

PART C – INCENTIVES REVIEW

7.0 Introduction

The legal authority for municipalities to provide financial incentives to privately-owned heritage resources is established under both the Ontario Heritage Act and the Municipal Act. Sections 39 and 45 of the Ontario Heritage Act provide that municipalities may establish by-laws to make grants or loans to owners of designated heritage properties, and Section 365.2 of the Municipal Act makes provisions for enabling municipal tax rebates to such properties. The delivery of direct financial incentives for the purposes of heritage preservation may also be supported and implemented through the creation of area-specific or municipal-wide Community Improvement Plans as provided under Section 28 of the Ontario Planning Act.

Over the years, the City of Guelph has delivered various targeted grants programs designed to facilitate the uptake of private, third-party efforts to rehabilitate, restore, preserve and beautify properties that convey special historic and/or cultural meaning.

Municipal incentive programs in Guelph have included: tax increment-based programs (i.e. a financial program where the value is determined by the difference in pre and post property tax levels); downtown activation grants (i.e. municipal funds geared directly to mid-sized buildings requiring major investment to help protect) and façade improvement and feasibility study grants that support the revitalization of key local heritage resources.

Direction from Council resulting from discussion of the Brooklyn and College Hill Heritage Conservation District in 2014 included an expectation that recommendations regarding financial incentives for designated heritage properties would be provided to Council at a future date, and were therefore contained in the scope of work outlined in the CHAP Project Charter endorsed by Council on September 6th, 2016.

As part of the CHAP consultation process, community stakeholders expressed a strong desire for the City of Guelph to implement heritage conservation policies that include a suite of financial incentives for owners of cultural heritage resources. Stakeholders also reaffirmed the importance of encouraging a broad cross-section of heritage property owners to take proactive steps in preserving the enduring legacy of their assets. It was determined that financial incentives must also be accompanied by non-financial incentives that should be implemented by the City of Guelph

This section of the CHAP reviews the topic of financial and non-financial incentives as they relate to cultural heritage resource conservation, and provides recommendations for the City to pursue.

8.0 Types of financial and non-financial incentives

The following section outlines the various types of incentives that a municipality in Ontario can consider, and discusses the options as they relate to the City of Guelph.

8.1 Financial incentives

In Ontario, there are three basic types of financial incentives (sometimes referred to as “financial tools”) available to support and advance heritage-based investments by private property owners - grants, loans and municipal tax-relief incentives. The allocation of financial incentives to private interests are generally restricted to owners of cultural heritage resources that are designated under Part IV or V of the Ontario Heritage Act. These programs are used widely by Ontario municipalities, in many cases in combination with one another in order to encourage heritage building conservation.

In addition to the ‘traditional’ financial incentives programs available to municipalities, there are some additional programs that are available and have been used in some cases across Ontario. These include matters such as façade improvement programs, development charges rebates, use of density bonusing, and permit fee reductions.

8.1.1 Grant programs

Municipal grants are generally recognized as the most effective and most transparent means of achieving heritage conservation goals. Grant programs are established by an upfront commitment by Council to deliver funds (normally allocated through the annual capital planning process) to individuals and community organizations that meet the specific eligibility criteria to participate.

Grant programs, particularly those supported by taxpayers, are normally operated over a fixed period (i.e. four to five years), and are accompanied by an annual application process. Eligible owners are invited to apply to the program, with funding decisions ultimately determined by an internal committee of heritage experts or a senior staff heritage lead.

Some municipalities rely on municipal parking revenues to fund their heritage grant programs. Municipalities with downtown heritage districts, may, for example, earmark a certain share of metered-parking revenues – usually collected within the district itself - to help fund the municipal grant program on an annual basis. Depending on the market attractiveness or appeal of the heritage district, parking revenues have the potential to provide a stable, year-over-year funding for municipal heritage grant programs.

