

# NEWSLETTER



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## PRESIDENT'S REPORT

- The Paterson House was saved!
- The future of the World War II hangars appears, at least for the moment, in doubt.
- The Digstor Tower fight is about to begin.
- Another step in the preservation of the Market--\$80,000 Study commissioned by the City has been undertaken.
- For the first time the Aberdeen Pavillion's restoration is treated as a given in the re-development of Lansdown Park.

This is a capsule summary on battles won and battles still ongoing waged by a small band of dedicated people who are trying their best to persuade, cajole, encourage different levels of government to preserve historical buildings.

Heritage Ottawa has a real reason to be proud. As an organization we either spearheaded or played an active role in all of these projects.

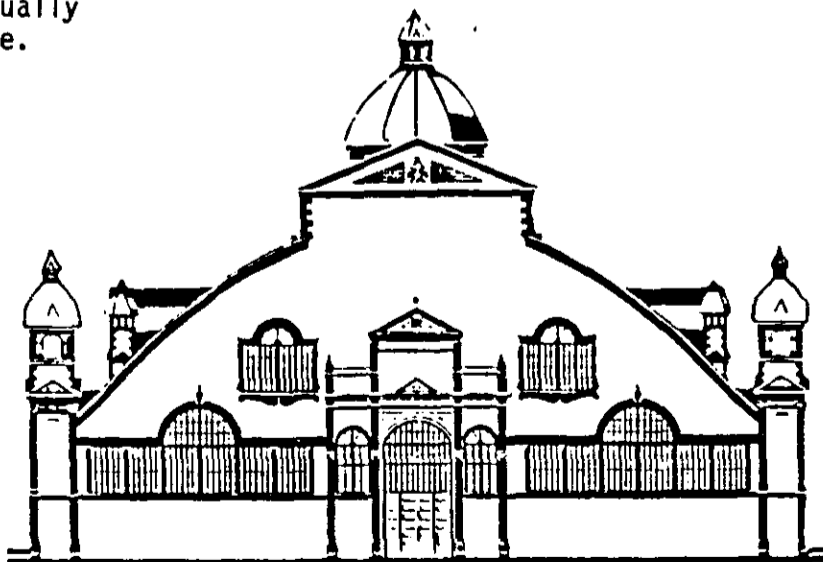
Unfortunately it is a constant war to remind our politicians that when they authorize the demolition of a building, they are gradually reducing a non-renewable resource.

**THE FIGHT CONTINUES!!**

## 150 METCALFE STREET (The Medico-Dental Building)

This multi-storied office building, located at the south-west corner of Metcalfe Street at Laurier Ave. W. (across from the Ottawa Public Library) was demolished in mid-November. Although a somewhat non-descript red brick building, it featured a deep rusticated stone foundation, stone lintels and keystones, and an elaborate cornice.

Area Alderman and LACAC member, Diane Holmes, "fully supported the demolition", said Robert Smythe, her assistant. Although the lot now consists of rubble the boarding is in place and new construction is expected to begin early in 1989. Plans for the new building include a design similar to the old one but rendered in modern materials. In the meantime, both the Ottawa Public Library and St. George's Anglican Church are enjoying sun-exposure that has been blocked for decades, and this interscotion has become less of a "wind tunnel" than it used to be.



**SENATOR PATERSON'S HOUSE**  
**500 Wilbrod Ave.**

The Paterson House, located at 500 Wilbrod Ave., is a large eclectic-style manor including a coach-house. It is one of the remaining grand Sandy Hill mansions and is situated overlooking the Rideau River.

In addition to being of architectural value, the house is important as it previous owners, Andrew Fleck and Senator Norman Paterson, were prominent businessmen on the local and national scenes. The house, which was built in 1900-01, is a two-and-a-half storey structure with a three-storey tower on its Wilbrod Ave. side. It is constructed of Nepean sandstone with a Spanish terra-cotta tiled roof trimmed with copper. It was built with a number of art nouveau details, including a variety of elaborate stained glass windows, floral frescoes in the dining room and a delicate metal-work grill over the front door. Other luxurious touches included marble fireplaces, elaborately carved wooden columns and bannisters, and an intricately laid parquet floor.

