that a fixed-rate target of \$5 per square foot (\$53.82 per square metre) of bonus density is appropriate in these cases. The consultant's report estimates that the total amount of amenity contribution that could be expected outside of the Downtown Core Area would be modest (\$150,000 - \$200,000 annually), and as such will need to be supplemented by other funding sources for improvements in the areas receiving the additional density.

When this study was first commissioned, the scope of work was limited to analyzing the feasibility of a fixed-rate density bonus system without consideration for additional affordable housing contributions. Since then, the Mayor's Task Force on Housing Affordability was struck. Draft recommendations from this Task Force are currently being finalized for Council's consideration, including exploring inclusionary zoning or other measures to encourage developer contributions to affordable housing stock. If these types of requirements for affordable housing are applied, it is likely that development outside of the Downtown Core Area will not yield many, if any, amenity contributions at the densities anticipated in the OCP.

In light of the findings of the Density Bonus Policy Study regarding the limited contributions predicted to be available, the housing affordability objectives within the Strategic Plan and the actions emerging out of the Mayor's Housing Affordability Task Force, staff recommend that broader consideration be given to what the appropriate mechanism is for a community amenity contribution approach. Further economic analysis will likely be necessary, following which staff will report back with options, a recommended approach and proposed public engagement. While further consideration of this would delay implementation of a fixed-rate density bonus system outside of the Downtown Core Area, it would afford Council the opportunity to consider all of the City's goals respecting housing, density, and neighbourhood amenities in a more holistic manner.

BACKGROUND

On September 26, 2013, Council approved the following motion:

"That Council use Bonus Density outside of the downtown as a way of enhancing/accelerating community amenity development."

Following this direction, City staff engaged Coriolis Consulting to determine the feasibility of a fixed-rate amenity contribution system outside of the Downtown Core Area and, if such a system were feasible, to recommend an approach and methodology.

The City's Strategic Plan identifies density bonus as a 2015 Action:

Objective 3: Strive for Excellence in Planning and Land Use 2015 Action: Establish predictable flat fee per square metre fee for bonus density.

With respect to more specific timing of this action, the 2015 Operational Plan identified a workshop with Council in June 2015 and stakeholder engagement in September 2015.

Consideration of this Report also follows the creation of a bonus density policy within the *Downtown Core Area Plan (DCAP)* and past practice, in which Council had regularly requested community amenity contributions as a condition of rezoning. When the DCAP was under development, an analysis was completed in 2010 by Coriolis Consulting and indicated that parts of the Downtown Core Area (currently included in the *Downtown Core Area Plan's* Density Bonus System) could support a flat-rate amenity contribution with certain conditions and suggested a target contribution rate of \$11.25 per square foot of bonus density for office space and \$22.50 per square foot of bonus density for residential space. Consultation with the development community at that time indicated a preference that site-by-site calculations be used as a basis for negotiation of amenity contributions. This report is attached for information.

The Official Community Plan anticipates bonus density to be considered in four specific Urban Place Designations that have a range of appropriate densities. OCP Figure 8: Urban Place Guidelines presents two densities: a typical density, and a higher density that may be appropriate:

Urban Place Designation	Base Density	Maximum Density Considered
Town Centre	Up to approx. 2:1 FSR	Up to approx. 3:1 FSR
Large Urban Village	Up to approx. 1.5:1 FSR	Up to approx. 2.5:1 FSR
Small Urban Village	Up to approx. 1.5 FSR	Up to approx. 2:1 FSR along arterial and secondary arterial roads
Urban Residential	Up to approx. 1.2:1 FSR	Up to approx. 2:1 FSR in strategic locations. Strategic locations are defined as within 200m of the Downtown Core Area, a town centre, large urban village, or along an arterial or secondary arterial road

ANALYSIS

Coriolis Consulting completed their analysis of the feasibility of a flat rate amenity contribution. The analysis included:

- a review of the experience of communities in BC applying a fixed-rate target amenity contribution approach;
- · consultation with City staff in various departments related to the development process;
- selection and analysis of 26 case-study sites representative of the breadth of potentially viable development opportunities in Victoria outside of the Downtown Core Area, in those Urban Place Designations where added density is considered by the OCP (above);
- two workshops, as well as telephone conversations with key stakeholders within the development industry.

Findings of the Analysis

Coriolis Consulting found that in current market conditions:

1. At the densities anticipated by the OCP, some sites within the Town Centres, Large Urban

Villages and Urban Residential Place Designations are currently redevelopment candidates while other sites are not.

- Of those sites which are currently redevelopment candidates (economically viable for redevelopment), the land lift resulting from added density (up to the OCP maximum) varies.
- 3. A modest amenity contribution will not impact the viability of redevelopment within the city nor the city's ability to meet its OCP growth targets.
- 4. Certain types of redevelopment are more likely to create additional land value from the added density contemplated in the OCP. Generally, redevelopment as strata residential or mixed-use with strata residential is most likely to result in added land value, whereas, redevelopment as rental residential or commercial use is less likely to result in a land lift. Requirements to replace lost rental units may also impact the change in land value resulting from added density.
- 5. A modest amenity contribution would allow the City to offset the impacts of adding density.
- 6. The amount of amenity contribution that can be expected in the city outside of the Downtown Core Area, assuming densities anticipated by the OCP, is estimated to be no more than \$200,000 annually and will need to be combined with other funding sources to have an impact.
- 7. A fixed-rate amenity contribution system for typical rezonings will provide more certainty and is preferred by the development industry.
- 8. Non-standard rezonings (e.g. rezonings above the maximum density within the OCP, those that are required to provide significant on-site amenities, those that are larger sites requiring land dedication for circulation, or those that are rezonings from industrial or institutional uses to residential or mixed-use) do not lend themselves easily to the application of a fixed-rate target for amenity contributions.

Recommendations of the Report

Coriolis has recommended a fixed-rate density bonus and amenity contribution approach for typical rezonings from outside of the Downtown Core Area while continuing to negotiate major rezonings on a site-by-site basis. The details of these recommendations are on pages 30–31 of the attached report.

For typical rezonings outside of the Downtown Core Area that are consistent with the Town Centre, Large Urban Village and Urban Residential place designations, the report recommends:

- 1. A target fixed-rate amenity contribution of \$5.00 per square foot (\$53.82 per square metre) could be requested for additional floor space that is permitted over the greater of the OCP base Floor Space Ratio or existing zoning FSR (whichever is higher).
- 2. Projects which contain multiple floors of commercial space should be exempt from this amenity contribution request.
- 3. Projects where the City requires new rental apartment units or the replacement of existing rental apartment units should be exempt from this amenity contribution request.
- 4. Applicants should have the option of using a land lift analysis approach (at the applicant's expense) if they do not believe the fixed-rate target is appropriate.
- 5. The City should ensure all stakeholders are aware of the Community Amenity Contribution policy.
- 6. The City should identify neighbourhood-specific amenities in the area in which the development takes place.
- 7. The target amount should be adjusted annually according to a publicly available indicator of construction cost inflation and re-examined periodically (every three years).
- 8. Amenity contributions related to major rezonings should continue to be based on a land lift

analysis. Major rezonings include rezonings above a certain size threshold, those that are required to provide significant on-site amenities, those that are rezonings from industrial or institutional uses to residential or mixed-use and those that exceed the maximum density in the OCP.

Affordable Housing Considerations

The Mayor's Task Force on Housing Affordability draft recommendations include consideration of inclusionary zoning or other developer contributions to the provision of affordable housing. If inclusionary zoning requirements for affordable housing are applied, it is likely that development outside of the Downtown Core Area will yield little or no amenity contributions at the densities anticipated in the OCP. While further analysis is required, Coriolis' report found that outside of the Downtown Core Area, a requirement for replacement of market rental units is likely to eliminate the potential for amenity contribution at the anticipated OCP densities. Coriolis' report considered existing City policy and did not consider the implications of inclusionary zoning (or other developer contributions to affordable housing), which emerged recently out of the Strategic Plan and the Mayor's Task Force following completion of this study.

If Council directs staff to proceed with analysis of inclusionary zoning or other options for developer contribution to affordable housing stock, then subsequent economic analysis is recommended (and would need to be budgeted) to evaluate inclusionary zoning and related options and how they would affect a fixed-rate amenity contribution system should Council adopt this system.

Use of Amenity Contributions

Amenity contributions are intended to help offset the impacts of added density and growth. The OCP envisions that growth outside of the Downtown Core Area will occur primarily in and near large urban villages, as well as along major corridors. The OCP also envisions a City with complete urban villages providing access to goods, services and gathering places within walking distance of surrounding residents. As directed by the Strategic Plan, the City will be undertaking local area planning focused on urban villages and corridors as a priority. Pursuant to OCP policy 20.5.3, each local area plan should include "a list of the number, kind and extent of amenities that are desired in the local area to guide and inform decisions about proposed development".

The estimated amount of amenity contribution available for the city outside of the Downtown Core Area is modest (no more than \$200,000 annually) and will need to supplement other funds in order to achieve results. Targeting the funds to improvements in urban villages would help to offset the impacts of added residential density within and near these villages, support the OCP's focus on developing urban villages and support the goals of local area planning. Should Council wish to proceed with establishing a policy for a fixed-rate amenity contribution system, staff propose that consultation with neighbourhoods be undertaken to identify the types of amenities desired, as part of urban village planning. This use of amenity contributions would follow Coriolis' recommendation.

Council may choose to direct part or all of the contributions associated with bonus density to affordable and/or special needs housing, or to other amenities than those to be identified in local area plans.

OPTIONS AND IMPACTS

Option 1 – Undertake Broader Consideration of Community Amenity Contributions (Recommended)

This option is recommended for a variety of reasons. First, the Density Bonus Policy Study projects limited contributions based on the growth anticipated by the OCP. Further, recent housing affordability objectives within the Strategic Plan and the emerging recommendations of the Mayor's Housing Affordability Task Force with respect to inclusionary zoning would need to be considered as part of a density bonus system and would be an additional requirement that may affect the viability of development. Therefore, staff recommend that broader consideration be given to what the appropriate mechanism is for a community amenity contribution approach.

With this option, further economic analysis will be necessary (potentially costing \$40,000-\$50,000 +/-), following which staff will report back with policy options in September, undertake further public engagement in October/November and report back to Council with a recommended approach in December 2015.

Impact: Option 1 delays consideration of a Fixed-Rate Bonus Density System outside of the Downtown Core Area to the end of 2015, however, this proposed timeline would meet the Strategic Plan objectives for 2015. It also affords Council the opportunity to consider all of the City's goals respecting housing, density, and neighbourhood amenities in a more holistic manner.

Option 2 – Proceed with a Fixed-Rate Policy for Bonus Density Outside of the Downtown Core Area

This option is provided should Council wish to proceed with establishing such a policy. As part of this option, staff propose in-person consultation with the development industry, landowners and Community Association Land Use Committees (CALUC). This consultation follows two workshops held by Coriolis with the Urban Development Institute and selected developers, held on June 16, 2014 and December 16, 2014, and telephone conversations with stakeholders who could not attend these meetings.

An alternate motion is provided as follows:

- 1. Receive the City of Victoria Density Bonus Policy Study for consideration;
- Direct staff to initiate in-person engagement with developers, landowners and CALUCs on the creation of a fixed-rate amenity contribution policy for areas outside of the Downtown Core Area which:
 - a. sets a fixed-rate target for amenity contribution to be requested when considering bonus density as part of standard rezonings outside of the Downtown Core Area and within Town Centre, Large Urban Village and Urban Residential place designations;
 - b. sets the amount of the fixed-rate target as \$5.00 per square foot (\$53.82 per square metre) of additional floor space that is permitted over the base density;
 - c. identifies the base density as the greater of the OCP base FSR or the existing zoning FSR (whichever is higher) within Town Centres, Large Urban Villages and Urban Residential place designations;
 - specifies that amenity contribution requests would not apply to purely commercial or industrial development, or to development of purpose built rental housing secured in perpetuity by a rental housing agreement;

- e. provides guidance that bonus density contributions be directed to funding amenities within neighbourhoods or urban villages near the development generating the contribution, with amenity priorities to be identified by Local Area Plans.
- f. provides for an applicant to conduct their own land lift analysis if the applicant does not find the fixed-rate target appropriate for a standard rezoning;
- g. provides that a land lift analysis be used as a basis of negotiation for amenity contribution when bonus density is requested as part of major rezonings (including rezonings above the maximum density within the OCP, that are required to provide significant on-site amenities, that are generally larger than a single city block, or that are rezonings from industrial or institutional uses to residential or mixed-use); and,
- h. would be revisited if inclusionary zoning is implemented.
- 3. Direct staff to return to Council with a policy based on the above;
- 4. Direct staff to assess this policy in relation to other potential developer contributions related to affordable housing;
- 5. Direct staff to establish a fund for improvements within neighbourhoods and urban villages, to which amenity contributions can be directed;

With this option, further consultation is recommended to inform the public of the mechanics of the system, receive further input and refine aspects of the policy related to when and how amenity contributions are collected. Staff would return to Council with a summary of consultation and a proposed policy for density bonus outside of the Downtown Core Area in October 2015.

Impact: Option 2 would fulfill the Strategic Plan directions earlier than Option 1, although the policy would likely need to be revisited should Council wish to pursue affordable housing tools as they relate to density bonus.

Should Option 2 be selected, Council would also need to provide direction on the use of amenity contributions. A new fund for public improvements outside the Downtown Core Area could be created. While funds are accruing, the desired amenities could be determined through local area planning. Alternatively, Council could direct amenity contributions to city-wide amenities or the existing Housing Reserve Fund. In any option, Council retains the authority to direct contributions, on a case-by-case basis, to any appropriate amenities, or to affordable housing.

OCP Consistency Statement

The use of Density Bonus outside of the Downtown Core Area is guided by OCP policies of Section 19, Plan Administration, in particular 19.7, 19.8, and 19.9 that concern the use of the statutory authority for density bonus provision and the consideration of the creation of a density bonus system as a component of local area plans.

Respectfully submitted,

Ata de -

Marc Cittone Senior Planner Community Planning Division

Jonathan Tinney

Director Sustainable Planning and Community Development

Andrea Hudson Assistant Director, Community Planning Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:

Jason Johnson

MC:aw

W:\Community Planning Division\Projects\Density Bonus Outside Core\Density Bonus Report 6.30.2015

List of Attachments

 Attachment 1 – City of Victoria Density Bonus Policy Study: For Sites Outside the Downtown Core Area.

Date:

• Attachment 2 - Proposed Density Bonus System for Victoria's Downtown Core Area Plan.

City of Victoria Density Bonus Policy Study: For Sites Outside the Downtown Core Area

Draft 5 March 2015

Prepared for: City of Victoria

By: Coriolis Consulting Corp.

Density Bonus Policy Study -- J. Tinney, Director - Sustainab...

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Summary

The City of Victoria is examining the potential to introduce a new density bonus policy for locations outside of the Downtown Core Area in order to achieve higher redevelopment densities while also obtaining amenity contributions from rezonings.

The City already has a Community Amenity Contribution (CAC) policy in the Downtown Core Area, in which rezonings and amenity contributions are negotiated on a site-by-site basis.

The City's current practice for rezonings outside of the Downtown Core Area also involves negotiating CACs on a site-by-site basis. The City wants to explore the feasibility of using target fixed rates to calculate CACs outside of the Downtown Core Area for these reasons:

- 1. The large number of sites outside of the Core Area that are designated for potential additional density and the opportunity for greater efficiency in using fixed rates over individual site-by-site negotiations.
- 2. The recent guideline document published by the Provincial Government indicating that the use of fixed rates may offer greater transparency and predictability to the development process.
- 3. Potential for greater clarity/certainty for all stakeholders if the CAC amount can be calculated up-front.
- 4. Preference expressed by some stakeholders for fixed rates over site-by-site analysis.

Therefore, the City retained Coriolis Consulting Corp. and Landeca to evaluate the feasibility of implementing a fixed rate CAC system.

Recommendations

- 1. The City should divide rezonings into two different categories:
 - a) Major rezonings, including:
 - Rezonings of large sites (e.g., over one City block) that will require the dedication of part of the site for new roads and services.
 - Rezonings of sites that have been identified as a location for a large on-site amenity or public facility as part of the rezoning process (e.g., park space, community centre).
 - Sites that are being rezoned from industrial or institutional uses to residential or mixed-use.
 - Rezonings that exceed the density identified in the OCP.
 - b) Smaller, typical rezonings, where the rezoning involves a small site and the rezoning is from residential or commercial to apartment or mixed-use residential and commercial.
- 2. CACs should continue to be negotiated for major rezonings as it is not possible to determine the appropriate CAC from these types of rezonings in advance of a detailed development application that outlines the mix of uses, heights, density and on-site servicing and infrastructure requirements. Therefore, these are not good candidates for a fixed-rate target CAC.
- 3. The total value of a negotiated CAC for a major rezoning should take into account the estimated cost of creating the amenities that the City wants at the site or in the neighbourhood, but the CAC should not exceed 75% of the increase in property value created by the rezoning over the higher of:
 - a) The site's value under existing use and zoning.

b) The site's land value under the base density permitted in the OCP.

Otherwise, the rezoning will not be financially viable for developers.

- 4. A fixed rate CAC target should be applied to smaller, typical rezonings. We recommend that:
 - a) The fixed rate be set at \$5 per square foot of additional floorspace¹ permitted over the greater of the OCP base FSR or existing zoning FSR (the existing zoning for some sites allows greater density than the base OCP density).
 - b) Projects that include at least one floor of upper floor office space should be exempt from CACs as the inclusion of a significant office component will impact the ability of the project to provide any CAC.
 - c) Projects where the City requires new rental apartment units or the replacement of existing rental apartment units (either on-site or at an alternate site) should be exempt from CACs as the rental housing component will impact the ability of the project to provide any CAC. The extent of the impact will depend on the details associated with the rental housing component (i.e., number, size, parking, rent rates).
 - d) Rezonings of sites in the Small Urban Village designation should be exempt from CACs (unless the density exceeds the 2.0 FSR identified in the OCP) as rezonings of these sites to 2.0 FSR will not increase the value of the property.

There may be smaller rezoning applications where the developer determines that the fixed rate CAC target is inappropriate and in those cases, the developer should have the option of requesting a negotiated CAC (at the applicant's expense).

- 5. If the City implements a fixed rate target CAC for sites outside the Downtown Core Area, we have the following suggestions to consider as part of the implementation:
 - a) The City should ensure that all stakeholders (community/neighbourhood associations, property owners, real estate industry professionals, developers, etc.) are aware of the CAC policy and how it relates to the OCP and planned amenities in the City.
 - b) The City should identify neighbourhood-specific amenities to fund with amenity contributions. CAC funds should be clearly earmarked to specific public amenities within the neighbourhood in which the development takes place. Pooling funds into a City-wide fund does not allow the neighbourhood receiving new development to gain from the amenity contribution. The Local Area Planning process should identify and the specific amenities needed within each neighbourhood.
 - c) In order to achieve the density identified in the OCP, some projects may need to include an additional level of underground parking. The cost of an additional level of underground parking can impact the financial viability of a rezoning. The City should examine the opportunity to reduce off-street parking requirements. If parking requirements can be reduced, it will improve the economics of rezoning and redevelopment for some projects.
- 6. The City should monitor the CAC program:

¹ The \$5 per square foot CAC on the additional permitted floorspace is equivalent to a maximum of about \$1 to \$2 per square foot of overall gross project floorspace depending on the OCP designation and the existing zoning.

- a) Target fixed rates should be adjusted annually based on a publicly available indicator of construction cost inflation in the Victoria market, such as the Statistics Canada non-residential construction cost index.
- b) Periodically (say every three years), the fixed rates should be reviewed to account for changes in the market value of developments sites and the market value of bonus density.
- c) Any increase in City fees and levies could affect the ability of rezonings to make an amenity contribution. Therefore, if the City increases fees and levies, it should consider the impact on CACs.
- d) The costs of the administering the CAC program should be monitored and compared with the revenue generated from the program to ensure it is cost effective.



1.0 Introduction

1.1 Background

The City of Victoria is examining the potential to introduce a new density bonus policy for the areas outside of the Downtown Core Area, in order to achieve higher redevelopment densities while also obtaining amenity contributions from rezonings that will address the impacts of growth and provide benefits to the neighbourhoods that are absorbing extra commercial or residential development.

The City already has a Community Amenity Contribution (CAC) policy in the Downtown Core Area, in which rezonings and amenity contributions are negotiated on a site-by-site basis.

The City's current practice for rezonings outside of the Downtown Core Area also involves negotiating CACs on a site-by-site basis. The City wants to explore the feasibility of using target fixed rates to calculate CACs outside of the Downtown Core Area.

The main reasons that City is interested in the possibility of using a target fixed rate approach include:

- 1. The large number of sites outside of the Core Area designated for potential additional density and the opportunity for greater efficiency in using fixed rates over individual site-by-site negotiations.
- 2. The recent guideline document published by the Provincial Government indicating that the use of fixed rates may offer greater transparency and predictability to the development process.
- 3. Potential for greater clarity/certainty for all stakeholders if the CAC amount can be calculated up-front.
- 4. Preference expressed by some stakeholders for fixed rates over site-by-site analysis.

Therefore, the City retained Coriolis Consulting Corp. and Landeca to evaluate the feasibility of implementing a fixed rate CAC system.

1.2 Approach

To evaluate the feasibility of implementing a fixed rate approach and to identify a preferred approach, we:

- 1. Reviewed CAC and density bonus approaches in other municipalities.
- 2. Reviewed the recently released provincial guide for density bonusing and amenity contributions.
- 3. Interviewed representatives of UDI and the Victoria development industry to help understand their perspective on CACs in general and on a fixed-rate approach specifically.
- 4. Completed detailed financial analysis for a cross section of different properties located in the four different designations to help determine if rezoning and redevelopment is financially viable and if so, whether there is additional property value created by the rezoning.

1.3 Report Organization

This report is organized as follows:

- Section 2.0 identifies the study area for the density bonus policy analysis.
- Section 3.0 provides an overview of density bonusing and amenity contributions, including existing legislation, different approaches that are used, the recently published Provincial guide, the urban land economics rationale, and examples of fixed rate CACs in other municipalities.
- Section 4.0 summarizes comments that were received from local Victoria developers and UDI as input to our analysis.
- Section 5.0 summarizes the case study financial analysis completed for the study.
- Section 6.0 identifies and evaluates the policy options that could be considered by the City.
- Section 7.0 provides our recommended approach for CACs outside of the Downtown Core Area.
- Section 8.0 identifies other issues identified during the course of our analysis that should be considered by the City.
- The Attachments include the detailed case study financial analysis.

1.4 **Professional Disclaimer**

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to the City of Victoria or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Study Area

In specific areas outside the Downtown Core Area (shown in the map below), the OCP includes base densities and potential discretionary additional density to be considered for some sites in four specific land use categories.

- 1. Town Centres, with base densities of up to 2.0 FSR and increased density up to approximately 3.0 FSR.
- Large Urban Villages, with base densities of up to 1.5 FSR and increased density up to approximately 2.5 FSR.
- 3. Small Urban Villages, with base densities of up to 1.5 FSR and increased density up to approximately 2.0 FSR.
- Urban Residential, with base densities of up to 1.2 FSR and increased density up to approximately 2.0 FSR.

The study area for our analysis is comprised of the properties in these four OCP designations (Exhibit 1).



Exhibit 1: Study Area for Analysis

3.0 Overview of Density Bonusing and Amenity Contributions

3.1 Legislation

In BC, municipal authority to zone land (i.e. to regulate land use and urban development) flows from the Local Government Act. Municipalities can use their zoning authority to achieve amenities in two different ways:

- 1. Zoning for amenities and affordable housing pursuant to Section 904 of the Local Government Act. The use of Section 904 is often called density bonus zoning or density bonusing.
- 2. Negotiating the provision of amenities as part of a rezoning approval. Many municipalities refer to this as obtaining Community Amenity Contributions (CACs) via rezonings.

3.1.1 Density Bonus Zoning

Section 904 of the Local Government Act states that a zoning bylaw may establish different density regulations for a zone, with one density that is generally applicable in the zone and another that is available if certain conditions are met. These conditions can be related to the provision of amenities and the provision of affordable housing.²

Excerpt from Section 904 of the Local Government Act

"(1) A zoning bylaw may:

- (a) establish different density regulations for a zone, one generally applicable for the zone and the other or others to apply if the applicable conditions under paragraph (b) are met, and
- (b) establish conditions in accordance with subsection (2) that will entitle an owner to a higher density under paragraph (a).
- (2) The following are conditions that may be included under subsection (1)(b):
 - (a) conditions relating to the conservation or provision of amenities, including the number, kind and extent of amenities;
 - (b) conditions relating to the provision of affordable and special needs housing, as such housing is defined in the bylaw, including the number, kind and extent of the housing;
 - (c) a condition that the owner enter into a housing agreement under section 905 before a building permit is issued in relation to property to which the condition applies.
- (3) A zoning bylaw may designate an area within a zone for affordable or special needs housing, as such housing is defined in the bylaw, if the owners of the property covered by the designation consent to the designation."

Based on the language in the Local Government Act, a zoning district with density bonus provisions typically defines:

• A base density that can be developed without providing any amenities or affordable housing.



² The practice of using density bonus zoning for project design related features (e.g. a base density and a bonus density that is achievable if a project includes say underground parking) has been used by some municipalities for a long time. Over the past decade or so, there has been an increasing trend towards using density bonus zoning for obtaining amenities and other public benefits from new development.

• Additional density, up to a defined maximum, that can be obtained by providing amenities (or cash-inlieu) or affordable housing as prescribed by the zoning bylaw.

The following conditions must be true for density bonusing to be effective and supported in a given community or development site:

- The identification of sites eligible for the extra density should be based on sound community and urban development planning. Presumably, density bonusing helps to implement a community planning and urban design process that identifies appropriate locations for additional density and determines appropriate increases in density or height.
- The extra density must be able to be physically and appropriately accommodated on the site.
- Developers must perceive that the extra density is marketable and financially attractive. They must have confidence that the additional units (or commercial space) can be marketed in a reasonable time, they must have the wherewithal to take on a larger project, and the extra units or space must be profitable. There are cases in which developers are not interested in the extra density, such as a case in which the extra density requires a shift from wood frame to concrete construction in a market that does not support the extra cost of concrete, a case in which the extra space will take too long to sell or lease, or a case in which the extra density triggers extraordinary costs (e.g. having to construct an entire new level of underground parking to accommodate a small increment in the number of units).
- The cost of any amenities or public benefits provided by the developer must be equal to or less than the value of the bonus density, or the developer will not view the density bonus as financially attractive.
- Typically, the use of the bonus density is at the discretion of the developer. The developer can choose to develop under the base density (without providing amenities) or develop at the higher density by providing the appropriate amenity.
- The process of determining the new density and the appropriate package of public benefits should be reasonably clear and predictable, so developers can decide if they are interested and so the community can decide if the trade-off between absorbing additional density and achieving certain benefits is reasonable.
- Redevelopment sites must trade in the market place at prices supported by the base density, so that developers can afford to pay for the amenities to be provided in exchange for the additional density. If developers build the value of the anticipated bonus density into their land acquisition cost, they will in effect be paying twice for the bonus density (once to the land seller and once to the municipality in the form of the benefits that must be provided). This is one of the key reasons that clarity and predictability are advantageous, so that the developers know what they can pay for sites.

In the absence of these conditions, developers will not be interested in rezoning into a density bonus zoning district and/or will not be interested in using the density bonus provisions within an existing density bonus district.

3.1.2 Amenities Negotiated as Part of Rezonings

Other than Section 904, there is no explicit authority in the Local Government Act providing municipalities with the ability to obtain amenities from the rezoning process. However, the nature of the rezoning process in BC creates the opportunity for municipalities to obtain amenities as part of the approvals process as follows:

CITY OF VICTORIA DENSITY BONUS POLICY STUDY

- Municipal Councils have the discretionary authority to rezone or not to rezone property. While Councils
 are not empowered to act contrary to their Official Community Plans (OCPs), there is not a positive
 obligation to implement policies in the OCP. In particular, there is no obligation to amend zoning to match
 OCP designations. Consequently, in their OCPs municipalities can designate areas for redevelopment
 and densification without immediately changing the zoning to match. Councils should determine whether
 rezonings are in the community interest, which can include considering whether the proposed rezoning
 generates community benefits that (in the broadest sense) offset any potential negative impacts of the
 development, help meet the needs of the new population growth, or avoid burdening existing tax payers.
- Rezoning can result in an increase in property value which provides the economic ability for a project to provide public benefits as part of the rezoning.

For this approach to be successful, the following conditions must be true:

- A developer must want the change in land use and/or density. The developer must see an opportunity to make a profitable project under the new (proposed) use and density.
- The cost of any amenity contribution the developer makes must be less than the increase in the property value associated with the rezoning, sometimes significantly less in order to create the financial room to provide an incentive to the land owner to sell their property to the developer.
- Developers must be able to buy development sites based on the value under the existing use and zoning. If developers pay for land based on its value after rezoning, then (from their perspective) the rezoning does not create any increase in property value and there is no financial "room" to make a voluntary amenity contribution.

3.2 Different Approaches to Obtaining Amenity Contributions

There are two different general approaches to obtaining amenity contributions from new development projects:

- 1. Zoning for amenities and affordable housing pursuant to Section 904 of the Local Government Act (i.e., density bonus zoning).
- 2. Negotiating the provision of amenities as part of a rezoning approval. This can be implemented through site-by-site negotiations or through the use of a target fixed rate CAC.

Like density bonus zoning, fixed rate CAC targets have the advantages of being predictable and easy to communicate so that developers can anticipate the likely costs of the amenity contribution and factor this into their bid price for land. However, this approach is not suitable for some kinds of rezonings (e.g. sites that are changing use as well as increasing density, sites that have an unusual ability to deliver on-site amenities not easily captured in a standard bylaw such as waterfront or heritage properties, and very large sites that can physically accommodate an array of amenities on-site).

The negotiated system of identifying the value of bonus density is more flexible, because the amenity package can include more site-specific consideration of the impacts and amenity needs of the development project and the project's ability to afford the amenity contribution. The drawback to this approach is that it requires detailed analysis and negotiation, so it requires an investment of staff (or consultant) time and possibly a lengthy process. This is a good approach for large or complex sites that are not amenable to the formulaic approach used in a density bonus system or a fixed rate CAC target system.

Different municipalities use different approaches:

CITY OF VICTORIA DENSITY BONUS POLICY STUDY

- 1. Some municipalities set a target fixed rate CAC for use in amenity contribution negotiations during rezonings. This approach is often applied to rezonings that meet certain conditions, such as:
 - Rezonings of small sites,
 - Rezonings in defined geographic areas that have been identified for upzoning with specific guidelines for use, height and density.
 - Rezonings for certain land use changes.
- 2. Some municipalities negotiate CACs on a site-by-site basis. This approach is often used for more complex or unusual rezonings, such as:
 - Sites that are changing use as well as increasing density, such as the transition from industrial to residential.
 - Sites that have an unusual ability to deliver on-site amenities not easily captured in a standard bylaw (e.g. waterfront or heritage properties).
 - Very large sites that can accommodate an array of on-site amenities.
- 3. Some municipalities use a mix of the two different approaches.

3.3 **Provincial Guide to CACs**

In March 2014, the Provincial government published a guide "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability". The guide's objective is to help "local governments understand the risks, challenges, and recommended practices related to obtaining community amenity contributions (CACs)."³

The guide encourages municipalities to think carefully about the approach to CACs to ensure that CACs do not reduce the supply of land available for redevelopment and, thereby, negatively affect housing prices.

The guide encourages the use of density bonus zoning and fixed rate target CACs when possible, but discourages negotiated CACs that focus solely on capturing all of the land lift created by a rezoning. It emphasizes that CAC rates should be moderate to help avoid impacts on development and specifies that there should be a nexus between the CAC and the needs of the community.

The guide focuses on CACs, but notes that density bonus zoning is another way for local governments to obtain community amenities from development and that most of the "recommended principles and practices apply equally to CAC and density bonus approaches."⁴

The guide makes the following key points and recommendations:

1. Use CACs for capital costs only, not operating costs. The guide notes that "it is reasonable to expect new development to contribute to the capital costs of infrastructure and amenities necessary to support

³ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 1.

⁴ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 1.

that growth" but "once the new residents and businesses move into that development, they will contribute to the operating costs...through user fees, utility charges, and property taxes."⁵

- 2. **Plan ahead**. Local governments should identify amenities that are needed to address future growth in their Official Community Plans or neighbourhood plans, and ideally prioritize needed amenities in each neighbourhood.
- 3. Remember that CACs are negotiated as part of a discretionary approval of rezoning. Local governments cannot, strictly speaking, require CACs as a condition of rezoning. "Any contributions must be either at the initiative of the applicant/developer or emerge from rezoning negotiations between the applicant/developer and the local government."⁶ Zoning should not be perceived as being "for sale".
- 4. Rezoning should be viewed as a means to implement policy for redevelopment and densification, and CACs should be viewed as a means to deal with the impacts and amenity needs of new development. Do not use rezoning as an arbitrary means of generating municipal revenues.
- 5. Make sure that the amount of CAC being sought will not have a negative impact on the price of housing. The guide notes that the impact of CACs can be different in different areas or circumstances and that it is important for local governments to consider who ultimately pays for the CACs. The guide acknowledges that, based on urban land economics theory, the cost of amenity contributions cannot simply be added to the price of new housing because market prices are set by supply and demand and can't arbitrarily be increased because of a new cost. The primary impact of CACs is to put downward pressure on land values (i.e. developer's will offer lower prices for development sites) where there is a "good supply" of land available for development. The guide notes that there can be negative impacts on house prices (overall house prices not just prices for new units) if a CAC is material enough to decrease the supply of land available on the market (i.e. if too many land owners decide not to sell at the lower bid price), which can lead to a reduced supply of new units and (in the context of supply being less than demand), upward pressure on overall house prices. The guide suggests that amenity contributions should be "modest" to minimize the risk of impact, but does not define modest.
- 6. Apply the DCC principles of nexus and proportion to CACs. The guide suggests that there should be a direct link between CACs and the impacts of new development or a direct link between CACs and the amenity needs of new residents or businesses in the redeveloping area. The guide suggests that CACs from individual applicants/developers should be "proportional to the impact that their development generates and consistent with the CACs made by other applicants/developers"⁷, but does not define what "proportional" means.
- 7. In priority order, consider these strategies to obtaining amenities:
 - a. First, consider using zoning measures themselves to increase affordable housing. Local governments should incorporate measures into their zoning bylaws/districts to allow design features that can reduce the cost of producing housing units and/or encourage additional units, to help increase the supply of affordable housing (e.g. reduce or eliminate setbacks and parking requirements, allow secondary units such as suites and laneway houses).

⁵ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 12.

⁶ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 6.

⁷ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 10.

- b. Second, use density bonus zoning because it is predictable, transparent, and easy to implement.
- c. If "pre-zoning" land is not practical, set targets for CACs and be open to negotiation at the time of rezoning. The guide encourages local governments to consult "the development community and/or engage people with expertise in real estate market and financial analysis" to assist in determining appropriate targets.⁸
- 8. Negotiating CACs solely on the basis of capturing all of the "land lift" is inconsistent with the principles of planning ahead, having a link between the amenity contributions and the impacts or needs of the development, and being proportional. There is clearly a place for land lift analysis in the overall process (as the guide supports the use of financial analysis to make sure that CACs are reasonable and affordable for individual projects, and do not have an impact on the housing market), but the guide discourages having a policy that simply seeks to capture 100% of the lift without considering impacts/needs, the nexus between the amenity contribution and those impacts/needs, and proportionality.
- 9. **Be transparent about CACs**. Local governments should maintain public records of all types of CACs (e.g. financial, physical amenities, land).

3.4 Urban Land Economics Rationale

The reason that development projects are able, in financial terms, to provide amenities in exchange for additional development rights is that the additional development rights have value. Otherwise, a developer could not absorb the cost of an amenity contribution.

When a developer acquires a development site, the developer is buying land of course, but in land economics terms the developer is buying the development entitlements that go along with the land (in the form of zoning). The amount a developer is able to pay for a property is in large part a function of the type and amount of development likely to be approved and the anticipated financial performance of that development.

Exhibit 2 shows in very simple terms the financial performance of a hypothetical development project (in this case a multifamily residential development) in three different scenarios:

- The first scenario assumes the site is zoned for 20 apartment units.
- The second scenario assumes the site is upzoned to allow 30 apartment units with no amenity contribution.
- The third scenario assumes the site is upzoned to allow 30 apartment units with an amenity contribution of \$5,000 per additional unit.

The site is assumed to be improved with an existing commercial building that is generating enough rent to support a market value of about \$1,100,000 under its existing use (i.e. the value if an investor would pay to hold the property as an income-producing asset). In all three scenarios, the site size, the assumed average selling price of individual units (measured in dollars per square foot), and the assumed construction cost (measured in dollars per square foot) are the same.

⁸ Ministry of Community, Sport, and Cultural Development, "Community Amenity Contributions: Balancing Community Planning, Public Benefits, and Housing Affordability." March 2014, page 18.

	7		
	Scenario 1 Site zoned for 20 unit MF project	Scenario 2 Site up-zoned to 30 units, no amenity contribution	Scenario 3 Site up-zoned to 30 units with \$5,000 per additional unit amenity contribution
Revenue (\$360,000/unit)	\$7,200,000	\$10,800,000	\$10,800,000
Costs			
Marketing/commissions (5% of revenue)	360,000	540,000	540,000
Hard & Soft Costs (240,000 per unit)	4,800,000	7,200,000	7,200,000
DCCs (\$3,500 per unit)	70,000	105,000	105,000
Profit Allowance (15% of rev)	1,080,000	1,620,000	1,620,000
Cost of rezoning	0	100,000	100,000
Amenity Contribution	0	0	\$50,000
Land Value Supported by Development	\$890,000	\$1,235,000	\$1,185,000
Value Under Existing Use	\$1,100,000	\$1,100,000	\$1,100,000
Increase Over Existing Value	negative	\$135,000	\$85,000
Viable for Redevelopment	no	yes	yes

Exhibit 2: Redevelopment Economics for Hypothetical Apartment Project

Scenario 1 is the base case and shows how this project performs, in financial terms, under existing zoning. The developer in this case earns a typical profit (calculated as a margin of 15% of revenue), if the developer pays a maximum of \$890,000 for the site. However, the existing use supports a value of about \$1,100,000 (if sold to an investor or possibly more if it is an owner-occupier who needs an incentive to relocate) so the site is not attractive for redevelopment at the required profit margin. It is important to note that this is not always the case as some sites are financially attractive for redevelopment under existing zoning. However, this result is typical of the situation in Victoria outside of the Downtown Core Area so it is a good example for this study.

Scenario 2 shows how the project would perform if the site is rezoned to allow a higher density without providing an amenity contribution. The project is bigger so the total revenue from unit sales, total cost, total profit, and total supportable land value are of course higher. However, it is important to note that the profit margin is the same (15% of revenue). The developer's ability to pay for the property increases to \$1,235,000 (or \$135,000 more than the existing value of \$1,100,000) because it allows a larger project (more density). This is higher than the site's value under existing use as an income producing commercial property and also provides an incentive for the land owner to sell, so the site is now financially attractive for redevelopment.

In this case, the rezoning creates additional density and value which makes a site viable for redevelopment that was not viable for development under existing zoning (Scenario 1). The question is now whether the project can also support an amenity contribution.

Scenario 3 shows how the project would work if the site is rezoned with a \$5,000 per additional unit (\$50,000 in total) amenity contribution. The project is now the same size as in Scenario 2, so the sales revenues,
development, costs, and profit are the same as in Scenario 2. However, in Scenario 3 the developer must provide an amenity contribution as part of the rezoning. In this scenario the developer can now afford to pay \$1,185,000 to acquire the site. This illustrates that:

- 1. The project is still financially viable to the developer.
- 2. The municipality receives a \$50,000 amenity contribution as part of the rezoning.
- 3. The developer can afford to pay \$1,185,000, which is higher than the \$1,100,000 existing property value that an investor would pay for the property. This creates the opportunity for the developer to offer an incentive to the existing property owner if they make the property available for redevelopment.

It is important to note that if the municipality attempted to obtain a significantly higher CAC in Scenario 3 (say \$15,000 per additional unit), then the rezoning would not be financially attractive for the developer.

These scenarios illustrate key points about rezonings and amenity contributions:

- 1. The provision of the amenities does not change the price of housing (the units in Scenario 3 sell for the same price as in the other Scenarios).
- 2. With the amenity contribution, the rezoning is still attractive to the developer, who earns the same profit margin in Scenarios 2 and 3. The difference is that the developer cannot pay the same amount to the land owner in Scenario 3.
- 3. Land owners often require an incentive to sell their property (particularly if the site is not vacant). The cost of the CAC should be less than the additional value created by the rezoning to create an incentive for the property owner to sell to the developer.
- 4. The additional value created by a rezoning:
 - Can make redevelopment of a site financially viable when it is not viable under existing zoning.
 - Creates the potential for an amenity contribution.
 - Creates an incentive to the existing owner to sell for the property for redevelopment, if the cost of the amenity contribution is set appropriately.

3.5 Target Fixed Rate CACs in Other Municipalities

The City wants to explore the feasibility of using target fixed rates to calculate CACs for areas outside of the Downtown Core Area, an approach currently used by a number of different municipalities in BC. This section provides some examples of municipalities the Capital Region District and Metro Vancouver that use a target fixed rate approach. Some of these municipalities also use density bonus zoning and site-by-site CAC negotiations. The municipalities included in this section were selected to provide illustrations of the different approaches used by different municipalities. This is not intended to be a comprehensive list of all municipalities that use fixed rate CAC targets or density bonus zoning.

3.5.1 Langford

The City of Langford seeks contributions from rezonings for affordable housing and amenities. The City uses a target fixed rate to determine the appropriate contribution. The target varies by subarea within the municipality and by project type.

1. For townhouse and apartment rezonings the target ranges from a low of \$2,135 per unit to a high of about \$4,270 per unit.

- 2. For duplex and small lot single family rezonings the target ranges from a low of \$2,310 per unit to a high of about \$4,620 per unit (single family subdivisions with 15 lots or more have the option of meeting part of this contribution through the provision of affordable housing units).
- 3. The rate for commercial, business park and industrial rezonings ranges from zero to \$1.00 per square foot of floorspace, depending on the location.

3.5.2 Colwood

The City of Colwood seeks contributions from multifamily rezonings for affordable housing and amenities. The City uses a target fixed rate to determine the appropriate contribution. The target varies by project type.

- 1. For apartment rezonings the target is \$1,500 per additional unit permitted by rezoning.
- 2. For detached, duplex and townhouse rezonings the target is \$3,000 per additional unit permitted by rezoning.

3.5.3 North Saanich

The District of North Saanich seeks contributions from residential rezonings for affordable housing and a variety of amenities. The District uses a target fixed rate to determine the appropriate contribution. The target varies by project type.

- 1. For apartment rezonings the target is \$8,000 per unit permitted by rezoning.
- 2. For townhouse rezonings the target is \$9,500 per unit permitted by rezoning.
- 3. For single family rezonings the target is \$16,000 per additional lot permitted by rezoning.

3.5.4 Saanich

The District of Saanich does not have an official amenity contribution policy. However, planning staff indicated that it the District's practice to request an amenity contribution in the range of \$1,000 to \$1,500 per housing unit for rezonings. This is consistent with the contributions provided by recent rezonings in Saanich that we examined. The expected contribution ranges depending on the project's characteristics.

3.5.5 Vancouver

The City of Vancouver obtains amenity contributions from new projects that involve rezoning via site-by-site negotiations (for "non-standard" rezonings) and fixed rate target CACs (for "standard" rezonings and rezonings in some specific areas in the City). It also recently implemented density bonus zoning in the Marpole Community Plan area and in the West End Community Plan area.

There are two types of CAC policy areas in Vancouver (see Exhibit 3):

- 1. *The City-wide CAC area*, which applies to most of the City. Vancouver sometimes seeks a fixed rate target City-wide CAC and sometimes negotiates the City-wide CAC, depending on the nature and location of the project.
- 2. Area-specific CAC areas, which have their own area-specific CAC and/or public benefit policies and are not subject to the City-wide CAC. In most cases, these areas have a fixed rate target CAC (although

some have a fixed rate target CAC that applies to certain types of rezonings and CACs are negotiated for other types of rezonings).





Source: City of Vancouver website, http://vancouver.ca/home-property-development/community-amenity-contributions.aspx, July 2014.

1. Fixed Rate Target Amenity Contributions. Vancouver seeks a fixed rate target City-wide CAC of \$3.00 per square foot of the net increase in floorspace permitted by the rezoning for "standard" rezonings, which include rezonings involving small projects outside of Downtown that do not involve a transition from industrial to residential use. However, City staff are currently reviewing the \$3.00 per square foot fixed rate CAC as it has been in place since 1999 and is not reflective of the current market in Vancouver. In addition, this rate is rarely used as most rezonings are in locations that are excluded from the City-wide rate.

Specific areas of the City are excluded from the City-wide CAC and are subject to an Area-specific CAC. Vancouver is increasingly using Area-specific target CAC rates. In most cases, the Area-specific CAC includes a fixed rate target CAC (although this sometimes only applies to certain types of rezonings and amenity contributions are negotiated in other types of rezonings). As examples:

- An area-specific target CAC of \$11.50 per square foot is sought from private M-2 (industrial) sites undergoing a rezoning in Southeast False Creek.
- An area-specific target CAC of \$15 per square foot is sought from apartment rezonings in the Norquay Village Centre Transition Area.
- An area-specific target CAC of \$23.00 per square foot is sought from all rezoning proposals for low to mid-rise apartments in the Little Mountain Adjacent Area.

- An area-specific target CAC of \$55.00 per square foot is sought from all 4 to 6 storey multi-family rezoning proposals in the Cambie Corridor Plan Phase 2 Area. Amenity contributions from other rezoning applications in the Cambie Corridor Phase 2 Area will be negotiated on a site-by-site basis.
- An area-specific target CAC of \$55.00 per square foot is sought from all multi-family rezoning proposals for projects up to 6 storeys in the Marpole Community Plan Area. We understand that this target CAC was set at about 75% of the estimated land lift. Amenity contributions from other rezoning applications in the Marpole Community Plan Area will be negotiated on a site-by-site basis.
- 2. Negotiated Amenity Contributions. Vancouver seeks a negotiated CAC for "non-standard" rezonings which involve:
 - Large sites (i.e. sites with a lot area greater than 2 acres in most cases, but greater than 1 acre if the site is in a Community Vision designated Neighbourhood Centre or Shopping Area).
 - A change in use from industrial to residential.
 - A site in Downtown.

As noted above, there are also some cases where a site is in an Area-specific CAC area, but the policy notes that the City will negotiate the CAC. For example, in the Marpole Community Plan Area the City has a fixed rate target CAC for some types of rezonings (i.e. rezonings to allow 6 storey multi-family residential projects) and negotiates the CAC for all other types of rezonings in this area.

Vancouver uses the land lift approach when negotiating CACs and typically seeks a CAC in the range of 75% to 80% of the increase in property value.

- 3. Density Bonus Zoning. Vancouver has used density bonus zoning for a long time for project designrelated items (e.g. underground parking), but until recently it has not used density bonus zoning for amenities. However, during 2014, the City implemented density bonus zoning in the Marpole Community Plan area (to obtain affordable housing, heritage retention, and amenities) and in the West End Community Plan area (to obtain social housing and market rental housing). For example, in Marpole:
 - The Marpole Community Plan (which was adopted in 2 April 2014) identified some areas that are suitable for 4 storey apartment and townhouse/row-house development and noted that the City would initiate rezoning bylaws for these areas that include a density bonus provision where projects will contribute a per square foot value on the approved net increase in density towards community amenities.
 - After the adoption of the Marpole Community Plan, the City drafted amendments to the Zoning Bylaw including four new zones (RM-8, RM-8N, RM-9, and RM-9N) and changes to the general regulations to support density bonusing in certain areas of Marpole.
 - In May 2014, Vancouver City Council approved the proposed zoning amendments and they are now in effect. As envisioned in the Marpole Community Plan, the City pre-zoned sites into the new zoning districts.
 - The new zones include a base density (0.75 FSR), a range of bonus density that can be obtained for
 providing an amenity (which varies depending on site size and frontage but the maximum density is
 up to 2.0 FSR), and details about the amenity contribution that must be provided in exchange for the
 bonus density. The amenity contribution is either secured market rental housing or social housing,
 heritage retention, and/or a defined contribution per square foot of the net increase in density towards
 amenities or affordable housing (\$10 per square foot of additional floorspace up to 1.2 FSR and \$55
 per square foot of additional floorspace beyond 1.2 FSR).



3.5.6 New Westminster

New Westminster uses a variety of approaches to obtain amenities from new development:

1. Density Bonus Zoning. New Westminster has existing density bonus zoning districts with defined base densities, defined bonus density, and a schedule of rates (dollars psf of bonus density) that apply to townhouse and low-rise multiple unit residential zoning districts. The bonus density rates currently range from \$22.50 to \$80.00 per square foot of bonus density depending on the type of project.

New Westminster is in the process of creating additional new bonus zoning districts with defined base densities, defined bonus densities, and a schedule of rates (dollars psf of bonus density) that developers can rezone sites in Downtown into (excluding heritage sites) for high density residential and mixed use projects. New Westminster is not planning to pre-zone properties into these new bonus zoning districts (as it did with the townhouse and low-rise zoning districts), so this approach means that (in theory) any given development project in Downtown will have three options:

- Proceed under the site's existing zoning.
- Apply to rezone the site into one of the new density bonus zoning districts. In this case, developers may or may not attempt to negotiate some aspects of the zoning districts. In other words, there may still be some elements of negotiation regarding the bonus.
- Apply to rezone the site to a CD zone and negotiate amenity contributions on a site-specific basis.
- 2. Fixed rate Target Voluntary Amenity Contributions (VACs). For small scale rezonings from single family to low-rise apartment use (with a maximum density of 1.8 FSR and less than 80 units), the City often uses a fixed rate target VAC (dollars per unit) as the basis for negotiations with the applicant. The fixed rate target varies between the Mainland (\$1,250 per unit) and Queensborough (\$1,000 per unit).
- 3. Negotiated Amenity Contributions. For other rezonings (not including sites that will rezone into the new Downtown density bonus zoning districts), the City negotiates the VAC based on the estimated increase in property value associated with the rezoning approval (proforma approach).

3.5.7 District of North Vancouver

The District of North Vancouver obtains amenities from new development in two ways:

1. The District negotiates a fixed rate target CAC from most residential projects that involve rezoning and that are not located in a Town or Village Centre. However, its policy notes that there may be rezoning applications where the District or developer finds that the fixed rate target CAC is not appropriate and therefore the CAC can be negotiated instead.

For sites within an area contemplated for increased density in the OCP but outside a Centre, the District's policy notes that "CACs should be required and should be calculated as follows:

- \$5.00 per square foot of increased residential gross floor area for townhouse, duplex, triplex, or similar development.
- \$15.00 per square foot of increased residential gross floor area for apartment development.

The increase in residential gross floor area is calculated as the proposed gross floor area in the development project less a deemed base density for the site depending on its current zoning and building form, which is outlined in the District's Amenity Contributions Policy. The deemed base density closely matches existing zoning.

2. The District negotiates CACs on a case-by-case basis for residential rezonings in its four Centres (i.e. Lower Lynn, Lynn Valley, Lower Capilano, and Maplewood).

For sites within a Centre (i.e. Lower Lynn, Lynn Valley, Lower Capilano, Maplewood) where a developer is seeking an increase in density or change in land use and for sites outside of Centres for which the District or developer finds the fixed rate target CAC to be inappropriate, CACs are negotiated on a caseby-case basis. The District typically retains a consulting firm to help estimate the increase in the market value of the land attributable to the proposed density increase and then seeks to negotiate about 75% of the land lift for sites in Centres and about 50% to 75% of the land lift for sites outside of Centres.

The District is currently reviewing its approach to obtaining amenities from new development with the objectives of updating the fixed rate target CAC figures it currently seeks outside of Centres and looking for more opportunities to use fixed rate target CACs.

3.5.8 Richmond

Richmond has formulaic density bonus zoning in most of its residential zones (including single detached, infill residential, townhouse, and apartment zones), its mixed use zones in the City Centre, and some of its industrial zones.

