

DECISION/DIRECTION NOTE

Title: Heritage Financial Incentives Program
Date Prepared: May 31, 2016
Report To: Chair and Members, Built Heritage Experts Panel
Councillor & Role: Councillor Art Puddister, Chair, Planning and Development Committee
Ward: All

Decision/Direction Required:

To seek direction on implementing a Heritage Financial Incentives Program.

Discussion – Background and Current Status:

The former Heritage Advisory Committee recommended that staff review the possibility of implementing a new Heritage Financial Incentives Program. The City currently has two (2) unfunded programs: a Residential Heritage Grant Program (Policy 04-04-02) and a Commercial Heritage Grant Program (Policy 04-04-03), copies of which are attached in Appendix “C”. These programs have not been funded since 1995. The city also introduced a heritage property-tax incentive in the late 1900s for non-residential buildings. If renovations increase the assessed value of a designated Heritage Building, thus increasing the taxes due, then the increased taxation is phased in over five years at 20% per year. To date, only two buildings have used the incentive. It is proposed that these programs be rescinded and the Heritage Financial Incentives Program as outlined in Appendix “A” be adopted.

The City created its heritage area in 1977 and has been designating Heritage Buildings since that date. Any exterior development or renovation of a Heritage Building or a building located in a heritage area must follow the City’s standards. If there is an additional cost to the owner to follow these standards, the owner must absorb that cost.

The City promotes heritage as a public good that fosters a sense of place and identity; generates economic development and tourism revenues; makes best use of our built resources; and is environmentally appropriate (reusing old buildings is preferable to demolishing them). Despite the foregoing, the City offers few financial incentives. Designation as a Heritage Building offers the possibility of approval for a commercial use, such as a bed and breakfast, that might not otherwise be permitted in the land-use zone. Other than that, there is little benefit. Regularly, owners of heritage properties ask why the City does not provide more financial support for them.

The Heritage Financial Incentives Program proposes three (3) types of grants:

1. Heritage Maintenance Grant
2. Heritage Conservation Grant
3. Heritage Design Grant

The authority enabling the City to establish a heritage grant comes from Section 355 of the City of St. John’s Act, attached as Appendix “D”. Section 355(9) of the City Act enables Council to provide

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grants only to those buildings designated by Council. Therefore, eligible properties are those properties that are municipally designated as Heritage Buildings and those buildings in the City's designated Heritage Areas, referred to as "Heritage Properties" in the proposed Incentives Program.

Financial incentives can only be used to defray some of the development cost difference attributable to the City's designation. The proposed Incentives Program requires the applicant to substantiate the cost difference.

Please refer to the Incentives Program attached in Appendix "A" for further details.

Grants Compared with Tax Breaks:

The two heritage grant programs that have not been funded since 1995 were straight-forward grants to property owners. The most recent heritage property-tax incentive from the late 1990s was, in essence, also a grant in that property tax increases were deferred by a set amount over five years.

A tax break may seem to be more palatable than a grant. A grant implies that the City gives an owner a sum of money, whereas a tax break implies that the City does not actually give an owner money, the City refrains from requiring a certain amount of tax from an owner. However, under the City's governing legislation, the City can provide grants but cannot reduce the taxes owing on a property.

The City of St. John's Act, Section 355, does empower the City to grant money to a property owner for heritage purposes. In contrast, the City of St. John's Municipal Taxation Act does not permit the City to give tax breaks on taxes owed.

Please note, that in practical terms, even with a grant program the City does not have to be seen as giving money to an owner. We can still decide to forgo certain tax revenues or other revenues (such as permit fees) that are counted as a grant.

Key Considerations/Implications:

1. Budget/Financial Implications:

If approved, the City may partner financially with property owners to defray some of the costs of maintaining and conserving our built heritage. Council will set the Heritage Financial Incentive Program's budget annually during budget deliberations.

2. Partners or Other Stakeholders:

The City may partner with the property owners through the Heritage Financial Incentive Program.

3. Alignment with Strategic Directions/Adopted Plans:

- Neighbourhoods build our City - Maintain and position downtown as a distinct neighbourhood.
- Fiscally Responsible - Explore complementary public/private partnerships; deliver effective grant programs and services.

4. Legal or Policy Implications:

The proposed Heritage Financial Incentives Program is contemplated in Section 355(9) of the City of St. John's Act. The two policies on the books, the Residential Heritage Grant Program (Policy 04-04-02) and the Commercial Heritage Grant Program (Policy 04-04-03), will have to be repealed, as well as the property-tax deferral program for non-residential designated Heritage Buildings.

5. Engagement and Communications Considerations:

Upon Council adoption of the Heritage Financial Incentives Program, staff will work with the Office of Strategy and Engagement to publicize the Program.

