



Committee of the Whole Report

For the Meeting of June 11, 2020

To: Committee of the Whole **Date:** May 14, 2020

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

Subject: Rezoning Application No.00701 for 1314 and 1318 Wharf Street

RECOMMENDATION

That Council instruct staff to prepare the necessary Zoning Regulation Bylaw Amendment that would authorize the proposed development outlined in Rezoning Application No. 00701 for 1314 and 1318 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:

1. Plan revisions to include frontage works consistent with the City's Subdivision and Development Servicing Standards and minor plan corrections to the satisfaction of the Director of Sustainable Planning and Community Development.
2. Preparation of the following agreements, registered on title by the applicant, to the satisfaction of City staff:
 - a. Statutory Right-of-Way for public access over the area dedicated to the Harbour Pathway and the internal alley between the two heritage buildings, to the satisfaction of City staff;
 - b. Housing Agreement to secure 47 residential rental units as rental in perpetuity, to the satisfaction of the City Solicitor;
 - c. Section 219 Covenant to secure off-site tree replacement at a four to one ratio with a cash in lieu contribution with values set per the *Tree Preservation Bylaw* (Bylaw No. 05-106) for public realm improvements, and a cash in lieu contribution for off-site short term bicycle parking; and
 - d. A legal agreement to ensure that building amendments would be made along the north property line to comply with building code requirements should a building be proposed for the property located at 1324 Wharf Street.
3. That Council authorize the Mayor and City Clerk to execute encroachment agreements, to be executed at the time of the building permit approval, if the other necessary approvals are granted, in a form satisfactory to the City Solicitor and the Director of Engineering and Public Works for:
 - a. building encroachments; and
 - b. anchor-pinning in the City Right-Of-Way.

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.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Rezoning Application for the properties located at 1314 and 1318 Wharf Street. The proposal is to rezone from the IHH Zone, Inner Harbour Heritage District, to the Old Town District 1 Zone (OTD-1), with site-specific regulations to increase the density for the redevelopment of the site with a five- storey building that retains and incorporates two heritage buildings.

The proposed amenities associated with this Application comprise of:

- an internal alleyway and elevator to provide access between the waterfront and Wharf Street, accessible to the public in perpetuity and secured via a Statutory Right-of-Way during daylight hours
- construction of a section of the Harbour Pathway fronting the subject property to City standards, accessible to the public in perpetuity and secured via a Statutory Right-of-Way
- a mural art feature on the north building wall
- tree replacement at a four to one ratio
- the rehabilitation and seismic upgrading of the two heritage properties on 1314 and 1318 Wharf Street.

A third-party economic analysis of the lift in land value resulting from the proposed rezoning has been undertaken. As detailed in the attached report, a lift in land value does not result after accounting for the heritage restoration, public realm improvements and rental tenure amenity contributions proposed.

The following points were considered in assessing this application:

- The *Official Community Plan* (OCP, 2012) Urban Place Designation is Core Inner Harbour/Legislative. The proposal is consistent with the land use and density policies of this designation and the envisioned public realm improvements with the provision of a portion of the Harbour Pathway. Additionally, the five-storey massing meets the place character features and anticipated built form for this area.
- The proposal advances OCP objectives related to improving the public realm through

the provision of a portion of the Harbour Pathway and an active street-scape, advancing sustainability objectives by contributing to a compact urban settlement close to transit and jobs as well as through the adaptive reuse of existing buildings. Economic viability objectives are also advanced by proposing a mixed-use development to contribute toward supporting local businesses. Heritage preservation objectives are advanced by seismically upgrading and preserving the majority of two heritage-designated buildings.

- The *Downtown Core Area Plan* (2011) includes the site in the Inner Harbour District and key objectives of this district are advanced with this application, including: strengthening the district for tourism, heritage, and economic development, developing and maintaining a cohesive, well-designed and vibrant waterfront area, advancing the waterfront pathway to the north and creating connections to the waterfront.
- The proposal advances policies of the *Victoria Harbour Plan* (2001) specifically through the inclusion of the Harbour Pathway, providing additional accesses to the water's edge, protecting heritage buildings from demolition and by developing the site as a lively, active, public area.
- The proposal generally meets the intent of the *Old Town Design Guidelines* (2019) in terms of building mass, siting, street rhythm, facade composition open space relationship, materials and finishes and liveability; but it is not consistent with the hierarchy policy for rooftop additions.

