

Heritage Preservation and Protection in Canada:

BRIEF TO THE HOUSE OF COMMONS STANDING COMMITTEE ON ENVIRONMENT and SUSTAINABLE DEVELOPMENT

Executive Summary

During the course of the Standing Committee's study of **Heritage Preservation and Protection in Canada** invited witnesses offered valuable insights, and honourable members raised a number of important questions. With this brief, we offer the National Trust's perspective on key issues raised during the course of the study, and also share priorities for federal action provided by the broader heritage community.

While a range of federal actions are possible and needed, including measures that would "get the federal house in order," based on our consultation with the broader heritage community, we can report broad consensus on the following priorities for federal action:

Priority should be given to measures that would have the most tangible and immediate positive impact for the greatest number of rural and urban places in Canada, and a proven spin-off effect for the environment and our economy.

Proven measures include grants and contributions, tax-based incentives and "heritage first" leasing and investment policies.

On behalf of the heritage sector, sincere thanks for the Standing Committee's interest in the preservation and rehabilitation of Canada's heritage buildings. The National Trust would welcome the opportunity to discuss this brief and play a role in any measures proposed by the committee.

Heritage Preservation and Protection in Canada: Part 1: Recommended Priorities for Action

More than 900 members of Canada's heritage sector have identified priority areas for federal action.

At our recent national heritage conference in Ottawa (October 11-14, 2017) the National Trust asked its National Council (the leaders of Canada's province- and territory-wide heritage organizations) about federal action for historic places that should be recommended to the Standing Committee in the context of the present study. The National Council agreed on the priorities outlined below. These priorities were later presented at a plenary session on October 14, endorsed at the organization's Annual General Meeting on October 15, and shared on social media, giving the wider heritage community the opportunity to weigh in.

As of this date, more than 900 Canadians have endorsed the following statement of priorities for historic places for the committee's attention:

I appreciate the House of Commons Environment Committee's interest in the preservation and rehabilitation of Canada's heritage buildings. I agree that Federal action is needed.

I request that priority be given to measures that would have the most tangible and immediate positive impact for the greatest number of rural and urban places in Canada, and a proven spin-off effect for the environment and our economy:

- A. Measures that would encourage private sector investment in the revitalization of historic places that matter in our communities; and***
- B. Measures that help fund the efforts of Indigenous peoples, charities and not for profits to save and renew places of significance.***

Proven measures include grants and contributions, tax-based incentives, and "heritage first" leasing and investment policies.

These measures, and the places they would benefit, are outlined on the following pages.

A. MEASURES THAT WOULD ENCOURAGE PRIVATE SECTOR INVESTMENT IN COMMERCIAL (REVENUE GENERATING) HISTORIC PLACES – PRIVATELY OWNED

Federal Grants and Contributions	Federal Tax-Based Incentives	“Heritage First” Leasing and Investment Policy ¹
<p><u>Status Quo:</u></p> <p>Privately owned commercial properties are <u>not</u> eligible for the federal National Cost-Sharing Program for Heritage Places, even if they are National Historic Sites.</p>	<p><u>Status Quo:</u></p> <p>No federal tax incentive exists for historic places in Canada. In fact, there are disincentives in the Income Tax Act.</p>	<p><u>Status Quo:</u></p> <p>Not in place in Canada. Current federal leasing policies generally exclude historic space and therefore discourage development of historic buildings.</p>
<p><u>Recommendation 1:</u></p> <p>Grant funding is desirable, especially for smaller projects. In the <u>rural and small town context</u>, a “Main Street Canada Fund” or a “Rural Regeneration Fund” modelled on the Main Street Program² and the Green Municipal Fund³ would create a go-to source of grants, seed funding and support for essential economic development. See page 5 for additional information.</p>	<p><u>Recommendation 2:</u></p> <p>Federal rehabilitation tax incentives like those proposed in Bill C-323 are a proven way to attract private and corporate investment and give older buildings vibrant new uses. Tax based measures can work especially well in the fast paced world of property development. The US experience: about \$24 billion in federal credits have generated more than \$28.6 billion in additional federal tax revenue, and leveraged 5 times the private investment.</p>	<p><u>Recommendation 3:</u></p> <p>A federal policy to give priority consideration to existing and heritage buildings when leasing or buying space. As a model, the US federal government’s policy helps create a market for federal space in historic buildings, leads by example, and leverages downtown economic development and revitalization via the rehabilitation and use of historic buildings. A</p>

¹ In 1976, the US enacted the *Public Buildings Cooperative Use Act*, requiring that the government’s real property agency give preference to the use of historic buildings to fill federal space needs.

² **Main Street** is an economic development methodology that uses heritage as a building block. There is proven effectiveness in the US, where the program is widespread. The National Trust for Canada has a 40-year track record in Main Street and is currently leading a new Main Street project in Sydney, Nova Scotia.

³ **Green Municipal Fund (GMF):** The Government of Canada endowed the Federation of Canadian Municipalities (FCM) with \$550 million to establish GMF - a program that supports municipal initiatives across Canada with grants and below-market loans, education and training resources help municipal governments achieve their goals. This model would work equally well to support historic building investments and heritage-led regeneration like Main Street.

