



Heritage Foundation
Newfoundland & Labrador

Supporting the Adaptive Reuse of Heritage Buildings in Newfoundland & Labrador: the Role of Municipalities

Introduction:

Over the last few years there have been a number high profile heritage building demolitions around the province: prominent houses in St. John's; the Church by the Sea in Portugal Cove, amongst others. Many of the most threatened buildings are those that are most significant: large historic residential structures; historic churches; commercial and public buildings that have either outlived their original purpose or are struggling to keep their doors open. These are some of the most iconic buildings in the province and major contributors to our cultural townscapes. In some cases, heritage properties -especially those on large lots - are attractive to developers for teardown and redevelopment. If they are to be preserved it is critical that viable options for their adaptive reuse be found.

When high profile heritage properties are targeted for demolition and/or redevelopment we often find a situation where developers and property owners are pitted against heritage advocates and citizens - with the municipal government caught in between. It doesn't have to be this way. Knowing which heritage resources are significant, having protection measures in place and planning ahead for adaptive reuse can help a municipality to be proactive when it comes to managing local heritage resources in a way that benefits the whole community,

Increasingly, the preservation and adaptive reuse of existing building stock is seen within a broader context and set of priorities impacting cities and towns in the province: creating a livable urban environment that retains residents and attracts innovation and investment; making communities attractive for tourists; the need to decrease carbon emissions and decrease waste through the conservation of "embodied energy" in existing buildings and avoiding carbon emissions through new building.

In the Spring of 2017 the Heritage Foundation of Newfoundland & Labrador held a forum entitled, "Finding the Profit in Heritage." While the focus was on St. John's, a number of the ideas that came out of the forum have relevance for municipalities large and small in Newfoundland & Labrador. For a summary of what we heard at the forum see appendix A.

The results of the forum form the basis of this set of recommendations for municipalities that describe how they can actively support heritage preservation and adaptive reuse, using their heritage as a means to ensure their community's future.

Ensuring Predictability and Consistency for Developers & Property Owners

One thing property owners and developers like is knowing the rules of the game when it comes to properties that are or may be of heritage value. Clear municipal rules and regulations around heritage properties and their consistent enforcement will likely result in less conflict between property owners, municipal governments and the public. This includes ensuring that all properties that are considered to be of heritage value are either designated or on a public list of heritage properties of interest. Municipal designation after an owner has stated an intent to demolish a building may have little success in ensuring its preservation if the owner chooses to employ “demolition by neglect” to see a heritage building removed.

It is important for municipalities to recognize that they are or should be in the driver’s seat when it comes to protecting heritage resources. Municipalities employ all kinds of tools to ensure that communities are developed in ways that best suit the needs of residents: zoning and design regulations; building and fire codes; the permitting of new construction and demolitions. Protecting heritage for the good of all should be one of the tools they employ. As the level of government closest to residents, municipalities are in a unique role to protect their heritage.

There are numerous things that municipalities can do to decrease the risks associated with the adaptive reuse of heritage buildings, making such projects more attractive to property owners and developers.

Recommendation: Undertake a Comprehensive Heritage Resources Survey and Develop a Heritage Preservation/Adaptive Reuse Plan for a municipality’s most significant heritage properties. This would allow a municipality to be proactive, to signal to the development community and to the public those heritage properties for which there is an interest in preservation. This would, ideally, move things away from the reactive, crisis management mode which currently exists and in which, more often than not, things don’t turn out well for heritage buildings. A plan should identify the following:

- Developed a “tiered” system for heritage properties to identify those heritage structures that have the greatest priority in terms of architectural and historical significance and over all contribution to the municipality’s heritage landscape.
- Significant properties that are likely to outlive their current use within the next 10-20 years (e.g., some churches, public buildings, large residential properties) and become available for adaptive reuse.
- Potential highest and best use of heritage properties and the most appropriate means for undertaking their development whether it be through private, public or not-for-profit development. Included in this assessment would be the most appropriate zoning, potential development incentives (e.g., density bonuses, tax breaks, tax breaks for owners of heritage properties in recognition of the added expenses incurred for maintaining them), and alternate building code compliance options that would support the best adaptive reuse of these properties.

Such a plan should engage the public and stakeholders to ensure that the public interest is best served. A list of buildings of interest for preservation should be publically available on the municipality's website and efforts made to make the would-be developers and the public aware of it.

Recommendation: Engage the public in reviewing heritage preservation provisions in the Municipal Plan and related Heritage Preservation Bylaw to ensure that desired planning outcomes and regulations with respect to heritage are in sync. Outdated regulations will not achieve different outcomes.