BACKGROUND

Description of Proposal

This application is to rezone from the IHH Zone, Inner Harbour Heritage District, to the Old Town District 1 Zone (OTD-1), with site-specific regulations to increase the density for the redevelopment of the site with a five- storey building that retains and incorporates two heritage buildings.

The proposal includes the following major design components:

- a sloping site with five storeys at Wharf Street and six storeys at the harbour edge
- the rehabilitation and seismic upgrading of two designated heritage buildings
- a five-storey addition to the south heritage building that encapsulates the south and west exterior walls of the existing building in glass
- brick masonry on the rooftop additions and terracotta masonry on the south addition
- construction of the Harbour Pathway along the property's waterfront frontage
- elevator access from Wharf Street to the Harbour Pathway
- public access through a central alley between the two heritage buildings
- timber decking on the waterfront pathway and lower central alley and stone paving on the west patio areas
- sedum green roof on the four-storey rooftop addition.

The following differences from the current zone are being proposed.

- increase in density from 1:1 floor space ratio (FSR) to 3.39 FSR
- increase in height from 8m to 19.1m

Affordable Housing

The applicant proposes the creation of forty-seven new residential units which would increase

the overall supply of housing in the area. A Housing Agreement is proposed to secure all forty-seven units as rental in perpetuity. Units range in size from approximately 410 to 1100 square feet (38 – 102m²) and include:

- Four studio units
- Thirty one-bedroom units
- Nine two-bedroom units
- Four three-bedroom units

Tenant Assistance Policy

The proposal is to redevelop two existing buildings; however, these buildings have never included residential uses and have been vacant for over four decades. As such, a Tenant Assistance Plan is not required.

Sustainability

Sustainability features include:

- adaptive re-use of existing buildings
- low energy fixtures and equipment and mechanical heat recovery
- energy efficient glazing with low-e coatings, high efficiency water fixtures and green roofs.

Active Transportation

A key element of the Greenways Plan and the Parks Master Plan is the completion of the proposed Harbour Pathway system. Among many objectives, both plans aim to encourage people to walk or use some other form of non-motorized transportation. The proposed section of the Harbour Pathway advances this active transportation objective.

Public Realm

The application includes construction of the Harbour Pathway for the section of the pathway fronting the property. Its proposed design considers the connection to the existing south portion of the pathway and is proposed at an elevation that would maintain an accessible grade with the recently completed underpass path below the Johnson Street Bridge.

Recognized in both the *Official Community Plan* and *Downtown Core Area Plan*, the Harbour Pathway is identified as a key public amenity intended to offset growth pressures on existing public amenities that may result from an increased number of users. Additional connections to the waterfront are also promoted as a key City public realm objective. In line with these goals, this application proposes a publicly accessible alleyway to the waterfront between the two heritage buildings as well as a portion of the Harbour Pathway. The east-west alley connection to the waterfront includes a publicly accessible elevator to accommodate the grade change between the sidewalk and Harbour Pathway, to be accessible during daylight hours. The property dimensions, grade change and heritage buildings make a ramp at this location unfeasible.

Public art is encouraged as a public realm amenity as a place character feature within the Core Inner Harbour Legislative designation. To address this objective, the applicant is proposing a mural art feature on the north wall of the new building.

To mitigate the impact of the proposed tree removal and as a contribution toward public realm improvements, the applicant has offered to provide four replacement trees for every one tree proposed to be removed.

While not considered a public realm amenity, it is noted in the recommended motion to Council that plan revisions are required to include frontage works consistent with the City's Subdivision and Development Servicing Standards and relevant City policies. At this time, a preferred road closure and turn-around design has not been confirmed and as such has not been indicated on the plans. City staff are advancing a design for this in-line with the planned road closure for this section of Wharf street.

The proposed public realm improvements will be secured with covenants, registered on the property's title, prior to Council giving final consideration of the proposed Zoning Regulation Bylaw Amendment.

Accessibility

The *British Columbia Building Code* regulates accessibility as it pertains to buildings. As noted above, the application includes a publicly accessible elevator to provide an accessible option to reach the Harbour Pathway through the subject property lands.