This grand mansion was built by Andrew W. Fleck, a prominent Ottawa businessman. For 21 years he had been the Secretary-Treasurer of the Canadian Atlantic Railway which was one of J.R. Booth's subsidiary companies; he was also President of the Vulcan Iron Foundry. Perhaps the most important element in ensuring his prominence in the Ottawa social scene was the fact that he married Booth's daughter, Gertrude.

The Flecks needed a new house after their old one was destroyed in the Great Fire of 1900. Along with several other distinguished Ottawa families, the Booths, the John Rochesters, the Flecks lived near the Chaudière Falls. On the 26 April 1900, a disastrous fire wiped out most of the houses in the

region. The Flecks and many other prominent families moved to Sandy Hill. Fleck purchased the site for his house from the Sisters of Charity who had obtained the land from Louis Besserer, the "founder" of Sandy Hill. To design his home, Fleck commissioned J.W.H. Watts, an English-trained architect. Watts was an assistant architect for the Department of Public Works as well as an accomplished interior designer and painter; and he helped to found the Royal Canadian Academy.

Fleck and his heirs lived in the house until 1941 when it was bought by Paterson, a distinguished businessman from the West and a Liberal senator. he had made his fortune in the grain business and founded N.M. Paterson & Sons, Grain Merchants, and Paterson Steamships. Even today, the black "P" on a white background is visible on many prairie grain elevators and Great Lakes ships. Paterson was also in local politics in Fort William, Ontario (now incorporated into Thunder Bay). In 1940 he was appointed a senator from that province. For Ottawans his name is perhaps most familiar from his endowment to Carleton University at its founding, of the Norman Paterson School of International Affairs.

The house was designated under the Ontario Heritage Act in 1978 and remained in the Paterson family until 1984. Since then it has had several owners who have subdivided the grounds to build condominiums. Plans for the house and the coach house have, at various times, included proposals for building a senior citizens' residence, an embassy or conversion to use as a "bed and breakfast" hotel. It has stood vacant since 1986 and despite being sold in October 1988, is yet on the housing market. After an upper-level to the Conservatory was removed in November 1988, (in contravention of the Ontario Heritage Act), Heritage Ottawa was able to gain access to and inspect



*Kitchen implements from a loyalist home*

the property, courtesy of the realtor, Canada Trust.

The building has been stripped inside of all lighting and plumbing fixtures, walls have been torn down and only one stained glass window remains. There is no heat, electricity or plumbing and water has seeped in through the conservatory roof. In short, the building is becoming derelict; a process which will be accelerated through the freeze-thaw cycle of winter. The damaged conservatory leads off the dining room, and this is one interior the least damaged and the most worthy of saving - intact.

The Heritage Act explicitly protects only the exterior of buildings. It is hoped that if a precedent can be set with the designation of the Eaton Auditorium in Toronto (see elsewhere in this column), a similar interior designation can be applied to this room. A precedent does exist in Ottawa on the interior of a Besserer St. house; but it remains to be seen if this dining room can also be designated.

In the meantime, charges can be pressed against the owners who allowed the partial demolition to take place. Veronica Vaillancourt, Chairman of the Ottawa Local Architectural Conservation Advisory Committee (LACAC) states that the matter is now in the hands of the City of Ottawa. On December 6, City Council decided to do the repairs necessary to keep the interior from further damage; the costs will be added to the owner's property taxes which are currently outstanding at \$23,547.

The house is listed at an asking price of \$995,000. Heritage Ottawa is keenly interested in further developments of this property. We are asking all members and residents of Sandy Hill to please watch the building carefully and report back to us at: 745-0551.

- D. Ainslie, S. Hunchuck

## NEW BOARD MEMBERS

The Board of Heritage Ottawa was greatly strengthened with the addition of 3 new Board members.

In heritage circles Rhys Phillips needs no introduction. He has probably one of the best informed minds and is a passionate defender of things heritage. His principle fields of interest and major accomplishments have been centred in Sandy Hill. Now all of Ottawa will benefit from his expertise.

Nathalie Belovic is a young dynamic go-getter from the world of real estate. Her knowledge of Ottawa is unparalleled. A passionate defender of the By-Ward Market, Nathalie will bring to Heritage Ottawa the enthusiasm and drive necessary to carry out our projects.

Sally Coutts is an architectural historian with Parks Canada and an active member of LACAC. Because of this membership she becomes an essential link between Heritage Ottawa and City Hall. Sally will contribute a tremendous mixture of the theoretical and practical.