6. Human Resource Implications: N/A

7. Procurement Implications: N/A

8. Information Technology Implications: N/A

9. Other Implications: N/A

Recommendation:

To approve the Heritage Financial Incentives Program and rescind the Residential Heritage Grant Program (Policy 04-04-02), the Commercial Heritage Grant Program (Policy 04-04-03), and the Heritage Property-Tax Deferral Program for non-residential designated Heritage Buildings.

Prepared by/Signature:

Arthur MacDonald, MCIP – Planner III, Urban Design and Heritage

Signature: _____

Approved by/Date/Signature:

Ken O'Brien, MCIP – Chief Municipal Planner

Signature: _____

AMD/dlm

Attachments:

Appendix "A" – Heritage Financial Incentive Program.

Appendix "B" – Proposed Heritage Financial Incentive Program Application Form.

Appendix "C" - Residential Heritage Grant Program (Policy 04-04-02)

- Commercial Heritage Grant Program (Policy 04-04-03).

Appendix "D" – City of St. John's Act, Section 355

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Heritage Financial Incentives Program This Program is enacted pursuant to Section 355 of the City of St. John's Act

1. Program:

- 1.1 The Heritage Financial Incentives Program is intended to defray some of the development cost difference associated with maintaining and conserving municipally designated Heritage Buildings and those buildings located in the City's designated Heritage Areas, hereinafter referred to as "Heritage Properties". The applicant must substantiate the cost difference and the grant shall not exceed the amount of the cost difference.

2. Financial Incentives:

- 2.1 **Heritage Maintenance Grant:** This grant is for the maintenance and repair to façade elements abutting a public street. A grant of up to 25% of the material and labour costs will be available to a maximum of \$1,000.00 per building, per calendar year.
- 2.2 **Heritage Conservation Grant:** This grant is for the preservation, restoration and/or replacement of façade elements abutting a public street. A grant of up to 25% of the material and labour costs will be available to a maximum of \$5,000.00 per building, per calendar year.
- 2.3 **Heritage Design Grant:** This grant is for the retention of a design professional (architect, engineer or qualified restoration professional) to prepare design drawings, conservation plans, and/or Heritage Reports. A grant of up to 25% of the design professional's cost will be available to a maximum of \$2,000.00 per building, per calendar year.
- 2.4 **Permit Waiver:** Once a grant application is approved, Council may waive associated permit fees.

3. General Conditions:

- 3.1 All work funded by a grant shall comply with all applicable Federal, Provincial and Municipal legislation.
- 3.2 Any work undertaken prior to grant approval shall be identified and may be considered for funding at Council's discretion.

4. Eligible Work Projects for the Heritage Maintenance Grant:

- 4.1** Measures undertaken for the maintenance and repair to façade elements abutting a public street, including but not limited to:
- Work to conserve the exterior such as: cornices, parapets, dormers, towers, windows, doors, canopies, and decorative features such as panels, mouldings, trims, carvings and similar architectural details. Subject to demonstrated need, cladding stabilization may also be eligible. This includes the repair and restoration of terracotta and the repointing of stone and brick masonry.
 - Work to reconstruct missing exterior elements. This work must be based on drawings, photographs, surviving physical remnants, or other acceptable evidence of the original design.
 - Repainting or re-coating of the exterior elements.
 - Replacement or repair of roofing shingles, rain gutters, downspouts, flashing, exterior caulking and chimneys to prevent further deterioration due to weather infiltration.

5. Eligible Work Projects for the Heritage Conservation Grant:

- 5.1** Measures undertaken for the preservation, restoration and/or replacement of façade elements abutting a public street, including but not limited to:
- **Preservation** of existing exterior architectural elements. This may include the preservation of deteriorated windows and doors, cladding, roofing, foundation, cornices, mouldings, architectural trim and other significant features.
 - **Restoration** of exterior architectural elements 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.
 - **Replacement** of existing exterior architectural elements that still exist but which are beyond preservation or repair. This includes replacement of deteriorated doors and windows, cladding, roofing, cornices, mouldings, architectural trim, and other significant features.

6. Eligible Work Projects for the Heritage Design Grant:

- 6.1** Any work project in which a design professional (architect, engineer or qualified restoration professional) has been retained to prepare design drawings, conservation plans, and/or Heritage Reports.

7. Not Eligible for Assistance:

7.1 The following works shall not be eligible:

- New construction;
- Demolition;
- The removal, storage and/or reuse of façade of demolished Heritage Buildings;
- Signage;
- Fences, outbuildings, and landscaping;
- Building relocation;
- Legal fees and borrowing costs; and
- Owner's labour.