Land Use Context

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

- the new Johnson Street Bridge to the north
- two empty waterfront parcels, immediately adjacent to the north
- 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
- the site is within Victoria's Old Town, which contains significant heritage buildings and streetscapes, and is the gateway into Downtown from Victoria West.

Existing Site Development and Development Potential

The site is presently occupied with two vacant heritage designated buildings and surface parking. Under the current IHH Zone, Inner Harbour Heritage District, the property could be developed to a height of approximately two storeys (8m) with a density of one to one FSR. The uses permitted in this zone include commercial, residential, clubs, restaurants and recreation facilities.

Data Table

The following data table compares the proposal with the existing IHH Zone, Inner Harbour Heritage District, and relative OCP Policy. An asterisk is used to identify where the proposal does not meet the requirements of the existing Zone.

Zoning Criteria	Proposal	Zone Standard IHH Zone	OCP Policy
Site area (m ²) – minimum	1,218	n/a	n/a

Zoning Criteria	Proposal	Zone Standard IHH Zone	OCP Policy
Density (Floor Space Ratio) – maximum	3.39 *	1.0	Up to 4.0 : 1.0
Total floor area (m ²) – maximum	4,128	n/a	n/a
Height (m) – maximum	19.1 *	8.00	n/a
Storeys – maximum	5 (6 perceived from the waterfront)	n/a	5
Setbacks (m) – minimum			
Front (Wharf Street)	0.00	0.00	
Rear (west - waterfront)	13.84	7.5	
Side (north)	0.00	0.00	
Side (south)	0.00	0.00	
Vehicle parking – minimum	0	n/a	n/a
Bicycle parking – minimum			
Long Term	69	60	
Short Term	0 *	9	

Relevant History

In 2010, the City of Victoria granted the applicant permission to submit a rezoning application for a comprehensive development that utilized adjacent City-owned lands, subject to a successful rezoning. Several different redevelopment proposals have been pursued by the applicant since then, but none advanced to a public hearing for the necessary rezoning.

All previous proposals considered utilizing the two empty City parcels to the north of the site and portions of closed road right-of-way associated with the construction of the new alignment of the Johnson Street Bridge. This application is no longer pursuing a comprehensive development approach and, instead, focuses development on the parcel wholly owned by the applicant.

Community Consultation

Consistent with the *Community Association Land Use Committee (CALUC) Procedures for Processing Rezoning and Variance Applications*, the applicant has consulted the Downtown CALUC at a Community Meeting held on June 12, 2019. A letter dated September 10, 2019 is attached to this report.

ANALYSIS

This analysis focuses on land use, density, public realm impacts and OCP objectives which are

the main issues for Council's consideration for a Zoning Regulation Bylaw amendment. The concurrent Heritage Alteration Permit with Variances Application report (application No. 00236) provides the heritage conservation and building design analysis relative to heritage considerations. The following City policies were used to assess the Rezoning Application: *Official Community Plan* (2012), *Downtown Core Area Plan* (2011), *Victoria Harbour Plan* (2001) and the *Old Town Design Guidelines* (2019).

Official Community Plan

The *Official Community Plan* (OCP, 2012) sets out thirteen topic areas with respective goals, objectives and policies. The analysis below is organized under each topic area and staff's recommendation is based on an assessment of these policies, with a focus on highlighting where the application is consistent. Not all applications advance all OCP objectives and therefore not all consistencies and inconsistencies are highlighted. However, where significant departures are evident, a more full analysis is provided.

Land Management and Development

Key land management and development goals relate to creating a bustling downtown and harbour that is a prominent centre for business, government and arts and culture. Urban place designations are established under this heading to identify the built form, place character, density and land uses to support the development of a diversity of places across the City. The proposed densities and uses are consistent with the Core Inner Harbour/Legislative designation in the *Official Community Plan*. Under this designation, buildings adjacent to the harbour are envisioned as being from one to five storeys with floor space ratios up to 4:1. The proposal is for a five-storey building with a floor space ratio of 3.39 to 1.0.

