

Heritage Advisory Committee
August 22, 2012

TO: Chair and Members of the Heritage Advisory Committee

SUBMITTED BY:



Brad Anguish, Director of Community and Recreation Services

DATE: August 13, 2012

**SUBJECT: Heritage Incentives: Barrington Street Heritage Conservation District
2012-13**

ORIGIN

This report originates with a call for applications under HRM's Barrington Street Heritage Conservation District Incentive Program.

RECOMMENDATION

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

1. Approve a grant of no more than \$79,550 and a tax credit of no more than \$1,890 for the restoration and renovation of the Cabot building located at 1725 Barrington Street as described in this report and subject to recommendation #5.
2. Approve a grant of no more than \$89,244 for the restoration and renovation of the Nova Scotia Furnishings' building located at 1668-70 Barrington Street as described in this report and subject to recommendation #5.
3. Approve a grant of no more than \$5,925 and a tax credit of no more than \$22,050 for the restoration and renovation of the Buckley's building located at 1667 Barrington Street as described in this report and subject to recommendation #5.
4. Approve a grant of no more than \$62,170 and a tax credit of no more than \$4,071 for the restoration and renovation of the Mary McAlpine building located at 1569 Barrington Street as described in this report and subject to recommendation #5.

RECOMMENDATIONS CONTINUED ON PAGE 2

5. Approve the grants and tax credits referenced in recommendations 1-4 above conditional upon, and payment to the respective applicant shall not be made until, the respective applicant has:
 - a) completed the work set out in the respective application to the satisfaction of the municipality;
 - b) provided receipts and invoices to support the total amount approved; and
 - c) executed and registered at the Registry of Deeds/Land Registration Office an agreement that they will not apply to demolish, nor will they demolish, the respective property for 20 years from the date of the agreement.
6. Approve the transfer of any unused grant funds (at fiscal year end) from the 2012-13 Barrington Street Heritage Conservation District Incentives Program budget of \$200,000 (\$150,000 from account C310-8004 Planning & Applications and \$50,000 from Q312) to the Cultural Development Reserve (account Q312) for expenditure in fiscal 2013-14, once the approved projects are completed.
7. Approve the extension of any un-issued 2012-13 tax credits referenced in recommendations 1-4 above into the 2013-14 fiscal year.

EXECUTIVE SUMMARY

Under the Barrington Street Heritage Conservation Incentives Program for 2012/13, staff received and reviewed four applications requesting financial assistance for the following properties: 1725 Barrington St. - Cabot Building, 1668-70 Barrington St. – Nova Scotia Furnishings; 1667 Barrington St. - Buckley’s Building; and 1569 Barrington St.- Mary McAlpine Building.

This report outlines the grant and tax credit requests, and recommends that each application be approved for funding as per Table 2 of this report. Grant requests exceed the program’s annual \$200,000 budget due to available unused 2011-12 program budget funds that currently reside in the Heritage Reserve. If Council wishes to maintain the annual grant amount for the Program at \$200,000, Attachment A of this report provides Council with revised grant and tax credit amounts to achieve this objective.

BACKGROUND

In 2009, Regional Council adopted the Barrington Street Heritage Conservation District (HCD) Plan and By-law which includes a financial incentives program to encourage restoration and renovation of buildings within the District. Prior to the adoption of the Plan, Council had approved in principle a financial program budget of \$1 million in grants and \$2 million in tax credits spread over five years. In 2009-10, the grant budget was set at \$200,000. This same amount was budgeted for all proceeding years including the current fiscal year, 2012-13. The financial program approved by Council is now in its fourth year of this five year program.

On March 9, 2010 Council approved revisions to the Terms and Conditions of the Program to clarify requirements, administrative processes, and evaluation criteria (Attachment B). In summary 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; and
- Waiver of building permit application fees.

DISCUSSION

Project Descriptions

In the 2012-13 budget year, HRM has reviewed four applications under the Barrington Street Heritage Conservation District Financial Incentive Program. These applications are summarized in Table 1 and illustrated on Map 1.

