



CITY OF VANCOUVER

OTHER REPORT

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TO: Standing Committee on City Services and Budgets

FROM: Vancouver Heritage Commission

SUBJECT: Closure of Federal Commercial Heritage Properties Incentive Fund Program (CHPIF)

RECOMMENDATION

THAT in regard to the closure of federal Commercial Heritage Properties Incentive Fund Program ("the Program") Council write a letter: to the Minister of Environment, the Honourable John Baird, urging the Government of Canada to reopen the CHIPF Program or to replace it with similar program to include a wider range of uses and to commit to the Program's long-term support.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Two important Council policies reference the federal Commercial Heritage Properties Incentives Fund Program:

- Heritage Building Rehabilitation Program Policies and Procedures for Gastown, Chinatown, and
- the Heritage Façade Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street Corridor.

Both Council Policies include a provision that owner's are required to apply for Federal CHPIF grants before City of Vancouver incentives and the funding available from the City will be decreased accordingly. Staff applied this provision for all projects that qualified for CHPIF grants.

PURPOSE OF THE LETTER OF SUPPORT

The purpose of the letter to the Federal Government of Canada is to clearly communicate the importance of the CHPIF Program for the City of Vancouver and to urge its reopening or replacement.

BACKGROUND OF THE CHPIF PROGRAM

The Program was developed by the Federal Government in consultation with municipal and provincial governments and experts. The Program was based on a successful heritage program that has been in use for several decades in the United States.

The Program was a component of the Federal Historic Places Initiative ("the Initiative"). The Initiative is aimed at establishing a heritage conservation framework for Canada. In addition to the Program, this framework includes:

- The Canadian Register of Historic Places;
- Standards and Guidelines for the Conservation of Historic Places; and,
- A certification process for projects that comply with the Standards and Guidelines.

The Program's objective was to provide financial incentives for owners of registered properties who comply with the Standards and Guidelines. It provided up to \$1 million dollars for heritage rehabilitation of commercial-use buildings, that is, to Federally-registered heritage buildings intended for current and future commercial use only. The Program defines *commercial use* as being used by a taxable Canadian corporation, including rental properties, but excluding strata and individually-owned apartments.

Last October, the federal government announced that the Program was to be "closed" as part of its budget cuts. All other aspects of the Initiative, however, would remain functioning. It should be noted that the term "closure" was used in the announcement, which means the program could be reopened. However, it also leaves the door open for permanent closure too

(i.e., a true “budget cut”). In the meantime, projects which were applied for prior to the closure date continue to be processed, including those in Vancouver, but with no guarantee of receiving funding.

BENEFITS OF THE CHPIF PROGRAM TO THE CITY OF VANCOUVER

The Program should be viewed as another incentive the City could draw on to promote heritage conservation and economic revitalization in Vancouver. City Staff have encouraged and assisted private owners to apply for the Program. Over the past years, owners of commercial-use heritage buildings in Vancouver have made 11 (eleven) applications. Four of these applications were deemed ineligible, mainly because historic warehouses and commercial buildings were converted to strata residential use. Six successful applications are still in various stages of the approval process, with no funds being awarded so far. All of these applications have been for buildings in the Gastown, Chinatown and Victory Square areas. There were several other eligible projects that could not apply due to the closure of the Program.

In addition to current Program-funded projects, the City has many more commercial-use heritage sites that could benefit from federal funding. For example, the Pantages Theatre near Main and Hastings, Society Buildings in Chinatown, as well as several buildings in the old Japan Town area near Oppenheimer Park. If the Program were reopened, the City would have another potential incentive to leverage when dealing with heritage building owners—keeping “old” buildings would be seen not only as making good heritage sense, but also making good economic sense too.

Based on its past popularity and potential future good, having the Government of Canada reopen the Program would greatly benefit heritage conservation and economic revitalization efforts in the City of Vancouver. Also, having the Program reopened would provide more certainty surrounding the outstanding applications.

PLANNING STAFF COMMENTS

Since its inception in 2003 the CHPIF Program has been recognized as potentially significant contributor to City’s initiatives to revitalize the DTES. Measured by the interest to participate in CHPIF Program, as expressed by local heritage building owners, especially of those who applied for municipal Heritage Building Rehabilitation Program incentives, the CHPIF Program was well received. Staff and the heritage community at large were pleased to see the CHPIF Program working towards achieving important City’s goals, especially the DTES revitalization initiatives.

However, soon after its introduction it was announced that the adaptive re-use of existing commercial heritage buildings, where conversion to strata residential use was proposed, were considered ineligible for CHPIF grant. Some of the previously pre-approved projects, like the Koret Lofts (55 E. Cordova) were retroactively affected, and became ineligible for CHPIF grant. There were at least five other significant heritage warehouses and commercial buildings in Vancouver that, based on this criteria, failed to qualify. In addition, there was at least one non-market residential project that did not qualify due to its non-commercial use (Pennsylvania Hotel). This resulted in estimated loss of 6 million dollars, which is value, the City had to compensate through shortfall cost based transferable bonus density. Since

September 2006, the CHPIF Program was closed to new applications due to the fund being fully subscribed and not extended. The unexpectedly early Program closure resulted in a few other projects (applications and enquiries) falling short of an opportunity to apply. The overall impact was estimated to be in excess of 10 million dollars, or an equivalent of 200,000 SF of transferable bonus density, that City committed through municipal heritage incentives, instead.

There is no doubt that the CHPIF Program played significant role in revitalizing DTES, the historic core of Vancouver and the poorest postal district in Canada. Through the municipal Heritage Building Rehabilitation Program, the City has contributed an equivalent of 91 million dollars and the private investors contributed more than 405 million dollars. Although there are several eligible projects currently with the Commercial Heritage Properties Incentive Fund Program, there is yet to be seen its grants being awarded to a project in Vancouver area. In conclusion, staff fully support CHPIF Program reopening or replacement with another federal incentive program addressing broader revitalization and rehabilitation issues. Staff also strongly support the initiative of Vancouver Heritage Commission as expressed in this Report.

CONCLUSION

The Commission and Staff recommend that the City send a letter to the Government of Canada (to the Minister of the Environment, the Honourable John Baird) urging the reopening and/or expanding the Program to address broader range of rehabilitation and revitalization issues (see Appendix A).

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Recommended City Action Regarding Federal CHPIF Program

That the City Council writes a letter to the Minister of the Environment, the Honourable John Baird, expressing the following points:

- through the CHPIF program, the federal government is making a significant contribution to a number of rehabilitation projects of commercial heritage properties in the City in accordance with the Vancouver Agreement's Economic Revitalization Plan which focuses primarily on projects in the Downtown Eastside;
- that the City of Vancouver expresses its support of the CHPIF program as one which represents Canada's commitment to protecting and valuing historic places and recognizes that through the rehabilitation and revitalization of such sites and buildings, provides tangible economic, environmental, social and cultural benefits;
- recommends that the federal government reopens the CHPIF program to new applicants, or alternatively, replaces the current program with another incentive program which may address broader revitalization and rehabilitation issues such as inclusion of strata residential projects, or inclusion of and therefore contributes to; and,
- that the City of Vancouver would be very interested to work with the federal government, the Parks Canada Agency and its partners with the review and improvement of existing heritage incentive programs, or the development of replacement or new incentive programs in accordance with the intent of the Historic Places Initiative and the Vancouver Agreement.