Adaptive Reuse of Office Space to Residential Units in Kingston, Ontario

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1.0 Introduction

1.1 Context

The spatial organization of a city and its built environment are influenced by social, economic and physical conditions, all of which are interdependent. The nature of business and industry are cyclical and change according to market conditions so does the social composition and built form of the city, resulting in urban transformation. Population and employment growth are fundamental driving forces of this transformation and influence the size and scale of it. Urban transformation is a continuous process that can be as large as reshaping entire landscapes or as small as reinventing neighbourhoods parcel by parcel to the reuse of the existing built form.

As cities continue to grow, and the built environment transforms to accommodate such change, some structures become abandoned and obsolete for their original purpose (Jacobs, 1993). When buildings are no longer suitable for the original use that was intended, consideration should be given to alternate uses that could maximize the existing structure. Land use planning tools are critical in shaping the pattern and the form the city takes; they exist to help guide and regulate the built form and compatibility of land uses. Under provincial direction, in Ontario, for example, there are now planning policies including the Provincial Policy Statement and land use policy statements that address intensification and the reuse of the existing built form.

 Adaptive reuse is a sustainable development approach that preserves the existing building envelope but retrofits the interior of the building to create a new
functional space for a different use; this form of development exists in many urban areas and building structures (Ball, 2002; Bullen, 2007; Douglas 2006). Adaptive reuse is broadly interpreted with definitions referring to “adaptation”, “change of use”, and “conversion”. Often terms associated with the building such as: “recycling”, “rehabilitating”, “retrofitting” and “refurbishment” are also included. Many examples of adaptive reuse exist. For example, the warehouses in Yaletown, Vancouver and brewery buildings in the Distillery District of Toronto have been converted into upscale residential and loft apartments. The Tate Modern in London is an old power plant that has been converted into a Gallery of Modern Art. In local communities, unused schools and post office buildings have been converted to retail and commercial use while some old factories have been transformed into museums.

Converting unoccupied office space into an alternate use is the least likely form of conversion. However, successful examples of older office buildings transformed into multi-residential units do exist in many large urban centres such as Toronto, New York and Chicago. Office buildings are located in areas that are accessible to transit and typically have supporting commercial and retail uses nearby (Ball, 2002). The heights of office buildings, floor to floor windows, and a solid structure make office buildings an attractive option for residential use (Konsoulis, 2007). Also, office buildings usually maximize the buildable area permitted by the zoning by-law, which is attractive for investors interested in maximizing the use of the land (Ibid). With little zoning incentive to demolish and rebuild, and literature supporting the many social and cultural, economic and environmental advantages of adaptive reuse a strong argument can be made to
transform office space into residential use (Bullen, 2007; Bromley et al, 2005; Highfield, 2000).

1.2 Problem Statement

Kingston is a municipality in southeastern Ontario with a Census Metropolitan Area population of 152,358 (Statistics Canada, 2007) and estimated to grow to 161,082 by 2011 (Richards & Associates, 2004). Kingston’s downtown has a good mix of housing, retail, entertainment, culture, history and public spaces. Well lit functional spaces, active streets and developments that have focused on the human scale have created a great quality of life in the downtown. Similar to many other established cities, Kingston’s downtown is built out. An area is built out when there is no undeveloped land (the land is clean and has never undergone development) left to develop. Some development opportunities exist along the waterfront; however the lands are heavily contaminated and costs to develop the lands are high. As a result, both residential and commercial developments have moved away from the city and towards greenfield lands (land that has not been previously developed). Commercial vacancy rates in the downtown have steadily been increasing since 2007 (Rogers & Trainor, 2008) and changes in consumer patterns and economic conditions have led many businesses to relocate outside of the downtown or close their doors permanently (Urban Metrics, 2008; P. Kostogiannis, personal communication, April 8, 2009; R. Tamblyn, personal communication, 2010). This has created vacant spaces throughout the downtown and an opportunity to explore redevelopment potential.
1.3 Research Questions

The purpose of this report is to determine the extent of the opportunities for office to residential conversion in Downtown Kingston and the feasibility to convert the space. In order to do so, the following research questions must be addressed:

1. Is there an opportunity to convert office space into multi-residential units in Kingston's downtown?
   a. If so, which office buildings and or office spaces in Kingston’s downtown have the greatest redevelopment potential for multi-residential use?
   b. Are there policies in City documents to support office to residential conversion?

2. What are the risks developers may face when converting office space to housing units and are there any local challenges?

1.4 Scope

Downtown Kingston is the study area and is identified in the City’s Official Plan (2009a) as the area south of the Princess Street and Division Street, east of Johnson Street and west of Colborne Street (Figure 1). Downtown Kingston has been selected because it is an established mixed use area with amenities and access to transit, it is accessible for site visits, and it also has 98,952 square feet of vacant office space, a figure that has been increasing over the years (P. Kostogiannis, personal communication, April 8, 2009).
1.5 Organization

The report is divided into five chapters.

Chapter One is an introduction to the concept of adaptive reuse and urban transformation in city cores. The chapter also outlines the research agenda, the problems, objectives, and research questions of this report.

Chapter Two is the literature review which identifies the research gap. The chapter summarizes literature on adaptive reuse and office conversions.

Chapter Three provides a context of Kingston Ontario. The chapter provides policy direction and information of the Kingston’s office and housing markets.

Chapter Four is the methodology section which outlines the research approach, the sample selection, the checklists, and the evaluation tool used to measure the transformation potential of each property. This chapter also outlines
the interview questions property owners are asked and provides a rational of each question.

Chapter Five is an analysis of the data. Interesting trends and findings are highlighted in this chapter as well as the interview responses with the property owners/developers.

Chapter Six concludes the report. The answers to the research questions are found here; general conclusions, recommendations, and lessons learned are provided.
2.0 Literature

The literature review covers three general areas: office market trends and the implications an oversupply of office space can have on the land use; the characteristics of downtowns of medium sized cities and what makes them successful and lastly relevant studies and examples of medium sized downtowns in Canada that have experienced office/residential challenges in recent years.

2.1 Office Space

2.1.1 Demand for Office Space

The type of work and office space requirements has changed since the introduction of the World Wide Web. The manufacturing industry has been declining and the finance, insurance and real estate sectors have grown (Statistics Canada, 2009). The information and technology wave has accelerated the demand for newer space equipped with the most up to date communication networks (Barlow and Gann, 1996). Advanced computer and communication systems have made working from home an attractive option for employers who save costs and employees are able to enjoy a better work-life balance.

2.1.2 Implications of an Oversupply of Office Stock

The negative affect new office or an oversupply of office stock can have on the existing office supply is well documented in the literature (Heath, 2001; Barras and Clark, 1997). Global cities that experienced growing professional services in the 1980’s required high quality office space, however, the economic recession of the 1990’s caused significant changes to the property market. An oversupply of office
stock resulted in high office vacancy rates and an increasing value-gap between what owners could expect from commercial properties compared to the private housing market (Barlow and Gann, 1993). Investors in Chicago, New York and Toronto capitalized on the recession by converting office buildings into residential units. This was only possible because specific market conditions were in place - the demand and rents for obsolete offices were much lower than for the same building in residential use (Heath, 2001). The building conversions helped transform the urban environment of these cities by bringing people back to the city centers and encouraging downtown living.

Office to residential conversions have spilled over into cities with smaller metropolitan areas such as Seattle and Vancouver and the City of Boston launched a task force to explore office to residential conversion to ignite activity in the downtown (Mullaney, 1992). Office to residential conversions is also being explored internationally. In Singapore, there is anticipation that newly planned office space in the developing Marina Bay Financial District will leave older office space in the Central Business District obsolete (CBRE, 2010). In light of this, there are plans to convert one million square feet of office space located in the CBD into private luxury homes within the next three years. The conversion plans are being driven by soaring prices of luxury homes and declining office rents in the central business district (Unknown, 2010).

Examples of office to residential conversions in cities with a population less than 500,000 were not found in the literature. This may be because these markets do not have an oversupply of office space, this may not be a relevant topic for some
municipalities to explore, this information would likely be carried out by the private market and therefore not available to the public, and/or literature about this has not been published in small-medium sized cities.

2.2 Downtowns in Small to Medium Sized Cities

The popularity of the suburbs as a place to live and work has left the downtown of many cities in decline (Abbott, 1993; Robertson, 1995). There is extensive literature on the downtowns of cities, the focus of the literature, however, is mainly of downtowns in large American cities (Robertson, 1995; Ford, 2003). Filion et al (2004) argue that the downtowns of cities with a population between 100,000 to 500,000 “...deserve distinct treatment because the circumstances they face are different from those encountered by the CBDs of smaller urban areas or larger metropolitan regions” (p. 329-330). Filion et al (2004) examined the characteristics of small metro downtowns that are considered successful. The study examined 202 downtowns of medium sized cities in North America that people thought were to be in a bad state, unhealthy or declining. The study concluded only 19 of the 202 downtowns listed in the study were considered successful. Three of the nineteen are from Canada: Kingston, Ontario, Halifax, Nova Scotia and Victoria, British Colombia. The study found that a highly rated downtown possessed at least one of the following assets:

- The presence of a large university adjacent to or within close proximity of the downtown
• Well preserved historical district; none of the 19 downtowns have undergone alteration of their traditional built form
• Strong visitor orientation
• A state capital or provincial legislature

There are some downtowns that have one of the above noted assets but do not have a successful downtown (Ibid) and those that have done well are because of extensive efforts made to revitalize the area through policies and programs and organization groups that helped steer a vision for the downtown (Lederer and Seasons, 2005). The study found that the majority of the respondents felt features of traditional pre-World War II downtown areas: an active, street-oriented retail scene; cultural activities; concentrations of jobs; and a pedestrian-friendly environment with busy sidewalks were very important to successful downtowns (Filion et al, 2004). Many also emphasized the importance of a resident population and a variety of land uses and activities to assure 24 hour activity; while many observed that it is the synergies between people and the activities that are most important (Ibid).

2.2.1 Economic Cycles in the Downtowns

Downtowns in the 1850’s were primarily a concentration of stores, bank buildings, warehouses, courthouses and city hall (Filion et al and Gad, 2006). The introduction of corporate capitalism transformed the downtowns to accommodate large business organization, accountant offices and the head offices of financial institutions. Over time, the cost of land in the downtown and the perception that the
downtown was a dirty and crowded place to live drove many business owners and residents outside the city's core (Fogelson, 2001). The introduction of the automobile further moved retail and residential activity out of the downtown. Urban renewal schemes in the 1960's, revitalization plans and concepts of sustainability, intensification, and smart growth are bringing people and business back to the downtown.

The downtowns of smaller to medium sized cities that rely heavily on hospitality and tourism are sensitive to economic downtowns more so than larger cities (Filion et al and Gad, 2006); this includes downtowns that are protected by governments and institutions. Filion et al and Gad (2006) found that successful medium sized downtowns have niche markets which attract tourists and residents. In order to remain competitive, niche markets constantly stay on top of the most up to date fashion and entertainment trends and therefore are less capable than mainstream suburban retailers to withstand recessions.

2.3 Relevant Studies

Previous studies have identified building attributes that make office to residential use conversion more favourable. Ball (2002) notes the state of the local economy is a determining factor, along with characteristics of buildings such as age, size, physical condition, accessibility and heritage value. Ball's study concluded that building quality and character were determinants of successful adaptive reuse. Gann and Barlow (1996) showed the technical issues of adaptive office to residential were; building size and height; depth; internal space layout and access;
acoustic separation and fire safety; building envelope and cladding. The physical attributes of the building and the site have implications on the adaptation potential and should be considered in the decision-making (Ibid).

Location is sited as an important criterion for office conversion (Ball, 1999; De Jonge and Remoy, 2008) and Ball (1999) and Heath (2001) note that older buildings occupy prime locations. Recent research emerging from the Netherlands (De Jonge and Remoy, 2008) looks at the relationship between gentrification and converting vacant office space in monofunctional locations such as industrial and office parks into housing units. De Jonge and Remoy (2008) concluded office buildings in these locations are unsuitable for residential conversion because several criteria that are necessary for residential use do not exist such as public transportation and facilities and often the structural design of these buildings are not suitable for conversion (Geradts and Van der Voodt, 2007). The study confirmed many things about housing location: 1) that access to amenities and services is an important factor for residential use, 2) that active streets with people and landscaping create a sense of place, and 3) that a safe environment that is well lit is necessary. De Jonge and Remoy’s (2008) study had many recommendations; the most important was convert office spaces that are close to existing housing, public transportation and facilities first. The idea that converting one building will inspire another to be converted is not the best approach. Another recommendation was office and industrial parks should be treated as a whole and efforts should be made to explore redeveloping the entire area instead of an individual building. This
approach is similar to a secondary plan or block planning process that is used in many local municipalities.

