

Calgary



Heritage Value Analysis and Conservation Tool Development Focused on Commercial Streets

Phase 2 Report

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Executive summary

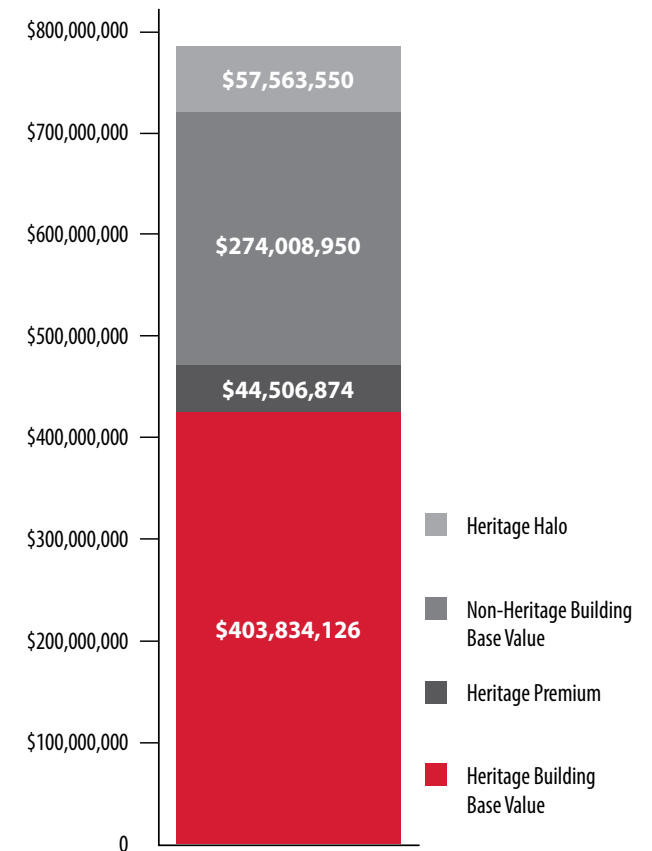
Synopsis of Phase 1 – In 2021, The City of Calgary retained a team of consultants with Lemay as prime consultant and specialist consultants including Heritage Strategies International, Altus Group, and CBRE to undertake a multi-phase heritage analysis of four commercial streets with a concentration of heritage buildings. The four commercial heritage areas selected were Kensington, Stephen Avenue, Beltline, and Inglewood/Ramsay (Figure 1). The goal of the analysis was to identify a triple-bottom-line value of these areas which would support The City’s development of tools which support heritage conservation including rehabilitation and repurposing of heritage resources.

The Phase 1 investigation was intended to demonstrate that the value of heritage buildings far exceeds the assessment valuation or the amount they can realize in a real estate transaction. Among heritage conservation proponents, there has been a firm belief that these buildings also contribute significant economic, social, and environmental value (Figure 2). The study found that heritage buildings in the heritage areas experience an economic premium while non-heritage buildings in or proximal to the heritage areas experience an economic halo effect.

Figure 1: Study areas within Kensington, Stephen Ave, Beltline and Inglewood/Ramsay.



Figure 2: Components of economic value



In total, these four areas have a Triple Bottom Line Value of more than \$900 million. **This is \$231 million more than just their Base Economic Value.**

Other significant economic factors specific to commercial heritage areas are the types of businesses attracted and the numbers of jobs created as demonstrated in the graphics below.




Heritage areas are magnets for creative class and knowledge sector businesses




Even excluding Stephen Avenue, heritage areas have 1.5x more jobs per acre.

The study found, through a Willingness to Pay survey, that 3 out of 5 Calgarians were willing to pay to maintain Calgary's commercial heritage areas. This social value was found to be \$60 per person for an estimated total value of more than \$80 million.




3 out of 5 Calgarians were willing to pay to maintain Calgary's heritage commercial areas.




The willingness to pay survey found a value of \$60 per person.


To round out the triple-bottom-line study, the environmental value, which includes, embodied energy and carbon costs as well as offset landfill costs, was found to be nearly \$49 million.



\$29 million in offset landfill costs

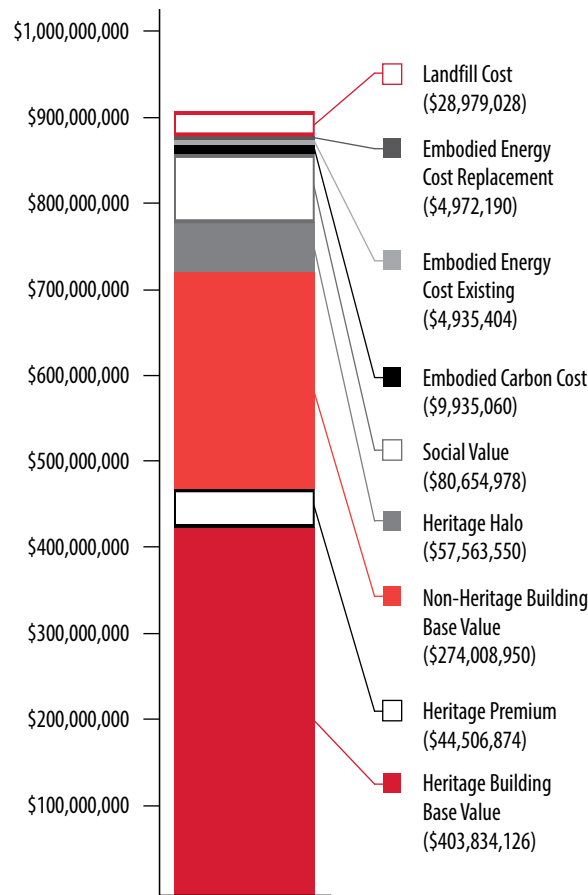


\$10 million in embodied energy



\$10 million in embodied carbon

Figure 3: Triple bottom line value of Calgary's heritage commercial districts



The Phase 1 Report quantifies the economic, social, and environmental values of Calgary's commercial heritage areas. In addition to their base real estate value, heritage buildings commanded an additional

\$44.5 million in the real estate market due to their heritage character – what is referred to as the Heritage Premium (Figure 3). Additionally, the report found that non-heritage buildings accrued an additional \$57 million in value as a result of being within or proximal to the heritage areas – what is referred to as the Heritage Halo. Building on the additional economic value, the four commercial heritage areas were found to have a greater than \$80 million social value and a nearly \$49 million environmental value.

Synopsis of Phase 2 – The Phase 2 Report has developed a broad suite of recommended tools and incentives to support The City of Calgary's ongoing maintenance and conservation of its commercial heritage areas. The recommendations are based on the Phase 1 findings which also include the input from a series of engagement sessions with interested parties, including heritage building owners and community members. The insights they provided touched on financial and long-term cost concerns, environmental standards, planning and regulatory restrictions, building code challenges, lack of knowledge with respect to heritage conservation was related in some instances to heritage building owners, plans examiners, building inspectors, designers, building trades, general public, and insufficient tools.

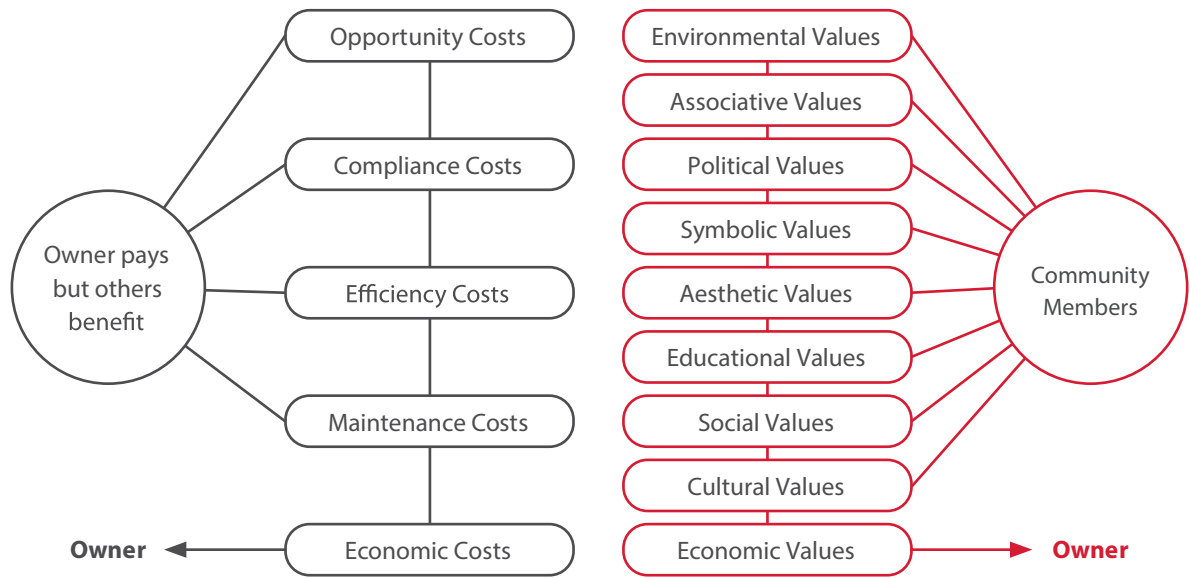
The recommendations are labelled according to the four categories of UNESCO's Historic Urban Landscape framework – that is, considering the historic urban landscape as a social, cultural, and economic asset for the development of cities and focuses on the entire human environment with all its tangible and intangible qualities – , including: financial tools, regulatory tools, community engagement tools, and knowledge and planning tools. As stipulated by The City of Calgary, the recommendations are identified as readily implementable within The City's current system and those that will require some additional work but could be implemented in the future.



The Phase 2 Report lists a wide range of tools and incentives and provides a detailed description of each along with an example of a jurisdiction where the tool or incentive is currently employed. Further, the report labels the tools with a quick symbol indicating ease, effectiveness, or complexity with which the tool could be implemented. Appended to the Phase 2 Report is a Matrix of Recommendations which captures the recommended tools and incentives categorizing them as either suited for current implementation or for in the future as well as ranking as low, medium, or high the complexity, effectiveness, cost, and likelihood of acceptance by interested parties.

The conservation of historic resources offers a public benefit that extends beyond the individual property. Surrounding property owners, tenants, taxing entities, tourists, the public, and future generations all benefit from the public investment in heritage. Heritage buildings often require additional costs that can make them more expensive than non-heritage buildings. Providing incentives and other benefits to private property owners in exchange for rehabilitating a heritage building helps fund the social and other values from which a larger public benefits (Figure 4).

Figure 4: Conservation of historic resource offers extensive public benefit



Surrounding property owners, tenants, taxing entities, tourists, the public and future generations all benefit from the public investment in heritage buildings

Introduction

In 2021, The City of Calgary retained a consulting team of Lemay and specialized consultants Heritage Strategies International (HSI), Altus Group, and CBRE to undertake a multi-phase heritage analysis. This study focused on commercial streets with concentrations of heritage buildings with the goal of developing tools which support heritage conservation and repurposing of heritage resources and measuring their triple-bottom-line value.

The premise of the study was the idea that the value of heritage buildings goes far beyond the economic value they can command on the real estate market. These buildings also contribute significant economic, social, and environmental value. The study found that not only is there an economic premium for Calgary's commercial heritage buildings, but nearby non-heritage buildings also experience a boost due to their proximity to heritage buildings.

The preservation of historic resources offers a public benefit that extends beyond the individual property. Surrounding property owners, tenants, taxing entities, tourists, the public, and future generations all benefit from the public investment in heritage. Heritage buildings often require additional costs that can make them more expensive than non-heritage buildings. Providing incentives and other benefits to private property owners in exchange for rehabilitating a heritage building helps fund the social and other values from which a larger public benefits (Figure 4).

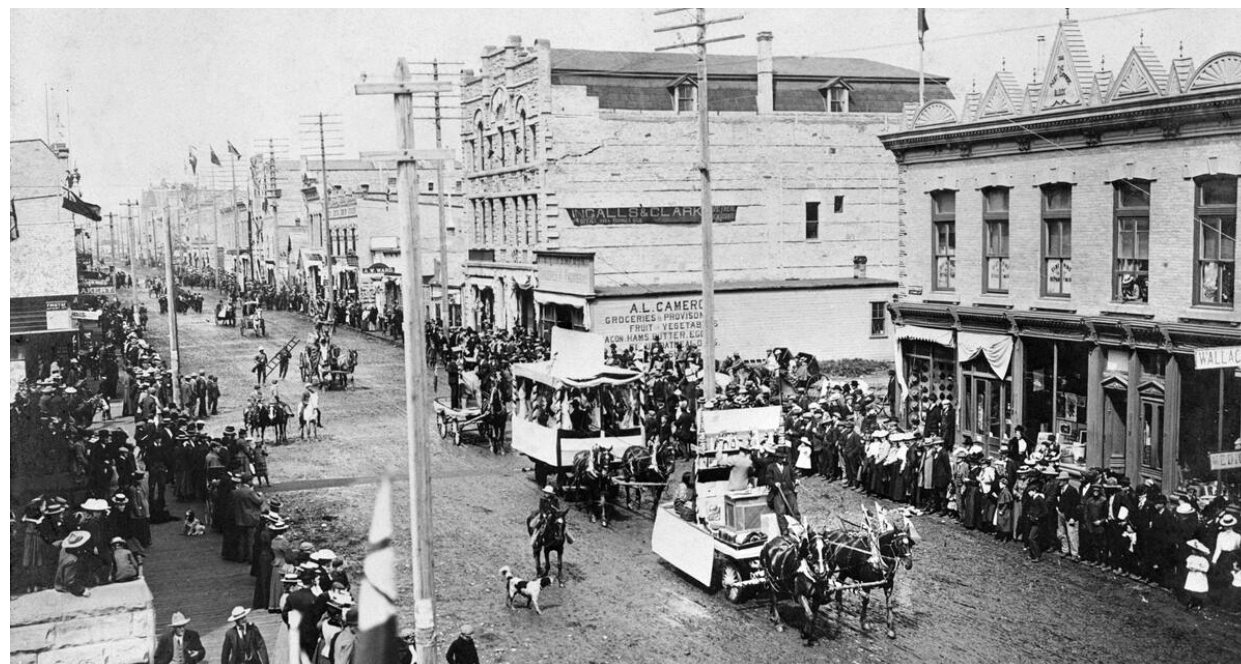
The Phase I Report quantifies the economic, social, and environmental values of Calgary's commercial heritage areas. The report found that in addition to their value as real estate, heritage buildings commanded an additional value of \$44 million in the marketplace because of their heritage character (the Heritage Premium). The report also found that heritage buildings added an additional \$57

million in value to non-heritage buildings that are simply near heritage buildings (the Heritage Halo). Beyond the additional economic value, the four heritage commercial areas were estimated to have a social value of more than \$80 million and an environmental value of nearly \$49 million.

Phase 2 will see The City of Calgary develop tools and incentives to support the ongoing maintenance and preservation of its commercial heritage buildings. The recommendations outlined in this report are based on the findings from Phase I and also address specific concerns identified by interested parties, including heritage building owners and community members, who provided insight

through a series of meetings. The twelve key points heard during interviews with interested parties are summarized below (Reference). These recommendations are labeled according to the four categories of UNESCO's Historic Urban Landscape framework, including: financial tools, regulatory tools, community engagement tools, and knowledge and planning tools.

The recommendations are further subdivided into two groups: Recommendations for Now and Recommendations for Later. Recommendations for Now can easily be integrated into Calgary's existing system, while Recommendations for Later that will require some additional work but could be implemented in the future.



