

May 25, 2015

To: His Worship the Mayor  
and Members of City Council

Re: Heritage Building Rehabilitation Program Application for Tax Exemptions –  
Patton Residence 2398 Scarth Street

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**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE  
- MAY 5, 2015**

1. That a tax exemption for the property known as the Patton Residence, located on Lot 12, Block 460, Plan No. Old 33 Ext.0, addressed at 2398 Scarth Street be APPROVED in an amount equal to the lesser of:
  - a) 50 per cent of eligible costs for the work described in Appendix D; or
  - b) An amount equal to the total property taxes payable 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 D. In the event the 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 any cost overrun. It is understood that the City may decline to approve 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 30 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 agreement and authorizing bylaw for the property tax exemption as detailed in this report.
4. That the Executive Director of City Planning & Development or designate be authorized to approve the Heritage Alteration Permit for the conservation work to be done on the foundation of the building and window pane replacement in accordance with the Conservation Plan (Appendix D to this report).

*FINANCE AND ADMINISTRATION COMMITTEE – MAY 5, 2015*

Pat McDonald, representing Courtland Management Inc., addressed the Committee.

The Committee adopted a resolution to concur in the recommendation contained in the report. Recommendation #5 does not require City Council approval.

Councillors: Wade Murray (Chairperson), Shawn Fraser, Bob Hawkins, and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on May 5, 2015, considered the following report from the Administration:

RECOMMENDATION

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4. That the Executive Director of City Planning & Development or designate be authorized to approve the Heritage Alteration Permit for the conservation work to be done on the foundation of the building and window pane replacement in accordance with the Conservation Plan (Appendix D to this report).
5. That this report be forwarded to the May 25, 2015 meeting of City Council.

## CONCLUSION

The owner of the Municipal Heritage Property known as the Patton Residence at 2398 Scarth Street has requested a property tax exemption to assist in recovering costs associated with conserving the building.

The proposed conservation work will ensure the continued existence of a Municipal Designated Heritage property that is of historic importance to the College Avenue streetscape, a prominent residential street in the Centre Square neighbourhood. The tax exemption provided for in the policy has made it feasible for the property owner to conserve this important heritage building.

The 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 owner and the City will be prepared to secure the City's interests in ensuring the building is properly conserved and maintained. The work will involve structural stabilization of the foundation and replacement of broken curved glass panes in the two storey bow windows which are located on each side of the main entrance. These windows are considered to be one of the character defining elements of the building.

## BACKGROUND

The *Heritage Building Rehabilitation Program* was approved by City Council on August 24, 2014. It replaced the *Municipal Incentive Policy for the Preservation of Heritage Properties*, which was initially adopted in 1991 and amended in 2001.

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); and
- f) Conservation of significant or rare character-defining interiors or interior elements.

Financial assistance can be provided equivalent to the lesser of:

- a) 50 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 of assistance and completion of any or all approved work items, in accordance with any performance guidelines and/or time schedules that may be negotiated between the City and the property owner. It is noted that no abatement of outstanding or current taxes will be negotiated with the property owner.

## DISCUSSION

City Council approved *Bylaw No. 2014-63* (Appendix B) which designated the property at 2398 Scarth Street as Municipal Heritage Property on July 28, 2014. The property known as the Patton Residence was built in 1912-13 and is a fine example of residential architecture that was associated with the boom prior to World War I. The building is located on the corner of Scarth Street and College Avenue and is among the oldest residences located on this portion of College Avenue, a prominent street in the Centre Square neighbourhood. The building is now used as a law office.

### Conservation Work

The owner plans to undertake specific conservation work on the foundation of the Patton residence as detailed in the Conservation Plan attached as Appendix D. The conservation work proposed includes:

- Installation of braces and concrete knee wall in the north, east and west foundation walls;
- Installation of concrete strip footing;
- Installation of exterior foundation water proofing membrane and weeping tile;
- Replacing broken curved glass panels in the bow windows on the front façade.

The work will repair and stabilize the building foundations, as well as, restore the bow windows in the front façade which are identified as character defining elements of the building.

The Administration has determined that the proposed work is eligible for assistance under the policy.

### Tax Exemption

The Administration received two estimates for the cost of the conservation work described above and detailed in Appendix D. The estimates were for \$94,157 and \$81,650 respectively. The estimates are used for comparative purposes. The actual value of the tax exemption will be based on the invoices submitted for the work done.

The Administration estimates that 10 years of property tax exemption based on a four per cent increase year over year would be approximately \$218,450. The higher of the two estimates, \$94,157 would be less than 10 years of tax exemption.

Based on the cost estimates and financial assistance criteria in *Heritage Building Rehabilitation Program*, the Administration has determined the owners of the Patton Residence are eligible for an exemption of 50 per cent of the value of the work to be done (approximately \$47,078.50 based on higher estimate).

## 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 new *Heritage Building Rehabilitation 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 which is estimated at \$47,078.50, if the higher of the two estimates is used. This adheres to the *Heritage Building Rehabilitation Program* approved by City Council on August 24, 2014.

The annual property exemption based on estimated 2015 figures is estimated to be \$16,938 which is distributed as follows:

- Municipal portion: \$9,724;
- Education portion: \$6,223; and
- Library portion: \$991.

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

### 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 Patton Residence meets the following policies of *Design Regina: The Official Community Plan Bylaw No. 2013-48*:

- Protect, conserve and maintain Historic Places in accordance with the “Standards and Guidelines for Historic Places in Canada” and any other guidelines adopted by City Council.
- Encourage owners to protect Historic Places through good stewardship.
- Leverage and expand funding, financial incentive programs and other means of support to advance cultural development, cultural resources and conservation of Historic Places.

### Other Implications

None with respect to this report.

### Accessibility Implications

None with respect to this report.

## COMMUNICATIONS

The Administration requested comments on this application from both school boards and the Regina Public Library prior to the finalization of this report. The Regina Catholic School Board responded saying they had no concerns with the proposed tax exemption. No other comments were received prior to the finalization of the report.

The Regina Public School Board, the Regina Catholic School Division and the Regina Public Library Board will be provided with a copy of this report and will be advised of the decision.

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

## DELEGATED AUTHORITY

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

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE



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Ashley Thompson, Secretary