

Planning & Development Report to
SPC on Planning and Urban Development
2018 November 05

ISC: UNRESTRICTED
PUD2018-1197

Designation of the Royal Canadian Legion Calgary (Alberta No. 1) Branch as a Municipal Historic Resource

EXECUTIVE SUMMARY

The Royal Canadian Legion Calgary (Alberta No. 1) Branch is proposed for designation as a Municipal Historic Resource under Section 26 of the Alberta Historical Resources Act, in alignment with the wishes of the Legion branch (owner of the building) and City of Calgary Real Estate & Development Services (property owner). Designation fulfills a requirement of Notice of Motion C2018-0131, which renews a prior exemption for the Royal Canadian Legion Calgary (Alberta No. 1) Branch from all property and municipal taxes for the next 100 years conditional on continuing to occupy the location during that time as a Royal Canadian Legion, and agreeing to designate “exterior and key interior features” of the building as a Municipal Historic Resource.

This report provides contextual information on Notice of Motion C2018-0131 and the directed tax exemption – but concerns the designation of the Royal Canadian Legion Calgary (Alberta No. 1) Branch a Municipal Historic Resource.

Designation of this site (an existing Evaluated Historic Resource) aligns with mandates of the Calgary Heritage Strategy to protect and manage Calgary’s identified historic resources. In addition to the terms of Notice of Motion C2018-0131, designation as a Municipal Historic Resource would legally protect the building and offer conservation-specific incentives through existing Municipal and Provincial heritage programs.

ADMINISTRATION RECOMMENDATION:

That the SPC on Planning and Urban Development recommends that Council give three readings to the proposed bylaw to designate the Royal Canadian Legion Calgary (Alberta No. 1) Branch as a Municipal Historic Resource.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2018 NOVEMBER 05:

That Council give three Readings to proposed **Bylaw 53M2018**.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2018 February 26 Regular Meeting of Council, Council approved Notice of Motion C2018-0131, stating:

“NOW THEREFORE BE IT RESOLVED that City Council directs City Administration to bring forward an agreement between The City of Calgary and Royal Canadian Legion Branch No. 1 to continue to exempt Royal Canadian Legion Branch No. 1 from all property and municipal taxes for the next 100 years, or until such time that it is no longer operating as a Royal Canadian Legion, or no longer occupies the site located at 116 7 Ave SE, Calgary, Alberta, no later than Q2 2018;

AND FURTHER BE IT RESOLVED that the tax exemption agreement is to be dependent on the designation of the exterior and key interior features of Royal Canadian Legion Branch No. 1 as a Municipal Historic Resource.”

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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”.

BACKGROUND

Designation as a Municipal Historic Resource – General Information

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 (see Strategic Alignment). Legal protection in Alberta is achieved through designating sites as Municipal and/or Provincial Historic Resources, enabled by the Alberta Historical Resources Act. The subject of this report concerns Municipal-level 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 over 800 sites on the Inventory of Evaluated Historic Resources.

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, City of Calgary Heritage Planning only recommends the designation of 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.

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 Land Use Bylaw (Part 13, Division 3) contains policy enabling the transfer and sale of unused development rights (density) from properties in the Downtown area which are designated as Municipal Historic Resources.

The City of Calgary also 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. Sites designated as Municipal Historic Resources, or those in the process of designation are eligible to apply for grant funding through this program. As of the writing of this report, there are 91 Municipal Historic Resources – 67 of which are privately owned, and given priority for grant funds. Applicants can apply for up to 50% of a conservation project cost, once every five years. Total

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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.

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). 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 \$5,000 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.

Approval of this designation will bring the total number of Municipal Historic Resource designations in 2018 to 6 and works towards achieving the 2015-2018 Action Plan target of 7 annual designations.

Notice of Motion RE: Royal Canadian Legion No. 1 Taxation

Approved Notice of Motion C2018-0131 acknowledges the prior 99-year lease between the City of Calgary and the Royal Canadian Legion Calgary (Alberta No. 1) Branch (effective 1919-2018), and the exemption during that period from all property taxes. The motion also acknowledges the forecasted inability of the Royal Canadian Legion Calgary (Alberta No. 1) Branch to assume the un-exempted tax burden associated with the portion of the property acting as a liquor-licensed area, as well as the role of the Royal Canadian Legion as “key resource supporting veterans who served their country, as well as many community organizations”.

Pertaining to this report, C2018-0131 recognizes the Royal Canadian Legion Calgary (Alberta No. 1) Branch building as “one of Calgary’s most important heritage resources.”

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Historic Conservation Approach in Calgary

The Council-approved Calgary Heritage Strategy (2008) established a vision for heritage conservation in Calgary in acknowledgement of the triple-bottom-line benefits of retaining sites of significance and the cultural importance of our collective history and legacy. In addition to the aesthetic, social and educational value of heritage sites, the benefits of conservation includes job growth in skilled trades, reduction in construction/demolition waste, economic resiliency during recession periods, positive contribution towards ‘sense of place’ and community identity, avoided environmental impact through reuse of structures, and promotion of a compact urban form (see Social, Environmental, Economic (External) for further benefits discussion).

