



# City of Vancouver *Land Use and Development Policies and Guidelines*

## Planning, Urban Design and Sustainability Department

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# HERITAGE INCENTIVE PROGRAM POLICIES AND PROCEDURES

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## **1 Introduction**

City Council approved the Heritage Incentive Program (HIP) to encourage the conservation of heritage designated buildings citywide. The program will be available for a four-year period (2019-2022) to owners of commercial and non-commercial privately owned buildings that meet program criteria. The HIP will provide grants to assist with heritage conservation cost to a maximum of 50% of the eligible cost, not to exceed \$4.0 million per property. In addition, transferable heritage density (THD) incentive may be available to eligible sites in Gastown, Chinatown, Victory Square, and Hastings Street Corridor as compensation for heritage designation. High level of retention, heritage conservation, and seismic upgrade are mandatory.

## **2 Background**

In 2003, City Council approved a program of incentives to facilitate the conservation and rehabilitation of heritage buildings in Gastown, Chinatown, and the Hastings Street Corridor (Victory Square added later) - Heritage Building Rehabilitation Program (HBRP) and Heritage Façade Rehabilitation Program (HFRP). The HBRP expired at the end of 2015, whereas the HFRP continues to be available. In 2013, City Council approved the Heritage Action Plan (HAP) calling for a comprehensive review of the City's Heritage Conservation Program including heritage incentives. The HIP was developed in response to a citywide demand for a heritage conservation support and recognition of preservation of the city's heritage resources as an important public benefit. This document outlines policies and procedures for the HIP.

## **3 Participation**

The city's heritage resources are rich with a diversity of building typologies, sizes, and uses, and represent a wide spectrum of community and heritage values. Owners of eligible properties throughout the city are encouraged to participate in the HIP. Privately owned commercial, residential, industrial, institutional, religious/spiritual, or mixed-use buildings, including those owned/operated by non-profit organizations, constructed primarily of unreinforced masonry that are listed on the Vancouver Heritage Register (VHR) and legally protected (by designation by-law) are eligible.

## **4 Goals and Objectives**

The City's primary goal is to foster the retention, stewardship, and upgrading of the city's heritage resources by offering financial assistance to owners of eligible properties. The HIP provides grants to assist with heritage conservation construction costs, including seismic upgrades. In addition to grants, heritage properties located within the historic DTES (Gastown, Chinatown, Victory Square, and Hastings Street Corridor – former HBRP catchment area) that are currently not legally protected by heritage designation may be eligible for additional THD incentive as compensation for heritage designation.

The second goal is to support the City's other major initiatives and programs, including cultural, social, environmental, and economic. This is achieved through the conservation of heritage buildings with cultural use, Single Room Occupancy or social housing use, contribution to the City's sustainability targets by implementing "greener" conservation procedures (e.g. greenhouse gas emissions reduction targets, embodied energy retention, land field material reduction), maintaining the community's "sense of place" through preservation of unique historic character, nurturing a sense of communal continuity, and enhancing neighbourhoods' livability.

The third goal is the long-term protection of heritage resources through heritage designation, as well as meaningful and respectful conservation, including an adequate selection of adaptive uses where applicable. The following objectives are embedded within the three identified goals:

- (a) citywide heritage incentives,
- (b) quality heritage conservation,
- (c) seismic/structural upgrades,
- (d) retention and continued use of the entire structure,
- (e) sustainable heritage rehabilitation practices,
- (f) long-term protection for heritage resources.

## **5 Principles**

### **5.1 Conservation**

An overarching heritage conservation principle adopted by this program is to conserve heritage value and character-defining elements of eligible heritage buildings in their existing or historic development form, preserving their built form, structure, exterior fabric, and in some cases use while discouraging unsympathetic alterations or inappropriate additions. It is important to emphasize that conserved heritage buildings critically contribute to the continuity of their respective historic streetscapes. Heritage conservation directly and positively contributes to a sense of belonging and enriched community living.

