

# Planning and Land Use Committee Report For the Meeting of April 30, 2015

To:

Planning and Land Use Committee

Date:

April 16, 2015

From:

Mike Wilson, Senior Planner - Urban Design

Subject:

Rezoning Application No. 00461 for 816 Government Street

#### RECOMMENDATION

Staff recommend that Committee forward this report to Council and that Council instruct staff to prepare the necessary Zoning Regulation Bylaw Amendment that would authorize the proposed development outlined in Rezoning Application No. 00461 for 816 Government 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 of a Heritage Revitalization Agreement to secure the proposed rehabilitation of the heritage registered building.
- 2. Preparation of a Housing Agreement to ensure that a future strata council may not enact bylaws that restrict the rental of units to non-owners.
- 3. Registration of a Statutory Right-of-Way on title to secure public access over the sidewalk at the corner of Courtney and Wharf Streets to the satisfaction of the Director of Engineering and Public Works and the City Solicitor.

#### LEGISLATIVE AUTHORITY

In accordance with section 903 (c) 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 904(1) 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 905 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 966 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 816 Government Street. The proposal is to rezone the land to a site specific zone that contemplates bonus density in exchange for the heritage conservation measures to be applied to the heritage registered building on the westerly portion of the lands. The Application also proposes new permitted uses including brewery, distillery and liquor retail store as an accessory use to a brewery or distillery.

The following points were considered in assessing this Application:

- Placemaking policy (8.52) in the Official Community Plan (OCP) which directs continued enabling and support for heritage conservation through incentives and allowances including property tax reductions, bonus density provisions and zoning variances.
- The Downtown Core Area Plan (DCAP) states that any rezoning applications seeking an increase in density should result in the provision of public amenities or monetary contributions that support the policies of the DCAP. In this case the applicant is offering to retain and rehabilitate the historic façades of the former Post Office building on the westerly portion of the site. The applicant also proposes heritage designation of these façades. A detailed analysis of the Heritage Designation Application will be provided in a separate report.
- A third party economic analysis of the project was completed in order to justify that the
  proposed increase in density was required in order to off-set the costs of retaining and
  rehabilitating the Heritage Registered building façades. The analysis determined that
  the cost of retaining and rehabilitating the Heritage Registered façades was in excess of
  the projected value of the land lift associated with the project.
- A Heritage Revitalization Agreement is recommended to secure the rehabilitation and seismic upgrading of the Heritage Registered building.
- A Housing Agreement is recommended in order to ensure that all of the residential units in the proposed development will be available for rent by non-owners.

Staff recommend that Council support this Application.

## BACKGROUND

#### Description of Proposal

This Rezoning Application is to amend the *Zoning Regulation Bylaw* to create a new site specific zone that permits increased density and additional land uses.

The following amendments from the current CA-3C Zone, Old Town District are proposed and would be accommodated in the new zone:

- increase in floor space ratio from the base of 3:1 to a maximum of 3.99:1
- additional uses including: brewery, distillery, liquor retail sales as an accessory use to a brewery or distillery
- additional building height from 15m to 17.7 m.

# Sustainability Features

A detailed description of the proposed sustainability features is provided in Heritage Alteration Permit Application No. 00192.

# **Active Transportation Impacts**

The proposal includes 55 enclosed bicycle parking stalls.

#### Land Use Context

The area is characterized by retail, office and residential land uses within low to mid rise buildings, many with heritage significance or heritage character.

# **Existing Site Development and Development Potential**

The site is presently occupied by a vacant four-storey office and retail building. A portion of the building is on the City's Heritage Register. Under the current CA-3C Zone, the easterly portion of the property could be redeveloped with a new four-storey building with a floor space ratio of 3:1. The westerly portion is currently non-conforming with respect to building height and could be rehabilitated for office or residential land uses.

#### **Data Table**

The following data table compares the proposal with the existing CA-3C Zone, Old Town District. An asterisk is used to identify where the proposal is less stringent than the existing zone.

Zoning Criteria	Proposal	Zone Standard CA-3C
Site area (m²) - minimum	2,555.86	n/a
Density (Floor Space Ratio) - maximum	3.99*	3:1
Total floor area (m²) - maximum	10,657.00	n/a
Height (m) - maximum	17.7	15
Storeys - maximum	4	n/a
Setbacks (m) - minimum		
Front (Government Street)	0.30	0
Rear	0.30	0
Side (north)	0.30	0
Side (south)	0.30	0
Parking - minimum	93	n/a
Visitor parking (minimum) Included in the overall units	n/a	n/a
Bicycle parking stalls (minimum)	55	55

# **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 May 8, 2014. A letter from the DRA is attached to this report.

### **ANALYSIS**

# Official Community Plan

The OCP identifies the subject property in the "Core Historic" designation which envisions buildings up to approximately five storeys and density ranging up to approximately 3:1 floor space ratio (FSR). The OCP notes that, within each designation, decisions about density and building scale for individual sites will be based on site-specific evaluations in relation to the site, block and local area context and will include consideration of consistency with all relevant policies within the OCP and local area plans (in this case, the *Downtown Core Area Plan*).

While the applicant is proposing density and height above what is envisioned for the Core Historic designation, there is a Placemaking Policy (8.52) in the OCP which directs continued support for heritage conservation through incentives and allowances including property tax reductions, bonus density provisions and zoning variances.

The proposal is consistent with the place-character features envisioned for the Core Historic designation through the provision of continuous commercial uses at-grade, buildings set close to the sidewalk and new construction that is compatible with historic building forms. It is also consistent with other Placemaking policies that encourage human scale in the design of buildings and public space that enhances local area distinctiveness with features that contribute to a sense of place.

#### Downtown Core Area Plan, 2011

The subject properties are within the "Historic Commercial District" of the DCAP. The densities and building heights envisioned for this district reflect what is identified in the OCP (3:1 FSR and 15m maximum building height). The DCAP provides more specific direction regarding built form and design of the public realm. It also states that any rezoning applications seeking an increase in density should result in the provision of public amenities or monetary contributions that support the policies of DCAP. In this case the applicant is offering to retain and rehabilitate the historic façades of the former Post Office building on the westerly portion of the site.

#### **Building Height**

The applicant proposes the new zone to include a maximum building height of 28m. Given the prominence of this site on the Inner Harbour staff are recommending that Council consider a lower height limit of 17.7 m to be included in the new zone. This would bring the existing building into compliance with the *Zoning Regulation Bylaw* and allow Council to consider issuing a Heritage Alteration Permit with Variances for the new structure, as proposed in Heritage Alteration Permit Application No. 00192. This ensures that the additional height could only be achieved through a variance process and not become an entitlement for any future proposal.

In accordance with City Policy, zoning variances (including building height) may be considered where heritage conservation is proposed. Staff have provided more detailed comment on the proposed height variance in the Heritage Alteration Permit report.

# Third Party Economic Analysis

Paul Rollo and Associates was engaged to undertake an economic analysis of the project in order to justify that the proposed increase in density was required in order to off-set the costs of retaining and rehabilitating the Heritage Registered building façades. The analysis determined that based on the increase in density from a floor space ratio of 3:1 to 4.17:1 the resulting land lift was approximately \$1.7 million. Based on the DCAP policy, the City should seek to recover 75% of the land lift (\$1.3 million) to be contributed to the City's Public Realm Improvement Fund and Heritage Building's Seismic Upgrade Fund. However, the applicant proposes the rehabilitation of the Heritage Registered building including seismic upgrading. Based on a construction cost estimate provided by a professional quantity surveyor, the costs associated with this work are estimated at \$5.1 million.

In accordance with City Policy, bonus density incentives may be considered where heritage conservation is proposed. As a result, if Council is supportive of the Application moving forward for consideration at a Public Hearing, staff recommend that Council consider requiring a Heritage Revitalization Agreement to secure the retention and rehabilitation of the Heritage Registered building in lieu of monetary contributions to the City's Public Realm Improvement Fund and Heritage Building's Seismic Upgrade Fund.

#### **Additional Permitted Uses**

The applicant has requested three additional uses be included in the new zone to those already permitted within the CA-3C Zone, Old Town District. These proposed new uses include breweries, distilleries and a liquor retail store as an accessory use to a brewery or distillery. Breweries and distilleries are generally limited to industrial areas; however, it is the applicant's intent that these permitted uses cater to small scale businesses and as such staff are recommending that Council consider limiting the floor area associated with these uses in the proposed new zone in accordance with the table below:

Proposed Use	Floor Area (maximum)
Brewery	175m <sup>2</sup>
Distillery	175m <sup>2</sup>
Liquor Retail Store as Accessory to Brewery or Distillery	50m²

#### Statutory Right-of-Way

A small portion of the existing curb and sidewalk at the corner of Wharf Street and Courtney Street is located on private property. Staff recommend that Council require the registration of a statutory right-of-way on title prior to a Public Hearing in order to permit public access over this area.

### CONCLUSIONS

The Application furthers the goals and objectives noted in both the OCP and the DCAP regarding heritage conservation and place making. It is recommended that the Application move forward for consideration by Council at a Public Hearing subject to the conditions provided in the staff recommendation.

#### ALTERNATE MOTION

That Council decline Rezoning Application No. 00461 for the property located at 816 Government Street.

Respectfully submitted,

Mike Wilson, MCIP, RPP Senior Planner – Urban Design

Alison Meyer, Assistant Director Development Services Division

Report accepted and recommended by the City Manager:

Jason Johnson

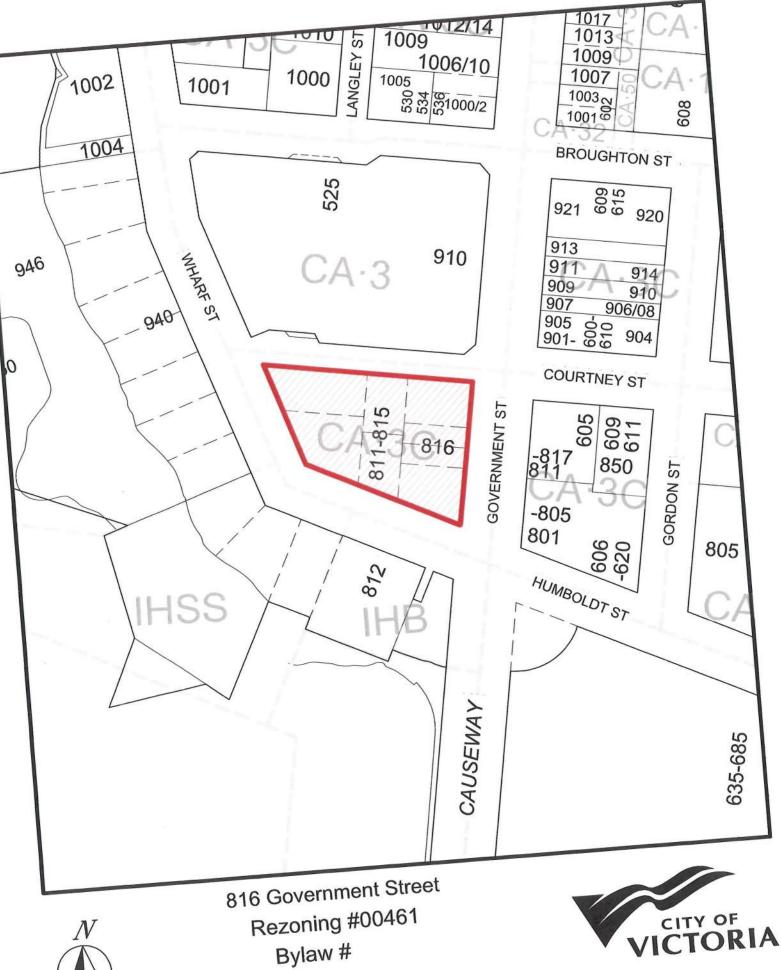
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#### **List of Attachments**

