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Item No. 9.4
Heritage Advisory Committee
March 27, 2019

**Community Planning and
Economic Development
Standing Committee**
April 18, 2019

TO: Chairs and Members of:
The Heritage Advisory Committee and
The Community Planning and Economic Development Standing Committee

-Original Signed-

SUBMITTED BY: _____
Kelly Denty, Director, Planning and Development

-Original Signed-

Jacques Dubé, Chief Administrative Officer

DATE: February 7, 2019

SUBJECT: **Case H00460 – Protection of Heritage Buildings: Options and Financial Implications**

ORIGIN

At the October 26, 2017 meeting of the Community Planning and Economic Development Standing Committee the following motion was put and passed:

“THAT the Community Planning & Economic Development Standing Committee request a staff report regarding options and financial implications to enhance support for protection of heritage buildings in HRM, that shall include consultation with the Heritage Advisory Committee as appropriate, and include but not be limited to the following considerations:

- 1. Tax relief - That registered heritage properties could receive an annual grant calculated as a percentage of property taxes paid;*
- 2. Tax lift - Upon approval of a major renovation and or restoration project any increase in property taxes that result from the resulting increased assessment would be rebated as a grant for a period of time, for example, 10 years;*
- 3. Grants - that the existing grants program would be expanded to allow for increased financial support for residential buildings, a separate program for commercial buildings, and inclusion of privately held institutional buildings in the grant program;*
- 4. 20th Century heritage - consider changing heritage registration criteria to better encourage registration of outstanding architectural examples from the war years (1918-1945) and create a mid-century category from 1945-1975;*

5. *Holding by-law - request the province allow municipalities to establish a heritage holding by-law similar to other provinces, to allow short term protection of important unregistered historic buildings while Council considers possible registration.”*

LEGISLATIVE AUTHORITY

- *Heritage Property Act, section 22, Financial Assistance*
- *Halifax Regional Municipality Charter, Part IV, Finance*
- *Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations*
- *Administrative Order 2014-002-ADM, Respecting the Heritage Incentives Program*

RECOMMENDATION

It is recommended that the Heritage Advisory Committee and the Community Planning and Economic Development Standing Committee recommend that Halifax Regional Council:

1. Direct the CAO to prepare amendments to Bylaw B-201 (The Building Code By-law) and return to Council for its consideration, to include registered heritage properties in the list of applications which are exempt from municipal building permit fees when such fees pertain to the maintenance, preservation or restoration of the exterior of a registered heritage building, for implementation in fiscal year 2020/21;
2. Direct the CAO to consider increasing the annual funding to the Heritage Incentives Program to \$300,000 per year, during the 2020/21 operating budget development process;
3. Adopt the amendments to Administrative Order 2014-002-ADM, *Respecting the Heritage Incentives Program*, as set out in Attachment B of this report, to increase the maximum yearly residential grant to \$15,000 and the maximum commercial grant to \$25,000 for approved work under the program, with such amendments coming into effect for the fiscal year 2020/21;
4. Direct the CAO to return to Council with a report and recommendations with respect to possible amendments to Administrative Order 2014-001-ADM, *Respecting Tax Relief to Non-Profit Organizations*, to increase the exemption for otherwise-qualified owners of registered municipal heritage properties for implementation in fiscal year 2020/21;
5. Direct the CAO to include within the upcoming review of the Regional Municipal Planning Strategy amendments to include policy to enable enhanced development options for registered heritage properties across the municipality by development agreement;
6. Direct the CAO to prepare amendments to the municipal evaluation criteria for heritage sites and properties for Council's consideration, with advice from the Heritage Advisory Committee; such process to take place following completion of the Culture and Heritage Priorities Plan;
7. Direct the CAO to research additional measures for the protection of un-registered heritage properties based on existing legislation in other jurisdictions and to prepare a report for consideration by Regional Council respecting possible requests for amendments to the *Heritage Property Act*, and
8. Direct the CAO to continue formal discussions with the Province on measures to prevent the demolition of heritage resources prior to adoption of a heritage conservation district based on the previous written requests from the Municipality sent on April 4, 2016.

EXECUTIVE SUMMARY

Over the past decade, several factors have led to increasing pressure on the Municipality's collection of heritage properties. Rising property values and declining interest rates have greatly increased property redevelopment, including heritage properties. Also, rising costs for materials and labour have made existing heritage buildings costlier to maintain and repair. Despite these changing conditions, the level of policy and financial support for built heritage provided by the municipality has not kept pace. Considering the significant benefits that well-maintained heritage properties provide to our communities, staff advise that these program improvements are overdue.

In response to a motion from the Community Planning and Economic Development Standing Committee (CPED), staff have proposed several measures that would improve and modernize the HRM heritage property program, including the first proposed increases to the heritage grants program since 2003, potential amendments to tax relief programs for non-profit groups, as well as the proposed adoption of land use incentives aimed at encouraging adaptive re-use of existing buildings.

In addition to improvements to heritage incentives, this report proposes a review of the heritage property evaluation criteria. As HRM's current program overwhelmingly favours 18th and 19th century buildings of a certain architectural tradition, the proposed changes would better recognize diverse and under-represented groups in our municipality, as well as properties and sites from different time periods, architectural types and geographic areas.

The proposed changes to the heritage program outlined in this report have been chosen based on best-practice research and on a consideration of current resources that would be required to administer an expanded program. Considering the forthcoming Culture and Heritage Priorities Plan expected for later this year, staff recommend that major changes to the program beyond those mentioned in this report should not proceed until Council is advised by the specific direction stemming from that plan.

BACKGROUND

With increasing development pressure and several recent applications for demolition of registered heritage properties, there is significant focus on HRM's Heritage Property Program and the measures taken to preserve built heritage in the municipality. At the October 26, 2017 meeting of the Community Planning and Economic Development Standing Committee, a motion was passed to request a staff report providing options on a number of items and issues pertaining to the strengthening of our heritage property program and heritage incentives.

