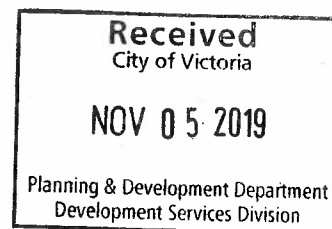




*Victoria*  
CIVIC  
HERITAGE  
TRUST



Mayor and Council  
City of Victoria  
1 Centennial Square  
Victoria BC V8W 1P6

1 November 2019

**Victoria Civic Heritage Trust  
2020 Expenditure Budget  
2020 Capital and Operating Direct-Award Funding Requests**

Dear Mayor Helps and Council Members:

As requested by the department of Sustainable Planning and Community Development, the Victoria Civic Heritage Trust (VCHT) respectfully submits our **2020 Expenditure Budget**, approved by our Board of Directors on 23 October 2019. The 2020 Operating request is the same as 2019 plus a 2% cost of living increase. The 2020 Capital request is increased from \$420,000.00 to \$1,000,000.00, as explained below.

The VCHT Board of Directors was very pleased to welcome and to work with Councillors Jeremy Loveday and Charlayne Thornton-Joe, both starting a two-year term in 2019.

In 2019 the VCHT saw continued demand for application requests under the Building Incentive Program (BIP), with some applications submitted in 2019 and a number of others expected in 2020. Projects approved in 2019 were located in the downtown, Rock Bay, Fernwood, Burnside, and North Jubilee neighbourhoods. Projects expected in 2020 include significant heritage buildings inside and outside of the downtown core. We are excited to continue working with several Chinese Associations on heritage conservation projects in Chinatown.

The VCHT continues to emphasize the seismic upgrading of heritage buildings. The Seismic Parapet Incentive Program (PIP) introduced in 2015 generates sustained interest and a number of projects are in the works for 2020. This initiative operates through BIP using existing resources and is the first of its kind in Canada.

**CAPITAL REQUEST INCREASE: Aligning Incentives with Increased Construction Costs 1990-2019**

In July 2019 the VCHT Board approved an increase in the maximum Building Incentive Program (BIP) and Seismic Parapet Incentive Program (PIP) funding from \$50,000.00 to \$100,000.00, effective immediately. These increased maximum incentive amounts are reflected in the increased 2020 Capital request of \$1,000,000.00 based on applications expected in 2020, as confirmed with the City's Senior Heritage Planner.

The maximum BIP funding amount of \$50,000.00 remained unchanged since 1990 to 2019, while local construction costs increased by 94% in the same period. Simply put, the value of \$50,000.00 in 1990 is equivalent to approximately \$100,000.00 in 2019. The decision to increase the BIP funding maximum was based on documented increases in historic local construction costs. See the attached VCHT report "Board Policy Discussion: BIP + PIP Maximum Funding" and letter from Advicas Group Consultants Inc, 11 July 2019.

In October 2019 the VCHT Board also approved more modest increases in the maximum funding for BIP Design Assistance Grants from \$2,000.00 to \$3,000.00, and PIP-Design Assistance Grants from \$3,000.00 to \$4,500.00. These increases were approved to align the incentives to engage professional consultants based on the mid-range majority of actual historic consultant costs. See the history and breakdown of costs in the attached VCHT report "Board Policy Discussion: DAG + PIP-DAG Maximum Funding."

**PLAN FOR 2020: Research and Report back to Council for 2021 Budget Submission**

In July 2019 the VCHT Board also approved the preparation of a comprehensive report to Council for the 2021 budget submission, including engagement of a cost consultant to prepare an analysis of costs and the value of incentives applied against increasing construction costs, particularly costs related to the 2018 BC Building Code for seismic upgrading and other issues directly affecting heritage buildings in Victoria.

Further research is expected to be done in 2020 on incentives in other jurisdictions. For example, in 2019 the City of Vancouver introduced a new suite of heritage incentive programs. One of its incentive programs provides up to \$4 million per heritage building (based on \$100/sq ft to a maximum of 50% of eligible costs) with 6-8 applications anticipated annually through a Heritage Conservation Reserve Fund, funded by community amenity contributions collected from city-wide re-zonings. This significant incentive aims to encourage exterior and interior heritage conservation including seismic and other code upgrading.

