

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

They Provide Benefit to the Municipality

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

They are under near-constant threat of redevelopment

- When underlying zoning allows for larger structures, heritage buildings often succumb to redevelopment

Example: 2146 Brunswick Street



Scope of work: **Slate Roof, dormer repair, masonry repair**

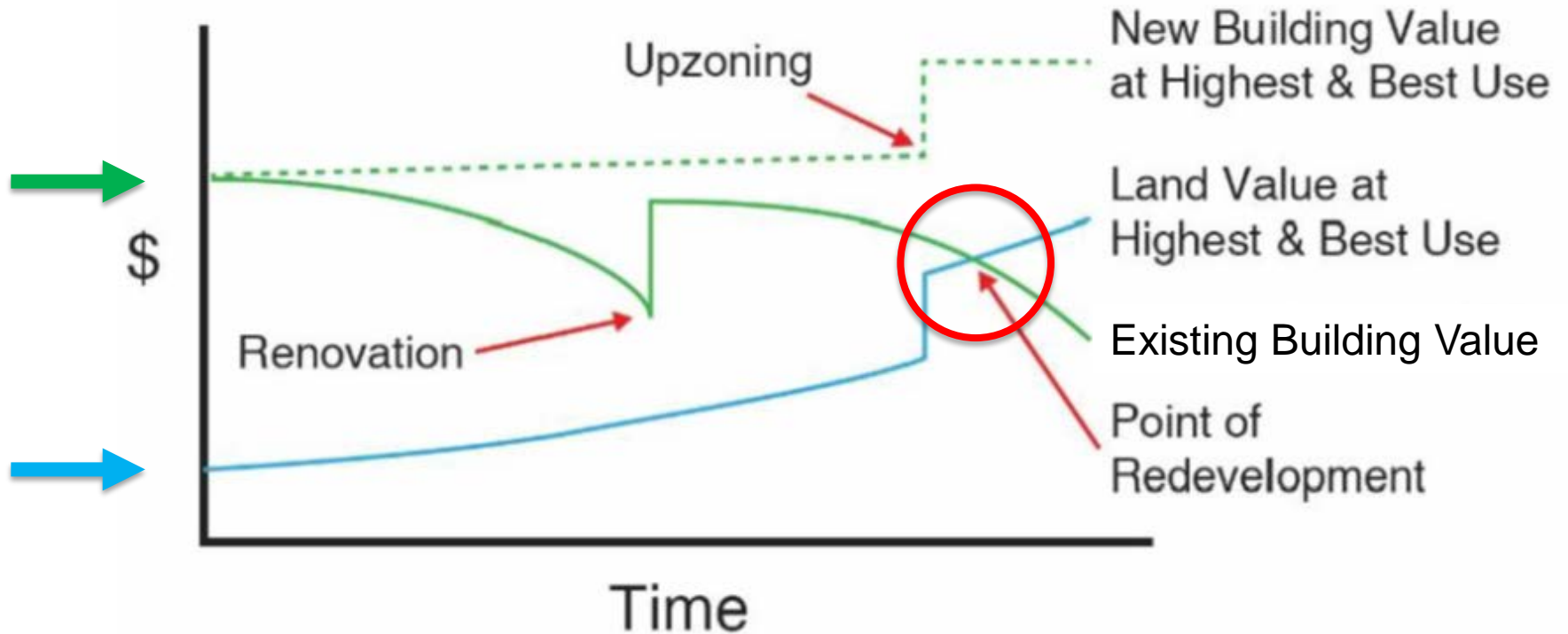
Total project cost: **~\$120,000**

Total approved 2018 heritage grant: **\$7,233**

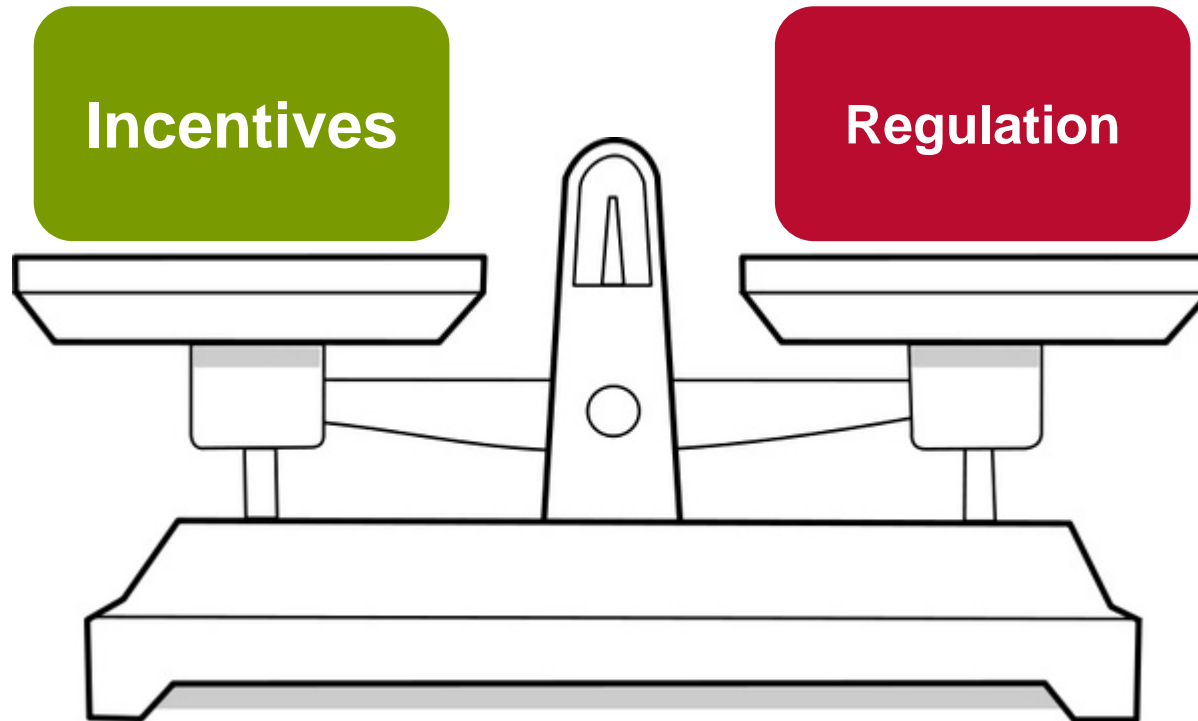
Cost differential for modern vs. original materials: **3:1**

HALIFAX

Why do heritage buildings need protection?

