

Committee of the Whole Report

For the Meeting of October 4, 2018

To: Committee of the Whole **Date:** September 21, 2018

From: Jonathan Tinney, Director, Sustainable Planning and Community Development

Subject: Rezoning Application No.00294 for 1314, 1318 and 1324 Wharf Street and associated Official Community Plan Amendment

RECOMMENDATION

1. That Council instruct staff to prepare the necessary Official Community Plan (OCP) Amendment Bylaw in accordance with Section 475 of the *Local Government Act* and the necessary Zoning Regulation Bylaw Amendment that would authorize the proposed development outlined in Rezoning Application No. 00294 for 1314, 1318 and 1324 Wharf Street, two City-owned lots, and a portion of the road right-of-way in the vicinity of 1324 Wharf 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:
 - a) Preparation of the following documents, executed by the applicant, to the satisfaction of City Staff:
 - i. Housing Agreement to ensure that a future strata corporation could not pass bylaws that would prohibit or restrict the rental of units to non-owners
 - ii. Heritage Revitalization Agreement and bylaw in order to secure:
 - Development phasing
 - Adherence to the Conservation Plan
 - Heritage Alteration Permit
 - Frontage improvements
 - Harbour Pathway maintenance and public access
 - iii. a Statutory Right-of-Way over a portion of the subject property (as identified on Plan A1.09)
 - iv. a Statutory Right-of-Way over an area dedicated to a future Harbour Pathway
 - v. provision of an updated parking demand study to the satisfaction of the Director, Sustainable Planning and Community Development.
 - b) That Council determine, pursuant to section 475(1) of the *Local Government Act*, that the affected persons, organizations and authorities are those property owners and occupiers within a 200m radius of the subject properties; that the appropriate consultation measures would include a mailed notice of the proposed Official Community

Plan Amendment to the affected persons; posting of a notice on the City's website inviting affected persons, organizations and authorities to ask questions of staff and provide written or verbal comments to Council for their consideration.

- c) That Council direct staff to report back to Committee of the Whole regarding the details of the legal agreements, supporting documentation and the OCP Amendment consultation.
 - d) That Council, specifically consider whether consultation is required under Section 475(2)(b) of the *Local Government Act*, and determine that no referrals are necessary with the Capital Regional District Board, Councils of Oak Bay, Esquimalt and Saanich, the Songhees and Esquimalt First Nations, the School District Board, and the provincial and federal governments and their agencies due to the nature of the proposed amendment.
 - e) That Council give first reading to the Official Community Plan Amendment Bylaw.
 - f) That Council consider the Official Community Plan Amendment Bylaw in conjunction with the City of Victoria 2018 Financial Plan, the Capital Regional District Liquid Waste Management Plan and the Capital Regional District Solid Waste Management Plan pursuant to Section 477(3)(a) of the *Local Government Act*, and deem those Plans to be consistent with the proposed Official Community Plan Amendment Bylaw.
 - g) That Council give second reading to the Official Community Plan Amendment Bylaw.
 - h) That Council refer the Official Community Plan Amendment Bylaw for consideration at a Public Hearing.
2. That, if approved, Council direct staff to prepare the following plan amendments:
- i. consequent amendment of the *Downtown Core Area Plan*, 2011 to change the Parks and Open Space designation covering the City-owned Right-of-Way to the Inner Harbour designation
 - ii. consequent amendment of the *Victoria Harbour Plan*, 2001 to change the density policy statement from a density bonus maximum of 1.2:1 floor space ratio to a density bonus maximum of 2.78:1 floor space ratio.

LEGISLATIVE AUTHORITY

In accordance with Section 479 of the *Local Government Act*, Council may regulate within a zone the use of land, buildings and other structures; the density of the use of the land, building and other structures; the siting, size and dimensions of buildings and other structures; as well as, the uses that are permitted on the land, and the location of uses on the land and within buildings and other structures.

In accordance with Section 482 of the *Local Government Act*, a zoning bylaw may establish different density regulations for a zone, one generally applicable for the zone and the others to apply if certain conditions are met.

In accordance with Section 483 of the *Local Government Act*, Council may enter into a Housing Agreement which may include terms agreed to by the owner regarding the occupancy of the housing units and provided such agreement does not vary the use of the density of the land from that permitted under the zoning bylaw.

