

REPORT

Climate Action, Planning and Development

To: Mayor Cote and Members of Council **Date:** November 1, 2021

From: Emilie K. Adin, MCIP **File:** 13.2605.40
Director of Climate Action, Planning and
Development

Item #: [Report Number]

Subject: **HRA Refresh: Queen's Park Heritage Conservation Area Post-Implementation Evaluation and Report Back on Final Incentives**

RECOMMENDATION

THAT Council endorse that staff do no further work to implement the following as part of the Queen's Park Heritage Conservation Area incentives program:

- a) stratification of laneway and carriage houses,
- b) conversion of existing houses into multiple units, or
- c) creation of additional design guidelines

and instead endorse that tenure and unit count be included in the scope of the initiated Heritage Revitalization Agreement Refresh project.

THAT Council endorse the refined Evaluation Checklist (Attachment 1) for use in Heritage Alteration Permit applications for demolition and Official Community Plan Amendment applications for removal of Heritage Conservation Area protection.

PURPOSE

To advise Council of the outcome of implementing the Heritage Conservation Area and to request that the outstanding elements of the related incentives program inform the HRA Refresh project.

EXECUTIVE SUMMARY

The Queen's Park Heritage Conservation Area has been in place for over four years. As part of the creation of the Conservation Area, an incentives program was developed for properties protected by the policy. The first round of incentives was implemented in the

spring of 2018, with further rounds to be implemented in the medium and long term. This report provides an update on the implementation of a majority of those longer term incentives. In addition, the report requests Council's endorsement of a refinement with respect to the Evaluation Checklist for heritage protection (Attachment 1).

This report also provides an overview of what has resulted following the designation of the Conservation Area. The report shares some analysis of the impacts on neighbourhood character, building and renovation activity, the real estate market, and assessed property values. Overall, research has demonstrated that the program has not negatively impacted the neighbourhood in those areas.

Given this, there does not appear to be a need for implementation of the outstanding two incentives (related to stratification). As was the case before the Conservation Area, these incentives would remain available to owners through the Heritage Revitalization Agreement (HRA) program. Should Council endorse the staff recommendations in this report, the implementation of the Queen's Park Heritage Conservation Area Implementation Plan (2017) would be complete, and stratification could be further explored in the next steps of the HRA Refresh project.

BACKGROUND

HRA Refresh Project

On June 21, 2021 Council directed staff to update the 2011 policy for the use of Heritage Revitalization Agreements (HRAs). The update will align the policy with the 2017 Official Community Plan and Queen's Park Heritage Conservation Area. On August 30, 2021, a post-implementation evaluation of the Queen's Park Heritage Conservation Area was endorsed as part of the scope of that project. An understanding of the outcomes of designating the Conservation Area, and the finalization of incentives available through the Zoning Bylaw in Queen's Park, will inform the alignment of the Conservation Area and the city-wide HRA policy that is to be refreshed in 2022.

Queen's Park Heritage Conservation Area

Adopted in 2017, the Queen's Park Heritage Conservation Area is an area planning and management tool, which includes both heritage protection for the exterior of pre-1941 buildings, and design control for new construction. Properties in the neighbourhood are either protected ("Advanced" Category, pre-1941) or non-protected ("Limited" Category, post-1941). There is opportunity to protect newer houses by listing them on the Heritage Register, or to remove protection from older houses through an Official Community Plan amendment. Protected properties are eligible for regulatory and building-related incentives through the area's RS-4 zone, and a variety of other programs.

Incentive Program

During the process of creating the Queen's Park Heritage Conservation Area, neighbourhood property owners raised the issue of potential impacts to the area's property values. At that time, the City engaged an economic consultant who identified possible impacts, and mitigation options. The incentives program framework (Attachment 2) subsequently endorsed by Council in May 2018 was based on these recommendations and feedback from City committees.

The framework includes items to be implemented in the short, medium, and long term. The five short term incentives were adopted in June 2018:

- Increased density (0.2 floor space ratio) for the principal building;
- Building Code alternate compliance options for the principal building;
- More achievable laneway and carriage house density;
- Relaxations for laneway and carriage house design; and
- Servicing upgrade relaxations when building a laneway or carriage house.

The seven medium term incentives are the subject of this report:

- Change of tenure (stratification)
- Increased number of units (multiple conversion dwellings)
- Additional design guidelines
- Refined evaluation checklist
- Expedited permit process
- Added services for owners
- Support of Development Variance Permits

The two long term incentives (heritage grants and interpretive signage) have been integrated into appropriate departmental work plans.