Welcome to the Board Sharon Brown. If you have telephoned or dropped into our headquarters at 62 John St., you no doubt were greeted with the cheery voice and friendly smile of Sharon Brown.

She is our new intern, funded through the provincial ministry of Communications and Culture. She brings to the job a vast experience in the service industry, including management of a busy restaurant and retail. In a very short time she has wrestled the records and files of nearly a quarter of a century into a carefully organized library and archives. She next plans to tackle the ever present problem of membership, and will shortly be embarking on a plan to increase our numbers as well as working on renewals. All-in-all, she is a welcomed and valued new staff member. If you haven't already met Sharon, drop into 62 John St. and say hello.



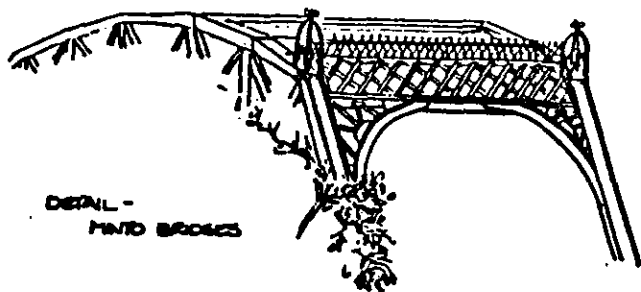
The HERITAGE OTTAWA Gallery  
62 John Street (at Sussex)

## EVERYBODY WAS A WINNER!!

Heritage Ottawa developed a method to regenerate its dwindling financial resources, while providing a service for the membership and our non-member friends. Our charitable auction, held on December 4th, 1988, was an event where everybody who participated won something valuable:

- those who donated various objects which were auctioned won in two ways; first they received a receipt for the full value of the donated object which can be used as a charitable deduction for income tax purposes; and second, they won many thanks from Heritage Ottawa.
- Those who purchased items at the auction had a chance to obtain unique objects not available in ordinary stores. Where else can one buy a 19th century steamer trunks or 1930s chorus girl costumes at bargain basement prices?
- Mr. Walker, Ottawa's leading auctioneer, conducted this auction for Heritage Ottawa with professional skill, great humour and without accepting remuneration for his services. As a result he won many new friends and the ever-lasting gratitude of Heritage Ottawa.
- All members and staff who worked hard for the success of this event won the good feeling that they did something worthwhile.
- Finally, Heritage Ottawa gained \$1,800 clear profit which will be used to reduce our deficit.

Encouraged by the success of the auction, we are working on a repeat performance later this year. We call on all members and friends to start digging in their basements for household articles, art objects and knic-knacs. These objects will be converted to TAX DEDUCTIBLE donations at our next auction. The next NEWSLETTER will inform everyone as to when and where these items can be deposited.



## ACTION

### NEWFOUNDLAND

#### WHY SAVE BUILDINGS??

Mrs. Linda Galway of a Grade III classroom in Dildo, Nfld. introduced her class to the preservation battle field through a story in a class reader. Shortly after, Heritage Canada received 26 letters from outraged future citizens! A selection is included.

Dear Sir,

I think old houses should not be torn down. I read a story in my reader. And I think old houses should not be torn down because birds might have a nest on the roof. And old seem special. They remind you of things that happened before. So I think old houses should not be torn down.

Yours truly,

Adam Hurley, Grade three

Dear Sir,

I am in grade 3. I read a story in my reader. It was about an old building. So I agree that old buildings or houses should not be torn down because it brings back a bit of memories and it would be nice to be able to look and see how things were made in the past. And there might be some valuable things in the old house or building. And it might be special to the people who built the house and they might put a lot of courage into the house. So that is why I think that old houses or buildings or anything should not be torn down.

Yours truly,

Lori Janes

Dear Sir,

I am from Woodland Elementary School. My name is Jill Reid. I am 8 years of age and in grade 3. In our reader I read a story about a boy named Peter Nelson. His grandmother, Mrs. Nelson had an old house and she had to move out because City Hall were going to tear all of the houses on her street down. We are writing to you because our teacher told us about your group, and we agree that old houses should not be torn down because they bring back old memories and are sometimes special.

