

Case H00455

Heritage Conservation Districts Incentives Program
for Schmidville and Old South Suburb

Heritage Advisory Committee
Wednesday, February 24, 2021

Origin

On July 17, 2018, Halifax Regional Council passed the following motion:

THAT Halifax Regional Council adopt the amendments to the Municipal Planning Strategy for Halifax and the Land Use By-law for Halifax Peninsula, as contained in Attachment C of the staff report dated March 6, 2018 and Attachment D of the supplementary staff report dated May 24, 2018, and the Schmidville Heritage Conservation District Plan and the Schmidville Heritage Conservation District By-law (H-700) as contained in Attachments A and B of the staff report dated March 6, 2018.

On January 14, 2020, Halifax Regional Council passed the following motion:

*That Halifax Regional Council adopt the:
Old South Suburb Heritage Conservation District Plan and the Old South Suburb Heritage Conservation District By-law H-800 as contained in Attachments A and B of the staff report dated September 25, 2019.*

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Schmidtville and Old South Suburb HCD Plans

Schmidtville Heritage Conservation District Plan

Prepared by:
HRM Planning & Development



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Old South Suburb Heritage Conservation District Plan

Prepared by:
HRM Planning & Development



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Policy 24 in Schmidtville and Policy 18 in Old South Suburb HCD Plans

The Municipality may consider a financial incentives program for Schmidtville in consideration of a needs assessment study to encourage and support conservation work on heritage resources. The financial incentives program shall prioritize revitalization projects, especially rehabilitation work.

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HRM Heritage Incentives Programs

HRM Heritage Incentives Program

- Provides grants to registered municipal heritage properties in residential or commercial use on a 50 per cent cost-shared basis
- Up to a maximum of \$15,000 for residential uses and \$25,000 for commercial uses.

Barrington Street HCD Heritage Incentives Program (2009-2019)

- Awarded \$1.36 million in grants and \$2.57 million in tax credits (total of \$3.9 million) for the conservation and rehabilitation of 23 heritage buildings over the life of the program.
- Grants awarded on a 50% cost-sharing basis for eligible costs, while tax credits were calculated based on 15% of the value of eligible work, excluding HST for both.

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Public Investments in Heritage Conservation

	Incentive	Match With Factors Affecting Investment	Match With District Needs	Effectiveness	Category Ranking	Overall Ranking
Direct Funding	Grant	Offsets marginal increase in maintenance, construction and restoration expenses arising from physical factors. Does little to address persistent economic disadvantages.	Given probable conservation costs of most Category 1 and 2 properties in both districts, should be able to incentivise the majority of conservation needs. Not well suited to redevelopment or commercial properties due to unpredictability and comparatively small magnitude of value.	Most effective direct funding incentive, depending on cost-sharing. Easily understood by property owners and can be tailored to context. Requires direct funding from post-collection revenues, so large values may be politically challenging.	1	2
	Loan	Offsets marginal increase in construction and restoration expenses arising from physical factors. Unwieldy for smaller maintenance costs, and does little to address persistent economic disadvantages.	Suitable for Category 2 properties with significant conservation costs. Limited effectiveness for incentivising regular maintenance, or conservation in redevelopment. Applies to minority of properties.	Low interest rates on traditional financing sources undermines attractiveness.	3	8
	Other Cost Recovery	Offsets marginal increase in construction and restoration expenses arising from physical factors. Unwieldy for smaller maintenance costs, and does little to address persistent economic disadvantages.	Suitable for Category 2 properties with significant conservation costs. Limited effectiveness for incentivising regular maintenance, or conservation in redevelopment. Applies to minority of properties.	Similar issue to loans, but more attractive due to simplicity, perceptions by owners.	2	7
Preferential Tax Treatment	Tax Abatement	Tax burden itself is not a significant factor, but value created through tax treatment provides a temporary offset that is best targets physical factors which drive up renovation or redevelopment costs.	Primarily suited to Category 2 and 2+3 properties where significant changes in tax burden would result from conservation and development. Less effective than direct funding where total tax liability is comparatively low.	Provides quantifiable benefit can be factored into early planning, but temporary nature does not address structural disadvantages, nor conservation work that does not increase tax liability. Requires no post-collection tax revenue from municipality.	2	4
	Tax Holiday	Tax burden itself is not a significant factor, but value created through tax treatment provides a temporary offset that best targets physical factors related to project risk and management difficulties.	Primarily suited to Category 2 and 2+3 properties where conservation and development projects create additional holding costs (loss of tenants). Less effective than direct funding where total tax liability is comparatively low.	Quantifiable benefit removes specific obstacle (interim cash flow), but provides no lasting incentive. Best suited to smaller redevelopment or adaptive reuse projects. Requires no post-collection tax revenue from municipality.	3	6
	Tax Relief	Tax burden itself is not a significant factor, but value created through tax treatment creates permanent offset for economic disadvantages that reduce net revenue to owner.	Can support all manner of conservation activities for redevelopment or commercial properties. Ideally suited for Old South Suburb, though also attractive for residential income properties in Schmitzville. Less effective than direct funding where total tax liability is comparatively low.	Provides ongoing incentive to balance structural disadvantages that scales with property. Requires no post-collection tax revenue from municipality. Can create significant incentive value through capitalisation of comparatively small sacrifice of tax revenue.	1	1