Some studies have looked at the economic issues of office to residential conversions (Kendall, 2005; Shipley et al 2006; Bullen 2007, Highfield 2000). There is evidence that building adaptation increases value (Chau et al, 2003) while other studies have showed adaptation costs exceeding a comparable new build (Shipley et al, 2006). Strict requirements, tough legislation, uncertainty and high risk make it harder for developers to secure financing, particularly when site remediation is involved (Ibid). Bullen (2007) argues that new build are straightforward and therefore more economical while Highfield (2000) makes the economic argument that construction periods are reduced because no building demolition is required. Bryson’s study (1997) into financial drivers showed that grants and incentives are necessary for the conversion of vacant secondary office into residential units in Nottingham, UK and Health (2001) notes there needs to be political and legislative support. Kendall (2005) criticizes the conventional conversion processes and the pro-forma approach because of the time lag that exists between the time a pro forma is carried out and the actual construction of the building. The unit size, number of units, the layout, rents and cost estimates for the architectural and engineering designs which are heavily based on estimation and guesswork are incorporated into the pro forma analysis (Ibid). Kendall (2005) notes that uncontrollable changes such as local competition in the market and interest rates affect the original plan for the building and as a result “it is not unusual for the unit mix and unit layouts to change several times before the construction begins...”
Kendal (2005) concludes that developers should consider an open building strategy for converting obsolete office buildings to residential use. The strategy concentrates on the supply chain, information and construction management of the conversion process and how an open building approach can make it more efficient and cost effective.

A study prepared by Van der Voordt and Geradts (2007), assesses the location, quality of the building and financial feasibility of it. This study is comprehensive and looks at the different aspects (social, environmental, economical) that would affect an office to residential conversion project. A series of checklists are used to evaluate the transformability of a building. The checklists are based on a number of location and building criteria. This study applies predominately to high rise office towers and the screening criteria used to select sample properties are very restrictive. The screening criteria required that each property answer “yes” to the five screening criteria, a “no” to any criterion meant immediate rejection of that property as a candidate for conversion. At the conclusion of the study, the researchers identified the strict screening criteria as a limitation of the study.

2.3.1 Study Gap

Many studies that have examined the criteria for building conversion are based on in-depth case studies of a limited number of case studies (Barras and Clark, 1996; Blakstad, 2001; Heath, 2001; Ball, 2002; Kincaid, 2002, Remoy and Van der Voodt, 2007; Geradts and Van der Voodt, 2007). The studies are primarily based on a literature review and address either the social, physical, legal or economic aspect.
of adaptive reuse. Each study concentrates on one or two aspects together but not all four. Van der Voordt and Geradts (2007) do a good job identifying that all four aspects are interdependent and that both the building and location are important to the conversion process however, the tools used to measure the criteria require a number of professionals and the rigidity of checklists eliminated many good candidates. Also, the checklists are only applicable to high rise buildings.

The conversion of office to residential use has not been explored comprehensively in Kingston since the mid 1980’s. Further, no tool, other than a pro-forma has been used to evaluate the transformation potential of office buildings to residential use. The literature demonstrates that there are a number of issues that affect the feasibility of an office to residential conversion. While many of the studies address the issues independently, this study uses the literature and builds on the Van der Voordt and Geradts method by slightly modifying the checklists to better suite the context of a medium sized city. This study also takes into account the idea of gentrification and conversion and includes properties that are within transitioning areas and office space that is located on the upper storeys of retail buildings. The most value added is that the modified checklists can be applied to other municipalities similar in size. This study also provides recommendations that City of Kingston staff and local developers should explore to facilitate office to residential conversions in Kingston. Overall, this research contributes to the limited literature on office to residential use conversion.
2.4 Case Studies

The following are examples of small to medium sized cities (100,000-500,000 population) in Canada that have been experiencing office and residential challenges. Each example uses planning tools to help address their specific challenges. Two medium sized cities in Ontario, London and Windsor, both with universities and similar in population were used to draw on their experiences with office to residential conversions in their downtown.

2.4.1 City of London

The City of London is a university town that had population of 352,395 in 2006 (Statistics Canada, 2008b) and a downtown that was struggling (City of London, 2009). The City focused on restoring vibrancy with renewed residential and office development and commercial development that focused on the small independent retailers. Large department stores in the downtown is something of the past and new ideas of a multi-purpose venue with housing, a library, retail, office and a satellite college/university campus are being suggested for the downtown shopping center Citi Plaza (Atchison, 2010).

To attract new residential and business development to the downtown, London removed development charges and parking requirements for new construction (Ibid). The downtown population has grown almost 37% since 1998 (Ibid). The City also has a downtown “incentive zone” which promotes investment in new construction and the refurbishment of older buildings through the Upgrade to Building Code Loan Program and the Downtown Rehabilitation and Redevelopment Grant Programs (City of London, 2011). The programs have added
over 1,700 new residential units in the downtown and is estimated to contribute $38 million in tax revenue (City of London, 2009).

### 2.4.2 City of Windsor

The City of Windsor is a university town that had a population of 216,472 in 2006 (Statistics Canada, 2008c). In the mid 1990’s, Windsor’s downtown had a number of vacant commercial buildings and a need for housing. At the time, the zoning by-law did not deal with conversion projects (Caruso, 2006). Conversion projects were required to go through several planning approval applications. For this reason, developers were discouraged from pursuing conversion projects. The City wanted policies that would encourage office to residential conversions that would expedite an application through the approval process and the cost to developers. A working group was developed to research the existing policies, what other municipalities were doing and to offer recommendations. The working group recommended a 17-point plan (Ibid). Some of the key recommendations were:

- Create a City Centre district in the City’s new Official Plan that would encourage a broad range of home occupations;
- Introduce interim amendments that would i) allow most conversion without bylaw amendments or minor variances, ii) accept existing numbers of on-site parking, iii) waive amenity area requirements, and iv) allow home occupations, including live-work, possibly under its own license system;
- Provide a free preliminary audit on changes required to meet residential building and fire code requirements;
• Develop a community improvement plan with financial incentives for commercial-to-residential conversions;

• Have a designated staff person for conversion applications; and

• Provide instruction booklets for people interested in converting commercial buildings to residential use.

The City of Windsor amended its Official Plan in 2000. The new plan encourages office to residential conversions in the downtown, and has eliminated the need to apply for zoning amendments and minor variances for all conversions (Ibid). Amenity area requirements were reduced by half and do not apply to the first eight dwellings in the CD3.1 Zone (Commercial/ Retail Zone) while developers wanting relief from parking are still required to go through a minor variance process (Ibid).

2.4.3 City of Victoria

The City of Victoria is an example of a medium sized downtown that is starting to experience growing office vacancy. The introduction of 31,679 square metres of new office supply in Victoria’s downtown increased office vacancy to 8.4% in 2010, up from 4% in 2009 (Wilson, 2011). During the same period, Class B office vacancy increased to 8.96% from 4.76 % (Ibid). Moving forward, the increase in Class B office space suggests owners may have to upgrade their space or offer reduced rents to remain competitive. Similar to Kingston, Victoria is an active downtown that relies on tourism and a mix of uses including residential to support the economy. Depending on the age of the building and market trends, building owners may consider alternative uses if reducing rental rates or upgrading the
existing buildings is not feasible. Although no formal action has been taken by the Planning Department, if such trends continue it may be an area of interest moving forward.

2.4.4 City of Vancouver

Vancouver’s condominium market has dominated the downtown since the introduction of the “Living First” policy over 20 years ago (Beasley 2000). Vancouver has been very successful in attracting residential development to the downtown; this success has created its own set of challenges. In 2007, the City released a jobs and land use study which concluded the downtown peninsula could run out of job space within five years under current zoning regulations (Baker, 2007). City planners are turning to policy to help manage the residential growth. There are several options, including raising the limits on building height, offering incentives to developers and capping residential construction that have been suggested (Ibid). The City is proposing that all conversions from office to residential in buildings over 50,000 square feet be discouraged through the new central business district and conversions of buildings over 30,000 square feet in Yaletown, Chinatown and Gastown also be discouraged (Ibid). The Vancouver example demonstrates that an area needs a mix of uses. An area saturated with residential is not ideal from an economic perspective. Employment and office uses are needed to support a live work balance and employment uses in Vancouver are taxed in a higher bracket than residential uses (Ibid).
3.0 Market Analysis

Kingston, Ontario is a medium sized City (population between 100,000 to 300,000) located midway between Montreal and Toronto. In 1998, The City of Kingston, Pittsburgh Township and Kingston Township amalgamated to become the City of Kingston.

3.1 Market

3.1.1 Population Demographics

The City of Kingston has a growing population which is both diverse in age and gender. Positive migration, stable employment, expanding academic institutions and a growing economy have contributed to this growth. The City of Kingston’s population has increased 2.6% since 2001 and is projected to grow to 133,100 by 2026 (City of Kingston, 2009).

The number of students in Kingston also continues to grow which is not accounted for in the Census data.¹ Many higher educational institutions, most notably Queen’s University, have increased their enrolment over the years. In 2009, Queen’s University had an enrolment of 22,120, an increase of 88% since 1973, and Campus Expansion Plans are likely to see this number grow (Association of Universities and Colleges of Canada, 2009).

There are seven correctional institutions located within the municipal boundaries of Kingston; this represents the largest concentration of federal correction institutions in Canada. The number of families of federal inmates may

¹ Note: Students that are from out of town are accounted for by their permanent address census information.
increase because the number of federal inmates—13,287 federally incarcerated offenders and 8,726 offenders in the community are expected to rise according to recent reports (Curry, 2010). Ongoing research has identified family support is integral to an offender’s rehabilitation and reintegration into society (City of Kingston, 2007a). The introduction of three new pieces of legislation: Bill C-15—Minimum Sentences, C-25—Credit for Time Served and C-52—Mandatory Jail Sentences for Fraud, could see the numbers increase upwards of 70% (Ibid).

3.1.2 Economy

Kingston has a stable economy that relies heavily on public sector employment. There are three large educational institutions: Queen’s University, St. Lawrence College, Royal Military College, two teaching hospitals: Kingston General and Hotel Dieu Hospital and nine correctional facilities. The many institutions have shaped the growth in Kingston by attracting residents and have helped contribute to the historically low unemployment rates (CMHC, 2010). Although Kingston has a well educated population and low unemployment rate of 6.7% (City of Kingston, 2009c), 44.2% of wage earners bring home less than $20,000 (City of Kingston, 2008), about 36% earn between $20,000 to $50,000 and the average income is $34,344 annually (Statistics Canada, 2008a).

Moving forward, the City plans to strengthen its economy by creating 700 new jobs annually to help achieve the 14,000 jobs by 2026 target set out in the city’s official plan (2009a). The majority of the jobs will likely be in the service and tourism sector as Kingston’s manufacturing sector continues to decline.
Tourism is a major economic contributor to Kingston’s economy. The City has a rich history because it was the former capital of Canada, its proximity to the 1,000 Islands and many summer festivals in the downtown harbour area attract thousands of tourists annually. Tourists are important to the success of the many businesses in the downtown. Many businesses rely on tourists to compensate for the students who leave the City during the summer months.

### 3.1.3 Office Market

According to DTZ Barnicke, there is a total of 2.2 million square feet of commercial office space in Kingston. Of that, 1.5 million is in the city centre of which 98,952 square feet is vacant (P. Kostogiannis, personal communication, April 8, 2009). The majority of office space in Kingston is considered Class B and C space. The only known Class A office building in the downtown is the Royal Block, located at 366 Princess Street, at the corner of Princess and King Street.

The class of an office building varies from city to city and usually relates to its design and functionality, the year it was constructed and its location. Table 1 outlines and compares the three different office classes. As the demand for highly serviced office buildings accommodating advanced technologies increases, the gap between prime office space and outdated buildings will grow, resulting in old unmarketable stock (Barlow and Gann, 1996).
Table 1: Comparing Office Classes

<table>
<thead>
<tr>
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<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
<td>Modern construction</td>
<td>Average construction</td>
<td>Old and not renovated</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Most sought after locations</td>
<td>Well located</td>
<td>Less desirable areas</td>
</tr>
<tr>
<td><strong>Functionality</strong></td>
<td>State of the art functionality</td>
<td>Highly functional</td>
<td>Functionally obsolete</td>
</tr>
<tr>
<td><strong>Year of Construction</strong></td>
<td>1-9 years old</td>
<td>10 years or greater</td>
<td>25 years of greater</td>
</tr>
<tr>
<td><strong>Rents</strong></td>
<td>High rents</td>
<td>Average rents</td>
<td>Low rents</td>
</tr>
</tbody>
</table>

* renovations and upgrades can help maintain a building's classification

In 2008, Urban Metrics prepared a Commercial Inventory and Market Analysis for the City of Kingston. The report identifies there are a number of commercial development proposals and that current supply may not necessarily accommodate future office space needs with respect to site location, size, configuration, permitted uses and infrastructure (p. 47).

There are construction plans for a new four storey, 60,000 square feet office development to be built in the city’s north end, around the Highway 401 corridor and The Children’s Aid Society is proposing a new 65,000 square feet, 19 million dollar building in 2010 on Division Street. Mixed use office/industrial space in business park developments and office/retail space in plazas continues to be an expanding segment of the office market in Kingston. For example, the 20,000 square feet of new space at Empire Centre in St. Lawrence Business Park has been over 70% leased (City of Kingston, 2009c). All of this creates questions around the office space in the downtown.