Other land management and development objectives aim to develop an economically vital, socially vibrant, and an attractive mixed-use urban centre. This area of the City has historically sat vacant and frequent tenant turnover has been evident within nearby commercial buildings. With the proposal for a mix of residential and commercial uses, at a density capable of supporting some commercial activity, these aforementioned goals are more likely supported than if the proposal only sought a single storey of commercial activity at this location, in accord with the site's current zoning.

The proposal for significant public amenities in this area also advances objectives to support livable communities and to create opportunities to improve public and accessible access to the waterfront. Supporting increased densities is also outlined as a way to encourage the seismic upgrading of heritage buildings within Downtown and to foster public realm improvements. Responding to this policy, the seismic upgrading and public realm amenities being offered are commensurate to the value of additional density being sought, as indicated in the land lift analysis.

Transportation and Mobility

Under the Transportation and mobility topic area, the proposed portion of the Harbour Pathway advances a number of objectives related to:

- completing and connecting portions of the waterfront greenway
- enhancing the public realm to support increased pedestrian traffic
- creating incentives to position downtown as the destination of choice.

Compact and dense new development as proposed also supports transportation objectives by supporting downtown businesses, improving downtown vitality and by adding residential and employment opportunities to support public transit.

Placemaking, Urban Design and Heritage

The objectives under this topic area seek to broaden Victoria's image beyond its identity as a provincial capital with an iconic harbour by contributing to the goals of sustainability, social and economic vibrancy and by creating a sense of place, while balancing heritage considerations for present and future generations. This application adds to the social and economic vibrancy of the area by proposing a mixed-use development while balancing heritage considerations by seismically upgrading and restoring the majority of significant heritage elements within the existing buildings.

The application is responsive to Victoria's geographic context and existing pattern of development by proposing low scale development at the water's edge and a small footprint development, consistent with City urban form policies and adjacent buildings, both historic and recent.

Aspects of the application that promote design excellence and sensitive infill include:

- architectural proportions that are deferential and complementary to a heritage context
- high quality materials suitable for a waterfront location within a heritage area
- general distinguishability between existing, heritage portions of the building and the additions, within a cohesive architectural composition that is consistent with the character of the area
- rehabilitation and seismic upgrading of the heritage buildings and the retention of the majority of the heritage character defining features.

Sense of place, placemaking and vibrancy are policy objectives that feature frequently within the OCP. To achieve these objectives, urban design principles around creating enclosure, defining spaces with structures and adhering to streetscape principles are promoted. Areas without these characteristics often lack the density or concentration of activities to create vibrancy, support local businesses or attract and retain interest and often do not feel safe. At five storeys, the application is consistent with the relevant policies that inform street wall heights.

The proposed Harbour Pathway and development along the edge of Reeson Park also contribute to a sense of place by providing a key urban design feature and an active edge to an under-utilized park. The relationship between the proposed building and park also achieves urban design objectives for passive surveillance of the park, which helps activate the area and contributes to a sense of safety.

Heritage property is conserved as a resource for present and future generations with the retention, seismic upgrading and adaptive re-use of the heritage buildings. The application also enhances the heritage value of the existing buildings by rehabilitating and reactivating them after numerous years of dormancy and decay. The concurrent Heritage Alteration Permit with Variances Application report provides further analysis of the application's consistency with design aspects of the proposed heritage retention.

A number of Harbour and waterfront objectives are also advanced with this application through:

- urban design that enhances the Harbour as a marine gateway while maintaining views and providing improved access to the waterfront

- enabling continuous public access along the waterfront through the inclusion of a portion of the Victoria Harbour Pathway
- new development with form and character that contributes to and complements the skyline of the Core Historic area
- retention of heritage property.

Parks and Recreation

The Harbour Pathway also features as a policy objective under the Parks and Recreation topic area. A linear network of pedestrian paths is a major goal in this section of the OCP, and the development of this portion of the Harbour Pathway contributes to citywide and local area needs for a continuous, publicly-accessible Harbour Pathway, a vital part of the regional network of parks, open space, trails and recreational facilities.

Infrastructure

Under the Infrastructure topic area in the OCP, policies generally speak to enabling the urban growth concept to provide funds to pay for infrastructure maintenance and capital costs and to provide and improve parkland and community amenities. The application advances these objectives generally, and specifically improves community amenities with the proposed array of public realm amenities. The mixed-use nature of the proposal also helps to manage growth through intensification which minimizes the need for new infrastructure, something a single-use, single storey proposal may not achieve.

