

**Written Submission for the Pre-Budget Consultations in  
Advance of the 2022 Federal Budget**

**By: National Trust for Canada**



# **Recommendations:**

## **Address Climate Change by Encouraging Building Reuse**

**Recommendation 1:** Promote building reuse and heritage-led development by providing at least \$500 million in grants or other incentives for deep green retrofitting, rehabilitation or adaptive use of commercial heritage buildings, cultural infrastructure, and social purpose real estate. Include revenue-generating properties that yield increased tax revenue, as well as properties owned by nonprofits and charities.

**Recommendation 2:** Contribute significantly to Canada’s decarbonization goals by correcting biases in the federal tax system promoting needless demolition, resource extraction, and new construction, and introducing incentives to attract investment to building reuse. Possible actions include addressing terminal loss provisions that make demolition attractive, and introducing a new rehabilitation tax incentive modelled on the US Federal Historic Preservation Tax Incentives.

**Recommendation 3:** Recognize the material value of older buildings and help consumers weigh the climate impact of building reuse versus new construction, by integrating embodied energy/carbon measurement tools into the Canada’s Carbon Pollution Pricing System, federal funding programs, and space procurement.

## **Address Reconciliation by Funding Indigenous Cultural Heritage Capacity**

**Recommendation 4:** Strengthen the essential leadership capacity needed to advance cultural heritage priorities that are of importance to Métis, Inuit, and First Nations Peoples in Canada by creating an endowment or other form of stable ongoing funding for the Indigenous Heritage Circle, a national nonprofit.

## **Address Job Creation by Funding Heritage Education and Employment**

**Recommendation 5:** Prepare the construction sector to accelerate green rehabilitation and reuse of older/heritage buildings, by funding a rapid scale-up in heritage conservation education and trades training at post-secondary institutions, with a focus on reusing existing buildings for climate action impact.

**Recommendation 6:** Create green local jobs that renew Canada’s National Historic Sites, Heritage Lighthouses, and Heritage Railway Stations by providing at least \$60 million over 5 years in matching grant funding to the National Cost-Sharing Program for Heritage Places – a program shown to leverage up to 5 times the federal contribution in local jobs and other spending.

**Recommendation 7:** Foster the next generation of cultural heritage workers and build essential capacity for heritage organizations and conservation programs in the not-for-profit sector by expanding, and providing stable, ongoing funding for youth job creation such as the Young Canada Works Program.

The National Trust for Canada is a national registered charity that leads and inspires action for Canada's historic places. Government's adoption of our 2022 Federal Budget recommendations will capitalize on heritage projects across Canada to foster Reconciliation, create new green jobs, spur private investment, and contribute to community resiliency over the long term.

Why? Because investments in heritage places are an ideal target for Reconciliation initiatives, climate change action, job creation and post-pandemic economic recovery programs:

- Heritage places exist across Canada in urban, rural, and Indigenous heritage places;
- Adaptive reuse and retrofits of existing buildings reduce GHG emissions and demolition waste, and capitalize on materials, energy, and sunk carbon already invested;
- Supporting the capacity of Indigenous Canadians to preserve their cultural heritage is essential to Reconciliation and the future of Canadian society;
- Projects at existing buildings create 21% more jobs than new construction, with less "leakage" out of the Canadian economy for foreign goods;
- Funding will leverage private sector investment and other financial instruments;
- Investments in their infrastructure will provide increased stability for the charitable, non-profit and heritage tourism sectors; and
- Healthy and vibrant main streets and neighborhoods strengthen social cohesion and drive local economies.

**What our recommendations will accomplish:**

Canada became a signatory to the COP 21 Paris Agreement in 2015, committing to a 30 per cent reduction of greenhouse gases (GHGs) from 2005 levels by 2030, and a goal of net zero carbon emissions by 2050. Rapidly accelerating building reuse offers one of the quickest ways to help achieve Canada's climate change goals. The construction and building operation sector is widely understood to be Canada's largest single source of energy use and emissions. 40% of carbon emissions relate to existing buildings – construction and operation – and these investments will bring dramatic decarbonization returns.