Cheaper land, demand for office space in anticipation of growth and the many challenges affecting office space in downtown Kingston will see a growing number of developments outside of the downtown and likely the relocation of some
office tenants as well. Currently, access in and around the downtown area is difficult for vehicles. Princess Street, the major arterial into the downtown is a one-way street that narrows and is congested during peak hours and the many one way streets makes it difficult for drivers to manoeuvre around (City of Kingston, 2007).

The lack of parking is a problem in the downtown; the existing and potential projects in the downtown could require up to 1,750 new parking spaces in the core (City of Kingston, 2007 and Tanblayn, 2008). Also, office space greater than 2,000 square feet in one building is non-existent in the downtown (P. Kostogiannis, personal communication, April 8, 2009). There are office and industrial development outside the downtown that are offering modern construction and comparable lower rents than space in the downtown (Ibid).

3.1.4 Housing

The number of households has increased 6.4% since 2001 to 62,045 and is expected to grow at a faster rate than population because household sizes are decreasing (City of Kingston, 2009a). The average household size is expected to decline from 2.3 persons per household to 2.1 in 2026; because of this, more housing units will be needed to accommodate the growth (Ibid). The City projects approximately 13,300 new housing units will be needed by 2026 (Ibid), with an annual production of roughly 665 to 980 units per year (City of Kingston, 2008).

There will also be a need to accommodate the growing student population; the number of students living off-campus at Queen’s University has increased from
5,500 in 1973 to approximately 13,500 today and will likely continue as enrolment increases (Gordon, 1979).

There is also a growing need for affordable housing and appropriate housing for the aging population, to enjoy a modest urban lifestyle. This will put a pressure on housing that can easily adapt to the changing needs of elders, will require low maintenance and lower operating costs (CMHC, 2010).

There are growing costs of carrying a mortgage and rising mortgage rates will see a slowdown in homeownership (Ibid; RBC, 2011). The increasing costs of homeownership and the average household income in Kingston suggest a good rental housing stock is important to Kingston’s housing market (CMHC, 2010).

3.1.4.1 Built Form

Kingston has a diverse built form; there is a mixture of single and semi-detached houses, row houses and some mid rise apartment buildings as well as mixed use in the downtown area. Not all types of built form are appropriate for all demographics. The elderly may have difficulty climbing stairs as they age, and may want a bungalow or a smaller space while families with young children may require a backyard and a lot of space, and students are usually indifferent.

Single family homes represent the overwhelming majority of housing stock in Kingston and also represent the largest proportion of residential development in the pipeline. Between January 2007 and November 2008, there were 1,433 housing starts of which only 218 were rental units and no new apartment structures started in 2009 (Ibid).
3.2 Key Documents

3.2.1 Provincial Policy Statement

The Provincial Policy Statement defines Intensification as the development of a property, site or area at a higher density than currently exists through:

a) *redevelopment*, including the reuse of *brownfield sites*;

b) the development of vacant and/or underutilized lots within previously developed areas;

c) infill development; and

d) the expansion or conversion of existing buildings.

The City of Kingston also uses the same definition and it is the definition used in this study. The Provincial Policy Statement widely supports and directs planning authorities to explore intensification opportunities and recognizes that “the long-term prosperity of a community should be supported by maintaining and enhancing the viability of its downtown” (Policy 1.7.1b). Policy 1.1.3.3 directs planning authorities to identify and promote opportunities for intensification and redevelopment and to do so by taking into account the existing building stock or area while other policies direct planning authorities to provide an appropriate range of housing types and densities to meet current and projected populations.

3.2.2 City of Kingston Official Plan

The City of Kingston’s Official Plan was adopted by the Ministry of Municipal Affairs and Housing in 2010. The plan replaced and consolidated the official plans of the City of Kingston, Kingston Township and Pittsburgh Township into a single document. The City’s Official Plan guides land use planning decisions in the
municipality and provides strategic direction as to where and how the municipality should grow.

A principle of growth identified in the Official Plan is that the City supports intensification by redeveloping the existing built area through compatible infill development that respects cultural heritage resources, existing housing stock, and the stability of neighbourhoods (Section 2.3). The plan recognizes the declining household sizes may result in a decline of population in certain neighborhoods, therefore urban infill development and redevelopment is encouraged. There are a number of objectives and policies in the plan that speaks to residential intensification.

One of the primary objectives of the plan is sustainable development through residential intensification. It is the City’s intent to increase urban residential density within the urban boundary to a minimum of 23.5 residential units per net hectare and is to be achieved through many avenues including the conversion of existing buildings, redevelopment of underutilized space and infill developments (Section 2.4.5).

There are many policies in the plan that direct where intensification should take place and the form it should take. Section 2.2.10 identifies the Princess Street Corridor between the Central Business District to the Cataraqui Centre as a mixed use corridor where intensification and higher building heights and densities will be encouraged. The Plan also recognizes the need to maximize existing infrastructure, therefore infill opportunities have been identified as sites with first priority for development (Section 2.4.6 a).
Although intensification through conversion and infill development is encouraged throughout the Plan, the Plan recognizes not all neighbourhoods are appropriate for this. The Plan also recognizes and states in many policies that infill and conversion must be compatible with the adjacent structures and densities in the area and must not have any adverse affect to the neighbourhood.

### 3.2.3 Downtown Harbour Secondary Plan

The majority of the study area falls within the Downtown Harbour Secondary Plan. The Secondary Plan elaborates on the principles and policies of the Official Plan and provides greater detail and policy direction for the downtown area. The downtown is to be the multifaceted “centre” of the city and surrounding region (Policy 10A.1). The policies strongly support commercial uses that are pedestrian orientated, open spaces, and medium to high densities to contribute to the vitality and pedestrian focus of the area (Policy 10 A.2). Although much of the area is developed, there are areas for infill development.

There are some areas within the downtown where ground floor residential is permitted, however, Policy 10A.2.13 requires the design of the building be capable of being converted to commercial use. Policy 10A.2.14 permits the conversion of upper storey commercial space into residential units, and the conversion of upper storey residential units into multiple units provided the zoning requirements can be met.

Like new development, parking standards still apply to residential conversions in the downtown; however, there is some leniency. Parking spaces are
not required to be on the same lot but must be within 60 meters of the lot, and if this is not feasible, cash in-lieu of parking is an alternative offered to residential development in the downtown.

3.2.4 Zoning By-Law

Currently, Kingston has five zoning by-laws that implement the Official Plan of which two apply to this study. The majority of the study area is regulated by the Downtown Area Zoning By-Law No. 96-259 while By-Law No. 8499 applies to the area that was the City of Kingston prior to amalgamation. The zoning by-law regulates the use of the land, height, spacing, external design, character and density of the development.

3.2.4.1 Zoning By-Law No. 96-259

In order to better address development pressures and growth in Kingston, Zoning By-Law No. 96-259 was enacted in 1996 and superseded By-Law No. 8499 in the downtown and harbour area. The zoning by-law defines “Conversion” as the alteration or change of use of an existing building or structure, or portion thereof, to another use. There are many sections throughout the By-Law that offer specific direction for conversions.

Section 7.2.4 permits the conversion of buildings within the C1 zone (Central Business Zone) into residential use for one or more dwellings provided the building was erected on or before the approval of this by-law. The residential unit must be located in or above the second floor and there is no enlargement of the external walls or roof of the existing building. The maximum lot coverage is 100% and the
building height varies from four storeys if built at the public right-of-way and eight storeys if the building is setback along an angular plane (Section 7.2.2.1). Properties that have a dash and a number (C1-1/ C1-3) have the same permissions of the C1 zone; however, there are specific standards that apply to the land. The C1-1 zone (Neighbourhood Fringe Commercial) permits a maximum of three storeys (12.75 metres) in height and the Heritage Commercial C1-3 zone permits a maximum of four storeys (17metres) in height (Section 7.3.3). Properties that have a C1-3 sometimes require heritage impact study and in some cases the City may request an archaeological assessment before any change to the building is permitted. Section 8.2.4 speaks to the conversions of existing buildings in the CMS zone. Properties with this designation have no regulations regarding minimum front yards, side yards, rear yards, maximum percentage of lot coverage, and amenity area.

3.2.4.2 Amenity Space Requirements

An amenity area is a combination of individual outdoor amenity space such as balconies or patios and communal outdoor and indoor spaces such as parks and recreation rooms and does not include parking areas, aisles or driveways. The requirement for amenity space has traditionally applied to residential buildings that have three or more dwellings and is based on the number of bedrooms within each unit. In 2005, City Council passed Zoning By-law Amendment No. 2005-212 which extended amenity provisions to single and semi family detached homes that were maximizing the 33% lot coverage permission allowed for Zones A and B in Zoning
By-Law No. 8499 but not providing adequate amenity space to account for the additional bedrooms being added.

Amenity space requirements are based on the number of bedrooms within each unit and are outlined in Section 5.27(a) of Zoning By-law No. 8499 and Section 5.5 in Zoning By-Law No. 96-259. The standards are different in the two by-laws (See Table 2). Although the downtown is more compact, the amenity standards still apply and need to be met. The Downtown Zoning By-law recognizes the challenges of accommodating amenity space within the building site and that there are many urban amenities that are available to residents in the area which compensate for the reduced standards. Since space is limited, some developers are using rooftops as patio space to meet the amenity space requirements but some are reluctant to do so because of safety and liability concerns. The Committee of Adjustment is an avenue that can be used if the amenity deficiency is minor.

**Table 2: Comparing Amenity Space Requirements in two Zoning By-laws**

<table>
<thead>
<tr>
<th>Dwelling Type</th>
<th>Zoning By-Law No. 8499</th>
<th>Zoning By-Law No. 96-259</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor</td>
<td>14 m²</td>
<td>10 m²</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>18.5 m²</td>
<td>10 m²</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>40.0 m²</td>
<td>35 m²</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>65.0 m²</td>
<td>60 m²</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>90.0 m²</td>
<td>85 m²</td>
</tr>
</tbody>
</table>

**3.2.4.3 Parking Standards**

Current parking provisions in both Zoning By-Law Nos. 8499 and 96-259 do not restrict the maximum number of parking spaces. The requirement for the minimum number of parking spaces is one per parking spot per unit in all zones. The by-laws recognize some exceptions and there are modifications for certain uses. For example Zoning By-Law No. 96-259 requires one parking spot for every two
units in a senior’s apartment building. Recognizing there isn’t sufficient space for parking in the downtown (City of Kingston, 2007), the City has a cash-in lieu of parking policy which is outlined in Section 9.5.11 of the City’s Adopted Official Plan.

3.3 Downtown Kingston Business Improvement Area

An active community organization can be the driver in a city. The shape of the downtown and its growth is primarily the result of citizen involvement. Between the 1950’s and 1960’s when most old buildings were being torn down in many municipalities, there was a reluctance in Kingston to follow suit, and instead, efforts were concentrated on waterfront revitalization and street beautification. The Business Improvement Area (BIA) has been responsible for attracting different community organizations using the downtown as a venue for their events and there are activities and events planned throughout the year. The BIA is also effective in marketing the downtown and recruiting new stores to fill empty spaces. Many of the members of the BIA are also landowners in downtown Kingston. Kingston’s downtown is unique in that, the ownership of most of the land in the downtown is in the hands of few property owners who have established strong community ties to the City and have been active in shaping the City’s downtown. Interestingly, a recent online poll conducted by the Kingstonist (April 26, 2010), an online newspaper, identified high rental costs to be the major reason for vacancy in the downtown.
3.4 Conclusions

The policies in City documents direct intensification into the study area and permit office to residential conversions. There are also zoning provisions that recognize the challenges of accommodating amenity space and parking in the downtown area. The current and projected demographic and market trends suggest there is a sufficient market in Kingston for multi-residential use. The policies in the City documents direct intensification to the study area and permit office to residential conversions. There are also zoning provisions that recognize the challenges of accommodating amenity space and parking in the downtown area. The current and projected demographic and market trends suggest there is a sufficient market in Kingston for multi-residential uses. Documentation prepared by consultants and municipal staff have identified there isn’t sufficient land to satisfy projected growth within the urban area (City of Kingston, 2008).
4.0 Methodology

4.1 Sample Selection

In February 2009, DTZ Barnicke provided an inventory of office buildings that have some vacant office space in and around Kingston’s CBD (Figure 1); Properties with office space above the ground floor of a retail store were also included in the inventory. The properties were pre-screened for any apparent environmental concerns (located adjacent to treatment plant/ significant wetland/ known contaminated site) and incompatibility. Four properties with office space on the ground floor were immediately removed from the potential sample because Kingston’s Official Plan does not permit a residential land use as ground floor units along commercial corridors (City of Kingston, 2009). Two other properties were eliminated from the study because the office space is less than 500 square feet. Although the sizes of residential units are regulated by the private market, office spaces under 500 square feet were determined to be too small for conversion to be feasible. Two properties located slightly outside the study parameters were included in the study; this decision is because the properties meet the pre-screening criteria and it will be interesting to see whether their geographical location slightly outside the downtown has a bearing on their overall transformation potential. A total of 12 properties make up the sample.