Climate Change and Energy

OCP policies promote the reduction of community greenhouse gas emissions through compact land use patterns and by creating networks and amenities for cyclists, pedestrians and other forms of personal mobility. The proposed density, mixed-use nature of the proposal and proposed pedestrian only amenities and spaces help to advance these goals. Additionally, encouraging building retention and re-use is a policy objective which is further emphasized with policies that support and enable the re-use and retrofit of buildings through municipal regulations and incentives, such as increased density.

Housing and Homelessness

This application expands the supply of rental housing and housing choice to meet the needs of residents at different life stages and facilitates aging in place. All forty-five units are proposed as rental, to be secured via a housing agreement in perpetuity.

Economy

Economic objectives in the OCP speak to supporting commercial activity in the downtown through encouraging development of vacant lands, addressing barriers to economic performance and, more specifically, strengthening the harbour as an economic gateway by creating an attractive working waterfront. These objectives are advanced through this proposal by adding uses, both commercial and residential, to revitalize this currently vacant area.

Promoting a new City image as a vibrant, diverse and creative city, while retaining the importance of heritage, history and tradition is another OCP economic objective the application supports.

High priority improvements to important gateways, such as the Inner Harbour are outlined in the OCP's economic objectives. This policy speaks to the importance of highly visible areas of the City that can influence economic perspectives and City identity. Leaving vacant buildings to deteriorate and devoting waterfront areas to parking would be inconsistent with this policy. Conversely, encouraging and supporting the redevelopment of these areas helps to advance this objective and few sites in the City are as conspicuous as the one presently considered.

Improvements to conspicuous locations that strengthen the appeal of Victoria along with the creation of an attractive and vibrant waterfront are additional tourism and visitor service objectives advanced by this application. Retaining and enhancing the historic character of Victoria is also an objective related to tourism and economic vibrancy. Here, the revitalization and active use of two of the City's oldest heritage buildings furthers this aim. The increased density sought through this application also follows policies that incentivize rehabilitation and seismic upgrades of heritage buildings to strengthen Victoria's historic tourism appeal.

Community Wellbeing

In line with community wellbeing objectives in the OCP, this application provides community services in the form of the waterfront pathway that helps to address a fair distribution of community amenities across the City. The proposed waterfront pathway provides open space suitable for a downtown environment where open space is typically less prevalent. The proposed elevator also provides accessible access to the waterfront which helps to advance equitable accessibility throughout downtown and particularly for the waterfront.

Development Permit Area 9 (HC): Core Inner Harbour

The subject property is located within Development Permit Area 9 (Heritage Conservation): Core Inner Harbour. The related objectives for this DPA are to revitalize key waterfront areas, conserve heritage buildings and to enhance the inner harbour through high quality architecture. Due to the unique characteristics of the subject property, its relative isolation from other parts of the Downtown and the historical dormancy of this location, revitalization of the key waterfront area is a pressing objective this application advances. Objectives to conserve the two heritage buildings at this location are achieved and a high standard of architecture is evident with this application.

Downtown Core Area Plan

The application advances a number of objectives for the Inner Harbour District. Specifically through:

- strengthening tourism and economic development by completing a portion of the Harbour Waterfront Pathway
- revitalizing and reactivating heritage buildings and supporting economic development with the proposed mixed-use buildings
- contributing toward a well-designed and vibrant waterfront.

Specific policies related to assessing scale and mass relate to maintaining the urban amphitheatre concept for the City, where building heights remain low near the harbour and gradually increase further inland. The proposed five storey building meets this intent and continues the historic pattern of development on the waterfront. The proposal is also compatible with DCAP policies that promote contemporary designs that reflect and complement the traditional urban context. This is achieved through the proposed traditionally inspired wall to window ratios, three-part facade composition, materials and building proportions.

Other policies related to assessing scale and mass focus on creating complementary massing, proportions and building spacing similar to the surrounding context and relating new buildings on the waterfront to the existing street wall scale. Here again, the application accords with these objectives by expressing the heritage building footprint scale into the proposed upper storeys and by proposing a building height similar to the height of adjacent buildings.