Yours truly,

Jill Reid  
Blaketown

At a public meeting on January 30, 1989, the City of Ottawa re-introduced its dormant Lansdowne Park Development Program. The centerpiece of the program is the Lansdowne Park Development Strategy, 1984. The Program is now under the management of the Department of Recreation and Culture; Commissioner Don Gamble proposes to implement the Program in stages over the next five years.

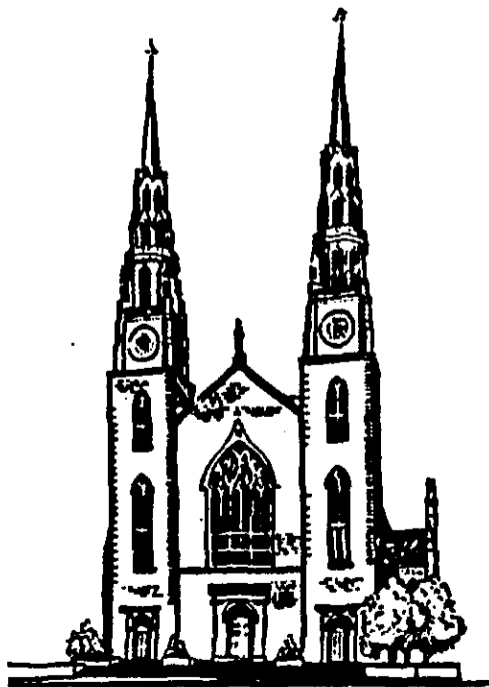
Overlooking many questionable aspects of the plan and its focus on commercial activity, and focusing on heritage concerns, members of the Board want to direct members' attention to the proposals to retain and restore the Aberdeen Pavilion (Cattle Castle) and the McElroy Building, and to demolish the Century Building and Commerce (Curl-o-Drome) Building. The Aberdeen Pavilion will clearly be saved; Board members are actively soliciting government funding and meeting with the City's representatives. Retention of the McElroy Building confounds this writer when, at the same time, the City proposes to demolish the Century Building (August 1989) and Francis Sullivan's Commerce Building (April through August 1991).

The Board is enlisting the support of volunteers from the membership to engage in immediate and long-term efforts to protect these two heritage structures.

Copies of the Lansdowne Park Development Strategy are available for viewing for those who want to get involved in the monitoring of this Program: contact Richard Limmert at 722-1778.

1. TEACHERS EACH DAY WILL FILL LAMPS, CLEAN CHIMNEYS.
2. EACH TEACHER WILL BRING A BUCKET OF WATER AND SCUTTLE OF COAL FOR THE DAY'S SESSION.
3. MAKE YOUR PENS CAREFULLY. YOU MAY WHITTLE NIBS TO THE INDIVIDUAL TASTE OF THE PUPILS.
4. MEN TEACHERS MAY TAKE ONE EVENING EACH WEEK FOR COURTING PURPOSES, OR TWO EVENINGS A WEEK IF THEY GO TO CHURCH REGULARLY.
5. AFTER TEN HOURS IN SCHOOL, THE TEACHER MAY SPEND THE REMAINING TIME READING THE BIBLE OR OTHER GOOD BOOKS.
6. WOMEN TEACHERS WHO MARRY OR ENGAGE IN UNSEEMLY CONDUCT WILL BE DISMISSED.
7. EVERY TEACHER SHOULD LAY ASIDE FROM EACH PAY A GOODLY SUM OF HIS EARNINGS FOR HIS BENEFIT DURING HIS DECLINING YEARS SO THAT HE WILL NOT BECOME A BURDEN ON SOCIETY.
8. ANY TEACHER WHO SMOKES, USES LIQUOR IN ANY FORM, FREQUENTS POOL OR PUBLIC HALLS, OR GETS SHAVED IN A BARBER SHOP WILL GIVE GOOD REASON TO SUSPECT HIS WORTH, INTENTION, INTEGRITY AND HONESTY.

Note: The teacher who performs his Labour faithfully and without fault for five years will be given an increase of twenty-five cents per week in his pay, providing the Board of Education approves.



TAX DEVELOPMENT AFFECTING  
REHAB OF BUILDINGS

### 1. The Principle of Deductibility of Rehab

For years, conventional wisdom dictated that when an investor rehabbed an investment property (commercial, industrial, rental residential etc.), the expense was not tax-deductible: it was capital.

