



August 26, 2019

To: Federal Political Party Presidents:

Suzanne Cowan – Liberal Party of Canada

Scott Lamb – Conservative Party of Canada

Mathieu Vick – New Democratic Party of Canada

Jean-Luc Cooke – Green Party of Canada

From: Natalie Bull, Executive Director, National Trust for Canada

**Subject: Election 2019 - The Economy, the Environment, and Historic Places:
How Policy for Heritage Places is Essential to Your Election Platform**

There is enormous potential to achieve important gains for the environment, the economy and society, through new federal measures and policies for heritage places. This submission provides priority recommendations that should be part of any robust Election Platform.

Background: How Historic Places Affect the Environment and the Economy

Heritage places are an untapped resource. Found in urban centres, small towns, and remote regions, they offer great opportunities as building blocks for regional development, cultural/tourism activity, social infrastructure and the creation of green jobs.

There is clear evidence to link heritage investment to economic growth and job creation:

- Heritage rehabilitation generates upwards of 21% more jobs, including skilled jobs, than the same investment in new construction.ⁱ
- Rehabilitating heritage places also incurs less “leakage” out of the Canadian economy for foreign goods.ⁱⁱ

Investing in heritage buildings also contributes to the fight against climate change:ⁱⁱⁱ

- Building renewal and re-use capitalizes on materials and energy already invested, reduces construction and demolition waste,^{iv} and avoids environmental impact associated with new development: and

Finally, heritage places draw tourists to Canada, with growth in US travellers seeking heritage experiences in Canada expected to reach 12.3 million by 2025.

The Federal Role

The Federal Government has been largely absent from the heritage places sector since 2007. In December 2017, however, the House of Commons Standing Committee on Environment and Sustainable Development released Report 10, Preserving Canada’s Heritage: The Foundation for Tomorrow, which identified the need for renewed federal leadership and outlined 17 recommendations for action.

Summary List of Recommendations

With this submission we highlight those measures recommended in Preserving Canada's Heritage: The Foundation for Tomorrow from that would have the highest degree of support from our members, and the greatest potential impact:

- A. Substantially Reduce Greenhouse Gas Emissions and Landfill with Policies and Tax Measures that Encourage Re-use and Retrofit of Existing Buildings** (Recommendation 11 in Preserving Canada's Heritage: The Foundation for Tomorrow)
- B. Contribute to Indigenous Culture and the Reconciliation Process by Supporting the Efforts of Indigenous Peoples to Save and Renew Places of Significance.** (Recommendations 15 and 17 in Preserving Canada's Heritage: The Foundation for Tomorrow)
- C. Unlock Capital and Create New Green Jobs by Encouraging Commercial Investment in Heritage Properties** (Recommendation 11 in Preserving Canada's Heritage: The Foundation for Tomorrow)
- D. Ensure Rural Resilience: Renew the Main Street Canada Program** (Recommendation 14 in Preserving Canada's Heritage: The Foundation for Tomorrow)
- E. Spur Corporate and Citizen Philanthropy to Transform the Future of Historic Places, and Create Green Jobs** (Recommendation 10 in Preserving Canada's Heritage: The Foundation for Tomorrow)
- F. Demonstrate Federal Leadership by Requiring Federal Departments/Agencies to Give Preference to Existing Heritage Buildings When Considering Leasing or Purchasing Space** (Recommendation 8 in Preserving Canada's Heritage: The Foundation for Tomorrow)

We would be pleased to discuss these measures and your party's Election Platform in more detail. For your convenience we attach Preserving Canada's Heritage: The Foundation for Tomorrow, as well as the chart "New Federal Measures for Historic Places – Potential Impact."

Sincerely,



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About the National Trust for Canada and our Supporters

Founded in 1973, the National Trust (formerly known as the Heritage Canada Foundation) is a national membership-based charity that works to save and renew Canada’s historic places. Our sites, projects and programs engage Canadians, enhance local identity, and bring heritage to life.

