

Office to Residential Conversion

Planning and Housing Committee – November 1, 2023



Background

- Staff directed via motion in February 2023 to review Office to Residential Conversions
- Healthy rate of office vacancies in a city is 10%
- Healthy rate of housing vacancies is 3%.
- The Ottawa context:
 - 2.1 % residential vacancy rate (January 2023)
 - 12.6% city-wide office vacancy rate (Q3 2023)
 - 14.2 % downtown office vacancy (Q3 2023)
 - Between 2013 and 2022: over 900 units created from non-residential to residential conversions, including over 700 new residential units from Office-to-Residential Conversions

473 Albert Street

- Interior alterations to convert an 11-storey office building to a high-rise apartment building
- 158 Units created, replacing 122,050 sq ft of office space



305 Rideau Street

- Interior and exterior alterations to convert an existing office/retail 11-storey building to a mixed-use apartment with retail on first floor.
- 194 units created, replacing 277,938 sq ft of office space



Recommendations

1. Approve waiving Official Plan Amendment application fee
2. Approve the inclusion of an amendment in the Q1 2024 Omnibus Zoning By-law Amendment Report to provide flexibility for Office-to-Residential Conversions
3. Receive an update on the Site Plan Control process for Office-to-Residential Conversions with no additions or new storeys

Recommendations (continued)

4. Direct PRED GM to send a letter to the Ministry of the Environment, Conservation and Parks expressing support for the Province to re-examine the exemption requirement for a Record of Site Condition to support Office-to-Residential Conversions
5. Receive an update on Site Servicing for Office-to-Residential Conversions
6. Receive an update on the financial mechanism reviewed in the context of Office-to-Residential Conversions

Potential Applicant Savings

- City initiatives

Action proposed	Potential Savings
Official Plan Amendment Fee	\$29k
Zoning By-law Amendment Fee	\$13-25k
Zoning By-law amendment – Time	90-days of carry costs
Site Plan Control Fee (\$19k instead of \$54k)	\$30k
Stormwater Management measures	Varies by project

- Federal GST rebate for construction costs example: for an eligible \$50 million project creating 132 units, should the province match the federal government proposal, this could represent \$6.5 million in savings which represents the value of HST.

Financial Considerations

Financial Considerations within municipal control:

- No spending is recommended in this report
- Each funding stream was reviewed with the lens to link any incentives to affordable housing:
 - Development application fees
 - Development Charges
 - Community Benefits Charges
 - Cash-in-lieu of Parkland
 - Incentive fund – similar to Calgary
 - Funding for Affordable Housing

Questions?