



Heritage Grants and Tax Exemptions 2023

Date	June 14, 2023
To	Executive Committee
From	City Planning & Community Development
Service Area	Planning & Development Services
Item No.	EX23-56

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve Grants and/or Tax Exemptions under the *Heritage Incentive Policy* for the following properties (Table 1) for the work listed in Appendix A. The totals listed in Table 1 are estimates of the final amount. The final amount is limited to:
 - (a) 50% of the eligible conservation work costs to a maximum of 10 years of taxes (in the case of tax exemptions),
 - (b) 50% of the eligible conservation work costs to a maximum of \$2,500 (in the case of maintenance grants for inventory properties),
 - (c) 50% of the eligible conservation work costs to a maximum of \$5,000 (in the case of maintenance grants for designated properties)
 - (d) 50% of the eligible conservation work costs to a maximum of \$50,000 (for major grants for designated properties)
 - (e) 25% of the eligible conservation work costs to a maximum of \$50,000 (for major grants for inventory properties)

Table 1 – Heritage Incentive requested for 2023.

Address	Historic Name	Heritage Status	Type of Incentives	Total Eligible Cost	Total Funding
2125 11th	Darke Block	Designated	Maintenance	\$11,008.69	\$5,000.00

Avenue			Grant		
3225 13 th Avenue	Cathedral Court Apartments	Designated	Maintenance Grant	\$5,162.96	\$2,581.48
1431 Victoria Avenue	Louis Residence	Designated	Maintenance Grant	\$7,048.50	\$3,524.25
77 Leopold Crescent	Watchler Residence	Designated	Maintenance Grant	\$12,362.32	\$5,000.00
3137 College Avenue		Inventory	Maintenance Grant	\$3,845.79	\$1,922.90
2128/2132 Dewdney Avenue	Ackerman Building	Designated	Major Grant	\$103,496.40	\$20,000.00
			Tax Exemption		\$31,748.20
2398 Scarth Street	The Patton Residence	Designated	Major Grant	\$56,681.65	\$14,170.41
			Tax Exemption		\$14,170.41
2125 11th Avenue	Darke Block	Designated	Major Grant	\$100,176.39	\$20,000.00
			Tax Exemption		\$30,088.20
2105 Hamilton Street	Qu'Appelle Apartments	Designated	Major Grant	\$281,905.59	\$20,000.00
			Tax Exemption		\$120,952.80
1861 McIntyre Street	St. Paul's Cathedral	Designated	Major Grant	\$51,205.35	\$25,602.68
1852/56 Scarth Street	Mitchell Building	Designated	Major Grant	\$134,950.00	\$20,000.00
			Tax Exemption		\$47,475.00
205 Leopold Crescent	Simson Residence	Designated	Major Grants	\$15,340.01	\$3,835.00
			Tax Exemption		\$3,835.00
2234 Angus Street	Omand Residence	Designated	Major Grants	\$198,537.99	\$31,514.78
			Tax Exemptions		\$67,754.21
2301 15 th Avenue	Parsons Residence	Designation in Process	Major Grants	\$71,292.47	\$25,000.00
			Tax Exemption		\$10,646.24
2100 Dewdney Avenue	Promislow's Wholesale	Inventory	Major Grants	\$316,846.98	\$10,000.00

2026 Winnipeg Street	St. Mary's Roman Catholic Parish	Inventory	Major Grants	62,724.99	\$15,681.25
1765 Hamilton Street	Wolfe Building	Inventory	Major Grants	\$127,309.55	\$20,000.00
2144 Cornwall Street	Howe Residence	Inventory	Major Grants	\$24,669.00	\$6,167.25
Total				\$1,584,564.63	\$576,670.06

*The Grant approval of 2301 15th Avenue is contingent upon approval of the designation application.