In accordance with Section 610 of the *Local Government Act*, Council may enter into a Heritage Revitalization Agreement which may include terms and conditions agreed to by the owner, including terms regarding the phasing and timing of the commencement of actions required by

the agreement, and which may vary or supplement the applicable Zoning Regulations or a Development Permit or Heritage Alteration Permit.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Rezoning Application for the property located at 1314, 1318 and 1324 Wharf Street, two City-owned lots, and a portion of the road right-of-way in the vicinity of 1324 Wharf Street. The proposal is to rezone from the IHH Zone, Inner Harbour Heritage District, and the IH-Park Zone, Inner Harbour Parks and Causeway District, to the OTD-1 Zone, Old Town District 1, in order to seismically upgrade and rehabilitate two existing heritage buildings and construct a residential building with ground-floor commercial and a commercial/retail pavilion. The proposal is to increase the density and allow multi-unit residential and commercial uses at this location.

A third-party economic analysis of the lift in land value resulting from the proposed increase in density has been undertaken and allocated between City-owned parcels and privately held property. As detailed in the report, the amount of the amenity contribution attributable to private land is set out in the policies within the *Downtown Core Area Plan* (2011).

The amenities associated with this application and offered by the applicant comprise:

- a Statutory Right-of-Way over a portion of the applicant's property, accessible to the public in perpetuity
- a Statutory Right-of-Way over a future harbour pathway, accessible to the public in perpetuity
- the rehabilitation and seismic upgrading of the two heritage properties on 1314 and 1318 Wharf Street.
- A cash contribution of \$311,000.00

The value of these contributions is consistent with the land lift calculated for the property.

The following points were considered in assessing this Application:

- the *Official Community Plan*, 2012 (OCP) Urban Place Designation is Core Inner Harbour/Legislative and Public Facilities, Institutions, Parks and Open Space. The proposal is consistent with the land use and density policies of the Core Inner Harbour and Legislative designation; however, it is not consistent with the Public Facilities, Institutions, Parks and Open Space designation. As such, an Official Community Plan amendment is required
- the proposal advances *Official Community Plan* policies, including policies related to heritage, the Harbour Pathway and encouraging continuity of retail activity at the street level
- the *Downtown Core Area Plan*, 2011 includes the site in the Inner Harbour District and designates portions of it as Parks and Open Space. The proposal is consistent with the policies of the Inner Harbour District, but not the Parks and Open Space designation. A Plan amendment is required
- the proposal advances *Downtown Core Area Plan*, 2011 policies through the rehabilitation of heritage properties, maintaining key public views of the Inner Harbour and by providing a Right-of-Way for a future Harbour Pathway
- the proposal advances policies of the *Victoria Harbour Plan*, 2001; however, a plan amendment would be required as the proposed density of 2.78:1 floor space ratio is greater than the 1.2:1 envisioned in the plan
- the proposed development will result in the rehabilitation of two significant heritage

buildings dating from the 1860s. The proposed heritage rehabilitation is consistent with the *Standards and Guidelines for the Conservation of Historic Places in Canada*

- the proposed new building, heritage rehabilitation of the Northern Junk buildings, and site design are generally consistent with the *Design Guidelines read collectively: Old Town, Victoria, BC, Advisory Design Guidelines for Buildings, Signs and Awnings, Downtown Core Area Plan, 2011*, and the design guidelines in the *Victoria Harbour Plan, 2001*
- the proposed new building is consistent with the height of other buildings within the Core Inner Harbour/Legislative Urban Place Designation, and the *Official Community Plan* contemplates taller buildings than typically envisioned for this area when heritage conservation and place-making objectives are advanced.

BACKGROUND

Description of Proposal

This Rezoning Application is to increase the density and add residential and commercial uses to portions of the subject properties in order to construct an eight-storey residential building with ground-floor commercial uses, a single-storey retail pavilion, and to redevelop two heritage buildings. Specific details include:

- three different zones to make up the subject property (1.) IH-Park Zone, Inner Harbour Parks and Causeway District; (2.) OTD-1 Zone, Old Town District 1; and (3.) IHH Zone, Inner Harbour Heritage District
- the site is currently under two separate ownerships and is divided into several lots and a road Right-of-Way. The applicant is the owner of the parcel at 1314-1318 Wharf Street containing the existing Northern Junk heritage buildings. The City owns the remainder of the site, which includes green space, two parking areas and a road Right-of-Way
- approximately half of the proposed new residential building with ground-floor commercial use is proposed to be on the lands zoned IH-Park Zone, Inner Harbour Parks and Causeway District, which limits uses to parks, docks and public washrooms with a floor space ratio (FSR) up to 0.5:1
- the remaining half of the proposed new residential building with ground-floor commercial use, and the single-storey retail pavilion, is proposed to be on the road Right-of-Way which is in the OTD-1 Zone, Old Town District 1. This zone permits residential and commercial uses up to a floor space ratio of 3:1, which would accommodate this development; however, the Urban Place Designation in the OCP only contemplates public facilities, parks and open space.