B. MEASURES FOR HISTORIC SITES AND INDIGENOUS HERITAGE PLACES OWNED BY CHARITIES AND NOT-FOR-PROFITS FOR PUBLIC BENEFIT

These places, found in rural and urban contexts, include house museums, grain elevators, lighthouses, sites of significance to Indigenous peoples, etc. They also include Places of Faith, with an estimated 9,000 facing closure or demolition in the next few years.

Federal Grants and Contributions	Federal Tax-Based Incentives	“Heritage First” Leasing and Investment Policy
<p><u>Status Quo:</u></p> <p>Some of these places may be eligible for National Cost-Sharing Program for Heritage Places – but if only funded at \$1 million per year, and with some 700 places eligible and in need, its potential impact is extremely limited. And the requirement to match the grant at a 1:1 ratio puts many charities, Indigenous peoples, and small organizations out of the running.</p>	<p>Not applicable [a tax incentive is not applicable for site owners not paying income tax]</p>	<p>Not applicable.</p>
<p><u>Recommendation 4:</u></p> <p>Provide predictable federal funding for nationally significant places: Renew the National Costing-Sharing Program for Heritage Places with consistent funding of at least \$15-20 million per year.</p> <p><u>Recommendation 5:</u></p> <p>Encourage philanthropy with new mechanisms: e.g. federal funding made available if matched by donations from private individuals and corporations. See <u>Save America’s Treasures</u> - a decade long US program that invested \$220 million in federal funds to leverage \$330 million from private sources, resulting in the preservation of 900 historic structures and the creation of 16,000 jobs. See <u>This Place Matters</u> by the National Trust as a possible delivery model. Its recent success in engaging the private sector, raising funds for heritage and providing training and support would be enhanced with renewed federal support. See page 6 for additional information.</p> <p><u>Recommendation 6:</u></p> <p>Provide existing and emerging heritage organizations with financial support for their national leadership roles, particularly in priority areas such as Indigenous Heritage and Rural Heritage. See page 5 and 6 for additional information.</p>	<p>For former places of faith, a tax incentive could attract developers to invest in the adaptive re-use of struggling and closed places of faith, and move them into revenue-generating status.</p>	<p>Generally not applicable</p>

Heritage Preservation and Protection in Canada: Part 2: Responding to Key Questions and Issues Raised during Committee Deliberations

This section offers commentary on recurring issues that arose during Standing Committee hearings, September 21 to October 5, 2017.

1. Rural Historic places and communities need additional tools and measures. The National Trust’s Main Street Program can help.

Historic places in successful urban centres are often at risk due to rampant development and rising land values that encourage owners to demolish and build bigger. By contrast, due to rural de-population and other changing socio-economic conditions in rural areas, the biggest threat is more often lack of development pressure, and the challenge of finding viable new uses for buildings that are under-used or abandoned. These include deconsecrated churches, former industrial buildings, closed schools, and commercial buildings in smaller centres that struggle to compete with big box retail on the outskirts.

While grants and tax incentives are part of the puzzle for rural revitalization, there is an additional need for expert assistance in “changing the game” and creating new economic vitality in these areas. As the Standing Committee heard from David Brown, Executive VP and Chief Preservation Officer, National Trust for Historic Preservation, the Main Street® program offers a proven methodology for smaller and rural communities seeking revitalization. Main Street offers a structured program designed to generate economic, social, cultural and environmental benefits, increased quality of life and a renewed sense of place. **Main Street** is an economic development methodology that uses heritage as a building block. The approach has proven effectiveness in the US, where the program is widespread. The National Trust for Canada has a 40-year track record in downtown revitalization and our Main Street approach has benefited hundreds of communities across the country. It is estimated that the first 10 years of the Main Street program in the eighties and nineties initiated 700 building renovations, generated 6,000 jobs and attracted \$90 million in community investment. The National Trust for Canada is currently leading a new Main Street project in Sydney, Nova Scotia. We would welcome partnership with the Government of Canada to introduce a reinvigorated Main Street program to many more communities across Canada.

The missing ingredient is a source of federal seed-funding that municipalities could access to help cover the cost of expert advice and coaching in the Main Street method, and that would catalyze local public and private investments in heritage infrastructure projects. The Green Municipal Fund (GMF) offers a great model – it supports municipal initiatives across Canada with grants and below-market loans, education and training resources. Like the GMF, a **“Rural Regeneration Fund”** or a **“Main Street Canada Fund”** could work equally well to support historic building investments and heritage-led regeneration. It could be administered by the Federation of Canadian Municipalities, or by National Trust.

2. Federal support in the area of Indigenous heritage is essential, and should prioritize Indigenous-led activities. At the same time, all heritage organizations need to be part of a movement for Reconciliation. Federal assistance would amplify this essential work.

The National Trust has been supportive of the efforts of the newly-formed Indigenous Heritage Circle (IHC) to create a new entity focused on the needs of Indigenous heritage places. We have an MOU with them committing to mutual collaboration; we have provided financial support for their leaders to participate at our national conference; and we have offered unlimited advice to the IHC from our vantage point as a pan-Canadian organization to help them build a meaningful national entity.