Individual zoning districts include a base density as well as bonus density (or tiers of bonus density) that can be achieved by meeting certain conditions. Some of the bonus density can be achieved by meeting criteria that are unrelated to the provision of community amenities (e.g. extra density that can be used to provide amenity space within the project that serves residents of the project). Some of the bonus density, though, is directly tied to the provision of community amenities (i.e. affordable housing; child care; community amenity spaces such as recreation, library/exhibit, and museum uses; the Capstan Way Canada Line Station, and the provision of commercial space). Richmond's Zoning Bylaw defines the amount of amenity to be provided for projects depending on the zone. The charges range from:

- 1. \$1.00 to \$4.00 per square foot buildable for contributions to the affordable housing reserve.
- 2. \$0.80 to \$4.00 per square foot buildable for contributions to the child care reserve.
- 3. \$0.75 to \$4.00 per square foot buildable for contributions towards community amenities (e.g. community recreation, library and exhibit space, heritage).
- 4. \$7,800 per dwelling unit for contributions to the Capstan station reserve (as of September 2011, with the rate to be adjusted annually based on the BC CPI).

In most cases, in order to use the bonus density the site must be rezoned (i.e. Richmond created zones with density bonus provisions but they did not automatically apply to any sites) and there are requirements to enter into other kinds of agreements (e.g. housing agreement).

For example, Richmond's "Residential/Limited Commercial" zone accommodates mixed use projects with mid to high-rise apartments and a limited amount of commercial space in Richmond's City Centre. The zone has five sub-zones which vary in terms of the base density, amount of bonus density, and the amenity that must be provided in order to achieve the bonus density. Some of the tiers of bonus density can be achieved for providing amenity space for the project itself, but some of the tiers of bonus density can be achieved for providing amenities that help the City achieve its goals related to affordable housing, child care (e.g. there is a 1.0 FAR commercial bonus if 5% of the bonus is used for child care space or community facilities), vitality of the City Centre, and the Capstan Way Canada Line Station.

The Zoning Bylaw and City Centre Area Plan set out the amount of bonus density that is available for developers at their discretion and the amenity that must be provided in return.

3.5.9 West Vancouver

West Vancouver obtains amenity contributions from new development via formulaic density bonus zoning in Ambleside and via negotiated amenity contributions at rezoning elsewhere in the municipality.

West Vancouver's OCP outlines the broad objective of securing amenities from new development and it has a separate policy document ("Public Amenity Contribution Policy") that outlines the framework for obtaining amenity contributions from new development.

1. Density Bonus Zoning. West Vancouver has formulaic density bonus zoning in two of its zoning districts in the Ambleside Town Centre: Ambleside Centre Zone 1 (AC1) and Ambleside Centre Zone 2 (AC2).

The maximum permitted density for both the AC1 and AC2 zones is 1.0 FAR. If a community amenity contribution is provided in accordance with the formula outlined in the Zoning Bylaw, the density can be increased up to a maximum of 1.75 FAR. The formula can be summarized as follows:

- For mixed use commercial/residential buildings, the developer must provide \$15.00 per square foot of bonus density between 1.0 and 1.4 FAR, and \$50.00 per square foot of bonus density between 1.4 and 1.75 FAR.
- For primarily residential buildings where commercial floorspace is less than 20% of the building area, the developer must provide \$50.00 per square foot of bonus density between 1.0 and 1.75 FAR.
- The above-noted rates were as of 2008. The CAC rate is adjusted on July 1st of each year based on the Statistics Canada Consumer Price Index for All Items in Greater Vancouver (2008=100).
- 2. Negotiated Amenity Contributions. West Vancouver also negotiates amenity contributions from projects undergoing rezoning outside of Ambleside. The District's policy notes that it will consider the size of the project, its impacts on the community, how well the project responds to the OCP and other policy objectives, and project viability in determining the appropriate amenity contribution. While not specifically expressed in the policy, staff reports regarding negotiated amenity contributions from individual projects note that it is the District's practice to seek amenity contributions or cash-in-lieu equivalent to 75% of the land lift.

3.5.10 Summary

- 1. Fixed rate CAC targets (and density bonus zoning with fixed rates for bonus density) are used by many municipalities in BC, including municipalities in the Capital Region.
- 2. The use of fixed rate CAC targets is increasingly common in BC.
- 3. Target CAC rates and density bonus rates range widely depending on:
 - The location because the value of rezonings differs across locations due to differences in market conditions and land values.
 - The type of rezoning project because different rezonings have different impacts on property value.
 - The definition of the base density to which the rate is applied. Some CAC rates are applied to all units in the project and some just to the additional units (or floorspace) permitted by the rezoning.

- Local municipal practice.
- 4. Many municipalities use a mix of approaches to obtain CACs.

3.6 Implications

There are different tools that municipal governments can use to obtain amenity contributions from new development projects, including rezoning sites into density bonus zoning districts or negotiating amenity contributions as part of a rezoning process (either site-by-site or using a fixed rate CAC target).

In order for either approach to be effective, some key conditions must be true:

- 1. There must be market demand for the additional floorspace opportunity created by the new zoning.
- 2. Development under the proposed new zoning district must be financially attractive.
- 3. The cost of any amenity contribution the developer makes must be less than the increase in property value associated with the additional development rights created by the new zoning. If the cost is too high, it could reduce the supply of development sites in the municipality.
- 4. The cost of the amenity contribution should be less than the additional value created by the rezoning so the developer can provide an incentive to the property owner to sell.
- 5. Fixed rate CAC targets (and density bonus zoning with fixed rates for bonus density) are used in numerous municipalities in BC, including municipalities in the Capital Region.
- 6. The use of fixed rate CAC targets is increasingly common in BC as they are supported by the Provincial guide and have a number of advantages over site-by-site negotiated CACs, such as:
 - Increased certainty for developers, land owners, the City and the community.
 - Reduced time during the rezoning process to determine the appropriate CAC value.
 - Less cost during the rezoning process to determine the appropriate CAC value.
 - Reduced load on City staff.
- 7. Target CAC rates and density bonus rates range widely depending on:
 - The municipality because the value of rezonings differs across municipalities due to differences in market conditions and land values.
 - The type of rezoning project because different rezonings have different impacts on property value.
 - The definition of the base density to which the rate is applied. Some CAC rates are applied to all units in the project and some just to the additional units (or floorspace) permitted by the rezoning.
- 8. Many municipalities use a mix of different approaches to CACs, including fixed rate CAC targets, site-bysite negotiated CACs, and density bonus zoning.



4.0 Comments from Victoria Developers

As input to our analysis, we contacted developers who are active in the multifamily and mixed use market in Victoria, with a focus on developers who are active outside of the Downtown Core Area.

- 1. We held a workshop with local developers at the start of the study. The intent of the workshop and interviews was to discuss the City's current approach to CACs, the advantages and disadvantages of a fixed rate approach, and market conditions in Victoria as input to our analysis.
- 2. Because some developers were not available for the workshop, we held telephone interviews with the UDI and individual developers who could not attend the workshop.
- 3. After we had completed our analysis, we presented our findings to local developers and UDI representatives to obtain feedback on our findings and recommendations.

Developer participants expressed some concerns about the current use of a negotiated CAC approach for the development sites outside of the Downtown Core Area, and indicated general support for the idea of a fixed rate approach provided the rate is set low enough to allow redevelopment to occur.

Developers that participated in our workshop and telephone interviews raised these points about CACs:

- 1. CACs in Principle. Most developers were not supportive of CACs in principle, but acknowledged that amenity contributions are part of the approvals process in many municipalities and expected by local community groups as part of an upzoning. There is concern that a density bonus policy might act as a disincentive to achieving the type of vibrant, mixed-used development and additional density that the City's OCP calls for; there is concern that the policy would be perceived as an additional fee on development. There is also a concern that a fixed rate approach may not allow for the optimal development of 'the right building in the right place' and result in development/density directed by a calculation rather than good urban planning and urban design principles.
- 2. **Fixed Rate Preferred over Negotiated Approach**. A fixed rate approach offers more clarity/certainty. Developers expressed concern that the small lot sizes/project sizes in the areas outside of the Downtown Core Area would not support the costs of individual site analysis and negotiation.
- 3. Need to Streamline Rezoning Process Time and Costs. There is concern that the current development approval process is too cumbersome, time-consuming (12 to 18 months or more) and uncertain, resulting in some applicants not electing to seek full development potential in an effort to save time/costs and to lower risk. It would seem that some sites are being developed under existing zoning, through Development Permit processes only to avoid the lengthy and uncertain rezoning and CAC process.
- 4. **Approvals Uncertainty**. Developers indicated that it is often challenging to achieve the maximum density identified in the OCP due to community opposition toward building height. If the OCP density cannot be achieved, then there it has a negative impact on the ability of a rezoning to help fund amenities.
- 5. Loss of Development to Other Communities. Other communities have had greater success in attracting development by streamlining the approval process. There is concern that some development may migrate to adjacent municipalities (i.e., to Saanich) if the CAC process or cost is onerous.
- 6. Unique Market. The local Victoria market is unique and very different from Vancouver and the Lower Mainland communities, where land values, densities and market demand (pre-sales) support high CACs. Additional costs such as amenity contribution costs may act as a deterrent to redevelopment in Victoria.

- Market Timing. Demand for new apartment units and commercial space in Victoria is currently soft. The introduction of any new CAC policies should be timed to coincide with improved market conditions to minimize any impact on new projects. However, it should be noted that the City already negotiates CACs from rezonings.
- 8. Impact of other City Fees and Levies. The City charges a variety of fees and levies on new development, such as application fees and DCCs. Any increase in City fees and levies will reduce the ability of rezonings to make an amenity contribution. Therefore, if the City increases fees and levies, it should consider the impact on CACs.
- 9. City Gains from Property Tax Increase. The City gains from increased property tax revenue as a result of rezoning and redevelopment, which should help support community amenity costs. If the cost of density bonus policy acts as a disincentive to pursuing the additional density, then the City loses both the one-time density bonus contribution, and the long-term property tax increase of the unrealized density.

However, it should be noted that any increased property tax revenue from new residential development is often required to fund the additional municipal operating costs associated with the increased population so there may not be net additional revenue to help fund amenities. Commercial development has greater potential to generate net additional property tax revenue as commercial tax rates are higher than residential rates and commercial development typically has less financial impact on municipal operating costs.

- 10. Land Acquisition Costs. Most sites have existing improvements that make a significant contribution to existing property value. Rezoning is often required to make redevelopment of these properties financially viable, creating little or no financial room for an amenity contributions. In addition, for vacant or underutilized sites, property owners are currently seeking full rezoned site values, not base density values. Until market forces drive values down to more realistic levels, some sites will remain undeveloped/underutilized.
- 11. Form of Development. Cost to provide underground parking often makes projects non-viable. In some cases, development under existing zoning, 3-stories with surface parking, is the preferred model. In addition, concrete construction is very costly so most of the sites outside of the Downtown Core Area will be wood-frame, low to mid-rise development.
- 12. **Office development**. The financial viability of office development is more challenging than residential development. CAC policy should take into account the impact of office space on the financial viability of a new project.
- 13. **Amenities**. The developers and the community need clarity as to where CAC funds are being spent. There needs to be a clear link between the contribution and the amenity realized in the community, particularly where funds are being received by the City rather than on-site, tangible amenities.
- 14. **Rental Apartment Units**. The City requires that any rental units be replaced when an older rental building is redeveloped. This policy often makes redevelopment of these sites not viable.

In summary, the developers that we contacted are not in favour of CACs in Victoria, but acknowledged that it is part of the approval process. If the City is going to implement a new policy outside of the Downtown Core Area, the preferred approach is a fixed rate target CAC rather than site-by-site negotiations.

In general, the developers expressed support for a fixed rate approach over a negotiated approach because a fixed rate approach will provide greater clarity and help streamline the approvals process. This was perceived to be particularly important for the smaller-scale rezonings that are likely to occur outside the Downtown Core Area.

It was recognized that establishing a fixed rate will not work for all development sites, but that on average, there will be a net positive result provided the rate is set low enough to not act as a deterrent to development. It was emphasized that some types of rezonings, such as rezonings involving the creation of new rental apartment units or office projects typically cannot afford to make amenity contributions.



5.0 Case Study Financial Analysis

To estimate the CAC that is likely supportable for rezonings outside the Downtown Core Area, we analyzed the financial viability of rezoning and redevelopment of a variety of different case study sites in the four different land use designations that are the focus of this study.

We used the financial analysis to model the likely performance of rezoning and redeveloping each site under the maximum density identified in the OCP on the assumption that the developer purchases the site at its current market value under existing use and zoning (i.e., the developer does not pay the rezoned value of the site).

The analysis allows us to determine whether rezoning and redevelopment of each case study is financially viable and, if so, whether the rezoning supports a CAC.

Based on the analysis, sites can be divided into two categories:

- Sites that are not financially viable for rezoning (at the OCP maximum density) and redevelopment. These sites cannot provide a CAC. However, they would not be viable development candidates even if the CAC was zero.
- 2. Sites that are financially viable for rezoning and redevelopment. For each of these sites we calculated the supportable CAC per square foot⁹ of additional floorspace beyond the achievable floorspace under the base density in the OCP. For these sites, the ability to sustain a CAC varies widely, depending on the existing use, existing built density, quality of existing improvements, location, and OCP designation.

Our analysis was completed in four main steps:

- 1. We identified case study sites for the financial analysis. Sites were either vacant or improved with older, low quality improvements, similar to the types of properties that have been the focus of development outside of Downtown Victoria. We analyzed 26 different case study sites (or assemblies of sites). The sites were selected to represent a cross-section of the different locations, zoning districts and existing uses outside of the Downtown Core Area. Sites were selected from each of the four different OCP land use designations that are the focus of this study.
- 2. We estimated the existing value of each case study in the absence of any bonus density. For this estimate, we considered three different values:
 - Value supported by existing use (income stream or house value). This included and assembly cost allowance for case study sites that were improved with existing houses.
 - The land value under existing zoning.
 - The land value under base OCP density.

The highest of these three indicators used for analysis

3. We estimated the land value supported if the site was rezoned to the maximum identified in the OCP, with the bonus density but without any amenity contribution. If the estimated supportable land value with



⁹ For each site, the CAC was calculated assuming that 75% of any increased property value (beyond the value supported by the higher of the base OCP density, existing use or existing zoning) was allocated to an amenity contribution.

the bonus density is higher than site's existing value, then site is viable for redevelopment. Otherwise, it is not yet financially viable for rezoning and redevelopment.

- 4. For the financially viable case study sites, we estimated:
 - The increase in property value due to the bonus density (estimated value in step 3 less estimated value in step 2.
 - The potential CAC amount at 75% of the increased value (the current City practice).
 - The equivalent fixed rate CAC in terms of dollars per square foot of floorspace over the base OCP density

This section identifies the key findings from our analysis.

The detailed financial analysis for each site is contained in the Attachments.

5.1 Urban Residential

The Urban Residential designation has a base density 1.2 FSR with the opportunity for increased density up to a maximum of approximately 2.0 FSR. About 76% of the properties in the four designations that are the focus of this study¹⁰ are in the Urban Residential designation.

We analyzed sixteen different case study sites (or assemblies) that are designated Urban Residential. Our findings can be summarized as follows:

- 1. Six of the sixteen sites we analyzed are currently financially attractive for rezoning and redevelopment at the maximum permitted density of 2.0 FSR. The remainder are more valuable under existing use and zoning than as redevelopment properties.
- 2. There is no CAC opportunity at sites that are not yet financially attractive for rezoning and redevelopment.
- 3. The sites that are financially viable for rezoning and redevelopment tend to be larger lots, vacant, or improved with lower density, older buildings.
- 4. The sites that are financially viable for rezoning and redevelopment are geographically dispersed.
- 5. The estimated maximum supportable CAC at most of the sites that are financially viable for redevelopment ranges from \$3 to \$14 psf of additional floorspace over the base 1.2 FSR permitted in the OCP sites.
- For some unique sites (vacant or industrial) the estimated potential CAC is up to \$36 psf over the base 1.2 FSR permitted in the OCP.

5.2 Small Urban Village

The Small Urban Village designation has a base density 1.5 FSR with the opportunity for increased density up to a maximum of approximately 2.0 FSR. About 5% of the properties in the four designations that are the focus of this study are in the Small Urban Village designation.



¹⁰ This excludes sites that are already improved with strata residential projects as these properties are not likely to be redevelopment candidates for the foreseeable future.

We analyzed one property that is designated Small Urban Village. However, we also supplemented this with our analysis of the Large Urban Village sites (assuming these sites were rezoned to 2.0 FSR as permitted in the Small Urban Village designation. Our findings can be summarized as follows:

- 1. There is no opportunity for the rezoning and redevelopment of sites designated Small Urban Village at the maximum permitted density of 2.0 FSR.
- 2. A higher permitted density is required in order to make sites in this designation attractive for rezoning and redevelopment.
- 3. There is no opportunity for a CAC at these sites under current market conditions and the current maximum permitted density.

5.3 Large Urban Village

The Large Urban Village designation has a base density 1.5 FSR with the opportunity for increased density up to a maximum of approximately 2.5 FSR. About 17% of the properties in the four designations that are the focus of this study are in the Large Urban Village designation.

We analyzed six different case study sites (or assemblies) that are designated Large Urban Village. Our findings can be summarized as follows:

- 1. Three of the six Large Urban Village properties that we analyzed are viable for rezoning and redevelopment at the maximum permitted density of 2.5 FSR.
- 2. There is no CAC opportunity at the sites that are not yet financially viable for rezoning and redevelopment.
- 3. The financially viable sites that we analyzed are concentrated in higher value southern portions of the City (such as Fairfield, James Bay, and the Pandora corridor).
- 4. The estimated supportable CAC at two of the three sites that are financially viable for redevelopment, is \$5 psf of additional floorspace over the base 1.5 FSR.
- 5. The third site supports a much higher CAC of \$49 psf of additional floorspace over the base 1.5 FSR. However, this site represents a unique situation (an older low density commercial building in the high value Cook Street Village area).

5.4 Town Centre

The Town Centre designation has a base density 2.0 FSR with the opportunity for increased density up to a maximum of approximately 3.0 FSR. About 2% of the properties in the four designations that are the focus of this study are in the Town Centre designation. Most of the land in this designation consists of the property at the two major shopping centres outside of the Downtown Core Area, the Hillside Centre and Mayfair Shopping Centre.

We analyzed three different case study sites (or assemblies) that are designated Town Centre. Our findings can be summarized as follows:

1. The Town Centre properties that we analyzed are not currently viable for rezoning and redevelopment at the maximum permitted density of 3.0 FSR in concrete (or at the likely maximum achievable woodframe density of about 2.5 FSR).

- 2. Redevelopment in these locations is likely a longer term prospect.
- 3. Redevelopment in these locations will require a higher achievable concrete apartment unit sales prices or higher permitted density.
- 4. At the large shopping centre sites, the potential CAC would be influenced by requirements for on-site dedications, infrastructure costs and the mix of uses, which will not be known in advance of a development application so it is not possible to estimate the potential supportable CAC at these sites in advance.

5.5 Other Findings

As part of our analysis, we tested the implications of including office space or rental apartment units as part of the redevelopment. Our findings can be summarized as follows:

- 1. There is no opportunity for a CAC from office projects in the Small Urban Village, Large Urban Village and Town Centre locations.
- 2. Any requirement to include or replace rental units at new projects has a large impact on the potential CAC from residential or mixed use rezonings.

5.6 Key Implications

The key implications from our financial analysis are as follows:

- 1. The overall study area has a limited number of sites that are financially attractive for redevelopment at the maximum permitted OCP density. The sites that are attractive for redevelopment are focused in the Urban Residential and Large Urban Village designations.
- Other than vacant sites, no sites that we analyzed are attractive for rezoning and redevelopment at the base OCP densities. Therefore, part of the value of the bonus density that is available needs to be retained by the developer (and is not available for an amenity contribution) in order to make redevelopment financially attractive.
- 3. Most sites that are financially viable for rezoning and redevelopment can support a CAC in the range of \$5 to \$14 psf of floorspace over the base FSR identified in the OCP. This is significantly lower than the market land value created by the additional bonus floorspace (typically \$30 to \$60 per square foot of buildable floorspace depending on the site's location) because part of the additional value that is created by the bonus needs to be retained by the developer to make rezoning and redevelopment financially attractive.
- 4. A higher CAC will reduce the number of sites that are financially viable for redevelopment under current market conditions.
- 5. Some unusual rezonings (e.g. industrial to residential) may support a very high CAC, depending on the proposed uses and density.
- 6. The supportable CAC for large sites cannot be evaluated in advance of a detailed concept plan because the potential CAC would be heavily influenced by requirements for on-site dedications, infrastructure costs and the mix of uses, which will not be known in advance.

7. Office projects do not support a CAC¹¹.

8. Including rental units within a rezoning has a significant impact on the opportunity for a CAC.

Overall, our findings indicate that if the City wants to use a fixed-rate CAC approach to cover all rezoning candidates, the rate will need to be relatively low to be affordable by a large number of projects. For most projects, a high rate will make rezoning and redevelopment financially unattractive.



¹¹ Our financial analysis indicates that office projects cannot support an amenity contribution. There are also other reasons why the City may not want to seek an amenity contribution from office rezonings:

[•] Office development increases the commercial tax base (which generates more property tax revenue to the City than residential development).

[•] Office development accommodates employment within the City which helps meet the City's employment objectives.

[•] Office workers create less need for new community amenities than residents.

6.0 Policy Alternatives to Consider

To identify and evaluate CAC policy options to consider, we divided rezonings into two different categories. These two different types of rezonings could be considered for different CAC approaches:

- 1. Major rezonings, where the rezoning involves a large site (such as the major Town Centre designated shopping centre properties), or involves change from industrial or institutional to residential or mixed-use, or requires significant new on-site infrastructure and services, or exceeds the maximum density identified in the OCP.
- 2. Smaller, typical rezonings, where the rezoning involves a small site and the rezoning is from residential or commercial to apartment or mixed-use residential and commercial.

6.1 Identification of Policy Alternatives

It is not possible to determine the potential CAC from major rezonings in advance of a detailed development application that outlines the mix of uses, heights, density and on-site servicing and infrastructure requirements. Therefore, these are not good candidates for a fixed-rate target CAC. However, we do not think that the City should exempt the major rezonings from CACs as these site could create significant opportunities to incorporate on-site amenities over the long term. Therefore, CACs should continue to be negotiated for these major rezonings.

For the smaller rezonings, there are three different CAC options that could be considered:

- 1. Exempt the rezoning from CACs.
- 2. Continue to negotiate a CAC on a site-by-site basis.
- 3. Apply a fixed rate target CAC to the rezoning.

These three options are evaluated in the following section.

Under any policy option, the following additional provisions should be included:

- 1. Rezonings that include upper floor office space should be exempt from CACs.
- 2. Sites in the Small Urban Village designation should be exempt from CACs (unless achievable density is increased beyond 2.0 FSR).
- CACs for any rezonings that are required to include rental housing should be exempted as the rental housing component will impact the ability of the project to provide any CAC. The extent of the impact will depend on the details associated with the rental housing component (i.e., number, size, parking, rent rates).

6.2 Evaluation of Alternatives

A summary of the advantages and disadvantages of each of the three policy options for the smaller rezonings is outlined below.

1. Exempt small rezonings from CACs.

Advantages include:



- Exempting rezonings from CACs will maximize the number of sites that will be attractive for rezoning and redevelopment.
- This approach would be supported by the development industry and property owners.

Disadvantages include:

- No CAC revenue will be generated even though some rezonings could have supported an amenity contribution.
- Rezonings will not help off-set any financial impacts of densification on the City and community.
- Exempting rezonings from CACs could create community opposition to some rezonings.

2. Continue to negotiate CACs on a site-by-site basis for smaller rezonings.

Advantages include:

- Individual negotiations ensure that the CAC does not exceed the amount that can be supported by each rezoning.
- Contributions from rezonings will help off-set any financial impacts of densification on the City and community.
- CACs from rezonings will likely be supported by the community.

Disadvantages include:

- This approach is not likely to be supported by the development industry and property owners.
- The cost and timing of negotiations is an impediment to rezoning and redevelopment.
- Based on our analysis, a negotiated approach will likely result in little or no CAC at many rezonings.
- The negotiated approach creates uncertainty for developers, land owners, the City, and the community.
- The negotiated approach is not consistent with the new Provincial guide for CACs.
- Under this approach overall CAC revenue will likely be modest, but administration of the system could be expensive.

3. Apply a fixed rate CAC target to small rezonings.

Advantages include:

- The fixed rate approach creates certainty for developers, land owners, the City and the community.
- If the fixed rate target is low, it will not affect the financial viability of many (if any) redevelopment sites so it should not slow the pace of redevelopment. For sites that are currently attractive for redevelopment, a low CAC will be affordable (say \$5 per square foot of additional floorspace over the base FSR in the OCP). Sites that are not currently viable for redevelopment will continue to be unattractive for rezoning and redevelopment (with or without a CAC).
- Contributions from rezonings will help off-set any financial impacts of densification on the City and community.
- Even though total revenue will be modest with a low target fixed rate CAC, initiating a system with a low fixed rate CAC target will provide the opportunity to refine and improve the system over time, particularly if market conditions and land values change. In addition, CAC revenue can be used to supplement funds available from other sources to help deliver community amenities sooner.
- CACs from rezonings will likely be supported by the community.

Disadvantages include:

- If the CAC rate is set too high, it will reduce the number of sites that are financially attractive for rezoning and redevelopment which will make it difficult for the City to meet its growth objectives outside of the Downtown Core Area. Under this approach the fixed rate target will need to be set toward the lower end of the estimated potential CAC range indicated in our financial analysis to ensure there is a supply of sites that are financially viable for redevelopment.
- Some rezonings would have been able to support a CAC that is higher than the fixed rate.
- The total annual CAC revenue generated will likely be modest. For illustrative purposes, if 100 apartment units per year are built outside of the Core Area each year (about 25% of the City's typical annual apartment market), a \$5 psf fixed rate CAC would generate a maximum of about \$200,000 per year if all projects rezoned up to the OCP maximum¹². At densities less than the OCP maximum, CAC revenue would be lower.



¹² 100 units per year at 1,000 square feet per unit results in 100,000 square feet of new floorspace per year. Assuming 40% of the new space is due to the bonus (i.e., from 1.2 FSR to 2.0 FSR) and 100% of the projects achieve the maximum FSR, then the CAC revenue would be 100,000 square feet x 40% x \$5 per square foot = \$200,000 per year.

7.0 Recommendations

Based on our analysis and on input from City staff, our recommended approach is to continue to negotiate major rezonings on a site-by-site basis and apply a fixed rate CAC target to smaller site rezonings.

7.1 Major Rezonings

It is not possible to determine the potential CAC from major rezonings in advance of a detailed development application that outlines the mix of uses, heights, density and on-site servicing and infrastructure requirements. Therefore, these are not good candidates for a fixed-rate target CAC.

CACs should continue to be negotiated for these major rezonings. This should include:

- 1. Rezonings of large sites (e.g., over one City block) that will require the dedication of part of the site for new roads and services.
- 2. Rezonings involving sites that have been identified as a location for a large on-site amenity or public facility as part of the rezoning process (e.g., park space, community centre).
- 3. Sites that are being rezoned from industrial or institutional uses to residential or mixed-use.
- 4. Rezonings that exceed the density identified in the OCP.

The total value of a negotiated CAC should take into account the estimated cost of creating the amenities that the City wants in the neighbourhood, but the CAC should not exceed 75% of the increase in property value created by the rezoning over the higher of (a) the value under existing use and zoning or (b) the land value under the base density permitted in the OCP. Otherwise, the rezoning will not be financially viable for developers.

7.2 Smaller Rezonings

A fixed rate CAC target should apply where the rezoning involves a small site and the rezoning is from residential or commercial to apartment or mixed-use residential and commercial. We recommend that:

- The fixed rate be set at \$5 per square foot of additional floorspace¹³ that is permitted over the greater of the OCP base FSR or existing zoning FSR (the existing zoning for some sites allows greater density than the base OCP density).
- 2. Projects that include at least one floor of upper floor office space should be exempt from CACs.
- 3. Projects where the City requires new rental apartment units or the replacement of existing rental apartment units (either on-site or at an alternate site) should be exempt from CACs.
- 4. Rezonings of sites in the Small Urban Village designation should be exempt from CACs (unless the density exceeds the 2.0 FSR identified in the OCP).



¹³ The \$5 per square foot CAC on the additional permitted floorspace is equivalent to a maximum of about \$1 to \$2 per square foot of overall gross project floorspace depending on the OCP designation and the existing zoning.

There may be rezoning applications where the developer determines that the fixed rate CAC target is inappropriate and in those cases, the developer should have the option of requesting a negotiated CAC (at the applicant's expense). Where the CACs are negotiated outside the above formula, the total value the negotiated CAC should take into account the estimated cost of creating the amenities that the City wants in the neighbourhood, but the CAC should not exceed 75% of the increase in property value created by the rezoning over the higher of (a) the value under existing use and zoning or (b) the land value under the base density permitted in the OCP. Otherwise, the rezoning will not be financially viable for developers.

7.3 Implementation

If the City implements a fixed rate target CAC for sites outside the Downtown Core Area, we have the following suggestions to consider as part of the implementation:

- 1. The City should ensure that all stakeholders (community/neighbourhood associations, property owners, real estate industry professionals, developers, etc.) are aware of the CAC policy and how it relates to the OCP and planned amenities in the City.
- 2. The City should identify neighbourhood-specific amenities to fund with amenity contributions. CAC funds should be clearly earmarked to specific public amenities within the neighbourhood in which the development takes place. Pooling funds into a City-wide fund does not allow the neighbourhood receiving new development to gain from the amenity contribution. The Local Area Planning process should identify and the specific amenities needed within each neighbourhood.
- 3. In order to achieve the density identified in the OCP, some projects may need to include an additional level of underground parking. The cost of an additional level of underground parking can impact the financial viability of a rezoning. The City should examine the opportunity to reduce off-street parking requirements. If parking requirements can be reduced, it will improve the economics of rezoning and redevelopment for some projects.

7.4 Monitoring

The City should monitor the CAC program:

- 1. Target fixed rates should be adjusted annually based on a publicly available indicator of construction cost inflation in the Victoria market, such as the Statistics Canada non-residential construction cost index.
- 2. Periodically (say every three years), the fixed rates should be reviewed to account for changes in the market value of developments sites and the market value of bonus density.
- 3. Any increase in City fees and levies could affect the ability of rezonings to make an amenity contribution. Therefore, if the City increases fees and levies, it should consider the impact on CACs.
- 4. The costs of the administering the CAC program should be monitored and compared with the revenue generated from the program to ensure it is cost effective.

8.0 Other Issues

Our case study financial analysis illustrates that, outside of the Downtown Core Area, few sites in Victoria are financially attractive for rezoning and redevelopment under the densities identified in the OCP. Our understanding is that the City is starting a process to complete more detailed local area plans for different neighbourhoods outside the Downtown Core Area.

As part of each local area planning process, we recommend that the City consider the financial viability of redevelopment and (if appropriate) revisit the OCP densities to help increase the number of sites that are financially viable for redevelopment. This could increase opportunities to obtain amenity contributions from rezonings that will help address the impacts of growth and provide benefits to the neighbourhoods that are absorbing the development.





9.0 Attachments - Financial Analysis

9.1 Approach

To estimate the CAC that is likely supportable for rezonings outside the Downtown Core Area, we analyzed the financial viability of rezoning and redevelopment of a variety of different case study sites in the four different land use designations that are the focus of this study.

We used the financial analysis to model the likely performance of rezoning and redeveloping each site under the maximum density identified in the OCP on the assumption that the developer purchases the site at its current market value under existing use and zoning (i.e., the developer does not pay the rezoned value of the site).

The analysis allows us to determine whether rezoning and redevelopment of each case study is financially viable and, if so, whether the rezoning supports a CAC.

Based on the analysis, sites can be divided into two categories:

- Sites that are not financially viable for rezoning (at the OCP maximum density) and redevelopment. These sites cannot provide a CAC. However, they would not be viable development candidates even if the CAC was zero.
- 2. Sites that are financially viable for rezoning and redevelopment. For each of these sites we calculated the supportable CAC per square foot¹⁴ of additional floorspace beyond the achievable floorspace under the base density in the OCP. For these sites, the ability to sustain a CAC varies widely, depending on the existing use, existing built density, quality of existing improvements, location, and OCP designation.

Our analysis was completed in four main steps:

- 1. We identified case study sites for the financial analysis. Sites were either vacant or improved with older, low quality improvements, similar to the types of properties that have been the focus of development outside of Downtown Victoria. We analyzed 26 different case study sites (or assemblies of sites). The sites were selected to represent a cross-section of the different locations, zoning districts and existing uses outside of the Downtown Core Area. Sites were selected from each of the four different OCP land use designations that are the focus of this study.
- 2. We estimated the existing value of each case study in the absence of any bonus density. For this estimate, we considered three different values:
 - Value supported by existing use (income stream or house value). This included and assembly cost allowance for case study sites that were improved with existing houses.
 - The land value under existing zoning.
 - The land value under base OCP density.

The highest of these three indicators used for analysis



¹⁴ For each site, the CAC was calculated assuming that 75% of any increased property value (beyond the value supported by the higher of the base OCP density, existing use or existing zoning) was allocated to an amenity contribution.

- 3. We estimated the land value supported if the site was rezoned to the maximum identified in the OCP, with the bonus density but without any amenity contribution. If the estimated supportable land value with the bonus density is higher than site's existing value, then site is viable for redevelopment. Otherwise, it is not yet financially viable for rezoning and redevelopment.
- 4. For the financially viable case study sites, we estimated:
 - The increase in property value due to the bonus density (estimated value in step 3 less estimated value in step 2.
 - The potential CAC amount at 75% of the increased value (the current City practice).
 - The equivalent fixed rate CAC in terms of dollars per square foot of floorspace over the base OCP density



9.2 Case Study Site Descriptions

We analyzed 26 different case study sites (or assemblies). A description of each case study site is provided in the following exhibit.

							Number of	Existing
Case		FSR Permitted				Total		Commercial
Study Site	Existing	Under Existing				Assembled	Rental	Floorspace
Number	Zoning	Zoning	OCP Designation	Neighbourhood	Existing Use	Site Size (sf)	Units	(Sq. Ft.)
1	C-1	1.4	Town Centre	Oaklands Neighbourhood	Retail building	29,696	01113	
2	C1-S	1.4	Large Urban Village	James Bay Neighbourhood	Retail building	12,947	0	
3	C1-5	1.4	Town Centre	Burnside Neighbourhood	Retail pad	29,503	0	
4	C1-QV	1.4	Large Urban Village	Hillside-Quadra Neighbourhood	1-storey retail building	13,400	0	· · · · · · · · · · · · · · · · · · ·
4		1.4	Large Orban village	Fairfield Neighbourhood (Cook	1-Storey retail building	13,400	0	5,038
5		10	Lenne Lieben Millene		4. a ta any santa il la sil alia a	04.070	0	47 400
5	CR-3M	1.0	Large Urban Village	Street Village) Jubilee Neighbourhood - adjacent	1-storey retail building	34,872	0	17,438
0	00.0	10	Om all Link an Millana		4. a ta any santa il la sil alia a	40.004	0	5 000
6	CR-3	1.0	Small Urban Village	to Gonzales	1-storey retail building	13,334	0	5,608
_				Fernwood Neighbourhood				
7	CR-4	1.6	Large Urban Village	(adjacent to North Park)	1-storey retail building	8,891	0	
8	M-2	3.0	Urban Residential	North Park Neighbourhood	2 storey warehouse bldg	24,120	0	1
9	R1-B	N/A	Urban Residential	Oaklands Neighbourhood	3 SF Homes	16,862	0	
10	R1-B	N/A	Urban Residential	Fairfield (near Cook Street Village)	2 Single-family Homes	12,120	0	0
					2 Single-Family Homes +			
11	R1-B	N/A	Urban Residential	Burnside Neighbourhood	vacant lot	22,800	0	0
12	R-2	0.5 to 1.0	Urban Residential	Hillside-Quadra Neighbourhood	1-storey retail building	9,842	0	4,200
13	R-J	N/A	Urban Residential	Fairfield	Vacant Site	16,379	0	0
				Fernwood Neighbourhood (just	3 Single-family Homes and			
14	R3-1	1.2 to 1.6	Urban Residential	east of Harris Green)	surface parking lot	16,690	0	0
15	R3-1	1.2 to 1.6	Urban Residential	North Park Neighbourhood	1 Rental Apartment Building	11,855	12	0
16	R3-2	1.2 to 1.6	Urban Residential	Hillside Quadra Neighbourhood	1 Rental Apartment Building	9,388	6	0
17	R3-2	1.2 to 1.6	Large Urban Village	Jubilee Neighbourhood	1 Rental Apartment Building	28,800	42	0
18	R3-2	1.2 to 1.6	Urban Residential	James Bay Neighbourhood	2 Single-family homes	9,636	0	
19	R3-2	1.2 to 1.6	Urban Residential	Burnside Neighbourhood	4 Single-family homes	29,314	0	
	110 2	1.2 10 1.0	c.ban reolaonian		. e.i.gio la liny homos	20,014	0	0
20	R3-2	1.2 to 1.6	Urban Residential	Vic West Neighbourhood	1 Rental Apartment Building	34,408	54	0
21	R3-A1	1.0 to 1.2	Urban Residential	Fairfield Neighbourhood	2 Single-family Homes	12,540	0	0
21	No-Al	1.0 10 1.2	orban Residential		2 ongic lanning romes	12,040	0	0
22	R3-A1	1.0 to 1.2	Urban Residential	Fairfield Neighbourhood	1 Rental Apartment Building	12,476	14	0
22	NJ-AI	1.0 10 1.2	Orban Residentia	Jubilee Neighbourhood (adjacent to	T Kental Apartment Building	12,470	14	0
23	R3-A2	10 10 1 2	Urban Residential	Rockland)	Vacant Site	11 740	0	0
23	KJ-AZ	1.0 to 1.2	Urban Residential	Rockland)	2 Rental Apartment	11,742	0	0
0.4		104-10	Lanna Linhan Milana	Fairfield Maink barrak and		40.050		0
24	R3-A2	1.0 to 1.2	Large Urban Village	Fairfield Neighbourhood	Buildings	19,050	24	0
0.5	T 4	10	T 0 1			00 -00	62 motel	
25	T-1	1.2	Town Centre	Burnside Neighbourhood	Motel	36,720	rooms	0
	T 4	10				17 /00	55 motel	
26	T-1	1.2	Urban Residential	Burnside Neighbourhood	Motel	47,480	rooms	0

Exhibit 4: Description of Case Study Sites Analyzed



9.3 Key Assumptions for Financial Analysis

9.3.1 Assumptions for Rezoning Scenarios

The detailed assumptions for all of our analysis are included in each of the proformas contained in the attachments. Some assumptions vary on a property by property basis (to reflect building form, and specific neighbourhood market conditions).

The major assumptions for our strata titled development financial analysis are as follows:

- 1. Average sales price assumptions vary by location and form of construction:
 - Woodframe strata apartment projects are assumed to achieve average sales prices ranging from \$360 per square foot to \$490 per square foot depending on the location. Some new projects currently marketing in Victoria are achieving higher average prices, but these projects are located in unique, high amenity locations (such as adjacent to Beacon Hill Park).
 - Concrete strata apartment projects (at the Town Centre sites) are assumed to achieve average sales prices ranging from \$515 to \$525 per square foot depending on location.
- Average lease rates for new retail space in Urban Village and Town Centre locations are assumed to be \$25 per square foot net, except for sites in Cook Street Village where lease rates are assumed to average \$35 per square foot net. Net operating income from retail space is capitalized at 6.5% to estimate total market value.
- 3. Residential commissions are assumed to be 3% of sales revenue.
- 4. Marketing is assumed to total 2% of sales revenue.
- 5. Leasing commissions on the commercial space are set at 17% of Year 1 lease income.
- Rezoning costs (application fees, architects, consultants, management, disbursements) are assumed to total \$100,000. This assumes that rezoning is consistent with the OCP plan so costs are minimized, otherwise the cost would likely be higher.
- 7. Construction cost assumptions are as follows:
 - Hard construction costs (excluding parking) for woodframe apartment buildings are assumed to range from about \$120 per square foot to \$150 per square foot depending on location and quality of finishings.
 - Hard costs for concrete apartment buildings (excluding parking) are \$195 per square foot.
 - Costs for grade level commercial space in mixed-use buildings is assumed to be \$175 per square foot.
 - Parking costs are assumed to average \$35,000 per stall (assuming one level of underground parking) to \$40,000 per stall (assuming two levels of underground parking) and \$7,500 per surface parking stall.

In total, hard costs including parking range from about \$165 to \$195 per square foot for woodframe buildings (depending on quality and location), \$185 to \$205 per square foot for mixed use lowrise buildings and \$245 for concrete buildings.

The construction costs are based on information published by BDC Development Consultants, Altus Group, BTY Group and on discussions we had with developers who are active in the Victoria multifamily residential market.

8. As separate landscaping cost allowance of \$10 per square foot of site area is included.



- 9. Demolition costs are estimated separately for each site depending on the existing improvements.
- 10. An allowance of \$2,500 per lineal metre of site frontage is included for upgrades to the adjacent sidewalks, boulevard, street trees, lighting, and road to centre line.
- 11. Connection fees are assumed to total about \$50,000 per site.
- 12. Soft costs and professional fees (permits, engineering, design, legal, survey, appraisal, accounting, new home warranties, insurance, deficiencies and other professional fees) and development management total 12% of hard costs. This excludes the soft costs and professional fees associated with the rezoning process.
- 13. Post construction costs are included for six months following project completion.
- 14. A contingency allowance of 5% of hard and soft costs is included.
- 15. Interim financing is charged on all costs (including land) at 6% per year. In addition, a financing fee equivalent to 1% of total projects costs is included.
- 16. Residential and commercial DCCs are included at current rates.
- 17. Property taxes are based on 2014 mill rates and our own estimate of the assessed value during development.
- 18. Developer's profit margin is set at 15%, which is the typical minimum profit margin target for new multifamily development in Victoria.

9.3.2 Property Assembly Assumptions

For some types of properties, it is possible that developers who are assembling sites could have to pay a premium over the market value of the property under its existing use and zoning. For example, in a single family area designated for higher densities, some home owners will be interested in selling their property at the same time that a developer is interested in purchasing, but adjacent owners may not be interested in selling and may require a premium over market value to be enticed to sell. If the required premium is too high, then it is reasonable to assume that assembly is premature and the site is not yet a redevelopment site. However, for some properties some reasonable premium should be factored in.

To determine a realistic assumption about potential assembly costs, we divided properties in the study area into two different categories:

 Income-producing commercial properties which are owned by investors. The market value of an incomeproducing property is based on the capitalized value of its income stream or on its land value under existing zoning, whichever is higher. When a property's land value exceeds its value as an income producing property, it is a redevelopment candidate.

Some of the investment properties in the study area are smaller, so assembly (likely a maximum of one extra lot) may be required to achieve the densities that are envisioned in the case study analysis. We assume these properties are acquired and assembled by developers when the current owner/investor is interested in selling. Any developer interested in assembling adjacent properties could acquire an initial property and then hold it as an income producing property until the adjacent owner is interested in selling. Because there is an income stream, the developer is earning a return on investment and can be patient while waiting for a small adjacent property to come available. Therefore, our analysis assumes that developers of income producing properties do not pay a significant premium to assemble these sites.

2. Single family homes. In most cases a minimum of two or three lots will be required to create an attractive development site so assembly will be required. Our analysis assumes that developers will need to pay a

premium to some owners to entice them to sell their home, allowing the developer to complete an assembly.

For home owners that are not planning on selling, moving will involve out-of-pocket costs, time, and risks that they would not otherwise have incurred. To entice these owners to sell, we assume that the developer would need to pay a premium to the seller to cover the costs of purchasing a replacement house (of similar quality in a similar priced neighbourhood).

To estimate a reasonable assembly cost allowance, we assume an average cost of about \$650,000 per home (a typical value for an older home in a higher value neighbourhood that could be a redevelopment candidate). We assume the premium would need to cover the following out of pocket expenses:

- Property transfer tax on the replacement house for the seller. Assuming a \$650,000 ion replacement house, this would be about \$13,000.
- Any realty commissions incurred by the seller as part of the transaction (alternatively, the developer could cover these costs which has the same impact on the developer's acquisition costs). A full realty commission would be roughly \$21,000 (assuming a value of \$650,000) if the house is listed on the MLS. However, we assume a reduced realty fee of \$10,000 as the house would not need to be listed on the MLS and may only involve one agent (representing the seller in the transaction).
- Any legal fees incurred by the seller. We assume legal costs would be about \$2,000.
- Moving costs for the seller. We assume a maximum of about \$5,000.
- A budget for the seller to redecorate and make repairs at the new replacement house to make it comparable to the existing house. We allow about \$25,000 to ensure that the seller has an appropriate budget to make any repairs at the replacement house and redecorate (additional funds would be needed for any renovations).

These items total about \$55,000 or about 8% of the assumed value of the home. This suggests a premium of roughly 8% is ample to cover out of pocket expenses. This expense premium could be lower if the new home does not require repairs or if the commission or the sale of the existing home can be reduced.

In addition to recovering these costs, a home owner who was not planning on selling would likely require a financial incentive to be interested in selling and moving. The magnitude of the incentive required would likely vary from owner to owner.

Allowing an additional \$75,000 (equivalent to about 12% for a \$650,000 existing home) would likely be ample incentive for many home owners to sell to a developer (particularly given that no capital gains tax would be paid if the owner lived in the house). The seller could use this to acquire a better property (i.e., larger, newer, high priced location) or for other purposes.

The total estimated assembly premium (to cover costs and provide an incentive) is roughly 20% of existing market value. This suggests it is reasonable to assume that a developer would need to pay a premium of about 20% of market value to assemble existing single family homes in the area. The assembly premium could be even higher if a specific lot needs to be purchased by the developer to proceed with a project. However, it could also be lower if the developer can acquire the initial lot in the assembly at market value (on the basis that the initial lot owner is interested in selling).

Therefore, for this analysis, we assume that:

1. A developer building a mixed use project at existing commercial properties would not need to pay a premium for lot assembly.



 A developer assembling a series of single family lots would need to pay an average of a 20% premium to the existing home owners to cover the costs of purchasing a replacement house (of similar quality in a similar priced neighbourhood) and provide additional funds as an incentive to sell (to upgrade the replacement house or for alternative purposes).

It should be noted that assembly costs would likely vary significantly from property to property, depending on the current property owner's interest in selling and relocating, and on the alternatives that the developer has to acquire a different site. Our analysis examines a scenario that we think is reasonable. If home owners are not willing to sell at a 20% premium over market value, then it could be argued that the site is not yet a candidate for assembly and redevelopment.



9.4 Summary of Results

The following exhibits summarize the results of our analysis for each case study site. The exhibits divide the sites into four different categories based on the OCP designation.

									CAC per square
		FSR				Estimated			foot of additional
		Permitted				Rezoned Value		Financially	floorspace over
Case		Under			Total	at Maxim um	Estimated	Attractive for	Base OCP
Study		Existing		Existing Land-Use /	Assembled	OCP Density (2.0	Existing	Redevelopment	Density at 75% of
Site	Zoning	Zoning	Neighbourhood	Improvements	Site Size (sf)	FSR)	Value*	(with no CAC)	Increased Value
			Hillside Quadra						
16	R3-2	1.2 to 1.6	Neighbourhood	1 Rental Apartment Building	9,388	\$591,034	\$1,100,000	no	zero
			James Bay						
18	R3-2	1.2 to 1.6	Neighbourhood	2 Single-family homes	9,636	\$1,211,234	\$1,586,640	no	zero
22	R3-A1	1.0 to 1.2	Fairfield Neighbourhood	1 Rental Apartment Building	12,476	\$1,663,084	\$1,960,000	no	zero
			Ŭ						
13	R-J	N/A	Fairfield	Vacant Site	16,379	\$2,306,683	\$2,810,400	no	zero
			Oaklands			+_,,	\$ =,0 · 0, · 00		
9	R1-B	N/A	Neighbourhood	3 SF Homes	16,862	\$996,563	\$1,384,440	no	zero
-			Fernwood		10,002	4000,000	¢1,001,110		2010
			Neighbourhood (just	3 Single-family Homes and					
14	R3-1	1.2 to 1.6	east of Harris Green)	surface parking lot	16,690	\$1,554,743	\$1,892,880	no	zero
			,						
20	R3-2	1.2 to 1.6	Vic West Neighbourhood	1 Rental Apartment Building	34,408	\$3,857,071	\$4,136,000	no	zero
			Hillside-Quadra						
12	R-2	0.5 to 1.0	Neighbourhood	1-storey retail building	9,842	\$625,455	\$727,000	no	zero
			North Park						
15	R3-1	1.2 to 1.6	Neighbourhood	1 Rental Apartment Building	11,855	\$1,160,465	\$1,209,000	no	zero
			Fairfield (near Cook			, ,			
10	R1-B	N/A	Street Village)	2 Single-family Homes	12,120	\$1,624,435	\$1,641,600	marginal	zero
26	T-1	1.2	Burnside Neighbourhood	Motel	47,480	\$2,889,356	\$2,750,000	yes	\$3
19	R3-2	1.2 to 1.6	Burnside Neighbourhood	4 Single-family homes	29,314	\$2,110,953	\$1,861,200	yes	\$8
				2 Single-Family Homes +					
11	R1-B	N/A	Burnside Neighbourhood	vacant lot	22,800	\$1,273,401	\$983,160	yes	\$12
21	R3-A1	1.0 to 1.2	Fairfield Neighbourhood	2 Single-family Homes	12,540	\$1,676,981	\$1,486,920	yes	\$14
			North Park	0		* 0.050.500	¢4 740 000		
8	M-2	3.0	Neighbourhood	2 storey warehouse bldg	24,120	\$2,653,508	\$1,740,000	yes	\$36
			Jubilee Neighbourhood						
23	R3-A2	1.0 to 1.2	(adjacent to Rockland)	Vacant Site	11,742	\$1,601,120	\$1,150,000	yes	\$36

Exhibit 5: Urban Residential Sites (OCP Density = 2.0 FSR)

Exhibit 6: Small Urban Village Sites (OCP Density = 2.0 FSR)

									CAC per square
		FSR				Estimated			foot of additional
		Permitted				Rezoned Value		Financially	floorspace over
Case		Under			Total	at Maximum	Estimated	Attractive for	Base OCP
Study		Existing		Existing Land-Use /	Assembled	OCP Density (2.0	Existing	Redevelopment	Density at 75% of
Site	Zoning	Zoning	Neighbourhood	Improvements	Site Size (sf)	FSR)	Value*	(with no CAC)	Increased Value
			Jubilee Neighbourhood -						
6	CR-3	1.0	adjacent to Gonzales	1-storey retail building	13,334	\$1,385,969	\$1,555,000	no	zero



Exhibit 7: Large Urban Village Sites (OCP Density = 2.5 FSR)

Case Study		FSR Permitted Under Existing		Existing Land-Use /	Total	Estimated Rezoned Value at Maximum OCP Density (2.0	Estimated		
Site	Zoning	0		v	Site Size (sf)		Value*	(with no CAC)	Increased Value
17	R3-2	1.2 to 1.6	Jubilee Neighbourhood	1 Rental Apartment Building	28,800	\$3,802,083	\$4,745,000	no	zero
4	C1-QV	1.4	Hillside-Quadra Neighbourhood	1-storey retail building	13,400	\$1,004,351	\$1,368,000	no	zero
24	R3-A2	1.0 to 1.2	Fairfield Neighbourhood	Buildings	19,050	\$3,432,662	\$3,509,000	no	zero
7	CR-4	1.6	Fernwood Neighbourhood (adjacent to North Park)	1-storey retail building	8,891	\$899,805	\$839,600	yes	\$5
2	C1-S	1.4	James Bay Neighbourhood	Retail building	12,947	\$1,848,813	\$1,757,900	yes	\$5
5	CR-3M	1.0	Fairfield Neighbourhood (Cook Street Village)	1-storey retail building	34,872	\$6,605,737	\$4,311,300	yes	\$49

Exhibit 8: Town Centre Sites (OCP Density = 3.0 FSR)

									CAC per square
		FSR				Estimated			foot of additional
		Permitted				Rezoned Value		Financially	floorspace over
Case		Under			Total	at Maxim um	Estimated	Attractive for	Base OCP
Study		Existing		Existing Land-Use /	Assembled	OCP Density (2.0	Existing	Redevelopment	Density at 75% of
Site	Zoning	Zoning	Neighbourhood	Improvements	Site Size (sf)	FSR)	Value*	(with no CAC)	Increased Value
			Oaklands						
1	C-1	1.4	Neighbourhood	Retail building	29,696	\$2,825,681	\$4,798,000	no	zero
3	C1-N	1.4	Burnside Neighbourhood	Retail pad	29,503	\$2,286,673	\$3,017,000	no	zero
25	T-1	1.2	Burnside Neighbourhood	Motel	36,720	\$2,960,900	\$3,100,000	no	zero



9.5 Financial Analysis

This section contains the detailed financial analysis that we completed for the case study sites. We included the analysis for the nine sites that were determined to be financially attractive for rezoning and redevelopment as these sites are able to support a CAC. The sites are listed in numeric order.

