

# HALIFAX

## Case H00460

# Protection of Heritage Buildings:

## Options and Financial Implications

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# Origin of the Report

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

# Why do heritage buildings need protection?

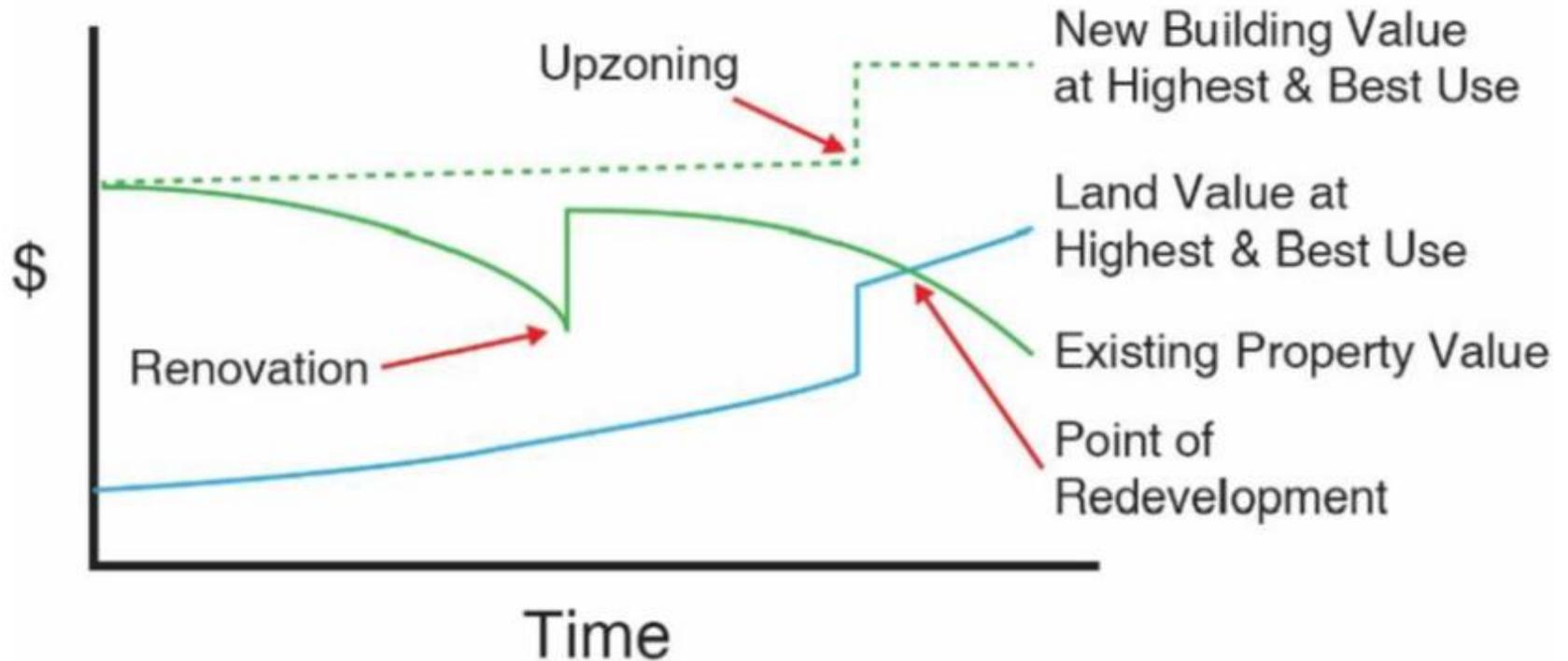
## **Expensive to Maintain**

- Heritage Buildings require skilled trades and specialized materials that can be expensive and hard to find
- Energy efficiency and operation upgrades may be required to bring the building up to modern standards

