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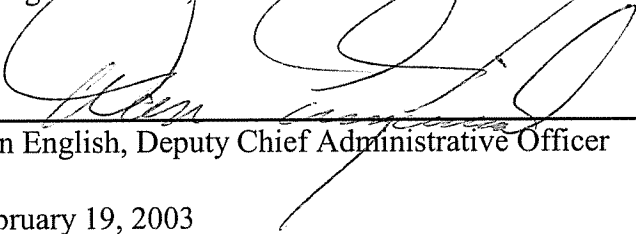
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Halifax Regional Council  
March 4, 2003

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
\_\_\_\_\_  
George McLellan, Chief Administrative Officer

  
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Dan English, Deputy Chief Administrative Officer

**DATE:** February 19, 2003

**SUBJECT:** Heritage Incentives Program: Action Plan for HRM

#### ORIGIN

- At the May 18, 1999 Council session the Fort Sackville Foundation proposed that the Municipality establish a Foundation to receive donations and bequests from individuals and businesses to preserve HRM's heritage (Status Sheet Item 9.1.1).
- At the March 5, 2002 Council session staff was asked to investigate the possibility of having a 1% fee imposed on all building permits to provide a stable source of funding for arts, culture and heritage. (Status Sheet Item 12.1)
- Various requests from property owners for the Municipality to provide assistance with the costs of heritage repairs.

#### RECOMMENDATION

It is recommended that Regional Council endorse the development of heritage incentive programs outlined in the attached staff report.

This report will be forwarded to the Heritage Advisory Committee. Staff will develop these policies in consultation with the Committee. The draft policies will then be submitted for Council's consideration.

## DISCUSSION

### Heritage Regulations Versus Incentives

Municipalities in Canada typically employ a combination of “sticks” and “carrots”. Sticks are the regulations that attempt to protect heritage from inappropriate development. Carrots are incentives such as financial, non-financial and legislative measures that encourage investment in heritage. While HRM has some heritage incentives, the balance is tipped toward a regulatory approach and additional incentives are needed. In particular, HRM provides very little in the way of financial incentives or investment.

Municipal heritage programs elsewhere in Canada generally include financial incentives which leverage private heritage investment. HRM needs to develop Municipal heritage investment programs which recognize and reward investment made by heritage property owners. The benefits of this investment will be appreciated by citizens, visitors and newcomers because it speaks to a quality of life that is valued in this region with shared costs and mutual benefits. In addition, the Municipality benefits from increased economic activity and heritage-based tourism. It is acknowledged that the presentation of authentic heritage boosts tourism and return visits.

Municipalities which have effective financial heritage incentives typically have better maintained heritage properties. In addition, these programs are based on sound business planning which focuses on outcomes rather than simply grant seeking. This report recommends that Council create new heritage incentive programs based on the business planning practices used in other Canadian Municipalities. These programs are designed to shift the conservation of buildings in HRM from a “must-do” to a “want-to” approach.

Staff have identified the following opportunities for heritage incentive programs. With Council’s endorsement, these will be developed in consultation with HRM’s Heritage Advisory Committee. The details of each program will be submitted to Council for review and approval during the coming year. One hundred thousand dollars have been included in the proposed 2003/04 Operating Budget to ensure that funding is available to implement these programs if they are approved this year.

### New Incentive Programs

**Commercial Rehabilitation Program:** This program would contemplate offering financial assistance to the owners of commercial heritage property to rehabilitate heritage buildings. Sensitive integration of heritage buildings into new developments could also be encouraged. The program could offer funding for a ratio of the rehabilitation (or integration) cost.

**Institutional and Non-Profit Incentives Program:** This program would be designed to repair and restore authentic architectural features that improve the exterior appearance of public heritage buildings. Grants could be available to remove inappropriate materials, repair period correct features, restore windows and doors, and in special cases to reconstruct features which have been lost.

**Public Works Policy:** The policy will assess, and if feasible, schedule HRM Capital projects to complement investments by owners of registered heritage properties. For example, when a property owner invests in the restoration of a registered heritage property, the Municipality will assess approved capital projects planned for the area and if feasible coordinate Municipal upgrades to sidewalks, street lighting, public parks and community spaces etc.

