



# Building Better Homes and Communities

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## ACT Solutions

### Downtown Residential Conversion Nanaimo, BC

#### Issue

Nanaimo's downtown commercial core had few housing opportunities, and few residential conversions were being attempted. Developers faced high costs associated with building upgrade requirements and permit-processing time; outdated and contradictory downtown and heritage building design guideline requirements; and excessive parking requirements. Municipal staff had to consider proposals on a case-by-case basis, while downtown conversion had excellent potential to improve housing affordability and choice in Nanaimo.

#### Plan

With the assistance of an ACT grant, Nanaimo would create a regulatory environment and financial incentives to facilitate residential conversion in the city's downtown commercial core by:

- reducing the time required to obtain development approvals;
- identifying and encouraging innovative alternatives to existing building code, design guideline and zoning requirements; and

- creating and promoting a financial incentive program for residential conversion

#### Project team

City of Nanaimo's Building, Strategic Planning, and Finance divisions  
Two downtown property owners  
A local architect  
Nanaimo Heritage Commission  
Department of Local Government, British Columbia Ministry of Municipal Affairs  
Nanaimo Downtown Business Owner's Association  
Urban Development Institute, Pacific Region

#### Results

The City made changes in the following areas in response to the project team's recommendations:

- a zero-per-unit parking requirement for downtown residential conversion projects;
- issuance of development permits in 2 to 4 weeks instead of 4 to 6 weeks;
- a 10-year tax holiday allowance for residential conversions; and



**A 10-year tax exemption and zero parking requirements for residential conversions are influencing decisions to convert downtown properties like this one (shown before conversion).**

Source: City of Nanaimo

- seismic and building code policy adjustments.

Stakeholders agreed on a tax exemption program that spreads delivery cost over time and still achieves the project team's objectives. The Downtown Residential Conversion Tax Incentive Program was initiated in March 2002. According to Nanaimo's Community/Heritage Planner Chris Sholberg, developers are finding ways to use the program to benefit the downtown core.

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Association canadienne des constructeurs d'habitations



"We've had two specific instances where owners took old, low-end, under-utilized buildings and turned them completely around," Sholberg says. "They wouldn't have done those projects without the incentive program in place."

Thanks to the 10-year tax exemption and the reduced parking requirement, Nanaimo's Gusola Block has been renovated to include three residential units on the upper floors of the building. Barry Fairbanks is president of Tectonica Management, the company that managed the Gusola project, and says the building's zero lot line required an innovative approach.

"The parking requirement and the tax exemption were major factors in the owners' decision to go ahead with the project," Fairbanks says, adding that with vacancy rates approaching zero in Nanaimo the owners were inundated with requests for the units well before completion.

"In terms of the affordability aspect, (the units) won't be at the bottom of the scale but they won't be out of reach, either. They'll provide an opportunity for young professionals to live in the area."

Fairbanks believes the conversion project had a tremendous impact on the perception of downtown housing. He's aware of other developers interested in conversion projects and in ones that will contribute to the overall housing mix in the area.

"Ours wasn't a big project by any means, but it was an interesting pilot project, and over the next 24 months we're going to see a dramatic change as residential housing is reintroduced to the downtown on a massive scale.

**Artist's rendering of what Gusola Block will look like after conversion.**

*Source: City of Nanaimo*



"What we're seeing now is a return to the core areas where the cultural and recreational amenities already exist and where you can walk or bike to work. Not only will housing be more affordable, but lifestyles will be more affordable."

The underpinnings of this project are transferable to other jurisdictions across Canada and Sholberg is open to sharing Nanaimo's experience with other municipalities. A crucial prerequisite for any such an endeavour, he says, is to have provincial legislation that accommodates financial assistance to owners of heritage buildings or of properties in a revitalization or improvement area.

As a result of its ACT project, the City achieved its objectives of streamlining its systems, reducing regulations, cutting approval times and instituting a financial incentive plan that is being put to use by downtown property owners.

"This project has been instrumental in breaking down barriers to downtown housing development and has launched an incentive program for heritage buildings which has been widely accepted as a positive sign of the city's commitment to downtown housing and revitalization," Sholberg concludes.

**Related reports**

*Downtown Residential Conversion: Constraints and Opportunities Final Report (City of Nanaimo, 2004)*

*Downtown Residential Conversion Tax Incentive Program: Application Guidelines and Procedures (City of Nanaimo, 2002)*

These documents are available from the ACT website. See "ACT projects & solutions".

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