Recommendation: Develop a “One Stop Shop” within the municipality for heritage properties to respond in a comprehensive and timely manner to the needs of property owners who wish to undertake work on their property or to seek a development permit. It would, ideally, comprise the following:

i) a revamped heritage website with ready information on all aspects of heritage designation, regulation and supports. The City of Calgary provides a useful model to consider.

ii) a mechanism whereby the owner of a heritage property and his/her design consultants can meet with representatives of all of the planning and building enforcement divisions within the municipality to work through issues relating to a heritage property upgrade or adaptive reuse. A municipality's review of development plans for heritage properties should be timely and seek to proactively work with a property owner to address code challenges rather than merely being the enforcer of regulations. As well, efforts should be made to ensure greater transparency of municipal processes dealing with the development of heritage properties.

Recommendation: Develop “Alternate Compliance Methods” around building and fire codes along with flexible zoning options for heritage-specific buildings. The study undertaken by the City of St. John's regarding alternate compliance approaches for upper story occupancies in the downtown commercial areas is a good example. A municipality should create a working group comprising municipal officials, heritage advocates, design professionals and other stakeholders to undertake research and develop recommendations.

Supporting Innovative Models for Adaptive Reuse

In some cases, it will be challenging to make a strictly business/profit case for adaptively reusing a heritage property. The local economic conditions may not support private sector development or a high enough profit margin cannot be achieved while protecting heritage assets. In such instances non-market (not-for-profit) mechanisms, social enterprise or public-private partnerships may play a role. There are numerous examples in the province and elsewhere of such initiatives. The St. John's Heritage Foundation, established in 1977, acquired, restored and sold nearly three dozen heritage properties in Downtown St. John's between

1977-81 that kick-started the revitalization of historic downtown neighbourhoods. The Bonavista Historic Townscape Foundation and the Sir William Ford Coaker Historic Trust have acquired and developed numerous heritage properties, managed or sold them and, in some cases, entered public-private partnerships. The Shorefast Foundation on Fogo Island owns and manages several heritage properties as part of a social enterprise. Cochrane Street United Church has formed a new not-for-profit organization to manage its building assets. Municipalities could encourage adaptive reuse of heritage buildings for public purposes by actively promoting their provisions for tax exemptions on properties developed for such purposes.

Recommendation: Hold a public meeting in the community to explore the need for and interest in establishing an entity to develop and manage heritage properties. Include a presentation on different models along with successful case studies. It may be helpful to visit communities like Bonavista, Port Union or Fogo Island to see how they are doing things. If there is sufficient interest in a community, a feasibility study on appropriate models and financing may be useful.

Supporting a Green Agenda through Heritage Preservation and Building Recycling

A strong case can be made that the “greenest” building is that which already exists. It “embodies” all of the energy used to manufacture its materials, transport them to a site and to fabricate them which are lost if a building is demolished and taken to land fill. It is estimated that up to one-third of land fill is comprised of building wastes. If a new building is built in its place, additional CO2 emissions are created. Experts suggest that if we are to reach the targets for greenhouse emissions under the “Paris Accord” we are going to have to start recycling virtually all of our buildings.

When buildings can’t be repurposed, their individual components can often be recycled. Heritage buildings often contain larger-sized timber that will be of interest to the building trades along with finely-crafted decorative elements. Some municipalities actually have policies requiring that a significant portion of waste building materials from building renovations or demolitions to be recycled with owners covering the costs. While municipalities may not wish to pass on these costs to building owners, there are other things they can do to encourage building recycling.

Recommendation: Municipalities in NL, working with the Provincial Government, should adopt a policy of fully exploring adaptive reuse options for all structures prior to considering demolition. A policy should include a provision that buildings will be put on the market in a timely manner when they are no longer of use to avoid demolition by neglect.

Recommendation: Municipalities in NL should adopt a policy to support the recycling of buildings when they are to be renovated or demolished. While recycling costs can be passed on to building owners as is the case with the City of Vancouver, a less onerous approach for

owners would be to allow outside individuals, groups and companies with an interest in salvage to do so prior to demolition. Sufficient time would have to be allotted to allow this to happen. The capacity to manage this and to address liability issues would have to be explored. Municipalities could also consider promoting the use of recycled building materials to building designers, contractors and the general public. Such a policy may help to spur new business opportunities in building salvage and the building of recycled structures.

Maximizing Flexibility & Creativity to Ensure a Higher Level of Adaptive Reuse

Flexibility and creativity are key to ensuring that more of our buildings are adaptively reused. Sometimes building owners and developers don't fully understand the benefits of adaptively reusing their historic structures or that their renovation can support a premium development. Bringing together the various stakeholders, including the public, can result in fresh and innovative thinking. For this to occur sufficient time is required to allow stakeholders to come together and consider options.

