



## Committee of the Whole Report For the Meeting of March 5, 2020

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**To:** Committee of the Whole **Date:** February 20, 2020  
**From:** Karen Hoese, Director of Sustainable Planning and Community Development  
**Subject:** Next Generation Conversion Regulations – Update Report

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### RECOMMENDATION

1. That Council direct staff to prepare bylaws to amend Schedule G - House Conversion Regulations and Schedule C - Off Street Parking Regulations of the *Zoning Regulation Bylaw*, consistent with this report, in order to:
  - a. change the qualifying year of construction;
  - b. reduce restrictions on exterior changes;
  - c. clarify and expand opportunities to utilize under-height basements;
  - d. allow attic spaces to be developed;
  - e. allow vehicle car parking in front yard (for non-heritage properties);
  - f. increase and incentivize permitted number of units;
  - g. allow windows and doors on front elevations;
  - h. decrease parking requirements; and
  - i. require bicycle parking.
2. That Council direct staff to monitor the impact of the Next Generation Conversion Regulations, with particular attention paid to buildings with heritage value, and prepare an update report to Council within two to three years (once meaningful observations can be made), noting that staff would report back earlier in the event that a pattern of negative impacts to buildings with heritage value or other concerning trends are observed.
3. That as a next step, Council direct staff to undertake a further assessment of the parking requirements, including the impact of parking on the site layout and associated landscaping, as well as the possibility of delegating authority to staff for minor parking variances associated with house conversions.
4. That Council direct staff to continue to explore and bring forward items for Council's consideration that are listed in the "Sprint Option" of the Committee of the Whole Report dated December 5, 2019, as opportunities for improvements/expansion (e.g. green building incentive program) present themselves, noting that a more fulsome review and accounting of progress towards sprint goals would be included in the two to three year review report.
5. That Council direct staff to develop a design guidance document to provide advice aimed at advancing high-quality design that respects the local context and addresses potential neighbourliness impacts.

## EXECUTIVE SUMMARY

The purpose of this report is to update Council regarding feedback received on the Next Generation Conversion Regulations and seek direction on the preferred approach for moving forward. Overall feedback was positive; however, in some instances there were concerns related to reducing restrictions related to exterior changes, allowing windows and doors on front elevations, and parking. Some stakeholders felt that the proposed changes related to the above-noted topics were too permissive and others felt the proposed changes were too restrictive.

This report provides an overview of the targeted consultation and provides analysis and final recommendations directing staff to prepare amendments to the *Zoning Regulation Bylaw*, in order to replace the existing house conversion regulations and amend the off-street parking regulations. The report also advances a number of actions aimed at monitoring and guarding against unintended consequences as well as paying particular attention to concerns related to potential impact to buildings with heritage value. Additionally, upon further review, staff are recommending minor adjustments to floor area requirements and the resulting number of units permitted in order to provide a more logical “step” in the proposed incentives and to better align with other existing bylaw requirements.

## BACKGROUND

The purpose of this report is to provide an update regarding the feedback received on the Next Generation Conversion Regulations and seek Council direction on the preferred approach for moving forward. On December 5, 2019 (report included in Attachment A), Council passed the following motion:

That Council direct staff to:

1. Undertake consultation, as outlined in this report, on the following proposed changes to the Zoning Regulation Bylaw Schedule G – Housing Conversion Regulations and Schedule C – Off-Street Parking Regulations described as the ‘Run’ option:
  - a. Change the qualifying year of construction
  - b. Reduce restrictions on exterior changes
  - c. Clarify and expand opportunities to utilize under-height basements
  - d. Allow attic spaces to be developed
  - e. Allow vehicle car parking in front yard (for non-heritage properties)
  - f. Increase and incentivize permitted number of units
  - g. Allow windows and doors on front elevations
  - h. Decrease parking requirements
  - i. Require bicycle parking
  - j. Allow exemptions for required bicycle parking.
2. Report back to Council with feedback from consultation and final recommendations for amendments to the Zoning Regulation Bylaw.

Overall feedback was positive; however, in some instances there were concerns related to reducing restrictions related to exterior changes, allowing windows and doors on front elevations, and parking regulations. Some stakeholders felt that the proposed changes related to the above-noted topics were too permissive, while others felt the proposed changes were too restrictive.

The following sections provide an overview of the targeted consultation as well as analysis and recommendations related to:

- reducing restrictions on exterior changes and allowing new windows and doors on the front elevation
- creating a voluntary design guidance document
- fine-tuning the number of units permitted in relation to maximum floor area.

## Consultation

The following engagement with the public and key stakeholders has been undertaken:

Website and Social Media: The Next Generation Conversion Regulations webpage was updated with links to the staff report and opportunities to provide feedback were identified. The project was also shared through the City of Victoria Twitter and Facebook accounts.

