

## **DESIGNATION OF THE ARNELL BLOCK AND THE SMITH (COZZUBBO) RESIDENCE AS A MUNICIPAL HISTORIC RESOURCE**

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### **EXECUTIVE SUMMARY**

The Arnell Block and the Smith (Cozzubbo) Residence are proposed for designation as Municipal Historic Resources under Section 26 of the Alberta Historical Resources Act.

In 2015, the Arnell Block and Smith (Cozzubbo) Residence were protected by an agreement between the City of Calgary and the property owner, contingent on the passage of land use re-designation bylaw 32D2015. As a condition of the agreement, the owner acknowledged that a future designation bylaw would be brought before Council at the discretion of the City of Calgary. Administration is now seeking to fulfil a condition of the existing agreement, and designate these two sites as Municipal Historic Resources.

Designation offers legal protection to an evaluated historic resource, preserving it for the future and making the owner eligible for financial assistance in maintaining the property through existing Municipal and Provincial incentive programs.

### **ADMINISTRATION RECOMMENDATION(S)**

That the SPC on Planning and Urban Development recommends that Council give three readings to the proposed bylaw to designate the Arnell Block and the Smith (Cozzubbo) Residence as Municipal Historic Resources.

### **RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2017 SEPTEMBER 13:**

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That Council give three readings to Bylaw 44M2017.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

At the 2008 February 4 Combined Meeting of Council, through LPT2007-64, Council adopted the Calgary Heritage Strategy. The approved content of the Strategy states that significant historic resources “can and should be protected through designation bylaws”.

At the 2015 March 9 Combined Meeting of Council, bylaw 32D2015 was passed (CPC2015-034). This made effective a protection agreement between the City of Calgary and the owner of the Arnell Block and the Smith (Cozzubbo) Residence, executed 2015 March 3.

### **BACKGROUND**

#### Existing Protection Agreement

The Arnell Block and the Smith (Cozzubbo) Residence – commonly known as the ‘Kensington Starbucks’, and ‘Kensington Pub’ – are two adjacent Edwardian brick structures built in 1911. These sites were listed on the Inventory of Evaluated Historic Resources in 2014-2015 as sites of ‘Community Significance’.

In 2015, the owner of the Arnell Block and the Smith (Cozzubbo) Residence sought land use re-designation of a different, nearby grouping of properties along Memorial Drive (1134-1160

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Memorial DR NW). The proposed re-designation for those Memorial Drive sites was from M-CGd72 to a Direct Control district to facilitate additional development on that land. In negotiations with Administration, the owner offered designation of the Arnell Block and the Smith (Cozzubbo) Residence (on Kensington Road), to offset the impact of increased development along Memorial Drive on the overall historic fabric of Hillhurst.

As it is not possible to guarantee approval of land use re-designations in advance of Calgary Planning Commission and Council, situations of this kind require a provisional mechanism for protecting the interests of both parties. The City of Calgary seeks assurance that the resources will receive heritage designation, and the property owner does not wish to accept legal protection of a property prior to land use approval.

To resolve this issue, both parties entered an agreement specifying that the two historic properties in Kensington would be brought before Council for designation as a Municipal Historic Resource contingent on approval of the land use re-designation along Memorial Drive NW (the agreement also protected the sites in the period before a designation bylaw could be brought before Council). Calgary Planning Commission recommended (CPC2015-034) that Council give first and second readings to the land use re-designation bylaws, but:

**“WITHHOLD** third reading pending the Municipal Historic Designation of the two heritage buildings, or until any other *appropriate mechanism (executed agreement)* is in place to ensure such designation will be executed.” (Emphasis)

Following Calgary Planning Commission, an agreement was executed between the owner and the City of Calgary to fulfil this recommendation and protect the Arnell Block and the Smith (Cozzubbo) Residence – becoming effective on the condition that Council approved land use re-designation bylaw 32D2015. Following Council's approval of this bylaws 2015 March 9, the agreement has effective, with acknowledgement in the agreement that a future designation bylaw will be brought before Council.

With the land use re-designation completed, and bylaw 32D2015 passed, Administration is now seeking to bring the designation bylaw forward to the SPC on Planning and Urban Development, and Council.

### General Information on Designation Bylaws and Heritage Grant Programs

Conserving historic buildings through legal protection is an internationally recognized best-practice in heritage planning, and is supported by the Calgary Heritage Strategy and Calgary Municipal Development Plan. Legal protection in Alberta is achieved through designating sites as Municipal and/or Provincial Historic Resources, enabled by the Alberta Historical Resources Act.

As part of the designation process, the Alberta Historical Resources Act (Section 28[1]) specifies that Municipalities must compensate property owners for any decreased economic value related to designation. To avoid incurring this cost, Administration only moves to

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designate sites as Municipal Historic Resources if the property owner consents and waives any compensation associated with the Act, or if Council has otherwise directed the designation.

