

November 6, 2018

To: Members
Finance & Administration Committee

Re: Heritage Building Rehabilitation Program (18-HBRP-03) 3225 13th Avenue – Sacred Heart Academy

RECOMMENDATION

1. That a Tax Exemption for the property located at 3225 13th Avenue, being Units 1 - 30 in Condo Plan 91R09011, be approved in an amount equal to the lesser of:
 - a) Fifty per cent of eligible costs for the work completed as described in the Conservation Plan in Appendix B; or
 - b) An amount equal to the total property taxes payable on the subject property for 10 years.
2. That the provision of the property tax exemption be subject to the following conditions:
 - a) Eligibility for the property tax exemption includes the requirement that the property possesses and retains its formal designation as a Municipal Heritage Property in accordance with *The Heritage Property Act*.
 - b) The property owner shall submit detailed written documentation of payments made for the actual costs incurred (i.e. itemized invoices and receipts) in the completion of the identified conservation work as described in Appendix B. In the event the actual costs exceed corresponding estimates by more than 10 per cent the property owner shall provide full particulars as to the reason(s) for any cost overrun or portion thereof, if considered not to be reasonably or necessarily incurred for eligible work.
 - c) The work that is completed and invoices submitted by September 30th each year would be eligible for an exemption the following year for up to 50 per cent of the cost of approved work.
3. That the City Solicitor be instructed to prepare the necessary tax exemption agreement and authorizing bylaw to provide the tax exemption as detailed in this report.
4. That the Executive Director of City Planning & Development or designate be authorized under the tax exemption agreement to make all determinations regarding reimbursements of the costs incurred for work done to the property based on the City of Regina's Heritage Building Rehabilitation Program and the Conservation Plan for the property (Appendix B to this report).
5. That the Executive Director of City Planning & Development or designate be authorized to apply to the Government of Saskatchewan on behalf of the property owner for any exemption of the education portion of the property taxes that is \$25,000 or greater in any year during the term of exemption.

6. That this report be forwarded to the November 26, 2018 meeting of City Council for approval.

CONCLUSION

The applicant, SEPW Architecture, on behalf of the unit owners of Academy Housing Association Inc., has requested a property tax exemption under the Heritage Building Rehabilitation Program to assist in recovering costs associated with conserving the building.

The proposed conservation work will ensure the continued existence of this historic place. The tax exemption provided for in the policy has made it feasible for the property owner to conserve this heritage building.

Administration has determined that the conservation work proposed is eligible for assistance under the Heritage Building Rehabilitation Program. A property tax agreement between the property owners and the City of Regina (City) will be prepared to secure the City's interests in ensuring the building is properly conserved and maintained.

BACKGROUND

On December 3, 1990, City Council approved Bylaw No. 9110 (Appendix C) designating the property at 3225 13th Avenue as municipal heritage property.

The Heritage Incentive Policy was approved by City Council on August 24, 2014 (CR14-100). It replaced the Municipal Incentive Policy for the Preservation of Heritage Properties, which was initially adopted in 1991 and amended in 2001. Under the Heritage Incentive Policy, the designated properties eligible for assistance include Municipal Heritage Properties, Provincial Heritage Properties, and properties within the Victoria Park Heritage Conservation District.

The types of work that may be eligible for assistance are:

- a) Professional architectural or engineering services.
- b) Façade improvements including conservation of original building elements, cleaning of surfaces and removal of unsympathetic materials.
- c) Structural stabilization.
- d) Improvements required to meet the *National Building Code of Canada* or City of Regina bylaw requirements, including the repair or upgrading of mechanical and electrical systems.
- e) Improvements to energy efficiency (i.e. windows, insulation).
- f) Conservation of significant or rare character-defining interiors or interior elements.

Financial assistance can be provided equivalent to the lesser of:

- a) Fifty per cent of eligible work costs, that is, expenses incurred to restore or preserve architecturally significant elements of the building or structure, to extend its effective life, and/or to ensure its structural integrity; or

- b) The total property taxes that would otherwise be payable in the 10 years immediately following the approval of the tax exemption by City Council.

Cosmetic improvements, regular maintenance and new additions are not eligible for assistance.

The amount of the property tax exemption, including calculation of any percentage or portion, is determined by the City Assessor. The amount will only apply to the portion of the property containing the building structure or landscape with heritage value pursuant to Section 11(1) of *The Heritage Property Act*.

In general, property tax exemptions are initiated in the fiscal year following City Council's approval and are based on the actual value of the completed approved work items. It is noted that no abatement of outstanding or current taxes are eligible for the tax exemption.

DISCUSSION

The original wing of the Sacred Heart Academy (the Academy) was constructed in 1910 by the firm of Smith Brose & Wilson to accommodate the opening of a Catholic Girls Boarding School by the Sisters of the Lady of the Missions. An addition in 1914 provided the building's front entrance which is marked by a portico with classical supports. An addition in 1924, designed by Architect J.H. Puntin, provided a highlight of the building, its chapel, with Georgian-style interior incorporating a coffered, barrel vaulted ceiling, curved balustrades and period stained glass windows imported from France. The property's broad front lawn, mature landscaping and wrought iron fence create an attractive setting for the former academy. The Academy is of heritage value for its contiguous French Mansard Design which was a favoured design of the Catholic Church for institutional buildings throughout Western and Central Canada. For more information about the Academy's heritage value refer to the Bylaw No. 9110 in Appendix C.

