



September 26, 2017

Susanne Thompson
Director of Finance
City of Victoria
#1 Centennial Square
Victoria, BC V8W 1P6

Re: 2018 Grant Funding Request

Dear Ms. Thompson,

The Victoria Heritage Foundation (VHF) was instituted by the City of Victoria in 1983 to manage the City's funding program for Heritage Designated houses. Over the years, the City and VHF have provided financial incentives to over 1,300 projects to stimulate and promote the conservation of 373 Heritage Designated houses. The Victoria Heritage Foundation is appreciative of the continued support from the City of Victoria.

VHF also undertakes educational projects including the VHF website, neighbourhood walking tour brochures and the award-winning four-volume series *This Old House: Victoria's Heritage Neighbourhoods*, in order to further knowledge and awareness of Victoria's built heritage. A great deal of this work is accomplished thanks to the contribution of over 1,000 annual volunteer hours. The costs associated with the reprinting *This Old House* and walking tour brochures are now funded from our annual operating grant.

Enclosed is a copy of VHF's 2016 Annual Report which documents in detail our yearly expenditures and budget allocations. The report was distributed to Mayor and Council and City staff in July. It can also be viewed on our website.

VHF's work makes a significant contribution to the goals and objectives set out in Victoria's *Strategic Plan 2015-18*. Relevant goals and objectives relating to the Strategic Plan are appended for reference. The work of the Victoria Heritage Foundation also supports the goals of the City's recent Victoria Housing Strategy by promoting the retention of existing housing and character homes.

2017 has been a challenging year for owners undertaking work on heritage houses and the VHF House Grants Program. Due to the current building boom, skilled trades with experience working on old houses have been in short supply. Consequently, costs have risen substantially. According to Statistics Canada's construction price index for Victoria, costs in 2016 rose by 5.1%. We believe that in order for heritage incentives to be meaningful, they need to keep pace with rising construction costs. For 2018 the Victoria Heritage Foundation is requesting a 5.1% increase to **\$220,841**.

We would be happy to answer any questions that you may have. Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Doug Koch".

Doug Koch,
Board President

A handwritten signature in black ink, appearing to read "Aureleo Reyes".
Aureleo Reyes, CPA, CACMA
Treasurer

A handwritten signature in black ink, appearing to read "Brigitte Clark".

Brigitte Clark,
Executive Director

cc: Jonathan Tinney, Director of Sustainable Planning & Community Development
Andrea Hudson, Assistant Director, Sustainable Planning & Community Development
Merinda Conley, Senior Heritage Planner, non-voting member of VHF
Pamela Madoff, Councillor, non-voting Council liaison to VHF

Appendix

The work of the Victoria Heritage Foundation contributes to the priorities of **Victoria's Strategic Plan 2015-2018** as follows:

Innovate & Lead

- Heritage honours the past, while allowing the future to evolve
- VHF enjoys a high profile and often serves as the first point of contact for heritage-related inquiries
- VHF's award-winning website and GIS map extend the reach of the City's heritage program
- VHF collaborates with neighbourhood groups and other heritage organizations

Engage and Empower the Community

- VHF grants encourage heritage homeowners to undertake appropriate rehabilitation and inspire neighbours to do the same

Strive for Excellence in Planning & Land Use

- Existing historic neighbourhoods make for compact and sustainable land use patterns
- Heritage houses contribute to placemaking in Victoria's distinctive neighbourhoods
- VHF assists City Planners in identifying and researching potential heritage houses

Create Prosperity through Economic Development

- VHF grants leverage significant private investment
- Rehabilitation creates twice as many local skilled jobs as new construction
- Heritage is a cornerstone of sustainable cultural tourism
- Heritage supports tourism - historic hotels and B&Bs, carriage and walking tours
- Heritage houses and streetscapes are desirable locations for film productions

Make Victoria More Affordable

- Heritage houses often include affordable rental units
- Heritage houses may lend themselves to the addition of garden and secondary suites, adding density without destroying the heritage value of the house and neighbourhood
- VHF grants add to the affordability of heritage houses

Facilitate Social Inclusion and Community Wellness

- Heritage contributes to social and cultural well-being
- Attractive pedestrian-friendly streets improve quality of life and promote socialization

Enhance and Steward Public Spaces, Green Spaces and Food Systems

- Heritage neighbourhoods include mature gardens and trees, reinforcing Victoria's reputation as the City of Gardens

Complete a Multi-Modal and Active Transportation Network

- Attractive, walkable neighbourhoods close to town and amenities minimize vehicle use