Existing Heritage Property Program

The HRM Heritage Property Program gains its legislative authority from the *Heritage Property Act*. Under this legislation, HRM's 493 registered heritage properties are protected from demolition or substantial alteration without approval of the municipality for up to three years. This protection in most cases is sufficient to protect a property from demolition; however, with growing development pressure and rising property values there are a growing number of cases where a three-year wait is not enough disincentive, and buildings are demolished to make way for new development. Heritage Conservation Districts (HCDs) allow the municipality to completely prohibit demolition that has not been approved by Regional Council, and apply heritage-sensitive land use regulations. Currently there are only two such districts that have been adopted, and preparing new ones has been shown to take several years based on current staffing and funding resources. A staff report outlining ways to expedite and improve the HCD approval process is expected to be presented to HAC by the end of 2019.

Incentive Programs

The cost of maintaining heritage properties can be a burden on their owners. For example, heritage properties tend to be more expensive to heat and maintain, and often require the work of specialized trades and expertise due to their older building technology and materials. Given the additional costs to operate, and the community benefit these properties provide, HRM has supported an incentives program to help with the additional costs. Currently, the benefits provided to the owners of HRM's 493 registered heritage properties include:

- matching grants of up to \$10,000 for exterior maintenance and repair based on a \$150,000 overall annual budget;
- the Downtown Halifax Land Use By-law provides density bonusing for heritage conservation;
- Increased development rights and financial incentives are provided for properties within heritage conservation districts;
- in the case of the Halifax and Dartmouth Plan areas, some additional development rights are provided to encourage viable adaptive re-use of heritage properties by development agreement; and
- the province provides limited grants to cover maintenance and material costs.

As part of the proposed programming for future Heritage Conservation Districts, staff are also proposing separate incentive programs that will have financial implications for the municipality. These programs are intended to be limited in scope and duration and will be presented to Regional Council separately for consideration as these district plans are drafted.

Culture and Heritage Priorities Plan

While this report outlines options to update and address immediate issues with the municipal heritage program, a larger scale shift in approach and priorities may be warranted in the long-term which could bring HRM to the forefront of heritage protection nationally. Such a shift necessitates a broader review of best-practice and benchmarking that can provide options for a new strategic direction. This is intended to be achieved through the preparation of a *Culture and Heritage Priorities Plan* (CHPP) with the aim of providing “greater direction for strategic planning and investment in culture and heritage” as required by the 2006 and 2014 RMPS.

Given the scope and purpose of this priorities plan, staff suggest that it offers the best opportunity to pursue higher-level, strategic direction for the Heritage Property Program through which a much broader analysis of best practice and quantifiable statistics can be undertaken and considered. The CHPP is currently in the analysis and engagement stage and is being drafted by staff and consultants. A final draft of the plan is expected to be completed by spring of 2019, with Regional Council consideration targeted for the fall of 2019.

DISCUSSION

Staff have been tasked with examining the potential effectiveness of several incentive programs and proposed changes to the Heritage Property Program given the context of existing municipal policy and provincial legislation. This section identifies options and provides recommendations on seven possible changes to the program to enhance the protection and conservation of heritage buildings. More detailed information on each option can be found in Attachment A.

Following any changes to the HRM Heritage Property Program stemming from this report, staff intend to review of the program every five years with the goal of monitoring incentive levels, protection measures and resources to ensure the program provides a reasonable and up-to-date level of response to aid in the protection of our heritage resources. Any proposed changes arising from these reviews would be presented to the HAC and Council for consideration.

Tax Relief:

A reduction in municipal property taxes specifically for registered heritage properties is something that other jurisdictions use to a limited degree and is not tied to specific conservation work or the condition of the property (i.e. a blanket tax reduction).

Recommendation

Staff recommends that Council not consider a blanket tax relief program, as there is no legislative authority to undertake such a program, it does not directly encourage or support conservation of heritage buildings, and there is no reasonable mechanism to accurately measure the benefits or effect

of such an investment.

Tax Lift / Tax Abatement:

Tax lift (or tax abatement) is essentially a cap on any assessment increase resulting from heritage conservation work. This approach to incentives provides the added benefit of helping to finance building conservation, while not resulting in an increased tax burden once the work is complete.

Recommendation

Given the complexities of administration and the staff resources that would be required to develop and administer a tax abatement program, it is recommended that Council only consider this form of incentive following consideration and adoption of the Culture and Heritage Priorities Plan which will establish Regional Council's strategic direction for the heritage program.

Fee Waivers:

Waiving building permit fees can support additional conservation work while not requiring additional staff resources. Eligible work should include only exterior conservation work to registered heritage properties, or properties within a Heritage Conservation District.

Recommendation

Staff recommends that Council consider amending the list of properties waived from permit fees under Bylaw B-201 to include all registered heritage properties and properties within Heritage Conservation Districts. This would result in no charges for building permit fees for heritage conservation work. Based on current figures, fee waivers would result in approximately \$20,000 in lost revenues each annually.

Heritage Incentive Program:

Increasing the level of funding to the Heritage Incentives Program to account for the increase in inflation, material, and labour costs since the program began in 2003.

Recommendation

To modernize the heritage grant program, and to help address the financial burden of heritage property ownership while recognizing the benefit provided to our streetscapes and communities by these properties, staff recommend the following actions and amendments to the program:

1. A yearly budget of \$300,000 (increased from the current \$150,000 set in 2003);
2. A maximum residential grant of \$15,000 which can be awarded twice every 4 years; and
3. A maximum commercial grant of \$25,000 which can be awarded twice every 4 years.

Heritage Grants: Non-Profit and Charitable Organizations:

Currently, grants to non-profit owners of registered heritage properties are issued under the Community Grants Program, not the Heritage Incentives program. The aim of that program is not specifically to encourage conservation of historic properties thus properties do not always receive the necessary funding, or the funding they do receive is not directed towards necessary conservation work.

To help address this, staff will undertake a review of both the Community Grants Program and Heritage Incentives Program to investigate options for greater efficiencies which may be gained through a possible consolidation of the programs as they apply to registered heritage properties only.