Conservation Work

The applicant, SEPW Architecture, on behalf of the owners, Academy Housing Association Inc., has submitted a request for approval to undertake certain alterations to the Academy, as described in the Conservation Plan attached as Appendix B. Conservation work, which would be eligible for assistance would include the following elements:

- Removal of interior trees and foundation site work to prevent water infiltration through the foundation wall which will preserve the foundation of the building and assist with structural stabilization.
- Repair of wood windows to conserve the exterior character defining element.
- Repair of chimney including new liner and repair to brick and mortar.
- Masonry repointing and stone repairs including repair of stone lintels and sills.
- Repair and/or replacement of cornice.
- Replacement of select slate roofing tiles.

Administration has determined that all of the above proposed work is eligible for assistance under the policy as this work is required to conserve the character-defining elements of the building's exterior.

As a designated Municipal Heritage Property, Administration's role in the evaluation of changes to the building is through issuance of a Heritage Alteration Permit. Administration will ensure that the work that is being incentivized is being done in accordance with the Conservation Plan, which will be attached to the incentive agreement.

Tax Exemption

According to the Heritage Incentive Policy, the application must include financial evidence indicating why the tax exemption is required. The Conservation Plan in Appendix B details the work to be done and provides approximate costs associated with the required conservation work.

The Program provides a tax exemption equal to 50 per cent of the eligible costs for the work described in the Conservation Plan, Appendix B, or an amount equal to 10 years of property taxes, whichever is the lesser. The actual value of the tax exemption will be based on the invoices submitted for the work done.

Based on the cost estimates and financial assistance criteria in the Heritage Building Rehabilitation Program, Administration has determined the owner is eligible for an exemption of 10 years of property tax.

RECOMMENDATION IMPLICATIONS

Financial Implications

Section 262(4) of *The Cities Act* limits the term of a tax exemption agreement to not more than five years. However, Section 28(a) of *The Heritage Property Act* enables City Council to provide tax relief to any person, organization, agency, association or institution with respect to heritage property notwithstanding any provisions of *The Cities Act*. The Heritage Incentive Policy approved by City Council in August 2014 established a tax exemption for a maximum of 10 years.

The value of the work to be done will qualify for a tax exemption equal to 50 per cent of the value of the approved work. Administration estimates that 10 years of property tax exemption based on a three per cent increase year over year would be approximately \$683,098.20. The estimated cost of the work as stated in the Conservation Plan is \$1,267,572.48. Fifty per cent of the estimated cost of the work would be \$633,786.24. This adheres to the Heritage Building Rehabilitation Program approved by City Council on August 24, 2014.

The annual property exemption based on estimated 2018 figures is estimated to be \$57,851.46 which is distributed as follows:

- Municipal portion: \$ 34,554.14
- Education portion: \$20,096.54
- Library portion: \$3,200.78

The final value of the tax exemption provided by the City will be based on receipt submissions for actual work completed and annual property tax increases.

The education portion of the taxes is subject to *The Education Property Tax Act*. This Act came into effect January 1, 2018. *The Education Property Tax Act* specifies that any exemption of education property taxes that is \$25,000 or greater in any given year, must be approved by the Government of Saskatchewan. Under this legislation, only municipalities can apply on behalf of property owners for the exemption of the education portion of the taxes. If City Council approves this application, Administration will apply to the Government of Saskatchewan on behalf of this property owner if the education portion is \$25,000 or greater.

Environmental Implications

The conservation work proposed will ensure the building continues to be used and maintained. The work will protect the character defining elements of the building and improve the structural integrity of the building.

Policy and/or Strategic Implications

Conservation of the Academy meets the following policies outline in Part A of *Design Regina: The Official Community Plan Bylaw No. 2013-48*:

Section D5: Land Use and Built Environment

Goal 6 - Built Form and Urban Design: Build a beautiful Regina through quality design of its neighbourhoods, public spaces and buildings.

- 7.38 Consider impacts of alterations, development, and/or public realm improvements on or adjacent to an historic place to ensure its heritage value is conserved.

Section D8: Culture

Goal 1 – Support Cultural Development and Cultural Heritage: Enhance quality of life and strengthen community identity and cohesion through supporting cultural development and cultural heritage.

- 10.1 Build partnerships and work collaboratively with community groups, other levels of government, and the private and voluntary sectors to encourage cultural development opportunities and conserve historic places.
- 10.4 Protect, conserve and maintain historic places in accordance with the *Standards and Guidelines for the Conservation of Historic Places in Canada* and any other guidelines adopted by City Council.
- 10.5 Encourage owners to protect historic places through good stewardship and voluntarily designating their property for listing on the Heritage Property Register.

- 10.11 Leverage and expand funding, financial incentive programs and other means of support to advance cultural development, cultural resources and conservation of historic places.

The proposal is also consistent with the vision and objectives of *Regina's Cultural Plan* respecting:

Goal 7.3 – Commemorate and Celebrate the City's Cultural Heritage

Objectives:

- Demonstrate Leadership through the Management of the Heritage Conservation Program.
- Conserve Cultural Heritage Resources.
- Ensure New Development contributes to Sense of Place.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

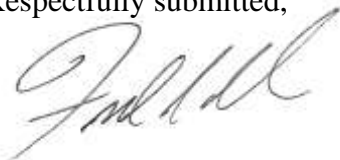
Heritage Regina and the Architectural Heritage Society of Saskatchewan will receive a copy of this report for information.

The Library Board will be provided with a copy of this report and will be advised of City Council's decision.

DELEGATED AUTHORITY

Applications for assistance under the Heritage Building Rehabilitation Program must be approved by City Council.

Respectfully submitted,



Fred Searle, A/Director
Development Services

Respectfully submitted,



Diana Hawryluk, Executive Director
City Planning & Development