

## MEMORANDUM

July 21, 2015

TO: Vancouver City Council

CC: Penny Ballem, City Manager  
Sadhu Johnston, Deputy City Manager  
Janice MacKenzie, City Clerk  
Lynda Graves, Manager, Administration Services, City Manager's Office  
Mike Magee, Chief of Staff, Mayor's Office  
Kevin Quinlan, Deputy Chief of Staff, Mayor's Office  
Braeden Caley, Director, Policy and Communications, Mayor's Office  
Mukhtar Latif, Chief Housing Officer  
Rena Kendall-Craden, Director of Corporate Communications  
Francie Connell, Director of Legal Services  
Yvonne Liljefors, Assistant Director of Legal Services  
Catherine Kinahan, Solicitor, Legal Services  
Bill Aujla, General Manager, Real Estate and Facilities Management  
Jerry Evans, Director, Real Estate Services  
Bryan Sears, Associate Director, Real Estate and Facilities Management  
Brian Jackson, General Manager, Planning and Development Services  
Anita Molaro, Assistant Director, Planning and Development Services  
Marco D'Agostini, Senior Heritage Planner

FROM: Jane Pickering, Deputy Director of Planning

SUBJECT: First Shaughnessy Heritage Conservation Area - Revisions and Additional Information for Consideration at the Public Hearing

The purpose of this memo is two-fold. Part One of the memo provides Council with information regarding revisions made to the Heritage Conservation Area Development Plan and several by-laws as referred to Public Hearing on June 9, 2015, as part of the Policy Report dated May 29, 2015, entitled "Heritage Action Plan Update: Recommendations to Adopt a Heritage Conservation Area Official Development Plan and New District Schedule for First Shaughnessy" (hereafter referred to as the May 2015 Report). Part Two of this memo provides Council with additional information prepared by Coriolis Consulting on potential economic impacts of the proposed new regulations.

***PART ONE: Amendments to the Heritage Conservation Area Development Plan and By-laws Referred to Public Hearing***

**SUMMARY**

After referral to Public Hearing, certain errors, omissions, and needed clarifications were noted in Heritage Conservation Area (HCA) Development Plan and several draft by-laws. Revisions were incorporated into the by-laws as posted for Public Hearing to address these issues; and additional changes were made to certain by-laws after posting. To ensure clarity in the draft Heritage Conservation Area (HCA) Development Plan and draft by-laws before Council for consideration at the Public Hearing, this memo documents all changes made and the final appendices, with all revisions incorporated, are attached (see Figure 1 below).

To address those revisions made to by-laws after posting, new Recommendations are set out in this memo which replace the Recommendations in the May 2015 Report.

<b>Figure 1 - Summary of Revisions to Appendices</b>		
<b>May 2015 Report Appendices</b>	<b>Updated Appendices Attached to this Memo</b>	<b>Revisions</b>
<b>Appendix A</b> Heritage Conservation Area Development Plan	<b>Appendix A1</b>	<ul style="list-style-type: none"> <li>• Changes made after referral and after posting for Public Hearing.</li> <li>• See Table 1 below.</li> </ul>
<b>Appendix B</b> Heritage Conservation Area Official Development Plan By-law	<b>Appendix B1</b>	<ul style="list-style-type: none"> <li>• Changes made after referral and after posting for Public Hearing.</li> <li>• See Table 1 below.</li> </ul>
<b>Appendix C</b> Heritage Procedure By-law	<b>Appendix C1</b>	<ul style="list-style-type: none"> <li>• Changes made after referral to Public Hearing.</li> <li>• <b>No changes made after posting.</b></li> <li>• See Table 2 below.</li> </ul>
<b>Appendix D</b> Heritage Property Standards of Maintenance By-law	<b>Appendix D1</b>	<ul style="list-style-type: none"> <li>• <b>No changes made after referral.</b></li> </ul>
<b>Appendix E</b> Amendments to the Zoning and Development By-law (New District Schedule for First Shaughnessy)	<b>Appendix E1</b>	<ul style="list-style-type: none"> <li>• Changes made after referral and after posting for Public Hearing.</li> <li>• See Table 3 below.</li> </ul>
<b>Appendix G</b> Amendments to the Heritage By-law	<b>Appendix G1</b>	<ul style="list-style-type: none"> <li>• <b>No changes made after referral.</b></li> </ul>
<b>Appendix H</b> Amendments to the Parking By-law	<b>Appendix H1</b>	<ul style="list-style-type: none"> <li>• Changes made after referral to Public Hearing.</li> <li>• <b>No changes made after posting.</b></li> <li>• See Table 4 below.</li> </ul>

