

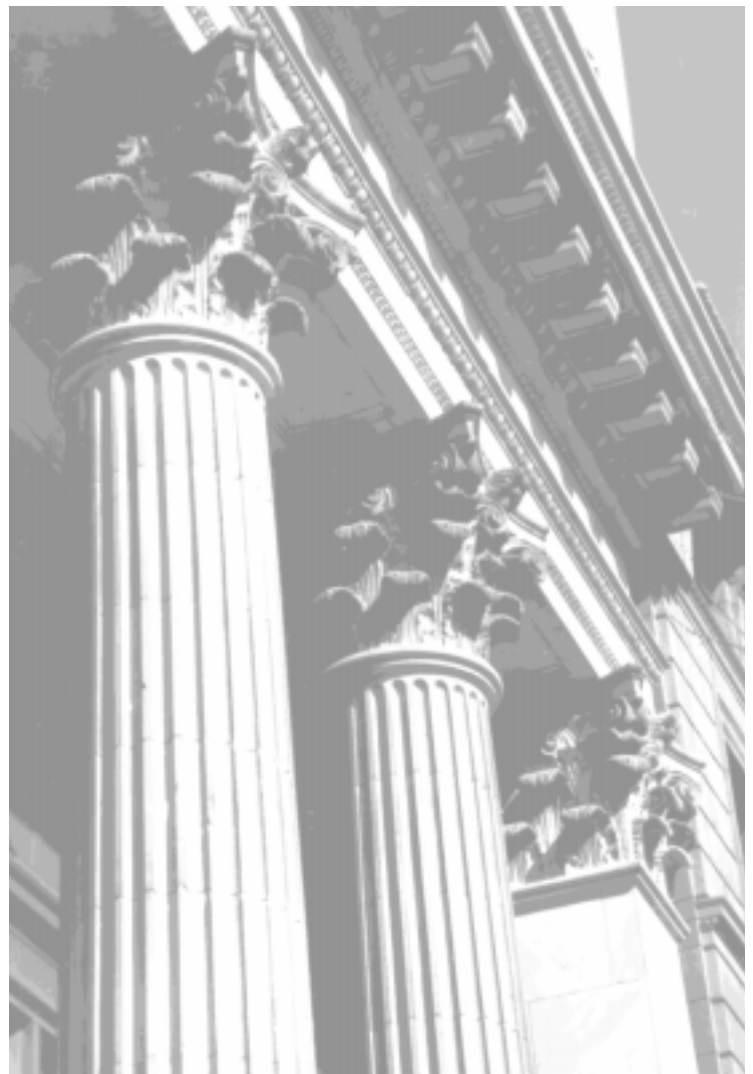
# HERITAGE SUPPORT POLICY and PROGRAMS

Report on Proposed  
Municipal Initiatives to  
Promote Retention and  
Use of Heritage Properties  
in the City of Winnipeg



Adopted in Principle  
by City Council

July 29, 1992



This page is blank

# **HERITAGE SUPPORT POLICY and PROGRAMS**

Report on Proposed  
Municipal Initiatives to  
Promote Retention and  
Use of Heritage Properties  
in the City of Winnipeg



Adopted in Principle by City Council

July 29, 1992



# *Table of Contents*

	<b>Executive Summary</b>	<b>5</b>
<b>Part 1:</b>	<b>Introduction</b>	<b>11</b>
<b>Part 2:</b>	<b>Heritage Support Issues and Options</b>	<b>15</b>
	A. Issues, Policies and Programs	17
	B. Heritage Conservation in Winnipeg	21
<b>Part 3:</b>	<b>Toward a City of Winnipeg Action Plan</b>	<b>25</b>
	A. Proposed Policy, Objectives and Principles	27
	B. Heritage Conservation Plan	29
	C. Proposed Heritage Support Initiatives	29
	I. Financial Assistance	30
	II. Regulatory Adjustment Measures	36
	III. Direct Municipal Initiatives	39
	IV. Complementary Support	43
	D. Implementation	46
<b>Part 4:</b>	<b>References</b>	<b>49</b>
<b>Part 5:</b>	<b>Attachments</b>	<b>55</b>
	A. Heritage Support Policy Review: Process and Participants	57
	B. Approaches to the Conservation of Heritage Structures, Sites and Areas	60
	C. Economic and Environmental Benefits of Heritage Conservation	63
	I. Economic Benefits	63
	II. Environmental Benefits	66
	D. Public Policy Instruments to Assist Heritage Conservation in North America	67
	E. Policy/Program Context for Heritage Conservation in Winnipeg	70
	F. Background on Heritage Support Programs Proposed for Winnipeg	76
	I. Financial Assistance	76
	II. Regulatory Adjustment Programs	85
	III. Other Direct Municipal Initiatives	92
	IV. Complementary Support	98



# Executive Summary

---

**B**ased on extensive review and consultation, it is proposed that the City of Winnipeg actively pursue a comprehensive strategy to stimulate and support the conservation of heritage structures, sites and districts within its jurisdiction. To this end, the following measures are recommended:

## *Recommendation #1*

***That City Council approve the Heritage Support Policy, Objectives and Principles presented below:***

### **Policy Statement:**

The City holds that heritage buildings and other designated structures are integral to Winnipeg's urban fabric, self-identity, and economic, social and cultural development. The City, therefore, shall contribute by direct example, incentives, integrated planning, and regulatory control to the long-term conservation, use and viability of heritage resources within its jurisdiction.

### **Objectives:**

1. To conserve and enhance Winnipeg's heritage buildings and other designated structures in a manner which respects their architectural, historical, cultural, and contextual integrity.
2. To foster an economic, planning and decision-making environment which actively supports the retention, ongoing use, upkeep, and adaptive reuse of heritage structures.
3. To assume and sustain a leadership role in conservation through the manner in which City-owned heritage properties are protected, enhanced, used, and managed.
4. To work cooperatively with the provincial and federal governments to:
  - a) achieve regulatory, tax and other reforms that will facilitate heritage conservation;
  - b) coordinate incentive programs; and
  - c) ensure that the management of provincially- and federally-owned heritage properties reinforces City plans and objectives.
5. To promote public awareness and appreciation of Winnipeg's rich stock of historically and architecturally significant buildings and other structures.
6. To recognize outstanding contributions to heritage conservation in Winnipeg.

### **Principles:**

The following principles shall form the basis of initiatives to support the economic viability of heritage structures:

*Executive Summary*

1. The City will maintain a comprehensive range of incentives for the conservation and use of designated heritage structures, including grants and other forms of financial assistance.
2. This range of incentives will be structured to permit a flexible and customized response to the needs of individual designated properties.
3. Incentives will be designed and administered in a manner that ensures all owners of designated structures are treated with equal fairness.
4. Program criteria and procedures will be as uncomplicated as possible to facilitate communication, understanding, and efficient, prompt administration.
5. Incentives (along with the management of City-owned heritage properties) will emphasize preservation, stabilization, restoration, and rehabilitation as the most appropriate methods for the conservation and use of heritage structures. However, the costs and benefits of the level of authenticity required by these approaches will be assessed carefully in relation to the circumstances of each structure.
6. The City will extend financial assistance for heritage conservation only when it expects to receive full value from the investment — i.e., public heritage benefits, such as retention and continued use of an entire structure, not just its façade; restoration of significant features; commitments to future repair and upkeep; assurances of public access; and/or owner-lessee participation in a district preservation program.
7. Recipients of financial aid from the City should be prepared to accept a community role in the stewardship of assisted properties (e.g., in the form of designation, review and approval of alterations, and/or requirements for ongoing maintenance).

*Recommendation #2*

***That City Council, in accordance with Plan Winnipeg...toward 2010 (Clause 6C-02), direct the Planning Department, in conjunction with other appropriate branches of the civic administration, to begin work immediately on a Heritage Conservation Plan which:***

- a) addresses measures for the identification, conservation, use, acquisition, and financing of heritage resources in Winnipeg, including buildings, other structures, areas, archaeological features, and natural landscapes; and
- b) incorporates the Heritage Support Policy, Objectives and Principles presented in Recommendation #1.

*Recommendation #3*

***That City Council approve in principle the following Heritage Support initiatives:***

**Financial Assistance**

Grants

Performance Grants

Discretionary Grants

Loans and Guarantees

Direct Loans

Loan Guarantees



Tax Relief

- Municipal Tax Credit
- Realty Tax Exemption for Charitable Organizations
- Review of Additional Tax Relief Measures

**Regulatory Adjustment Measures**

Zoning and Development Provisions

- Rezoning/Conditional Use
- Zoning Concessions
- Heritage Districts
- Context Protection

- Expediting Approvals
- Property Standards

**Direct Municipal Initiatives**

- Management of City-Owned Heritage Structures
- Preferential Leasing
- Complementary Public Works
- Endorsement and Recognition
- Creation of a Winnipeg Heritage Resources Development Agency

**Complementary Support**

Building Regulations

Tax Relief

- Sales Tax Rebate for Building Products
- Realty Tax Exemption for Vacant Heritage Schools
- Energy Efficiency Incentive

Public Finance

Federal Tax Initiatives

*Recommendation #4*

***That City Council establish a Heritage Support Implementation Task Force with the following mandate, composition and staff support:***

**Mandate:**

The Heritage Support Implementation Task Force will assist City Council in promoting heritage conservation in Winnipeg:

- a) by providing specific recommendations to City Council on the policies and programs outlined in this report (e.g., recommendations on program design, criteria, budgetary requirements, and implementation responsibilities, timing and procedures);
- b) by monitoring the implementation of these policies and programs, and periodically reporting to City Council on the progress made; and
- c) by conducting a review and making recommendations to City Council on potential assistance for: (i) tenants of designated heritage buildings, and (ii) owners who face

extra costs for routine maintenance and upgrading of listed properties (see Part 3, Section C I, Review of Additional Tax Relief Measures).

### **Composition:**

Membership of the Task Force shall include:

- a) a City Councillor from each of Council's four Standing Committees, one of whom shall be the Task Force chairperson; and
- b) representatives from the Exchange District Business Improvement Zone, Downtown Business Improvement Zone, real estate/development sector, construction industry, architectural profession, built heritage advocacy groups, Winnipeg Housing Rehabilitation Corporation, City of Winnipeg Historical Buildings Committee, Historic Winnipeg Advisory Committee, and the city administration.

### **Staff Support:**

As directed by City Council, personnel from the following departments shall be designated to provide staff support to the Task Force: Assessment, Civic Properties, Finance, Land Surveys and Real Estate, Law, and Planning.

### *Recommendation #5*

***That City Council direct the Heritage Support Implementation Task Force to give immediate attention to development of recommendations on the proposed Municipal Tax Credit (Part 3, Section C I) and to give subsequent priority to:***

- the other Tax Relief measures presented in Part 3, Sections C I and C IV;
- Performance and Discretionary Grants (Part 3, Section C I);
- Direct Loans and Loan Guarantees (Part 3, Section C I);
- Preferential Leasing (Part 3, Section C III); and
- Management of City-Owned Heritage Structures (Part 3, Section C III).

### **Background and Rationale**

---

Historical development patterns have left Winnipeg with an extensive stock of older commercial, industrial, residential, and institutional structures — most, but not all, of which are located in the central core.

This legacy represents, on one hand, a significant physical and cultural resource which can continue to provide a base for economic development, affordable housing and heritage conservation. On the other hand, the stock is large, it is aging at a relatively uniform pace, and it is subject to market conditions that could readily marginalize its value in the absence of appropriate support and management.

## *Executive Summary*

Important public- and private-sector efforts have been made over the past two decades to preserve heritage structures within and outside the Historic Winnipeg/Exchange District. It is now evident, however, that the City, like other major urban municipalities in Canada, must make a more strategic, pro-active and long-term commitment to heritage conservation if the potential benefits of the building stock are to be maximized, and if disinvestment, blight and abandonment of older structures and areas are to be avoided.

In particular, the City requires:

- A Conservation Plan that focusses not only on the preservation of heritage resources, but also on how these resources will remain integral contributors to Winnipeg's economic and socio-cultural development.
- Access to more innovative and flexible financial, regulatory and administrative tools than are now in place to stimulate and support heritage projects.
- A strategy for the preservation and management of City-owned heritage properties.
- Organizational reforms to encourage local private-public partnerships and to expedite heritage project approvals.
- Cooperative undertakings that result in complementary policies and programs at the provincial and federal levels of government.

This report puts forward the needed policy and program framework for a comprehensive heritage conservation strategy.

The recommendations are the outcome of a review and consultation process that began in January 1990 when the Committee on Planning and Community Services established an Ad Hoc Committee to review heritage conservation in Winnipeg and to develop proposals for preserving and promoting the economic viability of designated structures on the City's Buildings Conservation List. Draft proposals were circulated for public comment in May 1992, then were amended and refined for this final report.



*Part* 1

Introduction



## **Background:**

Two principal means have been employed by the City of Winnipeg since the late 1970s to protect heritage structures from demolition and unsympathetic exterior changes:

- The Historical Buildings By-law, which enables designation of heritage properties and review of proposed alterations or additions to listed buildings.
- Design controls in the Historic Winnipeg/Exchange District, implemented through the Downtown Winnipeg Zoning By-law.

The basic intent of these regulatory “sticks” is to prevent property owners from taking actions deemed contrary to the public interest. Alone, however, such instruments cannot ensure heritage buildings will be restored and/or maintained in ways that maximize their potential contribution to the community. That objective requires positive complementary initiatives to encourage continued use of, and investment in, designated properties. Heritage structures otherwise will risk vacancy, neglect and physical deterioration, especially if their economic viability is — or perceived to be — marginal.

## **Review Process and Scope:**

On January 8, 1990, the Committee on Planning and Community Services formally recognized the need for a comprehensive, long-term plan to address the economic and physical vulnerability of designated historical properties in Winnipeg. An Ad Hoc Committee, composed of members from both the public and private sectors, was established with a six-part mandate to review relevant issues and recommend a strategy to preserve and promote the economic viability of listed heritage buildings (Attachment A).

Supported by two specially prepared volumes of background readings entitled *Carrots* and *Carrots II*, the Ad Hoc Committee focussed on:

- the market, tax, investment, and other issues that can impinge on the fate of designated buildings;
- contemporary directions in public- and private-sector heritage support;
- the types of initiatives that may be most effective in responding to Winnipeg’s specific needs; and
- how such initiatives might relate to the City’s recently published draft development plan, *Plan Winnipeg ...toward 2010*.

A consultation phase was launched in May 1992 with the publication of *Heritage Support Programs: A Discussion Paper on Methods to Assist Heritage Property Owners in Winnipeg*. This was followed by a public hearing on June 8; informal meetings with interested parties; receipt of written comments; and a review of the draft proposals by the City of Winnipeg’s Historical Buildings Committee (Attachment A).

The consultation process produced valuable new insights and ideas which, in turn, are reflected in the refined policy, programs and implementation steps recommended in Part 3 below for approval by Winnipeg City Council.

## **Heritage Conservation:**

This term encompasses all actions designed to recover and safeguard culturally significant resources — i.e., resources of aesthetic, historic, scientific, or social value which further understanding of the past, enrich the present, and/or are of potential importance to future generations.

Recommendations in this report are limited in scope to structures, sites and areas that represent Winnipeg's architectural, historic and/or social legacy.

Conservation of these heritage properties may entail one or more of a range of activities, from minor preservation and stabilization work, to major repairs, alterations or reconstruction (Attachment B). Each approach has a distinctive purpose. Each varies in the extent to which it retains, disturbs or displaces its subject's original fabric — i.e., a property's historic setting, design, structure, materials, evidence of evolution and aging, and other physical attributes.

The proposals in this report are based on the belief that the City of Winnipeg should actively stimulate and assist conservation activities which maximize respect for the historic fabric. This means an emphasis on preservation, stabilization, restoration, and rehabilitation (Attachment B), and on continuous protective care or maintenance, both in the management of City-owned heritage properties and in any programs which the City may implement to encourage conservation efforts by others.

This goal cannot stand alone, however. It must be balanced with economic and functional considerations — e.g., obsolescence, physical deterioration, market pressures to abandon, demolish or redevelop heritage properties, and mandatory safety, upgrading or maintenance requirements. Such considerations may lead to interventions which are more disruptive to the historic fabric. In some instances, no incentive short of outright public acquisition may be successful in protecting the integrity of a heritage property.

Implementation of the recommendations in this report would help tip the balance in favour of heritage conservation by providing some specific new incentives to that end, and by contributing to a more comprehensive and consistent policy framework for heritage conservation in Winnipeg.

## **Report Outline:**

Part 2 contains an overview of recent trends in heritage conservation policies and programs, plus a summary of relevant issues and initiatives in Winnipeg. In Part 3, a comprehensive framework for a municipal Heritage Support Policy is outlined, along with specific program and implementation proposals.



*Part* 2

Heritage Support  
Issues and Options



## A. Issues, Policies and Programs

---

### Background:

Contemporary heritage conservation efforts had their impetus in the late 1960s and early 1970s, stimulated partly by Canada's centenary and partly by the forces of change affecting older commercial and residential districts in urban centres.

Cross-country family travel, student exchanges, research into local histories, and many other activities associated with the 1967 centennial renewed interest in Canadian history and fostered an appreciation of the importance of the built environment in conveying a distinctive sense of purpose, place and connection with the past.

Through the retrospection and stock-taking, communities also began to realize how much of their physical legacy had been lost or was endangered by age, obsolescence and threat of demolition. Support for heritage conservation thus was driven not only by historic, aesthetic and socio-cultural motives, but also by reactions to economic and urban renewal pressures.

Other influences emerged from the fledgling community development and environmental movements. The former was especially active in encouraging local control over preservation and revitalization of older neighbourhoods, including their stock of affordable housing. The latter moved the ethic of the conserver society — of recycling, reusing and reducing demands on resources of all kinds — beyond something that people talked about into tangible action. These movements were not necessarily linked either organizationally or strategically with heritage conservation, but their objectives and messages generally reinforced what heritage advocates wanted to achieve.

### Trends and Issues:

Since the late 1960s, environmental and quality-of-life concerns have become even more pervasive socio-political forces. Concepts such as sustainable development and healthy communities now underpin a wide range of public- and private-sector plans and policies, as reflected most recently in the contents of *Plan Winnipeg ...toward 2010*. Associated with this development has been a greater convergence of the movements concerned with historic preservation, environmental protection and urban growth management.

The past quarter century also has given many communities considerable experience with heritage initiatives. As a result, in urban areas:

- Conservation has become a legitimate and credible investment alternative in the management of heritage buildings.

Individual owners and developers have found that restoration and rehabilitation can be (though not always are) more economically efficient than new development, and

that heritage designation can be a marketable feature (Attachment C). Communities, in turn, have benefited from the positive effects that conservation projects can have on the municipal realty assessment/tax base. They also have experienced the direct employment and business opportunities that such projects engender, partly because rehabilitation tends to be more labour intensive than new construction, and partly because it may occur on a scale that smaller, locally-based contractors and craftspeople can accommodate.

- Successful initiatives have had positive spin-off impacts on local economies.

Heritage not only contributes to the general ambience of a place as a visit, vacation or convention destination, but also in its own right attracts people who are interested in cultural tourism (Attachment C). This, in turn, helps stimulate retail and commercial services. Other examples of conservation activities that have bolstered local business include:

- revival of older commercial districts;
- conversion of industrial buildings to modest-cost incubator space for new enterprises, or to upscale locations for established professional and corporate firms; and
- creation of new market niches for tradespeople, manufacturers and suppliers specializing in the skills and building products required for restoration and rehabilitation.

- Municipalities have been able to retain, stabilize and revitalize important components of their physical form.

By encouraging the recycling and compatible redevelopment of older areas, local governments have helped to:

- avoid or reduce blight;
- maintain the integrity of early streetscapes and districts;
- stabilize or improve local land values, investment climate, and the realty assessment base; and
- discourage speculative leap-frog development.

- Heritage conservation has been in the environmental vanguard, demonstrating ‘sustainable development’ long before that term found its way into everyday vocabulary.

Existing buildings and municipal infrastructure represent an enormous store of invested energy. Various studies have shown that significant energy savings accrue over the long term from retention and rehabilitation of this inheritance, as opposed to demolition, new construction, and the inevitable demands for new public services which accompany unchecked physical expansion of urban areas (Attachment C).

- Communities have gained increased awareness of how they came to be — of the political, economic, aesthetic, ethnic, class, and other social forces that shaped their

progress. Some also have been accorded regional, national or international recognition as places of historic significance (e.g., identification of Quebec City as a World Heritage Town).

The experiences of the past few decades have prompted reassessment of what heritage conservation entails and the directions it should take in the future. Two key conclusions are noted below:

- Heritage resources must be seen as more than individual buildings, sites, monuments, or other built structures.

The definition of a heritage resource has been broadened to include archaeological features and natural landscapes. Moreover, within the scope of the built environment, focus has shifted from specific sites and structural artifacts to their immediate physical context and beyond — i.e., to entire streetscapes and districts. By this means, better protection can be afforded to the character of a specific building or area and, in turn, to the historic circumstances and values represented by that character.

- Effective conservation requires that ways be found to continually integrate heritage resources into the daily life and evolution of the city.

Few urban structures or historic areas are likely to be retained over the long term if conservation is viewed simply as a process to remove or save resources from ordinary use and change. The reality is more dynamic, involving a constant interplay between development and conservation. Thus, the aim should be to find some degree of harmony and equilibrium between the two, respecting the past, but also accommodating present conditions and needs. This implies an emphasis on continued use of heritage resources, not just retention of their form and authenticity. As well, ways must be found to make heritage relevant to communities. “Heritage must illuminate and inform current issues of public concern....It must speak to our spiritual and cultural well-being, just as [the environmental movement] speaks to the physical.”<sup>1</sup>

### **Public-Sector Policies/Programs:**

Early government responses to the heritage conservation challenge were marked by three types of efforts:

- identification of, and research into, remaining sites, buildings and other resources;
- restoration of landmarks of local, regional or national importance (often publicly-owned properties); and
- regulatory intervention, primarily to influence the fate of privately-held heritage structures — e.g., through designation or other measures intended to prevent or delay demolition, removal or undesirable alteration of significant features.