Table 1: 2012-13 Applications

Property	Project Description
1725 Barrington St. - Cabot Building	Storefront restoration, stone repairs, new windows, roof & chimney repair.
1668-70 Barrington St. – Nova Scotia Furnishings	Façade restoration, new windows, new lighting, and wrought iron repairs.
1667 Barrington St. - Buckley’s Building	Interior improvements (electrical, plumbing, flooring) & fire protection upgrades.
1569 Barrington St. - Mary McAlpine	Storefront restoration, roof & skylight replacement, fire protection upgrades, new decorative parapet.

Staff has reviewed each application and all applicable plans and cost estimates to confirm eligibility of the work for which funding is requested in accordance with the Terms & Conditions of the incentive program approved by Council (Attachment B). Staff has calculated the grants and tax credits for each application in accordance with the approved program guidelines.

While the Barrington Street Heritage Conservation District Incentives program has an annual grant budget of \$200,000, only \$119,750 was allocated to grant requests in 2011-12 and the unused budget (\$80,250) was transferred into the Cultural Development Reserve account Q312 at the end of the fiscal year. This has resulted in additional funds (above the annual \$200,000 budget) being available to fully fund each of the 2012-13 grant applicants. Table 2 outlines eligible grants and tax credits for each application.

Table 2: Summary of Eligible Grants and Tax Credits

Property	Value of Eligible exterior & interior work	Eligible Grant (request)	Eligible Tax Credit (request)	Total
1725 Barrington St. Cabot Building	\$171,700	\$79,550	\$1,890	\$81,440
1668-70 Barrington St. Nova Scotia Furnishings	\$178,488	\$89,244	N/A	\$89,244
1667 Barrington St. Buckley's Building	\$158,850	\$5,925	\$22,050	\$27,975
1569 Barrington St. Mary McAlpine	\$151,480	\$62,170	\$4,071	\$66,241
TOTALS	\$660,518	\$236,889	\$28,011	\$264,900

The Barrington Street Heritage Conservation District Incentives Program was adopted with estimated costs of \$1 million in grants and \$2 million in tax credits spread over five years. Table 3 illustrates the total grants and tax credits recommended for the four years of the program (including this year's amounts) which provides an overview of the progress of the program to date.

Table 3: Overview of Barrington Street Heritage Conservation District Incentives Program

Fiscal Year	Grants	Tax Credits	Total
Year 1: 2009-10 (approved)	\$200,000	\$696,138	\$896,138
Year 1 adjustments*	(\$564)	(\$2,542)	(\$3,106)
Year 2: 2010-11 (approved)	\$200,000	\$1,018,686	\$1,218,686
Year 2 adjustments**		(\$10,100)	(\$10,100)
Year 3: 2011-12 (approved)	\$119,750	\$102,110	\$221,860
Year 4: 2012-13 (proposed)	\$236,889	\$28,011	\$264,900
Estimated Program Costs	\$1,000,000	\$2,000,000	\$3,000,000
Balance (to reach estimate by 2013-14)	\$243,925	\$167,697	\$411,622

* In 2009-10, one project was completed under budget reducing the maximum grant by \$564 and the maximum tax credits by \$2,542.

*** In 2010-11, two projects were withdrawn by the applicant, reducing the maximum tax credits by \$8,576. As well, another project was not built to heritage standards and \$1,524 in approved tax credits was not paid out.*

Table 3 indicates that the uptake on the program has been proceeding well, with a total of seventeen applications (three in 2009, seven in 2010, three in 2011, and four in 2012) accounting for over \$2.5 million of the overall projected program budget of \$3 million. This is a positive sign that indicates that the restoration and renovation of individual buildings, and revitalization of the district as a whole, is moving forward.

Next year is the final year of the five-year financial incentives program for the Barrington Street Heritage Conservation District. Property owners will have until March 1, 2013 to apply to this program. Later that year staff will report to Council an assessment of the success of the Barrington Street Heritage Incentive program.