Parade on Stephen (8th) Avenue, circa 1900

Heritage conservation in Calgary

In Alberta, municipal heritage designation (legal protection) is regulated by the provincial Alberta Historical Resources Act. Section 28 (1) of the Act requires the municipality to compensate owners of statutorily designated municipal historic resources for “the decrease in economic value”. Property owners themselves are responsible for choosing to designate to protect the long-term historic legacy of their property.

Heritage Calgary, The City’s not-for-profit Civic Partner in heritage conservation, maintains the Inventory of Evaluated Historic Resources, a database that lists historic resources in Calgary. There are nearly 900 historic resources listed in the inventory, which includes only those historic resources that have been fully evaluated by Heritage Calgary. To be listed, resources must be at least 25 years old and meet one of the following values: activity, event, institution, person/people, style, design, construction, landmark, and/or symbolic.

Municipal Historic Resources are protected historic resources, regulated by the provincial Alberta Historical Resources Act. Only properties listed on the Inventory of Historic Resources are eligible for Municipal Historic Resource designation. Municipal Historic Resource designation requires the Calgary City Council pass a designation Bylaw to formally adopt an Municipal Historic Resource. Municipal Historic Resource designation prevents a historic resource from being demolished and requires Heritage Planning approval for alterations to regulated historic elements. The Government of Alberta can designate Provincial Historic Resources (PHRs) and Indigenous Historic Places.

Currently, Calgary’s financial incentive programs are only available to owners of designated properties. Many of the programs outlined below are provided in exchange for Municipal Historic Resource designation. Municipal Historic Resources, Provincial Historic Resources, and Indigenous Historic Places are all eligible for incentive programs of some form.

The City of Calgary Historic Resource Conservation Grant

The City of Calgary’s Historic Resource Conservation Grant program provides \$1 million per year for the rehabilitation of historic resources. Council approved additional one-time funding for 2023, which allowed the program to offer \$1 million for residential properties and \$1.85 million for non-residential properties, for a total of \$2.85 million. Sustainment of this increased funding is subject to future consideration by Council. These changes reflected a desire to better support the conservation of non-residential historic resources, which are typically larger, multi-storey buildings with complex conservation needs. Residential property owners are eligible to receive up to \$125,000 in matching funds every 15 years. Non-residential property owners are eligible to receive up to \$1,000,000 per Municipal Historic Resource every 15 years.



Lancaster Building, circa 2021

Provincial grants

Restoration, rehabilitation, and maintenance grants are available for owners of designated historic properties through Alberta's Heritage Partnership Program. The matching grants are available to Provincial Historic Resources (capped at \$100,000), Municipal Historic Resources (capped at \$50,000), and Indigenous Historic Places (capped at \$50,000).

Density transfer program

Depending on the location and guiding policy, owners may be able to sell unused density through a Density Transfer Program, gain additional saleable density through rezoning, or receive support for projects involving relaxations or alternative solutions that include the protection of a heritage resource. Currently in Calgary, this tool is only applicable within the downtown and some limited surrounding neighbourhoods.

Heritage planning tools

In addition to explicit Land Use Bylaw flexibility and relaxations for buildings listed on the Inventory of Evaluated Historic Resources, Calgary offers a suite of tools and incentives for owners of pre-1945 properties through a "layer" approach. Three layers of tools offer access to development incentives and different levels of protection based on the percentage of identified heritage assets within specific block faces. These tools include the Heritage Incentive Area, Heritage Guideline Areas and Direct Control Heritage Areas. Importantly, heritage assets differ from heritage resources and Municipal Historic Resources in that they may have lower integrity and may not warrant individual legal protection, but they still offer historic value—especially as part of a larger concentration.

Future conservation tools and incentives

The City of Calgary continues to implement new tools and incentives. Recently, The City commissioned a study evaluating the efficacy of various financial incentives, recommending two: a residential heritage tax credit and non-residential conservation grant program. Based on findings, a non-residential tax credit was deemed to be an ineffective use of funds at the time.



Doll Block, circa 2004

Historic Urban Landscape framework

Over the years, Heritage Strategies International has reviewed a variety of heritage conservation incentives across the United States and internationally. The HSI tool framework approaches the collection, evaluation, and recommendation of potential tools in the context of UNESCO's Historic Urban Landscape framework. The Historic Urban Landscape approach acknowledges that planning can never be about stasis and recognizes that cities grow, shrink, change, and evolve in multiple ways. The Historic Urban Landscape approach is described as follows:

- UNESCO's approach to managing historic urban landscapes is holistic by integrating the goals of urban heritage conservation and those of social and economic development. This method sees urban heritage as a social, cultural and economic asset for the development of cities.
- The Historic Urban Landscape approach moves beyond the preservation of the physical environment and focuses on the entire human environment with all of its tangible and intangible qualities. It seeks to increase the sustainability of planning and design interventions by taking into account the existing built environment, intangible heritage, cultural diversity, socio-economic and environmental factors along with local community values.

The Historic Urban Landscape framework takes into consideration the entire built and natural environment, as it recognizes that it is the totality of these elements that contribute to the context of a place. Therefore, it acknowledges that conservation of designated heritage is just as important as the management of non-designated heritage. To protect the context of a place the historic urban landscape recommends developing a holistic set of tools that go beyond the usual conservation tools to encourage investment, activation, and occupancy.

In the Historic Urban Landscape framework, holistic tools fall into four categories: financial incentives, regulatory, knowledge and planning, and community engagement. The recommendations in this report are presented within these four categories.



Financial tools provide financial incentives to encourage investment in historic resources. Examples include grants, loans, loan guarantees and fee-waivers.



Regulatory tools use municipalities' regulatory powers to establish or streamline processes that make preservation of historic buildings easier and more accessible. Examples include code compliance, building/zoning code flexibility, regulatory waivers, conditional use permits and Transferable Development Rights.



Community engagement tools involve a cross-section of interested parties and empower them to identify key values in their neighborhoods, develop visions that reflect their diversity, set goals, and agree on actions to safeguard their heritage and promote sustainable development. Examples include: a city community engagement office, community programs and a community-led survey.



Knowledge and planning tools help the public and other interested parties better understand various aspects of heritage conservation, including: the economic, social and environmental value of heritage; technical aspects of heritage preservation; and, how incentives and regulatory processes work. Example tools include workshops, public education campaigns, technical assistance and historic resource surveys.

What we heard from interested parties

In the Spring of 2022, Heritage Strategies International and Lemay (the Consultants) along with City of Calgary staff held a series of engagement sessions with interested and directly affected parties. Interested and directly impacted parties include communities associations, Business Revitalization Zones, heritage advocates, and etc. The goal of this engagement was to have a purposeful dialogue between The City, the Consultants, and interested parties to gather information to inform policy and incentives recommendations. Interested parties have knowledge about their communities that neither The City nor the Consultants have, so it was critical to create space for a collaborative, reciprocal conversation. The Consultants first conducted a preliminary engagement session, developed policy recommendations based on the input given, and then presented those recommendations back to the interested parties to confirm that their concerns had been appropriately addressed.

The consultants and The City wanted to hear what challenges heritage building owners had experienced regarding the maintenance, rehabilitation, or operation of commercial heritage buildings. Depending on the type of challenges discussed, the Consultants gathered feedback on possible solutions The City of Calgary could implement, likely in—but not limited to—the following categories: financial incentives/disincentives, regulatory waivers/enforcement, education, and others.

The 12 issues expressed by interested parties were:

1. Cost uncertainty:

- Participants expressed that insufficient expertise in cost estimating, engineering, architecture, or contracting for heritage buildings make it difficult to anticipate the cost of a rehabilitation project.

2. Cost of long-term maintenance:

- Insufficient annual cash flow precludes the creation of reserves for periodic long-term maintenance and capital expenditures.

3. Struggle to meet environmental/efficiency standards:

- Existing environmental deficiencies in some heritage buildings make some developers hesitant to undertake heritage projects due to the cost to bring them up to current environmental/efficiency standards. Participants also felt there is a lack of recognition of the environmental/sustainability attributes of heritage buildings.

4. Discrepancy between building size and zoning envelope:

- When an existing building is smaller than the allowable development envelope, it represents a profit opportunity for the building owner. Forgoing that profit potential to preserve the small building represents an opportunity cost that must be addressed to preserve many of the one- and two-story buildings in Calgary's heritage commercial corridors.

5. Financial capacity of “character tenants:”

- In Phase 1 of this study, a survey of Calgarians showed that people love heritage commercial corridors because of the small and locally-owned businesses located there. These small business tenants—bookstores, coffee shops, consignment shops—are natural fits for heritage buildings because of the size and character of the spaces they provide. However, smaller tenants are often unlikely to sign long-term leases and often are not sufficiently credit-worthy to be considered “bankable.”

6. Vulnerability from transit-oriented development efforts:

- Focusing transit-oriented development efforts near heritage commercial areas puts smaller and older buildings at risk to meet density standards.

7. Building code challenges:

- It is difficult for buildings that were built 50 or more years ago to meet current efficiency or code standards. Alberta's building code has no separate section focused on heritage buildings and several participants cited an inconsistent application of the building code to heritage buildings. In general, participants felt there is a lack of understanding of the peculiarities of heritage buildings among inspectors.

8. Insufficient mutual understanding:

- Heritage advocates often do not understand the comprehensive needs of real estate owners/developers, and real estate owners and developers often do not understand or appreciate heritage values that are not economic or appear on a proforma. This dynamic can create tension when there are both pressures to develop and preserve.

9. Lack of in-depth knowledge:

- Participants cited an inadequate number of local, experienced professionals in heritage conservation, preservation, rehabilitation and restoration, including architects, general contractors, engineers, cost estimators, subcontractors, planners, etc. They also cited an inadequate supply of local, experienced tradespeople in the heritage trades.

10. Lack of early engagement venue for advocacy:

- Participants felt that heritage advocates often have no opportunity to intervene early in the development process to express concerns, offer suggestions, or provide alternatives to demolition. On the other hand, developers must often confront frustrated heritage advocates after significant investment has already been made in property acquisition and planning.

11. Lack of widespread heritage understanding:

- Among the public at large participants felt there is inadequate understanding of heritage in general and the non-economic values of heritage in particular.

12. Insufficient tools:

- Participants felt that no sufficiently effective national, provincial or municipal incentives were available for preservation or rehabilitation.



Lougheed Building, circa 1931



Lougheed Building, circa 2010

Labeling the tools



Some of the recommended tools have little precedent, meaning there are few or no examples of existing programs like that proposed. These are labeled as “Calgary on the cutting edge.” Were Calgary to introduce these innovative tools, they would be international leaders in heritage conservation.



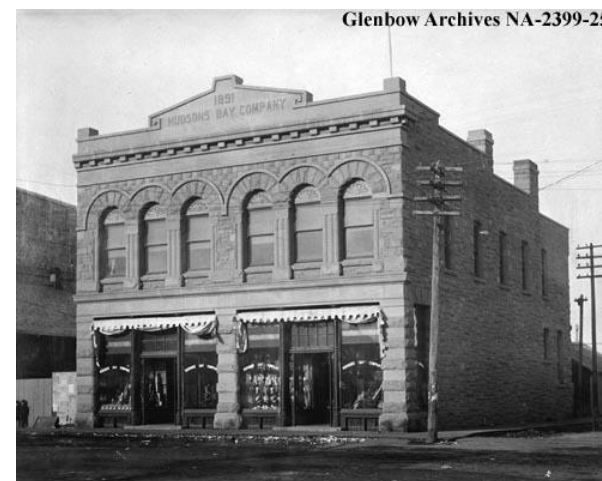
Other tools are labeled “supplemental ideas to consider,” meaning they are not full recommendations for specific tools, incentives, or programs. Rather these ideas may suggest an approach, strategy, or framework that complements other tools in this report, or would help address a specific problem outlined by interested parties.



Best practice tools are commonly used tools in heritage conservation in Canada and globally. These tools are tried and tested as most effective in heritage conservation.



Quick win tools are easy to implement, meaning the authority to enact the tool already rests with The City, the cost to enact is relatively low, and/or the tool would be readily accepted by interested parties.



Hudson's Bay Company Store, circa 1890's



Pryce-Jones Store, circa 1911

Recommendations for now

The tools in this report have been divided into recommendations for now or later. Recommendations for now include “Quick wins” and “Get Started Now.” “Quick wins” are things that can be accomplished relatively quickly with low administrative costs. Tools under “Get Started Now” may be more costly or complex to implement, but because they are so effective in advancing heritage conservation and would be readily accepted by interested parties, The City should begin to work on them immediately.

Quick wins

Fee waivers

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



In an effort to change property owner behaviors and encourage rehabilitation of historic properties, many cities offer regulation and Fee waivers. This may be tools such as the fast-tracking of conservation projects or providing a fee waiver for building and development permits. Typically, such waivers apply to exterior improvements.

To allow for more feasible preservation of historic buildings, The City should offer regulatory waivers in exchange for the preservation of important community resources. This waiver should be available to designated Municipal Historic Resources and non-residential properties listed on the Inventory of Evaluated Historic Resources. A precedent for Fee waivers already exists in Calgary: The City waived outdoor cafe application fees through December of 2022 in order to support restaurants during the COVID-19 pandemic.

Examples

- **Historic Preservation Building Permit Fee Waiver: Loveland, Colorado**

Building Permit Fee waivers for Loveland Historic Landmark properties are offered by The City of Loveland as an incentive to owners in the maintenance, upkeep, and improvement of historic properties. Fee waivers are only available for exterior work that requires a building permit and work must fall within the definitions of restoration, preservation, or rehabilitation, as defined by the U.S. Secretary of the Interior.

<https://www.lovgov.org/home/showdocument?id=10197>

- **City Sales Tax Waiver on Construction Materials for Landmarked Buildings: Boulder, Colorado**

The City of Boulder, Colorado offers a city sales tax waiver on materials for rehabilitation work on historic buildings. At least 30% of the dollar value of the materials covered by the building permit must be spent on exterior improvements. The maximum amount of sales tax that can be waived on any site per year is \$12,500. The planned work must have been reviewed by the Historic Commission and receive a Landmark Alteration Certificate to qualify for the sales tax waiver.

<https://bouldercolorado.gov/media/1462/download?inline>

In Alberta and Calgary there is no sales tax, so a different tax or fee may need to be waived.

Time extension for permit compliance

- Historic Urban Landscape category: Regulatory
- Requires partnership: No
- Authority to enact: Yes



Flexible permitting and streamlining the permitting process are both regulatory incentives used to encourage historic preservation. Giving property owners and developers the option to extend the amount of time a building permit is valid would be a useful incentive, given that rehabilitation projects can be impacted by unforeseen conditions that extend project timelines. These extensions would make it easier for owners, contractors and developers to incorporate additional remediation efforts, ensure proper code compliance, and provide a buffer for other unforeseen complications that can arise in historic rehabilitation projects.

Appoint a Heritage Ombudsperson

- Historic Urban Landscape category: Regulatory
- Requires partnership: No
- Authority to enact: Yes



The role of an ombudsperson is to act as a neutral representative to help individuals or groups resolve concerns or issues, in this case, relating to the conservation and rehabilitation of Municipal Historic Resources and buildings on the Inventory. While Heritage Calgary, the local heritage non-governmental organization, performs the role of education and advocacy around heritage conservation, they cannot assist property owners navigating the development process. A Heritage Ombudsperson would provide technical assistance to owners of designated Municipal Historic Resources throughout the development process. The Heritage Ombudsperson would act as a liaison between developers, property owners, building inspectors, and The City to help facilitate the heritage rehabilitation process and help owners navigate rules and regulations pertaining to designated and inventoried buildings, such as guidance through permitting, sharing information about City sponsored incentives, or promoting other City conservation initiatives. The Heritage Ombudsperson would have an office that is open to the public with hours that are publicly listed and available.

