

## Kennett, Bonnie

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**From:** Correspondence Group, City Clerk's Office  
**Sent:** Monday, July 20, 2015 4:16 PM  
**To:** Public Hearing  
**Subject:** FW: Letter to Vancouver City Council re HCA proposal for First Shaughnessy

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**From:** Bryan McKnight  
**Sent:** Monday, July 20, 2015 4:00 PM  
**To:** Correspondence Group, City Clerk's Office  
**Subject:** Letter to Vancouver City Council re HCA proposal for First Shaughnessy

Mayor Robertson and Councillors -

I'm writing as an owner of a pre 1940 property in First Shaughnessy (FS). We are one of over 300 Vancouver families most affected by the enormous changes the City is proposing for FS. My wife and I bought our house on <sup>s.22(1) Personal and Confidential</sup> in 1988 and have lived there for over 26 years. Our family has grown up and now have their own places in Vancouver. We love the character and history of our house and support preserving it and many others like it, wherever they are in the city. We also want to see the character of FS preserved as it is for future generations. Having said that, we have some very serious concerns about the rushed and flawed process leading up to the current proposals, the poor communication with property owners, and some of the proposals themselves.

My whole working life was spent with one of the four large international accounting and consulting firms. For over eight years, I was managing partner in Vancouver and was BC managing partner for three years. I only mention that as I think my background shows that I'm financially literate and it may give me at least some perspective on reasonable expectations for a highly complex and impactful process like this.

### **Economic value**

From the first contact I had with this process (the February/March open houses), a fundamental and constant topic of discussion has been - 'What impact does all of this have on the values of the properties?'. Throughout the documents provided to council on June 9, there were many references to the diminished value concern and a number of comments, particularly in the Coriolis report (Appendix K), that reinforce that it's a real, not a theoretical problem. In my mind, there's no question that precluding tear downs of unrestored pre 1940 houses (unfortunately, the highest and best economic solution in many cases), introducing significant restrictions and process re what changes can be made to the houses and grounds, and reducing the buildable portion of a lot (increased setbacks) etc., absent other changes, has a significant downward impact on the value of properties that have those houses. To argue otherwise just doesn't seem logical to me. I suggest that discussion with real estate agents who know and are currently active in FS will confirm the significant negative value that the market puts on an unrestored pre 1940 house. There is hard evidence in recent sales (also in the narratives and prices for recent listings). A prime example is 1190 Matthews which sold for over \$10,000,000 in April/15 - a 15,700 sq ft lot with a tear down! Millions higher than it would be worth with an unrestored pre 1940 house on it.

I was very surprised to read in Donald Luxton's report of May 29 (provided to Council on June 9) the following under a heading 'Retention without compensation'

“Under the current FSODP, the City provides development incentives, such as increased density, or relaxed site guidelines, to encourage heritage and character retention. However, when the City recommends that a heritage house should be retained, in opposition to the owner’s wishes to pursue new home construction, Council may (as an option) consider designating the house as heritage property. Such action would involve compensating the property owner for any loss in property value. By comparison, an HCA does not require compensation through its direct identification of protected heritage properties.”

I understand that the City believes that the Vancouver Charter gives it the right to designate heritage properties in groups through an HCA, but not individually without an HCA, with no negotiation and no compensation. I have not seen a legal opinion to this effect. It does seem heavy-handed!

But if we take that as a given, in the absence of a one by one negotiation process with FS owners, the City is really negotiating with itself on behalf of the whole group of pre 1940 homeowners in FS, to try to provide a group of ‘incentives’ that will offset the negative impacts of requiring retention of pre 1940 houses and imposing other restrictions. Pre 1940 owners in FS really have little or no leverage. In a one-sided negotiation like this, I believe it’s critically important for the unrepresented parties to receive a type of fairness opinion from a qualified independent third party. And also for the City, in this case, to have an independent opinion as to the fairness of what it is proposing.

We know that the April Coriolis report (third party analysis of the potential economic impact of the proposed changes), expressed some serious concerns. Here are example quotes from page 21;

- “Depending on the siting and configuration of existing houses, it may not be possible to accommodate all of the un-used portion of the permitted .45 FSR in a renovation/addition. it is possible that (even if extensive interior renovations are permitted), the number or type of living spaces that can be accommodated in a renovation of an existing house would not match what the market would look for in a new house and higher requirements for renovations (e.g. restrictions about materials that can be used) could increase construction costs. In our view, the market will view the proposed regulatory changes as more restrictive than in the existing situation”.

