

PRESERVATION PAYS

The Economics of Heritage Conservation

PROCEEDINGS

HERITAGE CANADA FOUNDATION CONFERENCE

OCTOBER 11-13, 2001 • TORONTO





National Headquarters: 5 Blackburn Avenue, Ottawa, ON K1N 8A2 Canada
Phone: (613) 237-1066; Fax: (613) 237-5987
E-mail: heritagecanada@heritagecanada.org
Website: www.heritagecanada.org

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Telephone: (613) 237-1066
Fax: (613) 237-5987
E-mail: heritagecanada@heritagecanada.org
Web site: www.heritagecanada.org

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PREPARED BY:
Sheila Ascroft

CONFERENCE PLANNING:
Douglas Franklin
Maggie Villeneuve

EDITOR:
Veronica Vaillancourt

DESIGN:
Alchemy Design

TRANSLATION:
Tessier Translation

ENGLISH LANGUAGE PROOFREADER:
Pat Ellis

FRENCH LANGUAGE PROOFREADER:
Carmen Ayotte

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GREETINGS



THE GOVERNOR GENERAL
LA GOUVERNEUSE GÉNÉRALE

RIDEAU HALL,
OTTAWA

I am pleased to send warm wishes to the organizers, guests and delegates taking part in the Heritage Canada Foundation Conference held in Toronto under the theme *Preservation Pays: The Economics of Preservation*.

Even before I became Governor General of Canada, I was always interested in heritage questions. Nearly 30 years ago, I was very actively involved in stopping an expressway from coming through the centre of Toronto. As a result of that fight, the city's downtown renewal began. When you take part in the conference's early morning Heritage Walks in the Old Town, you will see the benefits of that renewal in terms of architectural beauty, as well as social and economic vitality.

As Europeans discovered long before us, there are many advantages associated with investing in heritage conservation activities and safeguarding our historic, architectural, natural and scenic heritage. And I believe that the most significant of these benefits is an increased sense of who we are, a more solid connection to our roots.

I wish you all inspiring discussions and a renewed commitment to the preservation and promotion of our national heritage.

A handwritten signature in cursive script that reads "Adrienne Clarkson".

Adrienne Clarkson

October 2001



PRIME MINISTER · PREMIER MINISTRE

I am delighted to extend my warmest greetings to everyone attending the Heritage Canada Foundation Conference, being held in Toronto from October 11th to 13th.

Over the next three days, delegates will gather to address the theme "Preservation Pays: The Economics of Preservation." Since its inception, the Heritage Canada Foundation has worked tirelessly to preserve our national heritage and impart to others the economic and cultural significance of our country's past. I know that you will make the most of this opportunity to exchange ideas and information with other participants who are active in the preservation movement.

Please accept my best wishes for a most productive session of deliberations, as well as every success in the years ahead.

A handwritten signature in cursive script, reading "Jean Chrétien".

OTTAWA
2001



Minister
of Canadian Heritage



Ministre
du Patrimoine canadien

Ottawa, Canada K1A 0M5

Our natural and built heritage is the heart and soul of our country. It allows us to better understand who we are and where we come from. It is also the heritage that we will leave for our children, our community and the world.

Every year, the **Heritage Canada Foundation** brings together defenders of Canada's architectural, natural and historic heritage for its annual conference. This meeting is essential to establishing a dialogue and an increased cooperation among all those who are concerned with preserving our parks and historic sites and with making Canadians aware of the importance of our collective heritage.

As Minister of Canadian Heritage, I would like to extend greetings to all those taking part in the 2001 **Heritage Canada Foundation Conference**. Your commitment and your efforts with regard to the conservation of our architectural, natural and historic treasures are reminiscent of the perseverance of our ancestors. Canadians can be proud of what you do to ensure that our built and natural heritage continues to be a vital and dynamic part of our identity and our sense of belonging.

Enjoy the Conference!

Notre patrimoine bâti et naturel est l'âme et le cœur de notre pays. Il nous permet de mieux comprendre qui nous sommes et d'où nous venons. Il est aussi l'héritage que nous laisserons à nos enfants, à notre communauté et au monde entier.

Chaque année, la **fondation Héritage Canada** rassemble d'ardents défenseurs du patrimoine architectural, naturel et historique du Canada à l'occasion de sa conférence annuelle. Cette rencontre est essentielle afin d'établir un dialogue et une collaboration toujours plus grande entre tous ceux et celles qui veillent à préserver nos parcs et lieux historiques en plus de sensibiliser les Canadiens et Canadiennes à l'importance de notre patrimoine collectif.

À titre de ministre du Patrimoine canadien, je tiens à saluer chaleureusement tous ceux et celles qui prendront part à l'édition 2001 de la conférence annuelle de la **fondation Héritage Canada**. Votre engagement et vos efforts à l'égard de la conservation de nos joyaux architecturaux, naturels et historiques sont à l'image du labeur et de la persévérance de nos ancêtres. Les Canadiens et les Canadiennes peuvent être fiers de ce que vous accomplissez pour faire en sorte que notre patrimoine bâti et naturel continue à faire partie, de manière vitale et dynamique, de notre identité et de notre sentiment d'appartenance.

Bonne conférence!

Sheila Copps

Canada

MESSAGES FROM AWARDS' PATRONS



ST. JAMES'S PALACE

I am delighted, for the second year running, to address the members and delegates gathered together for the annual conference of the Heritage Canada Foundation. I am only so sorry that I cannot be with you in Toronto in person. However, albeit in this electronically disembodied form, I am particularly pleased to be able to join you in celebrating the achievements of dedicated Canadians in the conservation and renovation of historic places.

This is only the second time that The Prince of Wales Prize for stewardship of the built heritage will be presented. Earlier this year, it was a great joy to be able to congratulate the Mayor and citizen volunteers of Markham, Ontario, on their achievements when I met them at Rideau Hall in Ottawa. This evening, we honour the recipient of The Prince of Wales Prize for 2001, the City of Victoria, British Columbia.

Although Victoria boasts a magnificent coastal setting, a benign climate and superlative gardens, it is also a leader in the field of heritage conservation. Like many cities in Canada during the twentieth century, the famed Capital of British Columbia had its periods of growth and stagnation. It inherited a large stock of historic buildings. Unlike many other cities, however, Victoria decided some forty years ago to enhance rather than neglect its past. It has never looked back. Today, Victoria is recognized internationally as a community with a heritage conservation culture.

Le Comité de sélection a souligné la détermination de la ville de Victoria à recourir à un ensemble varié de moyens juridiques et d'incitatifs afin de protéger des bâtiments et des arrondissements complets du patrimoine. En plus de ces mesures, plusieurs organismes bénévoles voués à la préservation du patrimoine ont oeuvré avec succès à sensibiliser le public au patrimoine de Victoria.

The conservation of these heritage buildings did not occur passively, but rather is due to a series of policy measures and programmes that were implemented over the past forty years. The Heritage Canada Awards Jury cited the long record of achievement by the City of Victoria in preserving its heritage buildings and historic districts. The jury particularly commended Victoria for the sustained, continuing development of its heritage programmes and its efforts to make historic preservation part of its overall planning strategy.

The Heritage Canada Foundation Awards Jury also noted the special dimension of Victoria's historic Chinatown, recognising the cooperation and involvement of the community in preserving this important district.

Behind success there is, of course, perseverance. Two voluntary organizations have worked tirelessly over the years to ensure that heritage conservation has been a high priority for the City of Victoria and its citizens. The Hallmark Society of Victoria and the Heritage Society of British Columbia have made huge contributions which should also be recognized today.

I do hope that the second presentation of The Prince of Wales Prize will prove to be a real source of pride and encouragement to all those who have worked - in some cases for more than forty years - to achieve this accolade. I am delighted that the City of Victoria is being honoured in this way, and very much hope that its success will inspire many other communities in Canada to follow the trail it has forged.



LIEUTENANT GOVERNOR'S AWARD REMARKS BY LIEUTENANT GOVERNOR HILARY M. WESTON

Heritage Canada Foundation Annual Conference, Toronto / 12 October 2001

I am pleased to welcome you to the Heritage Canada Foundation's 28th awards ceremony. I regret that I cannot be with you in person this evening, and so I send my best wishes via video.

I am delighted to send greetings as you gather to present the Lieutenant Governor's Award. My predecessor, the Honourable Pauline McGibbon, created this award to support and celebrate heritage preservation.

Each year the award is presented to a leading figure in the province hosting your annual conference. So I am doubly pleased to welcome you to Ontario, and to join in honouring Dorothy Duncan – a vital presence at the forefront of the heritage movement.

For forty years, Dorothy Duncan has championed the cause with her own special brand of vision and tenacity. A passionate proponent of preservation, she has vigorously fought to strengthen heritage legislation in Ontario. Her exceptional leadership qualities have enlivened the boards of Heritage Canada and the Ontario Heritage Foundation.

And she has always led the way, especially as executive director of the Ontario Historical Society. Knowing there is strength in numbers, Dorothy Duncan has forged a vital network of heritage organizations. Together, they help us all to value the cultural inheritance which defines us as Canadians.

For her steadfast service to our province and country, I would like to thank Dorothy Duncan – a dedicated advocate for all that we cherish in our heritage. Congratulations!

OFFICE OF THE LIEUTENANT GOVERNOR OF ONTARIO / TEL 416-325-7780 / FAX 416-325-7787 / WWW.LT.GOV.ON.CA

EXECUTIVE SUMMARY

FOR THE FIRST TIME EVER, the Heritage Canada Foundation has devoted its annual conference to an in-depth look at the economics of heritage conservation. This groundbreaking forum looks at the hard facts and cold statistics necessary to prove that preservation does indeed pay.

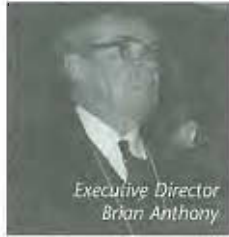
Just as heritage conservation has been judged on its aesthetic, social, cultural and historic merits, its economic value must also be upheld. Conventional wisdom sees the conservation of heritage property as a frill, or worse, a net cost without economic benefit. The heritage community knows this is not accurate, but requires solid economic data to show otherwise. The October 2001 annual conference was organized to address just that need.

The economic issue of heritage conservation is complex and wide reaching. It affects not just built heritage, but also jobs, taxes, urban sprawl, and the quality of life in our communities. These conference proceedings outline the key issues in the economics of heritage conservation: valuating historic preservation, taxes and heritage property, heritage tourism, and commercial heritage preservation. A better understanding of the economics of preserving our built heritage is essential to better public policy and advocacy initiatives.

In the proceedings, private developers, community leaders, city planners, federal and provincial officials present a clear message: heritage has an undeniable economic value. Throughout the six conference sessions, detailed examples of heritage rehabilitation projects both in Canada and in other countries show that financial investment ultimately yields many benefits to the economy. Ideas for new tax incentive programs for heritage protection and heritage tourism are also highlighted, as are economic analysis modelling and research techniques to improve data gathering.

Federally, the Department of Canadian Heritage intends to create a Canadian Register of Historic Places to provide a central source of

up-to-date information on all designated heritage places; a set of national conservation standards and guidelines for the protection and rehabilitation of historic places, and a certification process to ensure that conservation work meets the agreed-upon conditions. The first phase in the Historic Places Initiative, with funding of \$24-million over three years, will lay the groundwork for better protection of Canada's built heritage.



Provincially, the recent innovative \$5-million Ontario Heritage Challenge Fund supported 64 capital projects and 13 endowment funds to help communities preserve and protect local heritage. Through the Ontario Trillium Foundation, heritage groups can still access a portion of its \$100 million funding. An Ontario tax relief mechanism that was promised in the 2001 budget would permit municipalities to encourage owners to invest in maintenance and restoration of their heritage properties.

The keynote address promotes the use of incentives as "the single most important public policy that can unleash the creativity of the private sector." Allan Gottlieb states that heritage preservation is a central factor in economic development and revitalization of communities.

Focusing on the economic dimensions of heritage conservation, the first session, presented by members of the Canadian Association of Professional Heritage Consultants, reveals evaluative research methods that consider not only the financial investment in rehabilitation areas, but also try to quantify the resulting quality of life and neighbourhood enhancement. For example, heritage designation alone does *not* have a negative influence on the value of historic property values, rather more than 70 percent of the designated properties performed at or above average in their markets, while 40 percent resisted downturns in the market.

Commercial market analysis techniques currently utilized by leading retail shopping developers can also be used for heritage buildings

and districts. Specific techniques on collecting consumer data yield results to bolster the case for reusing heritage properties. The old Markham, Ontario, train station is a detailed case study of such reuse. It shows precisely what it takes, both in community commitment and fund-raising efforts, to save a building from demolition and again make it economically viable.

The second session presents examples from European countries that show that both public and private sector investment are important in the conservation of historic architecture. The various ways countries integrate heritage conservation with environmental, economic and social goals are examined. Dr. Rob Pickard highlights the strategies used to control the pressure on the urban cultural heritage generated by tourism, real-estate speculation and infrastructure provisions. Giving some form of priority to heritage in land-use planning and economic development/regeneration strategies can benefit the community in social, cultural and economic terms.

The German program tackles the problem of heritage preservation in a comprehensive way that has resulted in nine times as much investment by the private sector as well as creating and safe-guarding jobs and enterprises. In France, the National Housing Improvement Agency provides generous tax incentives for landlords who repair rental property in the protected historic areas. Under the Planned Housing Improvement Operations scheme, 600,000 French dwellings in old and historic quarters have been rehabilitated. In the United Kingdom, built heritage assets are largely supported by grant funding programs including the Heritage Lottery Fund that has provided £450 million since 1994.

The third session focuses on the pioneering research in the economics of heritage property conservation, historic sites, heritage tourism and the voluntary sector in the United States by Drs. Listokin and Lahr. An economic impact model of historic preservation typically covers historic rehabilitation, heritage tourism, operations of historic sites and museums, Main Street programs and property value impacts.

Data collected to address these components include building permits, historic registers, travel surveys, organization budgets and assessment data. With this model, different economic outputs such as jobs, income, wealth creation, gross domestic product and taxes generated can be examined. Gathering of basic economic input data would assist public policy makers and heritage organizations across the country considerably.

Session four brings a fresh concept to heritage tourism: the *ECONOMUSEUM™*. This private enterprise, currently operating in Quebec and the Maritimes, combines economics and culture. Currently, 36 small arts and crafts, and agricultural businesses that use traditional production methods have joined the *ECONOMUSEUM™* network. Each must provide live demonstrations on how the products are made to visiting tourists. In the year 2000, these businesses received more than 825,000 visitors and added \$15.4 million to the economy.

This session also explains what is needed to develop a strategic research plan for the built heritage sector including specifics on the wide range of data that needs to be collected and analyzed. The Cultural Statistics Program of Statistics Canada can help illuminate the economic impact picture.

One of Canada's most enterprising — and successful — developers of heritage property, Michael Tippin, provides an insider's perspective of the heritage restoration business in session five. In short, "the only way to save heritage buildings is to own them." The purchasing, restoring and repositioning of heritage properties requires a major financial investment. However, through syndication, individual investors can directly own a piece of built heritage for as little as \$250,000. The simple act of leasing office space in a heritage building can help ensure its continued existence.

The final session looks at the history and built heritage of Old Town Toronto. City officials explain some of the specific development pressures and current plans in progress in Old Town. The heritage identity of Old Town draws people, businesses, tourists and developers

who all want to benefit from its distinct character. While the advantages of adaptive reuse are now more readily recognized, in-fill housing must be sensitive to the surrounding buildings.

In short, these conference proceedings are your springboard: within lie new tools for data gathering and analysis, daring success stories of heritage preservation, different ideas for heritage tourism, all of which are valuable in the economic argument and may be useful in planning future initiatives.

For its part, the Heritage Canada Foundation is committed to working with some of the conference presenters and other interested parties to further study the issue and develop new initiatives to support the economic case for heritage conservation.

OPENING REMARKS



Trudy Cowan, *Chair, Heritage Canada Foundation*

It is a great joy for me to welcome all of you to the 2001 annual conference. Our theme is the economics of heritage preservation: Preservation Pays. For many years, we in the heritage movement have been asked to justify what we do, justify more than on aesthetic, social or cultural or historic grounds, but on economic grounds. Conventional thought has suggested that heritage conservation is a frill — or worse, a drain. We know that this is not true, but we must prove our case and that is mainly why we gather here. Much work in this field has been done and we will learn about it. We will also identify what more we need to know so that research can be carried out or statistics gathered. In making our case, we must present the big picture — *heritage earns money*.



Dr. Gordon Nelson, *Ontario Governor, Heritage Canada Foundation*

I'm grateful personally to my fellow members of the Board of Governors and to the staff of the foundation for working hard to bring this conference about. I'd like to acknowledge some of the local people who have helped with our meeting. It was the Citizens of the Old Town, led by Bud Turner and Rollo Myers, who've worked for the last two years to help prepare the information for the morning heritage walking tours. They also helped to prepare the *Landscape Guide*, an innovation for this conference. The *Guide* reflects the changes and pressures that are being placed on the Old Town's heritage framework as development and reinvestment intensifies. Welcome.

The Heritage Canada Foundation gratefully acknowledges the following organizations: The Bank of Montreal for their generous contribution, the British Council for facilitating travel for conference speaker, Dr. Rob Pickard, and the Department of Canadian Heritage for assistance in providing simultaneous translation.

KEYNOTE ADDRESS

TOPIC: The Power of Preservation

PRESENTER:

Allan Gotlieb, CC, Chair, Ontario Heritage Foundation

Allan Gotlieb said it is the power of preservation that brings the renewal and reinvigoration of our province, our country and, in particular, our urban communities. He noted that conference members already knew about the strong impact that *good* heritage preservation has on communities: "We all believe it is a central factor in economic development, in community revitalization and downtown core restoration."