We have not included the sites that are not yet financially viable for rezoning and redevelopment and do not yet support a CAC.

Site 2

Site 2 is located in the James Bay neighbourhood. It is a 12,947 square foot site improved with an older 10,000 square foot single storey commercial building. The site is zoned C1-S allowing commercial or mixeduse development at a maximum density of 1.4 FSR. It is designated Large Urban Village allowing commercial or mixed-use development at a maximum density of 2.5 FSR, with a base density of 1.5 FSR.

Existing Value

To estimate the existing value, we considered four different indicators:

- 1. The existing assessed value is \$1,757,900.
- Based on our estimate of the potential rent that can be generated by the existing building, we estimate that the value of the property as an income-producing investment property is about \$1,700,000 (similar to the assessment).
- 3. Based on our land residual analysis (proforma analysis), the property has a market value of about \$700,000 to \$800,000 as a development site under existing zoning at 1.4 FSR, which is less than the income-producing value, indicating the site is not attractive for redevelopment under existing zoning.
- 4. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$800,000 if rezoned to the base OCP density of 1.5 FSR.

The existing value for our analysis is the highest of these indicators, or \$1,757,900.

Estimated Land Value at Maximum OCP Density of 2.5 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.5 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$1,850,000.





Site 2 - Estimated Supportable Land Value at 2.5 FSR

Major Assumptions (shading indicates figures that are inputs; u	inshaded cells	are formulas)				
Site and Building Size						
Site Size	12,947	sq.ft.				
	108	feet of frontage				
Total Assumed Density	2.50	FAR				
Total Gross floorspace	32,368	sq.ft.				
Commercial floorspace	4,531					
Market Strata Residential floorspace	-	gross square feet				
· · · · · · · · · · · · · · · · · · ·			050/	of groop of		
Net saleable space		sq.ft. or	60%	of gross a	iea	
Average Gross unit size		sq.ft. gross				
Average Net unit size		sq.ft.				
Number of units	28	units or				
Total Market Strata Unit Parking Stalls (including visitors)	34	stalls or	1.2	per unit		
Total Commercial Parking Stalls	11	stalls or 1 per	37.5	square me	etres	
Total Parking Stalls	45	stalls				
Underground/structured parking stalls provided		stalls	17,100	square fee	et	
Surface parking stalls		stalls				
Strata Revenue and Value						
Average Sales Price Per Sq. Ft.	\$490	per sq.ft. of net saleable resident	tial space			
Commercial Revenue and Value						
verage Retail Lease Rate for Retail Space	\$25.00	per sq. ft. net for shell space, no	TI's			
Capitalization Rate for Retail Space	6.50%					
/alue of Retail Space on Lease Up		per sq. ft. of leasable area, with	5.00%	allowance	for vacancy	
Pre-Construction Costs Allowance for Rezoning Costs	\$100,000					_
	φ100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$30,000)				
Other Costs 1	\$0					
Other Costs 2	\$0					
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$82,235	or	\$2,500	per metre	of frontage	
Connection fees	\$50,000					
lard Construction Costs						
Market Strata Residential Area	\$150	per gross sq.ft. of residential are	а			
Commercial Area	\$175					
Cost Per Underground Parking Stall		per underground/structured parki	ng stall			
Cost Per Surface Parking Stall		per at grade stall	3			
Overall Costs Per Square Foot		per gross sq.ft.				
Hard Cost Used in Analysis	\$202					
andscaping	\$64,735		\$10	per sa ft	on 50% of site	
Soft costs/professional fees (excluding management)		of above	\$10	por oquu e		
Project Management		of above				
Car Share Costs	\$0					
Post Construction Holding Costs		per unit on average of	25%	of units		6 months
Contingency on hard and soft costs		of hard and soft costs	2070			
ocal Government Levies						
Regional Levy - Apartment	\$0,00	per market unit				
Regional Levy - Commercial		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs		per sq.ft. of floorspace				
inancing Assumptions						
inancing rate on construction costs	6.0%	on 50% of costs, assuming a			truction period	
		and a total loan of	100%	on costs		
Financing fees	1.00%	of financed costruction costs				
inancing on Land Acquisition	6.0%	during construction on		100%	of land cost	
larketing and Commissions						
Commissions/sales costs on residential	3.0%	of gross strata market residentia	l revenue			
Commissions on commercial sale		of commercial value				
Aarketing on residential	2.0%	of gross strata market residentia	l revenue			
easing commissions on commercial		of Year 1 income				
Aarketing on commercial	\$0					
Property Taxes						_
ax Rate (res)	0.719%	of assessed value				
Fax Rate (comm)		of assessed value				
Current assessment (Year 1 of analysis)	\$1,757,900					
Assumed assessment after 1 year of construction (Year 2 of analysis)		(50% of completed project value)				
Allowance for Developer's Profit	13.0%	of gross revenue, or	15.0%	of total cos	ete	



Site 2 - Estimated Supportable Land Value at 2.5 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$11,593,715	
Less commissions and sales costs	\$347,811	
Net residential sales revenue	\$11,245,903	
Commercial Value	\$1,655,722	
Commission on Commercial Sale	\$33,114	
Net commercial value	\$1,622,608	
Total Value Net of Commissions	\$12,868,511	
	··	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$30,000	
Other Costs 1	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$82,235	
Connection fees	\$50,000	
Hard construction costs	\$6,543,411	
Landscaping	\$64,735	
Soft costs	\$677,038	
Project Management	\$150,948	
Residential Marketing	\$231,874	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$19,259	
Post Construction Holding Costs	\$14,700	
Car Share	\$0	
Contingency on hard and soft costs	\$398,210	
Regional Lew - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$92,707	
DCCs - commercial	\$9,758	
Less property tax allowance during development	\$26,449	
Construction financing	\$382,110	
Financing fees/costs	\$88,734	
Total Project Costs Before Land Related		
	\$8,962,168	
Allowance for Developer's Profit	\$1,727,727	
Residual to Land and Land Carry	\$2,178,617	
Less financing on land during construction and approvals	\$294,113	
Less property purchase tax	\$35,690	
Residual Land Value	\$1,848,813	
Residual Value per sq.ft. buildable	\$57.12	
Residual Value per sq.ft. of site	\$142.80	

Fixed Rate CAC Calculation Site 2

As shown in the following exhibit, this case study site supports an estimated CAC of about \$5 per square foot of additional permitted floorspace over the base OCP density of 1.5 FSR.

CAC Analysis	
Estimated Rezoned Value	\$1,848,813
Estimated Base Value	\$1,757,900
Estimated Increase in Value for CAC Analysis	\$90,913
CAC at 75% of Increased Value	\$68,185
Floorspace at Base OCP Density	19,421
Assumed Floorspace Approved	32,368
Increase in Floorspace over Base Density	12,947
CAC per square foot of additional floorspace over base	\$5.27

Site 5

Site 5 is located in the Fairfield neighbourhood (in Cook Street Village). It is a 34,872 square foot site improved with an older 17,000 commercial building. The site is zoned CR-3M allowing commercial or mixed-use development at a maximum density of 1.0 FSR. It is designated Large Urban Village allowing commercial or mixed-use development at a maximum density of 2.5 FSR, with a base density of 1.5 FSR.

Existing Value

To estimate the existing value, we considered four different indicators:

- 1. The existing assessed value is \$4,311,300.
- 2. Based on our estimate of the potential rent that can be generated by the existing building, we estimate that the value of the property as an income-producing investment property is about \$4,300,000, similar to the existing assessment.
- 3. Based on our land residual analysis (proforma analysis), the property has a market value of about \$2.2 million as a development site under existing zoning at 1.0 FSR which is less than the value under existing use so the site is not attractive for redevelopment under existing zoning.
- 4. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$3.7 million if rezoned to the base OCP density of 1.5 FSR.

The existing value for our analysis is the highest of these indicators, or \$4,311,300.

Estimated Land Value at Maximum OCP Density of 2.5 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.5 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$6,600,000.



Site 5 - Estimated Supportable Land Value at 2.5 FSR

Site and Building Size Site Size Total Assumed Density Total Gross floorspace Commercial floorspace Market Strata Residential floorspace Net saleable space	2.50 87,180	feet of frontage FAR				
Total Assumed Density Total Gross floorspace Commercial floorspace Market Strata Residential floorspace	291 2.50 87,180	feet of frontage FAR				
Total Gross floorspace Commercial floorspace Market Strata Residential floorspace	291 2.50 87,180	feet of frontage FAR				
Total Gross floorspace Commercial floorspace Market Strata Residential floorspace	2.50 87,180	FAR				
Total Gross floorspace Commercial floorspace Market Strata Residential floorspace	87,180					
Commercial floorspace Market Strata Residential floorspace		sa ft				
Market Strata Residential floorspace	40.005					-
· · · · · · · · · · · · · · · · · · ·	12,205					_
Net saleable space		gross square feet				_
	63,729	sq.ft. or	85%	of gross a	rea	_
Average Gross unit size	1,000	sq.ft. gross				
Average Net unit size	850	sq.ft.				
Number of units		units or				
Total Market Strata Unit Parking Stalls (including visitors)		stalls or	1 2	per unit		
						-
Total Commercial Parking Stalls		stalls or 1 per	37.5	square me	etres	
Total Parking Stalls		stalls				
Underground/structured parking stalls provided	120	stalls	45,600	square fee)t	
Surface parking stalls	0	stalls				
Strata Revenue and Value Average Sales Price Per Sq. Ft.	\$490	per sq.ft. of net saleable resident	tial snace			
	φ+00	per sq.it. of het saleable resident	liai space			
Commercial Revenue and Value	A05.55		T U-			
Average Retail Lease Rate for Retail Space		per sq. ft. net for shell space, no	ll'S			
Capitalization Rate for Retail Space	6.50%					
/alue of Retail Space on Lease Up	\$512	per sq. ft. of leasable area, with	5.00%	allowance	for vacancy	
Pre-Construction Costs						
Allowance for Rezoning Costs	\$100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$15,000					
Other Costs 1	\$0					
Other Costs 2	\$0					
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$221,494		\$2,500	per metre	of frontage	
Connection fees	\$50,000		• /		, i i i i i i i i i i i i i i i i i i i	
Hard Construction Costs		/				
Market Strata Residential Area	\$150	per gross sq.ft. of residential area	a			
Commercial Area	\$175		ŭ			
Cost Per Underground Parking Stall		per underground/structured parki	ing stall			
Cost Per Surface Parking Stall			ng stall			
		per at grade stall				
Overall Costs Per Square Foot		per gross sq.ft.				
lard Cost Used in Analysis	\$202		* 40		500/ / 1	
andscaping	\$174,360		\$10	per sq.π. c	on 50% of site	
Soft costs/professional fees (excluding management)		of above				
Project Management		of above				
Car Share Costs	\$0					
Post Construction Holding Costs		per unit on average of	25%	of units		6 months
Contingency on hard and soft costs	5.0%	of hard and soft costs				
ocal Government Levies						
Regional Levy - Apartment	\$0.00	per market unit				
Regional Levy - Commercial	\$0.00	per sq.ft. of floorspace				
Residential DCCs	\$3.33	per sq.ft. of floorspace				
Commercial DCCs	\$2.15	per sq.ft. of floorspace				
inancing Assumptions						
inancing rate on construction costs	6.0%	on 50% of costs, assuming a			truction period	
		and a total loan of	100%	on costs		
Financing fees	1.00%	of financed costruction costs				
inancing on Land Acquisition	6.0%	during construction on		100%	of land cost	
larketing and Commissions						
Commissions/sales costs on residential		of gross strata market residentia	l revenue			
Commissions on commercial sale	2.0%	of commercial value				
Aarketing on residential	2.0%	of gross strata market residentia	l revenue			
easing commissions on commercial		of Year 1 income				
Marketing on commercial	\$0					
Proporty Taxaa						
	0 719%	of assessed value				
	0.11070					
Fax Rate (res)		of assessed value				
Property Taxes Fax Rate (res) Fax Rate (comm) Jurrent assessment (Year 1 of analysis)						
īax Rate (res) īax Rate (comm)	2.254% \$4,311,300)			


Site 5 - Estimated Supportable Land Value at 2.5 FSR (continued)

AA (AAA)	
\$36,408,755	
\$100,000	
\$15,000	
\$0	
+ ·	
· · ·	
+ ·	
<i> </i>	
\$4,886,145	
\$7,790,182	
\$1,051,675	
\$132,770	
\$6,605,737	
\$75.77	
	\$0 \$0 \$0 \$221,494 \$50,000 \$17,582,130 \$174,360 \$174,360 \$1,804,298 \$398,946 \$624,540 \$0 \$72,621 \$39,375 \$0 \$1,054,138 \$0 \$1,054,138 \$0 \$1,054,138 \$0 \$2,6283 \$72,716 \$1,011,852 \$23,975 \$23,732,429 \$23,732,429 \$4,886,145 \$1,051,675 \$132,770

Fixed Rate CAC Calculation Site 5

As shown in the following exhibit, this case study site supports an estimated CAC of about \$49 per square foot of additional permitted floorspace over the base OCP density of 1.5 FSR.

CAC Analysis	
Estimated Rezoned Value	\$6,605,737
Estimated Base Value	\$4,311,300
Estimated Increase in Value for CAC Analysis	\$2,294,437
CAC at 75% of Increased Value	\$1,720,828
Floorspace at Base OCP Density	52,308
Assumed Floorspace Approved	87,180
Increase in Floorspace over Base Density	34,872
CAC per square foot of additional floorspace over base	\$49.35

Site 7

Site 7 is located in the Fernwood neighbourhood. It is an 8,891 square foot site improved with an older 3,000 square foot single storey retail building. The site is zoned CR-4 allowing commercial or mixed-use development at a maximum density of 1.6 FSR. It is designated Large Urban Village allowing commercial or mixed-use development at a maximum density of 2.5 FSR, with a base density of 1.5 FSR.

Existing Value

To estimate the existing value, we considered four different indicators:

- 1. The existing assessed value is \$839,600.
- 2. Based on our estimate of the potential rent that can be generated by the existing building, we estimate that the value of the property as an income-producing investment property is \$836,000, similar to the existing assessment.
- 3. Based on our land residual analysis (proforma analysis), the property has a market value of about \$500,000 as a development site under existing zoning at 1.6 FSR, which is less than the value under existing use so this site is not attractive for redevelopment under existing zoning.
- 4. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$300,000 if rezoned to the base OCP density of 1.5 FSR.

The existing value for our analysis is the highest of these indicators, or \$839,600.

Estimated Land Value at Maximum OCP Density of 2.5 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.5 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$900,000.





Site 7 - Estimated Supportable Land Value at 2.5 FSR

Major Assumptions (shading indicates figures that are inputs; u	nshaueu cens	are iorniulas)				
Site and Building Size						
Site Size	8,891					_
	74	feet of frontage				
Fotal Assumed Density	2.50	FAR				
Total Gross floorspace	22,228	sa.ft.				
Commercial floorspace	3,112					
Market Strata Residential floorspace		gross square feet				
Net saleable space	16,248	sq.ft. or	85%	of gross a	rea	
Average Gross unit size	1,006	sq.ft. gross				
Average Net unit size	855	sq.ft.				
Number of units		units or				
			4.0			-
Total Market Strata Unit Parking Stalls (including visitors)		stalls or		per unit		
Total Commercial Parking Stalls	8	stalls or 1 per	37.5	square me	etres	
Total Parking Stalls	31	stalls				
Underground/structured parking stalls provided	31	stalls	11.780	square fee	ət	
Surface parking stalls	0	stalls				
Strata Revenue and Value						
Average Sales Price Per Sq. Ft.	\$425	per sq.ft. of net saleable residen	tial space			
Commercial Revenue and Value						
Average Retail Lease Rate for Retail Space	\$25.00	per sq. ft. net for shell space, no	o Tl's			
Capitalization Rate for Retail Space	6.50%					
Value of Retail Space on Lease Up		per sq. ft. of leasable area, with	5 00%	allowance	for vacancy	1
varue or notall opace on Lease op	φ 3 00	איז	5.00%	anowance	ior vacancy	
Pre-Construction Costs	¢400.000					
Allowance for Rezoning Costs	\$100,000					
Construction Costs						1
Allowance for Demolition of Existing Buildings	\$15,000					
Other Costs 1	\$0					
Other Costs 2	\$0 \$0					
			¢0.500		- 1 (
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$56,472		\$2,500	per metre	of frontage	
Connection fees	\$50,000					_
Hard Construction Costs						
Market Strata Residential Area		per gross sq.ft. of residential are	a			
Commercial Area	\$175					
Cost Per Underground Parking Stall	\$35,000	per underground/structured park	ing stall			
Cost Per Surface Parking Stall	\$7,500	per at grade stall				
Overall Costs Per Square Foot	\$185	per gross sq.ft.				
Hard Cost Used in Analysis	\$185					
Landscaping	\$44,455	or	\$10	per sa.ft.	on 50% of site	
Soft costs/professional fees (excluding management)		of above		1 1 -		
Project Management		of above				
Car Share Costs	\$0					
			050/	of units		0
Post Construction Holding Costs		per unit on average of	23%	of units		6 month
Contingency on hard and soft costs	5.0%	of hard and soft costs				
Local Government Levies	¢0.00	por market unit				
Regional Levy - Apartment		per market unit				+
Regional Levy - Commercial		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs	\$2.15	per sq.ft. of floorspace				
Financing Assumptions						
Financing rate on construction costs	6.0%	on 50% of costs, assuming a and a total loan of		year cons on costs	truction period	
Financing fees	1.000/	of financed costruction costs	100%	011 00313		
Financing lees		during construction on		100%	of land cost	
Marketing and Commissions						
Commissions/sales costs on residential	2.00/	of gross strata market regidentia				1
		of gross strata market residentia	arrevenue			+
Commissions on commercial sale		of commercial value	1			
Marketing on residential		of gross strata market residentia	ai revenue			
_easing commissions on commercial		of Year 1 income				
	\$0					
vlarketing on commercial						
Marketing on commercial Property Taxes Tax Rate (res)	0.719%	of assessed value				
Property Taxes Tax Rate (res)						_
Property Taxes Tax Rate (res) Tax Rate (comm)	2.254%	of assessed value				
Property Taxes Tax Rate (res) Tax Rate (comm) Current assessment (Year 1 of analysis)	2.254% \$839,600	of assessed value)			
Property Taxes Tax Rate (res) Tax Rate (comm)	2.254% \$839,600	of assessed value)			



Site 7 - Estimated Supportable Land Value at 2.5 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$6,905,529	
Less commissions and sales costs		
	\$207,166	
Net residential sales revenue	\$6,698,363	
Commercial Value	\$1,137,022	
Commission on Commercial Sale	\$22,740	
Net commercial value	\$1,114,282	
Total Value Net of Commissions	\$7,812,644	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$15,000	
Other Costs 1	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$56,472	
Connection fees	\$50,000	
Hard construction costs	\$4,114,608	
Landscaping	\$44,455	
Soft costs	\$428,054	
Project Management	\$96,172	
Residential Marketing	\$138,111	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$13,225	
Post Construction Holding Costs	\$9.975	
Car Share	\$0	
Contingency on hard and soft costs	\$253,304	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$63,664	
DCCs - commercial		
	\$6,701	
Less property tax allowance during development	\$15,337	
Construction financing	\$243,228	
Financing fees/costs	\$56,483	
Total Project Costs Before Land Related	\$5,704,789	
Allowance for Developer's Profit	\$1,048,749	
Residual to Land and Land Carry	\$1,059,107	
Less financing on land during construction and approvals	\$142,979	
Less property purchase tax	\$16,323	
Residual Land Value	\$899,805	
Residual Value per sq.ft. buildable	\$40.48	
Residual Value per sq.ft. of site	\$101.20	

Fixed Rate CAC Calculation - Site 7

As shown in the following exhibit, this case study site supports an estimated CAC of about \$5 per square foot of additional permitted floorspace over the base OCP density of 1.5 FSR.

CAC Analysis	
Estimated Rezoned Value	\$899,805
Estimated Base Value	\$839,600
Estimated Increase in Value for CAC Analysis	\$60,205
CAC at 75% of Increased Value	\$45,154
Floorspace at Base OCP Density	13,337
Assumed Floorspace Approved	22,228
Increase in Floorspace over Base Density	8,891
CAC per square foot of additional floorspace over base	\$5.08

Site 8

Site 8 is located in the North Park neighbourhood. It is 24,120 square foot lot that is improved with an older industrial building. The site is zoned M-2 (industrial) and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered two different indicators:

- 1. The existing assessed value is \$1,740,000. Based on sales of similar industrial properties, the assessment is a good reflection of existing value.
- 2. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$1,400,000 as a development site at the base OCP density of 1.2 FSR.

The existing value is the highest of these three indicators, or \$1,740,000.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$2,653,000.



Site 8 - Estimated Supportable Land Value at 2.0 FSR

		of gross revenue, or		of total co		
Assumed assessment after 1 year of construction (Year 2 of analysis)	\$8,713,350	(50% of completed project value)				
Current assessment (Year 1 of analysis)	\$1,740,000					
Property Taxes	0.719%	of assessed value				_
	φ.					
Jarketing on commercial	17.0% \$0					
Aarketing on residential Leasing commissions on commercial	-	of gross strata market residentia of Year 1 income	i revenue			
Commissions on commercial sale		of commercial value				
Commissions/sales costs on residential		of gross strata market residentia	l revenue			
Marketing and Commissions						
Financing on Land Acquisition	6.0%	during construction on		100%	of land cost	
inancing fees		of financed costruction costs				
	0.078	and a total loan of		on costs	Laotion period	
Financing Assumptions	6.0%	on 50% of costs, assuming a	1 50	vear cons	truction period	
Commercial DCCs		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Regional Levy - Apartment Regional Levy - Commercial		per market unit per sq.ft. of floorspace				
Local Government Levies	0.00	n ar markat unit				_
Contingency on hard and soft costs		of hard and soft costs	2370	Si di iito		
Car Share Costs Post Construction Holding Costs	\$0 \$350	per unit on average of	25%	of units		6 month
Project Management Car Share Costs	_	of above				
Soft costs/professional fees (excluding management)	-	of above				
andscaping	\$120,600		\$10	per sq.ft.	on 50% of site	
Hard Cost Used in Analysis	\$172					
Overall Costs Per Square Foot		per gross sq.ft.				_
Cost Per Underground Parking Stall Cost Per Surface Parking Stall		per underground/structured parki per at grade stall	ng sidli			
Commercial Area	\$175 \$35,000		na stall			
Market Strata Residential Area		per gross sq.ft. of residential are	a			-
Hard Construction Costs						
Connection fees	\$50,000		÷=,::00			
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$153,201		\$2,500	per metre	of frontage	
Differ Costs 1	\$0 \$0					
Allowance for Demolition of Existing Buildings	\$30,000 \$0					-
Construction Costs Allowance for Demolition of Existing Buildings	\$30,000					
Allowance for Rezoning Costs	\$100,000					
Pre-Construction Costs						
and or recall Space on Lease op	\$396	per sq. ft. of leasable area, with	5.00%	anowance	for vacancy	
Japitalization Rate for Retail Space			E 00%	allowance	for vocanov	
Capitalization Rate for Retail Space	\$25.00	per sq. ft. net for shell space, no	115			
Commercial Revenue and Value Average Retail Lease Rate for Retail Space	\$25.00	per sa ft net for shell space po	TI's			
Strata Revenue and Value Average Sales Price Per Sq. Ft.	\$425	per sq.ft. of net saleable resident	ial space			
Surface parking stalls		stalls	22,040	Square ier		
Underground/structured parking stalls provided		stalls	22 0/0	square fee	ı	
Total Parking Stalls		stalls or 1 per stalls	37.5	square m	51162	
Total Market Strata Unit Parking Stalls (including visitors) Total Commercial Parking Stalls		stalls or 1 per		per unit	otros	-
Number of units		units or stalls or	1.0	por unit		
Average Net unit size		sq.ft.				
Average Gross unit size		sq.ft. gross				
Net saleable space		sq.ft. or	85%	of gross a	irea	
Market Strata Residential floorspace		gross square feet				
Commercial floorspace	0					
Fotal Gross floorspace	48,240	sq.ft.				
Fotal Assumed Density	2.00	FAR				
		feet of frontage				
	24,120	sq.ft.				
Site and Building Size						



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Site 8 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$17,426,700	
Less commissions and sales costs	\$522,801	
Net residential sales revenue	\$16,903,899	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$0	
Total Value Net of Commissions	\$16,903,899	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings		
Other Costs 1	\$30,000	
	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$153,201	
Connection fees	\$50,000	
Hard construction costs	\$8,301,200	
Landscaping	\$120,600	
Soft costs	\$865,500	
Project Management	\$192,410	
Residential Marketing	\$348,534	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$25,200	
Contingency on hard and soft costs	\$508,072	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$160,662	
DCCs - commercial	\$0	
Less property tax allowance during development	\$43,831	
Construction financing	\$490,464	
Financing fees/costs	\$113,897	
Total Project Costs Before Land Related	\$11,503,572	
Allowance for Developer's Profit	\$2,272,442	
Residual to Land and Land Carry	\$3,127,885	
Less financing on land during construction and approvals	\$422,265	
Less property purchase tax	\$52,112	
Residual Land Value	\$2,653,508	
Residual Value per sq.ft. buildable	\$55.01	
Residual Value per sq.ft. of site	\$110.01	
noordaar value per ogni of one	φιιο.οι	

Fixed Rate CAC Calculation - Site 8

As shown in the following exhibit, this case study site supports an estimated CAC of about \$36 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$2,653,508
Estimated Base Value	\$1,740,000
Estimated Increase in Value for CAC Analysis	\$913,508
CAC at 75% of Increased Value	\$685,131
Floorspace at Base OCP Density	28,944
Assumed Floorspace Approved	48,240
Increase in Floorspace over Base Density	19,296
CAC per square foot of additional floorspace over base	\$35.51

Site 11

Site 11 is located in the Burnside neighbourhood. It is an assembly of two single family homes and a vacant lot totaling 22,800 square feet. The site is zoned R1-B allowing single family use and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered two different indicators:

- 1. The existing assessed value is \$819,300. Based on sales of similar older houses in the neighbourhood, the assessment is a good reflection of existing value.
- 2. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$600,000 as a development site at the base OCP density of 1.2 FSR.

The existing value is the highest of these three indicators, or \$819,300. Because these are single family homes, we include a 20% assembly cost allowance bringing the total existing value to \$983,160.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$1,273,000.



Site 11 - Estimated Supportable Land Value at 2.0 FSR

Major Assumptions (shading indicates figures that are inputs; Site and Building Size	unsnaded cells a	are ionnulasj				
Site Size	22,800	sa ft				
		feet of frontage				
Total Assumed Density		FAR				
· · · · · · · · · · · · · · · · · · ·						
Total Gross floorspace	45,600					
Commercial floorspace	0					_
Market Strata Residential floorspace		gross square feet				
Net saleable space		sq.ft. or	85%	of gross a	irea	
Average Gross unit size		sq.ft. gross				
Average Net unit size	861	sq.ft.				
Number of units	45	units or				
Total Market Strata Unit Parking Stalls (including visitors)	54	stalls or	1.2	per unit		
Total Commercial Parking Stalls	0	stalls or 1 per	37.5	square m	etres	
Total Parking Stalls	54	stalls				
Underground/structured parking stalls provided		stalls	20 520	square fe	et	
Surface parking stalls		stalls	20,020	oquaro io		
Strata Revenue and Value						
Average Sales Price Per Sq. Ft.	\$360	per sq.ft. of net saleable residen	tial space			
Commercial Revenue and Value			T 11-			
Average Retail Lease Rate for Retail Space		per sq. ft. net for shell space, no	II'S			
Capitalization Rate for Retail Space	6.00%					
/alue of Retail Space on Lease Up	\$396	per sq. ft. of leasable area, with	5.00%	allowance	for vacancy	
Pre-Construction Costs						
Allowance for Rezoning Costs	\$100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$30,000					
Other Costs 1	\$0					
Other Costs 2	\$0					
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$144,817		\$2,500	per metre	of frontage	
Connection fees	\$50,000				-	
Hard Construction Costs						
Market Strata Residential Area	\$120	per gross sq.ft. of residential are	а			
Commercial Area	\$175					
Cost Per Underground Parking Stall	\$35,000	per underground/structured parki	ing stall			
Cost Per Surface Parking Stall	\$7,500	per at grade stall				
Overall Costs Per Square Foot	\$161	per gross sq.ft.				
Hard Cost Used in Analysis	\$161					
Landscaping	\$114,000	or	\$10	per sq.ft.	on 50% of site	
Soft costs/professional fees (excluding management)	10.0%	of above				
Project Management	2.0%	of above				
Car Share Costs	\$0					
Post Construction Holding Costs		per unit on average of	25%	of units		6 months
Contingency on hard and soft costs	5.0%	of hard and soft costs				
Local Government Levies						
Regional Levy - Apartment		per market unit				
Regional Levy - Commercial		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs	\$2.15	per sq.ft. of floorspace				
Financing Assumptions						
Financing rate on construction costs	6.0%	on 50% of costs, assuming a		•	truction period	
		and a total loan of	100%	on costs		
Financing fees		of financed costruction costs				
Financing on Land Acquisition	6.0%	during construction on		100%	of land cost	_
Marketing and Commissions						
Commissions/sales costs on residential	-	of gross strata market residentia	l revenue			
Commissions on commercial sale		of commercial value				
Marketing on residential		of gross strata market residentia	l revenue			
Leasing commissions on commercial Marketing on commercial	17.0% \$0	of Year 1 income				
Property Taxes	0 719%	of assessed value				
Current assessment (Year 1 of analysis)	\$819,300					
Assumed assessment after 1 year of construction (Year 2 of analysis)		(50% of completed project value))			
						-



Site 11 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$13,953,600	
Less commissions and sales costs	\$418,608	
Net residential sales revenue	\$13,534,992	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$0	
Total Value Net of Commissions	\$13,534,992	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$30,000	
Other Costs 1	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$144,817	
Connection fees	\$50,000	
Hard construction costs	\$7,362,000	
Landscaping	\$114,000	
Soft costs	\$770,082	
Project Management	\$171,418	
Residential Marketing	\$279,072	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$23,625	
Contingency on hard and soft costs	\$451,069	
Regional Levy - Apartment	\$0	
Regional Lew - Commercial	\$0	
DCCs - residential	\$151,869	
DCCs - commercial	\$0	
Less property tax allowance during development	\$30,970	
Construction financing	\$435,551	
Financing fees/costs	\$101,145	
Total Project Costs Before Land Related	\$10,215,618	
Allowance for Developer's Profit	\$1,819,549	
Residual to Land and Land Carry	\$1,499,824	
Less financing on land during construction and approvals	\$202,476	
Less property purchase tax	\$23,947	
Residual Land Value	\$1,273,401	
Residual Value per sq.ft. buildable	\$27.93	
Residual Value per sq.ft. of site	\$55.85	

Fixed Rate CAC Calculation - Site 11

As shown in the following exhibit, this case study site supports an estimated CAC of about \$12 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$1,273,401
Estimated Base Value	\$983,160
Estimated Increase in Value for CAC Analysis	\$290,241
CAC at 75% of Increased Value	\$217,681
Floorspace at Base OCP Density	27,360
Assumed Floorspace Approved	45,600
Increase in Floorspace over Base Density	18,240
CAC per square foot of additional floorspace over base	\$11.93

Site 19

Site 19 is located in the Burnside neighbourhood. It is an assembly of four single family lots totaling 29,314 square feet. The site is zoned R3-2 allowing apartment development at a maximum density of 1.6 FSR and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered three different indicators:

- 1. The existing assessed value is \$1,551,000. Based on sales of similar older houses in the neighbourhood, the assessment is a good reflection of existing value.
- 2. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$1,000,000 as a development site at the base OCP density of 1.2 FSR.
- Based on our land residual analysis (proforma analysis), the property would have a market value of about \$1,400,000 as a development site under existing zoning at 1.6 FSR, which is slightly lower than its value under existing use so this site is not yet attractive for redevelopment under existing zoning.

The existing value is the highest of these three indicators, or \$1,551,000. Because these are single family homes, we include a 20% assembly cost allowance bringing the total existing value to \$1,861,200.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$2,110,000.



Site 19 - Estimated Supportable Land Value at 2.0 FSR

Site and Building Size	nshaded cells a					
Site Size	20.214	og #				
Sile Size	29,314					
		feet of frontage				
otal Assumed Density		FAR				
Total Gross floorspace	58,628	sq.ft.				
Commercial floorspace	0					
Market Strata Residential floorspace	58.628	gross square feet				
Net saleable space		sq.ft. or	85%	of gross a	rea	
· · · · · · · · · · · · · · · · · · ·			0578	u giuss a	ica	
Average Gross unit size		sq.ft. gross				
Average Net unit size	845	sq.ft.				
Number of units	59	units or				
Total Market Strata Unit Parking Stalls (including visitors)	71	stalls or	1.2	per unit		
Total Commercial Parking Stalls		stalls or 1 per		square me	otros	
		stalls	57.5	Square me	2003	
Total Parking Stalls						
Underground/structured parking stalls provided	71	stalls	26,980	square fee	et	
Surface parking stalls	0	stalls				
Strata Revenue and Value						
Average Sales Price Per Sq. Ft.	\$375	per sq.ft. of net saleable residen	tial space			
Commercial Revenue and Value						
Average Retail Lease Rate for Retail Space	\$0.00	per sq. ft. net for shell space, no	o Tl's			
Capitalization Rate for Retail Space	6.50%					
			E 000/	ollowers -	for page 2	
/alue of Retail Space on Lease Up	\$0	per sq. ft. of leasable area, with	5.00%	allowance	for vacancy	
Pre-Construction Costs						
Allowance for Rezoning Costs	\$100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$60,000					
Other Costs 1	\$00,000					
Dther Costs 2	\$0					
			¢0.500		- 6 6	
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$186,738		\$2,500	per metre	of frontage	
Connection fees	\$50,000					
Hard Construction Costs						
Market Strata Residential Area		per gross sq.ft. of residential are	a			
Commercial Area	\$175					
Cost Per Underground Parking Stall	\$35,000	per underground/structured parki	ing stall			
Cost Per Surface Parking Stall	\$7,500	per at grade stall				
Overall Costs Per Square Foot		per gross sq.ft.				
Hard Cost Used in Analysis	\$162					
Landscaping	\$146,570	or	\$10	per sa.ft. o	on 50% of site	,
Soft costs/professional fees (excluding management)		of above	 	poroquire		
Project Management		of above				
Car Share Costs	\$0					
			250/	of units	6	month
Post Construction Holding Costs Contingency on hard and soft costs		per unit on average of of hard and soft costs	23%	orunits	0	monun
Local Government Levies		por morket unit				
Regional Lew - Apartment		per market unit				
Regional Levy - Commercial		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs	\$2.15	per sq.ft. of floorspace				
inancing Assumptions						
inancing rate on construction costs	6.0%	on 50% of costs, assuming a			truction period	ł
		and a total loan of	100%	on costs		
Financing fees	1.00%	of financed costruction costs				
Financing on Land Acquisition	6.0%	during construction on		100%	of land cost	
Marketing and Commissions						
Commissions/sales costs on residential	3.0%	of gross strata market residentia	al revenue			
Commissions on commercial sale		of commercial value				
Marketing on residential		of gross strata market residentia	al revenue			
Leasing commissions on commercial		of Year 1 income				
Marketing on commercial	\$0					
Marketing on commercial						
Property Taxes	0 710%	of assessed value				
Property Taxes Fax Rate (res)		of assessed value				
Property Taxes Fax Rate (res) Current assessment (Year 1 of analysis)	\$1,551,000)			
Property Taxes ax Rate (res)	\$1,551,000)			



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Site 19 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$18,687,675	
Less commissions and sales costs	\$560,630	
Net residential sales revenue	\$18,127,045	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$0	
Total Value Net of Commissions	\$18,127,045	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$60,000	
Other Costs 1	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$186,738	
Connection fees	\$50,000	
Hard construction costs	\$9,520,360	
Landscaping	\$146,570	
Soft costs	\$996,367	
Project Management	\$221,201	
Residential Marketing	\$373,754	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$30,975	
Contingency on hard and soft costs	\$582,749	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$195,259	
DCCs - commercial	\$0	
Less property tax allowance during development	\$44,739	
Construction financing	\$562,892	
Financing fees/costs	\$130,716	
Total Project Costs Before Land Related	\$13,202,319	
Allowance for Developer's Profit	\$2,436,873	
Residual to Land and Land Carry	\$2,487,853	
Less financing on land during construction and approvals	\$335,860	
Less property purchase tax	\$41,040	
Residual Land Value	\$2,110,953	
Residual Value per sq.ft. buildable	\$36.01	
Residual Value per sq.ft. of site	\$72.01	



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Fixed Rate CAC Calculation - Site 19

As shown in the following exhibit, this case study site supports an estimated CAC of about \$8 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$2,110,953
Estimated Base Value	\$1,861,200
Estimated Increase in Value for CAC Analysis	\$249,753
CAC at 75% of Increased Value	\$187,315
Floorspace at Base OCP Density	35,177
Assumed Floorspace Approved	58,628
Increase in Floorspace over Base Density	23,451
CAC per square foot of additional floorspace over base	\$7.99

Site 21

Site 21 is located in the Fairfield neighbourhood. It is an assembly of two single family lots totaling 12,540 square feet. The site is zoned R3-A1 allowing apartment development at a maximum density of 1.2 FSR and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered three different indicators:

- 1. The existing assessed value is \$1,239,100. Based on sales of similar older houses in the neighbourhood, the assessment is a good reflection of existing value.
- 2. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$900,000 as a development site at the base OCP density of 1.2 FSR.
- Based on our land residual analysis (proforma analysis), the property would have a market value of about \$900,000 as a development site under existing zoning at 1.2 FSR which is less than its value under existing use, so this site is not yet financially attractive for redevelopment under existing zoning.

The existing value is the highest of these three indicators, or \$1,239,100. Because these are single family homes, we include a 20% assembly cost allowance bringing the total existing value to \$1,486,920.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$1,676,000.



Site 21 - Estimated Supportable Land Value at 2.0 FSR

Major Assumptions (shading indicates figures that are inputs;	unshaded cells	s are formulas)				
Site and Building Size	10 5 10					_
Site Size	12,540					
		feet of frontage				_
otal Assumed Density		FAR				
otal Gross floorspace	25,080	sq.ft.				
Commercial floorspace	0					
Market Strata Residential floorspace	25,080	gross square feet				
Net saleable space	21.318	sq.ft. or	85%	of gross a	rea	
Average Gross unit size		sq.ft. gross		J. J. T. T. T.		
Average Net unit size		sq.ft.				
Number of units		units or				
						-
Total Market Strata Unit Parking Stalls (including visitors)		stalls or		per unit		_
Total Commercial Parking Stalls		stalls or 1 per	37.5	square me	etres	_
Total Parking Stalls	31	stalls				_
Underground/structured parking stalls provided	31	stalls	11,780	square fee	et	
Surface parking stalls	0	stalls				
Strata Revenue and Value						
Average Sales Price Per Sq. Ft.	\$490	per sq.ft. of net saleable resident	tial space			
Commercial Revenue and Value						
Verage Retail Lease Rate for Retail Space		per sq. ft. net for shell space, no	Tl's			1
Capitalization Rate for Retail Space	6.00%					
/alue of Retail Space on Lease Up	\$396	per sq. ft. of leasable area, with	5.00%	allowance	for vacancy	
Pre-Construction Costs						
Allowance for Rezoning Costs	\$100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$30,000					
Dther Costs 1	\$0,000					
Other Costs 1	\$0 \$0					-
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$91,463		\$2 500	nor motro	of frontage	_
Connection fees	\$91,463		φ2,300	Por metre	or normage	-
Hard Construction Costs	\$50,000					-
Market Strata Residential Area	\$150	por gross so ft of residential are	2			
	\$150	per gross sq.ft. of residential are	а			
Commercial Area		per underground/structured parki	na otoli			
Cost Per Underground Parking Stall Cost Per Surface Parking Stall			ny stali			_
		per at grade stall				
Overall Costs Per Square Foot		per gross sq.ft.				
Hard Cost Used in Analysis	\$193		¢40			_
andscaping	\$62,700		\$10	per sq.ft.	on 50% of site	_
Soft costs/professional fees (excluding management)	-	of above				
Project Management		of above				
Car Share Costs	\$0					-
Post Construction Holding Costs		per unit on average of	25%	of units		6 months
Contingency on hard and soft costs	5.0%	of hard and soft costs				
ocal Government Levies						
Regional Levy - Apartment	-	per market unit				
Regional Levy - Commercial		per sq.ft. of floorspace				_
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs	\$2.15	per sq.ft. of floorspace				
inancing Assumptions						
inancing rate on construction costs	6.0%	on 50% of costs, assuming a and a total loan of		year cons on costs	truction period	
-inancing fees	1 00%	of financed costruction costs	100%	011 00313		+
Financing on Land Acquisition		during construction on		100%	of land cost	
larketing and Commissions						
Commissions/sales costs on residential	3.0%	of gross strata market residentia	revenue			
Commissions on commercial sale		of commercial value				
Aarketing on residential		of gross strata market residentia	l revenue			
easing commissions on commercial		of Year 1 income				
Arketing on commercial	\$0					
Property Taxes						
Fax Rate (res)	0 719%	of assessed value				
Current assessment (Year 1 of analysis)	\$1,239,100					+
Assessment (real 1 of analysis) Assumed assessment after 1 year of construction (Year 2 of analysis)		(50% of completed project value))			



Site 21 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$10,445,820	
Less commissions and sales costs	\$313,375	
Net residential sales revenue	\$10,132,445	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$O	
Total Value Net of Commissions	\$10,132,445	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$30,000	
Other Costs 1	\$0	
Other Costs 2	\$O	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$91,463	
Connection fees	\$50,000	
Hard construction costs	\$4,847,000	
Landscaping	\$62,700	
Soft costs	\$508,116	
Project Management	\$113,786	
Residential Marketing	\$208,916	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$13,650	
Contingency on hard and soft costs	\$300,599	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$83,528	
DCCs - commercial	\$0	
Less property tax allowance during development	\$27,683	
Construction financing	\$289,685	
Financing fees/costs	\$67,271	
Total Project Costs Before Land Related	\$6,794,398	
	· · · · · · · · · · · · · · · · · · ·	
Allowance for Developer's Profit	\$1,362,135	
Residual to Land and Land Carry	\$1,975,912	
Less financing on land during construction and approvals	\$266,748	
Less property purchase tax	\$32,183	
Residual Land Value	\$1,676,981	
Residual Value per sq.ft. buildable	\$66.87	
Residual Value per sq.ft. of site	\$133.73	
residual value per sq.it. of site	\$133.73	



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Fixed Rate CAC Calculation - Site 21

As shown in the following exhibit, this case study site supports an estimated CAC of about \$14 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$1,676,981
Estimated Base Value	\$1,486,920
Estimated Increase in Value for CAC Analysis	\$190,061
CAC at 75% of Increased Value	\$142,546
Floorspace at Base OCP Density	15,048
Assumed Floorspace Approved	25,080
Increase in Floorspace over Base Density	10,032
CAC per square foot of additional floorspace over base	\$14.21

Site 23

Site 23 is located in the Jubilee neighbourhood. It is an 11,742 square foot vacant site. The site is zoned R3-A2 allowing apartment development at a maximum density of 1.2 FSR and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered four different indicators:

- 1. The existing assessed value is \$868,000.
- 2. The site recently sold for \$1,150,000.
- Based on our land residual analysis (proforma analysis), the property has a market value of about \$1,000,000 as a development site under existing zoning at 1.2 FSR. This site is attractive for redevelopment under existing zoning.
- 4. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$900,000 if rezoned to the base OCP density of 1.2 FSR.

The existing value for our analysis is the highest of these indicators, or \$1,150,000.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$1,600,000.



Site 23 - Estimated Supportable Land Value at 2.0 FSR

site and automing size is Size	Major Assumptions (shading indicates figures that are inputs;	; unsnaded cens	s are iorinulas)				_
Undatasumed Density 103.00 for def dromage Image: Second Ders and S	Site and Building Size	44 740	og ft				
Total Assemp Density 2.00 FAR Image: Second	Site Size						_
Total Constraint Sectionspace 23.444 price of the section of the sectin of the section of the section of the section of the s			-				
Commercial Horspace000<							
Market Strate Residential Incorpace 22.346 points square feet 0	Total Gross floorspace	23,484	sq.ft.				_
Natisfield 19.641 ord.t. or 88% of gross are 10 Areage Gross mill side 975 s.d. gross 10 10 10 Areage Gross mill side 925 s.d. gross 12 print 10 Areage Gross mill side 925 stalls or print 12 print 10 Total Marker Strata Like Parking Stalls (including visitors) 20 stalls or print 12 print 10 Total Parker Strata Like Parking Stalls (including visitors) 20 stalls or print 11,000 equare fet 10 Variage Stalls Price Print Stalls 0 stalls or print 11,000 equare fet 10 Strata Revenue and Value 2000 per sg. ft. of net staleable residentian space 10 10 Variage Stall Fried Fris Sg. Print 5000 per sg. ft. of net staleable residentian space 10 10 Commercial Revenue and Value 5000 per sg. ft. of net staleable residentian space 10 10 Variage Stall Fried Fried Sg. Print 5000 per sg. ft. of net staleable residentian space 10 10 Variage Stall Fried Fried Sg. Print 5000 per sg. ft. of net staleable residentian space 10 10 Variage Stall Fried Fried Sg. Print 5000 per sg. ft. of net staleable residentian space 10 10 Variage Stall Sg.	Commercial floorspace	0					
Average for unit size 979 sq. ft. gross and an extra for a factor of the size sq. ft. and an extra for a factor of the size sq. ft. and an extra for a factor of size sq. ft. and an extra for a factor of size sq. ft. and an extra for a factor of size sq. ft. and an extra for a factor of size sq. ft. and an extra factor of size sq. ft. and factor of sq. ft. and	Market Strata Residential floorspace	23,484	gross square feet				
Average A consumitize 979 stat. grass and a feel grass and a feel grass Number of units 24 units or 12 per unit and a feel grass Total Grommerial Parking Stalls (including visions) 29 stalls or 1 per 37,5 square metres and a feel grass Total Grommerial Parking Stalls 29 stalls 11,20 per unit and a feel grass Underground structured parking stalls provided 28 stalls 11,20 square feer and a feel grass Warage Stales Pirce Pir Sq. Ft. S400 per sq. ft. of net saleable residential space and a feel grass Commercial Revenue and Value S2500 per sq. ft. of net saleable residential space and a feel grass Commercial Revenue and Value S2500 per sq. ft. of leasable area; whith S.0000 Construction Cods S100000 S.0000 and a feel grass and a feel grass Number of the Revenue Sub State S100000 S.0000 and a feel grass and a feel grass Number Cots 1 S100000 S100000 S100000 and a feel grass and a feel grass Number Cots 2 S1000000 S100000 and a feel grass and a feel grass and feel grass <td< td=""><td>Net saleable space</td><td>19,961</td><td>sq.ft. or</td><td>85%</td><td>of gross a</td><td>rea</td><td></td></td<>	Net saleable space	19,961	sq.ft. or	85%	of gross a	rea	
Ameage And unit arise Number of units6822 sq.t.on<	Average Gross unit size	979	sa.ft. aross				
Number of units 24 units or 0 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Total Market Strata Uwit Parking Stalls (including visitors) 28 stalls or strata Parking Stalls 11,200 square left Total Parking Stalls 29 stalls or strata Parking Stalls 11,200 square left 11,200 square left Undergound Structured parking stalls provided 28 stalls 11,200 square left 11,200 square left Strata Revence and Value 55500 per sq.t. of net saleable residential space. 11,200 square left 11,200 square left Verage Stales Price Per Sq. Ft. 55500 per sq.t. of net saleable residential space. 1 1 Verage Stales Price Per Sq. Ft. 52500 per sq.t. net for shell space. 1 1 1 Verage Stales Price Per Sq. Ft. 5386 per sq.t. net for shell space. 1 1 1 Verage Stales Price Per Sq. Ft. 5386 per sq.t. net for shell space. 1 1 1 Verage Stales Price Per Sq. Ft. 5386 per sq.t. net for shell space. 1 1 1 Verage Stales Price Per Sq. Ft. 5386 per sq.t. net for shell space. 1 1 1 Verage Stales Price Per Sq. Ft. 5386 per sq.t. net for shell space. 1 1 1 1 1 1	5						
Total Commercial Parking Stalls 0 stalls or 1 per 37.5 square metres Underground'structured parking stalls provided 29 stalls 11.020 square metres Surface parking stalls 0 stalls 11.020 square feet Wrange Stalles Price Per Sq. FL Staffs 11.020 square feet 1 Surface parking stalls 0 stalls 11.020 square feet Surface parking stalls 0 stalls 11.020 square feet Surface parking stalls 0 stalls 11.020 square feet Surgare Stalles Price Per Sq. FL Staffs per sq. fL of ret salesbale resolution is square 10.000 Surface Costs Staffs Staffs Staffs 10.000 10.000 Costs Inter Costs Staffs Staffs Staffs 10.000 10.000 10.000 Staffs Staffs Staffs Staffs Staffs 10.000 10.000 10.000 10.000 10.000 10.000 10.0000 10.000 10.000							
Total Parking Stalls Description Description Description UndergoundWittenuted parking stalls provided 29 stalls 11.020 square feet 9 Strate parking stalls provided 29 stalls 11.020 square feet 9 Strate parking stalls provided 29 stalls 11.020 square feet 9 Strate Parking Stall 5400 per sq.ft. net for shell space, no TTS 1 Strate Revenue and Value 5300 per sq.ft. net for shell space, no TTS 1 1 Strate Revenue and Value 5300 per sq.ft. net for shell space, no TTS 1 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>_</td></t<>							_
Underground/structured parking stalls provided 28 stalls 11.020 square feet 11.020 square feet Strike parking stalls 0 stalls 11.020 square feet 1 10.020 1	· · · · · · · · · · · · · · · · · · ·			37.5	square me	etres	
Surface parking stalls 0 stalls	Total Parking Stalls	29	stalls				
Strata Revenue and Value St800 per sq.ft. of net saleable residential space Strata Revenue and Value St800 per sq.ft. of net saleable residential space Sommercial Revenue and Value St800 per sq.ft. net for shell space, no Tits Sommercial Revenue and Value St800 per sq.ft. net for shell space, no Tits Alle of Retail Space St800 per sq.ft. net for shell space, no Tits Viewons for Records St800,000 St800,000 Viewons for Records St800,000 St800,000 Onderson Costs St800,000 St800,000 St800,000 Onderson Costs St800,000 St800,000 St800,000 Diver Costs 1 St800,000 St80,000 St80,000 Diver Costs 2 St80 St80,000 St80,000 Cost Fer Underground Parking Stall St80,000 St80,000 St80,000 Cost Fer Underground Parking Stall St80,000 St80,000 St80,000 St80,000 Cost Fer Underground Parking Stall St80,000 St80,000 St80,000 St80,000 St80,000 St80,000 St80,000 St80,000<	Underground/structured parking stalls provided	29	stalls	11,020	square fee	et	
States Price Per Sq. FL \$490 per sq.ft. of net saleable residential space per sq.ft. of net saleable residential space Commercial Revenue and Value 525:00 per sq.ft. net for shell space, no Tis per sq.ft. net for shell space, no Tis Callaue of Retail Space 600% 5366 per sq.ft. net for shell space, no Tis per sq.ft. net for shell space, no Tis Value of Retail Space 600% 5366 per sq.ft. of leasable area, with 5.00% alloware for excancy Pre-Construction Costs 5100.000 5360 per sq.ft. of leasable area, with 5.00% alloware for two-cancy Diversor for Demolition of Existing Buildings 500 578.500 or 52.500 per meter of horage Construction Costs 500 578.500 or 52.500 per meter of horage Construction Costs 5100 per gross sq.ft. of residential area commercial area Construction Costs 5100 per drade stall 510 per sq.ft. or 50% of site Construction Costs 5100 per drade stall 510 per sq.ft. or 50% of site Construction Costs 5100 per sq.ft. of doose 510 per sq.ft. or 50% of site	Surface parking stalls	0	stalls				
Commercial Revenue and Value Image: State Pread Lease Rate for Retail Space State Pread Rate Rate Rate Rate Rate Rate Rate Rate		\$490	per so ft. of net saleable resident	tial snace			
warage Retail Lases Rate for Retail Space 522.00 per sq. ft. net for shell space, no Ts in in Capitalization Rate for Retail Space 600% 5399 per sq. ft. of leasable area, with 5.00% in in Pre-Construction Costs 500 500 in in in in Newrage Retail Lases Rate for Retail Space 500% stops in	Welage Sales Fille Fel Sq. H.	\$ 4 50	per sq.it. of het saleable residen	liai space			
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Regional Lewy - Commercial \$0.00 per sq.ft. of floorspace Image: Sq.ft. of flo	Regional Levy - Apartment	\$0.00	per market unit				
Residential DCCs \$3.33 per sq.ft. of floorspace Image: Sq.ft. of floorspace <td></td> <td>\$0.00</td> <td>per sq.ft. of floorspace</td> <td></td> <td></td> <td></td> <td></td>		\$0.00	per sq.ft. of floorspace				
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Financing rate on construction costs 6.0% on 50% of costs, assuming a and a total loan of and a total loan of on costs 100% on costs Image: construction period Image: construction costs Im	Commercial DCCs						
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Financing fees 1.00% of financed costruction costs Image: Cost of the cost							
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Commissions on commercial sale 2.0% of commercial value	Commissions/sales costs on residential	3.0%	of gross strata market residentia	l revenue			
Leasing commissions on commercial 17.0% of Year 1 income 17.0% of Assessed value 17							
Marketing on commercial \$0 6 6 6 Property Taxes 6 6 6 6 Tax Rate (res) 0.719% of assessed value 6 6 Current assessment (Year 1 of analysis) \$868,000 6 6 6	Marketing on residential	2.0%	of gross strata market residentia	l revenue			
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Tax Rate (res) 0.719% of assessed value Current assessment (Year 1 of analysis) \$868,000		\$0					
Current assessment (Year 1 of analysis) \$868,000	Property Taxes						
		0.719%	of assessed value				
Assumed assessment after 1 year of construction (Year 2 of analysis) \$4,890,543 (50% of completed project value)	Current assessment (Year 1 of analysis)	\$868,000					
	Assumed assessment after 1 year of construction (Year 2 of analysis)	\$4,890,543	(50% of completed project value)				



Site 23 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Revenue		
Gross Market Residential Sales Revenue	\$9,781,086	
Less commissions and sales costs	\$293,433	
Net residential sales revenue	\$9,487,653	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$0	
Total Value Net of Commissions	\$9,487,653	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$0	
Other Costs 1	\$0	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$78,506	
Connection fees	\$50,000	
Hard construction costs	\$4,537,600	
Landscaping	\$58,710	
Soft costs	\$472,482	
Project Management	\$105,946	
Residential Marketing	\$195,622	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$12,600	
Contingency on hard and soft costs	\$279,943	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$78,213	
DCCs - commercial	\$0	
Less property tax allowance during development	\$23,820	
Construction financing	\$269,705	
Financing fees/costs	\$62,631	
Total Project Costs Before Land Related	\$6,325,778	
Allowance for Developer's Profit	\$1,275,454	
Residual to Land and Land Carry	\$1,886,422	
Less financing on land during construction and approvals	\$254,667	
Less property purchase tax	\$30,635	
Residual Land Value	\$1,601,120	
Residual Value per sq.ft. buildable	\$68.18	
Residual Value per sq.ft. of site	\$136.36	



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Fixed Rate CAC Calculation - Site 23

As shown in the following exhibit, this case study site supports an estimated CAC of about \$36 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$1,601,120
Estimated Base Value	\$1,150,000
Estimated Increase in Value for CAC Analysis	\$451,120
CAC at 75% of Increased Value	\$338,340
Floorspace at Base OCP Density	14,090
Assumed Floorspace Approved	23,484
Increase in Floorspace over Base Density	9,394
CAC per square foot of additional floorspace over base	\$36.02

Site 26

Site 26 is 47,480 square foot property located in the Burnside neighbourhood that is improved with an older 55 room motel. The site is zoned T-1 and is designated Urban Residential allowing apartment development at a maximum density of 2.0 FSR.