- Aerial Map
- Zoning Map
- Letter from Paul Merrick Consulting dated March 13, 2015
- Letter from Cielio Properties dated August 14, 2014
- Report from Rollo and Associates dated March 11, 2015.
- Letter from the Downtown Residents Association dated April 10, 2015
- Building and landscape plans dated March 13, 2015



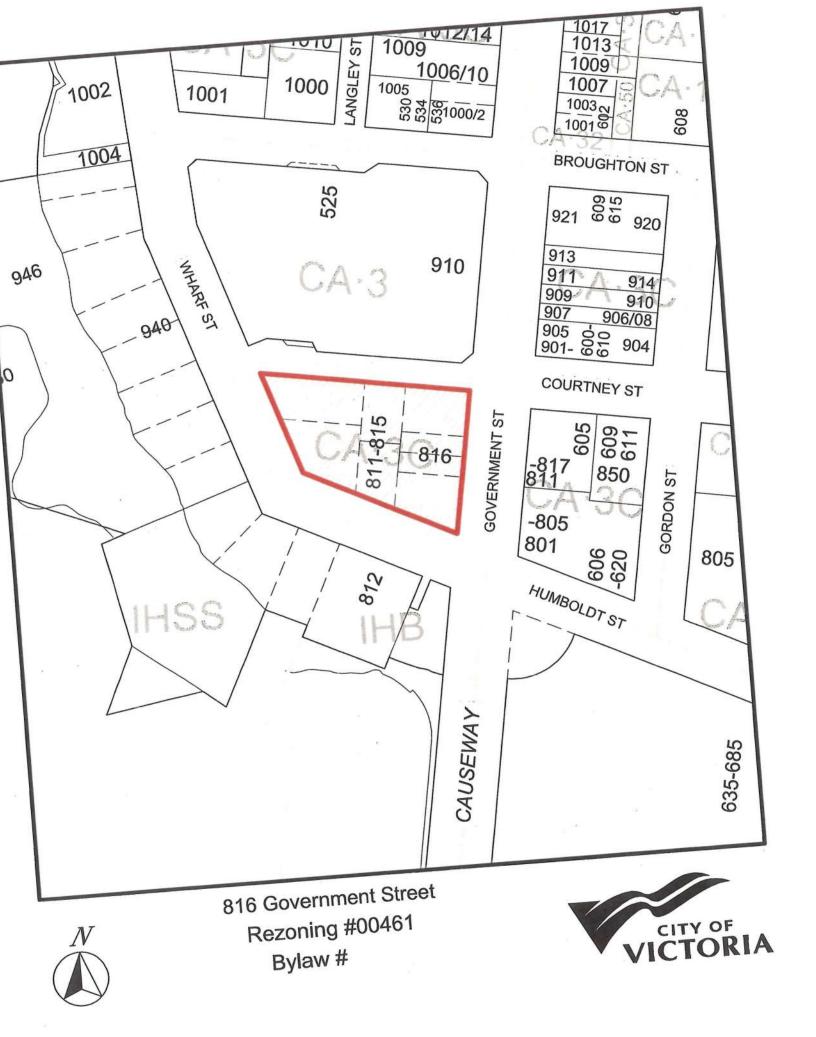






816 Government Street Rezoning #00461 Bylaw #





# PAUL MERRICK CONSULTING LTD

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Planning & Development Department City of Victoria 1 Centennial Square Victoria, BC V8W 1P6 March 13, 2015

Attention:

Mayor & Council

Re:

816 Government Street FEDERAL BUILDING SITE

**OLD POST OFFICE and CUSTOMS HOUSE** 

This is a proposal to address the above named property, at the junction of Government Street and Wharf Street, on Victoria's Inner Harbour.

# **PROLOGUE**

The following is the prologue in its entirety, to the City of Victoria's "Old Town Design Guidelines". It describes to a word the underlying philosophy from which this proposal is brought forward.

For many years, design guides for new buildings in historic cities emphasized subservience to the past. Their key message was that design in a historic context must be imitative or meek – the commonly used words were "compatible with" and "subordinate to". Buildings that followed such guidance often said little about the time in which they were designed – they ignored contemporary values. We are custodians, not curators, of the historic environment. Our city is evolving, it is not a museum object, and we have a duty in the design of new buildings, additions to non-heritage buildings, and new urban spaces to respond to changing ways of working, living and playing. Equally, in our search for contemporary urbanism in Old Town, the latent structures that will answer this call shall respond to the existing urban context and find form that reflects the values of the time in which they are conceived.

## THE SITE

The site is bounded by Government Street, Wharf Street and Courtney Street. It lies at the foot of Government Street downtown retail where it meets Wharf Street on the edge of the Inner Harbour.

It has been occupied since Victoria's early settlement by evolving facilities for federal government customs and post office facilities followed more recently by other federal government services such as passport office. These facilities have been relocated in Victoria in recent years, leaving the buildings dormant and unoccupied.

The earlier portions of the buildings extant are handsome and substantial, well suited to their original high security function. Unfortunately, the considerable substance of their architectural expression, particularly in their granite base, does not lend itself to the high level of visual and functional permeability that modern retailing desires, so necessitates exploring interventions.

The later 1950's component on the other hand, is a rather dysfunctional arrangement and has no regard for the vitality of the city surrounding it. A good deal of time was spent exploring means of re-inhabiting it, and adapting it to contemporary purpose.

The owners, with a range of technical advice, and we believe staff, concluded that it would be better removed and replaced with a purpose designed contemporary solution.

In September 2014, the site and buildings were sold to Victoria Customs House Ltd., Mr. Stan Sipos president. The site comprises an area of 2,555.86 m² (27,511 sq ft). It is currently zoned CA 3C Old Town District, permitting a floor space ratio of 3.0, and a building height of 15m.

The current buildings generate an FSR of 2.43 and a height of 18.06m above average grade. They are below the permitted density, but exceed the height established in the present zoning.

#### SITE CONTEXT

The site lies at the conflux of Victoria's Inner Harbour and the south east corner of the core historic district.

The Inner Harbour of course needs little description, being defined essentially by the Provincial Legislative buildings, the Royal Museum, the Empress Hotel, the Union Club, the Belmont Building, and this site. The core historic district encompasses the area generally established by the development of the original city core of Victoria. It is defined by Wharf street & Store street on the west, Wharf street & Humboldt street on the south, Douglas street on the east and Chatham street at the north. It is concurrent with the Inner Harbour on the Union Club block, the Belmont building block, and this site.

It is this concurrence of the core historic area and the Inner Harbour precinct that generates the duality of this site, and precipitates, in fact, this proposal to modify the zoning.

This site fronts on and has the potential to complete the world class "urban room" known as the Inner Harbour.

This Inner Harbour is a place that both symbolizes and is the essence of Victoria – commerce, tourism, and the government of the province.

It is a large – very large – urban room, defined on two sides by very powerful architectural statements – the Empress Hotel and the Provincial Legislature, and on the third side by that third component – commence – made up of an accumulation of many relatively small constituent parts. This precinct known as Victoria's Old Town has the characteristics of the whole being greater than the sum of the parts. This site and its development are but one of those parts – except that it is on the edge of this precinct, and this edge in particular has contributes to the definitions on the Inner Harbour urban room – indeed the completion of that definition. This is because the whole of the site lies between the north edge already competently defined by the Belmont Building, and the southwest corner of Old Town – and therefore the city – at Ships Point, because at this point the cities edge turns abruptly and runs north. In essence, this site is one half of the whole of the northern edge of the Inner Harbour.

From the perspective of the Inner Harbour any proposal will be made up of the adaptive reuse of the historic elements on the west end of the site – the 1914 portion, and a reinterpretation of the already twice altered portion to the east.

In the simplest terms, there needs to be enough of a physical element in this place to complete the definition of the north side of the Inner Harbour and to provide for the vitality needed in this place.

Project area beyond the 3.0 permitted in CA-C3 is intended to assist in accounting for the premium costs of adaptive reuses of the heritage building. (NB. See economic cost/benefit analysis; Rollo & Associates – December 2014.)

#### THE OPPORTUNITY

This site is perhaps as strategically key as any in the City of Victoria. It is at the junction of the Inner Harbour – the "image" of Victoria – and Lower Government Street – the backbone of Victoria's "recreational" shopping street. For the whole of the life of the city this site has been occupied by activities of fundamental importance to a young and growing colonial settlement – Federal Government Services, Post Office and customs, services essential to the early

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city, but that have not contributed any meaningful urban vitality to the city that grew up around them. The opportunity to address this introspective circumstance now exists. The buildings that evolved over time to provide for these facilities are now fallow and unoccupied.

This existing building fabric is the result of an ongoing process of alterations and additions to federal government facilities. The western half was substantially completed in 1914, the eastern portion created in the 1050's, and subsequently reclad in the 1970's. The particulars of this evolution are extensively addressed in the report by Don Luxton and Associates dated May 2014. Through a process of evaluation of this building fabric, both physically and in terms of use, we have come to conclude, with our heritage consultant (and we understand staff) that the western portion of the site built prior to 1914 is well worthy of recognition as a heritage building fabric – suited to adaptive re-use, while the later, eastern portion is best replaced with a new structure addressing contemporary needs and opportunities.

This opportunity is considerable. The significance of the Inner Harbour in Victoria needs no discussion. Its physical definition is essentially complete, except for this site. As an "urban room", it is surrounded by life, vitality, and activity, except for this site. At the risk of being presumptuous, it is legitimately described as world class.

This is the opportunity. The "Old City" or downtown of Victoria is noticeably struggling at this point in its history. As a center of retailing and commerce it is being supplanted by malls and "big box" retailing in outlying areas. The good fortune with this is that the rich, fine grained indigenous fabric of the Old City is no longer provoked with the threat of mega-development. The downside is that in case after case real commercial activity is going elsewhere. This location provides the opportunity to introduce a catalyst significant enough to be one the "engines" of a new kind of downtown Victoria life and vitality. It must support life – good quality life – urban life that adds to, doesn't just compete with retailing already established. It must add by enhancing urban experience, a better quality of passive city activity. A place to enjoy a drink or a meal in a higher quality environment. A place that is highly permeable in visual term, open enough to begin the invitation to the Inner Harbour from a block or two before the traveler gets there. A place for art, music, or fine craft. Places that will support a range of unique and special talents that this city has to offer. It needs to be extensive enough that it cannot go unnoticed, and it must be extensive enough to support as many people living and working there as is comfortable. It must be as much as it can be without being inconsistent with its context. And it must complete the definition of this place we call the Inner Harbour. That means it must be of enough consequence to compliment the "portal" to downtown from the Inner Harbour already handsomely addressed by its neighbor to the east, - The Belmont Building.