In Canada, the United States and Europe, at the national and local levels, there are now a number of bold and innovative programs that are being designed and implemented to protect heritage. It is important to tap into those and bring them to the attention of leaders in the public sector. "We have to inspire and learn from each other," he said.

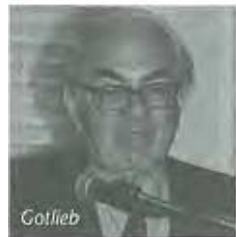
Mr. Gotlieb described Toronto's history as "the Victorian city that was a pedestrian city, then became a streetcar city, but now it has become an automobile city, and after years of outward sprawl, I think Ontario's Smart Growth program signals a recognition that maybe we've reached the spatial and environmental limits of our car suburbia."

There are certain elements of Smart Growth that make it a welcome ally for heritage, he observed. An important part is to stress conservation values as an approach to development that is sensitive to people and place. In jurisdictions that are implementing Smart Growth strategies, there is a strong commitment to the protection of natural areas and to cultural heritage, and to building healthy communities as well as vibrant transportation and housing solutions.

Smart Growth recognizes the importance of planning in creating compact, efficient and environmentally friendly urban spaces. Given

the mindlessness and the carelessness of the sprawl experienced in the past couple of decades, the heritage community should wholeheartedly embrace the "smart" in Smart Growth. This would require making the best use of heritage infrastructure.

He said that many communities across North America once in serious decline have used heritage preservation to bring about the revitalization of the downtown core and the renaissance of neighbourhoods.



Mr. Gotlieb noted that a second encouraging development in Ontario is the recognition of the importance of heritage incentives. Calling them "perhaps the single most important instrument of public policy that can unleash the creativity in the private sector," Mr. Gotlieb remarked that there is strong evidence that the private sector can be, and often is, the single most vital force in preserving our heritage. Tax incentives for heritage preservation are one of the ways in which this energy, creativity and ambition can be harnessed and unleashed. He gave other jurisdictions — New York, Miami, Denver and Victoria — as examples of cities that successfully use tax incentives to encourage core development and which have obtained tremendous results in revitalizing and transforming their downtowns.

Incentives ensure that developers and owners receive some recognition in society that they are doing a good thing by preserving our past. The sympathetic tax environment is both economic and psychological in triggering the initiative and energy of the private sector, he explained.

New tax incentives are being considered at the federal and Ontario government levels. The Ontario Minister of Finance included a proposal for property tax relief for designated heritage buildings in his 2001 budget. The form or scope of this is not yet known, but it will give planners and the private sector a critical new tool. The Minister of Canadian Heritage, Sheila Copps, has been confirming details of the new federal Historic Places initiative. Mr. Gotlieb suggested that this

would further encourage developers to take a sensitive approach to our past.

The most direct incentive is a grant to promote restoration. In the economic climate of recent years, governments that once made grants to fully fund such restoration now more often (if they make any grants at all) do so by offering unatching funding as an impetus to communities to get behind a project. The Ontario Heritage Challenge Fund Community Program, a \$5-million fund provided by the province, matched community initiatives and was administered by the Ontario Heritage Foundation (OHF).

"We received an enormous response from right across the province to improve, restore and save heritage buildings," said Mr. Gotlieb. The money was fully committed well before the planned end of the program. Together, this \$10-million investment across Ontario is significant. "This shows us that people really do care about heritage and preservation," affirmed Mr. Gotlieb.

He also spoke about communities facing a difficult challenge with their public heritage buildings such as schoolhouses, railway stations, churches, jails, and mills. These period buildings and structures that capture the spirit and values of the time are particularly threatened. "Government downsizing has left many of them orphans." The Heritage Challenge Fund has helped, but the Ontario Heritage Federation wants the province to renew the program as more remains to be done.

Another problem facing Ontario is the need to update and strengthen the legislative framework, particularly with regard to protecting heritage sites. The current provincial legislation is out of date and "quite ineffective," he said. Heritage buildings that are designated under the *Ontario Heritage Act* can be and are being demolished. This issue needs to be addressed so that a designated heritage building cannot be altered or destroyed without, at least, full public participation in the process. He suggested that ultimately there needs to be protection for some important buildings so that even though they are in private hands they cannot be torn down.

It is crucial to make an economic argument for heritage. Heritage Canada Foundation did excellent work on the survey of Canadian attitudes towards heritage. It showed Canadians are concerned about heritage conservation; about 90 percent of Canadians see it as crucial to our national culture and identity. This study and others have debunked the political wisdom that heritage preservation is a marginal concern or frill.

He noted that it is not easy to quantify the benefits of heritage in dollars. A number of American cities have recognized the democratic value and necessity of revitalizing and restoring their downtowns. Canada has been slow to see this.

There is nothing more egalitarian than a public space; our parks and streets belong to everybody, the rich and the poor," he said, offering the impact of preservation on the economy of Virginia as an example. That state's town centres were revitalized through the Main Street program, which encouraged economic development within the context of historic preservation. The Virginia report detailed the jobs and incomes that were created through the rehabilitation of its historic buildings. Historic preservation visitors constituted a major portion of its \$9-billion tourism industry. These visitors stay longer, visit twice as many places and spend an average of 2 1/2 times more money than other visitors to Virginia. The report documents the positive impact on property values of Virginia's many historic districts

Mr. Gotlieb said that Toronto has seen a decline in tourism, and that means a decline in the values and experiences that tourists seek out. What is lacking in this area and the province as a whole, he said, is not simply promotion and advertising, but a recognition of the tremendous force of heritage tourism. "It is the engine behind all tourism in the world today."

Not to be discouraging, Mr. Gotlieb did highlight a splendid example of renovation and restoration that was done through the initiative of the private sector, in Toronto's "two Kings" area. At the urging of the private sector, rezon-

ing finally occurred along King Street — East and West — that allowed a variety of new uses for old industrial buildings. Long overdue, it "absolutely stopped the rot." Not only did a heritage quarter develop around the Old Town of York and East King Street, but also along the entire central core of King Street, which has contributed to a revitalization of the city.

Although people in towns across the country are coming to recognize that built and natural assets are the cornerstones of their heritage tourism economy, it is still necessary to make the economic case, cautioned Mr. Gotlieb. He said that collecting the best practices is very important, as is creating a pool of solid and understandable data, both essential to success in heritage preservation.

"The most important task is to educate the public sector. What we need from the public sector is not big new grants and financial commitments — although it's nice to have money; rather what we need is leadership in terms of our values," he said. Support for heritage preservation must be found at all levels of government. While there are people in government who are dedicated to heritage preservation, their voice is often weak and unheard. It is a challenge for the heritage community to get the message through and data is a helpful instrument in reaching an audience.

Mr. Gotlieb suggested that it should be the public sector leading the private sector. Information and discussion should be used to show the public sector the benefits of unleashing the energy of the private sector. He said that Canada is now seeing a number of enlightened property owners and developers who understand the impact of heritage buildings on their communities and how to integrate them into development plans.

DISCUSSION/QUESTIONS

Brian Anthony (Executive Director, Heritage Canada): "Mr. Gotlieb has provided delegates with a framework with which to approach heritage concerns at this conference — and has demonstrated a need to rethink our attitudes

toward urban development." Mr. Anthony also suggested that encouraging economic incentives would result in a revaluation of heritage. "Toronto provides many examples of the difficulties the heritage community may encounter, but more than that, of the possibilities and promise of success."

SESSION 1: ECONOMICS OF HERITAGE CONSERVATION: PROFESSIONAL PERSPECTIVES IN THE FIELD

TOPICS: Members of the Canadian Association of Professional Heritage Consultants (CAPHC) present and discuss the impact of preservation on property values, taxation and costs of rehabilitation versus return on investment.

PRESENTERS:

Michael Seaman, *Planner, Heritage Planning, Town of Markham, Ontario*

Dr. Robert Shipley, *Assistant Professor, School of Urban and Regional Planning, University of Waterloo, Ontario*

Richard Talbot, *President, Talbot Consultants International, Unionville, Ontario*

Regan Hutcheson, *Manager, Heritage Planning, Town of Markham, Ontario*

Michael Seaman discussed briefly what the Canadian Association of Professional Heritage Consultants (CAPHC) represents. Established in 1987, CAPHC is a national professional organization with 200 members who practice an array of disciplines in the care and conservation of Canada's heritage.



CAPHC objectives are: to represent the professional interests of heritage consultants, to enhance awareness and appreciation of heritage resources, to establish and maintain principles and standards of practice, and to foster communication in matters related to conservation. This is achieved through its Web site, directory and the quarterly newsletter, *The Forum*. The commitment to providing honest, professional and quality service and advice is a principal requirement of all professionals carrying the designation CAPHC. This is entrenched in the association's code of professional conduct and ethics. The assurance that CAPHC members will meet these standards can be an invaluable benefit to clients and the public, both financially and otherwise.

Dr. Robert Shipley spoke on two matters: the importance of understanding the economic dimensions of heritage conservation, and the danger of any tendency



to reduce heritage to its economic considerations alone.

On the first topic, he said that most people attending the conference love heritage buildings, but he added that these buildings are, as well, pieces of property which cost money to buy and to maintain. When one owner has to move on, he noted, there is a reasonable expectation of recovering investment.

He discussed his research, which addressed the question of whether heritage recognition (designation or listing) of a property negatively affects its resale value. The argument put forward by certain real estate professionals was that restrictions placed on buildings by designation limited the number of potential buyers and therefore drove down the price.

This belief is a common obstacle to recognizing the heritage significance of buildings in this country.

With the help of the provincial Ministry of Tourism, Culture and Recreation and many dedicated people across Ontario, Shipley set out in 1998 to systematically examine that assertion. Using a careful but not overly complicated research method, it was clearly shown that designation alone did not have a negative influence on the property values of historic buildings. There actually was a correlation between designation and both the rise and the resilience of property values among designated structures. More than 70% of the designated properties performed either at or above the average in their markets, while 40% resisted downturns in the market.

Partly based on that work, which was published internationally, Dr. Shipley was invited to join a team of researchers at Oxford Brookes University in the U.K.

He explained that because of various factors such as de-industrialization, resource depletion and others, many historic townscapes in the United Kingdom have declined over the last half-century. This phenomenon is also widely known in Canada and

elsewhere. Whatever the causes, the results are similar. The customer base for shops diminishes, offices close, proprietors can't afford to maintain buildings, businesses either fail or cannot afford to maintain their premises, property values fall, vandalism and crime increase, and the community begins to lose confidence and vitality. Tourism is often seen as one of the prime potential factors in assisting the economies of these communities. The historic urban fabric of buildings and public spaces is the principal resource for tourism.

There have been various attempts around the world to deal with the decline of older urban core areas. Main Street programs here and in the U.S. are examples. Britain's Townscape Heritage Initiative (THI) continues a long line of such efforts in that country.

The THI was established by the Heritage Lottery Fund in 1998 and is intended to help communities in areas having both heritage merit and demonstrable need for public investment to secure their future. This Fund, roughly the equivalent of Ontario's Trillium Foundation, will pump £52 million into 60 to 70 communities all over the United Kingdom in the next three years. That is more than \$100 million Canadian. The average expenditure in each of the THI sites will be about £200,000, about half a million Canadian dollars. If the Trillium Foundation undertook a project of a similar scale in Ontario the equivalent amount would be \$16 million. The THI funds represent up to 50% of the project totals with other funds coming from partner organizations such as the cities themselves. However, the Heritage Lottery decided not only to help these places in need, but also to increase the understanding of precisely how such ventures work. The Oxford Brookes evaluation team, of which Dr. Shipley is a member, is examining 17, or about one third of these sites in detail. The investment in the evaluation project alone is £250,000, well over a half million Canadian dollars. This may be the largest such project ever undertaken.

Dr. Shipley explained that evaluative research seeks to establish a baseline of a situation before intervention begins, and then to make

the same measurements and observations at subsequent times in order to see what effect the intervention is having. When evaluating a large and complex system, he said, it is necessary to create a strong framework for data collection, measurement and analysis. The Heritage Lottery asked these questions:

- Is the TH1 project enhancing the residents' quality of life?
- Has the project improved the area's appearance?
- Is the project facilitating investment in the area?
- Is the project creating greater confidence in the area?

Four methods for gathering information and data are being used: questionnaires, interviews, townscape surveys (a method for scoring the appearance of a place) and secondary data sources such as census figures. Since it is impossible to measure everything, the four key indicators, each with four sub-indicators, are being tracked. So, for example, under the Quality of Life heading, the team is considering employment and income by consulting the national statistics on earnings and local job listings, as well as people's attitudes as expressed in the questionnaire. It has taken two years to complete the baseline survey, and it will be done again after 5 and 10 years.

He said the team hopes to build a detailed and accurate picture of how each of these communities changes and how the benefits of such a large project will be felt beyond the specific needs outlined by policy makers in the U.K. who are the sponsors of the research.

Dr. Shipley then offered some cautionary notes about focusing solely on the economics of heritage. He said Dorothy Duncan of the Ontario Historical Society pointed out that every person attending a heritage event spends, on average, \$87 a day. But he said, perhaps anyone attending a cultural event — even the bikers who congregate in Port Dover every Friday the 13th — probably spend, on average, \$87 a day.

Advocates of sports facilities promise that building stadiums and arenas will be a great

way to revitalize downtowns. They line up the same arguments that heritage supporters use in promoting building preservation: people will come spend and property values will rise. Sports and heritage advocates use the same econometric formulas for multiplier effects. But it is a bit like the analogy with bikers, he said. Construction of the new Tiger Stadium in downtown Detroit, for example, caused blocks of historic buildings to be flattened for the stadium and for parking. This sort of development is the antithesis of heritage conservation. Similarly, a "sports argument" in London, Ontario, resulted in the demolition of the historic Talbot Block for the construction of an arena.

Dr. Shipley pointed out that it is not heritage, as such, that brings tourist dollars, rather it is the spending of visitors who come to an area — for whatever reason. Heritage conservation alone does not revitalize downtowns; in fact, that revitalization is the result of any kind of investment. The question, he said, is whether one can contend that a Heritage Canada conference is preferable to a conclave of Satan's Choice. Can one argue that building conservation is a more sustainable and preferable form of development when compared to a 30-game-a-year ball park or a hockey rink?

This type of discussion goes beyond just economic matters. It involves questions of value and heritage, which, he said, is a different sort of value than economics. He warned against any debate that turns strictly on economic matters, that is, how much money can be made how quickly by the stakeholders most directly involved.

By declaring uncritically that "heritage pays," as does the conference theme, he suggested that the economic payoff is acknowledged as the operative factor. He warned that if someone else can make the case that their initiative will pay more, then heritage loses. Many people, for very noble reasons, would like a researcher like Dr. Shipley to somehow prove conclusively that money can be made from heritage — as if that would overcome the frustrating

and nagging obstacles to a proper appreciation of good architecture.

He said his research does show that there is a market for heritage buildings where buyers, because they value the heritage for its own sake, are willing to pay a premium to have it. In other words, "it is the heritage that gives economic value, not economics that gives value to heritage," he said.

Using the case of the Townscape Heritage Initiative in the U.K., Dr. Shipley said the research to determine impacts of spending must be seen against a backdrop where the valuing of the historic town centre for its intrinsic worth is recognized first. It is not a case of saying heritage is the best way to make money, but rather, once it is decided that conserving historic buildings is important, asking what is the best way to go about it.

Dr. Shipley emphasized that it is very significant that economic considerations are not the only ones measured. Quality of life, the conservation of the buildings and community confidence must be given equal weight beside property values, income, return on investment and other purely monetary measures.

He concluded that research into the economics of heritage is vital to provide accurate information in the debate to decide how our communities will change. However, this research should never replace the need to share our understanding that heritage is an important value and that it is outside of, and different from, economics.



Richard Talbot spoke about utilizing commercial market analysis techniques employed by leading retail shopping area developers and how they can be used to preserve heritage buildings and districts. Referring to the "dumbbell effect," Mr. Talbot explained that

he sees two types of shopping: chore shopping — things we have to do on Saturdays — and pleasure shopping, (window shopping, eating and entertainment). He said that retailers that try to stick in the middle and serve both

ends, as do department stores, are going out of business. He suggested that heritage areas should focus on pleasure shopping.

First though, he explained that his firm, Talbot Consultants, is a commercial consulting firm which provides services to developers, governments and retailers world-wide. He has worked on projects in Victoria, Kitchener, Thunder Bay, Sparks Street in Ottawa, Prague, and Dubai.

His first heritage projects began in Victoria, B.C. One involved the old Procter and Wilson building, formerly a marine shop, on Wharf Street. The challenge here was that Bastion Square was a reasonably vibrant area, but at the time Wharf Street was not. By working with the city, he was able to link the second floor of the building into the upper level of Bastion Square. This made the second floor viable as office space while the lower level provided retail opportunities. His next property was the Pacific Fleet Club at the other end of the block, which he renovated for the Keg restaurant. By rehabilitating both ends of the block, the provincial government, which owned the whole building, was "shamed into not demolishing the central part and restoring it," he said.

Other projects included Victoria's old hydro generation plant — an Art Deco design — where he put in three floors of office space for the provincial government, and Eaton's, where he had to replicate the streetscape around a modern shopping centre in the heart of downtown Victoria. He said this was essential to retaining Eaton's in the downtown core. He admitted it resulted in "a lot of façadism," but said that, given the standard of brick, there was no other choice.

Mr. Talbot then presented a case study of a current project in five business improvement areas (BIAs) in South Etobicoke. The area was originally industrial, but is now vacant and under threat by major retailers and box stores. Most of the area's buildings are pre-World War II, — the typical Toronto streetscape with small merchants and some interesting buildings.

