

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 1, 2019**

SUBJECT 950 Kings Road

ISSUE

Options for consideration for the 950 Kings Road property.

BACKGROUND

In 2016, the Capital Regional Hospital District (CRHD) acquired 950 Kings Road, Victoria, (former Blanshard Elementary School) from School District 61 (SD61) as a strategic acquisition for future development by the CRHD.

The building is leased to the private Vancouver Career College (VCC) who occupied it up to December 31, 2018, then sub-leased the second floor to Vancouver Island School of Art. CRHD's lease with VCC expires February 28, 2021.

The ground floor at 950 Kings Road also contains a gymnasium/stage area, leased by CRHD to the City of Victoria (CoV) and used by the Quadra Village Community Centre (QVCC). CRHD's lease with the CoV expires February 28, 2021.

In addition, 950 Kings Road houses the site office for the Summit project under construction on the adjacent property. It is anticipated that this occupancy will end in early 2020.

Specifications

950 Kings Road is a 2 storey building accessed off Kings Road and has an existing parking capacity of 90 stalls.

The property is bordered to the north by the Summit (CRHD), to the west by Evergreen Terrace (BC Housing), to the south by the Quadra Village Community Centre (CoV) and to the East by multiple-family housing.

Lot Size: 1.42 hectares (3.51 acres/152,319 sf)

Zoning: R3-2 Multiple Dwelling District, permitting single and two family dwellings, college fraternity buildings; churches, public buildings, public and private schools, hospitals; and rest homes.

Property Valuation

950 Kings Road was purchased in 2015 for \$5.8 million.
The 2019 assessed land value is \$13.97 million.

Current Planning Activities

In March 2017, the CRHD Board directed staff to form a working group to explore strategic alternatives for the Blanshard Hillside Corridor. The CRHD is part of a Blanshard Hillside Corridor Steering Committee discussing a master plan for the development of the area. The Steering Committee is chaired by staff from the CRHD and includes representatives from BC Housing, Island Health, Capital Regional Housing Corporation (CRHC), the Greater Victoria School District and the CoV.

CRHD staff has completed a preliminary functional program in partnership with Island Health for a 50-bed mental health facility, a schematic design (Appendix A) of the hospital and housing components, and a class D construction estimate has been prepared. The next steps include further consultation with Island Health, solidifying debt servicing costs for all parties, and a presentation to Island Health for approval and allocation of operating dollars. Island Health has provided a letter of support in principal to advance the project on this site (Appendix B). This could be connected to the 150 unit Regional Housing First Program (RHFP) building that could satisfy the \$10 million Hospital District commitment to the RHFP. Once VIHA has provided its approval CRHD staff would bring a report back to CRHD Board for approval.

Each land owner is able to pursue its own interests independent of the steering committee, however the intent of the group is to work together and CRHD staff intend to bring any approved plans back to the steering committee so that the community can be engaged throughout the planning process. Next steps for the steering committee include a Request for Proposals for a community engagement consultant, which is being facilitated by BC Housing.

The QVCC has conveyed its desire to see 950 Kings Road utilized to provide the following:

- Planned green space that can be accessed and enjoyed by neighbourhood residents (QVCC would co-plan with the developer);
- A gym (facilitated/programmed/managed by QVCC);
- Childcare (facilitated/programmed/managed by QVCC or another provider);
- Non gym, programmable spaces (multi-purpose rooms) (facilitated/programmed/managed by QVCC); and
- A Victoria public library branch (operated/managed by Greater Victoria Public Library)

LEGAL IMPLICATIONS

The site was purchased because of its R3-2 zoning, which allows for multiple dwelling, public buildings, and hospital buildings. The mandate of the CRHD is to provide the local share of health capital infrastructure. CRHD does not have the legislative authority to provide any of the uses the QVCC would like to see on the site. Under the existing zoning CRHD can utilize the site for hospital district purposes and any redevelopment of the site must involve a designated health facility. CRHD has no legal obligation to provide any of the amenities the community is seeking nor does it have the authority under the Hospital District Act to provide them.

FINANCIAL IMPLICATIONS

In an effort to meet Capital Regional District (CRD) strategic priorities, CRHD has been in discussions with Island Health and the CRHC around an innovative model of health and housing. 950 Kings Road is an ideal property to build a mental health facility in conjunction with affordable housing. This would allow the CRHD to make its \$10 million contribution to the Regional Housing First Program through land and debt servicing of units while still meeting its mandate of building

designated health facilities. This site is an ideal location for meeting multiple organizational objectives, leveraging partnerships, and utilizing resources efficiently.

INTERGOVERNMENTAL IMPLICATIONS

The CRD has received a letter from the CoV requesting information regarding the status of this property and the plans for its future use (Appendix C). The CRD response letter is attached for information (Appendix D).

Options for the Property

Options	Benefits	Risks
Develop the property	Meets CRHD mandate and regional need for a health facility. Meets CRHD need and RHFP \$10 million contribution. Meets Island Health need for a mental health facility. Meets existing zoning requirements.	Although the property does not require rezoning the CoV holds the authority over granting a development permit.
Sell the property	The property has more than doubled in value since 2016 and the sale would result in considerable revenue which could be used to buy land for other capital projects throughout the region.	There is no guarantee that the property will be sold to someone who will meet community desires. Acquired land may not be appropriately zoned for CRHD purposes and may require rezoning. It is difficult to find land in the core that is zoned for a hospital project.

CONCLUSION

CRHD has undertaken considerable planning with intergovernmental stakeholders toward determining the optimal use of the property that will meet organizational objectives. The site represents an ideal location for implementing an innovative model of health and housing development.

RECOMMENDATION

That the Hospitals and Housing Committee receives this report for information.

Submitted by:	Michael Barnes, MPP, Senior Manager Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
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Appendix A: Schematic Design - Plan
Appendix B: Island Health Project Support Letter
Appendix C: Letter from Mayor Helps to CRD
Appendix D: Letter from CRD to Mayor Helps