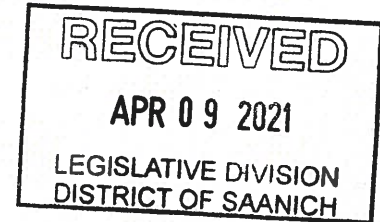




The Corporation of the District of Saanich

## Supplemental Report 2

**To:** Mayor and Council  
**From:** Sharon Hvozanski, Director of Planning  
**Date:** April 9, 2021  
**Subject:** Rezoning and Development Permit Application  
File: REZ00657; DPR00785 • 3400 Tillicum Road



### BACKGROUND

At a Special Council Meeting on March 1, 2021, Council considered a Planning Report and an accompanying Supplemental Report, dated February 10, 2021 and February 22, 2021 respectively on the subject application. Following the meeting, Planning Staff were directed to draft a second Supplemental Report to Council to advise them on a number of items that were raised at that meeting as well as in a letter from the applicant to Mayor and Council dated February 25, 2021.

### DISCUSSION

The Recommendation in the first Planning Supplemental Report dated February 22, 2021 included a number of items, some of which the applicant has indicated they are unable or unwilling to meet.

Among the items in the recommendation were the following outstanding issues to be addressed by the applicant prior to a Public Hearing:

- Provision of a Community Contribution Statement equivalent to \$484,000 or if Council sees fit, an appraisal of the units to determine the dollar value of the affordable housing contribution; and
- Confirmation from the applicant about the number of affordable units by type.

#### Community Contribution Statement

In their letter dated February 25, 2021 the applicant stated that they believe a community contribution figure of \$242,000 would be appropriate, citing increased costs of the project due to: Financial carrying costs, an increase of \$1.5 million to Development Construction Costs (DCCs), additional costs due to meeting BC Energy Step Code Level 3, and an increase in the cost of construction materials.

It is worth noting that in the justification letter dated November 12, 2019 that was provided with the application, the applicant clearly noted that they would be committing to Step 3 of the BC Energy Step Code for all residential units and Step 2 for all commercial areas.

The proposed community contribution figure of \$242,000 would be equivalent to \$1,000 per door. However, it is worth noting that the average community contribution figure for recent comparable projects has typically been \$2,000 per door or greater.

Without further information regarding the value of the affordable units, staff continue to recommend \$2,000 per door for 230 of the 242 units proposed. The total contribution recommended has been reduced from \$484,000 to \$460,000 in order to account for the 12 affordable units proposed and has been noted in bold below.

While staff continue to recommend \$2,000 per door, Council could reduce the contribution should they wish.

#### Unit Mix

The Recommendation of the February 22, 2021 Supplemental Report noted that the total number and type of units be secured by covenant.

The applicant has confirmed that there would be a total of 242 residential units, split equally between the two buildings. The unit type would include the following:

- 50 studio units;
- 84 one-bedroom units;
- 46 one-bedroom & den units;
- 46 two-bedroom units;
- 4 three-bedroom units; and
- 12 townhouse units.

#### Number of affordable units by type

Included in the total units proposed as noted above, the applicant has confirmed that the affordable units would include a total of 12 units, composed of:

- 4 one-bedroom units;
- 4 studio units;
- 1 one-bedroom & den;
- 2 two-bedroom units; and
- 1 three-bedroom unit.

The applicant is proposing to secure these as affordable units for 10 years, to be rented at 10% below market rents as determined by posted Canada Mortgage and Housing Corporation market rental rates at the time of occupancy.

This item has been addressed and the Recommendation has been revised to include this item in a Housing Agreement registered on title.

#### Securing proposed rental units

In a letter dated November 12, 2019 and provided by the applicant at the at the time of application submission, it was noted that all 242 residential units would be rental. This was also communicated to the community, neighbours and the Gorge Tillicum Community Association (GTCA). In a letter dated February 27, 2020, the GTCA noted that they liked that “the project provides an increased (and much needed) mix of rental stock in the area – including, notably, 2 and 3 bedroom options for families.”