---

1. Christina Cameron, “Heritage and Conservation,” *ICOMOS Canada Bulletin* (January 1992), p. 26.

It soon became evident, however, that regulatory controls could not guarantee the conservation, or even basic upkeep, of heritage buildings. More comprehensive and positive initiatives were needed to achieve those ends. By themselves, designation and design approvals did not address the physical effects that come with time and exposure to natural elements. They did not respond to the many influences that bear on the use of land and buildings in a market economy. Nor did they deal with the taxation policies, building, zoning and development regulations, and commercial lending and insurance practices that can impede conservation projects. In short, a heritage structure could still be allowed to deteriorate to a point of no return, with or without designation.

As a result, policy-makers across North America have been revising their approaches to heritage conservation. Key policy directions now include:

- Development of special heritage conservation plans in addition to the inclusion of heritage resources (broadly defined) as formal components of long-range development plans and area-specific or district plans.
- More comprehensive and pro-active conservation strategies.
- A more innovative and flexible mix of policy tools which can be applied and recombined in different ways to meet specific circumstances. In particular, there is an emphasis on ways to improve private-sector investment patterns, either directly through financial incentives or indirectly through assistance that contributes to a more certain and attractive investment climate.
- Integration of conservation considerations into decision-making activities and initiatives for which heritage is not the principal or exclusive focus — e.g., environmental impact assessments; Main Street and community improvement programs; and plans for the maintenance, use and disposition of publicly-held properties.
- Organizational reforms to expedite project approvals, facilitate public-private cooperation and partnerships, pool capital resources, and otherwise stimulate heritage conservation.

The assortment of policy instruments implemented in recent years has stretched the scope of government action beyond moral suasion, financial incentives and regulatory controls or concessions (Attachment D). However, the most commonly employed options continue to be very traditional. They include:

- Property use (zoning, development control, building code) adjustments to protect heritage structures from: (a) market pressures for redevelopment or undesirable renovation, and (b) government regulations that discourage rehabilitation or escalate assessment values and operating costs.
- Financial assistance through tax relief, direct grants and loans.

Few Canadian jurisdictions explicitly require that compensation be given upon the designation of a heritage property. Instead, any financial assistance that may be extended tends to be provided at the discretion of the authority responsible for

designation. As well, incentives usually are allocated in accordance with predefined eligibility criteria designed to encourage specific public benefits.

Not all policy/program outcomes have been positive, nor is the policy-making context as potentially supportive of heritage conservation as it might be. In communities or specific districts where there are strong market pressures, heritage structures continue to be demolished, while others are dwarfed by adjacent redevelopment, or remain only as façades or fragments of such projects. In some instances, designation is still resisted by owners and developers. Moreover, while there appears to be public support for heritage conservation and other environmental initiatives, municipalities across North America are facing severe constraints on their capacity to act, not only because of general economic conditions, but also because of elimination or reduction of funds and other program assistance formerly available from senior levels of government.

## **B. Heritage Conservation in Winnipeg**

---

### **Background:**

As the first major city on the Prairies, Winnipeg was well positioned to benefit from government policies that promoted rapid western expansion prior to World War I. The former fur trade-agricultural settlement soon developed into a regional centre for rail transportation, wholesaling, retailing, banking, insurance, and grain marketing. Its built environment reflected this growth, as pioneer structures gave way to a turn-of-the-century building boom.

Subsequent war and depression, coupled with competition from newer communities and modes of transportation, eventually slowed the city's development. When the next major boom occurred after World War II, many of the impacts were felt in the suburbs. Older parts of pre-Uncity Winnipeg were not bypassed entirely, but neither did they experience extensive redevelopment.

Transportation corridors, public-sector urban renewal projects, and private commercial investments left their mark on the fabric of the inner city from the early 1960s through to the mid-1980s. Nonetheless, substantial tracts of pre-1920 housing have been retained, along with numerous commercial and industrial buildings, including a significant collection of warehouses, offices and factories in the Historic Winnipeg/Exchange District. Former suburban areas similarly contain landmarks and areas representative of their early progress.

In short, Winnipeg has both a rich and a demanding built legacy — one whose scale and relatively uniform pace of aging will continue for some time to pose the dual challenges of conservation and renewal.

During the 1970s, the municipal response to these challenges was three-pronged (Attachment E):

- use of federal and provincial programs for neighbourhood improvement and housing renovation in older residential areas;
- implementation of the Historical Buildings By-law (#1474/77) to permit designation of heritage buildings and some control over their demolition and alteration; and
- participation with the private sector in revitalization of the Old Market Square area (Exchange District) through financial assistance, public works, and new zoning/design controls (now incorporated in the Downtown Winnipeg Zoning By-law #4800/88).

The focus on neighbourhood improvement and Exchange District revitalization continued during the 1980s through two successive tripartite Winnipeg Core Area Initiative (CAI) Agreements. Complementary thrusts were provided by the CAI's various housing and business development incentives.

Although the Agreements' heritage programs were limited to the Exchange District and, latterly, the downtown, their combined expenditures of some \$10.5 million nonetheless had significant physical impact. Major contributions, accounting for about 60% of total allocations (\$6 million-plus), went to large capital projects — conversion of the Gault Building to a non-profit arts centre (Artspace), upgrading and expansion of the Pantages (Playhouse) Theatre, conversion of the Ashdown Warehouse to condominiums, and streetscaping/parking improvements. Another \$1.8 million went to additional building rehabilitation projects valued at approximately \$13.7 million in total. These investments included the upgrading of exteriors and/or interior commercial/public space at several dozen buildings, plus a few residential conversions, such as the Swiss Building and Provincial Normal School (Filcasa Housing Co-operative).

Not all restoration, rehabilitation and conversion work has depended on public subsidy. There have been a number of private-sector investments in Winnipeg over the past two decades that have displayed corporate and individual commitment to heritage conservation as an investment opportunity, a development challenge, and perhaps as a tangible expression of altruism (e.g., Eaton Place, the Curry Building, and the Bank of Montreal at Portage and Main).

### **Current Issues:**

Heritage conservation in Winnipeg is now at a transition point. In part, this is due to the recent expiration of CAI II. However, a number of other issues contribute to the impetus for redefining municipal heritage policy:

- For about a decade, the CAI doubled as a quasi-official area plan for the downtown and its adjacent neighbourhoods. There now is a need, as recognized in *Plan Winnipeg ....toward 2010*, to engage in processes which will clarify future intended directions for downtown development and produce a contemporary Heritage Conservation Plan.

With respect to the proposed Downtown Plan, there appears to be a consensus that attention must focus on measures which will better integrate the area's various precincts, thus ensuring that they are interconnected in physical, functional and aesthetic terms, and that they reinforce, rather than compete against, each other. A Conservation Plan similarly is needed, not only to identify and protect heritage



resources (broadly defined), but also to promote their continuing vitality and integration with other dimensions of city life.

- The absence of a successor agreement to CAI II has left a substantial program and funding gap in the heritage conservation field.

There are alternative, non-CAI sources of support for conservation activities in the city (Attachment E). However, available financial assistance is very limited and some of the options in this regard are themselves undergoing change (e.g., the current reorganization of the system for allocating provincial grants to heritage groups and projects, and the recent federal withdrawal from co-operative housing, a program which previously helped fund residential conversions of heritage buildings in Winnipeg).

Closure of the CAI office also has removed an identifiable intermediary which could function as an animator of heritage conservation activities and as a coordinator or broker helping to bring together the various elements needed for projects to proceed.

- Local market conditions indicate there is a continuing need for some form of stimulus to encourage demand for heritage space, and to ensure availability of investment and loan capital for conservation projects.<sup>2</sup>

The current recession has dampened commercial rental markets. Even in relatively good economic times, however, there are indications that, with the exception of specific prestige locations, concerted effort is required to attract tenants to heritage space and maintain rental revenues at viable levels.

At least two other market-related impediments warrant consideration in the development of a public support strategy. One involves access to, and the costs of, commercial loan capital for heritage conservation. The other concerns ownership patterns, in particular situations where designation or conservation might be advanced by a transfer of ownership (e.g., from absentee or disinterested resident property holders to investors who are committed to heritage conservation).

- Despite recent changes in municipal assessment legislation, perceptions persist among some that the system requires further refinement to respond equitably to the circumstances of designated properties, rehabilitated older buildings, and vacant structures.
- Long-advocated regulatory and federal taxation reforms to facilitate heritage conservation have yet to be implemented.

Key recurring issues subject to local/provincial control include reform of building code standards (Part 3, Section C IV and Attachment F) and provincial liquor licensing requirements to accommodate the special circumstances encountered in the maintenance and rehabilitation of older buildings.

---

2. See, for example, George Siamandas, *The Economic Benefits of Heritage Preservation* (Winnipeg: Heritage Winnipeg Corporation, 1992), pp. 24, 27-28, 33, 35, 38-39.

With respect to the federal government, a number of taxation policies have raised concerns over the past two decades. The principal focus of advocacy has been on the income tax system, in particular the absence of incentives for rehabilitation, plus provisions that favour demolition and new construction over rehabilitation of investment properties. More recently, the federal Goods and Services Tax has added to the financial complexity of upgrading investment properties (Part 3, Section C IV and Attachment F).

- The 1990 closure of the Amy Street steam heating plant highlighted concerns about the City's ability to regulate vacant older buildings and encourage ongoing upkeep of occupied commercial heritage structures.

It is estimated that about 12 of the 154 municipally designated structures in Winnipeg currently stand vacant and unheated. The same status applies to another 13 or so buildings which are not on the City's Conservation List, but are potentially eligible for designation. Most, but not all, of these two dozen or so sites were formerly served by the steam heating plant.

As outlined in Part 3, Sections C II and C IV below, little financial assistance or regulatory power currently is available to encourage or compel the heating and upkeep of either vacant or occupied commercial buildings.

- The City lacks a comprehensive plan for managing its own heritage properties and other holdings which may be in proximity to designated structures.

While several City-owned buildings are on the Conservation List (Attachment E), other potentially eligible structures have not yet been submitted for evaluation. Moreover, among designated sites, some buildings have been vacant for a considerable time. Any new strategy for heritage support must include measures to ensure appropriate stewardship of publicly-owned buildings, monuments and other heritage resources.

- Conservation initiatives in Winnipeg would benefit from measures (processes and/or structures) to improve communication and coordination on two levels: (a) between the City and all other stakeholders in the heritage field; and (b) among the various civic departments which have heritage-related responsibilities.

The work of the Ad Hoc Committee on Heritage Buildings, and presentations at the June 8 public hearing, emphasized the value of bringing together various relevant interests from government, the private sector and heritage groups to identify conservation problems and potential solutions. There is a need for a continuing, broadly-based forum, including property owners, contractors, developers, and tenants, where issues can be discussed openly and steps can be initiated to respond. In this way, mutual understanding can be fostered and, where there is potential for conflict, it can be addressed.

Within the civic administration, it similarly is important to have timely information-sharing and discussion of heritage-related matters. While the Planning Department may have the role of lead facilitator, both internally and externally, it also is important for departments such as Finance, Assessment, Civic Properties, and Land Surveys and Real Estate to share the responsibility to address heritage concerns.

*Part* 3

Toward a  
City of Winnipeg  
Action Plan



**A**lthough much has been done by the City of Winnipeg to further heritage conservation, now is the time to establish an incentive program that will serve as a catalyst in the continuing conservation and reuse of our heritage resources. This program must be perceived by building owners and potential investors as a long-term commitment by the City towards Winnipeg's heritage structures, supported by incentives that address a variety of needs.

## **A. Proposed Policy, Objectives and Principles**

---

### *Recommendation #1*

***That City Council approve the Heritage Support Policy, Objectives and Principles presented below:***

#### **Policy Statement:**

The City holds that heritage buildings and other designated structures are integral to Winnipeg's urban fabric, self-identity, and economic, social and cultural development. The City, therefore, shall contribute by direct example, incentives, integrated planning, and regulatory control to the long-term conservation, use and viability of heritage resources within its jurisdiction.

#### **Objectives:**

1. To conserve and enhance Winnipeg's heritage buildings and other designated structures in a manner which respects their architectural, historical, cultural, and contextual integrity.
2. To foster an economic, planning and decision-making environment which actively supports the retention, ongoing use, upkeep, and adaptive reuse of heritage structures.
3. To assume and sustain a leadership role in conservation through the manner in which City-owned heritage properties are protected, enhanced, used, and managed.
4. To work cooperatively with the provincial and federal governments to:
  - a) achieve regulatory, tax and other reforms that will facilitate heritage conservation;
  - b) coordinate incentive programs; and
  - c) ensure that the management of provincially- and federally-owned heritage properties reinforces City plans and objectives.
5. To promote public awareness and appreciation of Winnipeg's rich stock of historically and architecturally significant buildings and other structures.
6. To recognize outstanding contributions to heritage conservation in Winnipeg.

#### **Principles:**

The following principles shall form the basis of initiatives to support the economic viability of heritage structures:

1. The City will maintain a comprehensive range of incentives for the conservation and use of designated heritage structures, including grants and other forms of financial assistance.
2. This range of incentives will be structured to permit a flexible and customized response to the needs of individual designated properties.
3. Incentives will be designed and administered in a manner that ensures all owners of designated structures are treated with equal fairness.
4. Program criteria and procedures will be as uncomplicated as possible to facilitate communication, understanding, and efficient, prompt administration.
5. Incentives (along with the management of City-owned heritage properties) will emphasize preservation, stabilization, restoration, and rehabilitation as the most appropriate methods for the conservation and use of heritage structures. However, the costs and benefits of the level of authenticity required by these approaches will be assessed carefully in relation to the circumstances of each structure.
6. The City will extend financial assistance for heritage conservation only when it expects to receive full value from the investment — i.e., public heritage benefits, such as retention and continued use of an entire structure, not just its façade; restoration of significant features; commitments to future repair and upkeep; assurances of public access; and/or owner-lessee participation in a district preservation program.
7. Recipients of financial aid from the City should be prepared to accept a community role in the stewardship of assisted properties (e.g., in the form of designation, review and approval of alterations, and/or requirements for ongoing maintenance).

### **Discussion:**

Adoption of the above statements would establish a broader, more pro-active framework for heritage policy than currently exists in the City of Winnipeg. Not all objectives and principles would be implemented overnight. Rather, the purpose of these statements is to offer a coherent guide to heritage decision-making and program development over the long term.

The scope of the proposed objectives and principles is consistent with recent developments in the conservation field (Part 2, Section A); the heritage issues that have been identified in Winnipeg (Part 2, Section B); and the directions in which the City itself has been moving, as indicated by the draft Heritage Assets section of *Plan Winnipeg ...toward 2010* (Attachment E).

The statements emphasize the built environment because that was the mandate for this particular review process (Attachment A). Through implementation of Recommendation #2, however, the broader interpretation now attached to the term ‘heritage resource’ would be recognized and addressed. It is anticipated that, as work proceeded on a Conservation Plan, the statements outlined above would be incorporated within a larger heritage policy framework.

## **B. Heritage Conservation Plan**

---

Consistent with the proposal in *Plan Winnipeg ...toward 2010* (Clause 6C-02) which calls for the preparation of a Heritage Conservation Plan, it is proposed:

*Recommendation #2*

***That City Council direct the Planning Department, in conjunction with other appropriate branches of the civic administration, to begin work immediately on a Heritage Conservation Plan which:***

- a) addresses measures for the identification, conservation, use, acquisition, and financing of heritage resources in Winnipeg, including buildings, other structures, areas, archaeological features, and natural landscapes; and***
- b) incorporates the Heritage Support Policy, Objectives and Principles presented in Recommendation #1.***

**Discussion:**

The review process that led to this report was focussed on the contemporary approaches and policy tools that could best be applied to heritage structures, sites and areas in Winnipeg. Neither the mandate nor the resources were available for preparation of an overall conservation plan covering all types of heritage assets. That work must still occur to further identify problems and opportunities, consult broadly, and develop, assess and refine specific initiatives. In addition, the City's Historical Buildings Inventory requires updating to eliminate current gaps in the list of structures throughout Winnipeg that have potential heritage significance.

## **C. Proposed Heritage Support Initiatives**

---

*Recommendation #3*

***That City Council approve in principle the Heritage Support initiatives outlined in Sections C I to C IV below.***

**Discussion:**

The following 24 initiatives, together with measures now in place, comprise a comprehensive approach to the conservation and use of designated heritage structures in Winnipeg.

These initiatives are consistent with policy/program developments in other jurisdictions (Attachments D and F); with Winnipeg's specific needs; and with the proposed objectives and principles set out under Recommendation #1.

Certain proposals will entail new program and financial commitments by City Council. Amendments to provincial legislation will be required before some recommendations can proceed. In other cases, further consideration is needed in order to assess the most effective alternatives for policy or program design. Yet other proposals can be implemented relatively quickly since action basically requires the formalization of existing practices or the extension of policy thrusts previously approved by City Council.

Further background discussion on the 24 initiatives is provided in Attachment F.

## **I. Financial Assistance**

---

Specific proposals are outlined below for six financial incentives. As well, it is recommended that two additional ideas for tax credits receive further review.

Two of the proposed incentives — Performance Grants and Municipal Tax Credit — are intended to be open to all designated heritage properties and conservation projects which meet established program criteria. Three others — Discretionary Grants, Direct Loans and Loan Guarantees — are put forward as additional tools which the City should have at its disposal to respond to specific and perhaps extraordinary circumstances. The sixth option — Realty Tax Exemption for Charitable Organizations — would redress an existing inequity affecting a particular group of owners.

Additional financial measures, which will require provincial approval and legislative amendments, are discussed in Section C IV below (i.e., Sales Tax Rebate on Building Products, Realty Tax Exemption for Vacant Heritage Schools, and Energy Efficiency Incentive).

Upon implementation of all measures, it would be possible for a single eligible heritage conservation project to be assisted by more than one program. The actual level of assistance provided would be subject to budget availability and an as yet undefined ceiling (or perhaps range of ceilings) on the total amount of municipal investment in a single project.

Further consideration also must be given to potential relationships between the proposed municipal incentives and financial assistance available from the provincial and federal governments (Attachment E). Issues to be examined include the extent to which 'stacking' of subsidies from various sources may be encouraged or prohibited, and whether program criteria, including types of eligible work, should be independent of, or interrelated with, the terms established for assistance from other levels of government.



## **Grants:**

### **Performance Grants**

***Recommendation:***

*That the City of Winnipeg provide cost-share grants on a 50/50 basis for eligible exterior and/or interior conservation work on designated heritage structures (i.e., structures on the City's Buildings Conservation List). Up to a maximum of \$35,000 could be available for residential projects and a maximum of \$100,000 for commercial projects.*

Grants would be awarded according to established criteria and guidelines, and would be available on a first-come, first-served basis up to the limit of the annual budget allocation. A Certificate of Suitability or, where applicable, approval under the Historic Design Review process,<sup>3</sup> would be required before work could proceed.

***Discussion:***

Experience with the Winnipeg Core Area Initiative and the two main provincial heritage programs has shown that direct grants can be effective in stimulating heritage conservation, especially in the case of co-operatives, non-profit groups and private homeowners, but also among smaller-scale entrepreneurs who may have limited access to other sources of equity and debt financing.

Well-designed assistance programs, which have clear criteria and guidelines, provide project proponents with relevant information on which to base their pre-construction cost analysis and planning. Successful applicants gain access to a direct and relatively immediate subsidy which, in turn, should contribute to improved cash flow in the critical post-construction period. For its part, the City can influence the nature and quality of work undertaken by tying grants to actual performance. It also may require that recipients meet certain maintenance standards in the post-construction period.

The City cannot, nor should it, expect to meet all potential demands that a grant program can elicit. It also should not enter into such a program as a short-term, patchwork response to current gaps in local support for heritage conservation. Instead, this and all other proposed financial incentives should be structured and extended as public investments that are expected to yield long-term returns in the form of retention, restoration, upgrading, and/or maintenance of heritage resources. Grants should be viewed as one policy tool that can encourage public heritage benefits which the marketplace acting alone may not produce.

### **Discretionary Grants**

***Recommendation:***

*That the City of Winnipeg develop a Discretionary Grant program for heritage conservation. Through this measure, the City could supplement a Performance Grant and/or Tax Relief in response to exceptional priority cases, as determined by need and the significance of the heritage property.*

---

3. Under the Historical Buildings By-law #1474/77, a Certificate of Suitability must be issued by the Historical Buildings Committee (or on appeal by the Committee on Planning and Community Services) before specified types of work can proceed on designated structures located outside the Exchange District, or before alterations can be made to listed interior elements of designated buildings within the District. Exterior changes to heritage buildings in the District are subject to the Historic Design Review provisions of the Downtown Winnipeg Zoning By-law #4800/88.

Eligibility would be limited to Grade I and II structures on the Buildings Conservation List. (At present, 68 extant Grade I and II structures are on the list.) Applicants would have to submit pro forma financial statements for the subject property and any other documentation which the City may require to demonstrate need. Assistance would be available for conservation work on eligible exterior and/or interior elements. A Certificate of Suitability would be required before approved work could proceed. The final decision to award a Discretionary Grant would rest with City Council or, perhaps, with an arm's-length agency mandated to administer financial assistance programs for heritage conservation purposes (see Section C III below).

***Discussion:***

This proposal would provide the City with a formal versus ad hoc option to intervene in a direct and accountable manner in instances where demolition of a key heritage structure may be imminent; where the scale of required conservation work is too great to be accommodated solely by other existing sources of financing; or where adaptability is needed to respond to the needs of a specific property (e.g., innovative projects that do not meet the criteria of other programs).

It is anticipated that assistance ceilings, program guidelines/criteria, and application processes would be more flexible for discretionary grants relative to performance grants. Applicants could expect their proposals to be subject to more extensive negotiations; they also might have to meet higher performance standards or guarantees regarding the preservation and upkeep of assisted structures.

