

# Tools and Incentives Summary

## Residential Heritage Tax Incentive

### General

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Supporting heritage conservation relies on policy tools, financial incentives, and regulations. The Municipal Government Act, Historic Resources Act, and other legislation provide limited power to Alberta municipalities to mandate heritage conservation. Therefore, The City of Calgary primarily relies on incentives that encourage heritage conservation, as well as policy tools that encourage development that is more complementary to existing built heritage.

The tools and incentives described below are intended to work as a complementary suite of measures. Some are more likely to result in the conservation of properties in perpetuity through designation as Municipal Historic Resources. In contrast, others more generally encourage the retention of historical structures and streetscapes. The measures also increase in specificity and development control based on the concentration of heritage assets in an area. Implemented together, they should significantly increase heritage conservation in Calgary.

### Financial Incentives

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#### Residential Heritage Tax Incentive (proposed)

The Residential Heritage Tax Incentive program would offer a municipal tax credit to the owners of residential properties with identified heritage value to encourage them to designate their properties as Municipal Historic Resources. If approved, properties that are designated as Municipal Historic Resources would be eligible for an 80 per cent reduction to the municipal portion of their property taxes. Properties may qualify one time to receive the tax credit for up to a maximum period of 15 years, up to a maximum amount of \$50,000, whichever comes first.

This program was proposed in the 2020 Heritage Conservation Tools and Incentives report, with a decision deferred to the 2023-2026 One Calgary Service Plans and Budgets.

Through providing unrestricted funds via a tax credit, the Residential Heritage Tax Incentive has the most potential of all tools and incentives to increase the number of designations in Calgary.

#### Municipal Heritage Resource Conservation Grant (existing)

The City of Calgary offers the Historic Resource Conservation Grant to residential and non-residential properties designated as Municipal Historic Resources or in the process of designation. The Grant can be applied to restoration, rehabilitation, and preservation work. The Grant helps offset costs associated with specialized work on heritage properties. Property owners must provide matching funds to qualify.

Council approved an increase to the grant as part of the 2020 Heritage Conservation Tools and Incentives report. For 2021 and 2022, \$500,000 per year is available for residential properties, with a cap of \$125,000 per property, and \$1 million per year is available



Figure 1: Jackson Residence before and after restoration

for non-residential, with a cap of \$1 million per property. This was an increase from the previous \$500,000 total annual funding and \$125,000 cap for both residential and non-residential properties.

Due to the requirement to provide matching funds, which is not financially feasible for all property owners, the ability of the grant to incentivize new residential designations is limited. Demand for grants also continues to be high and the program is often over-subscribed.

## Policy Tools

### Layer 1 - Incentive Areas (in development)

To broadly incentivize the retention of heritage assets in our city, this policy tool will offer additional development potential or incentives to developments that retain a heritage asset on site. This tool is intended to apply broadly within the built-out area to sites that have identified residential heritage assets. These incentives do not otherwise restrict or inhibit development. The Incentive Areas tools would be implemented through a City-initiated Land Use Bylaw amendment.

While this tool encourages heritage conservation through additional development potential, it does not require designations as Municipal Historic Resources. It is thus unlikely on its own to significantly increase the number of residential designations.

### Layer 2 - Discretionary Guideline Area (in development)

To incentivize the retention of heritage homes in areas of the city with moderate to high historical integrity (25-49 per cent heritage assets), this policy tool will build upon Layer 1 by making all uses (other than those incentivized by Layer 1) discretionary. As such, they will be subject to local heritage design guidelines. Many uses that are permitted today, such as single-detached dwellings, will become discretionary in these defined areas to allow design guidelines to address heritage form elements. These guidelines will apply to all developments within the area boundary, not just parcels with heritage assets.

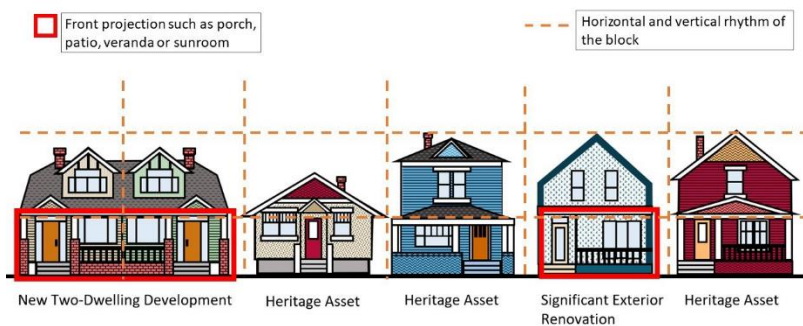


Figure 2: Heritage guidelines example from North Hill Communities engagement

The Discretionary Guideline Areas will be implemented through the Local Area Plan process, with work underway now in communities covered by the North Hill Communities Local Area Plan.

While this tool encourages heritage retention through development that is more consistent with an area's built heritage, it does not require designations as Municipal Historic Resources. It is thus unlikely on its own to significantly increase the number of residential designations.

### Layer 3 - Direct Control Heritage Area (in development)

To incentivize the conservation of heritage assets in areas of the city with the highest historical integrity (greater than 50 per cent heritage assets), this policy tool is intended to encourage the conservation of heritage assets through specific architectural controls and limited redevelopment potential. These measures must be implemented through a Land Use Redesignation to a Direct Control district.

Because Layer 3 will already restrict development potential, owners of heritage assets covered by Layer 3 may be more likely to designate their properties as Municipal Historic Resources to retain them in perpetuity. However, the tool can only be implemented in select areas and a high-level of property owner “buy-in” is preferred before pursuing this approach. As such, Layer 3’s ability to incentivize new residential designations on its own is limited.

### Density Bonussing (existing)

Density bonussing is the practice of granting additional development potential over an established maximum in exchange for public amenities that offset the impacts of additional density and height. Density bonussing is possible in certain Calgary communities through developers providing on-site publicly accessible open spaces, on-site affordable housing, amenity fund financial contributions, community space, and/or other prescribed public amenities. The review of density bonussing practices in Calgary is ongoing.

The transfer of unused density from a designated Municipal Historic Resource to a non-heritage site is a bonussing option in select communities. This tool has been used to designate approximately 15 Municipal Historic Resources. Heritage conservation work, fund contributions benefitting heritage, and on-site heritage retention also have bonussing potential.

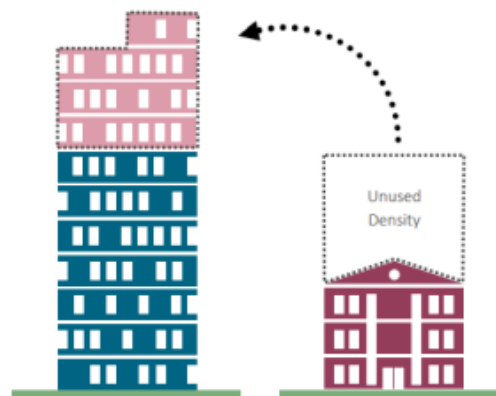


Figure 3: Illustration of heritage density transfer

While density bonussing is a useful tool for heritage conservation, it has limited applicability. Only the most centrally located Calgary communities have sufficient density and height potential to make heritage density transfer viable. The trade-offs between the amenities provided by a development and the increased development potential must also occur in the same community. Heritage conservation is also only one of several bonussing options, with other on-site public amenity options potentially generating more, or more cost-effective, benefits for developers. As such, density bonussing is unlikely to significantly increase the number of residential designations across Calgary’s broader heritage-rich communities.