Investing in the rehabilitation of heritage buildings is a key component of the low carbon economy: building renewal and re-use capitalizes on materials and embedded carbon already invested, reduces construction and demolition waste, and avoids environmental impact associated with new development. Studies have established that it takes between 10-80 years

for a new “green” building to overcome the carbon impacts of its construction. Reusing and upgrading existing buildings – as opposed to their demolition and replacement with new buildings, even energy efficient “green” ones – would have a substantial immediate and long-term impact in achieving carbon emission reduction targets that are an essential response to the climate crisis. Capitalizing on the embodied energy of existing buildings and avoiding the carbon emissions and other environmental impacts arising from the material fabrication and construction of new buildings should be the norm. The House of Commons Environment Committee Report, [Better Building for a Low-Carbon Future \(2018\)](#) recommended that “the federal government take steps to recognize the value of embedded carbon in existing construction.”

A key action of the Federal Climate Action Plan (2020) involves planting 2 billion trees. There is the opportunity to double the impact, however, by reusing existing buildings and not cutting down two billion mature trees – a carbon sink remains intact and tremendous ecology disruption is avoided. Canada landfills an estimated 1,391,300 tonnes of wood CRD waste each year, a large percentage of it precious old-growth lumber from demolished older homes and buildings. Yet the potential to capitalize on this climate action opportunities presented by building reuse are hindered by systemic and cultural barriers - physical, regulatory, economic, and attitudinal – and the needless demolition of existing buildings continues apace.

The middle-class green job creation potential for investments targeting Canada’s older/heritage places is vast: many billions of dollars in capital repair, energy retrofits and adaptive re-use could be generated at some of the 437,000 pre-1960 commercial and industrial properties; 1,000,000 pre-1960 apartment units; 27,000 places of faith; as well as thousands of institutional buildings in private and public ownership. Government investments in heritage places regularly leverage at least 5 times more in private investment, create new green jobs; renew, adapt and retrofit existing infrastructure; produce new revenue-generating space; create new affordable housing units and more.

Older/heritage building reuse and will help spur the green jobs of tomorrow. The Federal Climate Action Plan (2020) notes this important shift: “Investments in home and building retrofits will spark a wave of new jobs and careers. This means more local jobs in small and medium-sized businesses installing more energy efficient heating and cooling equipment and insulation, work for architects and engineers designing new net-zero buildings, and increased demand for energy auditors in communities across Canada” (11). The next wave of “green” worker/professional needs to be skilled in building reuse to ensure maximum carbon reduction impact. These jobs will contribute more to local economies than new construction which relies heavily on imported materials and technologies.

Additional funding for heritage conservation education and training will be required. Ill-considered retrofits may do more long-term damage than good to existing buildings. Retrofit codes need to build on the heritage conservation principle of minimal intervention and building-specific solutions to achieve stronger carbon emission avoidance and maximize lifecycle benefits.

From an economic impact perspective, there are compelling precedents for the recommended federal investment measures directed at older/heritage places. In the United States, the Federal Historic Preservation Tax Incentive has distinguished itself as one of the nation's most successful and cost-effective community revitalization programs. Since its launch in 1976, it has leveraged \$102.64 billion in private investment (5 times the value of the federal tax credits provided), created over 130,000 jobs each year (construction, manufacturing, services, retail trade, etc.), preserved 45,383 historic properties, and enabled 172,416 affordable housing units. A comparable Canadian federal incentive program for commercial heritage properties (2005-2008) provided 20% of eligible project costs with a maximum grant of \$1 million, and yielded impressive results: federal contributions of \$14.95 million leveraged \$143.4 million in construction costs, created 1,465 person years of employment, and gave derelict heritage buildings vibrant new community uses.

Directing federal investment to heritage places will reach beyond major cities and have immediate and measurable impacts on the economies of small town and rural Canada. Funding could flow without delay to projects large and small through existing mechanisms such as Regional Economic Development Agencies, the Cultural Spaces Canada Program and Parks Canada's National Cost-Sharing Program for Heritage Places.

We would be pleased to have the opportunity to discuss our recommendations with the House of Commons Standing Committee on Finance in more detail.

Yours sincerely,



Natalie Bull, Executive Director  
National Trust for Canada  
Tel. 613 237 1066 ext. 222  
[nbull@nationaltrustcanada.ca](mailto:nbull@nationaltrustcanada.ca)

**About the National Trust for Canada** [www.nationaltrustcanada.ca](http://www.nationaltrustcanada.ca)

The National Trust for Canada is a national registered charity that leads and inspires action for Canada's historic places. We know that historic places can be transformed to meet community needs, and we offer tools and resources to help communities do just that. We are connected across the country through our National Council to heritage organizations in every province and territory.

Since 2016, the National Trust's crowdfunding competition platform THIS PLACE MATTERS has delivered \$1.4 million to help save and renew 89 worthy historic places., and every year thousands of individuals and organizations benefit from our toolkits, webinars and national conference.