Table 3 is a list of the municipal addresses of the properties in the sample and Figure 2 is a map outlining the properties’ locations. During the study period, the owner of one of the properties in the sample also served as a key informant interviewee for this study and requested their property be kept anonymous.
Therefore, the property is not referenced on the map below and is referenced throughout this report as Property X. All of the data collected for each property is public information; therefore property owners were not contacted to obtain permission to include their property in this study.

Table 3: Municipal Addresses of the Sample Properties

<table>
<thead>
<tr>
<th>Property Address</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Property X</td>
</tr>
<tr>
<td>2</td>
<td>27 Place D'Armes</td>
</tr>
<tr>
<td>3</td>
<td>275 Bagot Street</td>
</tr>
<tr>
<td>4</td>
<td>178 Ontario Street</td>
</tr>
<tr>
<td>5</td>
<td>253 Ontario Street</td>
</tr>
<tr>
<td>6</td>
<td>275 Ontario Street</td>
</tr>
<tr>
<td>7</td>
<td>221 King Street E</td>
</tr>
<tr>
<td>8</td>
<td>331 King Street E</td>
</tr>
<tr>
<td>9</td>
<td>353 King Street E</td>
</tr>
<tr>
<td>10</td>
<td>27 Princess Street</td>
</tr>
<tr>
<td>11</td>
<td>385 Princess Street</td>
</tr>
<tr>
<td>12</td>
<td>861 Princess Street</td>
</tr>
</tbody>
</table>

Figure 2: Location of the Sample Properties
4.2 Approach

A triangulation approach, using both quantitative and qualitative methods was applied to Downtown Kingston (Jick, 1979). This approach included a literature review, evaluation checklist and key informant interviews; using three different methods in the study lends more credibility and validity to the findings and can help overcome biases and weaknesses that may come from using a single method.

4.2.1 Literature Review

Online journal articles, material from the Urban Land Institute, planning legislation including the Planning Act, Provincial Policy Statement, and City of Kingston Official Plan, Zoning By-laws and, Planning Reports were reviewed. Planning documents and literature available on other municipalities similar in size and scale to Kingston were also consulted. Reports and studies available on the City of Kingston, Kingston Economic Development Corporation (KEDCO) and Canadian Mortgage and Housing Corporation (CMHC) website are also referenced. A comprehensive list of the resources is cited in Appendix C.

4.2.2 Evaluation Checklists

The checklists used in this report have been applied to previous studies (Remoy and Van der Voortd, 2007; Remoy and DeJonge 2007) and were presented at the 2007 International Sustainable Urban Area Conference in Rotterdam, Netherlands by Rob P. Geraedts and D.J.M Van der Voordt, two researchers at Delft University and the originators of the checklists. The checklists are part of a five step process to measure the opportunities and risks of converting empty offices into
residential dwellings. Only three of the five steps with some modifications to the original checklists were used in this study. Using part of Geraedts and Van der Voordt’s method is advantageous because it is reliable; it has already been tested and revised and the revised method/checklists were used in this study. Another advantage of this method is that it acknowledges that both the building and its location are important to residential redevelopment; more importantly, the evaluation design identifies the location of a building is more highly regarded than the building itself which is consistent with the literature.

Table 4 outlines which steps in the original method were followed. The risk assessment and financial feasibility of a property are personal to each developer/property owner and are market driven; since this information is not static, and requires a lot of personal and detailed information that varies for each individual, the decision was made to not include these two aspects in the study.

Table 4: Comparison of the Two Methods

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Method</th>
<th>Report Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Initial Scan</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Step 2: Feasibility Scans</td>
<td>YES</td>
<td>YES (with modifications)</td>
</tr>
<tr>
<td>Step 3: Transformation Meter</td>
<td>YES</td>
<td>YES (adjusted to reflect checklists)</td>
</tr>
<tr>
<td>Step 4: Risk Assessment</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Step 5: Financial Feasibility</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

Two feasibility checklists, one that assesses the building (Table 5) and another that assesses the location (Table 6) of the property were used to evaluate the transformation potential of the properties in the sample. The feasibility checklists (Tables 5 and 6) were completed during site visits over a two day period under similar conditions.
4.2.2.1 Modifications to the Checklist

The checklists cannot be adopted in their entirety because some of the criteria require professional evaluation; therefore, those criterions were removed from the checklist and the evaluation structure was altered to reflect this. In situations where two uses such as bank/post office are grouped together, they were separated into two criteria and measured independently; this simplified the data collection and analysis. A detailed rational of the criteria and how the information was collected is identified in Section 4.5.

In most cases, criteria that measure distance to amenities or services were revised to better fit the smaller context of the study area. Clarence Perry’s concept of the Neighbourhood Unit states that well planned neighbourhoods should have amenities and services within a five minute walking radius of each dwelling; if this is true for each neighbourhood, then it will translate to a well planned town, city and region; most criteria are modified to reflect this concept (Mumford, 1954). Also, a five minute walking radius neighbourhood is part of the American Institute of Architects Architectural Graphics Standards which is an industry standard for dimensional criteria for buildings and site planning (Treasure Coast Regional Planning Council, 2004). As this report does not target a specific demographic, it was determined a five minute walk or 500 meter walking distance is suitable for all age groups and is applicable to this study.
<table>
<thead>
<tr>
<th>Aspect</th>
<th>Data Source</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year of Construction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Office building recently built (&lt; 3 years)</td>
<td>Year of Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Space recently renovated (&lt; 3 years)</td>
<td>Year of Renovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vacancy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Some office space still in use</td>
<td>DTZ Barnicke</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 building has some unoccupied space &lt; 3 years</td>
<td>DTZ Barnicke</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Extendibility</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Not horizontally extendable (neighbouring buildings)</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 No extra storeys (pitched roof or insufficient load bearing)</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Building poorly maintained/ looks like in poor condition (cracks, chipped structure, discoloration)</td>
<td>External visual inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Façade</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Windows cannot be reused/opened</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Character</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 No character in relation to surrounding buildings</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Access</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Unsafe entrance, no clear overview of situation</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Presence of large amounts of hazardous materials</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Building Code</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 No lifts in building (&gt; 4 storeys)</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 No emergency stairways</td>
<td>Site visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect</td>
<td>Definition</td>
<td>Data Source</td>
<td>YES</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>-----</td>
</tr>
<tr>
<td><strong>Urban Location</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>The building is an Office or Industrial park</td>
<td>As outlined in the Official Plan</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Building gets little or no sun</td>
<td>Building is not freestanding</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>View limited by other buildings</td>
<td>There is a building in front</td>
<td></td>
</tr>
<tr>
<td><strong>Distance &amp; Quality to Amenities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Shops for daily necessity</td>
<td>&gt;250m</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Neighbourhood meeting place (square, park)</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Restaurants/ Bars</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Bank</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Post Office</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Grocery Store</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Major Shopping Area</td>
<td>&gt;500m</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Medical Facility (Health Centre)</td>
<td>&gt;500M</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Recreation Facility</td>
<td>&gt;500M</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Education Elementary</td>
<td>&gt;0.8km</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Education High School</td>
<td>&gt;1.6km</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Education University</td>
<td>&gt;2.4km</td>
<td></td>
</tr>
<tr>
<td><strong>Public Transportation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Distance to railway station</td>
<td>&gt;2km</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Distance to bus</td>
<td>&gt;500M</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Distance to bus terminal</td>
<td>&gt;500M</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Frequency of bus service</td>
<td>Every 15 minutes Monday- Friday</td>
<td></td>
</tr>
<tr>
<td><strong>Accessibility by Car</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>No parking on site</td>
<td>Site Visit</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Many obstacles; traffic congestion</td>
<td>Street furniture/ narrowing of street</td>
<td></td>
</tr>
<tr>
<td><strong>Tone of Neighbourhood</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Situated on a busy street</td>
<td>Located on a two way street</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Area has poor reputation/image, vandalism</td>
<td>Presence of graffiti / broken windows</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Dull environment</td>
<td>Aesthetics of building</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Incompatible neighbouring uses</td>
<td>Gas station, factory, nightclub,</td>
<td></td>
</tr>
<tr>
<td><strong>Legal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>The Property is leased</td>
<td>DTZ Barnicke</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>The Property is designated Heritage</td>
<td>City of Kingston Heritage Property Catalogue</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Zoning Amendment is required</td>
<td>City of Kingston Zoning By-law</td>
<td></td>
</tr>
</tbody>
</table>
4.2.3 Data Collection

Section 3.4.1 outlines some key differences between the original checklist and the checklists used in this report. Table 5 is a breakdown of the checklists used in each method.

Table 7: A comparison of the Original and Report Checklists

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Checklist</th>
<th>Report Checklist</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of categories</td>
<td># of aspects</td>
</tr>
<tr>
<td>Location Checklist</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Building Checklist</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total Score</td>
<td>Maximum</td>
<td>199</td>
</tr>
<tr>
<td></td>
<td>Maximum</td>
<td>179</td>
</tr>
</tbody>
</table>

4.2.3.1 Building Checklist

Table 5 outlines the building criteria, how the criteria were measured and the data source used to collect the information. There are four categories, nine aspects and 13 criteria on the checklist. The relevance and/or applicability of the criteria for residential redevelopment are discussed below and for criteria that is more subjective, the operationalized definition is provided:

I) Functional

Criteria One to Six are within this category.

- **Criterion 1**: The older a building is the more work that is required; shifting floor plates, and older construction styles/ materials makes it more challenging to configure new, functional spaces.

- **Criterion 2**: Regular upgrades and as required maintenance is important to preserve the quality of a building and to enhance its marketability.
• **Criteria 3 and 4:** Research suggests the longer a building remains vacant and the higher the level of vacancy the more inclined a landowner will be to turn an unprofitable space into a use that generates revenue. Buildings that are unoccupied for years raise some concern and should be thoroughly investigated to determine the reason and or cause of the vacancy, whether it is environmental/structural/market or legal reasons.

• **Criteria 5 and 6:** Horizontal or vertical extendibility if permitted can increase the size of the building and in turn increase the number of units or the square footage of the space which is relevant to an owner's bottom line. These criteria are based on site inspection and are addressed in the Policy section of the report.

**II) Technical**

Criteria Seven and Eight are within this category

• **Criterion 7:** The maintenance of a building is an aspect that speaks to the property owner’s investment and value of a property; the aesthetic appearance of one’s potential home may be important to some more than others.

• **Criterion 8:** Concerns the owner/developers bottom line. Some window styles and treatments may not be appropriate for residential use but are appropriate for office space and buildings that may require external air conditioners are affected by window design.
III) Cultural

Criteria Nine and Ten are within this category

- **Criterion 9:** Properties are considered not to have any character if they are a concrete slab structure with no detailing or combination of building material or color; the properties’ urban design features and architectural details are compared to the adjacent properties.

- **Criterion 10:** An entrance to a building is unsafe if access to the door is enclosed and not visible to a person on the street. A building is also considered unsafe if there is no lighting in front of the building.

IV) Legal

Criteria Eleven to Thirteen are within this category

- **Criterion 11:** The definition of hazardous is broad, for the purpose of this study; it includes gas stations, construction materials directly outside the property, sink holes, gas leak, oil spill and/or any large obstacles that would prevent safe and clear access to the building.

- **Criteria 12 and 13:** These criteria are based on site inspection and are relatively straightforward. For criterion 12, a basement is not considered a floor.

4.2.3.2 Location Checklist

Table 6 outlines the location criteria, how the criteria were measured and the data source used to
collect the information. There are three categories, six aspects and 28 criteria. The relevance and/or applicability of the criteria for residential redevelopment are discussed below and for criteria that is more subjective, the operationalized definition is provided:

I) Functional

Twenty-one of the twenty-eight criteria are within this category and were measured using the Google maps walking icon directions tool. The subject property was entered as ‘destination A’ and the key word (amenity/service)/ the criterion that is being measured was entered as ‘destination B’ and this provided a comprehensive list of results. This approach applied to Criteria’s four to fifteen. The detailed results for each criteria measured are found in Appendix B.

- **Criterion 1:** A property located in an industrial or office park has limited accessibility to amenities and services and will likely require a zoning amendment. This information was obtained from the City’s Official Plan.

- **Criterion 2:** The more sun a building receives translates to reduced heating costs. The amount of sun a building receives depends on a number of criteria; however for the purpose of this report only those buildings that are free standing receive sunlight.

- **Criterion 3:** If there is a building directly in front or covers more than half of the façade of the subject building then views were considered to be limited.

- **Criterion 4:** For the purpose of this study, shops for daily necessity were considered convenience stores. ‘Convenience stores’ was entered as
destination B and this was repeated for each property. The most frequent stores in the results were included.

- **Criterion 5**: For the purpose of this study, neighbourhood meeting place was defined as municipal parks. There is an existing inventory with corresponding mapping and municipal addresses of parks in Kingston available on the City of Kingston’s website. The distance of each property in the sample to the parks in the study area and around the periphery of the study area was measured using the Google Maps directional tool.

- **Criterion 6**: Bars and restaurants were considered the same in this report. ‘Bar’ or ‘restaurant’ was entered as destination B. If one or the other was within the identified walking distance it met the criterion.

- **Criterion 7**: ‘Bank’ was entered as destination B. Banks that are strictly for businesses and financial intuitions that do not provide daily banking services were not included.