For example, the replacement of doors, windows, plumbing, wiring or of a roof, was not considered "repair"; it was considered "renovation" and was capital because that kind of expense was made "once and for all". The best one could do was to claim depreciation on those expenses.

In the spring of 1987, the Quebec Court of Appeal unanimously ruled that this was not the correct approach. That decision, in SMRQ vs Goyer, was taken to the Supreme Court of Canada; but the Supreme Court refused to hear the appeal, thereby rubber-stamping the decision of the Court of Appeal. The Goyer case outlines a different approach to deductibility.

The case was litigated by Revenue Quebec (a private agency) as opposed to Revenue Canada. In my view, however, the court went to some lengths to indicate that the principles which it was laying down applied to both. The outcome is that **DEDUCTIBILITY NOW DEPENDS ON A THREE-PRONGED TEST:**

- the replacement of building components, on an investment property, is deductible unless
- a) it expands the building
  - b) it replaces items which had disappeared for a lapse of time or
  - c) it is inconsistent with the "normal capital value" of the building

In the Goyer case, the landlady had replaced doors, windows, balconies and plumbing. Quebec tax officials had treated all as non-deductible capital expenses; but the Court applied the above test, and concluded that they were all tax-deductible.

There are two further unusual features to look out for:

- a) it appears that only pure replacement qualifies for this kind of treatment. Replacement mixed with alterations might still be 100% capital;

- b) very modest upgrading (eg. in plumbing and wiring) still appears to qualify as replacement. In Goyer, the plumbing was upgraded to meet code requirements, but was still treated as a tax deductible replacement.

### 2. Impact of the Decision

If the reasoning of the Quebec Court of Appeal was applied verbatim, nationwide, then a substantially larger amount of rehab expenses would be tax-deductible, particularly when it come to replacement. That, in turn, would affect the bottom line on many rehab projects and presumably stimulate the industry--without upsetting the "level playing field" of the tax system.

### 3. A Possible Ambiguity

It is easy to discern what the Court meant when its new three-pronged test referred to (a) additions to a building, or to (b) replacement of items which had disappeared. But what did the Court mean by (c) "normal capital value"? Does it mean the condition the building was in shortly after it was built? The Court did not specify; it only said that Goyer's replacement of doors, windows, plumbing and balconies did not upset "normal capital value".

### 4. Follow-up to the Goyer Decision

In December 1987, Revenue Quebec issued an Information Bulletin, specifying that the Goyer test now applied, and it would consider replacement expenses which met that test as tax-deductible.

However, Revenue Quebec added a qualifier. It said that if it suspected that an investor had acquired a property at lower than normal value (because of its need for repairs) and then he proceeded to rehab the building, it would treat the rehab as capital.

The problem is that there is nothing in the Goyer decision itself which appears to support this qualifier.

Revenue Canada has made no public statement. There were concerns that Revenue Canada might argue that the case only applied to Revenue Quebec, despite the Court's pains to emphasize that the Court was relying on general principle.

## 5. Recent Attempts at Obtaining a Commitment

In late 1988, the undersigned requested an Advance Ruling from Revenue Canada, on behalf of a client developer. An advance Ruling is a Department procedure which allows taxpayers to get an advanced idea on how Revenue Canada will react to their fact situation. In this case, the developer was in the process of acquiring a building, with a view to doing a Goyer-style replacements on it. Unofficially a senior tax official replied that the project was ineligible for tax deductibility. The reason was not because the project was outside Quebec. Instead, he said that the reason was the same qualifier as Revenue Quebec invoked, namely that the project would have been owned for too short a time. The rationale is that when the rehab takes place soon after acquisition, the Department will view rehab as still part of the startup cost of the project, and hence a non-deductible capital expense. Only when an unspecified amount of time has elapsed may the Department view the expense as being distinct from startup costs, and hence a deductible expense.

The problem with the above scenario is the uncertainty which it creates: acquisition cost may or may not represent all of startup costs, depending on whether the Department thinks the owner had rehab in mind or not!

Because of the uncertainties involved, the undersigned held off on asking the official to commit the Department to expressing this view in writing. Perhaps with further discussion, a more favourable consensus can be arrived at, and then committed to writing.

