



TOWARD A NEW VISION FOR THE HERITAGE MOVEMENT: WHAT'S WORKING; WHAT'S NOT; WHAT NEEDS TO CHANGE

A Discussion Paper for the National Heritage Summit

What is the current state of heritage in Canada? How did we get here? Where are we going?

The heritage movement began in earnest as a radical social movement at mid-century. The Baby-boomers' concerns about the environment and their sense of social justice found fertile ground in a heritage conservation movement which was at odds with the tenets of unfettered modernism in architecture, city planning and large scale public works. Heritage conservation had a purpose and a passion.

The following decades saw conservation goals integrated into government policy and municipal planning practices. These actions were rooted in the "three pillars" concept formulated in 1974 by the Heritage Canada Foundation's first director, R.A.J. Phillips: an official register of heritage buildings, the passage of legislation to protect them, and financial assistance to compensate for the financial hardships associated with designation. In many ways, HCF was responding to the 1972 World Heritage Convention, signed by Canada in 1976 and by 185 other nations by 2008. In Article 5, the World Heritage Convention outlined the central building blocks for successful national heritage protection: general policies which integrate heritage sensitivity with other programs; government service capacity; research capacity; training programs; and "appropriate legal, scientific, technical, administrative and financial measures necessary for the identification, protection, conservation, presentation and rehabilitation of this heritage."

The launch of the Historic Places Initiative (HPI) in 2001 heralded new cooperation between all levels of government. Important results include the *Standards and Guidelines for the Conservation of Historic Places in Canada*, a national benchmark produced through a collaborative effort, and the *Canadian Register of Historic Places*, a pan-Canadian initiative to disseminate this information through the internet.

On the face of it, Canada has successfully met the expectations of the World Heritage Convention of UNESCO by adopting heritage policies integrated into comprehensive planning programs, by setting up technical and research services, and by passing heritage laws. However the failure of HPI to achieve the long-awaited rehabilitation tax incentive felt like a significant setback. Accelerated by the global economic downturn, there is a dawning sense in the heritage sector that we are losing ground on the achievements of the past 40 years, that long-standing protective measures are being eroded, that government commitment and political will—not to mention funding—appear to be waning. What's more, heritage concerns are often portrayed in the media as being out of touch.

At its meeting in October 2011, the Heritage Canada Foundation's National Council, which includes representatives from province-wide heritage organizations across the country, identified the need to hit the re-set button for heritage conservation in Canada. In their words, "*The heritage movement needs to lead and re-conceptualize a new way of delivering heritage protection. An old generation of heritage conservation has passed and we need to develop a brand new strategic plan.*"

The **National Heritage Summit**, which will be held October 11-13 in Montreal, is designed to engage heritage advocates and our allies and partners in doing just that. In keeping with the conference sub-title, ***What's Working, What's Not, and What Needs to Change***, this document reviews the state of the nation and tries to posit some new thinking that will launch discussion and debate. Be there, pitch in, and take action!

HERITAGE CONSERVATION AND SUSTAINABILITY

What's Working

The reuse of heritage buildings supports the survival and intensification of existing communities, capitalizes on materials and energy already invested, reduces construction and demolition waste, and avoids the environmental impact of new infrastructure.

Rehabilitation also creates skilled jobs, because it is extremely labour intensive compared to new construction. Further, rehabilitation projects and the jobs they create have been shown to increase tax revenue at all levels and have a positive ripple effect in surrounding areas.

For heritage advocates, the ability to measure the benefit of our work in terms of avoided environmental impacts gives new meaning and value to heritage conservation, and expands the rallying cry for our evolving movement.

What's Not

"Heritage" is perceived as a very small market, compared to the universe of existing buildings. Correspondingly, the heritage movement can be perceived as an insignificant – worse, elite – sector that is not addressing big issues.

Society continues to favour the "new" and generally sees heritage as old-fashioned and energy-inefficient. Even environmental advocates tend to promote new "green" development, despite the fact that most new construction, no matter how green, cannot compete with the environmental benefits of re-using and adapting the buildings we already have.

At the same time, heritage advocates give lip service to increased density as a way to make existing neighbourhoods more sustainable – but wage battle against the tear-downs and tower developments intended to add density.

What Needs to Change

What if the heritage movement could openly take on the culture of consumption and disposability, and mobilize the imperative to maintain, repair and reuse, rather than to neglect, demolish and replace? What if "heritage" was commonly seen as the opposite of "disposable"?

What if we get radical about slowing harmful change in our communities, and link heritage conservation with healthy and affordable lifestyle choices such as walkability, cycling, and public transportation?

What if the heritage movement expanded our sphere of interest and influence beyond heritage buildings - a relatively insignificant piece of the pie - and embraced the entire heritage environment (existing buildings, housing, landscapes, urban and rural)?

What if we brought our *modus operandi* of minimum intervention, adaptive use and appropriately-scaled growth to the looming iceberg of existing buildings?