ANALYSIS

Scope of Analysis

Staff has analyzed the Queen's Park neighbourhood to evaluate potential implications of designating the Conservation Area. The analysis covers six years (2014-2020) split into three periods: years before heritage protection, years during the policy development process, and years following implementation. The years 2020/2021 were not included in the analysis as it is anticipated that the Covid-19 Pandemic has created impacts on building and construction activity. Three aspects were evaluated: building and renovation activity; neighbourhood character changes; property assessment values and real estate market, as detailed below.

Renovation Activity

An issue identified during the development of the policy was that it might be harder for property owners to do renovations or undertake other building projects (e.g. due to additional permits required), which would reduce building improvements or building maintenance. However, analysis indicates the level of renovation (measured through number of Building Permits issued in the neighbourhood) has slightly increased in the years since the adoption of the Heritage Conservation Area, suggesting that owners are able to proceed with their projects and have been doing so at a similar rate as before the protection was applied. See analysis in Attachment 3.

Neighbourhood Heritage Character

The intention of the Heritage Conservation Area was not to stop change, but to ensure that change would be more sensitive to the heritage character of the neighbourhood. Since adoption of the policy in Queen's Park, there has been a 10% increase in the number of building permits with heritage implications (as defined by the policy, e.g. façade or roofline changes), which indicates more work is being done to renovate and retain houses, rather than starting anew. Demolition and replacement of houses (protected and non-protected) occurred at a similar rate throughout all phases of evaluation. However, through implementation of the Conservation Area, those buildings are reviewed for heritage value to ensure historic buildings are not being lost. Sample images of renovations and new houses built under the Heritage Conservation Area design guidelines are included in Attachment 4.

Market Value

Economic effects were evaluated on the following four criteria: market value, assessed value, sales volume, and time on market. Overall, all of the above factors appear to have followed or exceeded city-wide and regional trends.

Throughout 2017, which coincides with the adoption of the Heritage Conservation Area, Queen's Park properties increased in value 10% more slowly than those elsewhere in the city, though overall both protected and non-protected properties continued to have higher market value than properties elsewhere in the city. This was consistent with the expectations of the economic analysis done when the policy was developed.

The slower price growth was not reflected in assessed values (as listed by BC Assessment), and has not been long lasting. Number of sales in the neighbourhood increased following adoption of the policy in 2017 and though it appears that protected houses took on average longer to sell (42 days on the market) than non-protected houses (36 days on the market), this is fewer than the average for the region (at 50 days on the market). Also, the ease of sale is generally consistent before and after heritage protection was put in place.

In 2018, around the time of the adoption of the incentives program, the rate of market value change in Queen's Park had re-aligned with city-wide and regional trends, with an average decrease of 5-7%. However, by 2020 it exceeded comparable properties in other areas of the city and region by nearly 10%, and it is following regional trends for 2021. This suggests the short term incentives adopted to date have been effective in mitigating any potential impact of the Heritage Conservation Area. More detailed data, information, and analysis, and list of related assumptions is available in Attachment 5.

DISCUSSION

Overview

In June 2018, seven incentives with a medium term (2-5 years) implementation timeline, and two with a long term (5-15 year) timeline, were endorsed by Council for further work. The incentives, and staff recommendations related to implementation of each, are summarized in Table 1 below. Staff are recommending no further action on stratification, conversion, and additional design guidelines which are each discussed in the following subsections. A refined evaluation checklist is included for Council's endorsement and is also discussed below. The remaining incentives have been implemented or integrated into future work plans for which there are further details in Attachment 2.

Table 1: Summary of Round Two Incentives and Staff Recommendations

Incentive Option		Status
1	Change of Tenure (Stratification)	No further action recommended
2	Increased Number of Units (Multiple Conversion Dwellings)	
3	Additional Design Guidelines	
4	Refined Evaluation Checklist	Included for Council's endorsement
5	Expedited Permit Process	Implemented
6	Added Services for Owners	
7	Support of Development Variance Permits	Integrated into forthcoming work
8	Grants for Restoration and Maintenance	Integrated into future work planning
9	Neighbourhood-wide Interpretive Signage	

Stratification and Multi-unit Conversions

These incentives were identified to offset potential loss in market value of Queen's Park properties under the Heritage Conservation Area. They would have provided owners with the outright ability to stratify a laneway or carriage house, or add principal units to a building (multiple unit conversions) without further Council approvals or community consultation, and with limited design review.