Nurture Our Arts, Culture and Learning Capital

- Heritage neighbourhoods preserve the valuable legacy of the past
- VHF walking tour brochures promote awareness and appreciation of Victoria's architecture and history

Plan for Emergencies Including Climate Change Short and Long-Term

- The greenest building is the one already built
- VHF promotes educational events on seismic upgrades for heritage houses
- VHF promotes seismic upgrades through increased grant percentage



Victoria
CIVIC
HERITAGE
TRUST



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

29 September 2017

**Victoria Civic Heritage Trust
2018 Expenditure Budget
2018 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 respectfully submits our **2018 Expenditure Budget**, approved by our Board of Directors on 18 September 2017. The 2018 Capital request is the same as 2017 based on anticipated demand; the 2018 Operating request is the same as 2017 plus a 2% cost of living increase.

The VCHT experienced a sharp increase in demand in 2016 for building rehabilitation applications under the Building Incentive Program (BIP) which carried over in 2017 towards the completion and pay out of numerous projects. More than half of the building conservation projects completed in 2017 were located in Chinatown, with several new projects located in Chinatown projected in 2018. Projects approved to date in 2017 were located outside the downtown core in James Bay and Hillside; several projects located in the downtown and Fernwood are still anticipated to come forward in 2017.

In November 2017 the VCHT plans to host a special luncheon event to recognize property owners and to feature Chinatown projects recently completed using various incentive programs.

The Seismic Parapet Incentive Program introduced in 2015 has successfully completed three projects. This initiative operates through BIP using existing resources and is the first of its kind in Canada. The Seismic Parapet Incentive Program is designed as a pilot program to assess its effectiveness and owner uptake. Owner interest is solid with more projects anticipated in 2018.

In February 2017 the City of Victoria approved a city-wide expansion of the Heritage Tax Incentive Program to encourage more seismic upgrading outside the downtown core. The VCHT is working with City staff and owners on several potential projects under the newly expanded Tax Incentive Program for 2018.

At the request of Mayor Helps in April 2016 and with the support of the VCHT Board, our Executive Director served in 2016-2017 with an advocacy group initiated by Elizabeth May MP to develop a federal program proposal named "Building Resilience in Canada." Members of the advocacy group continue to work on the program proposal. Public Safety Canada has shown interest in this multi-phase proposal.

PROJECTED APPLICATIONS

In 2017 Building Incentive Program applications received and projected include **eight Building Incentive Program** and **two Design Assistance Grant** funding awards plus administration of **five extensions** and **thirteen BIP building** site visits and payouts. To date in 2017 the VCHT also reviewed **one Tax Incentive Program** application and conducted final site visits and/or financial reviews for **seven TIP buildings**.

Potential projects for 2018 based on current applications are listed on page two of the attached 2018 Expenditure Budget. This list includes heritage buildings located in various neighbourhoods in the city.

We anticipate very strong demand in 2018. Based on enquiries, VCHT projects the potential for **twenty to forty BIP applications** by 31 December 2018, not including seismic parapet program projects. All potential conservation projects are in keeping with the City's strategic goals to create a vibrant and healthy downtown.

2018 CAPITAL REQUEST

We respectfully submit our **2018 Capital** direct-award funding request of **\$420,000.00** for the purposes of Building Incentive Program funds and the City of Victoria's Heritage Tax Incentive Program. This is the same amount that was requested in 2017 (no increase since 2008). The list of potential applications in 2018 translates into a possible deficit of **-\$787,980.33** in the BIP fund by 31 December 2018 if all projects are approved, which substantiates the 2018 capital request of \$420,000.00.

2018 OPERATING REQUEST

We respectfully submit our **2018 Operating** direct-award funding request of **\$112,000.00**, which is the amount received in 2017 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 the City's Tax Incentive Program, for the conservation and rehabilitation of downtown heritage buildings and to preserve Victoria's community heritage. Modelled 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:

- **\$151.61 million** in private investment in **147 eligible heritage buildings** through **\$5,985,685** in 273 awards of **Building Incentive Program** funds through City Capital funding;
- Average leveraging factor of **\$25.33 private investment** for every **\$1** in BIP funds awarded;
- **80 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.

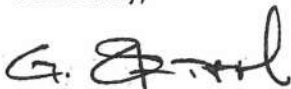
The VCHT is very proud of our strong relationship with the City of Victoria and our long record of distinguished service on behalf of the City and its residents. We look forward to continuing to work with the City of Victoria to further its strategic goals through incentive programs operated by the VCHT 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 included in our 2016/2017 Annual Report following year end.

We would be pleased to discuss our request with Council at any time.

Yours truly,



Greg Ovstaas
President

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