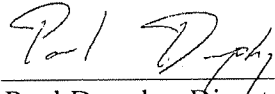


5.1

Heritage Advisory Committee
March 31, 2011

TO: Chair and Members of the Heritage Advisory Committee

SUBMITTED BY: 
Paul Dunphy, Director of Community Development

DATE: March 9, 2011

SUBJECT: **Carry Over of Approved Heritage Incentives:
Barrington Street Heritage Conservation District**

ORIGIN

Requests from owners of buildings in the Barrington Street Heritage Conservation District for extension of incentive funding approvals and carry over of approved incentive funds into the 2011/12 fiscal year to enable payment of grants and tax credits once the projects are completed.

RECOMMENDATIONS

It is recommended that the Heritage Advisory Committee recommend that Halifax Regional Council:

1. Approve extension of 09/10 heritage incentive approvals and applicable grant funds carry-over (to reserve Q312) and tax credits into the 2011-12 fiscal year for:
 - (a) 1533 Barrington Street - Freemasons Building; maximum grant \$96,878; maximum tax credit \$203,033
 - (b) 1585 Barrington Street - Green Lantern Building; maximum grant \$96,878; maximum tax credit \$488,020.

2. Confirm approval for extension of 10/11 heritage incentive approvals and applicable tax credits into the 2011-12 fiscal year for:
 - (a) 1558 Barrington Street - Farquhar (Venus Pizza) Building; maximum tax credit \$204,778;
 - (b) 1662 Barrington Street - Former Granite Brewery Building; maximum tax credit \$157,273; and
 - (c) 1568 Barrington Street - Former N.S. Furnishings (Telus) Building; maximum tax credit \$25,493.

BACKGROUND

Barrington Street Heritage Conservation District Incentive Program

The Barrington Street Heritage Conservation District (HCD) Plan came into effect in October, 2009 and includes a financial incentives program to encourage restoration and renovation of buildings within the HCD. Earlier, in March 2008, Regional Council gave approval in principle to an estimated program expenditure of \$1 million in grants and \$2 million in tax credits spread over five years. The program provides:

- 50% matching grants up to \$100,000 for exterior restoration costs up to \$200,000.
- Tax credits for 15% of exterior restoration costs over \$200,000.
- Tax credits for 15% of costs for improvement to interior shell space and common areas, and upgrades to HVAC, plumbing, and electrical systems, etc.
- Tax credits for 15% of costs for the exterior building envelope of approved additions.
- Waiving of building permit application fees.

Requirement for Carry Over of Incentive Funding

Grant programs are operating budget-dependent and require that projects be completed and all funds expensed within the fiscal year for which they are approved. Under the Barrington Street program, however, it has been understood from the outset that some projects may not be able to meet strict deadlines for completion because of their sheer magnitude and the inherent time consuming and uncertain nature of heritage restoration and renovation work. For this reason, the program is set up to enable any approved, but unexpended, grant funds to be carried over into the next fiscal year by way of a transfer to reserve account Q312 Heritage & Cultural Tourism. When projects are eventually completed and have met all requirements for disbursement, the approved funds may then be transferred back into the program's Operating Account C310-8004 to facilitate final accounting and payment. Where it is anticipated that work will not be completed by year-end, the applicant must notify HRM by February 15th. The purpose of this deadline is to enable staff to bring requests for approval extensions and funding carry-over to Council prior to the end of the fiscal year.

Requests for Carry Over

Within the 2009/10 budget, Council approved three applications and, in July 2010, nine applications were approved within the 2010/11 budget (see Attachment "A"). Several of the approved projects are quite significant in scale, including major refurbishment of the Freemasons building, the Green Lantern building, the former Sam the Record Man, Granite Brewery, and N.S. Furnishing buildings, and the Farquhar (Venus Pizza) building, and a new building to be constructed behind the old NFB façade. However, while the uptake on the program has been very positive and incentive approvals have been granted, the progress of work has been slow. So far, only two smaller projects (on the Colwell and Tramway buildings) have reached completion, and only one major project (the Freemasons Hall) is nearing completion (it is about 95% complete). The others have been delayed for a variety of reasons but it is anticipated they will commence or be completed in 2011. The owners have requested that their existing funding approvals be carried over into fiscal 2011-12.