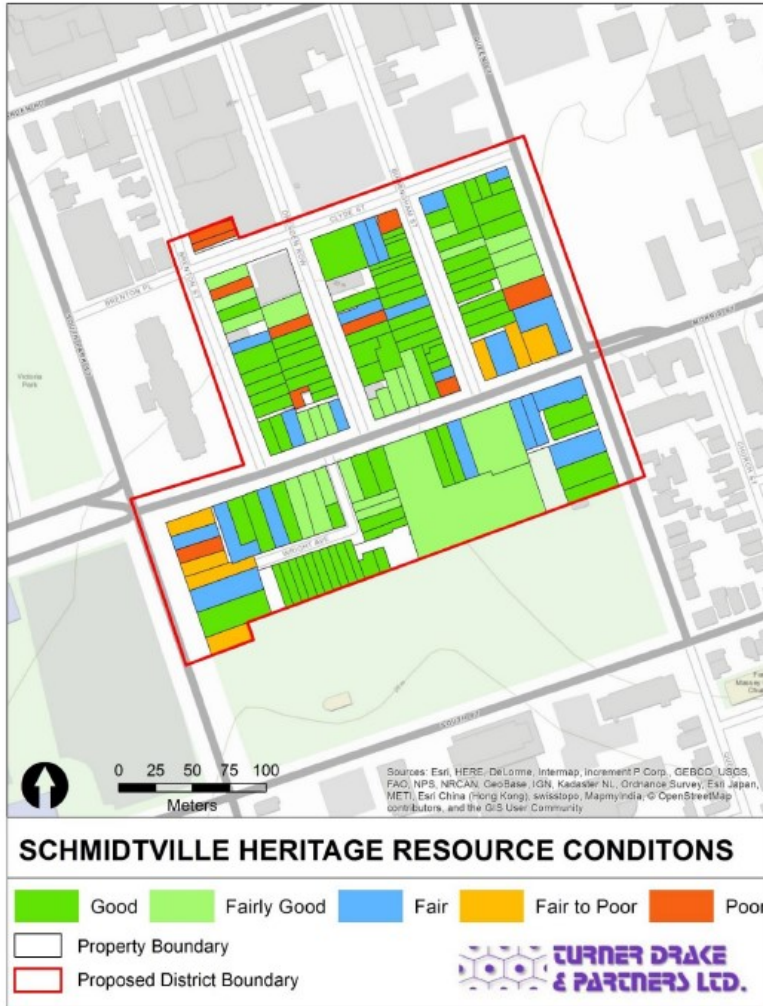
Grant

Most effective direct funding incentive, depending on cost-sharing. Easily understood by property owners and can be tailored to context.