Tax Relief: Non-Profit and Charitable Organizations:

Eligible non-profit and charitable organizations may apply for annual tax relief under Administrative Order 2014-001-ADM respecting tax relief to non-profit organizations. Although registered heritage status may be considered in determining the level of tax relief provided to a specific applicant, it does

not currently ensure a higher level of relief, despite the likelihood of higher maintenance costs and operating costs associated with older buildings.

Recommendation

Staff recommend that Council consider providing full tax relief under Schedule 26 of the Administrative Order 2014-001-ADM *Respecting Tax Relief to Non-Profit Organizations*, to those properties that are otherwise eligible, based on a property’s registered status. The potential cost would be approximately \$50,000 per annum in foregone tax revenues based on current assessments and heritage status.

Land Use Incentives:

In some urban areas of the Municipality, planning policy provides additional development rights to heritage property owners by development agreement to incentivize building conservation. Extending this benefit to the whole Municipality would benefit many more properties, reduce the potential for demolitions, and result in additional heritage registrations.

Recommendation

Staff recommend that Council consider expanding these development rights beyond their current urban locations by adding new policy to the Regional Municipal Planning Strategy that applies to the entire Municipality.

Comparison of Incentive Measures

The following chart provides an overview and comparison of the benefits and drawbacks of the various measures discussed above. Of note are the columns showing the effectiveness of each measure in encouraging conservation of heritage properties, whether it encourages registration, and a consideration of the associated costs to the municipality. The measures recommended by staff for immediate implementation have been placed closest to the top of the chart.

Options	Encourages Conservation?	Encourages Registration?	Provides Additional Protection?*	Are the Results Measurable?	Requires Additional Administrative Resources?	Potential Cost to HRM	Staff Response
Heritage Incentive Program	Yes	Yes	Yes	Yes	No	Moderate	Support
Fee Waivers	Yes	No	No	Yes	No	Low	Support
Land Use Incentives	Yes	Yes	Yes	Yes	No**	Low	Support
Heritage Grants for Non-Profit Organizations	Yes	Yes	Yes	Yes	No**	Moderate	Requires Additional Analysis
Expand Tax Relief to Non-Profit Groups	No	Yes	No	No	No**	Low	Requires Additional Analysis
Tax Abatement	Yes	Yes	No	Yes	Yes	Moderate	Await Outcome of CHPP

*Additional Protection includes the registration of waivers on the property title which prevent demolition, or clauses in development agreements which do not allow demolition of the property.

**These measures may require a shifting of resources or re-allocation of time, but could be accomplished with existing staff.

Additional Protection Measures

The motion of the Community Planning and Economic Development Standing Committee also highlighted two additional non-financial measures that could improve the heritage property program and facilitate protection for heritage properties. This section discusses these measures and considers their effectiveness and potential for implementation.

- 1) **Review of Heritage Registration Criteria** - the evaluation criteria that Heritage Advisory Committee (HAC) and staff use to score a building or property for heritage registration are found at Attachment D. Recent applications for heritage registrations have identified some deficiencies in the current evaluation process as follows:
 - a) Poor evaluation for pre-1749 sites or post-1917 sites which places explosion-era buildings, mid-20th Century buildings and sites associated with First Nations heritage at a disadvantage;
 - b) Unclear scoring categories for architectural integrity, uniqueness and regional importance that allow for an overlapping of scoring categories and ambiguous scoring; and
 - c) No ability to adequately score sites and properties that have associations with under-represented groups such as Acadians, African Nova Scotians and the Mi'kmaq.

Recommendation

Staff recommend that Council direct staff to return to Council with proposed amendments to the heritage registration criteria, with the advice of HAC, following the completion of the *Culture and Heritage Priorities Plan (CHPP)*. If the CHPP contains specific direction, or relevant information gleaned from an analysis of best-practice in other jurisdictions, those findings will be used to inform the new, proposed criteria. The review and amendments to the heritage evaluation criteria will have the following objectives:

- Creating better opportunities for the registration of sites that represent our diverse communities;
- Amending the property age scoring to allow better evaluation of 20th century and contemporary properties if those properties also have strong cultural associations or heritage value; and
- Creating an updated, modern and quantifiable set of evaluation criteria that will help Council and the public to better understand HAC's scoring.

2) **Holding By-law:**

The municipality has seen many demolitions of significant un-registered heritage properties since the creation of the heritage property program. Under current legislation, there is no way to postpone proposed demolition of significant properties while the municipality considers registration, unless a Notice of Intention to Register has been served. Several other provinces, including Ontario, do provide temporary protection for identified and inventoried properties.

Similarly, the municipality has requested the ability to provide greater protection from demolition of properties within a proposed HCD while its adoption is underway. On April 25, 2016 a letter was sent from HRM to the Nova Scotia Departments of Municipal Affairs and Communities, Culture and Heritage requesting these amendments. Dialogue is ongoing but the issue has not yet been resolved.

Recommendation

It is recommended that Regional Council direct staff to continue formal discussions with the Province with the aim of determining means of protecting potential heritage resources from demolition leading up to adoption of an HCD Plan and By-law. It is also recommended that staff determine means to protect un-registered heritage properties while a registration is considered, and prepare a report for consideration by Regional Council

Conclusion

Since the inception of heritage programs across HRM in the late 1970s, the program and its outcomes have improved considerably. These improvements have come about through new and creative solutions brought about by the Municipality, as well as through increased creativity by the municipality's development community. Unfortunately, rising property values, commercial vacancy rates and speculative property investment have placed heritage properties at a disadvantage, which has again put them under threat of

demolition. Through the modest changes proposed in this report, as well as through the forthcoming Culture and Heritage Priorities Plan, Council has the option to strengthen our heritage protections and ensure that the municipality's identity and uniqueness as represented by its built heritage remains intact, and that our historic streetscapes continue to tell the story of HRM's diverse history for generations to come.

FINANCIAL IMPLICATIONS

The total financial implications of this report are an annual increase in operational costs of approximately \$220,000 per year. The recommendations are proposed to take effect in fiscal year 2020/21 and were presented as a year 2 "over budget" item in the 19/20 operating budget cycle.