The National Trust has invested substantial resources in giving a place to Indigenous voices in our programming and in building relationships with Indigenous peoples, and encouraging our partner organizations to do the same. The National Trust formally adopted the principles of Reconciliation – not only to signal its support but also to ensure that the National Trust’s work will become increasingly relevant for places that matter to First Nations, Inuit, and Métis people. While we do not currently have the means to hire Indigenous staff members, this is a priority for us, and we are grateful to Lorna Crowshoe, a Piikani First Nations member from southern Alberta who joined the National Trust’s board in 2015, and to Luke Suluk of Nunavut who joined the board this year – a founding member of the Inuit Heritage Trust and an independent researcher studying Inuit culture, heritage, and archaeology. They are helping the organization reflect and find its path. Every year since 2015, our national conference has included a substantial focus on indigenous heritage, with a roundtable event led by people and organizations from the local First Nations. We are actively creating a space and a platform for Indigenous voices, and building relationships in the community where our conference is being held. This is essential work.

All heritage organizations have important work to do when it comes to Reconciliation with Indigenous peoples and creating truly diverse and inclusive boards, staff and programs. Federal leadership and support comparable to what the Department of Canadian Heritage provides for museums would help to move the marker forward for these historic places.

3. There are exciting new ways to encourage philanthropy for historic places. The National Trust for Canada is a willing partner, and our THIS PLACE MATTERS platform has a proven track record.

Grassroots groups and charities face extreme challenges to find seed funding to kick-start re-use of historic structures and sites. For example, the Canada 150 Community Infrastructure Program requires not-for-profits with modest heritage projects to compete with arenas, gymnasiums, pools and sports fields. FedDev Ontario’s website reports 1,100 applications requesting more than \$260 million in funding for their first intake – almost 6 times more than the available funding. Further, the advertised eligibility was later increased to include local roads, airports and waste management, creating even greater competition for these funds.

Creating a go-to source of federal matching funds for grassroots groups and charities with worthy heritage projects would broaden the potential for local investment and the creation of new jobs in urban, rural and remote regions.

Further, using innovative new approaches that include corporate partnerships and crowdfunding, it is possible to achieve leverage and awareness well beyond what is possible with traditional granting programs.

As an example, **THIS PLACE MATTERS** (www.thisplacematters.ca) is a platform designed to build the capacity of Canada's grassroots and charitable sector, and leverage the great potential of corporate philanthropy, crowdfunding and social media. During our last two national competitions, every dollar offered in cash prizes leveraged an additional \$2.4 dollars in local donations for 40 heritage places across Canada, with the excitement reaching millions of Canadians.

Federal seed funding distributed through this platform would attract private and corporate donors and gain substantial media attention.

Federal governments in other countries have seen the benefit of such investments. **Save America's Treasures** is a decade-long US program that invested \$220 million in federal funds to leverage \$330 million from private sources, resulting in the preservation of 900 historic structures and creation of 16,000 jobs.

There are Canadian precedents for using federal matching funds to stimulate philanthropy and kick-start local projects and investments:

- The Department of Canadian Heritage has an existing matching donations program, restricted however to endowment matching and only eligible to arts organizations.
- The Government of Canada's response to the Syrian refugee crisis and to disaster relief for Haiti offered matching funds to stimulate private donations.

4. The National Trust is a key partner for Government, with programs and tools that would benefit from federal investment.

The National Trust for Canada has emerged during the last few years as an important player in the preservation of Canada's historic places. Formerly the Heritage Canada Foundation, it has been transformed into a new organization focused on engaging communities, working with corporate partners and donors, building the strength of grassroots organizations, and launching new initiatives that are changing the game for historic places in Canada:

- Initiatives like THIS PLACE MATTERS – an innovative crowdfunding competition platform that has distributed \$1.4 million to heritage projects since its creation less than three years ago; and
- Regeneration Works – a web portal and remote coaching/training tool that is building the capacity of individuals and organizations around the country to raise funds, generate revenue, and breathe new life into historic sites.

The National Trust is consultative and representative, connected across the country through our National Council to heritage organizations involved in the protection and celebration of natural and cultural heritage communities and sites in every province and territory – including emerging Indigenous heritage organizations.

The National Trust has an endowment of \$12 million that was provided by the federal government to the former Heritage Canada Foundation in 1973. The endowment is now at \$20 million, and is managed

in accordance with industry standards, which limits the annual draw-down to approximately \$750,000 to fund operations. This is a modest amount, given the cost of offering all products and services in both official languages, maintaining a national board of directors with representation from every province and territory, and investing in essential fundraising activities.

In 2007, the Federal Government took a strong interest in the concept of the National Trust, announcing \$5 million in the Federal Budget toward the creation of a new entity. While the \$5 million never materialized, today the National Trust is more vital than ever.

About the National Trust for Canada

A national registered charity, the National Trust has a long track record in community renewal combined with new tools for creative fundraising. We promote an approach to heritage conservation that is vibrant and dynamic – linked to social justice, the environment, sustainable living, and the cultural diversity of Canada.

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