# HISTORY OF THE DEVELOPMENT OF THE PROPOSAL

September - December 2013

Exploratory meetings with staff and representatives of council

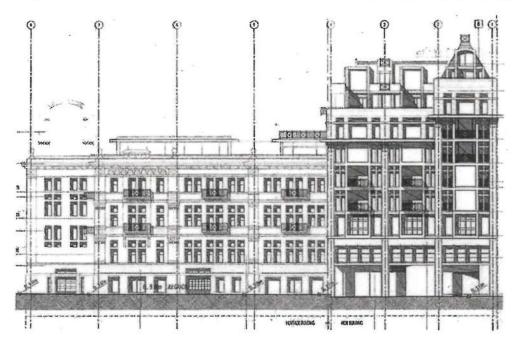
First Proposal

Concept 1 February 28, 2014

March 3, 2014 March 18, 2014 May 7, 2014 May 8, 2014

May 14, 2014

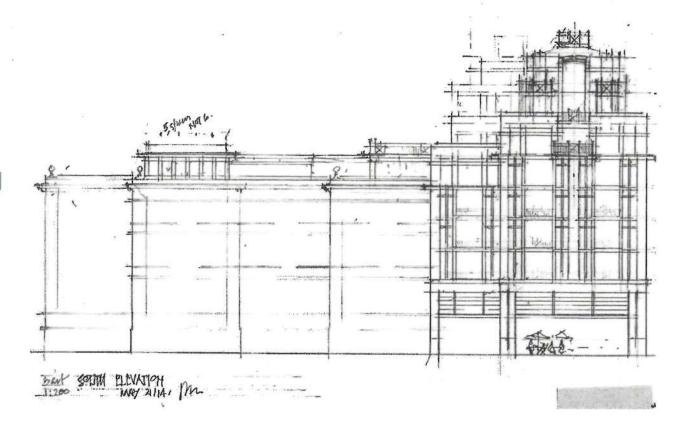
Initial concepts reviewed with staff Heritage intervention concepts reviewed with staff Staff response reviewed First subdivision Concept 1 First DRA review (favorable) Unofficial Council comments (not favorable)



# Second Concept

May 15 – 28, 2014

Sussex Place derivative. Not pursued

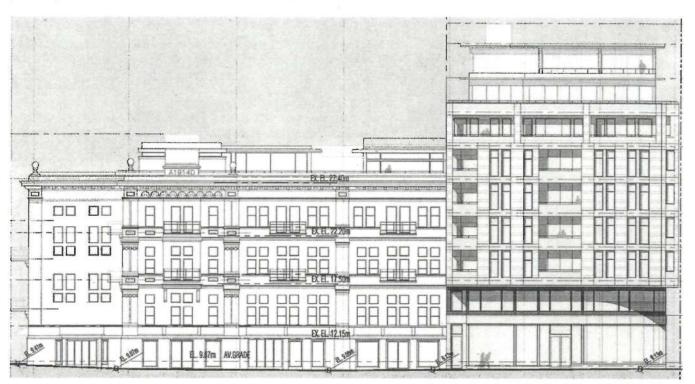


# Third Concept

May 28, 2014 June 30, 2014

# Streetwall scheme, recessed balconies

1st draft of concept 3 reviewed Draft submission – not submitted



# Fourth Concept

July 4, 2014

August 14, 2014 September 8, 2014 September 24, 2014 October 21, 2014 October 27, 2014 November 10, 2014

November 25, 2014 December 22, 2014 Fuller / Ewart inspired

Ordered recessed window wall

Corner balconies Concept 4 resubmitted Draft staff comments Formal staff comments

Review staff comments (office use introduced)

Review Heritage interventions

Detail review

Heritage intervention submitted

Detailed heritage interventions reviewed

Staff review resubmission



# THE PROPOSAL

This proposal seeks to readdress this site to provide for the vitality of retail commercial at grade, a meaningful provision for parking below grade, and high quality residential and office space above.

The request is to change the existing CA 3C zoning to a site specific comprehensive development zone permitting the mix of uses and density proposed. This can be summarized as follows:

816 Government Street			
	<u> </u>		
Legal Description: Lots 1-8, Block 71,		Plan 219	The state of the s
Civil Address: 816 Government Street	<u> </u>	P	
Development Permit Area DPA 1 (HC)			
Zoning	CA-C3	Proposed Comprehensive Development	
Zoming	Old Town District   Existing Heritage Building m2		
	Old TOWN DISTRICT	Existing Heritage Building m2	Proposed New Building m2
Site Area	2555.86m²		
Total Floor Area			10,204.9
Commercial Floor Area			1605.47 (Retail)
Residential Floor Area			2706.63
Office Floor Area			5892.8
Uses (as attached)			0.0000
Density	3.00		3.99
Setbacks			
Front Setback	- 0	0	0
Side Yard Setback	0	. 0	0
Read Yard Setback	0	0	0
Building Height Existing Buildings	. 15m	18.06m	18.06m
Building Height Proposed Buildings		21.83m	27.83m
Parking	0		94
Bicycle Parking	72		72
Building Areas of Proposal			
Ground Floor		707.41	898.06
Mezzanine			-242.74
Second Floor		902.21	924.34
Third Floor		902.21	903.03
Fourth Floor		902.21	903.03
Fifth Floor		615.65	903.03
Sixth Floor		. 0	839.16
Seventh Floor		0	561.84
Site Coverage			84.27
Total		3024.00	6175.23
Total for Both Buildings			10,204.90
Total # Residential Units		¥1	39
Minimum Unit Floor Area (m²)		33	

CA-3C

Proposed

Office Financial Residential

Transient

Office Financial Residential Transient Retail Theatre

Retail Theatre Restaurants

Restaurants Clubs

Clubs High Tec

High Tec

Other Miscellaneous Use as defined Other Miscellaneous

In CA-C3

Use as defined in CA-C3

Brew Pub/Distillery Liquor Retail/Sales

#### PROJECT PROGRAMME

The proposed new development generally would be composed as follows:

PARKING:

There is at present a nominal provision for about 12 autos with access from the south off Wharf Street. The proposal is to introduce a new entrance to parking on the north side off Courtney Street, about mid-block, descending directly on entry to the east to a new full level under both the new building on the eastern portion of the site and under the entire first level below grade of the heritage western portion. It would continue through a second level under the new portion and a part level under the heritage portion, then further to a third level under the new portion only.

This will accommodate a total of 94 vehicles. Loading would be provided for city size delivery vehicles on P1 (up to 20'). Larger deliveries would be made at grade off Courtney

Street.

BICYLCES:

Bicycles will be accommodated off a distinguish access off Courtney Street on or above P1. Expanded cyclists facilities are addressed under Transportation section on page 17.

RETAIL:

The entire ground floor of the Heritage portion will be reconstructed to lie at or within one

step of surrounding street grade.

The ground floor of the new portion will be similarly established, opening directly to the south on Wharf Street, and stepped up along the slope of Government Street to be within one step of street grade at any point of entry.

**RESIDENTIAL:** 

The whole of the existing floor space of the heritage building above grade will accommodate either rental residential, let on a monthly to annual basis, or operated as a boutique hotel, or boutique office space. It will be accessed via a new entrance to the west off Courtney Street.

OFFICE:

The whole of the new building on the eastern portion of the site above grade, including the penthouse level on the roof of the western portion will accommodate high quality (AAA) office space.

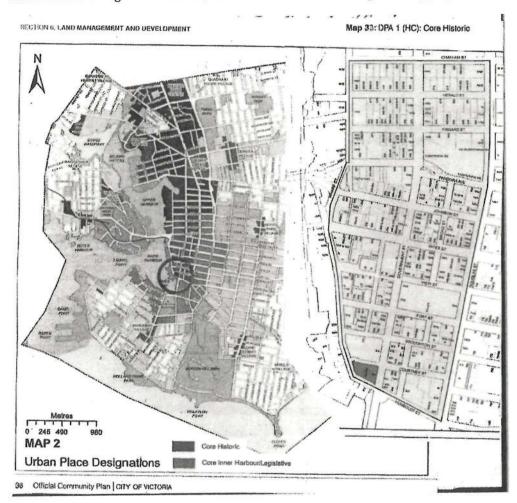
This will be accessed off a designated lobby off Government Street, flanked by retail

services.

# **GOVERNING POLICIES**

City of Victoria official community plan (July 2012)

In the official community plan, this property falls within the core historic district, and lies on the edge of the core Inner Harbour / Legislative district, as indicated in the following two mappings.



Relevant excerpts from the O.C.P. are as follows:

# Applicatants observations:

#### DPA 1 (HC): CORE HISTORIC (From O.C.P)

- Pursuant to Section 919.1 (1) (d) and (f) and 970.1 (1) of the Local Government Act, the area that is shaded and circumscribed by solid lines on Map 33 is designated as Development Permit and Heritage Conservation Area DPA 1 (HC), Core Historic, for the purpose of:
  - a) Revitalization of an area in which a commercial use is permitted.
  - b) Establishment of <u>objectives for the form and character of commercial</u>, industrial <u>and multi-family residential development</u>.
  - c) Heritage conservation.
  - 6.1.10 Urban Core consists of the highest density and greatest mix of uses in the city, including civic and institutional facilities of regional and provincial importance, primary retail, entertainment, office and other commercial uses, high-rise multi-unit residential apartment and office buildings, visitor accomodation and services, and intensive employment, marine-oriented industrial. transportation uses. The Urban Core is served by rapid and frequent transit, local circulating transit, and inter-regional rail, air, marine and bus transport, characterized by a well-defined public realm with wide sidewalks, public squares and open spaces, regularly spaced tree planting, and buildings set close to the street frontage, where walking, cycling, and public transit are preferred travel modes. The Urban Core, as further defined in Figure 8 and as identified on Map 2, consists of six mixed-use subdesignations:
    - Core Business
    - Core Historic
    - Core Inner Harbour/Legislative
    - Core Residential
    - Core Songhees
    - Core Employment

# ZONING BYLAW

19.4That <u>review and update of the Zoning Bylaw is</u> strategically undertaken in the following ways:

19.4.1 On a site-by-site basis, primarly in response to rezoning applications

Although it lies literally at the focus of Victoria's vibrant Downtown retail / Inner Harbour, the site is virtually dormant by virtue of its history. It needs:

- Revitalization.
- Commerce
- Residential
- Its Heritage conserved

This rezoning is brought foreward as specific to its site, for the above stated reasons.

### **DENSITY BONUS**

19.7 <u>Consider and strategically use the statutory authority for density bonus</u> provision in exchange for one or more of the following conditions:

19.7.1 Provision of an amenity

19.7.2 Conservation of an amenity

This proposal is not for a density bonus but for a permitted density sufficient to support the conservation of the amenity at the highest level of quality and to complete on the balance of the site a development that will in turn be recognized for the enduring qualities of those buildings we now call Hertiage.

The following table summarizes how the proposal addresses the <u>Urban Place Guidelines</u>, Table 8, City of Victoria, Official community plan.

DESIGNATION	CORE HISTORIC	CORE INNER HARBOUR /	PROPOSAL
	(From OCP)	LEGISLATIVE (From OCP)	
BUILT FORM	Buildings <u>up to</u> <u>approximately five</u> <u>storeys</u> set close to	Buildings from one to <u>five storeys</u> adjacent to the harbour.	The Historic half of the site is proposed at 5 stories.
	the sidewalk with high site coverage.	Buildings up to approximately five storeys south of Superior Street and along Menzies Street and Government Street facing the Provincial Parliament Buildings.	The new development at the east end is proposed at 7 stories, adjacent to the Belmont Buildings 8, and the Empress Humboldt wing at 12 stories.
#10 A13		Buildings <u>up to approximately 15</u> storeys east of the Empress Hotel to Blanchard Street, and south of Belleville Street.	at 12 stories.
USES	Multi-unit residential and mixed-use.	Public institutional and assembly. <u>Commercial</u> , including <u>office</u> , <u>retail</u> , and <u>visitor</u>	Commercial retail, office, multi-unit residential / visitor accomodation
· · · · · · · · · · · · · · · · · · ·	Commercial, including retail, office, and visitor accommodation.	accommodation.  Marine water and air transportation.	proposed.
	Home occupations.	Recreation and tourism-related uses.	
# n		Multi-unit residential and mixed- use.	134 El
DENSITY	Total <u>floor space</u> ratios ranging <u>up to</u>	Home occupations.  Total floor space ration generally ranging up to 1:1. Increased	Density of Historic portion 2.01
ē	approximately 3:1.	density up to a total of 4:1 may be considered in strategic locations for the advancement of plan objectives.	Density of project overall 3.99.