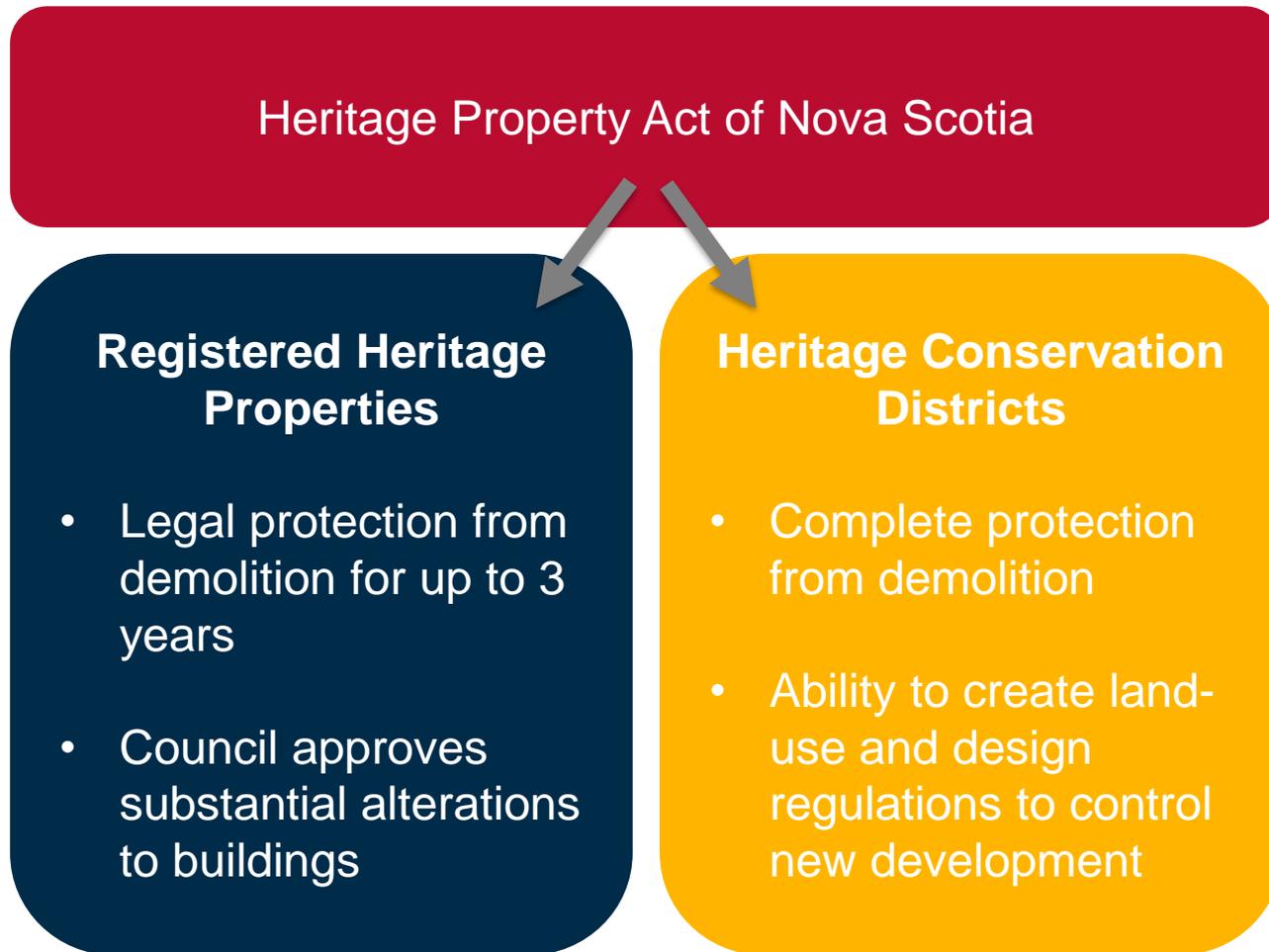
## **They Provide Benefit to the Municipality**

- Well maintained heritage buildings contribute greatly to our tourism industry and our identity as a community, but the bulk of the cost burden falls to property owners.

