



Report to: Development Services Committee

Meeting Date: January 31, 2023

SUBJECT: Approval of the Continuation of the Designated Heritage Property Grant Program, 2023-2025

PREPARED BY: Regan Hutcheson, Manager, Heritage Planning, ext. 2080

REVIEWED BY: Stephen Lue, Senior Development Manager, ext. 2520

RECOMMENDATION:

- 1) That the January 31, 2023, report titled, “Approval of the Continuation of the Designated Heritage Property Grant Program, 2023-2025”, be received;
- 2) That a by-law be adopted to implement the Designated Heritage Property Grant Program (2023-2025) generally in the form attached as Appendix “A” to this report;
- 3) That the existing reserve fund titled, “Designated Heritage Property Grant Reserve Fund”, continue to be used as the funding source for the program;
- 4) That the Designated Heritage Property Grant Program be allocated \$30,000 per year in funding for a three year period (2023 to 2025) for a total of \$90,000 from the following source:
 - a) A transfer of \$90,000 from the Heritage Loan Reserve Fund, which has a current balance of \$134,375;
- 5) That By-law 175-81, as amended, (A By-law to Establish a Heritage Fund) be amended as per Appendix “C” to this report;
- 6) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

This report seeks approval for the continuation and funding of the Designated Property Grant Program for an additional three year period (2023 to 2025) based on an allocation of \$30,000 per year, for a total commitment of \$90,000.

BACKGROUND:

The Ontario Heritage Act (the “Act”) allows Council to provide heritage grants
Sections 39 and 45 of the Act allow a Council of a municipality to provide grants to an owner of a property designated under the Act for the purpose of paying, in whole or in part, the cost of alteration of such designated property on terms and conditions as Council may prescribe.

Council approved the creation of the Designated Heritage Property Grant Program (the “Program”) in 2010

The Program encourages the preservation, restoration, and enhancement of heritage buildings in Markham by providing a financial incentive to private owners of designated

properties for the repair and restoration of existing heritage features and the restoration of missing heritage features. The Program was approved and funded for an initial four year period (2010 to 2013) using accrued interest generated from the Heritage Loan Fund Reserve as the funding source. The Program was extremely well received by property owners who appreciated the direct financial assistance from the City.

The Program has been extended three times for an additional nine years in the amount of \$30,000 per year, using the accrued interest generated from the Heritage Loan Fund Reserve, a portion of the capital of the Reserve and unused grant money from previous years of the program.

Details of the Program

The Program By-law (Appendix “A”) and the Guidelines document (Appendix “B”) present the full details of the Program, which includes the following highlights:

- a) Amount of Assistance:
 - Support to the owner is in the form of a grant representing 50% of eligible work, up to a maximum limit of \$5,000 per property, for eligible work, and through an amendment to the Program in 2016, a maximum amount of \$7,500 for the replacement of a cedar shingle roof in the Markham Heritage Estates
 - Minimum \$500 amount of eligible work
- b) Heritage Property Eligibility:
 - Properties must be designated under Parts IV or V of the Act. In the case of Part V (Heritage Districts), only properties identified in a district plan as being of cultural heritage value or interest are eligible
- c) Ineligible Projects:
 - Commercial façade grant projects are specifically related to “the entire exterior front surface of a building which abuts the street from grade to eaves”, and are not eligible as there is a separate program. However, other conservation work on a commercial property is considered eligible under the Program. At the discretion of Council, an applicant may be limited to receiving only one heritage related financial assistance grant in a calendar year
 - Projects in Markham Heritage Estates (under 20 years) as these owners already receive a financial incentive through reduced lot prices
- d) Timing and Number of Grants:
 - Grants are to be awarded on an annual cycle following a request for applications with an established deadline
 - Only one grant per calendar year per property
 - First time applicants will get priority each year and repeat applicants will be considered only if the annual cap is not reached by first time recipients
- e) Municipal Eligibility Criteria:
 - Subject property must be in conformity with municipal by-laws and regulations
- f) Eligible Projects:

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- Work that primarily involves the repair, restoration or re-creation of heritage features or components including, but not limited to cornices, parapets, doors, windows, masonry, siding, woodwork, and verandas
 - Exterior painting (see eligible amount of grant assistance)
- g) Eligible Costs:
- The cost of materials, equipment and contracted labour, but not donated labour or materials or labour performed by the applicant
 - A grant of up to 50% for architectural/ design/ engineering fees to a maximum of \$1,000 (as part of the maximum permitted grant of \$4,000) is available
 - Exterior Painting - in documented original colours to a maximum grant contribution of \$2,000 or 25% of the cost, whichever is the lesser. **One time only grant.**
- h) Cost Estimates:
- Two separate estimates of work (due to the specialized nature of the work) are to be provided by a licensed contractor (other than the owner) for consideration
- i) Review Process:
- Applications are reviewed by City (Heritage Section) staff and Heritage Markham Committee, and recommended submissions are forwarded to Council for approval through Development Services Committee
- j) Timeframe for Completion of Work:
- Grant commitments are valid for one year and expire if the work is not completed within that time period (an extension may be granted)
- k) Receipt of Grant Assistance:
- Grants are paid upon submission of receipts, to the satisfaction of the City
- l) Prior Work:
- Approved work commenced since last year's deadline for applications can be considered eligible for grant funding
- m) Written Agreement:
- Approved applicants will be required to enter into a Letter of Understanding with the City

Council has also created a number of other heritage financial assistance programs to address specific issues that are available to the heritage community

- a) Heritage Property Tax Program:
Offers an annual property tax refund to help offset the additional maintenance costs associated with conserving the heritage features on a designated property. Municipal and education tax components can be reduced by 30%. Requires a Heritage Easement Agreement with the City and requires the owner to renew participation in the tax reduction program every two years.
- b) Heritage Loan Fund:
Offers a short term loan (five years) of up to \$15,000 at a reduced interest rate to restore heritage features or replicate lost features on a designated property. The

program was created in 1981 and was initially funded in the amount of \$200,000 from the tax base, but has not been utilized for many years.

c) Commercial Façade Improvement/Signage Grant:

Provides matching grants of up to \$15,000 to assist in restoration or improvement to the front elevation exteriors of commercial properties in heritage districts (\$10,000 maximum for non-heritage properties). Assistance up to \$1,000 to replace inappropriate commercial signage in a heritage district is also available. Funding of this grant program is requested on an annual basis through the budget process.

OPTIONS/ DISCUSSION:

The Program has been well used and has generated private investment

Over the last 13 years, Markham Council has approved 110 applications for funding assistance as part of this Program. Of these approvals, 81 applications have been completed to date, representing \$324,096 allocated in grant assistance from the City (See Figure 1).

Sixteen projects associated with the grant assistance have been abandoned, while 13 are still in process. Any allocated funding from an abandoned project is returned to the grant program fund and has been used in subsequent years to fund other grant applications. The approved work has included: chimney and veranda reconstructions, reintroducing historic shutters, repainting in historic colours, window and door restoration and replication, production of wooden storm windows, and restoration of masonry walls.

Investing in heritage conservation also helps the local economy by increasing property values, employing local contractors, purchasing supplies from local businesses, and preserving our local heritage resources for future generations. Over the last 13 years, on average, every grant dollar awarded has resulted in \$3.83 in private investment. To date, the grants have generated over \$1,241,156 in private investment in the local economy (see Figure 2 for the economic impact of this grant assistance program from 2010-2022).

The continuation of the Program is recommended for an additional three years

At \$30,000 per year, the Program will involve a total expenditure of \$90,000. Staff recommend that the administration and procedures of the Program remain the same. On August 10, 2022, Heritage Markham Committee supported the continuation of the Program as proposed.