#### **DEVELOPMENT PERMIT AREA GUIDELINES**

#### SITE COVERAGE:

Because there are no setback requirements and no site coverage requirements in the core historical district, and because this project reinhabits a historical building fabric, and because a rectilinear / orthographic building footprint lies on an essential irregular rhomboidal site, the site coverage of the proposal is essentially that of the existing development. 84.27%

On this site this has the following benefits:

Triangular areas along Wharf Street are seen as opportunities for substantial amounts of outdoor seating, planting, table umbrellas etc.

Setback of ground floor of new portion off Wharf Street seen as outdoor seating area - in one of the most significant tourist locations in the city.

Setback of existing and new building on Courtney Street widens sidewalk on an otherwise narrow street, accommodating bicycles, seating, lighting and parking entrance.

#### DENSITY

The density on the present site under the present zoning is 3.0.

The density of the present development is 2.4.

The density of the heritage building portion of the site is 2.01.

The density of the proposal overall is 3.99.

This is put foreward as appropriate for two reasons.

- A redeveloped project incorporating the historic building fabric needs enough income generating space to account for the various premiums attributable to the incorporation of the historic building fabric (see economic analysis, Rollo & Associates, March 2015.
- 2. To support the "energy potential" of such a strategic site, and to adequately contribute to the completion of the "Urban Room" of the Inner Harbour while retaining the historic building fabric, and to adequately compliment the scale and definition established by the context, the location needs a more significant definition than that permitted by the present zoning.

# **BUILDING HEIGHT**

Zoned building height 15.0 m.

Present building height - historic building 18.06m.

Present building height 1950's building 18.06m.

This includes a 3m "parapet" added in the 1970's renovation, presumably because the height of the 1950's building was though inadequate.

The existing Historic Building development on the site exceeds the height currently permitted in the zoning by 3.06m.

816 Government Street March 13, 2015 Page 14 of 19

The design of the original development preceded the implementation of the present zoning, and was presumably developed to a scale though appropriate in its time.

Indeed, <u>Thomas Fullers original Post Office on the site was higher that the surviving "west wing" at 28.1m</u>, excluding chimneys, only 1.99m less than the Belmont to the east, at 30.09m.

The height of this proposal is 21.83m on the Heritage building and 27.83m in the portion - .27, lower than the original post office on the site.

#### **DESIGN CONCEPT**

This project proposes adaptive reuse of a longstanding Federal facility on particularly significant site in the City of Victoria. The facility to date has been a long sequence of additions, alternating and renovations, all supporting the original Federal purposed in this location – customs importing and bonding services, and the city's main post office. Later additions (1950's) introduced an office facility for Federal Government services.

While strategically located in the early city, the importance of having these services in this location gradually faded as the city matured, resulting eventually in the facilities redundancy for federal purposes and the buildings vacancy.

Notwithstanding this, the same century of growth of this new colonial city saw all of the areas surrounding the site evolve into the very focus of the city. The Legislative presence, the Inner Harbour, and the backbone of downtown retail. This presents the opportunity to repurpose the entire grade level to the vitality of retail and public services, continuing and complementing the established adjacencies, to re inhabit the historic building fabric on the west half of the site to high quality residential use, and to recreate a purpose built high quality office facility on the eastern portion.

#### **NEW PORTION EASTERN HALF**

The essential ambition on the ground level is to create at grade as much visual transparency and permeability as possible. On the government Street and east half of Wharf Street frontage this is developed by reducing support for the building above to a columned piloti, granite clad to shoulder height and limestone clad above.

Infill with glass and glazed openings either swinging, sliding, or vertical sliding, will maintain the flexibility and permeability required for retail activity.

A transom floor at the second level, in limestone, is comprised of a simply repetitive rhythm of more finely textured window elements support the building's main wall or "piano nobile" above, a limestone wall deeply incised with regularly arranged vertically proportioned windows, each comprising a pair of "door height" tilt and turn sash, above which are square proportioned transom lites, reflecting the fenestration of the historic building.

This wall is surmounted by a relatively strong cornice identical in dimension and detail, without the dentils, to the cornice of Thomas Fuller/David Ewart's 1914 edifice. In the east and west elevations of the new work this cornice lies at precisely the same height as the cornice of the historic building, on the north and south elevations this cornice appears one level above at level 6, at the same scale, but significantly deeper on the south, both for shading purposes and to establish a transitional relationship to the stronger and higher cornice plane of the Belmont Building to the Fast.

Above this an intermittent floor of limestone surmounts the walls below, and introduces a recapitulation of the four part stone mullioned window of the historic edifice to which this new work is effectively an addition.

The uppermost level (7) has the expression of a roof structure being clad in standing seam zine and largely glazed.

#### HERITAGE BUILDING "ADAPTIVE REUSE"

Returning to the ground level of the historic building, this has been one the key issues in accomplishing an adaptive reuse of an edifice that was in fact designed to engender substance, security, and impenetrability, qualities diametrically opposed to retails need for lightness, transparency, and permeability.

#### Base

Long and thorough discussions with historic consultant and staff have resulted in the well documented and detailed interventions proposed in the documents submitted.

Taking each section of the building's base, a series of proposals has been developed based on the following principals.

- 1. That more substantial intervention in intermittent openings, leaving others with little or no alteration, are preferable to a modest amount of revision to all openings.
- That where modified openings extend vertically through the "belt course" running through the base, the stone in this belt line should be recollected in the same position as a door or window header supporting transom lites above.
- 3. That where existing openings are altered they should consider first lowering of sills, secondly raising of lintels and lastly, if needed, alteration of the jambs.
- 4. That in the case of all interventions, because of the substantial thickness of this granite base, new matching stonework having coursing, layout patterns, and thickness of the indigenous work should be employed with the result that (as there are already some cases) altered work should have the same authenticity as the original work.

On the north side a new opening for access to parking below must be introduced. There is not sufficient vertical clearance between the sidewalk grade and course line above to permit the workable introduction of a stone arch, so a straight lintel beam with edge detail reflecting the drip coursing is proposed. This would be executed in agilia, a trade name for self-consolidating concrete – a material much stronger with much harder surfaces than conventional concrete.

#### **Upperstory Windows**

The windows on the second, third and fourth floors above are found to adequately suit the new residential or office purpose proposed, with the exception of the south, west and north sides of the most westerly element of the building. This portion of the building originally provided for a delivery carriageway at grade, a sizable freight elevator and washrooms on the half level.

Though executed in sandstone, this element was less detailed that the whole of the rest of the 1914 building and introduced rather modest window openings at unworkable heights for utility purposes only.

We have proposed therefore new windows be introduced on these three sides using the four part stone mullioned windows that are the character defining motif of the edifice dimensioned as they are elsewhere.

# Rooftop Element

One level of development is proposed at the fifth level, on the roof of the heritage building, contiguous with the fifth floor of the new work to provide one level of larger than typical office floor.

This has the character of a finely scaled "temple" on the roof, executed in round columns, lintels and parapets made of agilia. These 'bones' would be infilled entirely in glass. The most westernly portion of this element is developed as a roof element raised 1m above the adjacent new roof. This element, as is the original n/s Customs warehouse wing that it surmounts, is on the axis of <u>Francis Retembury's Legistlative complex</u>.

#### DESIGNATION

It is intended, and we hereby request, that the aforementioned heritage registered building, be the subject of a City of Victoria Heritage Designation, and subject therefore to all protections and prerogatives implicit in such.

#### **LANDSCAPE**

The landscape design on the street level is responding to the site's important location and strives to integrate the project into the existing urban fabric.

Along Government Street the existing mall character is maintained. Existing Street Trees complete with the hexagon planters will be protected and retained throughout construction. The current sidewalk paving pattern is maintained and site furnishings are consistent with current Government Street Mall theme.

The Paving pattern on the remaining three sides, on Wharf Street and Courtney Street, is reflecting the original pattern along Government Street. Paving bands responding to the building face allow for the organization of the pedestrian realm. By activating the street scape with planting areas and street trees, seating and opportunities for outdoor tables, the design allows the site to live up to the potential of its prominent location.

The three existing trees along Wharf Street are proposed to be retained as they complete the appearance of the heritage building as experienced from the inner harbor.

At three locations a change in paving material is marking the location of Lobby entrances, enhancing way finding throughout the site.

An internal courtyard, equipped with tables and raised planters, allows for a quiet retreat from the busy city live.

#### **SAFETY & SECURITY**

The proposal accommodates the provisions of crime prevention through environmental design. Grade relationship of the Historic building is as established. Interstitial spaces between the building face and the curb will be integrated and furnished / landscaped as usable outdoor publicly accessible space. They will be monitored by tenancies fronting on them. Street edge of new development will be essentially transparent retail frontage. Alcoves set back to prevent door swings over the property line will be small enough to be aggravating to "overnight use" and are surrounded by glass.

Residential use of existing upper floors will provide "eyes in the street" not presently occurring.

New and extensive street and building lighting will be incorporated in new development.

#### **TRANSPORTATION**

PARKING – as described, will enter off Courtney street to underground facility accommodating 94 automobiles. Apportioning these spaces between retail customers, office tenants, and residence and visitors will be subject to assessment by leasing agents and prospective owners – as no parking is required in the core historic area, spaces will be provided to service the greatest needs car users have. Carshare programs for residents can be provided. Office and residential uses tend to have divergent needs for parking.

BICYCLES - Bicycle storage is provided as per city requirements. Class I and class II stalls. The site is superbly positioned to be well supported by an evolving network of dedicated bike routing into and around the core area. From the north – from the extensive provision for cyclists on the new Johnson Street Bridge – connecting to Wharf Street southbound, Johnson Street eastbound, and the David Foster water edge route independent of vehicle traffic. From the South – Bay and the legislation precinct access is via the Government Street causeway and from the east via Fairfield – Humboldt Street routes. Contribution to the ongoing upgrading of the routes can be explored.

Because of the potential to meaningfully encourage bike use at the site, a proper "bike servicing" facility is proposed immediately at the bottom of the one-half level ramp for Courtney Street to P1. This would include bike cleaning and washing facilities, a repair compound, and dedicated shower facilities for cyclists, and storage lockers for cyclists gear.

#### **GREEN BUILDING FEATURES**

The proposed development is targeted for LEED Gold Standard and will address the city's Green Building Policy for Private Development. This mixed-use development will keep with the city's initiative for urban sustainability.

#### Sustainable Sites

The site is an excellent choice for adaptive re-use, retention and complementary new development to create a truly mixed-use development within the city core.

- a) Site Selection- The proposed development will conserve the existing heritage building and adapt it for the proposed new uses. The new uses include retail, residential and commercial.
- b) Development Density The proposed increase in density will add to the urban fabric of downtown core. Introduction of residential, office, retail uses provide a basis for "Live, Work and Play" within an urban downtown.
- c) Transportation The site is located adjacent to public transportation system, bike lanes and within walking distance to all amenities. We will have bicycle storage facilities for both the residential and commercial tenants. We will provide electric vehicle charging stations within the parking area.
- d) Heat Island Effect To reduce heat sink the roof will have a high albedo and green roof surface.

# Water Efficiency

The project will incorporate water use reduction features.

- a) Water Efficient Landscaping All landscaping will be shade tolerant and low water water ype.
- b) Water Use Reduction Low water consuming plumbing fixtures will be used including dual flush water closets and low flow faucets.

# **Energy & Atmosphere**

The project will incorporate energy efficient equipment for all the main building systems.

- a) Optimize Energy Performance Use energy efficient building systems, for HVAC and domestic hot water supply to reduce energy consumption.
- b) Glazing Systems Use high performance glazing systems such as Low E, argon filled sealed glazing units to minimize heat loss and heat gain.