Key Stakeholders: Information on the proposed changes along with a request for feedback was provided to:

- Heritage Advisory Panel
- Victoria Residential Builders Association (VRBA)
- Renters' Advisory Committee
- Community Land Use Committees (CALUCs)
- Urban Development Institute

The feedback received was largely positive in nature; copies of all written feedback can be found in Attachment B. In addition to written feedback from individuals, the Fernwood and Rockland CALUCs provided written comments and the VRBA printed information and comments on the proposed changes in the January 21<sup>st</sup> edition of the Times Colonist.

In addition to sharing the project information with the groups listed above, staff attended the following meetings:

Urban Development Institute (UDI), January 21, 2020: Staff met with members of the UDI to share information and receive verbal feedback on the proposed changes.

Heritage Advisory Panel January 13, 2020: While the Panel was generally supportive of the proposed changes, they expressed concern over the potential for negative impacts on buildings that have heritage value but are not protected with a heritage designation status. Based on these concerns, the Panel passed the following motion:

*That the Heritage Advisory Panel oppose item b (reduce restrictions on exterior changes) and item g (allow windows and doors on front elevations) in the staff report.*

A copy of the minutes from the Heritage Advisory Panel meeting are attached.

Renters' Advisory Committee, January 22, 2020: Staff gave a presentation to the Renter's Advisory Committee to share information and receive feedback. A copy of the Renters Advisory Committee minutes is attached.

## Feedback Themes

The following sections discuss the key feedback themes:

### Parking

Almost all the feedback included comments on reduced vehicle parking minimums. Many of these comments were in support of the proposed vehicle parking reductions and new bicycle parking requirements, with some comments calling to further reduce or completely eliminate vehicle parking minimums and to delegate parking variances to staff. Conversely, there was also some feedback expressing concern over the additional pressure that both lower parking minimums and a greater number of house conversions may have on street parking demand.

Staff recommend continuing with the proposed changes to the minimum parking requirements; however, a more detailed review would provide further opportunities to refine the parking requirements, including the impact of parking on the site layout and associated landscaping, as well as the possibility of delegating authority to staff for minor parking variances associated with house conversions. The recommended motion includes direction to undertake this assessment as a next step.

### Tenant Displacement

Another common theme was the concern that these updates could result in tenants being displaced. For example, existing rental conversions may become more attractive to renovate and potentially add units, displacing the existing tenants in the process.

While there is the potential for tenant displacement in any redevelopment, there are some additional supports available where the building is being converted to a strata. In the cases where a residential building is changing from rental to strata, the Residential Strata Titling Policy would apply. This policy states that while the vacancy rate for Metro Victoria is below 4% no applications to convert residential rental buildings with more than four rental units will be accepted and must be appealed to Council. Regardless of the number of units, a Tenant Plan must be completed for any application that involves a strata conversion of active rental dwelling units. For clarity, this is a separate process from the Tenant Assistance Plan required through a Rezoning application. The Tenant Plan is negotiated with staff and may include an option to purchase, alternative rental options, rental assistance or secured rental tenancy in the unit for a fixed term. (Residential Strata Titling Policy and Tenant Plan included in Attachment C).

Although the possibility does exist for tenants of buildings that are currently rental to be displaced as owners advance projects to upgrade and realize additional units, staff still recommend that on balance, the potential for additional units would far exceed the number lost through the redevelopment. Additionally, there may be opportunities to further support tenants through future Housing Strategy initiatives.

### Exterior Changes / New Windows and Doors on Front Elevations

As noted earlier, the Heritage Advisory Panel expressed concern that the updated regulations could result in more exterior alterations to houses that are not formally protected with a heritage designation but that do have heritage value. Of particular concern is the potential that changes would not respect existing architectural detailing, materials or historical context. However, other respondents noted that allowing this degree of flexibility was important to unit layouts and overall project feasibility. Staff note that allowing doors to be added to front elevations expands the possibility to create accessible units.

While the proposed changes would create a greater potential for exterior changes to buildings with heritage value, on balance, staff consider that the benefits outweigh the risks associated with relaxing the restrictions. While there is potential for more exterior changes, the updated regulations also make it more viable for existing houses to be saved and restored rather than demolished in favour of new development. Additionally, conversion and the associated reinvestment in a property presents an opportunity to restore architectural detailing that may have been covered or altered through previous renovations and does not necessarily lead to a negative outcome. Staff recommend the creation of a voluntary design guidance document to assist applicants and design professionals pursuing conversion projects.

For houses that are already formally protected with a heritage designation, exterior changes would continue to require a Heritage Alteration Permit to ensure consistency with the *Standards and Guidelines for the Conservation of Historic Places in Canada (Standards and Guidelines)*. For houses not yet formally protected with a designation, but where applicants are hoping to realize the incentive for obtaining heritage designation, alterations would need to be in keeping with the *Standards and Guidelines* in order to achieve heritage designation, which is a pre-condition to receiving the incentive of extra units.