**Legacy 20/20 Fund:** This program will be designed to promote corporate, business, community and philanthropic investments in HRM's 188 communities to ensure the Region's historical, architectural and cultural legacies are preserved and presented for future generations.

### Existing Heritage Incentive Programs

The 2002 **Residential Heritage House Program** which offered matching grants of up to \$5,000 for restoration of the exterior of registered heritage houses will continue in 2003/04. This incentive program offsets the additional cost of maintaining a registered heritage house. The 2002 Residential Heritage House Program has had an impressive 4:1 ratio, leveraging \$215,765 of private investment, through \$50,000 of HRM's investment. Annual funding of \$50,000 for this existing program comes from the Heritage Tourism Reserve.

Many of HRM's **Municipal Planning Strategies** have policies which encourage the economic reuse of heritage properties in order to maintain or rehabilitate the properties. These policies allow Community Councils to consider development agreements for developments (e.g. use and setbacks etc) which are not normally permitted in the zone where the property is located. Numerous development agreements have been approved over the years and these policies will continue to be administered.

It should be noted that there may be some slight overlap with other **existing grant programs** offered by HRM which contain a heritage component. These will be reviewed during the coming year while the proposed policies/programs are being developed. Any recommendations required with respect to these programs will be made at that time.

### 1% Building Permit Fee

Staff was asked to determine whether a 1% surcharge could be added to all building permits. The intention was for this money to fund HRM's heritage incentive programs. It has been determined that such a fee would exceed HRM's legal authority. Permit fees are required to offset the costs of delivering that service, not for funding other services and programs. The proposed programs described above are intended to achieve the goals which were intended for the 1% surcharge.

### **BUDGET IMPLICATIONS**

In conjunction with the development of these policies/programs staff will return to Council to detail the programs and funding sources, staff resources and organizational responsibilities required to implement these programs. The proposed 2003/04 budget includes \$100,000 for these programs.

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## FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

## ALTERNATIVES

1. Council can allow staff to develop the proposed heritage incentive policies/programs for the reasons outlined in the report. This is the recommended course of action.
2. Council could direct staff not to develop the proposed heritage incentive policies/programs. This course of action is not recommended since similar programs are in place elsewhere in Canada and the development of policy does not commit Council to the proposed programs or expenditures at this time.
3. There are a number of other heritage incentive programs which are used elsewhere in Canada. These are identified in Appendix B. Council could direct staff to develop policies/programs relative to some of these ideas. This course of action has not been recommended since this would add a significant amount of additional work and the current proposal is already ambitious.

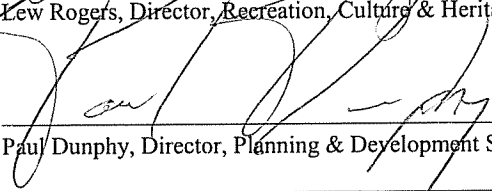
## ATTACHMENTS

- Attachment A: Community Consultation: Fall 2002  
Attachment B: Heritage Incentives in Canada: Municipal Alternatives

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Dan Norris, Manager, Culture & Heritage 490-4339

Report Approved by:   
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**Community Consultation: Fall 2002**

Excerpt - Minutes of the Heritage Advisory Committee Meeting, October 23, 2002

**4. SPECIAL SESSION - VIBRANT CITIES - HEALTHY COMMUNITIES -  
DISCUSSION ON COMMUNITY HERITAGE**

A general discussion ensued with the following points being made:

- An inventory list of properties eligible for registration needs to be compiled. Mr. Barrett advised that staff has some background information on file regarding such properties.
- Incentives (such as a height increase, relaxations on angle controls, public works in kind, etc.) need to be offered to developers to maintain heritage properties.
- A separate policy could be created for commercial development of heritage properties as an incentive.
- The HRM needs to embrace the heritage property program and do what it financially can to help maintain these properties as well as provide increased funding and staff for the heritage property program.
- More work needs to be done with respect to identifying, recognizing and protecting street scapes and conservation districts.
- Most of the heritage buildings in Dartmouth are wooden and the downtown area has a unique way of life. Incentives to restore these buildings need to be found or the area will be lost.
- Seeking corporate sponsorship for heritage or conservation districts may be an avenue to pursue.