## **Loans and Guarantees:**

### **Direct Loans**

***Recommendation:***

*That the City of Winnipeg establish a revolving fund from which repayable loans may be issued at below-market interest rates to assist with interim or long-term financing requirements associated with the conservation of designated heritage structures. This discretionary option could be used to supplement support provided through a Performance Grant and/or Tax Relief. Direct Loans would not be available, however, to projects which obtained Discretionary Grants or Loan Guarantees from the City.*

Assistance would be limited to the costs of eligible exterior and/or interior conservation work. A Certificate of Suitability would be required before approved work could proceed. The final decision to provide a Direct Loan would rest with City Council or, perhaps, with an arm's-length agency mandated to administer heritage support programs (see Section C III below).

***Discussion:***

When Canadian municipalities extend financial assistance to heritage conservation, it tends to be in the form of grants and/or tax relief rather than loans or other financing instruments. However, some revolving loan funds have been established, most notably in Ontario. As well, governments at all levels have used direct loans for other purposes, often to promote economic development.

Recipients of direct loans on favourable terms gain access to capital, plus some relief from operating (financing) costs in the critical post-construction period. Municipalities, in turn, are able to provide assistance without the same burden that an equivalent grant program would entail, assuming the default rate is low and the loan fund is indeed able to recycle its capital.

There have been suggestions that at least some heritage proposals have encountered difficulties in getting commercial financing in Winnipeg, partly because of the assessed risks of a particular area, building or applicant, and partly because designation may be perceived by lending institutions as an undesirable constraint on their decision-making flexibility in the event that they must assume ownership upon a default.

### **Loan Guarantees**

***Recommendation:***

*That a policy be adopted permitting the City in exceptional cases to guarantee commercial loans or mortgages required for the conservation or purchase of designated heritage structures. This form of assistance would be available as a discretionary alternative to Direct Loans.*

Eligibility would extend to projects which have obtained a Performance Grant and/or Tax Relief, but not to those awarded Discretionary Grants. The City would have to arrange for insurance, a contingency fund, or other appropriate measures to cover its liability in the event of default on debt payments by a loan or mortgage co-signatory (i.e., the owner of the heritage property). The guarantees would be limited to the costs of eligible exterior and/or interior conservation work. A Certificate of Suitability would be required before approved work could proceed. The final decision to provide a guarantee would rest with City Council or, perhaps, with an arm's-length heritage agency mandated to administer heritage support programs (see Section C III below).

***Discussion:***

The purpose and implications of financial guarantees are similar to those for direct loans except that the City would not have to put out cash unless a default occurred. Although no examples of the use of guarantees in heritage building conservation have been uncovered to date, this form of assistance has been widely employed by governments in Canada to facilitate other types of economic development.

### **Tax Relief:**

The Planning Department, in consultation with the Finance and Assessment departments, recently prepared a two-part tax relief proposal ("Tax Relief Incentives for the Rehabilitation of Listed Heritage Buildings," February 3, 1992) recommending that the City, on an interim two-year trial basis:

- exempt from municipal taxes, for the lesser of the construction period or two years, the building portion of vacant heritage properties undergoing eligible ("substantial") rehabilitation; and

- provide a grant equivalent to tax relief for five years following completion of construction in an amount equivalent to any increase in municipal property taxes due to the improvements undertaken.

The City obtained authority to implement the first part of this proposal as a result of an amendment to the *City of Winnipeg Act* in 1986. That provision was retained when responsibility for dealing with municipal tax relief for heritage building rehabilitation was transferred to the *Municipal Assessment Act* in 1990. The second part of the Planning Department's proposal requires that for the trial period City Council waive a 1972 policy prohibiting grants in lieu of taxes.

It is anticipated that the impact of the incentives would be evaluated at the end of the two-year trial. If results were favourable and the financial implications were acceptable to City Council, a long-term program could be pursued (e.g., through a request to amend the *Municipal Assessment Act* to exempt eligible heritage building improvements from municipal tax assessment for five years following construction).

This report contains several alternative proposals for tax relief (also refer to Section CIV). In particular, City Council is urged to adopt a municipal tax credit program that would relate assistance to the actual costs of eligible conservation work.

### **Municipal Tax Credit**

***Recommendation:***

*That the City of Winnipeg provide a tax credit equal to 50% of total costs for eligible conservation work on designated Grade I and II heritage buildings, and 33% of total costs for eligible work on Grade III buildings. This credit would be applied by the recipient over a 10-year period against City business, amusement or realty taxes.*

***Discussion:***

There are three key advantages to this proposal:

- Proponents of conservation projects would know prior to construction what level of assistance they could expect. This would make the incentive relatively easy to convey and understand and, thus, an effective intervention at the point of project planning and decision-making.
- Assistance would be related directly to the degree of owner/developer investment and effort.
- Recipients could determine how best to apply the credit relative to their specific municipal tax situation.

As in the case of the administration's proposal, this incentive, which essentially provides operating cost relief in the post-construction period, would be open to all owners who performed eligible conservation work on designated buildings.

### **Realty Tax Exemption for Charitable Organizations**

***Recommendation:***

*That the City of Winnipeg exempt heritage buildings owned by charitable organizations from municipal realty taxes.*

***Discussion:***

Property held by eligible provincial agencies and educational, religious, hospital, day care, and other specified charitable organizations has long been partially or fully exempt from municipal and/or school taxes. As well, certain cultural facilities have been designated as non-assessable under provincial legislation (e.g., the Manitoba Centennial Centre, Winnipeg Art Gallery and Centre Culturel Franco-Manitobain, among others). It is proposed that this type of relief be extended to all charitable groups which own heritage buildings.

There are several examples of recycling and conversion projects by housing co-operatives and non-profit agencies (e.g., the Winnipeg Housing Rehabilitation Corporation, Ukrainian Canadian Committee and Ukrainian Cultural Centre). These endeavours not only have benefited the downtown, but also have reclaimed apartment blocks and institutional properties in older residential districts. The availability of a permanent property tax exemption may stimulate the further turnover (by sale or donation) of heritage properties to such organizations.

During review of this proposal, consideration should be given to whether sufficient authority now exists to proceed with the exemption (e.g., through Section 242 of the *City of Winnipeg Act* or modification of Council's 1972 policy on grants in lieu of taxes), or whether an explicit amendment to provincial legislation is required.

### **Review of Additional Tax Relief Measures**

***Recommendation:***

*That a review be undertaken of the need and potential options for tax relief to assist: (a) tenants of designated heritage buildings; and (b) owners who face extra costs for routine maintenance and upgrading of listed properties.*

***Discussion:***

Suggestions for these types of assistance were made during the consultation phase leading up to this report.

In the case of (a), considerable interest was voiced in having a program aimed at tenants, both to stimulate demand for rented heritage space and to broaden access to heritage support incentives among businesses and non-profit organizations that otherwise may not benefit because they are not property owners or developers. One proposal called for tenants to be granted business tax relief on a sliding scale over three years. Further consideration of this concept is required, not only to determine its potential effectiveness, but also appropriate objectives, scope and criteria. For example, should assistance be limited to commercial tenants or extended to occupants of residential space? Should it be linked to leasehold improvements (as were grants under some former Winnipeg Core Area Initiative programs), or should it be offered to all new heritage tenants regardless of whether renovations are undertaken?

With respect to (b), tax credits (certificates) or deductions were proposed to assist owners of listed buildings who incur extra maintenance or upgrading costs — e.g., in repointing brickwork, repairing terracotta façades, or addressing humidity problems that may arise when air conditioning is installed in older buildings. Such aid, it was argued, could reduce rental rates and, in turn, stimulate the market for heritage space.

## II. Regulatory Adjustment Measures

---

### Zoning and Development Provisions:

#### Rezoning/Conditional Use

***Recommendation:***

*That City Council officially recognize in policy the existing practice of approving uses in heritage buildings which may be essential to their viability, but otherwise may not be permitted under prevailing zoning regulations.*

***Discussion:***

Zoning provisions are intended to apply universally and uniformly in a defined zoning district, thus ensuring equal treatment to similar properties and ownership classes. However, there inevitably are special circumstances which do not conform with existing or revised zoning regulations. Conditional uses and spot rezoning are among the tools employed by municipal officials to accommodate these cases.

In Winnipeg, spot rezoning and conditional use have been applied on a selective basis to permit reuse of heritage buildings. Such decisions are influenced by a heritage structure's significance and its condition, among other factors.

It is proposed that the existing practices and criteria be outlined in a formal policy statement. This would provide a reference document for existing or potential heritage property owners who are assessing their options for future use and maintenance of a particular site.

#### Zoning Concessions

***Recommendation:***

*That City Council permit, as a matter of policy, the relaxation of subdivision or zoning regulations regarding size, shape or siting of a building, and loading, parking, screening, or signage requirements, in cases where existing regulations would cause undue financial hardship in the conservation of heritage buildings.*

***Discussion:***

As with the Rezoning/Conditional Use proposal above, this recommendation is intended to recognize and outline in formal terms practices that now occur during the City's review and approval processes for heritage building projects. By clarifying current policy and disseminating this information to property owners, the City will reduce any perceived impediments to building rehabilitation and conversions from this regulatory source and thus should facilitate future project planning.

#### Heritage Districts

***Recommendation:***

*That City Council encourage, and make provision for, the designation of Heritage Districts, Areas or Zones - i.e., residential or commercial areas which are geographically coherent, predominantly represent a certain historic period, and/or have a specific*

*character that should be preserved and enhanced. Comprehensive design, maintenance and development/redevelopment standards would be established to protect traditional architecture and other important aspects of area character.*

***Discussion:***

Winnipeg's only heritage zone, the Exchange District, was established in the latter 1970s west of Main Street, then later extended east of Main. Principal purpose of the district was to maintain a nationally significant collection of turn-of-the-century warehouses and office buildings. Economic objectives, including tourism and small business development, also have been an integral part of the undertaking.

In general, the experience has shown that the district approach to conservation can work if:

- concerted attention and investment are sustained;
- there are effective mechanisms for cooperation and coordination between the public and private sectors; and
- change, including new development and the conversion or loss of some older buildings, is accommodated within the parameters of prevailing design and other controls protecting essential heritage/character elements.

Two parts of the draft *Plan Winnipeg ...toward 2010* anticipate greater future use of district designation. In Section 6C, for example, provision is made for restoration, revitalization and preservation of the built environment in identified Heritage Conservation Areas (i.e., districts where collections exist of sufficient numbers of heritage resources - Clause 6C-04). It also is proposed that the City develop an inventory of heritage landscapes and streetscapes requiring protection (6C-06).

Section 6A of the draft plan outlines four proposals to identify, designate, preserve, and enhance existing Character Areas and to encourage the creation of new ones through appropriate development/redevelopment standards. This policy thrust is not aimed exclusively at heritage preservation, but does complement that objective.

Designation of new heritage areas could provide a focus for some of the other incentives outlined in this report (e.g., other Zoning and Development Provisions, Preferential Leasing and Complementary Public Works). This mechanism also could be a means by which period businesses and unique services (e.g., micro-breweries and on-site bakeries) could become permitted uses to enhance the viability of specific commercial districts. Additional support potentially could arise through implementation of some of the other initiatives envisioned in *Plan Winnipeg ...toward 2010* (e.g., clauses concerning tourism promotion, enhancement of neighbourhood Main Streets, and development of business incubators).

## **Context Protection**

***Recommendation:***

*That, for areas outside the jurisdiction of the Downtown Winnipeg Zoning By-law (#4800/88), City Council adopt a policy which permits use of design and other regulations to protect the context in which one or more heritage structures are located*

*and perhaps to protect or enhance their function(s). These regulations, which would apply to properties in the proximity of heritage structures, could cover items such as height, density, uses, signage, set-backs, and/or landscaping. The controls could be employed in designated heritage conservation or character areas, or they could provide spot protection for isolated heritage sites.*

***Discussion:***

The Downtown Winnipeg Zoning By-law requires design review of proposed developments in the various precincts of the central business district. The purpose is to ensure projects are compatible with the existing character and significant features of areas such as the Exchange District, Chinatown, Broadway, and the environs of the Manitoba Legislative Building.

It is proposed that similar protections be possible for designated heritage areas and individual heritage sites outside the downtown. As previously noted in Part 2, Section A of this report, there is growing recognition across North America of the importance of preserving the settings in which heritage resources are found. Often that context, including a designated building's relationship to other structures and spaces, carries equal significance to the building itself. In the absence of appropriate controls, however, this setting may be fundamentally altered, in turn eroding the value of the heritage site.

**Expediting Approvals:**

***Recommendation:***

*That City Council establish a policy to fast-track heritage building conservation proposals and ensure quick administrative response to permit applications. (Also refer to Building Regulations in Section C IV below.)*

***Discussion:***

Proposals to repair, restore or rehabilitate a heritage structure may involve complex and non-routine decision-making. This especially may be the case when innovative responses are needed to protect historic fabric and minimize impacts on project viability, yet still meet the objectives of zoning, building code and/or design requirements.

It is proposed that the City of Winnipeg work toward a Green Door Policy for heritage building applications. This could begin with a thorough assessment of existing procedures, decision-making authority, and coordination within the Planning Department and between it and other relevant branches of the civic administration. Over time, wider-ranging initiatives might be undertaken, such as the establishment and dissemination of conservation principles, standards and development guidelines for heritage properties and districts. This type of information would facilitate the preparation and review of proposals; it also could stimulate pre-application dialogue between project proponents and City officials.

This recommendation is consistent with the commitments to quality corporate services outlined in *Plan Winnipeg ...toward 2010*. Of particular note in this regard are that plan's draft clauses concerning:



- ongoing review and, if necessary, revision to City operating procedures and standards (Clause 1D-01);
- simplification and consistent interpretation of procedures and regulations applicable to business (2A-09); and
- establishment of a liaison office to, among other things, deal with business concerns in a coordinated manner, expedite procedures, and focus civic expertise on economic development (2A-03).

### **Property Standards:**

***Recommendation:***

*That City Council direct the Planning Department to examine and report on the feasibility of a property standards by-law for designated heritage structures.*

***Discussion:***

From 1975 to 1986, City Council instituted a number of by-laws dealing with building fire safety and with improvements to apartments and other existing residential structures. As well, the *Manitoba Building Code* and *Fire Code* authorize the City to order removal of unacceptable fire hazards.

Outside these legislative provisions, however, the City appears to have limited authority to establish minimum maintenance and anti-neglect requirements for heritage buildings. Moreover, there may have been some reluctance in the past to press this matter in the absence of financial or other incentives which could aid in by-law enforcement. On the other hand, the proposed Character Enhancement section of *Plan Winnipeg ...toward 2010* anticipates the need for Character Area maintenance standards, as well as design guidelines and development/redevelopment standards (Clauses 6A-02 and 6A-04).

With approval and implementation of the proposals outlined in this report, the City's leverage vis-à-vis private property management issues would be enhanced. At minimum, for example, the City could require that recipients of financial assistance be bound through a contractual arrangement to adhere to certain maintenance standards for a specified period of time following allocation of the aid. This option would be limited in application, however; thus, the need would remain for an instrument that could encompass all designated properties.

In reviewing this matter, consideration should be given to the question of whether any amendment is required to the *City of Winnipeg Act* to enable Council to proceed with a heritage property standards by-law. Reconsideration also should be given to whether it may be advantageous for the City to utilize the province's *Heritage Resources Act* (Attachment E).

## **III. Direct Municipal Initiatives**

---

### **Management of City-Owned Heritage Structures:**

***Recommendation:***

*That all City-owned heritage structures be submitted for evaluation and designation on the Buildings Conservation List. Further, that priority be given to the development and*

*implementation of a comprehensive management plan for City-owned designated properties, including provisions for their conservation, maintenance, ongoing use or adaptive reuse, and transfer in the case of surplus holdings.*

***Discussion:***

A number of City properties are on the Buildings Conservation List (Attachment E). However, there is a need to review the entire portfolio (including monuments and other non-building structures) to confirm which elements may have heritage significance and to determine priorities for evaluation and designation.

At present, no comprehensive plan exists for management of City-owned heritage properties or for holdings that may be adjacent to designated buildings/sites. However, some measures are in place that could contribute to this end. In 1988, City Council endorsed the Campus Concept for housing central and regional components of the civic administration (see Preferential Leasing below). As part of that strategy, Civic Properties has a proposed concept plan for the City-owned Princess Street frontage (Attachment E). There also are provisions in the draft *Plan Winnipeg ...toward 2010* that would commit the City to high-quality repair and upkeep of its facilities, and to measures that would ensure vacant sites under its management are safe and do not have negative aesthetic impacts on surrounding areas (Clauses 5C-53 and 5C-55).

**Preferential Leasing:**

***Recommendation:***

*That City Council establish a preferential leasing policy for rehabilitated heritage buildings. Further, that early effort be made to implement the Campus Concept for consolidating civic departments in suitably rehabilitated heritage structures in the vicinity of City Hall, consistent with proposed Clause 5B-04 of Plan Winnipeg ...toward 2010.*

***Discussion:***

Preferential leasing is a means by which a municipality at little or no net cost can encourage the conservation and economic use of heritage buildings, and can provide leadership in this regard to the private sector and other levels of government.

The City currently does not have a formal preferential leasing policy. Under the Campus Concept, central and regional components of the civic administration are to be consolidated in rehabilitated heritage space and newly developed premises located in a defined area around City Hall. While this policy is reiterated in *Plan Winnipeg ...toward 2010*, it does not explicitly give first consideration to the reuse and rehabilitation of heritage buildings. Another provision of the draft plan proposes that: “The City shall pursue the use of listed heritage buildings for the accommodation of civic departments provided such buildings are suitably renovated to health, safety, and modern accommodation standards” (6C-09, p. 116).

It is proposed that the City not wait for formal approval of the draft plan to demonstrate its seriousness — both within its own ranks and externally to the private sector and other levels of government — about giving priority to appropriately rehabilitated heritage space. While the civic administration may not be growing, relocation and consolidation

of various branches will continue to occur, presenting potential opportunities to occupy City-owned or privately-held heritage space.

### **Complementary Public Works:**

***Recommendation:***

*That the City undertake public improvements, such as tree planting and thematic paving, street lighting, furniture, and signage, not only in the Exchange District, but also in other identified heritage areas.*

***Discussion:***

The addition of common-area amenities, and concurrent removal of any public works which are incompatible with a heritage district, can both stimulate and set positive standards for rehabilitation by the private sector. While there may be some net costs to the City, it need not bear the full burden if contributions are made through mechanisms such as local improvement levies or business improvement zones.

The City has participated in complementary public works for some years in the Old Market Square/Historic Winnipeg/Exchange District and through the Winnipeg Core Area Initiative's North of Ellice and Neighbourhood Main Streets programs. The draft *Plan Winnipeg ...toward 2010* contains some clauses which are potentially supportive of continuing this thrust — e.g., provisions to enhance the City's tree population (6B-03); ensure design quality in public works (6B-07); preserve heritage landscapes and streetscapes (6C-06); and establish maintenance standards for upkeep of street furniture and other enhancements in the downtown (6D-03).

### **Endorsement and Recognition:**

***Recommendation:***

*That the City establish a plaque and interpretive marker program to identify and recognize designated heritage structures. Further, that the City establish a heritage awards program to honour outstanding conservation efforts.*

***Discussion:***

Interpretive markers and recognition programs are effective, yet relatively inexpensive, means by which governments can foster public awareness and heritage education, and acknowledge the owners of designated properties.

Over the years, the City has provided for plaques at approximately two dozen sites; however, no formal program exists for this purpose. City Council allocated some plaque funds on a one-time basis only more than a decade ago; as well, the Mayor's Office on occasion supports the preparation and installation of markers. Similarly, other than occasional heritage-related proclamations by the Mayor's Office and publication of the annual report of the Historical Buildings Committee, there is no formal, ongoing City program to promote heritage awareness or to recognize meritorious conservation activities.

## **Creation of a Winnipeg Heritage Resources Development Agency:**

### ***Recommendation:***

*That the City of Winnipeg, alone or in concert with the Province of Manitoba, examine the feasibility of establishing a Winnipeg Heritage Resources Development Agency as a charitable organization that could, among other possible assignments:*

- *facilitate the development of conservation proposals by providing advice to existing or potential heritage building owners on project plans and regulatory approval processes and, where necessary, by linking owners with appropriate design, engineering and other resources;*
- *serve as an animator for the marketing and promotion of underutilized heritage buildings; and*
- *deliver grant and loan programs.*

### ***Discussion:***

A number of provincial and municipal jurisdictions in Canada have established quasi-independent agencies (or provide support to such organizations) for the purpose of delivering heritage programs and managing publicly-owned heritage resources.

Advantages associated with this instrument include:

- an exclusive and consistent policy/program focus on heritage issues and opportunities;
- potential access to capital, expertise or other resources that might not be available to the municipality in the absence of an arm's-length agency;
- ability to pool a critical scale of resources which can then be used to support community-based conservation initiatives;
- greater flexibility to deliver programs than might be available to a government department; and
- a means to encourage and facilitate private-public partnerships.

There are a number of different models demonstrating how such vehicles can be organized and funded, the kinds of mandates they can be assigned, and how accountability and other relationships with the parent government(s) can be structured. In Ontario alone, for example, there are more than two dozen community heritage funds operated with provincial and municipal support by non-profit, voluntary boards. Across Canada, there are at least five provincial foundations or trusts (Attachment F).

The Province of Manitoba has provisions for establishment of a similar mechanism, but no provincial agency has yet been formed. Nonetheless, experience with alternatives such as the Winnipeg Core Area Initiative office, business improvement zone boards, and Winnipeg's two downtown development corporations may provide guidance as to what works best in the local context.