To guard against the possibility of a trend of conversion applications making detrimental changes to buildings with heritage value, staff have included direction in the recommendation that would ensure that each application would receive a visual assessment of publicly-visible elevations comparing the existing condition with the proposed changes. If a pattern of detrimental alterations is identified, staff would report back to Council to seek direction to refine the bylaws. This approach would not be able to stop a specific proposal but would ensure that if a challenging pattern is observed, there is an avenue available for Council to “course correct.”

If Council feels that the preferred path forward should exclude the possibilities of making exterior changes and adding new windows and doors on front elevations, then Alternate Motion One would provide the appropriate direction.

Another approach, if Council would like to proceed more cautiously, is to only allow these changes to houses built after 1931. This would reduce the risk of unsympathetic exterior changes to much of the City’s older houses, but it would also limit options and in some cases be detrimental to the feasibility of pre-1931 houses that do not have significant heritage value. Alternate Motion Two provides the appropriate direction to advance this option.

The Options Section of this report details the advantages and disadvantages of these two options as well as the staff recommendation.

### **Voluntary Design Guidance Document for House Conversions**

One of the feedback themes was that some form of guidance to encourage high quality design would be beneficial. To address this and to support applicants through the house conversion process, it is recommended that staff create a voluntary design guidance document. The intention of the document would be to help ensure that house conversions are done in a way that maximizes the liveability of units, respects character of existing buildings and the street context, and ultimately enhances Victoria’s neighbourhoods.

Much of the material for the design document can be adapted from the existing voluntary *Secondary Suite Design Guidelines*, which would minimize the staff time required to create the document. Should Council choose to proceed with the bylaw update, staff would begin developing the design guidelines, which would be made available as an advisory publication shortly after the bylaw updates are approved.

### **Number of Units Permitted**

As a result of further analysis, staff are recommending a slight adjustment to the table outlining the number of units permitted based on the total building floor area. Specifically, at the first incentive level the floor area required for four units is recommended to be reduced from 260m<sup>2</sup> to 250m<sup>2</sup> and the floor area required for five units be reduced from 310m<sup>2</sup> to 300m<sup>2</sup>.



The reason for the first adjustment from 260m<sup>2</sup> to 250m<sup>2</sup> is to ensure that there is an incentive of an additional unit compared to the non-incentive level of three units for 250m<sup>2</sup>. This would potentially encourage more applicant uptake on the provision of heritage designation, rental or below market ownership. The reasoning for the second adjustment from 310m<sup>2</sup> to 300m<sup>2</sup> for five units is that this number is consistent with the 300m<sup>2</sup> maximum house size used in many single-family zones and is therefore likely include more houses. Both of these changes are relatively minor and still leave room for livable units at a range of sizes.

The chart below shows the new thresholds for the number of units permitted based on the total building floor area. The numbers proposed in the previous staff report are included and crossed out for reference. The description of the second incentive level has also been adjusted for clarity.

Number of units achieved:	Current regulations require X m <sup>2</sup> of floor area:	Proposed regulations would require X m <sup>2</sup> of floor area IF: <ul style="list-style-type: none"> <li>• heritage designated</li> <li>• rental</li> <li>• below market home ownership</li> </ul>	Proposed regulations would require X m <sup>2</sup> of floor area IF: <ul style="list-style-type: none"> <li>• affordable rental</li> <li>• heritage designated AND one of: <ul style="list-style-type: none"> <li>○ rental OR</li> <li>○ below market home ownership</li> </ul> </li> </ul>
2	150m <sup>2</sup>	100m <sup>2</sup>	80m <sup>2</sup>
3	250m <sup>2</sup>	200m <sup>2</sup>	175m <sup>2</sup>
4	350m <sup>2</sup>	<del>260m<sup>2</sup></del> 250m <sup>2</sup>	240m <sup>2</sup>
5	450m <sup>2</sup>	<del>310m<sup>2</sup></del> 300m <sup>2</sup>	280m <sup>2</sup>
46m <sup>2</sup> for each additional unit (currently 115m <sup>2</sup> )			

## OPTIONS & IMPACTS

The following sections outline three potential options, related to the topics of allowing exterior changes and permitting new windows and doors on front elevations, that Council may wish to consider in order to advance the preparation of proposed bylaw amendments. The first option pertains to the staff recommendation while the other two options represent alternate motions that are included at the end of the report.

### Option: Staff Recommendation

Implement full range of 'Run' level proposed changes, monitor impact and pay special attention to potential impact on buildings with heritage value that are not heritage-designated.

Advantages	Disadvantages
Greatest degree of flexibility and facilitates the greatest number of candidate properties.	May place houses that are not heritage-designated at risk of unsympathetic renovations.
In addition to overall program monitoring, establishes method of visual assessment so if a negative trend is observed, further Council direction can be sought.	

