National Trust for Canada | Fiducie nationale du Canada

About Bill C-323

Bill C-323 includes the creation of:

- a 20% tax credit on eligible costs for rehabilitation work done to designated historic places (commercial & owner-occupied residential); and
- an accelerated Capital Cost Allowance (25%/50%/25%) for eligible capitalized costs incurred under the same conditions of the tax credit (commercial only).

These two tax measures would transform the economic fundamentals for renewing historic places. In the process would create more skilled jobs and generate less carbon than new construction. What an historic gift to all Canada communities to mark the 150th anniversary of Confederation!

Arguments to Support Financial Measure for Historic Places

Job Creation – Rehabilitation generates upwards of 21% more jobs, including skilled jobs, than the same investment in new construction. [1]

Economic Stimulus that is Effective, Targeted – The tax credits in Bill C-323 are inspired the success of the US Federal Historic Tax Credit Program in place for 40 years. This program has created over 525,000 housing units 27% of which were affordable for low/moderate income families. [2]

Economic Impact Stays in Canada – Heritage rehabilitation also incurs less "leakage" out of the Canadian economy for foreign goods.[3]

Fights Climate Change – Building renewal and re-use capitalizes on materials and energy already invested, reduces construction and demolition waste,[4] and avoids environmental impact associated with new development. A recent study shows that it takes from 10 to 80 years for a new "green" building to make up for the negative climate change impacts of its construction.[5]

Canada 150 – Tax credits would bring heritage support home to buildings of every size and type – for landmark commercial buildings to modest homes.

Historic Rehabilitation Tax Credits Work – The Commercial Heritage Properties Incentive Fund (CHPIF) –a Canada-wide pilot program (2003 - 2008) – was designed to 'test' the benefit of a heritage tax credit. The results were impressive: a total of $21.5 million in federal contributions spread across 49 projects leveraged over 8 times more in private sector investment ($177.2 million). Developers confirmed the need in a 2014 study.[6]

Tools are in Place – Pre-Conditions for Other tools include the Canadian Register of Historic Places which continues to be populated with designated heritage properties eligible for tax credits. Heritage conservation standards have been published and adopted nationally.

End Notes

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[1] For example, the 2010 US study, *Delaware Historic Preservation Tax Credit Program: Good for the Economy, Good for the Environment, Good for Delaware's Future*, found that $1 million spent on rehabilitation of historic properties created 14.6 jobs while $1 million spent on new construction created 11.2 jobs - a difference of 30%. The 2011 US study, *Good News in Tough Times: Historic Preservation and the Georgia Economy*, found that $1 million of economic activity created 18.1 historic rehabilitation jobs compared with 14.9 jobs for new construction - a difference of 21%.

[2] Since its creation in 1976, $23.1 billion in federal credits have generated more than $28.1 billion in additional federal tax revenue and leveraged over $120.8 billion in private investment (a 5 to 1 ratio of private investment to tax credits). In the process, it has created 2.4 million jobs and preserved 41,254 historic properties. Leverage and multiplier effects data has shown, again and again, that the US program is a strategic investment that works.

[3] Empirical studies in Germany and the US show that rehab is much more labour intensive than new construction. Their building industries typically reckon project costs of 50% labour and 50% material for new construction, while heritage rehab sees between 60% and 80% for labour (Dr. Jörg Haspel, *Built Heritage as a Positive Location Factor – Economic Potentials of Listed Properties*, ICOMOS, 2011; Donovan Rypkema, *Heritage Conservation and the Local Economy*, Global Urban Development Magazine, 2008.) Indeed, the Ontario Heritage Trust's review of its rehab projects over the last 20 years saw up to 90% of project costs allocated to labour (OHT, *Cultural Heritage - Proposals for Ontario Cultural Strategy*, Dec.2015).

[4] A 2005 Statistics Canada study found that 12% of all residential and non-residential waste (amounting to 3,371,880 tonnes) comes from construction, renovation and demolition. Only 16%, or 555,352 tonnes, is diverted.

[5] *The Greenest Building: Quantifying the Environmental Value of Building Reuse*. National Trust for Historic Preservation, 2011.

[6] *Financial Measures to Encourage Heritage Development*. Prepared for the Federal-Provincial-Territorial Ministers' Table on Culture and Heritage, by the National Trust for Canada, 2014. http://www.nationaltrustcanada.ca/issues-campaigns/financial-incentives