BUDGET IMPLICATIONS

This report recommends the approval of \$236,889 in Barrington Street Heritage Incentives grants for the 2012-13 fiscal year. \$150,000 of the required funding exists within the 2012-13 Operating Budget for Development Approvals in account C310-8004 (Planning & Applications-Grants), while the remaining \$86,889 is available from the Cultural Development Reserve account Q312. Unexpended 2012-13 grants funds will be transferred to the Cultural Development Reserve account Q312 at fiscal year end, to be applied in the 2013-14 fiscal year.

This report also recommends the approval of \$28,011 in tax credits for the 2012-13 fiscal year. Tax credit expenditures for eligible work completed in 2012-13, on projects approved in this report and by Regional Council in prior years, are forecast to be within the 2012-13 budget of \$560,000 (M310-8007). Expenditures related to projects that are not fully complete by March 31, 2013 will be accrued and paid out following completion of the projects and reporting by the property owners.

Building permit revenue estimates for the 2012-13 grant/tax credit applications will be adjusted to account for the projected waiver of approximately \$1,452 in application fees attributable to the four projects. The amount waived represents a small fraction of HRM's total revenue from permit application fees and will be absorbed through account C430-4903 Permits & Inspections – Building Permits.

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 Barrington Street Heritage Incentives Program is an internal operating process for HRM which was adopted after the completion of a public consultation process consistent with the HRM Community Engagement Strategy.

ENVIRONMENTAL IMPLICATIONS

The Barrington Street Heritage Incentives Program supports the rehabilitation and/or adaptive reuse of heritage buildings as they contain considerable investment of materials, energy, labour and resources. This program supports HRM's efforts to support sustainable development.

ALTERNATIVES

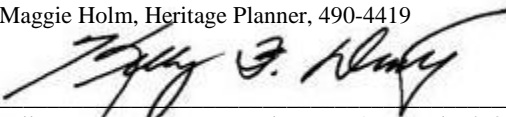
1. The Heritage Advisory Committee could forward a positive recommendation to Regional Council for the allocation of grants and tax credits as described in Table 2 of this report. This is staff's recommendation.
2. The Heritage Advisory Committee could recommend to Regional Council that the \$200,000 grant budget be adhered to, and all grant requests be revised as shown in Attachment A of this report.
3. The Heritage Advisory Committee could forward a negative recommendation to Regional Council on any or all proposed grants and tax credits.

ATTACHMENTS


- Map 1: Location Map
- Attachment A: Revised Grants and Tax Credits
- Attachment B: Terms & Conditions for the Barrington Street Heritage Conservation District Heritage Incentives Program
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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: Maggie Holm, Heritage Planner, 490-4419