Examples

- **Housing Provider Ombudsman: Washington, DC**

Washington DC's Department of Housing and Community Development has a Housing Provider Ombudsman that helps small housing providers better understand the District of Columbia's housing laws. They may explain HRA notices, provide technical assistance on rent control, tenant opportunity to purchase (TOPA) processes, or offer other education and outreach.

<https://dhcd.dc.gov/service/housing-provider-ombudsman>

- **Adaptive Reuse Technical Assistance Program: Fairfax County, Virginia**

Fairfax County offers a technical assistance program for adaptive reuse projects. The premise of the program is that any change of use requires a building permit and a certificate of occupancy/non-residential use permit, and these additional permits add time to the development process. In order to promote the reuse of existing buildings, Fairfax County offers guidance and a reduced review timeframe for adaptive reuse projects. To be eligible, the building must have been constructed prior to the year 2000, and the proposed change of use must be 50% or more of the total building area. The program offers reduced waiting times during the building plan review process, allowing the property owner to skip a backlog of plans in the queue. It also provides the property owner with pre-submission and post-submission meetings to provide guidance and technical assistance on the development process.

<https://www.fairfaxcounty.gov/landdevelopment/building-plan-review/adaptive-reuse-program>

Land swap for heritage conservation

- Historic Urban Landscape category: Regulatory
- Requires partnership: Yes
- Authority to enact: Yes



One tool that would advance heritage conservation in the transit-oriented development zones and promote development on underutilized land is a land swap. A land swap is a tool that empowers a city to trade a municipally owned site with a privately owned site. The City has expropriated land to make room for new transit lines or marketed its vacant or underutilized land for sale and development. The ownership of this land represents an opportunity for The City to think creatively about the pressures facing heritage properties in transit-oriented development areas. In this case, The City of Calgary could exchange vacant, developable land with the owner of Inventory or designated properties with transit-oriented development zones. The City could then designate the property, convey it to a developer with a legal agreement to preserve the structure, or convey it to the proposed Commercial Community Land Trust (under “Get Started Now”) to maintain its affordability (Figure 5).

Example

■ Land Swap for Heritage Conservation: Hong Kong

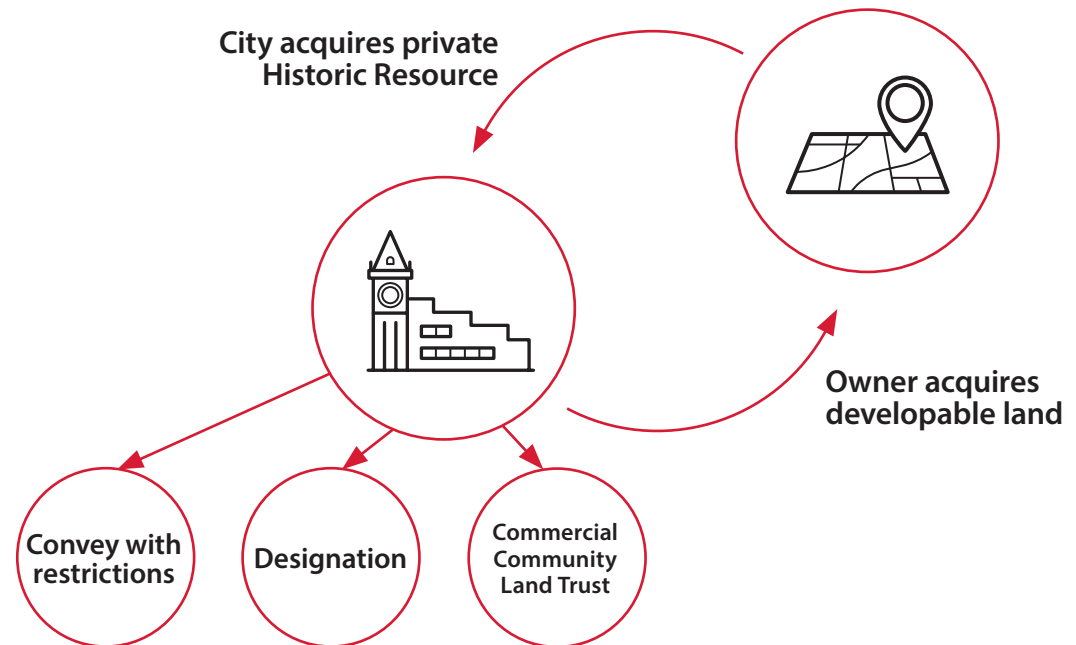
Hong Kong’s land exchange policy allows the government to exchange land with private owners of Monuments and Grade 1 historic buildings. In 2018, the Hong Kong government authorized a land swap to preserve a historic building for adaptive reuse. The historic building at No. 23 Coombe Road was accorded Grade 1 status by the Antiquities Advisory Board in 2011. Grade 1 historic buildings are “buildings of outstanding merit, which every effort should be made to preserve if possible.” The land exchange allowed the government to take control of

the historic building for preservation and granted a nearby lot of the same size to the building owner for private residential development. The government planned to rehabilitate the once private residence and make it open to the public.

https://www.heritage.gov.hk/en/about-us/news-updates/index_id_952.html

<https://www.landsd.gov.hk/en/land-disposal-transaction/land-transaction/lease-modification-land-exchange.html>

Figure 5: Process of land swap between The City and private owner to protect Historic Resource



Prioritize development of vacant lots and non-heritage building sites



- Historic Urban Landscape category: Regulatory
- Requires partnership: No
- Authority to enact: Yes

An additional tool for addressing vulnerable older buildings in core transit-oriented development areas would be to prioritize the development of vacant lots or non-designated older buildings. Selecting infill development that focuses on the redevelopment of existing vacant lots or sites that are not considered heritage buildings would reduce the risk of transit-oriented development projects that would have otherwise redeveloped heritage sites.

A list of identified vacant lots or non-heritage sites that would be appropriate for redevelopment provided by The City would help developers select projects that do not threaten historic buildings. Directing development to vacant lots eliminates demolition costs and may streamline permitting processes. Above all, prioritizing the development of vacant lots or non-heritage sites would both accommodate development and promote the conservation of significant historic resources in transit-oriented development areas.

Promoting the multiple values of heritage to the community



- Historic Urban Landscape category: Community engagement
- Requires partnership: No
- Authority to enact: Yes

Consultation has revealed that the public at large has an inadequate understanding of heritage and, specifically, its non-economic values. Through social media campaigns and other outreach heritage advocates can reach a public audience with varying levels of exposure to heritage conservation. Highlighting successful rehabilitation projects, offering tours, lectures, and symposia are all ways to grow public awareness and can even inspire collaborations between organizations involved with different interests, including sustainability groups, social and economic justice causes, and more.

Outreach and engagement can take many forms, but no matter the medium, it is important to create spaces for exchanges between the community and heritage advocates that communicate the value of heritage conservation and increase the level of understanding and access that the public has with heritage conservation efforts.

Examples

- City of Calgary's Throwback Thursday social media posts, Calgary Heritage Initiative's "Century Homes Calgary" program and "Heritage Inspires YYC" campaign, and the Partners in Planning program offered by the Federation of Calgary Communities.

Sharing preservation success stories



- Historic Urban Landscape category: Community engagement
- Requires partnership: No
- Authority to enact: Yes

Sharing successful heritage rehabilitation projects through real world examples is one of the best ways to demonstrate how projects pencil out and make use of incentives. A variety of project types should be shared, ranging from large scale commercial projects to residential properties, as well as examples with a range of budgets and timeframes. These success stories could be shared via The City of Calgary website and featured on social media, mailers, blogs, and more.

Example

Heritage Calgary Awards, Heritage Calgary: Calgary, Alberta

The Heritage Calgary Awards celebrate Calgary's diverse heritage. They are held every second year to honour those who have made efforts to identify, preserve, and promote heritage in Calgary to help enrich Calgary's communities.

<https://www.heritagecalgary.ca/heritage-calgary-awards>

How heritage resources advance sustainability and climate resiliency goals

- Historic Urban Landscape category:
Community engagement
- Requires partnership: No
- Authority to enact: Yes



Increasing awareness of the connections between heritage resources and environmental and climate goals starts with strong and clear messaging. The City of Calgary should adopt an official position, in the form of a resolution or official statement, outlining the ways in which heritage resources advance The City's sustainable growth and climate resiliency goals. The City of Calgary has publicly acknowledged the environmental benefits in documents such as this heritage conservation benefits summary.

Examples

- **Sustainability Guide for Older Structures:**
San Antonio, Texas

The City of San Antonio created a guide that addresses common questions related to historic preservation and sustainability. It offers guidance on how to best integrate sustainable practices with older properties. The guide takes a whole-structure, long term approach to sustainability to recognize the importance of existing buildings, embodied carbon and energy, and salvaging materials.

https://www.sanantonio.gov/Portals/0/Files/HistoricPreservation/CurrentProjects/UDC%20Docs/Draft%20Policy%20Guide_Sustainability.pdf?ver=2020-03-11-121636-520

- **San Francisco Preservation Commission Resolution No. 1127: Centering Preservation Planning on Racial and Social Equity: San Francisco, CA**

The San Francisco Historic Preservation Commission issued a resolution committing itself to racial equity. Calgary might produce a similar positioning document outlining a commitment to sustainability through existing building reuse.

https://sfplanning.org/sites/default/files/documents/admin/R-1127_HPC_Equity_Resolution.pdf

Other resources:

- ACHP resources on climate resiliency and historic preservation.
<https://www.achp.gov/initiatives/sustainability-climate-resilience>
- National Trust for Historic Preservation webinar on Understanding Climate Change.
<https://forum.savingplaces.org/viewdocument/understanding-climate-change-pastf>



Communo Building, circa 2020

Get started now

Heritage Value Capture Fund

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Likely no

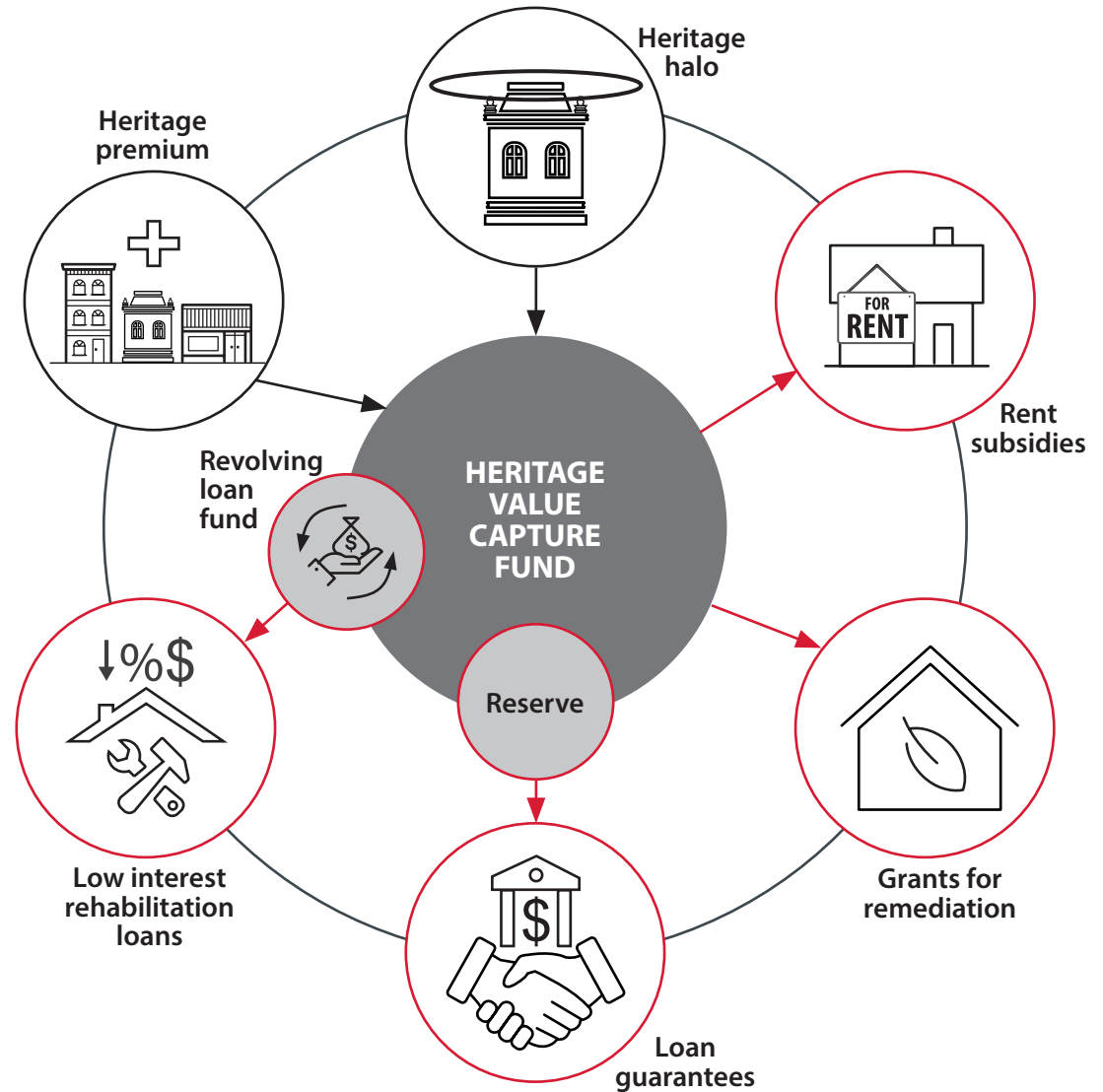


Phase 1 of this analysis demonstrated that there is a value enhancement, or “heritage premium” that heritage buildings experience above otherwise similar properties because of their heritage features. Moreover, the non-heritage buildings within the same heritage area also experience a value boost due to their proximity to heritage buildings. These two separate demonstrations of enhanced value justify creating a reserve fund so that this value can be captured and used to finance the maintenance of these buildings.

This recommendation is similar to the Tax Increment Financing used widely in the United States, but not extensively in Canada; however, the Calgary Municipal Land Corporation has been a pioneer in something similar to a Tax Increment Financing. CMLC has implemented a Community Revitalization Levy, which provides a means to segregate property tax revenue increases that result from redevelopment in Calgary’s Rivers District into a fund for infrastructure improvements.

A similar model is possible in Calgary’s discontinuous commercial heritage areas. Unlike a Tax Increment Financing district, this recommendation is not to capture the value increase after redevelopment, but to capture the existing value premium in heritage buildings. Phase 1 found that the heritage buildings in these four areas have a Base Economic Value of nearly \$404 million plus a Heritage Premium of an additional \$44.5 million. The non-heritage buildings in the four areas have a Base Economic Value

Figure 6: Sources and uses of funds for the Heritage Value Capture Fund



of just over \$274 million but benefit from a Heritage Halo Effect amounting to more than \$57.5 million.¹ This means that roughly \$102 million (13%) of the economic value in these heritage areas is attributable to the heritage character and quality. The tax revenue attributable to just the heritage premium and halo would have been \$1,825,000 in 2020.

To avoid needing to recalculate the heritage premium and heritage halo every single year, The City should utilize a standard ratio and carry it forward. For example, if the heritage character contributed 13% of the economic value in the heritage areas in 2020, then each year The City should earmark 10% of the tax revenue from the heritage areas for the Heritage Value Capture Fund. A slightly smaller ratio will contribute to more conservative growth of the fund.