In co-operation with the City of Toronto, he is trying to develop some consumer data.

A point-of-sale survey with local retailers has enabled him to do a "best and worst" customer analysis and map where those people live within BIAs. He has set up face-to-face surveys, which will be administered by the South Etobicoke regeneration project team. Telephone surveys are also required to find out why some customers are not shopping in the BIAs and what needs to be done to attract them back.

Mr. Talbot will be using the latest Statistics Canada data (e.g., population, household growth, and ethnicity). The data is out there, he said, "we just have to get our hands on it, especially for heritage areas." A retail inventory is also necessary to find out where the stores are located, the size of their premises and size of their annual sales. He explained that the big shopping centres have these numbers available, and for heritage districts to compete, it is important to gather such statistics.

As well, local and global trends are looked at, both for the positioning and merchandizing mix. In conjunction with the Local Architectural Conservation Advisory Committee (LACAC), he is developing a retail action plan in which he will recommend what retailers should be targeted for food and beverage services.

Long Branch, one of the five business improvement areas, provided a specific example. On one end of a typical block, there is an obscure monument and at the other end, a Greek-Texan Pub. Mr. Talbot knew part of the job would be to re-merchandise this block. By packaging the typical StatsCan data on population, growth and ethnicity, he quickly saw that there are neither Greeks nor Texans, but that the neighbourhood is almost 50% British and Irish stock. So, Mr. Talbot suggests, maybe a British or Irish Pub might be better than a Greek-Texan one.

The StatsCan demographic data is grouped by Talbot Consultants according to where people are in their life cycle. He said that in this trade area there are young parents with young children (29%), middle-aged parents

with young children (33%); low incomes (26%) and medium incomes (74%). This data provides a clue as to what kind of retail and what kind of food and beverage services will profit. For example, rather than having a pub, maybe a sit-down family restaurant is a better choice for Long Branch.

Next he develops plans for the retail database. By looking at the area's major competition, he can see what it offers when compared to Long Branch and then locate the latter's deficiencies. For example, Long Branch needs five more eating places, two more lumber areas and a sporting goods store. What they don't need is more variety or dollar stores. This type of data provides him with the kind of retail targets needed to fill the vacant space. Only then, he said, can the retailing be brought back to where it should be.



Regan Hutcheson focused on a case study of the small Markham train station that was slated for demolition, but which has become a useful heritage component of the community since its revitalization.

The former Canadian National railway station, located on Main Street in Markham, was the first station built in the village. Constructed in 1871 and designed to the basic standard plan by the Toronto and Nipissing Railway Company, the station was the public interface for a railway line that fostered the local and regional economy in the late 19th century. It was the first publicly operated narrow-gauge railway in North America.

Economic intervention even played a role in the creation of the station. When the Toronto and Nipissing was incorporated in 1868, the township of Markham offered a subsidy of \$30,000 — a substantial amount at the time — to route the line within its boundary. In exchange for the contribution, Markham received two stations.

By 1885, the station had become part of the Grand Trunk Railway system. In 1898, the station was remodelled, and at this time the passenger end of the building was clad in

narrow-clapboard siding and a stylish conductor's bay was added. Within 10 years, a freight extension, in board and batten, added 31 feet to the southern end.

By the 1980s, the station had been crudely altered, poorly reclad and badly maintained. Conditions were so bad that GO Transit, the inter-regional transit authority which had leased part of the station, relocated its operations to a small kiosk beside the building. By the early 1990s, the owner, CN Rail, was looking to rid itself of the liability. In order to protect the building, Markham had designated the station in 1994 under the *Ontario Heritage Act* and obtained further protection through the designation pursuant to the federal *Heritage Railway Stations Protection Act*.

The local Rotary Club was interested in restoring the station and held a number of community meetings. Early in 1995, GO Transit expressed a willingness to work with partners to restore the building. However, there were a few nagging issues such as ownership, funding partnership arrangements and potential users, and how much of the actual station would be saved. GO Transit formed a restoration steering committee and hired a consultant. After six months of work, it was determined that the entire station could be restored at a cost of \$581,000, but GO Transit was only interested in restoring the original 1871 station (at a cost of \$491,000) as it had no use for the additional space. The debate had hardly begun when GO Transit announced that the project was dead due to provincial funding cutbacks in early 1996.

By late 1996, the CN owners were restless and wanted to demolish the building if there was no local interest. More community meetings were held to consider new options. In September 1997, a group of local citizens initiated a "Save our Station" campaign. Together with local schoolchildren, they presented a petition of more than 1,300 property owners urging town council's intervention.

The council created a task force and authorized staff to enter discussion with GO Transit and CN concerning various ownership options.

Extensive discussion took place regarding the financial responsibility for an environmental assessment of the station site, the need for reliable cost estimates, time frames, co-funding financial commitments, the short and long-term role of the town, and potential uses of the station if acquired.

In May 1998, council agreed to purchase the train station from CN for a nominal fee of \$2, subject to the results of an environmental assessment confirming that the land was not contaminated. This was a major accomplishment. However, the land proved to be contaminated. Estimated remediation costs were substantial. CN undertook its own environmental assessment and agreed to clean up any contamination discovered on the property as a condition of the sale. However, there was the catch — the town had to relocate the station either on a temporary or permanent basis to allow for the work to occur. Given that a new foundation was envisioned for the station anyway, its relocation cost would become part of the overall project cost.

By 1999, GO Transit was again showing interest in the station. The citizens who had started the ball rolling in 1997 had formalized themselves as the Markham Village Conservancy, and took on the role of spearheading the funding for the whole project. The timing was good. The federal millennium program was looking to fund worthwhile community projects. The conservancy secured \$95,000 in federal funding, but the question of ownership was hampering its campaign. In response, the council authorized the purchase of the station in May 1999.

A month later, the train station task force was asked to co-ordinate the restoration project and review future ownership and uses. The first step was to retain an architectural consultant to provide a condition survey of the station, as-found drawings, interior space concepts, preliminary cost estimates and foundation options. The cost of phase one was \$8,300. At this time, the whole project was estimated at \$270,000.

Phase two was undertaken between November 1999 and January 2000. The station was tem-

porarily relocated to allow soil remediation and a new foundation was constructed. The final cost for this work was \$147,000.

Phase three involved interior and exterior restoration, and rehabilitation. The exterior was restored to the 1910 period with horizontal clapboard at the north end, board and batten at the south end, and a wooden shingle roof throughout. Historic colours and signage completed the station. Inside, the north end was restored as a waiting room; this area will also double as a small meeting room. GO Transit ticketing and communication facilities will now occupy the old station agent's office. New washrooms were added, and the former freight area has become a community meeting space. At this point, the whole project was forecasted at \$472,000 with construction costs of phase three being around \$250,000 and architectural services just over \$45,000. After negotiations, a bid of \$417,000 was selected.

By the end of phase three, the budget had to be further revised, increasing construction costs by almost \$40,000 and architectural fees by \$15,000. Therefore, the overall cost of the project was \$686,000, double what was originally expected.

The Markham Village Conservancy was responsible for all the fundraising. Total raised to date is almost \$550,000. The project received substantial contributions from government organizations such as GO Transit, the Ontario Heritage Challenge Fund, the federal Millennium Bureau, and the Trillium Foundation.

The corporate fundraising campaign, with only two donations, fell well short of its target, which is surprising given the number of corporate headquarters in Markham. Many of the corporations contacted focus their corporate giving in the areas of health, education, environment and children, and not heritage conservation.

The conservancy's community fundraising project involved soliciting donations from individuals and the sale of posters and lithographs. Additional revenues will be obtained from renting out the community space and

the waiting room for business and community functions.

Some contributions come with strings attached. A series of complex financial discussions took place with GO Transit concerning its potential funding commitment to the project. In the end, GO Transit agreed to an initial \$100,000 contribution, followed by an additional \$75,000 in exchange for no rent or janitorial fees, the completion of all their station improvements to conduct their business, and a reduction in the amount they pay to the town in grants in lieu of taxes. In the case of the Trillium Foundation, the town had to lease the station to the conservancy for five years. The Town of Markham has not been a major financial contributor to this project to date other than staff resources, some environmental survey costs and agreeing to maintain the building. However, the town has been providing bridge financing throughout the project as there will be an expected shortfall of revenues. It is anticipated that the conservancy will approach council to request a grant of \$150,000.

The station was opened on September 15, with many attending in period costume on the station's 130th anniversary. Some of the lessons learned:

- it is important to have citizens' involvement, including schoolchildren;
- a huge commitment of time and mountains of paperwork are required; expect the unexpected as there can be many hidden and unknown costs;
- a substantial contingency fee is important;
- get many quotes for the work as bids can vary substantially;
- secure bridge financing to allow the project to proceed while fundraising continues;
- a certain skill is required to complete grant applications;
- ensure that decisions can be made quickly between meetings.

Finally, although the restoration costs for the project were substantial, the estimated cost for building a new, smaller commuter rail station at another location in Markham is still higher than the cost of restoring the Markham train station.

Some of the benefits resulting from this project include the retention and reuse of an important heritage structure. Through its restoration, others in the community may be inspired to restore their heritage assets. The project promotes a sustainable environment through reuse rather than demolition and rebuilding. Moreover, vital accessible community space was created with provision for a community recreational facility in an under-served area of the town. Both GO Transit and the town of Markham obtained needed facilities at a fraction of the cost of undertaking the project somewhere else, and the station produces revenue through the rental of the community meeting space. The use of regional rail transit is enhanced by maintaining the GO station in the heart of an historic community, allowing people to walk to the station, which reduces energy consumption and emissions from cars. Finally, the project also demonstrates through artistic and cultural expression our heritage, our way of life, our future.

DISCUSSIONS/QUESTIONS

Brian Anthony (Executive Director, Heritage Canada) directed his comments to Dr. Shipley, saying that at no point had the Heritage Canada Foundation ever viewed this conference theme as a one-dimensional economic approach for heritage preservation. Heritage Canada has adopted a multi-phase approach for making the case for heritage preservation. To date, the heritage community has largely argued for heritage preservation on heritage grounds alone. "We have broadened that basis, as I believe we must, to begin to look at environmental considerations — it makes good sense environmentally to retain and reuse our heritage buildings". Mr. Anthony also said that while the heritage community recognizes that there are costs, as Mr. Hutcheson discussed, there are also benefits, and unless those are understood, the heritage community won't be able to contribute to a complete discussion about heritage preservation. He admitted that there is a lot of catching up to do and that was one reason to hold this conference on economics.

He explained that 20 years ago, the perceived wisdom was that the arts and cultural industries were sinkholes into which public monies were

poured with no prospect of return. However, after conferences like this, it is accepted that the arts and culture industries are important parts of our economy and that they employ many Canadians.

Mr. Anthony said the heritage community has about two decades of catching up to do because the perceived wisdom now is that putting money into heritage preservation is money wasted, that it is cheaper to tear something down and build anew. This is not the case, but there is not enough data and analysis to support the heritage argument. He reassured the audience that Heritage Canada is not pursuing economics as the only factor for heritage preservation; it is only one of many.

Anne Edwards (B.C. Heritage Trust) said she found the issue of low corporate participation in the funding of projects such as the Markham train station troublesome. Recent studies have shown that Canadian corporate givers are very low in terms of volume. Yet, she said, Mr. Talbot talked about corporations that seem to be well involved when the economics are right. So, she suggested, maybe Mr. Talbot's type of activity should be encouraged in order to get corporations to give some charitable donations to the heritage area.

Richard Talbot responded by saying that the private sector is obviously interested in a return on investment, but that they are also interested in being perceived as good citizens. Projects that have some excitement or cachet can attract their involvement. He suggested that some corporations are prepared to give professional time or services, while others may offer materials. He recommended that this was a better approach "than just hitting them up for hard cash." An unidentified speaker from Toronto asked if anyone on the panel had done cost benefit analysis on automobiles versus public transit and all the pollution associated with cars?

Robert Shipley answered that there has been a lot of research about the benefits of public transit. He suggested that this is the kind of strategic partnership that people interested in heritage ought to be making with others

whose causes may not seem to be exactly the same, but have a similar outcome. In short, Mr. Shipley said that the heritage community should be talking a lot more to the proponents of public transit.

Richard Talbot also responded, saying that one of the rehabilitation surveys he conducted for Rideau Street in Ottawa showed that people coming downtown by car spent 10 times more money than someone coming on public transit. “Unfortunately, that is what drives the economics of rehabilitating these buildings.”

Hal Kalman (incoming B.C. Governor, Heritage Canada) expressed interest in Mr. Talbot’s rational method of commercial market analysis, asking whether there was some factor that makes a heritage building more appropriate for certain retail or non-retail uses.

Richard Talbot replied that, from an economic analysis point of view, it makes little difference whether the building is new or old. Although, he added, large retailers are constrained by the size and shape of the building. However, he noticed that, in Toronto and Montréal, major brand retailers are now looking to go back onto the street. “This is good news for Heritage Canada as we’re seeing a decline in retailers looking for shopping centres,” he said, using Bloor Street West in Toronto or Ste. Catherine Street in Montréal as examples of this kind of change.

Hal Kalman, commenting on Mr. Talbot’s “dumbell effect,” in which he recommended pleasure shopping uses for heritage buildings rather than chore shopping, asked whether Mr. Talbot would have said the same thing about a new development.

Richard Talbot answered that it really depends on the location. “Chore shopping generally today is automobile-driven as people go to the big box stores to get it done quickly, load up the car and get out of there. Then after, they may want to pleasure shop and go downtown or to the old heritage areas.” He said he is finding that fewer and fewer people are mixing those trips.

David Hanna (Etobicoke Preservation Panel) described the situation of the Kingsway Heritage Conservation District coming up for consideration by the Etobicoke community council where one councillor plans to put forth a motion abandoning the Heritage Conservation District and replacing it with voluntary guidelines and LACAC education. Despite using Mr. Shipley’s report to show people that value goes up in a heritage district, a minority still oppose the heritage district concept. Mr. Hanna asked for other persuasive ideas he might use.

Robert Shipley said he didn’t think any amount of information would change people’s minds once they’ve decided something. “Some people will always oppose a public decision, whether it is to build a highway or a group home in the neighbourhood.” He suggested that what is needed is good research and focusing on researchable and answerable questions so as to build a strong case. This way when the decision-makers, such as town councils, have to make a choice between something presented with a good case and a few dissenting voices, they will make the best decision.

Rebecca Goddard-Bowman (Economic Development Officer, Port Hope) asked Mr. Talbot what process he goes through to mix existing retail businesses with new ones in his work with rehabilitating BIAs.

Richard Talbot answered that generally his company does a retail inventory to see who the existing retailers are and how they are clustered. Then he tries to work around those existing retailers that are desirable, and relocate the others. He said in Etobicoke’s case, it was the dollar stores that needed to leave, while in Kitchener it was the sex shops. He said he presents the landlord with four or five options of retailers who want to move into the community and who will complement the existing retailers, not compete with them.

Rebecca Goddard-Bowman enquired about what happens when an existing retailer does not want to relocate.

Robert Shipley responded that, in the Kitchener situation, some of the retailers (the

sex shops) were hard to move, but because they were slowing down progress in the area, the city bought the properties and forced them out. He said sometimes you have to convince the decision-makers to stick their necks out, but they will get their money back in higher rents as the area improves.

SESSION 2: SUSTAINING THE HERITAGE: A EUROPEAN PERSPECTIVE ON THE VALUE OF CONSERVATION

TOPIC: Public and private sector investment in the conservation of historic architecture is also an investment in the quality of life. Dr. Pickard presents current examples in the United Kingdom and Europe.

PRESENTER:

Dr. Rob Pickard, *University of Northumbria at Newcastle, England*

Rob Pickard began by suggesting that sustaining cultural heritage means not only preserving culturally significant buildings and districts, but also encouraging the promotion of housing and other activity to meet the community's needs. In short, development must be integrated with conservation and rehabilitation goals. He stated that the question of whether heritage pays should be regarded in this broad sense rather than purely in financial terms.

Dr. Pickard then provided an overview from the European perspective. He explained that ever since the Congress on the European Architectural Heritage in 1975, when the *Amsterdam Declaration* was drafted, the term "integrated conservation," has become widely accepted. He said that integrated conservation means that cultural heritage should not be considered in isolation from other environmental, economic and social goals, but should be examined within the general process of land-use planning of the built environment, encompassing community participation, social considerations (lower rents/low-cost housing, rehabilitation, work for crafts and trades people, etc.) and according to appropriate laws, policies and financial means. This concept was further endorsed by the Council of Europe's Convention for the Protection of the Architectural Heritage of Europe (the *Granada Convention*) in 1985, which has since been ratified by 32 European countries.

The recent moves towards regional planning and development within Europe have reiterated this view, he said. For example, the European Union document *European Spatial Development Perspective* (1999) identified the need for:



- Proactive strategies for integrated conservation in areas where the urban cultural heritage is at risk or becoming degraded;
- Development of strategies to control the pressures on urban cultural heritage generated by tourism, real-estate speculation, and infrastructure provision;
- Remodelling, in a creative way, coherent groups of buildings situated in towns and cities undergoing degradation of their urban landscape.

The need to enhance the cultural heritage as a factor of economic development has also been identified by the Council of Europe in *Guiding Principles for the Sustainable Spatial Development in the European Continent* (2000).

Dr. Pickard said that this approach requires a change from traditional ideas about conservation and heritage to include sustainable development principles based on wider criteria and focusing on the management of resources. Therefore, he said, "when we talk about whether 'heritage pays' there is a necessity to consider other values and processes for co-ordinating action aimed at controlling change." Historic places should be multi-functional with residential, social, political and economic activities, and not viewed as static objects of contemplation and tourist attraction. Built heritage should be dynamic and have a beneficial sustainable use.

