



Committee of the Whole Report For the Meeting of June 25, 2020

To: Committee of the Whole **Date:** June 11, 2020

From: Karen Hoese, Director, Sustainable Planning and Community Development

Subject: Update to the Housing Agreement for Rezoning Application No. 00707 for 2558 Quadra Street

RECOMMENDATION

That Council amend condition #2 in the March 12, 2020 Council resolution for the Rezoning Application No. 00707 at 2558 Quadra Street so that it reads:

2. Preparation and execution of a Housing Agreement for a term of 60 years to secure the building as rental, on terms to the satisfaction of the Director of Sustainable Planning and Community Development.

LEGISLATIVE AUTHORITY

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.

BACKGROUND

On March 12, 2020 Council approved the following motion for Rezoning Application No. 00707 for 2558 Quadra Street:

That Council instruct staff to prepare the necessary Zoning Regulation Bylaw Amendment that would authorize the proposed development outlined in Rezoning Application No. 00707 for 2558 Quadra 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. *Preparation and execution of legal agreements to secure a Statutory Right-of-Way of 3.2m off Quadra Street, to the satisfaction of the Director of Engineering.*
2. *Preparation and execution of a Housing Agreement to secure the building as rental in perpetuity and to secure 19 units as affordable and 21 units as below market in perpetuity, defined by the VHRF guidelines that were in existence on March 19, 2019, to the satisfaction of the Director of Sustainable Planning and Community Development.*

An updated Victoria Housing Reserve Fund (VHRF) Grant Application was subsequently approved by Council on May 14, 2020, which secures the affordability component of the application should the applicant choose to use these funds.

In the process of preparing the associated Housing Agreement, the applicant has raised concerns that if financial circumstances change, the ability to seek other external funding sources may be compromised with an encumbered property. As a result, they do not wish to secure the same levels of affordability as outlined in the Rezoning Application but have indicated that they still intend for this project to be affordable.

With approval of the revised motion, the level of affordability would no longer be a requirement of the Rezoning Application, and therefore affordability would only be secured through the VHRF housing agreement. Should the applicant elect not to use the funds granted, there will be no further mechanism for the City to secure affordability in this project.

However, the likelihood of this project becoming a market development is very low given the Greater Victoria Housing Society's mandate to provide affordable housing (the subject site was purchased from the private market for the purpose of securing affordability). Also, confirmation has been received from the applicant that they are actively seeking letters of intent for affordable housing funding through BC Housing and CMHC.

Therefore, staff are recommending removing the affordability requirement from the Rezoning Application. By continuing to secure the rental tenure of the building the proposal would still be consistent with the *Inclusionary Housing and Community Amenity Policy*.

Finally, the term of the Housing Agreement has been updated from in perpetuity to 60 years. This term length was previously established with the applicant, is consistent with both current and emerging City policy, and will help the applicant secure additional external funding to allow the project to be viable.

CONCLUSIONS

The recommended motion would secure the rental tenure of the building. The updates remain in line with current and emerging City of Victoria policy with regard to rental housing. Therefore, staff recommend that Council consider supporting the recommendation.

Respectfully submitted,



Michael Angrove
Senior Planner
Development Services Division



Karen Hoese, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager:



Date: June 18, 2020

List of Attachments

- Attachment A: Committee of the Whole Report from the March 5, 2020 meeting
- Attachment B: Minutes from the March 5, 2020 Committee of the Whole.