- “In our view, because there will be new restrictions but no new offsetting incentives that apply to small homes on small sites, there will likely be decreased market interest for small sites with small pre-1940 homes in First Shaughnessy.”

Decreased market interest appears to be a gentle and indirect way of describing a real hard money financial loss to the owners of these properties.

I understand that following the April Coriolis report, the City made some changes to the proposals before the June 9 material went to Council. I know that one change was to offer a coach house option to small property owners, and there may have been other changes.

I also understand that Coriolis was engaged to do additional analysis of the proposed zoning changes. I don’t know what that work entails but I had hoped it would address current market conditions, including a fundamental issue - how does the value of an empty lot under the old rules (or a lot with an older house that could have been demolished at the time), compare to the value of the same property with an unrestored pre 1940 house on it under the proposed rules.

As of last week, the additional independent assessment of the impact of the proposed zoning changes was still not available. I find this very upsetting! To me, it's completely unacceptable for the City to say that this critical further analysis is underway, yet the process is still proceeding at full speed as if the analysis had been done and had shown that there was no unfavourable economic impact on property owners!!! How can that be a defensible

thing to do? If the analysis, if and when it's finally done, shows that there is a negative impact on 'market interest'/values (which I believe there is), what will the city do? After all this time and at this stage of the process, how can the city say that it still doesn't have this essential information as to whether the proposals are fair to property owners, but is going ahead to entrench the proposals anyway?! Even if the additional analysis were to arrive on the heritage website today, there's no opportunity at all for a proper review by the few homeowners who might find it. An independent assessment of fairness should have been done and made available long ago, before any proposals went to Council. Yet the City is still scrambling and backfilling at this late date to get something from the consultants to justify the proposals which seem to have been cast in stone weeks ago. Inexcusable I think.

The last sentence under FAQ 6 sent out with the July registered letter to homeowners seems to sum up how loose this issue is ("In general, it is anticipated that maintaining the pre-1940 character of First Shaughnessy will support long term stability of land values, as this quality of character has contributed to to the overall desirability of the area enjoyed by the community to date"). Anticipated by whom, supported by what, and what about terms shorter than long term? Many pre 1940 property owners are older and at or near the end of their personal life cycle time horizons with these old houses, what about them?

I think that the City team has been working hard through highly complex issues with a very tight deadline set by Council, to get to firm proposals. However, the timetable was not set by the homeowners and is not an excuse. I think there's way too much at stake.

### **Communication with FS homeowners**

On July 6, we received a registered letter from the City that our property is a proposed protected heritage property. I think that for many or probably most FS owners, that would have been the first time they were aware of or really thought about the issue. Lots of others, I'm sure, are away in July.

I attended three open houses along the way. With such a volume of complex material on white boards and a long detailed questionnaire to complete usually on the spot, my feeling is that relatively few FS owners were engaged in the process and provided thoughtful feedback. I could be wrong on this. I did say on the questionnaire I sent in mid March that I would caution against over-reliance on the feedback from those sessions or lack thereof.

The registered envelope on July 6 contained a two page covering letter and a two page FAQ sheet. Both documents referred the reader first to a website containing the 12 documents (many very lengthy) that were referred to Council on June 9. It's an enormous volume of material with no description in layman's terms of what it all is and how it fits together. Both documents provide another separate lengthy url link to appendix b, and the FAQ sheet also has separate lengthy links to appendices i and e - the extra links are unnecessary and confusing as these appendices are already included in the link to the Council material. Actually the link intended to be to appendix i reads as l in the url so you get an error message for that one. To go through the appendices and print and collate them is a very lengthy job, a couple of hundred pages - had to go out for paper and a new toner cartridge. There's a lot of duplication of sections among the 12 Council documents, even more unnecessary printing if you don't catch that. Not at all user friendly! I wonder how many people just gave up.

In looking at what was sent out to homeowners, I don't see anything that couldn't have been sent out at the same time as the June 9 Council meeting. That would have given homeowners closer to 6 weeks with the material instead of 15 days in our case. More time to really read and try to understand it all and perhaps talk to other homeowners about it, and send comments and plan to appear on the 21st. Given the complexity and the profound impact on people, it appears very one sided to send out the two brief documents, which seem to lead straight into a morass of detailed confusion, on July 6, with a hard deadline of July 21 for a full, thoughtful reaction. I understand that last week, there hadn't been much reaction from homeowners. Not surprising.