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To achieve its vision, the Calgary Heritage Strategy outlines an operational framework summarized as “Identify – Protect – Manage”: Identification of potential sites of significance through research and evaluation by the Calgary Heritage Authority, protection of identified sites through designation bylaws under the Alberta Historical Resources Act, and management of identified and protected sites using policy tools and conservation incentives. As described in the Background of this report, prospective heritage sites are assessed for the Inventory of Evaluated Historic Resources using the Council-approved Historic Resource Evaluation System. If elected to the Inventory by the Calgary Heritage Authority, a site is deemed to merit designation for its established heritage significance – as its retention is in the public interest in accordance with the benefits outlined in this report. Where a property owner consents to designation (forgoing the need for direct financial compensation), sites on the Inventory should be protected by designation in accordance with the Calgary Heritage Strategy, and aligned policy in the Municipal Development Plan, 2020 Sustainability Direction, Cultural Plan for Calgary and Local Area Plan documents.

The Royal Canadian Legion Calgary (Alberta No. 1) Branch

Built in 1922, and now 96 years old, the Royal Canadian Legion Calgary (Alberta No. 1) Branch, located at 116 7 AV SE, was most recently evaluated as a heritage site in 1991. Using the Council-approved Historic Resource Evaluation System, the heritage value of the Royal Canadian Legion Calgary (Alberta No. 1) Branch includes:

- Activity Value - Having provided space for veterans' services, drop-in and scheduled recreational and social activities for past and current military and their families, and for community meetings and events
- Construction Value – Featuring an originally 1,000-seat hall – two-stories high topped by skylights – built with steel trusses to eliminate the need for pillars
- Institutional Value - As the long-time headquarters of Calgary's first branch of Canada's premier organization established to serve and advocate for veterans, and promote remembrance
- Landmark Value - As a long-standing, distinctive structure with prominent signage on a busy downtown avenue, this building is a city landmark
- Style Value – Designed as a Classical Revival building, as seen in its restrained, symmetrical facade with mainly flat surface and limited, classically inspired ornament. The round (Roman) arches of its two-storey entranceway and its window surrounds distinguish it as a Roman-influenced subtype of the style, which is uncommon in Calgary
- Symbolic Value - Opened as Memorial Hall in 1922, this was Calgary's primary built commemoration of Canadians' World War I military service and sacrifice

Per the “Identify” principle of the Council-approved Calgary Heritage Strategy, sites included on the Inventory “have been determined to have significant heritage value and are worthy of preservation.”

Designation of the Royal Canadian Legion Calgary (Alberta No. 1) Branch is aligned with the ‘Protect’ principle of the Calgary Heritage Strategy: “Once identified, Calgary’s significant

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historic resources can and should be protected through Designation Bylaws as set out in the Alberta Historical Resources Act.”

The Royal Canadian Legion Calgary (Alberta No. 1) Branch has existing heritage status as a Provincial Historic Resource, having been designated by the Province in 1983. Designation as a Municipal Historic Resource will grant additional protection to a significant heritage site and provide additional resources to the Royal Canadian Legion Calgary (Alberta No. 1) Branch in maintaining the building through the conservation incentives described in this report.

The proposed bylaw (Attachment 1) provides conditions for treatment of the property. Schedule A visually clarifies the location; Schedule B includes a Statement of Significance derived from the property’s heritage evaluation and outlines specific ‘Regulated Portions’ that cannot be removed, altered, or destroyed without approval from the City of Calgary; Schedule C compiles key standards from the *Standards and Guidelines for the Conservation of Historic Places in Canada*, a national best-practice manual.

Tax Exemption Agreement – Per Notice of Motion C2018-0131

Notice of Motion C2018-0131 directed Administration to bring forward a tax exemption agreement conditional on continued Royal Canadian Legion operation in that location and designation as a Municipal Historic Resource, no later than Q2 2018. Administration has worked with the various internal and external stakeholders necessary to facilitate this direction, including City of Calgary Real Estate & Development Services, Law, and Finance, the Calgary Heritage Authority, and the Royal Canadian Legion Calgary (Alberta No. 1) Branch. Coordination of stakeholders, and the practical and legislative requirements of Historic Resource Designation through the Alberta Historical Resources Act have prolonged fulfillment of Council direction until Q4 2018.

Stakeholders within Administration (Law, Assessment) have confirmed that the change from Q2 2018 to Q4 2018 will not have any tax implications for the Royal Canadian Legion Calgary (Alberta No. 1) Branch. If the proposed designation bylaw is approved by Council, the tax exemption agreement (draft shown as Attachment 5) will be completed to facilitate the direction in C2018-0131 in advance of the Q2 2019 date at which this site would be billed for taxation. Execution of the tax agreement will be led by City of Calgary Real Estate & Development Services, and will be completed between the City of Calgary and the Royal Canadian Legion Calgary (Alberta No. 1) Branch without a separate report back to Council. No taxes have been billed for the 2018 year.