## RECOMMENDATIONS

- A. THAT the Heritage Conservation Area Development Plan (the "HCA Development Plan") as generally as set out in Appendix A1, which is the version of HCA Development Plan attached to the May 2015 Report with the additional amendments as set out in Table 1 of this memo, which will provide stewardship and long-term protection for areas of the City possessing significant heritage resources and distinct heritage value and character, and which will designate the First Shaughnessy Heritage Conservation Area (as defined in the HCA Development Plan) as the first heritage conservation area ("HCA") in the City, be approved.
- B. THAT, subject to Council adopting the HCA Development Plan as recommended in Recommendation A, the by-law to repeal the First Shaughnessy Official Development Plan and to adopt the HCA Development Plan as an Official Development Plan, known as the "Heritage Conservation Area Official Development Plan" (the "HCA ODP"), generally as set out in Appendix B1, which is the version of the by-law posted prior to the Public Hearing with the following additional amendments:
- a) *In Schedule A, Section 1.10, in the first sentence "The properties" is struck and replaced with "All real property"; and*
  - b) *In Appendix A4, "1998 Cedar Crescent" and "1564 Matthews Avenue" are struck from the list of Protected Heritage Properties;*
- be approved.
- C. THAT, subject to adoption of the HCA ODP, the proposed Heritage Procedure By-law to provide clear procedures for managing heritage property in the City, generally as set out in Appendix C1, which is the version of the by-law posted prior to the Public Hearing, be approved.
- D. THAT, subject to adoption of the HCA ODP, the proposed Heritage Property Standards of Maintenance By-law to ensure the long-term maintenance and upkeep of designated protected heritage property and property within an HCA, generally as set out in Appendix D1, which is the version of the by-law posted prior to the Public Hearing, be approved.
- E. THAT, subject to adoption of the HCA ODP, the by-law to amend the Zoning and Development By-law to create a new District Schedule for First Shaughnessy and to repeal the current First Shaughnessy District Schedule, generally as set out in Appendix E1, which is the version of the by-law posted prior to the Public Hearing with the following additional amendments:
- a) *In Section 4.2.3 (a), "enclosed or covered stairs" is struck and replaced with "covered porches"*
  - b) *In Section 4.2.3 (b), (iii) is struck and (iv) is renumbered as (iii)*
  - c) *After Section 4.3.3 the following is added:*
    - ", except that the Director of Planning may permit a floor elevation less than 1.4, if:*
      - a) *the Director of Planning first considers all applicable policies and guidelines and the site context; and*

- b) *the proposed design of the principal building meets the First Shaughnessy Design Guidelines.*"
- d) *In Section 4.3.5, the following changes are made:*
  - i. *(b) is changed from "a minimum slope of 12:12" to "a minimum slope of 8:12"*
  - ii. *After (c) a new provision is added:*  
*"(d) the proposed design of the principal building meets the First Shaughnessy Design Guidelines."*
  - iii. *The use of section number 4.3.5 was used twice in error. The second occurrence has been renumbered to 4.3.6 and then 4.3.6 was renumbered to 4.3.7.*
- e) *In Section 4.7.4 (f)(ii) the figure "5%" has been struck and replaced with "20%"*
- f) *After Section 5.2, a new provision is added:*  
*"5.3 The Director of Planning may relax the building footprint requirements in section 4.2.3 if the Director of Planning first considers:*
  - (a) all applicable policies and guidelines adopted by Council;*
  - (b) the submissions of any advisory group, property owner or tenant;*
  - (c) the height, bulk, location and overall design of the building or buildings and the effect on the site, surrounding buildings, neighbouring sites, streets and views;*
  - (d) the amount of open space; and*
  - (e) the preservation of the heritage character and heritage value of the area; and the relaxation does not exceed 20% of the building footprint requirements in this Schedule."*

be approved.