I have a number of questions on and issues with parts of the June 9 Council material and city staff have kindly made time for me to discuss a number of these. My sense from reading the 19 page 'Policy Report dated May 29, 2015', which was the first Council document, is that it appears to be somewhat imbalanced in favour of the proposals. For example, I have a serious concern that some of the paraphrasing of the Coriolis report is not faithful to the actual report and is actually quite misleading. The 19 page summary is a very key document and may be the only thing that many people read - it's obviously absolutely critical that it be fair and balanced and, where it refers to other documents, that it fairly and accurately present what those documents actually say. Here's an example of this issue in the summary report;

The summary report on page 13 says, referring to the Coriolis report, says "Regarding the regulatory changes, they note that the market **may** view the proposed changes as more restrictive for pre-1940 homes and that **the off-setting incentives for small homes on small sites may not be sufficient to prevent a change in market interest on these sites.**"

The actual consultants report by Coriolis says on page 21 "In our view, the market **will** view the proposed regulatory changes as more restrictive than in the existing situation". Also on page 21, "In our view, **because there will be new restrictions but no new offsetting incentives that apply to small homes on small sites, there will likely be decreased market interest for small sites with small pre-1940 homes in First Shaughnessy.**"

Very different messages!

### **Setbacks, new depth restriction, building envelope**

The proposals include more restrictive setbacks, and a new building depth limit. and building footprint requirement for pre 1940 properties. This seems to me to be a wrong thing to do in all of the circumstances. More square feet is one of the 'incentives' for pre 1940 owners - yet the allowable buildable portion of a lot is shrinking. And more so proportionately for smaller lots than larger - the proposed 40 foot rear setback (up from 35 feet) is absolute. That seems to be way too much for a shallow lot, maybe not a big deal at all for many of the larger, deeper lots. Why is the rear setback not a percentage like the other setbacks?? And I don't understand what the rear setback of the house has to do with the location of a garage - if garage location is an issue, why not set some rules for that? Also, the side yard setback is proposed to increase from 15 feet to 20 feet on each side, for, say, a 100 foot frontage. Yes, the relaxation possibility is there. But relaxations are discretionary and I think they can only definitively be determined once plans have been developed and exposed and everyone (including neighbours, even renters) has had their say. People thinking about buying these properties will look at the official setbacks and other restrictions. They can have meetings with the planners and hear some encouraging things about relaxations, but they won't really know until the end of the application process - after they've actually bought and fully committed to the property and then gone through a very time consuming and expensive planning process. Only then will they know for sure. So I think that many people will assume the official setbacks are the actual limitations. They will either lose interest in the property because they think the setbacks (now more restrictive) are too restrictive, or they will discount the property based on the risk that setbacks will not, in the end, be relaxed. I know that's what I would do in that situation. I think that's a reaction that any buyer of one of these properties would have. This affects value, and I don't think this take-away for pre 1940 properties is fair or makes any sense, given all the other dynamics involved.

On this same topic, I also have concerns about some of the material on the two page Appendix F (Comparison Table of Current and Proposed Zoning Regulations.....). Similar to the 19 page summary, this is a key summary document that concisely compares current and proposed regulations. The far right column describes 'Benefit to Pre-1940 Property Owners'. For the sections which describe the more restrictive setbacks, the new building depth limit and the new building footprint, the 'Benefit to pre 1940 property owners column says 'yes'. I disagree. I don't see how putting in more stringent restrictions can be a benefit to pre 1940 owners.

I respectfully request that the more stringent setbacks and the new building depth limit and building footprint requirement being proposed for pre 1940 homes be reconsidered. In particular, I'd appreciate a hard look at the large and 'one size fits all' 40 foot rear setback proposal. Why not make this a percentage rather than an absolute, similar to the basis for front and side yard setbacks. Lots of other regulations are different for pre 1940 houses, why can't the setbacks also be different?

Thank you for reading this and considering my comments. I'm planning to be at the hearing tomorrow evening and look forward to the discussion of an overall issue that has an enormous impact on the very large group of FS homeowners.

Sincerely, Bryan McKnight

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