## IV. Complementary Support

---

### Building Regulations:

***Recommendation:***

*That the City of Winnipeg actively work with the Province of Manitoba to establish alternative building code compliance methods for heritage conservation. This could be achieved through amendments to the existing Manitoba Building Code to include alternative requirements for heritage buildings.*

***Discussion:***

Current code provisions, designed primarily to guide new construction, may be inappropriate relative to the specific circumstances of heritage buildings, or may require more intrusive and costly solutions than owners are prepared or able to accommodate. Reforms could address this issue in two ways:

- by recognizing feasible alternatives in building equipment, materials, and rehabilitation/conversion techniques, etc. which are sensitive to the historic fabric without compromising safety, fire protection or other basic standards; and
- by identifying, and relaxing or altering, any provisions which are not essential to safety and fire protection, yet present significant impediments to rehabilitation and conversion activities.

This issue has been before all levels of government in Canada for some time, but it is only in recent years that a few provincial and municipal jurisdictions (e.g., Ontario, British Columbia, Vancouver) have taken concrete steps to formalize alternative compliance standards and methods.

Plan examiners in Winnipeg (and elsewhere) can and do exercise discretionary authority to permit code deviations on a case-by-case basis. In so doing, they are guided by official alternatives used in other jurisdictions and by their own experience with heritage building projects. During the consultation phase leading up to this report, it was suggested that the City could improve its system:

- by dedicating one or more plan examiners to the review of heritage building proposals, thus developing specialists who could expedite decision-making and over time build a base of precedents or alternative standards;
- by providing pre-project advice to existing or potential building owners regarding the scope of work they may be required to undertake to meet code requirements; and
- by maintaining close contact with national and international organizations involved in developing fire, safety and other building standards for heritage structures.

In addition, the adoption of formally stated compliance options could have several potential benefits, including greater certainty for project planning, more expeditious and consistent regulatory review and approval, and retention of heritage features that otherwise might be lost. These advantages, in turn, can reduce owners' capital and holding costs, as well as municipal enforcement costs.

It is further proposed that consideration be given to *provincial liquor licensing regulations* which, in some instances, can have the same effect as building code requirements on the planning for, and costs of, rehabilitating and reusing heritage space.

## **Tax Relief:**

### **Sales Tax Rebate for Building Products**

***Recommendation:***

*That the City of Winnipeg urge the Province of Manitoba to rebate the provincial sales tax on building materials used in the conservation of designated heritage structures.*

***Discussion:***

A number of European countries waive or rebate their value-added taxes to encourage rehabilitation of designated properties. However, consumption or sales tax relief is as yet a relatively little-used heritage policy tool in North America.

A rebate of the Manitoba sales tax would reduce the capital costs of building conservation and, to some extent, would offset current disincentives that arise from: (a) the limited income tax relief available to owners who repair/upgrade investment properties; and (b) the federal Goods and Services Tax, which has complicated rules for determining the types of projects and components of total project cost that are subject to taxation and recovery through input tax credits.

Detailed analysis may well demonstrate that the proposed rebate can be provided at modest cost. Where projects involve local ownership, and/or local construction firms and workers, returns to the provincial treasury through income and other investment and employment levies could well be equal to, or greater than, the cost of the rebate.

### **Realty Tax Exemption for Vacant Heritage Schools**

***Recommendation:***

*That the City of Winnipeg urge the Province of Manitoba to amend the Municipal Assessment Act to exempt from municipal realty taxes vacant designated heritage schools which remain under school division ownership.*

***Discussion:***

Prior to 1990, the City exercised its discretion and did not levy realty taxes on vacant school properties. Such taxes are now mandatory, however, because of amendments to the *Municipal Assessment Act*. There is concern that the resulting financial burden may lead to early demolition of vacant schools, both within and outside the City's boundaries, as a means of eliminating the building portion of the tax. Education authorities, pressed by continuing changes in enrolments, budget constraints and an aging building stock, may have few or no other options if they cannot quickly lease or transfer ownership of a surplus property.

No vacant schools within Winnipeg, either designated or potentially eligible for designation, are believed to be in imminent danger because of their tax status. Early action on the exemption proposal would remove the potential for this pressure to arise

in future. It also would ensure that decision-making remained focussed on plans and options for leasing, selling, or otherwise conserving and reusing vacant school properties. (Also refer below to the Public Finance proposal.)

### **Energy Efficiency Incentive**

***Recommendation:***

*That the City of Winnipeg urge the Province of Manitoba to amend the Municipal Assessment Act to exempt designated heritage buildings from any increase in building assessment due to the installation of new heating systems.*

***Discussion:***

Heating system conversion, and general retrofitting to bring older structures up to contemporary energy efficiency standards, are major undertakings for which limited financial assistance is available. Repair, or purchase and installation, of mechanical systems are within the scope of the province's two main grant programs for designated heritage buildings. However, annual program budgets are not sufficient to accommodate all properties that may require this upgrading. The likelihood that conversion will result in an increased building assessment acts as a further disincentive — one that appears to be counterproductive to public-sector interest in energy conservation and the principles of sustainable development. The exemption outlined above would apply to all designated buildings and thus would ensure that at least a modest degree of permanent operating cost relief would be available to an owner following a conversion project.

### **Public Finance:**

***Recommendation:***

*That the City of Winnipeg undertake direct negotiations with the Province of Manitoba to ensure heritage buildings are treated on an equal basis with new construction when capital expenditure decisions are being made by provincial agencies such as the Public Schools Finance Board and Manitoba Health Services Commission. These agencies should be prepared to make as much money available for building rehabilitation as they would allocate to a school board or health care facility if the project entailed new construction.*

***Discussion:***

In this period of consolidation and downsizing, it is only prudent for all levels of government to ensure they are maximizing past community investments in institutional and other public-sector infrastructure. By giving due consideration to the conservation option in future capital expenditure decisions, provincial departments and agencies would be acting in accordance with the position of the Manitoba Round Table on Sustainable Development concerning heritage building rehabilitation and reuse. They thus could become significant role models in this field.

### **Federal Tax Initiatives:**

***Recommendation:***

*That the City of Winnipeg and Province of Manitoba actively continue to urge the Government of Canada to amend federal taxation policy by reversing current disincentives for private-sector conservation and adaptive reuse of heritage buildings.*

***Discussion:***

Federal income tax incentives in the United States have proved an effective vehicle for stimulating the rehabilitation and recycling of older buildings. In Canada, however, heritage conservation advocates have long been concerned, not only with the absence of federal incentives for such activity, but also with tax provisions which can bias decision-making in favour of demolition and new construction.

In the past, City Council and the Legislative Assembly of Manitoba have approved complementary resolutions urging changes in the federal income tax system to encourage preservation, restoration and recycling of heritage properties. Both governments also have employed other avenues to press for reforms of this nature.

Some recent court cases appear to have enabled more repair and replacement work on investment properties to be considered as current expenses. Such expenses thus can be written off against rental income or real estate earnings over a relatively short period, versus treatment as capital costs which only can be depreciated over a number of years at a slow annual rate. However, various rules and interpretations still create uncertainty in many instances as to how projects will be treated by Revenue Canada. Moreover, there has been no movement on proposals for accelerated depreciation and tax credits for heritage building conservation. Instead, the thrust of taxation policy during the 1980s was decidedly against the tax incentive mechanism.

Other issues remain outstanding from the 1980s, or recently have come to the fore. They include the tax treatment of real estate donations; the tax deductions which accrue at demolition; and the complicated manner in which the federal Goods and Services Tax applies to work on existing buildings.

## **D. Implementation**

---

***Recommendation #4***

***That City Council establish a Heritage Support Implementation Task Force with the following mandate, composition and staff support:***

**Mandate:**

The Heritage Support Implementation Task Force will assist City Council in promoting heritage conservation in Winnipeg:

- a) by providing specific recommendations to City Council on the policies and programs outlined in this report (e.g., recommendations on program design, criteria, budgetary requirements, and implementation responsibilities, timing and procedures);
- b) by monitoring the implementation of these policies and programs, and periodically reporting to City Council on the progress made; and
- c) by conducting a review and making recommendations to City Council on potential



assistance for: (i) tenants of designated heritage buildings, and (ii) owners who face extra costs for routine maintenance and upgrading of listed properties (see Section C I, Review of Additional Tax Relief Measures).

### **Composition:**

Membership of the Task Force shall include:

- a) a City Councillor from each of Council's four Standing Committees, one of whom shall be the Task Force chairperson; and
- b) representatives from the Exchange District Business Improvement Zone, Downtown Business Improvement Zone, real estate/development sector, construction industry, architectural profession, built heritage advocacy groups, Winnipeg Housing Rehabilitation Corporation, City of Winnipeg Historical Buildings Committee, Historic Winnipeg Advisory Committee, and the city administration.

### **Staff Support:**

As directed by City Council, personnel from the following departments shall be designated to provide staff support to the Task Force: Assessment, Civic Properties, Finance, Land Surveys and Real Estate, Law, and Planning.

### **Discussion:**

The proposed Task Force is designed to be a cross-sector and interdisciplinary body dedicated to implementation of the City's new Heritage Support Policy and Action Plan. Its establishment will clearly signal City Council's commitment to the continuing conservation and use of our heritage resources.

The Task Force will provide a regular forum where City representatives, heritage building owners, tenants, contractors, realtors, architects, historians, and others can apply their respective expertise to the development of policy and program recommendations that will most effectively address local conservation issues. This structure will help ensure that a consistent, coordinated and cooperative effort is made to implement the new Policy and Action Plan.

In keeping with this design, it is proposed that municipal support staff services for the Task Force be drawn as required from all relevant City departments rather than from one source. This will help strengthen interdepartmental coordination within the civic administration and will reinforce the interdisciplinary nature of the Task Force.

#### *Recommendation #5*

***That City Council direct the Heritage Support Implementation Task Force to give immediate attention to development of recommendations on the proposed Municipal Tax Credit (Section C I) and to give subsequent priority to:***

- ***the other Tax Relief measures presented in Sections C I and C IV;***
- ***Performance and Discretionary Grants (Section C I);***

- ***Direct Loans and Loan Guarantees (Section C I);***
- ***Preferential Leasing (Section C III); and***
- ***Management of City-Owned Heritage Structures (Section C III).***

### **Discussion:**

Direct financial incentives are critical to any effective heritage support initiative and thus warrant priority consideration in the implementation of Winnipeg's new Policy and Action Plan. In particular, proposals for tax relief and direct grants garnered considerable interest during the review and consultation phases leading up to this report because of their potential ability to stimulate conservation activity and associated economic benefits.

Among the measures outlined in Sections C I and C IV, the Municipal Tax Credit is the most innovative. The City administration recently confirmed the need for a tax relief incentive when it recommended the "two-and-five" exemption-grant alternative (see Section C I). As the Task Force's first order of business, therefore, attention should be given to full development of the Tax Credit concept and to assisting City Council in assessing the relative merits of the Tax Credit and "two-and-five" options.

Preferential leasing was another proposal that attracted support during the public consultation phase. This too is seen as one of the most direct and potentially effective actions that governments can take to encourage heritage building conservation and use. A strong municipal commitment in this regard would place the City in a leadership role, as would the development and implementation of a comprehensive strategy for the evaluation, designation, conservation, maintenance, and use of City-owned heritage structures.

*Part* 4

References



- Alberta Culture and Multiculturalism, Historical Resources Division.** *The Economic Impact of Provincial Heritage Facilities in Alberta*. Edmonton: The authors, March 1992.
- Barber, Steve.** "City of Victoria Heritage Incentive Programs." *Impact* (March 1990): 4-5.
- Beaumont, Constance Epton.** "What's New in Preservation." *Planning* (October 1991): 18-20.
- Bliss, Jacqueline.** "Tax Incentives in Saskatoon." *Impact* (November 1989): 3.
- Branch, Stephen.** "Preservation Area By-law Works." *Building Renovation* (May/June 1989): 18.
- Cameron, Christina.** "Heritage and Environment." *ICOMOS Canada Bulletin* I,1 (January 1992): 23-28.
- City of Ottawa.** *City of Ottawa Official Plan - Volume I: Primary Plan*. "Chapter 11: Heritage Resource Management." Ottawa: The authors, n.d.
- City of Ottawa.** *Handbook for Administering the City of Ottawa Heritage Grant Programme*. Ottawa: Planning and Development Department, Community Planning Branch, Heritage Section, 1988 (reprint).
- City of Regina.** *Municipal Incentive Policy for the Preservation of Heritage Properties*. Regina: Urban Planning Department, 1991.
- City of Saskatoon.** *Bylaw No. 7051 - A Bylaw to provide financial assistance with respect to Municipal Heritage Property*. Third reading August 28, 1989.
- City of Saint John, Saint John Preservation Review Board.** *Newsletter* (Summer 1989).
- City of Toronto. Planning and Development Department.** *Cityplan '91 Proposals Report*. Toronto: The authors, 1991.
- City of Winnipeg, Review '92 Committee and Board of Commissioners.** *Plan Winnipeg ...toward 2010 (Draft)*. Winnipeg: The authors, 1992.
- Coopersmith, Penina, with Richard C. Hall.** *Heritage by Design*. Urban Prospects Series. Ottawa: The Macmillan Company of Canada Ltd. for the Ministry of State for Urban Affairs, 1977 (reprint).
- Corporation City of Hamilton, Department of Community Development.** *Steps to Successful Rehabilitation*. Hamilton: The authors, n.d.
- Denhez, Marc.** "Marc's Heritage Update." *City Magazine* 12, 2 (Winter/Spring 1991): 25-27.

**Denhez, Marc.** *Background Study on Economic Measures for Historic and Heritage Building Conservation and Restoration in Ontario.* Ontario Heritage Policy Review, Technical Paper No. 2. Toronto: Ontario Ministry of Culture and Communications, 1990.

**Denhez, Marc.** *Building Rehabilitation and National Economic Priorities for Economic Renewal - Volume I: Integration of the Rehab Industry with National Economic Policy.* Prepared for the Buildings Revival Coalition. Ottawa: Buildings Revival Coalition, 1986(?).

**Diamant, Peter.** *Preservation of Heritage Buildings: Selected Strategies for Culture, Heritage and Recreation, Province of Manitoba.* Unpublished draft report. Winnipeg: 1989.

**Foundation Group Designs Ltd.** *City of Victoria Downtown Heritage Management Plan.* Prepared for the City of Victoria. Victoria: The authors, 1989.

**Fraser, Duncan.** "Property Tax Rebates, A New Heritage Policy for Edmonton." *Impact* (November 1989): 1-2.

**Fraser, Duncan.** "New Life for Old Buildings: A Heritage Policy for Edmonton." *City Trends* (January 1989): 8-9.

**Frommer, Arthur.** "Historic Preservation and Tourism." *Preservation Forum* (Fall 1988): 10-12.

**Frye, M.J. and E. Geres.** *Alternative Code Provisions to Assist in the Rehabilitation of Existing Buildings.* Winnipeg: Planning Department, Building Inspections Division, 1988.

**Government Finance Officers Association, Government Finance Research Center.** *The Economic Benefits of Preserving Community Character - A Case Study: Fredericksburg, Virginia.* Washington: The National Trust for Historic Preservation, Center for Preservation Policy Studies, 1991.

**Government Finance Officers Association, Government Finance Research Center.** *The Economic Benefits of Preserving Community Character - A Case Study: Galveston, Texas.* Washington: The National Trust for Historic Preservation, Center for Preservation Policy Studies, 1991.

**Huot, William.** *Carrots: Methods for Local Government to Give Assistance to Heritage Property Owners in British Columbia.* Victoria: Ministry of Municipal Affairs, Recreation and Culture, Heritage Conservation Branch, 1989 (revised edition).

**International Symposium on World Heritage Towns.** "The Quebec City Declaration." Adopted during the International Symposium on World Heritage Towns, June 30-July 4, 1991, in Quebec City. *ICOMOS Canada Bulletin* I,1 (January 1992): 30-33.

- Iowa, Jeremy.** *Ageless Adobe: History and Preservation in Southwestern Architecture*. Santa Fe, New Mexico: Sunstone Press, 1985.
- Jamieson, Walter.** "Heritage Planning on a District-Wide Basis." *City Magazine* 12, 2 (Winter/Spring 1991): 16-20.
- Kelly, Kenneth.** "The Revitalization of Winnipeg's Exchange District." *Impact* (March 1990): 4.
- Manitoba Culture, Heritage and Citizenship, Historic Resources Branch.** "Existing Buildings and Neighbourhoods as a Component [of] Sustainable Development," February 19, 1991.
- McMillan, Arvo.** "Commercial Heritage Grants in St. John's." *Impact* (March 1990): 5.
- "Model Municipal Heritage By-law." *Impact* (May 1990): 3.
- Mooney-Melvin, Patricia.** "Harnessing the Romance of the Past: Preservation, Tourism, and History." *The Public Historian* 13, 2 (Spring 1991): 35-48.
- Morris, Marya.** "More New Tools." *Planning* (October 1991): 20-21.
- Nolan, John R. and James Peters.** "Using Tax Credits to Save Historic Buildings: An Update." *Planning* (January 1984): 24-27.
- Oberlander, Judy, Harold Kalman and Robert Lemon.** *Principles of Heritage Conservation*. Technical Paper Series 9. Victoria: British Columbia Heritage Trust, 1989.
- Ontario Heritage Foundation.** *The Ontario Heritage Foundation*. Toronto: The authors, n.d.
- Robinson, Susan G.** "The Effectiveness and Fiscal Impact of Tax Incentives for Historic Preservation." *Preservation Forum* (Winter 1988-89): 8-15.
- Robinson, Susan and John E. Petersen.** *Fiscal Incentives for Historic Preservation*. Washington: Government Finance Research Center of the Government Finance Officers Association, 1989.
- Rust-D'Eye, George H.** "Heritage Buildings and the Planning Process." *National Real Property Law Review* 3, 10 (1990): 116-124.
- Siamandas, George.** *The Economic Benefits of Heritage Preservation*. Prepared for the Heritage Winnipeg Corporation. Winnipeg: The Corporation, 1992.
- Thauvette, Jocelyn.** "Heritage Grant Programme in Ottawa Boosts Preservation." *Impact* (November 1989): 2.

*Part* 4  
*References*

**Toronto Historical Board.** “The Toronto Historical Board” and “Toronto Heritage Fund Restoration Grants.” Undated pamphlets.

**von Baeyer, Edwinna.** “Heritage Incentives on Main Street.” *Impact* (January 1990): 1-2.

**Weber, Stephen F.** *Historic Preservation Incentives of the 1976 Tax Reform Act: An Economic Analysis.* National Bureau of Standards Technical Note 980. Washington: U.S. Government Printing Office, 1979.

**Williams, Kristine M.** “Preservation with Growth.” *Planning & Zoning News* 8, 7 (May 1990): 6-14.



# *Part* 5

Attachments



## A. Heritage Support Policy Review: Process and Participants

---

### Phase I - Ad Hoc Committee on Heritage Buildings

---

The Committee on Planning and Community Services at its meeting held on January 8, 1990, passed the following motion:

WHEREAS the Metropolitan Theatre is vulnerable to further deterioration through neglect of maintenance or loss of heat and the City is without legal recourse;  
WHEREAS many agencies, communities and organizations require space and are eligible for grants and charitable donations;  
WHEREAS Winnipeg's early expansion has left a legacy of heritage buildings, many are underused or no longer economically viable given their current use;  
WHEREAS there is a need for an integrated long-term plan to preserve the heritage and character of significant buildings as economically viable structures;  
AND WHEREAS buildings must be seen as part of the overall development of our City and are vital to economic, cultural and viability of street-level functioning of a street (*sic*);

BE IT RESOLVED that the Committee on Planning and Community Services establish an Ad Hoc Committee with a mandate to:

1. Review legal and other measures that the City can take to protect the infrastructure, exterior and interior design and quality of listed buildings.
2. Review the jurisdiction of existing committees and government bodies to identify the efficacy and gaps of building protection mechanisms.
3. Review the economic viability of listed buildings and investigate tax breaks, government grants, non-profit usages, private investment/foundation support, and marketing options to promote continued productive use and protection of these buildings.
4. Investigate promotion of new usages for existing buildings.
5. Review the consideration given to listed buildings in new development prior to the construction of new structures by government or the private sector.
6. Recommend a strategy to the Committee on Planning and Community Services to preserve the structures and promote the economic viability of listed buildings;

and be instructed that item 3 above be given first priority by the Ad Hoc Committee once established.

[The subsequent portion of the motion, as amended on February 19 and April 23, 1990, provided for the Committee's membership.]

## **Members of the Ad Hoc Committee on Heritage Buildings (AHC)**

### **Committee on Planning and Community Services**

- Councillor Glen Murray, AHC Chairperson
- Councillor Gloria Mendelson

### **Committee on Finance and Administration**

- Councillor Greg Selinger

### **Historical Buildings Committee**

- Councillor M. O'Shaughnessy, replaced by Councillor P. Diamant
- Neil Einarson, Historic Resources Branch, Manitoba Culture, Heritage and Citizenship

### **Historic Winnipeg Advisory Committee**

- Bill Ketchesen, No. 10 Architectural Group

### **City Administration**

- Pat Hamilton, Director of Land Surveys and Real Estate
- Doug Kalcsics, Chief Planner

### **Heritage Winnipeg**

- Bill McKay, replaced by Christine Singh (alternate)
- George Siamandas

### **Real Estate/Development Sector**

- Keith Kilborn, Sunridge Realty Inc.