Please note that with the increased BIP and PIP maximum funding amount of \$100,000.00, that amount in 2019 dollars only keeps pace with the equivalent value of a \$50,000.00 BIP incentive in 1990. It has, however, a large potential impact on the projected budgets for 2020, 2021 and beyond, with the VCHT's BIP reserve being depleted in 2020. Recommendations on distribution of incentives will be made in the report.

**CITY'S SEISMIC UPGRADE FUND: Subject to Council Approval, \$150,000.00 to VCHT for PIP**  
The City of Victoria Downtown Core Area Plan (2011) identified the implementation of a **Downtown Heritage Resource Seismic Upgrade Fund** in chapter 7 Heritage to support seismic upgrading costs for protected downtown heritage buildings – see attached excerpts.

It is understood that **\$150,000.00** in funds have accumulated since the Downtown Core Area Plan was adopted which, subject to Council approval, may be allocated to the VCHT toward the **Seismic Parapet Incentive Program** to assist owners with voluntary seismic upgrading of parapets, building fronts, and seismic falling hazards on their protected downtown heritage buildings.

The allocation of **\$150,000.00** from the City's Seismic Upgrade Fund is shown in the 2020 Expenditure Budget, but it is separate from and in addition to the VCHT's annual direct-award Capital request of **\$1,000,000.00**.

#### **PROJECTED APPLICATIONS: 2020 and 2021**

To date in 2019, approved applications include **nine Building Incentive Program** and **one Design Assistance Grant** totaling **\$301,746.46**, and **four BIP** extensions plus **four** site visits and payouts. **Two PIP-DAG** funding awards under the **Parapet Incentive Program** were approved in 2019 totaling **\$6,000.00**. City and VCHT staff also met with a number of **Tax Incentive Program** applicants, with many planning to submit in 2020 or 2021.

Potential projects for 2020 and 2021 based on current applications are listed on pages 2-3 of the attached 2020 Expenditure Budget. This list includes heritage buildings located in various neighbourhoods in the city.

We anticipate very strong demand in 2020 and 2021. Based on enquiries for the rest of 2019 and for 2020, the VCHT projects the potential for **twenty to twenty-five BIP** plus **thirteen DAG** applications, as well as **nine PIP** and **six PIP-DAG** applications, in the amount of **\$427,500.00** in 2019 plus **\$2,158,455.10** in 2020. In 2021 the VCHT projects the potential for **eighteen to twenty BIP** plus **twelve DAG** applications, as well as **three PIP** and **three PIP-DAG** applications, in the amount of **\$2,089,500.00** in 2021.

#### **2020 CAPITAL REQUEST**

We respectfully submit our **2020 Capital** direct-award funding request of **\$1,000,000.00** for the purposes of Building Incentive Program funds and assisting with the City of Victoria's Heritage Tax Incentive Program, plus a separate allocation of **\$150,000.00** to be approved by Council from the City's Seismic Upgrade Fund to the VCHT toward the Seismic Parapet Incentive Program. The direct-award funding request reflects a significant increase in the Capital request from \$420,000.00 since 2008 to 2019 in recognition of increases in construction costs in recent years. The list of potential applications in 2019-2020 translates to a deficit of **-\$4,503.00** in the BIP fund by 31 December 2020 if all projects are approved, which substantiates the 2020 capital request of \$1,000,000.00.

#### **2020 OPERATING REQUEST**

We respectfully submit our **2020 Operating** direct-award funding request of **\$116,500.00**, which is the amount received in 2019 plus a 2% cost of living adjustment, as per last year. Please note that with the amount requested, the VCHT will continue to operate on a deficit basis as it has for a number of years.

