



Committee of the Whole Report

For the Meeting of February 8, 2024

To: Committee of the Whole **Date:** January 25, 2024

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

Subject: **Request to Discharge a Housing Agreement at 1314 and 1318 Wharf Street**

RECOMMENDATION

That Council instruct the Director of Planning to prepare the necessary bylaw to repeal HOUSING AGREEMENT (1314 and 1318 Wharf Street) BYLAW (2021), No. 21-062 and terminate the Housing Agreement authorized by that bylaw.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a request to terminate a housing agreement for the property located at 1314 and 1318 Wharf Street. The housing agreement was registered on title as part of a Rezoning and Heritage Alteration Permit with Variances application that permitted construction of a six-storey multi-use building. The housing agreement was part of a suite of amenities offered at the time the application was approved by Council on August 5, 2021 which, in addition to the commitment to provide 47, self-contained dwellings as rental in perpetuity, included the retention and seismic rehabilitation of two of Victoria's oldest heritage buildings, known as the Northern Junk buildings, a waterfront pathway and public realm improvements.

The following points were considered in assessing this request:

- The results of the third-party land lift analysis which indicate that the proposed amenities, not including the provision of rental housing, exceed the lift in land value associated with the prior rezoning.
- The suite of amenities proposed which advance OCP objectives for heritage preservation with the retention and seismic upgrading of heritage designated buildings and provide key public amenities through the provision of a portion of the Harbour Pathway and public realm improvements.
- The creation of 47 new dwelling units, including four three-bedroom, nine two-bedroom, 31 one-bedroom and four studio units which further the OCP goal of providing a diversity of housing.

BACKGROUND

Description of Proposal

The owner of 1314 and 1318 Wharf Street approached the City with a request to terminate a legal agreement that secured the proposed dwelling units in a development proposal for a six-storey multi-use building. The legal agreement between the applicant and the City was registered on title in 2021 as part of a rezoning and heritage alteration proposal that included the seismic rehabilitation of two heritage designated buildings, construction of an accessible waterfront pathway and public realm improvements to a closed vehicle slip lane that was part of the former Johnson Street bridge.

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, comparing the application with rental housing to an application without. As detailed in the attached report, a lift in land value does not result after accounting for the heritage restoration and public realm improvements.

ANALYSIS

Inclusionary Housing and Community Amenity Policy

When the initial rezoning application was considered and approved by Council, it was exempt from *Victoria's Inclusionary Housing and Community Amenity Policy* (IHCAP, 2019) because the units proposed were all intended to be rental.

With the proposal to discharge the housing agreement, a current review of the application against IHCAP policies permit an economic assessment of heritage contributions associated with heritage conservation applications to determine the level of amenities the City should seek. This assessment compares the value of heritage contributions against the identified amenity contribution standards of the policy. Where the contributions are determined to be of a value equal to or greater than that for inclusionary housing, no additional amenity contributions will be requested. In this instance this project would be classified as a small project, with less than 60 units being proposed, and as such a thirty-five dollar per square foot amenity contribution would be required as a cash-in-lieu amenity. This would equate to roughly one-million dollars. The value of amenities have been assessed via a third party economic analysis at over two million dollars, indicating that the City should not seek additional amenity contributions.

Land Lift Analysis

Despite the previous rezoning proposal being exempt from the *Inclusionary Housing and Community Amenity Policy* (IHCAP, 2019), at that time the City requested that the applicant carry out a land lift analysis, regardless, to provide Council with additional information to help assess this proposal.

The prior analysis 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 offered was then discounted from the lift and included the rental tenure, Harbour Pathway, heritage restoration and the publicly accessible elevator. From that analysis it was determined that there was no lift in supported land value from rezoning the site; as such, no amenity contribution beyond what was offered as part of the project was recommended.

To assess the current request to remove the housing agreement, this application qualifies as an atypical application because significant on-site public amenities specified in a City plan are required, namely the Harbour Pathway. Atypical applications require a land lift analysis, and this updated analysis was carried out excluding a rental tenure. The conclusion of this analysis, as detailed in the attached report, was that there is no lift in supported land value from the proposed change in tenure which would result from removing the housing agreement from the site. Again, this analysis indicates that the secured rental tenure provides an amenity over and above what existing City policies would require for this application. This suggests that, even with the discharge of the housing agreement, the City is securing amenities commensurate with the proportion of value in land lift policies would seek from the previous rezoning application.