By introducing the concept of sustainability at the strategic level of planning, a practical framework may be offered for active conservation and heritage management at the local level, which also allows for development and growth. This will further necessitate the review of administrative, legal and financial structures to co-ordinate conservation and sustainable development. He then provided some evidence from Europe to show that investing in heritage can pay, on one hand, and that conservation can be a sustainable activity on the other.

Germany

The German federal *Städtebaulicher Denkmalschutz* funding program (monument preservation in

the context of town planning) has considerable advantages over normal state heritage assistance programs as it has tackled problems in a comprehensive manner (dealing with protected buildings and groups of buildings, the context of monuments, streets, environment, service infrastructure provision, etc.) and has also drawn on other existing funding opportunities. It resulted in nine times as much investment by the private sector as well as creating and safeguarding jobs and enterprises and other benefits.

The program was focused on historic towns in the former East Germany where dereliction and inner-city wastelands were leftovers from the Second World War. The approach has been to ensure sustainable urban development that preserves heritage resources. Each local authority had to establish an area with town planning conservation and maintenance statutes, and decide its own particular measures according to the assessed local needs.

Dr. Pickard described some of the effects of this program. First, in terms of construction and investment, a total of DM 3.27 billion (approx. Canadian \$2 billion) in public funding was made available through the program. Initially 80 towns received support, but others were added over the program period. By 1997, approximately 4,750 buildings had been conserved in 123 towns, and 7,000 residential, commercial, public and church buildings had been renovated, in addition to 835 roads and open spaces having been repaired/restored. Of the targeted funds, 88.5% was aimed at sustaining and preserving inner-city buildings and the townscape.

Second, there were economic spin-offs such as other public investment, private investment, public-private partnerships, improved town planning and employment (both in the construction industry and commerce, services and tourism, etc.). The creation of such partnerships was assisted by a management bureau set up to co-ordinate activities, and usually operated by a private architectural town-planning firm of consultants. This made it possible to achieve faster, major-scale regeneration of historic towns. In relation to complementary

private investments in maintenance and renovation works, ratios of up to 1:11 and 1:12 were achieved in some of the program areas. For the promotion of small-scale external repairs to buildings, ratios of 1:4 or 1:5 were achieved and provided an incentive to tackle major renovation measures. Furthermore, for purely private investment, it was found that there were seven times more cases of modernization and repair to existing buildings compared to investment in new development, emphasizing that existing resources have been sustained.

The third effect was the stabilization of local and regional labour markets in the construction sector and an increase in the number of jobs generated or safeguarded. Dr. Pickard said that, in general terms, it was calculated that 35,000 jobs were created or safeguarded by urban promotion and its spin-off effects *every year* since 1991. The program therefore boosted local and regional labour markets, and small and medium enterprises with 75% of all construction activity carried out by local or regional enterprises.

Fourth, the investment in strengthening historic inner cities, town cores and centres has increased the value of buildings in the program areas. It has also improved the quality of life and local culture for local inhabitants, and increased the attractiveness of urban centres. For example, renovated market squares helped to revitalize urban life and also have helped to enhance cultural identity through a sense of history and place. Other benefits include tourist attractions and a greater diversity of function.

Finally, the action also has been important in terms of social and spatial significance for future settlement development. About one in three inhabitants in the new German states of former East Germany lives in a town covered by this program and directly benefits from the improvements. The overall result is good. The number of inhabitants has stabilized or increased in nearly 40% of these historic town centres and cities in the program.

Dr. Pickard said that, from this perspective, the example for Germany is a form of conservation-led urban regeneration with spin-off

effects. This approach has worked because it was targeted within a short time-frame with the benefit of a variety of subsidies that in turn helped to generate the economic conditions for ever-increasing private investment. Whilst this program has shown a nine-fold increase in private investment in relation to the original public investment, a similar program operated from the 1970s in West Germany has shown a ratio of 1:14. Therefore, it has been recognized that giving money to cultural heritage has been a most effective method of improving the economy and job creation.

France

When looking at France, Dr. Pickard said there is no similar research on the economic benefits of conservation, but he did explain the system there as a contrast. France has approximately 40,000 protected architectural monuments (a small figure in comparison with the 500,000 listed buildings in the U.K.), that are guaranteed public funding through agreed grant rates and income tax relief. Other mechanisms used to provide some protection to the architectural heritage include 95 *secteurs sauvegardés* (conservation areas) and about 500 ZAUPs (architectural, urban, and landscape heritage protection zones). These are again relatively small in number compared to the 10,000 conservation areas in the U.K. They benefit from allocated “managed funds” for enhancement of the areas, but owners of buildings within them must generally cover costs themselves.

The approach in France, he said “... is centralized and paternalistic for individual assets — ensuring that there are available funds to support a limited number of protected assets — and, in this respect, the economic considerations of supporting heritage are not so directly questioned”. There is also a rich architectural heritage that is not protected as such and not guaranteed funds, but which may otherwise benefit from support. France has accepted a socially minded view of conservation in that it supports the idea of sustaining existing communities, particularly in older housing areas and historic quarters, which would undoubtedly be classed as conservation areas in the United Kingdom.

He said that generous tax incentives can be given, subject to certain conditions, to landlords who undertake repair work on residential property for renting purposes in protected areas. Many municipalities also provide grants for restoration work on residential buildings located in their historic districts, whether they are protected or not. Furthermore, the rehabilitation of old parts of towns is supported through Planned Housing Improvement Operations (OPAH) — a scheme which, since its 1977 start, has seen 3,000 such OPAHs resulting in the rehabilitation of more than 600,000 dwellings, mostly in old quarters and historic districts. The main body for grant provision is the National Housing Improvement Agency, whose role is to subsidize work undertaken by private landlords, but the OPAHs can also gain support from the state, the region and the municipality.

The OPAHs have a number of objectives:

- to provide healthy standards in living accommodation,
- to improve facilities (modernize),
- to assist co-owners of housing that are in financial difficulty,
- to encourage lower rent levels (grant aid being given on the basis that owners will agree to rent apartments at a low level — a “rehabilitation lease”),
- and to undertake works of architectural repair and improvement (such as re-installation of traditional roofs and windows).

The concept of patronage is also evident in legislation dating from 1987 on the development of sponsorship. There are now many different forms of foundations in France to encourage commercial and industrial firms to sponsor culture, particularly heritage. Firms can deduct from their taxable profit any unconditional paid sponsorship to projects and bodies of general public interest, which also includes heritage.

From this perspective, said Dr. Pickard, the situation in France is more specifically based on patronage for particular assets — something that is accepted in the constitution, where the justification for money spent is less of a question — but the system of supporting older

housing, or historic buildings that could be used for housing, demonstrates a sustainable approach to heritage with benefits to the wider community.

United Kingdom

In the United Kingdom, built heritage assets have largely been supported by grant funding regimes. Dr. Pickard noted that “the question of patronage is less developed, and certainly there has been much criticism of the amount of money needed from the public purse for what is often seen as an elitist area of interest.” He pointed out that one of the problems in the U.K. has been the ever-increasing number of buildings that have been designated for protection. Owners of buildings from small listed houses to large listed office buildings have often complained that the strict regime, which controls works to buildings, makes it impossible to maintain them — particularly when there has been insufficient funding to support all works.

In fact, only the best quality listed buildings, the Grade 1* and Grade 2* structures, or about 6% of that 500,000 total, can more or less guarantee 40% support. Until recently, the remainder, the 94% Grade 2 types would be fortunate to get up to 25% support.

Dr. Pickard said that there has been a sea-change in attitudes and approaches in the last decade. The starting point was the development of the “buildings-at-risk surveys” (BARS) for listed buildings in the mid-1980s. It was a way of assessing degrees of risk arising from decay and non-occupation and, since 1998, utilized six priority categories. By 1991, a sample survey indicated that 7% of listed buildings in England (37,000) were at risk and twice as many were vulnerable. From this came the realization that the funding system was not working satisfactorily and that there may be a need to target assistance to priority needs. An association between the affluence of an area and the degree of risk revealed that less affluent areas have a greater proportion of buildings at risk. Partly as a result of this, English Heritage developed a number of pilot projects, Conservation Area Partnership Schemes (CAPS), to tackle problems in a comprehensive manner.

One of the first CAPS commenced in 1994 covered 36 hectares of the city centre of Newcastle-upon-Tyne (Grainger Town). Here, it was found that there was a higher proportion of Class 1* buildings that were listed (40% of the total), a high proportion of the best quality listed buildings (30%) and a high degree of listed buildings at risk (47%), and a considerable number in a marginal condition (29%). As well, there were low property values, high occupation costs, absentee landlords, and a consequent lack of economic confidence and other problems, including poor traffic management and street environment. It was noted that the 158,000 square metres of unoccupied space could house 7,000 people or provide working space for some 11,500.

Dr. Pickard then left aside this example to discuss other developments occurring at this time. He explained that in 1993, English Heritage commissioned research on the investment performance of listed (heritage) buildings in commercial use. Although the initial results suggested that listed retail property had an equal or superior performance to other retail premises, this was more a reflection of location advantage than listing. Moreover, outstanding historic centres such as York and Bath traditionally perform well as they tend to draw shoppers from both a local population and tourists, while the centre of Newcastle, by comparison, has suffered economically from one of the largest shopping malls in Europe being built outside of the city, which draws people away from the historic core.

However, the main focus of the research was concerned with listed office property. The first results published by the Investment Property Databank, comparing annualized returns over the 12-year period between 1980 and 1992, appeared to suggest that across the U.K. as a whole, listed office property held its own and often performed better in investment terms than non-protected, non-listed property. However, he said, this was a boom period where a rapid growth in demand could be accommodated by existing property. The second set of results in 1994 (and later), showed that, apart from London and the surrounding southeast of England, the results were not favourable.

In the provinces, listed office buildings performed badly compared to post-1960s offices. The main reason was found to be related to the institutional lease whereby the tenant bears the cost of repairs. In the southeast of England, there is a greater number of “blue chip” tenants, but elsewhere properties are occupied by smaller companies that are less able to bear the cost of repairs, which, in turn, is passed on to landlords in terms of reduced rents. This, he said, means that listed office buildings outside the capital are not the prime targets for investment funds. However, in the right circumstances, listed buildings can offer prestigious accommodation that will maintain value and offer a good return.

Dr. Pickard said that, from this background, it was determined that a wider analysis of both the economic and social benefits of conservation should be conducted. English Heritage and the Royal Institute of Chartered Surveyors sponsored a further study, *The Value of Conservation*. The 1995 report provided a review of literature covering Europe and North America as well as an assessment of the potential of economic analysis of the static and dynamic benefits of conservation. However, reflections on economic pricing systems such as the Hedonic Pricing Method, Travel Cost Method and Contingent Valuation Method to test the costs and benefits from investing in heritage proved interesting, but have been largely rejected by the heritage authorities and the property profession.

Nevertheless, he said, the study was important in that it recognized that the conservation of buildings and areas could have dynamic effects in terms of improvement or maintenance of buildings which may cause increases in value or rent of nearby buildings, and so revitalize the economy of an area. At the same time, it showed that market forces cannot be relied upon to produce results that are socially and economically desirable in the long term.

The study suggested four contrasting scenarios:

- investment in conservation creates employment;
- the revitalization of cultural heritage brings a mixture of costs and benefits, and while

it may not be the specific function of the heritage to generate economic benefits, such benefits do arise;

- conservation is an important means by which people maintain their socio-cultural identity and has potential to improve our perception of areas;
- the heritage takes a decisive share in the dispersed income generated by tourism.

The study advocated a review of case studies to explore the benefits of conservation. A further report produced by English Heritage in 1997 (*Sustaining the Historic Environment*) advocated the need for a broader perspective to valuing the historic environment. In other words, heritage may have a range of values and it would be wrong to assess the benefits in purely cultural or economic terms. Thus, heritage should be thought of in terms of cultural value (defining sense of place, distinctiveness), educational and academic value (evolution of society and knowledge for planning the future), economic value (economic development, employment, tourism, social and functional diversity, including mixed uses in rehabilitated buildings), resource value (reusing resources and saving costs associated with demolition and redevelopment), recreational value (life enjoyment), and an aesthetic value (quality of environment). This assessment of values could form the basis for developing conservation policies in land-use plans, and in preservation and enhancement plans to support action for the revitalization of the historic environment and historic building rehabilitation.

Dr. Pickard said the idea that investing in heritage as a sustainable activity was given further support when the first case studies were examined. The report, *The Heritage Dividend*, reviewed the benefits of the £36 million invested by English Heritage in 357 Conservation Area Partnership Schemes (CAPS). A sample of 31 CAPS was considered over the period 1994-99.

He said that the research showed that £10,000 invested by English Heritage levered £48,000 in funding from the private sector (ratio 1:5) and other public sources and, together, this delivered, on average, 177 square metres of

improved commercial floor space plus one new job, one safe guarded job and one improved home. The 31 CAPS covered a variety of areas: seaside towns, inner-city districts and city centres, former coalfield areas, industrial mill towns, small market towns, and traditionally recognized historic towns.

The research covered three investment themes:

- Investing in economic change and social inclusion. The impact of the schemes was seen through businesses that have been made more viable and that have been enabled to expand, and the development of new industries. The schemes helped to create new confidence and fostered economic growth. Many projects have contributed to addressing social exclusion (such as unemployment, poor housing and alienation) through the creation and safeguarding of jobs, creating high-quality physical environments in previously decaying areas, and providing community facilities and other added value to local communities.
- Investing in sustainability and quality. The CAPS aimed to regenerate in a sustainable manner by conserving, recycling and restoring extant derelict or under-used historic buildings, by maintaining a historical continuity in the physical environment through funding quality infrastructure such as the provision of green spaces and reinstatement of historic street surfaces, and by encouraging high-quality new development in existing areas (the idea being that change is important to keep areas alive). Moreover, the CAPS encouraged the reuse of the existing built areas rather than creating isolated new settlements, finding new uses for empty buildings, maintaining existing communities, etc.
- Investing in people and communities through partnership. In many ways, the CAPS schemes are similar to the German example in that they are aimed at sustainable development through conservation-led regeneration, in turn, through partnership. Moreover, the CAPS have often targeted resources in deprived areas and communities that have not received other forms of assistance, and in doing so have galvanized other potential partners to work alongside English Heritage.

Some of the benefits from this has been to give new life to communities based in industrial cities and towns where the traditional industries have left, for example, creating new activities (offices, wholesale and retail outlets) in the Jewellery Quarter of Birmingham following the decline of metal working firms, or converting mills in former textile towns, and providing affordable (social) housing in empty buildings and empty spaces above shops in the Grainger Town CAPS (Newcastle).

Dr. Pickard then provided details on the specific case study of the Grainger Town, Newcastle-upon-Tyne CAPS. A board of directors (comprising city officials, other public agencies, the private sector and local residents) led the conservation action plan in consultation with a business and residents' forum. The partnership attracted £40 million of public sector support: £1.75 million from English Heritage and £2 million from the city council for grants to repair buildings at risk, improve shop fronts using traditional designs, and infrastructure works; £0.25 million from an Enterprise Council for employment development and training; £25 million from English Partnerships to convert or refurbish housing or offices; and £11 million from the Single Regeneration Budget for a wide range of improvements (employment, training, business, housing, shop fronts, ethnic minorities, crime and safety).

Over the period 1994-99, the CAPS offered 63 grants to repair, restore and improve 114 buildings in Grainger Town. By 2000, 40% of the worst-case buildings and 50% of the marginal cases had been rescued and reused. In these CAPS arrangements, there is flexibility within the grant system. The normal grant rate for the non-high quality list of buildings was 25%, but this was raised in some cases to 60% or 80%. The rest of the problem buildings are expected to be covered in the project's "lifetime" targets (to the end of 2003). These lifetime targets are to create 1,900 jobs, 522 homes, and bring 70 buildings back into use with an £80-million private investment.

The success of this Conservation Area Partnership Scheme and other conservation-led

regeneration projects prompted a review of the mechanisms and funding for built heritage, stated Dr. Pickard. Accordingly, the English Heritage CAPS program was replaced in 1999 by a new scheme called Heritage Economic Regeneration Schemes (HERS). This still covers conservation areas and is based on matching funds with local authorities; these monies are aimed directly at deprived areas (urban and rural) that have not benefited from other conservation-led funding. The HERS grants concentrate on neighbourhood businesses, high streets and corner shops and employment generating activities to benefit community life and prosperity, where area-based assistance for building repairs and enhancement will help retain local employment, provide new employment and encourage new investment. The HERS also provide grants for regeneration including reuse/rescue of historic buildings, and environmental improvement and management costs based on an assessment of an area's needs. They also aim to foster reoccupation of under-used floors above high street properties and elsewhere through living-over-the-shop (LOTS) grants as a way of bringing back people to live in town centres. This has been further encouraged by a reduction of VAT (value added tax) on residential conversions from 17.5% to 5% and 100% capital allowances on costs. English Heritage is monitoring the funding of HERS to ensure its investment obtains a minimum ratio of 1:4 in relation to further funding.

He said that another major development is that of the funding provided by the Heritage Lottery Fund (HLF) — one of the six good causes derived from the National Lottery. Since 1994, it has provided a staggering £1.5 billion for heritage, with £450 million of this given to historic buildings and sites. Initially, the support from this source was for assets in public hands or owned by charitable/non-profit making organizations. Since 1998, the lottery fund has operated the Town Heritage Initiative (THI) program, which builds in a more general way on CAPS as compared to HERS grants which are aimed at the deprived areas.