### **Architectural Profession**

- Randy Gilbert, Gilbert Architectural Design
- John White, architect

### **Winnipeg Construction Association**

- Brian Akins, Wallace and Akins

### **Administrative Advisors**

- Dennis Dyck, Assessment
- Wayne Findley, Assessment
- Bud Halkewycz, Civic Properties
- Norm Ferguson, Civic Properties
- Jim Galley, Land Surveys and Real Estate
- Bob Nicol, Planning
- Barry Yanchyshyn, Planning
- Giles Bugailiskis, Planning

## **Phase II - Consultation**

---

### **Submissions at June 8, 1992 Public Hearing**

#### **Organizations**

- Heritage Winnipeg (George Siamandas)
- Manitoba Historical Society (Rosemary Malaher)

#### **Individuals**

- Warren Baldwin
- Lloyd Feigelman
- Sig Laser
- Warren Mills

### **Members of the Historical Buildings Committee (1992)**

#### **City of Winnipeg**

- Councillor Glen Murray, Chairperson
- Councillor Peter Kaufmann
- Councillor Sandy Hyman, alternate

#### **Province of Manitoba**

- Neil Einarson
- David Firman, alternate

#### **Manitoba Historical Society**

- John White
- Philip Haese, alternate

#### **Canadian Parks Service**

- Gail Hammerquist
- Susan Algie, alternate

#### **Manitoba Association of Architects**

- Randy Gilbert
- Giovanni Geremia, alternate

## B. Approaches to the Conservation of Heritage Structures, Sites and Areas

---

As outlined below, the approaches to heritage conservation vary in their impact on the historic integrity of a structure or place. Individual projects usually entail more than one type of intervention. Equally important are the plans and commitments made to long-term maintenance and protection in the post-project period. The following material has been adapted primarily from: Judy Oberlander, Harold Kalman and Robert Lemon, *Principles of Heritage Conservation*, Technical Paper Series 9 (Victoria: British Columbia Heritage Trust, 1989).

### Maximum Respect for Historic Fabric

#### Preservation

Emphasis is on conserving the existing form, material and integrity of a structure or place through ongoing maintenance, measures to limit or prevent deterioration, and stabilization where required. This implies the potential for continued use and integration of the structure or place in the life of the city. However, an alternative view suggests that preservation entails saving a heritage resource from destruction through its removal from ordinary use.

#### Stabilization

Essential work is done to protect a structure or place from severe deterioration or instability, as well as to ensure public safety (e.g., underpinning and bracing). **Consolidation** occurs when existing elements are replaced, or adhesive or supportive materials are added, to address deterioration or improve durability.

#### Restoration

Measures are taken to recover the earlier form, material and integrity of a heritage resource. Materials unrelated to the subject's aesthetic and historic value are removed and missing elements are replaced. Authenticity and detail are emphasized in the work. In **Composite Restoration**, significant features from all historic periods are retained to portray the evolution of a structure or place. **Period Restoration** involves a return to the subject's known appearance at a specific point in time.

#### Rehabilitation

Repairs and alterations are made to bring a heritage property up to a contemporary functional state, while also preserving the elements which are historically, architecturally and/or culturally significant. In **Continued-Use Rehabilitation**, a building retains its original purpose, but undergoes minimal to extensive modifications (e.g., to meet new code standards or to improve building services and energy efficiency). **Adaptive Reuse** entails conversion or retrofitting of a structure to accommodate new uses and thus extend

building life. Intervention may require rearrangement of, or other major changes to, interior features. Acceptability of the approach will depend on whether conservation otherwise would not occur and whether the adaptation is sympathetic to the significant aspects of the heritage resource.

## **Moderate Respect for Historic Fabric**

### **Reassembly**

Previously dismembered parts are returned to their original place. Alternatively, an historic resource may be dismantled, then reassembled, in order to repair or replace deteriorated material, analyze building techniques, or permit relocation to another site.

### **Replication**

An exact copy is made of an existing building or structural feature, perhaps to replace a decayed element, or to permit the original to be removed and preserved in a more suitable environment.

### **Reconstruction**

A copy is made of a heritage resource that no longer exists. Authenticity of design, materials, detailing, and construction will depend in part on the availability and accuracy of records concerning the original structure or place (e.g., plans, other documents, photographs, and artists' renderings).

### **Relocation**

A building or other heritage resource is moved to another site. Acceptability of this technique as a conservation measure is limited to situations where this is the sole means to ensure survival (i.e., to avoid demolition or to secure the resource in an environment more conducive to its preservation).

### **Fragmentation (Facadism)**

Portions of a building (e.g., all or part of the façade) are retained and incorporated in a redevelopment project on the original site, or are removed and preserved for reassembly at another location, as a last resort only.

## **Non-Conservation Methods (Limited or No Respect for Historic Fabric)**

### **Renovation**

Renewal, not conservation, is the objective of this activity. Extensive modifications are made to raise a building to contemporary design and functional standards with little regard for existing form, material or historical integrity.

### **Modernization**

A structure's exterior and/or interior are remodelled to present a contemporary image. Heritage features are masked or removed in the process.

### **Addition**

This activity usually occurs for economic and/or functional reasons. The impact on the heritage value of a structure will depend on whether the addition is sympathetic to, or detracts from, the historically and architecturally valuable parts of the building, its traditional setting, the balance of its composition, and/or its relationship with its surroundings.

## **Some Winnipeg Examples (Municipally Designated Structures Only)**

### **Preservation**

Waddell Fountain, Central Park  
Upper Fort Garry Gate, 130 Main Street

### **Period Restoration**

Macdonald House (Dalnavert), 61 Carlton Street

### **Continued-Use Rehabilitation**

Bank of Montreal, 335 Main Street  
Electric Railway Chambers, 213 Notre Dame Avenue  
St. Boniface City Hall, 219 Boulevard Provencher  
Walker Theatre, 364 Smith Street  
YMCA, 301 Vaughan Street  
Laura Secord School, 960 Wolseley Avenue

### **Adaptive Reuse**

Gault Building (Artspace), 104 Arthur Street  
Bain Warehouse (The Brokerage), 115 Bannatyne Avenue  
Ashdown Warehouse (condominiums), 167 Bannatyne Avenue  
St. John's United (Presbyterian) Church (Charles-Cathedral Housing Co-operative Ltd.), 250 Cathedral Avenue  
North End Police Substation (conversion to co-op housing by the Winnipeg Housing Rehabilitation Corp.), 200 Charles Street



Turner-Walker Building (Winnipeg Housing Rehabilitation Corp.),  
425 Henry Avenue  
Finnie-Murray Building/Western Glove Factory (offices),  
321 McDermot Avenue  
McBeth House (seniors' centre), River Lot 33, Red River Boulevard

**Reconstruction**

Woodsworth House, 60 Maryland Street (following a fire)

**Fragmentation**

Calvary Temple (tower and portals), 400 Hargrave Street  
Odd Fellows Temple (façade), 66 The Promenade

**Combination of Approaches**

Kerr House (relocation, continued-use rehabilitation), 351 Assiniboine Avenue  
Penrose House (relocation, continued-use rehabilitation), 444 Logan Avenue  
Ross House (relocation, period restoration), 140 Meade Street

## **C. Economic and Environmental Benefits of Heritage Conservation**

---

Researchers have used various measures to quantify the direct and indirect impacts of heritage conservation on the economy, property values, government revenues, resource use, and waste generation. The following is a sample of findings on the economic and environmental benefits of building rehabilitation and other conservation activities. The information was drawn from references listed in Part 4 of the main body of this report.

### **I. Economic Benefits**

---

#### **Costs of Building Rehabilitation**

- It has been estimated that in Winnipeg rehabilitation activity which retains the shell of an older building, but guts the interior, can result in savings of \$10 to \$20 per square foot over new construction. Where the emphasis is on preservation and restoration of heritage features, however, costs can be equal to or greater than new construction, depending on the extent of authenticity sought.
- U.S. case studies determined during the 1970s that rehabilitation of older buildings cost on average 25% to 33% less than comparable new construction. Even when costs were similar, rehabilitation projects were found to have certain advantages, such as appropriate location, greater space (i.e., height or volume), and time saved in construction.

## **Employment**

- Canadian studies have concluded that the labour component of renovation activity is 1.7 to 2.2 times greater than for new construction. According to one estimate produced by the Canada Mortgage and Housing Corporation, an expenditure of \$1 million yields 27.8 direct jobs in renovation compared to 12.8 direct jobs in new construction. Similarly in the U.S., it has been estimated that for a given expenditure of money the labour intensity of rehabilitation can result in two to five times as many jobs as are stimulated by new construction.

## **Secondary Effects of Rehabilitation Activity**

- In general, the more labour intensive the construction project, the more likely its spin-off benefits (economic multiplier effects) will be captured by the local economy.

The basic premise is as follows: Rehabilitation directs a greater proportion of project expenditures to wages than to building materials and equipment. Because workers likely will reside in or near the community, they will spend much of this income locally. In contrast, new construction is more capital intensive and thus devotes a larger proportion of expenditures to goods. Unless a community is a relatively self-sufficient supplier of building products and equipment, there may be a greater leakage of project monies outside the area in order to secure needed items.

## **Tourism**

- Cultural resources (e.g., the performing arts, museums, heritage sites, and special events) are forming an increasingly important part of the tourism industry in North America. Natural and recreational amenities are no longer in themselves necessarily sufficient to capture a significant share of the growing tourism market.

Statistics Canada has found, for example, that destinations with cultural or historical attractions have maintained or increased their popularity in recent years at the expense of traditional destinations relying mainly or solely on geographic characteristics.

The economic benefits can be impressive. A newly published study of the impacts of 15 major provincial heritage attractions in Alberta found that visitor spending contributed an aggregate average of about \$20 million per year to local economies in the 1988-91 period. On a regional/provincial level, there was a gain of nearly \$50 million/year as a result of total expenditures by non-local visitors (i.e., those who lived more than 100 km from the heritage sites). The 15 destinations drew a total of about 1.3 million visits/year during the study period — or about one-quarter of the more than 5.0 million annual visits estimated to have occurred at all the museums, historic sites and other components of Alberta's heritage network. Out of the 15 major attractions, six facilities accounted for about 85% of the 1.3 million visits. It is estimated that in periods of three to seven years these six have generated revenues for their local and regional service economies which are equal to the original capital investment that Alberta taxpayers made in developing the sites. In short, the six have more than paid for themselves in

terms of secondary economic impacts alone (i.e., impacts which are in addition to benefits associated with the facilities' construction and ongoing operation). The researchers concluded that Alberta's expenditure of more than \$110 million on development of new heritage amenities since 1980 has been effective in stimulating cultural tourism and in encouraging economic diversification and decentralization.

## **Case Study Examples**

- During a recent (1991) impact analysis of preservation activity in the nationally and locally designated downtown historic district of Fredericksburg, Virginia, it was found that some \$12.7 million spent between 1982 and 1989 on residential and commercial rehabilitation projects resulted in an estimated 293 temporary construction jobs, plus 284 indirect jobs stimulated by purchases of project supplies and wage expenditures by construction and other workers.

A review of property values revealed those in the district had increased substantially. In 1971, for example, residential properties within and outside the designated area had similar average values. By 1990, however, a spread had developed, with the district's average exceeding the non-district level by some 1.6 times. In terms of commercial properties, comparison of 1990 figures revealed that the average value per square foot within the designated area was nearly double that of the non-district average.

Researchers also determined that the district had experienced a substantial improvement in tourism. While the area around Fredericksburg contains several important heritage sites that attract large numbers of visitors annually, until recent years the community's downtown had not benefited from this visitor presence. As of 1989, however, it was estimated that historic-oriented tourists purchased \$11.7 million in goods and services from businesses in the designated area and spent another \$17.4 million elsewhere in the community. It also was estimated that these initial sales, totalling \$29.1 million, generated another \$13.8 million in secondary expenditures in the local economy.

Overall, this construction and business activity provided area municipalities, principally the City of Fredericksburg, with more than \$1.5 million in estimated fiscal benefits through direct taxes and fees, plus a share of the state sales tax. The city also has gained greater property tax revenues from the historic district, although the full impact of this benefit has been offset by a tax exemption program for rehabilitated buildings.

- A companion to the Fredericksburg study concluded that rehabilitation activity in three adjacent historic districts in Galveston, Texas had created an estimated 1,165 temporary construction jobs and 960 indirect jobs over the past 20 years. Data on property sales showed that average price increases in the study's two residential districts exceeded the increases that occurred in a comparable, but non-designated, neighbourhood nearby. Researchers further estimated that visitors to the districts' historic buildings and special cultural events in the period from July 1989 to June 1990 spent about \$18 million in Galveston, resulting in secondary economic impacts valued at \$11.1 million.

## **II. Environmental Benefits**

---

### **Energy Savings**

- Because rehabilitation requires fewer capital goods to provide a given amount of usable floor space, it places less demand on natural resources compared to new construction. U.S. researchers have estimated, for example, that rehabilitation on average consumes 23% less energy than new construction. This finding was reached during an assessment of the amount of energy needed per square foot to extract, manufacture, deliver, and install all building materials used in publicly advertised new construction and rehabilitation projects in the U.S. in 1967. All types of buildings were included in the study.
- A review of energy use over a five-year period by a sample of 44 office buildings from different construction eras in New York City revealed that pre-1900 structures were the most energy efficient (i.e., had the lowest average consumption of energy per square foot). Moreover, all pre-1941 facilities in the sample were more efficient than those built between 1941 and 1970.

The design and construction advantages of older buildings included:

- thick wall mass which, in turn, lengthens the period of time required for heat transmission (i.e., provides high thermal inertia);
- cavity wall construction which increases both thermal resistance and the benefits of thermal inertia;
- low glass-to-wall ratios, limiting the amount of heat loss/gain through windows; and
- operable windows that permit use of natural ventilation instead of mechanical heating and cooling systems during mild weather.

### **Waste Reduction**

- An estimated 15% to 16% of waste in North American landfill sites comes from the construction industry, much of it the result of building demolitions. In the U.S., it is estimated that demolition of the average heritage building yields 300 tons of steel, 560 tons of concrete and 1,000 tons of masonry. In Canada, a demolished brick house results in 60 to 100 tons of material.

## **D. Public Policy Instruments to Assist Heritage Conservation in North America**

---

### **Financial Assistance**

#### **Direct Financial Incentives**

##### **Grants**

- entitlement, performance, discretionary

##### **Loans**

- revolving funds to provide interest-free or low-interest loans

##### **Realty Tax Relief**

- property assessment or tax exemptions, credits, rebates, deferrals, freezes
- actual use (vs. highest and best use) property assessments
- designating tax reinvestment zones to stimulate activity in specific areas in return for property assessment or tax concessions

##### **Other Tax Relief**

- reduced permit fees for heritage projects
- income tax credits for rehabilitation
- accelerated capital cost allowances for rehabilitation
- sales tax rebates on building materials

#### **Indirect Financial Incentives**

- preferential public-sector leasing of heritage space
- measures to encourage organizations which receive government assistance to lease or purchase heritage buildings
- public works improvements to complement heritage sites and districts
- incorporation of heritage objectives and incentives into other public-sector programs — e.g., economic development; employment/training; housing; downtown and community revitalization; taxation policy; immigration and venture capital initiatives to encourage new investment

#### **In-Kind Services**

- design/technical assistance for owners of heritage properties

#### **Raising Dedicated Revenues for Heritage Conservation**

- real estate transfer taxes
- tax increment financing
- demolition permit surcharges
- local improvement, business improvement or other district-specific levies
- dedication of portion of local hotel/motel tax to heritage preservation
- establishment of charitable heritage foundations or trusts to facilitate private fund-raising and property donations

## **Regulation**

### **Planning**

- mandated heritage conservation provisions within local government/community plans
- area-specific heritage plans

### **Development**

- temporary development moratoriums
- urban growth boundaries (to restrain outward growth and encourage use and rehabilitation of older building stock)
- transfer of development rights
- development control by-laws, site plans and permits
- heritage impact assessments

### **Zoning**

- overlay zones, regulation of view planes or other measures to protect scenic access
- flexible zoning
- performance zoning
- bonus zoning
- rezoning (e.g., downzoning, permission for non-conforming uses)
- parking/loading exemptions or other zoning concessions
- height, bulk, placement, signage restrictions
- design controls

### **Heritage Designation**

- designation of individual heritage properties, zoning districts, conservation areas (enabling, in turn, area design, demolition and other controls)
- international recognition of heritage towns

### **Construction**

- building code equivalencies/exemptions

### **Maintenance**

- property management plans
- contractual maintenance agreements in exchange for public assistance
- minimum maintenance and anti-neglect by-laws

### **Demolition Control**

- temporary delay to permit review of significance of undesignated buildings
- delay of permits for designated buildings, as in provisions to:
  - tie the issuance of demolition permits to approval of development agreements and building permits, thus providing time to negotiate heritage conservation
  - record or retrieve and store significant heritage elements
  - require that subject properties first be duly advertised for sale

### **Business Operations**

- preferential hours of opening in designated areas
- cooperative efforts with the private sector to address issues such as commercial lending and insurance policies/practices which may be disadvantageous to the preservation, use and rehabilitation of heritage buildings or districts

## **Property Ownership**

### **Transfer of Ownership**

- acquisition or expropriation of heritage properties by the public sector
- incentives for donation of privately-held heritage properties to the public sector
- information or more pro-active match-making services to link potential buyers and sellers of heritage properties

### **Public Interest in Heritage Properties**

- conservation easements, heritage covenants, façade easements

## **Municipal Administration**

### **Management of Civic Properties**

- comprehensive use, management and disposition policies for municipal properties
- designation, rehabilitation and use of municipal heritage buildings
- conditions regarding future use, alteration, etc. attached to heritage sites, or to land and buildings adjacent to heritage sites, sold by a municipality to other parties

### **Policy/Program Administration**

- formation of trusts, foundations, development corporations, or other agencies (including public-private partnerships) to promote conservation and administer incentive, educational and other programs

### **Regulatory Administration**

- Green Door policies/fast-track approval processes for heritage conservation projects
- liaison office/staff to provide coordinated information and advice to property owners on regulations, conservation techniques, etc.
- preparation and wide dissemination of conservation principles, standards and development guidelines for heritage building conservation and construction activity in designated heritage districts

## **Other**

### **Promotion/Market Development**

- recognition/awards programs for outstanding heritage conservation efforts
- marketing initiatives focussed on heritage properties and districts
- information or more pro-active match-making services to link potential renters with owners who have heritage space for lease
- preferential street/highway signage to advertise heritage attractions/areas

### Education/Research

- historical research of sites, areas, urban communities, etc.
- publications, walking tours, classroom presentations, inclusion of local heritage in school curricula, site interpretation programs, etc.

## E. Policy/Program Context for Heritage Conservation in Winnipeg

---

### City of Winnipeg - Legislative Context

- **City of Winnipeg Act:** This provincial legislation grants to the City both general and specific powers and responsibilities with respect to the management, financing, regulation, and planning of local affairs. The Act, for example, defines the types of development plans the City must prepare; the services it must provide; its powers to raise and disburse revenues; and its powers to regulate in areas such as land use (subdivision, development, zoning); building standards, construction and conservation; and public health. Section 474 authorizes the City to designate buildings of special architectural or historic interest, and to place limits on construction, demolition, removal, and occupancy of such buildings. Section 589 provides for development plan by-laws which address the protection of scenic areas, heritage resources and sensitive lands.
- **Municipal Assessment Act:** On January 1, 1990, provisions for municipal tax relief for heritage buildings undergoing substantial rehabilitation were transferred from the *City of Winnipeg Act* to the *Municipal Assessment Act*.

Under these provisions, City Council has had the authority since 1986 to remove heritage structures on the Buildings Conservation List from the assessment roll during the period required for rehabilitation, or for two years, whichever occurs first. In implementing this relief, the City not only would have to make up the short-term loss in municipal realty tax revenues, but also would remain responsible for the subject property's share of the education levy. To date, the provincial government has not indicated a willingness to forgo collection of the education tax or to offset the liability through a grant to the City.

Council also has recommended in the past that there be a five-year exemption from any municipal and education taxes attributable to an increase in assessment following rehabilitation of a heritage building. However, no legislative action has yet been taken on that proposal. As a result, post-construction assistance of this type can only be accomplished through the form of a City grant equivalent to a tax reduction. This, in turn, requires that Council waive its 1972 policy prohibiting future grants in lieu of taxes.



- **Heritage Resources Act:** Proclaimed in 1986, this Act introduced a number of reforms relating to conservation of the province's cultural heritage. Changes from previous legislation included stronger protective powers for heritage resources, greater public involvement, and provisions for impact assessments when designated or potential heritage sites are the subject of proposed alteration, damage, removal, or development.

The Act also specified new powers enabling municipal governments to identify and designate important local sites; to require that a heritage permit be obtained before a site is altered, renovated, enlarged, or developed; and to enter into binding heritage agreements with owners to provide for site maintenance, preservation and protection.

Municipalities were further empowered to offer financial or technical assistance for these purposes, and to issue and enforce orders to remedy breaches of the Act or of an associated by-law, agreement, or permit. Following a review of the legislation, the City of Winnipeg concluded that for the time being it would maintain its existing by-laws and not pursue use of the Act as a legislative alternative for dealing with heritage buildings.

## City of Winnipeg - Direct Measures

- **Ownership of Heritage Properties:** The City holds title to several designated heritage structures, including:
  - Assiniboine Park Pavilion;
  - James Avenue Pumping Station;
  - the Benson, Bawlf, Harris, Exchange, and Utility buildings on Princess Street;
  - Carnegie Library on William Avenue;
  - Pantages (Playhouse) Theatre;
  - the Barber, Caron, McBeth, and Ross houses;
  - three firehalls;
  - St. Boniface City Hall and Transcona Municipal Offices (Toronto Dominion Bank);
  - Upper Fort Garry Gate.

A number of the buildings are occupied by the City directly or leased to non-profit organizations. Other City properties, including monuments and other types of structures, may have heritage potential, but have yet to be identified through the Historical Buildings Inventory.

- **Winnipeg Housing Rehabilitation Corporation:** This municipal non-profit agency actively seeks heritage buildings for conversion and/or rehabilitation, either on a turnkey basis for co-operatives and other community organizations, or for its own portfolio of low- and modest-income rental housing. Examples include Penrose House, the North End Police Substation, St. John's United Church, and the Turner-Walker Block.

- **Plan Winnipeg (By-law #2960/81):** The City's development plan includes some policies on preservation of historical and archaeological sites, heritage buildings, and natural and cultural features. In February 1992, a comprehensive draft revision to the plan was released for public review and input. This new document, entitled *Plan Winnipeg ...toward 2010*, contains a full subsection on Heritage Assets (Part C, Chapter 6, Urban Image), including, among other measures, proposals to:
  - prepare a Heritage Conservation Plan (Clause 6C-02);
  - establish Heritage Conservation Areas (6C-04);
  - maintain the Buildings Conservation List and establish an inventory of significant landscapes and streetscapes (6C-05/06);
  - pursue options for adaptive reuse, reconstruction of heritage structures, and civic use of heritage buildings (6C-07 to 6C-09); and
  - protect archaeological resources (6C-10).