## BACKGROUND

The VCHT was established by the City of Victoria in 1989 as a civic vehicle to administer Building Incentive Program funding, and subsequently to assist with the City's Tax Incentive Program, for the conservation and rehabilitation of downtown heritage buildings and to preserve Victoria's community heritage. Modeled on Civic Trusts in Britain that are financially supported by the local municipality, the VCHT is a widely recognized organization that has produced impressive results for the City of Victoria that would not otherwise have been achieved without these programs. To date some of these accomplishments include:

- **\$161.62 million** in private investment in **153 eligible heritage buildings** through **\$6,540,295.00** in **299 Building Incentive Program** awards through City Capital funding;
- Average factor of **\$24.71 private investment** for every **\$1** in BIP funds awarded;
- **82 Heritage Designations** directly related to funding applications, resulting in significantly increased protection of heritage buildings and an improved downtown environment;
- Numerous awards including: **Pinnacle Award** to the City of Victoria and VCHT by the International Downtown Association for the Tax Incentive Program; **Gold CARE Award** to the City of Victoria and VCHT by the Canadian Home Builders' Association for the Tax Incentive Program; **Prince of Wales Prize** to the City of Victoria for its heritage conservation programs; **Outstanding Achievement Award** from Heritage BC and **Communication Award** from the Hallmark Society for **Test of Time**; **BCBIA "Best in the West" Award** and \$125,000.00 funding from the Canada – BC Infrastructure Works Program for the Downtown Heritage Building Lighting Program; **Outstanding Achievement Award** and \$300,000 HARP funding from the BC Heritage Trust for the Broad & Yates Street area.

The VCHT is very proud of our strong relationship with the City of Victoria and our long record of distinguished service on behalf of the City and its residents. We look forward to continuing to work with the City of Victoria to further its strategic goals through incentive programs operated by the VCHT which successfully deal with significant community issues on multiple levels using highly cost-effective resources.

On behalf of our Board of Directors, I'd like to thank the City of Victoria for its ongoing financial commitment to Victoria's exceptional heritage programs. It is because of Council's foresight and consistent support that the City of Victoria is widely recognized as a leader in municipal heritage conservation in Canada.

More detailed program information will be available for 2019/2020 following the calendar year end.

The VCHT Board appreciates that the 2020 Capital request represents a significant increase, however we believe it is justified and overdue. We would be pleased to discuss our request with Council at any time.