The two Northern Junk Buildings are currently within the IHH Zone, Inner Harbour Heritage District, which contemplates floor space ratios (FSR) up to 1:1, maximum building heights of 8.0m and commercial retail uses. The existing Northern Junk buildings range in height from 6.43m to 6.55m and are at an FSR of less than 1:1. The current proposal does not propose to alter the height of the existing Northern Junk buildings.

A number of differences from the standard OTD-1 Zone, Old Town District 1, are being proposed and will be discussed in relation to the concurrent Development Permit Application No. 00259.

The request to amend the *Official Community Plan, 2012* is necessary in order to change the designation of the Bridgehead Green open space, currently located in the road Right-of-Way, from the Public Facilities, Parks and Open Space Urban Place designation to the Core Inner Harbour/Legislative designation. This change is required in order to contemplate a proposal

that does not have an institutional or public building as the primary use and to increase the density. Under the current OCP designation, residential and commercial uses are contemplated for this location, but only as accessory uses to a public or institutional building at a FSR of 0.5:1.

Heritage Impacts

The proposal includes the restoration, re-use, and seismic upgrading of the two existing heritage-designated Northern Junk buildings on site. These are some of the oldest commercial heritage buildings in Victoria and are highly significant as early commercial warehouses dated to circa 1860. A review of the proposed restoration approach for these buildings is provided in the analysis section of this report as it informs the proposed Heritage Revitalization Agreement recommended by staff.

On December 13, 2012, Council approved a Non-Residential Tax Incentive Program (TIP) Application considered concurrently with Rezoning Application No. 00294, and an associated OCP Amendment Bylaw, Development Permit Application, and a Heritage Alteration Permit Application at the same time. Council instructed the City Solicitor to prepare a Tax Exemption Bylaw for the portion of the new lot to be created, equivalent to the original building footprint for 1314-1318 Wharf Street, for a period of ten years with the conditions that the covenant identifying the tax exemption be registered with the Land Titles Office, and that the Victoria Civic Heritage Trust review technical details and verification of final costs. The approved TIP Application has since been placed on hold. Staff recommend that the applicant resubmit a new Non-Residential TIP Application with updated financial information for review by the Victoria Civic Heritage Trust, and that staff prepare a recommendation for Council consideration.

Affordable Housing Impacts

A Housing Agreement is being proposed which would ensure that future Strata Bylaws could not prohibit the rental of units. Wording within the recommended motion for Council is provided.

Sustainability Features

The applicant has identified a number of sustainability features which will be reviewed in association with the concurrent Development Permit Application No. 00259 for this property.

Active Transportation Impacts

As a requirement of the frontage improvements, the Applicant is constructing a portion of the proposed Wharf Street bike lane in front of the subject property.

Public Realm Improvements

The following public realm improvements are proposed in association with this Rezoning Application and will be secured with a legal agreement:

- a public pathway running east/west between the proposed eight-storey, mixed-use building and the existing Northern Junk buildings from Wharf Street to the waterfront
- a public pathway running north/south between the proposed commercial pavilion and the Northern Junk Buildings, running from Reeson Park to the intersection of the east/west public pathway
- seismic upgrading and restoration of the two heritage designated buildings on the subject property
- a Statutory Right-of-Way over an area designated for the future harbour pathway.

These improvements would be secured with legal agreements, registered on the property's title, prior to Council giving final consideration of the proposed Zoning Regulation Bylaw Amendment.

Accessibility Impact Statement

The British Columbia Building Code regulates accessibility as it pertains to buildings.

Land Use Context

The subject lands are on Victoria's Inner Harbour. The immediate area contains the following significant features:

- Northern Junk heritage designated buildings on the site
- the new Johnson Street Bridge, immediately to the north of the subject lands
- a waterfront location with outward views to the harbour and inward views from the water and the Songhees Peninsula
- Reeson Park is adjacent to the south, which is one of the few waterfront parks in the Downtown Core
- the site is adjacent to Victoria's Old Town, which contains significant heritage buildings and streetscape, and is the gateway into Downtown from Victoria West.

