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File No. 210359P
March 26, 2021

Cassandra Chang
BC Housing

Dear Ms. Chang,

RE: Market Valuation of 225 Russell Street, Victoria, BC – “As If Complete”

Pursuant to the instructions of the Client, I have made the usual inquiries and physically examined the above-described property for the purpose of estimating the market value of the proposed Subject Property “As If Complete” as a 40 furnished micro unit rental building with on-site amenities. The proposed project will retain some of the existing structure but have modular components as part of the new build. The intention of this appraisal is for potential acquisition purposes only. The Market Value of the Subject is based on the fee simple estate. Based upon my investigation and analysis, the freehold market value of the Subject Property, as at March 25, 2021 is:

s.13; s.17

The outbreak of the Novel Coronavirus (COVID-19), declared by the WHO as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have impacted market activity in many sectors. As at the effective valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

This report contains the results of my evaluation of the property, together with an analysis of the pertinent data gathered during my investigation, which is, to the best of my knowledge, correct. This report is however, subject to the limiting conditions and assumptions herein set out.

Respectfully Submitted,

My Phung, AACI, P. App.
Owner and Senior Appraiser



March 25, 2021

Dear Mr. Ramsay,

We appreciate the hard work that the Province is doing in the City of Victoria to move people out of parks and into indoor accommodation on as pathway to permanent housing. We also appreciate the collaborative spirit with which this work is being undertaken.

We understand that the Province would like to purchase 225 Russell Street in the VicWest neighbourhood to be used as a temporary sheltering site to house 70 people by April 30th at the latest. At our Council meeting last night, Council amended our Parks Regulation Bylaw to no longer permit 24/7 sheltering as of May 1st. This provides even more urgency to the April 30th deadline given the public health advice that directs that encampments not be cleared until indoor sheltering opportunities are provided.

We also understand that the Province's eventual plan for the property at 225 Russell Street property would be to build supportive and/or affordable housing. In the City's Official Community Plan, this property has the following regulatory and policy considerations:

1. The existing zoning is M-1 Industrial and does not allow residential uses (the exception being work-live use).
2. The *Official Community Plan* designation is Employment-Residential and allows a density of up to 2.5, with residential density up to 1.5.
3. The *Victoria West Neighbourhood Plan* also suggests an Employment-Residential designation but recommends a density of up to 2:1, with residential density up to 1:1.
4. The property is in Development Permit Area 13: Core Songhees.
5. To allow for a component of residential use on this site, rezoning of the site would be required. To be consistent with policy, residential could only be constructed as part of a building with commercial or light industrial on the ground floor (at a minimum).
6. A residential only building would require an OCP amendment.
7. A Development Permit would be required.

This letter is to affirm that – given the housing crisis in our City and our region and given that a key priority of Victoria Council is the creation of 1450 affordable rental units in the City by 2023 – the City would be willing to entertain a rezoning application and OCP amendment application from the Province for this property. Under existing City policy to prioritize affordable and supportive housing buildings, any housing related application in relation to this property would be expedited through the required City approvals.

With thanks for your ongoing partnership and investment in our city.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Helps'.

Lisa Helps
Victoria Mayor

TREASURY BOARD STAFF BRIEFING NOTE

CLIFF NO: 480508

REQUEST NO.: 72-21

AD HOC MINOR MEETING DATE: MARCH 19, 2021

TITLE: ALTERNATIVE SITE FOR VICTORIA DECAMPMENT RESPONSE

ISSUE SUMMARY:

- The Ministry of Attorney General and Minister Responsible for Housing (MAG) is requesting approval for the BC Housing Management Commission (BC Housing) to continue negotiations to purchase the industrial site located at 225 Russell Street in Victoria at an estimated cost of s.17 to convert this location into shelter accommodation in support of the strategy to resolve homeless encampments in Victoria parks by April 30, 2021.

s.12; s.13; s.17

Previous reviews of the proposal

- In February 2021, Treasury Board approved an urgent shelter and encampment strategy for BC Housing to respond to homeless encampments in Victoria and Vancouver, including up to s.17 for BC Housing to negotiate the purchase of up to five specified hotel sites.

Timelines

- A decision is required to secure the Russell Street site and recognize expenses in 2020/21.