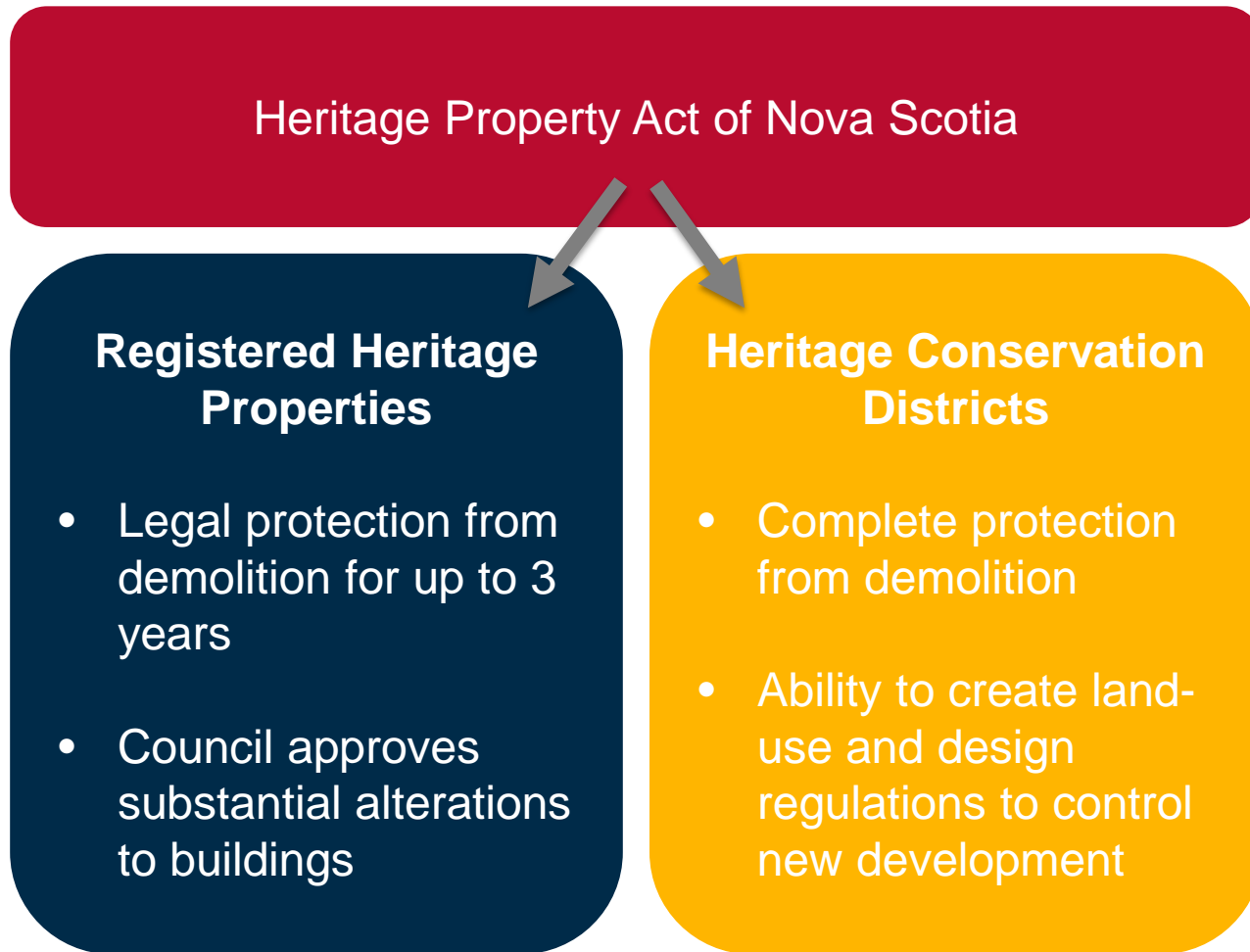


Carrot vs. Stick?



Successful conservation, especially under the limitations of existing provincial legislation, requires a balance of incentives (the carrot) and regulations (the stick).