Funds are distributed to eligible/qualified heritage property owners to undertake specific work that leads to a defined set of outcomes which would ultimately benefit both the property owner and public interest. Grants are typically offered on a dollar-to-dollar matching basis, up to a maximum threshold (i.e. \$20,000). In order to encourage participation, grant programs are typically offered on a limited-time basis or until the funding package agreed to by Council is fully exhausted.

8.1.2 Loan programs

Loans are used by many municipalities to support and encourage private investment in heritage conservation by property owners. Loans – typically offered by the municipality at below-market interest rates - are intended to be used specifically for projects that preserve or restore the integrity of the resource. By nature, loan programs can be significantly more cumbersome to administer because of the legal and financial accountability issues that are involved in its oversight. Loan programs are typically more prescriptive in nature and apply to a narrow range of building improvements. In certain programs, applicants may encourage to partner with specific trades people or architects to ensure that municipal heritage guidelines and standards are fully safeguarded.

8.1.3 Municipal tax relief programs

Tax relief programs are offered by some municipalities in Ontario as a means to encourage heritage property owners to restore and/or rehabilitate their structures in exchange for reductions or refunds to their municipal property tax bill. Municipalities that choose to offer heritage property tax relief programs are required to establish their programs within a prescribed range of 10 to 40 percent. The Province is also a key participant in this process, extending heritage property owners relief from the education portion of their tax bill.

Heritage Tax Relief programs, while popular with heritage property owners, can be difficult and costly to administer due to the legal obligations that need to be fulfilled and monitored on a property-by-property basis, and require individual easement agreements with the city. Moreover, Heritage Tax Relief programs also require greater internal

(interdepartmental) and external (MPAC) co-ordination efforts, and also require routine inspection and monitoring efforts to ensure that properties receiving rebates or refunds have appropriately allocated those monies to heritage-specific improvements rather than routine repairs and general property maintenance.

8.1.4 Façade improvement programs

Some municipalities across Ontario (e.g. Cobourg, Peterborough, Kitchener, Meaford) have used façade improvement programs in order to assist with the conservation of heritage buildings. Guelph has also used this program in the past within the Downtown Community Improvement Plan (CIP) area. In order to be eligible, buildings need to be located within a CIP in order to have funding available, but do not necessarily have to be designated under the Ontario Heritage Act.

Façade programs are typically used in downtown commercial areas in order to spur investment and target specific types of repairs. Guidelines are prepared to provide building owners with the information necessary to help with repair efforts, and programs tend to be run similar to a typical heritage grant program. Funding amounts provided are often 50% of the cost of the repair work.

8.1.5 Development charge and permit fee rebates

In order to encourage development within certain areas, municipalities are able to use development charge or permit fee rebates to assist applicants. Development charge rebates can be applicable to certain areas, and can be targeted to certain types of development such as those involving heritage buildings. For example, the Town of Cobourg offers a program whereby building and planning fees are waived for interior and exterior work within the downtown area, and offers a discount of 50% for other properties designated under the Ontario Heritage Act (either Part IV or V). By offering these types of rebates, municipalities can offer assistance to property owners within targeted areas of the municipality.

8.1.6 Density bonusing

Section 37 of the Planning Act provides that municipalities can consider increases in height and density for developments that provide a community benefit. The City of Guelph Official Plan includes a provision stating that the conservation of cultural heritage resources contained within the Municipal Register of Cultural Heritage Properties is a community benefit. Therefore, where the redevelopment of a property

includes a cultural heritage resource, density bonusing can be allowed in order to encourage conservation of that resource.

Cash-in-lieu of community benefits is also collected at times, and can be used for community projects near the property being developed. The work is required to be completed within the immediate area of the property, often addressed through the requirement that the benefit be within the same Ward. Funding could be accumulated through this means in order to conserve heritage resources or fund improvements to heritage resources within the city. The City of Toronto uses an approach regarding the use of density bonusing funds whereby the funds are required to remain the same Ward, but other smaller municipalities apply the funds more generally across all Wards.