Old Town Design Guidelines for New Buildings and Additions to Existing Buildings

The subject property is within the “waterfront” area within the *Old Town Design Guidelines* (2019). Staff consider the application to be consistent with the majority of policies within these guidelines, with the exception of the hierarchy policy intent for rooftop additions. Staff’s recommended support for the application, despite this inconsistency is based largely on the number of other policies within the OCP, DCAP and the Harbour Plan that the application advances as well as a number of unique aspects of this application.

The hierarchy policy promotes rooftop additions to be smaller in scale and subordinate to the heritage buildings they are on. To achieve this objective, the policy suggests setbacks of four metres from the facade of the building and additions no larger than the heritage buildings themselves. For this application, this objective is not achieved. A four-metre setback at both the waterfront and street facades of the heritage buildings, with a single storey addition would create a building addition of approximately 340m² (3,600 square feet). This would yield approximately four averaged size residential units. The guidelines, however, recognize that the ability to fully meet each design guideline may be influenced by land use, lot size, topography and the overall complexity of development. The unique dual frontage aspect of this site and single-storey heritage buildings mean that any rooftop addition capable of providing amenity contributions to restore the heritage buildings and provide the public amenities outlined within the OCP would not accord with this policy.

The location and setting of the subject property is unique in Victoria. It is isolated from downtown by a park at its south boundary and empty city parcels and the Johnson Street Bridge to its north. To its east, a large traffic island and a closed traffic lane further separate the site from connections to the City. At its widest, the road right-of-way fronting the subject site is fifty-eight metres, nearly twice that of Douglas Street, the widest road in downtown Victoria. The harbour, on the western edge of the site, again isolates the site from connections to and with downtown. Future development to the north of the site, on the empty City parcels, may help to anchor and support this proposal within a street wall, however, its current isolation provides a rationale to support the density proposed to help achieve policy objectives for vibrancy and activity. Additionally, advancing public realm goals, particularly for the Harbour Pathway, would clearly be less tenable with a reduced scale of development. This area of the City has long suffered a detrimental lack of vibrancy, counter to OCP objectives. Adding density to this area will help address this shortfall; however, without inclusion of the properties to the north, a rooftop addition is necessary.

Conservation of the heritage character is advanced with this application, consistent with the guidelines, through the restoration of missing features and original window openings as well as the retention of all four walls of the heritage buildings and the majority of heritage aspects outlined in the building’s statements of significance.

Because the application is consistent with the majority of policies within the Old Town Design Guidelines, the uniquely isolated site, the small scale and dual frontage existing conditions and the likelihood of realizing the broader OCP amenity objectives for heritage preservation and public realm improvements, staff recommend that the inconsistency with the hierarchy policy is

outweighed by the collective consistency with a majority of policies specific to this high priority location.

Victoria Harbour Plan

The proposal is at the edge of the Bastion Site in the Inner Harbour Area of the *Victoria Harbour Plan* (2001). This plan specifically identifies densities to support the revitalization of the Northern Junk Buildings. However, the policy envisioned a comprehensive development that included the vacant, City-owned parcels to the north. As a result, while the proposal is inconsistent with the suggested densities of the Victoria Harbour Plan, the density outlined in the OCP reflects the updated vision for this location, which the proposal is consistent with.

While the *Harbour Plan* sought to balance heritage preservation objectives for this area by promoting a comprehensive development that included the adjacent City owned parcels, the proposal does not negatively affect the development potential of the parcels to the north. A covenant is proposed in the recommended motion to Council that would facilitate development of the City-owned parcels, should the City propose a building at this location that directly abuts the shared property line. However, planning policies would anticipate a gap between the currently proposed building and a potential building to the north to encourage both physical and visual connections to the waterfront.

Within the Victoria Harbour Plan, an opportunity was identified to utilize the Northern Junk buildings in a manner that complements Reeson Park. The application supports this objective with proposed commercial activity adjacent to the Park, improved public access to the area and the inclusion of residential units which help activate and provide a presence in the area at all times of day and night.