The breakdown by recommendation is as follows:

Recommendation 1 (exempt building permit fees on heritage work)	\$20,000
Recommendation 2 (increase in heritage grant program budget)	\$150,000
Recommendation 5 (full tax relief for non-profit heritage properties)	<u>\$50,000</u>
Total	\$220,000

Based on previous direction from Regional Council, staff intend to bring forward additional financial incentive programs specifically for recently adopted or future heritage conservation districts. These programs would have their own financial implications for the municipality, but would be considered separately by Council as the programs are created.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low.

To reach this conclusion, consideration was given to operational, financial, and/or strategic risks.

COMMUNITY ENGAGEMENT

Public consultation to be undertaken in consideration of this report consists of a presentation and deliberation on the report at HRM committee and council meetings which are open to the public.

Any community engagement required as part of approval of the items covered in this report will be consistent with the requirements of HRM public consultation policies.

ALTERNATIVES

1. The Heritage Advisory Committee and the Community Planning and Economic Development Standing Committee may recommend that Regional Council undertake some of the proposed changes to the Heritage Property Program and proposed options; or
2. The Heritage Advisory Committee and the Community Planning and Economic Development Standing Committee may recommend that Regional Council undertake none of the proposed changes to the Heritage Property Program and proposed options.

ATTACHMENTS

Attachment A – Explanation of Protection Measures

Attachment B – Proposed amendments to 2014-002-ADM Respecting the Heritage Grants Program

Attachment C – 2014-002-ADM Respecting the Heritage Grants Program as amended

Attachment D – Current Heritage Evaluation Criteria

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Attachment A – Explanation of Protection Measures

Tax Relief

A reduction in municipal property taxes specifically for registered heritage properties is something that few other jurisdictions use. This approach can either enable a reduction in property taxes for all registered heritage properties (i.e.: a blanket tax reduction) or to only those registered heritage properties that have conducted specific conservation work.

Benchmarking / Background

Tax relief for heritage properties can take different forms. The City of Toronto for instance, offers a 40% tax reduction to cover costs associated with conservation work, while Victoria, BC offers complete tax exemption for heritage designated commercial and industrial properties. Of all the other municipal incentive programs that were researched, the vast majority tie tax incentives to actual conservation work. The *Heritage Property Act* allows for the municipality to provide financial assistance in respect of municipal heritage properties to assist in the restoration or renovation of such property. Under current legislation the municipality cannot offer a special tax rate specifically for heritage properties.

The *Heritage Property Act* limits any financial assistance to restoration or renovation work only, so a blanket tax-relief program would not be possible under the current legislation. HRM currently collects over \$2 million in residential property taxes and close to \$7 million in commercial property taxes from the owners of registered heritage properties across the municipality. Considering these figures, even if a blanket tax-relief program was possible, a modest blanket tax relief program for all registered heritage properties would be a significant expense (approx. \$900,000 per annum for a 10% tax reduction). This approach would result in savings for property owners, but would also provide the municipality with no mechanism to accurately measure the benefits or effect of such an investment.

An alternative to such a program would be to tie any tax relief specifically to conservation work as has been done in the Barrington Heritage Conservation District. These programs are favoured by developers because they are much easier to factor into long-term pro-forma. Such a program would serve a very similar purpose as the existing heritage incentives program, but would be much more complicated and resource intensive to administer on a regional scale. Short-term programs directed specifically to Heritage Districts however have proven to be effective and manageable. In the nine years since the inception of the Barrington HCD incentives program (set to end in 2019) \$1.25 Million in municipal incentives have resulted in millions of dollars in private investment in the facades and streetscape of Barrington Street. These funds have played a significant role in the revitalization of the commercial district.

Tax Lift / Tax Abatement

Tax lift (or tax abatement) is essentially a cap on any assessment increase resulting from heritage conservation work. This approach to incentives provides the added benefit of helping to finance building conservation, while not resulting in a dramatically increased tax burden on the property owner once the work is complete. Essentially, any increase in the tax rate for that property is phased in gradually. There is currently no legislated ability for HRM to provide direct tax abatement specifically for heritage properties under Part IV of the *HRM Charter* or the *Heritage Property Act*.

Benchmarking / Background

This tool is used in Charlottetown, Kingston, Toronto and Victoria, and in some of those cases it is paired with matching grant programs. The issue for HRM, is that as with any new tool, there is increased administration that comes with the creation and running of a new program that may require additional staff resources. Since there is no ability to phase-in a rise in tax assessment, financial assistance would need to be issued based on the eligible work that contributed to the rise in assessment. Additional staff would be required to create the new program, and to administer the tax refunds throughout the lifespan of the

program.

The Province of Nova Scotia recently amended Section 92C of the HRM Charter through Bill 177 to allow a tax abatement program specifically for areas designated by a municipality as a “Commercial Development District” in order to incentivize reinvestment in commercial areas. The incentive amounts to a phased-in increase in tax assessment related to eligible construction or renovation work over a ten-year period. Alignment of a Commercial Development District with a Heritage Conservation District may be possible, but the Commercial Development District would apply to all eligible commercial properties in a district: it is not specific to heritage properties. An incentive tool such as this would require significant analysis, as well as the creation and adoption of a specific by-law and associated MPS amendments under Section 92C of the HRM Charter, and would only apply to commercial buildings within a designated Commercial Development District.

Fee Waivers

One way to support additional conservation work while not requiring additional staff resources would be to institute a waiver of building permit fees associated with conservation or maintenance work on registered heritage properties. Such fees can amount to hundreds or thousands of dollars and can negatively offset the benefits of the heritage grants program for successful applicants. This change would not require additional staff, but would add some additional workload to existing staff in Planning and Development.

Benchmarking / Background

This tool is used in other municipalities including Charlottetown and St. John’s, and helps to offset the upfront costs associated with conservation work. Under HRM’s Bylaw B-201 respecting the Building Code, this tool is already being used to incentivize the conservation of historic facades within the Barrington Street HCD and has been met with success and appreciation from property owners. Over the past 5 years, building permit fees for all work on registered heritage properties averaged under \$70,000 per year (this includes both heritage and non-heritage construction work). The loss to municipal revenues from instituting this fee waiver specifically for conservation work would amount to approximately \$20,000 per year, which would result in a low-cost option for the municipality.