Existing Protections



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

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

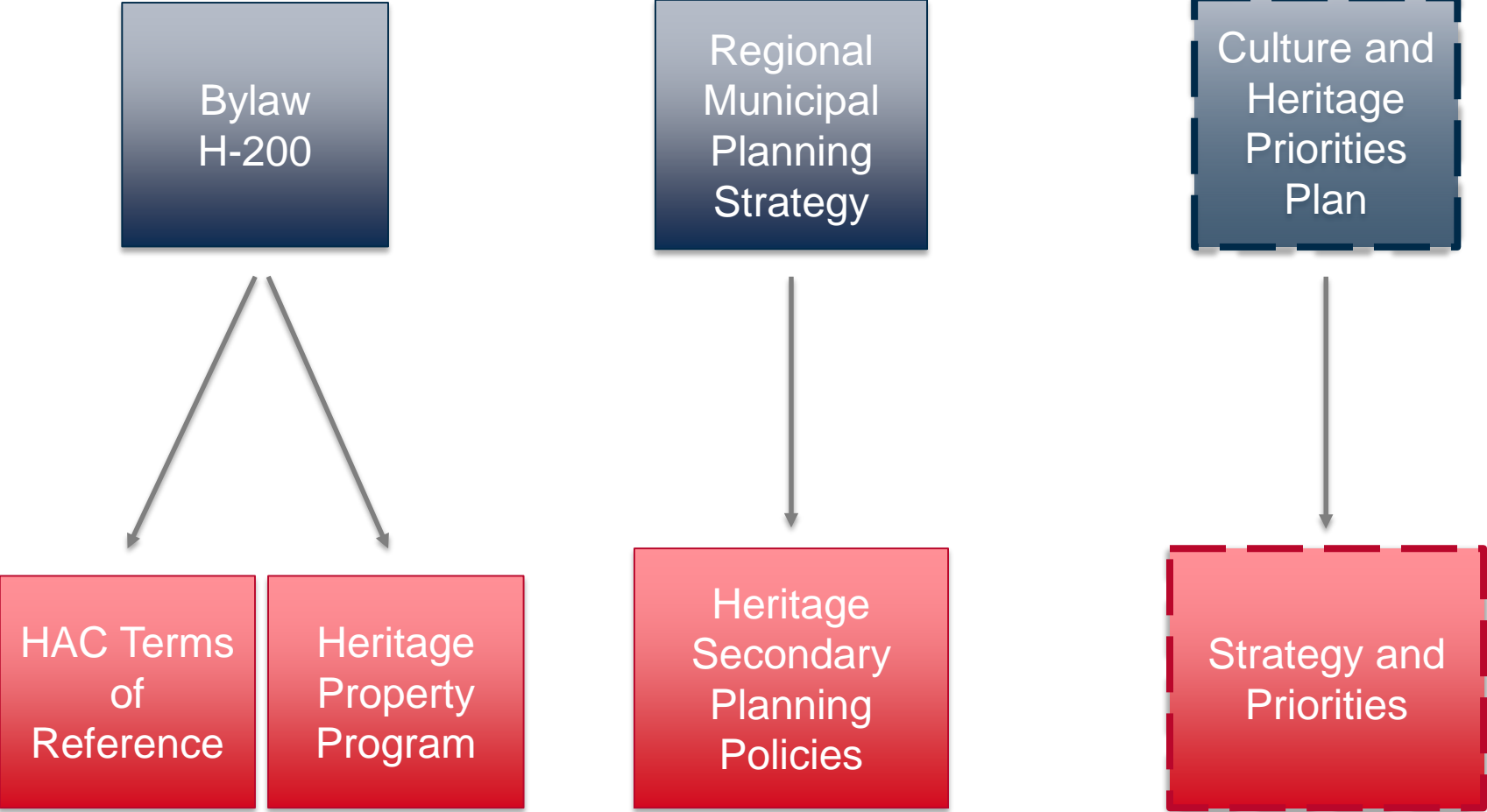
HCD Incentives Program

- 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

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 per year;
- 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 creates measurable results, with \$4 spent by property owners 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

- Efficiencies could be found through a program review, and improvements to the program proposed through a staff report.

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 solely on their registered heritage status.

Recommendation

That staff provide a report considering additional 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.

Example: 2720 Gottingen Street (Case 20923)



Before and After Renovations



Review of Evaluation Criteria

The Municipal heritage evaluation criteria is the tool 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 is euro-centric in it's scoring;
- There are few scoring options for sites relating to under-represented groups;
- Unique and excellent examples of 20th Century architecture are scored poorly due to the points awarded for building age.

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 Community Planning and Economic Development Standing Committee recommend that Halifax Regional Council direct the CAO to undertake staff reports and actions relative to the following:

1. Waiving **permit fees** for conservation work to registered properties;
2. Increasing the **heritage incentives budget to \$300,000 per year** starting in 2020/21;
3. **Increase the funding cap** for residential and commercial properties;
4. Reviewing the level of **Tax Relief to Non-Profit Organizations**;
5. Considering the inclusion of **heritage development agreements** in the Regional Plan;
6. Updating the **municipal evaluation criteria** for heritage properties;
7. Proposing additional measures for the **protection of un-registered heritage properties**;
8. Continuing to **work with the province** to consider amendments to the Charter and Heritage Property Act in support of protecting un-registered heritage resources.