These tax dollars should be reinvested in the heritage areas in such a way that reinforces their heritage character. The recommendation is that these funds be used to create a Heritage Value Capture Fund, and that this fund supports other recommendations made in this report. The City of Calgary should allow the program to accrue tax revenue for at least 5 years before drawing on the funds. Then this fund could be used to provide rent subsidies for small businesses in heritage buildings, to provide environmental/remediation grants for heritage buildings, or held in reserve for lease and loan guarantees. A portion of the funds could also be placed into a revolving loan fund that would provide low-interest rehabilitation loans to owners of designated Municipal Historic Resources (Figure 6).

Property tax freeze for substantial historic rehabilitation



- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes

The Alberta Municipal Government (Property Tax Incentives) Amendment Act was introduced on June 4, 2019. The legislation amends the Municipal Government Act, allowing municipalities to offer tax incentives, such as multi-year tax exemptions, reductions, or deferrals for nonresidential properties to help attract investments and provide longer-term certainty for businesses. It also allows Municipal councils to pass bylaws to establish tax incentive programs. Therefore, it is recommended that The City of Calgary enact a property tax freeze for substantial historic rehabilitations (Figure 7).

In 2020, a Non-Residential Conservation Tax Credit was evaluated. Upon analysis of the projected use and cost of such a program, an increase to the amount available to non-residential properties under the Historic Resource Conservation Grant Program was recommended instead.² The proposed tax credit would have allowed owners of designated non-residential heritage sites to receive reimbursement of up to 50% of an approved restoration/rehabilitation project through an annual credit on their municipal property taxes over a period of up to 15 years. The credit amount would have been limited to 50% of each

year's municipal tax assessment or capped at an overall yearly maximum, and the 15-year total for this proposed program could not exceed 15% of the property's overall value. The rationale for passing a grant program increase over the non-residential tax credit was that a matching grant offered expedited funding, the grant could offer a higher percentage of the property's value, and that restructuring the grant program could be accomplished more quickly with lower administrative costs.

The reasoning behind this decision was sound; however, even with the enhancements made to the grant program, a tax incentive is still appropriate for non-residential designated Municipal Historic Resources. Tax-based incentives for non-residential historic properties are a best practice found in many North American cities. In conversations with owners of non-residential heritage buildings, interested parties said that non-residential property taxes erode the bottom line and impact the owner's ability to invest in structural improvements. They also felt that a property tax freeze would be preferable to a grant opportunity.

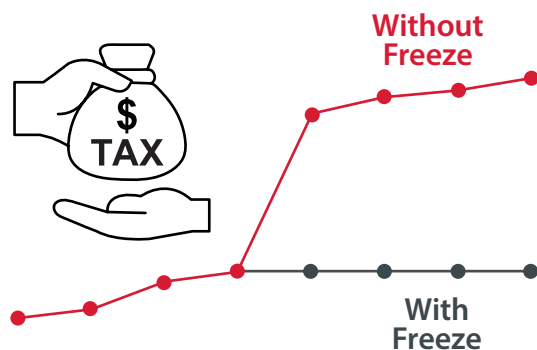
While a property tax credit like the Non-Residential Tax Credit that was proposed would be determined by project cost, a property tax freeze would instead freeze the owner's property tax bill at its pre-rehabilitation rate. The rationale of a property tax freeze is that when someone substantially rehabilitates a heritage property, it will be subject to a reappraisal for property tax purposes, and the taxes could rise significantly. In many cases this jump in property tax liability acts as a deterrent to major reinvestment. When a property tax freeze is available, however, the property remains assessed for property tax purposes at its pre-rehabilitation value.

¹ Heritage Halo Effect is the additional value non-heritage properties receive because of their proximity to heritage properties.

² Summary of Financial Incentive Analyses and Explored Alternatives, Part 3: Why a Non-Residential Tax Incentive is No Longer Considered, page 10. <https://pub-calgary.escribemeetings.com/filestream.ashx?DocumentId=138263>

The tax freeze should only be available for designated Municipal Historic Resources. Work should be done to relevant rehabilitation standards, like the Standards and Guidelines for the Conservation of Historic Places in Canada. Total rehabilitation expenditures should also meet some sort of “substantial rehabilitation” threshold so that it is not used for relatively minor ongoing maintenance. For instance, a simple substantial rehabilitation formula would require the planned rehabilitation costs to be at least 30% of the property’s assessed value. The pre-rehabilitation value tax freeze should not be imposed permanently on the property, but for a sufficient length of time to impact the property investor’s returns. A tax freeze of ten years is attractive to most property owners and increases the likelihood of major rehabilitation and reinvestment.

Figure 7: Tax freeze as incentive for substantial rehabilitation



Examples:

- **Property Tax Abatement: Edmonton, Alberta**

On completion of a heritage rehabilitation project or maintenance work on a designated heritage property, The City will provide a rebate to the owner for any increase in property taxes because of the rehabilitation or maintenance work. Upon completion of the rehabilitation and issuance of an occupancy permit, a payment may be given to the owner equal to any increase in the incremental portion of the municipal property tax for the designated building and may be rebated up to a maximum 10-year period. The portion of the municipal property tax which this payment shall be based upon shall be the difference between the taxes levied in the year prior to the beginning of the maximum 10-year period and the municipal property taxes levied in each year during the 10-year period. The maximum 10-year period shall commence in the year in which an occupancy permit is issued for the rehabilitation of the building. Payments cannot exceed 50% of rehabilitation costs or 33% of maintenance costs.

<https://www.edmonton.ca/sites/default/files/public-files/assets/PoliciesDirectives/C450B.pdf?cb=1669833168>

- **Rehabilitation Tax Freeze: San Antonio, TX**

Local landmarks and buildings in local historic districts are eligible for a city tax incentive if a planned rehabilitation project meets or exceeds 30% of the structure’s assessed value. For residential properties, homeowners may choose to either have their city property taxes frozen for 10 years at the assessed value prior to improvements, or to owe no city taxes for 5 years following rehabilitation. For commercial properties, no city taxes are owed for the first 5 years. During the following five years, city property taxes are owed at 50% of the post-rehab assessed value. These incentives stay with the property regardless of changes in ownership.

https://www.sanantonio.gov/Portals/0/Files/HistoricPreservation/Tax%20Workshop/Brochure-Tax%20Incentives%20english_20200226_.pdf?ver=2022-07-01-140548-097

- **Historic Tax Credit for Historic Rehabilitations and Restorations: Baltimore, MD**

Since 1996, Baltimore has offered a city tax credit for the rehabilitation of historic residential and commercial buildings. The program is a 10-year, comprehensive tax credit program that helps The City in its mission to preserve Baltimore’s historic neighborhoods by encouraging property owners in historic districts to complete substantive rehabilitation projects. The credit is granted on the increased property value, resulting from the qualifying rehabilitation work. The tax credit is computed once based on a pre- and post-rehabilitation appraisal and is used for the entire 10-

year life of the credit. This program is not technically a tax freeze--the owner's property tax bill may increase due to other factors. However, this tax credit program ensures that the property owner does not pay increased taxes on the rehabilitation investment for 10 years. To date, more than 5,000 rehabilitation projects have participated, amounting to over one billion dollars invested in historic buildings.

<https://chap.baltimorecity.gov/tax-credits#:~:text=The%20program%20is%20a%2010,to%20complete%20substantive%20rehabilitation%20projects.>

Density transfer program

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



The City of Calgary currently has a density transfer program (Figure 8) for which Municipal Historic Resource buildings are eligible. The program is described as follows: "In areas that have both a high potential for redevelopment and existing sites of heritage significance, allowing the transfer of development rights between properties in exchange for legal protection of the heritage asset can effectively balance city-planning objectives. Specifics of a transfer will vary depending on the location, but density transfers are intended to allow for financial support of heritage buildings, while allowing the target densities in an area to be achieved. In doing so, these programs provide a mutual benefit for heritage and non-heritage property owners." Currently, Beltline, Downtown, Hillhurst/Sunnyside, Sunalta, and East Village allow for density transfer between a Municipal Historic Resource and a receiver site. The receiver site must be within the same community/area plan area as the historic resource.

This program would be even more effective with the following modifications:

1. Identify a specific area as the exclusive "receiver site" for density transfer from Municipal Historic Resource buildings. This should be an area where The City has determined a higher density is needed and is appropriate. It would not have to be in the same community/area plan as the historic resource.

2. Zone the "receiver site" area so that the as-of-right density is less than the density that could be achieved via the transfer program.
3. Only allow greater density when the property developer has acquired density transfer rights from a heritage structure.

The legal and implementation procedures to adopt these changes are already in place.

Another feature of the Density Heritage Transfer program as it is currently structured is that groups looking to acquire additional density must engage directly with the owner of the heritage asset and coordinate to reach a private agreement. The City could make the program more stable by establishing The City (or a quasi-public unit of The City) as the exclusive broker of density transfer rights from Municipal Historic Resource buildings, perhaps called the "Development Transfer Bank." In this scenario, owners of Municipal Historic Resource buildings with unused density rights could approach the Development Transfer Bank to assist with the sale of those rights. The Development Transfer Bank would establish a value for those rights and offer that payment to any heritage building owner choosing to sell. Then, developers desiring increased density would buy the density transfer rights directly from the Development Transfer Bank at a markup over the price that was paid for the rights. This would reduce the volatility of the price of density transfer rights, create a single marketplace where those rights could be bought and sold, and eliminate the frequent asymmetry between the experience, knowledge, and financial resources between small property owners and major developers.

For the Development Transfer Bank to become an active participant in the brokerage of development rights, a fair and transparent pricing system needs to be established. The market value of a lot built to its zoning

envelope's capacity is a reasonable starting point. The recommendation is that transferable square footage be priced at 80% to 90% of the per-floor value of the land. For example: if the marketplace is trading undeveloped lots at \$100 per square foot, and the lot in question can be developed up to 10 storeys, then the marketplace is willing to pay \$10 per square foot per floor. It would be appropriate to discount that developable square footage, because there is a greater amount of risk and uncertainty when developing with transferred rights as opposed to an as-of-right development. Therefore, the price of the acquisition of the transfer offered to current property owners should be 80% to 90% of the price established. In the above example a property owner would be offered \$8 to \$9 per square foot of development right. When the rights are sold by the Development Transfer Bank it would in most cases be at a greater amount in part to fund the administration and management of the program.

Example

▪ **Transfer of Development Rights: San Francisco, CA**

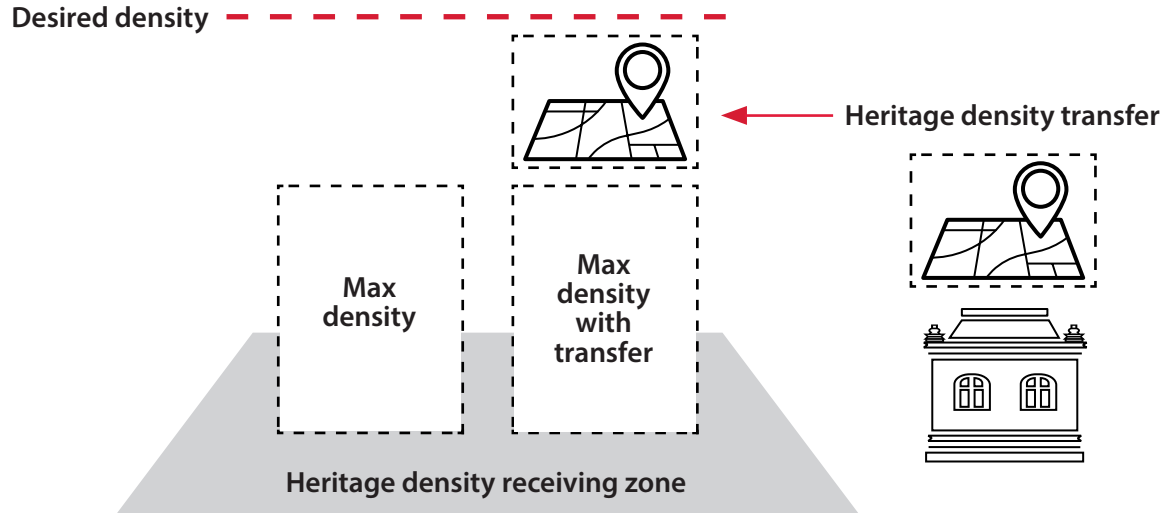
San Francisco has one of the most successful historic preservation Transfer of Development programs in the United States. This is because their program is designed according to the following principles: receiving area baselines that developers want to exceed, sending area regulations that motivate property owners to participate, few ways to obtain bonus density other than through Transferable Development Rights, and confidence in the ability to use Transferable Development Rights to gain additional floor area.

https://codelibrary.amlegal.com/codes/san-francisco/latest/sf_planning/0-0-0-18153



Colonnade at Hudson's Bay Company, circa 1912-1914

Figure 8: Density Transfer Program



Low interest loans

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



Being a major capital asset with a long useful life, real estate usually requires borrowed money. Often the interest rate on available loans has a significant impact on whether or not an acquisition and/or rehabilitation of a heritage building will make economic sense. One response is to provide loans at interest rates under what is available in the marketplace. For several years the interest rates for real estate mortgages have been at historically low levels in North America. When traditional lending institutions are making loans at relatively low rates, the effectiveness of low interest loan pools has limited impact. However, in response to worldwide inflation, central banks have been raising interest rates and this triggers increases in rates in lending institutions. Since January of 2022, the interest rate on commercial real estate loans has nearly doubled in Canada. These higher rates might provide an opportunity for the successful creation of a low interest loan program targeted to heritage buildings.

Examples

■ Maryland Historical Trust, USA

The State of Maryland makes loans available to nonprofit organizations, local jurisdictions, individuals, and businesses to assist with the preservation of heritage buildings within heritage areas and which enhance tourism attractions. Up to 50% of project costs can be provided for: acquisition, development, rehabilitation, or restoration. Refinancing is not an eligible use of these loans. https://mht.maryland.gov/heritageareas_partners.shtml

■ Community Heritage Fund, Burlington, ON

The Community Heritage Fund includes a loan program to assist owners of heritage properties preserve the cultural heritage value of their properties. It is specifically intended to help with the extra costs associated with materials and skills needed for heritage conservation efforts. Loan amounts can be up to 50% of eligible costs with a maximum of \$15,000. Interest rate is half of the bank's prime rate with amortization up to 10 years. Repayment is required if property is sold within the amortization period. <https://www.buildingstories.co/index.php?MenuItemID=56>

■ Regional Business Fund, Wisconsin, USA

This façade loan program provides loans from \$5,000 to \$60,000 to owners of buildings in western Wisconsin downtowns. The loans are offered at 1% for a term up to 7 years with a 15-year amortization schedule. Work must conform to design guidelines appropriate for historic buildings. Eligible uses for the funds include facade renovation; exterior lighting, doors, and graphics; signage, windows, and awnings; other facade or landscape improvements. <https://www.rbfinc.org/downtown-facade-loan-fund>

■ Delaware Preservation Fund, Delaware, USA.