DISCUSSION

2009/10 Approvals

The Barrington incentives program came into effect in October 2009. This was midway through the 2009/10 fiscal year and the three projects for which incentives applications were received – the Freemasons, Green Lantern, and Colwell buildings - were not approved by Council until February 2010. Given the late start of the program and the knowledge that the approved projects could not be completed in 2009/10, Council also approved a motion to transfer any unused grant funds from the 2009/10 program budget into the Heritage & Cultural Tourism Reserve to facilitate payment in 2010/11, once the approved projects were completed.

Of the three projects, the Colwell building has been completed. The remaining two projects will not be completed by the end of the 2010/11 budget year but are anticipated to be completed by the end of 2011/12. Attachment “B” contains photographs of those building that require carry over of Heritage Incentive funding. The status of the projects and staff’s recommended action are as follows:

1533 Barrington Street - Freemasons Building:

The Freemasons project involves a complete exterior restoration and interior refurbishment of the building, to convert the former Lodge into a mixed commercial and office building. The work proceeded through 2010 but will not be entirely complete before the end of the fiscal year. Remaining to be completed is a portion of the new electrical conduit and wire under Granville Street (connecting the building’s upgraded electrical system to the NSP substation located in the MetroPark parking facility) and floor tile in the corridor on the Salter Street level. These items are expected to be completed within a few months, and staff will then be able to undertake the necessary inspections and forward request for payment of the approved grant and tax credit.

Recommendation: Staff recommends that Council extend the incentives approval and associated funding carry over for the Freemasons project into 2011/12 budget year, to enable payment once the project is complete later this year, to a maximum grant of \$96,878 and maximum tax credit of \$203,033. Should the project not be completed in 2011/12 budget year, Council may at a later date consider further extension or cancellation of funding approval.

1585 Barrington Street - Green Lantern Building:

The Green Lantern building was extensively damaged by Hurricane Juan in 2003 and its upper floors have been vacant since that time pending resolution of an insurance settlement and development of plans for exterior restoration/renovation and interior conversion to mixed commercial and residential use. Site plan approval and construction permits were granted in July 2010 and the owner has indicated that, with these permits in hand, he is hopeful for final settlement of the insurance claim in the near future. While he is unable to provide a definitive date for commencing construction he indicates that it is close, with contractors hired, and the project is expected to begin in 2011.

Recommendation: Staff recommends that Council extend the incentives approval and associated funding carry over for the Green Lantern project into 2011/12 budget year to enable payment should the project be completed in the fiscal year, to a maximum grant of \$96,878 and maximum tax credit of \$488,020. Should the project not be commenced or completed in 2011-12, Council may at a later date consider further extension or cancellation of funding approval.

2010/11 Approvals

Under the 2010/11 budget, nine projects were approved with incentive funding. At the time the projects were approved, Council also passed a motion approving the carry over of incentive funding for the three applications that received a grant and tax credit (i.e., the NFB project and the two Sam the Record Man buildings). However, the motion did not clearly indicate that the six projects which received only tax credits would also receive approval and carry over to the end of the 2011/12 budget year. Attachment "B" contains photographs of those building that require carry over of Heritage Incentive funding. Therefore the purpose of this report is to clarify the direction that staff is recommending for these applications.

The six projects approved by Council for tax credits only were:

1558 - Farquhar (Venus Pizza)
1662 - Former Granite Brewery

1566 - Brander Morris (Attica)
1668 - NS Furnishings (Telus)

1598 - Tramway
1717 - G. M. Smith

Of these six applications, only the Tramway project was completed within the budget year while the remaining projects are not anticipated to be completed until the end of 2011. However, two of the projects - Attica and G. M. Smith - wish to forego their approvals and tax credits in order to re-apply under the 2011/12 incentive program in order to be eligible for a grant. Therefore the unused tax credits will now be available to new projects that apply to the program for 2011/12.