We are connected across the country through our **National Council**, a network of partner organizations with national, provincial, or territory-wide mandates for the protection and celebration of historic places:



The Economy, the Environment, and Historic Places:

How Policy for Heritage Places is Essential to Your Election Platforms

A. Substantially Reduce Greenhouse Gas Emissions and Landfill with Policies and Tax Measures that Encourage Re-use and Retrofit of Existing Buildings (Recommendation 11 in Preserving Canada's Heritage: The Foundation for Tomorrow):

Canada needs programs that simultaneously create a strong economy and reduce climate impacts. An ideal approach is a tax measure or grant program to stimulate investment in energy retrofitting, and in the repurposing of existing properties for productive new uses. A program could target projects to adapt derelict residential properties, commercial properties and former industrial sites, or surplus faith properties – attracting private investment and keeping them out of the landfills. A program could also be designed to stimulate investment in improving the energy performance of older residential properties. As an example, the former Home Renovation Tax Credit launched in 2009 was claimed by almost 3 million Canadians and generated an estimated \$4.3 billion in economic activity.

The greenest building is an existing building. Renovating and preserving existing buildings cuts Greenhouse Gas Emissions and decreases landfill by preserving the sunk carbon and natural resources used in their original construction. Ontario alone yearly produces 14.2 million tonnes of construction, renovation and demolition waste which represents about 2 million tonnes of CO².

B. Contribute to Indigenous Culture and the Reconciliation Process by Supporting the Efforts of Indigenous Peoples to Save and Renew Places of Significance. (Recommendations 15 and 17 in Preserving Canada's Heritage: The Foundation for Tomorrow):

Funding for the Federal Government's response to the Truth and Reconciliation Commission's Calls to Action must include funding to support the efforts of Indigenous Peoples to save and renew their heritage places, and commemorate their contributions to Canada's history. The dollar value, terms and conditions should be established in accordance with the collaborative approach called for in Call to Action 79.

C. Unlock Capital and Create New Green Jobs by Encouraging Commercial Investment in Heritage Properties (Recommendation 11 in Preserving Canada’s Heritage: The Foundation for Tomorrow):

Historic buildings languish in our communities because developers experience major impediments, but they have the potential to attract investment and create jobs. This untapped source of economic prosperity can be realized through federal income-tax-based incentives to attract corporate investment to revenue-generating heritage properties – a measure that has widespread support from provincial /territorial governments, 33 municipalities, and the Federation of Canadian Municipalities. The potential can be seen in the US, where longstanding heritage tax credits have leveraged more than five times their value in private investment, created 2.5 million jobs, preserved more than 40,000 historic properties, created over 150,000 low- and moderate-income housing units, and stimulated a booming heritage rehabilitation and renovation industry.^v

Furthermore, the Income Tax Act’s Capital Cost Allowance rules should be amended to clarify which types of rehabilitation work can be expensed in the current tax year, versus those that must be capitalized and depreciated over many decades. This confusion can have a major impact on the after-tax cost of a project and discourage substantial, transformative investments.

D. Ensure Rural Resilience: Renew the Main Street Canada Program (Recommendation 14 in Preserving Canada’s Heritage: The Foundation for Tomorrow):

Past federal investments helped create Canada’s Main Street Canada program, where each federal dollar invested in the renewal of small towns and rural regions generated and impressive \$30 return in private investment.

The Main Street America program generates similar private investment, and in 2018 a net gain of 25,301 jobs, net gain of 5,310 businesses, and 8,146 historic buildings rehabilitated.^{vi} In particular, cost recovery provisions can make such programs more affordable for governments.

E. Spur Corporate and Citizen Philanthropy to Transform the Future of Historic Places, and Create Green Jobs (Recommendation 10 in Preserving Canada’s Heritage: The Foundation for Tomorrow):

There are thousands of historic places that could benefit from private donations, corporate philanthropy and crowdfunding. Seed funding for renovation and restoration could unlock economic potential and social capital and create jobs in urban, rural and remote communities.