Existing Value

To estimate the existing value, we considered three different indicators:

- 1. The existing assessed value is \$1,950,400.
- 2. Based on recent sales of older motel properties in Victoria, the value of the property as an operating motel is about \$50,000 per room, or \$2,750,000.
- 3. Based on our land residual analysis (proforma analysis), the property would have a market value of about \$1,486,000 as a development site at the base OCP density of 1.2 FSR.

The existing value is the highest of these three indicators, or \$2,750,000.

Estimated Land Value at Maximum OCP Density of 2.0 FSR

The following proforma shows our estimate of the site's value if rezoned and redeveloped at the maximum permitted OCP density of 2.0 FSR. As shown in the proforma, the estimated land value at the maximum OCP density is about \$2,889,000.



Site 26 - Estimated Supportable Land Value at 2.0 FSR

Major Assumptions (shading indicates figures that are inputs; u	unshaded cells	are formulas)				
Site and Building Size						
Site Size	47,480	sq.ft.				
	240.00	feet of frontage				
otal Assumed Density	2.00	FAR				
Total Gross floorspace	94,960	sq.ft.				
Commercial floorspace	0					
Market Strata Residential floorspace	-	gross square feet				
· · · · · · · · · · · · · · · · · · ·			050/	-4		
Net saleable space		sq.ft. or	85%	of gross a	irea	
Average Gross unit size	1,000	sq.ft. gross				
Average Net unit size	850	sq.ft.				
Number of units	95	units or				
Total Market Strata Unit Parking Stalls (including visitors)	114	stalls or	12	per unit		
Total Commercial Parking Stalls		stalls or 1 per		square m	otroo	
			37.5	square m	elles	
Total Parking Stalls		stalls				_
Underground/structured parking stalls provided	114	stalls	43,320	square fee	ət	
Surface parking stalls	0	stalls				
Strata Revenue and Value						
Verage Sales Price Per Sq. Ft.	\$360	per sq.ft. of net saleable resident	tial space			
Commercial Revenue and Value						
Average Retail Lease Rate for Retail Space	\$0.00	per sq. ft. net for shell space, no	TI's			
Capitalization Rate for Retail Space	6.00%					
/alue of Retail Space on Lease Up			0.009/	allowance	for vocency	
and on nerall share on rease oh	\$0	per sq. ft. of leasable area, with	0.00%	anowance	for vacancy	
Pre-Construction Costs						
Allowance for Rezoning Costs	\$100,000					
Construction Costs						
Allowance for Demolition of Existing Buildings	\$50,000					
Other Costs 1	\$0					
Other Costs 2	\$0					
Dn-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	\$182,927		\$2.500	per metre	of frontage	
Connection fees	\$50,000		+=,:::0			
lard Construction Costs						
Market Strata Residential Area	\$120	per gross sq.ft. of residential are	2			
Commercial Area	\$120		u			-
	-		na atol!			
Cost Per Underground Parking Stall		per underground/structured parki	ng stall			
Cost Per Surface Parking Stall		per at grade stall				
Overall Costs Per Square Foot		per gross sq.ft.				
lard Cost Used in Analysis	\$162					
andscaping	\$237,400		\$10	per sq.ft.	on 50% of site	
Soft costs/professional fees (excluding management)	10.0%	of above				
Project Management	2.0%	of above				
Car Share Costs	\$0					
Post Construction Holding Costs	\$350	per unit on average of	25%	of units		6 month
Contingency on hard and soft costs	5.0%	of hard and soft costs				
ocal Government Levies						
Regional Levy - Apartment	\$0.00	per market unit				
Regional Levy - Commercial		per sq.ft. of floorspace				
Residential DCCs		per sq.ft. of floorspace				
Commercial DCCs		per sq.ft. of floorspace				
inancing Assumptions inancing rate on construction costs	6.0%	on 50% of costs, assuming a	1.50	vear cons	truction period	_
	0.070	and a total loan of		on costs		
inancing fees	1 00%	of financed costruction costs				
Financing on Land Acquisition		during construction on		100%	of land cost	
larketing and Commissions						
commissions/sales costs on residential	2.09/	of gross strata market residentia				
			revenue			
Commissions on commercial sale		of commercial value	1			
Aarketing on residential		of gross strata market residentia	rievenue			
easing commissions on commercial Aarketing on commercial	17.0% \$0	of Year 1 income				_
Property Taxes	0.710%	of assessed value				
						+
Current assessment (Year 1 of analysis)	\$1,950,400	(50% of completed project value)	1			
ssumed assessment after 1 year of construction (Year 2 of analysis)						
Assumed assessment after 1 year of construction (Year 2 of analysis)	φ14,526,660					



Site 26 - Estimated Supportable Land Value at 2.0 FSR (continued)

Analysis		
Davanua		
Revenue	\$00.057.700	
Gross Market Residential Sales Revenue	\$29,057,760	
Less commissions and sales costs	\$871,733	
Net residential sales revenue	\$28,186,027	
Commercial Value	\$0	
Commission on Commercial Sale	\$0	
Net commercial value	\$0	
Total Value Net of Commissions	\$28,186,027	
Project Costs		
Allowance for Rezoning Costs	\$100,000	
Allowance for Demolition of Existing Buildings	\$50,000	
Other Costs 1	\$50,000	
Other Costs 2	\$0	
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$182,927	
Hard construction costs	\$50,000	
	\$15,385,200	
Landscaping	\$237,400	
Soft costs	\$1,590,553	
Project Management	\$351,922	
Residential Marketing	\$581,155	
Commercial Marketing	\$0	
Leasing commissions on commercial space	\$0	
Car Share	\$0	
Post Construction Holding Costs	\$49,875	
Contingency on hard and soft costs	\$926,458	
Regional Levy - Apartment	\$0	
Regional Levy - Commercial	\$0	
DCCs - residential	\$316,261	
DCCs - commercial	\$0	
Less property tax allowance during development	\$66,249	
Construction financing	\$894,960	
Financing fees/costs	\$207,830	
Total Project Costs Before Land Related	\$20,990,789	
Allowance for Developer's Profit	\$3,789,132	
Residual to Land and Land Carry	\$3,406,106	
Less financing on land during construction and approvals	\$459,824	
Less property purchase tax	\$56,926	
Residual Land Value	\$2,889,356	
Residual Value per sq.ft. buildable	\$30.43	
Residual Value per sq.ft. of site	\$60.85	
Nonual value per sulli or site	ψ00.05	



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Fixed Rate CAC Calculation - Site 26

As shown in the following exhibit, this case study site supports an estimated CAC of about \$3 per square foot of additional permitted floorspace over the base OCP density of 1.2 FSR.

CAC Analysis	
Estimated Rezoned Value	\$2,889,356
Estimated Base Value (\$50,000 per room)	\$2,750,000
Estimated Increase in Value for CAC Analysis	\$139,356
CAC at 75% of Increased Value	\$104,517
Floorspace at Base OCP Density	56,976
Assumed Floorspace Approved	94,960
Increase in Floorspace over Base Density	37,984
CAC per square foot of additional floorspace over base density	\$2.75



Proposed Density Bonus System for Victoria's Downtown Core Area Plan

June 2010

Prepared for: City of Victoria

By: Coriolis Consulting Corp.

Density Bonus Policy Study --J. Tinney, Director - Sustainab...

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Summary

Introduction

The City of Victoria is preparing a new Downtown Core Area Plan to guide land use, urban development, and public realm improvements in the centre of the City.

The planning process has identified locations in which there is potential to increase the density of new office and residential development. The approval of new density is an opportunity to make better use of density bonusing, a mechanism that can generate contributions toward the creation of new amenities and can assist the rehabilitation of heritage buildings.

The City developed a preliminary proposal for a new density bonusing framework for the Core Area and then engaged Coriolis Consulting Corp. to suggest refinements to the proposed system.

Density Bonusing

Zoning regulations define allowable uses, density, building height and other development parameters. In density bonusing, zoning defines a base or outright density that can be achieved without making an amenity contribution, but also defines additional density that can be achieved, at the developer's option, by providing a prescribed amenity contribution. This bonus density is normally developed on the site that provides the amenity contribution. In the case of heritage building rehabilitation, in which bonus density is provided to make the project financially viable, the density bonus is usually transferrable (i.e. sold to another development site) because it cannot be accommodated on the property that is occupied by the heritage building.

The economic rationale for density bonusing is that developers will be interested in obtaining additional density by making an amenity contribution because it gives them the opportunity to earn additional profit by developing a larger project.

Density bonusing can be looked at from the perspectives of all stakeholders in the urban development process:

- Consumers (e.g. people buying homes or renting space) benefit from increased supply.
- The community absorbs some impacts from densification, but also benefits from the creation of new amenities.
- Developers have an incentive to use bonus density, as they can acquire additional development entitlements by providing amenities, thereby increasing the total profit from a project.
- The City makes progress toward its goals of densification and neighbourhood improvement.

• Land sellers receive market value based on their existing zoning, but do not enjoy land value gains from the new density, because this land value gain is the basis for the amenity contribution.

For density bonusing to be effective, the following conditions must be true:

- The additional density should be sound in terms of planning, urban design, and engineering.
- Developers must perceive that the additional density is marketable, physically feasible, and financially attractive.
- The City, the community, and the developer must perceive that there is a reasonable balance between the extra density that is approved and the amenity contribution that is obtained.
- The City must be clear regarding the amenities it wants to achieve and the density it is willing to provide.
- Redevelopment sites must trade in the market based on their existing or base density, so that developers can afford to acquire sites and make an amenity contribution. If developers pay for land based on the increased density, they will have difficulty also making an appropriate amenity contribution.
- The system should be reasonably predictable, consistent, and easy to implement.

Heritage density bonusing works somewhat differently. In this case, the City grants additional density to help make heritage building rehabilitation financially viable. This additional density must be transferrable (i.e. able to be sold to the owner of a different development site), meaning that the City must approve the creation of the new density and approve the receiver sites that are eligible to accommodate the additional density.

Current Approach to Density Bonusing

The City currently uses an approach to density bonusing that was adopted in 1990 as part of the Downtown Victoria Plan. Based on experience with the existing system, there are some shortcomings:

- There is not a clearly defined amount of additional density that can be achieved. Density is approved on a case-by-case basis.
- There is not a clear relationship between the amenity that must be provided and the density that can be achieved. Each project is evaluated individually, so there has been a wide variety of amenity contributions and approved density increases.
- Many possible amenities are eligible for density bonusing, with no defined priorities.

The system could be improved by making it more predictable, more efficient, more consistently applied, and driven by a clear set of priorities for new amenities in the core.

Proposed Amenity Priorities

As part of the core area planning process, the City has proposed these priorities for new amenities: pedestrian network improvements, street beautification and public realm upgrading, public open space improvements, transit corridor improvements, completion of the harbour pathway, and heritage building rehabilitation. These are very good candidates for the use of a density bonus system.

Proposed Density Areas

The City has identified specific areas in which additional density can be obtained. These are shown in the drawing below.



Density Bonus Areas

The City has also identified areas in which it will be possible to absorb transferrable density created to assist heritage building rehabilitation. These are shown in the drawing below.



DENSITY BONUS SYSTEM FOR THE VICTORIA DOWNTOWN CORE AREA PLAN

There is some overlap between the areas in which density bonuses can be earned and the areas eligible for receiving transferrable heritage density.

Because of this overlap, there will be a need to carefully manage the interaction between density bonuses and transferrable heritage density.

We have reviewed the proposed locations for additional density and the proposed size of the achievable density increases and they are generally reasonable.

Potential for Amenity Contributions

We estimate that the City's proposed density bonus framework could generate on the order of \$2 million per year in amenity contributions and transferrable density bonuses. The allocation of this revenue between new amenities and heritage rehabilitation will depend on how the City designs the two components of the system.

Recommendations

Waterfront Sites

Waterfront sites are excluded from the City's designated density bonus areas. We agree with this decision because the rezoning and redevelopment of waterfront lands will require site-specific approaches to:

- Achieve on-site amenities such as public access along the harbour and public walkways.
- Deal with design so as to protect water views and waterfront access.
- Produce developments that live up to the outstanding potential of these lands.

Waterfront properties should provide amenity contributions, but these should be determined on a site-by-site basis.

Source Sites in Old Town for Transferrable Density Bonus

Heritage sites seeking transferrable heritage density bonus will have to be negotiated on a siteby-site basis, for these reasons:

- The size of the bonus cannot be determined in advance because the amount depends heavily on individual project economics.
- The bonus must be associated with a commitment (and an acceptable concept plan) for heritage restoration.

Therefore, each case will be individually negotiated.

This is not a problem, as the City already individually negotiates the provisions for property tax abatement, which requires the same kind of financial analysis that will be needed to calculate the appropriate heritage density bonus.

We suggest these refinements:

- The City should revisit its proposed cap of 3 FSR for transferrable density. Some buildings may require more bonus to be viable. If there is a cap for individual projects, it might be better to have a cap on total bonus square footage from any project rather than a cap on FSR.
- The policy should make it clear that a financial analysis must be provided in support of the application for transferrable bonus.
- The policy should make it clear that transferrable density can be used for any uses allowable at the receiver site but that in calculating the initial bonus amount the City will assume the use and value are based on the higher of residential or office land values at the time.
- The policy should require that density bonus is only available if the project has also obtained property tax abatement, to minimize the amount of the required bonus.

To implement this transferrable system, the City must:

- Clearly identify eligible receiver areas.
- Put in place a system to monitor and manage the creation and take-up of transferrable density and watch for any signs of over-supply (which would lead to a deflation in the value of transferable density).

- Create an education plan targeted at heritage property owners, property owners in the receiver areas, and developers.
- Maintain an easily-accessed record of who has transferrable density for sale.
- Establish the legal tools to create the transferrable density at a source site and then shift it to receiver sites.

Receiver Sites Outside of Areas A, B, and C

Receiver sites outside of Areas A, B, and C should be pre-zoned to allow them to "import" extra density.

These receiver sites need a base and maximum density defined in bylaws. Receiver sites should not be rezoned site-by-site because the marketability of the transferrable density would be impaired by rezoning risk.

The City may want to consider expanding this area, because the total amount of land outside A, B, and C is small. One way to expand the receiver areas without dramatic impact on receiver neighbourhoods is to change zoning in a larger area to allow a small increment in FSR (say 10%) without rezoning if the increment is for a heritage transfer.

Areas A, B, and C

We see three alternative zoning approaches to these areas:

- 1. Site-by-site. The City could rezone these properties individually on application. This means individual negotiations and continued rezoning risk, but the approach is still dramatically better than the current approach, because the base and bonus density (and height and use) will be established in the Plan, as will the amenity priorities and the emphasis on cash-in-lieu. If Council consistently approves rezoning based on OCP policy, this will work. The new approach will not be ad hoc. Because of the heritage transfer system, the City will need the capability (internal or consultants) to do the financial analysis anyway. As well, it is important to note that the total number of projects will not be large (likely 2 or 3 per year based on recent experience), so the total administrative load is not large.
- 2. Pre-zone. Areas A, B, and C could be prezoned to allow the base and bonus density. The prezoning approach will require that the bylaw defines the amenity contributions, which should be initially set at \$15 per square foot of office and \$30 per square foot of residential, less 25%.¹

¹ The 25% is intended to make some of the land lift available for assembly, transaction costs, and incentive.

These values are at the low end of the range of current market value to maximize take-up. To implement this system, the City will need a mechanism to periodically update the dollar rates in the bylaw (at least annually) based on market conditions.

This approach eliminates political risk and eases administration. The downside is the loss of the ability to tailor site-specific amenity contributions.

- 3. Pre-zone, but with a developer option to apply to rezone. To maintain some flexibility for some sites, say those with some unique amenity opportunity, the City could adopt a hybrid approach along these lines:
 - Pre-zone Areas A, B, and C to allow the base densities and bonus densities as proposed above.
 - Identify areas where additional density (FSR 1?) could be available via rezoning under special circumstances on application by the developer (which may come about at the suggestion of the City). In these cases, a site-specific rezoning would determine the density and the amenity contributions.

Note that in this approach the developer has the certainty of the pre-zoned approach as a fallback plus the opportunity to obtain more density.

In our view, any of these three approaches would be better than the existing approach and any could be implemented successfully. We lean toward option 3 because of its combination of reduced zoning risk while maintaining some flexibility.

In any approach, the City must address the issue of the mix between heritage and amenity bonus.

In order to ensure a market for heritage density but also to ensure that some amenity contribution is obtained, we suggest that the bonus zone include a cap on the share that can be transferrable heritage density. There should not be a minimum because there may not be heritage density for sale all the time.

We suggest an initial cap of 25% for heritage, but this should be monitored and if necessary adjusted depending on how much heritage density is being created and how much unsold heritage density there is.

Transition Policy

In new density bonus areas not in the current Plan, there is no need for a transition policy (other than a plan to communicate the new system) because the market should not have been pricing in premiums based on upzoning. However, there may be a need for a transition policy in the existing (1990 Plan) density bonus area where it appears that some land sales in recent years have included a premium based on anticipated upzoning. This is a predictable result of the existing density bonus system.

Introducing a new density bonus system in the existing density bonus area means that it is possible that some land owners will have expectations of values being higher than supported by existing zoning and some developers may have "overpaid" for redevelopment sites. To ease the introduction of the new system, the City could consider these transitional options:

- While we suggest pricing density bonus at 75% of market value in new areas, the City could (for an interim period of say 2 years) price bonus density at a lower rate (say 50%) in the existing density bonus area. This provides an extra cushion for developers who recently bought sites under the old regime.
- The City could adopt a two-tiered bonus in the existing amenity area based on the fact that few sites have achieved density over about 5.5 FSR. Bonus density to reach 5.5 could be priced at 50% and density above 5.5 could be priced at 75%, for an interim period.

1.0 Introduction

The City of Victoria is preparing a new Downtown Core Area Plan to guide land use, development, and public realm improvements in Downtown and adjacent core area neighbourhoods.

As part of the Core Area planning process, the City has identified parts of the central city that are appropriate candidates for allowing increased density of development. The City sees additional density as having several planning advantages:

- Higher density will use land more intensively in the core area of the City that is well served with transit, already has a strong pedestrian orientation, and already has civic infrastructure.
- Higher density will make the core area even more transit supportive, presumably facilitating future investments in rapid transit and the bus system.
- Higher residential density will increase the potential for supporting local commercial uses that can make core area neighbourhoods more attractive and liveable.
- Higher office density will help Downtown to maintain its role as the dominant business and government centre in the region.

Increased density of development adds more residents and employees in an area, which has advantages but also can have some negative impacts including increased requirements for new community amenities and increased loads on existing amenities and infrastructure. Therefore, as part of the Core Area planning process, the City wants to ensure that there is a strategy for the funding and creation of community amenities and infrastructure that will meet the needs of new residents and employees and that will help existing residents see benefits from densification in their neighbourhood. Development Cost Charges can be used to fund some basic community infrastructure (such as roads, water, sewer, and park acquisition) but many key components of an attractive and liveable downtown (such as heritage building preservation, streetscape improvements, and community space) cannot be funded with DCCs.

Therefore, as part of the strategy for funding amenities, the City wants to include in the Downtown Core Area Plan a density bonus system that will create incentives for densification while also providing a means to obtain new amenities that will enhance downtown.

The core includes a large and significant heritage district (Old Town) that makes an important contribution to the character and economic strength of Victoria. The history, ambience, and architectural character of Old Town are an important part of Victoria's image and personality. Old Town provides an environment that has been successful as a specialty retail, food/beverage, and entertainment district for residents and tourists. However, the economic viability of heritage building rehabilitation is challenging, partly because of the high cost of seismic upgrading and the relatively low density of many existing historic buildings. The City has an incentive program for heritage rehabilitation that includes small capital grants for facade improvements and multiyear
reductions in property taxes. These two incentives are not sufficient to make some heritage rehabilitation projects viable, though, so the City also wants to use density bonusing as a means of providing additional financial incentives.

Therefore, the City wants to design a density bonus system for the Downtown Core Area that achieves two objectives:

- Provide a mechanism for encouraging densification in new residential and commercial developments while obtaining amenity contributions that enhance the core area and the neighbourhoods expected to absorb new developments.
- Provide a mechanism for incentives for heritage building rehabilitation in Old Town.

The City retained Coriolis Consulting Corp. to help design a density bonus system that would achieve these objectives.

2.0 Basic Elements in the Design of a Density Bonus System

As the starting point in the design of a density bonus system, this section provides an overview of the legislative basis for density bonusing in BC, the urban land economics rationale for density bonusing, and guidelines for a successful system based on actual experience in municipal settings.

2.1 Basics

Zoning regulations typically define the allowable uses, density, height, parking requirements, and other parameters for urban development. Density bonusing adds a new dimension to zoning regulations. Rather than simply define an allowable maximum density, a density bonus zoning regulation defines a base or outright density that can be achieved without providing any amenity contribution and also defines additional density that can be achieved, at the developer's option, by providing a prescribed amenity contribution.

As a simple example, a typical zoning regulation might allow a density of FSR 3.0 on a site designated for high density residential development. In a density bonus system, the zoning would allow a base density of FSR 3.0 but also allow an increase in density, say a gain of FSR 2.0 up to a maximum of FSR 5.0, if a prescribed amenity contribution is provided by the developer.

The urban planning rationale for density bonusing can be summarized as follows:

- A community determines that there are sound planning reasons for encouraging higher densities in a particular neighbourhood than are allowed under existing zoning. The reasons for densification might include increased transit ridership, more potential for a pedestrianoriented mixed use environment, more intensive use of land and infrastructure, or more support for local commercial uses that make the neighbourhood more attractive.
- Extra density will cause a requirement for additional community amenities to serve new residents or employees. There may also be a need to provide amenities so that existing residents will see benefits from densification, rather than seeing extra development as only causing negative impacts such as more traffic or increased loads on existing amenities.
- The approval of additional density on a development site should (assuming there is a market for the extra space) increase the value of the site.
- Rather than giving this additional land value "for free" (i.e. creating a windfall gain in value for the land owner or the developer) some portion of this additional land value can be converted by the municipality into community benefits.

• Implemented properly, density bonusing can result in higher density development, generate community benefits including amenities, and create incentives for developers by enabling them to build larger projects and earn commensurately larger developer profit.

Note that the implicit assumption in a typical density bonus system is that the approved additional density will take the form of additional development on the site that is generating the amenity. This of course results in additional site coverage, additional height, or both. In the case of providing bonus density for a heritage rehabilitation project, however, it is often not possible to preserve an existing heritage building and also allow the on-site development of additional density, because the heritage building occupies too much of the site to enable the development of new space. In these cases, a heritage-related density bonus (i.e. transfer the development entitlements) to another site that is presumably zoned so as to allow the "importation" of extra density. The density could be transferred to another site that the developer owns or sold to a different developer of another site (zoned accordingly) that wants additional density.

2.2 Urban Land Economics Rationale for Density Bonuses

Property values in an urban area are determined by a wide range of factors, but two of the main determinants are the existing use (including the existing improvements) of the site and the redevelopment potential of the land based on zoning or planning policy.

Generally a site is only a candidate for redevelopment if the land value supported by redevelopment potential exceeds the value supported by the existing use. For example, a site occupied with older low density commercial space has one value supported by the rental income the owner would receive from continuing to lease out the commercial space and a different value supported by redevelopment (demolition of the existing improvements and development of a new project).

The value as a redevelopment site is heavily influenced by the development potential (uses, density, height) allowed under zoning or planning policy. In general terms, the more density that is allowed the more valuable the property, assuming that redevelopment is financially attractive and assuming that the extra density is financially viable to develop.

When developers buy development sites, they go through an exercise (called a residual land analysis) to determine how much they can afford to pay for the site based on the expected financial performance of the development project. In this exercise, developers make an assumption about how much development can be accommodated on the property. This assumption would be based on existing zoning or on the perceived likelihood of obtaining a rezoning to allow a change in use and/or a change in density.

If rezoning for more density can be obtained relatively easily and at little cost, the market recognizes this and tends to push up the value of development sites to the level supported by the

anticipated rezoning. If rezoning is perceived as risky, time-consuming, and expensive the market tends to base the value of development sites on existing zoning.

Density bonusing creates a mechanism for additional density, but also creates a mechanism whereby some of the value created by this extra density is captured in the form of community amenities rather than all of it taking the form of higher land values.

Exhibit 1 below contains some simple examples to illustrate this important point.

	Scenario 1 FSR 3	Scenario 2 FSR 5	Scenario 3 FSR 3 + bonus 2 FSR = FSR 5
Revenue	\$25,500,000 (60 units @ \$425,000)	\$42,500,000 (100 units @ \$425,000)	\$42,500,000 (100 units @ \$425,000)
Less Costs:			
Marketing @ 5% of Revenue	\$1,275,000	\$2,125,000	\$2,125,000
Hard and soft costs including DCCs	\$18,000,000 (60 units @ \$300,000)	\$30,000,000 (100 units @ \$300,000)	\$30,000,000 (100 units @ \$300,000)
Less Profit @ 15% of Revenue	\$3,825,000	\$6,375,000	\$6,375,000
Less Amenity contribution	\$0	\$0	\$1,600,000
Equals Supportable Land Value	\$2,400,000	\$4,000,000	\$2,400,000

Exhibit 1: Density Bonus Calculations

The numbers used in Exhibit 1 are broadly consistent with market conditions in central Victoria, but should not be assumed to be a precise reflection of current development economics. The point of the exhibit is to demonstrate a principle.

The exhibit shows a simplified financial analysis for the development of a hypothetical multifamily residential project under various zoning scenarios. There are some important assumptions common to all scenarios: the site is assumed to have an area of 20,000 square feet; the site is assumed to be more valuable as a redevelopment site than in its existing use; redevelopment is assumed to be marketable and financially viable; and developers are assumed to be interested in density increases in this location (i.e. the opportunity to make the project larger is appealing).

Scenario 1 assumes the site is zoned to allow an outright density of FSR 3 which can be achieved with no amenity contribution. The market assumes there are no prospects for rezoning to higher density (presumably because the existing zoning is consistent with the Official Community Plan and there have been no approved rezonings in this area to higher density). At FSR 3 the site can be developed with 60,000 square feet of space, which is assumed to work out to 60 units.

The numbers are organized to show that the developer sells the units, deducts all the costs of creating the units including any Development Cost Charges, sets a target for profit (based on a typical industry percentage of revenues), and then calculates the amount the developer can afford

to pay for the site. In this case, the maximum the developer can pay for the land is \$2.4 million which works out to about \$40,000 per residential unit or about \$40 for every square foot of developable area allowed under existing zoning.

Scenario 2 shows what would happen if the site had already been rezoned to allow a higher density (in this case FSR 5) <u>or</u> if the prospect of rezoning to FAR 5 is regarded by the market as highly likely (i.e. not risky) and relatively inexpensive, with no requirement for an amenity contribution. In this case, the additional development potential means the developer is willing to pay more for the land (\$4.0 million rather than \$2.4 million), although note that the new higher land price is still \$40,000 per residential unit or \$40 for each square foot of allowable development potential. Note also that the developer earns a larger profit (although it is still budgeted in the same way, as a target percentage of projected revenues). The larger profit is warranted by the additional risk of developing a larger and more expensive project that will take longer to build and sell.

In this second scenario there is no amenity contribution. The community has achieved the goal of densification (the site accommodates 100 units instead of 60), but no new amenities are funded out of the development. Any need for amenities would have to be funded by other sources such as property taxes. In a sense, the higher density has resulted in an opportunity for more developer profit and has created a higher selling price for the person who sold the land to the developer, but has not created any benefit for the community beyond the general benefit of more housing.

Scenario 3 shows how the numbers could work in a density bonus system. In this scenario, the site is assumed to be zoned to allow an FSR of 3 (as in Scenario 1), but in a zoning bylaw that also allows for a density bonus in exchange for a community amenity contribution. In this scenario, it is assumed that the available bonus density is 2 FSR, so maximum project density is FSR 5, the same as in Scenario 2. The developer in this case is assumed to use the maximum available bonus and, in this hypothetical density bonus zone, the developer is assumed to make an amenity contribution equal to the full market value of the density bonus (i.e. the full market value of the land value increase that results from the additional density). The actual amenity contribution could be a physical amenity incorporated in the project, in which case the cost to the developer is the cost of construction, or it could be cash-in-lieu paid to the municipality. The cost to the developer is assumed to be equal in either case.

Scenario 3 illustrates some important points about density bonusing and the impact on urban land markets and housing:

 Note that the developer in Scenario 3 has a total "land" acquisition cost of \$4,000,000, or \$40,000 per unit. This is made up of \$2,400,000 to buy the development site (based on its value as a site with density of FSR 3) plus \$1,600,000 in amenity contribution to achieve the additional FSR 2. This is the same total cost to acquire development entitlements as in Scenario 2, but in Scenario 2 all of the cost is paid to the person selling the land zoned with FSR 5.

- Note also that the analysis assumes no change in the sales price of the new housing units. There are not any extra costs that the developer would try to pass on to purchasers (even if the developer could, which is not likely in a competitive market in which prices are set by demand not by cost). In effect, each unit's price includes the cost of the market value of multifamily land, but not any additional cost, so there is no upward pressure on housing prices. In fact, the larger project means more units are developed which could help moderate price growth in the market.
- Importantly, the developer attains the same profit in Scenario 3 as in Scenario 2. There is no erosion of profit from having provided an amenity contribution.

Here is how Scenario 3 looks from the perspectives of all stakeholders:

- Housing buyers benefit from the development of more units.
- The community will absorb some impacts from densification, but the community also benefits from the amenity contribution assuming the amenity is something that enhances the neighbourhood.
- The developer has an incentive to make use of the density bonus, because of the opportunity for a larger project and additional profit (commensurate with the additional risk, but larger nonetheless).
- The municipality makes progress toward its goals for densification and neighbourhood improvement.
- The land owner sells the site based on its value under existing zoning (i.e. the zoning in place before the amendment to allow bonus density). The land owner enjoys whatever growth in value for sites zoned with FSR 3 has occurred since the initial acquisition, but does not get the additional land value from the density bonus.

Scenario 3 assumes that the municipality aims to capture 100% of the land value associated with the bonus density. In practice, it is usually necessary to aim for a lower share (somewhere between 50% and 75% depending on circumstances) for reasons including these:

- If land assembly is required to achieve practical development sites, the developer may need some additional purchasing power to buy all the properties on a timely basis. If the amenity share is less than 100%, there is some money "left in" the project enabling the developer to pay a premium price to assemble sites.
- Leaving some of the extra land value in the project adds the potential for some additional incentive for the developer. True, the developer already has the incentive of a larger developer profit, but dealing with the process of obtaining the amenity bonus adds to the developer's administrative load and increases some costs (e.g. design fees to determine the optimum additional density to seek). Leaving some of the land value gain in the project helps cover these costs.

• Sometimes land owners are not content to sell at market value. If a landowner would have to purchase a replacement property at market value, there may not be any incentive to go through the process of selling, buying, and (if a business) relocating. Developers find that they have to pay a premium price to persuade such owners to sell.

The numbers would be structured quite differently for a transferrable heritage density bonus. The reason for the bonus is to compensate a developer for the extra costs (or reduced profitability) of rehabilitating a heritage building. As well, retaining a heritage building may mean under-using the density already approved on the site (for example, a site may be zoned to allow FSR 3 but the existing heritage building only uses FSR 2. The extra 1 FSR cannot be accommodated on site). The typical approach is to analyze the financial performance of the heritage project and see if a developer can afford to buy the property (at existing market value), complete the rehabilitation project, and earn an appropriate developer profit. If not, the project is not viable. To make it viable, the developer can be granted sufficient transferable density (that can be sold to other developers) to make the project viable. Therefore, such bonuses must be calculated on a site-by-site basis, based on individual project economics.

2.3 Legal Basis for Density Bonusing

The legislative basis for density bonusing in British Columbia is Section 904 of the Local Government Act, which states that a zoning bylaw may establish different density regulations for a zone, with one density generally applicable in the zone and a different (higher) density applicable to sites that meet defined conditions. The allowable conditions include "the conservation or provision of amenities including the number, kind and extent of amenities" or "the provision of affordable and special needs housing".

Because the legislation states that a density bonus zone should specify the number, kind, and extent of amenity that is to be provided, the legislation could be read to imply that the amenity should be in the form of an actual physical amenity on the development site (such as public open space, day care, social housing, or public art). However, not all development sites are good locations for physical amenities and many development sites are not large enough to physically provide an amenity that is large enough to be useful. For example, rather than have several development sites each providing very small (possibly non-viable) day care spaces, it might be more effective to pool the contributions from various projects to make one day care centre. Similarly if the desired amenity is a larger public facility (say a library) the only viable way to achieve this from density bonusing is to pool contributions from many projects. Therefore, a cash-in-lieu system is obviously useful and the legislation has been interpreted to allow this.

The Provincial government has issued clarifying guidelines regarding the use of density bonusing, particularly when cash-in-lieu is contemplated. These guidelines are summarized below, along with our observations based on experience:

- The amenity should benefit the area in which the new density is located. In our view, this does not literally mean that the amenity must only benefit the local area, because there are cases in which one new amenity (e.g. a community centre) serves a large area and benefits more than just the location absorbing the new density. However, we think the general principle that the amenity must provide some benefit to the area absorbing the density makes sound planning and political sense that lends credence to plans for densification. Neither developers nor existing residents will be too enthused about a system that puts density in one area and exports all of the amenity contributions to another.
- Density bonuses should not be used to fund infrastructure that could readily be funded by other means. For example, density bonuses should not be used to fund the basic community infrastructure than can be funded via Development Cost Charges. We agree with this principle. Municipalities have good tools for funding basic roads and services (e.g. DCCs); they have much more limited ability to fund other important elements of community-building such as libraries, fire halls, public art, social housing, or day care.
- Cash-in-lieu should be used in cases in which there is a strong rationale for creating local amenities that can only practicably be created if contributions from various projects are pooled. This will be true where most development projects are relatively small and/or where the most important community amenities are too large or expensive to be carried by a single project. The Province, wisely, wants to ensure that municipalities do not simply treat amenity contributions as an arbitrary tax on new development.

Density bonusing has been used in BC long enough for there to be some legal interpretations, in the form of judicial decisions and various legal opinions. We don't purport to provide legal advice, but we do have an understanding of the key implications of the jurisprudence for the design of a successful density bonusing system.

There appear to be three tests that a density bonusing system should pass in order to be resistant to legal challenge²:

- The amount of additional density to be provided must be clearly defined in the density bonus bylaw at the time of bylaw consideration, particularly at public hearing.
- The amenity that is being provided in exchange for the additional density must be clearly defined at the time of bylaw consideration. This means either defining the nature of the physical amenity to be provided or, if cash-in-lieu, defining the amount of the payment and the proposed general uses of the money. Essentially, an informed citizen should be able to weigh

² Given the voluntary nature of using bonus density and the advantages to a developer of tapping the opportunity for more density, it is unlikely that a developer would challenge a density bonus bylaw or the application of the bylaw to the developer's own site. A more likely scenario is that a third party, concerned about the impact of the additional density, might be interested in finding ways to thwart the development of additional density by challenging the zoning bylaw.

the specific pros and cons of the added density and the associated amenity contribution in deciding what stance to take regarding the rezoning.

• There should be a clear link between the creation of additional density and the nature of the amenity (i.e. the amenity should be part of the strategy for creating a higher density area that will need certain amenities to support the increased population or address the impacts on the existing community).

Based on experience, there appear to be two different approaches to the design of a density bonus system that should be legally robust. These two approaches can be summarized as follows:

- Rezone on a site-by-site basis. In this case, the municipality would have policies (ideally adopted in the Official Community Plan) that identify areas in which sites will be considered for rezoning to a density bonus zone. The planning policy would define the base density (presumably consistent with existing zoning), the maximum additional density that can be obtained by density bonus, the kinds of amenities that the municipality aims to achieve via density bonusing, and the suggested mechanism for determining the specific amenity contribution to be obtained from future rezoning proposals. When a developer comes forward with an application for rezoning in the density bonus area, the developer and the municipality would negotiate the terms of the rezoning including the amount of additional density (up to the OCP maximum) the developer wants to obtain, the form and character of the project, and the precise amenity contribution (either an actual amenity, cash-in-lieu, or some combination) to be provided. The entire rezoning proposal (including the density to be granted and the amenity contribution to be made) would be the subject of a public hearing, staff review, and decision by Council. Any interested citizen would have full information about the proposal and would be in an informed position to decide whether to express support, opposition, or suggestions for revision at the public hearing, based on that citizen's perception of the advantages and disadvantages of the proposed development. The City of Victoria currently uses this site-by-site for density bonusing in downtown, although the approach is somewhat ad hoc because there has not been an adopted policy regarding maximum density or priorities for amenities.
- <u>Rezone sites in advance with a clear and formulaic approach to amenity contribution</u>. In this case, the municipality would rezone sites or an entire area into a new density bonus district. The new zoning regulation would define the base density (presumably similar to the pre-existing zoning) and define the maximum additional density that could be achieved. The new regulation would also define the specific amenity contribution to be provided, for example by specifying a menu of specific on-site amenities to be included in projects or by specifying a cash-in-lieu payment (usually expressed in dollars per additional square foot of permitted density).

The two approaches have different advantages and disadvantages.

The site-by-site approach has these characteristics:

- The developer, the community, and the municipality can be sure that the relationship between the amenity contribution and the density provided are thought out in detail for the specific site. The development of a tailored package for each site makes it very easy to design a specific bundle of public benefits and weigh the pros and cons of the larger project, from all perspectives.
- To the extent that the value of the amenity contribution is intended to be commensurate with the value of the extra density, the site-by-site approach allows for an analysis of the specific project at the time of development. This specific analysis allows the developer and the municipality to be accurate about the appropriate amenity contribution that is financially supportable by the proposed rezoning.
- There is still rezoning risk in the project. The site-by-site approach means that each amenity
 density project is the subject of a specific rezoning application. While such an application
 would presumably be in the context of clear OCP policy regarding densification and amenity
 contributions, rezoning nonetheless requires public consultation, public hearing, and dealing
 with specific concerns such as traffic, view blockage, shadows, privacy impacts, architectural
 character and other issues that are raised when development proposals involve increased
 height and density. The site-by-site approach does not guarantee that all rezonings will be
 approved, creating risk for developers and also creating uncertainty about whether the overall
 goals for densification and amenities can be achieved.
- The site-by-site design work and negotiations between the developer and the City take time and cost money.

The pre-zoning approach has the "reverse" set of advantages and disadvantages:

- The pre-zoning approach requires defining in advance the amenity contribution and the extra potential density for a wide range of sites. While these can be adapted over time, there still is to some extent a one-size-fits-all approach that may mean a more generic contribution to amenity.
- The value of the amenity contribution will only be approximately commensurate with the value of the density. Land values vary from site-to-site and change over time, but in the pre-zoning approach it is necessary to set a general value for amenity contributions that must apply to all sites in the zoning district. If this number is too low, then this will maximize the number of projects that want to take advantage of density bonusing but may not maximize the total potential value of amenity contributions. If the number is too high, some projects will not use the system. Because of variations in land value from site to site, it is almost inevitable that the number will have to be on the low side to ensure that most eligible sites take advantage of the density opportunity. This approach requires that the amenity contribution is recalibrated periodically to reflect changing land values, if the aim is to ensure that the amenity contribution is consistent with the value of the bonus density.

- The rezoning risk is taken out of the developments. This is a major advantage for developers and possibly for the City (in terms of planning for the full implementation of densification and amenity strategy). To the extent that densification meets with resistance from some stakeholders, the debate is held once for the rezoning bylaw for a whole district. If after weighing the advantages and disadvantages (in planning, technical, and political terms) Council approves the rezoning, then the densification potential for all of the sites in the area is confirmed. In the site-by-site approach, there is a risk that individual density proposals are not approved even if they are consistent with an adopted densification policy, due to localized opposition.
- This approach takes less time and is less expensive to implement, because there is no need for site-by-site analysis or negotiations.

2.4 Factors to Consider in the Development of a Density Bonus System

Based on our experience with designing and implementing density bonus systems, there are some important factors to be considered in the design of the optimum system for a community. These factors can be divided into four categories:

- General conditions that should exist in order for the density bonus system to be effective.
- Municipal objectives that are a good "fit" with density bonusing.
- Elements that will help build acceptance in the development community.
- Ways to ensure that the amenities remain in perpetuity.

2.4.1 General Conditions

- 4. The extra density must be able to be accommodated on sites in the area selected for densification without unacceptable impacts on urban design, neighbourhood character, traffic, or other factors. In other words, it is necessary to start with a robust community planning and urban design process that identifies appropriate locations for additional density and sets appropriate maximum densities and heights. Bonus density should be a means to provide amenities to support density that is appropriate in planning terms, not an arbitrary basis for adding density just to get amenities.
- 5. Developers must perceive that the available additional density is marketable, physically feasible, and financially attractive. In weak markets, developers may be reluctant to take on the additional risk associated with a larger project. In strong markets that support development, developers will usually be interested in the chance to increase project size, but there can be circumstances in which extra density does not pencil out. For example, if extra

density requires going one level deeper for underground parking or requires a shift from wood frame to concrete construction, then project economics can be impaired by the extra density.

- 6. The City, the community, and the developer should perceive that there is a reasonable balance between the extra density that is granted and the amenity contribution that is obtained. There is a qualitative dimension to this assessment, in that the perceived enhancement of the community should offset any reduction in neighbourhood quality due to the added development and population. There can also be a quantitative dimension, if the aim is to make the actual cost or value of the amenity contribution commensurate with the value of the extra density. There are two main reasons for achieving a reasonable balance between amenity cost and density value:
 - If the municipality attempts to obtain too much, developers will not be interested. A developer cannot afford to contribute more than the extra density is worth.
 - If the municipality significantly under-values bonus density, this does not necessarily translate into an additional incentive for developers. The land market is very efficient and fast at capturing the additional value of extra density if it is not captured in the form of amenity contributions. Granting extra density at bargain prices will lead to escalation in land value for development sites. Some of this land value gain may be the premium necessary to facilitate or accelerate land assembly, but in some cases it will simply put inflationary pressure on the value of development sites. The "ideal" circumstance is one which developers pay most of the value of bonus density in the form of amenity contributions and retain some of the value as incentive and/or available premium to facilitate land assembly. In practice, this means setting the value of bonus density, depending on local circumstances.
- 7. The City must be very clear regarding the amenities it wants to achieve via density bonusing. This clarity is needed so that developers know what to include in projects, the community knows what amenities will be achieved to support densification, and the system (and its administration) can be designed as efficiently as possible to achieve the desired amenities. City objectives regarding amenities should be based on an explicit evaluation of:
 - The kinds of amenities that are most needed to enhance a residential or commercial area being densified, meet the needs of new and existing residents in densifying neighbourhoods, or to mitigate the costs and other impacts of growth.
 - The appropriate mix between amenities that serve the whole community versus amenities that mainly enhance the local neighbourhood undergoing densification.
 - The extent to which amenities will be physically accommodated within individual development projects versus created by pooling cash-in-lieu contributions from many projects in order to produce larger amenities in good locations.

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- 8. The combination of allowable base density and available bonus density must result in an acceptable number of sites being financially viable redevelopment candidates. In an already-urbanized area (such as Downtown Victoria) the existing older commercial space can, due to high retail rents, support relatively high land values. For redevelopment to occur, the allowable base density must support enough land value to enable a developer to buy and redevelop the property. If the combination of the value of the base density and any bonus density value not captured by an amenity contribution is still less than the value of the site in its current use, then redevelopment will not occur and the goal of densification will not be achieved. This means either being patient (i.e. waiting until redevelopment values climb due to market growth), increasing the allowable density, or accepting smaller amenity contributions.
- 9. Redevelopment sites must trade in the market at the value supported by the base density, so that developers can afford to obtain the bonus density by providing an amenity contribution. If developers are not aware of how the density bonus system works, they may overpay for sites (based on the potential maximum total density rather than the base density) and then complain about having to make an amenity contribution. If there has been a history of no amenity contributions at rezoning, or amenity contributions worth significantly less than the value of the density bonus, then the "un-captured" land value gain will be capitalized into site values. In this circumstance, changing the amenity contributions means that some developers will have paid too much for sites and that some landowners will be reluctant to accept the new market reality that sale price should be based on the base density, not the potential for upzoning. Also, if rezonings do not require an amenity contribution, developers will not use the system. For the system to work, Council must be consistent in its application, developers must understand the system, and land owners must realize that their property value is based on the "old" zoning or base density, not the new maximum density in the new zoning.

2.4.2 Municipal Objectives and the "Fit" with Density Bonuses

Density bonusing is more suited to some community development aspirations than others:

- Densification. Density bonusing is well-suited to the broad goal of densification because it allows higher density, creates incentives for developers to use land more intensively, and creates a mechanism for funding or providing amenities that enhance the community.
- Revenue for area-wide amenities, such as public realm improvements or neighbourhood facilities. Density bonusing can generate revenue that can be used for area-wide community amenities if the system includes provision for cash-in-lieu instead of on-site amenities.
- On-site amenities. Density bonusing can be well-suited to the provision of on-site amenities, depending on the kinds of amenities the City wants to achieve, the typical size of development projects, and the value of additional density. If a site is only 10,000 square feet, the density

bonus allows up to 2 additional FSR, and land value is \$25 per square foot of extra density, the maximum contribution is \$500,000. If all-in construction cost for an amenity space (e.g. day care or community meeting space) is say \$250 per square foot, the amenity contribution only yields 2,000 square feet of space. This may not be large enough to meet the amenity objective, so it may be necessary to shift to a cash-in-lieu approach to pool contributions to achieve a large community space. On the other hand, small open spaces and public art are ideal candidates for on-site amenity.

 Specific project characteristics. Some communities provide bonus density in exchange for meeting design or sustainability criteria. For example, a bonus could be earned by meeting a certain LEED standard (or equivalent) or by providing certain architectural elements (e.g. weather protection along sidewalks). There is debate as to the extent these are really community amenities; it is also possible to achieve these kinds of objectives using other tools such as Development Permits or building bylaws. Municipalities must decide whether amenities or building features are the higher priority use of potential contributions.

2.4.3 Elements That Will Help Build Acceptance in the Development Industry

The use of density bonusing is voluntary, so for the system to work developers have to want to use it. Based on our experience, developers are interested in these attributes:

- Predictability. Developers prefer a system that is simple, predictable, minimizes risk, and is administered efficiently. They lean toward the "pre-zoning" approach because this takes the rezoning risk out of the density bonus system. If the pre-zoning approach defines a specific formula for calculating amenity contribution, developers can build this amount into their financial analysis for development projects without having to wait for the outcome of a negotiation. Developers also like a system that provides density bonus without site-by-site rezoning risk.
- Consistency. Developers prefer a system in which all developers and projects are treated consistently, both because this is fair and because it contributes to predictability. This does not mean that every project pays the same dollar amount, but it means that the approach to determining amenity contribution is equitable, defendable, and consistently applied.
- No downzoning. Developers and land owners will react with great hostility to any density bonus system that starts by down-zoning property and then enables recovery of the density by making an amenity contribution. This type of down-zoning is very disruptive in the marketplace and can be argued to be fundamentally unfair to those who have made acquisitions in good faith based on existing zoning. The density bonus system should use existing density as the base or outright density and then add potential new density on top of that.

2.4.4 Ensuring Amenities Remain in Perpetuity

Once incorporated into a development, the bonus density exists "in perpetuity" or until the building is demolished. It is important, therefore, to ensure that the amenity obtained in exchange for the extra density is comparably long-lived. This means that municipalities should anticipate these issues:

- If the amenity is a capital item (e.g. an open space, a day care), it will require some form of tenure to ensure ongoing public access, such as a strata title lot in the name of the City, or long term lease, or statutory right of way. As well, a capital item also requires an operating budget, so the City must anticipate how the amenity will be maintained.
- If the amenity is on private property (e.g. a piece of public art), the City must have a means of ensuring that the amenity remains on site, is accessible, and is insured for replacement in the event of damage or theft.
- If the amenity is in the form of some kind of project characteristic (e.g. sustainability features), the City must have a means of ensuring the continued existence of these features. This can be a challenge if the sustainability features are in private units (e.g. low flush toilets) or if the features are difficult to monitor.

3.0 Key Inputs to a System for Victoria's Core Area

This section contains information and analysis regarding the Core Area that is necessary for the design of a density bonus system. This section includes:

- A review of the City's current system for granting bonus density in Downtown.
- A description of the City's objectives for community amenities.
- A description of the City's current aims for densification (i.e. the location and amount of additional density that is contemplated).
- A forecast of the total amount of development likely to occur in the Core Area and an estimate of how much of this development might involve density bonusing.
- An estimate of current Core Area land values and the implications for the potential for the amount of amenity contributions that might be obtained.
- An analysis of the economics of heritage building rehabilitation and the implications for the amount of bonus density that might have to be provided to facilitate projects.
- Overall implications for the design of a density bonus system for the Core Area.

3.1 Current System

Victoria has an existing density bonus policy for Downtown, which was adopted as part of the 1990 Downtown Victoria Plan.

The existing (1990) policy allowed for the approval of additional density, via individual site rezoning, to achieve a wide array of objectives including:

- Rehabilitation of heritage buildings.
- Development of new residential units.
- Provision of excess customer parking.
- Public realm improvements such as public open space or squares, mid-block walkways, or arcades.
- Exceptional design.
- Provision of housing or services for handicapped people.
- Community facilities such as day care.