Prior to being designated, a property must be included on Calgary's Inventory of Evaluated Historic Resources, a growing list of significant local heritage sites. The Inventory is maintained by the Calgary Heritage Authority, a Council-appointed advisory board comprised of members of the public, which evaluates potential Inventory sites and advises Council on heritage-related matters. Properties suggested for inclusion on the Inventory are researched and evaluated according to the Calgary Historic Resource Evaluation System. To date, there are 839 sites on the Inventory of Evaluated Historic Resources, including 70 sites that have been demolished. Property owners may choose to designate for a variety of reasons, including an interest in preservation. Additionally, a variety of incentives for designation are offered at the Municipal and Provincial level, including heritage conservation grant programs, and incentives through the planning approvals process.

The City of Calgary operates a heritage conservation grant program, offering matching funds for projects to restore, preserve or rehabilitate character-defining elements of a privately-owned, designated historic resource. The grant program is funded through an existing reserve receiving \$225,000 per year from the Planning & Development budget. Currently 59 of the 769 existing sites on the Inventory are eligible to apply for grant funding through this program. Applicants can apply for up to 50% of a project cost, once every five years. Total grants received cannot exceed 15% of the assessed value of the property, determined at the time of application, for a period of 15 years. Additional information is included in Financial Capacity of this report, and full terms and conditions are available through [www.calgary.ca/heritage](http://www.calgary.ca/heritage).

Alberta Culture and Tourism operates a Provincial-level grant program, providing matching funds to owners of historic sites under terms and conditions established by the Alberta Historical Resources Foundation (available online through [www.culturetourism.alberta.ca](http://www.culturetourism.alberta.ca)). The designation of a property as a Municipal Historic Resource qualifies a property owner to apply for up to \$50,000 per year in Provincial matching funds, as opposed to a one-time grant of \$5000 available to non-designated sites.

It is unknown when, or if, a property owner will apply for incentives. Administration provides owners with information about all applicable incentive programs for their properties, and does not guarantee grant funds prior to approving a funding application. Furthermore, owners are made aware that both grant programs are commonly fully-subscribed, and funds may not be available at the time of application.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The Arnell Block and the Smith (Cozzubbo) Residence are being proposed for designation as Municipal Historic Resources. The two adjacent sites (on the same land parcel) were added to the Inventory of Evaluated Historic Resources in 2014-15 by the Calgary Heritage Authority, after being determined as properties of "Community" significance. Using the framework of the Council-approved Historic Resource Evaluation System, the heritage value of the Arnell Block and the Smith (Cozzubbo) Residence includes:

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### Arnell Block

- Activity value – with early commercial functions as a grocery store and café that formed an integral part of the commercial retail character of Hillhurst's two main shopping streets.
- Style value – characteristic of the Edwardian Commercial-style architecture once common in Hillhurst.
- Symbolic value – representing the early development of Hillhurst, and recalling the high-street character of Kensington Road resulting from its role as a streetcar route from 1909-1950.

### Smith (Cozzubbo) Residence

- Symbolic value – representing the early development of Hillhurst as a distinctly working-class suburb with modest but attractive houses such as the Smith (Cozzubbo) Residence.
- Style value – as a high-quality example of Edwardian Cottage-style architecture with an uncommon brick veneer exterior. While modest in size, the brick veneer exterior gives the cottage a high quality finish.
- Landmark value – being part of the well-known and highly prominent Kensington Pub, a neighbourhood institution, as well as its placement near the busy intersection of Kensington Rd and 10A St. NW.

The property owner has consented through an existing agreement with the City of Calgary to a bylaw being brought before Council to designate the two sites as Municipal Historic Resources. Designation would formalize protection for the properties, and make them eligible for conservation grant funding from the City of Calgary *Historic Resource Conservation Grant Program*, and the Alberta Historical Resources Foundation *Heritage Preservation Partnership Program*.

Specific to this agreement, the owner received a benefit of increased density at the 1134-1160 Memorial Dr NW development site (LOC2013-0063) in exchange, in part, for consenting to protect the Arnell Block and the Smith (Cozzubbo) Residence as Municipal Historic Resources at the discretion of Council. If a density transfer incentive program is introduced in the Hillhurst / Sunnyside community in the future, these two historic resources will be precluded from transferring unused density.

The proposed bylaw (Attachment 1) identifies the elements of the two sites that contribute to their heritage value and must be treated appropriately in any future changes or conservation work.

### Stakeholder Engagement, Research and Communication

A legal agreement between the City of Calgary and the owners of the Arnell Block and the Smith (Cozzubbo) Residence was executed 2015 March 3, stating "The Owners expressly agree that the designating bylaw will be presented to City Council at The City's discretion."