This could include investment in capacity-building for charities in the heritage sector; and creating predictable sources of federal matching funds or seed money that grass-roots groups and charities could use to stimulate investments by private donors and attract corporate support. Expanding existing funds like Parks Canada’s National Cost-Sharing Program for Heritage Places could help fund essential work at National Historic Sites, Heritage Lighthouses, and Heritage Railway Stations – with a leveraging effect of 5 times the Federal contribution.^{vii}

Federal governments in other countries have benefited from investing in capacity building and seed funding to build a culture of philanthropy for heritage. Save America’s Treasures was an effective partnership between the US National Trust, the National Park Service and other US federal agencies, with the US National Trust leading efforts to secure \$55 million in matching corporate donations and offer technical support to funding recipients.

F. Demonstrate Federal Leadership by Requiring Federal Departments/Agencies to Give Preference to Existing Heritage Buildings When Considering Leasing or Purchasing Space (Recommendation 8 in Preserving Canada’s Heritage: The Foundation for Tomorrow):

This recommendation would help create a market for historic places and therefore attract private investment. Property owners face many disincentives for investing in historic places – indeed the federal government’s own leasing policies typically disadvantage historic buildings – so this relatively modest policy measure on the part of the Government could have a large impact and greatly help level the playing field.

For more detail on what the heritage sector believes should be discussed by all Political Parties in this pre-election period, please see the attachments:

- Report 10 of the House Standing Committee on Environment and Sustainable Development, entitled Preserving Canada’s Heritage: The Foundation for Tomorrow.
- A concise chart outlining “New Federal Measures for Historic Places – Potential Impact”

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ENDNOTES

ⁱ For example, the 2010 US study, *Delaware Historic Preservation Tax Credit Program: Good for the Economy, Good for the Environment, Good for Delaware's Future*, found that \$1 million spent on rehabilitation of historic properties created 14.6 jobs while \$1 million spent on new construction created 11.2 jobs - a difference of 30%. The 2011 US study, *Good News in Tough Times: Historic Preservation and the Georgia Economy*, found that \$1 million of economic activity created 18.1 historic rehabilitation jobs compared with 14.9 jobs for new construction - a difference of 21%.

ⁱⁱ Empirical studies in Germany and the US show that rehab is much more labour intensive than new construction. Their building industries typically reckon project costs of 50% labour and 50% material for new construction, while heritage rehab sees between 60% and 80% for labour (Dr. Jörg Haspel, *Built Heritage as a Positive Location Factor – Economic Potentials of Listed Properties*, ICOMOS, 2011; Donovan Rypkema, *Heritage Conservation and the Local Economy*, Global Urban Development Magazine, 2008.) Indeed, the Ontario Heritage Trust's review of its rehab projects over the last 20 years saw up to 90% of project costs allocated to labour (OHT, *Cultural Heritage - Proposals for Ontario Cultural Strategy*, Dec.2015).

ⁱⁱⁱ According to *Canada's Sixth National Report on Climate Change* (2014) Canada's buildings are the third largest GHG emissions sector after petroleum and transportation.

^{iv} A 2005 Statistics Canada study found that 12% of all residential and non-residential waste (amounting to 3,371,880 tonnes) comes from construction, renovation and demolition. Only 16%, or 555,352 tonnes, is diverted.

^v See National Parks Service "Federal Historic Preservation Tax Incentives Program Celebrates its 40th Year" <https://www.nps.gov/orgs/1207/htc2017.htm>

^{vi} See [Main Street Economic Impact](https://www.mainstreet.org/mainstreetimpact) <https://www.mainstreet.org/mainstreetimpact>

^{vii} See Evidence by Joëlle Montminy (Vice-President, Indigenous Affairs and Cultural Heritage Directorate, Parks Canada) on September 19, 2017 at ENVI Committee. <https://www.ourcommons.ca/DocumentViewer/en/42-1/ENVI/meeting-71/evidence>