

RECOMMENDATIONS FOR BUDGET 2016
from the
NATIONAL TRUST FOR CANADA
Heritage is worth investing in.

[Aussi disponible en français]

Like all Canadians, we were pleased to see in each of the mandate letters to Ministers: “We are committed to public investment as the best way to spur economic growth, job creation, and broad-based prosperity.” We were particularly pleased to see the following in the mandate letter for the Minister of Canadian Heritage: “Work with the Minister of Infrastructure and Communities to make significant new investments in cultural infrastructure as part of our investment in social infrastructure.”

In this presentation, we provide the Government of Canada with very timely opportunities to use investment in rehabilitating older buildings and sites to stimulate the economy, create jobs, and promote environmental sustainability, with the added benefit of renewing a legacy of places that celebrate our history and our future on the eve of an important 150th anniversary. In addition to preserving livable neighborhoods and improving quality of life, investments in heritage and historic places also help build a resilient, creative, and diverse society, through the care and wise use of our built and natural resources, the preservation of traditional skills and knowledge, and a thoughtful approach to change that foregrounds longevity and durability.

There is clear evidence to link heritage investment to economic growth: Studies have consistently demonstrated that rehabilitation generates upwards of 20% more jobs than the same investment in new construction. Heritage places draw tourists to Canada, with growth in US travelers seeking heritage experiences in Canada expected to reach 12.3 million by 2025.

Just as importantly, investing in the refurbishing of heritage buildings contributes to the fight against climate change. The renewal and re-use of the historic environment capitalizes on materials and energy already invested, reduces construction and demolition waste, and avoids the environmental impact of new infrastructure. A recent study shows that it takes from 10 to 80 years for an energy efficient new building to make up for the negative climate change impacts of new construction. Heritage conservation is a meaningful way to counter the culture of disposability, and respond to the imperative to maintain, repair and reuse. And with climate change one of the pressing issues of our era, Canada can't claim to be a proponent of sustainable development without a robust conservation strategy for historic places.

On the following pages, we describe five recommendations to Government designed to help grow the economy, protect our environment, and build a resilient, creative and diverse society.

These recommendations fall under three broad headings:

- A. “Save Canada’s Treasures” Matching Grant Funding to encourage citizen philanthropy for historic places as we approach 2017**
- B. An Eco-Historic Tax Credit: A tool to promote private and corporate investment in greening and renewing historic places**
- C. A “Heritage Lens” and “Do No Harm” policy for infrastructure spending**

The National Trust for Canada would be pleased to partner with the Government of Canada to move these opportunities forward. A national charitable membership-based organization, 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. We are 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.

The National Trust’s creation in 1973 was an initiative of the Honourable Jean Chrétien, then Minister of Indian Affairs and Northern Development, inspired in part by Canada’s Centennial celebrations in 1967, which heightened the interest of Canadians in places that tell our national story. Today, as we approach the 150th anniversary of Confederation, we resolve to work with our governments for public policies that help encourage heritage donors and philanthropists; heritage investors and stewards; and the many Canadians who actively care for the historic fabric of our places, our diverse communities, and our irreplaceable ways of life.

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A. “Save Canada’s Treasures” Matching Grant Funding to encourage citizen philanthropy for historic places as we approach 2017

Funding for historic places is in scarce supply.

Recommendation 1: Build on the success of the National Historic Sites Cost-Sharing Program, with a modest increase of \$10-20 million per year.

Re-introduced as an economic stimulus measure in the 2009 Budget after years dormant, the **National Historic Sites Cost-Sharing Program** offers matching funds to the 736 National Historic Sites not owned by the Government of Canada. It is however severely under-funded. In 2009-2010, for example, 127 applications requested \$38.2 million in Cost-Sharing Assistance that would have leveraged construction work totaling \$179.8 million, but only a fraction, \$2.7 million, was available and in subsequent years even less.

The need for investment in historic places goes well beyond the 736 National Historic Sites: for example, hundreds of historic lighthouses are being divested by the Federal Government and untold numbers are at risk because community groups – often in remote and economically challenged areas – do not have the means to own and maintain them. Yet the preservation of such historic sites helps support tourism, regional development and, indirectly, the creation of much needed seasonal jobs. We recommend creative ways to leverage federal funding, stimulate private investment and renewal of many more important historic places like these:

Recommendation 2: Make federal seed funding available to match donations to heritage places made by private individuals and corporations.