8.2 Non-financial incentives

In addition to providing financial incentives, most successful municipally-led heritage programs in Ontario are supported by strong corporate communications, coordinated interdepartmental response and a commitment to recognize the efforts of committed groups and individuals. Together, these non-financial incentives should help increase local awareness and focus public attention around the importance of preserving local cultural heritage resources.

8.2.1 Corporate communications

Efforts to preserve and protect cultural heritage resources must include a clear municipal strategy that emphasizes the role and value that heritage plays in the day-to-day lives of residents. Heritage preservation efforts require leadership and collaboration between elected officials, municipal staff, engaged citizen groups, preservation experts, architects, building trades and private property owners.

Programs aimed at preserving cultural heritage must be able to convey why specific resources are important to the community, and at the same time clearly explain how individuals and groups – whether they own these heritage resources or not – can play a direct role in protecting, preserving or enhancing them.

Clear corporate communication is essential for helping interested heritage parties navigate municipal programs, including the financial avenues and support programs described above. The City's website, for example should maintain up-to-date information and links to best practices in Ontario. Financial programs should be supported by calculators and worksheets that allow eligible properties to evaluate the benefits of participating in specific heritage programs.

8.2.2 Streamlining municipal approvals for heritage resource conservation

Programs introduced to support cultural heritage preservation must be accompanied by a commitment to make the approvals process as streamlined and efficient as possible. While cultural heritage preservation measures may take time, there is clear benefit for a co-ordinated team response to cultural heritage conservation efforts that involve large and diverse resource groupings such, as: streets, blocks, neighbourhoods, campuses, greenspaces, and important natural landscapes.

8.2.3 Consultation services

Municipal heritage staff play an important advocacy role that helps bridge the knowledge gap that exists between various parties interested in cultural heritage preservation. Heritage staff play a role in helping property owners make informed decisions on appropriate restoration techniques and service providers (skilled trades) that have the expertise to deliver high-quality outcomes. Some municipalities offer a 'one-stop' contact venue and resource that people can tap into for advice. By offering this expertise to applicants, the knowledge that City staff have can be shared with members of the public in order to assist them in the decision-making and application process.

9.0 Recommendations

Based on the review undertaken to date, the following recommendations are provided related to incentives within the City of Guelph:

Financial incentives

The City of Guelph should implement a suite of financial tools to assist designated cultural heritage resource owners in making critical investments toward the conservation, restoration, or stabilization of buildings and landscapes that preserve the legacy of human settlement activity in Guelph.

- A grants program should be established, which includes a schedule (preferably multi-year so expectations are clear), level of funding, and clear eligibility criteria to be determined by Council. Uptake of the program should be monitored, and consideration be given to increasing funding should eligible projects go unfunded.
- A façade improvement program should be further investigated for key areas of the City (e.g. Downtown CIP), should it be determined that additional funding

beyond the grant program for designated buildings is desired by City staff. This could build on the success of previous similar programs offered by the City.

- A program to waive / reduce permit fees should be investigated as a way to assist designated heritage property owners with conservation efforts.
- Further analysis should be completed by City staff into the feasibility of expanding the scope of use of density bonusing tools in order to achieve heritage conservation objectives and possibly provide funding for conservation work.
- The City should implement a legal framework and annual budget process for heritage funding that is available to owners of designated cultural heritage resources identified within priority areas of Guelph.
- The City should establish a monitoring program to ensure that the costs of delivering heritage-based financial incentives are achieving the stated goals and desired outcomes.

Non-Financial incentives:

- The City of Guelph should support and encourage cultural heritage initiatives through a robust program that communicates the impacts that residents, property owners, community leaders and other partners can play in the conservation of the City's enduring legacy of cultural heritage value.
- The City should review potential ways that the approvals process can be streamlined for heritage property owners. This may involve coordination between departments so that knowledge and resources are shared prior to applications being made, as well as working to coordinate review processes to be as efficient as possible.