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Per the Alberta Historical Resources Act, a 'Notice of Intention' to designate the property must be issued to the property owner sixty (60) days prior to passage of a designation bylaw by Council (anticipated Council decision 2017 November 13). A notice was hand-delivered 2017 September 1, with the owner signing to confirm delivery.

The owner of the Arnell Block and the Smith (Cozzubbo) Residence has reviewed the proposed designation bylaw and expressed in writing that they are in agreement with it being presented at the SPC on Planning and Urban Development, and Council, as referenced in Attachment 2. The Calgary Heritage Authority has expressed support for this proposed designation as outlined in Attachment 3 to this report.

### **Strategic Alignment**

Council priorities outlined in The City's *2015 – 2018 Action Plan* include the fostering of "A city of inspiring neighbourhoods". Historic resources are an integral component of such neighbourhoods and their retention contributes to the diversity and character of their surroundings.

The City of Calgary *Municipal Development Plan* supports the conservation and protection of Calgary's historic resources. The plan identifies historic preservation as part of good city building and community identity, and encourages property owners to conserve Calgary's historic resources.

The City of Calgary *2020 Sustainability Direction* includes an objective for Calgary to become a "diverse and socially inclusive city that respects its heritage and the arts," as well as a strategy to "support the preservation of Calgary's historic resources".

The City's *Calgary Heritage Strategy* (2008) recommends that identified historic resources should be protected by designation bylaws, when possible, to ensure their preservation. This protection prevents demolition, provides appropriate management of physical interventions and is critical to ensuring effective management of historic resources.

### **Social, Environmental, Economic (External)**

#### **Social**

Historic resources connect us to our past, our future, and to each other. They provide places of learning and places of understanding for all Canadians. Historic resources are integral to the identity of our community and help to strengthen its distinctiveness. Historic resources add to the beauty, character and visual interest of our urban environment, which contribute to the city's liveability and are sources of community pride.

#### **Environmental**

The preservation of historic places capitalizes on their embodied energy. Re-using existing resources requires a much smaller expenditure of materials and energy than demolishing and reconstructing a city's building stock.

#### **Economic (External)**

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Historic resources add character and visual interest to a streetscape, increasing the attractiveness of the area to investors. Designation of historic resources ensures these attributes are protected, and the resulting certainty promotes high-quality investment. Additionally, tourists and residents are attracted to areas with historic resources.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

Designation of the Arnell Block and the Smith (Cozzubbo) Residence will have no operating budget implications for The City of Calgary.

Designation will make the properties eligible to apply to the City of Calgary's Heritage Conservation Grant Program, funded through an existing reserve administered by Heritage Planning, which receives \$225,000 per year from the Planning & Development budget. Until 2022, \$85,000 of this total is allocated to an existing grant agreement with the Lougheed Building (FCS2004-20, approved 2004 March 22). The unsubscribed balance is available to eligible applicants on a 'first-come/first-serve' basis. Designated heritage resources may apply to the grant program once every five years (as needed), for matching funds up to 50% of a conservation project cost. Total grants received cannot exceed 15% of the assessed value of a property, determined at the time of application, for a period of 15 years. As of the writing of this report, the grant program reserve is close to being fully subscribed. Applicants may still submit grant requests at any time, which will be held in queue until such time as grant funds become available.

#### **Current and Future Capital Budget:**

Designation of the Arnell Block and the Smith (Cozzubbo) Residence will have no capital budget implications for The City of Calgary.

### **Risk Assessment**

No risks have been identified in designating the Arnell Block and the Smith (Cozzubbo) Residence as Municipal Historic Resources. The property owner has previously consented to a designation bylaw being brought before Council, which does not affect activities in the buildings or on the property, allows the owner to retain all rights to the individual enjoyment of their property, and does not prevent the property from being sold.

The Heritage Conservation Grant Program risks under-serving historic property owners if reserve funding does not increase in some proportion to the number of designated properties. A lack of available funding may discourage some owners from applying for designation.

#### **REASON(S) FOR RECOMMENDATION(S):**

The properties are identified on Calgary's Inventory of Evaluated Historic Resources as sites of 'Community Significance' for Activity, Landmark, Style and Symbolic value, making the Arnell Block and the Smith (Cozzubbo) Residence eligible for designation as Municipal Historic Resources.

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Discretion to bring a designation bylaw before Council is provided in an existing agreement between the property owner and the City of Calgary. Protecting Calgary's historic resources is an identified objective of The City.

**ATTACHMENT(S)**

1. Proposed Bylaw 44M2017
2. Bylaw Agreement from Owner
3. Calgary Heritage Authority Letter of Support