This funding could be administered through the same mechanism in place for the Cost-Sharing Program, with eligibility expanded to include sites eligible for listing in the Canadian Register of Historic Places. Alternatively, the National Trust would be pleased to help Government leverage matching donations via its successful crowdfunding-plus-competition platform, **THIS PLACE MATTERS** (www.thisplacematters.ca). This tool would provide government with a public and high profile mechanism to seed a new legacy of meaningful 2017 projects. In the past year, the National Trust has invested \$100,000 of its own funds to leverage an additional \$300,000 for 45 heritage places across Canada, with the excitement reaching millions of Canadians through social and traditional media. Federal seed funding distributed through this platform would be guaranteed to attract private and corporate donors.

It is worth noting that the Department of Canadian Heritage has an existing matching donations program, restricted however to endowment matching and only eligible to arts organizations.

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 the creation of 16,000 jobs.

B. An Eco-Historic Tax Credit: A tool to promote private and corporate investment in greening and renewing historic places

Canada needs policies that promote the recycling and re-use of existing buildings – our largest consumer good. We are buoyed by the new government’s interest in measures that use the tax system to stimulate private investments in heritage buildings.

Recommendation 3: Introduce a Non-Refundable Rehabilitation Tax Credit for homeowners, including heritage homes, and a Refundable Rehabilitation Tax Credit for commercial entities investing in older and heritage properties.

There is broad longstanding support for such a measure from industry, local governments and national associations. The US offers a successful model with a 50-year track record: in 1976 the US established a 25 percent federal tax credit for rehabilitation of heritage buildings (later reduced to 20 percent), and a 10 percent tax credit for the rehabilitation of buildings built before 1936. The US Historic Rehabilitation Tax Credit Program is one of that nation’s most successful and cost-effective community revitalization programs. About \$14 billion in federal credits have leveraged over \$73 billion in private investment to preserve 40, 380 historic properties.

In a Canada-wide pilot program designed to ‘test’ the appetite and benefit of a heritage tax incentive, the former Commercial Heritage Properties Incentive Fund (CHPIF) offered financial incentives to attract developers to rehabilitate historic buildings. The results were impressive: a total of \$21.5 million in federal contributions spread across 49 projects leveraged more than 8 times that amount in private sector investment (\$177.2 million) and gave empty, derelict buildings vibrant new uses. Despite its demonstrated success, this pilot project was unfortunately cancelled by the previous government but thanks to the CHPIF program, the tools are in place to administer a Canadian rehabilitation tax credit: the *Canadian Register of Historic Places* – an official list of eligible places; *Standards and Guidelines for the Conservation of Historic Places in Canada*, adopted by jurisdictions across the country; and a process for quality assurance.

Similarly, the infrastructure is in place to administer a program like the former Home Renovation Tax Credit, which could be the basis for quickly rolling out a new measure that stimulates investment in the renewal of existing properties, with a focus on heritage properties.

C. A “Heritage Lens” and “Do No Harm” policy for infrastructure spending

The new government has set as one of its priorities the support of all initiatives which will help combat climate change. As we mentioned earlier, investment in **heritage infrastructure** has the added benefit of reducing the environmental impact normally associated with new construction and new infrastructure.

Recommendation 4: Direct infrastructure funding to heritage facilities wherever possible.

At the same time, there is currently no mechanism to ensure that federal funds are invested in ways that enhance local heritage assets (or at least do no harm). Sadly, federal infrastructure funding often has unintended consequences: Convention centers and highways displace great historic buildings like the old Eaton’s Department Store in Winnipeg. Federal funding available only for new construction, but not for renewal of existing facilities, was the death knell for places like the Royal Cape Breton Yacht Club in Sydney. No matter how “green” its design, an infrastructure project that draws people away from downtown or sends a viable historic building to landfill will almost certainly have a negative environmental AND cultural impact.

Other governments have grappled successfully with this same challenge, and found ways to avoid the unintended consequences of infrastructure investments. US Executive Order 11593, Protection and Enhancement of the Cultural Environment, requires the US Federal Government to provide leadership in preserving, restoring and maintaining the historic and cultural environment of the Nation – a policy that is not limited to its own resources. The Order includes ensuring “that Federal plans and programs contribute to the preservation and enhancement of non-federally owned sites, structures and objects of historical, architectural or archaeological significance.”

Recommendation 5: Adopt a “do no harm” policy for infrastructure spending.

We would be pleased to work with Government to ensure that infrastructure investments make better, wiser use of the buildings all around us, and particularly those already listed or eligible for listing on the *Canadian Register of Historic Places*.

About the National Trust for Canada

A national charitable membership-based organization, 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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