The 1990 policy proposed a "standard entitlement" or base density of FSR 3, but various sites were assigned lower base densities for sites considered "sensitive". For example, the density of new office buildings in Old Town was limited to FSR 1 in order to encourage retention of the

Density Bonus Policy Study --J. Tinney, Director - Sustainab...

existing buildings. Bonus density could be achieved above these base densities by providing amenities.

Exhibit 2A shows the 1990 Downtown Plan's designation of areas eligible for density bonusing (as well as the currently proposed expansion of the bonus area).





The 1990 policy outlines some basic density bonus principles, particularly the idea that extra density may be earned by the provision of certain amenities, but it does not provide much detail to guide decisions about individual applications. For example:

- There is not a defined upper limit on the amount of additional density that can be achieved.
- There is not a prescribed basis for determining how much additional density is warranted by providing an amenity, or how much of an amenity must be provided.
- The eligible amenities cover a very broad range without any indication of priority.
- Some of the amenities are quite vague, such as "demonstrable benefit" or "exceptional design".

Because the existing policy does not provide much detail, individual projects approved under this policy show a wide variation in the amenity provided and the density achieved.

Attachment A (at the end of this document) summarizes 12 projects approved during 2004 to 2009 under the existing policy.

Based on these 12 projects and on general comments from staff about the current process, the following observations can be made about the current approach:

- Density increases have varied widely, from under 1 FSR to almost 5 FSR.
- Amenity contributions have been quite diverse and in most cases consist of a package of various benefits. Some have included cash contributions for specific purposes (for example, public art, affordable housing fund contribution, art gallery contribution), open space accessible to the public, extra underground parking, mid-block walkways, some housing units with adaptable design, some housing units being rental, streetscaping, or heritage building preservation. Note that some of these amenities are specifically listed in the existing policy but some are interpretations of the vague policy language (e.g. public art, rental housing, art gallery contribution).
- The approach to defining the amenity contribution has tended to be ad hoc, based in part on the interests of the developer, the interests or priorities of the City at the time, and the specific characteristics of the site. There has not been an overall amenity strategy for Downtown. In some cases, the "amenities" are simply desirable project characteristics that do not necessarily enhance the attractiveness of the Core Area for new residential or commercial development.
- The approach to determining the appropriate amount of amenity contribution has been ad hoc. Staff have not been using a prescribed approach to setting a target total value of contribution and the staff reports do not typically include an estimate of either the total value of the contribution or the value of the additional approved density. This is partly because some of the amenities would be difficult to monetize. This is not necessarily a problem; it simply represents a challenge in terms of deciding whether the City achieved a reasonable contribution or determining whether developers and projects have been treated consistently.
- The "take-up" has not been large in terms of number of projects, averaging about 2 proposals per year over 6 years. One of these did not proceed and one is still in the approvals process, so the pace of approvals over the past 6 years is say 1.7 projects per year. The total amount of approved density bonus floorspace is significant. The total additional floor space is not reported in all cases, but it appears that up to about 600,000 square feet of additional space was generated by density bonus, or an average of about 100,000 square feet per year. As shown in Section 3.4, we anticipate that the overall pace of Downtown development over the next couple of decades will be about 400,000 square feet per year (say 340,000 square feet of residential, or about 340 units, plus 60,000 square feet of office), suggesting that up to about 25% of new Core Area development has been density bonus floor space that makes an amenity contribution.

The existing system has produced densification in Downtown and it has generated significant amenity contributions for the City, so it has been successful. The City's aim in revamping the system is to improve it by making it more predictable (for the City, developers, and the community), more efficient, more coordinated with the planning objectives for the Core Area, and potentially more productive in terms of the total creation of amenities.

3.2 City Objectives for Community Amenities

3.2.1 Public Realm Improvements

As part of the central area planning process, the City has developed a list of priorities for public realm amenities in the Core Area.

The City's objectives include:

- Pedestrian network improvements in the public realm, including sidewalk widening, undergrounding power lines, public signage, enhanced sidewalk treatments, trees/landscaping, and pedestrian scale lighting. It will not be possible to produce area-wide upgrading by relying on individual redevelopments to make improvements along their street frontages. These improvements require a cash-in-lieu component for density bonusing, to enable the City to accumulate funds from various projects and then spend the money strategically.
- Beautification including street furniture and illumination of public buildings and structures. These require a cash-in-lieu system. These improvements may help make the Core Area a more attractive location for visitors, businesses, and possibly residents, but (arguably) it would be hard to characterize these as helping the Core Area deal with the impacts of increased density.
- Public open space improvements such as improvements to parks, plazas, water features, performance spaces, public art. These do enhance liveability and using density bonus for this purpose makes up for a major shortcoming of DCCs, which can be used to acquire park land in urbanizing areas but not to allow more intensive use of existing parkland in urbanized areas where it is difficult to buy more land for park. This requires a cash-in-lieu system.
- Transit corridor improvements such as enhanced transit stations, shelters, seating, and lighting. This requires a cash-in-lieu system.
- Acquisition of additional park land in parts of the Core Area such as Rock Bay and the proposed residential mixed use district, to meet the needs of expected growth. This park land acquisition is an allowable use of DCC funds, which could be used instead of (or in addition to) amenity contributions from density bonusing. This requires a cash-in-lieu system to pool funds as well as negotiations with individual land owners to obtain the land.

• Completion of the harbour pathway. This requires a cash-in-lieu system, except in circumstances where a waterfront site is being redeveloped, in which case the project could be required as part of rezoning to upgrade the adjacent portion of the walkway (and in which case the City may also need to negotiate for the right to create a walkway across private land).

In general, this is a public amenities and community benefits strategy that is well-suited to density bonuses, particularly with a cash-in-lieu approach. There are a couple of items on the list that, in our view, might be refined but generally these amenities are good candidates for a density bonus system that includes a cash-in-lieu component.

3.2.2 Heritage Building Rehabilitation

The City also wants to use density incentives to facilitate heritage building rehabilitation in Old Town.

In this case, bonus density is granted to the owner/developer of a heritage property to assist in the refurbishment and seismic upgrade of an important heritage building. This is not a cash-in-lieu system; the developer must upgrade the building and receives transferrable density bonus to help make the numbers work. The system requires that heritage developers are entitled to sell the transferrable density to other development sites (in designated "receiver" areas), which must be appropriately zoned or rezoned to allow the additional density to be "imported". It is very important to understand that this means there will be some Core Area sites that could potentially achieve higher density in two very different ways: obtaining bonus density by providing an amenity contribution, or acquiring transferrable heritage density. There will be an interaction in the marketplace between these two kinds of available density, so the City must design a system that manages this interaction, because of these issues:

- The City will define a target value for density provided in exchange for amenity contributions. Whether the City uses a site-by-site rezoning approach or a pre-zoning approach, there will still be a need to define a value for density and this is likely to be some percentage of current actual market value.
- Developers who hold transferrable density (granted to them to facilitate heritage rehabilitation) will want to sell this density (because the revenue from the density is a key ingredient to making the heritage project viable). The City will not be directly involved in setting the price for such transferrable density, although the City will have an indirect influence based on the pace and deemed value at which the City "creates" such density. This pace is of course determined by the number of heritage projects (with transferrable density) the City approves and the amount of density that is necessary to make any given project work financially. There will be a resulting market price for transferrable density, with this price determined by the total amount of transferrable density available for sale at any given time, the number/size of development projects looking for extra density, and the price of the density obtainable directly

from the City in exchange for amenities. The market price for transferable density will not necessarily be the prevailing market value for development sites, so there could be a difference between the value of bonus density for amenities and the value of transferable heritage density.

If the price of transferrable density is low (too many sellers, not enough buyers), developers
will prefer to buy this density rather than obtain density via amenity contributions. The City
may get "too much" heritage rehabilitation and "not enough" public realm improvements in
Downtown. If the price of heritage density is comparable to the value of density from amenity
contributions, the mix of heritage and amenity density will be somewhat arbitrary depending
on the participants in the market, unless the City regulates the mix.

There are ways to manage this challenge of overlapping bonus density opportunities.

In developing a solution, it is useful to consider the experience of the City of Vancouver, which has been operating a transferrable heritage density system for many years. We have worked with Vancouver in evaluating and refining its system. Based on this experience, we have these observations:

- It is important to monitor the pace of creating transferrable density and the pace of take-up, to know how much density is available for sale at any time. The size of this pool relative to demand has a large impact on price. The City has experienced times when the pool is very large and prices have fallen, which means that the amount of density that must be granted to make a project viable increases, further exacerbating the deflation problem.
- It is very helpful to identify mechanisms for the sale of heritage density that do not overlap with
 other means of acquiring density. For example, Vancouver defines receiver areas in which
 projects can develop up to 10% more space than allowed under existing zoning, without
 having to rezone, provided the extra density is acquired from the pool of transferrable heritage
 density. The City is considering increasing this density gain to 15%.
- It is helpful to have a public benefits strategy that allocates priority to various public goals, so
 that there is not constant debate over what proportion of a project's amenity contribution
 should take the form of heritage public realm improvements or some other amenity. In
 Victoria's case, this would mean that in "overlap" areas (where it is possible to acquire
 heritage density or bonus density via amenity contributions), the City would define a limit on
 the proportion of a project's increased density that can come via the heritage route.

We recommend that Victoria's system include these features:

• The City should monitor and manage the pace at which it creates transferrable heritage density bonus space. If it creates too much, the price will fall, with two bad consequences. First, developers will not want to obtain density via amenity contributions because it will be cheaper to obtain density from heritage transfers. Second, the City will have to grant increasing amounts of transferrable density to make heritage projects viable. So, it will be

essential to match the creation of transferrable density with the market's ability to take up the extra space.

- The City should consider capping the amount of transferrable heritage density a development can acquire in "overlap" areas, so that a project must obtain at least some of its density bonus by providing an amenity contribution. There should not be a minimum heritage component, because there may be times when no transferrable heritage density is available for sale.
- The City could consider allowing small density increases outside the formal density receiver areas if the extra density is transferrable heritage density.

3.3 Densification Plans

As part of the Core Area planning process, the City has identified potential areas for densification. The City has defined three areas (A, B, C) for additional density. The proposed system generally provides for a base density of FSR 3 throughout the area and a maximum FSR of 4.5 to 6 depending on the area (i.e. bonus density of 1.5 FSR to 3 FSR). The areas provide the density bonus as residential or office or mixed use. Exhibit 2B shows the density bonus areas.



Exhibit 2B: Density Bonus Areas

The City also contemplates increasing building heights to accommodate the additional density.

Note that Areas A, B, and C are areas where additional density can be developed. The Plan will also identify areas where transferrable density can be created as part of heritage rehabilitation projects.

Generally the proposed densities (base and bonus) are reasonable based on these observations:

- Development at the base density (FSR 3) already requires concrete construction. Adding the bonus density does not require a change in basic building type.
- The base density is equal to existing zoned density, so there is no down-zoning.
- The densities are broadly consistent with the actual densities achieved in rezonings involving density bonuses over the last 6 years or so in Downtown, suggesting that the higher densities are marketable and financially viable.

- The densities do not require a scale of development that is disproportionate relative to the scale of the market. As an illustration, a development on a 20,000 square foot site at FSR 3 (the proposed base density) yields a development of 60,000 square feet. If this is residential, the project would have about 60 units. Increasing density to FSR 5 yields 100,000 square feet or 100 units which is not out of keeping with the scale of recent new developments.
- By the standards of the core areas of larger cities (e.g. Vancouver, Calgary) the proposed maximum densities are low. However, Victoria's Core Area has a well-defined character that is lower scale than in larger cities and the marketplace is smaller as well. The proposed densities are in keeping with Core Area character.

In addition to the areas identified for bonus density, the City has identified "receiver" areas that are allowed to absorb transferrable bonus density that comes from heritage rehabilitation projects in Old Town. A small subset of the receiver areas is outside the boundaries of Areas A, B, and C, so in these areas the only way to achieve bonus density is to acquire transferrable heritage density. However, density bonus Areas A, B, and C are also heritage receiver areas, so in these locations development projects can obtain bonus density either by making an amenity contribution or by acquiring transferrable heritage density, or some combination. This overlap must be managed if the City wants both kinds of density opportunity to be used.

3.4 City of Victoria Downtown Demand Projections

To have some sense of the magnitude of the potential for amenity contributions, it is necessary to estimate the likely total pace of urban development in the Core Area and to estimate the proportion of new development that will be accommodated in bonus density that makes a contribution. Not all projects will use the density bonus opportunity, for various reasons, and those that do will not always use the maximum opportunity.

In early 2007, we completed detailed projections of potential demand for new residential units and new office space in Downtown Victoria. For the purpose of the forecasts, Downtown was defined to include the Downtown planning area plus the adjacent neighbourhoods of Vic West, Harris Green, Fairfield and portions of James Bay.

As input to evaluating a new density bonus system for Downtown Victoria, we reviewed the 2007 demand projections to determine whether the projections are still reasonable.

3.4.1 Residential Projections

Exhibit 3 summarizes our 2007 residential demand projections for the Downtown and fringe area. These figures exclude demand in locations near Downtown that are west of the Inner Harbour (e.g., the Songhees and Dockside areas).

Exhibit 3: Projected Multifamily Residential Unit Development in the Downtown and Fringe Area - East of Inner Harbour (Rounded)

	2006 to 2011	2011 to 2016	2016 to 2021	2021 to 2026	Total 2006 to 2026
Lower Demand Scenario (units per year)	340	340	360	330	6,850
Higher Demand Scenario (units per year)	405	405	485	515	9,050

To evaluate whether the 2007 projection is still reasonable over the long term, we:

- 1. Examined the most recent long range population projections and housing growth projections available for the CRD (by Urban Futures and BC Stats).
- 2. Analyzed recent residential development trends in the CRD by unit type (between 2007 and 2009).
- 3. Estimated the share of total regional apartment development that has gone to the Downtown study area over the past 2 or 3 years.
- 4. Updated our 2007 projection to reflect any recent changes in total expected long range regional housing demand and the share of demand that could go to Downtown.

Based on this review, we think that the 2007 "Lower Demand Scenario" is good reflection of potential future residential demand in Downtown. The "Higher Demand Scenario" is likely optimistic. Therefore, we anticipate development of about 340 apartment units per year over the next 20 years or so. Assuming an average gross floor area of 1000 per unit, this means up to about 340,000 square feet of space per year on average.

3.4.2 Office Projections

Exhibit 4 summarizes our 2007 projected office space growth in Downtown Victoria from 2006 to 2026.

Exhibit 4: Projected Downtown Victoria Office Floorspace Growth

	2006	2011	2016	2021	2026	Total Growth
Lower Demand Scenario	4,500,000	4,793,488	5,088,063	5,385,150	5,681,150	1,200,000
Higher Demand Scenario	4,500,000	5,125,038	5,547,313	5,968,025	6,367,025	1,900,000

All figures in square feet.

To evaluate whether the 2007 projection is still reasonable over the long term, we:

- 1. Analyzed changes in occupied office space in Downtown and in the region between 2006 and 2009.
- 2. Reviewed existing plans for significant office projects in Downtown and the region.

Based on our review, the 2007 projections are still a reasonable range for the expected long term office demand in Central Victoria. So, we anticipate about 60,000 square feet of new office development per year on average in the Core Area.

3.4.3 Potential for Density Bonus Space

The total estimated pace of Core Area development, therefore, is about 400,000 square feet per year. As the City's proposed density bonus figures suggest increasing from FSR 3 to a maximum of about FSR 6, for some projects the maximum share of space that is density bonus is about half. However, some of the density districts only allow a maximum of about FSR 4, so the maximum share that could be bonus space is 25%.

Based on actual approvals over the last 6 years, the City has granted about 100,000 square feet of density bonus space per year, which is equivalent to about 25% of the projected pace of development. A new system can be assumed to increase the rate of take-up of density bonus space, because a much wider array of sites will be eligible and improvements will be incorporated over the current system. However, given the proposed maximum FSRs achievable in some of the bonus areas, the fact that not all projects will use the density bonus opportunity, and the fact that some Core Area development will occur outside the designated bonus density areas, it seems reasonable to assume that the pace of density bonus take-up would likely be a maximum of about 25% of all new development, or about 100,000 square feet of space per year.

3.5 Downtown Office and Residential Land Values

To estimate the potential value of future amenity contributions, it is necessary to estimate the value of bonus density. The maximum value that can be achieved is the actual market value of the density (i.e. the land value expressed as dollars per square foot of bonus development potential), as developers will not generally pay more than the density is worth. In practice, the achievable value is less than full market value as it is helpful to leave some of the value in the project as an incentive or as money that can pay a premium for land to accelerate land purchase, site assembly, and redevelopment.

As input to evaluating a new density bonus system for the Core Area, we estimated the land value that is supportable by concrete highrise strata apartment development and high density office development in Downtown.

Our estimates rely on available sales evidence over the last few years and on land residual analysis that we completed for hypothetical high density residential and high density office projects in Downtown under current market conditions.

3.5.1 Estimated Residential Land Value

Our residential land value analysis is contained in Exhibits 5 and 6. The analysis in Exhibit 5 is representative of a hypothetical mid-quality highrise project in Downtown. Exhibit 6 assumes the project is higher quality so the revenue and construction costs are higher.

Our land residual analysis indicates that the current market value for zoned, serviced high density residential development sites in Downtown Victoria is between \$30 and \$40 per sq.ft. of buildable floor space. This is consistent with current listings for high density residential development sites in (or near) Downtown.

Sites in high value locations (such as on the waterfront) would have higher land values.

3.5.2 Estimated Office Land Value

Our office land value analysis is contained in Exhibits 7 and 8. These exhibits provide two different approaches to estimating the supportable land value of an office development site.

- Exhibit 7 assumes the building is constructed by a developer who sells the completed project to an investor at a premium to the total construction costs (a developer's profit margin is included the analysis).
- Exhibit 8 assumes that the developer holds the office building for the long term and requires a premium above the annual return (capitalization rate) that could be realized from acquiring an existing comparable office building, to account for the risks associated with the development process.

Based on our land residual analysis, we estimate that the current market value for zoned, serviced high density office development sites in Downtown Victoria is between \$15 and \$20 per sq.ft. of buildable floor space.

3.5.3 Potential for Amenity Contribution

Using the estimated land values and the estimated pace of development, we can produce a rough estimate of the potential value of future amenity contributions. Exhibit 9 below uses the low end of the estimated range of land values.

Type of Space	Estimated Rate of Annual Growth	Share That Makes an Amenity Contribution	Value of Amenity Contribution at 75% of Land Value	Total Potential Value per year
Residential	340,000 sq. ft.	25%	\$30 x 75% = \$22.50 per square foot	\$1.9 million
Office	60,000 sq. ft.	25%	\$15 x 75% = \$11.25 per square foot	\$0.16 million
Total	400,000 sq.ft.			Say \$2 million

The estimated total potential value of amenity contributions is in the range of \$2 million. Note that is the total <u>including</u> any portion that takes the form of acquiring transferrable heritage density. If (for illustrative purposes) 10% of the potential is heritage related, the amenity value available to the City for other amenities is 90% of the indicated total, or about \$1.7 million per year.

Given the array of amenities that the City is interested in, this level of capital funding (assuming that the City receives it all in the form of cash-in-lieu) will not go far, so it will be important to prioritize spending in order to complete some objectives, rather than making small incremental progress on all objectives at the same time.

Downtown Victoria Apartment Land Residual Hypothetical Concrete Apartment Development		Storey Mid-Quality Buil	ldina		
hypothetical concrete Apartment Development	Assumes a 15				
Major Assumptions (shading indicates figures that are inputs	; unshaded cel	ls are formulas)			
Revenue and Value					
Average Sales Price Per Sq. Ft.	\$475.00	per sq.ft. of net saleab	le residential space		
Site and Building Size	40.000				
Site size		sq.ft. or	0.41	acre	
Assumed density		FSR			
Total floorspace	90,000		99.00/	of groo	0.0700
Net saleable space Average Gross unit size	852	sq.ft. or	00.0%	of gros	
Average Net unit size		sq.ft.			
Number of units		units or	256.52		
Required Parking Stalls		per unit	200.02		
Residential Stalls		stalls			
Fotal Stalls		stalls			
Construction Costs					
Allowance for Demolition of Existing Buildings	\$0				
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)		per lineal meter of front	tage		
Other Predevelopment Costs	\$0				
Hard Construction Costs					
Building Costs		per gross sq.ft. of build	ling area		
Cost Per Parking Stall		per parking stall			
Overall Costs Per Square Foot		per gross sq.ft. assum		ing	
Soft costs (1)		of hard costs and site	prep/servicing costs		
Contingency on hard and soft costs		of hard and soft costs			
Regional Levies	\$0.00	per apartment unit			
SSAC	\$0.00	per apartment unit			
DCCs	\$3.330	per sq.ft. of building an	ea		
nterim financing on construction costs	7.0%	on 50% of hard and so	ft costs, assuming a	2	year construction perio
Financing fees	0.5%	of hard and soft costs			
Other Costs and Allowances					
Rezoning Costs	\$0				
Marketing and Commissions		of gross revenue			
Developer's Profit		of gross revenue, or		17.6%	of total costs
Property Taxes		of assessed value		17.070	011010100313
Assumed current assessment (Year 1 of analysis)	\$3,000,000				
Assumed assessment after 1 year of construction (Year 2 of analysis)		(50% of completed pro	ject value)		
Analysis					
Revenue					
Gross sales revenue	\$37,620,000				
Less marketing and commissions	\$1,881,000				
Net sales revenue	\$35,739,000				
vet sales revenue	400,700,000				
Construction Costs					
Allowance for Rezoning Costs	\$0				
Allowance for Demolition of Existing Buildings	\$0				
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$221,893				
Other Predevelopment Costs	\$0				
Hard construction costs	\$20,645,000				
Soft costs	\$2,064,500				
Contingency on hard and soft costs	\$1,146,570				
Regional Levies	\$0				
SSAC	\$0				
DCCs	\$299,742				
nterim financing	\$1,706,439				
Financing fees/costs	\$121,889				
Total construction costs	\$26,206,033				
Developer's Profit	\$5,643,000				
Residual to Land and Land Carry	\$3,889,967				
Less interim financing on land (approvals/presales/construction)	\$633,092				
ess property purchase tax	\$63,137				
Less property taxes	\$144,193				
Residual Land Value	\$3,049,544				
Residual Value per sq.ft. of site	\$169.42				
Residual Value per square foot buildable	\$33.88				

Downtown Victoria Apartment Land Residual	A	Denness I link Oscelles D. 1	l Islaa		
Hypothetical Concrete Apartment Development	Assumes a 15	Storey High-Quality Bui	lding		
Major Assumptions (shading indicates figures that are inputs; o	unshaded cells a	re formulas)			
Revenue and Value					
Average Sales Price Per Sq. Ft.	\$540.00	per sq.ft. of net saleab	e residential space		
Site and Building Size	10.000				
Site size Assumed density		sq.ft. or	0.41	acre	
Total floorspace		FSR			
Net saleable space	90,000		00.00/	of groop	0.000
•		sq.ft. or	00.0%	of gross	alea
Average Gross unit size Average Net unit size	852	sq.ft.			
Number of units		units or	256.52		
Required Parking Stalls		per unit	230.32	UFA	
Residential Stalls		stalls			
Total Stalls		stalls			
	100	otano			
Construction Costs					
Allowance for Demolition of Existing Buildings	\$0				
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)		per lineal meter of front	age		
Other Predevelopment Costs	\$0,000		- J-		
Hard Construction Costs	ψυ				
Building Costs	\$200.00	per gross sq.ft. of build	ling area		
Cost Per Parking Stall		per parking stall	J		
Overall Costs Per Square Foot		per gross sq.ft. assum	ing underground park	ina	
Soft costs (1)		of hard costs and site		.9	
Contingency on hard and soft costs		of hard and soft costs	,		
Regional Levies		per apartment unit			
SSAC		per apartment unit			
DCCs		per sq.ft. of building are	a		
Interim financing on construction costs		on 50% of hard and so		2	year construction period
Financing fees		of hard and soft costs			,
Other Costs and Allowances Rezoning Costs	\$0				
		of gross revenue			
Marketing and Commissions Developer's Profit		of gross revenue, or		17 60/	of total costs
Property Taxes		of assessed value		17.0%	OF TOTAL COSTS
Assumed current assessment (Year 1 of analysis)	\$3,000,000	or assessed value			
Assumed assessment after 1 year of construction (Year 2 of analysis)		(50% of completed pro	ject value)		
Analysis					
Revenue					
Gross sales revenue	\$42,768,000				
Less marketing and commissions	\$2,138,400				
Net sales revenue	\$40,629,600				
	\$10,020,000				
Construction Costs					
Allowance for Rezoning Costs	\$0				
Allowance for Demolition of Existing Buildings	\$0				
On-Site Servicing (Upgrade of Adjacent Roads/Sidewalks/Etc)	\$221,893				
Other Predevelopment Costs	\$0 \$22 FEE 000				
Hard construction costs Soft costs	\$23,565,000 \$2,356,500				
Contingency on hard and soft costs	\$2,356,500				
Regional Levies	\$1,307,170				
SSAC	\$0				
DCCs	\$299,742				
Interim financing	\$1,942,521				
Financing fees/costs	\$138,752				
Total construction costs	\$29,831,578				
Developer's Profit	\$6,415,200				
Residual to Land and Land Carry	\$4,382,822				
Less interim financing on land (approvals/presales/construction)	\$713,304				
Less property purchase tax	\$71,304				
Less property purchase tax	\$160,116				
Residual Land Value	\$160,116				
Neorual Lallu Value	φ3,430,01Z				
Residual Value per sq.ft. of site	\$191.00				
	\$38.20				
Residual Value per square foot buildable					
Residual value per square toot buildable					

Value: <	Hypothetical Office Building in Downtown	Victoria							
Itel and Building Size Assumptions: Itel and	Assumes developer builds, leases, and then	sells to an	investor a	nd exped	cts a 15% p	profit margin	on value		
Init and Bubble Size Assumptions: Init and Bubble Size									
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Wareau and Value Assumptions: State of the state	Inderground/structured Parking	1	stall per	500	sq.ft. of gros	s building area			
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Value: <									
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Fotal Value per sq.ft. buildable \$473 Image: Construction of the system	5								
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/alue per sq.ft. of land \$87	/alue per sq.ft. buildable	\$17	1						
	alue per sq.ft. of land	\$87	1						
lotes:	otes:								

Hypothetical Office Building in Downtow	n Victoria							
Assumes developer builds, leases and then		expects a	a return eo	quivalent to	o 1.25 percer	ntage point o	over cap rat	es
Assumptions								
Site and Building Size Assumptions:	10.000		0.440					
Assumed Site Size	18,000		0.413	acre				
-SR	5.0							
Project Size	90,000							
Rentable Area		of gross a						
Underground/structured Parking		stall per	500	sq.ft. of gros	s building area			
Fotal Stalls	180	1						
Revenue and Value Assumptions:	• • • •							
Average Net Lease Rate					g landlord provid	des fit up allow	ance	
Operating Costs		· ·	of rentable a	area				
Annual Vacancy Allowance	5.0%							
Property Management				uded in opera	ating costs)			
Structural Allowance		of lease re						
Assumed Net Parking Revenue	\$100.00	per stall p	er month					
Capitalization Rate	7.75%							
Profit Allowance	0.0%	accounter	d for by high	er cap rate				
Cost Assumptions:								
Site Servicing (sidewalks, landscaping, etc)			metre of from	ntage				
Building Construction Costs (to base building - shell)		per sq.ft.						
Parking Construction Costs				tructured parl				
Base Building Hard Construction Costs				cluding parki	ng)			
Fit-up Allowance			ole square fo	oot				
Soft Costs (including project management)		of hard co						
Contingency			d soft costs					
Regional Levies	\$0.000	per sq.ft.	of building a	rea				
Municipal DCC	\$2.153	per sq.ft.	of building a	rea				
Other Contributions/Levies	\$0.00	per sq.ft.	of building a	rea				
nterim Financing	7.0%	on 50% o	f all costs a	ssuming a	2.0			
Property Taxes During Development	2.29316%		land value i			year construc	tion period	
			Ū	ss value of bu	uilding in Year 2	, which is:		
Jpfront Leasing Commissions	17%	of Year 1	revenue				\$114,329	
_ease-up period after construction complete		months, c			years			
Assumed up-front vacancy cost during lease-up	\$47.50	per sq.ft.	(i.e. lease re	evenue+opera	ating costs) on	50%	of space duri	ng lease-up
Analysis								
Value:								
_ease Revenue	\$2,639,813							
Recovered Operating Costs	\$1,218,375							
Parking Income	\$216,000							
Total Gross Revenue	\$4,074,188							
ess Operating Costs	\$1,282,500							
ess Management	\$0							
Less Structural	\$26,398							
Net Operating Income	\$2,765,289	1						
Capitalized Value	\$35,681,153	1						
Fotal Value per sq.ft. buildable	\$396							
Costs:								
Site Servicing	\$228,659	1						
Hard Construction (including parking)	\$22,500,000							
Fit-Up	\$2,992,500							
Jpfront Leasing Commissions	\$448,768							
Jpfront Vacancy Cost during Lease-up	\$507,656							
Soft Costs (including project management)	\$3,375,000							
Contingency	\$1,293,750							
Regional Levies	\$0							
Municipal DCC	\$193,808							
Other Levies	\$0							
Property Taxes during Development	\$22,932							
nterim Financing	\$2,209,415							
Total Costs Before Land and Profit	\$33,772,488							
Fotal Costs per sq.ft. buildable	\$375							
Profit:	\$0							
Land Residual:	¢1 000 ccc	i						
	\$1,908,666							
and Residual Before Holding Costs								
Land Residual: Land Residual Before Holding Costs Less interim financing on land for construction plus 6 r Less property taxes during approvals								
and Residual Before Holding Costs Less interim financing on land for construction plus 6 r	\$283,914	i						
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Land Residual Before Holding Costs Less interim financing on land for construction plus 6 r Less property taxes during approvals Less property closing costs Residual Land Value	\$283,914 \$11,466 \$16,133							
and Residual Before Holding Costs ess interim financing on land for construction plus 6 r ess property taxes during approvals ess property closing costs Residual Land Value Value per sq.ft. buildable	\$283,914 \$11,466 \$16,133 \$1,597,153 \$18							
and Residual Before Holding Costs ess interim financing on land for construction plus 6 r ess property taxes during approvals ess property closing costs Residual Land Value Value per sq.ft. buildable	\$283,914 \$11,466 \$16,133 \$1,597,153							
and Residual Before Holding Costs ess interim financing on land for construction plus 6 r ess property taxes during approvals ess property closing costs	\$283,914 \$11,466 \$16,133 \$1,597,153 \$18							

3.6 Heritage Building Renovation in Downtown

One component of the proposed density bonus system is the creation of transferrable density bonuses to provide incentives for the restoration and retention of important heritage resources. The City has identified Old Town as an area in which transferrable density bonus could be created. In Old Town, many important buildings have already been rehabilitated, but many important buildings remain unrestored and the long term success of Old Town as a historic precinct depends on keeping enough buildings to create an overall image and character.

In early 2007, we completed a detailed analysis of the financial viability of rehabilitating existing heritage buildings in Old Town. The purpose of the 2007 analysis was to evaluate whether the City's incentives for heritage revitalization were likely to make rehabilitation of heritage buildings financially attractive for private developers for a significant share of the remaining heritage buildings in Old Town. In that study, we found that increasing renovation costs and the fact that many of the remaining buildings have inherent complexities that add to cost were creating a situation in which property tax forgiveness alone was not enough to make some projects viable. Some other form of incentive is also required and we suggested the City consider using transferrable density bonus, which has been very successful in other communities such as Vancouver. Therefore, Victoria is considering including a heritage density bonus component in the Core Area density bonus scheme.

As input to evaluating a new density bonus system, we completed an update of the 2007 analysis to help gauge the amount of transferable bonus floorspace that may be required to make heritage projects financially attractive.

We updated the detailed financial analysis for the two case study buildings that we analyzed in 2007:

- The Duck Block, located at 1314 to 1322 Broad Street.
- The Hamley Building, located at 602 Broughton Street.

To update the revenues and costs assumptions used in the 2007 financial analysis, we:

- Analyzed recent sales and listings for strata residential units in several heritage buildings that have recently been renovated and are subject to the property tax abatement program.
- Reviewed commercial lease rates in heritage buildings that have been renovated and compared this with heritage buildings that have not been renovated.
- Examined indicators of changes in construction costs between early 2007 and late 2009, such as the Statistics Canada construction price indices and the BDC Development Consultants' construction index for Victoria.
- Interviewed a developer who is currently active in heritage building conversions in Old Town (with at least two projects currently underway) to discuss prevailing sales prices for strata

units in converted heritage buildings, current costs of renovating and restoring heritage buildings, and the current market risks associated with heritage building renovations.

The assumed renovation and conversion plans for each case study building are based on concepts produced by Busby Perkins and Will Architects in 2007. Detailed cost estimates were also produced for each building in 2007 (which we have adjusted downward by 10% to allow for changes in costs between early 2007 and 2009).

3.6.1 Duck Block

The Duck Block is an existing 3 storey building with retail/service space at grade and a mix of commercial and residential uses on the upper floors. The entire building includes about 19,899 sq.ft. of gross floorspace and the site size is 7,260 sq.ft.

Exhibits 10 and 11 contain our updated analysis for the Duck Block. The analysis assumes that a developer would acquire the building based on its estimated existing market value as an income producing property (Exhibit 10) and then renovate the building to create 16 strata residential units on the upper floors and 5,500 sq.ft. of retail space at grade. Exhibit 11 includes all of the estimated revenues, existing heritage financial incentives, and conversion costs for the project. It also includes a developer's profit margin of 15% on costs, which would be required to make the project financially attractive and create the incentive needed for developer to proceed with the renovation. The bottom line in the exhibit calculates the additional financial incentive required to make the project financially attractive.

Exhibit 11 shows that the project is not financially attractive under current market conditions and the current heritage incentive program. The financial shortfall is about \$2.6 million, or about \$360 per sq.ft. of site area.

We estimate that the value of multifamily residential floorspace in Downtown Victoria is between \$30 and \$40 per sq.ft. buildable. Therefore, if transferable floorspace is the only additional incentive available to the project, we estimate that a bonus of about 9 to 12 FSR would be required (\$360 per sq.ft. of site area / \$30 to \$40 per sq.ft. buildable) to make this heritage rehabilitation project financially attractive.

A transferrable bonus of FSR 9 on this site (with an area of 7,260 square feet) results in transferrable density of about 65,000 square feet. This is a large amount of space considering we have estimated that the whole Core Area might only see about 100,000 to 140,000 square feet of density bonus space taken up each year. Note that if we use the lower end of the land value range the required bonus is FSR 12, which on this site yields almost 90,000 square feet of space.

This is probably an extreme case in terms of the heritage density bonus needed for project viability. There are many factors that influence financial outcomes and it is possible that this project's economic performance could be better if some assumptions are changed (e.g. higher ground floor retail rent, smaller residential unit sizes yielding higher per square foot sales prices).

The point of this case study is simply to illustrate that some sites may need a significant transferrable density bonus to be viable.

3.6.2 Hamley Building

The Hamley Building is an existing 4 storey building with retail/service space at grade and storage on the upper floors. The entire building includes about 9,960 sq.ft. of gross floorspace and the site size is 2,878 sq.ft.

Exhibits 12, 13, and 14 contain our updated analysis for the Hamley Building. Exhibit 12 estimates the current market value of the existing building as an income producing building.

We examined two different renovation/conversion scenarios for the Hamley Building.

Exhibit 13 assumes that a developer would acquire the building based on its estimated existing market value as an income producing property and then renovate the building to create 3 large strata residential units on the upper floors and 2,275 sq.ft. of retail space at grade. Exhibit 13 shows that this residential conversion project is not financially attractive under current market conditions and the current heritage incentive program. The financial shortfall is about \$1.3 million, or about \$465 per sq.ft. of site area.

If transferable floorspace is the only additional incentive available to the project, we estimate that a bonus of about 11.6 to 15.5 FSR would be required (\$465 per sq.ft. of site area / \$30 to \$40 per sq.ft. buildable) to make this heritage renovation project financially attractive.

Exhibit 14 assumes that a developer would acquire the building based on its estimated existing market value as an income producing property and renovate the building to create 7,550 sq.ft. of rentable office space on the upper floors and 2,275 sq.ft. of retail space at grade. Exhibit 14 shows that this office renovation project is not financially attractive under current market conditions and the current heritage incentive program. The financial shortfall is about \$0.3 million, or about \$100 per sq.ft. of site area.

If transferable residential floorspace is the only additional incentive available to the project, we estimate that a bonus of about 2.5 to 3.3 FSR would be required (\$100 per sq.ft. of site area / \$30 to \$40 per sq.ft. buildable) to make this heritage renovation project financially attractive.

A bonus of FSR 2.5 to 3.3 on this site (with an area of 2878 square feet) yields total transferrable floor area of about 7,000 to 10,000 square feet, much smaller than the transferrable bonus needed to make the Duck Block viable.

As with the Duck Block, changes in assumptions will affect project economics and, therefore, change the size of the necessary density bonus.

Mojor Acoumptions (shadir - indianta former that and in		alla cre f:	maulac)			
Major Assumptions (shading indicates figures that are inputed in the second s	ns, unsnaded (cens are for	muias)			
Site and Building Size						
Site size	7260.0	sq.ft. or	0.167	acre		
Assumed density	2.7	FSR				
Total floorspace	19,899	sq.ft.				
Grade Level Commercial Space	6,067	sq.ft. renta	ble			
Upper Floor Space plus grade level vertical access/lobby	13,832					
Net Rentable Upper Floor Space (excludes vertical penetrations)	12,412	sq.ft. or	90%	of gross	area upper floor area	
Revenue and Value						
Grade Level Commercial					2007 Analysis	
Average Lease Rate on Grade Level Commercial	\$17.50	per sa ft. o	f grade level :	space	\$17.50	
Vacancy Allowance			tential revenu		5%	
Property Taxes on Grade Level Commercial	\$5.00	U 1			\$6.00	
Other Operating Costs on Grade Level Commercial	\$4.00				\$4.00	
Total Operating Costs	\$9.00				\$10.00	
Capitalization Rate on Commercial Income	7.0%				7.0%	
Value of Grade Level Space		per sq.ft.			\$230.36	
Upper Floor Space	φ231.07	per sq.it.			φ230.30	
Average Lease Rate on Upper Floor Space	\$10.00	persaft o	f upper floor s	snace	\$8.00	
Vacancy Allowance			tential revenu		5%	
Property Taxes Upper Floor Space	\$3.00			Je	\$2.50	
	\$3.00				\$2.50	
Other Operating on Upper Floor Space						
Total Operating Costs	\$7.00				\$6.50	
Capitalization Rate on Upper Floor Income	7.0%				7.0%	
Value of Upper Floor Space	\$130.71	per sq.ft.			\$103.93	
Analysis						
Net Annual Income						
Grade Level Net Income Before Vacancy	\$106,173					
Vacancy	\$5,309					
Unrecoverable Operating Costs	\$2,730					
Net Annual Income from Grade Level Commercial	\$98,134					
Upper Floor Net Income Before Vacancy	\$124,120					
Vacancy	\$6.206					
Unrecoverable Operating Costs	\$4,344					
Net Annual Income from Upper Floor Commercial	\$113,570					
Total Net Annual Income from Property	\$211,704					
Capitalized Net Annual Income at:		per sq.ft. of site	per sq.ft. of building			
7.0%	\$3,024,336.07	\$416.58	\$151.98			
	\$2,646,294.06		\$132.99			
Malay Assumptions ()						
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Major Assumptions (shading indicates figures that a	re inputs; unsh	aded cells a	re formu	las)		
Revenue and Value	0 405 00					
verage Sales Price Per Sq. Ft.					dential space with t	ax incentive
verage Lease Rate on Grade Level Commercial					after renovation	
/acancy Allowance		of gross pote	ential reve	enue		
Property Taxes on Grade Level Commercial	\$8.10					
Junicipal and School Tax Portion	\$7.05					
Other Operating Costs on Grade Level Commercial	\$4.00					
Total Operating Costs	\$12.10					
Capitalization Rate on Commercial Income	6.5%					
/alue of Commercial Space Upon Lease-Up		per sq.ft.				
PV of Tax Savings on Grade Level Commercial for 10 years	\$50.66	per sq.ft. at	6.5%	discour	it rate	
Site and Building Size						
Site size	7,260	sq.ft. or	0.167	acre		
Assumed density	2.747	FSR				
otal floorspace	19,940	sq.ft.				
Grade Level Commercial Space	5,500	sq.ft.				
Gross Residential Floorspace including lobby/circulation	14,440	sq.ft.				
Net Saleable Residential Space	11,950	sq.ft. or	83%	of gross	area	
Average gross unit size		sq.ft.		Ū		
Number of units		units				
Construction Costs lard costs	\$216.00	ner gross og	tt (inclu	des allo	wance for applianc	es)
	\$216.00 \$0	per gross sc	nin (melu	นธร สแบ	мансе югаррнапс	co)
Allowance for site preparation and servicing costs		of bord co-t	ond aits	pres/c	ervicing costs	
Soft costs (1)					ervicing costs	
Contingency on hard and soft costs		of hard and		•		
Contributions to City		per apartme				
Residential DCC					additional space)	
Commercial DCC					additional space)	
inancing rate on land and construction	7.0%				0% of hard and sof	t costs
		(assuming an			n timeframe)	
inancing fees	0.5%	of hard and	soft costs	6		
Other Costs and Allowances						
Marketing and Commissions on Residential	5.0%	of gross reve	enue			
easing and Sales Commission on Commercial	5.0%	of value				
Property Acquisition	\$3,030,880	or	\$152.00	per sq.f	t. of existing buildi	ng
			(see wor	ksheet	on estimated curre	nt value)
Property Taxes During Renovation	\$66,000	per year				
Analysis						
Residential Revenue						
Gross sales revenue	\$5,556,750					
ess marketing and commissions	\$277,838					
Vet sales revenue	\$5,278,913					
Commercial Value	<i>40,210,010</i>					
/alue of Commercial Space Upon Lease Up	\$1,958,423					
Leasing and Sales Commissions	\$97,921					
Net Commercial Value	\$1,860,502					
	÷.,,					
Total Net Project Revenue	\$7,139,414					
Proporty Costo						
Property Costs Acquisition	\$3,030,880					
Property Transfer Tax	\$58,618					
Financing Costs for 18 Months	\$324,397					
Property Taxes for 18 Months Fotal Property Costs	\$99,000 \$3,512,895					
	ψ3,312,095					
Construction Costs						
Hard construction costs	\$4,307,040					
Allowance for site preparation and servicing costs	\$0					
Soft costs	\$430,704					
Contingency on hard and soft costs	\$236,887					
Contributions to City	\$0					
DCC's	\$0					
nterim financing	\$261,168					
Financing fee	\$23,689					
otal construction costs	\$5,259,488					
Total construction costs per sq.ft.	\$264					
	¢4 000 000					
Revenues Less Costs	-\$1,632,968					
Plus Present Value of Tax Savings on Commercial	\$278,628					
Plus Building Improvement Program Funding	\$50,000					
Less Target Developer's Profit (15% of costs)	\$1,315,857					
	÷.,010,007					
Net Position	-\$2,620,198					
	,					

Major Assumptions (shading indicates figures that are inp	uts; unshaded	cells are for	rmulas)			
Site and Building Size						
Site size	2878.0	sq.ft. or	0.066	acre		
Assumed density	3.5	FSR				
Total floorspace	9,960	sq.ft.				
Grade Level Commercial Space	2,339	sq.ft. renta	ble			
Retail Space with Government Frontage		sq.ft. renta				
Retail Space with Courtney Frontage	470	sq.ft. renta	ble			
Upper Floor Space plus grade level vertical access and Lobby	7,621					
Net Rentable Upper Floor Space (excludes vertical penetrations)	,	sq.ft. or	90%	of gross area up	per floor a	rea
Revenue and Value						
Grade Level Commercial						2007 Analysis
Lease Rate for Government Frontage	\$65.00	per sa.ft. of	f grade level s	space		\$65.00
Lease Rate for Courtney Frontage		· ·	f grade level s			\$35.00
Average Lease Rate on Grade Level Commercial			f grade level :			\$58.97
Vacancy Allowance	-		tential revenu			5%
Property Taxes on Grade Level Commercial	\$18.00	. .				\$15.00
Other Operating Costs on Grade Level Commercial	\$4.00					\$4.00
Total Operating Costs	\$22.00					\$19.00
Capitalization Rate on Commercial Income	7.0%					7.0%
Value of Grade Level Space		per sq.ft.				\$786.76
Upper Floor Space	¢. 002	poroquii				¢
Average Lease Rate on Upper Floor Space	\$1.00	persaft of	f upper floor s	space (storage re	ental rate)	\$1.00
Vacancy Allowance		00 per sq.ft. of upper floor space (storage rental rate) % of gross potential revenue			5%	
Property Taxes Upper Floor Space	\$0.20	U 1				\$0.50
Other Operating on Upper Floor Space	\$4.00					\$4.00
Total Operating Costs	\$4.20					\$4.50
Capitalization Rate on Upper Floor Income	7.0%					7.0%
Value of Upper Floor Space		per sq.ft.				\$10.36
Analysis						
Net Annual Income						
Grade Level Net Income Before Vacancy	\$137,935					
Vacancy	\$6,897					
Unrecoverable Operating Costs	\$2,573					
Net Annual Income from Grade Level Commercial	\$128,465					
Upper Floor Net Income Before Vacancy	\$6,885					
Vacancy	\$344					
Unrecoverable Operating Costs	\$1,446					
Net Annual Income from Upper Floor Commercial	\$5,095					
Total Net Annual Income from Property	\$133,560					
Capitalized Net Annual Income at:		per sq.ft. of site	per sq.ft. of building			
•	\$1,908,003.57	\$662.96				
	\$1,669,503.13					

Major Assumptions (shading indicates figures that	are incute:	adad aclia -	ro form.	/ac)		
WAJOR ASSUMPTIONS (shading indicates figures that	are inputs; unsh	aded cells a	re tormu	ias)		
Revenue and Value	£405.00				la stiel en en en stiele s	
Average Sales Price Per Sq. Ft.					lential space with t	tax incentiv
Average Lease Rate on Grade Level Commercial					after renovation	
/acancy Allowance		of gross pot	ential rev	enue		
Property Taxes on Grade Level Commercial	\$25.00					
Aunicipal and School Tax Portion	\$21.75					
Other Operating Costs on Grade Level Commercial	\$4.00					
Total Operating Costs	\$29.00					
Capitalization Rate on Commercial Income	6.5%					
/alue of Commercial Space Upon Lease-Up	\$1,073.85					
PV of Tax Savings on Grade Level Commercial for 10 years	\$156.36	per sq.ft. at	6.5%	discour	t rate	
Site and Building Size						
Site size	2,878	sq.ft. or	0.066	acre		
Assumed density		FSR				
Total floorspace	10,622					
Grade Level Commercial Space		sq.ft. (includ	ling stora	de and v	vashroom)	
Gross Residential Floorspace including lobby/circulation	8,347			J = == = = =		
Vet Saleable Residential Space		sq.ft. or	72%	of gross	area	
Average gross unit size		sq.ft.	/0			
Number of units		units				
Construction Costs Hard costs	\$260.40	per gross or	tft (inclu	des allo	wance for applianc	es)
	\$269.10		n. (Inclu	ues all0	мансе югаррнапс	6 3)
Allowance for site preparation and servicing costs				pro-1	niolog oc-t-	
Soft costs (1)					ervicing costs	
Contingency on hard and soft costs		of hard and		5		
Contributions to City		per apartme		,		
Residential DCC					additional space)	
Commercial DCC					additional space)	
Financing rate on land and construction	7.0%				0% of hard and sof	t costs
		(assuming an	18 month c	onstructio	n timeframe)	
Financing fees	0.5%	of hard and	soft costs	6		
Other Costs and Allowances						
Marketing and Commissions on Residential	5.0%	of gross reve	enue			
Leasing and Sales Commission on Commercial		of value				
Property Acquisition	\$2,039,424		\$192.00	per sq.f	t. of existing buildi	ng
					on estimated curre	
Property Taxes During Renovation	\$50,000	per year				
Anakaia						
Analysis						
Residential Revenue						
Gross sales revenue	\$2,813,250					
Less marketing and commissions	\$140,663					
Net sales revenue	\$2,672,588					
Commercial Value	\$2,012,000					
Value of Commercial Space Upon Lease Up	\$2,443,000					
Leasing and Sales Commissions	\$122,150					
Net Commercial Value	\$2,320,850					
	\$2,020,000					
Total Net Project Revenue	\$4,993,438					
Dremarky Canto						
Property Costs Acquisition	\$2,039,424					
Property Transfer Tax	\$38,788					
Financing Costs for 18 Months						
	\$218,212					
Property Taxes for 18 Months Fotal Property Costs	\$75,000 \$2,371,425					
Indian reporty Cuoto	ψ2,371,423					
Construction Costs						
Hard construction costs	\$2,858,380					
Allowance for site preparation and servicing costs	\$0					
Soft costs	\$285,838					
Contingency on hard and soft costs	\$157,211					
Contributions to City	\$0					
DCC's	\$0					
nterim financing	\$173,325					
inancing fee	\$15,721					
Financing lee	\$15,721					
Total construction costs	\$3,490,475					
Revenues Less Costs	-\$868,463					
Plus Procent Value of Tax Savings Comment'	COFF 740					
Plus Present Value of Tax Savings on Commercial	\$355,712					
Plus Building Improvement Program Funding	\$50,000					
ess Target Developer's Profit (15% of costs)	\$879,285					
Net Position	-\$1,342,035					
	₩.,042,000					

Malay Assumptions (at 11 - 11 - 11				()			
Major Assumptions (shading indicates figures that a	re inputs; unsh	aded cells a	re formu	las)			
Revenue and Value							
Grade Level Commercial	\$7E 00	por og ft of	grada lau				
Average Lease Rate on Grade Level Commercial /acancy Allowance		per sq.ft. of of gross pot					
Property Taxes on Grade Level Commercial	\$25.00			Shuo			
Municipal and School Tax Portion	\$21.75						
Other Operating Costs on Grade Level Commercial	\$4.00						
Total Operating Costs Capitalization Rate on Commercial Income	\$29.00 6.5%						
Value of Commercial Space Upon Lease-Up	\$1,073.85	per sa.ft.					
PV of Tax Savings on Grade Level Commercial for 10 years		per sq.ft. at	6.5%	discour	nt rate		
Upper Floor Space							
Average Lease Rate on Upper Floor Commercial Vacancy Allowance		per sq.ft. of of gross pot			e (no TIs)		
Property Taxes Upper Floor Commercial	\$7.00		entiarrev	enue			
Municipal and School Tax Portion	\$6.09						
Other Operating on Upper Floor Commercial	\$4.00						
Total Operating Costs	\$11.00						
Capitalization Rate on Commercial Income Value of Commercial Space Upon Lease-Up	6.5%	per sq.ft.					
PV of Tax Savings on Upper Floor Commercial for 10 years		per sq.ft. at	6.5%	discour	nt rate		
Site and Building Size							
Site size Assumed density		sq.ft. or FSR	0.066	acre		───┼	
Assumed density Total floorspace	3.69						
Grade Level Commercial Space (rentable)		sq.ft. (incluc	ling stora	ge and v	washroom)		
Gross Upper Floor Commercial Space (including lobby)	8,347						
Rentable Upper Floor Commercial Space	7,550	sq.ft. or	90%	of gross	s area (excludes s	airs and elev	ator
Construction Costs							
Hard costs	\$205.20	per gross so	ą.ft.				
Allowance for site preparation and servicing costs	\$0						
Soft costs (1)					ervicing costs		
Contingency on hard and soft costs		of hard and		3			
Contributions to City DCC		per apartme		area (no	additional space)		
Financing rate on land and construction					0% of hard and sol	it costs	
		(assuming an			on timeframe)		
Financing fees	0.5%	of hard and	soft costs	3			
Other Costs and Allowances							
Leasing and Sales Commission on Commercial	5.0%	of value					
Property Acquisition	\$2,039,424		\$192.00	per sq.t	t. of existing buildi	ing	
			(see wor	ksheet	on estimated curre	nt value)	
Property Taxes During Renovation	\$50,000	per year					
Anakusia							
Analysis							
Net Annual Income							
Grade Level Net Income Before Vacancy	\$170,625.00						
Vacancy	\$8,531.25						
Unrecoverable Operating Costs Net Annual Income from Grade Level Commercial	\$3,298.75 \$158,795.00						
	\$100,100.00						
Upper Floor Net Income Before Vacancy	\$166,100.00						
Vacancy	\$8,305.00						
Unrecoverable Operating Costs Net Annual Income from Upper Floor Commercial	\$4,152.50 \$153,642.50						
Net Annual Income from opper Ploor Commercial	\$155,642.50						
Total Net Annual Income from Property	\$312,437.50						
Value of Commercial Space Upon Lease Up	\$4,806,731						
Leasing and Sales Commissions Net Commercial Value	\$240,337 \$4,566,394						
	φ-,300,394						
Total Net Project Revenue	\$4,566,394						
Property Costs Acquisition	\$2,039,424						
Property Transfer Tax	\$2,039,424 \$38,788					++	
Financing Costs for 18 Months	\$218,212						
Property Taxes for 18 Months	\$75,000						
Total Property Costs	\$2,371,425						
Construction Costs						++	
Hard construction costs	\$2,179,634						
Allowance for site preparation and servicing costs	\$0						
Soft costs	\$326,945					\vdash	
Contingency on hard and soft costs DCC's	\$125,329 \$0						
Interim financing	\$0 \$138,175					++	
Financing fee	\$12,533						
Total construction costs	\$2,782,617						
Total construction costs per sq.ft.	\$262						
Revenues Less Costs	-\$587.647						
	-9007,047					++	
Plus Present Value of Tax Savings on Commercial	\$686,251						
Plus Building Improvement Program Funding	\$50,000						
	\$428,642						
Less Target Developer's Profit (15% of costs)							
Less Target Developer's Profit (15% of costs)	-\$280,039						

3.6.3 Comparing the Financial Analysis with the City Proposal

The City's draft heritage density bonus scheme suggests that the maximum density bonus available for a heritage restoration project will be 3 FSR. Our financial analysis indicates that this will be sufficient for some heritage restoration projects but not all. The City may need to reconsider this cap in some cases. In our view, the City should also consider site size in reviewing the cap, because a bonus of 3 FSR on a large site produces more floor space than a larger FSR on a smaller site. From a market impact perspective, the key issue is the total amount of transferrable floor space created in a project not the FSR calculation.