Yours truly,



Clive Townley  
President

*attachments*

**2020 EXPENDITURE BUDGET  
VICTORIA CIVIC HERITAGE TRUST**

Submitted to City of Victoria  
23 October 2019

EXPENDITURES				REVENUE	
BUDGET ITEM	EXPENDITURE BUDGET			CITY OF VICTORIA	
	Priority / Explanatory Notes	APPROVED 2019 BUDGET	2020 BUDGET	OPERATING FUNDS 2% COL Increase	CAPITAL FUNDS
<b>TOTAL BREAKDOWN</b>		<b>735,985.00</b>	<b>1,590,785.00</b>	<b>116,500.00</b>	<b>1,150,000.00</b>
<b>CORE OPERATIONS</b>					
Core Management Contract (60%)	Contract	54,800.00	55,900.00	51,030.00	
Office & Equipment Rent	Contract	11,675.00	11,900.00	11,900.00	
Office Expenses	Contract	5,100.00	4,500.00	4,500.00	
Telephone / Internet	Core	725.00	840.00	840.00	
Computer / Communications	Core	1,200.00	1,200.00		
Catering & Meeting Costs	Core	3,400.00	4,000.00	4,000.00	
Travel	Core	500.00	500.00	0.00	
Miscellaneous Costs	Core	500.00	500.00		
Insurance	Core	2,050.00	2,100.00	2,100.00	
Audit Fees	Core	5,600.00	5,900.00	5,900.00	
Reserve for Projects	Core	6,000.00	6,000.00		
Bank Charges	Core	150.00	30.00	30.00	
Interest Earned	Core	-20,000.00	-20,000.00		
5% GST Cost Estimated	Core	7,500.00	7,500.00		
50% GST Rebate Estimated	Core	-3,750.00	-3,750.00		
<b>ARCHITECTURAL CONSERVATION</b>					
ACC Committee (40%)	Contract	36,535.00	37,165.00	35,700.00	
<b>PROJECT MANAGEMENT</b>					
<b>INTERPRETATION PROJECTS</b>					
Interpretation Committee	2	0.00	0.00		
Heritage Directory Website	2	500.00	500.00	500.00	
<b>OTHER PROJECTS</b>					
Special Projects/Events/as approved by Board	2		1,000.00		
Cost Consultant Study/as approved by Board	2	3,500.00	5,000.00		
<b>Total Core Operating &amp; Projects</b>		<b>115,985.00</b>	<b>120,785.00</b>	<b>116,500.00</b>	
<b>CAPITAL INCENTIVE PROGRAMS</b>					
Projected BIP Project Balance 31 Dec 2019	<b>1,043,952.15</b>				
2020 City Capital Contribution for BIP	1,000,000.00				
2020 Seismic Upgrade Fund Contribution*	150,000.00				
<i>*Subject to Council approval</i>					
2020 Potential BIP Project Applications**	-2,158,455.10				
<i>**See attached list on page 2</i>					
2020 Program Expenses See below	-40,000.00				
<b>Projected BIP DEFICIT 31 Dec 2020</b>	<b>-4,502.95</b>				
<b>BUILDING INCENTIVE PROGRAM</b>					
2020 Building Incentive Program Funds	Core	400,000.00	960,000.00		960,000.00
BIP Brochure / Banners	Core	4,000.00	4,000.00		4,000.00
2020 Seismic Upgrade Fund Contribution*			150,000.00		150,000.00
<i>*Subject to Council approval</i>					
2020 Seismic PIP Budget = \$470,000	Core				
PIP & PIP-DAG Applications	Core	185,000.00	320,000.00		
Program Management / Expenses	Core	15,000.00	16,000.00		16,000.00
Seismic/Downtn Promotion/Communications	Core	8,047.94	8,047.94		
Donation for Seismic/DT Promotion/Comm		-8,047.94	-8,047.94		
<b>TAX INCENTIVE PROGRAM</b>	Core	12,000.00	16,000.00		16,000.00
BIP/TIP Promotion / Communications	Core	4,000.00	4,000.00		4,000.00
<b>TOTAL Capital Incentive Programs</b>		<b>620,000.00</b>	<b>1,470,000.00</b>	<b>116,500.00</b>	<b>1,150,000.00</b>
<b>GRAND TOTALS</b>		<b>735,985.00</b>	<b>1,590,785.00</b>	<b>116,500.00</b>	<b>1,150,000.00</b>
<b>CITY DIRECT-AWARD REQUEST</b>				<b>1,266,500.00</b>	

**BIP CASH PROJECTION: 2020 and 2021**

<b>BIP PROJECT BALANCE 30 Sept 2019</b>	<b>1,495,120.15</b>		
<b>532 Herald St</b> Wilson Brothers Warehouse	-18,368.00	BIP	CoV Capital Request
<b>536-538 Herald St</b> Wilson Building	-5,300.00	BIP	2008-2019
<b>649 Gorge Rd</b> Centennial United Church	-20,000.00	BIP	\$420,000.00
<b>2006-2010 Fernwood Rd</b> Rennie & Taylor Apts	-3,000.00	DAG	CoV Capital Request
<b>2006-2010 Fernwood Rd</b> Rennie & Taylor Apts	-4,500.00	PIP-DAG	2020
<b>1300 Government St</b> Adelphi Building	-100,000.00	BIP	BIP \$1,000,000.00
<b>1300 Government St</b> Adelphi Building	-100,000.00	PIP	SUF (PIP) \$150,000.00
<b>1306 Government St</b> Palace Cigar Store	-100,000.00	BIP	<b>\$1,150,000.00</b>
<b>1306 Government St</b> Palace Cigar Store	-100,000.00	PIP	
<b>PROJECTED BIP BALANCE 31 Dec 2019</b>	<b>1,043,952.15</b>		