Existing Site Development and Development Potential

The subject lands have several different zoning designations. The following is a description of the existing zones and relevant development potential:

1324 Wharf Street – Two City owned lots:

- IH-Park, Inner Harbour Park Zone. The uses permitted in this zone include parks, docks for pleasure boats, docks for commercial tour boats, and public washrooms up to a 0.5:1 floor space ratio.

City Road Right-of-Way:

- OTD-1 Zone, Old Town District 1. This zone permits a range of commercial and residential uses. The maximum permitted density is 3:1 floor space ratio.

1314-1318 Wharf Street – Northern Junk Heritage Building (applicant-owned properties):

- IHH, Inner Harbour Heritage District. The uses permitted in this zone include a mix of commercial and residential uses. The maximum permitted density under the IHH Zone is 1:1 floor space ratio.

Data Table

The following data table compares the proposal with the existing IHH Zone, Inner Harbour Heritage District, and the OTD-1 Zone, Old Town District-1. An asterisk is used to identify where the proposal is less stringent than the existing zone.

Zoning Criteria	Proposal	Existing IHH Zone, Inner Harbour Heritage District	Zone Standard OTD-1, Old Town District -1 Zone
Site area (m ²) - minimum	4,152.00	n/a	
Density (Floor Space Ratio) - maximum	2.78*	1.0	3.0
Total floor area (m ²) - maximum	11,533.63	n/a	
Height (m) - maximum	27.47*	8.0	15.0
Storeys - maximum	8.0	n/a	n/a
Setbacks (m) – minimum:			
Front	0.0	n/a	n/a
Rear	0.0	n/a	n/a
Side (north)	0.0	n/a	n/a
Side (south)			
Parking - minimum	54*	0	99
Visitor parking (minimum) included in the overall units	0*	0	10
Bicycle parking stalls (minimum) Long-term	108*	0	137
Bicycle parking stalls (minimum) Short-term	24*	0	22

Relevant History

The last application for the subject properties was presented to Council on December 13, 2012. At that time, Council passed a resolution to commence preparation of the relevant bylaws and plan changes, as well as, a Heritage Revitalization Agreement. Since that time, the details of the application have changed and a variety of additional proposals for the site have been submitted to the City.

In 2016, the applicant submitted a development proposal to the City which included a five and seven-storey rendition, which wrapped around the site and provided a street wall across the entire Wharf and Johnson Street frontages. Following comments from staff, the submission was revised and a new application was submitted in August of 2017. This submission presented a similar massing in a more contemporary form and massing, but didn't achieve a number of place-making policies and continued to obscure views to the heritage buildings.

In March of 2018, another proposal was submitted to the City which significantly shifted the density of the proposal to the North of the existing heritage buildings to provide views from Wharf Street and critical public access routes to and from the waterfront. This proposal was then revised following staff, Advisory Design Panel, and Heritage Advisory Panel comments. This is the proposal that now accompanies this report.

Community Consultation

Consistent with the *Community Association Land Use Committee (CALUC) Procedures for Processing Rezoning and Variances Applications*, the applicant has consulted the Downtown Residents Association CALUC at a Community Meeting held on *December 11, 2017*. At the time of writing this report, a letter from the CALUC had not been received.

Advisory Design Panel

The Advisory Design Panel (ADP) considered this application at their April 25, 2018 meeting (minutes attached) and recommended that the application be approved subject to the following recommendations:

- refine the material palette to support a more cohesive approach
- recognition that the northern public plaza be developed and constructed concurrently with the project as proposed.

Since the application was heard at the ADP meeting, changes were made to the proposal and are discussed with the concurrent Development Permit Application No. 00259.

Heritage Advisory Panel

The Heritage Advisory Panel (HAPL) considered the application, initially, at their May 8, 2018 meeting (minutes attached), and again at their meeting on June 12, 2018 (minutes attached), to permit the applicant to present missing information that was intended for the initial meeting. At the May 8, 2018 HAPL meeting, only one of the two Heritage Conservation Plans were presented, with the other presented at the subsequent June 8, 2018 meeting.