Of the remaining three projects that received tax credit funding only and wish to continue, this section outlines the status of each project and the recommended actions, as follows:

1662-1668 Barrington St. (part of the *eSpace* Project)

Four heritage incentive applications comprise the Starfish Properties *eSpace* project, which involves façade restoration and interior re-structuring of the two former Sam The Record Man buildings and the former Granite Brewery (1662 Barrington St.) building, along with a new rooftop addition spanning the three buildings plus a new internal connection to the adjacent NS Furnishings/Telus building (1668 Barrington). Preparatory work for the needed structural reinforcement began in late 2010 and it is estimated that about \$260,000 of eligible work (about 8% of the total \$3.25 million project) will be completed by end of this fiscal year. The developer indicates that the entire project will be completed by the end of 2011.

Recommendation: Staff recommend that Council extend its approval and incentive funding for 1662 Barrington Street - Granite Brewery and 1668 Barrington Street - NS Furnishings/Telus - to a maximum tax credit of \$157,273 and \$25,493 respectively until the end of the 2011/12 budget year. Should the projects not be commenced or completed in 2011-12, Council may at a later date consider further extension or cancellation of funding approval.

1558 Barrington St. (Farquhar Building)

The Farquhar project involves exterior façade restoration, interior conversion to residential on the upper floors, and a small rooftop addition, also for residential use. The project is linked with the NFB project which involves restoration of the old NFB façade and its incorporation into a new building behind the façade, as well as a small rooftop addition, with ground floor commercial and upper floor residential use. Both projects will be integrated with redevelopment of the abutting Argyle Bar & Grill and Opa Restaurant buildings which front on Argyle Street and lie outside the Barrington HCD. The incentives approvals granted in 2010 apply only to the Farquhar and NFB portions of the project.

At the time of the incentives applications, the large redevelopment project was under site plan pre-application review and the incentives approval was granted on the premise that formal site plan approval and development permission would follow, and that development would begin in 2010. There have been some setbacks to this however, largely having to do with the financing/floor area equation, that have forced the developer to re-design the Argyle and Opa portions of the project. Revised plans were resubmitted in late 2010 and are again currently under pre-application review. It is anticipated that this will proceed to a full site plan application and approval within the near future, and that the developer will be in a position to commence construction later this year.

Recommendation: Staff recommend that Council extend its approval and incentive funding for 1558 Barrington Street - Farquhar Building to a maximum tax credit of \$204,778 until the end of the 2011/12 budget year. Should the project not be commenced or completed in 2011-12, Council may at a later date consider further extension or cancellation of funding approval.

BUDGET IMPLICATIONS

There are no requests for additional incentive funding resulting from this report. Because of the withdrawal of two approved projects - for the Brander Morris (Attica) Building and the G.M. Smith Building - see Attachment "A", the tax credit commitments to date are reduced by \$8,576. The 2011-12 budget will reflect eligible heritage work expected to be completed in 2011-12.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The community engagement process is consistent with the intent of the HRM Community Engagement Strategy and the Terms & Conditions of the Barrington Street Heritage

Conservation District Heritage Incentives Program. The level of community engagement was information sharing, achieved through the HRM website and direct communication with affected property owners, agents, and stakeholders.

ALTERNATIVES

1. The Heritage Advisory Committee could recommend the extension of heritage incentive approvals and carry-over of funds as described in this report. This is the recommended course of action.
2. The Heritage Advisory Committee could choose not to recommend the extension of heritage incentive approvals and carry-over of funds.


ATTACHMENTS

Attachment "A" Barrington Street Heritage Incentives 2009/10 & 2010/11: Status of Projects.
Attachment "B" Photographs of Buildings Requesting Carry-Over of Incentive Funding

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Bill Plaskett, Heritage Planner 490-4663

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Report Approved by: 
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ATTACHMENT A