### **5.2 Adequate Level of Intervention**

In addition to preservation as the primary heritage conservation approach, a restoration of character-defining elements that were lost in the past would be encouraged as part of a comprehensive conservation proposal for the site. Rehabilitation of a heritage building by adaptive re-use, or rehabilitation of its major components (e.g. reconfiguration of storefronts, rooftop addition, structure replacement or other major works) may also be considered. These are subject to a proper conservation approach and proposed changes not adversely affecting existing character-defining elements or heritage values. If a change of use is considered, the selection of appropriate use would be key to a successful rehabilitation, both from the perspective of future economic performance as well as the magnitude of intervention that could be triggered by it. Generally, adopting the historic use or maintaining existing use requires less physical intervention while triggering a lower level of Vancouver Building By-law (VBBL) upgrade requirements, compared to the choice of use that is new to the existing or originally intended design of the building. For these reasons, an aggressive rehabilitation approach may result in the project being ineligible for incentives under the HIP.

### 5.3 Sustainable Heritage Rehabilitation

Heritage rehabilitation is considered to be an inherently “green” procedure; moreover, the *sustainable heritage rehabilitation* directly contributes to achieving a variety of sustainability targets: cultural, social, economic and environmental. Heritage conservation is essential to creating and maintaining sustainable built environments and communities. Consideration of sustainability principles (environmental, cultural, social and economic) in combination with appropriate conservation procedures are strongly recommended when preparing heritage conservation proposals for places where a more intense level of intervention is proposed.

Traditionally, a majority of heritage buildings possess many sustainable design features as they reflect thoughtful design practices of the past. Some of them are floor layouts, orientation, passive heating and cooling design features and systems, structural assemblies, material selection, window assemblies, fenestration pattern, and façade solid-to-void ratio. These inherently sustainable features should always be identified and maintained throughout the conservation process wherever possible. Heritage conservation procedures should be developed to prevent unnecessary loss of a building’s inherently sustainable features, which are often unique and considered to be character-defining elements.

For more information see: “Building Resilience: Practical Guidelines for the Sustainable Rehabilitation of Buildings in Canada” by Federal, Provincial, and Territorial Directors of Culture and Heritage in Canada.

## 6 Incentives

### 6.1 Grant

The HIP provides grants, subject to Council approval pursuant to section 206(2) of the Vancouver Charter, to encourage private investment and financially assist with the cost of heritage conservation. The eligible grant is \$100 per sq.ft. of the total (gross) floor area of the building, limited to a maximum of 50% of the eligible heritage conservation construction costs (heritage premium cost). The maximum amount of a grant is \$4.0 million per property. The amount of grant varies depending on the size of the building and the proposed scope of conservation (see Sections 10 and 11). The only exception to the size rule may be a few of Vancouver’s special heritage places (e.g. churches or large industrial buildings) that may have additional structural complexities and elaborate interiors/artifacts. These buildings may qualify for the maximum grant amount without qualifying under the total floor area criterion subject to meeting other HIP requirements and being listed in the Vancouver Heritage Register under the category “A”. For a quick reference of the maximum amount of grant that may be available in relation to the size of the building and the qualified investment level (eligible cost) please see Table 1. The following are two examples of how to calculate the eligible grant amount:

- (a) For a building with a total floor area of 10,000 sq.ft., the maximum eligible grant would be \$1,000,000 (10,000 sq.ft. x \$100 = \$1,000,000) subject to the eligible cost being equal or higher than \$2,000,000. If the eligible cost is lower than \$2,000,000 (e.g. \$1,600,000) the grant amount would be adjusted to 50% of that lower amount which would result in a grant of \$800,000.
- (b) For a building with a total floor area of 35,000 sq.ft., the maximum eligible grant would be \$3,500,000 (35,000 sq.ft. x \$100 = \$3,500,000). To qualify for the full amount of eligible grant the eligible cost would need to be a minimum of \$7,000,000. If the eligible cost is lower than \$7,000,000 (E.g. \$5,000,000), the grant amount would be adjusted to 50% of that lower amount which would result in a grant of \$2,500,000.

<b>Building Total Floor Area (sq.ft.)</b>	<b>Max. Eligible Grant (@ \$100/sq.ft.) \$</b>	<b>Min. Eligible Cost (required to qualify for the maximum grant) \$</b>
5,000	500,000	1,000,000
10,000	1,000,000	2,000,000
15,000	1,500,000	3,000,000
20,000	2,000,000	4,000,000
25,000	2,500,000	5,000,000
30,000	3,000,000	6,000,000
35,000	3,500,000	7,000,000
40,000	4,000,000	8,000,000
40,001 or more	4,000,000 capped	8,000,001 or more
"A" listed designated sites with additional complexity (e.g. churches) less than 40,000 sq.ft.	4,000,000	8,000,000

Table 1 – Maximum eligible grant in relation to the size of the building and the cost of conservation work