At the May 8, 2018 meeting the HAPL recommended the following motion:

"That the Heritage Advisory Panel recommend to Council that Heritage Alteration Permit Application No. 00136 for 1314-1318 and 1324 Wharf Street does not sufficiently meet the applicable design guidelines and policies and should be declined and that the key areas that should be revised to include:

- *lower the height of the new building*
- *fully address the heritage conservation of the historic buildings*
- *proposed materials to respond to the immediate context of the neighbourhood."*

At the June 12, 2018 meeting, the HAPL recommended the following motion:

"That the revised conservation plans have been received and reviewed and that the Heritage Advisory Panel has made comments and trust that the applicant will recognize the long-standing name of 'Northern Junk'."

Since the application was heard at the HAPL meeting, changes were made to the proposal and are discussed with the concurrent Development Permit Application report.

ANALYSIS

This analysis focuses on land use and density, which are the main issues for Council's consideration for *Official Community Plan* and *Zoning Regulation Bylaw* amendments. Additionally, an assessment of the heritage revitalization approach for the Northern Junk buildings is provided, as this assessment relates to staff's recommendation for a Heritage Revitalization Agreement. The Development Permit Application report provides an analysis from an urban design and heritage conservation area perspective, which considers building height, public space, views, and the overall contextual fit, relative to the applicable policies and design guidelines. The following City policies were used for the *Official Community Plan* and *Zoning Regulation Bylaw* amendment analysis: *Official Community Plan* (2012), *Downtown Core Area Plan* (2011), *Victoria Harbour Plan* (2001), and the *Standards and Guidelines for the Conservation of Historic Places in Canada*.

Official Community Plan Amendment

The proposed amendment to the *Official Community Plan* (OCP) is to change the Urban Place Designation for a portion of the subject property from Public Facilities, Institutions, Parks and Open Space, to Core Inner Harbour/Legislative. The Public Facilities, Institutions, Parks and Open Space designation contemplates public buildings, recreational, educational and institutional buildings, and accessory residential and commercial uses up to a floor space ratio of 0.5:1. The Core Inner Harbour/Legislative designation contemplates buildings up to five storeys with floor space ratios ranging from 1:1 up to 4:1, and uses including commercial and residential, as well as public, institutional and visitor accommodation.

The portion of the subject property under consideration for the OCP amendment is the Bridgehead Green open-space, currently wedged at the intersection between Wharf and Johnson Streets. Previous reports to Council noted that this open-space is not well used and that the removal of this area is not expected to have a significant impact on public enjoyment. This analysis is also relevant for a review of the Bridgehead Green open-space today.

As part of this application, the applicant is proposing to provide new public space on the site and to register a Statutory Right-of-Way in favour of the City to secure continuous public access over it. The new public space would include a public promenade between the existing heritage buildings and the new proposed building, along with connecting pedestrian paths through the site to a future Harbour Pathway. The proposed development would result in new useable public space and would maintain the general area, currently designated as open-space in the OCP, while also significantly improving the quality of that space. The existing Bridgehead Green open-space is approximately 1305m² and the proposed open public area proposed as part of this application is 1301m², not including a future Harbour Pathway, nor the proposed City Public Plaza to the north of the subject property associated with the Johnson Street Bridge. On this basis, the removal of the existing Public Facilities, Institutions, Parks and Open Space designation is supportable.

In addition to an analyses of the changes to the quantity and quality of public space with the contemplated OCP amendment, the proposed change in use also forms part of Council's consideration. The current Public Facilities, Institutions, Parks and Open Space OCP designation for this area contemplates civic and landmark buildings at this location given its position next to the terminus of the Johnson Street Bridge. Reeson Park, Centennial Square

and the Causeway also fall under this designation; however, the vast majority of lands that directly abut the Inner Harbour, and include landmark buildings such as the Empress, civic buildings like the Royal BC Museum and a large proportion of the City's Downtown hotels are within the Core Inner Harbour/Legislative OCP Urban Place Designation. The urban place designation change contemplated with the OCP amendment does not include the lands directly on the Harbour. These City owned parcels are currently in the IH-Park Zone, Inner Harbour Park District, but are designated as Core Inner Harbour/Legislative which envisions buildings up to five storeys and floor space ratios up to 4:1. The OCP amendment would bring the Bridgehead Green open-space in line with the surrounding Urban Place Designation.