As rental units were proposed, the staff recommendation in the original Council report, dated February 10, 2021, included that the units be secured as rental in perpetuity. However, it was not until the report to Council was prepared that the applicant noted they were unwilling to commit to this item. In a letter of February 25, 2021 the applicant states that they are not willing or able to secure all of the units as rental, nor any of the rentals in perpetuity.

The applicant has since noted that that he is willing to commit to securing one building (121 units) as rental for a period of ten years. The applicant has also stated that they would like for the entire site to be rental housing, however they cannot guarantee this, and so will only commit to providing 121 units as rental, and then only for a period of ten years.

Given the above, staff have amended the recommendation in order to secure the rental units for the life of the building rather than in perpetuity. This is noted in bold below. Council could, should they wish, reduce the period of time or number of units being secured.

### Strata Conversions

At the Special Council Meeting on March 1, 2021 staff also stated that a subsequent Supplemental Report would identify when a rental building can be stratified and who makes the decision.

Conversion of all or a portion of a rental building to a strata is a decision of Council. Council Policy 03/CW "Strata Conversions – Approval Of" lists a number of guidelines for the approval of strata conversions, as follows:

1. Applications for strata conversions of three or more residential units shall not be considered if the vacancy rate for apartment units, as computed on April and October of each year by the Canada Mortgage and Housing Corporation, is less than four percent;
2. Duplex applications will be considered independently of the vacancy rate;
3. Strata conversions shall be completed within eighteen months of approval, after which time the approval lapses unless an extension is granted upon request by the owner; and
4. Retain the existing policy whereby the applicant is required to enter into a restrictive covenant, approved by the Municipal Solicitor, preventing the eviction of residential tenants by reason of the conversion of the building into strata lots.

According to the Canada Housing and Mortgage Corporation, the vacancy rate in 2020 increased to 2.2% in purpose built rental apartments as the COVID-19 pandemic slowed down demand growth. This is still well below the 4% threshold for consideration of conversion of rental apartments to strata, so it is unlikely for the foreseeable future that policies would support the conversion of the rental building to strata.

### **RECOMMENDATION**

1. That the application to rezone from the C-3B (Shopping Centre / Bingo Hall) Zone to the C-2BW (Boleskine Whittier Commercial / Apartment) Zone be approved;
2. That Development Permit DPR00785 be approved;
3. That Final Reading of the Zoning Amendment Bylaw and ratification of the Development Permit be withheld pending the registration of a covenant to secure the following:
  - That 4 commercial parking stalls and 20 residential parking stalls be equipped with Level 2 electric car charging stations;
  - The buildings be constructed to include the installation of the necessary conduits to be solar ready for future installation of photovoltaic and/or solar hot water systems, and for future additional charging stations;

- The number and mix of the residential units; and
- **A community contribution of \$460,000 (\$2,000 per unit for 230 units) to be paid prior to the issuance of a building permit.**

Note - the applicant is unwilling to commit to the fourth bullet in item #3 above.

4. That Final Reading of the Zoning Amendment Bylaw and ratification of the Development Permit be withheld pending the registration of a Housing Agreement to secure:

- **That all of the 242 units proposed be secured as rental for the life of the building;** and
- That 12 units of the development (**composed of 1 three-bedroom, 2 two-bedroom, 1 one-bedroom and den, 4 one-bedroom, and 4 studio units**) be designated as affordable units for 10 years, to be rented at 10% below market rents as determined by posted Canada Mortgage and Housing Corporation market rental rates at the time of occupancy.

Note - the applicant is unwilling to commit to the first bullet in item #4 above.

Prepared by:



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Chuck Bell  
Planner

Reviewed by:



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Shari Holmes-Saltzman  
Manager of Current Planning

Approved by:

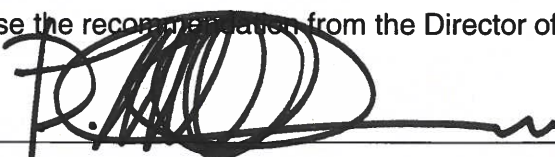


for Sharon Hvozdzanski  
Director of Planning

CWB/jsp

**ADMINISTRATOR'S COMMENTS:**

I endorse the recommendation from the Director of Planning.



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Paul Thorkelsson, Chief Administrative Officer