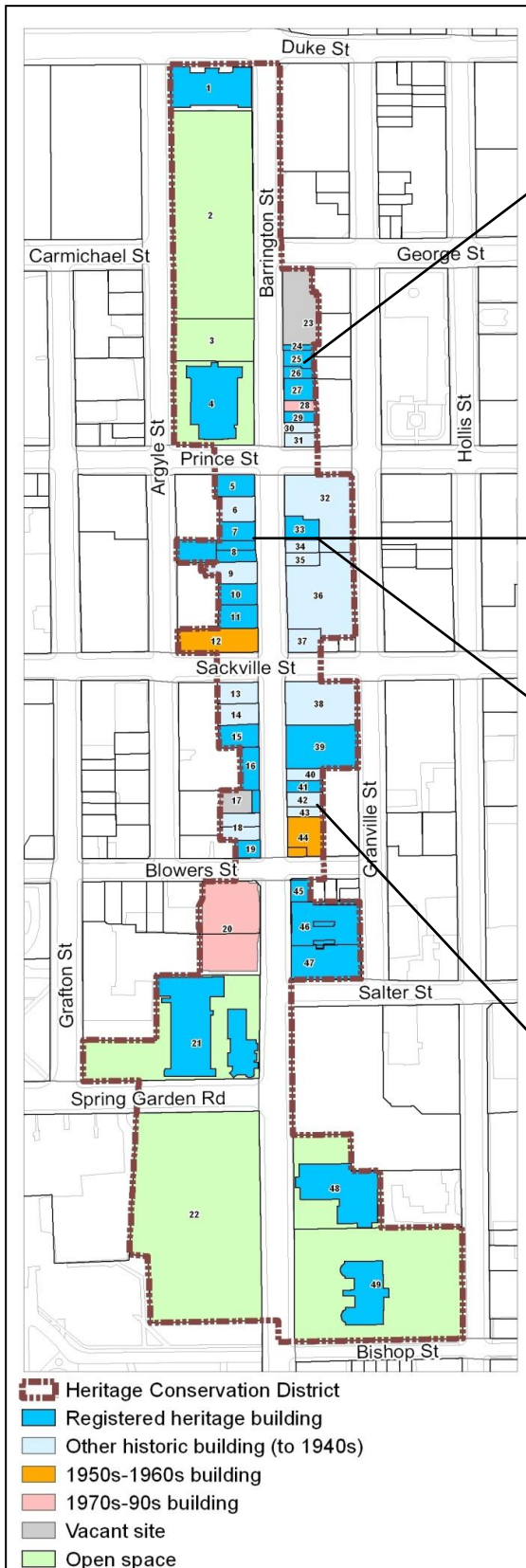


Report Approved by: Kelly Denty, Manager, Development Approvals, 490-4800



Financial Approval by: Greg Keefe, Director of Finance and Information Technology/CFO, 490-6308

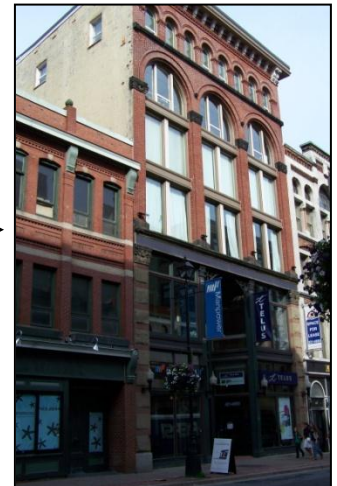
Map 1: Location of Applications



1725 Barrington Street
Cabot Building



1668-70 Barrington St
NS Furnishing Building



1667 Barrington Street
Buckley's Building



1569 Barrington Street
Mary McAlpine Building



Attachment A – Revised Grants and Tax Credits

The table below shows illustrates an option for eliminating the \$36,889 over the annual \$200,000 budget, in accordance with the practice of previous years, should Council chose alternative B. All four applications meet the program criteria and are of equal merit, therefore the most equitable way to meet budget is to reduce the value of work eligible for each grant request proportionately (by 15.6%), and adjust each tax credit to include the 15.6% of the value of work not covered by the reduced grant, as shown in the table below.

Property	Value of Work	Requested Grant	Total Requested Tax Credit	Recommended Adjusted Grant (15.6% reduction in value of work)	Recommended Adjusted Tax Credit
1725 Barrington	\$171,700	\$79,550 <i>(\$159,100 value of work)</i>	\$1,890 <i>(\$12,600 value of work)</i>	\$67,162 <i>(\$134,325 adjusted value of work)</i>	\$5,606 <i>(\$37,375 adjusted value of work)</i>
1668 Barrington	\$178,488	\$89,244 <i>(\$178,488 value of work)</i>		\$75,347 <i>(\$150,694 adjusted value of work)</i>	\$4,169 <i>(\$27,794 adjusted value of work)</i>
1667 Barrington	\$158,850	\$5,925 <i>(\$11,850 value of work)</i>	\$22,050 <i>(\$147,000 value of work)</i>	\$5,002 <i>(\$10,005 adjusted value of work)</i>	\$22,327 <i>(\$148,845 adjusted value of work)</i>
1569 Barrington	\$151,480	\$62,170 <i>(\$124,340 value of work)</i>	\$4,071 <i>(\$27,140 value of work)</i>	\$52,489 <i>(\$104,978 adjusted value of work)</i>	\$6,975 <i>(\$46,502 adjusted value of work)</i>
Total	\$660,518	\$236,889 <i>(\$473,778 value of work)</i> Over Budget	\$28,011 <i>(\$186,740 value of work)</i>	\$200,000 <i>(\$400,002 adjusted value of work)</i> On Budget	\$39,077 <i>(\$260,516 adjusted value of work)</i>