Heritage Incentive Program

In 2003, the Municipality created the Heritage Incentives Program, which has an annual total budget of \$150,000. The program consistently receives between 25 and 35 applications for grant funding per year; however, it has not seen any funding increase since its inception. Over the last 15 years, inflation has increased by 30.34%, the cost of materials and labour have also increased substantially and the Municipality has registered an additional 46 properties. Further, the program needs to be better advertised to support and encourage conservation and staff are currently considering means to improve awareness of the program among current and potential heritage property owners.

Heritage Incentives Program

The Program enables maximum matching grants of \$10,000 to private heritage property owners (excluding non-profit groups) for exterior maintenance and conservation of heritage properties. Up to two grants can be awarded to any single property every four years, and 25% of the total grant budget is to be allocated specifically to commercial properties. When a property owner has received over \$10,000 in cumulative funding over multiple years, they are required to register a waiver on title which prohibits the demolition of the property for ten years. Since its inception in 2003, the heritage grants program has provided over \$1.1 million in approved funding for heritage conservation work totaling \$5.4 million on 189 separate projects **(for every dollar spent by the municipality in incentives, over 4 dollars were spent by property owners on conservation work).**

Benchmarking / Background

Heritage grant programs in other jurisdictions are typically part of a more complex set of incentives which

can offer other support such as tax reduction, tax abatement or permit fee exemptions. The cities of Toronto and Victoria had notable examples of generous programs, with no cap on potential grants covering up to 50% of eligible conservation work. Both of these municipalities also offer generous tax incentives to complement their grant programs. Smaller municipalities such as Charlottetown and Kingston typically had grant programs offering matching amounts below \$5000 per property per year.

Each dollar that is spent through the program is matched by property owners and goes into work which benefits local skilled trades and is reflected in increased property values. Unfortunately, the burden placed on heritage property owners due to the value and rarity of replacement materials, specialized workmanship and strict conservation regulations, means that the existing maximum grant typically only covers a very small percentage of the required work. For some major renovation work, such as slate roof restoration or masonry projects for instance, the existing \$10,000 grant may cover less than 10% of the total project budget.

Another issue is that many registered commercial buildings are built of masonry or brick, and require much more intensive and costly restoration and maintenance. Commercial properties account for nearly 70% of the total property taxes collected from registered heritage properties, yet receive only about 20% to 40% of the total grant funding per year from the current program.

Heritage Grants: Non-Profit and Charitable Organizations

To date, non-profit and charitable organizations have received funding towards capital improvements and repairs to registered heritage properties through the Community Grants Program and the District Capital Fund. The latter is a discretionary fund and the amounts vary according to budget capacity in relation to annual demand and the decision-making process employed.

Under the “History” category of the Community Grants Program, registered non-profit and charitable organizations can make application for either a project grant (up to \$5,000) or a capital grant (up to \$25,000). This category received numerous requests for capital grants from non-profit owners of registered heritage buildings, most notably churches. Although the majority of requests address deferred maintenance, priority is afforded to exterior restoration work. Unlike the Heritage Incentives Program, a matching contribution is not required and funds are usually issued in full – not by reimbursement.

Note: Council’s motion focuses on” heritage buildings” – the Community Grants Program also includes grants to registered heritage sites (eg. a cemetery) and funds have been awarded towards the conservation of monuments as well.

Benchmarking/Background

Non-profit organizations currently have access to designated heritage grant programs at both the federal and provincial government levels, and modest funding opportunities from philanthropic foundations. The provincial sales tax rebate program provides a refund on the provincial sales tax paid on materials for exterior restoration work and appears to be under-utilized.

Tax Relief: Non-Profit and Charitable Organizations

Eligible non-profit and charitable organizations may apply for annual tax relief under Administrative Order 2014-001-ADM respecting tax relief to non-profit groups. The level of tax relief varies according to the application. In 2018, HRM provided tax relief to a total of twenty-seven (27) registered heritage properties for a total cost of \$730,774. The majority of recipients (85%) own and operate the subject property. Although registered heritage status may be considered in determining the level of tax relief provided to a specific applicant, it does not currently ensure a higher level of relief.

The provision of tax relief does not necessarily translate into an increase in conservation; rather tax relief is a form of operating grant. Therefore, unless policy prohibits or excludes such groups from eligibility,

registered heritage property owners would remain eligible to apply for project-specific capital grants under the Community Grants Program.

Benchmarking / Background

Tax relief program uptake is exceptionally high relative to other municipal assistance programs and differs significantly from other municipal programs in Nova Scotia in terms of higher levels of tax relief, scale of participation and cost.

Land Use Incentives

One creative means of encouraging conservation, which balances the need for conservation with the desire for economic development, is by increasing the development rights provided to registered heritage properties. The extension of these rights results in no costs to the municipality, yet they have the potential to increase tax revenue and to help finance conservation efforts purely through private investment. This approach can be sustained with existing staff levels.

Benchmarking / Background

Currently, the Halifax Municipal Planning Strategy, Downtown Dartmouth Secondary Plan, and Dartmouth Planning Strategy contain policies allowing for additions or new uses to be developed on heritage properties by development agreement when those uses are not permitted through the underlying zoning regulations. Since the creation of these policies, an average of five heritage properties have been adaptively re-developed per year through development agreement, mainly with positive results. At a time when development pressure is high, such a policy has the potential to be a very potent tool to encourage conservation through redevelopment and adaptive re-use, so long as the proper provisions are developed to protect neighbourhood character and the integrity of the heritage building or site. While many registered properties have been spared and restored through the use of such policies in the more urban areas of Halifax and Dartmouth, this opportunity could greatly benefit communities throughout the Region, and encourage additional heritage registrations.

