

**Planning & Development Report to
Priorities and Finance Committee
2019 March 05**

**ISC: UNRESTRICTED
PFC2019-0223**

City of Calgary Heritage Assets

EXECUTIVE SUMMARY

Heritage conservation is an important component of sustainable city building – it provides significant benefits in terms of economic development, environmental sustainability and quality of life /social objectives. Recognizing the value of heritage conservation by citizens, through the One Calgary 2019-2022 Service Plan and Budgets, Council directed that heritage should be better conserved to enrich the sense of place in our communities.

The importance of heritage conservation is identified in Calgary's Municipal Development Plan and the Council-approved Calgary Heritage Strategy (2008). The Calgary Heritage Strategy identifies a number of actions required to fulfill the City of Calgary's heritage conservation goals.

Some of the more challenging actions of the Calgary Heritage Strategy have yet to be fully implemented. These actions include the development of a variety of conservation incentives, including property tax relief. Some such incentives may require significant resources, funding, and corporate support.

To advance heritage conservation in Calgary, this report outlines the status of our city-owned historic resources, as well as identifying tools and approaches used elsewhere to conserve heritage conservation and their applicability of use here.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council direct Administration to conduct further analysis on heritage preservation tools and financial incentives and report back to SPC on Planning and Urban Development no later than Q4 2019.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 February 4, Council, through VR2019-0010 made the following Motion: "Direct Administration in consultation with CMLC to bring a briefing on our heritage assets and specific tools to preserve heritage assets across the community, directly to PFC, no later than March 2019."

On 2015 November 7, Council approved the portfolio prioritization criteria for funding allocations across the heritage portfolio.

On 2014 November 24, during budget deliberations, Council approved that Recommendation 6, contained in Report C2014-0863, be adopted, as follows:

"That Council:

6. (a) Approve the creation of a City-Owned Heritage Building Preservation Fund (the "Fund") consisting of a one-time allocation of up to \$35 Million, funded from the 2014 operating surplus, to restore and preserve city-owned heritage buildings; and
- (b) May allocate monies from the Fund, from time to time, upon receiving a report from Administration which outlines the rationale for the funding request, such report to go to Council though the Land and Asset Strategy Committee."

On 2012 May 28 Council approved CSPA036, the Cultural Landscape Policy

On 2011 July 25, Council approved LAS2011-46, the *City-owned Historic Building Management Plan*, and directed Administration to prepare an annual status update to the Plan.

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BACKGROUND

The Calgary Heritage Strategy, approved by Council in 2008, presents a vision for historic conservation for Calgary. The Strategy outlines a wide variety of actions to improve the conservation of heritage resources focused around three elements – identification, protection and management.

To date, there has been much success in accomplishing the goals of The Strategy, however some actions of the Strategy have not been fully implemented - most notably, the development of new financial tools and programs to incentivize heritage conservation.

Calgary Heritage Strategy Achievements to Date:

Significant success has been achieved in implementing many of those actions including, but not limited to:

- approval of a strategy for City-owned and managed heritage buildings, which resulted in establishment of a Heritage Portfolio Program within Facility Management (FM);
- establishment of the Historic Resource Conservation Grant Program, which has supported the conservation of 22 designated heritage properties;
- the Cultural Landscape Strategic Plan and Policy and the creation of the Cultural Landscape portfolio within Parks;
- advancing conservation of archaeological resources by hiring an archaeologist in 2017 to help identify and manage Parks' land with archaeological resources;
- the designation of 18 City-owned properties as Municipal Historic Resources and ongoing designation of others;
- creation of a new evaluation system for the Inventory of Evaluated Historic Resources and associated online presence.
- review of the management, role and function of the Calgary Heritage Authority; and
- growth of the Inventory of Evaluated Historic Resources by 312 sites and the designation of 85 Sites.

Since a review of The Strategy in 2016, Administration has further:

- worked with the Calgary Heritage Authority to better financially support the organization, resulting in improved governance and staffing;
- provided significant input into the City Charter process, seeking to acquire more authority from the Province for The City to better protect and manage heritage resources. Ultimately, however, those heritage conservation recommendations, approved by Calgary and Edmonton City Councils were not accepted by The Province;
- comprehensively researched tools and approaches used across North America for heritage conservation;
- implemented a character home retention overlay district in Bridgeland;
- devised draft Developed Area's Guidebook policy to establish Heritage District Overlays;
- assisted the Calgary Heritage Authority in revamped the evaluation system for the Inventory of Evaluated Historic Resources to better acknowledge and evaluate archaeological resources and culturally significant Indigenous areas.