## 6.2 Transferable Heritage Density (THD)

Heritage properties located within the THD catchment area may be eligible for the optional THD incentive as compensation for any new or additional heritage designation of the property. This has been introduced as an option to compensate owners of newly designated heritage properties under section 595 of the Vancouver Charter, and to assist with the preservation of the historic character of the city's oldest urban areas, featuring historic buildings and streetscapes, saw-tooth profile, varied heights of existing built form, and a high level of historic continuity and physical integrity. These special urban environments are most consistently found in the historic areas of Gastown and Chinatown, the character area of Victory Square and along the Hastings Street Corridor (Table 2). The boundaries of the catchment area are consistent with those of the former HBRP area, to ensure continued support for heritage values identified by the DTES communities. The amount of transferable heritage density that may be provided as compensation will vary from site to site. In many cases, this may equal the difference between the maximum allowed density (floor space ratio - FSR) stipulated by the area's Zoning and the existing built density. The THD may not be available if the heritage conservation work is undertaken under the rezoning application or the property is already designated and no further designation is required.

Any transfer of additional density provided as compensation for designation is subject to the property being designated as a protected heritage property and the owner entering into a Heritage Revitalization Agreement with the City, both of which will be subject to Council approval.

In addition, the City retains the right to not consider providing compensation in the form of transferable heritage density for sites that are found significantly underdeveloped (the existing FSR is less than 35% of allowed FSR) and where a compatible addition has not been considered as part of the proposal. The intent is to encourage redevelopment of severely underdeveloped heritage sites where opportunities for appropriately incorporated additions may exist, and would not adversely affect the site's heritage value or character-defining elements. This approach would also help to retain the associated economic potential within the DTES area.

Gastown: Unlike other areas, the City's Zoning By-law does not establish any density regulations in the historic area of Gastown. Instead, the HA-2 Zoning District Schedule sets a maximum building height of 75 ft., which generally applies when developing vacant sites or considering rooftop additions. If the site is occupied by a heritage building that is not legally

protected, the planning policy would consider compensation for heritage designation in the form of a compatible one-storey setback rooftop addition, subject to not exceeding the height limit of 75 ft. The density resulting from a potential one-storey rooftop addition and/or rear/side addition on vacant land, in some cases, would be used to establish the maximum FSR allowed. Owners would have a choice to use the additional density on site, as approved through the process of heritage conservation, or to claim it for transfer through the HIP application. Properties that currently meet or exceed the height limit of 75 ft. are considered fully developed and will not be eligible for the THD. Should the Zoning By-law change in future the updated FSR values would take precedence.

HIP - Transferable Residual Density Catchment Area

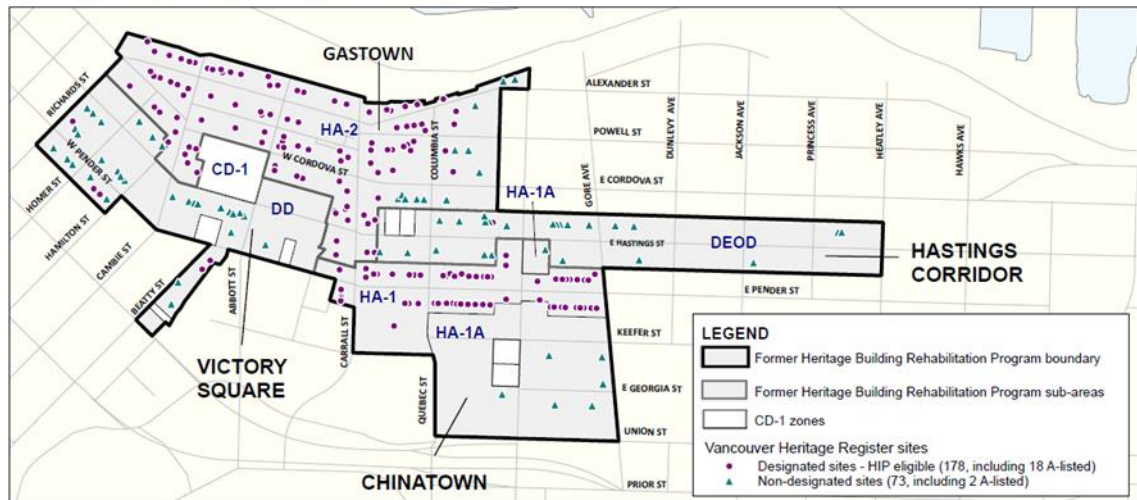


Table 2 – THD Catchment Area: Gastown, Chinatown, Hastings Street Corridor, and Victory Square

### 6.3 Zoning and Parking By-law Relaxations

Additional incentives consisting of zoning and parking by-law relaxations may be available if considered essential to securing quality heritage conservation. These are usually considered by the Director of Planning or Development Permit Board where strong heritage conservation rationale exists.