Review of Heritage Registration Criteria – By-law H-200

The evaluation criteria that Heritage Advisory Committee (HAC) and staff use to score a building or property for heritage registration are found at Attachment D. Recent applications for heritage registrations have identified some deficiencies in the current evaluation process as follows:

1. Poor, or non-existent evaluation criteria for pre-1749 sites or post-1917 sites that places explosion-era buildings, mid-20th Century buildings and sites associated with First Nations heritage at a disadvantage;
2. Unclear scoring categories for architectural integrity, uniqueness and regional importance that allow overlapping or ambiguous scoring; and
3. No ability to fairly score sites and properties which have associations with under-represented groups such as Acadians, African Nova Scotians and the Mi'kmaq.

Benchmark / Background

Currently, many of the available points under the evaluation criteria are associated with the age of the building or site, which overwhelmingly favours Georgian and Victorian era properties (19th century buildings make up over 75% of registered properties in the municipality). The last time the municipal evaluation criteria were substantially updated was in 2004 and 2006. The aim of the reviews was to provide additional clarity and direction to HAC.

The Municipality contains unique and impressive examples of more contemporary architectural styles from the early and mid-20th Century which add to the collective history of the Municipality, and which may have important associations, but score poorly in evaluation because of their age. A good example of this would be the Hotel Nova Scotian and Via Rail Station, which have important associations and high architectural integrity, but currently would score poorly on age. Another example would be the Hydrostone Market, which

is currently registered and was scored under an older evaluation system, but which would currently score poorly for age since it was built after World War One. Of particular note is the disadvantage placed on post-explosion properties, despite their association with that tragic event, and the reconstruction efforts which followed.

The Culture and Heritage Priorities Plan is expected to be completed by Spring of 2019. The outcomes and priorities stemming from this plan will be integral to guiding HAC and staff in updating these criteria.

Holding Bylaw

Currently, there are few means of protecting historic buildings from demolition outside the provisions of the *Heritage Property Act*. Under that legislation, properties which are the subject of an application for heritage registration are protected from demolition for up to 120 days leading up to a heritage hearing. The hearing takes place after the evaluation of a property by the Heritage Advisory Committee. The entire process of application, research and evaluation can take up to three months, during which time a building has no protection. HRM has several hundred buildings which have been identified as having significant heritage value, but are not currently registered.

Regarding the establishment of a Heritage Conservation District, there is even less recourse until the adoption and subsequent approval of the documents by the Province. During the interim period, there is no protection for buildings within the district. Due to the increase in demolitions within a proposed heritage district leading up to its adoption, Regional Council formally requested amendments to the *Heritage Property Act* through a letter dated April 25th 2016, which was sent to the Nova Scotia Departments of Municipal Affairs, and Communities, Culture and Heritage. To date, there has been no resolution to this request.

Benchmark / Background

Measures to regulate the demolition of designated heritage properties vary widely across the country, with some jurisdictions providing significant powers to municipalities, and other, such as Nova Scotia, limiting those powers through provincial legislation. Both Ontario and Manitoba have similar provincial legislation to Nova Scotia with the exception that they have both adopted amendments to allow municipalities to restrict demolition on registered properties indefinitely and to prevent demolition prior to the creation of a Heritage District or while a municipality considers heritage property registration. Currently, the *Heritage Property Act* does not include provisions for preventing the demolition of any un-registered heritage resource, and the *HRM Charter* and *Building Code Act* (the two other relevant pieces of legislation governing land use and the demolition of buildings) do not provide for the withholding of demolition rights based on a structure's heritage value if it is not registered.

The main condition of limiting demolition of un-registered heritage properties in Ontario and Manitoba is that the building is "listed", which means that it has been inventoried and identified as a potential heritage resource. HRM currently has such an inventory in the form of Map 6 of the Downtown Halifax Secondary Planning Strategy, which identifies un-registered heritage buildings in Downtown Halifax.

In 2010, the Department of Communities, Culture and Heritage reviewed and amended the *Heritage Property Act* following a period of engagement with the public and municipalities. One of the most effective amendments from the review was the increase in the period of time that a property owner must wait to demolish their registered heritage property from one year to three years when an application is refused by Council under Section 18 of the *Act*.

Staff will continue to work with the Province with respect to Council's outstanding requested amendment for demolition control in proposed Heritage Conservation Districts.

**Attachment B
(Amending Administrative Order)**

**HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER 2014-002-ADM
RESPECTING THE HERITAGE INCENTIVES PROGRAM**

BE IT RESOLVED by the Council of the Halifax Regional Municipality, pursuant to *Heritage Property Act*, R.S.N.S. 1989, c. 199, that Administrative Order 2014-002-ADM, *Respecting the Heritage Incentives program* is amended, as follows:

1. Section 2 is amended by striking out the number and words “\$10,000 for eligible exterior conservation work” after the word “to” and before the period at the end of the section, and adding the number and words “\$15,000 for eligible exterior conservation work on residential properties and up to \$25,000 for eligible exterior conservation work on commercial properties” after the word “to” and before the period at the end of the section.
2. Section 7 is amended by striking out the number “\$10,000” after the word “is” and before the period at the end of the section, and adding the number and words “\$15,000 for residential properties and \$25,000 for commercial properties” after the word “is” and before the period at the end of the section.
3. These amendments are to come into effect for applications received for financial assistance for the 2020-2021 fiscal year.

Done and passed this day of , 2019.

Mayor

Municipal Clerk

Attachment C
Showing Proposed Changes

HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER NUMBER 2014-002-ADM
RESPECTING THE HERITAGE INCENTIVES
PROGRAM

WHEREAS pursuant to *Heritage Property Act*, R.S.N.S. 1989, c. 199, the Council of the Halifax Regional Municipality may provide financial assistance in respect of municipal heritage property to any person to assist in the restoration or renovation of such property upon such terms and conditions as the Council deems fit;

BE IT RESOLVED AS AN ADMINISTRATIVE ORDER of the Council of the Halifax Regional Municipality as follows:

Short Title

1. This Administrative Order may be cited as Administrative Order Number 2014-002-ADM, the Heritage Incentives Program Administrative Order.

Purpose

2. To encourage the conservation of privately-owned, municipally registered heritage properties used for residential or commercial purposes. Within the limits of the annual approved budget, the Heritage Incentives Program provides matching grants of up to ~~\$10,000 for eligible exterior conservation work.~~ \$15,000 for eligible exterior conservation work on residential properties and up to \$25,000 for eligible exterior conservation work on commercial properties.