ATTACHMENT "B"

**BARRINGTON STREET HERITAGE CONSERVATION DISTRICT
FINANCIAL INCENTIVES PROGRAM
TERMS AND CONDITIONS
for
CAPITAL GRANTS, TAX INCENTIVES, AND PERMIT FEE WAIVERS**

GENERAL CONDITIONS

Program Aim

The Barrington Street Heritage Incentives Program (the Program) is administered by the Heritage Property Program (Community Development Department) to encourage restoration and renovation of buildings in the Barrington Street Heritage Conservation District. Within the limits of the annual approved budget, the Program provides:

- matching grants (up to \$100,000) for exterior restoration work up to \$200,000 in value, excluding HST;
- tax credits for exterior restoration work over \$200,000 in value, excluding HST;
- tax credits for interior restoration or renovation work that contributes to the ongoing functional viability of the building; and
- waiver of application fees for building permits and sign permits.

Operational Criteria

- The Program will operate for five years from the time of the adoption of the Barrington Street Heritage Conservation District Plan and By-law.
- The Program operates on a fiscal year basis from April 1st to a March 31st.

Application Requirements

- Applications will be accepted between January 1st and March 1st and may be submitted to:

HRM Heritage Property Program
P.O. Box 1749, Halifax, NS B3A 3J5

or by hand delivery to:

HRM Heritage Property Program
Community Development Department, Heritage & Design
2nd Floor, Alderney Gate, 40 Alderney Drive, Dartmouth
Telephone: 490-4419 or 490-4663

- Email or faxed applications will not be accepted.
- Late or incomplete applications will not be reviewed.

Applications must include:

- A completed application form.
- Recent photographs of the building with close-ups of the areas of work for which the grant or tax credit is applied for.
- Professionally prepared design documents including technical specifications for all projects.

- Professionally prepared cost estimates for the proposed work, excluding HST.
- An itemized breakdown of costs distinguishing between eligible and ineligible work and materials, in accordance with the eligibility criteria listed below.

Eligibility of Property

- Property must be located in the Barrington Street Heritage Conservation District.
- Property owner must be in good standing with HRM and shall not have unpaid taxes or any other legal claim outstanding.

Eligibility of Applicant

- Property owner must be in good standing with HRM and shall not have any unpaid taxes or any other legal claim outstanding;
- An applicant may apply for incentives for multiple properties if the properties meet the eligibility requirements.

GRANTS

Grants may be made for exterior work on the following building components:

- Storefronts and street level facades.
- Upper facades.
- Exterior walls (front, side, and rear, excluding party walls).
(Note: repairs to party wall are eligible for tax credits, see below).
- Roofs, including chimneys.
- Foundations.
- Signs.
- Awnings.

Eligible Work & Materials

- Projects which restore exterior architectural elements significant to the heritage character of the building, including any of the following:
 - **Preservation** of existing exterior architectural elements. This includes repair (including structural repair) of deteriorated walls (front, side, or rear), cladding, masonry, windows and doors, lintels and sills, storefronts, roofs, roofing, chimneys, foundation, cornices, mouldings, parapets, architectural trim, and other significant features.
 - **Replacement** of exterior architectural features which exist but which are beyond preservation or repair. This includes replacement in kind of deteriorated walls (front, side, or rear), cladding, masonry, windows and doors*, lintels and sills, storefronts, roofs, roofing, chimneys, foundation, cornices, mouldings, parapets, architectural trim, and other significant features, using accurate reconstruction and materials, sizes, and configurations that match the original.
 - **Restoration** of significant architectural features which have been lost but for which the appearance can be clearly determined from physical evidence or documentary sources such as historic drawings or photographs.
 - Projects must use traditional materials (wood, stone, brick, etc.) and traditional design.
 - Painting.
 - Signs.
 - Awnings.