- **Criterion 8**: ‘Post office’ was entered as destination B. Sometimes verification was necessary because some of the results are outdated and or incorrect.

- **Criterion 9**: ‘Grocery store’ was entered as destination B. The definition of grocery store was challenging as many retailers such as Shoppers Drug Mart and Walmart have expanded their operations to include a grocery department. For the purpose of this study, only large established grocery store chains like the Metro, Loblaws, and Food Basics were included. It was
determined these stores cater to the general public, a range of incomes and demographics and in most cases offer a variety of ethnic food choices as well.

• **Criterion 10:** Three major retail shopping areas were identified around the study area: Downtown Kingston, the Cataraqui Town Centre, and the Rio Can Centre. Each of these areas has a cluster of shopping stores ranging from clothing, furniture, appliances and electronics. The municipal address for each of the shopping areas, and the intersection of Princess Street and Montreal Street for Downtown Kingston (it is the middle of the study area) was entered as destination B.

• **Criterion 11:** The key word search approach did not yield any family health center results. The City of Kingston has an online mapping tool which allows you to search by business category; this tool was used to locate family medical health centers in and around the study area. The addresses were obtained and entered as destination B.

• **Criterion 12:** ‘Recreation centres’ was entered as the key word because ‘recreation facilities’ yielded no results. A recreation facility is considered a facility where active recreation can take place. Facilities that offer exercise classes and have courts/swimming pool are included. Facilities that are strictly arenas or swimming pools are not included because they are limited to a specific type of activity and are not accessible to the general public at all times. Fitness centres that are women’s only were also not included in the data because they only apply to a specific demographic.
• **Criteria 13 to 15:** Information was collected from the website of the two school boards in Kingston: The Limestone District School Board and Catholic District School Board. Elementary, Secondary and High school information and municipal addresses are on the site. The school addresses for both boards and education level were entered as destination B. Private schools and special schools including religious and French Immersion were not captured in this analysis. Also, schools with alternative/second campuses were also not included. For **Criterion 15**, only those schools recognized as Post Secondary schools with the Ministry of Training, Colleges and Universities were included: Queen’s University, Royal Military College and St. Lawrence College.

• **Criterion 16:** The municipal address of the rail station, 1800 John Counter Boulevard, was entered as destination B.

• **Criterion 17:** This criterion was based on the closest bus stop. The direction of the bus and its route were not considered. It is beyond the scope of this report to evaluate the proximity to each bus stop and the number of bus routes it services because there are 10 bus routes that operate in and around the study area. Research suggests that proximity to public transportation is a more relevant variable than frequency of service when looking for a residential unit.

• **Criterion 18:** There are four main bus transfer terminals in and around the study area. Not all of the bus transfer terminals receive the same bus routes; however, it is a point of transfer where multiple routes connect. The name of
the bus transfer terminal was entered as destination B. The associated table in Appendix B identifies which routes travel to which transfer terminal and their proximity to the properties.

- **Criterion 19**: The frequency of bus service for each route is outlined on the City of Kingston website. The bus routes that service the closest bus stop to the property were included.

- **Criterion 20**: This criterion concerns accessibility to the site by car. Onsite parking is a rarity and is an important feature for residential use because automobile use is the main mode of travel; properties that had street parking or space in another building did not meet the definition of parking onsite.

- **Criterion 21**: Many obstacles and or traffic congestion incorporate a few elements; this applied to a property if it was located on a street that narrows, if there were calming effects such as speed bumps, and if there was ample street furniture and obstacles in the right-of-way such as patios, chairs, retail bins or large planters.

II) Cultural

Criteria 22 to 25 are within this category and specifically evaluate the tone of the neighbourhood; this aspect is subjective and is based on each individual’s interpretation of the criteria below.

- **Criterion 22**: A busy street is a two-way street. A two-way street has vehicular traffic and turning lanes from two directions which enhances the probability of pedestrian safety concerns.
• **Criterion 23**: Is apparent vandalism to the building either in the form of graffiti, or broken windows, doors or railings.

• **Criterion 24**: A property was in a ‘dull environment’ when there wasn’t a mix of uses (all clothing stores, all restaurants) generating different forms of activity and or neighbouring buildings were all uniform, the same color and design (similar to Criteria 9 on the Building Checklist).

• **Criterion 25**: Incompatible neighbouring included a large sporting arena/facility, a factory, night clubs, or any use that may generate an excessive amount of noise/traffic/odour during off peak hours.

### III) Legal

Criteria 26 to 28 are within this category

• **Criterion 26**: Lease information was provided by DTZ Barnicke.

• **Criterion 27**: A property can either be listed or designated “Heritage” and this information is typically provided on the City’s Heritage Registry if one exists. Under the [Ontario Heritage Act](https://www.ontario.ca/page/ontario-heritage-act) (R.S.O 1990), municipalities can pass by-laws to formally designate properties of cultural heritage value or interest. The Act also permits municipalities to establish municipal heritage committees. The City of Kingston has a municipal heritage committee who offer comments to city council on applications that concern altering a designated property, demolishing or removing properties of cultural value or interest, and applications to repeal a designation.
• **Criterion 28:** This information is based on current zoning as outlined in City of Kingston By-Law 96-259, as amended for the Downtown Harbour Area or By-Law 8499, as amended.

### 4.3 Evaluation

#### 4.3.1 Transformation Index

The transformation Index is an evaluation tool used to determine the transformability of properties based on a number of criteria and a weight factor. This tool provides empirical results and allows a quantitative and qualitative comparison of the properties in the sample. The tool is designed in a manner that allows some flexibility; therefore, the meter was adjusted to reflect the number of criteria applied in this study as outlined in Section 3.6.1. By doing this, the number of transformation classes doesn’t change only their ranges do.

#### Table 8: Transformation Classes

<table>
<thead>
<tr>
<th>Transformation Class</th>
<th>Building Score + Location Score</th>
<th>Original Checklist</th>
<th>Report Checklist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1: Excellent Transformability</td>
<td>0-40</td>
<td>0-36</td>
<td></td>
</tr>
<tr>
<td>Class 2: Transformable</td>
<td>41-80</td>
<td>37-71</td>
<td></td>
</tr>
<tr>
<td>Class 3: Limited Transformability</td>
<td>81-120</td>
<td>72-108</td>
<td></td>
</tr>
<tr>
<td>Class 4: Very Poor Transformability</td>
<td>121-160</td>
<td>107-144</td>
<td></td>
</tr>
<tr>
<td>Class 5: Not Transformable</td>
<td>161-200</td>
<td>143-179</td>
<td></td>
</tr>
</tbody>
</table>

#### 4.3.2 Scoring

Each checklist was scored independently of each other, and then was combined to achieve the total score. An answer of ‘Yes’ to any of the criteria indicated a somewhat lower suitability for transformation. The lower the score the better the transformation potential which also suggested the less risky it was. The building criteria has a default factor of 3 applied to each criterion while the location
criteria has a default factor of 5; therefore each “Yes” on the Location Checklist is 5 points while each “Yes” on the Building Checklist is 3 points. The weighting factors are consistent with the original method and also reflect the position that the property's location is more important than the building itself. The total maximum score for the Location Checklist is (28 Criteria X 5= 140); the total maximum score for the Building Checklist is (13 Criteria X 3= 39). The maximum or worst score a property could potential receive is 179 points (140 + 39). The same formulae can be applied to each individual property.

4.4 Interviews

A list of property and or developers with (some) experience converting commercial space into residential use was provided by Peter Kostogiannis, President of DTZ Barnicke a local brokerage firm in Kingston.

The property owners varied in their experience, the number of conversion projects they had undertook, their size, scale and intent. There is an inherent bias relying on one source for list of contacts of potential interviewees; however, the intent was not to collect a representative sample where the responses could be generalized. The interviewees were guaranteed confidentiality; therefore, none of the responses in the Discussion Section of the report refer to an interviewee. Informal semi structured interviews of 20-30 minutes in length were carried out. The interviews were face to face, notes were taken by hand and audio recorded for better accuracy. One interviewee requested the interview not be audio recorded and another preferred a phone interview because of time constraints. The
interviewees were asked a series of questions about their property conversion experience.

4.4.1 Purpose of Interviews

The purpose of the interviews was to better understand adaptive reuse from the perspective of the owner/developer. The interviews compliment the checklists used in this study because they are able to capture information in greater detail. The open ended design also enabled the interviewee to speak freely about their experience which at times can lead to important information that would have otherwise not been discovered. Interviews with local owners/developers with experience converting office space into residential units is especially valuable to this report because it provides local context to the research topic that is from a primary source and provides an opportunity to compare the local experiences with the general research.

The interviewee’s answers served multiple purposes: 1) to supplement the existing literature 2) to provide updated information that may not be represented in the literature 3) to determine whether there is a disconnect between planners and developers and 4) to draw on this information to help formulate recommendations to better understand the process and challenges developers and property owners experience when converting commercial space into residential units.
4.4.2 Interview Questions

The interview questions were first distributed to a few colleagues to determine if the questions were clear, some minor revisions were made, and plain language was replaced to make the questions as straightforward as possible. The property owners/developers were asked the following questions:

1. What was your motivating factor to convert the office space into residential units?
2. What was your perception of the market when you decided to convert the building use?
3. Was the idea of the conversion your own, or were you encouraged by another party, if so whom? And what were their reasons?
4. What are the structural, procedural, or financial challenges you faced? Can you rank in order which was the most challenging for you? Are there any other challenges you faced?
5. Did you have cooperation from the city when you were undergoing the process of conversions? Did they provide any support (tax incentives, credits)? Were there any funding programs available to you?
6. Where there any unforeseen risks or challenges that affected the outcome of the project?
7. Are you satisfied with your decision with converting the office space into residential units?
   a. Is here anything you would have done differently?
8. What are some lessons that you learned in your experience?
9. Given the new Ministry of Environment requirements of thorough site inspections (EA) of a property before conversion into residential units is permitted, how will this affect your decision to convert your other properties? What are your opinions of it?
4.4.3 Rationale for Interview

The interview questions closely align with the major themes in the evaluation checklists.

- Questions 1, 2 and 3 concerns the property owner/developer and were designed to determine if they understood the housing market and the City planning direction at the time they undertook their conversion project.

- Questions 4, 5 and 9 were to learn about the property owner's/developer's personal experience with the conversion process with the City, planning legislation and the built form. For Question 4, 1 = most challenging, 2 = somewhat challenging and 3 = not too much of an issue. (The results are found in Table 13).

- Questions 6, 7 and 8 were to uncover challenges associated with commercial conversions that may not be found in the literature. The interviewee was required to reflect on their individual experience; this provided the interviewee with an opportunity to look at what they should have done in hindsight.

4.4.4 Evaluation of Interview Data

The questions were open ended questions, but are specific enough for a direct response. For these questions, a direct comparison is possible. All of the interviewees were transcribed word for word and for the interview that wasn't audio recorded word for word typed notes were taken. Similar words, synonyms or key words that reoccurred for the same questions across the four interviewees were
highlighted and used to help synthesise the responses. In instances where the responses did not have a common thread/theme (i.e. - money/finance/banks or building/structure) the individual responses are provided in the analysis.

4.5 Limitations

There are many limitations to this report. The foremost limitation is that the original method is not being applied in its entirety due to financial constraints, time constraints and access to information. There were challenges with data collection and interpretation.

4.5.1 Literature

Access to information, and the context and age of it are limitations to this study. The majority of literature draws on examples from large metropolitan cities and some of the studies and articles that specifically discuss office building conversion to residential use are twenty years old. Relevant reports to this study, for example Kingston’s Regional Commercial Study has information that is a few years old and predates the economic downturn in 2008. Some of the technical terms and concepts of building design are more difficult to understand as well. More importantly, there is little to no planning documents/reports of office conversions into residential land use in medium sized cities (population between 100,000 to 300,000).
4.5.2 Checklists

The definition of a criterion is based on the researcher’s interpretation of the literature. For example, ‘a busy street’, one of the items on the checklist, can mean many things including: there are a lot of people on the street, there are a lot of cars, or there is an activity taking place; the way a criteria is defined and measured greatly affects the overall transformation score of each property. For the purpose of this report, criterions have been simplified as much as possible and defined in Section 4.5.

Since the data collection is in the field, the data is subject to observer error and research bias; the researcher’s interpretation of a criterion, although defined in Section 4.5 may differ from another’s perception—this affects the criterion’s external validity. The Google maps directional, walking tool is used to calculate distance to amenities and services. The same tool is applied to all the properties and the required criteria; although this is consistent, computer error is possible.

Another limitation of the checklists is using the key word search for some criteria (Section 4.5); this limits the results to amenities and services with that word in their name and to those businesses that have their information online. Although, this approach may not capture all of the uses/ facilities around the sample property, it provides a comprehensive list and can be replicated.

4.5.3 Interviews

The presence of the researcher during face to face interviews may bias the interviewee responses. Also, not all people are equally articulate and perceptive
which may affect the quality and type of information that is provided. Some of the questions require the interviewee to recollect information many years ago; this is subject to accuracy error because information based on memory is not 100% reliable. The questions are designed to allow the interviewee to freely answer their questions and elaborate on their point; transcribing and synthesizing the responses can be subject to error because the information in the report may not convey what the interviewee meant. Therefore, where possible the interviewee’s exact response is provided.
5.0 Analysis

5.1 Checklists

This chapter provides the data results, and evaluates the transformation potential of the properties in the sample. The analysis is divided into two components: the results of the checklists, and an analysis of the key informant interviews. Table 9 outlines the transformation potential of each property and is ordered from most transformable to least transformable. Section 3.6 outlines how the properties were scored.

