

City of St. John's  
Brief to the House of Commons Standing Committee on Finance  
August 15, 2008

**SUMMARY**

The City of St. John's, Newfoundland and Labrador, is pleased to present this brief to the Standing Committee on Finance as part of its pre-budget consultations. In 1977, we were one of the first Canadian municipalities to designate a Heritage Area, which now encompasses almost 5,000 properties. Our Downtown Strategy recognizes the public value of the built heritage of St. John's, and many of the factors in play here are applicable across the country.

We wish to make the following recommendation:

***Introduce a Federal Rehabilitation Tax Incentive for heritage properties in Canada.***

**BRIEF**

St. John's, with its roots going back to the discovery voyage Giovanni Caboto (John Cabot) in 1497, has a remarkable collection of older buildings, mostly clustered downtown around our harbour. The city suffered a series of major fires in the 19<sup>th</sup> century, culminating in the Great Fire of 1892, which destroyed four-fifths of St. John's. Most of the old building stock dates from the years since that event, with a few older examples dating to the 1840s.

In 1977, we were one of the first municipalities in Canada to proclaim a designated Heritage Area. It has been expanded significantly since then and now encompasses almost 5,000 properties, mostly privately owned. We have also designated over 130 houses and commercial and institutional premises as Heritage Buildings. These and other St. John's buildings are listed on the Canadian Register of Historic Places.

We understand the importance of built heritage as:

- a means of celebrating our history and culture;
- a physical connection to the past; and
- a stock of buildings that still serve useful purposes, including institutional landmarks such as the Basilica of St. John the Baptist (a National Historic Site) and the Newfoundland Railway Station; commercial properties such as Yellowbelly Corner and the Murray Premises; and houses of many types and styles, from mansions to cottages to row houses.

People often associate heritage with majestic houses and wealthy families, but our older building stock also contains simple houses for people of modest means. In recent years, a number of older properties in St. John's, such as the Wiseman Centre on Water Street and the former W. J. Murphy's Store at Rawlin's Cross have been renovated to provide housing and programs for socially disadvantaged groups.

There are a lot of positives involved with built heritage. Many owners consider their properties to be labours of love and take pride in keeping them up. However, the negatives of owning such a property include higher costs for maintenance, stringent regulations for renovation, and restrictions on how a building can be changed.

There are public benefits to these buildings, and therefore governments should contribute to their upkeep.

Since 1977, the City of St. John's has carried out a series of studies and prepared plans for its Heritage Area. One of the highlights was the Downtown St. John's Strategy for Economic Development and Heritage Preservation, 2001, which has led to an increase in the size of the Heritage Area, better and more consistent regulations, and a dedicated Heritage Officer at City Hall. It also recommended a commercial heritage property-tax incentive – a five-year reduction in municipal property tax when a commercial or institutional Heritage Building is renovated in a manner that increases its value.

The City offers advice to property owners who plan to renovate their buildings, as well as regulating the renovations. Using the assistance of our volunteer Heritage Advisory Committee, the City evaluates new construction in the Heritage Area, with an eye to designs that complement our built heritage. As well, the City owns several historic buildings – the Railway Coastal Museum (in the former Newfoundland Railway Station, built in 1901), the Anna Templeton Centre (in the former Bank of British North America building, 1849), and the Gentara Building (the former Wood's West End Candy Store, 1902).

Our Downtown Strategy identified and quantified ten (10) public benefits of built-heritage revival (through renovation and adaptive reuse of buildings) for St. John's:

1. Renovation Investment

The value of basic heritage-type work in St. John's in 2000 was estimated at \$10 million. From 1986 to 2000, almost \$72 million was invested in residential and non-residential property renovations in downtown St. John's.

2. Employment

In the St. John's Census Metropolitan Area (St. John's and surrounding municipalities), basic heritage-type work in pre-1945 buildings supports 200 full-time jobs. Renovation creates significantly more direct employment than new construction, as it is often labour-intensive.

3. Property Values

Pre-1945 buildings account for 88% of all residential properties downtown. Six (6) downtown streets where heritage renovation has been highly visible outperformed neighbouring properties in the value of real-estate sales.

#### 4. Municipal Taxes

Property-value increases from 1996 to 1999 demonstrated that heritage-type renovation made a significant contribution to the net increase in the downtown St. John's tax base.

#### 5. Tourism

St. John's is the first of Newfoundland and Labrador's top five attractions for non-resident automobile travellers. One reason is the critical mass of cultural, historic, and natural/scenic attractions. The Province, in its Product Market Match Study, identified "Unique culture and heritage" as a core attraction. Built heritage is a critical part of the tourism product package. All of the bed-and-breakfast homes in downtown St. John's are located in heritage buildings.

#### 6. Retail Trade

The St. John's Downtown Development Commission and the St. John's Board of Trade have both identified the image of built heritage (accommodating specialty shops as well as cultural and entertainment attractions and a view of the harbour) as pivotal to the increased prosperity of our downtown.

#### 7. Attracting Residents

Although the population of downtown is less now than in the 1970s, the substantial growth in residential renovation in the 1990s helped stabilize the population.

#### 8. Civic Amenity

In 1999, new buyers of residential properties downtown placed a premium ranging from 15% to 40% on properties with a view of the harbour and the Southside Hills. These are almost all in the Heritage Area. The visual appeal of our downtown has had a positive effect on the location decisions of some corporate managers.

#### 9. Arts and Cultural Industries

The local film and video industry takes advantage of the ambience of downtown St. John's as a shooting "location". The economic contribution of the arts and cultural industries (mostly located downtown, in places such as the LSPU Hall and the Anna Templeton Centre) to the economy of St. John's is estimated at \$2.4 million per year.

#### 10. Environment

Renovation normally includes energy-efficient upgrades; these reduce energy consumption and the production of greenhouse gases. Reusing a building ensures that the embodied energy consumed in its original construction is not wasted. The amount of solid waste brought to the Robin Hood Bay municipal sanitary landfill is also reduced.

The Federal Government, through its Historic Places Initiative starting in 1999, has shown leadership in conserving Canada's built heritage in co-operation with the provinces and territories. As part of this, the pilot program (now ended) known as the Commercial Heritage Properties Incentive Fund (CHPIF) showed the need for and the positive effect

of a federal incentive to leverage private investment for the rehabilitation of historic buildings. The Heritage Canada Foundation points out that the federal tax system is used to encourage and reward economic activities in many commercial areas, such as motion-picture production and mineral exploration, but contains disincentives to the reuse of historic buildings.

***Recommendation: Introduce a Federal Rehabilitation Tax Incentive for heritage properties in Canada.***

A federal Rehabilitation Tax Incentive for heritage properties would be a direct benefit to property owners who wish to renovate. It would remove financial disincentives to this work. It would be a stable and predictable benefit to individuals and businesses.

“We have a moral responsibility to preserve and restore our heritage buildings for future generations,” stated your Committee in its pre-budget report of December 8, 2006 (House of Commons Standing Committee on Finance, *Canada: Competing to Win*, page 107). The City of St. John's agrees with you. We look forward to working with the Federal Government, our Province, and other municipalities, heritage groups, and property owners for the preservation and continued use of our built heritage.

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