2. Instruct the City Solicitor to prepare the necessary bylaw and agreement with the following conditions to be brought forward to a future Council date once the agreement has been signed by the property owners:
 - a. That where the property has been designated that the property possesses and retains its heritage status in accordance with *The Heritage Property Act*.
 - b. All required permits, including heritage alteration permits, must be submitted and approved before commencing work, and projects must pass periodic site inspections to ensure the work is completed as approved. Where the property is listed in the Heritage Inventory, that work must be carried out in accordance with the heritage standards outlined in Appendix A, to be confirmed through a site inspection at project completion.
 - c. That the property owner submits 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. If actual costs exceed the corresponding estimates by more than 10 per cent, the property owner shall provide full particulars as to the reason(s) for such cost overruns. The City of Regina may decline to approve any cost overrun, or portion thereof if considered not to be reasonable or necessarily incurred for eligible work.
 - d. For Tax Exemptions, that work completed, and invoices submitted by September 30 each year would be eligible for tax incentives starting the following year of up to 50 per cent of the cost of approved work.
 - e. That the Executive Director of City Planning & Community Development or designate be authorized under the Grants and Tax Exemption Agreement to make all determinations regarding reimbursements of the cost incurred for work done to the property based on the City of Regina's *Heritage Incentives Policy*.
3. Authorize the City Clerk to execute the agreement on behalf of the City after the bylaw authorizing the agreement has been passed.

4. Authorize the Executive Director of City Planning & Community Development or designate 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 the exemption.
5. Approve these recommendations at its meeting on June 21, 2023.

ISSUE

The properties seeking incentives are listed in Appendix B of this report and are eligible for financial assistance under the *Heritage Incentives Policy* to assist in recovering costs associated with conservation of their heritage value.

The applications were reviewed for eligibility by Administration and prioritized by the Heritage Sector Reference Group. The recommended funds are based on the estimated cost of the eligible conservation work. An agreement between the City of Regina (City) and the property owner will secure the City's interests in ensuring the building is properly conserved and maintained.

IMPACTS

Financial Impact

Upon approval of the recommended funds, the full 2023 heritage conservation grants budget of \$250,000.00 will be allocated. The recommended total tax exemption is \$326,670.07, the municipal portion is \$196,444.

Incentives provided under *the Heritage Incentives Policy* may be stacked with other incentives offered by the Municipal, Provincial and Federal Governments.

Policy/Strategic Impact

Municipal investment in the conservation of heritage resources has cultural, social, economic and environmental benefits. Active use of well-maintained heritage buildings creates a tangible link to the stories associated with Regina's growth and development and creates visual interest in streetscapes and neighborhoods. Well maintained and actively used heritage buildings contribute positively to vibrant communities and the revitalization of core neighbourhoods.

The *Heritage Incentives Policy* supports the City's Strategic Priority of *Vibrant Communities*, specifically to "prioritize a vibrant city centre". Many of Regina's heritage properties are found within the City Centre and surrounding neighbourhoods, which are areas prioritized by Council for investments to encourage renewal, intensification, and increased public safety and vibrancy.

Environmental Impacts

Restoring and preserving heritage buildings can prevent greenhouse gas (GHG) emissions resulting from demolition of the existing structure and construction of a new building. For example, the retention of an existing building prevents the generation of construction waste and demolition waste that would have been disposed of at the landfill. Some of the materials disposed at the landfill would also generate GHG gas emissions.

OTHER OPTIONS

1. Approve the recommendation with a reduced dollar value of the grants or tax exemptions or remove certain properties from the recommendation. Removal of certain properties from the recommendation would not maximize the City's conservation efforts for the year and could delay rehabilitation and maintenance of the property and negatively impact revitalization in core neighbourhoods.
2. If City Council has specific concerns with the recommendation, it may refer the report back to Administration to address or make additional recommendations. It should be noted that heritage grants are funded from the operating budget and these funds will not be available for allocation following year-end without approval from Council.

COMMUNICATIONS

On January 31, 2023, a call for Heritage Incentive Applications was mailed out to 111 designated properties, and 207 properties listed on the Heritage Inventory.

DISCUSSION

Heritage properties hold historical, cultural, and architectural significance and support unique neighbourhood character and are a fundamental component of our community's identity. Rehabilitation and maintenance of heritage properties is often specialized and can result in additional costs for property owners. To offset this cost, the *Heritage Incentives Policy* provides up to \$50,000 in grants and 10 years of tax exemptions for designated properties. The Heritage Incentives can be complemented by the Revitalization Incentive Program, that also provides cash grants and a maximum of five years of tax exemptions for a broader range of eligible projects.