Support is provided in a similar manner: for repairs to the structure and external envelope

of historic buildings, bringing vacant floor space into use, filling gap sites with good quality structures and harmonizing new buildings, repair and authentic reinstatement of elements lost from urban parks, historic surfaces and other "public realm" townscape features, including those which define historic public spaces in a positive way (such as walls and railings), using appropriate materials. As with the HERS, the THI grant scheme is tailored to the particular needs of an area. The essential factor, however, is that the Town Heritage Initiative is intended to enable partnerships that will contribute to the economy, sustainability, vitality and confidence of the community concerned — in short, to ensure that investment in the heritage does pay back.

Dr. Pickard also briefly mentioned the role of maintenance and maintenance strategies. In Europe, he said, there is an increasing emphasis upon regular maintenance of the built heritage as opposed to costly repair and major restoration projects (which can result in a loss of authenticity). The *Granada Convention* emphasizes the need for this and — in terms of the great challenge for the built heritage in Eastern Europe — it is being encouraged in the reform of legislation and heritage administration. A major research study now being developed, involving a consortium of heritage organizations, conservation authorities and universities across Europe, will test and develop the effectiveness and merits of such strategies. He said that the experience in the Netherlands (28 years) and in the Flanders part of Belgium (11 years) through the *Monumentenwacht* (Monument Watch) organizations operating in those countries will be the starting point.

Monumentenwacht were set up to encourage owners of historic buildings to undertake regular maintenance, by offering the possibility to subscribe to a yearly check-up of their building. *Monumentenwacht* inspectors examine a building and subsequently give the owner a report on the technical state of the property. The owner can thus decide whether to restore or just to repair or maintain the building. The reports are accepted as technical proof of the need for grant assistance when an application for a grant is received (in both countries).

Moreover, in the Netherlands there has been constant support for heritage in terms of financial assistance, mainly through restoration grants, but the emphasis is soon to change in favour of maintenance grants. Both countries also provide some tax relief for "approved works" to cover some shortfall.

Dr. Pickard said that the Netherlands has an exemplary loan system through the *National Restauratie Fond* (National Restoration Fund) that has operated for more than 30 years and at a very low rate of interest, currently 1%. However, he said these are examples of where the conservation argument has been won — it is not just a question of pure economics.

In concluding, he said that, in Europe, investing in heritage does pay. However, it is important that heritage is not considered in isolation from other aspects of the built environment. "Conservation-led regeneration, giving some form of priority to heritage in land-use planning and economic development/regeneration strategies can have significant effects — to the benefit of the community in social, economic and cultural terms," he said. In order to achieve such goals, it is important to tailor packages and programs that will bring about partnership and sustainable activity. Dr. Pickard said that it is clear that if the right circumstances are created, then an initial injection of public funding for heritage can bring about significant additional funding from the private sector and also other public sector agencies. The results can be beneficial not just in terms of saving heritage for future generations through repair and reuse, but also from a wider aspect of more jobs, more homes, an improved environment and, therefore, better places to live and work.

DISCUSSION/QUESTIONS

Dick Evans (Quebec Anglophone Heritage Network) asked how to obtain all the reports mentioned.

Rob Pickard informed delegates that most of the reports are available in England and some may be found through the English Heritage Web site (<http://www.english-heritage.org.uk/>). —[Ed: A reference list follows at the end.]

David Hanna asked about the Royal Photographic Society's mission to document all of the historic sites in the U.K.

Rob Pickard said that English Heritage runs the database now for 360,000 sites and it will have access to all the information about each individual listed building, as well as photographic information.

Graeme Duffus (Nova Scotia Heritage Trust, Halifax) noted that the talk had not emphasized the environmental soundness of reusing buildings. He said that the demolition of a building results in much landfill waste, although the fact that landfill costs are now becoming prohibitive for developers might prove to be advantageous to the heritage movement. He also said that renovating buildings is much more labour-intensive than building new, and therefore creates more jobs. He suggested these facts could be used as an argument for heritage preservation.

Rob Pickard replied that, in the U.K. experience, while the traditional craft skills for working with certain types of materials are being lost due to the changes in building techniques in the past century, training is now available, and new jobs are being created because of the work associated with historic buildings.

Jacqueline Hutchings (City of Saskatoon) asked whether any of the U.K. or European programs were for adaptive use in the rural areas.

Rob Pickard answered that partnership programs in the U.K. — CAPS (Conservation Area Partnership Schemes), HERS (Heritage Regeneration Economic Schemes) and THI (Townscape Heritage Initiative) can be applied to rural settlements as well. Some larger villages and market towns would be assisted in this way. In Germany, he said, the programs are much more for historic centres, while in France historic districts and towns are supported through their rehabilitation process.

Patrick Frey (B.C. Heritage Branch) wished to know where the leadership comes from for the public side of the funding in these programs.

Rob Pickard explained that in the German example it was the national government that established the funding program, because its 16 states have individual protection programs. In France, which is very much a centralized state, there is a national housing rehabilitation agency which supports much of the work in these planned housing improvement areas in historic districts. In the U.K., the focus has come very much from English Heritage, which is independent from the government, but is a statutory agency. Through the CAPS programs, it has developed other programs. The national lottery has also been a source of initial public funding that encourages other partners to be drawn into the process.

Robert Lemon (Vancouver architect) enquired as to what extent Grainger Town was originally a neglected area faced with social issues such as crime and vandalism, and how they were dealt with as part of the economic regeneration.

Rob Pickard responded that one of the aspects of U.K. cities is that people do not tend to live in a city centre, apart from London, and that this is very different from the European example. In the U.K., the situation of shops becoming empty, upper floors not being used, and city centres being empty of people at night created the possibility for crime and raised other safety issues. The focus has been to re-orientate, by bringing people back into the centre, and creating private and social housing, and encouraging the night life with pubs and restaurants and cinemas, so that there is activity going on all the time, he explained. With these gradual changes, the problem has disappeared.

Michael Kluckner (outgoing B.C. Governor, Heritage Canada) summarized the presentation by saying that the integrated approach that the European countries have taken to recognize social and cultural benefits, not just economic benefits, has been crucial to their success, and also, that there is an ongoing role for the public sector in the preservation of heritage.

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SESSION 3: HOW PRESERVATION PAYS IN THE UNITED STATES

TOPIC: Drs. Listokin and Lahr have conducted pioneering research in the economics of heritage property conservation, historic sites, heritage tourism and the voluntary sector. Based in New Jersey, their research offers important findings in the larger U.S. context, with potential lessons for Canada.

PRESENTERS:

Dr. David Listokin and Dr. Michael Lahr, Professors, Center for Urban Policy Research, Rutgers University, New Brunswick, New Jersey

David Listokin talked about the techniques, advantages and limitations of examining the economic impact studies of historic preservation, based on work he and **Michael Lahr** have done and are doing for the U.S. federal and state governments.



He explained that these studies were being done for many reasons. First, he said, there is a broadening of the value of preservation. In the early 1800s, the focus was mostly on preserving the great monuments in history such as Mount Vernon because that was where George Washington lived. Over time, this broadened from historic value to include architecture as well. In the 1920s, the Society of Preservation of New England Antiquities, for example, started to preserve architectural gems in New England. More recently, there has been yet another broadening to looking at preservation with respect to its impact on community and economic values. For example, the decision to create a landmark of the Penn Grand Central Station was as much a reference to the tourism benefit as to its architectural and historical value.

A second reason is that preservation is a much more prominent activity than it used to be. Thirty or forty years ago in the United States, it was more ad hoc. Today, on a number of fronts, it is much more active. For example, the U.S. National Register was formed in 1966 with a handful of listings. By 1968 there were

1,200 listings, and today it is approaching 70,000 listings, with one million "resources."

Also, the review procedures, as prescribed by the *National Historic Preservation Act*, went from five procedures in 1968 to 50,000 in 1997. Local historic commissions have risen from 100 in 1966 to more than 2,000. In tandem, there has been a change in the federal tax policy as it affects preservation. Historically, it discouraged preservation. In the late 1970s, tax credits were introduced for investment in landmark properties. Such investment went from \$140 million in 1978 to cumulatively more than \$19 billion today.

Dr. Listokin said that among other reasons to study the economic impact of preservation are the cut-backs on various preservation fronts: the decrease in the federal tax credit from 25% to 20%; the increasing devolution of preservation activity from almost a sole focus at the federal level to state and local levels, where budgets are tighter and their tax credits are correspondingly lower; and the growing sophistication of economic input and output modelling.



He also provided examples of preservation economic impact studies in the United States. An early study, done by the Advisory Council for Historic Preservation, looked at property values in four neighbourhoods. There were also a number of sister studies that go back to the 1970s. These studies were important because they started a discussion in this area, he said, but they were limited geographically, substantively and technically. A number of modern studies have widened the focus, for example, an analysis conducted in the state of Virginia which expanded the work geographically to the whole state. The study also increased the scope substantially by looking at such activities as heritage tourism and historic rehabilitation, and it enhanced the work technically by using an economic model, although it wasn't specifically calibrated for historic preservation.

Dr. Listokin said their New Jersey study expanded the state of the art further. It was a calibrated, specifically targeted model for looking at the economic impacts of historic preservation. Substantively, it added property values and other aspects. There has been further expansion through a number of other state studies. The Texas analysis looked at the economic impacts of the Main Street program in the United States.

In parallel, there have been some important federal studies and activities. For example, the federally sponsored conference at the Brookings Institute looked at various economic models and how the historic preservation community could use them. He said that the good news is that it didn't make much difference which model was used. They all pretty well showed the same outputs. The U.S. National Parks Service has sponsored software so that the economic analysis would be done on a regular basis.

[Dr. Lahr demonstrated this software at the end of the session.]

Dr. Listokin then reviewed the contents common in preservation economic impact studies. Typical components include historic rehabilitation, heritage tourism, operations of historic sites and museums, Main Street programs, and property value impacts. The data needed to address these components respectively are building permits and historic registers, travel surveys, organization budgets, program data and assessment values.

He used their New Jersey economic impact of historic preservation study as a specific example. It showed that annually there was about \$123 million in historic rehabilitation, 9.1 million adult heritage travellers who spent \$423 million, plus an additional \$25 million in spending by historic sites and organizations. This spending data was then entered into an economic model which generated outputs at the national level and what it means to the entire national economy as well as to the New Jersey portion of the economy.

Different economic outputs such as jobs, income, wealth creation, gross domestic product (GDP), and taxes generated were then examined.

For example, nationally the \$123 million in historic rehabilitation resulted in 4,600 jobs, \$156 million of income, and taxes of \$41 million. For New Jersey, this resulted in 2,316 jobs, \$81 million in income, and state taxes of \$7 million.

To look at historic rehabilitation or improvements to the heritage building stock, Dr. Listokin said the 566 municipalities in the state were divided into four modules: urban, mature suburb, developing suburb and rural. Then data was obtained on how much new construction, how much rehabilitation, and finally how much historic rehabilitation was taking place in each module. For example, in the urban area in 1994, \$159 million was spent in new construction and \$404 million in rehabilitation. By sampling some proto typical communities in each of these modules — looking at building permit records and matching them to the block/lot numbers to locate historic landmarks — it was estimated that \$38 million was spent in historic rehabilitation. It showed that rehabilitation in the more mature communities is a very significant component of construction activities, and that historic rehabilitation is a significant part.

This estimate of construction activity then had to be “deconstructed” into data that the economic models need. The \$123-million annual New Jersey total adds no meaning to the model, so Drs. Listokin and Lahr looked at \$100 million worth of historic rehabilitation separately. First, housing was divided into different types — single family, multi-family, non-residential, civic, institutional — and into different categories of communities. It was further broken down into wood versus masonry buildings, standard site work versus expensive site work, doors and windows, etc. The actual components of construction were judged according to a consistent scale from the Construction Systems Institute. All this enabled the professors to calculate the break-out of the dollars spent, the allocations into these categories as well as the breakdown of labour versus materials.

For example, for the \$100 million worth of rehabilitation, the model estimates what were the direct initial effects, the multiplier or in-

direct effects for jobs, income and GDP. Specifically, it showed a three-to-one multiplier effect from the initial rehabilitation activity.

This procedure was similar for the other components of the study, such as heritage tourism. The level of heritage travel, the different types of trips (day, overnight), the spending on these trips (according to amount spent on lodging, car rental and food) were identified and this data then fed into the economic impact model.

Dr. Listokin said that it is instructive to look at these numbers and that the historic preservation community “needs to come to the economic table.” Heritage groups need to look not only at the architectural and historic and aesthetic values of preservation, but also to be able to think in terms of economic numbers while at the same time not losing sight of the core value. He warned that heritage preservationists do not want to be in a position where historic preservation is considered *versus* economic development, but rather where preservation *and* economic development are considered together, and then to muster the numbers to prove both possible.

He gave the federal historic tax credit as an example of policy analysis and the type of analysis that needs to be done. A 20% tax credit is given for investment in income-producing non-residential property. In 1995, there was \$469 million worth of that investment and it cost the federal government 20% or a little under \$100 million. There has been debate about whether the credit should be more or less. He said that it would be useful to bring to the table these types of analyses and be able to say it cost \$100 million, but it also generated economic activity with respect to 16,000 jobs and subsequent wealth creation, as well as more than \$100 million in federal taxes.

Although any economic activity would be generating these numbers, the heritage preservation community cannot avoid doing these analyses. Dr. Listokin said that the people who are battling for the dollars already have the numbers readily at hand, whether it is the

highway construction community or some other group. They have these models and produce these numbers, and to be on an equal plane, the heritage preservation community must think along these lines as well — while not losing sight of its core value.

There are some disadvantages to this type of work, acknowledged Dr. Listokin. The models are inherently complex. It can be challenging to assemble data. The models are most accurate at the macro-scale (such as the impacts at the national level) whereas most of the interest is local. Unfortunately, most of these studies are only done once and put on a shelf. And, he said, perhaps the trappings of preservation are being measured without, necessarily, its core — for example, looking at the preservation of Grand Central Station purely from a tourism viewpoint without considering a quality-of-life benefit.

Dr. Listokin said that while there are limitations to these economic models, they are always being improved. He added that he and Dr. Lahr are working on developing a software program so that these impact studies could be done routinely. Dr. Listokin emphasized the importance of using them on a policy basis so that, when talking about tax credits and property tax abatements and other ways to encourage preservation, the economic benefits can be identified.

He said he hoped that, in time, “we will begin to measure the quality-of-life linkage back to an economic base. There are ways to do that.” He cited the example of high-tech workers taking less salary to leave California and move to Seattle because the quality of life was better. He wants to ultimately measure what it is about historic preservation that attracts people to move. “In time, we will develop the tools to measure the core values of heritage preservation, just as we have done with the more readily identifiable impacts.”

Dr. Michael Lahr then demonstrated for the conference participants software of an economic model developed by the National Parks Service, National Center for Preservation Technology and Training (NCPTT).

DISCUSSION/QUESTIONS

Brian Anthony opined that this kind of research needs doing at the federal and provincial levels in Canada. As well, local heritage organizations need to develop the capacity to apply it, so that when they go to city hall they can counter some of the claims by developers who want to tear down heritage buildings. He added that even some rough economic impact data would arm the grass-roots heritage organizations across the country considerably.

Dr. David Listokin explained that, while theirs was not an absolutely calibrated model, he and Dr. Lahr tried to balance something that would stand on its own from the economic modelling, although they did use some general values and default values. "It is a valuable tool and it will improve over time as a better database develops that better defines the parameters of the deconstruction."

Judith Higginbotham (Surrey, B.C.) wished to know how delegates could obtain this National Parks Service economic impact model software.

Dr. David Listokin advised her to contact the NCPTT for the software CD. It might also be available he said, as a download from the Internet.

Judith Higginbotham asked whether the information from the software model encouraged the private sector to put more money into heritage preservation.

Dr. David Listokin replied that most of the private sector is more motivated by profitability analysis of an individual building or project than an overall economic analysis. The model was probably more useful to the public sector, such as local historic commissions, economic development commissions and planning agencies, since it showed outputs like taxes. "Maybe the private sector doesn't want to hear how much tax it is paying, but it is instructive to know that taxes are being generated which help offset some of the costs," he said.

Christopher Borgal (Architectural Conservancy of Ontario) was interested to learn whether the professors had collaborated with other organizations such as R.S. Means in the U.S., which is a quantity surveying firm that keeps extensive databases of construction costs.

Dr. Michael Lahr answered that they initially collaborated with architectural and other cost-estimating firms, and that they had been pursuing this avenue, however, the proprietary nature of some organizations often precludes them from collaborating.

Dr. David Listokin added that they hoped they would be able to collaborate on a smaller geographical scale. With access to more people who are doing modelling, such as developers and people who do funding, then the data input will improve.

SESSION 4: HERITAGE TOURISM, PRIDE AND PROFIT

TOPIC: Innovative approaches to heritage tourism are discussed as well as how to improve our understanding of its economics.

PRESENTERS:

Maryse Tellier, Director, Société internationale des entreprises Économusée®

Brad Ruth, Assistant Director, Culture and Tourism, Statistics Canada

Maryse Tellier spoke about a new private enterprise that combines both economics and culture: an ECONOMUSEUM™. The word is used to designate a craft business that produces objects using traditional know-how, has a workshop open to the public to demonstrate how the craft is practiced, and sells its products on site.



Each ECONOMUSEUM™ is equipped with educational tools to explain its subject matter, including exhibits of traditional objects, presentation of contemporary works, and a documentation and records centre. The workshops for visitors conserve a living heritage — “an ingenious way to pass on a ‘heritage that earns its keep’ through craftspeople who constantly re-invent it and so ensure its profitability.” It is an innovative way of developing high-quality business, scientific and cultural tourism.