Only significant and or surprising results, interesting trends and or patterns are discussed. Properties are used as examples to highlight points made.

Table 9: Property’s Transformation Score

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Total Score</th>
<th>Transformation Potential Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Princess St</td>
<td>4</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>52</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>353 King St E</td>
<td>6</td>
<td>3</td>
<td>7</td>
<td>5</td>
<td>53</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>275 Bagot St</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>58</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>Property X</td>
<td>3</td>
<td>3</td>
<td>12</td>
<td>5</td>
<td>74</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>331 King St E</td>
<td>5</td>
<td>3</td>
<td>9</td>
<td>5</td>
<td>60</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>27 Place D’Armes</td>
<td>5</td>
<td>3</td>
<td>10</td>
<td>5</td>
<td>65</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>385 Princess St</td>
<td>6</td>
<td>3</td>
<td>10</td>
<td>5</td>
<td>68</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>253 Ontario St</td>
<td>5</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td>70</td>
<td>Transformable</td>
<td></td>
</tr>
<tr>
<td>275 Ontario St</td>
<td>8</td>
<td>3</td>
<td>12</td>
<td>5</td>
<td>84</td>
<td>Limited Transformability</td>
<td></td>
</tr>
<tr>
<td>178 Ontario St</td>
<td>7</td>
<td>3</td>
<td>13</td>
<td>5</td>
<td>86</td>
<td>Limited Transformability</td>
<td></td>
</tr>
<tr>
<td>221 King St E</td>
<td>6</td>
<td>3</td>
<td>15</td>
<td>5</td>
<td>93</td>
<td>Limited Transformability</td>
<td></td>
</tr>
<tr>
<td>861 Princess St</td>
<td>8</td>
<td>3</td>
<td>14</td>
<td>5</td>
<td>94</td>
<td>Limited Transformability</td>
<td></td>
</tr>
</tbody>
</table>

Equation A (B) + C (D) = E

5.1.1 Transformable versus Limited Transformability

All 12 properties fell into two transformation classes: eight are Transformable and four have Limited Transformability. Table 8 provides
descriptive statistics of the results. The Transformability group shows a
distribution that is slightly skewed to the right (the mean is higher than the median)
therefore, all three measures: mean, median and mode are significant measures.
The Limited Transformability group shows a normal distribution, and therefore the
mean can be interpreted as the measure.

<table>
<thead>
<tr>
<th>Table 10: Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classification Score</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Scores</td>
</tr>
<tr>
<td>Range</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Median</td>
</tr>
<tr>
<td>Mode</td>
</tr>
</tbody>
</table>

5.1.2 Most Transformable versus Least Transformable

27 Princess Street (commonly referred to as the S&R Department Store) is
the most desirable property in the sample. It is located within the study area and is
in the Downtown Harbour Area neighbourhood; one of the more densely populated
areas and home to the largest proportion of rental units in the city. The building is
close to all amenities identified on the checklist, receives excellent sun exposure, has
great views of Lake Ontario, has onsite parking and most importantly is completely
vacant; Property X is the only other property in the sample that is completely
vacant. 861 Princess Street (also known as Westgate Tower) is the least desirable
property to convert to residential use; it is located outside of the study area, it is
beyond the defined distance in the checklist from a convenience store, a grocery
store, recreation facility and the three main levels of education institutions
(elementary, high school and university).
The two buildings serve different purposes and therefore have likely been treated differently. 27 Princess Street, has operated as a retail commercial use whereas 861 Princess Street is an office tower. The two buildings are different in their design and appearance; 27 Princess Street is a heritage building, constructed in 1820 of limestone and 861 Princess Street constructed in the 1970’s is of concrete. Because of their use, the interior design of the buildings may affect the quality, type and feasibility of the unit designs. For example, 27 Princess Street has an open interior concept with few partitioning walls; this allows great flexibility in design layout and space configuration while 861 Princess Street is a concrete building with smaller floor plates, older wiring for the office equipment and more separating walls which may make it more challenging for residential conversion.

861 Princess Street’s result that it is the least desirable is surprising given the property’s proximity to a main intersection with a large commercial development and single family homes just behind the commercial properties which front onto Princess Street. More than half of the criteria on the location checklist are based on the properties proximity to amenities and
services; 61% of the Yes’ for 861 Princess Street and 31% of the Yes’ for 27 Princess Street are based on this.

The importance of a building’s vacancy to residential conversion is evident in this comparison. Criteria assessing the building’s vacancy appear on both checklists and in this example put an 11 point difference between the two properties; this would not move 861 Princess Street into the transformation category but would have for other properties that were closer in comparison.

Although 861 Princess Street is beyond the prescribed walking distance of 61% of the required criteria, it shouldn’t be completely rejected as a building that cannot be converted to a residential use. A location that is not suitable for a specific demographic may be okay for another. This property may be appropriate use for student housing or affordable housing. It is along a major arterial and has access to a bus stop within a five minute walk. Young adults are agile and flexible and are able to walk further which would overcome the property’s proximity to services and amenities. Also, properties that are further away from amenities and outside the city centre offer more affordable rental rates which may be very attractive to students, young urban professional and households with a single income.

5.1.3 Properties Outside the Study Area with Different Results

<table>
<thead>
<tr>
<th>Table 11: Comparing 861 Princess Street and Property X</th>
</tr>
</thead>
<tbody>
<tr>
<td># Building Checklist Yes’</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td># Location Checklist Yes’</td>
</tr>
<tr>
<td>Transformation Score</td>
</tr>
<tr>
<td>Transformation Class</td>
</tr>
</tbody>
</table>
Property X and 861 Princess Street are both located outside the study area, interestingly, Property X is considered **Transformable** whereas 861 Princess Street has **Limited Transformability**. This comparison shows the importance a building’s vacancy is to the conversion process. The comparison also demonstrates that the way a property is maintained can affect its conversion potential. Property X is completely vacant, while 861 Princess Street has some vacancy and the building has not been 100% occupied in over a year. Typically, when a building has consistent vacancy for more than a few months, many conclusions can be made: 1) there may be structural concerns and therefore upgrades may be required to the building’s structure to bring it in compliance with the building code, 2) market conditions may affect space requirements, 3) competitive rates for space, and 4) the owner may not want to renew the lease for personal and or business reasons.

861 Princess is particularly challenging because there are many floors with multiple tenants, each with their own lease and separate terms. When this happens, the owner/developer has many more concerns and factors to consider; multiple leases with different end dates may result in financial and/or legal implications should the owner/developer want to consider an alternative use to maximize the highest and best use of the space. Property X has a strong advantage because it is completely vacant. 100% vacancy offers greater flexibility and does not bind the owner to an existing lease.
The appearance of a building and the maintenance done to it provide an immediate visual cue the state a building may be in and subsequently an idea of the costs to upgrade or maintain it. The maintenance and upkeep of a building is a reflection of the owner’s ownership of the property. 861 Princess Street looks in poorer condition compared to Property X; there is some discoloration readily apparent on the exterior structure and Property X has been renovated within the past three years, whereas no renovations within the last few years have been done to 861 Princess Street.

Both properties, 861 Princess Street and Property X, do not meet the required distance from elementary schools, recreation facilities and bus terminals. There are two neighbourhood meeting places (public parks) within a 500m walking distance of Property X and none for 861 Princess Street. 861 Princess Street is located in a mixed use area, and is close to a busy intersection with many commercial uses; although the area has great proximity to services, it lacks accessibility to recreation and green space.

5.1.3.1 Importance of Location

The longevity of a building has an expiration date; this varies on the type of building, use, maintenance and upgrades. It is easier to reconstruct/renovate a building than it is to find land in a great location to build the building, therefore, the location of the building is much more important than the building itself. This is reflected in the evaluation of the checklists, where the default for the location criteria is much greater than for the building checklist. The charts below, organized in descending order from the most desirable property to convert (27 Princess
Street) to the least desirable (861 Princess Street) shows a positive relationship between a property's location and its transformation score in this sample. The right chart shows the poorer a property scored on the location checklist the less desirable it is for residential conversion and the chart on the left shows, the structure of the building has some bearing on the property's transformation potential but not to the same effect as the location of a property.

Figure 6: Relationship of the Building and Location to the Properties Transformation

![The Relationship of the Building's Structure to the Property's Transformation Potential](image)

![The Relationship of the Building's Location to the Property's Transformation Potential](image)

5.1.4 Properties Located on the Same Street with Different Results

Properties located along the same street show some unexpected results.

5.1.4.1 Ontario Street

Table 12: Comparing Ontario Street Properties

<table>
<thead>
<tr>
<th></th>
<th>253 Ontario</th>
<th>275 Ontario Street</th>
<th>178 Ontario Street</th>
</tr>
</thead>
<tbody>
<tr>
<td># Building Checklist Yes'</td>
<td>5</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td># Location Checklist Yes'</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Transformation Score</td>
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<td>84</td>
<td>86</td>
</tr>
<tr>
<td>Transformation Class</td>
<td>Transformable</td>
<td>Limited Transformability</td>
<td>Limited Transformability</td>
</tr>
</tbody>
</table>

The results show properties located along the same street, within close proximity of each other fell into two separate transformation classes. The two Ontario Street properties, 275 Ontario Street and 253 Ontario Street, are located
about 110 meters apart from each other along the same side of the street; Section
5.1.3 states 61% of the criteria are based on proximity to services, given the close
proximity of the properties to each other, to the waterfront and accessibility to
many services, the findings were surprising. A closer look at the properties along
Ontario Street shows the properties differ significantly in their building structure.
In this example, 275 Ontario Street is less suitable for residential conversion
because 1) the windows cannot be reused, 2) the building cannot be vertically
extended since it has a pitched roof, and 3) the property is located adjacent to an
existing gas bar and therefore would require a Phase II Environmental Assessment
and depending on the outcome of the report, if the site is found to be contaminated
it would involve a lot time and expense to make the site suitable for residential use.

This finding confirms an informed assumption about properties along the
same street and shows the quality of a building plays an important role when
converting it to an alternative use. The building structure and its character should
be considered together with a property’s location.

5.1.4.2 King Street

Table 13: Comparing King Street East Properties

<table>
<thead>
<tr>
<th></th>
<th>353 King Street E</th>
<th>331 King Street E</th>
<th>221 King Street E</th>
</tr>
</thead>
<tbody>
<tr>
<td># Building Checklist Yes’</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td># Location Checklist Yes’</td>
<td>7</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Transformation Score</td>
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<td>60</td>
<td>93</td>
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<tr>
<td>Transformation Class</td>
<td>Transformable</td>
<td>Limited Transformability</td>
<td>Limited Transformability</td>
</tr>
</tbody>
</table>

The property located at 353 King Street is the second lowest scoring
property and therefore very attractive for residential conversion whereas 221 King
Street located 500 meters west is the second highest scoring property and therefore has limited transformability. The properties differ by a 40 point difference; the significant difference being their location. A quality of a property's location is affected by factors beyond its proximity to amenities and services. There are ten criteria on the location checklist that are not based on proximity to amenities or services; 221 King Street did not meet seven of these ten criteria whereas 353 King Street did not meet four. This can help explain the large disparity among the location checklist for two properties along the same street. Also, 221 King Street is a further distance from many of the amenities and services when compared to 353 King Street which includes a convenience store, grocery store, a family medical centre and its proximity to a bus terminal. The findings suggest that 353 King Street may be in the center of many commercial/retail catch basins which could explain why the property is accessible to most of the amenities and services.

5.1.4.3 Princess Street

<table>
<thead>
<tr>
<th>Table 14: Comparing Princess Street Properties</th>
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</thead>
<tbody>
<tr>
<td>27 Princess Street</td>
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<tr>
<td># Building Checklist Yes’</td>
</tr>
<tr>
<td># Location Checklist Yes’</td>
</tr>
<tr>
<td>Transformation Score</td>
</tr>
<tr>
<td>Transformation Class</td>
</tr>
</tbody>
</table>

There are three properties along Princess Street in the sample. 27 Princess Street is the most desirable property for residential use, 861 Princess Street is the least desirable and 385 Princess Street according to the scoring is also transformable but only marginally. The explanation applied for the King Street properties and for those along Ontario Street do not apply here, as the properties,
although located along the same street, are not within close proximity to each other (within 500 meters) and all three properties had different results for both the building and location checklists. The two properties, 27 Princess Street and 816 Princess Street are compared in great detail in Section 5.1.3.

5.1.5 Analysis based on Location Criteria

Twelve of the 28 criteria on the location checklist are insignificant. A criterion was determined insignificant if more than 75% of the properties had the same response; only those significant criteria that exhibit some trends are highlighted below and are organized according to the aspect in which they belong.