- F. THAT, subject to adoption of the HCA ODP, the by-law to amend the Heritage By-law to include reference to HCAs, generally as set out in Appendix G1, which is the version of the by-law posted prior to the Public Hearing, be approved.
- G. THAT, subject to adoption of the HCA ODP, the by-law to amend the Parking By-law to delegate authority to the General Manager of Planning and Development Services to relax parking requirements for protected heritage property in an HCA, as generally as set out in Appendix H1, which is the version of the by-law posted prior to the Public Hearing, be approved.
- H. THAT, subject to approval of Recommendations A to G, the Director of Legal Services be instructed to prepare the necessary by-laws for enactment by Council.

Note, there is no need for a 2/3 vote to adopt the Recommendations before Council at the Public Hearing as is noted on page 3 of the May 2015 Report, however a 2/3 vote is required to enact the by-laws referred to in Recommendations B, C, E and F, as required by Section 579(1) of the Vancouver Charter regarding delegation of Council authority.

## **DISCUSSION**

The tables below summarize all revisions made to the draft Heritage Conservation Area Development Plan and the draft by-laws for consideration at the Public Hearing. It is also recommended that Council consider and approve the revised Recommendations from this memo rather than from the Summary and Recommendation, in order to implement the changes as described below.

## 1. Changes to the Heritage Conservation Area Development Plan

The changes outlined in Table 1 below have been incorporated into draft Heritage Conservation Area Development Plan. See Appendix A1 of this memo for the consolidated version of the draft Plan for consideration at Public Hearing.

TABLE 1 - Summary of Changes to the Heritage Conservation Area Development Plan		
Section	Revision	Rationale for Revision
Section 3	<p>3.2 (g)</p> <ul style="list-style-type: none"> <li>Struck "permitted" and replaced with "considered"</li> </ul>	Cannot state that rezonings will be permitted, as this is subject to Council decision following a Public Hearing.
Schedule A	<p>1.10</p> <ul style="list-style-type: none"> <li>Struck "The properties" in first sentence and replaced with "All real property"</li> </ul>	Clarifies that the heritage protection extends to the property listed and also to all fixtures including building and landscape features that are on the property.
Appendix A1 - First Shaughnessy Heritage Conservation Area Designation Map	<ul style="list-style-type: none"> <li>Updated map with label reading "First Shaughnessy Heritage Conservation Area"</li> </ul>	Map label previously read "First Shaughnessy Zoning Boundary".
Appendix A3 - First Shaughnessy Heritage Conservation Area Design Guidelines	<p>3.6.6</p> <ul style="list-style-type: none"> <li>Struck "Garages should be sited in the rear yard whenever possible." and replaced with "Vehicle parking should be located in an accessory building (garage) and should be sited in the rear yard whenever possible. Vehicle parking should not be located in a principal building."</li> </ul>	Clarifies location requirements for off-street parking.

TABLE 1 - continued		
Section	Revision	Rationale for Revision
Appendix A3 - First Shaughnessy Heritage Conservation Area Design Guidelines	<b>3.7.2 (a)</b> <ul style="list-style-type: none"> <li>Added "wall" and "hip" dormers</li> <li>Added image of wall dormer and amended caption.</li> </ul>	Inadvertently omitted
	<b>3.7.3 (a)</b> <ul style="list-style-type: none"> <li>Add "with true divided lites" after "wood windows".</li> </ul>	Inadvertently omitted
	<b>3.7.7</b> <ul style="list-style-type: none"> <li>Added at start of second paragraph "For all development,"</li> <li>Struck "Pure white was not generally used historically, and should be avoided".</li> </ul>	<ul style="list-style-type: none"> <li>Clarifies that second paragraph applies to all development.</li> <li>Incorrect.</li> </ul>
	<b>Annex A3-1</b> <ul style="list-style-type: none"> <li>Struck "Heritage Advisory Committee (HAC)" and replaced with "Vancouver Heritage Commission (VHC)"</li> </ul>	Updated to reflect current name of the Vancouver Heritage Commission.
Appendix A4 - First Shaughnessy Heritage Conservation Area List of Protected Heritage Properties	<b>Added to List:</b> <ul style="list-style-type: none"> <li>3437, 3439, 3443, 3445 Osler Street</li> <li>References to all Common Property Strata Plans in First Shaughnessy</li> </ul>	Inadvertently omitted. Property owners and occupants of these properties have been notified of the Public Hearing in accordance with the Vancouver Charter (Sections 599 and 600).
	<b>Removed from List:</b> <ul style="list-style-type: none"> <li>1998 Cedar Crescent</li> <li>1564 Matthews Avenue</li> </ul>	Pre-1940 homes on these sites were previously approved for demolition. Development permits for new homes have been issued.