3.7 Current Market Response to Existing Density Approach

One important consideration in the design of a new density bonus system is the land market and development industry response to the existing system. Two items are of particular importance:

- Does the market show interest in accessing additional density?
- Do development properties trade at prices based on existing zoning or at prices based on anticipated upzoning?

As reviewed in Section 3.1, the development industry has demonstrated willingness to seek bonus density. While the number of projects is small, a significant amount of new floorspace has been developed as bonus density. As the new system will apply to a larger area, will be more predictable, will be more carefully designed, and will be more explicitly documented, the rate of take-up should increase as long as bonus density is priced appropriately in terms of the value of the required amenity contribution.

One key consideration in the bonus density pricing mechanism is how the land market is currently pricing development sites with regard to prospects for additional density under the existing system.

Hypothetically speaking, two different market regimes could exist in Downtown:

- Redevelopment sites could generally trade at values based on existing allowable density. In
 this regime, developers would be of the view that there is rezoning risk (i.e. Council may not
 approve the rezoning even if it offers an amenity contribution), that rezoning even if successful
 will cost money and time, that the amount of achievable additional density is not certain, and
 that the cost of any required amenity contribution will be equal to a significant portion of the
 gain in land value due to increased density. Therefore, developers will pay for sites based on
 existing zoning and will not pay values based on anticipated upzoning.
- Redevelopment sites could generally trade at values based on anticipated upzoning. In this regime, developers (and land owners) would be of the view that rezoning risk is not large, rezoning costs are not unreasonably high (or at least predictable), the amount of achievable additional density is predictable, the amount of the amenity contribution is somewhat

predictable and generally less than the value of the extra density and that, all of these factors considered, developers can afford to pay somewhat more than the value based on existing zoning. Sites may not trade at the full value based on future density, because there will be costs of rezoning and some risk, but values would be higher than supported by existing zoning.

If prevailing market conditions match the first scenario above, then there is no market impediment to implementing a new density bonus system. If prevailing market conditions match the second scenario above, some developers who recently acquired sites may have paid too much and land sellers will regard (correctly) the new system as putting downward pressure on the value of their sites. Some owners will be unwilling to sell at prices based only on the existing zoning because they will have the mindset that their value should incorporate at least some of the lift from upzoning.

In order to determine which of these scenarios best describes the current land market in Victoria, we obtained from the City detailed information about a variety of development site transactions that have occurred in Downtown over the last several years, including purchase price, zoning at the time of the sale, and allowable density after rezoning.

Based on a review of these transactions it is our opinion that:

- The land values indicated by these transactions are broadly consistent with our land value estimates (in dollars per square foot of developable area) in Section 3.5.
- Most of the transactions suggest that the sites traded based mainly on existing zoning, not anticipated increased density.
- The few transactions that involved a premium over existing zoning could signal a willingness to build in some of the value of anticipated higher density. The premium is at most about 25% of the value of subsequently added density. There could also be other explanations for the premium such as a premium to complete an assembly or prevailing super-heated market conditions in 2006 to late 2008.

The new system, therefore, should be designed with consideration to the fact that some recent development site purchases may have already incorporated some share of anticipated lift. The concern is mitigated by these factors:

- This situation would only imply in the existing density bonus area, not the new proposed areas.
- The premium has not been paid in many cases.
- Transactions that included a premium suggest a maximum of 25% or so.

3.8 Overall Implications for Density Bonus System

Based on our analysis, the density bonus system must address these issues:

- There is a need to manage the interaction between amenity bonus and transferrable heritage bonus because there is a high degree of overlap between designated receiver areas and designated bonus areas (see Exhibit 15).
- The limit of 3 FSR on heritage source sites will be too low for some properties.
- The City's amenity priorities are highly suited to density bonusing, but require that most or all contributions are cash-in-lieu.
- The potential annual revenue generation is not large enough to implement all amenity priorities at once. The City will have to prioritize and phase its capital investments, unless it intends to borrow the capital and repay it with amenity contribution cash.



4.0 Suggestions For Proposed Density Bonus System

4.1 Assumptions

Our suggestions are based on these assumptions:

- The City's policies regarding the locations of density bonus areas, base density, and maximum density will be adopted in the Downtown Core Area Plan as an OCP bylaw.
- The City's amenity priorities will be adopted as part of the new OCP bylaw.
- The City will establish systems for collecting and allocating cash-in-lieu contributions.

4.2 Waterfront Sites

Waterfront sites are excluded from the City's designated density bonus areas. We agree with this decision because the rezoning and redevelopment of waterfront lands will require site-specific approaches to:

- Achieve on-site amenities such as public access along the harbour and public walkways.
- Deal with design so as to protect water views and waterfront access.
- Produce developments that live up to the outstanding potential of these lands.

Waterfront properties should provide amenity contributions, but these should be determined on a site-by-site basis.

4.3 Source Sites in Old Town for Transferrable Density Bonus

Heritage sites seeking transferrable heritage density bonus will have to be negotiated on a siteby-site basis, for these reasons:

- The size of the bonus cannot be determined in advance because the amount depends heavily on individual project economics.
- The bonus must be associated with a commitment (and an acceptable concept plan) for heritage restoration.

Therefore, each case will be individually negotiated.

This is not a problem, as the City already individually negotiates the provisions for property tax abatement, which requires the same kind of financial analysis that will be needed to calculate the appropriate heritage density bonus.

We suggest these refinements:

- The City should revisit the proposed cap of 3 FSR for transferrable density. Some buildings may require more bonus to be viable. If there is a cap for individual projects, it might be better to have a cap on total bonus square footage from any project rather than a cap on FSR.
- The policy should make it clear that a financial analysis must be provided in support of the application for transferrable bonus.
- The policy should make it clear that transferrable density can be used for any uses allowable at the receiver site but that in calculating the initial bonus amount the City will assume the use and value are based on the higher of residential or office land values at the time.
- The policy should require that density bonus is only available if the project has also obtained property tax abatement, to minimize the amount of the required bonus.

To implement this transferrable system, the City must:

- Clearly identify eligible receiver areas.
- Put in place a system to monitor and manage the creation and take-up of transferrable density and watch for any signs of over-supply (which would lead to a deflation in value). One approach to managing the creation of new transferrable density is to set an annual cap. A cap might avoid creating "too much" density, such that the market price falls, but there are some problems with defining a cap. First, until the system has been operating for a while it would be difficult to select an appropriate cap. The conservative approach would be to set the cap arbitrarily low, but this might inhibit desirable projects that need more density. Second, the existence of a cap could lead to a situation in which the City uses up the cap and then has no ability to approve a highly desirable application that is received afterward. We suggest setting an initial target, not to be exceeded unless there is a compelling reason, and a very careful approach to monitoring. The amount of the initial annual target will depend on whether the City's approved system includes our suggestions for expanded receiver areas (see Section 4.4) and our suggestion for a limit on the maximum heritage share of density bonus in the "overlapping" amenity areas (see last two paragraphs of Section 4.5).
- Create an education plan targeted at heritage property owners, property owners in the receiver areas, and developers.
- Maintain an easily-accessed record of who has transferrable density for sale.
- Establish the legal tools to create the transferrable density at a source site and then shift it to receiver sites.

4.4 Receiver Sites Outside of Areas A, B, and C

Receiver sites outside of Areas A, B, and C should be pre-zoned to allow them to "import" extra density.

These receiver sites need a base and maximum density defined in bylaws. Receiver sites should not be rezoned site-by-site because the marketability of the transferrable density would be impaired by rezoning risk.

The City may want to consider expanding this area, because the total amount of land outside A, B, and C is small. One way to expand the receiver areas without dramatic impact on receiver neighbourhoods is to change zoning in a larger area to allow a small increment in FSR (say 10%) without rezoning if the increment is for a heritage transfer. Vancouver uses this approach and it accounts for a meaningful share of the heritage density take-up. Vancouver is considering increasing this density top-up to 15% of FSR, but we suggest Victoria start with 10% and monitor the outcome (in terms of urban design, view impacts, architectural character) before considering a larger increment.

4.5 Areas A, B, and C

We see three alternative approaches to these areas:

- 3. Site-by-site. The City could rezone these properties individually on application. This means individual negotiations and continued rezoning risk, but the approach is still dramatically better than the current approach, because the base and bonus density (and height and use) will be established in the Plan, as will the amenity priorities and the emphasis on cash-in-lieu. If Council consistently approves rezoning based on OCP policy, this will work. The new approach will not be ad hoc. Because of the heritage transfer system, the City will need the capability (internal or consultants) to do the financial analysis anyway. As well, it is important to note that the total number of projects will not be large (likely 2 or 3 per year based on recent experience), so the total administrative load is not large.
- 4. Pre-zone. Areas A, B, and C could be prezoned to allow the base and bonus density. The prezoning approach will require that the bylaw defines the amenity contributions, which should be initially set at \$15 per square foot of office and \$30 per square foot of residential, less 25%.³

These values are at the low end of the range of current market value to maximize take-up. To implement this system, the City will need a mechanism to periodically update the dollar rates in the bylaw (at least annually) based on market conditions.

This approach eliminates political risk and eases administration. The downside is the loss of the ability to tailor site-specific amenity contributions.

5. Pre-zone, but with a developer option to apply to rezone. To maintain some flexibility for some sites, say those with some unique amenity opportunity, the City could adopt a hybrid approach along these lines:

³ The 25% is intended to make some of the land lift available for assembly, transaction costs, and incentive.

- Pre-zone Areas A, B, and C to allow the base densities and bonus densities as proposed above.
- Identify areas where additional density (FSR 1?) could be available via rezoning under special circumstances on application by the developer (which may come about at the suggestion of the City). In these cases, a site-specific rezoning would determine the density and the amenity contributions.

Note that in this approach the developer has the certainty of the pre-zoned approach as a fallback plus the opportunity to obtain more density.

In our view, any of these three approaches would be better than the existing approach and any could be implemented successfully. We lean toward option 3 because of its combination of reduced zoning risk while maintaining some flexibility.

In any approach, the City must address the issue of the mix between heritage and amenity bonus.

In order to ensure a market for heritage density but also to ensure that some amenity contribution is obtained, we suggest that the bonus zone include a cap on the share that can be transferrable heritage density. There should not be a minimum because there may not be heritage density for sale all the time.

We suggest an initial cap of 25% for heritage, but this should be monitored and if necessary adjusted depending on how much heritage density is being created and how much unsold heritage density there is.

4.6 Transition Policy

In new density bonus areas not in the current Plan, there is no need for a transition policy (other than a plan to communicate the new system) because the market should not have been pricing in premiums based on upzoning. However, there may be a need for a transition policy in the existing density bonus area where, as noted in Section 3.7, it appears that some (but not most) land sales in recent years have included a premium based on anticipated upzoning. This is a predictable result of the existing density bonus system.

Introducing a new density bonus system in the existing density bonus area means that it is possible that some land owners will have expectations of values being higher than supported by existing zoning and some developers may have "overpaid" for redevelopment sites. To ease the introduction of the new system, the City could consider these transitional options:

• While we suggest pricing density bonus at 75% of market value in new areas, the City could (for an interim period of say 2 years) price bonus density at a lower rate (say 50%) in the existing density bonus area. This provides an extra cushion for developers who recently bought sites under the old regime.

DENSITY BONUS SYSTEM FOR THE VICTORIA DOWNTOWN CORE AREA PLAN

• The City could adopt a two-tiered bonus in the existing amenity area based on the fact that few sites have achieved density over about 5.5 FSR. Bonus density to reach 5.5 could be priced at 50% and density above 5.5 could be priced at 75%, for an interim period.

Attachment A

Rezonings Involving Density Bonus in Downtown Victoria (2004-2009)

Property Address/ Rezoning Date	FSR Lift	Additional Floor Area Achieved (m ²)	Amenity Provided
737 Humbolt December 1, 2004	Base 3.0 Bonus 1.1 Total 4.1	5,687 HR Residential	 Proposed residential use rather than office use yields 1.1:1 bonus. Provided roof-top garden on 6th floor.
760 Johnson November 4, 2005	Base 3.0 Bonus 3.06 Total 6.06	4,095 HR Residential with ground floor commercial	 Ground floor restaurant or retail, residential tower (min 3700 m²). Landscaped open space accessible to public. u/g parking.
813 – 834 Douglas January 20, 2006	Base 3.0 Bonus 2.5 Total 5.5	4,510 Commercial and Residential	 Ground floor restaurant or retail, residential tower (min 10,000 m²). Landscaped open space accessible to public. \$150,000 to City Housing Reserve Trust Fund. \$150,000 public art contribution. \$150,000 Contribution to Victoria Art Gallery (which will generate matching grant from Fed or Prov.)
755 Caledonia Avenue July 14, 2006	Base 3.0 Bonus 1.85 Total 4.85	13,265 Commercial Office (17,000 m ²), and 84 residential DUs	 inclusion of residential generates bonus of 1.1:1. .75:1 bonus is attributed to: extra 355 u/g parking stalls; public open space; mid-block walkway; revitalization of north Downtown; \$1000/DU contribution to Victoria Housing Trust Fund; \$30,000 public art; 10% of DUs to be adaptable/accessible housing.
734 – 736 Broughton Street March 5, 2007	Base 3.0 Bonus 0.3 Total 3.3	292 4 th floor addition to existing office	 On-site storage for 17 bicycles. Introduction of glazed storefront for coffee shop use fronting on existing mid-block walkway.
1701 Douglas Street March, 2007			
1620 Blanshard (at Fisgard) April 5, 2007	Base 3.0 Bonus 4.6 Total 7.6	8,094.7 Office with ground floor restaurant/retail.	 \$100,000 contribution to Housing Trust Fund. \$350,000 public art in the form of green living wall in LEED bldg. Public open space and street- scaping at intersection. Mid-block walkway system expansion potential. Revitalizing investment in north Downtown.

CORIOLIS CONSULTING CORP. Density Bonus Policy Study --J. Tinney, Director - Sustainab...

Property Address/ Rezoning Date	FSR Lift	Additional Floor Area Achieved (m ²)	Amenity Provided
819 Yates Street May 25, 2007	Base 3.0 Bonus 2.83 Total 5.83	7,444 HR 204 unit residential with ground floor commercial	 \$200,000 public art. 10% adaptable DUs (20) 2 DUs managed as supported housing. public access to mid-block walkway during daylight business hours.
834 Johnson Street September 6, 2007	Base* 2.5-3.0 Bonus 3.26-2.76 Total 5.76 * Base FSR depends on site coverage.	m ² not provided. 93 Res DUs with live/work TH at ground level.	 50% of units to be adaptable/ accessible. 100% of units to be capable of being rented.
800 Yates & 1321 Blanshard December 4, 2007	Base 3.0 Bonus 1.96 Total 4.96	7,870 Office with ground floor commercial/ retail.	 175 u/g parking stalls. Street-scaping along streets and intersection. Revitalizing investment in north Downtown. LEED green features including green roof and storm water bioswales. Partial u/g power on Yates.
924 Douglas & 680 Courtney Street January 27, 2009 REZONING DECLINED	Base 3.0 Bonus 0.6-3.88 Total 3.6 over consolidated site, 6.88 if Courtney site only	1,085 Office with ground floor commercial/ retail	 Ongoing preservation of the existing cathedral at 924 Douglas (in the form of a Heritage Revitalization Agreement)
726 – 746 Yates June 3, 2009 REZONING IN PROCESS (note: rezoned in 2005 from CA-4 with FSR 3.0 to CA-51 with FSR 5.8project did not proceed)	Original Base 3.0 2005 Rezone Bonus 2.8 Additional Bonus requested .58 Total 6.38	1,126 Office with ground floor commercial/ retail and u/g parking. (Note: total additional floor area including 2005 rezone is 6522.9 m)	 Public walkway secured by ROW. Landscaped public open areas (min 50 m²). Restaurant or retail fronting Yates and walkway. Conservation of façade at 738-740 Yates. 149 u/g parking stalls.

CITY OF VICTORIA: DENSITY BONUS POLICY STUDY FOR SITES OUTSIDE THE CORE SUMMARY OF FINDINGS AND RECOMMENDATIONS

Coriolis Consulting Corp.

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Background

- 1. Outside the core, the OCP includes base densities and bonus density.
- 2. Amenity contributions are currently negotiated based on 75% of the value created by bonus density.
- 3. City wants to evaluate the feasibility of target fixed rate CACs.

Process

- Review of practices in other municipalities.
- 2. Review of Provincial guide for density bonusing.
- 3. Financial analysis of the value of bonus density.
- 4. Input from UDI and Victoria developers.
- 5. Recommendations to the City.

Study Area



Land Use Categories in OCP

	Base FSR	Bonus FSR	Maximum FSR
Urban Residential	1.2	0.8	2.0
Small Urban Village	1.5	0.5	2.0
Large Urban Village	1.5	1.0	2.5
Town Centre	2.0	1.0	3.0

Approach to Financial Analysis

Step 1	Estimated existing value (higher of existing use or land value)
Step 2	Estimate rezoned land value with bonus density
Step 3	Determine if redevelopment is viable or not with bonus density
Step 4	For viable sites estimate potential CAC
Step 5	Determine if potential CAC is consistent enough to allow target fixed rate

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Findings

- Small Urban Village Sites need higher density than 2.0 FSR to be attractive for rezoning and redevelopment.
- Town Centre sites are longer term development prospects or require higher density than 3.0 FSR.
- At larger sites, the potential CAC will be influenced by requirements for on-site dedications, infrastructure costs, and mix of uses, which are not yet known.
- 4. No opportunity for CAC from office projects.
- 5. Any requirement to include or replace rental units has large impact on supportable CAC.

Planning and Land Use Committee - 09 Jul 2015

Findings

	i	1		
Designation	Number of Sites Analyzed	Number of Sites Viable for Redevelopment	Typical Supportable CAC Rate for Bonus Floorspace	Comments
Urban Residential	16	6	\$3 to \$14 psf	one site at \$36 psf
Urban Village	7	3	\$5 psf	one site at \$49 and psf
Town Centre	3	0	none	psf and Longer term Se Comm
				opportunity Committee - 09 Jul 2015

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Key Implications

- Study area has a limited number of sites that are financially attractive for redevelopment at maximum OCP densities.
- Most sites that are financially viable for rezoning and redevelopment can support a CAC in the range of \$5 to \$14 psf of floorspace over the base FSR.
 - A higher CAC will reduce the number of sites that are financially viable for redevelopment.
 - Some unique rezonings (e.g. industrial to residential) may support a higher CAC, depending on the proposed density.
- 5. Supportable CAC for large sites cannot be evaluated in advance of a detailed concept plan.

Key Comments from Meetings with Victoria Developers

- Generally not supportive of CACs.
- Acknowledge CACs are expected by City and community groups.
- 3. Fixed rate approach is preferred over negotiated, particularly for smaller scale rezonings.
- 4. Rate must reflect Victoria market conditions.
- Office and rental apartment different than strata residential.

Recommended Approach

Different approaches for different types of rezonings:

- Rezonings involving smaller sites are candidates for a fixed rate target CAC
- Rezonings involving large sites or unusual/unique proposals should continue to be negotiated

1.

Smaller, Typical Rezonings

- Target CAC rate of \$5 psf of additional floorspace over greater of the OCP base FSR or existing zoning FSR.
- Applicant can still request negotiated approach if fixed rate is not financially viable.
- 3. Exempt rezonings with upper floor office space.
- 4. Exempt rezonings where City requires rental units.
- 5. Exempt rezonings in Small Urban Village area (unless permitted density is increased beyond 2.0 FSR).

2.

Monitor

- Adjust rates annually based on publicly available inflation index, such as Statistics Canada construction cost index
 - Review periodically to account for changes in market conditions or planning policies



Planning and Land Use Committee Report

For the Meeting of July 9, 2015

To:	Planning and Land Use Committee	Date:	July 3, 2015
From:	Jocelyn Jenkyns, Deputy City Manager		
Subject:	Dr. Sun Yat-Sen Statue Donation and Site Ap	pproval	

Executive Summary

The purpose of this report is to seek Council direction for the installation of a Dr. Sun Yat-Sen base and statue in Capital Regional District Square located at the intersection of Government and Fisgard Streets.

The Sun Yat-Sen Foundation for Peace and Education has created 100 bronze statue memorials to be erected in locations throughout the world that have both historic and symbolic connections to Dr. Sun Yat-Sen and his travels leading to the Xinhai Revolution in 1911. Created by renowned Chinese sculpture Coa Chong En, the donated statue depicts Dr. Sun Yat-Sen in western-styled clothes to symbolize his many visits to North America leading up to the 1911 Xinhai Revolution in China.

Victoria shares a cultural and historic connection with Dr. Sun Yat-Sen through his visits in Victoria to raise funds for the revolution. As home to the oldest Chinatown in Canada, Victoria has a long history with the Chinese community. Many business and benevolent associations within the Chinese community add to Victoria's vibrancy and economic development. Enhancements to Chinatown honour the long history of the local Chinese community.

All associated costs for site preparation and installation of the base and statue will be paid by the local organizing committee and undertaken by City staff. The cost estimate for installation is \$16,950. The Foundation for Peace and Education is seeking approval to install the donated statue on City property within the Chinatown District. The total donation for the base and statue is \$20,000.

Recommendation

That Council:

- 1. Accept donation of the statue and base and approve installation in Capital Regional District Square.
- 2. Accept the recommendation of the Art in Public Places Committee to reduce the height of the base to 7 feet and review of the interpretative text by a historian.

3. Direct staff to work with The Sun Yat-Sen Foundation for Peace and Education and local organizing committee to install and unveil the statue.

Respectfully submitted

Nichola Reddington

Arts & Culture Coordinator

Jocelyn Jenkyns Deputy City Manager

Date:

Report accepted and recommended by the City Manager:

Purpose

The purpose of this report is to seek Council direction for the donation and installation of a Dr. Sun Yat-Sen statue and base in Capital Regional District Square.

Background

The Sun Yat-Sen Foundation for Peace and Education has created 100 bronze statue memorials to be erected in locations throughout the world that have both historic and symbolic connections to Dr. Sun Yat-Sen and his travels leading to the Xinhai Revolution in 1911.

Dr. Sun Yat-Sen is regarded as a central figure of the democratic revolution in China, and leader of the 1911 Xinhai Revolution, which overthrew the Manchu rule of China. Leading up to the Revolution, Dr. Sun Yat-Sen made three visits to British Columbia and Canada in 1897, 1910, and 1911, seeking political and financial support. On this visits, Dr. Sun Yat-Sen travelled through Victoria to visit with the Chinese-Canadian communities of Vancouver, Burnaby, and New Westminster.

The Foundation contracted Chinese sculptor Cao Chong En to create the bronze statue of Dr. Sun Yat-Sen attired in western-styled clothes that he wore as he conducted his tour of North America in 1911. The bronze statue measures 230cm (7.5 feet) in height, on a granite faced stepped concrete base, 170cm (5.5 feet) in height. In total the memorial would stand 400cm (13 feet tall). The granite base would include carved granite tablets with an inscription outlining the contributions of Dr. Sun Yat-Sen. The total weight of the statue including the base is 5,000 pounds. The inscription will encompass four sides of the base with the text to be agreed upon.

The Foundation has proposed a memorial project in Canada with the intent that the statue will enhance the historical and cultural connection with Dr. Sun Yat-Sen and pioneering Chinese-Canadians whose financial support contributed to Dr. Sun Yat-Sen's success in advancing the Chinese Revolution.



Recommended Site

The following criterion was used to assess potential sites within the Chinatown district: on city property, ease of maintenance, accessibility, maintaining a safe corridor for pedestrians and vehicles along Fisgard Street, crime prevention, and the use and character of the immediate area.

Locations around Chinatown were assessed by staff and one location was identified for Council consideration based on the criterion. The installation will not interfere with underground utilities, however, pruning of the trees will be necessary around the statue. The following location is supported by the Foundation and organizing committee.



CRD Square at Government Street and Fisgard Street.



Governance and Priorities Committee Report Dr. Sun Yat-Sen Statue Donation and Site Approval Late Item : Dr. Sun Yat-Sen Statue Donation and Site Approva... July 3, 2015 Page 4 of 5 Page 176 of 379

Financial Impact

The Sun Yat-Sen Foundation for Peace and Education and the Canada Pacific Ocean Media Group Corporation will each donate \$10,000CAD to cover costs for the statue and base for a total cost of \$20,000CAD.

The Foundation has requested that the City, in return for accepting this gift, would assist with project management coordination, including identifying an appropriate location, site preparation and installation and working cooperatively to undertake an unveiling ceremony. The local Chinese community will fundraise the necessary funds for the site preparation, installation and unveiling ceremony. The cost estimated cost for site preparation and installation is \$16,950.00 to excavate the area, install the granite and replace brickwork.

Issues & Analysis

The Art in Public Places Committee whose responsibility it is to review and make recommendations to Council on public art matters has reviewed the proposal.

The Art in Public Places Policy outlines criteria for acceptance of donations. The factors for consideration include:

- The artistic merit of the work
- The ability of the City to care for the work.
- The type of work being offered
- The significance of the subject
- Availability of an appropriate site
- Suitability of subject for public display
- Public safety and vandalism
- Municipal liability

Based on these guidelines for assessment, the Art in Public Places Committee recommends approving the donation on the basis that the base is reduced to less than 7 feet to fit the scale and mass of the statue in relation to the site that has been selected. The total recommended height is 10 feet. The Committee also recommends that the text on the plaque be reviewed by a historian prior to installation and approval.

Recommendation

That Council:

- 1. Accept donation of the statue and base and approve installation in Capital Regional District Square.
- 2. Accept the recommendation of the Art in Public Places Committee to reduce the height of the base to 7 feet and review of the interpretative text by a historian.
- 3. Direct staff to work with The Sun Yat-Sen Foundation for Peace and Education and local organizing committee to install and unveil the statue.

Dr. Sun Yat-Sen Donation and Site Dr. Sun Yat-Sen Statue Donation and Site Approva.

Planning and Land

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 To seek Council direction for the installation of a Dr. Sun Yat-Sen statue in Capital Regional District Square.




Background 7

- The Sun Yat-Sen Foundation for Peace and Education has created 100 bronze statue memorials to be erected in locations throughout the world that have both historic and symbolic connections to Dr. Sun Yat-Sen
- Dr. Sun Yat-Sen is regarded as a central figure of the democratic revolution in China, and leader of the 1911 Xinhai Revolution, which overthrew the Manchu rule of China.
- Sun Yat-Sen Statue Donation and Site Approva... Victoria shares a cultural and historic connection with Dr. Sun Yat-Sen through his visits in Victoria to raise funds for the revolution.
 - Local organizing committee is committed to fundraising the costs for site preparation and installation of the statue on city property
 - Total cost of the donated statue to the City is \$20,000.00 •





Artist: Cao Chong En

Material: Bronze on granite plinth

Dimensions: Statue is 230cm (7.5 feet) in height, on a granite faced stepped concrete base, 170cm (5.5 feet) in height. In total the memorial would stand 400cm (13 feet tall).



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Criteria for Site Selection



- on city property,
- ease of maintenance,
- accessibility,
- maintaining a safe corridor for pedestrians and vehicles along Fisgard Street,
- crime prevention,
- the use and character of the immediate area.



Capital Regional District Square located at the corner of Government





Planning and Land Use Committee -

Art in Public Places Committee Recommendations

- Approve the donation of the statue and base
- Reduce the base height to less than 7 feet for a recommended total height of 10 feet.
- The text on the plaque be reviewed by a historian prior to installation and approval.



Recommendations

- Accept donation of the statue and base and approve installation in Capital Regional District Square.
- Accept the recommendation of the Art in Public Places Committee to reduce the height of the base to 7 feet and review of the interpretative text by a historian. Direct staff to work with The Sun Yat-Sen Foundation for Peace and Education and local organizing committee to install and unveil the statue.
- 3.



Planning and Land Use Committee Report

For the Meeting of July 9, 2015

То:	Planning and L	and Use	Committee		Date) :	June 25, 2	2015
From:	Brian Sikstrom, Senior Planner, Development Services Division							
Subject:	Development Avenue	Permit	Application	No.	000427	for	1284-1298	Gladstone

RECOMMENDATION

Staff recommend that Committee forward this report to Council and that Council consider the following motion:

"That Council authorize the issuance of Development Permit Application No. 000427 for 1284-1298 Gladstone Avenue, in accordance with:

- 1. Plans date stamped May 14, 2015.
- 2. Development meeting all Zoning Regulation Bylaw requirements.
- 3. The Development Permit lapsing two years from the date of this resolution."

LEGISLATIVE AUTHORITY

In accordance with Section 920(2) of the *Local Government Act*, Council may issue a Development Permit in accordance with the applicable guidelines specified in the *Community Plan*. A Development Permit may vary or supplement the *Zoning Regulation Bylaw* but may not vary the use or density of the land from that specified in the Bylaw.

Pursuant to Section 920(8) of the *Local Government Act*, where the purpose of the designation is the revitalization of an area in which a commercial use is permitted, a Development Permit may include requirements respecting the character of the development, including landscaping, siting, form, exterior design and finish of buildings and other structures.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Development Permit Application for the property located at 1284-1298 Gladstone Avenue. The proposal is to modify the rear yard garbage and recycling enclosure with the addition of a shipping container for storage. No variances are requested.

The following points were considered in assessing this Application:

- The addition of the shipping container for storage will improve the function of the existing enclosed garbage and recycling area with minimal visual impacts on the existing property or its neighbours.
- The proposal is consistent with the Buildings, Signs and Awnings Advisory Design Guidelines.

BACKGROUND

Description of Proposal

The proposal is to modify the rear yard garbage and recycling enclosure with the addition of a shipping container for storage. Specific details include:

- the container is 3m wide, 6m long and 2.4m tall
- it is painted to match the colour of adjoining fences
- it has a green roof.

Sustainability Features

The proposed green roof is a sustainability feature identified in the applicant's letter dated May 14, 2015.

Active Transportation Impacts

The applicant has not identified any active transportation impacts associated with this Application.

Public Realm Improvements

No public realm improvements are proposed in association with this Application.

Existing Site Development and Development Potential

The property is at the northwest corner of Fernwood Road and Gladstone Avenue, across from Fernwood Square and is currently occupied by three adjoining buildings. These buildings were designated Heritage by Council on September 11, 2014. The buildings are comprised of upper-floor apartments with ground-floor commercial uses.

Community Consultation

As this Application does not contain any variances or changes to use or density, a referral to the Fernwood CALUC was not required. However, the applicant has advised that consultation with the immediate neighbours has been undertaken.

ANALYSIS

The proposed shipping container will be screened by the modified enclosure and painted the same colour of the adjoining fences to minimize its visual impact. It will not significantly affect the existing Heritage Designated buildings on the property. The green roof over the storage container will minimize its visibility from the neighbouring property to the north.

Development Permit Area and Design Guidelines

The Official Community Plan (OCP) identifies this property within Development Permit Area 6B, Small Urban Villages Heritage. The proposal is consistent with the *Buildings, Signs and Awnings Guidelines* referenced in this Development Permit Area.

CONCLUSIONS

The proposed shipping container for storage will improve the function of the existing enclosed garbage and recycling area on the property and have minimal visual impacts. Staff recommend that Council consider its approval.

ALTERNATE MOTION

That Council decline Development Permit Application No. 000427 for the property located at 1284-1298 Gladstone Road.

Respectfully submitted,

Brian Sikstrom, Senior Planner, Development Services Division

Alison Meyer, Assistant Director, Development

Services Division

Jonathan Tinney, Director Sustainable Planning and Community Development

June 19, 2014

Report accepted and recommended by the City Manager:

Date:

Jason Johnson

BMS:aw

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List of Attachments.

- Zoning map
- Aerial map
- Letter from the applicant dated May 12, 2015
- Information, plans and photos provided by the applicant dated May 14, 2015.

Planning and Land Use Committee Report Development Permit Application No. 000427 for 1284-1298 Gladstone Avenue June 25, 2015 Page 3 of 3

Planning and Land Use Committee - 09 Jul 2015









Development Permit Application No. 000427 for 1284 - 1298 Gl...

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Planning and Land Use Committee - 09 Jul 2015

FERNWOOD VILLAGE APARTMENTS

Victoria,B.C. v8t1g6 Ron Spence-Owner

1284-1298 Gladstone Ave

2000-2004Fernwood Rd

Adam Warrington - Caretaker

250-415-0927



May 12, 2015 Honorable Mayor Helps and Council City of Victoria

Dear Mayor and Council,

I am submitting request for a development permit at Lot A Plan 24752 Springridge. Civic Address is 1280-1298 Gladstone, 2000-2004 Fernwood Rd.

Our plan is to place a shipping container on the north west corner of our lot, which is currently our garbage and recycling enclosure. The enclosure area is @ 21x20 ft (6mx6m).

The container size would be 10 ft w,8ft high and 20 ft long. This container would be used for materials storage for building maintenance, a small secured tool storage area and an emergency preparedness locker ,in the event of earthquake.

Our Garbage area previously had a built in lean -to structure that was unsecured, and our property was often taken, or added to, with illegal dumping.

Our intention is to paint the container to the colour of the adjoining fences, and build a green roof garden on the top, to better the view for our north side neighbours (Springridge co-op). The total estimated height would be 8'10 with living green roof. Please refer to plans submitted for aid in imagery. This green roof garden is *not* a deck area.

This plan does not change the size of our current enclosure used, or impede our parking. It also complies with size restriction for outbuilding on our lot.

I humbly ask council to grant our request and welcome any questions regarding the proposed project.

Sincerely yours,

Adam Warrington





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Planning and Land Use Committee - 09 Jul 2015





Received City of Victoria MAY 14 2015 Manning & Development Department Development Services Division

Development Permit Application No. 000427 for 1284 - 1298 Gl...

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Planning and Land Use Committee - 09 Jul 2015



Development Permit Application No. 000427 for 1284 - 1298 Gl...

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Development Services Division

Planning and Land Use Committee - 09 Jul 2015



NORTH VIEW

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INTERIOR STORAGE DSC_0340

DSC_0339







WEST PROPERTY LINE

DSC_0342

DSC_0343



EAST ENTRANCE VIEW

DSC_0344



ADJASCENT NEGHBOURS VIEN FROM TOP FLOOR





















Planning and Land Use Committee Report For the Meeting of July 9, 2015

To: Planning and Land Use Committee Date: June 25, 2015

From: Charlotte Wain, Senior Planner – Urban Design, Development Services Division

Subject: Development Variance Permit Application No. 00149 for 1362 Dallas Road

RECOMMENDATION

Staff recommend that Committee forward this report to Council and that after giving notice and allowing an opportunity for public comment, that Council consider the following motion:

"That Council authorize the issuance of Development Variance Permit Application No. 00149 for 1362 Dallas Road, in accordance with:

- 1. Plans date stamped June 10, 2015.
- 2. Development meeting all *Zoning Regulation Bylaw* requirements, except for the following variances:
 - i. Schedule C, Section 16.A.7, reducing the off-street parking requirement from three stalls to two parking stalls for the four unit conversion;
 - ii. Schedule G, Section 6.B, relaxation to allow changes to the exterior of the building for the addition of an unenclosed deck space on the south side yard;
 - Schedule G, Section 6.E, relaxation to allow changes to the exterior of a building facing a street, for the addition of an unenclosed deck space on the south side yard.
- 3. The Development Permit lapsing two years from the date of this resolution."

LEGISLATIVE AUTHORITY

In accordance with Section 922 of the *Local Government Act*, Council may issue a Development Variance Permit that varies a *Zoning Regulation Bylaw* provided the permit does not vary the use or density of land from that specified in the *Zoning Regulation Bylaw*.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Development Variance Permit Application for the property located at 1362 Dallas Road. The proposal is to convert the existing property into four residential units. The variances are related to a reduction in the requirement for off-street parking stalls as well as allowing exterior changes to an existing building under the *House Conversion Regulations*.

The following points were considered in assessing this Application:

- The subject property is within Development Permit Area 16, General Form and Character, but is exempt from the applicable guidelines as the proposal includes a house conversion.
- The proposed one stall parking variance will have minimal, if any, impact on the surrounding residents.
- The relaxation to allow changes to the exterior of the building will have minimal impacts on the surrounding residents since the proposed unenclosed deck will be in the same location and is smaller (by approximately 3m²) than the existing deck on the property.

BACKGROUND

Description of Proposal

The proposal is to convert the existing property into four units. Specific details include:

- retention of the existing single family dwelling
- replacement of the existing deck/carport with a smaller deck to allow for two parking spaces that meet the minimum size requirements under Schedule C of the *Zoning Regulation Bylaw*
- provision of six suspended bike racks under the proposed new deck/carport.

The variances are related to a reduction in the requirement for off-street parking stalls as well as allowing exterior changes to an existing building under the *House Conversion Regulations*.

Sustainability Features

The applicant has not identified any sustainability features associated with this proposal. However, the proposal does include the retention of an existing single family dwelling.

Active Transportation Impacts

The Application proposes suspended bike racks for six bikes under the deck/carport, which support active transportation.

Public Realm Improvements

No public realm improvements are proposed in association with this Development Variance Permit Application.

Existing Site Development and Development Potential

The site is presently occupied by a single family dwelling with secondary suite.

Under the current R1-B Zone, Single Family Dwelling District, and Schedule G (House Conversion Regulations), the current floor area of the existing building would allow a maximum of four self-contained dwelling units.

Data Table

The following data table compares the proposal with the existing R1-B Zone and the House Conversion Regulations under Schedule G. An asterisk (*) is used to identify where the proposal is less stringent than the existing zone. A double asterisk (**) is used to identify existing non-conformities.

Zoning Criteria	Proposal	Zone Standard R1-B	Schedule G
Site area (m ²) - minimum	446.90	230.00	n/a
Site area per unit (m²) - minimum	77.10	n/a	33.00
Number of units - maximum	4	n/a	4
Total floor area (m²) - maximum	412.00**	300.00	345.00
Height (m) - maximum	7.47	7.6	n/a
Storeys - maximum	2.5**	2	n/a
Site coverage % - maximum	48.00**	40.00	
Setbacks (m) - minimum Front (Dallas Road) Rear	2.08** 1.45** (building) 0.70** (stairs)	7.50 7.50	n/a n/a
Side (east) Side (west)	0.90** 4.20	2.38 3.00	n/a n/a
Existing deck/carport area (m ²) - minimum	30.70	n/a	n/a
Proposed deck/carport area (m²) - minimum	27.60	n/a	n/a
Addition of unenclosed floor area	Yes*	n/a	Not permitted
Exterior change to a building	Yes*	n/a	Not permitted
Parking - minimum	2*	3	n/a
Bike parking - minimum	6	n/a	n/a

Community Consultation

Consistent with the *Community Association Land Use Committee (CALUC) Procedures for Processing Rezoning and Variances Applications*, on April 10, 2015, the Application was referred for a 30-day comment period to the Fairfield Gonzales CALUC. At the time of writing this report, a letter from the CALUC had not been received.

This Application proposes variances, therefore, in accordance with the City's *Land Use Procedures Bylaw,* it requires notice, sign posting and a meeting of Council to consider the variances.

ANALYSIS

Proposed Parking Variance

The site could accommodate the three parking stalls that are required for a four-unit house conversion; however, they would not meet the size requirements specified under Schedule C.

Staff have reviewed the proposal and recommend that the Application move forward, based on the minimal impacts to the surrounding neighbourhood and the provision of bicycle facilities in excess of the minimum zoning requirements. Staff, therefore, recommend for consideration that Council support the proposed one stall parking variance.

Regulatory Considerations

The regulations in Schedule G are applicable since the proposal includes a house conversion for the four units. Under these regulations, no exterior changes to the portion of the building facing the street are permitted. A variance is required to allow the reconstruction of the deck/car port, which is required to accommodate one of the parking stalls. The impacts of this deck will be minimal, since the setback from the street has been increased and the size is approximately $3m^2$ smaller than the existing deck.

CONCLUSIONS

The proposed conversion of a single family dwelling with secondary suite to four residential units provides an opportunity to increase the number of units in an existing structure, while preserving the form and character of a single family dwelling. Due to the minor parking variance and the provision of enhanced bicycle parking in excess of the requirements listed in Schedule C of the *Zoning Regulation Bylaw*, the impact on the surrounding properties is expected to be minimal. Additionally, the exterior changes to the building are considered to be minimal and will have little, if any, impact on the surrounding neighbourhood.

ALTERNATE MOTION

That Council decline Development Variance Application No. 00149 for the property located at 1362 Dallas Road.

Respectfully submitted,

L.R. Wain

Charlotte Wain, Senior Planner – Urban Design Development Services Division

Alison Meyer, Assistant Director, Development Services Division

Jonathan Tinney, Director Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:

Jason Johnson

Date:

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Planning and Land Use Committee Report Development Variance Permit Application No. 00149 for 1362 Dallas Road June 25, 2015 Page 4 of 5

Development Variance Permit Application No. 00149 for 1362 D...
List of Attachments

- Zoning map
- Aerial map
- Letter from applicant dated June 16, 2015
- Plans dated June 10, 2015.





Planning and Land Use Committee - 09 Jul 2015

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Mayor Lisa Helps and Councillors, Corporation of the City of Victoria, 1 Centennial Square, Victoria, BC 2015.06.16

RE: Development Variance Permit, residence of Lisa and Glen Carter. <u>1362 Dallas Road, Lot 2, Fairfield Farm, Victoria City, Plan 7597</u>

We hereby request Council's consideration of a Development Variance Permit to permit a reduction of the required parking to allow the conversion of the existing residence to four rental units. The existing residence, which is legal non-conforming in many respects, was extensively renovated in 2009 [including a legal secondary suite], and has been owner occupied since that time. The building is ideally suited to a conversion to make better use of its size. There is enough space on site to accommodate the three parking spaces a conversion of 4 rental units would require, but they cannot meet schedule C sizes, and staff advise us that these criteria may not be varied. In fact, there are 2 spaces now, but again, although functional, they do not meet schedule C. We have worked through many variants to arrive at the present proposal, which staff found acceptable, and request Council's support of this variance. The relocation of the parking away from the property line, and its reconfiguration to meet the schedule C criteria do necessitate an alteration of the existing carport, but that will actually result in a reduction of the site coverage and an increase in open space. The covered parking space also affords covered parking for 6 bicycles, and the lower south east rental unit will have a larger entry foyer that will allow in suite storage for bikes as well. Although the site is small, its unique location affords good access to buses, an easy walk to town and is a long term part of the neighbourhood. The building will require no exterior changes other than the modification of the exterior deck mentioned above.

This proposal will allow the owners to develop and provide rental accommodation for the long term as well as to support their neighbourhood by preserving the existing house. We believe the proposal is generally in keeping with the neighbourhood policies and that this is a reasonable proposal for this particular property.

Thank you for your consideration of this application

Yours Very Trul

Glen Carter, In consultation with Nigel Banks of Banks Design.





Development Variance Permit Application No. 00149 for 1362 D...

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FLOOR PLANS

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Received City of Victoria

JUN 1 0 2015

Planning & Development Department Development Services Division

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2015



Development Variance Permit Application No. 00149 for 1362 D....



Development Variance Permit Application No. 00149 for 1362 D..

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Planning and Land Use Committee - 09 Jul 2015









1362 Dallas Road





View looking west along Dallas Road

View looking east along Dallas Road



View from Dallas Road towards Point Street

Adjacent property at 1350 Dallas Road



Existing Deck



Existing Parking

Planning and Land Use Committee - 09 Jul 2015



Basement Plan

Landscape Plan







Planning and Land Use Committee - 09 Jul 2015



Elevation and site layout



Main Floor and Top Floor Plans - Existing



Planning and Land Use Committee Report

For the Meeting of July 9, 2015

То:	Planning and Land Use Committee	Date:	June 25, 2015			
From:	Brian Sikstrom, Senior Planner, Development Services Division					
Subject:	Development Permit with Variances Applica 755 Caledonia Avenue	mit with Variances Application No. 000425 for /enue				

RECOMMENDATION

Staff recommend that Committee forward this report to Council and that after giving notice and allowing an opportunity for public comment, that Council consider the following motion:

"That Council authorize the issuance of Development Permit Application No. 000425 for 755 Caledonia, in accordance with:

- 1. Plans date stamped May 7, 2015.
- 2. Development meeting all *Zoning Regulation Bylaw* requirements, except for the following variances:
 - i. Section 6.8.1(e) Increase of up to 435m² in permitted residential use on the first storey.
- 3. The Development Permit lapsing two years from the date of this resolution."

LEGISLATIVE AUTHORITY

In accordance with Section 920(2) of the *Local Government Act*, Council may issue a Development Permit in accordance with the applicable guidelines specified in the *Community Plan.* A Development Permit may vary or supplement the *Zoning Regulation Bylaw* but may not vary the use or density of the land from that specified in the Bylaw.

Pursuant to Section 920(8) of the *Local Government Act*, where the purpose of the designation is the revitalization of an area in which a commercial use is permitted, a Development Permit may include requirements respecting the character of the development, including landscaping, the siting, form, exterior design and finish of buildings and other structures.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Development Permit Application for the property located at 755 Caledonia. The proposal is for the replacement of ground floor retail space with residential units. The proposal includes added street trees and patios with some minor exterior changes to the building.

The following points were considered in assessing this Application:

- The proposal is generally consistent with the applicable design guidelines found within *the Downtown Core Area Plan*, 2011.
- The increase in ground floor residential use and reduction in retail use recognizes the limited potential for viable retail space in this location on the northern edge of Downtown.
- Other opportunities for retail space exist in the second phase of the development as well as future phases of the adjacent Hudson Mews development.
- Additional residential units increase the viability of future retail and other commercial uses in the area and have been designed to ensure a positive connection with the adjacent public and semi-public areas.

BACKGROUND

Description of Proposal

The proposal is for the replacement of ground floor retail space with residential units. A similar variance was granted by Council on December 18, 2014, which allowed 218m² of residential floor area fronting onto Caledonia Avenue. This Application seeks to expand the ground floor residential floor by 435 m² with the introduction of units along the east and west sides of the building.

Specific details include:

- The addition of four townhouse units fronting on the Carriageway (east side) with patios and landscaping including the addition of street trees.
- The addition of four apartment units on the west side of the residential tower at the first level, where previously a fitness centre and storage room were shown.
- The relocation of fitness and storage room facilities into part of the space previously identified for retail uses.
- The retention of approximately 250m² of retail space primarily fronting on Herald Street.

The proposed variance is related to the location of residential uses on the ground floor of the building.

Previously Approved Proposal

A variance for ground floor residential uses fronting on Caledonia Avenue was previously approved as part of the initial Development Permit Application for this development. The staff report on this Development Permit Application is attached for information. Sustainability features, transportation impacts and public realm improvements are incorporated into the development as approved under the previous Development Permit Application.

Community Consultation

Consistent with the *Community Association Land Use Committee (CALUC) Procedures for Processing Rezoning and Variances Applications*, on May 19, 2015, the Application was referred for a 30-day comment period to the Downtown CALUC. At the time of writing this report, a letter from the CALUC had not been received.

This Application proposes variances, therefore, in accordance with the City's *Land Use Procedures Bylaw,* it requires notice, sign posting and a meeting of Council to consider the variances.

CONCLUSIONS

The proposed variance to increase the amount of ground floor residential space is appropriate in this location on the northern edge of Downtown, particularly as commercial space is retained on the Herald Street frontage of the development and there are other opportunities for groundfloor commercial in Phase 2 of the development.

ALTERNATE MOTION

That Council decline Development Permit Application No. 000425 for the property located at 755 Caledonia.

Respectfully submitted,

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Brian Sikstrom, Senior Planner, Development Services Division

Alison Meyer, Assistant Director, Development Services Division

Jonathan Tinney, Director Sustainable Planning and Community Development

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June

Jason Johnson

Report accepted and recommended by the City Manager:

Date:

BMS:aw

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List of Attachments

- Zoning map
- Aerial map
- Letter from the Applicant dated May 7, 2015
- Plans date stamped May 7, 2015
- Previous Development Permit report dated September 25, 2015, with attachments.



755 Caledonia Avenue Development Permit #000425 Development Permit with Variances Application No. 000425 for...





N 755 Caledonia Avenue Development Permit #000425 Development Permit with Variances Application No. 000425 for...





OVNLIN

May 7, 2014

City of Victoria 1 Centennial Square Victoria, BC V8W 1P6

Dear Mayor Helps and Council;

	Re	City of	ei	Ved toria
I	MAY	0	7	2015
Naaning Deve	& Dev lopmen	eloj t Se	p Ane Privi	ant Department ces Division

RE: Development Permit Amendment - Hudson Walk" Phase 1 755 Caledonia Avenue, Victoria, B.C. Legal - PID 027-272-338 Lot 1 of Lots 712, 713, 714, 715, 716, 723, 724, 725, 726, 727, 728, 729 Victoria City Plan VIP 838911

As you are aware, a Development Permit was issued to PTR Developments Ltd, a Townline Company (i.e. Townline) on December 18, 2014 for our project at 755 Caledonia. We have since received our building permit application and commenced construction at the site. We are very excited to be underway with such an exciting project and want to extend our gratitude to the continued support from both City of Victoria staff and council on the permitting process.

We are submitting a development permit application to amend the amount of approved retail space in Hudson Walk Phase I in favour of more residential units. Specifically, we are proposing to add 8 more residential units to Hudson Walk in two locations on the main floor of the building along with the following changes:

- Four (4) additional townhouse units are proposed fronting the Carriageway, south of the residential entrance of the tower. While there will not be changes to the exterior design of the building, Townline is proposing to add patios with privacy landscaping similar to the other townhouse units fronting the carriageway north of the residential entrance. These units will be unique in that they will feature high ceilings (i.e. 11 to 12 ft.), allowing more natural light through upper windows throughout the day;
- We have also added street trees in front of these units where previously we had planned for 2 to 3 retail parking spaces;
- Four (4) additional units are proposed on the west side of the tower portion of the building on level 1, where
 previously a fitness centre and storage room were shown. The layout of the units and the exterior treatment
 of the building will mimic level 2 above;
- The gym and storage room have been relocated into part of the CRU space. The gym has been expanded and located to be more accessible as it may become a shared amenity for other residents in the Hudson District. Further, the storage room will be better accessed from the approved Herald Street loading back, a large overhead door is also proposed as part of this change; and
- The retail portion of the building has been reduced to approximately 2800 sq. ft. and will primarily front Herald Street.

Our rationale for reducing the amount of retail space, specifically along the Carriageway is based on our analysis and feedback from potential retail tenants which has not been positive. We feel there are better opportunities in the future phases of the Hudson District to provide more successful retail space. Further, we are confident in the demand for high-quality urban rentals in downtown Victoria based on the success of

THE TOWNLINE GROUP OF COMPANIES



our Hudson Mews project and pre-registration for rentals at Hudson Walk. As such we feel this will be a positive benefit to the project by growing the residential population it will only help to support and cultivate local businesses. Future phases of the Hudson District will include further opportunities for retail that we feel will be more viable, particularly as more residents move into the area.