Interpretation

3. For the purposes of this Administrative Order, “municipally registered heritage property” has the same meaning as “municipal heritage property” in the *Heritage Property Act*, R.S.N.S. 1989, c. 199.

Financial Assistance Available

4. The Heritage Incentives Program operates on the Municipality’s fiscal year, from April 1st to March 31st.
5. Twenty-five per cent (25%) of the annual heritage incentives budget is allocated to applications relating to commercial heritage properties. This is a proportionate allocation based on the fact that commercial buildings make up 25% of the HRM heritage registry. Any funds not used for commercial properties will be made available to residential applications.
6. Financial assistance is awarded on a 50% cost-sharing basis, exclusive of HST.
7. The maximum annual amount of financial assistance per property is ~~\$10,000.00~~ \$15,000

for residential properties and \$25,000 for commercial properties.

8. The minimum annual amount of financial assistance per property is \$500.00.
9. Each property is limited to one application for financial assistance per year, and two successful applications in any four year period.

Application Requirements

10. There is one intake period per fiscal year. Applications will be accepted between September 1st and December 1st or the following fiscal year.
11. All applications must be received by mail or in person. E-mailed or faxed applications will not be accepted. The address for submission of applications will be posted on www.halifax.ca prior to September 1st of each year.
12. Applications must include:
 - (a) a completed application form;
 - (b) recent photographs of all sides of the building, with close-ups of the areas of work for which the grant is applied;
 - (c) two contractor estimates for the proposed work; and
 - (d) where the applicant is a condominium corporation, a copy of the board of director minutes approving the submission of the grant application.
13. Late or incomplete applications will not be reviewed or considered.

Eligible Property

14. Only eligible property will be considered for financial assistance.
15. An eligible property must be:
 - (a) a privately-owned, registered municipal heritage property within HRM; and
 - (b) in use for residential or commercial purposes.
16. A property is not eligible for financial assistance if the property is currently under investigation or prosecution for land-use, Building Code, Fire Code, or Heritage Property Act violations, or is subject to an order to comply under any Act or By-law, or has any liens or property taxes outstanding.

Work & Materials Eligible for Financial Assistance

17. Projects which restore exterior architectural elements significant to the heritage value of the registered heritage property, including any of the following, are eligible for financial assistance:
 - (a) **Preservation** of existing exterior architectural elements. This includes, for example, repair of deteriorated windows and doors, cladding, roofing, foundation, cornices, moldings, architectural trim, and other significant features.
 - (b) **Replacement** of existing exterior architectural elements that still exist but which are beyond preservation or repair. This includes replacement in kind of deteriorated doors and windows, cladding, roofing, cornices, moldings, architectural trim, and other

significant features, using accurate reconstruction and materials, sizes, and configurations that match the original.

(c) **Restoration** of exterior architectural elements which have been lost but for which the appearance can be clearly determined from physical evidence or documentary sources such as historic drawings or photographs.

(d) **Painting** in colours appropriate to the period of the heritage property. Generally, colours from the heritage palette of the major paint manufacturers are preferred.

(e) **Preservation/restoration of historic outbuildings or landscape features**, such as fences, walls or gates which form part of the original, documented heritage value of the property.

18. To be eligible, projects must use traditional materials (wood, stone, brick, etc.) and traditional designs.

Work & Materials Ineligible for Financial Assistance

19. The following work and materials are ineligible for financial assistance:

(a) work that has been commenced or completed prior to submission of the application;

(b) modern materials such as vinyl or aluminum clad windows, steel doors, vinyl siding, or Exterior Insulation Finishing System cladding;

(c) short-term, routine maintenance including minor repairs;

(d) poor or defective work; or

(e) labour undertaken by the owner.

Project Evaluation and Prioritization

20. Projects will be evaluated using HRM *Heritage Building Conservation Standards* as adopted by By-law H-200, or any other guidelines for the conservation of heritage properties that may be adopted by By-law H-200 from time to time.

21. The following criteria will be used to prioritize applications:

(a) Preference given to first-time applications.

(b) Higher priority will be given to preservation and restoration of historic structural and weatherproofing elements than to cosmetic improvements, e.g., restoration of cladding, windows, doors, or roof has greater priority than painting.

(c) Preference will be given to restoration of publicly visible features, e.g., an application for restoration of a front porch would have higher priority than a back porch restoration.

(d) Balance will be sought between applications from different parts of HRM, e.g., Halifax South End, Halifax North End, Dartmouth, Bedford, South-Western shore, Eastern Shore, etc.

(e) Preference will be given to applications supported by a Building Conservation Plan prepared by an architect, building inspector, engineer, or other qualified restoration

professional. The Building Conservation Plan shall be a drawing or report which reasonably illustrates all work required for the building.

(f) Preference will be given to returning applicants who had been approved for the same scope of work in the previous year, but had not been able to commence the approved work and had notified the heritage planner in writing by July 1st of that year.

Application Review Process

22. All applications will be screened by staff for basic eligibility as they are received. Applicants will be notified promptly if their application is ineligible.
23. Eligible applications will be evaluated and prioritized by staff and a report and recommendations will be prepared for consideration by the Heritage Advisory Committee, no later than March 1st each fiscal year.
24. The staff report will be reviewed by the Heritage Advisory Committee for recommendation to Regional Council.
25. Final approval of all applications for financial assistance, and their amount, is a decision of Regional Council in its sole discretion. Regional Council may:
 - (a) approve the application;
 - (b) approve the application to be placed on a waiting list to be administered by staff in accordance with funds available in the program budget; or
 - (c) refuse the application.
26. Notification of the decision of Regional Council will be mailed to applicants after it is made.
27. Approval of financial assistance is conditional on Regional Council's approval of the annual program budget.
28. Due to limited funds, not all eligible applications may receive financial assistance.