BARRINGTON STREET HERITAGE INCENTIVES 2009/10 & 2010/11: STATUS OF PROJECTS

Civic Address on Barrington / Name	Approved Grant	Approved Tax Credit	Status	Carry over to 2011/12 needed?
FISCAL 2009/10				
1533 - Freemasons Building: Façade restoration, complete interior renovation for conversion to commercial and office use.	\$96,878	\$203,033	95% complete. Completion expected 2011.	Yes
1585 - Green Lantern: Facade restoration and complete interior renovation and upgrading for conversion to mixed commercial & residential use (16 units).	\$96,878	\$488,020	Not started yet due to insurance claim. Expected to begin 2011.	Yes
1673 - Colwell: Storefront restoration and new heating system.	\$5,680	\$2,543	Completed August 2010	No (completed)
Totals 2009/10	\$199,436	\$693,596		
FISCAL 2010/11				
1572 - Former NFB: * Façade restoration; construction of new building to original mass with rooftop addition; commercial / residential.	\$100,000	\$376,625	Development application in progress. Expected to begin 2011.	No (already approved by Council)
1558 - Farquhar (Venus Pizza): * Façade restoration; rooftop addition; commercial /residential		\$204,778	Same as above	Yes
<i>* Note: The above two projects will be integrated with a larger redevelopment of the Argyle Bar & Grill and Opa buildings fronting on Argyle Street. New commercial use and 52 apartments. Total development cost \$15 million.</i>				
1652 - Harrison (Sam the Record Man):** Facade restoration, complete interior re-fit; rooftop addition; retail and office use	\$90,602	\$114,079	Preparatory work commenced 2010. Completion 2011.	No (already approved by Council)
1656 - Acadia Insurance (Sam The Record Man) ** Facade restoration, complete interior re-fit; rooftop addition; retail and office use	\$9,398	\$130,338	Same as above	No (already approved by Council)
1662 - Former Granite Brewery ** Facade restoration, complete interior re-fit; rooftop addition; retail and office use		\$157,273	Same as above	Yes
1668 - NS Furnishings (Telus) ** Masonry restoration; new windows on side; woodwork restoration on storefront & cornices.		\$25,493	To be commenced and completed in 2011 with above.	Yes
<i>** The above four projects together comprise the Starfish Properties "eSpace" project, approved by the Design Review Committee and Council in early 2010. Total development cost \$3,146,000.</i>				
1566 - Brander Morris (Attica) ** Masonry repair, re-pointing and sealing on front facade and side elevation. Repainting storefront.		\$4,585	Not commenced. Approval foregone. New applic'n 2011	No (withdrawn)
1717 - G. M. Smith				No

Masonry repair, repointing, re-parging on side elevations. Repaint storefront.		\$3,991	Same as above	(withdrawn)
1598 - Tramway (former Frozen Ocean)*** Storefront repair; new awning signs.		\$552	Completed Jan 2011	No (completed)
Total 2010/11	<u>\$200,000</u>	<u>\$1,017,714</u>		
TOTAL 2009/10 & 2010/11	\$399,436	\$1,714,310		
Overall Program Budget	\$1,000,000	\$2,000,000		
Remainder	\$ 600,564	\$285,690		

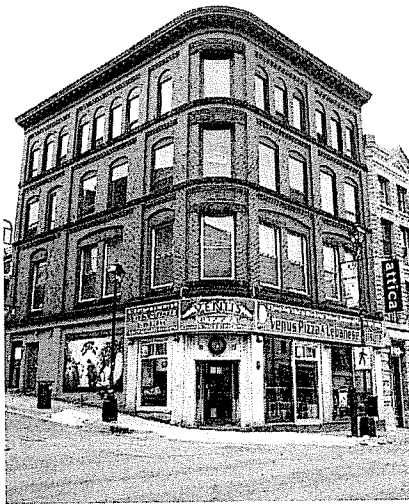
**ATTACHMENT B
PHOTOGRAPHS OF BUILDINGS REQUESTING
CARRY-OVER OF INCENTIVE FUNDING**



Freemasons Building



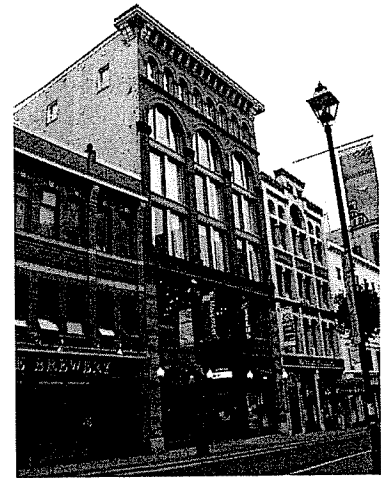
Green Lantern Building



Farquhar Building



Granite Brewery Building



NS Furnishings Building