RECOMMENDATION:

s.12; s.13; s.17

CONTEXT:

- MAG is requesting approval for BC Housing to continue negotiations to purchase the industrial site located at 225 Russell Street in Victoria to convert into shelter accommodation in support of efforts to resolve homeless encampments in Victoria parks by April 30, 2021.
- In February 2021, Treasury Board approved BC Housing to implement an urgent shelter and encampment response strategy to respond to homeless encampments in Victoria and Vancouver, including approving up to \$17 million for BC Housing to negotiate the purchase of up to five specified hotel sites to support the decampment efforts.

s.12; s.13

DISCUSSION:

225 Russell Street, Victoria

- Located in the Victoria West neighbourhood, the Russell Street site is a low rise 5,500 square foot industrial building currently used as a warehouse for short-term storage. BC Housing proposes to purchase the site and convert it to use as shelter site to support decampment, with a longer-term plan to redevelop the space into permanent housing.
- This would provide shelter space for approximately 50 homeless individuals to be decamped from Beacon Hill and other city parks. BC Housing would perform minor renovations, install a sanitization trailer with shower and washroom facilities, and use individual privacy pods, as has been used in other congregate shelter settings such as the temporary shelter space at the Save-On-Foods Memorial Centre.

s.12; s.13

Fiscal Considerations

- BC Housing estimates a total budget of ^{s.17} for the site purchase and redevelopment.
s.12; s.13; s.17

Alternative Options and Risks

s.12; s.13

Implications for other decisions/initiatives
s.12; s.13

OPTIONS:
s.12; s.13; s.17

RECOMMENDATION AND RATIONALE:

s.12; s.13

TBS Contact: Peter Argast

Draft sub. 1st received: Mar 12, 2021

Final draft received: Mar 15, 2021

Signed sub. received: Mar 16, 2021



Treasury Board Submission – Request for Decision

Minister: Honourable David Eby, Q.C.
Ministry: Attorney General and Minister Responsible for Housing
Date: March 15, 2021 Ministry Document #: 72-21

Title: Victoria Decampment Response: Alternative Sites

Issue:

BC Housing has been actively pursuing leased space and hotel acquisitions as part of the plan to move all campers in Victoria in parks (including Beacon Hill and Central Park) into indoor sheltering by the end of April 2021. Two sites initially contemplated^{s.1}
s.12; s.13 are no longer available. Because of the lack of availability of hotels in Victoria and in Esquimalt, BC Housing is looking at other options which could provide indoor accommodation including suitable industrial and commercial spaces.

BC Housing has identified an alternative industrial site at 225 Russell Street in Victoria which can be converted into near-term shelter accommodation. The site also has excellent long-term redevelopment potential as future permanent supportive and affordable housing.

BC Housing is seeking approval to move forward with the purchase of this site.

Recommendation:

s.12; s.13



Key Considerations:

s.12; s.13; s.17



Background:

In January and February 2021, Treasury Board approved a decampment response for the Strathcona Park encampment in Vancouver and for select encampments in Victoria Parks. s.12; s.13; s.17

s.12; s.13; s.17

225 Russell Street

The Russell site is an industrial building located in Victoria West just off Esquimalt Road at Russell Street. The site size is just over 14,387 square feet with a low-rise 5,500 square foot building (see Figure 2). The building is currently being lightly used as month-to-month storage but is otherwise vacant of long-term leases and can be available as soon as April 1, 2021. With small renovations and installation of a



sanitization trailer, the site can be available to operate almost immediately as a temporary shelter to offer space for 45-50 spaces individuals living in encampments in Victoria's parks.

s.12; s.13; s.17

Figure 1: 225 Russell Street
Copyright



s.12; s.13

Options:

s.12; s.13; s.17



s.12; s.13; s.17

Legal Advice:

s.12;
s.13

Policy:

s.12; s.13

Legislation:

No legislative changes are required. BC Housing has authority under its governing legislation to purchase sites and operate shelters as presented in the submission.



Public, Stakeholder & Other Consultation:

s.12; s.13

Communications & Public Engagement:

s.12; s.13



Contact: Shayne Ramsay
Chief Executive Officer
BC Housing
604-439-4712

Richard Fyfe, Q.C.
Deputy Attorney General

Honourable David Eby, Q.C.