A number of other proposed clauses are relevant to, or potentially supportive of, heritage conservation. For example:

- preparation of a downtown plan (5B-18), promotion of the downtown as a tourist and visitor destination (2G-02), design review for downtown development projects (6D-02), and maintenance standards for downtown public spaces, street furniture, etc. (6D-03);
  - stabilization, rehabilitation and improvement of residential neighbourhoods (5A-02/03), and encouragement to the private sector, co-operatives and non-profit groups to provide safe, affordable housing (4B-01);
  - designation and support of character areas (6A-01 to 6A-04);
  - protection and enhancement of neighbourhood Main Streets (5A-23);
  - consolidation of civic functions in the City Hall area and encouragement to other levels of government to maintain offices in the downtown (5B-04/05);
  - maintenance of City-managed structures (5C-53/55).
- **Historical Buildings By-law (#1474/77 and subsequent amendments):** This by-law governs the preservation of structures deemed to have special historical or architectural interest. It defines the criteria, grading system, procedures, and appeal mechanisms to be used in placing properties on the Buildings Conservation List. It also enables the City to regulate the repair, alteration, demolition, and removal of designated buildings, and to control demolition where properties are identified in the Historical Buildings Inventory as having potential heritage significance. The by-law further provides that City Council may address the issue of economic viability when structures are evaluated for designation. An advisory, seven-member Historical Buildings Committee actively participates in by-law implementation.
  - **Downtown Winnipeg Zoning By-law (#4800/88):** This legislation superseded the Downtown Winnipeg Zoning By-law #16502 and subsequent amendments which, in 1978, included establishment of the Historic Winnipeg Restoration Area and associated design regulations to protect and promote rehabilitation of a district that contains Canada's best collection of turn-of-the-century warehouse architecture. Proposals affecting the exterior design of existing and new buildings in what

is now called the Exchange District are subject to the review provisions of the “HW” designation in By-law #4800/88. The Historic Winnipeg Advisory Committee prepares design guidelines, reviews the appropriateness of design proposals, and makes recommendations to the Committee on Planning and Community Services, which doubles as the Downtown Design Board under the by-law.

- ***Civic Accommodations:*** The City has leased the Hamilton Building, a designated structure, for a number of years; office space also is retained in the Confederation Life Building. At present, however, with the exception of the Campus Concept for accommodations in the City Hall area, the City’s property management policies do not include any formal provision for preferential leasing of designated heritage space. The Campus Concept, approved by Council in July 1988, calls for central and regional components of the civic administration to be centralized in a defined area around City Hall. The Concept entails two implementation strategies — rehabilitation of existing private-sector space to City standards, and acquisition of additional properties in order to consolidate existing City holdings in the area, thus making way for redevelopment, either directly by the City or by the private sector with the City as lead tenant.
- ***Ad Hoc Tax Relief:*** Since 1986, City Council has provided grants equivalent to tax relief for three conservation projects - Prairie Housing Co-operative Ltd.’s conversion of the Great West Saddlery Warehouse, 113 Market Avenue; 79222 Manitoba Ltd.’s residential conversion of the Ashdown Warehouse, 167 Bannatyne Avenue; and the Ukrainian Canadian Committee’s rehabilitation of the former Bank of Toronto, 456 Main Street. The 1991 value of these grants totalled \$107,241, most of which (\$99,136) applied to the Ashdown Warehouse. Council also is committed to tax relief for the proposed Aboriginal Centre of Winnipeg in the Canadian Pacific Railway (CPR) Station, 181 Higgins Avenue. Two other applications for assistance — involving the Walker Theatre and former Bank of Montreal at 426 Portage Avenue — were outstanding as of April 1992.

In addition, upon application by an owner, the City will reassess the building portion of vacant heritage properties which formerly were serviced by the Amy Street steam heating plant. This should result in a substantial reduction in total assessment and, thus, in the realty tax liability for such holdings.

- ***Support for Museums/Other Heritage Initiatives:*** City support is given to the St. Boniface, St. James-Assiniboia, Seven Oaks, and Transcona museums; to the Heritage Winnipeg Corporation (see Cross-Sector and Non-Governmental Initiatives below); and to the Manitoba Historical Society for the Ross House Museum. As of April 1992, discussions were about to begin on tax relief options for Dalnavert (the Hugh John Macdonald Museum).

## Province of Manitoba

- ***Municipally and Provincially Designated Heritage Building Grants:*** These two programs, initiated by Manitoba Culture, Heritage and Recreation in 1986, provide cost-sharing grants for the preservation of buildings designated under the *Heritage Resources Act* or City of Winnipeg By-law #1474/77.

Under the first program noted above, 50/50 grants to a maximum \$35,000 are available for eligible work on buildings designated by municipal governments. Under the second program, 50/50 grants up to \$75,000 are available for work on buildings designated by the province. Assistance can be allocated for certain pre-project design and other professional costs; work required to restore, stabilize, preserve, or rehabilitate the original structural or architectural features of a building; specified electrical or mechanical system upgrading; specified work on the grounds of a designated building; and installation of access facilities for the handicapped. Forty-one grants, totalling slightly over \$1 million, have been made to projects in the Winnipeg area under these programs.

- **Other Financial Assistance Programs for Building Conservation:** As of April 1992, the provincial government was in the process of assuming responsibilities formerly held by the Manitoba Heritage Federation for distributing lottery-funded grants to various types of community-based heritage initiatives, including building rehabilitation projects.

From time to time, the provincial government implements capital, employment/training, and economic development programs which, while not exclusively focussed on heritage conservation, may be used to assist in such projects (e.g., the Community Places Program, Manitoba Jobs Fund, and co-operative and non-profit housing programs). The province also may participate in intergovernmental initiatives that incorporate heritage components (e.g., the Canada/Manitoba Agreement for Recreation and Conservation on the Red River Corridor).

- **Awards, Plaques, Other Recognition:** Manitoba Culture, Heritage and Recreation will provide assistance on a 50/50 basis up to \$500 to assist municipal councils and community organizations in acquiring and installing plaques or markers that commemorate events, subjects, themes, or places of local historical significance.

The Manitoba Heritage Council, an advisory body to the minister responsible for the *Heritage Resources Act*, sponsors plaques identifying people, places, events, themes, and buildings of provincial historical significance.

As well, Prix Manitoba Awards are presented annually to individuals and/or organizations who have enriched the lives of Manitobans by their significant and lasting contribution to Manitoba heritage. Award categories include projects in disciplines such as architecture, archaeology and history.

- **Provincial Accommodations:** The province owns and occupies a number of major institutional buildings in the Broadway area and elsewhere in Winnipeg. It has been developing a policy on designation and protection of such heritage properties. The province also leases space in 177 Lombard Avenue and, during the 1980s, it acquired and occupied the Bank of Nova Scotia on Portage Avenue (now the A.E. Heaps Building). When additional accommodations are being evaluated, the heritage significance of a property is one of the factors taken into consideration.
- **Other:** Manitoba Culture, Heritage and Recreation engages in heritage research and education, and its officers liaise with other provincial departments to address heritage concerns. The province also funds various museums and heritage organi-

zations and it maintains extensive document and photographic archives which support historical building research.

## Federal Government

- **Environment Canada/Canadian Parks Service:** Architectural, historic and native history sites of national significance may receive conservation project assistance from the Canadian Parks Service National Cost-Sharing Programme administered by the Historic Sites and Monuments Board. The program will contribute up to 50% of eligible costs to a maximum \$1 million per cost-sharing agreement. Funds may be used for the acquisition and/or restoration of a site, or for project research, planning and development. Assistance also is available for plaques to mark heritage buildings and to finance plaque-unveiling ceremonies.

At present, cost-sharing agreements are under consideration for two designated national historic sites in Winnipeg - the Walker Theatre and CPR Station.

- **Other Financial Assistance Programs for Heritage Conservation:** From time to time, the federal government implements capital, employment, economic development, and other programs which, while not exclusively focussed on heritage conservation, may be used to assist in such projects (e.g., Health and Welfare Canada's New Horizons Program to help seniors reuse older buildings for activity centres; Section 38 employment/training assistance under the Unemployment Insurance Program; support for co-operative and non-profit housing; and project assistance through agencies such as the Western Diversification Fund).
- **Federal Accommodations:** During the 1980s, commitment by the Canadian Parks Service's Prairie Region headquarters to lease space in the Confederation Life Building stimulated some \$2 million in rehabilitation work on that designated Main Street office tower. The federal government, however, has not established a preferential leasing policy for heritage buildings.

## Tripartite Programs

- **Winnipeg Core Area Initiative:** From 1983 to 1991, grants were available under the first and second Winnipeg Core Area Initiative (CAI I and II) agreements for rehabilitation and residential conversion of heritage buildings. The rehabilitation assistance initially was limited to designated properties in the Historic Winnipeg/Exchange District, then was extended in a 1987 program authorization to listed buildings throughout the downtown. Residential conversion grants were targeted to designated properties in the Exchange District under both CAI I and II. Funds for complementary streetscaping, parking, area promotion, increased business and arts accommodation, business development, signage, and building murals also were available through these and other CAI programs.

## Cross-Sector and Non-Governmental Initiatives

- **Heritage Winnipeg Corporation:** This organization promotes the preservation of Winnipeg's architectural heritage through education, research and advocacy. Activities include an annual awards program, an educational program for schools and community groups, a slide library, heritage data base, an Exchange District walking tour, publications, and research into the economic benefits of heritage preservation. The 17-member board includes three City Councillors, representatives from the Canadian Parks Service, and members of local heritage and historical groups.
- **Manitoba Historical Society:** Through its two museums, active publishing program and other endeavours, this voluntary, non-profit, community-based organization promotes historical research, education, heritage preservation, and general interest in Manitoban and Canadian history.
- **Others:** Many heritage groups are active in the city. For further details, consult: Heritage Winnipeg, *Heritage Who's Who: A Directory of Heritage Organizations, Attractions and Resources in the City of Winnipeg* (Winnipeg: The authors, 1988).

## F. Background on Heritage Support Programs Proposed for Winnipeg

---

The following material is based on primary and secondary references cited in Part 4 of the main body of this report. As some sources date back to the latter 1980s, it is possible that modifications have since been made to specific policies or programs. Examples presented below are thus offered for illustrative purposes only.

### I. Financial Assistance

---

#### Performance Grants

**Description:**

Grants are provided for approved conservation work, often on a cost-share basis up to a specified maximum. Assistance usually is targeted to designated (listed) commercial and/or residential properties; it also may be limited to structures located in defined heritage districts. Eligible work may involve building exteriors and/or interiors, and usually is approved in advance according to established program criteria.

**Implications for Owners:**

The availability of set criteria and assistance formulae provides owners with relevant information on which to base pre-project cost analyses and planning. This, in turn, may

encourage a positive decision in favour of conservation. In addition, because the grants are related to performance, they may encourage more extensive work than otherwise might be undertaken. The same effect may not be realized from flat-sum or extremely limited forms of assistance which do not recognize differing degrees of owner effort and investment.

Successful applicants gain a direct and relatively immediate subsidy for conservation activity. The resulting reduction in project debt and borrowing costs should improve cash flow and prospects for viability in the early post-investment period. Since grants are subject to income tax, their attractiveness may vary according to an applicant's tax status. As well, annual constraints on public sector budgets may mean that a number of eligible projects will not receive assistance.

***Implications for Municipalities:***

Through program priorities and standards, a municipality can influence the nature and quality of work undertaken on subsidized heritage conservation projects. Overall impact and effectiveness, however, will depend on the municipality's long-term willingness and ability to maintain an adequate level of incentives relative to program objectives. Some jurisdictions have implemented special funding measures to help finance heritage support initiatives (e.g., high demolition fees in California; real estate transfer taxes and tax increment financing in other U.S. communities).

Careful design, monitoring and periodic program adjustments are required to avoid potential problems with incentives which are too generous (oversubsidization), insufficient and ineffective (undersubsidization), or inappropriately allocated (e.g., provided to projects of marginal merit). Clearly defined grant maxima, funding formulae and eligibility criteria are used to meet the tests of equity and fairness in program design and administration. At the same time, these features may limit the kind of flexibility and targeting needed to ensure optimal use of public funds. Administration may entail more complex application, approval, monitoring, and financial control procedures compared to entitlement grants — i.e., fixed-sum or variable, formula-based grants awarded automatically and perhaps unconditionally to heritage property owners.

**Examples:**

- *Victoria:* The Downtown Heritage Building Incentive Program, administered for the city by the Victoria Civic Society, provides grants up to a maximum 50% of costs and \$50,000 for conservation of municipally designated buildings within a defined downtown area. Eligible work, which must conform with city guidelines on restoration and rehabilitation, includes façade restoration, structural improvements, building code and energy efficiency upgrading, and other specified activities. The program is supported by the city's \$1.9 million Downtown Investment Fund. Actual grant levels are subject to both the available budget and number of applicants in a given period.

Cost-share grants up to 50% of costs and a maximum \$7,500 per year are offered for exterior preservation and structural repair of designated, occupied homes under the Victoria Heritage Foundation Grant Program funded yearly since 1983 by the city and administered by the foundation. Owners are restricted to one application

per property per year. The total of their first grant, plus any subsequent grants, cannot exceed \$15,000. Applications are processed on a first-come, first-served basis at monthly board meetings.

- *British Columbia Historic Landmarks Program:* Grants up to \$250,000 are provided for rehabilitation of buildings deemed significant to the province and owned by government or a non-profit agency.
- *Regina:* Direct municipal grants up to a maximum of \$25,000 over five years are available for conservation purposes to owners of heritage properties, primarily churches, already exempt from municipal taxation. This assistance complements a property tax relief program for other types of designated sites. Grants are available to eligible properties on a one-time basis only; and, subject to the \$25,000 ceiling, are based on a maximum of 50% of the total costs of extending a structure's life through rehabilitation and restoring or preserving important architectural elements.
- *Hamilton:* Under the Designated Property Grants program, a maximum \$2,000 cost-shared on a 50/50 basis is available to owners to assist in the conservation of designated properties (i.e., the conservation, restoration or, in some cases, replacement of significant exterior architectural features).
- *Toronto:* Under the Toronto Heritage Fund Restoration Grant program, an annual draw is made by the Toronto Historical Board on a \$455,000 municipal heritage fund to provide up to half of eligible restoration costs to a maximum of \$5,000 for work on designated properties. Applications are assessed biannually in a group on a competitive, rather than a first-come, first-served, basis. Provision also is made to assist with emergency needs. The fund initially was capitalized by the provincial and city governments, but the city is responsible for replacing the annual withdrawal. The Historical Board also administers a separate matching grant program offering up to \$5,000 for architectural preservation. As well, through a community improvement initiative, assistance up to \$100,000 may be provided for conservation of public buildings. Where projects receive public grants totalling \$10,000-plus, the city requires a heritage easement agreement whereby owners are committed to the preservation of their buildings and to certain standards of maintenance and supervision.
- *Ottawa:* The Heritage Grant Programme provides restoration assistance ranging from a maximum of \$3,500 to a maximum of \$25,000, depending on building and structural type (i.e., residential, commercial or public; detached, attached or abutting); designation status (i.e., individually listed or designated as part of a heritage conservation district); and location (e.g., corner commercial; attached residential end or middle unit). Owners are eligible for three grants over a 15-year period, with the share of costs (up to the ceiling) changing from a 1:1, city-owner ratio in the first instance to 1:3 for the third application. After the 15-year period, an owner could be eligible for another cycle of assistance. The city's Official Plan calls for the program to be reviewed biennially to ensure criteria remain relevant to needs and changes in conservation technology; also, to ensure that funding levels keep pace with inflation, are equitable relative to the significance of designated heritage resources, and are appropriate to the types of buildings and the nature of the



work undertaken. Between 1978 and 1989, about \$500,000 in municipal heritage grants had been awarded to more than 53 individually designated buildings and 26 structures in designated heritage districts.

- *Montreal:* Three types of grants are offered:
  1. Up to \$30,000 for conservation of commercial or mixed-occupancy buildings assessed at \$5 million or less and located in designated heritage districts. Conservation work must cost at least \$5,000; grants are based on 30% of the total up to the prescribed ceiling.
  2. Up to \$500,000 spread over five years for industrial heritage buildings used for manufacturing in designated districts.
  3. Subsidies of 20% to 25% for specified restoration work on heritage buildings in designated districts — i.e., 25% for rebuilding, masonry and structure, and 20% for retaining façades and painting.
- *Saint John:* Limited assistance allocated for exterior preservation work in designated preservation areas in the city centre. Grants cover 20% of project costs up to \$1,000.
- *Nova Scotia:* Assistance of up to 30% of the cost to a maximum of \$5,000 is provided for exterior or structural work on a designated building. Another program subsidizes architectural fees.
- *St. John's:* In 1988, a Heritage Grant Program was approved by city council to provide the lesser of \$25,000 or 10% of eligible costs for conservation work on designated commercial heritage structures in a specific conservation area — structures that were erected between two major city fires in 1816 and 1892.

## **Discretionary Grants**

### ***Description:***

Discretionary grants are distinguished by flexibility in assistance ceilings, program guidelines/criteria, and application processes in order to accommodate the specific needs and significance of individual heritage properties. Through this type of subsidy, a municipality may target aid to the most worthy heritage buildings or conservation projects. Alternatively, the discretionary approach may be used to improve the efficiency of a public subsidy program by better dovetailing the level of support with demonstrated need and merit; or it may respond to demonstration-type proposals that do not meet the criteria of other programs.

### ***Implications for Owners:***

Similar implications to those for the performance grants option, except that successful applicants may be fewer in number (depending on how the program is structured and funded) and they may have to meet higher performance standards or guarantees regarding preservation and upkeep of assisted structures.

### ***Implications for Municipalities:***

Assuming adequate budget support, discretionary grants can provide a formal, versus ad hoc, means of responding to urgent situations where a landmark structure may be in

danger of demolition. Under less pressing circumstances, such grants can encourage innovative, larger-scale, or more complex and costly conservation initiatives. In return, the municipality may gain additional leverage over the nature and quality of the assisted project.

The tests of fairness and equity may be more difficult to satisfy in a discretionary program, especially if objectives, criteria or processes are perceived to be ill-defined, inconsistently applied or vulnerable to abuse, and/or if there is a lack of consensus over whether a given project is the most worthy target for assistance. Administration may be demanding since discretionary assistance programs of all types often entail non-routine and, perhaps, multi-party negotiations, decision-making and follow-up.

**Examples:**

- *Victoria/Saanich:* Both communities have heritage foundations which administer discretionary grant programs aimed at owners of heritage houses.
- *Ontario:* The Ministry of Citizenship and Culture has supported a discretionary Corporate Sector Grant Programme for conservation of privately-owned commercial and industrial properties designated under the *Ontario Heritage Act*. Assistance up to 50% of eligible costs (no ceiling on the grant) could be provided to projects involving a minimum expenditure of \$10,000. Buildings must have been constructed for commercial or industrial purposes, or in such use for at least 50 years; they also must be continuing in commercial or industrial use, at least in part, unless converted to more than three residential units. Eligible work includes structural stabilization and enhancement of historical features. Owners are required to grant heritage easements to be held in perpetuity by the municipality.

**Direct Loans**

***Description:***

Fully or partially repayable loans are offered at below-market interest rates, either as interim or long-term financing. The loans may be extended as an entitlement for heritage designation, or on the basis of performance criteria or discretionary judgment. In some instances, they may be offered in conjunction with a grant. Loans are particularly useful in cases where conventional lending institutions are reluctant to become involved or where a project otherwise is unable to secure sufficient commercial financing at reasonable cost.

Loan forgiveness is similar to a grant, although the former may be easier to recover in the event that conditions of the assistance are not met. Deferred property tax programs are a variant of direct loans.

***Implications for Owners:***

Capital is made available to property owners/projects which have been unable to obtain financing from conventional sources or can access such funds only at a high interest premium. Depending on the structure of the loan program, owners also may benefit from favourable debt terms (e.g., extended payment periods, below-market rates, partial loan forgiveness). Direct loans thus can have an immediate effect on the availability and cost

of financing, plus a long-term impact on project viability. Loans usually are secured by a mortgage registered against the land title.

***Implications for Municipalities:***

In contrast to grant programs, direct loans enable a municipality to maintain a revolving fund from which loan repayments may be recycled to additional conservation projects. This entails ongoing administrative responsibilities and costs, including the risk of loan defaults. The extent of that risk will depend on local economic conditions and program lending policies. For example, defaults can be expected to increase in periods of economic decline, or when loans are made to owners/projects on the margins of economic viability. In some instances, an arm's-length agency may be assigned the tasks of reviewing and administering a loan program, both to avoid potential concerns about political interference in decision-making and to provide a focus on economic considerations, including detailed assessment of financial risk.

**Examples:**

- *Hamilton:* Loans up to \$20,000 at 6% amortized over 10 years are available for work on the exterior of designated buildings through a revolving Heritage Trust Fund established by the city and province. Loans of \$15,000 or more are registered on the property's title through an easement agreement to protect the site's heritage features.
- *Sarnia:* As part of a Main Street Canada program, a \$200,000, revolving façade improvement incentive fund has been established with city participation. Loans up to \$10,000 over 10 years at half the prime interest rate are available to commercial property owners who undertake eligible work. This precedent-setting program was followed by similar initiatives in Hamilton and London, Ont.
- *Ottawa:* Repayable loans are available to lower-income applicants to supplement the city's Heritage Grant Programme (see Performance Grants above). The amount of the loan cannot exceed the sum which owners must provide to match the city's grant, as determined by the formula of a 1:1 city-owner contribution ratio on the first application, 1:2 on the second, and 1:3 on the third over a 15-year period. The city also contributes, along with the Ontario government, to Historic Ottawa Development Inc., a heritage revolving fund. (The province provides up to \$250,000 a year to a maximum \$1 million per community to assist municipalities and non-profit corporations in establishing revolving funds for heritage preservation purposes.)
- *United States:* In Atlanta, Georgia, an historic façade program offers up to \$20,000 in interest-free loans for façade improvements in the Sweet Auburn Historic District. Loan requests are subject to third-party review by the Atlanta Economic Development Corporation.
- *Great Britain's Architectural Heritage Fund:* Low-interest loans for preservation are provided from a revolving fund.