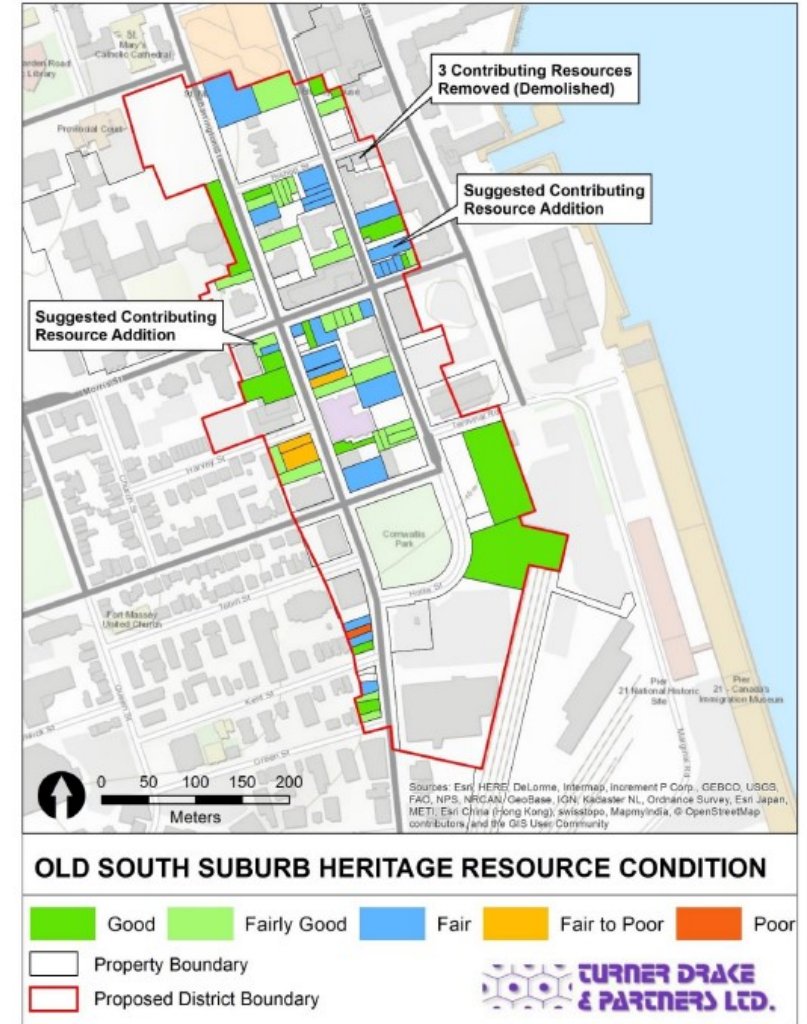
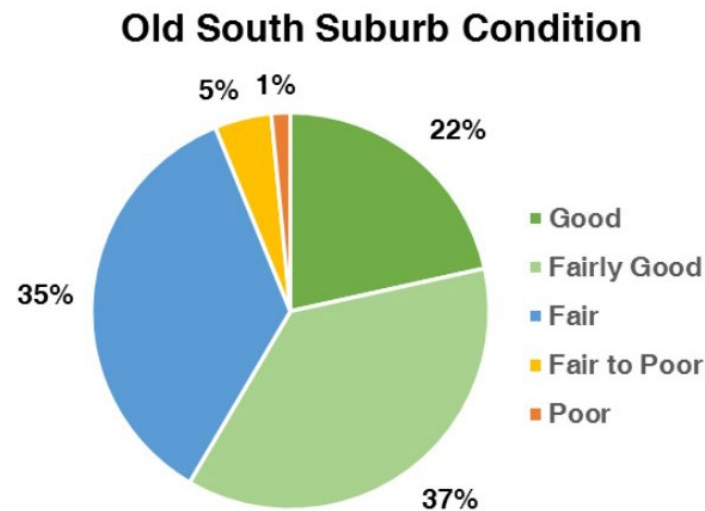
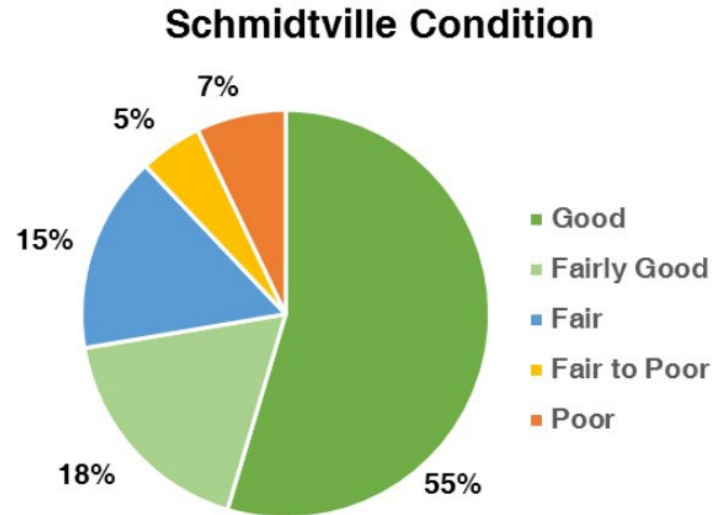
Tax Relief

Provides ongoing incentive to balance structural disadvantages that scales with property. Can create significant incentive value through small sacrifice of tax revenue.

Public Investments in Heritage Conservation



(Source: HRM, DSRA Architecture, Turner Drake & Partners Ltd.)



(Source: HRM, DSRA Architecture, Turner Drake & Partners Ltd.)