Notice of Motion C2018-0131 references “heritage density transfers” as available to the Royal Canadian Legion Calgary (Alberta No. 1) Branch upon designation. The existing mechanism to facilitate density transfers is a Land Use Re-designation, with determination of the unit rate and sale profits being the respective responsibility and benefit of the property owner. City of Calgary Heritage Planning and Real Estate & Development Services are currently collaborating to determine a process whereby the Royal Canadian Legion Calgary (Alberta No. 1) Branch – owning the building but not the property itself – could most appropriately benefit from this conservation incentive.

There is no existing precedent for Administration to participate in the density transfer heritage conservation incentive for City-owned sites designated as Municipal Historic Resources.

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Determination of appropriate process and guidelines is important in ensuring that the Royal Canadian Legion Calgary (Alberta No. 1) Branch can benefit from this incentive without incurring negative outcomes including an area-wide imbalance to market forces that make density transfer a viable financial incentive for owners of designated heritage sites (i.e. “flooding the market” with supply of saleable density).

Stakeholder Engagement, Research and Communication

The framework of ownership for the Royal Canadian Legion Calgary (Alberta No. 1) Branch is unique from many heritage resources, as the building and land are held under separate ownership. Both the property owner (City of Calgary Real Estate & Development Services) and building owner (Royal Canadian Legion Calgary (Alberta No. 1) Branch) are in agreement with the proposed designation, and have approved the draft bylaw proceeding to Committee and Council (Attachment 2).

Per the Alberta Historical Resources Act, a ‘Notice of Intention’ to designate the property was issued to each ownership stakeholder 2018 September (Attachment 3) in advance of the 60-day notice requirement of the Act.

The Calgary Heritage Authority has expressed support of this proposed designation as outlined in Attachment 4 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

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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)

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 Royal Canadian Legion Calgary (Alberta No. 1) Branch will have no operating budget implications for The City of Calgary.

Designation will make the property 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 the 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 fully subscribed. Applicants may still submit grant requests at any time, which will be held in queue until such a time as grant funds become available.

Current and Future Capital Budget:

Designation of the Royal Canadian Legion Calgary (Alberta No. 1) Branch will have no capital budget implications for The City of Calgary.

Risk Assessment

No risks have been identified as directly associated with designating the Royal Canadian Legion Calgary (Alberta No. 1) Branch as a Municipal Historic Resource. The building owner consented to designation as part of Notice of Motion C2018-0131 (Attachment 6), and the property owner (City of Calgary) is in agreement with the designation. This site is designated as an existing Provincial Historic Resource by Alberta Culture & Tourism.

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The Heritage Conservation Grant Program reserve fund is limited. If the fund does not increase in some proportion to the number of designated properties, certain property owners may be discouraged from applying for designation.

Notice of Motion C2018-0131 identifies a financial need associated with the Royal Canadian Legion Calgary (Alberta No. 1) Branch, stating that the Branch is “not, nor will be, in a financial position” to assume the un-exempted tax burden associated with the site. Should designation as a Municipal Historic Resource not be approved and the contingent tax exemption agreement fail to be executed, risk exists to the continued viability of this Royal Canadian Legion branch including the ability of the ownership to maintain the Evaluated Historic Resource.

Some risk is associated with the potential sale and transfer of density by Administration on City-owned property, as would be required to provide the Royal Canadian Legion Calgary (Alberta No. 1) Branch with the financial benefit of this conservation incentive. In areas where density transfer is available, saleable density operates as a market good, with Administration serving only to facilitate the required heritage and land use mechanisms.

While the Royal Canadian Legion Calgary (Alberta No. 1) Branch represents a single site, a continued practice of Administration entering into the density transfer market risks creating a supply imbalance that could negatively affect the value of saleable density overall, and diminish the incentive for owners of privately-held heritage sites to designate as Municipal Historic Resources.

Administration is currently working to determine the appropriate mechanism for facilitating a density transfer to benefit the Royal Canadian Legion Calgary (Alberta No. 1) Branch for this situation while mitigating the identified risk above.

REASON(S) FOR RECOMMENDATION(S):

The property is identified on Calgary’s Inventory of Evaluated Historic Resources, making it eligible for designation as a Municipal Historic Resource.

The owner of the property and owner of the building have both consented to the proposed designation, and designation is a condition of approved Council Direction through Notice of Motion C2018-0131. Protecting Calgary’s historic resources is an identified objective of The City.

ATTACHMENT(S)

1. Attachment 1 – **Proposed Bylaw 53M2018**
2. Attachment 2 – Bylaw Agreement from Owners
3. Attachment 3 – Notice of Intention Delivery Receipts
4. Attachment 4 – Calgary Heritage Authority Letter of Support
5. Attachment 5 – Draft Memorandum of Agreement
6. Attachment 6 – Notice of Motion C2018-0131