Mr. Danny Chedrawe, Westwood Developments, addressed the Committee making the following points:

- HRM policies have been driven too much around rules, regulations, and minimum standards, and there are no new ideas being generated to deal with issues.
- A more wider rule based system for development needs to be created as the current rules do not work. The method of policing these rules would be the approval process.

**Community Consultation: Fall 2002 [continued]**

Excerpt - Minutes of the Heritage Advisory Committee Meeting, October 23, 2002

**4. SPECIAL SESSION - VIBRANT CITIES - HEALTHY COMMUNITIES - DISCUSSION ON COMMUNITY HERITAGE**

Heritage groups, although they mean well, have been deterring developers from coming forward to talk to staff about maintaining heritage as there is no give and take.

- There are four tools to utilize to protect heritage:
  - full heritage protection
  - facade protection
  - new development sensitive to heritage or heritage reproduction
  - heritage districts
- Heritage involves more than just buildings (open space, sidewalks, trees, signage, lighting, water access, etc.) and this should be part of any new heritage policies.
- A penalty fee could be levied on developers for demolishing heritage properties which could go towards heritage preservation. A levy could be imposed on Peninsula developments to also go towards heritage protection programs.
- There are no financial incentives for property owners to register their properties.
- Incentive programs are more appropriate for smaller scale projects.

Mr. Bruce Holland noted the planning strategies for the former County area were supposed to be reviewed every seven years, but that has been suspended since amalgamation. Mr. Barrett responded that the focus is currently being placed on the regional plan. Councillor Uteck stated there needs to be a heritage growth plan included in the regional plan.

Mr. Barrett stated that, through this discussion paper, the comments made at this meeting, along with others, will be passed on for the public forum for the regional plan. He requested that any further comments be passed on to staff.

With respect to inventories, Councillor Meade noted one was done in the former County in 1984-88 and the Province has this information. Mr. Barrett noted he has some original inventory sheets from Dartmouth and the County.

Mr. MacLellan thanked everyone for their comments noting staff will take them under advisement.

### **Heritage Incentives in Canada:**

This attachment provides an overview of municipal heritage incentives in place in 15 Canadian municipalities. Additional information is available from staff upon request.

### **Financial Incentives**

#### **1. Heritage Grants:**

The most prevalent form of heritage incentive is a grant, available in 13 of 15 municipalities surveyed. Most grants are of a "matching" type and are available for repair and restoration.

#### **2. Tax Exemptions and Credits:**

This incentive is the second most prevalent form, available in 8 of 15 municipalities surveyed. Three property tax measures are common (credit, rebate, exemption). They all have the effect of reducing the costs of property rehabilitation.

#### **3. Heritage Loans:**

This form of incentive is rare, available in only 4 of 15 municipalities surveyed, all in Ontario. Loans are available at interest rates lower than those offered by financial institutions.

### **Non Financial Incentives:**

#### **4. Development Measures:**

A number of development measures have been implemented in Canadian municipalities, such as:

- Permit fast-tracking
- Building Code Equivalencies
- Complimentary Public Works
- Building Permit Fee Reduction
- Building Code Assistance
- Plaques and Recognition Awards

#### **5. Planning Measures:**

A number of planning measures have been implemented in Canadian municipalities, such as: heritage zoning and neighbourhood by-laws, density transfers, land-use and zoning variances.

### **Regulatory Incentives:**

To ensure the long-term protection of municipal heritage assets a number of regulatory alternatives have been developed by Canadian municipalities, including:

- Heritage Easements
- Heritage District Designations
- Heritage Plans and Sub Area Plans
- Urban and Commercial Design Standards
- Community and Neighbourhood Design Guidelines