FINANCIAL CONSIDERATIONS

The Program can be funded from the Heritage Loan Reserve Fund

Staff recommend that the required Program funding (\$90,000) be funded as follows:

- a) A transfer of \$90,000 from the Heritage Loan Reserve Fund, which has a current balance of \$134,375. The use of this funding will reduce the Loan Fund Reserve to \$44,375

The loan fund was established in 1981 with an allocation of \$200,000 (tax based) and the principal was invested successfully for many years when interest rates were high. Both the interest generated from the reserve and part of the original capital allocation have been used to fund this Program in the past.

To use a portion of the remaining principal from the Heritage Loan Fund will require an amendment to the Heritage Loan Fund By-law (see Appendix “C”), which staff propose to reduce the principal amount to \$44,375. This actual amount in the Loan Fund Reserve Account could change if approved Program projects are not pursued as the Program By-law indicates that any funds remaining in the Program at the end of the three year period shall be transferred to the Heritage Loan Reserve Fund.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

This project aligns with the Growth Management priority by working to preserve resources and features of cultural heritage value in order to create a better quality of community

BUSINESS UNITS CONSULTED AND AFFECTED:

Consulted with Financial Services and Heritage Markham Committee

RECOMMENDED BY:

Giulio Cescato, MCIP, RPP
Director of Planning and Urban Design

Arvin Prasad, MCIP, RPP
Commissioner of Development Services

FIGURES AND APPENDICES:

Figure 1: Summary of Grant Commitments 2010 to 2022

Figure 2: Summary of Grant Amounts and Multiplier Effect

Appendix “A”: New By-law - Markham Designated Heritage Property Grant Program
(2023 to 2025)

Appendix “B”: Program Guidelines 2023 to 2025

Appendix “C”: Amendment to Heritage Loan Fund By-law

Figure 1: Summary of Grant Commitments 2010 to 2022

Year	Approved Applications	Grant Commitment	Abandoned Applications	Completed Applications	Applications Underway	Grant amount paid
2010	9	29,560	3	6	0	20,635
2011	9	28,630	1	8	0	26,642
2012	12	55,398 *	2	10	0	36,834
2013	13	47,013 *	3	10	0	34,859
2014	5	25,000	0	5	0	25,000
2015	13	51,656 *	3	10	0	40,838
2016	5	21,792	0	5	0	21,792
2017	11	44,547 *	1	10	0	43,025
2018	6	27,024	2	4	0	18,988
2019	5	23,776**	1	4	0	16,276
2020	6	24,941	0	6	0	23,020
2021	8	30,000	0	2	6	8,687
2022	8	30,000	0	1	7	7,500
Total	110	439,337	16	81	13	324,096

* Council approved a transfer of funds from the Commercial Façade Improvement Grant Program to this program to allow additional applications to be funded above the original annual commitment of \$30,000

**Council approved a transfer of funds from the Designated Heritage Grant Program to the Commercial Façade/Signage Improvement to allow funding above the original commitment of \$25,000

Figure 2: Summary of Grant Amounts and Multiplier

Year	Grant Amounts Allocated	Total Private Project Amounts	Multiplier Effect
2010	20,635	116,737	\$1 to \$5.66
2011	26,642	107,700	\$1 to \$4.04
2012	36,834	125,855	\$1 to \$3.42
2013	34,859	126,482	\$1 to \$3.63
2014	25,000	77,134	\$1 to \$3.09
2015	40,838	144,915	\$1 to \$3.55
2016	21,792	83,475	\$1 to 3.83
2017	43,025	195,497	\$1 to \$4.54
2018	18,988	62,760	\$1 to \$3.31
2019	16,276	37,692	\$1 to 2.31
2020	23,020	89,237	\$1 to 3.87
2021	8,687	45,422	\$1 to 5.23
2022	7,500	28,250	\$1 to 3.77
Total	324,096	1,241,156	\$1 to 3.83