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September 1<sup>st</sup>, 2023

**City of Victoria**

1 Centennial Square

Victoria, BC V8W 1P6

Sustainable Planning and Community Development

Att: Miko Betanzo

Senior Planner – Urban Design

Re: **1314-1318 Wharf Street (The Lands)**

**Amendment to Housing Agreement (1314 and 1318 Wharf Street) Bylaw (2021) No. 21-062**

Dear Mayor and Council,

We are writing in regard to the following adopted bylaws by Victoria City Council at the August 5<sup>th</sup>, 2021 council meeting, concerning our 1314-1318 Wharf Street Rezoning Application No. 00701 and Heritage Alteration Permit with Variance Application No. 00236:

- **Zoning Regulation Bylaw, Amendment Bylaw (No.1256) No.21-061**
- **Housing Agreement (1314 and 1318 Wharf Street) Bylaw (2021) No. 21-062**

This letter serves as our formal request for an amendment to the outlined Housing Agreement that sets out that all Dwelling Units within the Development on the Lands are to be used, occupied and held only under a Residential Rental Tenure in perpetuity.

We are requesting the removal of the noted restrictive use and occupation for Residential Rental Tenure only, while still promising to deliver all Residential Dwelling Units within the Development and maintaining the current floor space ratio of 3.39 to 1, set in the Zoning Regulation Bylaw on this mixed-use program. No other changes to the approved project are proposed or requested at this time.

For context, since the Bylaws were adopted, investigative pre-construction work alongside building clean-up and temporary shoring/bracing to stabilize the heritage buildings have been performed. At the same time, we have actively started working through construction drawings and have applied for a complex building permit, where the first stage was issued to us on August 31<sup>st</sup>, 2022, for the scope of selective strip out/demolition, removal of the slab on grade, excavation and underpinning; this work has not been advanced. The second stage building permit for the full construction scope was applied for in June 2022 and we are in the process of clearing the outstanding conditions for issuance.

Our General Contractor, Heatherbrae Builders Co Ltd. was brought on to assist in pre-construction and tendering the construction costs. The unique upgrades required to retain the heritage structures added to the overall site improvements in conjunction with the inflated construction market are contributing factors challenging the project budget; while still observing escalation on the supply market we have received final construction prices that compared to the initial proforma, the revised costs have significantly compromised the project viability and the project currently cannot proceed.

Apart from hard costs, interest, and investment return rate changes since the approval of the project are an added aggravating factor. The removal of the rental tenure and transition to residential condominiums came up as a strategy to deliver the project. We have advanced comparative economic analysis between the rental and condominium scenarios which concludes a marginally more viable scenario on the return. A Land Lift Analysis will be submitted to the City to further inform the Council of this request.

The 2021 report, *Victoria's Housing Future* notes that the current housing growth capacity in Victoria is falling short of future needs. Capacity for new condominiums and rental apartments falls short of future needs by approximately 25%. Enabling a more diverse housing supply throughout the city, including condominiums represents an opportunity for people to enter the market and build equity, or downsize while staying in their community. The provision of 47 compact residential apartments, where 28% are suitable for families plays an important role in responding to the actual need of family-friendly housing types (2-3 bedrooms apartments).

The report also refers to the downtown area of Victoria being a key centre in the region's employment and population growth projections and planning. The Victoria Housing Strategy (Phase 2) and the CRD Regional Growth Strategy identify housing as a core need for the region, especially in urban centres. This reaffirms the need and demand for walkable neighbourhoods where services, offices, amenities, transit, and social opportunities are all nearby within the outlined "*15-minute neighbourhood*". The provision of this mixed-use project with residential density, activating commercial uses and immediate access to the complete pedestrian and biking network connecting the Downtown, make this project a key part of the investment and revitalization of the area.

This change to the residential apartment tenure would not only allow for owner-occupied housing, but the opportunity for the Dwelling units to be rented, opening rental stock to the market without being exclusively restricted for this purpose.

Council has recently approved a significant stock of rental housing projects (such as Harris Green); it is also desirable under the overall housing strategy to provide a balanced response to the residential market demand.

Building a community with more individual owners through an intrinsic belonging to their asset, their building and its interface with the immediate context makes them active participants in the transformation needed in this part of the city.

We strongly believe in the relevant role of this project and the urgency to provide new life and improvements to the Heritage Buildings that had been sitting vacant for decades. Under the proposed change to the residential tenure, while still satisfying housing demand, other project deliverables apart from OCP objectives will remain untouched, such as:

- Provision of the Waterfront Walkway continuation within the site facilitating its future potential extension to the Johnson Street Bridge.
- Immediate Public Realm revitalization by providing an active edge to Reeson Park.
- Activation of David Foster Way through the provision of adjacent commercial patios projecting the interior vitality of the two heritage buildings into the water edge.
- Completion of pedestrian network improvements through the site and along its frontage contributing to the City's active transportation network while promoting low vehicle need, the use of bikes and alternative modes of transportation.

Additional information about this proposal and its committed deliverables, including a detailed project rationale can be found in the combined Rezoning, Heritage Alteration Permit Rezoning Booklet contained within the submission materials.

Please do not hesitate to contact the team for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read 'JP' or 'Juan Perera', written over the printed name.

Juan Perera .

Senior Development Manager

Reliance Properties Ltd – Crosstown Properties (Wharf Street) Ltd.