## 6. The Position as it Now Stands

The current situation can therefore be summarized as follows:

1. the Goyer case contains sweeping statements on the tax-deductibility of replacement expenses on investment property;
2. Revenue Canada has expressed no official position;
3. Where owners have owned property for some time, and hence cannot be accused of lumping rehab in with startup costs, it appears that Revenue Canada might be prepared to treat rehab expenses as tax-deductible;
4. Where the property was recently acquired, Revenue Canada currently appears unwilling to apply the Goyer rationale.

## 7. Conclusion

A. Since a state of uncertainty is unacceptable, one hopes that major national organizations of owners, developers, contractors and amenity groups will seek a consensus with federal officials, which can then be committed to writing.

B. In the meantime, proponents of rehab projects which meet Goyer's criteria should solicit Advance Rulings on tax deductibility for their projects.

C. Where a proponent meets Goyer standards, but is refused deductibility on the grounds that he hasn't owned the property long enough, consideration can be given (as a last resort) to fighting a test case to determine whether such a qualifier fits with the jurisprudence.

Marc Denhez, B.C.L.  
Barrister & Solicitor

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## THE VANISHING PIONEER FENCES

From "A Backward Glance From  
Centennial Year"

By Harry T. Walker

"For a century or more, the snake rail fence, the log fence, and the older stone and stump fences have been so much a part of our Ottawa Valley rural scene that they have become symbolic of a constant pattern of farm life.

But the rapid orientation of the farm economy and its burgeoning into

a huddled suburbia, plus the insatiable demand for improved roads to carry the load of motorized traffic, are fast combining to wipe out those charming vistas of a rail fence zig-zagging up a far hillside.

Not only are the old fences being sacrificed to a bull-dozer but also their contemporaries, the old log houses. Only in the back areas of Carleton, Lanark, and Renfrew counties can still be found in all Ontario, these remaining fences and log houses that bear witness to a great pioneering saga."

## THE LORD ELGIN HOTEL

Elgin Street at Laurier Ave. W.

Built in 1941 by the Montreal firm Ross and MacDonald, this simplified chateau-styled hotel was closed in November for renovations. Constructed in ashlar stone and featuring the copper roofs favoured by William Lyon MacKenzie King, the Lord Elgin will re-open in grand style in May 1989. The renovations are described by Mr. Blakeslee, General Manager of the hotel, as a "major refit of the interior". The rooms are to be enlarged and a ventilation/air cooling unit will be installed, as will new plumbing. The windows, with their individual 1970's-era air-conditioning units will, be replaced by larger thermal window units of slightly tinted glass. The original windows were casement-type and although sealed, the new windows will more closely resemble the originals in size. In addition, the frames have been chosen to match the colour of the stone walls.

The renovations are under the direction of the firm Design Associates--Ottawa, and are expected to cost \$8 million. It is interesting to note the original building, complete with furnishings, cost \$3.5 million forty-eight years ago.

The plans for the landscaping remain uncertain, but it is hoped that the Lord Elgin can provide a more pedestrian-friendly treatment of the grounds than the parking lot now occupying the Laurier Ave. side.

- S. Hunchuk

## JOHN R. BOWES : ARCHITECT

John Bowes was born in 1820. In the city directory of 1866, he was listed as being a resident of Daly Ave. with the occupation of "Measurer, Parliament Buildings". Like many contributors to Ottawa's built landscapes, Bowes was involved in the enormous undertaking of constructing the three blocks of buildings for the Parliament of Canada. Bowes purchased a lot on Daly Ave. in 1865 which, at the time, was beginning to be developed as a residential area on the former Louis Besserer estate. It is likely that the current 226-230 Daly was built as his home shortly thereafter. This property remained in the Bowes' family for over 30 years. Bowes also resided at 235 Wilbrod and the current 235-237 Wilbrod was also likely built to his design.

It is not just for his contribution to the residential development of Sandy Hill that Bowes is best known. He was an employee of the Dept. of Public Works for 40 years and was supervising architect for major renovation at both the Kingston and St. Vincent de Paul penitentiaries in the 1850's. In private practice with his son James, Bowes designed a number of residential, commercial and religious buildings in Ottawa, most notably the Central Fire Station (1887), the Covent of the Good Shepherd on Park St., and the most imposing of all, St. Brigid's Church in Lower Town (1890). Bowes died in August, 1894 at the age of 74.



OLD MARKET BUILDING