### 6.4 City of Vancouver Building By-law Alternate Compliance

For rehabilitation work on all existing buildings, including heritage, the City of Vancouver Building By-law (VBBL) requires a certain level of compliance. For heritage buildings undergoing a rehabilitation process, there may be some flexibility in order to accommodate the retention and conservation of a building’s character-defining elements and heritage values, the VBBL offers an alternate compliance method to accommodate conservation efforts (for more information see Division B, VBBL 2014).

## 7 Eligibility Criteria

7.1 To be considered under the HIP, the application must meet the following eligibility criteria:

- 7.1.1. Buildings/sites must be listed on the VHR and legally protected by a heritage designation by-law. If not designated at the time of inquiry, the application may still be eligible subject to its designation prior to a development permit issuance. New designations within the THD catchment area will be eligible for transferable heritage density as compensation for the reduction in market value as a result of the designation.
- 7.1.2. Privately owned commercial (e.g. office, mix-use, rental residential, industrial, religious/spiritual and institutional) and non-commercial (e.g. strata residential use) properties, and buildings that are operated by a non-profit organization and managed under a long-term lease agreement (10 + years) with the City of Vancouver are eligible.

- 7.1.3. Buildings constructed primarily of unreinforced masonry (including when combined with heavy-timber post-and-beam, structural steel, unreinforced concrete, or other historic period structural assemblies) in need of seismic upgrade are eligible.
- 7.1.4. Those heritage properties that have already undergone seismic/structural upgrades that meet or exceed the current VBBL S3 structural upgrade level may be eligible if further substantive upgrades are offered (e.g. fire-safety: sprinklers, seismic: enhanced S3 level, non-structural, accessibility or energy upgrades).
- 7.1.5. Buildings/sites that received City incentives through HFRP or have an active application for City incentives through other programs (e.g. cultural grants, economic revitalization grants etc.) may be eligible, except for the component of the work which was already incentivized.
- 7.1.6. Single-family and duplex dwellings, multi-family conversions, row-houses, and similar smaller building typologies that are primarily of wood-frame construction may be eligible through the Heritage House Conservation Program (see the HHCP Policies and Procedures) for more information.

7.2 The following section described the circumstances where buildings/sites may be ineligible for consideration under the HIP:

- 7.2.1. Buildings/sites that were redeveloped, rehabilitated, or rezoned, and received City incentives in some form (e.g. zoning and land use variances, density transfers, CAC credits, property tax exemption, or grants) in the past (through either HBRP, HRA, or a rezoning process).
- 7.2.2. Major redevelopment projects (either through the development permit or rezoning process) involving single or consolidated sites where eligible heritage resources are found, offering low retention levels of existing heritage structures and/or significantly altering heritage resources to accommodate new construction are ineligible for the HIP incentive.

7.2 The following requirements and conditions also apply:

- 7.3.1. The property owner must not be in arrears in payment of property taxes, or otherwise in contravention with City bylaws.
- 7.3.2. The applicant must comply with approved permits, heritage conservation standards, restoration agreement, design guidelines, policies, by-laws, or complementary standards and provisions that apply before grant funds will be released.

The City retains the right of ultimate approval throughout the review and the decision-making process.

## **8 Application Requirements & Process**

HIP applications will be considered in two phases; pre-application and application phase. The approval of incentives is subject to City Council review and endorsement. Proposals will be received and processed annually, with the application cycle starting on **October 1st** every year (application documentation submission deadline).

### **8.1 Pre-Application Phase**

The purpose of the pre-application phase is to provide public information, assist with inquiries, and engage those interested in participating. Property owners of eligible heritage buildings are invited to submit pre-application packages for the HIP consideration by **June 1<sup>st</sup>** every year.