Delaware's Short-term Loan program makes loans available for the rehabilitation of historic properties, but not the acquisition or purchase of properties. This is not permanent financing, but a short-term loan during the rehabilitation process. These are often referred to as bridge loans. Once trades workers have been paid, it is expected that the property owner will secure permanent mortgage financing. A particular emphasis is placed on situations where the current condition of the property makes finding funding from traditional sources problematic. <https://preservationde.org/short-term-loans>

Limited term legal agreements in exchange for incentives on undesignated properties



- Historic Urban Landscape category: Regulatory
- Requires partnership: No
- Authority to enact: Yes

Historic designation and conservation legal agreements are some of the most powerful tools for protecting heritage resources. Therefore, in exchange for financial incentives, such as tax incentives or grants, The City should impose legal agreements on undesignated properties. This would give property owners of undesignated, older properties access to resources they need to repair and maintain their properties while ensuring the properties' long-term protection and growing the number of protected heritage resources across Calgary. The length of the legal agreement should be proportional to the amount of the incentive provided. For example, all incentives might be exchanged for a minimum 5-year legal agreement. Then for every 1% of the value of the property that an incentive represents, the owner is committed to an additional 2 years of preservation easement. If a property received 50% of the property value in incentives, the legal agreement would be for 50 years. Therefore, a \$1,000,000 property that received a \$50,000 incentive would have to submit to an easement of 5 (the base amount) + 5 years (percentage of value) or a 10-year legal agreement (Table 1). Any property listed on the Inventory or deemed eligible for listing on the inventory would qualify for a limited term legal agreement in exchange for incentives.

Table 1: Example incentive thresholds

	Address	2023 assessed value	Incentive amount for 5 year legal agreement (base)	Incentive amount for 7 year legal agreement (base +1%)	Incentive amount for 9 year legal agreement (base +2%)
Inglewood/Ramsay	1227 9 AV SE (Aull (Sheftel) Block)	\$2,080,000	Under \$20,800	Over \$20,000 up to \$41,599	Over \$41,600
Kensington	1134 Kensington RD NW (Hayden Block)	\$2,380,000	Under \$23,800	Over \$23,800 up to \$47,599	Over \$47,600
Stephen Avenue	102 8 AV SW (Hudson's Bay Company Department Store)	\$7,850,000	Under \$78,500	Over \$78,500 up to \$156,999	Over \$157,000
Beltline	1201 1 ST SW (Aull Block #1 & #2)	\$1,530,000	Under \$15,300	Over \$15,300 up to \$30,599	Over \$30,600



Aull Block, circa 2023



Hayden Block, circa 2021

Example

■ Historic Preservation Incentive Programs: Phoenix, AZ.

Similar to provincial legislation that requires compensation for local designation in Calgary, Arizona’s Proposition 207 requires local governments to compensate a private property owner if the value of a person’s property is reduced by the enactment of a land use law. This significantly limits the ability to designate new landmarks and historic districts in Phoenix. Therefore, The City of Phoenix Historic Preservation Office has taken creative measures to achieve historic preservation. The Historic Preservation Office administers a number of local incentive programs, including the Exterior Rehabilitation Program, Demonstration Project Program, and the Warehouse and Threatened Building Program. While all these grant programs have different eligibility requirements and funding structures, all of them have a stipulation: in exchange for receiving financial assistance, the property owner agrees to sell The City a conservation easement to protect the historic character of the property’s exteriors. The more money the property owner receives through the grant program, the longer the easement term, which can range from 15 to 40 years. The grants offered in exchange for protection are sizable, ranging from \$10,000 to \$400,000 depending on the easement term (Table 2).

<https://www.phoenix.gov/pdd/historic-preservation/historicincentives>

Table 2: Easement term based on grant amount

Easement term	Investment
15 year easement	\$10,000 or less for exterior renovation grants
20 year easement	\$50,000 or less
25 year easement	\$50,000 to \$100,000
30 year easement	\$100,001 to \$400,000
40 year easement	\$400,001 or more



Simmons Building, circa 2019

Adaptive reuse incentive zone in transit-oriented development zones

- Historic Urban Landscape category: Regulatory
- Requires partnership: No
- Authority to enact: Yes

Cities historically developed around transit, like trolley and subway lines and train stations; as a result, public transportation hubs are often located in older parts of cities. Transit-oriented development seeks to increase density and development intensity around transportation hubs. Because there are often large concentrations of heritage buildings in areas that are targeted for transit-oriented development, this zoning creates pressure on historic buildings, and makes one- and two-story heritage buildings particularly susceptible to demolition.

To alleviate this pressure, a special incentive zone should be created to encourage adaptive reuse in transit-oriented development zones. This incentive zone would eliminate the land use regulation requirements so long as the existing structure is reused. Certain property uses such as hard industrial or automotive should be excluded. The City, in conversation with interested parties, should determine what specific land use relief would be appropriate.

This incentive is intended to strengthen protections for undesignated heritage buildings specifically threatened by transit-oriented development projects. The City should consider making any structure 25 years or older eligible within this incentive zone in order to protect the fabric and character of these commercial corridors, not just designated buildings or buildings on the Inventory. Properties designated as an Municipal Historic Resource would still be subject to heritage planning review to protect the heritage characteristics.

Example

- **Downtown Adaptive Reuse Ordinance: Los Angeles, CA.**

Similar in concept to the proposed Adaptive Reuse Incentive Zone, the purpose of Los Angeles' Adaptive Reuse Ordinance is to facilitate the conversion of older, economically distressed, or historically significant buildings to apartments, live/work units or visitor-serving facilities. The ordinance provides incentives and regulatory relief to eligible historic properties within the downtown boundaries. While the ordinance does not waive all zoning requirements, it does provide some relief in areas that typically make the redevelopment of existing buildings more challenging. The ordinance provides regulatory relief in site plan review, off street parking, and loading space requirements. Eligible properties are also not subject to the lot area requirements of the zone or height district in terms of the number of dwelling units. Buildings must be listed on the National Register of Historic Places, the California Register of Historical Resources, or The City of Los Angeles List of Historic-Cultural Monuments. Contributing structures are also eligible under this ordinance.

<https://www.ladbs.org/docs/default-source/publications/ordinances/adaptive-reuse-ordinance---l-a-downtown-incentive-areas.pdf>

- Transit-oriented development and historic preservation across the United States: A geospatial analysis, Renne and Listokin, Transportation Research Interdisciplinary Perspectives, Volume 10, June 2021
<https://www.sciencedirect.com/science/article/pii/S2590198221000804>

Sidebar: Retention of older buildings as a priority in transit-oriented development

Transit-oriented development is a fast-growing planning initiative that aims to focus on sustainable, walkable, community-oriented development around transportation hubs like bus, subway, or train stations. While many of the desired outcomes of transit-oriented development overlap with preservation goals, older buildings can be threatened by transit-oriented development density standards. It is important to make the retention of older buildings an equal priority as transit-oriented development projects.

Communicating these ideas to local developers and planners is imperative and could be incorporated into the other recommended training and education programs. Other preservation tools to help retain older buildings in transit-oriented development areas include designation, combining incentives to promote rehabilitation efforts, and creating a list of threatened historic resources in transit-oriented development areas. Ultimately, older buildings need to be retained in order to conserve local character. Because heritage conservation and transit-oriented development promote similar values, the prioritization of older buildings would fit well into transit-oriented development projects.



Grants for remediation or retrofitting

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



Heritage buildings may require remediation and retrofitting to meet current environmental performance or safety standards, which can be costly and time consuming. Providing grants to Municipal Historic Resources and sites listed on the Inventory of Evaluated Historic Resources for this work would help offset costs while encouraging building owners to make updates that are both environmentally-friendly and better for public safety. Grants could be funded by The City or by a non-profit organization partnership that advocates for heritage conservation. Canada's Greener Homes Grant Program provides funding for insulation, air-sealing, and energy efficient heating upgrades (among many other things)³. However it is not currently available for commercial buildings.

Example

- **Retrofit Chicago and Energy Analysis Program: Chicago, IL.**

The City of Chicago provides technical assistance, rebates, and grants for building owners who wish to implement energy saving retrofits in their vintage buildings. The City has partnered with local utility companies, Community Investment Corporation, and the Chicago Bungalow Association to service

³ <https://www.nrcan.gc.ca/energy-efficiency/homes/canada-greener-homes-grant/23441>

buildings ranging in size from single family homes to large commercial buildings.

https://www.chicago.gov/city/en/progs/env/retrofit_chicago.html

- **Pennsylvania Small Business Advantage Grant Program: Pennsylvania, USA.**

This program provides assistance to small businesses (100 or fewer employees) to undertake energy efficiency, pollution prevention or natural resource protection projects.

<https://www.dep.pa.gov/Citizens/GrantsLoansRebates/SmallBusinessOmbudspersonOffice/Pages/Small%20Business%20Advantage%20Grant.aspx>

- **California Seismic Retrofit Incentives Programs: California, USA.**

Published in 1994 by the Federal Emergency Management Agency (FEMA), this guide introduces best practices and case studies of municipalities in California that have instituted seismic retrofit incentive programs in response to the Unreinforced Masonry Building Law.⁴

<https://www.hsdl.org/?view&did=234463>

⁴ Unreinforced Masonry Building Law, State of California, 1986. In 1986, the State of California mandated local jurisdictions (cities & counties), to identify all potentially hazardous buildings and then adopt policies and procedures reducing or eliminating potentially hazardous conditions to life safety in areas with the greatest seismic activity. Each jurisdiction was allowed to customize their program to their specific circumstances. <https://www.seattle.gov/Documents/Departments/SDCI/Codes/ChangesToCodes/UnreinforcedMasonry/CASummaryReportURMRetrofitLaws.pdf>

City bidding

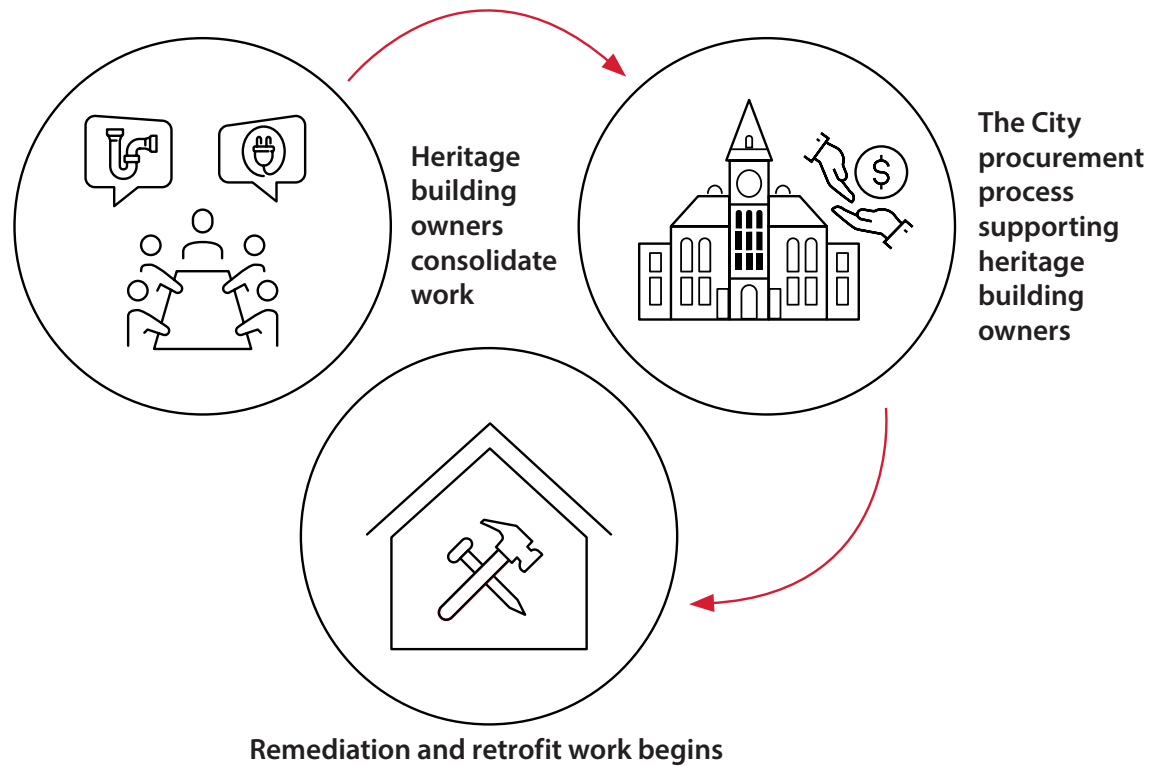
- Historic Urban Landscape category: Financial
- Requires partnership: Yes
- Authority to enact: No



Areas containing historic structures with similar characteristics or of the same vintage often share environmental remediation and retrofitting needs. Many building owners deal with issues like asbestos remediation, lead testing, or other environmental challenges, and the cost can be daunting when taken on for one building. When multiple properties require the same treatment, owners could band together and coordinate with The City to utilize The City's bidding procurement process (Figure 9). The City would help coordinate an Request for Proposals for the coalition of property owners and circulate it through the necessary channels. By banding together, the property owners are creating an economy of scale for services that will, hopefully, give them more leverage over the costs of services. Rather than each individual building owner paying the full-service cost, this process would require service providers to bid for the much larger contract. Barring certain credential standards, the lowest bidder would receive the contract. This creates an advantage for the building owners, as their share of the contract will be smaller than what they would have paid individually. This does not disadvantage the service provider, because they would have secured a very large contract, and many of the individual building owners likely would not take on this work alone.

Bidding this kind of work at scale through a municipal authority ensures that property owners get the fairest possible prices and that the contractors that perform the work are reliable. Grouping work for multiple projects allows multiple property owners to accomplish environmental remediation or retrofitting projects on their historic properties which has numerous economic, environmental, and social benefits.

Figure 9: Benefits of The City's procurement process and economy of scale accrue to heritage building owners.



Commercial Community Land Trust

- Historic Urban Landscape category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: No

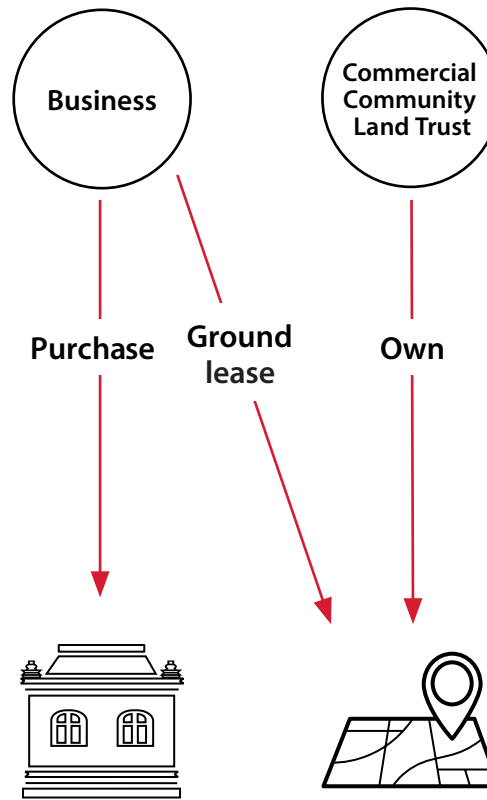


Community land trusts are a tool most often used to preserve affordable housing. They are usually non-profit organizations but can be created by units of local government as well. Their purpose is to ensure long-term affordability through the acquisition and maintenance of land while conveying the building to long-term residents. This is usually done through a long-term (99 year) lease rather than a traditional sale. In most cases “when the homeowner sells, the family earns only a portion of the increased property value. The remainder is kept by the trust, preserving the affordability for future low- to moderate-income families.” The length of the lease and the percentage earned by the homeowner vary. Ultimately, by separating the ownership of land and housing, this innovative approach prevents market factors from causing prices to rise significantly, and hence guarantees that housing will remain affordable for future generations.”