#### Materials & Resources

- a) Building Reuse The existing heritage building will be retained and adapted for the proposed new uses.
- b) Construction Waste Management During construction material will be directed for recycling where appropriate.
- c) Recycled Content The use of recycled materials will be incorporated into the project.
- d) Regional Materials Regional building material will be used for the project where appropriate.

## Indoor Environmental Quality

- a) Low- Emitting Materials Low Volatile Organic Compounds (VOC) will be specified. These include paints, carpets and adhesives.
- b) Controllability of Systems The buildings' mechanical systems will meet ASHRAE standards for comfort controls. This includes thermostat, occupancy sensors and energy management systems.

# Innovation in Design

a) LEED Accredited Professional – The project team include LEED Accredited Professional personnel who will on the project from the initial design phase to end of construction. The adaptive reuse of the existing building and densification of an underutilized property achieves urban sustainability.

#### Public Art

a) Provision for public art – either in the forecourt or as integral artwork incorporated in architectural components is envisioned, at the City's direction this could be realized through an exploratory process with representative public art interests.

#### Summary

This project will comply with LEED Gold Standard meets the Green Building Policy for Private Development. To achieve these requirements the project will feature:

- Conservation of the heritage building
- A mixed-use development with residential, commercial retail and office uses to complement and enhance the community.
- Residential and/or office intensification in the downtown to assist building a complete community.
- Increase population which can access employment and services within walking, cycling and ease of access to transit.
- o This proposal will enhance the area by bringing residential and/or office to the downtown core which benefits businesses and street life. The new uses provide a response to the changing urban fabric of live, work and play within the community.

#### SITE INFRASTRUCTURE

816 Government Street March 13, 2015 Page 19 of 19

The proposed development will be connected to city services for water and sewer. The project fronts onto Government Street, Wharf Street and Courtney Street. The sidewalk on Government Street with the existing paving pattern and material as well as the street trees and planters will remain. The existing building entry on Government has a planter and steps which create a grade change at this location. The proposal is to remove this planter and grade change to create a uniform sidewalk with direct access to the ground floor retail shops. The sidewalk and landscaping on Wharf Street and Courtney Street will be replaced with new pavers and landscaping. Bicycle racks will be located at the residential and office entries.

Sincerely,

Paul M. Merrick B. Arch., Architect AIBC (Retired), AAA, FRAIC, RCA Design Consultant



Received City of Victoria

AUG 2 5 2014

Planning & Development Department Development Services Division

Mayor Dean Fortin and Members of Council City of Victoria 1 Centennial Square Victoria, B.C.,V8W 1P6 August 14, 2014

Re:

816 Government Street

Dear: Mayor Dean Fortin and Members of Council

This is a proposal to address the above named property, at the junction of Government Street and Wharf Street, on Victoria's inner harbor.

The buildings existing on the site were created over time by the federal Government in Victoria, and provided jointly for a custom and excise bonded warehouse facility, and a post office. The existing development is the result of an ongoing process of alterations and additions, the western half substantially completed in 1914, the eastern portion created in the 1950's, and subsequently re clad in the 1970's.

The particulars of this evolution are extensively addressed in the report by Don Luxton and Associates dated March 31, 2014.

The buildings are currently fallow and unoccupied. The proposal herein is to readdress the site to provide for effective retail commercial at ground level, a meaningful provision for parking below grade, and strata owned or leased residential above.

Through extensive assessment by the properties owners, contractors, heritage consultant and City staff, a proposal is put forward here which retains, and adapts to a new use, the 1914 and earlier building fabric, and replaces with new construction the 1950 addition.

All of the pre 1914 heritage building fabric will be retained, and substantiated with new internal structure (as was done for instance at St Anne's Academy and the Sussex Building) and including in this case, below grade parking.

The new building portion on Government Street will incorporate parking below grade, retail at grade, and strata owned residential above.

Because the adaptive reuse of the heritage building is a considerable budgetary aggravation, and because it is judged, that an edifice of more substance is wanted in this location to adequately complete the hugely significant "urban room" of Victoria's inner harbor, this application initiates a request for two modifications to the existing zoning governments.

- 1. A revision to the prevailing density from 3.0 to 4.19 (The Belmont Building adjacent, for in stance, has a density of approximately 7 FSR.
- 2. A revision to the prevailing height limit of 15 m, to accommodate a height overall of 27.84 meters (The Belmont Building again has a height overall of 29.83m, plus appurtenances.

This is a site of disproportionate significance in the city. The proposal is for a well-mannered development, appropriate in its context, built to endure.

We thank you for the opportunity to have it considered and look forward to becoming a positive contributor to the continuing revitalization of our downtown core.

Stan Sipos



March 11, 2015

Mike Wilson City of Victoria 1 Centennial Square Victoria, BC, V8W 1P6

#### Re: 816 Government Street Amenity Contribution Analysis

G.P. Rollo & Associates (GPRA) has been retained by the City of Victoria to complete a Land Lift and Amenity Contribution Analysis for the rezoning of 816 Government Street (hereafter referred to as 'the Site') in order to determine an estimate of the potential lift land values created from rezoning the Site, with the expectation that the lift would offset costs for rehabilitation of the exterior envelope of the heritage building on the Site.

Specifically, GPRA has been retained to determine the potential lift in land value from the current Official Community Plan (OCP) planning policy which would support the development of mixed residential and commercial to a density of 3.0 FSR to a new zone that would allow for development up to 4.17 FSR for a mix of residential, office, and commercial retail uses.

The analysis consisted of preparation of residual land value analyses which determines the maximum value that a developer could afford to pay for the site assuming it already had the new zoning for 4.17 FSR under current market conditions. GPRA has been asked to assess the value of the Site with the following potential uses:

- 1) Residential strata;
- 2) Residential rental;
- 3) Office and commercial retail uses;
- Restaurant and/or a brew pub, including liquor sales of products produced at the site.

GPRA used standard developer proformas for each case to model the economics of typical development as proposed/allowed under the new zoning. The 'Lift' is then calculated as the difference in residual land values under both current OCP designation and the proposed new zoning/density.

#### METHODOLOGY & ASSUMPTIONS

The Site is 2,556 square metres in area and can be developed under the current OCP policy which supports a mix of ground floor commercial with residential above at a density up to 3.0 FSR. The proposed new development at 4.17 FSR would be 10,198 square metres of GBA, comprised of 2,707 square metres of rental apartments and 707 square metres of ground floor



commercial space in the heritage building, along with 6,791 square metres of new construction, with 94 underground parking stalls.

The analyses are created using a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. In typical proformas this output is usually profit, following a revenues minus costs equals profit formula.

For a residual land valuation, however, an assumption on developer's return needs to be included in order to leave the land value as the variable to solve for. For these analyses GPRA has determined the residual value based on the developer achieving an Internal Rate of Return (IRR) on the project commensurate with that achieved under the base density of 3.0 FSR. The residual values are the maximum supported land value a developer could pay for the site (under the density and conditions tested) while achieving an acceptable return for their project.

The residual land value determined from this analysis is then compared to the value of the site using the supported base density as noted in the OCP to establish a 'lift' in value that arises from the change in density. This lift in value is the total potential monies that are available for public amenities or other public works not considered as part of the analysis. GPRA have made allowances for streetscape and public realm improvements that would typically be incurred through development in both sets of analysis. Any additional improvements that would be required only from the proposed rezoning to 4.17 FSR and not from development under current planning would impact the lift and would need to be identified, priced, and included in a revised analysis.

Typically there is some sharing of the lift value between the Municipality/District and the developer, but the percentage shared varies by community and by project. It is GPRA's understanding that in compliance with current policy, the City has determined that they will seek 75% of the lift for amenities.

GPRA determined strata revenues used in the analyses from a review of recent sales and offerings for sale of recently developed apartments of wood and concrete construction within roughly 10 km of the Site, with a focus on projects that were deemed comparable to that which has been proposed for the Site. Rents for both residential and commercial uses have also been drawn from a scan of projects with current listings in the area. Project costs were derived from sources deemed reliable, including information readily available from quantity surveyors on average hard construction costs in the City. Development or soft costs have been drawn from industry standards, and from the City's sources. All other assumptions have been derived from a review of the market and from other sources deemed reliable by GPRA.



#### CONCLUSIONS & RECOMMENDATIONS

GPRA estimates that there is only lift from developing the new building for use as strata apartments. Both office use and rental apartments in the new building generate a land value less than or equal to development at 3.0 FSR. The lift on the Site from rezoning is roughly \$1.7 million. As indicated above it is our understanding that the City would be seeking 75% of the lift in value, which would be approximately \$1.3 million. If there are additional costs identified that would be applicable solely to requirements by the City for developing to 4.17 FAR these should be reflected in the final contribution through additional analysis.

However, as the purpose of this exercise is in part to determine whether the lift is sufficient to offset the cost of the heritage retention, it must be noted that Cielo Properties has estimates for the refurbishment of the heritage façade and seismic upgrades at a cost of roughly \$5.1 million. This would indicate that there is still a substantial shortfall between the increase in land value from the additional density and the cost of the heritage retention. The shortfall is estimated as being roughly \$3.9 million.

I trust that our work will be of use in the City's determination of the Amenity Contribution they will seek as part of rezoning 816 Government Street. I am available to discuss this further at your convenience.

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G.P. Rollo & Associates Ltd., Land Economists
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E gerry@rolloassociates.com | W www.rolloassociates.com



1715 Government Street Victoria, BC V8W 1Z4 250.386.5503

Mayor and Council City of Victoria No.1 Centennial Square Victoria, BC V8W 1P6

April 10, 2015

Re: 816 Government Street – Cielo Properties Inc. – Rezoning, Development Permit and Heritage Alteration Permit Review

Dear Mayor Helps and Council,

The DRA LUC has reviewed the drawings for the proposed building and hosted a CALUC meeting on 8 May 2014 for the above-mentioned application. Twenty people registered their attendance at the door. The presentation was conducted by Mr. Paul Merrick, Architect and Mr. Stan Sipos of Cielo Properties.

Based on the information presented by the applicant the purpose of the Rezoning is to create a new market condominium building (since amended to office building) with ground floor commercial space fronting Government, Wharf and Courtney Streets and also rehabilitate the existing heritage building on the site to create market condominiums and ground floor retail. The building would have an underground parking structure with the entry from Courtney Street. The project has been significantly amended since the original proposal that was introduced at the CALUC public meeting.

Comments and concerns raised at the Land Use Committee meeting and by members are as follows:

- Several comments have been made regarding the height of the buildings and the
  configuration of additional stories on the heritage building as originally proposed. Since
  that time, the height has been reduced and the additional stories have been reconfigured
  on the heritage building, which is commendable.
- Concerns remain regarding the extent of the street wall along Government Street and
  potential for some aesthetic awkwardness for the angled portion at the southeast corner.
  While the proposed building is not as tall as the Belmont Building opposite, it does
  occupy the entire block and is significantly taller and longer than the existing building
  proposed to be demolished. This is not typical of other existing building frontages along
  Government Street and may create a visual incongruity.

- It is commendable that the proposed stone cladding materials are of a high quality; recognizing the prominent location the building is situated adjacent to the Empress Hotel and the Legislative Buildings. It would be highly recommended that the use of these quality materials also extend to the upper storeys as the proposed use of sheet metal cladding does not complement the neighbouring properties.
- While the committee was generally pleased with the articulation of the façade and quality
  of the cladding, there were concerns from several members that the Government façade
  lacks detail on the upper central portion and appears somewhat weak and out of context.
  Conversely, the north and south corners have proposed overhangs and cornices which
  provide visual and contextual interest.
- There are many alterations proposed for the Heritage façade. It is understood that the
  building presents several challenges in order to be converted to a residential use.
  However there are concerns whether all of the many proposed alterations are
  architecturally/historically appropriate for a heritage building of this calibre and whether
  the number of these alterations can be reduced. Regardless, we trust that the appropriate
  procedures will be required and monitored by staff and the appropriate contractors will be
  retained to execute this special work.
- The location of security gating for the Government Street entry is also a concern. Entry
  doors at the street may provide better security unless it is proposed that the security gate
  be closed at all times outside of office hours. It is also recommended that the security
  gate be of high quality both of material and aesthetic.