O V N L I N

City of Victoria planning and building staff have been supportive of the proposed changes to the building and have requested us to submit this revised application to amend our development permit and seek a further variance for the addition of the at grade residential changes.

If you have any questions on the submission or would like further details, please contact me directly at 604.276.8823 ext 259.

Sinderely,

Justin Filuk Development Manager justin.filuk@townline.ca

THE TOWNLINE GROUP OF COMPANIES

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ARCHITECT: ARCHITECTS RAFII ARCHITECTS INC. Suite 1-1600 HOWE STREET. VANCOUVER, B.C. VANCOUVER, B.C. VANCOUVER, B.C. VANCOUVER, B.C. VANCOUVER, B.C. F.S. 604-688-3552 E-MAIL: rai@rafiarchitects.com

CERTIFIED PROFESSIONAL & CODE

GHL CONSULTANTS LTD Suite 950 - 409 GRANVILLE STREET, VANCOUVER, BC V8C 112 TEL: 604-689-4449 Ext. 106 FAX: 604-689-4419 E-MAIL: kv@ghl ca

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MECHANICAL ENGINEER:

MILLIAMS ENGINEERIC #500-3077 GLADYS AVENUE ABBOTSFORD, BC, V2S 258 TEL: 504-855-7890 FAX: 504-855-7891 E-MAIL: chyde@wlilamsengineering.com

ELECTRICAL ENGINEER NEMETZ & ASSOCIATES 2009 WEST 4TH AVENUE VANCOUVER, B.C. V5J 1N3 TEL: 604-736-6562 FAX: 604-736-9805 E-MAIL: ron@nemetz.com

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LANDSCAPE ARCHITECT: LANDSCAPE ARCHITECT: LOMBARD NORTH GROUP (B.C.) INC. BOCORMORANT STREET VICTORIA, B.C., V8W 1R1 TEL: 250-386-3036 FAX: 250-386-4132 E-MAIL: Iombard@shaw.ca

> CIVIL ENGINEER: STATEC 400 - 655 TYEE ROAD, VICTORIA, B.C. V9A 655 TEL: 250.398-2345 CELL: 250.216-1316 FAX: 250.216-1316 FAX: 250.282.0514 E-MAE: ken french@stantec.com

> > INTERIOR DESIGNER:

B DESIGN 2410 CHARLES STREET, VANCOLIVER, B.C. V5J 5H6 TEL: 604-662-8008 FAX: 604-662-8078 E-MAIL: hduong@i3design.ca

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Planning and Land Use Committee Report For Meeting of October 16, 2014

To: Planning and Land Use Committee Date: September 25, 2014

From: Mike Wilson Senior Planner – Urban Design, Development Services Division

Subject: Development Permit Application with Variances #000375 for 755 Caledonia Street - Application to permit subdivision and construction of a 16-storey, multiunit residential building

Executive Summary

The purpose of this report is to provide information, analysis and recommendations regarding a Development Permit Application with Variances for the property located at 755 Caledonia Street. The applicant proposes a mixed-use development called the "Hudson Walk" which will include residential and commercial uses within a 16-storey building. The proposal represents the first phase of a two-phase development. The applicant proposes to subdivide the existing parcel.

The following points were considered in assessing these applications:

- Two variances to the *Zoning Regulation Bylaw* are proposed including the location of residential uses at grade and an increase in building height from 43 m to 46 m. Both variances are considered appropriate for this location.
- The proposal is generally consistent with the applicable design guidelines found within *the Downtown Core Area Plan*, 2011.
- The provision of a through-block carriageway in this location is consistent with City Policy and the applicant has offered to secure public access over this area via a legal agreement.
- Underground parking will be provided with access off Caledonia Avenue. The applicant proposes a total of 210 parking stalls.

The Application was presented to the Advisory Design Panel (ADP) on August 27, 2014. The ADP recommended that Council support the Application subject to conditions. The applicant has revised the Application in accordance with the recommended revisions.

Staff recommend that Council support this Application.

Recommendations

That Development Permit with Variances #000375 for 755 Caledonia Avenue proceed to a Hearing, in accordance with plans date stamped August 18, 2014, for Development Permit with Variances #000375, subject to:

- 1. Development meeting all *Zoning Regulation Bylaw* requirements, except for the following variances:
 - Section 6.8.1(e) Variance to permit residential use on the first storey;
 - b. Section 6.8.3(c) Variance to increase building height from 43 m to 46 m.

- The registration of a legal agreement to secure public pedestrian and vehicle access over the proposed through-block carriageway to the satisfaction of the City Solicitor and the Director of Sustainable Planning and Community Development.
- 3. That Council authorize City of Victoria staff to execute an Encroachment Agreement for a fee of \$750 plus \$25 per m² of exposed shored face during construction, in a form satisfactory to the City Solicitor and the Director of Engineering and Public Works.
- 4. Final plans to be in accordance with the plans identified above to the satisfaction of the Director of Sustainable Planning and Community Development.

Respectfully submitted,

MW:aw

Mike Wilson Senior Planner – Urban Design Development Services Division Deb Day, Director Sustainable Planning and Community Development Department

Date:

Report accepted and recommended by the City Manager:

Jason Johnson

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Planning and Land Use Committee Report Development Permit with Variances Application #000375 for 755 Caledonia Avenue Development Permit with Variances Application No. 000425 for...

September 25, 2014 Page 2 of 8

1.0 Purpose

The purpose of this report is to provide information, analysis and recommendations regarding a Development Permit Application with Variances for the property located at 755 Caledonia Avenue.

2.0 Background

2.1 Description of Proposal

The applicant is proposing a mixed-use development called the "Hudson Walk" that will include residential and commercial uses within a 16-storey building. The applicant proposes to subdivide the parcel as this proposal represents the first phase of a two-phase development.

Underground parking (210 stalls) will be provided with access off Caledonia Avenue. A throughblock carriageway is proposed connecting Herald Street with Caledonia Avenue.

Two variances to the *Zoning Regulation Bylaw* are proposed with respect to the location of residential uses at grade and an increase in building height from 43 m to 46 m.

Exterior building materials include:

- brick veneer
- painted architectural concrete with reveals
- clear glazing in prefinished aluminum frames
- aluminum guardrails and gates
- vertical spandrel glazing.

Landscaping materials for the mid-block carriageway and open space include:

- pavers and flush concrete curbs
- tree grates
- planter walls
- various tree and shrub species (noted on planting plan)
- exterior lighting.

2.2 Sustainability Features

The applicant has provided a LEED scorecard and is intending to meet as many of the requirements as indicated. The applicant indicates that they are targeting 51 points. This would equate to a LEED Silver standard but certification will not be sought. The LEED scorecard has been attached to this report.

2.3 Existing Site Development and Development Potential

The site is currently vacant and has remained in an excavated state for several years. The CA-60 Zone, Radius District, permits a range of uses including commercial and residential. The density allowance within this Zone is set at a base of 3:1 FSR without the provision of amenities. If the amenities are provided in accordance with the Master Development Agreement, the density entitlement increases to 4.85:1 FSR. This Application proposes a density of 2.96:1.

2.4 Data Table

The following data table compares the proposal with the CA-60 Zone, Radius District. An asterisk is used to identify where the proposal is less stringent than the CA-60 Zone.

Zoning Criteria	Proposal	Existing Zone Standard CA-60
Site area (m²) - minimum	3727.7	n/a
Total floor area (m ²) - maximum	11,016	n/a
Density (Floor Space Ratio) - maximum	2.96:1	3.0:1
Height (m) - maximum	46*	43
Storeys - maximum	16	n/a
Site coverage (%) - maximum	50.5	n/a
Setbacks (m) - minimum Front - Caledonia	3	1/5 setback ratio over 10 m in height
Rear - Herald	3.1	1/5 setback ratio over 10 m in height
Side - East Side - West	13.4 0.86	4.5 0
Parking	210 (proposed)	120 (minimum)
Visitor Parking - minimum 10% of total parking provided	12	12
Bicycle Storage - minimum	207	173
Bicycle Rack - minimum	12	8

2.5 Legal Description

Lot 1 of Lots 712, 713, 714, 715, 716, 723, 724, 725, 726, 727, 728 and 729, Victoria City, Plan VIP83911 except that part in Plan VIP86828.

2.6 Relevant History

The property was rezoned in 2009 to the site-specific CA-60 Zone, Radius District. The Zone permits a base density of 3:1 FSR, if amenities are not provided, and a maximum density of 4.85:1 FSR, if amenities are provided, that include the following:

- underground parking only, no surface parking permitted
- at least 330 parking spaces in excess of zoning requirements
- at least 20% open site space

- a 3 m wide carriageway secured by Statutory Right-of-Way linking Herald Street and Caledonia Avenue
- at least 8800 m² of floor area exclusively for residential use.

Following rezoning, the previous landowner excavated the site in preparation for development and to remediate the site in accordance with the Provincial Ministry of Environment Site Contamination Regulations. The site was remediated, but the previous landowner did not proceed with the project that was envisioned at the time of rezoning. The site remains in an excavated state.

2.7 Consistency with Design Guidelines

The subject property is designated within Development Permit Area 2 (Heritage Conservation), Core Business. The objectives of the designation are to conserve and enhance the character of the Downtown, realize the architectural potential of the area and encourage revitalization of the area through design control of new infill buildings and landscaping. Design guidelines that apply to Development Permit Area 2 are the *Advisory Design Guidelines for Buildings, Signs and Awnings* and the *Downtown Core Area Plan* (DCAP), 2012.

2.7.1 Design Guidelines for Buildings, Signs and Awnings (1981)

These Guidelines state that an acceptable application will include consideration of an attractive streetscape and that the architecture and landscaping of the immediate area be identified and acknowledged. In evaluating a design, particular emphasis will be placed on these general aspects: design approach, relevancy of expression, context, pedestrian access, massing, scale, roofline, street relationship and landscape plan. The Application is generally consistent with the Guidelines, however, staff have provided further analysis on minor design-related issues in Section 4 of this report.

2.7.2 Downtown Core Area Plan (2011)

The intent of the Guidelines contained within the DCAP is to ensure new development is integrated into the existing neighbourhood in a sensitive manner. The Guidelines provide direction to animate the street frontage with landscaping and entrances to residential units that are easily identifiable. The Application is generally consistent with the guidelines, however, staff have provided further analysis on minor design-related issues in Section 4 of this report.

2.8 Community Consultation

In compliance with the *Community Association Land Use Committee (CALUC) Procedures for Processing Variances*, the Application was referred to the Downtown Residents Association (DRA) for comment. A letter from the DRA is attached to this report.

This Application proposes variances, therefore, consistent with the City's *Land Use Procedures Bylaw*, it requires notification, sign posting and a Hearing.

2.9 Consistency with Master Development Agreement

There is a Master Development Agreement (MDA) registered on the property's title as part of a previous Rezoning Application process. The MDA details delivery of public amenities required for the density lift, but it also permits development to proceed under the base density scenario without the provision of amenities consistent with the regulations in the CA-4 Zone.

3.0 Issues

The following issues are associated with this Application:

- at-grade building interface with through-block carriageway, Herald Street and Caledonia Avenue
- increase in building height
- Statutory Right-of-Way
- encroachment for underpinning.

4.0 Analysis

4.1 At-Grade Interface with Through-Block Carriageway, Herald Street and Caledonia Avenue

The subject site presents some challenges with regard to changes in grade. The site generally slopes from east to west. The through-block carriageway also slopes downward from south to north. The applicant has proposed stairs between the retail units and the through-block carriageway in order to deal with the change in grade.

With regard to Herald Street, the applicant proposes retail uses set back 3.1 m from the street edge. Due to the change in grade, the entry points to the building are separated by up to five stair risers. Staff had suggested revisions to this interface in order to provide retail units that are designed to meet the grade of the public sidewalk. The applicant has maintained the proposed stairs stating that there are significant cost implications to rectifying this issue. This issue was reviewed by the ADP, and no concern was expressed with respect to this issue.

The applicant proposes residential units at grade fronting Caledonia Avenue. This requires a variance from the *Zoning Regulation Bylaw*. Staff recommend that the Committee support this variance as the subject site is on the northern edge of the Central Business District. It is expected that the opposite side of Caledonia Avenue will include residential uses at grade.

4.2 Increase in Building Height

The applicant proposed an increase in building height above the CA-60 Zone standard of 43 m. The plans, as shown, indicate a 45 m tall building. The applicant proposes a 3 m increase in height to 46 m. The additional metre in height is requested in order to provide some minor flexibility in design development as the project moves through to working drawings. The applicable DCAP policy envisions buildings potentially up to 60 m in this location. Staff recommend that the Committee support the proposed increase in building height.

4.3 Statutory Right-of-Way

The applicant has offered a Statutory Right-of-Way for public access (vehicle and pedestrian) over the through-block carriageway. Staff recommend that this agreement be finalized prior to a Hearing.

4.4 Encroachment for Underpinning

The proposed development includes an underground parking structure. If the excavation requires anchor-pinning into the City Right-of-Way during the excavation process, this would need to be legally secured to the satisfaction of the Director of Engineering and Public Works and the City Solicitor. This will allow temporary shoring anchors to be placed in the public Right-of-Way under all infrastructure and then abandoned once shoring is no longer required. The anchors will be left in the Right-of-Way as there is no practical way to remove them once the building walls are installed. There should be no impact to the existing City of Victoria or utility infrastructure.

5.0 Resource Impacts

There are no resource impacts anticipated with this development.

6.0 Conclusions

The proposal to construct a 16-storey residential building is consistent with many of the design guidelines prescribed within Development Permit Area 2 and has benefited from design revisions as recommended by the ADP. The proposed variances, related to an increase in height and to allow residential uses at grade, are both considered appropriate given the local context and relevant City policies. Staff recommend that the Committee support the Application.

7.0 Recommendations

7.1 Staff Recommendations

That Development Permit with Variances #000375 for 755 Caledonia Avenue proceed to a Hearing, in accordance with plans date stamped August 18, 2014, for Development Permit with Variances #000375, subject to:

- 1. Development meeting all *Zoning Regulation Bylaw* requirements, except for the following variances:
 - Section 6.8.1(e) Variance to permit residential use on the first storey;
 - b. Section 6.8.3(c) Variance to increase building height from 43 m to 46 m.
- 2. The registration of a legal agreement to secure public pedestrian and vehicle access over the proposed through-block carriageway to the satisfaction of the City Solicitor and the Director of Sustainable Planning and Community Development.

- That Council authorize City of Victoria staff to execute an Encroachment Agreement for a fee of \$750 plus \$25 per m² of exposed shored face during construction, in a form satisfactory to the City Solicitor and the Director of Engineering and Public Works.
- 4. Final plans to be in accordance with the plans identified above to the satisfaction of the Director of Sustainable Planning and Community Development.

7.2 Alternate Recommendation (Decline)

That Council decline Development Permit with Variances #000375 for 755 Caledonia Avenue.

8.0 List of Attachments

- Zoning map
- Aerial map
- Letter from Applicant dated June 9, 2014, and September 18, 2014
- LEED Scorecard dated September 19, 2014
- Plans date stamped September 18, 2014
- Letter from Downtown Residents Association dated August 20, 2014.



evelopment Permit with Variances Application No. 000425 for...





755 Caledonia Avenue Development Permit #000375 Veropment Permit with Variances Application No. 000425 for...





120-13575 Commerce Parkway Richmond, BC, Canada V6V 2L1 Main 604 276 8823 Fax 604 270 0854

www.townline.ca

September 16, 2014

City of Victoria 1 Centennial Square Victoria, BC V8W 1P6

Dear Mayor Fortin and Council,

Received City of Victoria 1 8 2014 Planning & Deve . / Jonartmont -questioner a . Les: - Jay 1805

RE: Hudson Walk Phase 1, 755 Caledonia Ave. Development Permit Application #000375 Design Response , Advisory Design Panel Review, August 27th

The Townline Group of Companies on behalf of PTR Development Holdings LTD. is pleased to provide this letter outlining our design response for Hudson Walk from both comments/recommendations provided by the Advisory Design Panel (ADP) on August 27th.

The draft minutes of the ADP recommend that Council approve the Development Permit Application subject to the following:

 Reconsideration of the design of the roof termination to further accentuate the top of the building possibly through further colour change or other minor articulation.

In response to this, Raffi Architects have extended the colour change to be pronounced on the upper two storeys of the tower. Further, the upper cornice detail has been emphasized to appear stronger and the use of glass canopies further helps the upper articulation of creating a prominent tower top. Options to increase glazing on the upper floors of the tower were explored however with the already significant amount of glazing, the changes made the overall tower design appear incoherent. A simple 3D snapshot from digital model is enclosed for reference.

• Reconsideration of the design of the entrance facing the carriageway such that it is more prominent when viewed from both Herald Street and Caledonia Avenue and to further develop the native garden on the corner of Caledonia Avenue and the carriageway.

The residential canopy has been redesigned to extend further out, making it more visible from both Herald Street and Caledonia Avenue. Further, signage has been added to assist in way finding to the main residential entrance off the Carriage Way. This includes signage on the south facing wall by the residential entrance which will be visible from Herald Street and a monument sign featured as part of the native garden and visible from Caledonia Ave. A simple 3D snapshot from digital model illustrating this is enclosed for reference.

• Consideration of better security measures for the patio of the northwest townhouse

An ornamental fence has been added to patio at this location. Further security measures will be implemented as the building design is refined including exterior lighting along the loading bay.

Development Permit with Variances Application No. 000425 for...

TOWNLIN

120-13575 Commerce Parkway Richmond, BC, Canada V6V 2L1

Main 604 276 8823 Fax 604 270 0854

www.townline.ca

 Consideration of an architectural element to better wrap the corner at Caledonia Avenue and the carriageway.

The proposed landscaping element (i.e. native garden) at the Northeast corner of the building has been revised to help transition from the sidewalk into the Carriage Way. The grades of this feature have been changed to include stepped seat walls and a monument sign. The patio on the second floor of the townhouse unit on this corner has been opened up to the North and East. A simple 3D snapshot from digital model illustrating this is enclosed for reference.

A number of further revisions have been made to Hudson Walk based on comments and recommendations from City staff reviews of the project. These include:

- Addition of a gate with man-gate at the proposed loading bay off of Herald Street;
- Addition of an ornamental rock pattern on the roof of the podium intended to mimic the outline of Victoria Harbour. This will be a visually stimulating feature for residents and occupants of nearby buildings;
- Creation of an active secondary entrance off of Caledonia which will serve as a secured secondary entrance for residents in the building;
- Vine planters on the retail podium on the upper trellis have been deleted as directed by Townline based on consideration of the panel discussion from the August 27th ADP meeting.

Townline is excited to move ahead with the development of Phase 1 of Hudson Walk. We are pleased that City staff has provided their general support and constructive feedback on the project to date and feel confident in our plans to commence construction in early 2015. We look forward to Hudson Walk becoming an important part of downtown Victoria and another successful part of the Hudson District.

Sincerely.

Justin Filuk Development Manager, justin.filuk@townline.ca

> Rick Ilich, President Townline, Group of Companies Steve Jedreicich, VP Development, Townline Group of Companies

Enclosed:

CC:

Supplementary Design Illustrations



120-13575 Commerce Parkway

Main 604 276 8823 Fax 604 270 0854

www.townline.ca

September 19, 2014

City of Victoria 1 Centennial Square Victoria, BC V8W 1P6

Dear Mayor Fortin and Council,

Development Permit Application - "Hudson Walk" Phase 1, RE: 755 Caledonia Avenue, Victoria, B.C. Legal - PID 027-272-338 Lot 1 of Lots 712, 713, 714, 715, 716, 723, 724, 725, 726, 727, 728, 729 Victoria City Plan VIP 838911

The Townline Group of Companies on behalf of PTR Development Holdings LTD. is pleased to submit a development permit application for Phase 1 of Hudson Walk at 755 Caledonia Ave. Situated on the former Radius site, Hudson Walk will be a two phased development that will be an integral part of Townline's flourishing Hudson District. Please find below a summary of the design and general supporting information outlining the project details, requested variances and project phasing.

Project Information

The entire Radius site is 6185 m² (66,500 s.f.) and is bounded by Caledonia Avenue to the north, Herald Street to the south, Blanshard to the east. The site sits adjacent to the fronting commercial and office use along Douglas Street. The entire site slopes at approximately 5% from Blanshard to Douglas and has been sitting excavated to approximately 2.5 levels below grade since it was purchased by PTR Development Holdings LTD. A previous development permit (i.e. Development Permit #000248) was approved for the entire site in November 2011.

This development permit application is being submitted under the existing CA-4 (Central Area Commercial Office District) zoning at a site density of 3:1 FSR. A phasing strategy for the subject property is discussed later in this letter, however the intent is only to develop Phase 1, equivalent to 60% of the site (i.e. 372.7 m²) and apply for subdivision to split Phase 2 for future development.

Project Overview

The proposed application for Phase 1 of Hudson Walk is for a mixed use residential and commercial development that will consist of a 13 storey tower on top of a 3 storey podium. This phase will also see the construction of mid-block connection from Herald Street to Caledonia Street providing an extension of the "Carriage Way" from the Hudson District. This will provide a logical link between the two blocks, creating a unique urban experience that mixes pedestrian, bicycle and vehicular uses.

The proposed Hudson Walk Phase 1 building includes 170 residential units ranging in size from 38 m² up to 1.30 m² with a mix of studios, 1 and 2 bedroom units, podium garden units and at-grade townhouse units. Similar to our Hudson Mews project which recently completed in June of this year, Hudson Walk is being planned as a purpose built market rental building. The demand and interest in our Hudson Mews project has helped to inform our unit types and the building amenities which will include a resident lounge, gym and outdoor amenity space. Our recent market data from the Hudson Mews project indicates there will be a continued demand for rentals in downtown Victoria from students, urban professionals, young families and seniors. Units will feature contemporary finishes and unique features such as built in workstations, large balconies with rewarding views.

The retail component of the project will provide 760 m² (8200 s.f.) of commercial space fronting off of Herald Street and lining the Carriage Way. The easy connection across Herald Street will provide a coherent extension of the retailers at the Hudson building and in the Victoria Public Market. This will space will likely attract a complementary tenant(s) and will further enhance the urban renewal in this area of Downtown Victoria.

Underground parking will provide 210 parking stalls which will serve the residential and commercial uses of the building as well as provide excess capacity for nearby office buildings. Parking access will be focused on the West side of the building at Caledonia Street utilizing an existing access into the parkade used for the building at 1803 Douglas Street. The project will also accommodate 219 bike parking stalls for both residential and commercial tenants through a series of secure bike rooms that are easily accessed.

Architectural and Landscape Design

Phase 1 of Hudson Walk will feature a contemporary architectural style which respects the existing Heritage Conservation Area by combining classic elements and design cues from Downtown Victoria. Beginning at Herald Street, the three storey podium provides a strong visual connection and vista termination from the Carriage Way at the Hudson Block. City of Victoria design guidelines have been implemented to create a strongly articulated street wall effect along Herald Street in between the adjacent Jack Davis and 1803 Douglas office buildings. This portion of the project will be dedicated to street level retail uses that will encourage pedestrian flow into and around the building. Street furniture, glass canopies and numerous store front entrances will make this area very active and vibrant for pedestrians.

Above the two-storey retail units are residential garden units accessed of an exterior courtyard and resident amenity space. As one continues along the Carriage Way, a central plaza identified by varied paving patterns marks a transition point to the residential section of the building. A prominent main entrance into the residential tower is featured creating a strong sense of place for residents. This entry canopy will clearly demarcate the building entrance from both Caledonia and Herald Streets. Likewise, a wayfinding scheme of lighting, signage and other urban design elements will help to identify the main entrance to the residential tower.

The 13 storey tower sits atop a three storey podium, stepping back from a street wall along Caledonia and clearly illustrating a massing transition which illustrates a bottom, middle and top section of the building. Ground floor townhouse finished in brick wrap around this bottom of the building and down Caledonia, while upper floor units feature expansive glazing and generous patios.

The landscape design mimics that of the Carriage Way of the Hudson Block, street trees are strategically placed to create a strong pedestrian environment but also to allow for parking and loading zones to service the needs of the building tenants. The Northeast corner of the building features an indigenous shade garden that will soften the corner of the building, serving to enhance the pedestrian experience into the Hudson Walk and along Caledonia Street.

The current building shown for Phase 2 is of the same architectural style as that of Phase 1 featuring stepped street walls of brick, large windows and modern elements such as aluminum and glass balconies. The two buildings will be linked off of the Carriage Way, Phase 2 contemplates a prominent stepped courtyard which will address the grade difference and create a rewarding plaza space with opportunities for cafes, a restaurant patio or other programmed uses.

Phasing Strategy

A massing and design scheme has been considered by Townline and has been shown as part of this application for context purposes only. Phase 2 is envisaged to be a 6 storey, 2458 m² (26,500 s.f.) mixed-use office and commercial building linked to Phase 1 off of the Carriage Way. This phase would see the addition of 240 underground parking stalls and the requisite secured bicycle parking. The parking between phases would be linked at planned connection points and centrally accessed off the main entrance point off of Caledonia.

Our seeking application for Phase 1 only at this time is in part due to a conservative approach to the considerable investment in building out the entire project. The office market in Victoria at this time does not support the development of office space without a secure anchor tenant. Should an opportunity to develop this Phase be presented, Townline will proceed with a Phase 2 development and building permit for this portion on Hudson Walk. Further, the City of Victoria's 2012 OCP document now supports a density in this area of downtown at 6:1 FSR and should market conditions favour a larger project in the future, Townline may seek to rezone the second portion of the site and revise the strategy for Phase 2. To summarize, the Phase 1 and Phase 2 statistics are as follows:

	Phase 1 (for Development Application)	Phase 2 (for context purposes only)
Site Area	3727.7 m ²	2458.9 m ²
Residential	10199.11 m ²	N/A
Commerical	795.14 m ²	TBD
Office/Commercail	N/A	7,376.7 m ²
Parking	210 space	240 spaces (max)
Bicycle Parking	219 spaces	TBD
FSR	2.95:1	3:1 (balance)

Subdivision Application and Air Space Parcel Submission

A subdivision application to create two separate parcels as designated by Phase 1 and Phase 2 is being submitted concurrently to the City of Victoria's Land Development Section. As the project proceeds into detailed design, an Air Space Parcel proposal will also be developed that will be presented to the City for initial review.

It should be noted that this subdivision and phasing strategy has been discussed and received input from senior planning staff at the City of Victoria.

Variances Requested

This application is seeking the following two variances:

 Ground floor residential with street entrances – The residential component of phase 1 of the tower contemplates at grade townhouse units fronting off the carriageway and off of Caledonia Street. The CA-4 district does not permit ground floor residential use. The rationale behind this is twofold; first the townhouse units introduce a different unit typology to the project which will broaden the appeal of the complex for renters. Secondly, Townline's analysis of the local market does not feel that retail or commercial at this end of the Carriage Way or along Caledonia would be successful.

3.0 metre height variance for residential tower (CA-4 Height Limit is 43m) – a 3.0 metre height variance is requested to allow for the building to sit at 45m above the average grade calculated for the entire Radius site which is 19.89m. As we are at this stage only seeking development approval for Phase 1, the average grade calculation on this portion of the site results in our current design exceeding the 43m limit. Preliminary discussions with City of Victoria planning staff confirmed support for this variance, understanding that the preliminary massing design of the project considered the average grade of the entire Radius site and also be mentioned that Victoria's Official Community Plan from 2012 envisages this area have a 60m height limit. The 2m height variance will allow for any variances in the design that may arise once final structural engineering is completed for the project.

Other Project Highlights and Benefits

Townline is committed to ensuring its efforts towards development are as sustainable as possible. Our "Down to Earth" corporate policy mandates we seek to construct buildings that are durable, efficient and rewarding places to live. Hudson Walk is currently being designed to satisfy a number of building performance and site development criteria as outlined by the LEED [®] New Construction (NC). A LEED [®] NC scorecard have been completed and attached with this development application submission. Our intention is to achieve as many of these measures as possible while still ensuring that the project delivers rental units that are affordable to the Victoria market.

The project will also bring forth street front improvements on both Herald Street and most importantly will be an initial piece in the development of the Caledonia Greenway as designated by the City of Victoria's Greenways Plan.

It goes without saying that Hudson Walk will play an important role in the urban renewal underway in this area of Downtown Victoria. Townline's investment in the Hudson District will only prompt further interest for further development in the immediate vicinity. The recent success in our opening of the Hudson Mews Rental Tower and the Victoria Public Market are indicative of the growing popularity of this neighbourhood as a destination for both tourists and locals.

Townline is excited to move ahead with the development of Phase 1 of Hudson Walk. We intend to submit a Building Permit shortly after Design Panel with the focus on starting construction as soon as possible. Our aim is to start construction by the end of the year. Our experience thus far in working with the City of Victoria staff on both the Hudson, Victoria Public Market and Hudson Mews has been very rewarding and we wish to extend our gratitude for the cooperation and support in helping our projects become a success. If you have any questions on the submission or would like further details, please contact me directly at 604.276.8823 ext 259.

Sincerely,

Justin Filuk Development Manager justin.filuk@townline.ca

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Rick Illich, President, Townline Steve Jedericich, VP Development, Townline

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			13-26 HUDSON WALK- Residential Tower & Mixed-use Podium		Planning & Development Department
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1		Credit 1	Site Selection	1	Avoid development of innapropriate sites to reduce envir. Impact
5		Credit 2	Development Density and Community Connectivity	3, 5	Channel developments to urban areas with existing infrastructure, protect
1	1	· Credit 3	Brownfield Redevelopment	1	habitat Contaminated site has been remediated
6		10.0000/06-000/Testan (Alternative Transportation: Public Transportation Access	3,6	Public transportation access
1			Alternative Transportation: Bicycle Storage & Changing Rooms	1	Bicycle storage & change rooms
3			Alternative Transportation: Low-Emitting & Fuel-Efficient Vehicles	3	Hybrid and alternative fuel vehicles
2			Alternative Transportation: Parking Capacity	2	Size parking capacity to mee but not exceed local zoning requirements, and provide preferred parking for capools equal to 10% of the number of non visiting parking spaces
	0	Credit 5.1	Site Development: Protect and Restore habitat	1	Conserve existing natural areas/ restore damaged areas to provide habitat
	0	Credit 5.2	Site Development: Maximize Open Space	1	Vegetated open space
	0		Stormwater Design: Quantity Control	1	Rate and Quantity - managing storm water runoff
1000	0		Stormwater Design: Quality Control	1	Increase on site filtration and eliminating contaminants
1		Credit 7.1	Heat Island Effect: Non-Roof	1	Reduce heat Island; use hardscape material with SRI>29, open grid pavement system; provide shade from tree canopy for 50% of site
1	and a first	Credit 7.2	Heat Island Effect: Roof	1	Vegetated roof for 50% of roof area or hi-albedo roof to reduce heat absorption
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es 7	No			1	
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52	1		Credit 2	Construction Waste Management	1-2	Divert 50%- 75% from landfill	
5 for		- 0	Credit 3	Materials Reuse	1-2		100
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	2	1.10	Credit 5	Regional Materials	1-2	Use building material 20% extracted and manufactured locally	_
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NORTH-EAST VIEW PROJECT INFORMATION TABLE FROJECT SUMMARY: CIVIC ADDRESS 755 CALEDONIA AVENUE, VICTORIA, B.C. PROJECT CONSULTANTS LECAL ADDRESS P.L 027-272-338 LOT 1 OF LOTS 712, 713, 714, 715, 716, 723, 724, 725, 726, 727, 728, 729 VICTORIA CITY PLAN VIP 83911 ARCHITECT OWNER: PRT DEVELOPMENT HOLDINGS LTD. AUTHORITY HAVING JURISDICTION: CITY OF VICTORIA, B.C. RAFII ARCHITECTS INC. VANCOUVER, B.C. VEZ 21.9 TEL: 504-683-3655 FAX: 504-688-3522 ZONING OVERVIEW: EXISTING PROPOSED ZONING CA4 CA4 SETBACKS: FROM REAR SIDE SIDE 0m 4.5m 4.5m CERTIFIED PROFESSIONAL & CODE: GHL CONSULTANTS LTD - 409 GRANVILLE STREET, VANCOLIVER, BC VEC 172 TEL: 604-689-4449 Ext. 108 FAX: 604-689-4449 E-MAL: kr@gN ca SITE AREA: Phase 1 3727.7m2 Phase 2 TOTAL 6186 6m2 SITE COVERAGE 50.5% N/A N'A N'A TOTAL FLOGR AREA: 11015.58m2 N/A STRUCTURAL ENGINEER 1111277774 IES CHRISTOFFERSEN LTD. Sula 220 - 645 TYEE ROAD, VICTORIA, BC VSA 6X5 TEL: 250-386-7794 FAX250-381-7900 E-MAIL: bjohmson@dc.ca FLOOR SPACE RATIO: 2.955 N/A N/A **HAR** BUILDING AREA OVERVIEW. Phase 1 Phase 2 RESIDENTIAL 10220.18 m2 N/A RETAIL/ COMMERCIAL 795.40 m2 N/A MECHANICAL ENGINEER: ENGINEERING CANADA INC. ISO0-34077 GLADYS AVENJE ABBOTSFORD, BC, V2S 2E8 PARKING OVERVIEW: TEL: 604-855-7890 FAX: 604-855-7891 VEHICLE PARKING REQUIREMENTS REMENTS: OFF-STREET REOURED 5 0.7 PER UNIT = 0.7 x 171 = MERCIAL 1 PER 37.5m2 = 795.40m2 / 37.5m2 = RPOOLS 10% OF 120 NG OFFICE BUILDING LOADING APARTMENTS 120 PROVIDED ELECTRICAL ENGINEER RETAIL/ COMMERCIAL VISITORS/ CARPOOLS NEMETZ & ASSOCIATES 2009 WEST 4TH AVENJE ANCOUVER, B.C. V6J 1N3 TEL: 604-736-6562 FAX: 604-736-9805 FAX: 604-736-9805 NEIGHBOUR TOTAL 142 TOTAL N/A N/A N/A PROPOSED VEHICLE PARKING Photo 1 69 Phase 2 N/A P1 P2 P3 E-MAR -75 N/A BUILDING ENVELOPE: A-COAST ENGINEERING LTD. -5155 LADNER TRUNK ROAD DELTA, 8C, V4K 1W4 TEL: 604-946-9910 CELL: 604-314-0096 BICYCLE STORAGE REQUIREMENTS RESIDENTIAL 1 PER UNIT = 171 CLASS 1 = 100% = 171 CLASS 2 = 6 SPACE RACKS PER BUILDING PROVIDED 196 FROVIDED RETAIL/ COMMERCIAL 1 PER 205m2 FOR FIRST 5000m2 GROSS AREA 795.14m2 / 205m2 = 4 PRO CLASS 1 = 50% = 2 CLASS 2 = 50% = 2 PROVIDED 11 LANDSCAPE ARCHITECT ARD NORTH GROUP (B.C.) INC. 836 CORMORANT STREET VICTORIA, B.C., V8W 1R1 TEL: 250-386-4132 FAX: 250-386-4132 E-MAIL: Iombard(2stumy ca PROVIDED 6 RESIDENTIAL OVERVIEW; BREAKDOWN PER PHASE: Phato ' SIZE m2 Phase 2 CIVIL ENGINEER: BREAKDOWN PER UNIT TY 38-49 m2 48-63 m2 67-121 m2 58-131 m2 STANTEC 400-655 TYEE ROAD, VICTORIA, B.C. V9A 6X5 TEL: 250.989-2345 CELL: 250-216-1318 FAX: 250-324.0514 E4MAIL: kee frunch@stantec.com 1 BEDROOM 55 92 16 8 171 NIA NIA NIA Received Gy of Victoria SEP 18 2014 -ng & Development Department velopment Services Division



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Planning and Land Use Committee - 09 Jul 2015



1715 Government Street Victoria, BC V8W 1Z4 250.386.5503

Mayor Dean Fortin and Council City of Victoria No.1 Centennial Square Victoria, BC V8W 1P6

August 20, 2014

Re: Development Permit #000375-755 Caledonía Avenue

Dear Mayor Fortin and Council,

The DRA LUC has met with the developer's representatives and has reviewed the drawings for the above mentioned project.

DRA Members are supportive of the following:

- Configuration of the midblock walkway and arrangement of the commercial space and parking access.
- Revision of the project to a taller concrete building of superior build quality to the previously proposed project.
- Members support the liveability and privacy that concrete buildings provide.
- The developer is commended that higher quality cladding materials appear to be specified for the proposed building.
- Members are supportive of the relaxation to allow residential use on the identified portions of the first storey. Members also would support live work on the first storey but acknowledge that the applicant would prefer not to engage in the necessary rezoning to achieve that use.
- Members are supportive of the minor height variance as it appears to affect areas not visible from street level.

Members concerns are:

 The tower portion does not differentiate or step back the upper most floors in any significant way. The application shows a colour change on the top floor only. Some additional differentiation/articulation would provide some visual interest as well as deaccentuating the upper floors. Some form of overhang is recommended on the top floor for both aesthetics and weathering/maintenance protection.

Planning and Land Use Committee - 09 Jul 2015

- Members are con. Ined that the colour pallet for many downt. A buildings tends to the grey tones and lacks vibrancy. The developer is encouraged to utilize some "less bleak" colour tones if possible.
- Rather than just plain transparent panel deck guards it is suggested additional dividing bars be added and perhaps some translucent panels for visual interest as was most effectively and attractively utilized on the adjacent Hudson and Hudson Mews projects.

The DRA generally supports this proposal and is supportive of the higher density and concrete construction now proposed.

Sincerely,

Ian Sutherland Chair Land Use Committee Downtown Residents Association

cc Planning and Development Department

755 Caledonia DP # 00042



755 Caledonia DP # 00042 View from Caledonia Street



755 Caledonia DP # 00042 View from Herald Street



755 Caledonia DP # 00042 View from Caledonia Street






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Drawing No.

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755 Caledonia DP # 00042



755 Caledonia DP # 00042



755 Caledonia DP # 00042 Revised East Elevation





755 Caledonia DP # 00042 Revised Landscape Plan



Planning and Land Use Committee - 09 Jul 2015





Planning and Land Use Committee - 09 Jul 2015







Planning and Land Use Committee Report

For the Meeting of July 9, 2015

To: Planning and Land Use Committee Date: June 30, 2015 From: Stephen Stern, Land Development Technologist

Subject: Strata Conversion Application for 1237-1239 Oscar Street

RECOMMENDATION

That Council approve the contribution to the Victoria Housing Reserve Fund in lieu of the previous approval from June 28, 2012, requiring a covenant securing one of the units at 1237 - 1239 Oscar Street, as rental for a five (5) year period.

EXECUTIVE SUMMARY

The purpose of this report is to seek Council's reconsideration of their original approval from June 28, 2012 requiring a section 219 Covenant securing one of the strata units as rental for 5 years in exchange for a contribution of \$10,000.00 to the Victoria Housing Reserve Fund.

The applicant, Mr. Paul Bourke, had applied to the Approving Officer to convert the existing purpose built duplex into three (3) strata units and submitted a tenant plan with the application for Council consideration. Council approved the tenant plan provided with the strata conversion application for 1237 Oscar Street, subject to one of the existing units being secured as rental for a five (5) year period.

Respectfully submitted,

Stephen Stern Land Development Technologist

Jas Paul A/Director of Engineering and Public Works

Report accepted and recommended by the City Manager: Jason Johnson

Date:

Decision Request Strata Conversion Application for 1237 - 1239 Oscar Street June 30, 2015 Page 1 of 2

Strata Conversion Application for 1237-1239 Oscal Street -- B...

BACKGROUND

Mr. Bourke was issued a preliminary strata approval which outlined the conditions for such an approval that included preparing a covenant, to the satisfaction of the City solicitor, securing one of the units as rental for 5 years.

Mr. Bourke has indicated that given his current heath, that the requirement for a covenant would pose a hardship. As an alternative, he has submitted a request to have Council reconsider placing a covenant on title and its place accept a contribution of \$10,000.00 towards the Victoria Housing Reserve Fund.

Relevant Legislation and Policy

Under section 242 of the *Strata Property Act*, conversion of previously occupied buildings requires approval from the Municipal Approving Authority. In the case of 1237 – 1239 Oscar Street, the approval of the tenant plan submitted with the strata application required Council approval.

Council, acting as "Approving Authority", can reconsider their previous approval.

Sustainable Planning and Community Development Evaluation

The vacancy rate in the City has continued to drop and in a tightening rental market rents are likely to rise more significantly than they have in the past two years. The current rental vacancy rate for purpose built rental, three (3) or more units, in the City of Victoria is 1.2% (CMHC **April 2015**). An additional \$10,000 added to the Victoria Housing Reserve Fund will enable the City to support the development of one affordable rental unit within a future development. Considering that an investor-owned condominium unit is likely to rent at a rate much higher than the purpose-built market rate, the applicant's proposal provides the opportunity to achieve the development of unit that will rent at an a much lower level for a term longer than five years.

Strategic Relevance

The impact of this approval is that a contribution to Victoria Housing Reserve Fund will enable the City to support the development of one affordable rental unit within a future development. This offering will be held in trust by the applicant's solicitor under his undertaking to be released to the City upon submission of the final strata plan for approval.

List of Attachments

- Preliminary Approval Letter for Strata Conversion
- Correspondence from the applicant's solicitor
- Supporting email correspondence
- Previous Council Report and Approval from June 28, 2012.



File no. SUB 00228 BP 049833

Public Works Department

#1 Centennial Square

Engineering and

Victoria

British Columbia

V8W 1P6

Tel: 250-361-0300

Fax: 250-361-0311

www.victoria.ca

June 4, 2015

Paul L. Bourke # 1 Briar Place Victoria, BC V8S 3J5

Dear Mr. Bourke:

Re: 1237 - 1239 Oscar Street – Proposed Conversion of an Existing Three Unit Building to Three (3) Strata Units Currently at:

LOT 42, FAIRFIELD SECTION, VICTORIA, PLAN 1055 Primary PID: 000-559-814

The City has completed the review of your application dated May 13, 2012 to convert the existing Three Unit Building to Three (3) Strata Units.

This conversion is subject to an approval from the municipal "approval authority" under Section 242 of the Strata Property Act which ensures compliance with applicable Provincial Codes and Municipal Bylaws. On June 28, 2012 Council set an additional condition associated with your strata conversion:

"It was moved by Councillor Alto, seconded by Councillor Helps, that Council approve the tenant plan provided with the strata conversion application 1237 Oscar Street, subject to one of the existing units being secured as rental for five a (5) year period."

In addition, our records indicate that the proposed use is consistent with the current zoning designation of the property and the Planning Department has confirmed this proposed use under the R-1B Zone (Single Family Dwelling District). Please contact Charlotte Wain at 250-361-0340 with any Zoning inquiries.

In order to ensure compliance with applicable Provincial Codes and Municipal Bylaws the applicant shall now proceed as follows:

- Submit a Section 219 Covenant in a form satisfactory to the City Solicitor securing one of the proposed strata units as rental for 5 years. Please have your solicitor contact the Land Development Technologist for further information.
- Obtain and submit occupancy permits for the completion of all required building permit work for the proposed strata units. Our records indicate that a building permit has been issued for the subject property on *March 11, 2014*.
- Provide written confirmation that onsite parking conforms to Schedule "C" of the Zoning Bylaw. Confirmation will be required in writing from the Planning Department. Parking allocation shall be clearly defined in the final strata plans.
- 4. Hire a British Columbia Land Surveyor to arrange to prepare the final strata plan. Provide the British Columbia Land Surveyor with copies of the Site Servicing Plan and Building Permit Plans (if necessary) approved by the City.

The City of Victoria recognizes the Songhees and Esquirnalt Nations in whose traditional territories we live and work "Hav swx ga"

1237 -	1239 Oscar	Street - Propos	ed Conversion
June 4	, 2015	* *	

Page 2

- 5. Submit the **preliminary** strata plan(s) containing all required copies of any information as noted in (a) and (b) below, along with a final strata approval fee of \$50.00 within 30 days prior to issuance of final occupancy and to arrange for an inspection, by the Land Development Technologist, of the proposed strata units.
- 6. Upon final approval of the Strata Plan, the plan will be released to your solicitor on an undertaking to the satisfaction of the City's solicitor to register the plan in the Land Title Office concurrently with any documents required as a condition of Strata Conversion. Any required documents registered against title must be in priority to any charges of a financial nature. Prior to release of the Strata Plan, your lawyer shall provide a letter of undertaking stating:
 - a) that if for any reason the subdivision plan is not deposited in the Land Title Office within two months of its approval, it will be returned to the Approving Officer of the City of Victoria; and
 - b) that a registered copy of the proposed strata plan, a copy of each new title search, and a copy of all other documents registered as a condition of Strata Titling will be forwarded to the Approving Officer upon final registration at the Land Title Office (please forward all registered documents to the Approving Officer, care of the Land Development Technologist).
- Submit the final strata plan package containing copies of any required information to Stephen Stern. Submitted plans and documents will be sent to the Approving Officer for review and approval.

Please note that it is the responsibility of the applicant to provide the plans noted above to the surveyor to ensure that the surveyor's strata plan matches the City approved plans. It is also the responsibility of the applicant and the applicant's surveyor to design the boundaries and assign the ownership within the proposed strata plan so that each strata unit will comply with Provincial Codes and Municipal Bylaws and to ensure that encroachments do not occur.

If any other information comes to light before an application is made for strata plan approval under Section 242 of *Strata Title Act*, these statements may be reconsidered and altered. It is also noted that approval of any strata plan will be subject to compliance with all legislation and regulations.

This preliminary approval expires on **June 4**, **2016**. If you have any questions regarding your application please call Stephen Stern at 250-361-0501.

Yours truly,

Jeff Mitton

Deputy Approving Officer

Attachments

C.

Chief Building Inspector Charlotte Wain, Development Services July 06, 2012 Letter from Legislative and Regulatory Services

w:\admin\word\land development\ss\2015\1237 - 1239 oscar.doc

Stephen Stern

From:John ReillySent:Monday, Jun 15, 2015 8:20 AMTo:Stephen SternSubject:RE: 1237-1239 Oscar Street

Nice work on this Stephen.

John

From: John Mullin [mailto:jmullin@mdlawcorp.com]
Sent: Sunday, Jun 14, 2015 3:11 PM
To: Stephen Stern
Cc: John Reilly; Paul Bourke
Subject: Re: 1237-1239 Oscar Street Council Requirement for a Section 219 Covenant

Hi Stephen - I have heard from my client and he is prepared to make the \$10,000 contribution in lieu of the rental requirement - if you could proceed with presenting the proposal to committee/council as soon as possible, that would be great - let me know on timing, thanks John

Sent from my iPhone

On Jun 12, 2015, at 10:50 AM, "Stephen Stern" <<u>sstern@victoria.ca</u>> wrote:

Good Morning John,

I think that given John's, (Senior Planner – Social Issues, Community Planning Division), comment below it would be reasonable to secure the minimum amount of \$10,000.00. If this is acceptable to your client then I can initiate the process of presenting his request to Committee / Council for their consideration. I will need to prepare the necessary report to Council etc..

Regards

Stephen Stern Land Development Technologist Land Development & Support Services City of Victoria 1 Centennial Square, Victoria BC V8W 1P6

T 250.361.0501 F 250.361.0311 C 250.216.4172

<image001.gif> <image002.png><image003.gif> <image004.gif> <image005.gif>

From: John Reilly
Sent: Thursday, Jun 11, 2015 9:41 AM
To: Stephen Stern
Subject: RE: 1237-1239 Oscar Street Council Requirement for a Section 219 Covenant

Strata Conversion Application for 1237-1239 Oscar Street --B...

Sorry for the delay in responding, Stephen. The City's grant program provides a \$10K per unit. \$5K will only get us half way there. If we are losing one unit, I'd like to see a contribution of \$10K to allow us to get one more unit in the rental market. Let me know what comes of the negotiations.

John

From: Stephen Stern
Sent: Tuesday, Jun 9, 2015 2:23 PM
To: John Reilly
Subject: 1237-1239 Oscar Street Council Requirement for a Section 219 Covenant
Importance: High

Good Afternoon John,

Attached is the PLA and Letter from Legislative Services regarding the approval of the "tenant plan" with a condition that one of the units be rental for 5 years.

The applicant's solicitor has indicated that given the failing health of the owner, the requirement could prove to be an issue. The applicant is proposing an initial offering in lieu of the covenant, to provide a monetary payment into the housing fund (\$5000.00).

My commitment to him was to present this to staff and see if it supportable and counter There will be a formal letter to the City with the rationale behind this offering..

2

Thoughts

Stephen Stern Land Development Technologist Land Development & Support Services City of Victoria 1 Centennial Square, Victoria BC V8W 1P6

T 250.361.0501 F 250.361.0311 C 250.216.4172

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Strata Conversion Application for 1237-1239 Oscar Street -- B...



BARRISTERS & SOLICITORS

Date: June 19th, 2015

City of Victoria #1 Centennial Square Victoria, BC V8W 1P6

Attention: Stephen Stern

RE: 1237-1239 Oscar Street - Proposed Conversion of an Existing Three Unit Building to Three Strata Units

Further to our emails and correspondence on this matter I confirm that I have received \$10,000 in trust and I provide my irrevocable undertaking to pay these funds to the City prior to our deposit of the Strata Plan at the Land Title Office and provided the rental requirement condition (i.e. Covenant as set forth in paragraph 1. of the City's June 4, 2015 letter) has been removed.

Yours truly,

MULLIN DEME Pe John Ø Mullin /kd

1626 GARNET ROAD, VICTORIA, BRITISH COLUMBIA, CANADA V8P 3C8 Toll Free 1-877-477-3327 Phone [250] 477-3327 Fax [250] 477-0980 Strata Conversion Application for 1237-1239 Oscar Street --B... Email LAWYERS@MDLAWCORP.COM www.realestatelawvictoria.com



BARRISTERS & SOLICITORS

Date: June 10th, 2015

City of Victoria #1 Centennial Square Victoria, BC V8W 1P6

Attention: Stephen Stern

RE: 1237-1239 Oscar Street - Proposed Conversion of an Existing Three Unit Building to Three Strata Units

We act on behalf of Paul Bourke. We are writing to request the removal of the requirement to have one of the existing units secured as a rental for a five year period. Mr. Bourke has outlined a summary of circumstances which is attached to my letter. Mr. Bourke's current health requires him to sell all three of the units when the strata plan has been filed. In lieu of the rental requirement, Mr. Bourke asks council to consider his proposal of a financial contribution to a City of Victoria housing fund in the amount of \$5,000. We look forward to hearing from you.

Yours truly,

MULLIN DEMEO er

John D. Mullin /kd

1626 GARNET ROAD, VICTORIA, BRITISH COLUMBIA, CANADA V8P 3C8 Toll Free 1-877-477-3327 Phone [250] 477-3327 Fax [250] 477-0980 Strata Conversion Application for 1237-1239 Oscar Street --B... Email LAWYERS@MDLAWCORP.COM www.realestatelawvictoria.com

- I started the renovation of 1237/1239 Oscar Street in 1999; my intention was always to strata the building into 3 units. This building was a legal duplex when I purchased it.
- The work to renovate this building into a 3 suite complex increases the housing density of the area without causing any harm to the area and without increasing the square footage of the building. It only increases the number of units by one and provides three desirable and affordable homes in a much sought after area.
- I worked full time at my sales job in the fishing industry until I retired 1 year ago. I am not a developer. I do not have a company or Government pension (except the OAS and CPP-my retirement funds are in my property on Oscar Street.
- I worked on the house in the early morning and evenings as well as the weekends and during my vacation time.
- The new requirement to keep one of the 3 units as a rental property imposes a significant financial hardship on me. The market for a rental only condo in a house conversion is very limited –it is more common in larger buildings where professional managers can ensure your property is looked after.
- Additional, it is likely that it will be more difficult to market the two other units if the third one has to remain as a rental for 5 years. This in turn reduces the value of the units and thus the value of my "pension" fund.
- I just turned 69 on June 3 and if it is another 5 years before I can sell this rental unit I will be 74 years old. I feel this is much too old to be looking after a rental unit in a 104 year old house.
- Unfortunately, I had an accident while working on the house about 5 years ago: I tore the rotator cuff in both my shoulders and I am still recovering from 2 different surgeries each of which has taken 2+ years to heal. As a result I had to hire workers to do work I normally would have done and this took longer as I had limited funds to work with. I am now finished the renovation required to strata the property into 3 units.
- In addition to my shoulder injuries I have had two surgeries to remove cancerous tumours on my left eye and beside my left ear. On this Friday, June 12, I am scheduled for surgery on my prostate and the recovery time ranges from 3 months to one year. My family is concerned about my health and wants me to sell all three units - not 2 and keep one as a rental.
- I respectfully request that an exception be made under these circumstances for the above reasons. In consideration of this, I am prepared to donate \$5,000 to a low cost housing fund of your choice, as appropriate.