Density Bonus Policy

This project is within the Core Inner Harbour Legislative OCP Urban Place Designation and proposes a mixed-use project where the residential portion of the proposal is 100% rental. As such, *Victoria's Inclusionary Housing and Community Amenity Policy* (IHCAP, 2019) applies. Under this policy, mixed-use proposals that have 100% of the residential portion of the project proposed as rental are exempt for the IHCAP. However, in order to provide Council with additional information regarding this proposal, the City requested that the applicant carry out a land lift analysis.

The land lift evaluated the lift in land value from the existing zoned permitted density and uses to the proposed density and uses. The value of the community amenities proposed was discounted from the lift and included the rental tenure, Harbour Pathway, heritage restoration and the internal alleyway.

As detailed in the attached report, there is no lift in supported land value from rezoning the site; as such, no amenity contribution beyond what has been offered in-kind as part of the project is recommended.

Tree Preservation Bylaw and Urban Forest Master Plan

The proposal incorporates the existing buildings into a mixed-use development that will require excavation and construction to the property lines. One on-site and thirteen off-site trees are present in the context of the subject site. Considering the health and structure of the trees, and construction impacts of the trees immediately on the subject property's south boundary, ten of the fourteen existing trees will need to be removed to accommodate the proposal. To offset the loss of these trees, the applicant is providing a cash-in-lieu off-site tree replacement at a four to

one ratio with values set per the *Tree Preservation Bylaw* (Bylaw No. 05-106) for public realm improvements. The attached arborist report provides additional information regarding the tree replacement and removal approach.

Encroachment Agreement

With any project of this scale that has little to no setbacks and requires significant excavation, construction methods often require a form of underpinning which can result in material being left in the public right-of-way. The resulting material (typically rock anchors) presents no concerns to the public interest and does not impact any underground infrastructure; however, an Encroachment Agreement between the City and the developer is required. The staff recommendation provided for Council's consideration includes direction to allow staff to enter into such an agreement, if the Rezoning Application is approved by Council, and it is deemed necessary to facilitate the construction of the project.

CONCLUSIONS

The proposal is consistent with the majority of City policies specific to this location. It advances key public amenity objectives for public realm improvements and the Harbour Pathway, it proposes the retention of the majority of heritage features in the existing buildings and it offers activity and vibrancy to an area of the City that has been dormant for many years, despite being a noted priority area for development in the OCP.

Numerous proposals have been advanced for this location, yet none have managed to satisfy every objective in the OCP. This proposal too, does not satisfy specific policies encouraging subordinate heritage additions. However, the OCP clearly lays out a broader set of City objectives that have shifted from only balancing urban renewal and redevelopment with the conservation of heritage. Instead of taking an archival approach to heritage within Old Town, the OCP sets out a vision to create a living and breathing Old Town, where buildings, old and new, are occupied, vibrant and are actively contributing to the liveability and wellbeing of the community as a whole. Therefore, given the challenges associated with the uniqueness of this site and in an effort to balance numerous important City policies, the staff recommendation is to advance the application to a Public Hearing.

ALTERNATE MOTION

That Council decline Rezoning Application No. 00701 for the properties located at 1314 and 1318 Wharf Street.

Respectfully submitted,



Miko Betanzo
Senior Planner - Urban Design
Development Services



Karen Hoese, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager:



Date: June 4, 2020

List of Attachments

- Attachment A: Subject Map
- Attachment B: Aerial Map
- Attachment C: Plans, date stamped October 22, 2019
- Attachment D: Applicant's letter, dated October 22, 2019
- Attachment E: Heritage Advisory Panel Meeting Minutes dated September 10, 2019
- Attachment F: Advisory Design Panel Meeting Minutes dated September 25, 2019
- Attachment G: Photos of Building Interior and Exterior
- Attachment H: Conservation Plan – Caire and Grancini Warehouse, dated October 23, 2019
- Attachment I: Conservation Plan – Fraser Warehouse, dated October 23, 2019
- Attachment J: Statement of Significance – Caire and Grancini Warehouse
- Attachment K: Statement of Significance – Fraser Warehouse
- Attachment L: Third Party Economic Analysis Report, dated November 19, 2019
- Attachment M: Parking Variance and Access Review dated May 13, 2019
- Attachment N: Arborist Report, dated October 17, 2019
- Attachment O: Correspondence.