# Why do heritage buildings need protection?

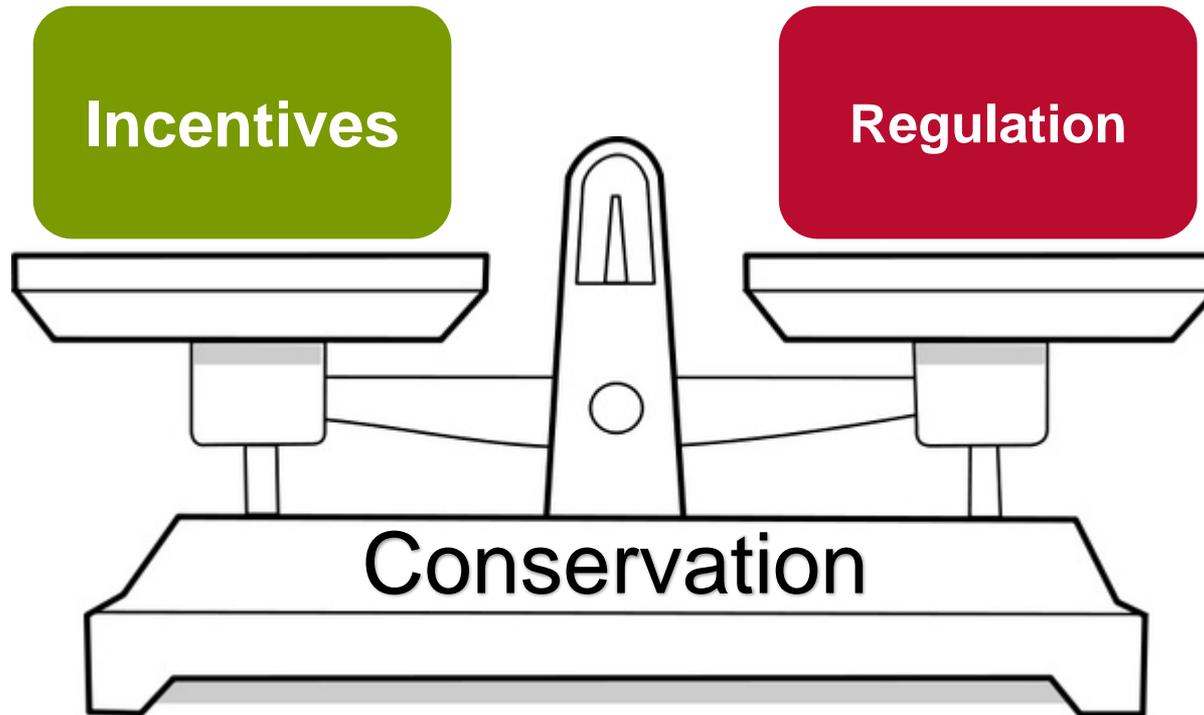


# Existing Protections



**\*No protection for buildings or districts while they are being evaluated or considered by Regional Council**

# Carrot vs. Stick?



# Existing Incentives Programs

## Heritage Incentives Program

- Provides up to \$10,000 in matching grants for conservation work;
- Total annual budget of \$150,000
- Average number of applications per year: 25