However, in recent years some communities have created a Commercial Community Land Trust. In most cases, this has been done to keep small businesses from being priced out of their space in areas of rapidly increasing commercial rents. But there is no inherent reason that this tool could not be used to preserve Municipal Historic Resource buildings, properties on the Inventory, or properties over a certain age. This could be done either by acquiring a property and subsequently conveying the building to a private entity or by buying just the land portion of the property from an existing owner who then maintains possession of the structure

(Figure 10). In either case, a long-term lease or other appropriate document would enumerate the respective responsibilities, such as appropriately maintaining the heritage structure. If it were also a goal to keep small, locally owned businesses in the building, rent or rent increase provisions might be included as well.

Figure 10: Separating building and land ownership in context of land trust can achieve heritage goals



Example:

- The Selby Milton Victoria Project, Rondo Community Land Trust: St. Paul, MN.

Rondo Community Land Trust (CLT), along with its partner Trellis Co., developed two mixed-use commercial/residential buildings, the Selby Milton Victoria (SMV) Project. The 9,300 sq. ft of affordable commercial space is designed for small businesses to expand or become established on Selby Ave. The goal of the commercial space on the first floors will be to retain, stabilize, and promote small, local, and minority owned businesses. Commercial land trust tenants have included community artists, locally owned coffee shops, and a community organization dedicated to promoting African heritage in the publishing industry.

<https://rondoct.org/selbymilton/>

- More resources: [Commercial Community Land Trusts](#), [Small Business Anti-Displacement Network](#)

Formalized advisory committee to manage development



- Historic Urban Landscape category: Community engagement
- Requires partnership: Yes
- Authority to enact: Yes

The City of Calgary follows the notice requirements of the Municipal Government Act, including an on-site notice posting prior to decision, and individual mailings to affected property owners. Affected citizens also have 21 days to appeal approvals after a decision is rendered. However, affected persons tend to be limited to those individuals whose property is directly impacted by a proposed development, and Community Associations and Business Improvement Area representatives expressed a desire during engagement to have wider public input in this process.

Public engagement between developers, property owners, and heritage advocates is an important step in ensuring that Municipal Historic Resources and buildings on the Inventory are treated in the best way possible. Even small, older buildings contribute to the street's scale and character, and they should also be considered in a holistic approach to corridor management. To formalize this process, it is recommended that The City establish a heritage advisory council made up of local preservation advocates, heritage commercial corridor property owners, and community association members. This advisory committee would be tasked with reviewing and responding to development issues such as scale, local area planning, height, and setback requirements. Such a committee would help ensure that areas maintain the human scale nature of these areas—something the interested parties and the public were deeply concerned about.

Encourage early engagement between developers and community



- Historic Urban Landscape category: Community engagement
- Requires partnership: Yes
- Authority to enact: Yes

Community members want to see their neighborhoods thrive. Developers want their projects to be successful, and many want to do right by the communities they work in. An excellent way to ensure that both goals are met is to create opportunities for early and clear communication between developers and the community. Often, mutual misunderstanding between real estate developers and heritage advocates can lead to tension and unfavorable results in historic rehabilitation or redevelopment projects. Developers must invest significant time and money into the early phases of project planning, and confrontation from heritage advocates after significant investment has been made can not only be frustrating, but costly and time consuming. It is recommended that The City or heritage advocacy groups formally encourage property owners and developers to meet with heritage advocates and professionals before significant planning takes place to avoid costly interventions after significant investment of resources.

These meetings can take many different forms. One way to advocate for the collaboration of developers, property owners and heritage advocates is to introduce heritage advocates to real estate professionals through the recommended training programs. Meeting with heritage professionals who are willing to engage with developers in the early stages of their projects would foster a collaborative environment and create lasting partnerships. Alternatively, upon purchase of property or filing for

building or development permits, property owners could be forwarded contact information of heritage advocacy groups whom they are encouraged to consult before taking significant action in planning and financing their projects.

Example

- **Historic Germantown's Good Neighbor Program: Nashville, TN.**

The Historic Germantown Neighborhood Association has created a process to educate developers about their community's values and expectations at the outset of project proposals. Historic Germantown's Good Neighbor Partnership Program was created with the goal of promoting and sustaining mutually beneficial working relationships between the Historic Germantown Neighborhood Association and the development community. Through this program, Historic Germantown Neighborhood Association created a Good Neighbor document, a statement of the community's vision, design expectations, and core values. Historic Germantown Neighborhood Association wanted to partner with developers to ensure that projects comply fully with all Metro government regulations for new developments, that projects are consistent with Historic Germantown Neighborhood Association's vision, mission, and core values during all phases, and that projects reflect responsible design and environmentally sensitive work practices. They also wanted to ensure development partners that Historic Germantown Neighborhood Association respects the developer's right to implement projects consistent with their financial goals.

<https://www.youtube.com/watch?v=vZJ5mNjlg0U>

Recommendations for later

Recommendations for later include tools that require further research, would require extensive external partnership, or hinge on the creation of other tools in this report. Tools for character tenants are labeled as “for later” because, while they would be effective in promoting the types of small businesses that attract Calgarians to heritage corridors, they are dependent on the funding that generated by recommendations in the “Get Started Now” category. Tools in the Education and Workforce Development category would be effective at promoting greater heritage awareness but would require extensive partnerships. Lastly, tools “For Further Research” would potentially require research, consultation and possible changes to enabling legislation to enact.

Tools for character tenants

Character tenants are small businesses, usually locally-owned and non-franchised. These types of businesses gravitate towards older and historic buildings because they offer smaller, more affordable, character rich spaces. These types of businesses tend to be locally-owned coffee shops, galleries, restaurants, bookstores, antique stores, and other types of businesses that contribute to a vibrant, healthy local economy. These businesses tend to operate on slimmer margin, and therefore, a suite of tools is appropriate to support their continued presence in historic commercial corridors.

Rent subsidies

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



Older buildings often offer smaller commercial spaces than new construction and tend to attract smaller, local businesses, or “character tenants,” like restaurants, bookstores, souvenir shops and cafes. The presence of character tenants in older buildings contributes to a healthy local economy, brings diversity of goods and services to neighborhoods, and reduces vacancies. But, sometimes, the financial capacity of these small businesses may pose a challenge. Government-funded rental assistance in Municipal Historic Resource buildings would allow smaller businesses to enter into a commercial space which may otherwise be inaccessible due to cost or lack of sufficient credit while alleviating some of the risk for the owner of the heritage building. This would help keep character tenants in their spaces and help owners of heritage buildings secure stable lease agreements.

A potential source of funds for rent subsidies would be the Heritage Value Capture Fund, if enacted.

Example

- Small Business Lease Grant: New Jersey, USA.

The Small Business Lease Grant supports the growth and success of small businesses and nonprofits by providing grant funding to cover a portion of lease payments. These resources help the establishment and growth of small businesses, while also helping to fill space that is currently vacant and preventing future vacancies. This program is funded through the \$10 million Main Street Recovery Finance Program (NJ Economic Recovery Act).

<https://www.njeda.com/small-business-lease-grant-program/>

Step-up leases

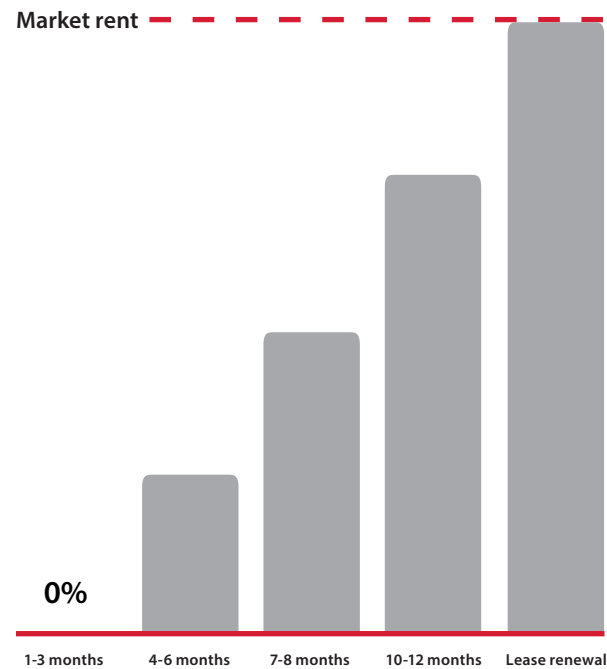
- Historic Urban Landscape category: Regulatory
- Requires partnership: Yes
- Authority to enact: No



A step-up lease framework could be a useful tool for attracting and retaining “character” tenants in Municipal Historic Resource buildings (Figure 11). A step-up lease is a form of traditional lease agreement that establishes future price increases in contract. These price increases are outlined in set intervals throughout the life of the lease. This program would give small tenants, usually local small businesses, the opportunity to enter into a commercial space while making provisions for incremental increases in the lease as the business grows over time.

Attaching step-up leases to Municipal Historic Resource buildings not only promotes the growth of small business, but also the use and maintenance of heritage buildings which are well suited for smaller scale business operations. This lease type also benefits property owners by securing some risk protection from leasing to small scale tenants or new businesses which may not be creditworthy.

Figure 11: Step-up lease reaching market rent in negotiated time frame



Example

- Commercial Rent Subsidy (Step Up) Program: Dwight, IL.

The Dwight Rent Subsidy Program functions essentially as a step-up lease. The program consists of a year-long phased subsidy where the tenant progressively takes over a greater share of the rent, while reimbursing the Village out of their gross sales up to the amount subsidized. During the first three months of the lease period, the tenant pays nothing. Every three months, the tenant takes on an additional 25% share of the asking rent. If the tenant renews their lease for a second year, they pay 100% of the full asking rent. This program requires cooperation between the Village, the landlord, and the tenant, but it is mutually beneficial to all parties. The business owner receives reduced rent as they establish their new venture, the landlord gets rent from a previously vacant building, and The City receives the benefit of a more vibrant downtown. https://glcedc.org/wp-content/uploads/2020/05/Dwight_Rent_Subsidy_Program.pdf

Lease guarantees

- Historic Urban Landscape category: Regulatory
- Requires partnership: Yes
- Authority to enact: No



Another way to address some of the challenges associated with “character tenants” and older commercial buildings are lease guarantees. When choosing between a local small business and a national chain tenant, the landlord often makes a rational decision to lease to the entity whose lease is more “bankable” in the chain tenant (See “Rent Subsidies” for further explanation).

Lease guarantees involve a third party who commits to making the rent payment (or part of the payment) if the tenant cannot. Lease guarantees allow individuals or businesses to enter into a commercial space with the added security to the landlord that rent payments can be made. We recommend that The City act as a guarantor for small businesses that wish to lease in non-residential Municipal Historic Resources and buildings on the Inventory.

This recommendation ensures that the landlord can reliably collect the rent payment each month and removes some of the risk involved with leasing spaces to character tenants like small, family-owned businesses. The benefit to heritage buildings is that levels of vacancy can be lowered if small businesses have more access to commercial spaces.

Funds to guarantee these leases can be drawn from the Heritage Value Capture Fund.

Example

- Lease Guarantee Program, Small Business Administration (SBA), United States

The Lease Guarantee Program was authorized under Title IV of the Small Business Investment Act of 1965 and allows the Small Business Administration (SBA), an agency of the United States government, to “guarantee the payment of rentals under leases of commercial and industrial property entered into by small business.” The lease guarantee program has now been combined with the Surety Bond Guarantee program and is funded through the Lease and Surety Bond Guarantee Revolving Fund.

https://www.everycrsreport.com/files/20150527_R42037c1a15c28cee3a667acfb86e6a1d723ad48c4c2a0.pdf and <https://www.jstor.org/stable/40684471>

Property tax rebate to rent to small business tenants

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: Yes



To provide a financial incentive to lease spaces to character tenants with a more limited capacity, it is recommended that The City introduce a property tax rebate for renting to local, small business tenants (businesses under 10 employees). A “character” tenant can encompass many meanings but may include small businesses like an art studio, a family-owned café, or an antique store. Often, these types of businesses have lower financial capacity which can deter property owners who might opt to rent to more creditworthy, national retailers. By providing a property tax incentive to property owners for leasing to character tenants, owners can receive some relief in the form of a tax break that can subsidize lower rental rates for character tenants.

The program could be structured like this: for every \$1/ square foot/year reduction from market rate rents the property owner would receive a \$0.10 property tax rebate. So a 1,000 square foot space leased to a character tenant for \$19/square foot rather than the \$20/square foot market rate rent would provide the property owner with a \$100 property tax rebate.

This recommendation benefits property owners and small businesses by creating space in the market for property owners to accommodate businesses that usually can’t contend with more stable tenant competition. Property owners can also use this incentive and the break in property tax payment to demonstrate to banks that their properties or potential projects are more easily financeable. In terms of small businesses, this incentive allows them to enter a larger market of locations that they may not have previously been able to access due to limited financial capacities.

Example

- **Small Retailer Property Tax Relief Credit: Washington, DC.**

The Small Retailer Property Tax Relief Credit is a refundable franchise tax credit. The Small Retailer Credit is available to qualified businesses based on either the amount of real property taxes or a percentage of rent paid on a qualified retail location. The amount of the Small Retailer Credit is the lesser of \$5,000 or (a) the real property taxes paid by the qualified business or (b) 10% of the rent or paid by the qualified business. A qualified business can either be a corporation or an unincorporated business. The federal gross receipts of the qualified business cannot exceed \$2.5 million per year. The qualified business must be engaged in making sales at retail, must have a sales tax account with the Office of Tax and Revenue and must file District sales tax returns reflecting its retail sales. The qualified business also must be current on all District tax filings and payments for all tax types.

<https://otr.cfo.dc.gov/page/small-retailer-property-tax-relief-credit-frequently-asked-questions-faqs>



Radio Block, circa 2021



1200 block of 9 Ave SE in Historic Inglewood, circa 2021

Education and workforce development

The presence of a skilled workforce including craftspeople, designers, engineers, and inspectors familiar with older buildings is a critical part of ensuring that heritage buildings get rehabilitated and preserved. Offering heritage-building-related training and education opportunities for professionals through The City of Calgary would encourage the conservation of heritage buildings by creating a workforce of local practitioners with applicable knowledge. It would also equip local professionals who don't have a background in heritage conservation with some of the knowledge they need to take on heritage building rehabilitation projects in Calgary.

Continuing professional development

- **Historic Urban Landscape category: Knowledge and planning tools**
- **Requires partnership: Yes**
- **Authority to enact: Unknown**



Knowledge of heritage rehabilitation is vital to a city with a wealth of heritage resources. Sometimes, the lack of in-depth knowledge of heritage rehabilitation can prevent developers or property owners from taking on rehabilitation projects. Training programs targeting professionals like architects, general contractors, engineers, cost estimators, subcontractors, and planners could provide an introduction to heritage conservation, its values, purposes, and regulatory processes. Additional instruction on heritage-specific design and construction would allow individuals of a variety of professional backgrounds to engage with heritage conservation and become more knowledgeable in their respective fields.

Example

■ **National Preservation Institute: United States**

The National Preservation Institute (NPI) offers continuing education and professional training for those involved in the management, preservation, and stewardship of cultural heritage. NPI serves a broad spectrum of individuals and groups from the government and private sectors by providing online on-demand courses and webinars, and seminars in historic preservation and cultural resource management. Training curriculum is geared towards those who work in the management and stewardship of cultural and historic resources, charged with compliance and contracting, and/or involved in the cultural resource and environmental management process.

<https://www.npi.org/trainings>

■ **Historic England: United Kingdom**

Historic England offers a variety of training, skill buildings, and continuous professional education for those that work in every aspect of heritage conservation. Additionally, Heritage England leads traditional building skills and conservation seminars, as well as offers apprenticeship opportunities and professional certifications to further develop the heritage trades workforce.