Conditions of Approval & Payment of Financial Assistance

29. Projects must be completed within the fiscal year for which they are approved.
30. Financial assistance is conditional on satisfactory completion of approved work, photographic documentation of completed work, and submission of well-organized receipts and paid invoices.
31. Deadline for submission of receipts and paid invoices is March 1st each fiscal year. This is necessary to enable payments to be processed by end of fiscal year.
32. Financial assistance for projects not completed by the end of the fiscal year will be forfeited.
33. Financial Assistance is tied to specific approved work. Additional work beyond what is budgeted for and approved will not be funded.
34. The applicant shall notify HRM of any changes to the approved work prior to it being undertaken and shall not proceed with the work without supplementary approval. The authority to give such approval is hereby delegated to the Heritage Property Planner. Approval may be sought

at any time in the fiscal year for which the financial assistance was approved, but must be sought prior to the submission of receipts and paid invoices. Work that deviates from the approved work without a supplementary approval may not be eligible for funding and, at the discretion of HRM, such funding may be withheld and re-allocated to another heritage property.

35. For projects which result in cumulative financial assistance of \$10,000.00 or more, no funds shall be paid until the applicant has signed an *Agreement to Waive Section 18 of the Heritage Property Act* and filed the agreement, at their cost, at the Registry of Deeds. Under the agreement, which runs with the property, the applicant agrees not to demolish or alter the exterior appearance of the property in any manner without the written consent of HRM and expressly waives its rights under section 18 of the Heritage Property Act for ten (10) years from the date of the agreement. Waivers must be filed at the Registry of Deeds within 6 months after the end of the fiscal year in which the financial assistance has been approved: failure to do so will result in forfeiture of funds.

Scope

36. Nothing in this Administrative Order shall be interpreted to limit or otherwise prescribe Council’s general discretion to provide financial assistance under the *Heritage Property Act* or otherwise.

Effective Date

37. This Administrative Order comes into force beginning with applications for the 2015-16 fiscal year.

Done and passed in Council this 1st day of April, A.D. 2014.

Mayor

Municipal Clerk

Notice of Motion:
Approved:

March 18, 2014
April 1, 2014

Attachment D



HERITAGE PROPERTY PROGRAM

EVALUATION CRITERIA

**Heritage Property Program
Community & Recreation Services**

March 2013

**EVALUATION CRITERIA
FOR REGISTRATION OF HERITAGE BUILDINGS (Revised 2004)**

1. AGE

Age is probably the single most important factor in the popular understanding of the heritage value of buildings. The following age categories are based on local, national and international occasions that may be considered to have defined the character of what is how the Halifax Regional Municipality and its architecture.

Date of Construction	Points	Timeline
1749 - 1785	25	Halifax Garrison Town to the Loyalist migration
1786 - 1830	20	Boom period following construction of Shubenacadie Canal
1831 - 1867	16	From Boom to Confederation
1868 - 1899	13	Confederation to the end of the 19 th century
1900 - 1917	9	Turn of the Century to Halifax Harbour Explosion
1918 - 1945	5	The War Years
1945 - Present	3	Post-War

** Maximum score of 25 points in this category*

2. HISTORICAL OR ARCHITECTURAL IMPORTANCE

A building can receive points for:

- A) Having specific associations with important occasions, institutions, personages and groups,
OR
B) For being architecturally important unique/representative of a particular period.

2A) Relationship to Important Occasions, Institutions, Personages or Groups

Nationally	Points	Comments
Intimately Related	16 - 20	
Moderately Related	11 - 15	
Loosely Related	1 - 10	
Provincially	Points	Comments
Intimately Related	11 - 15	
Moderately Related	6 - 10	
Loosely Related	1 - 5	

Locally	Points	Comments
Intimately Related	11 - 15	
Moderately Related	6 - 10	
Loosely Related	1 - 5	
No relationship to important occasions, institutions, personages or groups.	0	

** Maximum score of 20 points in this category, scoring from one of the three categories only*

2B) Important/Unique Architectural Style or Highly Representative of an Era

Importance	Points	Comments
Highly important, Unique, or representative of an era	16 - 20	
Moderately important, Unique, or representative of an era	11 - 15	
Somewhat important, or representative of an era	10 - 1	
Not important, Unique, or representative of an era	0	

** Maximum score of 20 points in this category.*

3. SIGNIFICANCE OF ARCHITECT/BUILDER

Is the structure representative of the work of an architect or builder of local, provincial or national importance?

Status	Points	Comments
Nationally	7 - 10	
Provincially Significant	4 - 6	
Locally Significant	1 - 3	
Not Significant	0	

** Maximum score of 10 points in this category.*

4. ARCHITECTURAL MERIT

The assessment of architectural merit is based on two factors:

A) Construction type/building technology: which refers to the method by which the structure was built (early or rare uses of materials), and building techniques;

AND

B) Style: which refers to the form or appearance of the architecture.

Construction Type/Building Technology		
A) Construction type	Points	Comments
Very rare/ early example	7 - 10	
Moderately rare/ early	4 - 6	
Somewhat rare/ early example	1 - 3	
Not rare/ common example	0	
B) Style	Points	Comments
Very rare/ early example	7 - 10	
Moderately rare/ early	4 - 6	
Somewhat rare/ early example	1 - 3	
Not rare/ common example	0	

** Maximum score of 10 points for Construction Type, and a maximum score of 10 for Style - a total maximum of 20 points in this category.*

5. ARCHITECTURAL INTEGRITY

Architectural Integrity refers to the extent to which the building retains original features/ structures/ styles, not the state of the building's condition.

Architecture	Consider any additions/ removal/ alterations to windows, doors, porches, dormers, roof lines, foundations, chimneys, and cladding.	
Exterior	Points	Comments
Largely unchanged	11 - 15	
Modest changes	6 - 10	
Major changes	1 - 5	
Seriously compromised	0	

** Maximum score of 15 points in this category.*

6. RELATIONSHIP TO SURROUNDING AREA

Points	Comments
6 - 10	The building is an important architectural asset contributing to the heritage character of the surrounding area.
1 - 5	The Architecture is compatible with the surrounding area and maintains its heritage character.
0	Does not contribute to the character of the surrounding area.

** Maximum score of 10 points in this category.*