Housing

The application, if approved, would add 47 new residential strata units, which would increase the overall supply of housing in the area and contribute to the targets set out in the *Victoria Housing Strategy*.

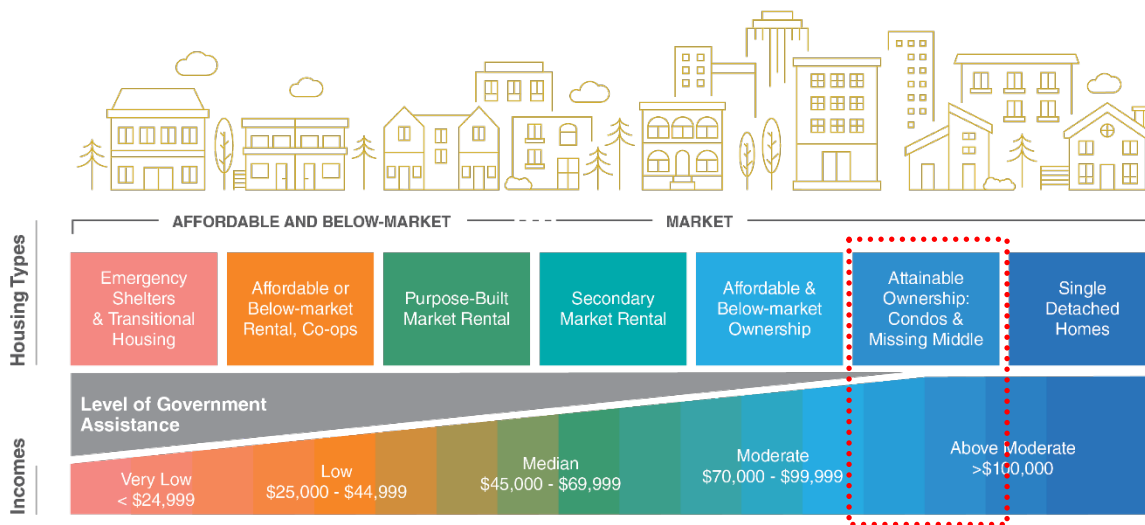


Figure 1. Housing Continuum

Housing Mix

At present there is no policy that provides targets regarding housing mix and unit type is not typically regulated or secured. However, the OCP identifies a mix of units as an objective and identifies the need for a diverse range of housing units including family housing. As currently proposed, units range in size from approximately 38 to 102m² (410 to 1100 square feet) and include:

- four studio units
- thirty one-bedroom units
- nine two-bedroom units
- four three-bedroom units.

CONCLUSIONS

The amenities initially proposed as part of the 2021 rezoning exceeded the lift in land value associated with the rezoning. To assess the level of amenities the City should seek if the housing agreement were to be discharged, an additional land lift analysis was carried out, consistent with *Victoria's Inclusionary Housing and Community Amenity Policy* (IHCAP, 2019) for atypical applications. The results of this analysis, that excluded rental tenure, concluded that no additional amenities should be sought. Additionally, the proposal was assessed against the IHCAP policy conditions for considering heritage conservation projects. Under this assessment, the value of heritage conservation was compared to the value of the per square-foot amenity contribution, and it was determined that the heritage conservation aspects of the proposal exceeded the value of a cash-in-lieu contribution by more than double. Therefore, it is recommended that Council consider proceeding as outlined in the recommendation.

ALTERNATE MOTION

That Council decline the request to terminate the housing agreement for 1314 and 1318 Wharf Street.

Respectfully submitted,

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Senior Planner Urban Design
Development Services Division

Karen Hoese, Director
Sustainable Planning and Community
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Report accepted and recommended by the City Manager.

List of Attachments

- Attachment A: Subject Map
- Attachment B: Letter from applicant to Development Services dated September 1, 2023
- Attachment C: Land Lift Analysis dated October 20, 2023