5.1.5.1 Functional

A. View limited by other buildings

All of the properties with views limited by other buildings were fewer than three storeys in height. The street the property was located on, where along the street, whether the property was mid block, on a corner or free standing and its orientation, did not appear to be a factor.

B. Shops for daily necessity

27 Place D'Armes and 221 King Street, located within the study area, are on the outer perimeter and do not have the same volume of pedestrians as the two north/south arterials into the downtown do (Princess and Brock Street;) therefore the findings that a convenience store is not within a few minutes walking distance is not surprising; however, they are for 385 Princess Street and 861 Princess Street which are located on a main arterial.
There is a grocery store open 24 hours located across the street from 385 Princess Street which replaces the need for a convenience store; however, this does not apply to 861 Princess Street. The data shows the closest convenience store is 600 meters from the property, more than double the walking distance prescribed on the checklist.

C. **Grocery store**

Interestingly, three of the properties that do not have a convenience store within 250 meters also do not have a grocery store within 500 meters (221 King Street, 27 Place D’Armes and 861 Princess Street). There are grocery stores within a reasonable walking distance (650 meters and 700 meters), however this distance may not be ideal for all demographics.

D. **Medical health facility**

There are three medical health facilities within three kilometres of each property, of which one is Kingston General Hospital that caters to the City and surrounding municipalities. Half of the properties are within walking distance of Queens’ Family Health Team (See Appendix B) and 861 Princess Street is located within a few minutes from Kingston Family Health Team. Health care services do exist and are accessible to each of the properties in the sample; however, the results suggest there may be a need for additional family health services closer to the city centre. The conversion of a few units to residential use will not impact the need for additional health care services
but should there be a major redevelopment of an entire building such as 27 Princess Street or a Brownfield site close to the waterfront, that could increase the population in the area by a couple of hundred, thereby necessitating demand for additional family health care. Proximity and accessibility to health care is an important consideration particularly for the elderly, and is something that should be planned for in light of current and projected demographic trends.

E. Education- elementary/ high school

Ten of the properties in the sample either are not within walking distance to an elementary school or high school; four of the ten: 253 Ontario, 353 King Street, 27 Princess Street, and 861 Princess are not within walking proximity to either; these properties may be not be the most ideal for tenants with school aged children. Based on the results, it appears most of the schools are within already established residential areas.

F. Distance to bus terminal

Only four properties are within a five minute walk of the bus terminal; interestingly, all four properties are located on streets traveling northeast or southwest (Bagot, King and Ontario Streets). Real estate located adjacent or within close proximity to a transfer point is very attractive for all demographics.
G. **No parking on site**

All free standing buildings in the sample: Property X, 27 Princess Street, 861 Princess Street, 275 Ontario Street and 27 Place D'Armes have parking on site. Free standing buildings typically have much more space and flexibility with the layout of the site and therefore are able to offer parking space behind, beside or underground. Properties in built up areas may have arrangements with an adjacent landowner or have permit parking on municipal roads. For example 27 Princess Street has 18 underground parking spaces with entrances off both Princess and Ontario Streets and an additional 28 parking spaces on the surfaced lot on the adjoining parcel.

H. **Situated on a busy street/obstacles and or traffic congestion**

The properties were either on a busy street or a street with many obstacles and congestion except for 331 and 353 King Street West which were both located on a busy street and had many obstacles and congestion, as defined in this report. The definition of what constitutes a busy street and what is defined as obstacles is broad and results will vary based on this definition. Properties located at intersections, for example 27 Princess Street, exhibit elements of both, however to remain consistent and as objective as possible, in such instances the analysis is based on the properties’ municipal address. These two criteria are not deal breakers for residential dwellings, but are preferred criteria that potential renters may be interested in knowing.
5.1.5.2 Cultural

I. Area has a poor reputation

Both properties located outside of the study area showed signs of vandalism and or graffiti. The conclusion that the area beyond the downtown core has a poorer reputation should not be made because the reputation of an area is subjective and is based on a number of criteria assessed together. Properties within the downtown core, in the central area particularly also exhibited graffiti and vandalism, suggesting this can exist anywhere and should only be used as one indicator of the quality of a neighbourhood. Rather, a conclusion can be made of the individual properties that have graffiti such that these properties may frequent loiters. Overall, 275 Ontario Street is the only property that did not meet any of the criteria within this category. The property does have limited transformation potential and based on the data the immediate area surrounding the property may not be the best suited for residential conversion.

5.1.5.3 Legal

J. The property is leased

The properties that are not leased: 353 King Street, Property X and 27 Princess Street are the same properties that do not have any office space still in use (building checklist). This finding is important because it lends validity to the report because the two checklists were completed independently of each other but show they are measuring the same thing.
K. Zoning

All of the properties except for 221 King Street are zoned Commercial and By-Law 96-259, as amended, permits conversion of the commercial space into residential use. About half of the properties are zoned C1-3—Heritage Commercial, and one of the properties has a Commercial Market Square (CMS) which also allows residential use, however, these properties have additional provisions that must be met. The additional provisions can be both cumbersome and sometimes not feasible.

5.1.6 Analysis based on Building Criteria

Six of the 13 criteria on the building checklist are insignificant. A criterion was determined insignificant if more than 75% of the properties had the same response; only those significant criteria that exhibit some trends are highlighted below.

5.1.6.1 Functional

A. Office space still in use

The properties that do not have any office space still in use are the same as those properties that are not leased: 353 King Street, Property X and 27 Princess Street (See 5.1.7.3 K).

B. Extending the building vertically or horizontally

The only property that can be both vertically or horizontally extended is 27 Place D’Armes; this property is free standing and provided it meets the zoning criteria there may be opportunity of redeveloping this entire parcel to
a higher density use. 178 Ontario Street, 275 Bagot Street, 275 Ontario Street, 221 King Street and 331 King Street cannot be vertically or horizontally extended.

5.1.6.2 Technical

C. Building looks poorly maintained

There are many more buildings in the sample that look poorly maintained than those that have apparent vandalism or damage done to them. Three of the five properties that had some signs of vandalism, in the form of broken window or graffiti, were recorded as properties that didn’t look poorly maintained (cracks, chipped structure and discoloration). This demonstrates that vandalism isn’t necessarily a function of the appearance of a building as some theories may suggest (broken windows theory).

D. Windows cannot be reused

Three properties: 275 Ontario Street, 861 Princess Street and 275 Bagot Street are office buildings greater than four storey’s with windows that cannot be reused. To reinstall each window for residential use will be an additional cost the developer will incur. The cost of windows will vary on their design and quality. Typically, replacing windows is not as expensive as some other repairs and costs can be easily recouped once the space is occupied; this is particularly true for larger developments. For example, 275 Bagot Street has 21,621 square feet of net rentable area, and given the size
and depth of the building, there is opportunity for a large number of residential units which would likely offset the cost of replacing the patent glazed windows. Overall, the cost of windows is a minor addition when compared to other costs that would be much more substantial (structural or environmental concerns).

5.1.6.3 Cultural

E. No Character to surrounding area

The properties closer to the waterfront and heritage properties have interesting building detail and character. The buildings are unique, and each has its own design and contributes to the streetscape, whereas the properties further north along Princess Street, and outside the downtown core are concrete slabs, with no interesting window treatments or architectural design.

F. Unsafe entrance to the building

The main access to 27 Princess Street is a ramp that is clearly visible on Princess Street. The building has corners on both sides of the entrance that are somewhat concealed and hidden from the opposite side of the street. There is no lighting within these corners to brighten the space and as a result the corners are dark spaces that are not entirely visible to the public. It is these dark spaces that attract loiters and illegal activities. 275 Bagot Street also has an unsafe entrance; unlike 27 Princess Street and 178 Ontario Street
where the access is slightly enclosed, the access is visible, however, there is limited lighting around the entrance of the building which can create some safety concern.

Figure 7: Comparing Accesses

5.2 Analysis- Interviews

Section 4.4 of the Methodology Chapter outlines the process, questions and question rationale. Because the interviewees were guaranteed anonymity, none of the interviewee’s names are referenced in the findings. When individual responses are presented they are represented as Interviewee A, B, C or D and are kept consistent throughout the discussion.

Peter Kostogiannis, President of DTZ Barnicke in Kingston Ontario provided a list of developers and/or property owners with some experience converting office space into residential units in Kingston, Ontario. There was a 100% response rate; all four property owners on the list: Jay Abramsky, President of Keystone Property Management; Kim Donavan, President of Kincore Holdings; Bob Gulayas, an independent property owner/landlord and another owner with a few properties in
Kingston, who asked to remain anonymous, agreed to an interview. The interview responses are outlined under each corresponding statement.

5.2.1 Motivating Factors to convert office space into residential units

The decisions of Interviewee A, B and D to convert their properties were strictly financially driven. From a risk/reward perspective, they felt keeping the space as office use was a great risk and a better return would be achieved if the space was converted to residential use. Interestingly, Interviewee D was the only one who conducted a detailed financial analysis on the property while the other two relied on instinct, stating they were certain in their ability to keep the spaces leased as residential units. Interviewee B speaking to the decision to convert the space said “from a business perspective it made sense and from a philosophy perspective the success and future of downtown Kingston is based on people living there.” Interviewee C’s motivation was to convert the space as a personal challenge. The interviewee has a background in construction and undertook the project for “pure enjoyment” and “to have fun”. The interviewee expressed the financial return wasn’t a consideration at all but does enjoy having another source of income and now has a property that can be passed on to their children.

5.2.2 Developer/Owners Perception of the Market

The general consensus among Interviewees B, C and D was that there was a low demand for second floor office/commercial space in the downtown, that it was “secondary space” and moving forward there was a higher and better use.
Interviewees A, B and C all targeted a niche market for upper end units they know existed but wasn’t catered to. This niche market was graduate students and young urban professionals with financial means looking for quality residential accommodations away from the noise and traffic of the student ghetto. Interviewee B specifically referred to Queen’s University being a great entity to the rental market in Kingston.

5.2. 3 The Decision to Convert Space into Residential Units

All of the Interviewees came to the decision to convert the spaces themselves. Their reasons are outlined in the response to Question 1. In addition to the responses, Interviewee A said their conversions were one of the earlier ones completed in Kingston and helped pioneer the move of upper floor residential units in the downtown, citing the Prince George Hotel as an example. Interviewee C was interesting because they didn’t just convert a space, they created it. The owner took unused attic space, exposed it and transformed it into a functional use.

5.2.4 Challenges that were faced

Table 15: Ranking the Challenges

<table>
<thead>
<tr>
<th></th>
<th>Interviewee A</th>
<th>Interviewee B</th>
<th>Interviewee C</th>
<th>Interviewee D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Procedural</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Financial</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 15 is a summary of the results, and shows half of the respondents felt that finances was the most challenging whereas the other half felt that procedures and process were most cumbersome. Although structural challenges were not identified by any of the interviewees as the most challenging, three of the four
respondents identified it to be the second most challenging. Interviewees A, B and C, had structural issues with conversions because of the age of their buildings. Older buildings have shifting floor plates, and upper floors may not be complete storeys; this affects the physical layout and alignment of servicing ducts and piping which should ideally stack above each other to be most efficient. In some of the cases because of the age of the building, asbestos is an issue, and entire walls have to be torn down and replaced. The material of the building and aesthetic design elements, such as exposed brick and beams, also create structural concerns. In such cases, interviewees reinforced the exterior building structure and better insulated the structure to protect the interior from natural elements.

Interviewee A stated that the major challenge was the presence of “a lot of unknowns;” a response similar to comments made by the other interviewees. Interviewee B had to reengineer the structure of the building to increase the amount it could carry per square foot resulting in an unforeseen cost of $50,000. In another case, the same respondent had two stone walls that conflicted with the design layout of the floor plans, therefore the stone walls had to be physically removed in order to make the design work, incurring an additional cost. The respondent stated the design and location of structural elements like sprinklers and piping may be challenges for developers that are often overlooked, and expressed at times challenges result when practical concerns are not addressed in the code (ie- youth dangling from exposed pipes or sprinklers).

Securing financing, unforeseen construction costs, municipal and consulting fees and vacancy were financial challenges that arose during the interviews.
Depending on the scale of the project, securing financing can be the greatest challenge. Interviewee B who identified financing to be the greatest challenge had to demonstrate to their lender that their retail tenant on the ground floor of the building was stable in order to secure enough financing to convert the upper storeys of the space. During the construction phase, unforeseen costs usually arise, for which a contingency fund should be already allocated. Interviewee B described a “nip and tuck” approach to development needs to be taken; tradeoffs need to be made because “you need to be sensible about costs.” This interviewee originally wanted each unit to have its own boiler and HVAC System, instead settled with an electric radiator system in each apartment and a fan which added ambiance and décor to the unit but also controlled project costs. This interviewee maintained the most important thing is comfort for the tenant, so as a contingency the owner made sure the glazing on the windows could be removed should a tenant request an air conditioner for the unit. No tenant at the time made the request and the units have been rented since.