## ***2. Changes to the Heritage Conservation Area Official Development Plan By-law***

As the Heritage Conservation Area Development Plan is proposed to be adopted as the HCA Official Development Plan by-law, the changes noted in Table 1 made to the Development Plan must also be made to the HCA Official Development Plan by-law. These changes have been incorporated into the draft HCA Official Development Plan by-law as posted for Public Hearing, with the exception of those changes listed in Recommendation B above. See Appendix B1 of this memo for the consolidated version of the draft by-law for consideration at Public Hearing.

## ***3. Changes to the Heritage Procedure By-law***

All changes outlined in Table 2 below were incorporated into the draft Heritage Procedure By-law as posted for Public Hearing. See Appendix C1 of this memo for the consolidated version of the draft by-law for consideration at Public Hearing.

TABLE 2 - Summary of Changes to the Heritage Procedure By-law		
Section	Change	Rationale
10.3 (c)	<ul style="list-style-type: none"> <li>Struck ", this provision is only applicable if a notice cannot be served personally."</li> <li>Added as a separate paragraph "except that this provision is only applicable if a notice cannot be served personally on an owner or occupier and the person's actual or last known address cannot be determined after reasonable steps for the purpose have been taken."</li> </ul>	Ensures this provision is in line with Vancouver Charter authority regarding posting of notices.

#### 4. Changes to the New Zoning District Schedule for First Shaughnessy

All changes outlined in Table 3 below have been incorporated into the draft by-law as posted for Public Hearing, with the exception of those changes listed in Recommendation E above. See Appendix E1 of this memo for the consolidated version of the draft by-law for consideration at Public Hearing.

TABLE 3 - Summary of Changes to the By-law to Amend the Zoning and Development By-law to create a new District Schedule for First Shaughnessy		
Section	Change	Rationale
Schedule A	<ul style="list-style-type: none"> <li>Replaced map</li> </ul>	Proposed new District Schedule will only apply to areas currently zoned as First Shaughnessy Official Development Plan Area. Map updated to show only these areas.
1 Intent	<ul style="list-style-type: none"> <li>Replaced "infills" with "infill buildings" in first sentence.</li> </ul>	Improve clarity.
3.2.A • Accessory Uses	<ul style="list-style-type: none"> <li>After "in this section" added ", except that parking is not permitted in a principal building, unless the parking was in existence at [date of enactment]."</li> </ul>	Clarifies location requirements for off-street parking.
3.2.DW • Multiple Conversion Dwelling	<ul style="list-style-type: none"> <li>In (b) after "[date of enactment]", added "and there are no more than two dwelling units created in the principal building"</li> </ul>	Clarifies number of MCD units allowable on sites where the site size is less than 1394m <sup>2</sup> and the floor area of existing building is no less than 465m <sup>2</sup> .