In 2001, the ECONOMUSEUM™ network included 36 businesses: 27 in Quebec and nine in Atlantic Canada. Each new craft shop that becomes an ECONOMUSEUM™ must finance its operations by the sale of its products, but may have received technical and financial assistance for business start-up. Network participants also receive publicity and their products are promoted to a large number of tourists and potential clients. Artisans are able to meet and learn from other members at regional annual meetings or through the Network’s twinning program.

ECONOMUSEUM™ businesses create a wide variety of food products such as cheese, honey, apples and oysters, as well as beer, wine and whisky. Arts and crafts products include paper,

dolls, schooners, vitrified glass, flowers, pottery, violins, ceramics, stained glass, woven goods and pewter.

These businesses received more than 825,000 visitors and added \$15.4 million to the economy in 2000. Of the more than 325 current artisans, 60% are permanently employed, 24% are seasonal and another 16% are hired as needed. In its first year, ECONOMUSEUM™ created eight full-time jobs and 40 seasonal jobs; by its fourth year, there were 55 new full-time jobs.

M^{me} Tellier outlined the strict selection criteria that were put in place to ensure that an ECONOMUSEUM™ is successful and that the network is effective. To qualify, a business must:

- be a private enterprise that has been in operation for at least one year and generates more than \$60,000 per year;
- operate year-round and be open to the public for at least three months each year;
- use a traditional technique or know-how to create high-quality products;
- demonstrate an interest in receiving visitors;
- have a location on or near a tourist route;
- provide space, or show intention to do so, for the ECONOMUSEUM™ that will accommodate 50 visitors at a time;
- have a site and buildings that are safe to receive visitors.

A four-year study of 20 businesses in the ECONOMUSEUM™ network showed that the concept was a successful strategy for the preservation, transmission and dissemination of traditional crafts and techniques. With its specialized role within the cultural tourism industry, the ECONOMUSEUM™ network provided greater value in terms of research opportunities, new tourism experiences and the showcasing of certain products.

M^{me} Tellier explained that the constitution of the ECONOMUSEUM™ network in Quebec and Atlantic Canada permits the preservation of traditional crafts and techniques in an authentic environment — a heritage that is particularly vulnerable — while providing current and future generations an opportunity to

acquire the knowledge of such heritage. She said it will foster in young people a greater appreciation of heritage and encourage more visits to other heritage sites. She added that local communities also benefit by the association with the network and many display the new ECONOMUSEUM™ symbols. In the next five years it is expected that Economuseums will increase as follows:

- 50 in Quebec
- 20 in Atlantic Canada
- 20 in Ontario
- 10 in the Prairies
- 10 in British Columbia and Yukon

Further information can be found on the Web site: www.economusees.com

Brad Ruth talked about the role of cultural tourism, the definition of built heritage, related data availability, latest trends in cultural tourism (broken down into geographic areas),



latest trends for heritage institutions, the need for a strategic research plan, examples of data needs as well as challenges and priorities, and the role Statistics Canada can play in all this.

According to the Heritage Canada Foundation mandate, built heritage includes nationally significant historic structures such as buildings and canals. The Culture Statistics Program (CSP), however, defines historic sites or structures as buildings, parks, or communities that have been officially designated as being of unique historical value by one of the three levels of government. Furthermore, they must be maintained, protected and made accessible for public viewing, usually with plaques or monuments highlighting the events or persons of particular interest. Historic communities include pioneer villages, restored aboriginal settlements or fortifications. The CSP surveys about 450 historic sites in Canada.

Statistics show that many tourists are drawn to Canada by the performing arts, festivals, museums, art galleries, archaeological sites,

and other built heritage, or simply by Canada's wide open spaces. Domestic and foreign tourists provide significant revenues to culture. Culture tourism contributes directly to improving Canada's performance in the tourist market. Many businesses respond to these growing markets by developing new products and specialized activities.

Three components of the culture tourism market as defined by the CSP are the domestic market (made up of Canadians actually consuming products within Canada), the U.S. market, and the overseas market that includes everyone else. Latest trends show that in 1999, culture spending by tourists in Canada reached more than \$1 billion, representing about 3% of tourists' total expenditures.

Mr. Ruth mentioned that the Culture Statistics Program is also involved in modelling, as discussed by Drs. Listokin and Lahr. The CSP uses the Canadian Travel Survey and the International Travel Survey to look at what activities people participate in. The drawback to this is that expenditures are not directly indicated as most vacationers take part in multiple activities, such as visiting a historic site, watching a performance or attending a festival. Nevertheless, he said this model could probably be taken a little further so that the actual built heritage component could be examined. His conference presentation, however, focused on cultural tourism and direct expenditures, not indirect ones such as travel, eating and accommodations.

His statistics showed that while culture spending was increasing 7.6% annually between 1996-99, the market share of the total spending remained more or less stable at 3% over the same period. Culture spending by Canadian tourists, accounting for almost \$400 million or 37% of culture spending by all tourists (domestic and foreign) in 1999, increased about 8% annually between 1996-99. Excluding local attendance, Canadians are now the second largest tourism market after the U.S; American tourists accounted for \$411 million, or 39% of the total, with overseas visitors accounting for the other \$247 million (or 23%) in 1999.

In 1999, Canadians took almost 143 million trips (half of which were overnight trips) relating to culture activities. Although the number of trips grew marginally (1.5% annually), spending on culture activities grew much more (6%). He said that this could be due more to inflation than growing participation as the number of culture activities for which they participated also grew by only 2.8% per year.

Mr. Ruth noted that Canada is an increasingly popular international destination, ranking 8th in the world in terms of arrivals. This was up from 9th place in 1998. American same-day and one-or more night trips to Canada reached almost the 44.6-million mark, representing 16% or a 3.8% annual increase over 1996. These are the highest levels ever seen in the International Travel Survey. Americans took almost 30 million same-day excursions to Canada in 1999, 15% more than in 1996. Over the past decade, increasing numbers of American travellers have been coming to Canada to see cultural events and attractions with the number of cultural activities visited reaching more than 61 million, a 17% increase over 1996.

The number of overnight trips to Canada from overseas countries in 1998 dropped 8% below the 1996 figure, but still represents a 5% increase over 1997. More than 9 million culture attractions or events were attended or visited in 1999, representing a small decrease over 1996. Canada's traditional markets remained relatively flat as poor economic growth and depreciating currencies slowed tourism traffic.

Mr. Ruth did speak about some heritage statistics. Currently, not-for-profit heritage institutions number more than 2,350. The museums, art galleries and related institutions are recognized as a repository of objects of cultural and scientific interest. He said that it is probably due to a higher and better education that Canadians are increasingly more interested in museums, art galleries and related institutions as evidenced in the rapidly growing number of institutions.

Stressing that heritage institutions serve the collective memory of the nation, Mr. Ruth added that public spending for heritage institutions

in Canada represents more than one billion dollars. Heritage institutions have become concerned about the limited and diminishing resources available to preserve Canada's past. Availability and access have been the goals of museum policy for many years. The most often-cited area of concern, he said, is a need to establish effective research collections and improve public access.

A survey of heritage institutions conducted by the CSP showed that between 1991-92 and 1997-98 operating revenue per institution from unearned sources decreased 7%. Capital expenditures per institution were reduced by 35% between 1991-97. Heritage institutions report attendance figures dropping somewhat, with average attendance per institution being eroded by 12% during the 1991-97 period.

Mr. Ruth talked about the need for a strategic research plan for the built heritage sector. The Culture Statistics Program is looking at developing an accounting framework for cultural industry so its performance can be compared to other industries, such as tourism transportation. Built heritage is a very complex sector to work with because there is not just an economic impact, but also a social one, in that by preserving heritage and building up an area's respectability, such things as the crime rate could be decreased.

Mr. Ruth spoke about the need to collect and analyze a wide range of data and information. The model as discussed by Drs. Listokin and Lahr is only as good as whatever data sources you have for information. He said that this is also true for built heritage. "Even with the surveys CSP has conducted and the way tourism is measured, there is more that CSP can do to illuminate the picture for economic impact," he said. Data is needed to describe various dimensions and characteristics of built heritage activity as well as data relating to the various functional activities associated with built heritage.

Some examples of specific data needs and analytical components might include: economic impact analysis; financial analysis (operating and capital spending, assets and liabilities);

labour market analysis; funding (public and private support); infrastructure analysis (type, quantity and location of institutions); deficit analysis, technology; regional profiles, and consumer demand.

The challenge, he continued, is to develop an effective integrated data retrieval process as a strategic planning tool. There is a need to identify and prioritize data and information because heritage officials indicate that their needs far exceed whatever money is available. In developing a plan, it is almost as important to identify the priorities associated with it, he said.

Developing an ongoing research program that would foster a better understanding of the issues and concerns of the built heritage sector is also needed. He again said that heritage tourism is a very complex industry and that “even some of these numbers that CSP tries to put out don’t do justice for the program in itself.”

Another need is to develop a strategic data and research plan to remedy information gaps. There is more information that could be collected. StatsCan may already have existing surveys that can help, he said.

Mr. Ruth explained that Statistics Canada can provide data on a number of surveys relating to built heritage (data mining); develop an ongoing research program that would foster a better understanding of the issues or concerns of the built heritage sector; participate in the development of a research plan; develop concepts, definitions and methodologies of built heritage indicators (e.g. economic, financial, social and others); and develop and implement a survey of built heritage institutions (e.g., supplement heritage survey).

He concluded by saying that the CSP is currently working with the Department of Canadian Heritage on an overall initiative to improve the Cultural Statistics Program, and he encouraged Heritage Canada and everyone else to make their needs and desires known to officials.

Mr. Ruth provided a list of StatsCan contacts which can be obtained from Heritage Canada.

DISCUSSIONS/QUESTIONS

Rick Austin (Mayor, Port Hope) asked why some statistics show a drop in volunteers when interest in heritage seems to be growing.

Brad Ruth stated that this was not known, but he would go back and do some further analysis. He suggested that sometimes the information is volatile given the nature of the survey and that 8,000 fewer volunteers may not be significant. He added that some volunteerism in this area may have declined with the increasing choice of volunteer activities.

John Lairaway (Toronto) asked why the CSP definition of built heritage is so narrow, and why it does not include railway museums.

Brad Ruth answered that many of the CSP concepts and definitions are developed in cooperation with the user, and there is an excellent opportunity right now to change its limitations as the standardization of definitions will soon be reviewed. The built heritage definition used today is the one generally accepted within the user community. However, StatsCan is an organization with many partners involved in the CSP, including NGOs, the provinces, local governments, etc., and they will all be working together over the next few years with users such as Mr. Lairaway to develop a consensus and define what belongs in the culture framework.

Trudy Cowan (Chair, Heritage Canada) agreed that there is a need for a strategic research plan for built heritage and that the definition of heritage institutions that CSP uses is narrow. She suggested that it would be useful to apply a built heritage lens to some of the statistics that CSP already gathers. Rather than just looking at the people who go to an institution or event, it should include those people who go to Québec City to simply walk down those historic streets or who go to Fort MacLeod or some other small heritage community simply to be there.

A second issue was to try and find out whether it makes a difference to those attending cultural events, such as the theatre, whether they are attending a performance at the Elgin and

Winter Garden Theatres rather than at some big-box modern theatre.

Anne Edwards (British Columbia) remarked that in her experience with the Canadian Museum of Rail in Cranbrook, receiving grants was not a problem and she understood it was included in the statistics as built heritage. She asked for a clarification on the statistics that showed unearned revenue for heritage institutions going down.

Brad Ruth replied that the percentage of total revenue had shifted slightly so that the percentage of public (government) contribution has been decreasing for the last few years, while the share of revenue from the private sector has increased through sales at boutiques, eateries and movies at heritage sites.

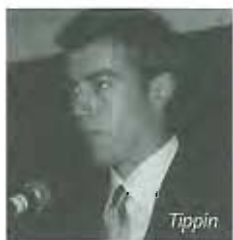
SESSION 5: INSIDE THE HERITAGE PROPERTY BUSINESS

TOPIC: One of Canada's most enterprising developers of heritage property presents case studies and shares his perspective on this growing part of the real estate sector.

PRESENTER:

Michael Tippin, *Chairman, Tippin Corporation, Toronto*

Michael Tippin spoke about the business of saving heritage properties and shared some first-hand experiences about how he makes money in the world of heritage preservation.



By way of background, he said that Tippin Corporation was formed in 1997 with the sole purpose of acquiring and developing heritage properties. While his early motivation was making money with little regard for purpose or form, he sees his move to profitable culturalism as a terrific trade-off. He said that Tippin Corporation has given him a way to blend his passion for historic urban real estate with the thrill of creating wealth and, in turn, making a significant cultural contribution to the neighbourhoods in which he operates.

During the past four years, he has acquired 12 heritage properties, which today have a current market value around \$50 million. These include two heritage hotels currently under restoration not far from the conference site. He said that at Tippin Corporation, there is a team of professionals and specialists in the field of heritage preservation who work for the love of it, not just for the money.

So far, he has found heritage restoration to be a very profitable business. However, he said, it is a risky business with huge barriers to entry and huge pitfalls. "It is much easier to lose your shirt repositioning heritage properties than it is any other kind of real estate. However, if you understand the risks, put your heart into it, then the rewards in restoring heritage properties are greater than in any other sector of the real estate market," he said.

In discussing the business of owning and restoring heritage properties, he highlighted

some of his buildings in the Old Town, specifically in the St. Lawrence Market, where he has a significant interest in some landmark properties.

Using an aerial photo of the St. Lawrence Market in the Old Town, Mr. Tippin showed the mix of old and new buildings, the proximity to the financial core, and said that basically four property owners control the whole neighbourhood, and essentially this allows them to make a difference in this community.

The properties he has acquired, restored and continues to own are on most of the key corners in the St. Lawrence Market: the Flatiron Building, which is the flagship of the neighbourhood; the Market Block Building at 65 Front Street East; the liquor store building; the Colborne Block; and the corner of King and Church, which is currently being restored.

Mr. Tippin admitted that E. J. Lennox is his favourite historic architect in Toronto, and he is proud to own the Milburn Building at 47 Colborne Street that was built by Lennox in 1886. During the peak of the market in 1988, the building was bought for \$10 million but, with the downturn of the economic cycle, he was able to purchase it in 1997 for only \$2.9 million. He said that at that time the property was half-empty and dilapidated. There were retail stores going broke and offices that had been left vacant. However, Mr. Tippin said, "the bones of the building were in very good shape," thanks to structural work done in the 1970s, when the seven buildings were joined.

He spent \$600,000 doing the restoration and repositioning the tenants, getting the income back up to where it should be. The timing was good; in 1997 the market was improving, the demand for heritage properties was increasing. He was able to market the building to smaller tenants who were looking for an alternative to business centres or to small facilities in the core. In 1999, just under two years later, he syndicated the property to a U.S. investor for \$4.5 million. In about 21 months, he had made \$1 million.

This is typical of the repositioning strategy that was available in 1997. Mr. Tippin said it was then that he realized this could become a business and looked for other properties in this area.

He described himself as an opportunist looking for buildings that were aesthetically appealing in good, emerging neighbourhoods with redeeming architectural characteristics that would provide a significant return on investment.

The next property he bought was the Leadley Building at 87 Front Street East. It is one of the older buildings in the neighbourhood. Edward Leadley built it around 1848 with an addition in 1865. It has been a liquor store for the past thirty years. He said that this property went through the peak of the real estate cycle, and had been bought and sold several times. When it came onto the market again in 1996, the building was in poor shape as the brick was soaked from water leaking from the roof. But, he said it is a high profile building that everyone in the market walks by every day.

When the liquor store decided to move, he recognized an opportunity to reposition this building — although it did take two years before the vendor accepted his price of \$1.6 million. Another \$600,000 was spent to restore and reposition it so that the liquor store would stay.

He said that rather than slapping on prefab aluminum dormers, fascia and eaves in a few weeks, he spent the whole summer restoring it properly in wood, and that now "the building is a little gem." In September 2000, it was syndicated for \$3 million to an Australian-based investor with about \$800,000 profit for Mr. Tippin.

In November 1998, he focused on the Market Block Building at 65 Front Street East. It was built around 1872 and sits kitty-cornered to the Flatiron Building. He paid \$2.6 million for it. Although it is not the most attractive building, because of a very muscular industrial structure, it does have some interesting features such as top-and second-floor offices

with unobstructed views of the financial core and natural light all day long. So he went after design and media tenants who prefer natural light and a warm, open feeling. It cost about \$700,000 to reposition this building.

Mt. Tippin explained that the key to marketing heritage properties is to expose their natural characteristics. In the case of the Market Block Building, where the main floor was solid concrete, he had two choices: put in a sub-flooring and carpet, or jackhammer through the concrete (though this second option would be more expensive). The latter was worth it as he found the original floor was made of pristine 1872 wide pine planks. The building was syndicated to Israeli investors for \$4 million, creating a profit of \$700,000 in less than three years.

His next project was the Gooderham Flatiron Building, which was built by David Roberts Jr. in 1892. Located in the heart of the financial core, the Flatiron was the head office and showcase for the Gooderham empire.

In 1998, Mr. Tippin bought it for \$4.4 million. At that time, he said, the rents in the building were the same as everywhere else in the neighbourhood at about \$12 per square foot (psf) net. Because of poor marketing, this building was getting the same rent as others. So he cleaned up the building then marketed it as a very exclusive, high-end building catering to a small niche market. He said he knew some would pay for a boutique heritage office building with all the amenities. He spent \$1.5 million in restoration and repositioning, but was able to charge clients \$35 psf net. Although he invested about \$6 million, today it is worth about \$10 million.

"Buying and restoring heritage properties is profitable and worth doing, but there are very big risks," he re-emphasized. Marketing discovers the values in these kinds of properties.