## **Loan Guarantees**

***Description:***

The municipality co-signs an owner's mortgage or loan for the purchase or conservation of a heritage building, in effect guaranteeing that the lender will be covered in the event that the owner defaults on debt payments.

***Implications for Owners:***

Access is gained to financing from conventional sources that, without the municipality's backing, may be reluctant to support the purchase or conservation project, or would do so only at a high interest premium.

***Implications for Municipalities:***

In contrast to grants and loans, guarantees do not require direct outlays of cash; however, they carry the risk of a potential future liability in the form of a default. This risk may be offset by insurance or a contingency fund. While there may be some administrative costs for screening applicants and settling defaults, the main responsibility for loan review and monitoring would fall on the commercial lending institution. As in the case of direct loans, a municipality could engage an arm's-length agency to administer a loan guarantee program.

**Examples:**

Readily available documentation has not revealed specific examples of loan guarantees in heritage conservation. However, the public sector has utilized this tool in various economic, housing and employment creation programs — e.g., through the Canada Mortgage and Housing Corporation and the former Manitoba Jobs Fund.

## **Tax Relief**

### **Temporary or Long-Term Property Tax Exemptions**

***Description:***

Full or partial realty tax exemptions are applied on a time-limited or open-ended basis to designated heritage buildings. In some cases, the exemptions may be designed to offset the costs of specific conservation work through a temporary waiver, freeze or reduction of the owners' tax liability. In other cases, exemptions may provide ongoing tax relief to buildings of a specified type or ownership status (e.g., churches; non-profit organizations). In yet other cases, the incentive may be similar to an entitlement grant in that it is made available to all designated properties regardless of ownership or degree of conservation work undertaken.

The relief may apply to the building and/or land portion of the tax liability; further, it may be based on the municipal portion of property taxes only, or it may encompass education and other local levies. Implementation may occur through adjustment to mill rates, property assessments or taxes payable.

***Implications for Owners:***

Tax relief lowers a heritage building's operating costs and thus may be useful in improving cash flow in the period immediately following a major investment in conservation. Compared to grants, tax relief is not as immediate a form of assistance, but it has the advantage of not being subject to income tax (except in the case of tax credits).

***Implications for Municipalities:***

Direct cash outlays are not required by this assistance option. However, the forgone tax revenues will affect the available base for financing the municipal budget. In the case of temporarily exempted properties, the short-term revenue impact may be offset over time by net gains, assuming the buildings remain occupied in the post-exemption period by uses that contribute to the assessment base. The budgetary effects of an exemption program may be difficult to predict from year to year unless owner-applicants are required to give sufficient notice of their intent to undertake eligible projects, and/or the program is designed to limit the amount of relief awarded annually.

Exemptions can be complex to administer, especially if they are related to performance obligations or involve levies payable to other parties such as school boards. To ease these demands, some programs are similar to entitlement grants in that they are based on the status of a property, not its particular conservation needs or whether any rehabilitation or maintenance has been done. In such cases, there is no guarantee that an exemption will stimulate investment in heritage structures.

**Examples:**

- *Saskatoon:* Exemptions from an increase in tax liability are provided on a sliding scale (80% in Year 1; 20% in Year 4) when renovation, restoration or change in use raises the assessment on a heritage building by more than \$5,000.
- *Regina:* Designated municipal heritage properties (residential and commercial) are eligible on a one-time basis only for property tax exemptions up to a maximum of \$150,000 over five years. Subject to this ceiling, the actual level of assistance is based on the lesser of: (i) a maximum of 50% of the total costs of extending a structure's life through rehabilitation, and restoring or preserving its important architectural elements, or (ii) the annual property taxes multiplied by five. Each exemption is subject to a negotiated set of performance guidelines and time schedules, formalized in an agreement between the city and property owner. Potential applicants are not eligible for the program if their taxes are in arrears or they are delinquent on payments.
- *Quebec:* Provincial compensation for lost revenues is provided to municipalities that exempt certain buildings from up to 50% of property taxes under provisions of the *Cultural Properties Act*. Eligibility is limited to classified historical buildings which are not used for commercial purposes.
- *United States:* In the State of Oregon, the market value of residential and commercial properties listed in the National Register of Historic Places can be frozen for 15 years. This provides a period in which conservation work may be

undertaken without incurring an increase in assessment and, thus, in property taxes. Recipients of the benefit are not required to do any conservation work, but they must not allow their properties to deteriorate below the level found at the time of designation. The penalty for not meeting the program's conditions includes recovery of back taxes and an additional 15% charge. New owners of an historic place can maintain the benefit if they agree to the program's terms. Because Oregon does not have a state income tax, property taxes are relatively more important to citizens. This, in turn, enhances the value of the incentive. Potential problems can arise in cases where owners try to use the program as a hedge against rapidly inflating property values, or in times of deflation which result in assessments being frozen at higher levels.

In the State of Washington, municipalities may reduce property assessments for a 10-year period by an amount equal to the value of improvements, provided these cost at least 25% of the pre-rehabilitation value of the structure. Beneficiaries must agree to maintain their properties, seek approval before making any additional improvements, and make their sites available to the public at least once a year. Penalties for non-compliance include a return to full assessment, recovery of back taxes and other charges. The incentive is transferable if the new owners agree to the program's conditions. Seattle and at least 10 other municipalities have implemented this incentive.

In San Antonio, under provisions of Texas state law, restored and certified commercial structures are eligible for 100% forgiveness on their realty taxes for five years following certification. The properties are then appraised at market value and assessed at half that amount for the next five years, after which assessments are based on full market value. If a property is sold during the abatement period (and, to date, many have been), the benefit ceases and the city returns to full assessment value. Thus, the incentive has not impeded changes in ownership and, as a result, the city has been able to recover higher tax revenues from assisted properties at an earlier stage than initially anticipated. In the case of conservation work on residential premises, realty taxes are based on the property's pre-rehabilitation value for a 10-year period.

## **Municipal Tax Credits/Rebates for Conservation**

### ***Description:***

As a variant of tax exemptions, this option involves cash rebates or some form of credit on, or reduction of, municipal taxes over a specified period during and/or after construction. The relief usually is applied against property taxes, although business, amusement or other forms of municipal taxation also may be eligible. The level of assistance may be related to lost rental revenues during the conservation period, approved rehabilitation costs, or post-restoration increases in realty assessment/taxation.

### ***Implications for Owners:***

Impacts are similar to those for exemptions, except that credits are subject to income tax.

***Implications for Municipalities:***

In the case of tax credits/reductions, a local government forgoes a portion of due revenues; rebates, in contrast, require cash outlays. Like exemptions, credits and rebates can be complex to administer.

**Examples:**

- *Edmonton:* Three levels of tax rebate are available up to a maximum of seven years of assistance per municipally designated building: (i) Payment equal to the value of the “building only” portion of property taxes for a maximum of five years; (ii) up to a two-year rebate or cancellation of taxes on both land and building while rehabilitation is occurring; and (iii) up to a five-year annual rebate on any increase in property taxes above the tax paid in the year before construction began (the base year). For projects that do not experience a substantial increase in realty taxes after rehabilitation, the city has provision for an alternative incentive to (iii) — i.e., it may pay the costs of rehabilitating certain architecturally and/or historically significant portions of the building.
- *Ontario:* A property tax rebate policy for heritage properties is in the planning stage.
- *Quebec/Montreal:* Under a program jointly operated by the province and city, owners of commercial heritage buildings are eligible for a credit on the provincial real estate tax for eligible conservation work. The project must cost at least 10% of the building’s municipal assessment up to a maximum of \$4 million.
- *United States:* In the State of Maryland, local governments are allowed to provide a credit against real property taxes valued at up to 10% of maintenance and restoration costs for properties in designated historic districts. A 5% credit also may be allocated for expenses incurred in constructing buildings that are architecturally compatible with historic districts.

## **II. Regulatory Adjustment Programs**

---

### **Rezoning/Conditional Use**

***Description:***

The zoning or uses applicable to a heritage site are changed in order to permit more profitable use of the building or land; encourage needed conservation and additions that otherwise may not occur; or limit the development potential or allowable density of the site (downzoning) which, in turn, may reduce its assessed value.

Under flexible-use zoning systems, municipalities may allow conditional uses and/or additional uses that would provide sufficient benefit to encourage an owner to retain the property. Downzoning may reduce the incentive to demolish older, smaller buildings in favour of new, larger structures. This can be viewed as a corrective measure in instances where districts are overzoned, permitting much greater densities than have actually been developed.

***Implications for Owners:***

Rezoning and conditional use generally are aimed at encouraging physical and use changes that may make a heritage property more economically viable and thus able to carry the costs of conservation on a self-supporting basis. As with other types of zoning incentives, however, the owner may have to accept some municipal control over proposed uses and the design of physical alterations/additions. In the case of downzoning, there is no guarantee reduced assessment will follow or that any resulting reduction in taxes will be sufficient to encourage maintenance or rehabilitation of a heritage building.

***Implications for Municipalities:***

Like other zoning incentives, these options offer an opportunity to negotiate responses to problems that are specific to older structures and districts. They also are tools which can be used to avoid or limit changes that may be incompatible with a heritage property or district. One risk is that historic authenticity may be compromised unless care is exercised to balance conservation needs with new uses and/or increased density. At the same time, a municipality must ensure that the intended “carrot” does not turn into a “stick” because of excessive restrictions or performance requirements. Conditions which the owner must meet could be specified in an agreement.

**Examples:**

- *Yellowknife:* Non-conforming uses may be permitted to ensure continued viability of a heritage building.
- *British Columbia:* Rezoning, already used to facilitate new construction, also is becoming an increasingly accepted approach to heritage conservation.
- *Saskatchewan:* The province’s *Planning and Development Act* permits municipalities to enter into contract zoning (rezoning) agreements to accommodate specified uses or developments, including situations where heritage buildings become non-conforming because of conservation activity or a change in use.
- *Toronto:* Under the city’s Central Area and Official plans, additional commercial uses may be included in designated industrial buildings located in mixed industrial-residential areas. Similar preservation and use incentives also are available in certain industrial areas.

A “commercial conversion” policy proposed during recent review of the city’s Official Plan would enable some or all of the gross floor area of designated heritage buildings in predefined residential areas to be converted to commercial use. The objective would be to encourage retention of heritage structures that may have less than the maximum amount of permitted residential floor space on site. A number of conditions are recommended to ensure the integrity, maintenance and ongoing use of converted structures.

- *United States:* Several cities - Savannah, Georgia; Eugene, Oregon; St. Paul, Minnesota; and Alexandria, Virginia - have instituted downzoning specifically for heritage preservation.



## Zoning Concessions

### *Description:*

Regulations on building size, shape or siting, parking, screening, signage, and/or property subdivision may be waived or relaxed through variance permits. These measures may be especially effective in designated heritage districts.

### *Implications for Owners:*

Rehabilitation of non-conforming buildings and/or changes in use may not be possible without zoning concessions.

### *Implications for Municipalities:*

Variations are a common part of community planning processes. Care must be taken, however, to ensure relaxed standards do not negatively affect neighbouring properties or create substantial inequities in the treatment of building owners.

### **Examples:**

- *Vancouver:* Concessions are permitted under the city's zoning by-law in cases where enforcement otherwise could cause unnecessary financial hardship in restoring or renovating buildings/sites contained in the Vancouver Heritage Inventory.
- *Edmonton:* City council has the discretion to relax parking, loading and amenity requirements as part of a compensation package for municipally designated properties.
- *Saskatchewan:* Designated and potential heritage properties may be targeted for zoning concessions under the province's *Planning and Development Act*. This legislation enables municipalities through their development plans and zoning by-laws to authorize specific relaxations of development standards where an owner or developer provides certain facilities, services or other measures (e.g., heritage preservation activity) specified in the plan or by-law.
- *Toronto:* The city's zoning by-law exempts historically designated buildings in all districts from parking and loading requirements. A recent recommendation calls for the policy to be refined to ensure owners of designated buildings maintain the property's existing parking spaces, or the amount of parking required by the by-law, whichever is less.

## Heritage Districts/Zones/Conservation Areas/Character Areas

### *Description:*

Measures are employed to identify, designate and enhance geographic areas that meet predefined criteria, thus broadening heritage protection beyond specific buildings, monuments or sites. The fundamental objective is to preserve districts and streetscapes that have a unique character and/or significant historic/architectural qualities.

Area designation is considered an effective means of combining conservation with economic development (i.e., tourism and small business initiatives), since heritage districts can provide a critical mass of retail, entertainment and/or service attractions. This policy tool also can be used to preserve older, central-area residential neighbourhoods threatened by redevelopment.

Designation is not intended to prevent change in a given area but, rather, to set the parameters within which future conservation, redevelopment, infill, and demolition will take place. Various techniques can be employed to achieve this end — e.g., special zoning, design and development controls, and incentives such as complementary public works, density bonuses, TDRs, targeted financial aid, and district promotion.

More than one type of area designation may be employed by a municipality, thus permitting the exercise of greater or lesser degrees of protection relative to local circumstances. In the U.S., for example, conservation areas have been designated in some cases to buffer historic districts from the rest of the municipality. In other cases, additional regulatory controls have been instituted to prevent further erosion of areas that have lost some historic integrity to new development or otherwise are ineligible for full heritage district status.

One variant that originated in France and subsequently has appeared in Canada is the “ecomuseum” approach to district conservation. The concept integrates museum-type concerns, such as collecting, recording, preserving and displaying, with a community’s ongoing life and development. As a result, economic, technological and socio-cultural dimensions of the community become ‘artifacts’ alongside the built and natural environments.

***Implications for Owners:***

District designation and accompanying regulations can promote a more stable, predictable aesthetic and investment environment for owners of heritage buildings. Benefits also may accrue if the area becomes an attractive business and/or tourist location. As in Main Street and other types of business improvement initiatives, district designation can provide a focus around which property owners may organize for joint action on matters such as promotion and common-area upgrading. This option requires, however, that all owners, including those who hold non-heritage properties, be subject to some constraint on their investment decision-making as a result of area-specific design, zoning, demolition, or other regulatory controls.

***Implications for Municipalities:***

This tool helps a municipality maintain distinctive character areas and protect significant intact collections of heritage resources from erosion through abandonment, demolition, and unsympathetic alterations, infill or redevelopment. The option also may encourage joint public-private partnerships for common-area upgrading, promotion, administering financial assistance and regulatory programs, and other district operations.

Designation may engender opposition from property owners who fear a loss of development potential. The district approach to heritage conservation also is more complex to manage compared to individual buildings. This is especially the case when heritage is combined with other community and/or economic development objectives for the area.

**Examples:**

- *Crowsnest Pass (Alberta):* During the mid-1980s, a conventional historic area study in this community evolved into a more comprehensive ecomuseum approach, combining heritage conservation with economic development via cultural tourism. The initiative is now administered through The Crowsnest Pass Ecomuseum Trust.
- *Ontario:* The *Ontario Heritage Act* contains provisions for the identification, designation and preservation of heritage conservation districts. To help build locally administered capital funds for preservation and improvement work in such districts, the province makes contributions on a matching-dollar basis up to a predefined maximum.
- *Toronto:* Pursuant to provincial legislation, provision is made in the city's Official and Central Area plans for heritage conservation districts. As of 1991, at least two such areas had been designated — Wychwood Park and Fort York — and one (East Annex) was under study. During a recent Cityplan review, proposals were made to strengthen the protection that can be extended to these districts. Legislative amendments were recommended to, among other things, permit control over alterations and demolitions during the period in which a district is under study but has not yet been designated; provide more effective powers to deal with unauthorized alterations; and extend post-designation controls to interior alterations and any changes to elements such as landscaping, trees, topographical features, and open space.

Toronto also can initiate Community Improvement programs, one objective of which may be the conservation and appropriate use of historical properties in a given area.

- *Saint John:* Two districts have been designated under the City Centre Preservation Area By-law — Trinity Royal, a largely intact 20-block area of mostly brick residences and commercial buildings from the 1870s, and eight blocks of Orange Street. The by-law, administered by an appointed five-person board, provides for review and approval of exterior building changes and for a delay of at least six months in demolition. When an owner proposes to demolish a building deemed compatible with the designated area and neighbouring structures, the by-law requires that the property be advertised for sale once a month for six months. The city's Preservation Review Board has the discretion to extend this requirement for another six months.
- *United States:* As of 1991, an American Planning Association survey had identified more than 40 cities with designated conservation districts. In Nashville, Tennessee, for example, several such areas have been established, each with their own design guidelines. The first — the Lockeland Springs-East End neighbourhood containing more than 1,200 frame, turn-of-the-century cottages and bungalows — was designed to protect the area from incompatible infill development and to stabilize property values for low- and moderate-income residents. Tacoma, Washington, has established a conservation area as a buffer zone around an historic district containing the city's rehabilitated Union Station.

## Context Protection

### *Description:*

Height, density, use, signage, landscaping, design controls, or other restrictions are placed on surrounding properties to protect the physical environment in which a heritage building is located.

### *Implications for Owners:*

Heritage property owners are spared nearby development, blight, demolition, or uses that may impact negatively on the environmental quality, market value or physical well-being of their holdings. This option also may be employed to enable a heritage site to offer a monopoly good or service — e.g., to prevent competing commercial or entertainment functions from being established in the area.

### *Implications for Municipalities:*

Appropriately targeted, this incentive should encourage a positive investment climate for maintenance and rehabilitation of heritage buildings. The municipality is not required to make a direct financial outlay, but it may be forgoing increased assessment/taxation revenues by limiting development potential.

### **Examples:**

- *Ottawa:* Provision is made in the city’s Official Plan for consideration of potential impacts on heritage resources stemming from proposed zoning amendments, site plan control and demolition control. Factors which may be taken into account include whether a proposal respects the massing, profile and character of adjacent heritage buildings; approximates the width of nearby heritage buildings or the established setback pattern on the street; minimizes shadowing; and enhances or detracts from the landscape features of the area. The plan also provides for zoning regulations (including site-specific heritage zoning where required) to cover use, bulk, form, location, setbacks, and other matters related to development of heritage resources and adjacent properties.

## Expediting Approvals

### *Description:*

Heritage support policies, programs and regulations are developed and administered in ways that ensure prompt response to applications, design reviews, permit approvals, and other procedures — e.g., through clearly stated program criteria; integrated, fast-track approval processes; priority attention to heritage-related applications; and delegated authority to approve routine alterations.

### *Implications for Owners:*

Real or perceived “red tape” can be a disincentive to heritage preservation. Measures that streamline criteria and approvals, and minimize the potential for unexpected delays, will reduce project planning and administrative costs.

***Implications for Municipalities:***

Local government similarly can benefit from more efficient criteria and processes, assuming there is adequate staffing to fulfil the intent of the policy on expediting regulatory approvals and support programs.

**Examples:**

- *Yellowknife:* The municipality guarantees 10-day processing of the engineering aspects of a renovation proposal.
- *Vancouver:* A quick-response policy is applied to heritage building permits.
- *Ottawa:* The Official Plan calls for the expediting of planning and building permit approvals for developments that include heritage resources. As well, the city is to make specialized staff consulting services available to owners of heritage resources.

**Property Standards**

***Description:***

Measures are implemented to require ongoing maintenance of historic properties. When by-laws and other regulatory mechanisms are used, the intent generally is to prevent or control situations in which structures are abandoned or allowed to deteriorate to a point where demolition is the only feasible alternative for safety, technical and/or economic reasons. Where a public investment has been made to help conserve a designated resource, then tools such as property management plans (which may be statements of intent or legally binding agreements), heritage easements, and zoning, development or other contractual arrangements may be employed to define an owner's obligations for general upkeep and repair.

***Implications for Owners:***

If owners have been prudent investors, voluntary or mandatory heritage property management requirements need not impose extra compliance costs. Indeed, such owners may gain protection from those who would not maintain their holdings in the absence of regulations. Among that latter group, however, mandatory standards could result in obligations some owners are unable or unwilling to undertake for personal or market-related reasons. In such cases, some form of financial intervention or incentive to encourage ownership turnover may be necessary. Alternatively, enforcement procedures may have to be applied.

***Implications for Municipalities:***

Local governments generally have limited authority to require maintenance of heritage buildings, especially in the case of non-residential and non-occupied structures. In some instances, municipalities may be able to draw on existing legislative and code provisions concerning fire protection, sanitation, or public/occupant safety. If mandatory standards are implemented, they will entail enforcement costs. There also is the potential for individual cases to go through lengthy court or other appeal processes with no guarantee that the subject property ultimately will be saved or upgraded.

**Examples:**

- *Ontario:* The Ontario Heritage Foundation (OHF), plus a number of provincial and municipal support programs, employ heritage easements as a means of ensuring retention and long-term upkeep of designated resources, plus control over any future alterations to significant features. The OHF encourages owners of natural and built heritage properties to enter such legal agreements voluntarily and thus be subject to the foundation's approval before alterations are made. Easements are promoted by the OHF as an economically sound preservation alternative to outright property acquisition. In other cases, easements are required in exchange for financial assistance or other public-sector incentives.
- *Toronto:* It recently was proposed as part of the city's Official Plan review that the appropriateness of developing a property standards by-law for designated heritage properties be examined.
- *Ottawa:* Under the Official Plan, the city's maintenance and occupancy by-law is to be used to facilitate the maintenance and conservation of heritage resources and is not to be applied in a way that is detrimental to such resources. As well, vacant designated buildings are to be inspected periodically (internally and externally) for conformity with the by-law. Occupied heritage properties are to undergo periodic external inspections for compliance with the Ontario Heritage Act.
- *United States:* In Michigan, the *Conservation and Historic Preservation Easement Act* establishes procedures for owners to attach easements to their property deeds, thus enabling governments or other legal entities to have an interest in, and some control over the use of, the structure or site. Eligible properties must be listed on the state or national historic registries, or they must be located in designated heritage districts. Legislation in California permits municipalities to offer property tax relief to owners of heritage resources (both residential and revenue-producing properties) under development pressure or in need of rehabilitation. In return, owners must not allow their properties to deteriorate for a minimum of 10 years.