TABLE 3 - continued		
Section	Change	Rationale
4.2.3	<ul style="list-style-type: none"> <li>In (a) "enclosed or covered stairs" is struck and replaced with "covered porches"</li> <li>In (b), (iii) is struck and (iv) is renumbered as (iii)</li> </ul>	<ul style="list-style-type: none"> <li>Correction to terminology.</li> <li>Not necessary to regulate roof slope for these small, one storey portions of buildings excluded from footprint.</li> </ul>
4.3.3	<ul style="list-style-type: none"> <li>After 4.3.3 the following is added: ", except that the Director of Planning may permit a floor elevation less than 1.4, if: (a) the Director of Planning first considers all applicable policies and guidelines and the site context; and (b) the proposed design of the principal building meets the First Shaughnessy Design Guidelines."</li> </ul>	Allows consideration of buildings with lower first storey elevations, which historically existed.
4.3.5	<ul style="list-style-type: none"> <li>Struck "(a) the site is 1161.2m<sup>2</sup> or larger" and renumber</li> <li>In new (b) change from "a minimum slope of 12:12" to "a minimum slope of 8:12"</li> <li>At the end added a new provision "(d) how the proposed design of the principal building meets the Design Guidelines."</li> </ul>	Allows greater flexibility for a variety of roof forms that are still compatible with the character of the area.
4.3.5	<ul style="list-style-type: none"> <li>The posted by-law had an error in numbering and there are two provisions numbered 4.3.5. The second occurrence was renumbered 4.3.6 and 4.3.6 was renumbered 4.3.7.</li> </ul>	Correction to numbering.
4.4.2	<ul style="list-style-type: none"> <li>Added "(c) basement floor area underneath covered porches may project into the minimum front yard to a maximum of 1.8m measured horizontally."</li> </ul>	Allows construction of basement floor area below porches.



TABLE 3 - continued		
Section	Change	Rationale
4.7.4	<ul style="list-style-type: none"> <li>In (c) added "or infill buildings" after "and accessory building"</li> <li>In (d) struck the word "new"</li> <li>In (f) (ii) "5%" was struck and replaced with "20%"</li> </ul>	<ul style="list-style-type: none"> <li>Clarifies that parking in infill buildings can be excluded from floor area computation.</li> <li>Clarifies that section applies to all principal buildings, unless they are protected heritage property</li> <li>Amended to better reflect the amount of covered porches common in the area.</li> </ul>
5	<ul style="list-style-type: none"> <li>After 5.2 added a new provision and renumber remainder            "5.3 The Director of Planning may relax the building footprint requirements in section 4.2.4 if the Director of Planning first considers:            (a) all applicable policies and guidelines adopted by Council;            (b) the submissions of any advisory group, property owner or tenant;            (c) the height, bulk, location and overall design of the building or buildings and the effect on the site, surrounding buildings, neighbouring sites, streets and views;            (d) the amount of open space; and            (e) the preservation of the heritage character and heritage value of the area; and            the relaxation does not exceed 20% of the building footprint requirements in this Schedule."</li> </ul>	<p>Allows greater flexibility for the siting of principal buildings in response to varying site conditions.</p>

## 5. *Changes to the Parking By-law*

All changes outlined in Table 4 below have been incorporated into draft by-law as posted for Public Hearing. See Appendix H1 of this memo for the consolidated version of the draft by-law for consideration at Public Hearing.

TABLE 4 - Summary of Changes to the Parking By-law		
Section	Change	Rationale
3.2.1 (e)	<ul style="list-style-type: none"> <li>Struck the word "retention" and replaced with "conservation"</li> </ul>	Correction to terminology.
5.	<ul style="list-style-type: none"> <li>Struck "In section 4.2, Council strikes subsection (b), and renumbered 9(c) and (d) as (b) and (c), respectively."</li> <li>Replaced with "In section 4.2, Council strikes the word "designation" from subsection (b)."</li> </ul>	Not necessary to strike (b) in its entirety as previously recommended.

### ***PART TWO: Additional Economic Analysis of Proposed Regulatory & Zoning Changes***

As part of the zoning review of the First Shaughnessy area, Coriolis Consulting (the "Consultant") was engaged to undertake an analysis of potential economic impacts of the Heritage Conservation Area and proposed zoning changes. The Consultant's study was completed in April 2015 and was attached to the May 2015 Report as Appendix K. Based on their findings, and additional feedback from the public, revisions were made and included in the proposed new zoning presented to Council as part of the May 2015 Report. To provide Council with up-to-date information on the potential economic impact of the recommended zoning changes, Coriolis Consulting was asked to undertake an additional study of the proposed new regulations as presented to Council. Their supplemental report, entitled "Economic Analysis of Proposed Changes to First Shaughnessy Zoning District: Supplemental Report" and dated July 2015, is attached to this memo for Council's information and consideration at the Public Hearing (see Attachment 2).