Official Community Plan: Rezoning Land-Use

All the lands associated with the application, except for the Bridgehead Green open-space, are designated as Core Inner Harbour/Legislative, which envisions buildings up to five storeys and floor space ratios up to 4:1. On this basis, it would seem that the OCP points towards a built approach for this area, rather than reserving it as parks or open-space only. Additionally, a significant plaza is proposed in association with the Johnson Street Bridge at this location, consistent with policy for active public spaces. Policy within the Victoria Harbour Plan supports this direction and is discussed later in the report.

Official Community Plan: Rezoning Density

The applicant is proposing an increase in density above what is permitted by two of the three zones on the site. Although there are several lots, the site is considered as one for this comprehensive project. The proposed density of 2.78:1 is consistent with the Core Inner Harbour/Legislative OCP Urban Place Designation, which contemplates densities up to 4:1 and applies to a portion of the site and the surrounding Old Town properties.

The proposed densities and uses are consistent with the Core Inner Harbour/Legislative designation in the *Official Community Plan*, and Staff recommend supporting the application on this basis.

Official Community Plan: Process

The *Local Government Act* (LGA) section 475 requires a Council to provide one or more opportunities it considers appropriate for consultation with persons, organizations and authorities it considers will be affected by an amendment to the OCP. Consistent with section 475 of the LGA, Council must further consider whether consultation should be early and ongoing. This statutory obligation is in addition to the Public Hearing requirements. In this instance, staff recommend for Council's consideration that notifying owners and occupiers of land located within 200 metres of the subject site, along with posting a notice on the City's website, will provide adequate opportunities for consultation with those affected.

The OCP Amendment Application will change the Urban Place Designation of the road Right-of-Way adjacent to 1324 Wharf Street, and the Bridgehead Green open-space from Public Facilities, Institutions, Parks and Open Space to Core Inner Harbour/Legislative. Given the surrounding area is also designated Core Inner Harbour/Legislative, and given that through the Community Association Land Use Committee (CALUC) Community Meeting process, all owners and occupiers within a 200m radius of the site were notified and invited to participate in a Community Meeting, the consultation proposed at this stage in the process is recommended as adequate and consultation with specific authorities, under Section 475 of the LGA, is not recommended as necessary.

Should Council support the OCP amendment, Council is required to consider consultation with the Capital Regional District Board; Councils of Oak Bay, Esquimalt and Saanich; the Songhees and Esquimalt First Nations; the School District Board; and the provincial and federal governments and its agencies; however, further consultation is not recommended as necessary for this amendment to the Urban Place Designation as this matter can be considered under policies in the OCP.

Council is also required to consider OCP Amendments in relation to the City's *Financial Plan*, and the *Capital Regional District Liquid Waste Management Plan* and the *Capital District Solid Waste Management Plan*. This proposal will have no impact on any of these plans.

Downtown Core Area Plan, 2011

The proposal is within the area defined as a "Special Density" area in the *Downtown Core Area Plan (DCAP)* for the Inner Harbour District (IHD). Specific densities are not defined within the Special Density area; instead, density is considered on a site-by-site basis through a rezoning process that considers the policies of this plan, along with the local historic context, public realm, and other relevant plans, policies and design guidelines. The proposal advances four of the six objectives for the Inner Harbour District, specifically:

- maintaining and strengthening the IHD Zone as the focus for tourism, government, culture, heritage, and economic development
- developing and maintaining a cohesive, well-designed and vibrant waterfront area
- creating a more fluid and seamless extension of the public realm northward toward the Johnson Street bridge and beyond, and toward the Rock Bay District
- improving public access to the waterfront.

Given that many key objectives for this area expressed in the DCAP are being realized or advanced with this proposal, and that the proposed density is under what the OCP contemplates for the area, staff recommend that the increase in density is supportable.

In terms of land uses, the *Downtown Core Area Plan, 2011* includes the site in the Inner Harbour District and designates a portion of it as Parks and Open Space. The proposal is consistent with the land use policies of the Inner Harbour District, but not the Parks and Open Space designation. As such, a Plan amendment would be required. Staff recommend supporting the proposed land use at this location for the same reasons as identified in the OCP analysis.

Victoria Harbour Plan, 2001

The proposal is at the edge of the Bastion Site in the Inner Harbour Area of the *Victoria Harbour Plan (2001)*. To promote the revitalization of the heritage buildings and improve public access and open space, a density of up to 1.2:1 floor space ratio is recommended. The application is for a higher FSR, at 2.78:1; however, staff recommend that the advancement of other objectives within the *Victoria Harbour Plan (2001)*, namely improved public access, open-space and provision for a future harbour pathway, and merit supporting the density proposed. As such, should Council advance this application, an amendment to the *Victoria Harbour Plan* would be required.