Proposed HCDs Incentives Program

1. Conservation

- Approximately \$4.2 million required investment in Schmitdville
- Approximately \$2.2 million required investment in the Old South Suburb
- Total \$6.4 million required investment for exterior conservation in both HCDs
- **\$3.2 million cost shared at 50%**

2. Functional Improvements

- Examples include upgrading of plumbing, heating, and electrical systems and accessibility retrofits to meet current building code requirements.
- Inspired by the tax credits in the Barrington Street HCD Incentives Program aimed primarily to support larger rehabilitation projects

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Proposed HCDs Incentives Program

1. Conservation Grants:

Assist with projects that preserve, rehabilitate and restore character defining elements of the exterior of heritage buildings as follows:

- 80% of the annual program budget;
- \$640,000 in annual grants for exterior conservation work, cost-shared at 50%; and
- Maximum total conservation grant allowable for each building is \$50,000 over the five-year program.

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Proposed HCDs Incentives Program

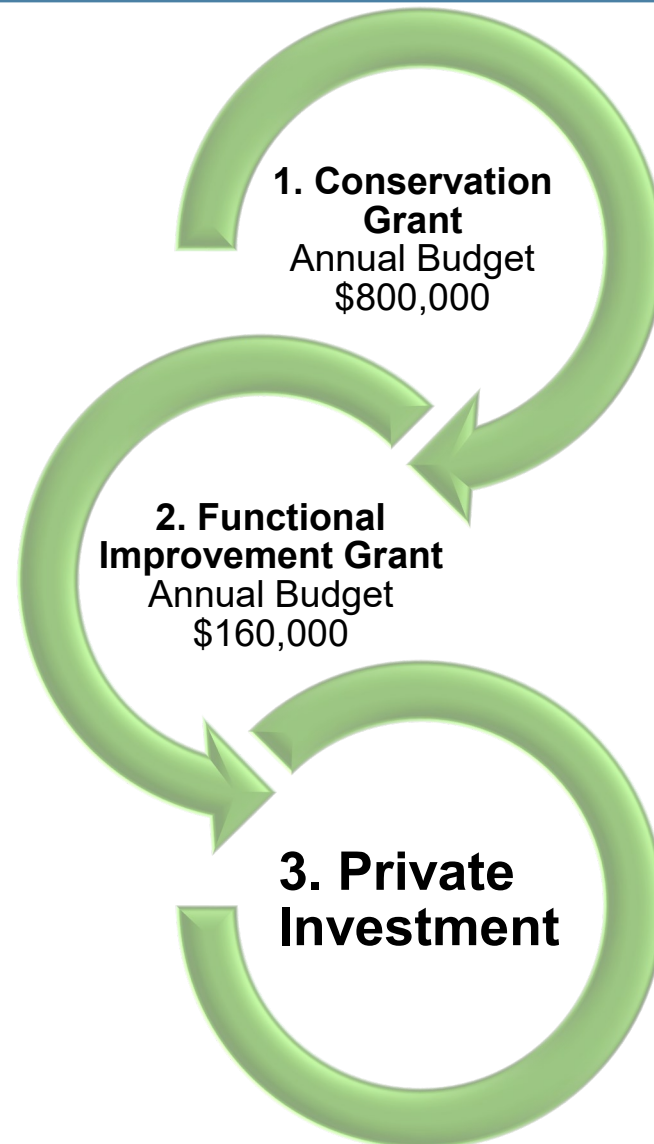
2. Functional Improvement Grants:

Assist with projects that propose the installation or repair of integral building systems, including work that would bring these systems up to current building code requirements or improve their energy efficiency (including plumbing, heating, electrical, etc.):

- 20% of the annual program budget;
- \$160,000 available to property owners annually to cover 15% of costs;
- Maximum total functional improvement grant allowable for each building is \$400,000 per fiscal year and \$800,000 over the five-year program.

Unused funds of the annual budget allocated for conservation grants shall be applied to the functional improvement grants

Proposed HCDs Incentives Program



- Total **\$4 million** public investment divided equally over a **five year program**
- Unused funds from conservation grant budget transferred to functional improvement grant budget every year
- Conservation grants cover a maximum of 50% of the private investment up to \$50,000 total per property
- Functional improvement grants cover a maximum of 15% of the private investment up to \$800,000 total per property
- Each property may apply for each grant twice (up to \$50,000 total per property)

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Proposed HCDs Incentives Program

Process

- Applications will be accepted between January 1st and March 1st of each year;
- Projects must be completed within a four-year timeframe;
- Priority will be based on a set of criteria, including buildings identified as heritage resources, conservation of publicly visible features and buildings in poor condition; and
- Development and Building Permit fees are proposed to be waived within the District during the timeframe of the program.

Recommendation

It is recommended that the Heritage Advisory Committee recommend that Halifax Regional Council adopt Administrative Order (2020-005-ADM) Respecting the Heritage Conservation Districts Incentives Program for Schmidville and Old South Suburb as contained in Attachment A of this report.