Most recently, with the One Calgary four-year Service Plans and Budget approved 2018 November, heritage conservation was further advanced by:

- establishment of the Calgary Heritage Authority as a Civic Partner, with funding increased from \$175,000/year to \$200,000/year (with the full increase to \$350,000 in 2020);

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- increase to the Historic Resource Conservation Grant program of \$275,000/ year (effective 2020) for total yearly funding of \$500,000/ year;
- funding of \$13.3M for the Heritage Portfolio Program, including:
 - o \$3.443M to perform Building Condition Assessments on heritage buildings to develop sustainable operations and maintenance plans, and prioritize Heritage sustainment;
 - o \$4.545M to perform restoration and rehabilitation work on Heritage Assets, as prioritized and developed by the Heritage Planning Program;
 - o \$5M for partial rehabilitation of the Historic Beltline YWCA including building stabilization & rehabilitation of historic elements; and
- \$400,000 to re-validate existing stabilization measures at the Calgary Public Building.

Advancing the Calgary Heritage Strategy in 2019:

- proposing updates within the Developed Areas Guidebook to support heritage district overlays and community investment funds to support heritage conservation;
- investigating funding and financing tools that may be used to support heritage conservation;
- developing a property tax relief incentive to incentivize heritage conservation.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Council has directed Administration to provide a briefing on City-owned heritage assets as well as an overview of specific heritage preservation tools.

The following table outlines how many sites are one the City of Calgary's Inventory of Evaluated Historic Resources, including how many of those are City-owned sites and their designation status.

Inventory	City-Owned	Non-City Owned	Total
Designated as Municipal Historic Resource	27	67	94
Designated as Provincial Historic Resource	14	49	63
Non-designated	85	540	625
Inventory – Total	126	656	782

City-Owned Heritage Assets

Currently the Inventory of Evaluated Historic Resources contains 126 sites that are owned by The City and the Calgary Municipal Land Corporation (CMLC), comprising: 40 buildings, 71 cultural landscapes (including a combination of historic parks, gardens, cemeteries, homesteads, boulevards, and sites with significant archaeological resources, structures, and buildings); 10 bridges; and five miscellaneous sites. Of these sites, 27 are protected by a Municipal Historic Resource designation. Attachment 1 identifies all City-owned heritage assets and outlines their condition.

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Facility Management's Heritage Portfolio Program includes 28 buildings, owned and directly managed by The City. To ensure a strategic approach to buildings in Heritage Portfolio Program, Administration developed criteria to prioritize each building on the list of heritage properties for future capital investment. In developing these criteria, Administration researched best practices and identified criteria used in other relevant historic building management programs and ensured that these principles align with Council Priorities. Based on the prioritization criteria rehabilitation and restoration work is on-going with eight buildings in the heritage portfolio. To further inform future investments on buildings in the portfolio Administration has completed 13 building condition assessments and conservation plans. Additional assessments and plans will be completed throughout the next budget cycle.

FM follows the best practice process of "Understand, Plan, Intervene" to plan and implement all heritage building conservation projects for all properties in the Program. 16 of the 28 buildings are currently protected as designated heritage buildings.

Parks' Cultural Landscape portfolio includes the management of 71 historic resources identified on Calgary's Inventory of Historic Resources. Of these 14 are legally designated as Municipal Historic Resources, Provincial Historic Resources or National Historic Sites. All 71 are managed with established best practices (Standards and Guidelines for the Conservation of Historic Places in Canada) and Council approved policy (Cultural Landscape Policy, 2012).

Parks is currently developing a Parks-specific archaeology strategy. Of the 1392 ha of City-owned land, 4819 ha have known archaeological resources, with Parks manages 76% of that land. Awareness of these, typically unseen, historic resources varies, putting these resources at risk. Archaeological resources are the property of the Alberta Government and are regulated via the Alberta Historical Resources Act. The archaeological policy will ensure these lands are managed via applicable legislation and best practices.

Parks also acknowledges that there are thousands of years of pre-contact history marked upon the landscape, some of which are still intact within Calgary's network of natural park spaces. In 2018, Parks met with each of the Treaty 7 Nations (the Blackfoot Confederacy Nations of Siksika, Piikani, Kainai, the Stoney Nakoda Nations of Bearspaw, Chiniki, Wesley and the Tsuut'ina First Nation) and the Métis Nation of Alberta Region 3 to discuss the value of a Traditional Land Use Study and the identification of culturally significant Indigenous areas within Calgary's parks. This was supported by all Nations and Parks has developed a project plan to undertake this work. The plan is currently unfunded.