* Note: In order to qualify for grants, replacement windows and doors at street level must be of traditional

materials (typically wooden windows and doors); however, on upper storeys, aluminium clad windows are acceptable).

Ineligible Work & Materials

- Modern materials such as vinyl windows, steel doors, vinyl siding, or EFIS cladding.
- Short-term, routine maintenance, including minor repairs to non-original siding or roofing.
- Poor or defective work.
- Work carried out prior to submission of the application (except by special arrangement).
- Owner Labour.

Project Evaluation

Projects will be evaluated under the *HRM Heritage Building Conservation Standards* and the *Heritage Design Guidelines of the Downtown Halifax Land Use Bylaw Design Manual*.

Priority Criteria

- Preference given to preservation and restoration of historic structural and weatherproofing elements than to cosmetic improvements, e.g., restoration of masonry, cladding, windows, doors, or roof has greater priority than painting.
- Preference given to restoration of publicly visible features, e.g., an application for restoration of a front facade would have higher priority than a facade facing an interior light well or rear yard.
- Preference given to registered heritage buildings.
- Preference given to buildings in poor condition and at greatest risk of deterioration or loss.

Application Review Process

- Applications will be screened for basic eligibility as they are received.
- Eligible applications will be reviewed and evaluated by staff in March.
- Grants under \$10,000 may be approved by staff (as is the case under the existing Heritage Incentives Program, which continues to apply to registered heritage properties outside the heritage conservation district).
- Grants over \$10,000 will require a staff report, recommendation by the Heritage Advisory Committee, and approval by Regional Council.
- Notification of approval or rejection will be mailed to applicants in April/May.
- Approval of grants will be conditional on approval of program budget and available funds.
- Due to limited funds, not all eligible applications may receive approval.
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Maximum & Minimum Grants & Multiple Applications

- Grants are awarded on a 50% cost-sharing, matching grant basis.
- The maximum overall grant: \$100,000 per property.
- Maximum grant per storefront: \$15,000 (buildings with more than one storefront may receive more than one grant).
- Maximum grant for storefront signs: \$3000 per storefront.
- Maximum grant for awnings: \$1000 per storefront
- Minimum grant: \$1000.
- The number of grants per property is limited to one per year and two in the five-year time frame of the Program.

Conditions of Approval & Payment of Grant

- Projects must be completed within the fiscal year for which they are approved except by special agreement.
- Grant payment is conditional on satisfactory completion of approved work, photographic documentation of completed work, site review by HRM staff, and submission of receipts and paid invoices.
- Deadline for submission of receipts and paid invoices is March 15th. This is necessary to enable grant payments to be processed by end of fiscal year.
- Grant funding for projects not completed by the end of the fiscal year will be forfeited except by specific agreement on a case by case basis.
- Grants are tied to specific approved work. Additional work not approved will not be funded.
- The applicant shall notify HRM of any changes to the approved work prior to it being undertaken and shall not proceed with the work without supplementary approval by staff. Work that deviates from the approved work without a supplementary approval may not be eligible for funding and, at the discretion of HRM, such funding may be withheld and re-allocated to another property in the heritage conservation district.
- Grants over \$10,000 are conditional on the owner entering an agreement with HRM to maintain the building and not apply for demolition for twenty years. The agreement runs with the land and shall be filed at the Land Registration Office/Registry of Deeds.

Appeals

- Refusal of a grant application or withholding of an approved grant payment may be appealed by the applicant within fourteen days of written notification of the decision.
- Appeals will only be considered on the basis of new information, or an error in fact or procedure during the review process.
- Appeals shall be in writing, addressed to the Heritage Property Program and shall give reasons for the appeal.
- A staff report on any appeals will be prepared. The report will be sent to the Heritage Advisory Committee who may overturn, amend, or endorse a staff recommendation. The HAC will then send the report to Regional Council for final approval. Appeals can only be considered within any remaining program budget.