**2020 PROJECTED BIP PROJECTS**

<b>2621 Douglas St</b> Times Colonist Building	-103,000.00	BIP+TIP
<b>1314-1324 Douglas/645-651 Johnson St</b> Morgan Blk	-103,000.00	BIP+TIP
<b>1314-1324 Douglas/645-651 Johnson St</b> Morgan Blk	-103,000.00	BIP+TIP
<b>1314-1322 Broad St</b> Duck Block	-103,000.00	BIP+TIP
<b>1058 Pandora Ave</b> Wellburns	-103,000.00	BIP+TIP
<b>1400 Vancouver / 952 Johnson St</b> McCall's Funeral	-103,000.00	BIP+TIP
<b>2659 Douglas St</b> Scott Building	-103,000.00	BIP+TIP
<b>550-554 Johnson St</b> Strand Hotel	-100,000.00	PIP
<b>626 Blanshard St</b> Church of Our Lord	-75,000.00	BIP
<b>1308-1312 Douglas St</b> Lang Block / Victoria House	-80,000.00	DAG+BIP
<b>159 Cook St</b> Hampton Court	-3,000.00	DAG
<b>159 Cook St</b> Hampton Court	-81,562.50	BIP
<b>923 Burdett St</b> Mt St Angela	-50,000.00	BIP
<b>539 1/2-545 Fisgard St</b>	-103,000.00	BIP
<b>539 1/2-545 Fisgard St</b>	-104,500.00	PIP or TIP
<b>6-10 Fan Tan Alley</b>	-103,000.00	BIP
<b>6-10 Fan Tan Alley</b>	-104,500.00	PIP or TIP
<b>1244-1252 Wharf St</b> Yates Block	-103,000.00	BIP
<b>1244-1252 Wharf St</b> Yates Block	-104,500.00	PIP or TIP
<b>554-562 Fisgard St</b> CCBA Building	-75,000.00	BIP
<b>1600-1602 Quadra St</b> Palladian / Nelson's Music	-50,000.00	BIP
<b>2006-2010 Fernwood Rd</b> Rennie & Taylor Apts	-5,000.00	BIP
<b>2006-2010 Fernwood Rd</b> Rennie & Taylor Apts	-30,000.00	PIP
<b>612 1/2 Fisgard St</b> Shon Yee Benevolent Assoc	-30,000.00	BIP+PIP
<b>1005-1009 Broad St</b> Counting House	-35,392.60	BIP
<b>Unknown Applicants</b>	-200,000.00	BIP
<b>Subtotal</b>	<b>-2,158,455.10</b>	

**2021 POTENTIAL BIP PROJECTS**

<b>1829-1831 Fern St</b> Victoria Friends Meeting House	-5,000.00	BIP
<b>823-825 Broughton St</b> Mellor Building	-15,000.00	BIP
<b>1314 Wharf St</b> Caire & Gracini Whs/Northern Junk	-100,000.00	BIP+TIP
<b>1316-18 Wharf St</b> Fraser Whs/Northern Junk	-100,000.00	BIP+TIP
<b>1316-28 Government / 589 Johnson St</b>	-103,000.00	BIP+TIP
<b>546 Pandora Ave</b> Macdonald Building	-103,000.00	BIP
<b>546 Pandora Ave</b> Macdonald Building	-104,500.00	PIP or TIP
<b>3 Fan Tan Alley</b> Lim Ging Building	-103,000.00	BIP
<b>3 Fan Tan Alley</b> Lim Ging Building	-104,500.00	PIP or TIP
<b>1713 Government St</b> Yen Wo Society Building	-103,000.00	BIP
<b>1713 Government St</b> Yen Wo Society Building	-104,500.00	PIP
<b>710 Fort St</b> Ritz Hotel	-103,000.00	BIP+TIP
<b>535 Yates St</b> Pither & Leiser Building	-100,000.00	BIP

continued

**2021 POTENTIAL BIP PROJECTS** *continued*

<b>251-253 Esquimalt Rd</b>	Roundhouse	-103,000.00	BIP+TIP
<b>251-253 Esquimalt Rd</b>	Car Shop	-103,000.00	BIP+TIP
<b>251-253 Esquimalt Rd</b>	Stores Building	-103,000.00	BIP+TIP
<b>251-253 Esquimalt Rd</b>	Backshop Building	-103,000.00	BIP+TIP
<b>251-253 Esquimalt Rd</b>	Turntable	-103,000.00	BIP+TIP
<b>614 Fisgard St</b>	Lee's Benevolent Assoc Building	-103,000.00	BIP+TIP
<b>1618-1628 Govt / 565 Fisgard St</b>	Lee Block	-103,000.00	BIP+TIP
<b>557-561 Fisgard St</b>	Lee Woy & Co	-20,000.00	BIP
<b>Unknown Applicants</b>		-200,000.00	
<b>Subtotal</b>		<b>-2,089,500.00</b>	