What if we made it easier for building owners and managers and whole neighbourhoods to achieve greater density, better energy performance and adaptive use without compromising heritage character – by sharing existing solutions and leading research on new strategies?

HERITAGE AND ECONOMICS

What's Working

Investment in rehabilitating older buildings and sites has the potential to stimulate the economy, create jobs, and reduce greenhouse gas emissions – with the added benefit of preserving and enhancing livable neighbourhoods and improving quality of life.

Older buildings and entire districts are being revitalized in unorthodox ways through actors who don't necessarily self-identify as heritage conservationists. Community development groups, BIAs, non-profit housing corporations, sustainability and greening initiatives and social innovators widely affirm the importance of retaining older buildings. Heritage districts are recognized for their role in attracting the 'creative classes', and heritage associations are being used to add cachet to new developments.

Heritage tourism is a multi-billion dollar industry.ⁱ National Historic Sites alone contribute to tourism in over 400 communities across Canada through direct spending, visitor spending and spin-off economic activity.

Enlightened provinces and municipalities have seen the benefits of introducing incentives – grants and tax relief – to help counteract the higher costs and complexity of heritage projects and stimulate private investment.

What's Not

New construction remains the default position for a range of inter-related reasons: Because re-using old buildings is often more complex and less predictable than new construction, bank financing can be difficult to obtain. Because there are fewer projects being financed, fewer contractors choose to specialize, making it harder to deliver a successful project. Because there are fewer successful projects, government agencies and other potential tenants shy away from occupying heritage space, limiting market demand.

Existing buildings may not maximize the development potential of their site – an issue when land is valuable and when zoning permits taller buildings or promotes greater density. Owners are generally not adequately compensated for the public benefit associated with respecting heritage designation and maintaining heritage features.

The federal government has all but withdrawn from the heritage scene. And despite more than 30 years of effort, not only is there no federal heritage rehabilitation tax incentive, but the federal tax system continues to contain powerful disincentives to reusing old buildings.ⁱⁱ At the same time, new tax incentives are cropping up all over to support investment in retrofits for aging towers.ⁱⁱⁱ

Provincial and municipal incentive programs are unevenly available, are typically modest, and do not provide a measurable return to government for the foregone tax revenue. Tax rebates received by owners are not necessarily re-invested in the property.

What Needs to Change

What if venture capital for heritage projects was available through a federally mandated heritage property tax rebate program, modeled on CMHC's mortgage insurance program? What if, through such a program, annual tax rebates could be assigned to qualified lenders, with the resulting borrowings generating billions of dollars of construction activity?^{iv}

What if we re-positioned the desired federal heritage rehabilitation tax incentive as a more general incentive or financing program for simply retrofitting and adapting existing buildings? What if we joined forces with powerful partners to make it a reality, and delivered technical support to ensure that heritage character is protected?

What if governments committed to give first priority to heritage buildings when seeking to buy or lease space, to contribute to the 'market demand' for historic places?

What if the tax system were reformed to uniformly recognize the contribution heritage property owners make to the environment?

HERITAGE AND RELEVANCE

What's Working

A recent survey conducted by the Strategic Council demonstrates that 75% of Canadians believe that “well preserved historic buildings and older neighbourhoods” are important or very important as desired features in their communities.

The heritage conservation field has evolved in breadth and relevance from its early focus on monuments to preserving streetscapes and communities, with increasing emphasis on the economic utility of conservation as a driver for area revitalization and tourism, and more recently on the potential to help slow climate change.

Heritage conservation is credited with providing some of the first sets of rules for “enhancing the character of vital or promising urban places.”^v

Members of the next generation – millennials in the 25-35 year range – are educated, tech savvy, and committed to effecting change. They don't want to sit on the sidelines – they want to organize a marathon or set up a crowd-sourced fundraising campaign to support a cause they believe in. That bodes well for the causes they embrace.

What's Not

Heritage advocates increasingly disagree about whether heritage rehabilitation projects and new developments in heritage areas are “good” or “bad”. Even façadism and building relocation, once commonly seen as inappropriate by heritage professionals, are finding their way into heritage-led projects, and raising debate about professional standards and ethics. Others suggest that we must get beyond a preoccupation with materials and form, and recognize that preserving the spirit of place, stories and traditions deserves equal or greater attention.

The general public is oblivious to these internal debates, but flock to places where heritage character is liberally spiked with new amenities. At the same time, traditional historic sites struggle to compete for visitor attention.

The non-profit sector faces declining memberships and a challenging philanthropic landscape.

Gentrification and heritage conservation are regular bedfellows, with affordable housing and independent businesses often lost in the process.

Efforts by Habitat for Humanity to develop affordable housing in heritage buildings have proven problematic, due to the complexity and cost associated with meeting heritage standards.

Heritage conservation has not been enthusiastically embraced by the general public. Heritage advocates are perceived as negative, using rules to prevent, not to enable, actions. Despite its beginnings as a radical social movement, heritage conservation in Canada has not broadened out to address a larger social mission.