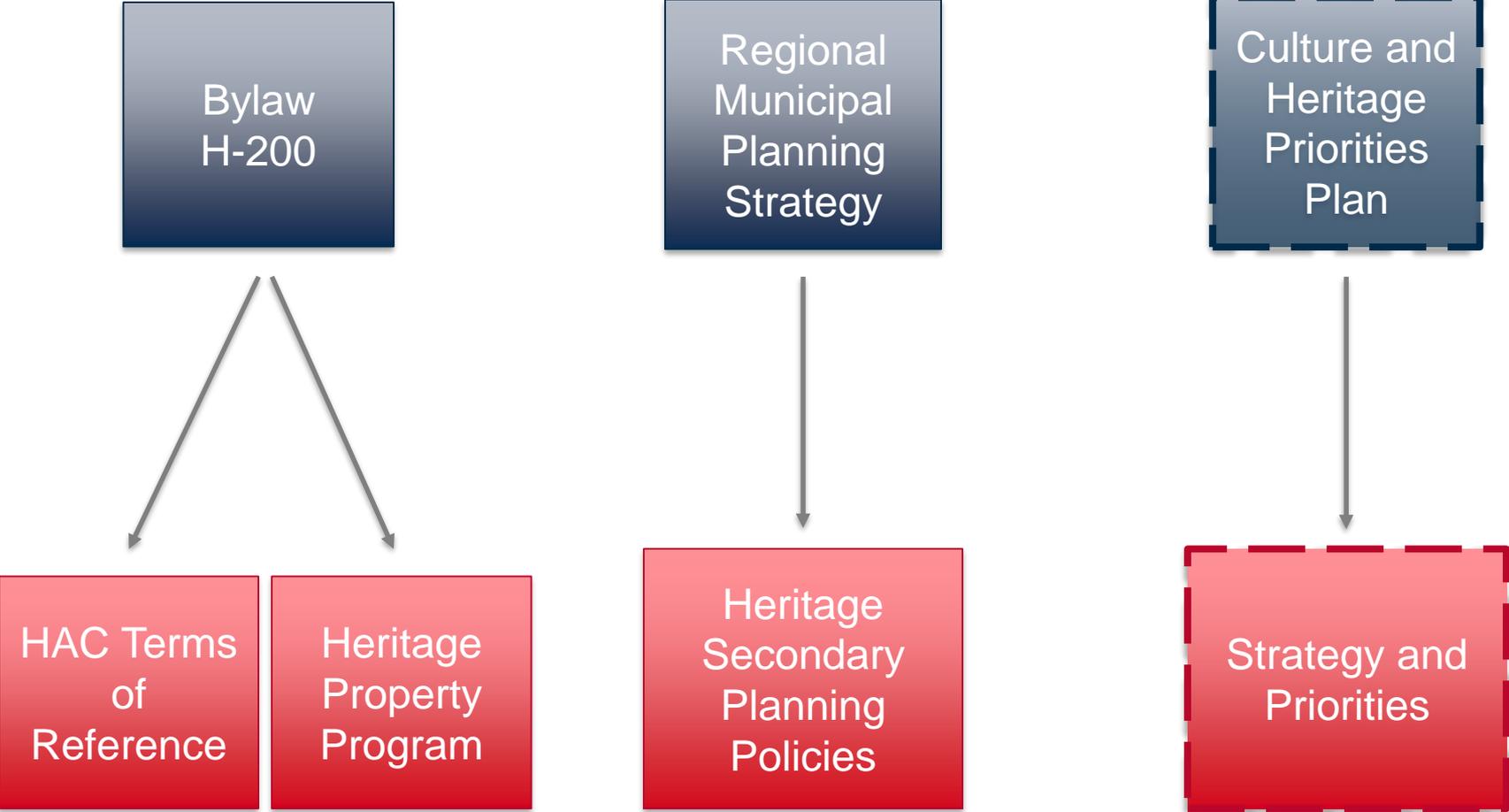
## HCD Incentives Program

- Tailored to each heritage district
- May include both tax rebates and conservation grants
- Limited program lifespan (5-10 years)

## Development Incentives

- Provides additional development rights to owners of heritage properties
- Currently limited to Halifax and Dartmouth Plan Areas

# Municipal Policy



# Potential Protection Measures

**HALIFAX**

# Tax Abatement

**Tax abatement** is essentially a cap on tax assessment increase following approved conservation work. This helps to make heritage conservation and property improvements more affordable in the short-term.