#### **8.1.1 Submission Requirements**

To apply, the pre-application package consisting of the following documentation must be submitted:

- (a) HIP - Expression of Interest form featuring:
  - A statement outlining how the proposal meets the HIP intent and eligibility criteria
  - Statement of Significance (SOS) for the property
  - Project rationale including the heritage conservation strategy outline

- (b) Professional assessment of current building condition (structural/seismic /life-safety systems)\*
- (c) Early cost estimate to complete the heritage conservation scope of work

\*Applicants are strongly encouraged to provide as much information as possible at this early stage, in particular, the structural /seismic and fire/life-safety assessment reports, and the heritage conservation strategy. Information collected at this stage will be used to finalize the selection process and short-list candidates. Incomplete submissions may be difficult to assess, would delay processing, or could be found ineligible.

#### 8.1.2 Evaluation Process

The pre-application evaluation process will determine eligibility and prioritize projects, particularly if the demand for incentives exceeds the annual HIP budget. Higher scoring proposals will have a better chance of proceeding to the application phase. The evaluation process will assess all participating proposals against the following five evaluation criteria:

##### 8.1.2.1. The proposed level of upgrades:

- level of retention and conservation
- selection of use (the one that minimizes physical impact is favored)
- sustainable heritage rehabilitation approach

##### 8.1.2.2. The proposed level of upgrades:

- verifiable seismic/structural upgrades are mandatory
- fire and life-safety upgrades are mandatory

8.1.2.3. Building/site is considered to be of special community importance where cultural, social, or housing uses comprise a significant part of their heritage values, and/or building/site is located within historic areas (e.g. Chinatown, Gastown) or character urban districts (e.g. Victory Square, Hastings Street Corridor, Powell Street, Granville Street).

8.1.2.4. The extent of deterioration or dysfunction (e.g. vacant or seriously underutilized for a prolonged period of time). The property which is intentionally neglected and where the owner may have not sufficiently responded to warnings or requests from the City to rectify issues may be considered ineligible for incentives.

8.1.2.5. Private/public capital investment ratio (eligible heritage conservation cost - private investment /eligible incentive - public investment. A higher level of private capital investment may yield favourable consideration under this criterion.

Evaluation will be conducted by staff involved with the HIP implementation, consisting of the representatives of the following City departments:

1. Planning, Urban Design, and Sustainability Department – conservation review
2. Development, Buildings, and Licensing Department – seismic/building systems upgrade review
3. Real Estate and Facilities Department – financial review

The results of the evaluation review will consist of an evaluation score, an order of magnitude of potential incentive, as well as a recommendation to either “proceed”, “re-apply”, or “ineligible” for each of the participating projects. The final decision will be made by senior COV staff based on the evaluation score as described in Table 3, by **July 1<sup>st</sup>**.

	Evaluation Criteria	Item	Score per Item	Score per criterion
1	Conservation program	Retention Level	1	3
		Use Compatibility	1	
		Sustainable Rehabilitation	1	
2	Upgrade levels	Seismic / Structural systems	1	2
		Fire / Life-safety systems	1	
3	Contribution to other major City initiatives	Priority housing	1	3
		Cultural use	1	
		Within historic area	1	
4	Extent of deterioration	Vacant / seriously underutilized	1	1
5	Investment ratio	>2	1	1
	<b>Total Score</b>	<b>10 out of 10</b>	<b>10</b>	<b>100%</b>

Table 3 – Evaluation Scoring Sheet

Although the best effort will be made to accommodate all submissions, it is conceivable that not all of the projects would proceed to the Application Phase or receive the Council’s support. Owners of the eligible projects that were not selected through the pre-application evaluation process will have the opportunity to re-apply in the following calendar year.

## 8.2 Application Phase

Inquiries that successfully qualified through the pre-application evaluation process would proceed to the application phase where a complete set of documentation will be required by **October 1<sup>st</sup>**, as follows:

- (a) Heritage Conservation Plan, including:
  - Statement of Significance (for building and the area, if applicable)
  - Conservation Procedures
  - Sustainable rehabilitation rationale and procedures
  - Maintenance plan
- (b) Structural/Seismic Assessment Report, with an upgrade proposal
- (c) Fire & Life Safety Assessment Report, with an upgrade proposal
- (d) Building Systems Assessment Report, with an upgrade proposal (only if proposed)
- (e) The cost estimate by a Quantity Surveyor clearly identifying heritage conservation related costs
- (f) Development Permit (DP) application documentation

All complete HIP applications received by the established application deadline, **October 1<sup>st</sup>**, will be processed by staff and presented to the Vancouver Heritage Commission (VHC). Following the VHC review, the administrative report will be drafted and HIP applications will be presented to Council for consideration and conditional approval of incentives. If approved, and subject to all conditions that City Council may have, processing will continue, including permits and preparation of necessary legal agreements. The agreements should be registered on title and all required permits issued prior to the commencement of any construction and conservation work on site. The application phase is time sensitive and would require the full cooperation of all parties involved, including applicants and consultants. Late applications will not be able to proceed through the HIP under the current processing path but could be considered again in the next year.