Based on the analysis of the program, it appears that if there was any impact to property value, it was not sustained and/or has been mitigated by the implementation of the first round of incentives. Staff considers it is not warranted at this time to provide additional market-value focused incentives. Doing so may create an inequitable balance between properties in the neighbourhood, and between similar neighbourhoods in across the city.

The option to consider stratification and multi-unit conversions would continue to exist through the Heritage Revitalization Agreement (HRA) program, and their application in the Conservation Area would be explored further through the next steps of the HRA Refresh project.

Additional Design Guidelines

This incentive was identified to offset potential impacts to building and renovation activity. The additional guidelines were to focus on suggested renovation options and further examples of approvable changes. Staff considers it is not warranted at this time to do this additional work, based on the analysis of the program, as building and renovation activity has been steady, and few communications about issues arising have been received. Most applicants state they appreciate the clarity in the current design guidelines (recommended/acceptable/non-recommended), and the sample images already available in the guidelines. Staff considers applicants to be interpreting the requirements well. See Attachment 4 for images of the new houses proposed for or constructed in the neighbourhood since the implementation of the design guidelines.

Refined Evaluation Checklist

The checklist is used in evaluating applications for demolition of buildings protected by the Heritage Conservation Area, and applications for removal of Heritage protection. Taking into account feedback heard from applicants, heritage professionals, the Queen's Park community, and the Community Heritage Commission (CHC), staff has drafted refinements to the Evaluation Checklist (Attachment 1).

The goal of the proposed changes is to increase its usability, and ensure its application meets the intent of the evaluation: to determine the amount of heritage value in the house. The changes do not alter the intent of the document or how value is assigned:

those underlying principles were set by Council during the creation of the Heritage Conservation Area policy. The proposed changes are summarized in Attachment 1 which also includes a copy of the original checklist.

The Community Heritage Commission workshopped the proposed changes in their meeting on February 12, 2020. Minutes of the meeting are provided as Attachment 6. At that meeting, the members adopted the following motion:

THAT the Community Heritage Commission recommend that Council include provisions to acknowledge mature trees and landscape in the refined Evaluation Checklist for the Queen's Park Heritage Conservation Area.

In contrast, staff are recommending that the criteria for landscaping be removed from the Checklist as: (1) landscape features are not protected through the Heritage Conservation Area policy so should not be included as part of the evaluation; (2) mature trees are otherwise protected and managed through the Tree Regulation and Protection Bylaw; and, (3) the inclusion of the criteria was reducing the heritage value score for properties without these features, thereby skewing the exercise and resulting in less accurate valuation.

NEXT STEPS

Should Council endorse the staff recommendations in this report, the Queen's Park Heritage Conservation Area Implementation Plan would be complete. Staff would continue with research and analysis related to HRAs, per the endorsed scope for the HRA Refresh project, including how HRA applications interact with this finalized incentive program in Queen's Park. A report to Council on the HRA Refresh project's principles and forthcoming community consultation plan is anticipated for later this fall.

OPTIONS

The following options are provided for Council's consideration:

1. That Council endorse that staff do no further work to implement the following as part of the Queen's Park Heritage Conservation Area incentives program:
 - a) stratification of laneway and carriage houses,
 - b) conversion of existing houses into multiple units, or
 - c) creation of additional design guidelinesand instead endorse that tenure and unit count be included in the scope of the initiated Heritage Revitalization Agreement Refresh project; and
2. That Council endorse the refined Evaluation Checklist (Attachment 1) for use in Heritage Alteration Permit applications for demolition and Official Community Plan Amendment applications for removal of Heritage Conservation Area protection; or

3. That Council provide staff with alternative direction.

Staff recommend options 1 and 2.

ATTACHMENTS

Attachment 1: Refined Evaluation Checklist, for endorsement

Attachment 2: Incentives Program Framework

Attachment 3: Building Activity Analysis Summary

Attachment 4: Images of Renovations and New Builds Since 2017

Attachment 5: Real Estate Analysis Summary

Attachment 6: Excerpt of the Draft Minutes of the February 12, 2020 Community
Heritage Commission Meeting

APPROVALS

This report was prepared by:

Tristan Johnson, Senior Planning Analyst

Britney Dack, Senior Heritage Planner

This report was reviewed by:

Jackie Teed, Senior Manager, Climate Action, Planning and Development

This report was approved by:

Emilie K. Adin, Director, Climate Action, Planning and Development

Lisa Spitale, Chief Administrative Officer