Heritage Incentives Applications - 2023

Seventeen Heritage Incentives Applications were submitted by the deadline of March 31, 2023. Each of these applications was individually assessed to determine their eligibility. The work proposed in each of these properties includes aspects of preservation, rehabilitation, and restoration and represents a total project cost of \$1,584,564.61 and total commitment of \$576,670.07, of which

\$446,444 is City funding including both grants and tax exemptions. The proposed work was prioritized based on the following criteria:

1. Viability

- a. Structural Viability: This criterion assessed whether the heritage property requires structural repairs (e.g., foundation repair).
- b. Financial Viability: This criterion assessed if the investment on the building improves financial viability of conservation over the long term.

2. Heritage Value

- a. Unique Heritage Value: This criterion assessed the uniqueness of the heritage value/thematic framework of the heritage property and if there are other heritage properties that possess this kind of heritage value.
- b. Investment focus on Character Defining Elements: The criterion assessed whether the conservation work is being carried out on the character-defining elements.
- c. Urgency: The criterion assessed the urgency of the conservation work.

3. Public Benefits

- a. Public Visibility: This criterion assessed the degree to which the public can experience a heritage property.
- b. Public Access: This criterion assessed whether the public can access the heritage property

On May 9, 2023, members of the Heritage Sector Reference Group met to review the applications and provided a recommendation for the allocation of funding for the grants and tax exemption. The exact amount of disbursement will be based on the actual cost of the conservation work as identified in the future submitted invoices.

Background

Designated heritage properties have had access to tax exemptions since 1991. Prior to 2014, heritage properties could receive a maximum of five years of tax exemption, with a cap of \$250,000 for downtown properties and \$150,000 for properties outside the downtown area. However, changing market conditions were making heritage projects less financially attractive, as increasing construction costs and escalating land values were making it challenging to achieve a competitive rate of return without increased incentives. In response, the City engaged a consultant to investigate the current development costs for rehabilitation and the effectiveness of the existing Heritage Building Rehabilitation Program. The study found that existing incentives were inadequate and not in alignment with current market conditions, which threatened buildings with heritage value. Consequently, in 2014 City Council approved an increase in the tax exemption from five to ten years and removed the monetary cap, providing more significant incentives for heritage building rehabilitation.

Placing a cap on tax exemptions for heritage properties could have negative impacts on conservation efforts. Currently, the heritage tax exemption incentive has been beneficial and has assisted in the maintenance of many heritage properties, particularly commercial and multi-family units in the downtown area. If the tax benefits are limited, property owners may be discouraged from investing in the rehabilitation of their heritage properties or defer maintenance of their properties. This could result in a lack of investment in heritage properties, leading to deterioration and the potential loss of important historic buildings. Commercial and multi-unit properties in the City Centre and surrounding neighbourhoods benefit from the tax exemption incentive, and reduced access to this benefit could slow progress on revitalization of these areas.

DECISION HISTORY

Council approved the reviewed Heritage Incentive Policy (CR 22-30) (Appendix C) on March 16, 2022.

Council approved the following bylaws under the heritage incentives policy for the properties listed below.

- *Bylaw 2023-11: Major Grants and Bylaw 2023-8: Tax Exemption for 2125 11th Avenue.*
- *Bylaw 2019-5: Tax Exemption for 3225 13th Avenue.*
- *Bylaw 2019-68: Tax Exemption for 1431 Victoria Avenue.*
- *Bylaw 2023-31: Maintenance Grants for 77 Leopold Crescent.*
- *Bylaw 2015-36: Tax Exemption for 2398 Scarth Street.*
- *Bylaw 2004-13: Tax Exemption for 2105 Hamilton Street.*
- *Bylaw 9914: Tax Exemption for 1852/56 Scarth Street.*
- *Bylaw 2006-77: Tax Exemption for 205 Leopold Crescent.*

Respectfully Submitted,



Autumn Dawson, Director
Planning & Development Services

Respectfully Submitted,



Deborah Bryden, Executive Director
City Planning & Community Development

Prepared by: Femi Adegeye, Senior City Planner

ATTACHMENTS

Appendix A - Project Cost and Eligible Work

Appendix B - Heritage Incentives Summary

Appendix C - Heritage Incentive Policy