City-Owned Heritage Assets Status Summary:

Attachment 1 outlines the general condition of all City-owned heritage assets across all Business Units. Outlining more detailed condition and funding requirements for all these assets would necessitate a more comprehensive report.

FM is effectively managing all heritage portfolio properties. Rehabilitation and restoration work is on-going with eight buildings in the heritage portfolio. FM has completed 13 building condition assessments and conservation plans to identify risks, and rehabilitation and funding requirements. Additional assessments and planning are ongoing to will be completed throughout the next budget cycle.

Heritage Conservation Tools

Attachment 2 outlines 11 land-use planning, legislative and financial tools which are most commonly used in North America to conserve heritage resources.

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Tools Currently in Use in Calgary:

Currently, the three tools that are most commonly used in Calgary to encourage heritage conservation are municipal and provincial conservation grants, bonusing (density transfer), and alternate land uses contingent upon heritage retention.

Since approval of the Calgary Heritage Strategy, The City has continued to implement policy and seek additional ways to conserve heritage resources in association with corporate planning initiatives. Such policy has sought to de-incentivize the redevelopment of heritage resources through initiatives such as the Bridgeland character-home retention overlay. As well, funding and financing tools such as bonus / density transfer mechanisms to incentivize heritage retention have been explored as part of local area planning initiatives, following the success of 13 density transfers in the Centre City since 2008.

Tools Available to Calgary, not Currently in Use/ Limited in Use:

There are seven additional tools outlined in Attachment 2 which could potentially be employed, or more broadly employed for used in Calgary comprising: heritage district overlays, tax uplift / community revitalization levies, bonusing (density transfer), demolition disincentives, off-site levies, community-specific grants, and property tax relief.

Administration is currently proposing consistent city-wide policy as part of the Developed Areas Guidebook update, which will be presented to Council in Q3 2019. This includes policy to support the use of heritage district overlays, outlining when and where such overlays shall be established. Also, to clarify the use of bonusing in Local Areas Plans to enable a density transfer system in communities with significant heritage resources and densities supportive of such a system.

Additional work is underway in Planning and Development to investigate funding and financing tools to support change in established areas. Some of these funding and financing tools may be appropriate in providing community benefit/amenity, which could include heritage conservation, and will be presented to Council in Q1 2020. These may include opportunities to further explore Tax Uplift or Community Revitalization Levies (called Tax Increment Financing, or TIF in the United States), off-site levies, dedicated heritage fund contributions through land use bonusing, and community-specific conservation grant programs that could be established as part of a community investment fund through the Local Area Planning Process in communities where heritage is identified as a priority.

In 2018, Administration explored a property tax abatement program that would forgive the rise in assessed value and the associated increase in property tax resulting from the rehabilitation of historic resources (an 'opportunity' cost). Ultimately, it was determined that such an approach presented significant limitations in applicability and attractiveness to heritage property owners due to the unpredictability of assessment values and uncertainty of return to the property owner. Other property tax relief approaches were identified, but would represent a loss in revenue to The City. Its Administration's plan to continue to develop property tax relief options for heritage conservation in 2019 and present a recommendation to Council in Q4 2019.

Administration proposes to determine what funding options for heritage conservation may be possible as part of the funding and financing tools to support change in established areas currently being reviewed by Planning and Development and informed by that, determine what additional property tax relief program may be recommended.

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Tools Unavailable to Calgary:

There are three important heritage conservation tools, commonly used elsewhere in North America which are unavailable for Calgary to use. Those tools are enabling legislation providing the City with more authority to protect heritage properties/ districts; income tax credits for restoration expenditures; and income tax deductions for easement donations on heritage properties.

Administration and Council have unsuccessfully advocated for changes to enabling legislation through the City Charter process. Through that process, the cities of Calgary and Edmonton requested the same authority for the municipalities that The Province has in creating heritage districts and protecting individual heritage sites. The current Provincial enabling legislation makes it difficult for a municipality to protect heritage sites or create heritage districts without getting consent and providing compensation to property owners, unlike legislation elsewhere in most of North America. Members of Council have also advocated to the Federal Government for additional tools such as income tax credits on restoration expenditures. In the USA such tax incentives have been hugely successful in making heritage conservation more financially feasible. Administration sees opportunity for The City to continue to advocate for such tools.

Heritage Conservation Tools Summary:

Of the seven additional tools outlined in Attachment 2 which could potentially be employed, or more broadly employed, to assist in conserving heritage resources all but one (demolition disincentives) are currently being either proposed in Developed Guidebook policy (overlays and bonusing) or are being further explored in Planning and Developments existing work program (community-specific grants, tax uplift/ community revitalization levies, off-site levies, and property tax relief).