The DRA generally supports this proposal but recommends that due to its most prominent location on the Inner Harbour that all efforts be made to "get it right". It will be the attention to detail and quality of the materials and execution that will make this project worthy of this prominent location.

Sincerely,

Ian Sutherland

Chair Land Use Committee

Downtown Residents Association

cc COV Planning



March 11, 2015

Mike Wilson City of Victoria 1 Centennial Square Victoria, BC, V8W 1P6

#### Re: 816 Government Street Amenity Contribution Analysis

G.P. Rollo & Associates (GPRA) has been retained by the City of Victoria to complete a Land Lift and Amenity Contribution Analysis for the rezoning of 816 Government Street (hereafter referred to as 'the Site') in order to determine an estimate of the potential lift land values created from rezoning the Site, with the expectation that the lift would offset costs for rehabilitation of the exterior envelope of the heritage building on the Site.

Specifically, GPRA has been retained to determine the potential lift in land value from the current Official Community Plan (OCP) planning policy which would support the development of mixed residential and commercial to a density of 3.0 FSR to a new zone that would allow for development up to 4.17 FSR for a mix of residential, office, and commercial retail uses.

The analysis consisted of preparation of residual land value analyses which determines the maximum value that a developer could afford to pay for the site assuming it already had the new zoning for 4.17 FSR under current market conditions. GPRA has been asked to assess the value of the Site with the following potential uses:

- Residential strata;
- Residential rental;
- Office and commercial retail uses;
- 4) Restaurant and/or a brew pub, including liquor sales of products produced at the site.

GPRA used standard developer proformas for each case to model the economics of typical development as proposed/allowed under the new zoning. The 'Lift' is then calculated as the difference in residual land values under both current OCP designation and the proposed new zoning/density.

### METHODOLOGY & ASSUMPTIONS

The Site is 2,556 square metres in area and can be developed under the current OCP policy which supports a mix of ground floor commercial with residential above at a density up to 3.0 FSR. The proposed new development at 4.17 FSR would be 10,198 square metres of GBA, comprised of 2,707 square metres of rental apartments and 707 square metres of ground floor



commercial space in the heritage building, along with 6,791 square metres of new construction, with 94 underground parking stalls.

The analyses are created using a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. In typical proformas this output is usually profit, following a revenues minus costs equals profit formula.

For a residual land valuation, however, an assumption on developer's return needs to be included in order to leave the land value as the variable to solve for. For these analyses GPRA has determined the residual value based on the developer achieving an Internal Rate of Return (IRR) on the project commensurate with that achieved under the base density of 3.0 FSR. The residual values are the maximum supported land value a developer could pay for the site (under the density and conditions tested) while achieving an acceptable return for their project.

The residual land value determined from this analysis is then compared to the value of the site using the supported base density as noted in the OCP to establish a 'lift' in value that arises from the change in density. This lift in value is the total potential monies that are available for public amenities or other public works not considered as part of the analysis. GPRA have made allowances for streetscape and public realm improvements that would typically be incurred through development in both sets of analysis. Any additional improvements that would be required only from the proposed rezoning to 4.17 FSR and not from development under current planning would impact the lift and would need to be identified, priced, and included in a revised analysis.

Typically there is some sharing of the lift value between the Municipality/District and the developer, but the percentage shared varies by community and by project. It is GPRA's understanding that in compliance with current policy, the City has determined that they will seek 75% of the lift for amenities.

GPRA determined strata revenues used in the analyses from a review of recent sales and offerings for sale of recently developed apartments of wood and concrete construction within roughly 10 km of the Site, with a focus on projects that were deemed comparable to that which has been proposed for the Site. Rents for both residential and commercial uses have also been drawn from a scan of projects with current listings in the area. Project costs were derived from sources deemed reliable, including information readily available from quantity surveyors on average hard construction costs in the City. Development or soft costs have been drawn from industry standards, and from the City's sources. All other assumptions have been derived from a review of the market and from other sources deemed reliable by GPRA.



## CONCLUSIONS & RECOMMENDATIONS

GPRA estimates that there is only lift from developing the new building for use as strata apartments. Both office use and rental apartments in the new building generate a land value less than or equal to development at 3.0 FSR. The lift on the Site from rezoning is roughly \$1.7 million. As indicated above it is our understanding that the City would be seeking 75% of the lift in value, which would be approximately \$1.3 million. If there are additional costs identified that would be applicable solely to requirements by the City for developing to 4.17 FAR these should be reflected in the final contribution through additional analysis.

However, as the purpose of this exercise is in part to determine whether the lift is sufficient to offset the cost of the heritage retention, it must be noted that Cielo Properties has estimates for the refurbishment of the heritage façade and seismic upgrades at a cost of roughly \$5.1 million. This would indicate that there is still a substantial shortfall between the increase in land value from the additional density and the cost of the heritage retention. The shortfall is estimated as being roughly \$3.9 million.

I trust that our work will be of use in the City's determination of the Amenity Contribution they will seek as part of rezoning 816 Government Street. I am available to discuss this further at your convenience.

18 mulbled

Gerry Mulholland |Vice President
G.P. Rollo & Associates Ltd., Land Economists
T 604 275 4848 | M 778 772 8872 |
E gerry@rolloassociates.com | W www.rolloassociates.com



City of Victoria

Planning Department, I Centennial Square, Victoria BC

April 10<sup>th</sup>, 2015

This letter is written in support of the proposed development at the 'Customs House', 816 Government Street. Lower Government Street is desperately in need of stimulus and whereas the efforts of the new owners of The Fairmont Empress Hotel are doing a good job, and the Jawl's can be thanked for ongoing upgrades at The Belmont Building, the fact remains that Lower Government Street has been losing businesses of quality for almost two decades since George Straith closed and cruise ships increased.

I compliment the developers for taking a bold initiative and for retaining the truly heritage portion of the site while completely refreshing the addition.

We need significant developments in Old Town particularly this sensitive and important part of what for many people is their introduction to our downtown from the Inner Harbour. As a downtown resident, business owner and promoter of our city, I support this development.

Yours Truly,

JC Scott



# 816 GOVERNMENT STREET, VICTORIA, B.C.

ISSUED FOR DP REVISION 2

MARCH 09, 2015

65/4 Tritovem Rd E Socke, B C. V9Z 1A6

HERITAGE CONSULTANT

DORALD LUXTOR & ASSOCIATES INC. 1030-470 Grande Stat Vancante, R.C. VEC IVS

102-1573 W5 Avenue Vancouser B C. V6J 1N5





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## URBAN ANALYSIS



OLD TOWN MEETS INNER HARBOUR



URBAN ROOM



PEDESTRIAN INTENSITY



LOCATION





LOCATION PLAN

CONTEXT PICTURES DESTRUSTE PLAN SHADOW ANALYSIS US PANNED LEVEL 3 & LEVEL THE PLOOP PLAN SIGN DON BLAN

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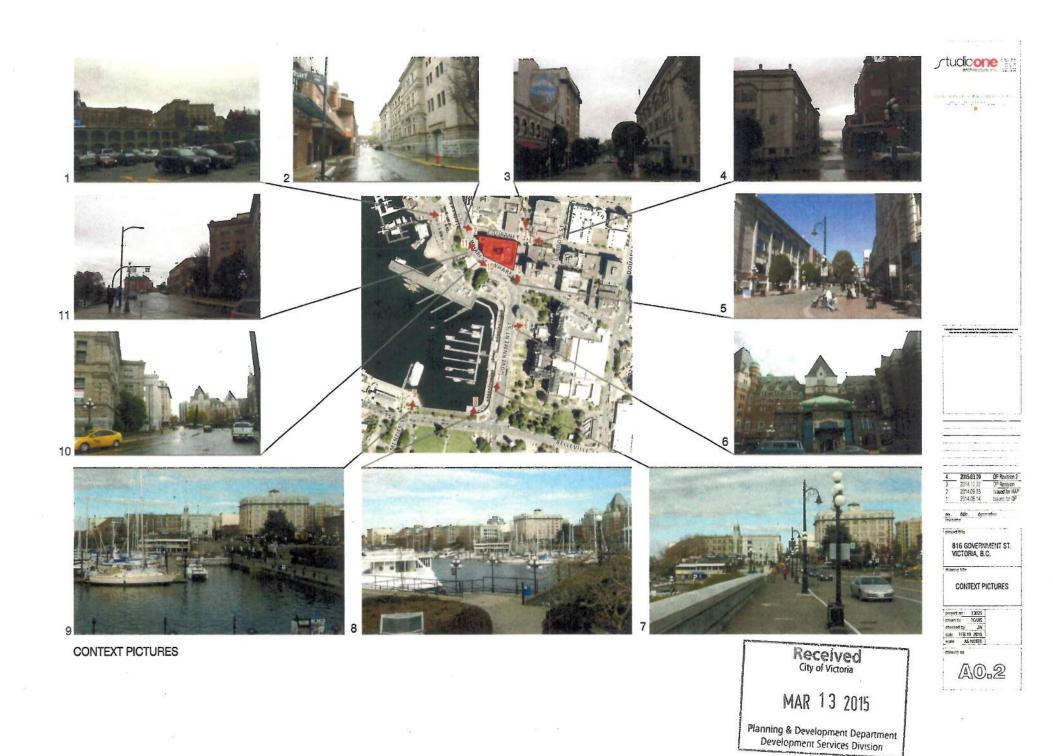
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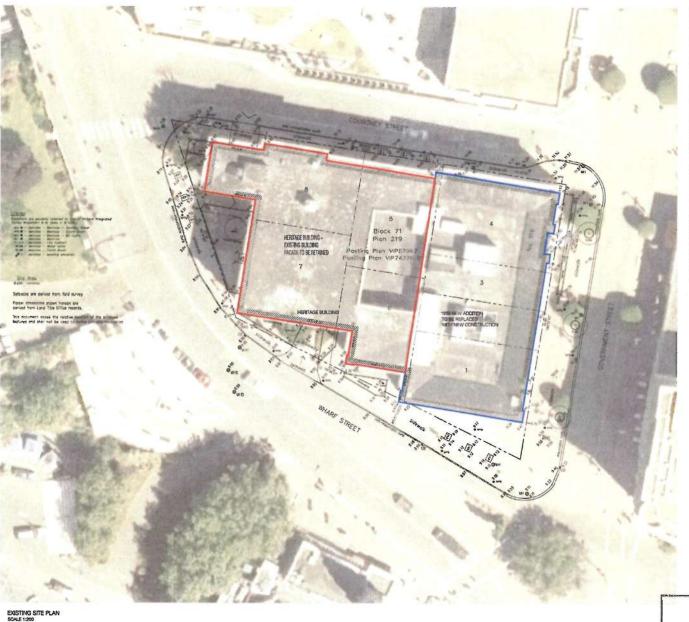
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LOCATION PLAN DRAWING LIST