TAX CREDITS

Where an application includes both exterior restoration and interior rehabilitation, tax credits may be approved for the following types of work :

Exterior Work Eligible for Tax Credit

- Exterior restoration work on an existing building which meets the eligibility requirements for grants (see above) but which exceeds \$200,000 in value.
- Exterior elements on new rooftop additions including cladding and trim, windows, doors, and roofing but excluding structural components. This may include contemporary design and materials approved under applicable Design Guidelines.

Interior Work Eligible for Tax Credit

- Renovations needed to meet building code and fire safety requirements.
- Renovation of common interior circulation areas including lobbies, hallways, staircases, washrooms, elevators and lift devices.
- Structural repairs, including repairs to party walls and structural improvements to the existing building required for support of approved rooftop additions.

- Renovation of central building systems in the existing building including plumbing, heating, ventilation, and air conditioning (HVAC), electrical or telecommunication systems and associated service rooms, and sprinkler systems.
- Energy efficiency improvements including renovations to building envelope.
- Restoration of historic interior features or finishes located in common, publicly accessible circulation areas.
- Restoration of historic interior features or finishes located in spaces outside common areas (e.g. leased spaces) in special cases.

Ineligible Work

- Fixtures, finishes and demising walls in spaces outside common areas, e.g. improvements to leased spaces, condominium units, or storage areas.
- Distribution of central building systems outside common areas, beyond open area requirements.
- Any interior work within rooftop additions, including structural, plumbing, HVAC, electrical or telecommunication systems.
- Interior work on projects without adequate exterior restoration.

Calculation and Payout of Tax Credits

- Tax credits will be calculated on the basis of 15% of the value of eligible work.
- All Tax Credits will require approval by Regional Council.
- For minor projects, tax credits will be applied against taxes due in the fiscal year following completion of eligible work.
- For multi-year projects, tax credits will be calculated (and applied against taxes due) based on the amount of eligible work completed in the prior year.
- When requested, tax credits will be paid out to the property owner in the form of a grant equivalent following payment in full of all applicable taxes
- All tax credits are conditional on owner entering an agreement with HRM to maintain the building and not apply for demolition for twenty years. The agreement runs with the land and shall be filed at the Land Registration Office/Registry of Deeds..

Maximum and Minimum Tax Credits

- There is no specific maximum tax credit, however, the annual payout cannot exceed the municipal portion of taxes (the general rate) due in that year.
- When required, i.e., for large projects, the balance of tax credits earned is carried forward until the total tax credits applied to taxes equal the total tax credits earned.
- Minimum tax credit: \$1000, i.e., eligible work of \$6700 or greater.

PERMIT FEE WAIVERS

- Fees for any building permit or sign permit application submitted within five years of the adoption of this Plan, shall be waived for any property within the Barrington Street Heritage Conservation District.
- This waiver shall not apply to other construction related fees such as plumbing fees, encroachment fees, sidewalk café rental fees, SANS deposits, future settlement fees, and sewer redevelopment charges, and shall not apply to application fees for demolition or deregistration of a building in the Barrington Street Heritage Conservation District.

OUTCOME MEASURES

The success and effectiveness of the grant and tax incentive program will be measured in relation to the following outcomes:

- Number of storefront restorations.
- Number of sign improvements.
- Number of new awning installations.
- Number of facade restorations.
- Number of interior improvements.
- Number of applications in relation to program participation estimate of 19 property owners.
- Value of applications in relation to program budget estimate of \$14 million.
- Value of investment leveraged from private sector.
- Increase in occupancy and total rental revenues.
- Increase in assessment and tax revenues.
- Improvement in overall streetscape cohesiveness.
- Public perception/media coverage of improvements.

SPECIAL CASE: NEW CONSTRUCTION - FORMER NFB FACADE (1572 Barrington Street)

Special consideration may be given to a customized grant and tax incentive package to assist in the cost of constructing a new building behind the former NFB facade, by amendment or re-negotiation of the Heritage Agreement dated 16 July, 1997.