Stakeholder Engagement, Research and Communication

Numerous City of Calgary departments and partners have provided the input on the status of city-owned resources (Attachment 1), including Facilities Management, Parks, Roads, Water Resources, Civic Partners, Public Art as well as CMLC.

CMLC has reviewed this report and has outlined in Attachment 3 the tools and approaches that it believes would be especially effective in help to conserve the types of heritage resources which they have dealt with in their portfolio. These recommendations align with tools and approaches outlined by Administration.

Through the One Calgary 2019-2022 Service Plan and Budgets engagement conducted in 2018 October, "investing in heritage" was identified by the public as having value.

In response to the Enoch Sales House fire, a letter from the Calgary Heritage Initiative was circulated to Council voicing support for additional conservation tools, incentives, and investment for heritage resources (Attachment 3).

The Calgary Heritage Authority has also provided comment on the direction provided by Council to Administration at the 2019 February 4 meeting of Council. (Attachment 3).

Strategic Alignment

On 2018 November 30, Council Approved the One Calgary 2019-2022 Service Plan and Budget (C2018-1158), which identified the priority of creating A City of Safe and Inspiring Neighbourhoods.

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Council's Directive (N3) indicates the need to cherish and protect our heritage to enrich the sense of place in our communities. This will ensure that The City's heritage processes are suitable to improve the protection and enhancement of heritage assets. The City Planning & Policy service line supports the preservation of irreplaceable heritage buildings, and through Council direction, will improve the protection and enhancement of heritage assets.

The Calgary Heritage Strategy supports the identification, protection and management of Calgary's historic resources. 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. Studies have shown that it takes 10 to 80 years for a new "green" building to make up for the negative climate change impacts of its construction (2011, National Trust for Historic Preservation).

Economic (External)

Historic resources add character and visual interest to streetscapes, increasing the attractiveness of an area to investors. Studies show that heritage buildings and districts are more economically resilient than non-heritage buildings and areas during economic recessions, and appreciate in value faster than non-heritage buildings and areas during good economic times (2015 National Trust for Historic Preservation). Investment in conservation is also a driver of job creation. Studies show that rehabilitation generates upwards of 21% more jobs than the same investment in new construction (2010, State of Delaware).

However, redevelopment pressure on heritage areas or sites as a result of intensification creates a financial incentive for property owners to redevelop. More tools and financial incentives are required to make it equally economically attractive (or more so) to retain a heritage resource as to redevelop it, given that it's otherwise challenging for The City to protect heritage sites or areas with the limited enabling legislation.

Financial Capacity

Current and Future Operating Budget:

None associated with this report.

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Current and Future Capital Budget:

None associated with this report. Attachment 1 highlights condition status of City-owned resources, with funding requirements needed for some of them. Some of the various funding tools outlined in Attachment 2, such as a property tax abatement or reduction program, could have financial implications.

Risk Assessment

There are no specific risks associated with this report. Risks of City-owned assets are being managed by the stewarding department or business unit to ensure there are no assets at risk of “demolition by neglect”. Any vacant properties are investigated daily to ensure risk of fire, vandalism, or unintentional demolition is mitigated.

To address any risks associated with City-owned historic resources, Council approved the City-owned Historic Building Management Plan. Since that time, The City has made significant progress in advancing the Strategy based on an overall process of “Understand, Plan, Intervene”. Progress has been made on seven principles identified in the Management Plan: develop a citywide strategy, know what you own, champion quality/set a good example, make the most of heritage assets, providing access to everyone, take a positive attitude to sale of heritage assets, and avoid dereliction and risk. As part of this work Calgary has been a national leader in taking a city-wide portfolio approach to city-owned historic resources and helping to address any risks associated with not strategically managing its city owned historic resources. The portfolio of assets has evolved over time as new properties are identified or others have been disposed of. Administration has provided regular updates on this program of work and can continue to provide updates as progress continues to be made in advancing this city-owned heritage building program.

Culturally significant Indigenous areas are unidentified at present and therefore potentially at risk. Parks has worked with all 8 Nations to complete a currently unfunded business case to mitigate this risk. Archaeological resources are also considered at risk as awareness of these, typically unseen, resources varies across the corporation. Parks is currently developing policy to mitigate this risk.

REASON(S) FOR RECOMMENDATION(S):

The recommendations in this report advance the provision of financial and land use planning tools for the preservation of privately owned and City owned heritage assets in Calgary.

ATTACHMENT(S)

1. Attachment 1 – Table of City-owned Heritage Assets & Condition
2. Attachment 2 – Land-use Planning & Financial Heritage Conservation Tools / Approaches
3. Attachment 3 – Stakeholder Letters