<https://historicengland.org.uk/services-skills/training-skills/> and <https://historicengland.org.uk/services-skills/training-skills/heritageskills-cpd/>

Training for tradespeople, craftspeople and artisans

- Historic Urban Landscape category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: Unknown



Tradespeople, craftspeople, and artisans are the boots on the ground when it comes to heritage conservation and rehabilitation projects. Trades involved in heritage conservation projects include masonry, carpentry, painting, roofing, and other construction trades. To sustain a skilled network of labor, people looking to break into the field need access to accessible, high-quality training opportunities. Investing in a robust workforce of heritage trades professionals would allow property owners and contractors access to a reliable network of skilled laborers.

To prepare tradespeople for some of the challenges associated with the rehabilitation of historic buildings, training sessions could cover topics such as historic building materials, traditional/historic construction practices, cost estimating, information on architectural styles, and the details they may come across in their work. Training those in the construction trades on challenges specific to heritage rehabilitation projects would better equip the local labor force with the tools they need to sensitively execute their historic rehabilitation work.

Example

- **Historic Preservation Training Center: National Park Service, USA**

The Historic Preservation Training Center offers project-based training for those who would like to work in the following areas: Architecture, Carpentry, Masonry, Project Management, and Woodcrafting. The Historic Preservation Training Center utilizes historic preservation projects as the main vehicle for teaching preservation philosophy and building crafts, technology, and project management skills. Our experiential learning approach emphasizes flexibility in addressing the unknown conditions encountered during the project and ensures that the goals of preservation are met.

<https://mylearning.nps.gov/program-areas/training-centers/hptc/>

- **Association for Preservation Technology International: Toronto, ON.**

Association for Preservation Technology International is a multi-disciplinary professional membership organization for those working to protect and conserve heritage resources and their surroundings using the most up to date technologies and practices. Association for Preservation Technology International's training courses allow specialists to hone their skills through hands-on experiences. Training courses also provide opportunities to explore specialized fields.

<https://www.apti.org/training-education>

- **Society for the Preservation of Ancient Buildings: United Kingdom**

Society for the Preservation of Ancient Buildings's mission is to train new generations of architectural professionals and building craftspeople to shape this landscape with sensitivity and skill. They deliver hands-on workshops, masterclasses, seminars, lectures and short courses across the UK and overseas, and webinars online. Society for the Preservation of Ancient Buildings also offers Scholarship, Fellowship, and apprenticeship schools for those already working in the trades, as well as school programming and career advice to young people.

<https://www.spab.org.uk/learning>

Apprenticeship programs in heritage trades

- Historic Urban Landscape category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: Unknown

Apprentice programs are key to the development of a skilled heritage trades labor force. Providing training and apprenticeship programs for people working in heritage trades not only benefits The City's historic resources by building up a group of people who can apply their skills to heritage buildings, but also helps retain traditional and historic trades, crafts, and artisanal knowledge and skills. Apprenticeship programs for heritage trades would require the participation of experienced heritage tradespeople willing to train apprentices over the course of several years.

Example

- **Traditional Trades Apprenticeship Program: United States**

Traditional Trades Apprenticeship Program provides hands-on, historic preservation trade skills training during an intensive twenty-week learning-while-working experience. Trainees receive project-based opportunities to learn carpentry, wood crafting, finishing, masonry, metalworking, and window restoration while working, learning, and earning alongside professional National Park Service staff.

<https://historictrades.org/>

- **Living Heritage Trades Academy, San Antonio Office of Historic Preservation: San Antonio, Texas.**

The Living Heritage Trades Academy of San Antonio is a program developed by the Office of Historic Preservation to provide training of traditional crafts and skills through apprenticeships, hands-on training, and class instruction on topics related to pre-1960 traditional building construction methods and materials.

<https://www.sanantonio.gov/historic/LivingHeritage/Education>



Master stonemason mixing lime mortar at historic masonry workshop. Montebello, QC, 2017



Heritage architects and stonemasons raking out and repointing mortar joints. Montebello, QC, 2017

Heritage-specific training for Building Inspectors

- Historic Urban Landscape
category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: Unknown

Often, there is a gap in technical knowledge for building inspectors when it comes to how building codes are applied to heritage or older buildings, as well as the unique needs and challenges of those buildings. Providing training for building inspectors that addresses situations commonly found in older buildings would improve the overall interpretation and application of building codes as they relate to both designated and non-designated heritage buildings.

Training could be carried out in partnerships with inspector licensing and professional associations, or, perhaps, a curriculum on heritage building inspections could be incorporated into the standard training and licensing courses. Continuing education for licensed inspectors should be offered to keep them up to date with building codes and new regulations that apply to older buildings. As an added incentive, inspectors who complete heritage-specific training could receive a certificate to show their demonstrated knowledge of heritage buildings.

Additionally, a section should be added to The City of Calgary's "Inspection Types" website that provides guidance on heritage building inspections. This would include information related to heritage-specific inspection requirements and contact information for certified heritage inspectors (see above).

Example

- Historic Building Inspectors' Association: United States

The Historic Building Inspectors' Association is a US-based membership organization for licensed building inspectors that provides resources for its members to improve and increase their knowledge of historic preservation.

<https://inspecthistoric.org/resource.htm>

Creation of a Heritage Development Academy

- Historic Urban Landscape
category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: Unknown

Rehabilitating a heritage building can be a complex undertaking and may be intimidating or risky for smaller developers. Creating a Heritage Development Academy for small developers looking to learn how to approach heritage building development would not only familiarize small developers with the intricacies of rehabilitating heritage buildings, but also connect them with technical assistance and resources that will help them complete projects.

Led by members of City Planning staff, this program could be promoted and marketed through The City website, and cover topics such as regulation, permit review, financial incentives, and more.

Additionally, it would be helpful to collect examples of successful small scale rehabilitation projects to use as case studies. Small developers with success in historic rehabilitation could present their work to trainees and offer Question & Answer sessions where new developers can interact and make connections with more experienced ones. Similarly, small developers could be introduced to architects specializing in heritage rehabilitation, tradespeople, or contractors with experience in conservation work. Connecting small developers with this larger network would help foster partnerships that ultimately encourage more heritage conservation projects, while supporting smaller developers looking to work in rehabilitation.

Example

- **Small Developers Trainings, Incremental Development Alliance: United States**

Incremental Development Alliance is a nonprofit organization made up of practitioners who train small developers, help citizens strengthen their own neighborhoods, and help city champions get the kind of development their community wants. They offer lectures, educational conference sessions, workshops, bootcamps, and seminars on incremental development in theory and practice.

<https://www.incrementaldevelopment.org/services>

Advanced training for small developers

- **Historic Urban Landscape**
category: Knowledge and planning tools
- **Requires partnership: Yes**
- **Authority to enact: Unknown**

As part of the Heritage Development Academy, advanced courses for those who have already completed basic training could be offered. These courses could build on the topics covered in basic training and cover more in-depth or specialized topics such as finance structures and layering, property maintenance, and code compliance, and site management.

Example

- **Historic Real Estate Finance Certification, Main Street America Institute in partnership with the National Development Council: United States.**

The Main Street Institute offers a two-course training program to equip local commercial corridors with the real estate finance and development techniques needed to reach revitalization and preservation goals. They teach participants how to influence the development process by providing them with a thorough understanding of financial transactions, Historic Tax Credits, and other incentives.

<https://www.mainstreet.org/howwecanhelp/msai/historicrealestate>

- **National Preservation Institute (NPI), Historic Property Management course: United Kingdom.**

The National Preservation Institute offers training for managers of historic properties, maintenance supervisors, preservation architects, and related professionals. The course teaches participants how to read your building, search for solutions, and then care for the building envelope by maintaining its historic materials, with an emphasis on balancing the environmental needs of the building with its users. Students gain an understanding of pest management practices and mechanical building systems—HVAC, plumbing, fire, security, and lighting, and they are taught how to train in-house staff and when to hire a specialist to identify a problem or a contractor to handle a specific task. <https://www.npi.org/seminars/historic-property-management-and-design-considerations/historic-property-management>

Loan guarantee program for Municipal Historic Resource buildings available to training program participants

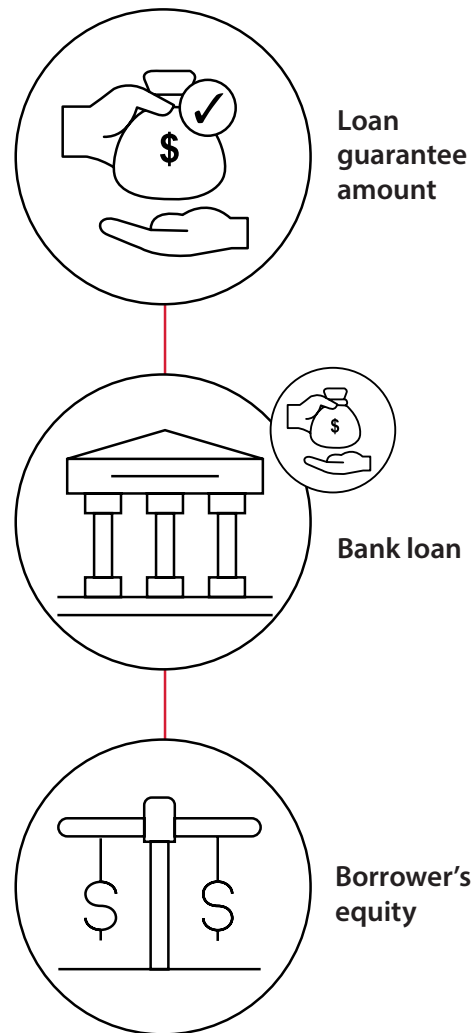
- Historic Urban Landscape category: Knowledge and planning tools
- Requires partnership: Yes
- Authority to enact: Unknown



Small developers can face challenges when trying to secure traditional financing for rehabilitation projects. While major new construction projects are generally undertaken by large, well-capitalized firms, rehabilitation work on heritage buildings is most often done by Small and Medium Enterprises (SMEs), for whom financing is frequently a challenge. These small-scale developers often do not have an established lending history and lack the ability to attract large national retail tenants that may attract funding to the project. Therefore, to alleviate some of these challenges for small developers it is recommended that a loan guarantee program be established (Figure 12).

Governments may provide a loan guarantee that backs a private sector-loan in the case of the borrower's default. It would work in the following way: a potential borrower hoping to redevelop a heritage building would contact a lender who has agreed to be part of the loan guarantee program. The credit evaluation of the borrower and the underwriting of the project would be done by the bank, as usual. Then, a loan commitment would be made to the borrower at an appropriate loan to value ratio, probably in the range of 70 to 80 percent. Once the loan is made and approved, the Heritage Value Capture Fund would provide a loan guarantee of the top 25% of the loan. If, for example, a bank made a loan for \$1 million and the borrower defaulted, the bank would have to pursue all

Figure 12: Loan guarantee program assistance for small developers engaged in conservation of Municipal Historic Resources



means of recourse. When that process was exhausted and the bank could only recover \$800,000, the guarantee fund would pay the \$200,000 shortfall. If the total amount that could be recovered was only \$700,000, the fund would still only pay \$200,000, and the financial institution itself would have to absorb the balance of the loss. If the loss were only \$100,000, that would be the amount for which the bank would receive the payment under the guarantee agreement. The guarantee could also be limited to five years, after which the lender would no longer be eligible for repayment for any unrecovered loan proceeds.

A loan guarantee program would enable small developers rehabilitating heritage properties to secure loans that would otherwise be out of reach. These loans would not only help small scale developers rehabilitate historic buildings, but also encourage the presence of small businesses utilizing Municipal Historic Resource buildings. This program would require the participation of a lender who agrees to accept extra security on these loans backed by the guarantee of The City or other quasi-government organization.

One consideration is to make the program limited to applicants who have completed the Small Developer Heritage Development Academy.

Example

- **Competitiveness of Enterprises and Small and Medium-sized Enterprises Loan Guarantee Fund, European Investment Fund: European Union.**

Competitiveness of Enterprises and Small and Medium-sized Enterprises's Loan Guarantee Facility provides guarantees and counter-guarantees to financial intermediaries such as banks and leasing companies so that they can provide more loan and lease financing to Small and Medium-size Enterprises. The guarantees ensure that those financial intermediaries can expand the range of subject matter experts and the types of financial transactions they can support.

<https://www.circularcityfundingguide.eu/funding-types-and-their-applicability/guarantees/public-guarantees/cosme-loan-guarantee-facility/>

Sidebar: What is a loan guarantee program?

Loan guarantee programs are often used when there is uncertainty in the market or a project is perceived to be high risk. Often heritage rehabilitation projects check both of these boxes, making traditional financing difficult to attain. Here's how loan guarantee programs typically work: A potential borrower hoping to redevelop a heritage building would contact a lender who has agreed to be part of the loan guarantee program. The credit evaluation of the borrower and the underwriting of the project would be done by the bank, as usual. Then, a loan commitment would be made to the borrower at an appropriate loan to value ratio,⁵ probably in the range of 70 to 80%. Once the loan is made and approved, a dedicated support fund would provide a loan guarantee of the top 25% of the guarantee of the top 25% of the loan. If, for example, a bank made a loan for \$1 million CAD and the borrower defaulted, the bank would have to pursue all means of recourse. When that process was exhausted and the bank could only recover \$800,000, the support fund would pay the \$200,000 shortfall. If the total amount that could be recovered was only \$700,000, the fund would still only pay \$200,000, and the financial institution itself would have to absorb the balance of the loss. If the loss were only \$100,000, that would be the amount for which the bank would receive the payment under the guarantee agreement. The guarantee would also be limited to five years. After that period, the lender would no longer be eligible for repayment for any unrecovered loan proceeds.

⁵ Loan to Value Ratio is the share of the total appraised value of a parcel of real estate that a banker is willing to lend. For example, a bank willing to make a 75% loan on a property appraised at \$1,000,000 Dirham would make a \$750,000 loan. The balance of the funds would have to come from another source, usually the assets of the borrower.



Lineham Block, circa 2021



Carscallen Block, circa 2021

For further research

Portion of property tax held in reserve for major maintenance expenditures

- Historic Urban Landscape category: Financial
- Requires partnership: No
- Authority to enact: No

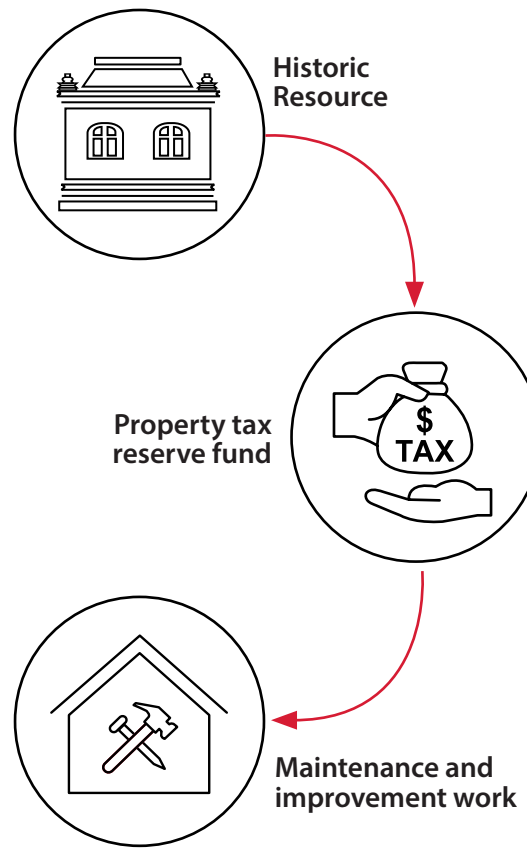


Long term maintenance can be a challenge for owners of historic buildings and major maintenance expenditures can overwhelm property owners and small-scale developers. This recommendation proposes a program in which a percentage of a heritage building owner's property taxes are set aside and placed into a reserve improvement fund (Figure 13). This program would essentially create a savings program on individual buildings, held in trust by The City. Property owners could then tap into this reserve fund for major improvements or maintenance on their building, such as roof replacement, flooring replacement, or exterior maintenance, with funds requiring a 50/50 match by the property owner. Any work carried out should adhere to the Standards and Guidelines for the Conservation of Historic Places.