Insofar as land-use, the Victoria Harbour Plan specifically considers the revitalization of the Northern Junk buildings in association with building proposals adjacent. Further objectives within the plan aim to encourage lively, active space with accompanying amenities, all of which

point towards the anticipation of a land-use consistent with that proposed in this application.

Heritage Review

Together, the two buildings, known as the Northern Junk buildings, are significant reminders of the early history of Victoria's commercial development and contribute to the historic integrity of the streetscape along Wharf Street. The preservation and rehabilitation of these buildings has been a universal objective of the relevant plans and policies, and the proposed approach to their adaptive re-use is accompanied by a comprehensive Conservation Plan, prepared by a qualified and experienced heritage consultant (see attachments).

The design approach and Conservation Plan represent an appropriate balance between conserving existing character-defining heritage features while making sympathetic adaptations to allow for new commercial uses in the buildings, in accord with the *OCP*, *DCAP*, *Victoria Harbour Plan*, and the *Standards and Guidelines for the Conservation of Historic Places in Canada*.

Together, the policy that addresses contemplated uses for these buildings consistently considers a mixed-commercial use as an appropriate adaptive re-use and the application is in line with this objective. On both counts, staff recommend for Council's consideration that the increased density and proposed land uses are supportable based on the land lift analysis and consistency with the policy.

Heritage Analysis

The following analysis refers to specific guidelines within sections of the *Standards and Guidelines for the Conservation of Historic Places in Canada*.

Storefronts/East Elevation

The proposed alterations are in accordance with guideline 18 of section 4.3.5.18 - Windows Doors and Storefronts, and is appropriate given the lack of detailed information about the original configuration of the storefronts and the significant alterations which have taken place. The intent is to salvage, restore and rehabilitate original materials, and to enlarge existing openings in a manner that is compatible with the style, era and character of the historic place, and to allow for the adaptive re-use of the interior.

New Glazed Infill

The proposed treatment is a glass connector providing a transparent link that is referred to as a "hyphen" which appropriately enables the small floor plates of the two buildings to be more effectively utilized together, without detracting from the heritage value of the existing masonry walls. This treatment is in accordance with guideline 19 and 20 of section 4.3.4 - Exterior Walls.

New Fenestration Openings

The proposed new window and door openings on the north elevations of 1314-1318 Wharf Street, and the south elevation of 1314 Wharf Street, will enable the interiors to be successfully adapted to new commercial uses. This is in accordance with guideline 20 of section 4.3.5 - Windows, Doors and Storefronts, which allows for new windows and doors on non-character defining elevations in a manner that is compatible with the building's style, era and character.

New Metal Balconies and Glazed Patio Enclosures

These proposed interventions on the west elevations of both buildings are considered an additional alteration, as is the inclusion of new metal balcony rails in the existing upper-storey windows on west façade of 1318 Wharf Street. The balcony rails are required by the new use, the applicable codes and regulations, and are designed in a simple contemporary manner that is compatible with the building's style, era and character. The provision of these decks and enclosures will help facilitate the adaptive reuse of the interiors to new functional uses, such as, restaurants, cafés, etc. in a manner similar to the Canoe Brew Pub Restaurant a few blocks north. Given the history in this area of the waterfront, with the evolution of wood-frame sheds and warehouses which often obscured the view of the rear elevations, the treatment is appropriate and will facilitate public enjoyment of the waterfront.

Conservation of Existing Masonry and Other Character-Defining Elements

The Conservation Plan has carefully detailed an approach to conserving the existing masonry by replacing damaged and deteriorated masonry with reused masonry salvaged from the buildings. Other character-defining elements of the buildings, such as sandstone lintels and sills, decorative elements, brick chimneys, parapets and brick cornices, will be retained and restored, or replaced to match existing if beyond repair.

Conservation of Existing Window and Door Openings

All brick infilled window and door openings will be restored and rehabilitated in locations that follow the new design intent. The original timber windows are in very poor condition but will be recreated to match existing.

New Windows

Proposed new windows have been designed to be compatible with existing historic details and are in accordance with the standards and guidelines.

New Parkade Entry

While this is a large intervention, it is on the lower level of a secondary elevation, and is required for the new use of the property and can be supported under the Windows, Doors and Storefronts guideline 4.3.5.20 of the Standards and Guidelines.