## Issues

- The HRM Charter does not currently allow this type of tool;
- The creation of the program would require additional staff and budget resources to create and administer the program;

## Recommendation

To not proceed at this time. Reconsider this type of program through the strategic direction provided by the Culture and Heritage Priorities Plan.

# Permit Fee Waivers

**Permit Fee Waivers** would result in no fees charged in relation to approved restoration or conservation work on the exterior of the registered heritage property.

## Issues

- This initiative would cost the municipality up to \$20,000 in uncollected building and development permit fees;
- This is an effective and symbolic incentive that supports conservation while not resulting in additional staff resources or significant costs.

## Recommendation

It is recommended that this measure be instituted starting in fiscal year 2020/21.

# Heritage Incentive Amendments

**The Heritage Incentives Program** has had a total budget of \$150,000 and individual grant limits of \$10,000 since its inception in 2003.

## Issues

- Inflation, as well as labour and material costs have all gone up considerably since 2003;
- The program has seen increased uptake over the years, with no increase to funding;
- The program results in \$4 spent for every \$1 of municipal investment in the program.

## Recommendation

It is recommended that the total program budget be increased to \$300,000 per year, and individual grant limits be increased starting in fiscal year 2020/21.

# Non-Profit Grants

**The Community Grants Program** currently provides up to \$25,000 in capital grants to non-profit groups to help with upgrades and conservation of heritage properties. This program is currently administered separately from the heritage incentives program.

## Issues

- Heritage conservation is not always the foremost concern when issuing grants under this program;
- Efficiencies could be found through a program review.

## Recommendation

That staff undertake a program review of the Heritage Incentives and Community Grants programs with the aim of improving focus on heritage conservation, and finding administrative efficiencies.

# Tax Relief: Non-Profit Organizations

**Tax Relief** is provided to non-profit groups under AO 2014-001-ADM. Currently, ownership of a registered building may not ensure a higher-rate of tax relief to these organizations.

## Issues

- Heritage buildings tend to be much more expensive to maintain, heat and repair;
- Non-profit groups applying for tax relief do not currently receive a lower tax rate based on their registered heritage status.

## Recommendation

That the Municipality provide full tax relief to eligible non-profit groups who own and operate a registered heritage building beginning in fiscal year 2020/21.

# Land Use Incentives

**Land Use Incentives** include additional development rights provided to registered heritage property owners that help to make a property more financially viable and competitive. Currently these take the form of Development Agreements.

## Issues

- This tool is very effective and has the possibility of increasing tax revenue to the municipality through increased assessments;
- In return for increased density or additional permitted uses, the existing building is conserved and rehabilitated;
- The tool is currently only available in the Halifax and Dartmouth Plan Areas;

## Recommendation

That staff include a region-wide policy for heritage development agreements in the Regional Plan during the next scheduled review.

# Review of Evaluation Criteria

**The Municipal heritage evaluation criteria** is the means that staff and HAC use to determine if a property has enough heritage value to be considered for registration by Regional Council.

## Issues

- Currently, the criteria favours colonial era sites and architecture;
- There are few scoring options for sites relating to First Nations or under-represented groups;
- Unique and excellent examples of 20<sup>th</sup> Century architecture are scored poorly

## Recommendation

That staff and HAC undertake a review of the evaluation criteria, utilizing best-practice to create better representation of modern architecture and under-represented communities in the heritage registry.

# Holding By-law

**Holding By-laws** are used in other cities and provinces to protect important heritage resources temporarily while the municipality considers formal protection.

## Issues

- Several significant heritage buildings have been demolished by their owners while Council considered their registration or inclusion in a heritage district;
- HRM has sent correspondence to the Province requesting the ability to create a holding by-law or interim protections on two previous occasions;

## Recommendation

That staff continue to work with the Province to act on the previous requests from Regional Council and to secure legal protections for heritage buildings ahead of formal designation.

# Measuring the Benefits

| 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.

# Recommendations

**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.