One current restoration project is at King and Church streets — two of the oldest buildings remaining in the city of Toronto, dating back to 1841 and probably designed by William Thomas. He said this is his most challenging

heritage project. When a developer planned to demolish the buildings, he bought the site for \$1.5 million. The buildings only have 10,000 square feet and that was a problem. Mr. Tippin said that even if a nice restoration job is done, it would be difficult to make money because the buildings are too small. The project he is now pursuing is an 80-room hotel redevelopment that is needed in this area. He plans to retain the existing two buildings in their entirety and add a building with some two-storey suites that would integrate both. It will cost about \$8.5 million for the whole project, but he expects it will be worth \$13 million when finished.

The other current project is the infamous Gladstone Hotel at Queen and Gladstone streets, now called the Queen Street West Gallery District. It is Toronto's oldest operating hotel and was built around 1889 by George Miller. Mr. Tippin bought it for \$2.25 million in December 2000. The plan is to spend about \$1.25 million to reposition it with the theme of arts and music and restore it as a 60-room hotel and 326-seat bar/lounge. He said it is not just a building restoration, but a restoration of a business, of a district and a past era. Mr. Tippin said, "this is something Toronto desperately needs — a small, intimate heritage hotel." He expects to double his money or make about \$2 million on this project.

Mr. Tippin spoke candidly, saying that in order for Canada's built heritage to be preserved and restored, it must be profitable. "If heritage restoration projects are not financially feasible, the exercise becomes merely a hobby, not a business, and never reaches the critical mass necessary to make a lasting impact on neighbourhoods and cities," he said.

He added that much of our lost heritage to date has been the result not of cultural ignorance, but financial misunderstanding. It is people's lack of understanding that heritage properties can and do make money. In his experience, heritage properties can make more money than contemporary real estate.

He went on to say that during the past five years, a handful of developers in downtown

Toronto have made a lot of money repositioning and restoring heritage properties, and he feels they have done a terrific job, citing Allied Canadian as the best example. The company changed the entertainment district. They spent about \$40 million repositioning the King-Spadina area for a variety of tenants such as Indigo-Chapters, Nesbitt Burns, Alias and Mosaic.

Mr. Tippin said he first thought that simply raising public awareness would protect Canada's built heritage; that this would prevent further demolition of heritage landmarks. "I was wrong. It's not enough," he stated. Preservationists may wave the heritage conservation flag, tie themselves to buildings, write articles and build Web sites, but unfortunately, he stated, it really doesn't matter.

He emphasized that, "*the only way to save buildings is to own them* — that is the only protection we have in this city, this province, and probably in this country. We must put the buildings in the hands of the people who will protect them. If you own it, you control it."

He explained that the only way to own it in a meaningful way is to make it a business, and the only way to grow a business is to create new sources of capital to buy these buildings. Last autumn, Tippin Corporation introduced its Heritage Investments program, which is designed to provide investors with a way to directly own a piece of built heritage for as little as \$250,000. He suggested that this is something the heritage community in general needs to consider.

Mr. Tippin explained how the partnerships — syndication — are set up. Investors not only earn a competitive rate of return, but also effectively secure a building's future indefinitely. Syndication, he said, is only introduced when his buildings are stabilized, and have a rate of return and the development risk has been eliminated. His private investors include numerous partners from the U.S., Australia, Israel and Britain, but only a few in Canada.

He suggested that conference delegates need to ask private sector institutions and corporations

such as banks and life insurance companies, as well as themselves, how more financial resources can be allocated to preserving heritage. While trying to get a mortgage on the Market Block Building for an amount equal to 50% of the fair market value, he said seven out of 10 financial institutions refused, saying simply that they do not finance heritage buildings.

He also asked how many delegates rent heritage office space or modern office space. And how many own shares of Legacy Hotels, Canada's premier heritage hotel portfolio which includes the Royal York, Château Frontenac, Château Laurier, Hotel Vancouver, Hotel MacDonald and Hotel Queen Elizabeth? [Only a few hands were raised.] He asked why?

He emphasized that users of built heritage, the tenants, are the true preservers. The tenants make long-term leasing commitments, and that has been a significant financial contribution to Canada's heritage, particularly in the last five years. He said that the high-tech companies have been the single largest contributor to heritage restoration in Canada as they have saved more buildings than any other business sector in the past.

Although Canada has lost much of its built heritage, Mr. Tippin said that this loss has made what remains more valuable, and scarcity is what creates value. Toronto has seen a huge business opportunity because of that scarcity. Much wealth has been created through heritage restoration. For this to continue, Canadians must maintain their support of the efforts of heritage developers such as Allied Canadian, York Heritage, Cityscape, and others who are willing to take the risks. Government should not and cannot be expected to take those risks. It's not its job.

Mr. Tippin concluded by saying, "if Canadians really care about preserving their built heritage, we need to start using our wallets, not just our pens and voices. This is the only way to secure the future of our built heritage in Canada."

DISCUSSION/QUESTIONS:

James Calman (Brantford Heritage Committee) asked what municipal governments can do to help investment in heritage properties.

Michael Tippin felt that municipalities can help by not making mistakes when it comes to planning and zoning. He gave the City of Toronto credit for making "some terrific decisions in the last five years. The rezoning of King and Queen West Districts facilitated the gentrification of those neighbourhoods." He added that municipal planning groups and heritage groups across the country are doing a good job and not interfering with the private sector, and that needs to continue. "Frankly, I think governments are doing a good job," he added.

Jacqueline Hutchings (City of Saskatoon) wanted to know if there were any significant building code problems during redevelopment.

Michael Tippin asserted that, with an excellent team, "I have not had to get involved with that and have not faced any major roadblocks. The Code is fair and reasonable, and as long as you are not taking shortcuts, the city inspectors leave you alone."

Steve Barber (City of Victoria) asked what impact the proposed 20% federal Historic Places Initiative tax credit would have on Mr. Tippin's business.

Michael Tippin stated, "I do not want any tax credits. I consider them to be loans and one ends up paying them back at very high interest rates. One sure way to kill the momentum that we have in restoring and saving properties is to raise realty and property taxes, because the tenants who are really sponsoring the current renaissance in heritage restoration will leave if they feel they are being gouged." Admitting that tax credits work in the U.S., he said this was because it is more of a business than a restoration tool in that country.

Steve Barber then asked to what extent the permitted density for redevelopment, such as floor space ratios, influenced acquisition price.

Michael Tippin replied that it has had no effect other than at the King at Church project, where he had 38,000 sq. ft. of approved density but only 10,000 sq. ft. of existing building. The project would not have been viable just by renting 10,000 sq. ft., so he had to use that additional density. He said the project is a hybrid between heritage restoration and new construction in order to make it successful. On all of his other projects, he said, he has never paid anything for density.

Pat Malicki (Architectural Conservancy of Ontario) agreed that investing in heritage properties would help, but asked where one could find a listing of such investment properties.

Michael Tippin responded that this "socially responsible investing" could be done through a financial broker. "Tell him you are interested in having a portion of your portfolio specifically support heritage preservation and ask what companies he might suggest. For sure, he will come up with Legacy, but there are others," he said.

Louise Parks (City of Oshawa) was curious to know what city tools assist a developer. She said that Oshawa is looking at a renaissance zone proposal, a series of credits and loans, modelled after some successful ones in Canada and the U.S., but that she preferred eliminating development fees on conversions and rehabilitation projects.

Michael Tippin observed that every municipality has its own needs and own requirements, and few developers cut a project because of development levies. He said development fees are something that is factored in as a way of giving back to the neighbourhood, and that it was not necessary to get rid of the fees.

Brenda Shannon (vice-chair, Heritage Canada) expressed delight that Mr. Tippin had found "a unity between capitalism and built heritage, between profit and restoration, and is somebody who approaches it with an excitement and hardheadedness." She urged everyone to go buy a bank share, go to its annual meeting and ask why they are not supporting heritage preservation.

SESSION 6: ECONOMICS AND THE FUTURE OF THE OLD TOWN

TOPIC: Brief presentations on the history and heritage of Old Town Toronto, its economic and other values, various pressures, planning and other measures needed to conserve the Old Town.

PRESENTERS:

Lance Alexander, *Planner for the Old Town, City of Toronto*

Rita Davies, *Managing Director, Cultural Division, City of Toronto*

Pam McConnell, *Councillor for the Old Town, City of Toronto*

Barry Lyon, *Residential real estate consultant, Toronto*

Lawrence Altrows, *Professor, Ryerson Polytechnic University, Toronto*

Lance Alexander asked and then answered three questions. First, why is heritage conservation relevant to city planning? The fundamental exercise is to maintain, improve and manage growth in order to improve people's quality of life. Part of that is to ensure that there is a diversity of visual experience, and part is also to ensure layering of time in cities. There have been several books on this subject, written by Jane Jacobs and Aldo Rossi.



One of the fundamental things about creating vibrant, successful cities is making sure people's daily experience is interesting. Heritage conservation helps ensure a laying of time and place, and adds to this level of diverse human experience. It also helps create a sense of belonging and helps define the character and liability of cities. There is a strong link to economic development in terms of promoting good heritage, conservation and planning. Over the past decade, there has been more commentary about the nature of global competitiveness, but it is really city-to-city competitiveness that matters, not nation-to-nation. In a world where there is competition for skilled labour, it is important that Toronto is able to attract these workers. Making cities successful through such things as heritage conservation adds to that attractiveness.

Second, why is the Old Town important to the city of Toronto? It was the birthplace of



the city. It has a large concentration of second-generation heritage buildings, ranging from about 1830 to 1900. Historically, it was a place where several significant historical events occurred. Unfortunately, the public in Toronto is generally not aware of the history of the Old Town and this needs to be improved. Also, in order to invest in cultural heritage conservation, there is a need for financial resources, and the public sector is really strapped for funds. This is a challenge in trying to address some of the Old Town issues.

Third, how have planning policies contributed to promoting the Old Town? There is a system of zoning regulations that provides incentives to conserve, retain and restore heritage buildings. For example, in exchange for additional floor area, developers must agree to save the buildings in perpetuity under legal agreements with the city. Planners have also prepared a community improvement plan that lists capital projects that will be implemented over a lengthy period. It includes a number of heritage projects such as heritage interpretation and exterior lighting of heritage buildings. Through negotiations with developers, a capital fund of \$300,000 has been amassed to secure heritage interpretation in the Old Town.

Rita Davies explained that Toronto's newly formed cultural division includes the arts, heritage and museums. A year ago, city council asked her to create a culture plan for the next decade that would span the arts, creative industries and heritage. She said city councillors recognize that a lively culture and a healthy economy are like an equation: the more



one intelligently preserves the past, the greater the sense of one's identity and particularity.

"It is our heritage buildings and landscapes that will be the platform for the creative city of the future. It is Toronto's heritage buildings and neighbourhoods that make us unique in a world where most large cities are pretty much the same. It is the layering of history and the skilful putting together of the old and the new that makes neighbourhoods like the Old Town so successful, so vital, so energetic," she enthused.

While demolition of buildings in the Old Town was once a great threat, it has largely ceased as the advantages of adaptive use are understood and recognized. She gave the example of a memorable turning point in the 1970s, when a wrecking company bought and renovated the old Consumers Gas building on Berkeley Street, rather than demolish it. Today, it is still a part of the city's cultural community, functioning as a theatre. They understood, as others in the development and real estate community understand, that heritage isn't a frill or a luxury, she said, but that it makes sound economic sense, and that there is no better example of this than the Old Town.

Originally a residential community, functioning that had gone through several incarnations as an industrial and commercial centre, the Old Town has now regained its former role as a place where people live. In fact, "it is one of the most desirable communities in Toronto's city centre," she declared.

In highlighting the economic benefits, Old Town residents and businesses contribute to a thriving

local economy where arts, culture and heritage provide about 15% of employment. In addition, the 200,000 people who live and work there share in the city's contribution of \$8.3 billion to the nation's GDP. These numbers are from a study the city commissioned from Arthur Andersen, LLP. Furthermore, she said, Toronto's arts, culture and heritage matter to the rest of the world, as has been shown at this conference. "Heritage tourism is now recognized as a major part of cultural tourism. It's a growing industry worldwide and in Canada comprises 40% of the tourism market."

However, as development pressures mount, under-density sites predictably come under threat. The *Ontario Heritage Act* itself does not give the city tools to stop demolition. Ms. Davies said that city council can only encourage preservation through education and incentives, such as a heritage easement agreement. Better tools than this are needed and, as part of the culture plan, she is looking at policies that might better protect Toronto's heritage. Citywide policies must be established to enhance heritage preservation, and then a strategy for how to best use financial incentives such as heritage grants and a heritage tax-back program must be implemented.

To be effective, incentives need to be coupled with good development, otherwise heritage areas can quickly be overpowered by new buildings that are not compatible in mass and scale. It takes great skill to knit new buildings in with old, and the Old Town has some excellent examples, such as the King George Square.

Ms. Davies added that the implications of heritage designation and listing must be better explained to the public, saying, "what people don't know about they can't save".

Pam McConnell provided some insight from a political perspective on how to raise issues and how to bridge private business interests and heritage interests with city planning. Tourists coming into a city want to experience its architecture and history, and there is a potential dollar value to this. However, to bring this about, development is necessary not only



to preserve the buildings, but also to knit them together into a cohesive neighbourhood. The ideas of the planners, historians and cultural departments have to be brought into the realm of real estate and development, and into a metropolitan city government.

She described the Old Town as a dynamic neighbourhood of residences and businesses that are drawn together by the historic character of heritage buildings such as St. Lawrence Hall and Enoch Turner Schoolhouse. Not long ago, however, it was a very neglected area with many of these buildings slated for demolition, "so our historic pearls were both neglected and isolated from the city and from each other. We have only recently begun to string that necklace back together."

Ms. McConnell said few other neighbourhoods in this city have such a rich heritage; the Old Town's heritage identity draws people and businesses, developers and tourists who want to benefit from its distinctive environment.

The development of the heritage identity of the Old Town has been brought about by community members as they work and live in the area. "It is through their research and promotion that tourists and residents from other parts of the city have come to experience this particular area, whether to attend an event at the Enoch Turner Schoolhouse or simply do a walking tour to enjoy its history."

The city staff also has supported those community preservation efforts. One event where the city played an important supportive role was in the successful Doors Open Toronto heritage promotion event. Doors Open Toronto allowed ordinary people to peek behind the closed doors of many of Toronto's heritage buildings such as the Flatiron building, St. Lawrence Hall, the barrel houses at Gooderham and Worts (the first distillery in Canada), and the Don Jail. Ms. McConnell said, "once they see for themselves, people then are able to commit themselves to their preservation."

Still, there is a lot of heritage that has fallen behind. As examples, she explained that while Toronto's first city hall, St. Lawrence Hall, has been beautifully preserved, Upper Canada's first Parliament site still lies beneath a parking lot. And when residents and tourists walk from Enoch Turner's Schoolhouse to the St. Lawrence Market, they pass many vacant industrial shells or parking lots en route that detract from the community and its vitality.

Toronto's founders understood that problem in its infancy: the need to build a heritage and a cohesiveness and the costs that come with that need. When they bought the railways and eliminated the continuous strip of parkland along the lakeshore (the original one), they committed funding for new stretches of walks and gardens across the Old Town. Ms. McConnell noted that the Walks and Gardens Trust paid for new parkland for almost 100 years. However, in 1916, the city lost track of the funding and "they lost track of the goal also. We need to re-string those beads of history. We need to use the money that should be stored in the fund to stimulate the change that is necessary in the community." Efforts are currently under way to have city council set up a legacy fund to the Walks and Garden Trust as a mechanism for funding these kinds of improvements.

The results of the city's recent archaeological dig at Upper Canada's first Parliament site show that there are archaeological remains evident at the corner of Parliament and Front streets. City council is working both with the Ontario government and with the federal government to ensure that the site is protected and commemorated.

Speaking about public investment, she said the city has taken over a derelict warehouse on the corner of Parliament Street and is about to turn it into a new police station at a cost of more than \$10 million. There are exceptional opportunities to develop the historic atmosphere of the Old Town by preserving and enhancing the existing resources, and by tying them together in people's minds. By identifying or "branding" that area, an economic attractiveness will develop there. She emphasized, though, that this will take energy and

commitment from both the private and public sectors, and it will need a city council that understands that it is good business and good economics to have preservation and history.

Barry Lyon's real estate office is in the Old Town, in a 1914 building not far from the Flatiron Building. Formerly the old office of the warehouse, it has 13-foot ceilings, a fireplace, and a big walk-in safe that now contains two washrooms. He said his staff enjoy the area as they can walk to the market, eat in a selection of nearby restaurants, and commute to work as the King Street streetcar and subway are only a few blocks away. "It's terrific. A lot of our clientele and business friends are just knocked out by our location as many of them are located in office campuses outside the core," he said.



His real estate firm is currently working on infill housing throughout the Old Town, as well as working on the waterfront task force. He has also worked on a study for the Citizens for the Old Town, funded by Human Resources Development Canada. For this comprehensive survey of social and economic conditions in the area, he interviewed 200 residents and 60 businesses that provided much additional insight into the dynamics of growth.

He said there is a lot of competitiveness within Toronto: basically, area code 905 versus 416, the suburbs versus the inner city, east versus west. For whatever reason, the Old Town or east downtown is competing with the entertainment area of west downtown. He praised Lance Alexander and his colleagues for creating the "two Kings" — the King-Spadina and King-Parliament revitalization areas with a new approach to planning.