Legislative and Regulatory Services Department

Legislative Services

#1 Centennial Square Metoria British Columbia M6W/1P8

Tel (250) 361-0571 Fax (250) 361-0348 www.victoria.ca July 06, 2012

Mr. Paul Bourke #1 Briar Place Victoria, BC V8S 3J5

Dear Mr. Bourke:

Re: Strata Conversion Application for property known as 1237 Oscar Street

At the Victoria City Council meeting of June 28, 2012, Council passed the following resolution:

That Council approve the tenant plan provided with the strata conversion application 1237 Oscar Street, subject to one of the existing units being secured as rental for five a (5) year period.

If you have any further questions concerning your application, please contact Stephen Stern, Land Development Technologist, at 250.361.0501.

Yours truly, CRobert G. Woodland

Corporate Administrator

ih C:

John Sturdy, Acting Director of Engineering Stephen Stern, Land Development Technologist Fairfield-Gonzales Neighbourhood Association

The City of Victoria recognizes the Songhees and Esquimalt Nations in whose traditional territories we live and work "Hay swx ga"



Planning and Land Use Standing Committee Report

Date:	May 28, 2012	From:	Stephen Stern, Land Development Technologist
Subject:	Strata Conversion Applica	tion for 1237	Oscar Street

Executive Summary:

The applicant, Paul Bourke has applied to the Approving Officer to convert the existing purpose built duplex into three (3) strata units and has submitted a tenant plan with the application for Council consideration. The Planning Department advises that the proposed use complies with the R-1B (Single Family Dwelling Zone).

Under Section 242 of the *Strata Property Act*, conversion of previously occupied buildings requires approval from the Municipal Approving Authority (City Council). The purpose of this report is to seek Council's approval of a tenant plan submitted with an application to strata title a duplex at 1237 Oscar Street. The duplex is currently occupied with tenants renting on a yearly lease basis.

The applicant has submitted a basic tenant plan with proposed variations suggesting a graduated rental timeframe based on the number of units the applicant can rent, as noted below:

- One of the units as rental for a period of 5 years (60 months),
- Should the applicant rent two units within the building, the applicant proposes that the rental time frame for the initial unit offered would be reduced to 2 ½ years (30 months),
- Should the applicant rent three units within the building, the applicant proposes that the rental time frame for the initial unit offered would be reduced to 20 months.

The basic one unit rental for 5 years proposal can be secured by means of a Covenant under Section 219 of the *Land Title Act* registered on title. The proposed graduated rental timeframe, with scheduled declarations will require additional staff administration and a more complex legal agreement. The applicant's proposal to rent one or more of the other units in a graduated rental timeframe does not secure the equivalent of a single rental unit for five years. Legal costs associated with preparation and registration of the covenant is the responsibility of the applicant.

Recommendation:

That Council approve the tenant plan provided with the strata conversion application for 1237 Oscar Street, subject to one of the existing units being secured as rental for a five (5) year period.

Respectfully submitte Dwayne Kalynchuk, P. Eng. Peter Sparanese, P. Eng. Stephen Stern General Manager of Land Development Director of Engineering and Technologist Public Works Operations Report accepted and recommended by the City Manager: Gail Stephens **Decision Request**

Strata Conversion Application for 1237 Oscar Street

May 28, 2012 Page 1 of 2

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Relevant Legislation and Policy:

Under Section 242 of the *Strata Property Act*, conversion of previously occupied buildings requires approval from the Municipal Approving Authority (City Council).

The City's "*Residential Strata Titling Policy*" requires Council's approval for Tenant Plans that accompany an application to strata title. The proposed Tenant Plan is to not displace the current tenants and secure the rental units for a minimum period of five (5) years.

The current rental vacancy rate (CMHC Fall 2011) for purpose built rental, three (3) or more units, in the City of Victoria is 1.8%.

Sustainability Evaluation:

The applicant has offered to rent one of the proposed strata units for an initial period of five (5) years. The tenant plan also includes a graduated rental timeframe in which the applicant has suggested that if two (2) suites were rented out this would be reduce the covenant rental period to 30 months and if all three suites were to be rented it out then further reduce the covenant rental period to 20 months.

This proposal has been submitted for evaluation to the Sustainability Department for evaluation and staff have no objections to securing by means of a Covenant under Section 219 of the Land Title Act registered on title, one of the existing rental units.

Staff recommends keeping a simpler approach that secures one unit, without conditions, as rental for the full five (5) years.

Strategic Relevance:

The impact of this approval is consistent with similar requests for duplex conversions of this nature. This approval ensures that the existing units is maintained within the rental pool for a reasonable length of time, in this case five (5) years and will be secured by a covenant under Section 219 of the Land Title Act, to be registered on title.

Recommendation:

That Council approve the tenant plan with provided with the strata conversion application for 1237 Oscar Street and with the stipulation that one of the existing rental units be secured for the full five (5) year period.

Recommendation Summary:

Staff recommend keeping a simpler approach that secures one unit, without conditions, as rental for the full five (5) years.

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Background Material:	Attached
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Available ____ N/A ___

Decision Request Strata Conversion Application for 1237 Oscar Street

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Google

To see all the details that are visible on the screen, use the Print link next to the map.

Planning and Land Use Committee - 09 Jul 2015

CITY OF VICTORIA					
ENGINEERIN	G POLICIES				
POLICY: Residential Strata Titling					
Prepared By: Land Development	Date: 1997				
Authorized By: Victoria City Council	Date: 1997				

- 1. A preliminary approval obtained from City Council or the Approving Officer is valid for a period of one year from the date Council's resolution to approve is adopted.
- When the rental apartment vacancy rate as provided by Canada Mortgage and Housing Corporation falls below 4% for Metro Victoria, no applications to convert existing residential rental buildings containing more than four rental dwelling units shall be accepted.
- Any owner/developer denied the privilege to apply to convert existing residential buildings to strata lots for the reason outlined in Paragraph (2) has the right to appeal to City Council and a successful appeal is required before the City Engineer will accept a formal application to convert.
- 4. The vacancy rate applicable to an application shall be the rate that prevails in the rental statistics provided by C.M.H.C. on the date the preliminary application is received at City Hall.
- 5. Tenant Plan Rental Residential Strata Conversions

Any preliminary application to convert a building containing active rental dwelling units shall be accompanied with a Tenant Plan which will set out:

- a. Certification that the owner/developer has notified the tenants of the building of the proposal to convert the building into strata units.
- b. A complete list of the tenants in the building.
- c. The type of choices such as a continued fixed-term tenancy, option to purchase rental unit, etc. offered to the tenants that would allow them to continue to occupy their units after the strata conversion has been completed.
- d. Any monetary assistance to be offered, such as rental-free period, moving expenses, etc.
- e. Formal notification that tenants have been advised of other agencies that may be of assistance, such as Pacifica Housing, the Capital Regional District, etc.

The Tenant Plan shall be submitted to Council for review at the preliminary application stage and the owner/developer shall certify that the Tenant Plan, as adopted by Council, has been carried out prior to final approval. The Tenant Plan shall be signed by all the tenants.

v:\t&d\develop\strata\formal\residential strata litling policy

Strata Conversion

Land Development Section - Strata Conversion Approval Matrix

<u>No. of units</u>	Vacancy rate	Approval level With tenants	Approval level If vacant
=3</td <td>N/A</td> <td>Council With tenant plan</td> <td>Approving Officer</td>	N/A	Council With tenant plan	Approving Officer
= 4	N/A	Council With tenant plan	Council
> 4	> 4%	Council With tenant plan	Council
> 4	< 4%	Not accepted by staff, but appealable to Council	Not accepted by staff, but appealable to Council

Approving Officer Authority

Council, on July 24, 2003, **delegated the powers** and performance of the duties of the approving authority under Section 242 of the Strata Property Act (conversion of previously occupied buildings) to the duly appointed subdivision approving officer, with the following limits:

- Residential buildings containing no more than 3 units, and industrial and commercial buildings.
- Residential buildings that are vacant or owner-occupied.
- Buildings in good condition, in substantial compliance with the BC Building Code.

Planning

Application No.

A

VICTORIA	
VICIORIA	

Corporation of the City of Victoria

Engineering Department, Land Development Section

to. For Estate

suite

VICTORIA	TENANT P	LAN – STRATA	TITLING	7085315
_ Prel	iminary Application	U	Final Application	
APPLICANTS NAME (PRINT) BOURKE	ADDRESS BRIA	R PLACE	Victoria	
1237/1239 OSCAR			OWNER OCCUPI	ed, vacant 22/
# NEW UNITS IN PROJECT		# TOTAL PROPOSED STRAT	ra UNITS 3	
EXPLAIN NATURE OF PROJECT AND REASON	FOR STRATA TITLING:			
The 3 nd floor	is 100 yes	in ald	and un	enovated
I conset do the	i lonk	unden ;	1 strata	the 3

EXPLAIN TYPES OF ASSISTANCE / OFFERED TO TENANTS:

🗆 - Fixed Term Tenancy -

- Option to Purchase -

- Rental Assistance -

□ - Alternative Rental -

SEE ATTACHED

TENANT INFORMATION (Please Print)					
TENANT'S SIGNATURE	PHONE #	UNIT #	DATE ACCEPTED	DATE COMPLETED	
	2		14		

NOTE: If the above space is insufficient use back of form.

	APPLICANT'	S CERTIFICATION
AL /	I AUL BOMRHE confirm that the i to the City of Victoria that I will provide the tenant (s) with the assista	information contained in this form is correct to the best of my knowledge and certify ince as accepted by the tenant as outlined on this TENANT PLAN.
FINAL	Applicant's Signature (Confirming Offer Accepted)	Date
	Applicant's Signature (Confirming Offer Completed)	Date

NOTE: THIS TENANT PLAN CAN BE MADE AVAILABLE IN OTHER LANGUAGES UPON REQUEST.





Corporation of the City of Victoria Engineering Department, Land Development Section

TENANT PLAN – STRATA TITLING

Prelim	inary Application	U F	inal Application	
APPLICANTS NAME (PRINT)	ADDRESS			PHONE # / FAX #
PROJECT ADDRESS	# EXISTING	JNITS RENTED	OWNER OCCUPI	ED, VACANT
# NEW UNITS IN PROJECT	# TOTAL PRO	OPOSED STRATA U	INITS	

EXPLAIN NATURE OF PROJECT AND REASON FOR STRATA TITLING:

ACHED

EXPLAIN TYPES OF ASSISTANCE / C	FFERED TO TENANTS:			
I I - Option to Purchase -				
- Rental Assistance -	2		41	
iJ - Alternative Rental -				
U-Other- XUNRELATE	D TO Th	is Al	PLICATION NOTI	EE TOVACAT
	FEBRUAR	YI.C	ONSIDER This 4	NITASVACAN
(BY THE HOMEN	2 5) TE	NANT INFO	ORMATION (Please P	rint)
TENANT'S SIGNATURE	PHONE #	UNIT #	DATE ACCEPTED	DATE COMPLETED
× HENISI	- HARD STREET	0277	1201 02 2000	

* House	2		Y APRIL 03.2012	
* Atomar		OSCAR	- Y April 3/12	
KEITH HOMER		1237		
DEANE HOMER		OSCAR		
and the second				

NOTE: If the above space is insufficient use back of form.

	APPLICANT	SCERTIFICATION			
VL / INARY	I Paul Baute confirm that the information contained in this form is correct to the best of my knowledge and certify to the City of Victoria that I will provide the tenant (s) with the assistance as accepted by the tenant as outlined on this TENANT PLAN.				
FINA PREI IM	Applicant's Signature (Confirming Offer Accepted)	Date			
	Applicant's Signature (Confirming Offer Completed)	Date			

NOTE: THIS TENANT PLAN CAN BE MADE AVAILABLE IN OTHER LANGUAGES UPON REQUEST. v:\t&d\devalop\orms_dev\tenant plan_strata titling

Application No.



Corporation of the City of Victoria

Engineering Department, Land Development Section

TENANT PLAN – STRATA TITLING

Prelim	inary Application	L	Final Application	
APPLICANTS NAME (PRINT)	ADDRESS			PHONE # / FAX #
PROJECT ADDRESS		# EXISTING UNITS RENTED, OWNER OCCUPIED, VACANT		
# NEW UNITS IN PROJECT		# TOTAL PROPOSED STRATA UNITS		

EXPLAIN NATURE OF PROJECT AND REASON FOR STRATA TITLING:

SEE ATTACHED

EXPLAIN TYPES OF ASSISTANCE / OFFERED TO TENANTS:

Fixed Term Tenancy -

I - Option to Purchase -

- Rental Assistance -

- Alternative Rental -

Wother-CONTINUATION OF MENTH TO MENTH TENANCY INDEFINITION

TENANT INFORMATION (Please Print)					
TENANT'S SIGNATURE	PHONE #	UNIT #	DATE ACCEPTED	DATE COMPLETED	
* Callat Zana	2e	1239	×-1211/3'2012		
+ & Boghen		USCAR	+ April 3- 2012		
GERALD GOGUEN			, ,		
ROMA GOGAEN					

NOTE: If the above space is insufficient use back of form.

	APPLICANT	S CERTIFICATION
FINAL /	I Confirm that I will provide the tenant (s) with the assistance	nformation contained in this form is correct to the best of my knowledge and certif nce as accepted by the tenant as outlined on this TENANT PLAN.
FIN PREL IN	Applicant's Signature (Confirming Offer Accepted)	Date
	Applicant's Signature (Confirming Offer Completed)	Date

NOTE: THIS TENANT PLAN CAN BE MADE AVAILABLE IN OTHER LANGUAGES UPON REQUEST.

Revised March 2004

Subject: Tenancy letter City of Victoria

April 4, 2012

Regarding;

1237/1239 Oscar Street

Dear Mayor and Council,

I have applied to convert my Conversion duplex to a 3 unit strata.

I have advised the tenants, Gerry and Roma Goguen, in 1239 Oscar (Garden duplex suite) of my intentions regarding the strata triplex. Their suite requires no construction work for the proposed conversion to a triplex, except some additional 2x4 studs (4 in total packed together) in an interior wall, to support the addition of a beam in the third floor. This is about an 8 hour job, including the drywall repair and painting. The required work will be done, at the convenience of the Goguens, when they are out of town visiting their daughter in Vancouver. They have indicated to me that they support the conversion to a strata triplex.

Regarding 1237 Oscar Street;

On February 1 (over 2 months ago) Keith and Deane Homer, gave me their official notice that they intend to move during the next few months into a house, with a yard for their dog, and more storage space inside. I have also advised Keith and Deane Homer of 1237 Oscar of my intentions regarding the strata triplex. They have indicated to me that they support the conversion to a strata triplex.

The departure of Keith and Deane Homer has nothing to do with the strata triplex conversion and this 1237 portion of the existing duplex should be considered as vacant.

I am prepared to continue to rent one of the 3 proposed suites in the strata triplex for a period of 5 years (60 months). If two suites are rented out this would reduce the total rental period to 2.5 years (30 months). If all 3 suites are rented out the total rental period would be 20 months.

Regards

Paul Bourke

Paul Sourke

cc. Mr. Stephen Stern Land Development Technologist, Land development Section City of Victoria. FOLDER # BOVOOY04 FILE # OO 238


Planning and Land Use Committee Report For the Meeting of July 9, 2015

To: Planning and Land Use Committee Report Date: June 25, 2015

From: Lucina Baryluk, Senior Process Planner

Subject: Review of the Licensee Retail Stores Rezoning Policy

RECOMMENDATION

That Committee forward this report to Council, and Council consider the following changes to the Licensee Retail Stores Rezoning Policy:

"The Licensee Retail Stores Rezoning Policy be amended as follows:

- The distinction between private liquor stores and government liquor stores be eliminated, and that the policy be renamed the Liquor Retail Store Rezoning Policy to provide clarity that the policy applies to all liquor retail stores, regardless of the operator.
- The recommended store size be increased to 275 m².
- References to primary, neighbourhood or district centres in the General Characteristics section of the policy be replaced with references to Large Urban Villages or Town Centres to reflect the terminology within the Official Community Plan."

EXECUTIVE SUMMARY

At the March 12, 2015 meeting of the Governance and Priorities Committee, staff were directed to consult with representatives of the Liquor Distribution Branch, Island Health, Victoria Police Department, Centre for Addictions Research, Victoria Chamber of Commerce, private operators and Neighbourhood Association representatives for each of the neighbourhoods with a Village Centre to explore the viability of using the District of Saanich's approach to liquor stores as a basis for the City's policy.

A workshop was hosted on May 14, 2015, and the participants expressed the following opinions:

- The City's Licensee Retail Stores Rezoning Policy should not differentiate between private operators and government liquor stores.
- The City's current Licensee Retail Stores Rezoning Policy's store size of 200 m² is too small to be functional and should be increased to 275 m², which would be the same as the smaller size limit within the District of Saanich. Additional stores in excess of this size were not seen as appropriate within the City of Victoria.
- Developing a municipal liquor policy was encouraged to provide a broader perspective to inform policy directions on liquor-related issues.

BACKGROUND

The purpose of this report is to present Council with information, analysis and recommendations for amendments to the City's current Licensee Retail Stores Rezoning Policy. Other changes to the provincial liquor laws as they affect the City of Victoria were discussed at the May 12, 2015 Governance and Priorities Committee Meeting, and it was noted only a minor amendment to the *Business License Bylaw* is required to address changes to the provincial legislation.

In addition, at the March 12, 2015 meeting of the Governance and Priorities Committee, the following motion was passed relating to Liquor Retail Stores:

- Direct staff to report back on the amendments made to the District of Saanich, 2004 Zoning Bylaw, related to Liquor Retail Stores.
- Direct staff to consult with representatives of the Liquor Distribution Branch, Island Health, Victoria Police Department, Centre for Addictions Research, Victoria Chamber of Commerce, private operators and Neighbourhood Association representatives for each of the neighbourhoods with a Village Centre within the City of Victoria and report back within eight weeks.

Introduction of the Licensee Retail Stores Rezoning Policy in Victoria

In 2003, in response to changes to provincial liquor licensing legislation, the City's *Zoning Regulation Bylaw* was amended to restrict liquor retail stores to zones that specifically allowed this use, giving Council the authority to approve, through the rezoning process, the location and other regulations for liquor retail stores. The existing liquor retail stores were provided legal non-conforming status. To guide decision-making, Council introduced the Licensee Retail Stores Rezoning Policy (attached). Both the policy and the changes to the *Zoning Regulation Bylaw* were the subject of public consultation.

The policy was further amended in 2006 to include a reference to a maximum total floor area of 200 m² for liquor retail stores. At that time, Council specifically considered the Saanich model and felt the smaller store size was appropriate for the Victoria context and was also in keeping with the applications that were being received at that time.

The City of Victoria's Current Licensee Liquor Retail Stores Rezoning Policy in Practice

Council has dealt with over 20 rezoning applications since the introduction of the policy. The applications have generally specified a size of store, so the size of the store has been stipulated in the *Zoning Regulation Bylaw*, similar to the District of Saanich, but on a site-specific basis.

In terms of size, three private liquor stores were approved that exceeded the recommended size of 200 m² size (Harris Green, Shark Club and Crossroads Plaza) and the two Liquor Distribution Branch stores approved by Council both exceeded this size (Menzies Street (442 m²) and Hillside Centre (785 m²)).

Official Community Plan and the Downtown Core Area Plan

In 2012, the City of Victoria adopted the *Official Community Plan* (OCP), which provides further guidance on the type of uses anticipated in various urban place designations. The OCP has identified the types of commercial uses appropriate for different levels of centres. For example, a liquor store has been identified as appropriate within a large urban village and within a town centre.

The large urban villages have been identified as Selkirk, Victoria West, James Bay Village, Cook Street Village, Ross Bay, North Park, Stadacona Village, Jubilee Village, Humber Green Village and Quadra Village. Currently, only Selkirk does not have a liquor store; however, a rezoning application was approved for that location but the store was relocated. The town centres in the OCP have been identified as Mayfair and Hillside. Mayfair does not have a liquor retail store, and the liquor retail store in Hillside Centre was approved over a year ago.

The *Downtown Core Area Plan* does not provide any specific guidance on the location or size of liquor stores. However, within the Central Business District in particular and Historic Commercial District are envisioned to have a strong concentration of commercial uses including retail stores to provide the daily amenities and services required by businesses, employees and residents within the Central Business District.

Zoning Regulation Bylaw

The Zoning Bylaws for the City of Victoria and the District of Saanich are not parallel documents, and it is difficult to impose the structure of the District of Saanich's Zoning Bylaw on the City of Victoria's *Zoning Regulation Bylaw*. However, it is important to note that at this time most of the liquor retail stores within the City are in site-specific zones that allow the use and most contain upper size limits based on the application and context.

If an owner of an existing store wants to increase the floor area, there is nothing preventing an operator from pursuing this option through a rezoning application. Since the City has not had applications of this nature, it would appear that the existing size limits within each zone are generally acceptable to operators.

Provincial Legislation

In addition to the City regulations, the provincial *Liquor Control and Licensing Act* also imposes restrictions on liquor retail stores. The most important fact to note for the purposes of this discussion is that there is a requirement of a one kilometre distance between stores, which means that new liquor store locations (both public and private, relocated licenses and new stores) would not be able to locate within 1 km of a site held by an existing store. (Wine stores are not subject to this 1 km rule.) The other important fact is that the Province has a moratorium on the issuance of new private liquor store licenses until 2022, and no new wine store licenses are available.

One further note on changes to liquor licensing and the introduction of liquor sales in grocery stores: under the terms of the *Zoning Regulation Bylaw*, any liquor retail sales require a rezoning if it is on property that does not specifically allow the use. Therefore, liquor sales in grocery stores would be treated in the same manner as a liquor retail store and would require a rezoning application.

The District of Saanich Approach to Liquor Retail Stores

In 2004, the District of Saanich used a similar approach for this land use, which was to only allow liquor retail stores where the zoning bylaw specifically permitted this use. However, the District of Saanich also rezoned parcels that had existing liquor stores, whereas the City's approach did not include rezoning existing stores but to process new applications for stores as rezoning applications were received. Please refer to the attached excerpts from the District of Saanich's Zoning Bylaw and public hearing summary.

The District of Saanich has two catagories based on size, which is dependent on location:

- 275 m² intended for smaller commercial centres
- 700 m² intended for shopping centres.

Public Engagement

A workshop was hosted on May 14, 2015. The focus of the meeting was to bring together stakeholders to provide input and recommendations regarding the City of Victoria's approach to the size of liquor stores and whether a model similar to Saanich would be appropriate for the City of Victoria.

Invitations were sent to representatives from the Liquor Distribution Branch, Private Liquor Store Association, Greater Victoria Chamber of Commerce, Downtown Victoria Business Association, neighbourhood associations, Island Health, Centre for Addictions Research, and Victoria Police. Stakeholders were also invited to submit a letter on behalf of their organization.

Attendance at the meeting included representatives from the Centre for Addictions Research, Island Health, Fairfield Neighbourhood Association, Burnside Gorge Community Association, Private Liquor Store Association, and Oaklands Community Association, along with staff from the City.

Letters were received from the Greater Victoria Chamber of Commerce and Centre for Addictions Research (attached).

Staff facilitated a 90-minute discussion with the group, including an overview of the current policy and examined possible changes under a new model. Questions explored with the group included:

- What are the opportunities and challenges presented with the current model?
- How could the issues be addressed under a new policy?
- How could Saanich's model work in the City of Victoria? Are the sizes and limits to specific areas appropriate for the City of Victoria?
- Should sizes be stipulated in policy only or should zoning regulations apply?

Overall the group was very appreciative of the opportunity to provide input and welcomed the opportunity to continue to be involved in future discussions regarding the development of a municipal liquor policy. The following top themes emerged from the groups' discussion:

- The City of Victoria's rezoning process should be applied equally to private and governmentowned liquor stores.
- The size and location of liquor stores can be stipulated in policy (not pre-determined in zoning). Liquor store applications should be reviewed on a case-by-case basis to determine if they are an appropriate size for the location.
- A liquor store size of 275 m² (75m² larger than current allowable size in Victoria) is an appropriate size for liquor stores in Victoria in most cases, based on the rationale that a 200 m² size was not an optimal size for a small liquor store due to the amount of area required for receiving and storage.
- Victoria's walkability and sense of community are distinguishing characteristics of our city and there is concern that allowing big box liquor stores would not be well suited to Victoria.

- Overall, there was concern regarding recent provincial changes allowing the sale of alcohol in grocery stores. It was expressed that the updated policy should apply to grocery stores that will be allowed to sell alcohol. (Staff note: the policy applies to all outlets selling liquor.)
- The group suggested that the City of Victoria establish a broader municipal liquor policy, and the municipal liquor policy should inform the other policies associated with liquor.
- A new municipal overall liquor policy should consider the following:
 - No distinction between private liquor stores or government liquor stores for all aspects relating to liquor policies.
 - Number and size of allowable liquor establishments should take into account population density of the area and number of establishments already in existence.
 - Guidance regarding appropriate allowable proximity from schools, community centres, supportive housing or treatment centres and other facilities where access to alcohol may be a concern.
 - o Appropriate hours of operation of a liquor establishment for the area.
 - o Enforcement of liquor regulation in the City of Victoria.
 - Include guidance related to bars and pubs, beer gardens, special occasion events, grocery stores that sell alcohol, and other establishments where alcohol is sold or served including theatres, arenas and sporting events venues.

ANALYSIS

Based on the feedback received through the workshop as well as the existing policy and application-driven approach to liquor retail store rezonings within the City of Victoria, further exploration of the following policy-related topics is of value:

- applicability of the Licensee Retail Stores Rezoning Policy
- policy support for larger liquor retail stores
- policy support for two sizes of liquor retail stores
- Urban Place Designations within the Official Community Plan.

Applicability of the Licensee Retail Stores Rezoning Policy

The Licensee Retail Stores Rezoning Policy should clearly identify that the policy applies without distinction to all operators (BC Liquor stores and private liquor stores). This has been the City practice over the past several years; however, the policy document lacks clarity in this regard.

Policy Support for Larger Liquor Retail Stores

The workshop participants indicated that the 200 m² floor area limit creates issues for store operations. A 275 m² upper limit would be more appropriate and is in keeping with the Saanich approach.

Policy Support for Two Sizes of Liquor Retail Stores

The workshop participants indicated that at this time there were no compelling reasons to amend the Licensee Retail Store Rezoning Policy to consider larger liquor retail stores in Victoria due to the existing availability of large stores. This is consistent with the OCP focus of creating walkable villages for pedestrians rather than encouraging larger stores that would require more automobile traffic.

Urban Place Designations within the Official Community Plan

It would be appropriate at this time to update the Licensee Retail Stores Policy to reflect the direction of the *Official Community Plan* to state that the preferred locations for liquor retail stores are within Large Urban Villages or Town Centres. The current wording in the policy references primary, neighbourhood or district centres so this proposed change would make the policy consistent with the language contained in the OCP.

CONCLUSIONS

Based on the comments from the stakeholders and staff review, staff recommend for Council's consideration a number of changes to the policy to clarify its applicability, to increase the maximum recommended store size and to update locational references to be consistent with the new OCP Urban Place Designations.

Respectfully submitted,

Lucina Baryluk Senior Process Planner

Alison Meyer, Assistant Director Development Services

Jonathon Tinney, Director Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:

Date: 5,2015

LB:lw

W:\Liquor License General Info\PLUC Liquor policy update.docx

List of Attachments:

- Licensee Retail Stores Rezoning Policy (showing proposed amendments)
- District of Saanich, Excerpt from Council Meeting of October 19, 2004, and Zoning Bylaw
- Letter from The Chamber, dated May 13, 2015
- Letter from the Centre for Addictions Research of BC, dated May 8, 2015.



LICENSEE RETAIL STORES REZONING POLICY

As a result of regulatory changes from the Province with respect to <u>Liquor Licensee</u> Retail Stores, the City of Victoria amended its Zoning Regulation Bylaw to remove the sale of beer, wine, and spirits from the retail sales definition. As a result, any new <u>liquor</u> <u>licensee</u> retail stores will require a zoning amendment to permit this use.

In conjunction with this zoning amendment, the attached criteria for assessing future rezoning applications to permit this use were adopted by a Resolution of Council on March 27, 2003.

For More Information

For further information on development applications, please contact the City of Victoria Planning & Development staff, located on the second floor of City Hall. The Planning Technicians and Planners will advise you on how to make an application. The business hours of Planning & Development are 8:00 am to 4:30 pm, Monday to Friday, except statutory holidays.

City of Victoria Planning & Development 1 Centennial Square Victoria. BC V8W 1P6 Phone: (250) 361-0382 Fax: (250) 361-0386

Amended December 29, 2008 Proposed Amendments July 2015

LIQUOR LICENSEE RETAIL STORES REZONING POLICY

GENERAL CHARACTERISTICS

- An application for a <u>Liquor Licensee</u> Retail Store must be accompanied by a letter of preliminary approval from the Province of BC.
- The store should be in an established or planned retail location to minimize nuisance to nearby neighbours. This may be within <u>a large urban village or town centre</u> a primary or district centre as identified in the Official Community Plan, within a commercial area identified in a neighbourhood plan or in a location zoned for other retail use.
- Entrance to the store should be from an existing street frontage or from within an existing shopping centre.
- Required parking may range from one space per 37.5 m² of gross floor area in suburban malls to nil in highly walkable locations, e.g. Downtown or a corner store.
- The store should be at least 200 m from an elementary or secondary school.
- The City wishes to avoid concentrations of this use, e.g. in the same block or at the same intersection. Generally, the store should be at least 200 m from an existing Licensee Retail Store, BC Liquor Store, wine or beer store liquor retail store. A reduced distance may be warranted in locations such as neighbourhood or district centres a large urban village or town centre.

Note that provincial regulations may require a higher distance between stores. The most restrictive regulation shall apply.

- For applications with street frontage, the applicant should refer to the City's Crime Prevention Through Environmental Design (CPTED) guidelines and indicate, as part of the application, how the guidelines will be observed.
- Facility size is limited to a total floor area of 275 200 m².
- Revitalization of a heritage building and/or improved shop frontage on a street is encouraged.

APPROVAL PROCESS

- Recognizing the impact of this type of application, all residents and owners of neighbouring lots must be polled by the applicant as to the acceptability of the application, with the results submitted as part of the site plan information.
- The application will be referred to School District #61 and Victoria City Police for up to 30 days to ensure that their comments are considered in Council's decision.
- In addition to the policies for Licensee Retail Stores, the applicant must undertake the processes required for a rezoning application. This will include participation in a community meeting (CALUC) prior to the submission of the application.

SPECIAL COUNCIL MEETING FOR THE PURPOSES OF A **PUBLIC HEARING** HELD IN THE COUNCIL CHAMBERS SAANICH MUNICIPAL HALL, 770 VERNON AVENUE **TUESDAY, OCTOBER 19, 2004 AT 7:30 P.M.**

Present:

Chair: Mayor Leonard

- Council: Councillors Brownoff, Cubberley, Derman, Ngai, Pickup, Wade and Wergeland.
- Staff: Tim Wood, Municipal Administrator; Chris Nation, Municipal Solicitor; Russ Fuoco, Director of Planning Services; Dwayne Halldorson, Development Manager; and MaryAnn Greco, Senior Committee Clerk.

No. 387 Bylaw No. 8608 <u>ADM40</u> "ZONING BYLAW, 2003, AMENDMENT BYLAW, 2004 NO. 8608"

PROPOSED BYLAW AMENDMENT TO PROHIBIT ALL LIQUOR RETAIL STORES EXCEPT IN EXISTING LICENSED LOCATIONS

The intent of this proposed bylaw is to amend the Zoning Bylaw as follows:

i) Include a new definition of "Liquor Retail Store" as follows:

<u>Liquor Retail Store</u> – means an establishment that engages in the retail sale of wine, beer or other liquor, as defined by the *Liquor Control and Licencing Act*, for consumption elsewhere than in that establishment.

- ii) To amend Section 5.2 to prohibit liquor retail stores in all commercial zones except where expressly permitted.
- To amend the C-14 (Neighbourhood Public House) zone to include liquor retail stores as a permitted use and to limit the gross floor area for a liquor retail store to 275 m² (2960 sq. ft).
- iv) To create a new C-3L (Shopping Centre/Major Liquor Retail Zone). This new zone is identical to the existing C-3 (Shopping Centre) zone with the exception that liquor retail store has been added as a permitted use with a limit of one liquor retail store per site with a gross floor area not to exceed 700 m² (7535 sq. ft).
- v) To create new C-2LRS (General Commercial/Liquor Retail Zone), C-3LRS (Shopping Centre/Liquor Retail Zone; C-5LRS (Civic Core/Liquor Retail Zone), and C-11LRS (Tourist Accommodation/Liquor Retail Zone – High Density) zones. These new zones are identical to the existing C-2 (General Commercial), C-3 (Shopping Centre), C-5 (Civic Core Zone) and C-11 (Tourist Accommodation Zone – High Density) zones with the exception that liquor retail store has been added as a permitted use with a limit of one liquor retail store per site with a gross floor area not to exceed 275 m² (2960 sq. ft).
- vi) To rezone the following properties that currently have a licensee retail store, VQA wine shop, specialty wine shop or government liquor store from their existing zones to proposed new zones C-2LRS (General Commercial/Liquor Retail Zone), C-3L (Shopping Centre/Major Liquor Retail Zone), C-3LRS (Shopping Centre/Liquor Retail Zone), C-5LRS (Civic Core/Liquor Retail Zone), and C-11LRS (Tourist Accommodation/Liquor Retail Zone – High Density) as listed below:

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SCHEDULE 826 SHOPPING CENTRE / MAJOR LIQUOR RETAIL ZONE • C-3L

B. 9163 2012

826.1 Uses Permitted

Uses Permitted:

Shopping Centre: which may include the following uses:

- (a) Display and/or Retail Sale of all Classes of Goods, Wares, and Merchandise
- (b) Personal Service
- (c) Medical Services
- (d) Restaurant
- (e) Drive-In Restaurant
- (f) Fast Food Restaurant
- (g) Office
- (h) Recreation Facility
- (i) Assembly
- (j) Apartment
- (k) Congregate Housing
- (I) Service Station
- (m) Supplementary Off-Street Parking
- (n) Cable Hub Site
- (o) Beverage Container Depot
- (p) Liquor Retail Store
- (q) Daycare, Adult
- (r) Daycare, Child

826.2 Prohibited Uses

Prohibited Uses:

All uses not permitted by Section 826.1 and without limiting the generality of the foregoing:

- (a) Lumber and Building Supply Yard
- (b) The Sale, Servicing, or Repair of New or Used Vehicles, Trailers, Mobile Homes, Recreation Vehicle Units, Boats, Farm and Industrial Machinery, and Internal Combustion Engines except as an Accessory Use to a Department or Hardware Store
- (c) Unenclosed Storage
- (d) Neighbourhood Public House
- (e) Carnivals, Circuses, and Fairs
- (f) Beverage Container Depots where the total leasable floor area of all classes of uses in 1000 m² and less.

826.3 Density

Density:

- Buildings and structures shall not exceed a Floor Space Ratio of 1.20.
- (b) The Gross Floor Area of a Liquor Retail Store shall not exceed 700 m² (7535 ft²).

826.4 Buildings and Structures

Buildings and Structures:

(a) Shall be sited not less than:

- (i) 7.5 m (24.6 ft) from any lot line abutting a street except that where the area between the building and lot line is landscaped and not used for the provision of off-street parking the minimum setback may be reduced to 3.75 m (12.3 ft).
- (ii) 0 m from a rear lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to. or within, 0.5 m (1.6 ft) of the rear lot line, it shall be sited not less than 3.0 m (9.8 ft) from the rear lot line, and, where a rear lot line abuts an A, RS, RD, RC, RT, RM, RA, or RP zone, the minimum setback shall be 7.5 m (24.6 ft).
- (iii) 0 m from an interior side lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to, or within.
 0.5 m (1.6 ft) of the interior side lot line it shall be sited not less than 3.0 m (9.8 ft) from the interior side lot line, and, where an interior side lot line abuts an A, RS, RD, RC, RT, RM, RA, or RP zone the minimum setback shall be:
 - 3.0 m (9.8 ft) in the case of a onestorey building
 - 6.0 m (19.7 ft) in the case of a building of more than one-storey
- (iv) 7.5 m (24.6 ft) from a front, exterior side and interior side lot line and 10.0 m (32.8 ft) from a rear lot line for the portion of the building used for an apartment use of a congregate housing use.

(b) Shall not exceed a height of 15.0 m (49.2 ft).

Review of Licensee Retail Rezoning Policy -- J. Tinney, Direc...

SCHEDULE 818 GENERAL COMMERCIAL/LIQUOR RETAIL ZONE • C-2LRS

818.1 Uses Permitted

Uses Permitted:

- (a) Retail Sales of Goods and Services
- (b) Wholesaling Accessory to a Retail Sales Use
- (c) Medical Services
- (d) Rental and Repair of Household Items. Tools, and Appliances
- (e) Personal Service
- (f) Office
- (g) Restaurant
- (h) Assembly
- (i) Apartment
- (j) Congregate Housing
- (k) Accessory Residential
- (1) Supplementary Off-street Parking
- (m) Cable Hub Site
- (n) Beverage Container Depot
- (o) Liquor Retail Store
- (p) Daycare, Adult
- (q) Daycare, Child

818.2 Prohibited Uses

Prohibited Uses:

All uses not permitted by Section 818.1 and without limiting the generality of the foregoing:

- (a) Lumber and Building Supply Yard
- (b) The Sale, Servicing, or Repair of New or Used Vehicles, Trailers, Mobile Homes, Recreation Vehicle Units, Boats, Farm and Industrial Machinery, and Internal Combustion Engines except as an Accessory Use to a Department or Hardware Store,
- (c) Unenclosed Storage
- (d) Neighbourhood Public House
- (e) Beverage Container Depots where the total leasable floor area of all classes of uses is 1000 m2 and less.

818.3 Density

Density:

- (a) Buildings and structures shall not exceed a floor space ratio of 1.20.
- (b) The Gross Floor Area of a Liquor Retail Store shall not exceed 275 m2 (2960 ft2).

818.4 Buildings and Structures

Buildings and Structures:

- (a) Shall be sited not less than:
 - (i) 7.5 m (24.6 ft) from any lot line abutting a street except that where the area between the building and lot line is landscaped and not used for the provision of off-street parking the minimum setback may be reduced to 3.75 m (12.3 ft).
 - (ii) 0 m from a rear lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to, or within, 0.5 m (1.6 ft) of the rear lot line, it shall be sited not less than 3.0 m (9.8 ft) from the rear lot line, and, where a rear lot line abuts an A, RS, RD, RC, RT. RM, RA, or RP zone, the minimum setback shall be 7.5 m (24.6 ft).
 - (iii) 0 m from an interior side lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to, or within.
 0.5 m (1.6 ft) of the interior side lot line it shall be sited not less than 3.0 m (9.8 ft) from the interior side lot line. and, where an interior side lot line abuts an A, RS, RD, RC, RT, RM, RA, or RP zone the minimum setback shall be:
 - 3.0 m (9.8 ft) in the case of a one-storey building
 - 6.0 m (19.7 ft) in the case of a building or more than one-storey.
 - (iv) 7.5 m (24.6 ft) from a front, exterior side and interior side lot line and 10.0 m
 (32.8 ft) from a rear lot line for the portion of the building used for, apartment use or a congregate housing use.

B. 9163 2012

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SHOPPING CENTRE/LIQUOR RETAIL ZONE • C-3LRS

827.1 Uses Permitted

SCHEDULE 827

Uses Permitted:

Shopping Centre: which may include the following uses:

- (a) Display and/or Retail Sale of all Classes of Goods, Wares, and Merchandise
- (b) Personal Service
- (c) Medical Services
- (d) Restaurant
- (e) Drive-In Restaurant
- (f) Fast Food Restaurant
- (g) Office
- (h)Recreation Facility
- (i) Assembly
- (j) Apartment
- (k) Congregate Housing
- (1) Service Station
- (m)Supplementary Off-Street Parking
- (n) Cable Hub Site
- (o) Beverage Container Depot
- (p) Liquor Retail Store
- (q) Daycare, Adult
- (r) Daycare, Child

827.2 Prohibited Uses

Prohibited Uses:

All uses not permitted by Section 826.1 and without limiting the generality of the foregoing:

- (a) Lumber and Building Supply Yard
- (b) The Sale. Servicing, or Repair of New or Used Vchicles. Trailers. Mobile Homes, Recreation Vchicle Units. Boats, Farm and Industrial Machinery, and Internal Combustion Engines except as an Accessory Use to a Department or Hardware Store
- (c) Unenclosed Storage
- (d) Neighbourhood Public House
- (c) Carnivals, Circuses, and Fairs
- Beverage Container Depots where the total leasable floor area of all classes of uses in 1000 m² and less.

827.3 Density

Density:

B. 9163 2012

- (a) Buildings and structures shall not exceed a Floor Space Ratio of 1.20.
- (b) The Gross Floor Area of a Liquor Retail Store shall not exceed 275 m² (2960 ft²).

827.4 Buildings and Structures

Buildings and Structures:

- (a) Shall be sited not less than:
 - (i) 7.5 m (24.6 ft) from any lot line abutting a street except that where the area between the building and lot line is landscaped and not used for the provision of off-street parking the minimum setback may be reduced to 3.75 m (12.3 ft).
 - (ii) 0 m from a rear lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to. or within, 0.5 m (1.6 ft) of the rear lot line. it shall be sited not less than 3.0 m (9.8 ft) from the rear lot line, and, where a rear lot line abuts an A, RS, RD, RC, RT, RM, RA, or RP zone, the minimum setback shall be 7.5 m (24.6 ft).
 - (iii) 0 m from an interior side lot line which does not abut a street provided that where a building or structure is not sited immediately adjacent to, or within.
 0.5 m (1.6 ft) of the interior side lot line it shall be sited not less than 3.0 m (9.8 ft) from the interior side lot line, and, where an interior side lot line abuts an A. RS, RD, RC, RT, RM, RA, or RP zone the minimum setback shall be:
 - 3.0 m (9.8 ft) in the case of a onestorey building
 - 6.0 m (19.7 ft) in the case of a building of more than one-storey
- (b) Shall not exceed a height of 15.0 m (49.2 ft).



City of Victoria Liquor Policy Engagement Summary Report

Introduction

On Thursday, May 14, the City of Victoria hosted a discussion with stakeholders regarding the City of Victoria's liquor policy, specifically related to the size and location of new liquor stores in Victoria.

The focus of the meeting was to bring together stakeholders to provide input and recommendations regarding the City of Victoria's existing liquor policy and whether a model similar to Saanich would be appropriate for the City of Victoria.

Invitations were sent to representatives from the Liquor Distribution Branch, Private Liquor Store Association, Victoria Chamber of Commerce, Downtown Victoria Business Association, neighbourhood associations, Island Health, Centre for Addictions Research, and Victoria Police. Stakeholders were also invited to submit a letter on behalf of their organization.

Attendance at the meeting included representatives from the Centre for Addictions Research, Island Health, Fairfield Neighbourhood Association, Burnside Gorge Community Association, Private Liquor Store Association, and Oaklands Community Association along with staff from Sustainable Planning and Community Development and Citizen Engagement and Strategic Planning including the liaison for the City's Late Night Great Night program.

Letters were received from the Greater Victoria Chamber of Commerce and Centre for Addictions Research and are attached with this summary report.

Background

The City's current Licensee Retail Store Rezoning Policy recommends that the total floor area of a retail liquor store be limited to 200 metres square (650 square feet). The existing policy does not provide enough clarity that the policy applies to both private liquor stores and government liquor stores.

In the District of Saanich, the size of a permitted store is based on zoning with stores up to 275m² (900 square feet) permitted in smaller commercial centres and larger liquor stores up to 700m² (2300 square feet) permitted in larger commercial centres.

Engagement Approach

Staff facilitated a 90 minute discussion with the group, including an overview of the current policy and examined possible changes under a new model. Questions explored with the group included:

- · What are the opportunities and challenges presented with the current model?
- How could the issues be addressed under a new policy?
- How could Saanich's model work in the City of Victoria? Are the sizes and limits to specific areas appropriate for the City of Victoria?
- Should sizes be stipulated in policy only or should zoning regulations apply?

What We Heard

When asked about the City of Victoria's liquor policy, the following were the top themes that emerged from the conversation:

- The City of Victoria's policy should be applied equally to private and government owned liquor stores.
- The size and location of liquor stores does not need to be set in zoning. Liquor store applications should be reviewed on a case by case basis to determine if they are an appropriate size for the location.
- A liquor store size of 275m² (smaller size in Saanich, 75m² larger than current allowable size in Victoria) is an appropriate size for liquor stores in Victoria in most cases, based on the rationale that a 200 m² size was not an optimal size for small liquor store due to the amount of area required for receiving and storage
- Victoria's walkability and sense of community are distinguishing characteristics of our city and there is concern that allowing big box liquor stores would not be well suited to Victoria.
- Overall, there was concern regarding recent provincial changes allowing the sale of alcohol in grocery stores. It was expressed that the updated policy should apply to grocery stores that will be allowed to sell alcohol.
- It was recommended by the group that the City of Victoria establish a broader municipal liquor policy, and the municipal liquor policy should inform the other policies associated with liquor, such as the Licensee Retail Stores Rezoning Policy.
- A new municipal liquor policy should include the following:
 - Fair treatment of liquor store applicants, regardless of whether they are private or government owned.
 - Number and size of allowable liquor establishments should take into account population density of the area and number of establishments already in existence.
 - Guidance regarding appropriate allowable proximity from schools, community centres, supportive housing or treatment centres and other facilities where access to alcohol may be a concern.
 - o Appropriate hours of operation of a liquor establishment for the area.
 - Enforcement of liquor regulation in the City of Victoria.
 - In addition to liquor stores, the new municipal policy should include guidance related to bars and pubs, beer gardens, special occasion events, grocery stores that sell alcohol, and other establishments where alcohol is sold or served including theatres, arenas and sporting events venues.

Overall the group was very appreciative of the opportunity to provide input and welcomed the
opportunity to continue to be involved in future discussion regarding the development of a municipal
liquor policy.

Next Steps

Based on the input, staff will provide suggested updated to the City's current Licensee Retail Stores Rezoning Policy and bring forward this engagement summary report to Mayor and Council.

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May 13, 2015

Engagement City of Victoria Via Email

Re: Victoria Liquor Policy

This policy is being reviewed as a result of a recent application for a 1282 square metre liquor store at Blanshard Square. The sale of liquor is highly regulated in BC and there have been a number of recent changes to the Provincial Liquor regulations that should be taken into account in the development of a new policy. The Chamber promotes fair competition for legitimate businesses in Victoria and that fair competition principle is valid in the liquor segment.

Plan

Liquor retailing has been highly regulated for a considerable period of time and, due in part to these regulations, businesses have made long-term investments in our community. As regulations evolve, at both the Provincial and local level, it is important to recognize and respect these investments. To suddenly change from a liquor regulation that limits stores to 200 square metre to a situation where anyone can apply for 1500 square metres puts both the businesses and the community in a tenuous situation. A process that would allow existing licensees, who met certain criteria regarding responsible operation, to expand within the confines of a new bylaw after a period of five years is an example of a solution that might be reasonable.

The new regulation should recognize that it may be more reasonable to have a larger liquor retailer in a major commercial area but such a retailer would not be appropriate for a village setting. For example; there may be a place for "mega" liquor stores in malls but a similar-sized retail location should not be permitted in Fernwood or Cook Street Village.

The new city bylaw should also be blind to bias in ownership of such retailers. Government-owned retailers should not be preferred to private or vice versa.

In summary new municipal policies should support fair competition, respect existing licensees, recognize the character of the neighborhood, and protect against bias towards private or public ownership.

Yours truly,

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Bruce Carter **Chief Executive Officer**

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University of Victoria



May 8, 2105

Letter to City of Victoria

To whom it may concern:

Re: Liquor Store Policy Discussion

Thank you for inviting participation from the Centre for Addictions Research of BC (CARBC) in this important process. At your invitation, I am writing to comment on the specific issue of the permitted size of liquor stores in different areas as well as some other possibilities for reducing alcohol-related harm through municipal action.

An important piece of context is the mounting evidence of serious health, safety and social harms from alcohol consumption both in Canada and the developed world generally. The World Health Organization recently estimated alcohol use to be the 5th leading cause of preventable disease and disability globally. Closer to home, CARBC has tracked rates of hospital admissions and deaths caused by alcohol in comparison with other substances (tobacco and illicit drugs) for BC as a whole and also for regions and localities. Our online tracking tool (see: http://carbc21.cfar.uvic.ca/index-v2.php) shows that in South Vancouver Island, by 2009, alcohol had overtaken tobacco as the leading cause of hospital admissions caused by substance use. Hospital admissions caused by the use of illicit drugs trailed a distant third. BC Vital Statistics estimates about 1900 deaths a year are related to alcohol use and data from the BC Centre for Disease Control indicate 23,875 hospital admissions were directly attributable to alcohol in 2012 (see: http://www.uvic.ca/research/centres/carbc/assets/docs/aod/hd-alcoholmorbidity-reports.pdf). On South Vancouver Island the annual number of alcoholattributable hospital admissions has risen from 1,573 in 2002 to 2,073 in 2012. Applying international estimates of alcohol's contribution to crime events to BC data indicates that in 2012 there were approximately 18,000 violent incidents, 24,000 property offences and 26,000 other types of crime attributable to alcohol use in BC.

Municipal authorities have many means at their disposal for limiting harms that may arise both in the short and the longer term from the consumption of alcohol. In relation to the specific proposal to adopt the District of Saanich policy and thereby increase the permitted size of liquor stores in Victoria from 200 m² to 275 m² in smaller commercial centres and up to 700 m² in larger commercial centres, this move would likely worsen public health and safety outcomes for the city. I have recently seen specific research on this subject examining the connection between the size of liquor stores, prices charged and the incidence of intentional and unintentional injuries in the vicinity. This was an international study and the findings are not yet in the public domain. A large sample of different-sized liquor stores was examined in a large city, store floor areas and prices assessed and precise locations of injury events located. There were clear statistical relationships between larger liquor store size and a) lower prices and b) a higher incidence nearby of intentional and unintentional injuries. It was also found that liquor stores that were part of a larger chain charged lower prices than independent stores.

The basic concern is that larger stores have a greater economy of scale that enables them to undercut smaller establishments. This leads to downward pressure on price this in turn leads to more alcohol being purchased and consumed. The research literature on local, provincial and national level alcohol policies is clear that increased availability and affordability of alcohol is associated with increased rates of the serious alcohol-related harms mentioned above. Of course such policies may also be popular - especially with the local business community. If the City Council is to balance business interests against public interest concerns around health and there is much to learn from published research that could guide effective policy development.

There are many opportunities at the municipal level for minimizing harms associated with alcohol consumption while maintaining reasonably convenient access to our favourite recreational drug. In relation to zoning, Councils can ensure there are no exceptions to the "1 km rule" which has been proposed in the BC liquor law reforms i.e., no new liquor store can be introduced within 1 km of an existing one. It is likely that exceptions to this rule will be proposed allowing BC-made alcohol products to be sold regardless of how close an establishment (grocery store or new specialty liquor store) is to existing liquor stores. The local density of liquor outlets has been found both in international and in BC-specific research to predict level of consumption of alcohol and rates of serious harms such as alcohol related deaths and hospital admissions. The prices charged in liquor stores are subject to minimum pricing laws but these have not been enforced in any way in relation to private liquor stores which have been shown in CARBC research to sometimes undercut government liquor store prices. Similarly, the City of Victoria can ensure compliance with the new BC wide "happy hour" regulations. They could also impose higher price limits. A recent CARBC study has found that the happy hour prices of beer in Victoria bars are sometimes below the recommended limit of three dollars per 12 ounce serve. The recommendation for minimum bar prices made by Chief medical health officers, health authorities and CARBC during the liquor review consultation was that minimum prices for bars should be charged per standard drink not per 12 ounce serve. The existing law permits a 12 ounce bottle of 8% strength beer to be sold for three dollars or \$1.87 per standard drink. This is not a good way to protect young people, vulnerable members of the community and anyone using public spaces near to drinking establishments.

Municipalities can also request police to provide more frequent and highly visible enforcement of impaired driving laws and of liquor laws such as service to intoxicated and/or underage customers. They can track premises which have persistently contributed to problems of violence and public nuisance and press for conditions to be placed on licences or even suspensions. Municipal authorities can also impose local- and time-specific restrictions on the hours of operation of liquor stores and bars.

I recommend the Council develops a strong Municipal Alcohol Policy which balances public and business demand for convenient access to alcohol with safeguards to protect public health and safety in the wider community. I am happy to provide further evidence or input should this be requested.

Yours sincerely,

Tim Stockwell, PhD, FCAHS, MA (Oxon.), M.Sc. Director, CARBC Professor, Department of Psychology, University Victoria