

## Reconsideration of Heritage Planning Funding

### RECOMMENDATIONS:

That the Executive Committee recommend that Council:

1. Reconsider Report C2022-1051 with respect to Recommendation 1 (f) that directs "\$2 million in 2023 to expand the Non-Residential Heritage Conservation Program, initiate the Residential Tax Heritage Incentive Program, and resource both programs"; and
2. Direct Administration to allocate the one-time \$2 million for heritage incentives to maximize support for new Municipal Historic Resource designations and not offer the Residential Heritage Tax Incentive in 2023.

### RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2023 MARCH 22:

That Council:

1. Reconsider Report C2022-1051 with respect to Recommendation 1 (f) that directs "\$2 million in 2023 to expand the Non-Residential Heritage Conservation Program, initiate the Residential Tax Heritage Incentive Program, and resource both programs"; and
2. Direct Administration to allocate the one-time \$2 million for heritage incentives to maximize support for new Municipal Historic Resource designations and not offer the Residential Heritage Tax Incentive in 2023.

## HIGHLIGHTS

- This report seeks to reconsider direction from the 2023-2026 Service Plans and Budgets to reallocate Heritage Planning funding to best support the conservation of Calgary's built heritage. Given limited funding, focusing on non-residential Historic Resource Conservation Grants is the best way to induce Municipal Historic Resource designations.
- **What does this mean to Calgarians?** More of the built heritage that matters to Calgarians will be protected by focusing funding on non-residential grants. However, the expectations The City has set for Calgarians on heritage conservation will not be fully met until more comprehensive and consistent funding is provided in the future.
- **Why does this matter?** Conserving our heritage strengthens Calgarians' meaningful shared connection to Calgary's evolving identity. It supports the vibrancy of communities, reduces negative environmental impacts from demolition and construction, promotes economic activity, and builds knowledge of Calgary's history. Heritage incentives also support Local Area Plan and Downtown revitalization work, given built heritage helps develop community identity and a sense of place.
- Administration is not able to effectively fund both non-residential grants and the Residential Heritage Tax Incentive with the one-time \$2 million funding approved, via amendment, during the 2023-2026 Service Plans and Budgets.
- Focussing this one-time funding on non-residential grants requires a reconsideration of Council direction because it means the Residential Heritage Tax Incentive would be delayed until multi-year funding for this program can be considered in a future budget.
- Previous Council Direction is included as Attachment 1.

## **Reconsideration of Heritage Planning Funding**

---

### **DISCUSSION**

#### **Background**

In 2020, Council committed to the Heritage Conservation Tools and Incentives initiative. This is a collection of policy tools and financial incentives intended to increase the number of properties designated as Municipal Historic Resources and to support heritage conservation more generally. The initiative identified a \$2 million base for the Historic Resource Conservation Grant Program for non-residential properties and \$5 million for a four-year pilot of a Residential Heritage Tax Incentive as effective incentives. Funding for both programs was initially delayed due to financial uncertainty around the COVID-19 pandemic and largely deferred to the 2023-2026 Service Plans and Budgets.

Due to limited funding capacity for 2023-2026, neither program was ultimately included in the budget Administration recommended to Council. Heritage Calgary's Civic Partner funding request was also reduced.

Following public feedback during 2023-2026 budget deliberations, Council approved \$2 million in one-time funding to expand the Historic Resource Conservation Grant Program for non-residential properties and initiate the Residential Heritage Tax Incentive.

#### **Evaluation**

The increased funding will allow Administration to provide greater support for heritage in 2023. However, given funding remains less than originally identified for the two programs, they cannot both be fully implemented.

As such, Administration evaluated using the \$2 million in a way that was fair, effective, and delivered on the intent of incentivizing new designations. Directing most of the one-time funding for 2023 to non-residential grants (\$1.85 million) and providing targeted one-time financial support to Heritage Calgary (\$150,000) is recommended.

Directing some of the one-time \$2 million funding to the Residential Heritage Tax Incentive would only provide tax credits to a small number of properties and would not generate public confidence in the program. Ultimately, multi-year funding is necessary to support an effective pilot of the program. For further details on this evaluation, see Attachment 2.

#### **Next Steps**

Continued funding for the Historic Resource Conservation Grant Program should be considered in a future budget or non-residential grants will have no base funding. Likewise, funding a pilot of the Residential Heritage Tax Incentive should be considered in a future budget.

## **Reconsideration of Heritage Planning Funding**

---

### **EXTERNAL ENGAGEMENT AND COMMUNICATION**

- |   |   |
|---|---|
| <input type="checkbox"/> Public engagement was undertaken                   | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required        |

#### **Engagement**

Heritage Calgary and heritage advocacy groups were informed of the direction proposed in this report and were invited to submit feedback to Council. Beyond that, no new engagement was conducted for this report. See Attachment 3 for a summary of past engagement.

### **IMPLICATIONS**

#### **Social**

Heritage conservation helps frame Calgary's evolving identity in a way that can be shared across generations and cultures. It builds knowledge of Calgary's past, which helps to explain where Calgarians are now and inform where they are going next.

Calgarians care about the look, feel, and function of their communities. As Calgary continues to grow and change, maintaining physical and highly visible connections to history supports community vibrancy and identity. 94 per cent of Calgarians in the 2020 Citizen Perspectives Survey agreed that conserving heritage is important to Calgary's culture. 83 per cent agreed it is important to them personally.

#### **Environmental**

Heritage conservation directly contributes to climate action through the retention and reuse of existing buildings. The Calgary Heritage Strategy outlines the following environmental benefits:

- Less construction and demolition debris enters the waste stream
- No energy used for demolition
- No energy used for construction
- Reuse of embodied carbon and energy in building materials and assemblies

#### **Economic**

Heritage conservation creates economic activity through property restoration and rehabilitation. Skilled trades and specialized companies are often required to achieve the standards necessary to maintain the integrity of designated properties. An increase in the number of designated properties would increase the demand for these services.

Heritage conservation increases the desirability of an area, thus encouraging investment in new homes and businesses. Areas with concentrations of heritage also act as draws for local and visiting tourists who patronize local businesses.

#### **Service and Financial Implications**

Should Council approve this report, Administration will be able to sufficiently fund the Historic Resource Conservation Grant Program for non-residential properties in 2023. However,

## **Reconsideration of Heritage Planning Funding**

Administration will not offer the Residential Heritage Tax Incentive to Calgarians. No additional funding requests are proposed at this time and should instead be considered in future budgets.

### **RISK**

Should Council not approve this report, Administration must initiate the Residential Heritage Tax Incentive, despite the assessed viability of the program with limited one-time funding. This would result in unmet expectations for Calgarians, as well as pose reputational and financial risks to The City. Conversely, if the report is approved, Administration will not offer the tax incentive at this time, which may also negatively affect The City's reputation.

Either way, The City's commitment to Heritage Conservation will be less than originally supported by Council and expected by Calgarians. This may result in increased opposition to redevelopment and local area planning in communities where The City has committed to increased support for heritage conservation.

These risks may be partially offset by directing most of the funding to the Historic Resource Conservation Grant Program and realizing the successful designation of notable non-residential properties as Municipal Historic Resources. Risks may be further mitigated by providing consistent funding during future budget deliberations for both the Historic Resource Conservation Grant Program and a Residential Heritage Tax Incentive pilot.

### **ATTACHMENT(S)**

1. Previous Council Direction Summary
2. Funding Evaluation
3. Engagement Summary
4. Reconsideration of Heritage Planning Funding Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning and Development Services	Approve
Carla Male	Corporate Planning and Financial Services	Inform
Jeff Chase	Partnerships	Inform