Funds from the reserve could be disbursed periodically, every 10 years for instance, or could be applied for on an ongoing basis. This tool would not only ease the financial burden of maintaining a heritage building, but it would also ensure that buildings are less likely to encounter major deferred maintenance issues. The City does not currently hold the authority to hold property taxes in reserve. This incentive would require further research. It should be noted that a property should not claim the property tax

freeze (recommended in the "get started now" section) and the tax reserve program at the same time. If both programs are implemented, a property owner may choose to participate in either program.

Figure 13: Property tax reserve fund for maintenance and improvements.



Explore building code flexibility for Municipal Historic Resources and buildings on the Inventory

- Historic Urban Landscape category: Regulatory
- Requires partnership: Yes
- Authority to enact: No



Most building codes are written for new buildings and are therefore only relevant for newer construction methods. As a result, compliance for historic buildings can be challenging. British Columbia has explored solutions to this issue through building code variances or alternative compliance standards for heritage buildings.⁶

Though variances and alternative code compliance would provide some relief, a section of the building code particular to heritage buildings would provide more robust, defensible, and objective regulations for permitting repairs, alterations and additions required for the conservation, rehabilitation, and continued use of historic properties. New sections could be added to the existing code or the creation of a separate code which applies specifically to heritage buildings may be appropriate. Though a complete overhaul of the building code to include language pertaining to heritage buildings is outside The City's mandate, The City should advocate at the provincial level to introduce heritage-specific addendums to the current building code. At the very least, The City should undertake further research regarding building code flexibility for heritage buildings within their current system.

⁶ https://free.bcpublishings.ca/civix/document/id/public/bcbc2018/bcbc_2018dap1s11r4, specifically Table 1.1.1.1.(5) of the British Columbia Building Code: Alternate Compliance Methods for Heritage Buildings and the Vancouver Building By-Law <https://www.vancouverheritagefoundation.org/resources/policies-and-bylaws/vancouver-building-by-law/>

Example

■ California Historical Building Code: California, USA.

Passed in 2016, the California Historical Building Code is intended to protect the state's built heritage by recognizing the unique construction issues inherent in maintaining and adaptively reusing historic buildings. The California Historical Building Code provides alternative building regulations for permitting repairs, alterations and additions necessary for the preservation, rehabilitation, relocation, related construction, change of use, or continued use of a "qualified historical building or structure." https://ohp.parks.ca.gov/?page_id=21410

■ International Existing Building Code

The first edition of the International Existing Building Code (2003) was the culmination of an effort initiated in 2000 by a development committee appointed by the International Code Council. This comprehensive existing building code establishes minimum regulations for existing buildings using prescriptive and performance-related provisions. This code is founded on principles intended to encourage the use and reuse of existing buildings that adequately protect public health, safety and welfare; provisions that do not unnecessarily increase construction costs; provisions that do not restrict the use of new materials, products or methods of construction; and provisions that do not give preferential treatment to particular types or classes of materials, products or methods of construction. <https://codes.iccsafe.org/content/IEBC2018/chapter-12-historic-buildings>

Template for ordinance adaptation

http://www.florenceaz.gov/wp-content/uploads/documents/IBC%202006/icc.iebc_.2006.pdf

Sidebar: National Building Code – 2019 Alberta Edition and heritage buildings

Construction of new and renovation of existing buildings in the province of Alberta is currently subject to the National Building Code – 2019 Alberta Edition [NBC (AE)]. The NBC (AE) establishes requirements, fully detailed in the Code, to address the following five objectives: safety, health, accessibility for persons with disabilities, fire and structural protection of buildings, and environment. In Volume 1, Division A, Article 1.1.1.2., Application to Existing Buildings, the application of this article is to a building that has been legally built, occupied, or used before 01 April 2019. This article also states that if a building is altered, rehabilitated, refurbished, renovated, or repaired, the level of life safety and building performance shall not be decreased. The article goes on to say that, except for relocatable industrial buildings, the authority having jurisdiction, meaning a safety codes officer, shall accept any construction or condition that lawfully existed in Alberta before 01 April 2019 if the construction or condition does not constitute an unsafe condition. Significantly, the article states a change in occupancy or alteration of any building constructed before 01 April 2019 shall be permitted if the level of safety and building performance proposed are acceptable to the authority having jurisdiction. Furthermore, for a building constructed before 01 April 2019, the authority having jurisdiction may accept an alternative or a proposal that achieves the appropriate level of safety for the specific activity for which the building is to be used. Finally, the authority having jurisdiction may accept existing construction not in complete compliance with this Code, in which case it may be accepted, subject to conditions.

The NBC (AE), being an objective-based Code, allows for the fulfillment of Code requirements by complying with applicable acceptable solutions as stipulated in the Code or by employing alternative solutions that will achieve at least the minimum level of performance of the acceptable solutions they are replacing. Objectives and functional statements attributable to the acceptable solutions identify the areas of performance where this equivalence must be demonstrated. In Alberta, the Safety Codes Act recognizes "alternative solutions" as Variances and has provisions to ensure that Variances are issued by appropriate individuals and registered with the Safety Codes Council.

The successful application of Code requirements to existing construction requires a careful cost-benefit analysis; i.e. this becomes a matter of balancing the cost of implementing a requirement with the relative importance of that requirement to the overall Code objectives. The degree to which any Code requirement can be relaxed without affecting the intended level of safety requires careful judgment and deliberation by the designer and the authority having jurisdiction. If an authority having jurisdiction is reticent to approve relaxation of a Code requirement, an application to Alberta Municipal Affairs for a relaxation to that particular Code requirement can be submitted. The request may be considered for approval providing a compelling justification is presented demonstrating there is no alternative solution and that life safety is not compromised.

Current use assessment process for Municipal Historic Resource buildings

- **Historic Urban Landscape category: Regulatory**
- **Requires partnership: Yes**
- **Authority to enact: Yes**

Real estate taxes are a major source of revenue in most North American cities. Property tax is an ad valorem form of taxation, meaning the amount of the tax is based on the value of the property. Theoretically, at least, a property with a value of \$600,000 sitting next to a property with a value of \$300,000 would pay twice as much in property taxes. But where does the estimate of “value” come from? That is the job of the local property tax assessor. The assessor will assign a value to each property in the jurisdiction using accepted real estate appraisal approaches including the cost approach, the direct comparison approach, and the income approach.

But there is another component of the assessment process that can adversely affect older, smaller, heritage buildings, and that is the highest and best use analysis. Highest and best use is usually defined as “the most probable use of a property that would return the highest value, considering legal, economic, and social factors.” For most properties, valuing them at their highest and best use is both rational and equitable.

However, this approach often disadvantages heritage buildings. Consider, for example, a two-story heritage building that sits on a parcel that is zoned for a ten-story building. The assessor may well conclude that the highest and best use of the land is to be developed to ten stories and assess the land assuming that use. While that is an absolutely appropriate appraisal practice, the

consequence is that the heritage property owner is paying taxes on a parcel that by highest and best use standards, is significantly underdeveloped. The owner then is pushed to two undesirable alternatives: either pay taxes for a land use (and land value) that is not being utilized (i.e. much higher taxes) or demolish the two-story building to build a ten-story structure to maximize the value of the land.

In Calgary, retail properties may be assessed based on their underlying land value if the value of the vacant land exceeds the value of the improved property. This can also disadvantage heritage properties.⁷

There is an alternative, however, called “current use.” Under current use appraisal a property is assessed based on how it is being used rather than the theoretical highest and best use. So, in the example above, the heritage building would be assessed (and therefore taxed) as a parcel of land that hosts a two-story building rather than as a parcel of land that hosts a ten-story building. Calgary should explore appraising designated Municipal Historic Resources according to their current use.

Current use assessment has often been used on agricultural properties, particularly in the fringes of cities where housing or commercial development would command a much higher price (i.e. the highest and best use) than a farm. The same development pressures exist for small-scale heritage buildings and current use taxation has sometimes been used to overcome the disadvantage of the highest and best use approach.

⁷ <https://www.calgary.ca/for-business/taxes/retail-assessment.html>

Example

■ Current Use Assessment: Tacoma, WA.

Adopted in 1970, this statutory tool allows landowners to apply to have their open space, farm/agricultural, and timber lands and historic properties valued, for tax purposes, at their current use value rather than at the highest and best use that would be permitted by zoning. This provides property owners with an incentive to maintain their land as open space by lowering their taxes.

https://www.cityoftacoma.org/government/city-departments/planning_and_development_services/planning_services/regulatory_tools_and_incentives/current_use_assessment

■ Assessment of Historic Buildings: Washington, D.C.

In Washington, D.C. certain designated historic buildings are assessed at full market value, as well as based on current use. If the latter assessment is less than full market value, the current use value is used as the basis of tax liability to the District. To be eligible for the tax relief, owners of buildings which have been designated historic landmarks must enter into an agreement for a period of not less than 20 years to use and maintain the building in a manner which will assure the continued maintenance and preservation of the building as an historic site.

<https://www.lincolnst.edu/es/preferential-property/assessment-historic-property-district-columbia-2017>

Sidebar: The insurance challenge

Property insurance can be a challenge for owners of heritage buildings as premiums can seem excessively high and many insurance companies are reluctant to write property loss policies. Insurers may be reluctant to cover heritage properties for a number of reasons: older electrical, plumbing, and heating systems are more likely to fail or cause damage; the need for specialized contractors and tradespersons may not be available locally; and regulatory requirements that dictate how heritage properties are rehabilitated can be cumbersome.⁸ In fact, over the past few years, the National Trust of Canada has received numerous reports of insurance policies on heritage properties being canceled with 24-hour notice, not being renewed, or being rejected with no clear rationale. As a result, owners of heritage properties often must choose between paying very high premiums or being underinsured for the true value of their building. The National Trust for Canada and its partner organizations across the country are seeking solutions to the insurance problems currently being faced by many owners of heritage buildings. The National Trust's goal is to work with all parties (the insurance industry, property owners, governments at all levels, the heritage sector) to develop the information and training resources required to address misconceptions and prejudices against heritage buildings, and advocate for their fair and transparent treatment. In March of 2022, the National Trust issued a national survey on heritage properties and insurance.⁹

HSI recommends that The City of Calgary and Heritage Calgary follow the developing recommendations made by the National Trust, as this is a problem most likely addressed at a national rather than a local level. In response to property owners' reports that they were unable to secure insurance, the U.S. based non-profit education and advocacy organization The National Trust for Historic Preservation established a for-profit subsidiary to write policies for heritage properties.¹⁰ It may be worth investigating whether a national heritage organization in Canada might be willing to establish a parallel program.

At the local level, HSI suggests the following tools that might help address this issue, though they would require further research. First, creating an insurance pool wherein multiple heritage property owners negotiate with a single insurer would reduce the risk that the insurance carrier takes on, thereby reducing each owners' annual premium. While the idea certainly has merit, it is unlikely that there are sufficient heritage property owners in Calgary willing to enter into such an arrangement for there to be significant reduction in insurance premium costs.

Another option would be to allow individual owners of heritage properties access to coverage under The City's insurance policies. Research on this approach has failed to discover either examples of such an arrangement or establish the legal authority for a municipality to allow their insurance coverage to be shared by private property owners.



Lancaster Building, date unknown

⁸ For more scholarly research regarding insurance challenges for historic properties, please see "Protecting History: Insuring historic structures requires careful attention to unique features," Joseph J. Hunter-Lattak, The Rough Notes Company. https://roughnotes.com/rmmagazine/2010/september2010/2010_09p012.htm

⁹ <https://nationaltrustcanada.ca/what-you-can-do/advocacy-action/insurance-and-heritage-properties>

¹⁰ National Trust Insurance Services, Maury Donnelly & Parr, Inc., <https://www.mdpins.com/national-trust-insurance/>

Conclusion

Calgary recognizes that heritage conservation is not just about preserving a handful of small scale historic commercial buildings, but a tool that advances a wide range of already established public policies. Phase 1 of this report made a compelling case for the social, economic, and environmental values in Calgary's heritage commercial areas. The tools identified within Phase 2 present opportunities to capture that benefit and put it toward the protection and enhancement of Calgary's heritage.



Stephen Avenue, circa 1912

Appendices

Appendix 1: Matrix of recommendations

Table 3: Matrix of recommendations

	Complexity	Effectiveness	Cost	Likely acceptance by interested parties
Recommendations for now				
Quick wins				
Fee waivers	Medium	Medium	Low	High
Time extension for permit compliance	Low	Medium	Low	Medium
Appoint a Heritage Ombudsperson	Medium	High	Medium	High
Land swap for heritage conservation	Medium	Medium	Low	Medium
Prioritize development of vacant lots and non-heritage building sites	Medium	High	Medium	Medium
Promoting the multiple values of heritage to the community	Low	Medium	Low	Medium
Share preservation success stories	Low	Medium	Low	Medium
Acknowledgement of how heritage resources advance sustainability and climate resiliency goals	Medium	Medium	Low	Low

Continued —>

	Complexity	Effectiveness	Cost	Likely acceptance by interested parties
Get started now				
Heritage value capture fund	Very high	High	Medium	High
Low interest loan	Medium	Medium	Medium	High
Property tax freeze for substantial historic rehabilitation	Medium	High	Medium	Very high
Density transfer program	High	High	Low	High
Limited term legal agreements in exchange for incentives on undesignated properties	Medium	High	Low	Low
Adaptive reuse incentive zone in transit-oriented development zones	High	High	Medium	High
Grants for remediation or retrofitting	Medium	Very high	High	Very high
City bidding	High	Medium	Low	Low
Commercial Community Land Trust	High	High	Very high	High
Formalized advisory committee to manage development	Medium	High	Medium	High
Encourage early engagement between developers and community	Medium	Medium	Low	Medium
Recommendations for later				
Tools for character tenants				
Rent subsidies	Medium	High	Medium	High
Step-up leases	High	High	Medium	High
Lease guarantees	High	Very high	High	Very high

Continued —>

	Complexity	Effectiveness	Cost	Likely acceptance by interested parties
Property tax rebate to rent to small business tenants	Medium	Medium	Medium	Medium
Education and workforce development				
Continuing professional development	Medium	Medium	Medium	Medium
Training for tradespeople, craftspeople and artisans	High	Medium	High	High
Apprenticeship programs in heritage trades	High	High	High	High
Heritage-specific training for building inspectors	Medium	High	Medium	High
Creation of a Heritage Development Academy	High	High	High	Medium
Advanced training for small developers	High	High	High	Medium
Loan guarantee program available to training program participants	High	High	High	Very high
For further research				
Portion of property tax held in reserve for maintenance expenditures	Very high	High	Medium	Medium
Explore building code flexibility for Municipal Historic Resources and buildings on the Inventory	High	High	Low	Very high
Current use property assessment	High	Very high	Low	Very high