What Needs to Change

What if heritage advocates and heritage regulations became well known for enabling the care and wise use of our built and natural resources?

What if we re-cast heritage conservation as a community-driven, people-centred activity with the ultimate goal of enhancing local identity, economic self-sufficiency, social inclusion and cultural vitality?

What if heritage organizations could quantify the tangible benefits they provide to society, and attract government dollars and donations as a result?

What if we moved beyond the ‘buildings’ business, and got into the ‘people’ business, recognizing that the places that matter to people are more likely to be preserved?

What if we gave as much consideration to the spirit of place, and to memories, stories and traditions, as we did to physical features, materials and forms?

HERITAGE PROTECTION & REGULATION

What's Working

Thousands of heritage properties and hundreds of heritage districts across the country have been identified and inscribed on municipal registers, and protected under legislation that exists in every province and territory.

The Canadian Register of Historic Places – a searchable central database containing information about recognized historic places of local, provincial, territorial and national significance.

What's Not

Designation is not a legal agreement among parties – to be effective, it needs to be imposed and enforced. Its utility depends on political will, and on the level of expertise of the municipal councilors, staff and volunteers who administer it. Increasingly, jurisdictions are de-designating properties in response to claims of economic hardship or to remove barriers to extensive alterations.

Designation necessarily impinges on private property rights. While it has been shown to stabilize and even increase property values in some situations, it can also limit a property owner's ability to maximize financial potential. Unless designation is coupled with substantial incentives and funding that recognize the contribution the owner is making to the common good, and assist with the costs of maintenance and repair, owners rarely seek it out, and governments may be reluctant to impose it.

The lack of predictability in how heritage values will be interpreted and how designation will be enforced can also be a limiting factor.

Neighbourhood plans and local decisions are being overturned by councils or by provincial review boards, and there is rising cynicism on the part of the development community.

Finally, designated heritage buildings continue to be lost to demolition by neglect – a situation that even property standards by-laws and derelict building by-laws cannot effectively prevent.

What Needs to Change

What if the methodology for identifying and protecting historic places moved beyond a building-by-building mindset?

What if we could communicate heritage value, heritage goals and level of protection in a straightforward, transparent and digestible way?

What if we could encourage widespread voluntary protection of historic places by offering attractive tax benefits and relief from capital gains in exchange for the donation of a conservation covenant or easement – modelled on the Ecogifts program administered by Environment Canada and the provinces? ^{vi}

Conclusion

Historic places are the cornerstones of memory, sense of place and community. The conservation, rehabilitation, protection and celebration of heritage buildings, natural sites and communities in Canada create livable places, reduce landfill, yield economic benefits, and preserve memory, history and identity.

Heritage conservation has much to offer society, but as advocates we also have a long way to go in equipping ourselves for new challenges.

The National Heritage Summit is a timely opportunity to reflect on the history, identity and changing societal circumstances of the heritage movement, and to unify and strengthen the sector's voice. Together, we must examine the system and the tools with which we operate. We need consensus on priority challenges and a road map for collective action. We need ever greater measures of talent and humanity, and art as well as science, to find our footing as mediators and interpreters of heritage value.

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Endnotes

ⁱ The Canadian culture industry generates approximately 3.8% of Canada's annual GDP, or \$39 billion annually, 1 billion of which is attributed to that segment of the cultural industry identified as heritage.

ⁱⁱ The GST new housing rebate favours demolition and new construction, and does not accommodate the careful renovation of existing buildings. The unpredictable tax treatment of rehabilitation expenses can result in a variance of as much as 60% in a project balance sheet – deterring investors. Owners of income-producing properties (including houses and apartment buildings) can earn a federal tax deduction by demolishing them.

ⁱⁱⁱ *A Second Life for Tall Buildings* in Building magazine, December 2011/January 2012

^{iv} Canada Mortgage and Housing Corporation's mortgage insurance program has stimulated residential construction and made housing more affordable for Canadians for more than 70 years.

^v Michael Dobbins, *Urban Design and People*.

^{vi} The Ecological Gifts Program (EGP) was established in 1995 through changes to the Income Tax Act. Hundreds of Canadians have donated hundreds of ecological gifts, protecting over 46,000 hectares of ecologically sensitive land, valued at nearly \$150 million. Eco gifts can be donations of outright title or certain interests in land, including conservation covenants, easements and servitudes. In addition to the charitable donations tax credit (for individuals) and the charitable donations deduction (for corporations), donations are not subject to tax on any capital gains accruing. Donations of conservation covenants, easements and servitudes are only possible because of complementary legislation enacted by the provinces and provide an excellent example of federal/provincial cooperation in the conservation of natural capital and biological diversity on private lands in Canada. To ensure the perpetual protection of the donation, there are special tax liabilities for recipients of eco gifts if changes to the property are not authorized by Environment Canada.