Heritage Revitalization Agreement

As part of this development proposal, staff are recommending that the City enter into a Heritage Revitalization Agreement with the applicant. This type of agreement is similar to a Master Development Agreement; however, it can cover a broader scope of topics and is generally associated with heritage rehabilitation projects.

For the Northern Junk proposal, staff envisages the Heritage Revitalization Agreement addressing topics including:

- Heritage Alteration Permit for the existing heritage buildings
- development phasing
- frontage improvements
- Statutory Right-of-Ways for public access and maintenance
- landscaping, lighting, public furniture

- other development matters that may arise.

The recommendation, should Council elect to advance this application to a Public Hearing, includes appropriate wording to direct staff to begin drafting a Heritage Revitalization Agreement, which would require approval by bylaw. Details of the Heritage Revitalization Agreement would be presented to Council prior to the application proceeding for consideration at a Public Hearing.

Project Phasing

Due to the importance of the rehabilitation of the Northern Junk buildings, and all of the considerations that encompass this development proposal, it is essential that the City secure the rehabilitation of the heritage buildings as the first phase of development on the site. The applicant has agreed to rehabilitate the heritage buildings as the first phase of the project. Securing the phasing of the project can be accomplished through a Heritage Revitalization Agreement.

Density Bonus Policy

Under the City of Victoria's Density Bonus Policy, the value of a Community Amenity Contribution (CAC) from a rezoning that requires an OCP amendment is negotiated based on an independent land lift analysis. G.P. Rollo and Associates was retained by the City of Victoria to analyze the financial performance of the proposed project, and to estimate the change in property value associated with the proposed rezoning on the privately held property.

The third-party economic analysis of the lift in land value resulting from the proposed increase in density has been undertaken and allocated between City-owned parcels (71%), and privately held property (29%), by proportion of site area.

As detailed in the report (attached), the amount of the amenity contribution attributable to private land is set out in Council policy in the *Downtown Core Area Plan*, 2011, which stipulates that the City will recover 75% of the land lift value through amenity contributions. The potential amenity contribution provided from the applicant's share of the lift based on its 28.68% of the site size is \$415,000. At 75%, this results in an amenity contribution around \$311,000, in addition to the seismic upgrading and restoration of the heritage buildings.

The analysis has found that:

- a) a potential amenity contribution for the applicant's property at 1314 and 1318 Wharf Street will not cover the estimated cost of the proposed public waterfront walkway
- b) the rehabilitation costs of the applicant's heritage warehouses are not supported by expected future lease or sale revenues for these buildings.

Tree Preservation Bylaw and Urban Forest Master Plan

There are no Tree Preservation Bylaw impacts with this application.

Resource Impacts

A significant amount of public space is proposed as part of this application; however, resource implications will fall to the property owner and will be set out in the associated legal agreements.

CONCLUSIONS

The proposal is consistent with the City's broad land-use and density policies, and advances many key objectives including rehabilitation of significant heritage buildings, advancement of a future Harbour Pathway, an active commercial streetscape, and an improved public realm. Additionally, a review of the applicable heritage guidelines has determined that the proposed heritage rehabilitation and reuse of these buildings is consistent with applicable heritage policies and regulations. On this basis, staff recommend for Council's consideration that the application be advanced for consideration at a Public Hearing.

ALTERNATE MOTION

That Council decline Rezoning Application No. 00294 and associated Official Community Plan Amendment for the properties located at 1314, 1318 and 1324 Wharf Street, two City-owned lots, and a portion of the road Right-of-Way in the vicinity of 1324 Wharf Street.

Respectfully submitted,



Miko Betanzo
Senior Planner - Urban Design
Development Services



Jonathan Tinney, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager:



Date:

Sept. 27/18

List of Attachments:

- Attachment A: Subject Map
- Attachment B: Aerial Map
- Attachment C: Plans dated/date stamped August 3, 2018
- Attachment D: Letter from applicant to Mayor and Council dated September 20, 2018
- Attachment E: Advisory Design Panel minutes, dated April 25, 2015
- Attachment F: Heritage Advisory Panel minutes, dated May 8, 2018 and June 12, 2018
- Attachment G: Conservation Plan booklet, dated June 12, 2018
- Attachment H: Third Party Economic Analysis Report, dated September 25, 2018
- Attachment I: Correspondence