March 16, 2021

Date Signed

TREASURY BOARD MINOR MINUTE

CLIFF NO: 480527 & 480508
REQUEST NO.: #72-21

MINOR MEETING DATE: MARCH 18, 2021

TITLE: DECAMPMENT SITE PURCHASES – 403 AND 427 EAST HASTINGS; 225 RUSSELL STREET

REQUEST:

- The Ministry of Attorney General and Minister Responsible for Housing (MAG) requested approval for the BC Housing Management Commission (BC Housing) to proceed with completing the purchase of the Patricia hotel and adjacent parking lot located at 403 and 427 East Hastings Street in Vancouver for a total cost of s.17 to support the decampment of Strathcona Park in Vancouver; and to continue negotiations for the purchase of 225 Russell Street in Victoria for a total of s.17 to support the decampment of Beacon Hill Park and other city parks in Victoria.

DISCUSSION/COMMENTS:

Patricia Hotel 403/427 East Hasting

- The Patricia hotel has 195 total units, of which 100 will support decampment of Strathcona Park. Total costs for the purchase of the Patricia Hotel and parking lot are s.17, including s.17 for the negotiated purchase price, and s.17 for closing costs.
- Formal appraisal has valued the property at s.17. BC Housing has also identified potential renovation costs of s.17. These are estimated costs and further site assessments will inform the full scope of work that may be needed in the first year.

225 Russell Street

- BC Housing has identified 225 Russell Street – an industrial building – for purchase for immediate use as a shelter facility to support the decampment of Beacon Hill Park in Victoria. BC Housing would contract with the current owner as a developer to renovate the site into a permanent supportive housing facility in 18-24 months.

s.12; s.13; s.17

Previous reviews of the proposal

- In February 2021, Treasury Board approved an urgent shelter and encampment strategy for BC Housing to respond to homeless encampments in Victoria and Vancouver, including up to s.17 for BC Housing to negotiate the purchase of up to five specified hotel sites.

s.12; s.13

DECISION AND RATIONALE:

The Chair of Treasury Board approved BC Housing to complete purchase of the Patricia Hotel and adjacent parking lot located at 403 and 427 East Hastings Street in Vancouver for a total of s.17, and approved BC Housing to proceed with negotiations and purchase of 225 Russell Street in Victoria for a total of s.17, including purchase price, redevelopment, closing and other associated costs.

The Chair of Treasury Board approved corresponding transfers of Property Transfer Tax revenues into the Housing Priority Initiatives Special Account and transfers out of the special account to BC Housing in 2020/21 to support these purchases.

The Chair of Treasury Board also approved in principle Vote 45 - Contingencies (All Ministries) and New Programs Vote access for up to s.17 in 2021/22 for renovations of the hotel units.

s.12; s.13; s.17

Approved by: Treasury Board

TB Meeting Date: March 24, 2021



Ad Hoc Minor Meeting Date: March 18, 2021
480508

Confidential

Honourable David Eby, QC
Attorney General and Minister Responsible for Housing
Room 232 Parliament Buildings
Victoria BC V8V 1X4

Dear Colleague:

Re: Alternative Site for Victoria Decampment Response – 225 Russell Street

I am writing to inform you that Treasury Board has approved the BC Housing Management Commission (BC Housing) to complete negotiations and proceed with purchase of 225 Russell Street in Victoria for a total of s.17 including purchase price, redevelopment, closing and other associated costs.

Treasury Board approved corresponding transfers of Property Transfer Tax revenues into the Housing Priority Initiatives Special Account and transfers out of the special account to BC Housing in 2020/21 to support this purchase.

This approval is conditional on the following: s.12; s.13

s.12; s.13

Sincerely,

Selina Robinson
Chair

cc: See attached Distribution List

Distribution List:

cc: Richard Fyfe
Deputy Attorney General
Ministry of Attorney General and Minister Responsible for Housing

Heather Wood
Deputy Minister
Ministry of Finance

Tracy Campbell
Assistant Deputy Minister and Executive Financial Officer
Ministry of Attorney General and Minister Responsible for Housing

Jim Hopkins
Assistant Deputy Minister
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Teri Spaven
Assistant Deputy Minister and Executive Financial Officer
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