Recommendation: Establish and enforce a 90-day Demolition Delay Ordinance for designated heritage structures to allow sufficient time for the exploration of options other than demolition.

Recommendation: Support an "Adaptive Reuse Innovation Team" program that brings together a variety of stakeholders: property managers/developers/consultants; architects; planners; municipal staff, heritage specialists and interested citizens to consider options for the adaptive reuse of a particular heritage property in a planning charrette type format. Property owners or the municipality could request the services of such a team that would come together for a day to generate ideas and options in a design workshop format. A call for interested individuals could go out to attend a session which would meet on an ad hoc basis on a scheduled day. Municipal staff would support the sessions by pulling together useful mapping, zoning information, background historical information, relevant studies and other useful data.

Recommendation: Consider providing density bonuses for the redevelopment of heritage properties (over and above those provided for in the municipal plan). If, for example, the zoning on a heritage property allowed for a maximum height restriction of three storeys, additional storeys could be permitted for infill development around or adjacent to a heritage structure(s) that would increase the viability of that development while still protecting the heritage values of a building.

Strengthening Mechanisms to Ensure that Developers Follow Requirements for Heritage Preservation and Adaptive Reuse

As a few cases in the province have demonstrated, it is relatively easy for a developer to walk away from an agreement to retain and adaptively reuse heritage buildings as part of a property development. Demolition by neglect is always a strategy that can be used whereby a heritage building is not maintained and deteriorates to the point where the property owner argues that it is too costly to retain.

Recommendation: Municipalities can issue a performance bond for all developments of heritage properties that include a condition of the retention and adaptive reuse of designated heritage structures and features to be repayable upon the completion of the project. The new development regulations for the City St. John's, for example, make provision for a "financial guarantee." This should be consistently used for the redevelopment of heritage properties.

Recommendation: Municipalities should seriously consider undertaking Heritage Impact Assessments for all developments within and adjacent to designated heritage structures and areas to ensure that new developments are sympathetic to and respectful of the community's heritage townscape. Heritage Impact Assessments are becoming increasingly common in Canadian municipalities.

Creating Financial Incentives for Adaptive Reuse

The adaptive reuse of heritage buildings often comes with greater risks for property owners and developers in the form of unknowns such as structural or environmental issues (lead, mould, asbestos) that impact profit margins on redevelopment. Municipal financial incentives in the form of grants or tax provisions can make the difference between a property redevelopment going forward or not, especially when combined with other provisions and supports. Municipal financial incentives can include:

- Restoration Grants – Cash grants that contribute toward restoration costs or maintenance grants provided every so many years to maintain a designated heritage structure. The City of St. John's and the Town of Conception Bay South have small heritage restoration grant programs for municipally-designated properties or those within a Heritage District/Area. Research has shown that such grants actually provide net benefits for a municipality in the form of increased property assessments (that result in increased property taxes) down the road, not to mention the other benefits of enhanced older neighbourhoods.
- Tax Rebates – An additional incentive to adaptive reuse, municipalities may consider a municipal property tax rebate for a period of time, particularly on the portion of additional taxes resulting from an increase in property assessment as a result of capital upgrades. This could be a fixed rebate of the tax for a particular period (e.g., 3-5 years) or a graduated rebate starting at 100%, reducing to 0% after so many years.

Recommendation: Municipalities should consider the benefits of implementing financial incentives for heritage preservation/adaptive reuse.

Additional Information

For additional information on how municipalities can support heritage preservation and adaptive reuse please contact the Heritage Foundation of Newfoundland and Labrador:

Email: info@heritagefoundation.ca
Tel. 709-739-1892 or toll free 1-888-739-1892

Check out our website for additional information and tools for municipalities and property owners wishing to preserve their heritage resources: www.heritagefoundation.ca

Appendix A – Summary of “Finding the Profit in Heritage” Forum

- Developers need clarity and predictability in terms of what the rules are around heritage properties.
- The adaptive reuse of heritage properties generally involves greater risk than new construction due to such things as: unwelcome surprises in the form of structural or environmental abatement issues; challenges in making old buildings fit modern building and fire codes and accessibility requirements; delays in permitting which can drive up costs. These can make financing difficult and with higher risks there is often a desire for higher returns.
- There is a need for pro-active planning and long-term thinking in terms of the future of significant heritage properties rather than dealing with them on an ad hoc, case by case basis which generally leads to crisis management. What are the important heritage properties that will likely outlive their current use over the next 10-20 years and what are the possibilities for their adaptive reuse?
- Maximum flexibility is required in terms of zoning and application of building and fire codes to support adaptive reuse
- Successful adaptive reuse of heritage buildings requires creativity and a constructive dialogue between the various stakeholders early on in the decision-making process.