#### ***Summary of Analysis & Conclusions***

The supplemental economic study looked at the impact of the proposed changes as compared to allowance under the current zoning on four sample sites representing different lot sizes in the area. For the purposes of these case studies, it was assumed that the pre-1940 home on the site adds no economic value to the lot, as perceived by the market today. It was assumed that the market today would look at the property as a redevelopment site and would be interested in demolishing the existing pre-1940 home and building a new home on the site. The Consultant analyzed what is possible under current zoning for a new home on each property, and then compared this to the required retention of the pre-1940 home and options for the property that would be available under the proposed new regulations.

In conducting this analysis, the Consultant noted that some of the financial inputs required to conduct the analysis were challenging to determine. This was in part due to the limited

amount of sales data available to conduct rigorous quantitative analysis, as well as the challenge of estimating the impact of potential reduced market interest. To conduct their analysis, a number of assumptions and judgements were made by the Consultant, which are described in their report on pages 7-12.

The following summarizes the Consultant's conclusions (see pages 30-32 of Appendix 2), along with staff comments on their key findings:

**1. Obligation to Retain Pre-1940 Homes**

The proposed requirement to retain pre-1940 homes would put downward pressure on the value of properties that would otherwise be candidates for demolition, if buyers do not choose to take advantage of the new benefits offered in the proposed zoning and do not factor them into the price they are willing to pay for a property. Should there be reduced market interest in these properties the Consultant estimates a worst case scenario of 5 - 10% decline in property value, which would only apply in cases where property owners or buyers choose to not pursue the off-setting benefits in the proposed zoning. Note that this figure takes into account the costs of renovation to the existing building, and an assumption that the transference of market interest away from pre-1940 houses would likely have no more than 5% impact on lot value.

The Consultant goes on to say that such a downward pressure in price is "not likely to have an immediate, significant, persistent drop in value", but in their view does mean that lot values could see small short term decreases and smaller future increases than would otherwise occur without the changes. If there is a decline in property values in the range of 5-10%, they note it would be offset (in dollar terms) by 1 or 2 years of the current pace of price growth, based on the average price growth experienced over the last five years in the west side and First Shaughnessy.

**2. Additional Floor Area**

The proposed new regulations would support more floor area than allowed for under current zoning, primarily through the exclusion of basement floor area, covered porch floor area etc. The Consultant estimates that this additional floor area does create land value, partly offsetting any negative impact of the changes. They note, however, that the additional floor area is probably not enough to fully offset the risk of negative impact.

**3. Additional Dwelling Uses & Units**

The proposed new regulations would support additional dwelling uses and units than allowed for under current zoning, such as secondary suites, coach house, infill buildings, multiple conversion dwellings etc. These changes generate land value benefit, and are sufficient to offset the negative impact of having to keep the existing house. The Consultant has the view that a portion of the market will not be interested in these additional dwelling uses and units, but instead would prefer the exclusivity and privacy that would come with maintaining a property for a single private home. So, while they conclude that the additional uses and units will generate sufficient land value to offset the requirement of keeping the pre-1940 house, not everyone will be interested in pursuing them on their property. Any change in market price (upward or downward) will depend on how the market divides into people interested in pursuing these benefits and those people not interested in them, and thereby potentially being less interested in a property with a pre-1940s home.

#### 4. Increased Opportunity for Multiple Conversion Dwelling Units

Despite the changes to expand provisions for Multiple Conversion Dwellings (MCDs) to make more pre-1940 properties eligible for this benefit, the Consultant reports that this use will still typically support lower land values than typically supported by a single family home. As a result, there will be few opportunities for developers to pursue MCD use in First Shaughnessy. The Consultant suggests that more floor space and units would support higher land values than current single family lot prices, but changes to the proposed regulations are not recommended. Increasing the amount of floor area and units from what is already proposed could negatively impact the objective of maintaining the estate-like character of the area through open space and mature tree and landscaping retention, which are key character defining elements of the area.