"Both are terrific and quite similar, but the west end is getting more attention. Prices are actually higher in the west end and the growth is quicker." City planners have set themselves a very ambitious target of trying to attract about one million people to the expanded city of Toronto in the next 20-30 years. While this is highly desirable as an antidote to sprawl, he asked where those people will live. Neighbourhoods are sometimes

very territorial, and are not about to encourage anything more than a modest amount of infill. He suggested that development will come along the arteries, around the subway station, on the east and west flanks of the downtown core, and along the waterfront.

Mr. Lyon said his survey found that because the Old Town is still quite comprehensive, it has a very high proportion of residents who walk or cycle to work. "It has a great sense of place that just needs its gaps filled in." Two new "quite sensitively done condos that feel a lot older than they are" fit in at King and Jarvis streets, and are an example of good infill. He added that the Citizens for the Old Town group is working closely with the city's planners and politicians to create a successful infusion of the new and old.

As the voice of the private sector on this panel, he informed delegates that developers are facing an unquenchable demand for old buildings and for lofts. Developers have coined the term "hardlofts" for the wonderful old buildings that are renovated and "softlofts" for the new buildings that mimic loft characteristics. Given that consumers like the character and spaciousness, the height and openness of the old lofts, developers have been building new ones that are similar because there are no old lofts left to convert. One of the big challenges the development community faces is working closely with the city to meld the old and new.

Mr. Lyon said that there is a whole set piece developing on the waterfront which will carry over into East Don lands and eventually into the Old Town. "The area is just begging for things to happen. It's one of the perfect recipients for those people that the city wants to attract. We see a big future for the area. I don't see the developers as philistines in this instance," he concluded.

Lawrence Altrows explained that he became very interested in cultural tourism and where it overlaps with urban planning after participating in a joint study. About 18 months ago, the School of Urban and Regional

Planning at Ryerson became involved in a project with the Citizens of the Old Town. His students also worked jointly with students at the School of Hospitality and Tourism. This study turned into an exchange of perspectives and has led Mr. Altrows to promote this interdisciplinary approach.

He started a research project to look at urban cultural tourism, of which heritage tourism is an important part. The project is focused on the Americas, not just Canada, and his students looked for decision-making models which successfully promote cultural tourism in a particular area.

In the real world, decisions made for tourism planning and urban planning occur in two different realms with little communication between them. This poses some interesting challenges, he said, that may apply to the Old Town. The question of whether tourism development itself is sufficient needs to be asked, as there might be unexpected negative consequences. For example, successful areas such as Québec City or Colonial Williamsburg have ended up with a series of negative results; everything from cultural conflict between area residents and visitors with a different lifestyle to local inflation to traffic and pedestrian congestion. Undoubtedly, some of this could have been avoided by joint planning.

There is a lot of potential for some of the positive features of cultural tourism to benefit the local economy if this planning were done in a more holistic way. Mr. Lyon suggested that the old section of Havana, Cuba, is an example of a place that has gone from discouraging tourism to now being incredibly successful because officials there used integrated planning in a special way.

He raised several questions regarding this type of integrated planning approach. How can it be encouraged? How can it be more usefully done? How do areas such as the Old Town — which perhaps don't have the critical mass of a Québec City or a New Orleans, but that do have a very important series of buildings —



create a successful image? How can the Old Town then go further to create the reality and then market the area for purposes of tourism and its benefits?

Following this session, the delegates formed into four small discussion groups, where they reviewed and commented on questions raised in the session itself, as well as issues arising during the conference as a whole.

LUNCHEON SPEAKER

MS. SARMI TE D. BULTE, M.P., PARLIAMENTARY SECRETARY
TO THE MINISTER OF CANADIAN HERITAGE

Parliamentary Secretary

Sarmite Bulte: I'm very pleased to speak to you today on behalf of the Minister of Canadian Heritage, Sheila Copps.



Ms. Copps is a strong champion of Canada's heritage in all its many facets, including our built heritage. For almost three decades your organization has been working toward one goal: to preserve our country's heritage, whether historic, architectural, natural or scenic. That is a goal fully shared by the federal government.

Back in 1973, when the Heritage Canada Foundation was established, the federal minister responsible for its creation was Jean Chrétien. At the time he said, "maturity may be recognized in a nation when its people take thought for their past . . . as a key to understanding the present and future." Those words still express the views of the government, headed by Prime Minister Chrétien, at the start of the new millennium. For us, Canada's historic places are not vestiges of yesterday. They are vital parts of our country today, and need to remain so for tomorrow.

The federal government has designated more than 850 national historic sites all across our country. Still more places are designated by the provinces and territories for their historic importance.

Our historic places bring to life the dreams and aspirations of our predecessors. They remind us that we carry on what past generations began and that, in turn, generations to come will fulfil and enlarge upon our own dreams. Historic places connect us with those who came before us and those who will come after, and they connect us with each other, instilling pride in the achievements of our communities and our country.

That historic places enrich our nation's identity and quality of life goes almost without saying. However, they do more than that. We know that the reuse of historic buildings reduces energy consumption, pollution, demand for natural resources and impact on landfill sites.

Historic places also have a huge economic value. Yes, conserving them takes time and effort; but in dollars and cents, the returns are impressive.

For example, in 2000, tourism receipts in Canada were estimated at more than \$54.1 billion and the industry employed more than 546,000 people. As the Canadian Tourism Commission has noted, our heritage assets are what provides the impetus for the tourism industry's continued growth.

Rehabilitation also contributes to Canada's \$20-billion renovation industry. It generates jobs, and enhances property assessments. The result is higher community tax revenues without added strain on existing water, sewage and power systems.

The truth is that heritage conservation is not a frill. It is an earner of hard currency, a generator of jobs, a builder of our national economy — and the time has come to recognize this fact. That is why I agree wholeheartedly with the theme chosen by Heritage Canada for this conference: Preservation pays: The economics of heritage preservation — and we have to make sure that it happens.

Here in Toronto, we have numerous success stories in which we can take pride:

- the Dominion Public Building on Front Street is a textbook example of the Neoclassical style of architecture. Built in 1930, it was designated a federal heritage building in 1983.
- the Elgin and Winter Garden Theatres National Historic Site dates from before the First World War. As national historic sites, they have been painstakingly restored to their original splendour and are now state-of-the-art theatrical facilities.
- the Gooderham and Worts Distillery National Historic Site is an outstanding example of Victorian industrial design. Today, it is being redeveloped into a festival marketplace that will integrate retail and commercial development and affordable housing in the downtown core.

- Union Station a National Historic Site, built in 1927, is one of the finest examples of Beaux-Arts railway station design in Canada. A heritage railway station, it remains a hub of Canada's transportation system. In 1996, more than 24 million travellers passed through its doors.
- on May 26 and 27 of this year, a hundred of Toronto's most notable buildings opened their doors for a weekend celebration of our architectural heritage. More than 70,000 people turned out to explore some of Toronto's most historic and architecturally significant buildings.

In 1999, the Department of Canadian Heritage commissioned a study, conducted by Heritage Research Associates. It was based on the Canadian Inventory of Historic Buildings, the only national database of built heritage resources in Canada. Taking a random sample of records from the inventory, the study compared the current state of buildings originally recorded in the 1960s and 1970s in 10 urban centres and rural areas. In the Toronto area, the study found that 14.4% of recorded heritage buildings had been demolished. That is a loss, but it could have been worse — as it was in some other urban centres; in Vancouver, Calgary, Hamilton and Montréal the loss rate was much higher. Overall, the Canada-wide figure for demolitions was 20.4%, rising to an average of 23% in urban areas. Commercial buildings suffered from the highest rate of demolition — one-third had been demolished.

While rural areas suffered less, there, too, losses have been significant. For example, not long ago countless wooden grain elevators soared above the Canadian Prairies. In our generation, 80% of them have been torn down; a symbol of a way of life has almost disappeared. It is time to stop the trend and turn it around. At the start of a new millennium, we have a responsibility to protect our built heritage for the benefit of present and future generations of Canadians.

It is a responsibility that the federal government takes very seriously. For instance, in the 2000 budget plan, we committed to developing measures that would facilitate the restoration

and conservation of our country's built heritage. Last January, in the Speech from the Throne, we went further, undertaking to help communities develop arts and heritage programs that are sustainable and relevant to their diverse circumstances and aspirations.

We believe the best way to protect Canada's historic places is to find appropriate uses for them within the life of communities. We want to engage Canadians of all sectors — public, private and voluntary — in the task of finding solutions. They have the know-how; we want to put it to work.

On June 8, 2001, we moved from commitment to action when Minister Copps announced the Historic Places Initiative. This is an investment of \$24 million over three years to provide the tools for better protection of our built heritage by all players in our society.

The first and most basic tool is a way of identifying historic places. Australia, France, the United States and other countries each have a national register — but Canada does not. That is about to change. Working with the provinces and territories, we will build on existing expertise and infrastructure to create a Canadian Register of Historic Places, to be accessible on the Internet. This will be a central source of up-to-date information on all places in Canada designated as having heritage value — at the local, territorial/provincial and national levels. The register will be a much larger list than the 850 national historic sites, including properties designated by other levels of government. It will be an invaluable reference for experts, but it will also heighten public awareness of the nation's stories, as told by our historic places.

The second tool will be national conservation standards and guidelines for the protection and rehabilitation of historic places. The standards will provide clear, easy-to-follow advice for owners of historic places, and will be an indispensable guide to the responsible conservation of these places. The nationally accepted standards will facilitate co-ordinated support by all levels of government.

Third, we will put in place a certification process to ensure that conservation work meets agreed-upon conditions. The process will include approval of proposed work and certification of completed work. This will provide a degree of certainty and minimize paperwork. In this way, we hope to encourage the private sector to participate fully in the conservation of Canada's historic places.

Once these three tools are in place, we will be able to implement new financial incentives with the specific objective of preserving our built heritage. The exact nature of the incentives will be determined in discussions with the Department of Finance. One thing is certain: they will promote private-sector investment in the rehabilitation of heritage buildings. They will be designed to tip the balance in the decision-making process to favour conservation of heritage property, rather than its demolition. Our hope is to have the register, standards, certification process and incentives up and running by June of 2003.

Minister Copps has specifically asked me to thank the members and executive of the Heritage Canada Foundation for their unwavering support of this approach. Whether through your national magazine, *Heritage*, or your many presentations to parliamentary committees, your voice is heard.

The Historic Places Initiative is the first phase in a broader strategy for safeguarding our historic places as part of a vital, dynamic Canada. We want to set the conditions so that all sectors and all Canadians will get involved. It is time to stop the wrecker's ball and start treasuring our heritage buildings.

This initiative is part of a \$560-million investment in the arts and culture announced by Prime Minister Chrétien and Minister Copps in Toronto last May. In declaring this initiative, Ms. Copps said that "our historic buildings represent more than just bricks and mortar."

Our architectural heritage no doubt has an undeniable physical value, but it equally represents a living symbol of our ambitions, our

dreams and our hopes. It tells us the history of our country and welcomes millions of visitors who come to discover and explore our history. We must ensure that future generations will also be able to discover this history.

Therefore, this initiative is about fostering identity. It is about promoting tourism. It is about improving the quality of life in our communities. In addition, it's about building a vigorous economy for a strong and confident country. Of course, the federal government knows that, on its own, it cannot do all of this. We hope that all Canadians will join with us in this unprecedented effort to enhance our present and our future by preserving our past.

LUNCHEON SPEAKER

MR. DONALD OBONSAWIN, DEPUTY MINISTER,
MINISTRY OF TOURISM, CULTURE AND RECREATION, ONTARIO

Deputy Minister Obonsawin:

I would like to commend Heritage Canada for organizing this year's conference around the theme "Preservation Pays: The Economics of Heritage Conservation." This is a timely topic, as government and organizations across the board are searching for new and innovative ways to support heritage and develop the largely untapped economic potential of our heritage assets. Certainly, it is a priority for the Province of Ontario and the ministry I work for — Tourism, Culture and Recreation.



Investing in our heritage is really about investing in our communities. It's about preserving places and spaces that people can use and enjoy. It's about celebrating our achievements and teaching our young people to respect their roots. Investing in our heritage helps to

build strong and prosperous communities — communities where businesses want to set up shop, where people want to live, to work and play, and where visitors want to spend time and money.

We know from recent studies and tourism marketing surveys that cultural tourism, which includes heritage tourism, is a rapidly growing market. We also know that cultural tourists spend more money than the average tourist does. In 1996, for instance, Ontario attracted 6.6 million overnight cultural visits, generating \$2 billion in spending and supporting 83,400 jobs.

We know that cultural and heritage activities and events help to extend the tourism season, since they take place year-round. Supporting these activities builds my ministry's strategy of making Ontario a four-season tourist destination. In fact, we've taken a number of steps to put our province into the economic equation of heritage conservation.

The government created the \$5-million Heritage Challenge Fund to help communities preserve and protect their local heritage. Launched early last year, the program was an enormous success. It supported 64 capital projects and 13 endowment funds in communities across Ontario.

In the 2001 budget, our government announced its intention to allow municipalities to provide property tax relief to heritage building owners. The tax relief mechanism would permit municipalities to use the property tax system to encourage owners to invest in the maintenance and restoration of their heritage properties on a long-term basis. My ministry and the Ministry of Finance are working closely on this initiative, which should provide long-term support for preserving our built heritage.

The ministry continues to provide on going support to community museums and local and provincial heritage organizations. Through the Ontario Trillium Foundation, heritage groups can access a portion of the \$100 million in funding generated through the government's charitable gaming initiative.

We are also strongly supporting the other initiatives that will help communities preserve their heritage, such as the federal Historic Places Initiative and the National Register of Historic Places. We think they are welcome steps in the right direction that could have long-lasting benefits.

The Ontario Tourism Marketing Partnership, an agency of the ministry, is bringing the tourism industry together with the heritage community to develop and market heritage-themed products and packages.

No discussion of heritage in Ontario would be complete without recognizing the fantastic work of another of our agencies, the Ontario Heritage Foundation. The OHF is a valued advisor to the government on heritage issues and an unyielding champion of the heritage sector. Certainly when it comes to building community partnerships to promote Ontario's heritage, the OHF has been a real innovator — there's the Doors Open program, for instance, which gives the public a rare glimpse into some of Toronto's historical buildings, or the Young Heritage Leaders program, which encourages young people to become involved in local heritage conservation.

People of all ages, from all walks of life and all socio-economic groups feel a need to connect with the enduring past — and while there's no doubt in my mind about the economic arguments for heritage preservation, we cannot overlook the human equation. People feel enriched by experiencing the grandeur of the Rockies out west ... the Cabot Trail down east ... or Niagara Falls here in Ontario. They are fascinated by the legacies of peoples from the past ... Uncle Tom's cabin in southwestern Ontario ... the hundreds of ancient petroglyphs carved into limestone near Peterborough ... or the wonderfully escapist fantasy land of

Our ministry was created with the express purpose of strengthening the links among tourism, heritage, the arts and cultural industries — in order to promote economic growth, increased investment, job creation and a good quality of life for Ontario residents. It's a challenging mandate, with some sense of urgency. The economy is in a slow growth phase. For those of us in the public sector, the math is straightforward. Slow growth equals lower tax revenues. Slow growth also equals more people unemployed and related social demands on the public purse.

As a seasoned bureaucrat who has waged my fair share of budget battles — winning some, losing others — I know that in the months ahead, I will need persuasive arguments to garner the resources our heritage sector needs. I welcome the studies and insights that have been discussed at this conference. It is tremendously valuable to hear perspectives from the Canadian private and public sectors, professionals, and our colleagues in Europe and the United States. Several of my ministry staff are attending your conference sessions, and I can assure you that the ideas and information shared will find their way into our presentations and discussion papers that pave the way for budget decisions.

It is critically important that we have a good understanding of the economic aspects of heritage preservation. It is equally vital that we work together to create a greater awareness and appreciation of the role that heritage plays in our social and economic fabric.

the Winter Garden Theatre here in downtown Toronto.

We must not forget that heritage preservation is not only about protecting our natural and built legacy. Its true value — both economic and social — comes from encouraging people to experience and learn from the past.

Heritage preservation is, ultimately, about people, and not just people as visitors. The future of heritage preservation lies with the people who work in the sector.

In our number crunching and head scratching, we must ensure that there are adequate resources for the people whose determination and innovations will shape the future of heritage preservation. People like Peter Boyle at Old Fort William or Dave Dobbie at Upper Canada Village or Dorothy Duncan of the Ontario Historical Society.

Peter Boyle was the driving force behind the creation of a fascinating CD-ROM, *Northwest to the Pacific: A Fur Trade Odyssey*. Working within a limited budget, Peter and his team created a marvellous, interactive history of the fur trade and its role in Canada's development. The CD won a national award for achievement in education and technology.

Dave Dobbie was instrumental in the reopening of the Union Cheese Factory. It had been one of the most popular attractions at Upper Canada Village, but in 1995 it was closed because the heritage production methods did not meet modern food safety standards. Dave and his team worked closely with the Food Science Unit at the University of Guelph, Kemptville Agricultural Campus, to develop procedures that meet today's standards, but still preserve as much as possible of the heritage production technique. The Union Cheese Factory reopened last summer to produce cheese for sale — much to the delight of visitors.

Dorothy Duncan, the heart and soul of the Ontario Historical Society, has inspired thousands with her unstinting dedication to heritage preservation. I would like to congratulate her for being named this year's winner of the

Lieutenant Governor's Award and, on behalf of the staff at my ministry, to thank her for her contributions to preserving Ontario's heritage.

Heritage preservation is a fascinating field. For the people who work in it, it inspires passion. It demands creativity. Working in heritage preservation pays off in a sense of satisfaction that you are building a legacy for future generations. Heritage preservation pays off in the enrichment it gives to visitors who discover their connection with our past. In addition, it pays off in economic terms in a very big way. These days, that's a particularly good thing to know.

NOTES