### III. Other Direct Municipal Initiatives

---

#### Direct Conservation Measures (including Management of Municipally-Owned Heritage Properties)

*Description:*

Several direct preservation measures may be employed by municipal governments:

- acquisition of heritage buildings for occupation by municipal offices or rental to other parties;
- designation of all heritage buildings under municipal ownership;
- implementation of a comprehensive management policy for municipally-owned heritage buildings, including their restoration, alteration, expansion, maintenance, and ongoing use or adaptive reuse;

- reorientation of decision-making on capital investments to ensure that rehabilitation of existing facilities receives at least equal consideration to construction of new municipal space;
- partnership arrangements. For example, heritage site ownership may rest with the municipality, but restoration and management are delegated to community-based organizations which draw on various public- and private-sector sources for capital and operational financing, and/or donations of labour and materials. Alternatively, the municipality may agree to provide certain services to privately-owned heritage properties (e.g., pruning of heritage trees and other landscape maintenance).

**Implications:**

Direct action demonstrates leadership and bolsters a municipality's moral authority to encourage or require similar standards of activity among other public- and private-sector property owners. Capital investments can ensure that the most significant endangered spaces come under public ownership or control, if necessary; while partnership arrangements can stimulate community-wide participation in heritage preservation. Partnerships also may result in spin-off initiatives, such as building material recycling centres, local job creation, employment training, or additional neighbourhood revitalization projects.

Direct action implies direct budgetary impacts. However, not all options of this type necessarily entail net increases in municipal expenditures — e.g., planned capital investments may be redirected to rehabilitation and maintenance instead of new construction.

**Examples:**

- *Ottawa:* The Official Plan provides for a maintenance program for city-owned heritage resources; departmental building management strategies that respect the character and significance of these properties; and a long-range plan for their use, reuse or disposal. Heritage resources that are sold, leased or transferred to another owner or lessee are subject to a heritage easement agreement guaranteeing preservation, maintenance and uses compatible with the property's heritage significance. If appropriate, such transactions also may be accompanied by an agreement requiring specific restoration work. In addition, properties adjacent to a heritage resource or area that are retained in city ownership, or sold to other parties, are to be managed, developed or redeveloped in a manner that enhances the heritage resource or area.
- *Montreal:* A municipal corporation buys and renovates buildings of architectural importance.

## Preferential Leasing

**Description:**

In seeking rental space, municipalities may include a preference for rehabilitated heritage buildings in their selection criteria on a case-by-case basis, or they may commit to a policy of accommodating a specified percentage of space needs in such structures.

***Implications for Owners:***

Initially this option may only be of direct benefit to a few heritage building owners, but it can have spin-off benefits for others if it sends a positive, pace-setting signal to high-profile, public- and private-sector renters. Preleasing commitments may result in building rehabilitation occurring more quickly or on a more significant scale than otherwise would have been the case. Long-term leases similarly may influence the scale of the project by providing an owner with assurance of sufficient revenues to cover financing and a return on investment.

***Implications for Municipalities:***

Local government demonstrates its seriousness about the conservation and economic viability of privately-owned heritage properties. This, in turn, can stimulate public awareness of preservation issues and provide tangible examples of how older buildings can be recycled and reused.

Net budget impacts will vary, depending on local market conditions and municipal objectives for a specific lease. In some cases, quality, though not necessarily first-class, commercial space may be leased by the municipality at a cost advantage. Alternatively, premium rates may be paid — e.g., if the municipality forgoes incentive offers from other owners, or if it agrees to include a subsidy component in the leasing arrangement in order to support a desired level of conservation. Even in the latter case, the net budget effects may be neutral or positive if the long-term municipal tax status of the building is enhanced by upgrading and occupancy.

**Examples:**

- *Toronto:* It recently was proposed that a policy be added to the Official Plan committing city council to consider reuse of heritage buildings when accommodating the additional space needs of civic departments and agencies.
- *Ottawa:* The Official Plan calls for first consideration to be given to city-owned heritage buildings or leasing of other heritage facilities, versus constructing or leasing newly built space, provided this results in suitable accommodation for civic operations at an economically viable rate. In addition, groups that receive city grants are encouraged to purchase or lease space in heritage buildings.
- *United States:* Federal policy (the *Public Buildings Co-operative Use Act* of 1976) requires government departments to use buildings of historical, architectural or cultural significance unless they can show that appropriate space is not available relative to their needs. Initial internal hesitancy to give effect to this policy was overcome by impressing on departments that implementation was going to be pursued in a consistent and serious fashion.

## **Complementary Public Works**

***Description:***

Municipal improvements, such as tree planting and thematic paving, street lighting, furniture, and signage, are undertaken in designated heritage areas. Incompatible public facilities or uses also may be removed.



***Implications for Owners:***

All property holders in the targeted area, not just owners of heritage buildings, benefit from the improved physical environment and image that derive from upgrading common spaces and amenities. The work may not occur without some degree of municipal commitment, even if ultimately some or most costs are covered by levies on property owners. Public-sector involvement also can help ensure that the upgrading is comprehensive, not piecemeal or superficial. This, in turn, provides additional assurance that private-sector investment in area buildings will be complemented and enhanced.

***Implications for Municipalities:***

Early municipal participation in an area improvement program can set positive standards for the quality of design and rehabilitation undertaken by the private sector. Initial capital outlays for material and equipment, as well as ongoing maintenance costs, may be higher than what a municipality normally would incur for its public works. The net impact on the municipal budget will not necessarily be negative, however. Mechanisms such as local improvement levies, business improvement districts, and funding from senior levels of government for Main Street-type programs can be used to offset costs. Successful area revitalization also should translate over time into higher property and business tax revenues.

**Examples:**

- *Ottawa:* The Official Plan provides for public works such as tree planting, landscaping, street improvements, underground wiring, street furniture, lighting, signage, and other elements to enhance the environs for heritage resources.

## **Endorsement and Recognition**

***Description:***

Various initiatives may be implemented — for example:

- a plaque/interpretative marker program to identify designated heritage buildings;
- awards to recognize outstanding heritage conservation efforts;
- moral support from a municipal council for heritage projects/funding applications; and
- ongoing education/information programs to build public awareness of a municipality's legacy and measures underway to conserve significant heritage resources.

***Implications for Owners:***

Social, personal and, in some cases, commercial benefits may accrue to owners, business tenants, architects, and others as a result of public recognition of their heritage preservation endeavours, especially where the efforts have involved altruism. Owners may have to obtain municipal endorsement as part of an application for preservation assistance from other levels of government and/or private funding sources.

***Implications for Municipalities:***

Recognition programs can enhance public awareness of heritage preservation issues, as well as reward specific achievements. They entail budgetary and staffing commitments, the extent of which will vary on how comprehensive the recognition program is, the processes used to select recipients, and the nature of the award and associated ceremony.

Endorsements, in contrast, are by themselves a relatively cost-free form of support, requiring review time but no direct cash outlays.

**Examples:**

- *Vancouver:* A heritage awards program and walking tours are organized by the planning department.
- *Saskatoon:* Operates a heritage awards program.
- *Ottawa:* The city's Official Plan has provisions for commemorating designated buildings and other structures/sites with heritage plaques; for an annual awards program to recognize outstanding conservation efforts; and for an ongoing public awareness and education program to promote public understanding, appreciation and enjoyment of the city's heritage resources.
- *New Brunswick:* Offers Minister's Awards for heritage initiatives and achievement.

**Heritage Trusts/Foundations/Development Corporations/  
Agencies**

*Description:*

Municipal governments form, or participate jointly with others in the establishment of, quasi-independent agencies responsible for:

- delivery of grant and loan programs;
- education and interpretive programs (e.g., historical publications; guided walking tours in heritage areas; self-directed walking tours using assigned FM frequencies to relay pre-recorded messages about individual buildings);
- marketing and promotion of underused heritage buildings;
- a match-maker service to encourage the sale or lease of vacant, underused and/or neglected properties to owners/tenants who are prepared to make heritage investments;
- technical and strategic advice; and/or
- management of bequests and other publicly-owned heritage properties.

The organization of such agencies can range from an appointed board, which may have an advisory mandate only or a direct operational role supported by staff, to a separately incorporated, charitable organization, such as a trust, foundation or non-profit corporation. The latter options may be more effective if municipalities wish to promote bequests of property and other types of private-sector/citizen donations.

Agencies may be structured to be hands-on in orientation — i.e., directly active in heritage projects and management. Alternatively, they may be designed to amass a critical scale of resources (capital, expertise, etc.) which then can be used to support community-based conservation initiatives.

***Implications for Owners:***

Quasi-independent, public or joint public-private agencies may be perceived by owners as more focussed, equitable, efficient, and flexible vehicles for delivery of heritage support programs compared to government departments. Such organizations may facilitate partnership arrangements and more direct input or access to decision-making by owners and members of the rehabilitation industry. They also may be able to make a greater pool of capital available for heritage conservation by drawing on various public and private funding sources.

***Implications for Municipalities:***

The factors noted above have positive implications for municipal governments. To realize some of the potential benefits, however, careful planning and objective-setting are required to ensure appropriate focus and accountability on the part of the heritage support agency, and to facilitate effective coordination between it and the branches of government responsible for regulatory and other approval processes. There also will be budgetary and perhaps staffing commitments, at least in the formative stages. If the initiative is sufficiently capitalized, however, it can be structured to become less dependent on public-sector support over a specified period.

**Examples:**

- *Victoria:* Formed in 1989, the Victoria Civic Society brings together civic, business and community interests to preserve and enhance the city's cultural and natural heritage. The society's mandate includes the management, maintenance and improvement of publicly-owned heritage buildings and sites entrusted to it by the city; the acquisition of properties and artifacts; and the administration of grant programs in designated incentive areas.

The Victoria Heritage Foundation is a charitable organization that receives funds from the city and administers a grant program to promote preservation of municipally designated residences.

- *British Columbia Heritage Trust:* This provincial crown corporation receives an annual allocation of lottery funds from which it provides grants and other support to a range of education, building and historic area restoration, and community heritage development programs.
- *Alberta Historical Resources Foundation:* Initiatives of this provincial crown corporation include grants for the preservation of designated heritage buildings and joint participation in a Main Streets program with Heritage Canada and Albert Culture and Multiculturalism.
- *Ontario Heritage Foundation:* Organized as a non-profit agency of the Ministry of Culture and Communications and directed by an appointed citizen board, this foundation is mandated to provide technical and financial assistance to individuals and groups involved in heritage preservation; to hold in trust provincially significant heritage properties and objects; and to undertake special initiatives in areas such as heritage tourism and education. The foundation operates a range of archaeological, architectural conservation, historical, and natural heritage grant, research and promotion programs. It also manages, and in some instances acquires,

heritage properties. Alternatively, it enters into voluntary heritage easement agreements with owners to provide ongoing protection to significant properties. Operations are financed by government grants, donations, sponsorships, rental revenues, and interest income.

- *Toronto:* The Toronto Historical Board, a city council-appointed body of 15 citizens and two *ex officio* council members, functions as a Local Architectural Conservation Advisory Committee under the *Ontario Heritage Act* (i.e., advising council on the designation of heritage properties and districts); operates five city museums; manages a number of monuments; administers grant and plaque programs; maintains a collection of artifacts relating to the city's history; actively seeks purchasers/tenants for heritage buildings; and is in the process of identifying, researching and monitoring archaeological sites. The board's work is supported by full-time staff.
- *New Brunswick:* The provincial government is considering a proposal to establish a heritage trust or foundation to fund rehabilitation projects through grants, bequests and a revolving loan fund.
- *Heritage Foundation of Newfoundland and Labrador:* This is a registered charity under the federal *Income Tax Act* which designates buildings, provides grants for preservation, maintenance and restoration, and operates a plaque program. It receives an annual grant from the provincial government.

## IV. Complementary Support

---

### Building Regulations

*Description:*

Municipalities work with senior levels of government to ensure building codes provide mechanisms for meshing heritage conservation objectives with code requirements.

Most municipalities base their building by-laws and project approvals on provincial building codes which, in turn, are modelled on the *National Building Code*. These documents are written primarily to guide new construction, not to deal with the circumstances of older buildings that have been developed using techniques and materials no longer in use. When an owner proposes a significant change in occupancy, use or physical status of an older building, that usually triggers a reassessment of the property for code compliance (i.e., to ensure proposed changes meet acceptable safety and fire standards). Upgrading orders under a maintenance by-law or similar statute have the same effect. In the absence of heritage-sensitive alternatives to achieve code compliance, the extent of required retrofitting may compromise the character of a heritage structure or make a rehabilitation/conversion project economically unfeasible.

Discretionary powers usually are included in building codes and by-laws to cover such circumstances. However, without formal guidelines, equivalency standards, or a code specifically for heritage structures, the technical flexibility to allow deviations may be

limited; the discretionary decisions of individual plan examiners may be inconsistent; and the approval process may be delayed because of the time needed to form case-by-case solutions.

The intent of code reform, therefore, is to create flexible opportunities for compliance while also respecting essential safety standards, good building practice, and historic fabric. This can be achieved by:

- exemptions from, or a relaxation of, code requirements on either a predetermined or case-by-case basis; or
- alternative means of meeting code standards, also on a pre-established or case-by-case basis (known respectively as compliance alternatives and equivalencies).

***Implications for Owners:***

Emphasis on full compliance is considered a disincentive to major heritage rehabilitation and conversion projects, especially where current code standards are not appropriate for older buildings or are not related to safety. Concerns about compliance also may discourage essential repair and minor upgrading, thus leaving substandard buildings to stand either occupied or vacant. Development of workable alternatives/equivalencies could reduce uncertainty in project planning, cost analysis, feasibility testing of proposed rehabilitation techniques/materials, and ultimately overall capital costs. Owners also may benefit from reduced holding costs associated with the project approval process. At the same time, care must be taken to ensure code deviations or equivalencies do not negatively affect the availability or costs of heritage building insurance.

***Implications for Municipalities:***

Formal guidelines or compliance alternatives place responsibility for setting minimum safety standards at the policy level, rather than on the shoulders of individual plan examiners who may be hesitant to exercise their discretion because of potential future liability in the event of fire or other problems. Codification also expedites the approval process and sets a framework for consistent decision-making.

**Examples:**

- *British Columbia/Vancouver:* A separate draft code covering rehabilitation of heritage buildings was developed by the provincial government in the early 1980s, but was not formally adopted at that time. Vancouver, however, proceeded to amend its building by-law to include a section on Alternative Requirements to Assist in the Rehabilitation of Existing Buildings. In 1991, Proposed Alternative Compliance Methods for Heritage Buildings were put forward as a supplement to the provincial building code. It is anticipated this supplement will be proclaimed in the spring of 1992.
- *Ontario:* Sections of the provincial building code have been revised to relax certain restrictions on the rehabilitation of existing structures (i.e., only part instead of an entire building subject to material alterations or repairs may be required to meet modern standards). Provision also has been made for compliance alternatives where a requirement would be detrimental to preservation of an historical building or feature.

- *Ottawa:* The Official Plan provides for flexibility in administering the building code and related regulations to permit maximum conservation and reuse of heritage resources while still ensuring public safety and health.
- *United States:* California has a State Historic Building Code which supersedes other applicable codes when dealing with historic buildings.

In Boise, Idaho, under authority of a state law enabling local governments to waive building and fire code requirements in certain cases, the city council enacted a special resolution in 1988 to permit compliance alternatives that saved a landmark downtown building from demolition. The key compromise was to maintain distinctive oak and glass doors by installing sprinklers near each opening. Otherwise, the existing code required that the doors be replaced by ones without glass.

## Tax Rebate for Building Products

### *Description:*

Senior governments rebate sales or other taxes on building materials used in the restoration or maintenance of designated heritage structures.

### *Implications for Owners:*

Sales taxes typically represent only a small portion of capital costs. As a result, analysts generally suggest that such rebates by themselves may not provide a sufficient incentive or cost reduction to spur significant conservation investments. However, recent introduction of the goods and services tax (GST) in Canada has become an added disincentive to conservation work, especially in light of the limited income tax relief available to owners who repair/upgrade commercial and other investment properties. This has led to calls for relief and/or clarification of GST administrative guidelines. (See, for example, Cheryl Arnold, "GST Maze Taxes Builders," *Winnipeg Free Press*, March 6, 1992, p. E49; and Cheryl Arnold, "Renovation Rules Taxing Time," *Winnipeg Free Press*, March 27, 1992, p. E61.)

### *Implications for Municipalities:*

Effects, if any, would be indirect — e.g., dependent on whether the municipality relies on a revenue-sharing arrangement based on sales tax receipts, or whether a modest cost advantage could be realized on leasing heritage space that has benefited from a rebate.

### **Examples:**

- *Nova Scotia:* The provincial government provides a sales tax rebate on building materials used for exterior and structural work on registered heritage properties.

## Targeted Realty Tax Exemptions

### *Description:*

Senior governments provide municipalities with the legal ability to exempt certain types of properties or owners from realty taxation on a permanent basis. Many jurisdictions, for example, exempt church properties and, in some cases, cultural institutions and other non-profit endeavours. (Also refer to discussion of exemptions under Tax Relief in Section F I above.)

***Implications for Owners:***

Long-term relief is provided from what may be a significant operating cost, especially for non-profit organizations. Unless the relief is conditional, however, there is no guarantee it will encourage beneficiaries to acquire and/or conserve heritage properties.

***Implications for Municipalities:***

Refer to Section F I.

**Examples:**

Readily available documentation did not reveal examples of targeted exemptions for heritage purposes. However, governments have given exemptions to other classes of property or owners, such as churches and cultural institutions.

## **Energy Efficiency Incentive**

***Description:***

Municipalities work with senior governments to encourage energy efficient retrofitting of heritage structures — e.g., by providing direct financial aid or offsetting owner expenses by ensuring realty assessments do not penalize those who install new heating systems and other energy-saving features.

***Implications for Owners:***

Depending on the instrument chosen to deliver the assistance, implications could be similar to those for performance grants, direct loans, tax exemptions, or tax credits.

***Implications for Municipalities:***

As in the owners' case, the implications would depend on the type of assistance employed, plus the degree of municipal success in getting senior government(s) to share the costs.

**Examples:**

No heritage-related examples found in available documentation.

## **Public Finance**

***Description:***

Senior governments ensure their capital programs for education, culture, health, and other sectors have sufficient budgets for, and are structured to give at least equal consideration to, conservation of existing facilities relative to new construction.

***Implications for Owners:***

School boards, hospitals and other organizations gain access to an option (conservation) which otherwise may be closed to them because of the way funding arrangements for capital and operating purposes are structured. This, in turn, may facilitate more efficient use of public resources (money and facilities), including greater attention to long-term maintenance and accommodation planning.

***Implications for Municipalities:***

This sort of reorientation in public policy and funding incentives may encourage preservation of more structures representing the institutional dimension of a community's past. Retention and recycling of local schools, in particular, may have an critical role in the revitalization of residential neighbourhoods.

**Examples:**

None found in available documentation.

## **Senior Government Income Tax Initiatives**

***Description:***

Advocates of heritage preservation, and of rehabilitation as a viable option for management of Canada's older built environment, have long argued that tax systems at all three levels of government favour investments in areas other than rehabilitation. To provide more equal treatment at the federal level, two types of income tax reform have been recommended — changes in capital cost allowances (CCAs) and introduction of a tax credit program for heritage preservation and other rehabilitation activity.

***Implications for Owners:***

Rehabilitation becomes a more attractive option for owners of older buildings when the distorting effects of tax system inequities are removed. Tax credits offer a direct refund or deduction on outstanding liabilities, thus improving cash flow and providing some operating cost relief early in the post-investment period. CCAs permit amortization of the capital costs of depreciable assets against income, thus also reducing tax liability. The effects, however, may not be as immediate or large as in the case of tax credits unless provision is made to accelerate CCA rates. As well, because CCAs can be recaptured upon asset disposal, they can function more like a tax deferral.

***Implications for Municipalities:***

Experience in the United States (see below) has shown that federal tax measures can be a very effective means of encouraging private-sector heritage preservation and net increases building investment, not just a shift of capital from new construction to rehabilitation. Municipalities, in turn, benefit from improvements in their building stock, assessment base and environmental quality. Moreover, because rehabilitation is more labour intensive than new construction, it has potentially positive employment impacts.

For senior governments, income tax credit and CCA programs can be relatively easy to administer once eligibility and other details have been defined. Incentive pick-up and thus budgetary impacts are more difficult to predict, however, compared to grant or property tax relief programs that have defined ceilings.

**Examples:**

- *United States:* Since the mid-1970s, federal tax incentives (tax credits and CCA provisions) have been available for both historic conservation and rehabilitation of non-heritage buildings. The tax credits were reduced as a result of legislative



changes in 1981 and 1986. However, they still are considered effective means (and models) for stimulating rehabilitation activity and various spin-off economic benefits. The incentives are estimated to have resulted since 1976 in rehabilitation investments totalling more than \$14 billion, including many residential projects. Various studies have shown that the assistance has been a significant factor in making rehabilitation an economically competitive alternative to redevelopment; moreover, a majority of assisted projects probably would not have been undertaken without the incentives.

New Mexico, California and Montana provide state income tax credits to encourage historic preservation. New Mexico, for example, permits claims totalling the lesser of one-half of rehabilitation costs to a maximum \$25,000 or five years of tax liability.