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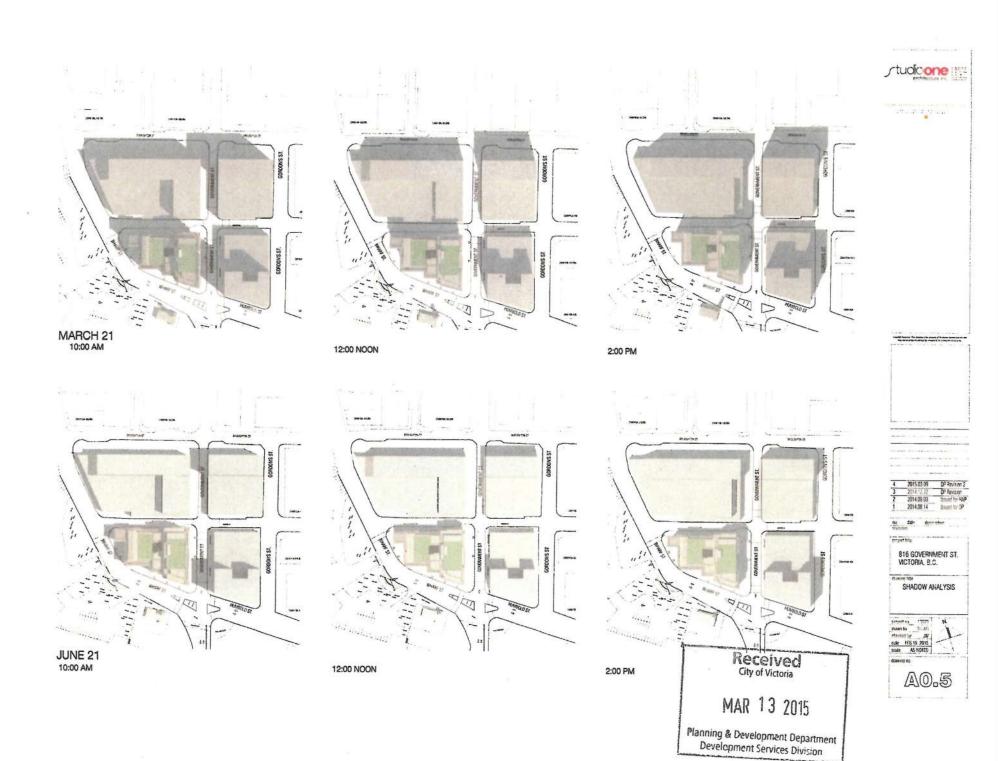
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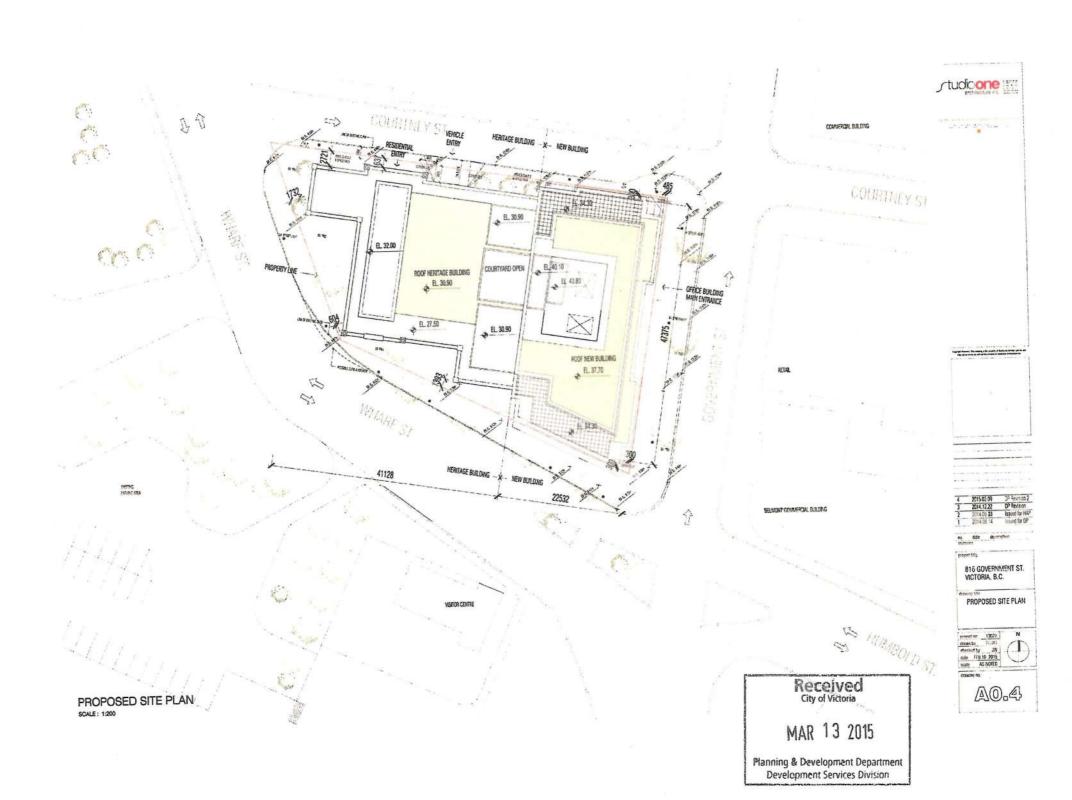
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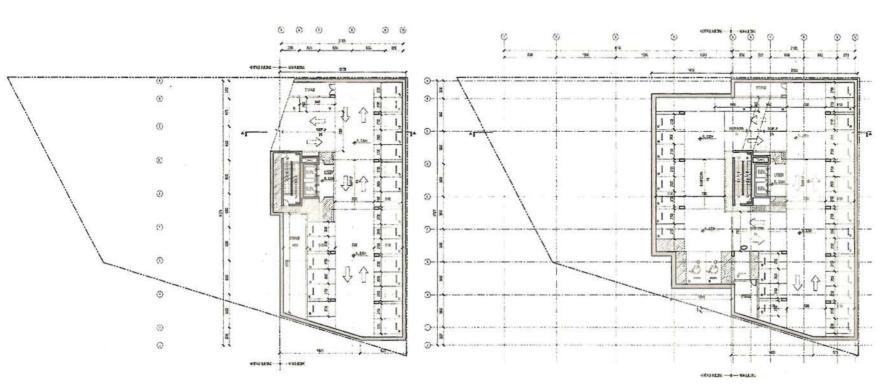
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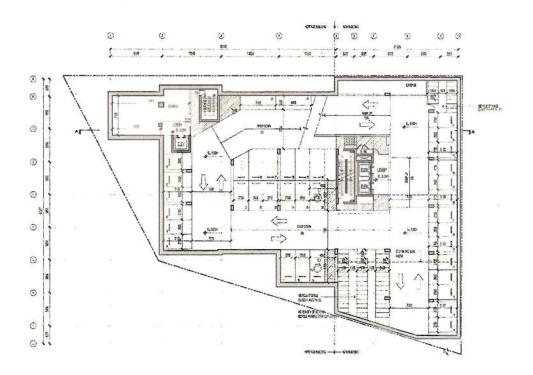
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UNDERGROUND PARKING - P3

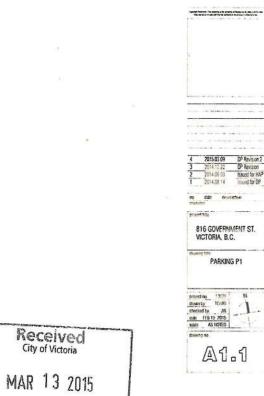
UNDERGROUND PARKING - P2 SCALE: 1:200

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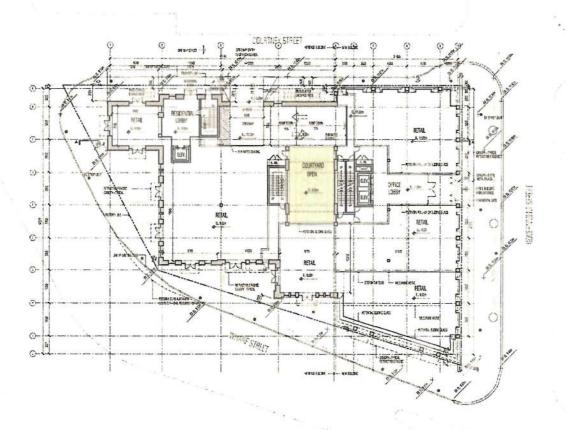


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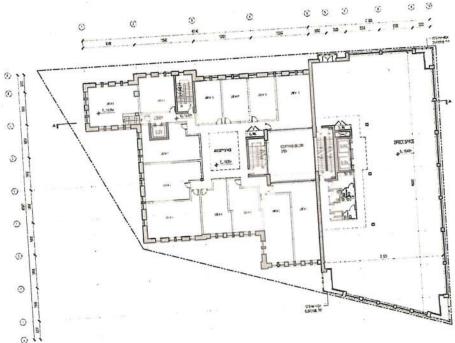
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GROUND FLOOR PLAN SCALE: 1:200



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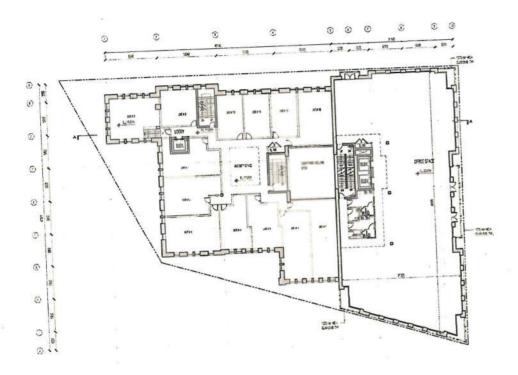
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816 GOVERNMENT ST. VICTORIA, B.C. 2ND FLOOR PLAN A1.3

2ND FLOOR PLAN SCALE: 1:200

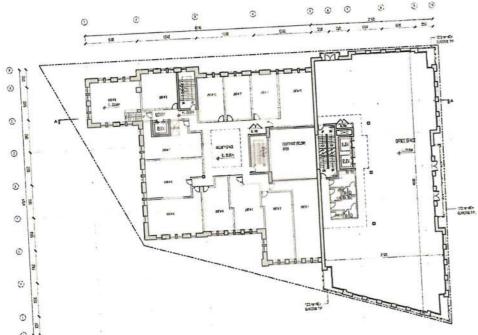


3RD FLOOR PLAN SCALE: 1:200 rtudicone :: CONTROL TO THE T Company to the United Street Street 816 GOVERNMENT ST. VICTORIA, B.C. 3RD FLOOR PLAN

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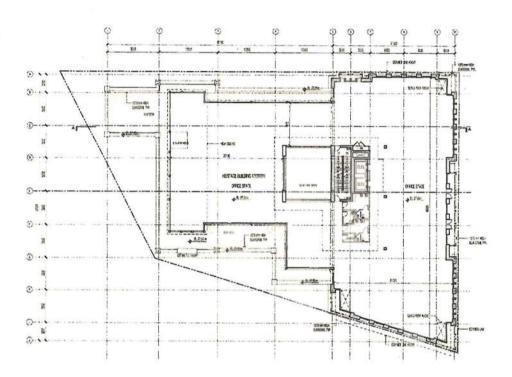
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4TH FLOOR PLAN SCALE: 1:200



5TH FLOOR PLAN SCALE: 1:200

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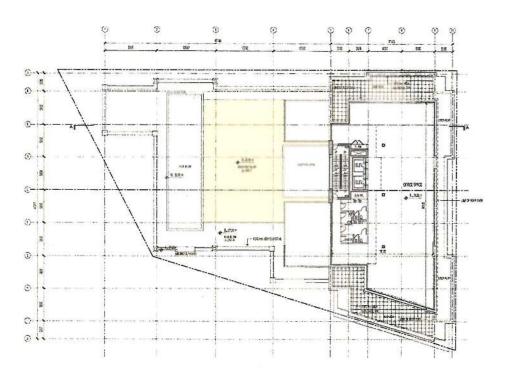
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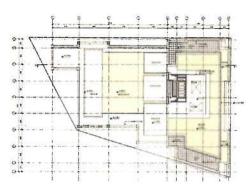
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6TH FLOOR PLAN SCALE: 1:200