Interviewee D stated additional financial costs arise when redeveloping a space if there are tenants still occupying some of the building; additional costs are incurred to ensure that the other tenants’ operations are not being compromised. When a developer has access to the entire building (i.e.- vacancy), there is greater flexibility in design and ability to more easily address challenges that may arise. The same interviewee stated that site plan fees for built out sites are unreasonable and increasing costs to go to the OMB have made developing more cumbersome in the municipality. The time value of money was the largest burden for this property.
All of the interviewees stated there needs to be a contingency fund. Interviewee A, speaking to their experience said conversion projects are always 50% more than what is originally budgeted, so it is crucial to a projects’ success that sufficient capital be available. Interviewee C approached all projects with the attitude of not going into debt; this property owner would work on projects from the surplus dollars from the rental properties.

All of the interviewees felt that the communication, correspondence and processing applications as a major challenge with the municipality. The interviewees found a lack of coordination and communication amongst city departments. They expressed important information was not being passed along to the applicants by municipal staff, and information that was conflicted with comments received from other agencies and departments. Interviewees agreed that miscommunication, lack of it, delays and the process on the part of the municipality seriously affects their bottom line because “time is money” (Interviewee A).

Negotiating with municipal staff to find solution to planning and building standards was also a challenge for all of the property owners; some found this to be a greater challenge than others. Interviewee C said there needs to be “common sense” in the planning policies. This interviewee felt planning policies and goals outlined in the Official Plan are only conceptual because the planning standards do not support the goals outlined in the Plan. However, Interviewee B had the opinion and speaking specifically of the City of Kingston Planning Department said:

They get it, so it’s not them and us, it’s we’re a community, I’m putting my big bucks out and I’m doing the risk/reward thing but we’re a team, we got to figure this out together and a community or authority that says it’s black and white there are
problems, they need to look at the situation and work together to develop solutions that will work.

Table 16: Summary of the Challenges

<table>
<thead>
<tr>
<th>Structural</th>
<th>Procedural</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Aging/outdated building structures</td>
<td>• Communication with the City</td>
<td>• Municipal application fees</td>
</tr>
<tr>
<td>• A lot of unknowns</td>
<td>• Complying with zoning by laws and municipal standards</td>
<td>• Development charges</td>
</tr>
<tr>
<td>• Efficient/functional serving ducts and ventilation</td>
<td>• Complying with Official Plan and Strategic direction</td>
<td>• Studies</td>
</tr>
<tr>
<td>• Layout of building</td>
<td></td>
<td>• Project overruns</td>
</tr>
<tr>
<td>• Fire and building code</td>
<td></td>
<td>• Cash in lieu of parking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consultants</td>
</tr>
</tbody>
</table>

5.2.5 The Relationship between the Municipality and Developer

Interviewee B was the only property owner interviewed that received financial support from the City. Funding was received for five apartments that were converted in 1989 as part of a Phase 1 of the project; $30,000 was received from the City interest free, over 10-15 years as part of a program to increase density in the downtown. When asked about current funding programs, the response was “most programs governments have to offer are so rigorous to get through that it is just better doing it yourself.” All, except Interviewee B, felt there wasn’t adequate cooperation from the City. Poor communication, inaccurate and incomplete information, and lengthy responses by municipal staff were identified as reasons why property owners felt there was a lack of cooperation from the City. All of the owners interviewed alluded to the City not respecting the time/value of money.

Interestingly, both Interviewees A and B raised cash in lieu of parking as an example of a relationship between the developer and the municipality. Both
expressed the program is inefficient, with Interviewee A expressing frustration of having to pay into a fund years ago and still no parking has been developed.

Interviewee B elaborated on their relationship with the municipality. They felt being able to compromise was most important when working with the municipality and open lines of communication was essential. The Interviewee said the attitude an owner has towards a project will affect its outcome and in turn the type and level of cooperation received from the City. If you “take things on with a hate, its hard to deliver a message and get people to buy in.” If you take it on and present information in the form of a plan with direction saying, “here is my challenge, here is my solution” it “opens lines of communication and enables the City to think of it.” In situations where the City does not agree, it is important to find out what works for them and compromises to work towards a solution that is acceptable. Speaking through experience, the owner felt that, the City will buy into an idea if you believe in it and think it is right for the community.

Interviewee D felt the City plays a “smoke and mirrors game” and in their opinion “each department and agency runs their own agenda, with different departments and agencies wanting different things” making it difficult for developers to meet competing demands. The interviewee further stated “City staff has no concept of costs to the developer such projects incur.”

5.2.6 Unforeseen Risks and Challenges

Interviewee A did not refer to a specific example but spoke to the general nature of everything that is unknown is a challenge that could affect the outcome of the project: asbestos, mold, and plumbing. Interviewee B had serious structural
challenges, significantly changing already engineered plans for their space. There are also ongoing challenges to include laundry rooms, bicycle storage facilities and most importantly garbage that can affect a projects outcome.

Interviewee C had a one word response “CODES”. Three of the four interviewees were instructed to install sprinkler systems throughout the entire building after plans were approved and work had already commenced. The interviewees stated this increased their budgets by $20,000 - $40,000. Sound proofing walls and separation distance from abutting properties were also noted as unexpected challenges but were significant enough to delay the projects’ completion. Interviewee C also expressed the building’s designation as “heritage” posed unexpected challenges because their application was circulated to the heritage building committee who did not feel the design and aesthetic features proposed were appropriate for a designated property.

Interviewee D identified the cost of studies, particularly Phase I and or Phase II Environmental Assessment Reports. This respondent had submitted an application and architectural drawings to the municipality and their review determined a Phase II EA study instead of just the Phase I would be required. The cost to prepare the study with the uncertainty of what the findings would be was too great of a cost. The interviewee said it could be $5,000 to a million—a risk, the interviewee was not willing to take.

2 CODES is capitalized to express the Interviewee’s response. The immediate response was codes and it was expressed as the number one concern above all others.
5.2.7 Satisfaction with the Conversion

All of the interviewees were satisfied and content with the outcome of their projects. Interviewees B and C felt rewarded with the result, and Interviewees A and B said there is always something you would have done differently or approached in another manner had all the challenges and obstacles been known, while Interviewee D said “to carry more of a contingency with time and money.”

5.2.8 Lessons Learned

Interviewees A and B shared the opinion that you need to be able to adapt to changing circumstance, time tables and conditions. They also shared the opinion that you need to have deep pockets and all shared in the opinion that you have to be prepared for cost overruns.

Interviewees B stated “not everyone understands the role of a developer”, particularly the financial implications that result when decisions are delayed. This interviewee stated that sometimes in order to get things done requires going above the initial point of contact and being assertive in the process. Interviewee C had a different position stating that it is a learning process and as such, you need to have diplomacy when undertaking such projects particularly with inspectors.

Interviewee D emphasized having complete and accurate information before proceeding with any plans is necessary before making any changes to an existing property and stated they would use a Planning Consultant to undertake the necessary research and be the point of contact with the City.
5.2.9 The Implications of Site Inspections for Residential Conversions

All of the interviewees commented the onerous burden site inspections pose but understood why they had to be done. Interviewee A's decision to convert future properties will be based on the results of the Phase I scan and the nature of the buildings abutting the property that is being considered for conversion. Interviewees C and D both felt that costs for a Phase II EA are too high to take on an unknown risk. Interviewee B said that it wouldn't affect their decision because there are always ways of managing costs by “maximizing contact within the industry that can offer good rates.” Environmental challenges are inevitable; all older properties have some kind of hazards that need be addressed whether it is leaded paint, asphalt, floor tiles asbestos or pipes; this respondent sums it by saying “there is no one to hold your hand...it is all in your attitude.”
6.0 Conclusion

The results of this research are not surprising; the findings confirm that downtown Kingston is appropriate for office to residential conversion and there are opportunities to do so. The hierarchy of the properties’ transformation potential scores was expected for the most part except for a couple of surprises which are detailed in Chapter 5. Each research question that was posed in Chapter 1 is answered below.

6.1 Research Question 1

Is there an opportunity to convert office space into multi-residential units in Kingston’s downtown?

1.4 If so, which office buildings and or office spaces in Kingston’s downtown have the greatest redevelopment potential for multi-residential use?

1.5 Are there policies in City documents to support office to residential conversion?

The background research suggests there is a sufficient market downtown for residential units converted from office space. The market trends, literature and policies in the Official Plan support this. The redevelopment potential of the properties was based on the property’s location and the building’s structure. Twenty-seven Princess Street, a historic limestone building located at the base of the downtown and across from Lake Ontario was identified to have the greatest redevelopment potential. When this research began, 27 Princess Street was listed on the market. It has since been sold and there are plans to redevelop the site into a mixed use building. Table 9 in Chapter 5 outlines the redevelopment potential of
the properties in descending order. There are a number of policies in City’s official plan that supports office to residential conversion. A detailed review of the supporting policies is found in Chapter 3.

6.1.1 Summary of Findings

i. The results confirm that a property’s location is more important than the building structure itself. A building structure can be moved or replaced whereas the physical location of the land is fixed.

ii. Some building designs and structures may be too cumbersome and costly for redevelopment, in which case, demolition and new construction may be a better alternative or leaving the use as is may make more economical sense.

iii. The quality of a property’s location is not just based on its proximity to amenities and services. There are a number of factors such as the compatibility of the surrounding uses, the reputation of the area and vandalism, all of which are locational attributes and are just as important.

iv. A property does not have to be in the best location to be a suitable for residential use. Provided there are some amenities and access to transit there are opportunities to attract certain demographics such as students.

6.2 Research Question 2

What are the risks developers may face when converting office space to housing units and are there any local challenges?

There are three categories of challenges a developer may face: structural, procedural and financial and there are many types and forms of risk within each category. Many of the risks identified by the developers/property owners are
confirmed in the literature. A summary of the risks identified by the interviewees is identified in Table 16 and detailed responses are in Chapter 5.

6.2.1 Summary of Findings

i. The financial risks associated with redevelopment schemes is the greatest of the three challenges because there are many unknowns that cannot be accounted for. Conversion projects require deep pockets and cost overruns should be expected therefore a contingency fund of both time and money should exist.

ii. Large developers have more assets to leverage and more experience therefore are more likely to move forward with projects that have high cost overruns.

iii. Structural challenges stem from building code requirements. Typically, building code requirements are not usually known until planning and financing are in place. In many instances thousands of dollars are already spent before knowing the extent of work required in order to bring a building into compliance with the code. Large developers who have experience in the industry will be more familiar and better prepared for such requirements, while smaller developers and individual property owners may need to reassess moving forward with such projects.

iv. Depending on the previous use and the properties location, site contamination is a very relevant and expensive challenge that could exist. Typically, the longer a site is contaminated, the more costly it is to clean it up and the standard to which it must be cleaned is much higher for residential use than commercial. A developer can run the risk of starting a project and not being able to complete it if the site is contaminated.
v. Although the end goal of redevelopment is the same, municipal departments have competing interests and therefore sometimes mixed messages may be interpreted by the property owner/developer.

vi. Managing information and communicating it in a timely and efficient manner is an area that municipalities can improve.

6.3 Recommendations

The following are recommendations of actions that municipalities and developers should explore to facilitate office to residential conversions in the downtown Kingston.

6.3.1 Municipality

- Strengthen communication between municipal departments in order to provide quality customer service;
- Develop a transparent system of communicating information to the applicant and among departments in order build trust between municipal departments and private stakeholders;
- Develop tools that improve the existing development process on an ongoing basis. For example, some municipalities have online commenting tools that allow information sharing between departments. The City of Mississauga in Ontario has an online commenting tool called ECity where all commenting stakeholders including municipal departments and external agencies can upload their comments for every application that is circulated for comment.
Each file has its own online file number and code. The applicants also have access to view the comments on their application in real time. This type of tool provides a transparent process for all the commenting agencies and applicant and holds individuals accountable for their comments instead of the planner on the file;

- Implement goals identified in the official plan, particularly those that developers have contributed monies towards. For example, cash in lieu of parking was identified by all interviewees (see Section 5.2) as something they have paid into for years and no parking structure has been built.

### 6.3.2 Developer

- Do your due diligence and learn as much about the property as possible before deciding to undertake a conversion project;
- Consult with the local planning department to gain better direction of what municipal departments may likely comment on an application and request a pre-consultation meeting;
- Speak with the building department and learn about the requirements and standards before moving forward (or hire a consultant to do this);
- Prepare a cost/benefit analysis and evaluate the feasibility of a conversion project before moving forward with one;
- Acknowledge that municipal departments are not intentionally delaying a project but that there are many procedures and processes that need to be followed.
6.4 Further Research

This study shows there are opportunities to convert office space into residential units in Kingston and that there are opportunities to do so. The properties in the sample are concentrated within a small geographic area which limits the extent you can compare locational attributes. Further research should look at properties that are not within the same geographical area. Also, a financial feasibility analysis would be beneficial to put into context the cost of redevelopment and the potential return. This would demonstrate if a conversion project will yield a financial return or whether the project is not worth the potential challenges that could result. Some of the criteria on the checklists are abstract concepts and were analyzed based on the prescribed definition assigned to it in this study. Further research should draw on additional literature and test whether changing the definition of some criteria would yield different results.

Larger cities have a wider range of social, political and economic variables that affect development applications and the success of a conversion project is contingent on how well these interrelated variables come to together (Heath, 2001). Since conversion projects have significant affect on the landscape of the city, it would be interesting to explore the extent of community involvement in these projects.