8. Application for a Heritage Grant:

8.1 An application for a Heritage Grant shall be made in writing to the City between Sept. 1st and Nov. 1st for the following calendar year.

8.2 An application shall be signed by the property owner or a person operating under the owner's written consent. A copy of the written consent shall accompany the application.

8.3. Applications shall include:

- (a) a completed application form;
- (b) current, coloured photographs of the façade abutting a public street, with close-ups of the areas of work, for which the grant is applied. Photographs may be submitted digitally by e-mail or USB drive;
- (c) two cost estimate quotes for the proposed work with the exception of a Heritage Design Grant where one quote will suffice; and,
- (d) supporting documentation substantiating the amount of increased costs attributed to the designation as a municipal Heritage Building or due to its location within one of the City's Heritage Areas.

8.4 Late or incomplete applications will not be considered.

9. Priority of Grant Applications:

9.1 Priority will be given to:

- (a) designated municipal Heritage Buildings;
- (b) first-time applications;
- (c) the preservation, restoration and weatherproofing historic elements rather than cosmetic improvements; and

(d) applications supported by a Conservation Plan or a Heritage Report prepared by a design professional (architect, engineer or qualified restoration professional).

10. Review Process:

- 10.1** Applications will be evaluated based on eligibility of work and the work's positive impact to the public streetscape.
- 10.2** The Heritage Planner, or his or her designate, shall review and make recommendations to the Built Heritage Experts Panel on grant applications.
- 10.3** The Built Heritage Experts Panel shall make recommendations to Council with respect to grant applications.
- 10.4** Council may, in its sole discretion approve, approve with conditions, or refuse a grant application.
- 10.5** Applicants shall be notified in writing of Council's decision.

11. Applicant's Responsibilities on Approval of a Heritage Maintenance Grant or a Heritage Conservation Grant

- 11.1** Upon approval of a Heritage Maintenance Grant or a Heritage Conservation Grant application the applicant shall:
 - (a) submit all costs and work plans to the City;
 - (b) obtain a building permit, if one is required, from the City;
 - (c) notify the City when there is any deviations to the costs and/or work plans;
 - (d) provide any other information as may be requested by Council; and,
 - (e) complete the project as set out in the grant application.

12. Funding:

- 12.1** Funding for the Heritage Financial Incentive Program may be established by Council on an annual bases during budget deliberations.
- 12.2** Each property shall be limited to one (1) grant per calendar year, and two (2) grants in any four (4) consecutive calendar years.

13. Conditions for Grant Payment

- 13.1** For Heritage Design Grant applications, the reference to "work" herein shall refer solely to the work associated with undertaking the design drawings, conservation plans, and/or Heritage Reports.

- 13.2** Applicants are required to complete all work and submit proof of payment of all paid invoices pertaining to the work within 24 months from the date of Council's approval of the grant.
- 13.3** For a Heritage Maintenance Grant or a Heritage Conservation Grant, recipients shall submit coloured photographs of the completed work for which the grant is applied. Photographs may be submitted digitally by e-mail or USB drive.
- 13.4** All work and documentation must be deemed satisfactory upon inspection by the City prior to the disbursement of the grant. If upon final inspection it has been determined that the work has not been completed as per approved plans; and/or, has not been completed in compliance with all applicable legislation, the grant will be cancelled.
- 13.5** The grant may be cancelled should the work associated with it remain incomplete 24 months after approval of the grant.
- 13.6** In addition, once a grant is approved, the City may waive any associate permit fees on the application.

Appendix “B”

Heritage Financial Incentive Program Application Form

Program

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Financial Incentives:

- 1 Heritage Maintenance Grant:** This grant is for the maintenance and repair to façade elements abutting a public street. A grant of up to 25% of the material and labour costs will be available to a maximum of \$1,000.00 per building, per calendar year.
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- 3 Heritage Design Grant:** This grant is for the retention of a design professional (architect, engineer or qualified restoration professional) to prepare design drawings, conservation plans, and/or Heritage Reports. A grant of up to 25% of the design professional’s cost will be available to a maximum of \$2,000.00 per building, per calendar year.
- 4 Permit Waiver:** Once a grant application is approved, Council may waive associated permit fees.

Application Requirements

The Application Form must be completed and submitted to the City of St. John’s between Sept. 1st and Nov 1st of each calendar year and shall be directed to:

Heritage Planner
Department of Planning, Development and Engineering
City Hall
10 New Gower Street

P.O. Box 908
St. John's NL A1C 5M2
planning@stjohns.ca
Phone: 576-8220

Note: Applications will not be considered complete unless all required, supporting documentation has been submitted. Late or incomplete applications will not be reviewed.