7TH FLOOR PLAN

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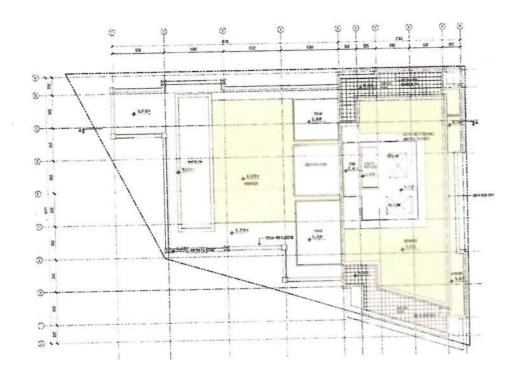
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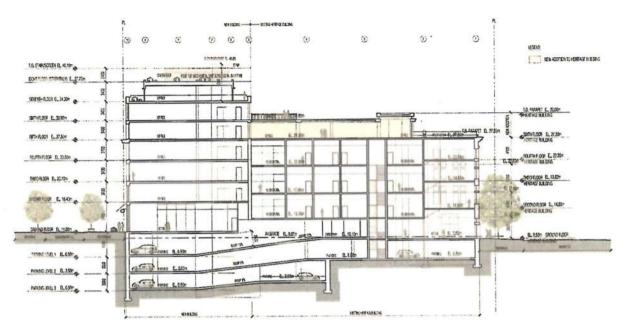


ROOF PLAN SCALE: 1:200



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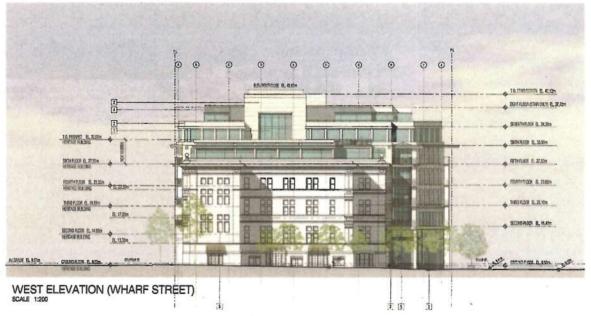
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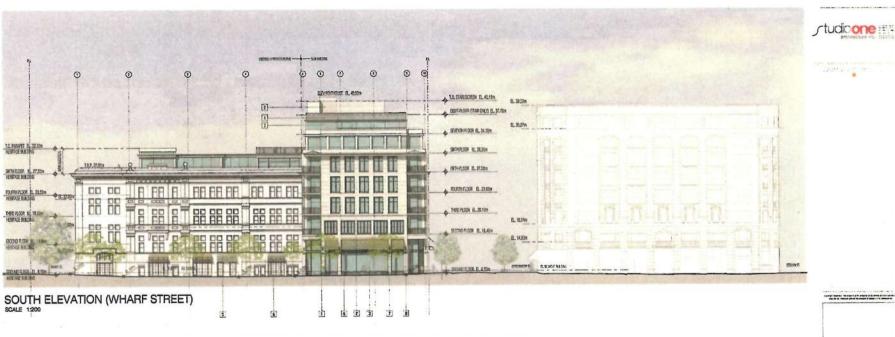
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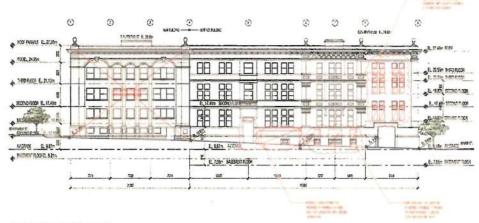
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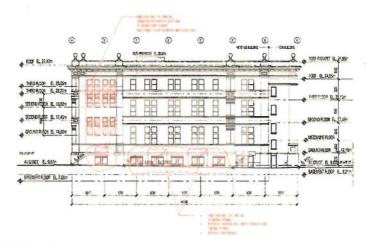
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SOUTH AND EAST ELEVATIONS





NORTH ELEVATION CONTEMPLATED ALTERATIONS TO WINCOW CPENNOS SQUIE: 1200



WEST ELEVATION CONTRACTED ALTERATIONS TO WINDOW OPENINGS SCALE: 1:200

NOTE: FOR DETAIL DRAWINGS REFER TO HERITAGE BUILDING PROPOSED INTERVENTIONS BOOKLET

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SOUTH ELEVATION CONTRAPLATED ALTERATIONS TO WARDOW OPENINGS SOALE: 1:200



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PROPOSED STREETSCAPE - GOVERNMENT STREET

SIDEWALK VIEWS OF NEW ADDITION SCALE 1200





















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SOUTH ELEVATION

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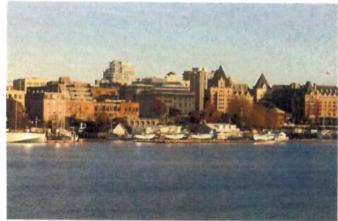
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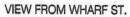




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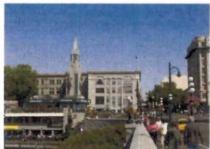
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3D VIEWS







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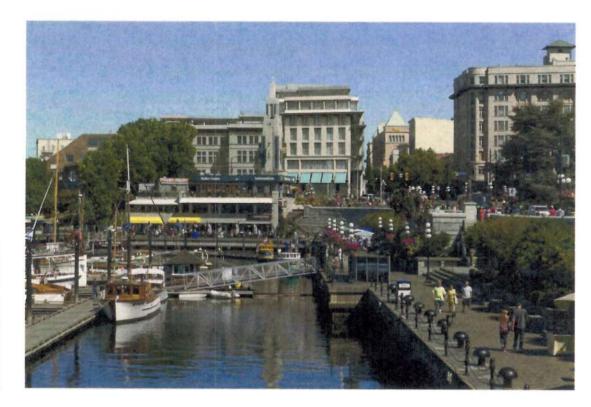
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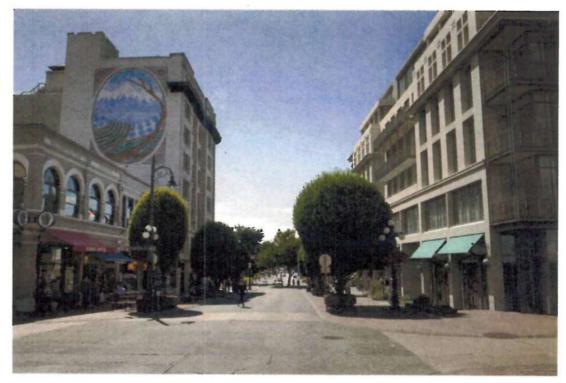
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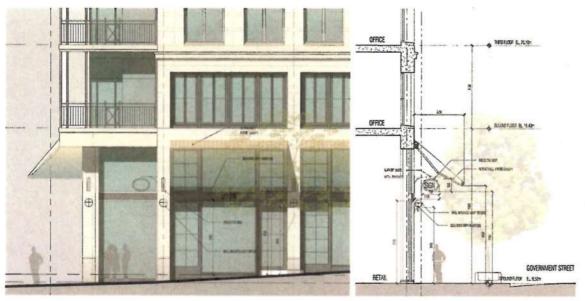
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**EXAMPLES FOR SIGNAGE AND LIGHTING** 



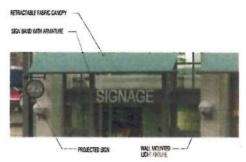
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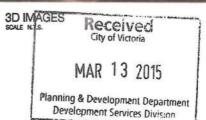
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EXAMPLES FOR GLASS-METAL CANOPIES



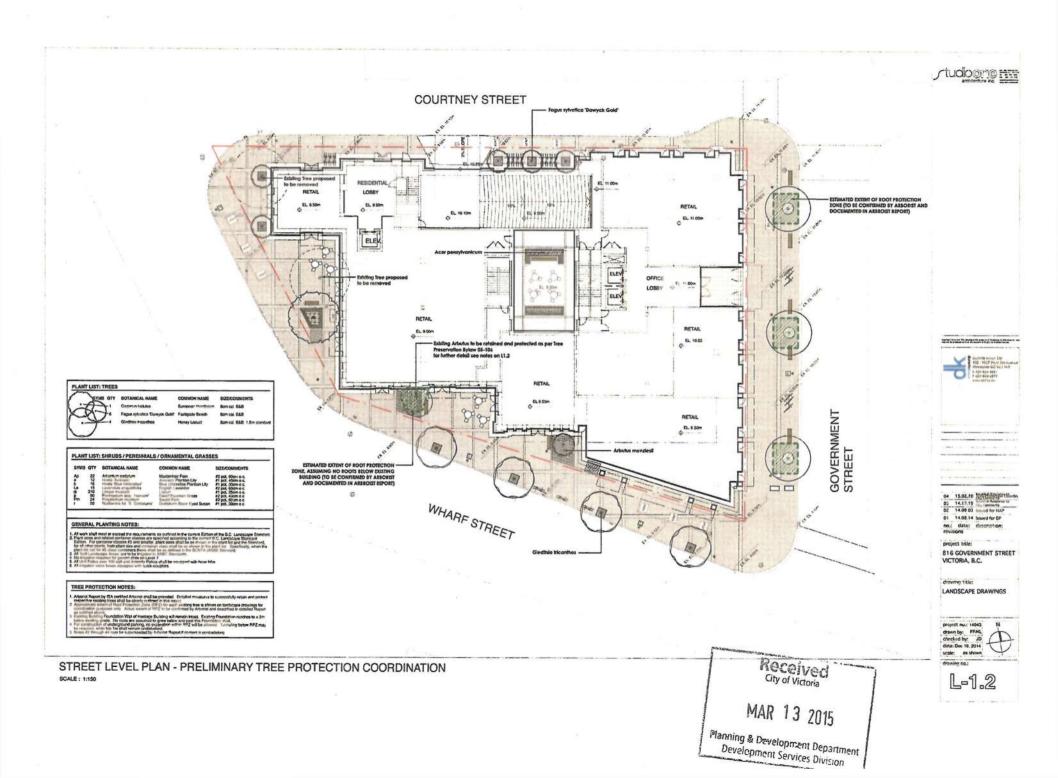
SOUTH DETAIL ELEVATION - GOVERNMENT STREET SCALE 1:50

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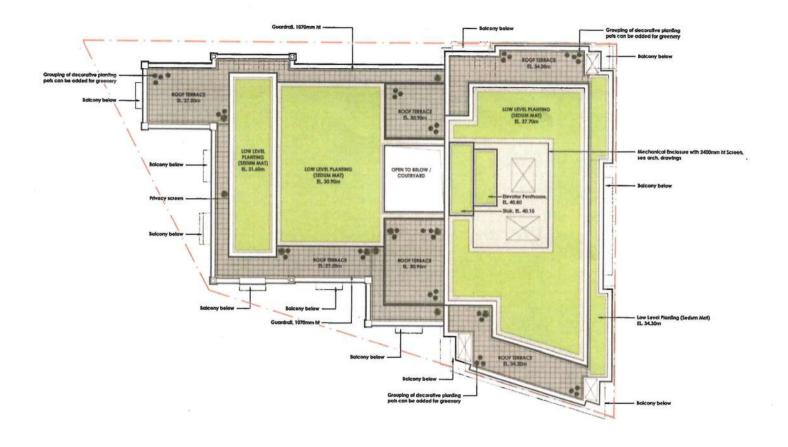
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ROOF LEVEL PLAN

SCALE : 1:150

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