### Option: Alternate Motion One

Do not relax exterior change restrictions and do not allow addition of new windows and doors on front façade and monitor impact.

Advantages	Disadvantages
Reduces risk of unsympathetic renovations to houses with heritage value that are not already heritage designated nor intending to designate.	Many houses without heritage value would also be impacted by this restriction.
	Is less flexible and may create challenges in terms of lay out and access to units.

### Option: Alternate Motion Two

For buildings constructed before 1931, do not relax exterior change restrictions and do not allow addition of new windows and doors on front façade and monitor impact.

Advantages	Disadvantages
Reduces risk of unsympathetic renovations to pre-1931 houses with heritage value that are not already heritage designated nor intending to designate.	Many houses without heritage value would still be impacted by this restriction (although fewer than the previous option)
	Is less flexible and may create challenges in terms of lay out and access to units.

## CONCLUSION

The feedback received regarding the Next Generation House Conversion Regulations was generally very supportive and indicated strong support for the rental and heritage preservation opportunities presented by expanding the potential for house conversions. Although there was some concern expressed related to exterior changes and the ability to add windows and doors to front facades, staff recommend advancing the full range of proposed amendments and embarking on a course of monitoring and review to ensure that the proposed changes do not have negative unintended consequences.

### ALTERNATE MOTION ONE (no exterior changes or new window/doors on front elevation)

1. That Council direct staff to prepare bylaws to amend Schedule G - House Conversion Regulations and Schedule C - Off Street Parking Regulations of the *Zoning Regulation Bylaw*, consistent with this report, in order to:
  - a. change the qualifying year of construction;
  - b. clarify and expand opportunities to utilize under-height basements;
  - c. allow attic spaces to be developed;
  - d. allow vehicle car parking in front yard (for non-heritage properties);
  - e. increase and incentivize permitted number of units;
  - f. decrease parking requirements; and
  - g. require bicycle parking.

2. That Council direct staff to monitor the impact of the Next Generation Conversion Regulations and prepare an update report to Council within two to three years (once meaningful observations can be made.)
3. That as a next step after implementation of this phase, Council direct staff to undertake a further assessment of the parking requirements, including the impact of parking on the site layout and associated landscaping, as well as the possibility of delegating authority to staff for minor parking variances associated with house conversions.
4. That Council direct staff to continue to explore and bring forward items for Council's consideration that are listed in the "Sprint Option" of the Committee of the Whole Report dated December 5, 2019, as opportunities for improvements/expansion (e.g. green building incentive program) present themselves, noting that a more fulsome review and accounting of progress towards sprint goals would be included in the two to three year review report.
5. That Council direct staff to develop a voluntary design guidance document to provide advice aimed at advancing high-quality design that respects the local context and addresses potential neighbourliness impacts.

**ALTERNATE MOTION TWO** (exterior changes and new window/doors on front elevations allowed only on houses built after 1931)

1. That Council direct staff to prepare bylaws to amend Schedule G - House Conversion Regulations and Schedule C - Off Street Parking Regulations of the *Zoning Regulation Bylaw*, consistent with this report, in order to:
  - a. change the qualifying year of construction;
  - b. reduce restrictions on exterior changes to houses built after 1931;
  - c. clarify and expand opportunities to utilize under-height basements;
  - d. allow attic spaces to be developed;
  - e. allow vehicle car parking in front yard (for non-heritage properties);
  - f. increase and incentivize permitted number of units;
  - g. allow windows and doors on front elevations on houses built after 1931;
  - h. decrease parking requirements; and
  - i. require bicycle parking.
2. That Council direct staff to monitor the impact of the Next Generation Conversion Regulations and prepare an update report to Council within two to three years (once meaningful observations can be made.)
3. That as a next step after implementation of this phase, Council direct staff to undertake a further assessment of the parking requirements, including the impact of parking on the site layout and associated landscaping, as well as the possibility of delegating authority to staff for minor parking variances associated with house conversions.
4. That Council direct staff to continue to explore and bring forward items for Council's consideration that are listed in the "Sprint Option" of the Committee of the Whole Report dated December 5, 2019, as opportunities for improvements/expansion (e.g. green building incentive program) present themselves, noting that a more fulsome review and accounting of progress towards sprint goals would be included in the two to three year review report.
5. That Council direct staff to develop a voluntary design guidance document to provide advice aimed at advancing high-quality design that respects the local context and addresses potential neighbourliness impacts.



Respectfully submitted,



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Report accepted and recommended by the City Manager:



Date:

Feb 27, 2020

#### List of Attachments

- Attachment A: December 5, 2019 Council Report – Next Generation House Conversion Regulations
- Attachment B: Consultation Feedback
- Attachment C: Residential Strata Titling Policy and Strata Title Tenant Plan.