#### 5. Summary of Overall Impact to Pre-1940 Homes

The Consultant characterizes the new regulations as having a small economic impact that will range between slightly positive and slightly negative (i.e. plus or minus 5% of value) if all incentives in the new regulations are used, depending on the property. In their report, they state:

*"We expect that the prestige of the neighbourhood, the small total number of lots, and the continuing strong demand for single family homes will mean that the proposed new regulations will not cause significant, persistent negative impacts on lot values for lots with pre-1940 houses in First Shaughnessy."*

*Economic Analysis of Proposed Changes to First Shaughnessy Zoning District: Supplemental Report, July 2015 (Coriolis Consulting), p. 31.*

They note that lots in the 18,000 - 30,000 s.f. category would be the most negatively impacted if there is decline in property values, and recommend consideration of an additional infill unit for these properties. The Consultant states earlier in their report that a worst case scenario is a decline in property values in the range of 5-10%, but that this would be offset (in dollar terms) by 1 or 2 years of the current pace of price growth. In consideration of this, unit increases are not recommended as this possible short-term negative financial impact should be offset in a few years' time, and also for the reasons noted above related to maintaining the area's estate-like character.

#### 6. Uncertainty of Conditional Approval Uses

The Consultant notes that the proposed new regulations classify the potential uses as "conditional approval uses" in the proposed zoning. In their analysis they assume that these conditional uses would be approved, but note that if they are not approved on a property there would be no offsetting benefits for that site. Staff note that under the current zoning for First Shaughnessy, all uses are conditional, therefore no change to the process for considering uses is proposed from the current practice.

Further, it is noted that the uses included as "conditional approval uses" in the proposed zoning require other policies and regulations to be considered in concert with the zoning when reviewing an application (i.e. Design Guidelines). As in all parts of the city, not every benefit in zoning may be achievable on every site. For example, all allowable floor area may not be achievable in a proposed addition due to the location and size of mature trees on the lot. With this in mind, staff endeavour to

work with property owners to ensure the full development potential of a site can be achieved in balance with the other regulations and policies that are applicable.

**7. Extent of Benefits**

The Consultant reports that the benefits included in the zoning do not exceed what is needed to offset any negative impact. They comment that they do not see the changes as literal “incentives” but that they appear to balance any negative impact rather than create a significant net financial gain.

**8. Effect on Large Lots with Post-1940 Homes**

In addition to the review of impacts on pre-1940 homes, the Consultant comments that the proposed changes also impact very large lots (over 33,216 s.f.) with post-1940 homes. This is due to the inclusion of a maximum floor area regulation in the new zoning, whereas the current zoning does not place an upper limit on floor area other than the floor space ratio. Under the proposed new regulations, homes built in First Shaughnessy will be limited to a maximum above grade floor area of approximately 10,000 s.f., which on these very large lots is a reduction from what currently is achievable. However, the Consultant anticipates, based on the overall market context, that while these properties are at risk of a dampening of price growth, they are not at risk of an actual decline in property value.

Overall, the financial analysis shows that the potential impact will vary depending on the market interest in taking advantage of the revenue-producing aspects of the zoning (i.e. secondary suite, coach house, infill, Multiple Conversion Dwelling). However, if a homeowner or buyer pursues these uses and the additional floor area available for the main house (through the exclusion of basement floor area), then it is estimated the new regulations include enough benefit to offset the possible impact of reduced market interest in having to keep the existing house.

I trust that this memo provides Council with clarity regarding the decisions before you, and provides clarity on the potential economic impacts of the proposed new regulations. Staff will be available to answer any questions or clarifications of the foregoing at the Public Hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane Pickering". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

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JP/tky

## **Attachments:**

### **Appendix A1**

Heritage Conservation Area Development Plan

### **Appendix B1**

Heritage Conservation Area Official Development Plan By-law

### **Appendix C1**

Heritage Procedure By-law

### **Appendix D1**

Heritage Property Standards of Maintenance By-law

### **Appendix E1**

Amendments to the Zoning and Development By-law (New District Schedule for First Shaughnessy)

### **Appendix G1**

Amendments to the Heritage By-law

### **Appendix H1**

Amendments to the Parking By-law

### **Appendix 2**

*Economic Analysis of Proposed Changes to First Shaughnessy Zoning District: Supplemental Report, July 2015 (Coriolis Consulting)*