Heritage buildings located on sites involved in a rezoning proposal may be considered for heritage incentive (grant only) subject to compliance with HIP requirements. In this case, financial assistance for onsite heritage conservation may come in the form of approved heritage premium costs or the total HIP grant amount factored into the pro forma and would be subject to a maximum amount as per the HIP criteria, reflecting the size of the building and the quality of the proposed heritage conservation work.



## 9 Budget

The budget for the HIP is secured primarily by the CAC heritage allocations collected citywide through rezoning activities. A percentage of the total CAC amount is allocated to the Heritage Conservation Reserve (HCR) for processing and distribution through the HIP. Given the diversity of heritage resources, applications of varying complexity levels are expected. Approximately six (6) to eight (8) applications are anticipated annually. The funding required to support this level of heritage conservation activities is projected to be \$18 million annually. The actually available funding may vary from year to year subject to citywide rezoning activities and the CAC payments received.

**Important: The HIP will only use the funding that is actually available in the HCR. This may affect the number of annual applications that could be processed or the number of incentive packages offered and may necessitate evaluation procedure to short-list applications (Section 8, Table 3).**

## 10 Eligible Cost

Heritage conservation construction costs and associated professional fees are eligible for consideration. For the purpose of the HIP, the heritage conservation construction cost is defined as the construction cost associated with the conservation work identified by the approved conservation plan and closely defined by its heritage conservation procedure. In addition, the following professional documentation costs are eligible: consultant fees to conduct heritage evaluation and develop the SOS, conservation plan, structural report to assess physical condition / seismic capacity of the building and create an upgrade proposal, other professional assessment reports as the case may be, and quantity surveyor's cost. An estimate prepared by a quantity surveyor is required and will be subject to verification and approval by the COV Real Estate Services. Costs related to any new construction on site (addition), land/building acquisition, contingency, financing fees, developer's profit and similar, are ineligible.

The professional fee cost claim should not exceed 10% of the total submitted eligible cost and cannot be claimed (refunded) should the application receive no support from staff or Council. The cost claimed for seismic/structural and other VBBL upgrades should not exceed 50% of the total eligible cost claimed.

The HIP will provide financial assistance to qualified applicants, as follows:

- \$100 per sq.ft. of the total floor area, up to 50 % of the eligible cost (see Section 6)
- Up to \$4.0 million per building /site, depending on the size and complexity
- If the site/project involves two (2) or more heritage buildings they will be assessed independently.

## 11 Eligible Work

To be eligible for HIP incentives, the proposed scope of work must meet the following requirements:

- Retention, conservation and the continued use of the building.
- Heritage conservation including but not limited to the conservation of the exterior and interior (as the case may be) architectural features, materials and finishes, seismic and structural upgrades, life-safety building system upgrades. Other building system upgrades may be eligible.

Major re-development projects, offering low retention levels of an existing heritage structure while significantly altering heritage resource (e.g. facade only retention or major addition to the building resulting in removal, or severe structural alterations) may not be eligible.

## 12 Additions

A compatible one or, in some cases, two-storey setback roof-top addition may be considered if additional height or floor area (density) meet the applicable zoning requirements.

Heritage buildings of up to three (3) storeys may be considered for a one-storey setback rooftop addition. Buildings with four (4) or more storeys may be considered for up to two-storey rooftop setback addition, subject to meeting other architectural, urban design and planning requirements (e.g. height or density limits), as well as the building's structural capacity to carry additional load without triggering removal of existing structure or major structural replacement. Where a proposed rooftop addition could result in the removal or replacement of primary structural components or addition of significant new structural elements adversely affecting existing heritage value (both interior or exterior), the rooftop addition may be limited to a more appropriate level (reduced height), denied, or may result in the project becoming ineligible for incentives.

Side or rear additions may be considered, on a site-specific basis, subject to land availability, its impact on the existing heritage resource, and architectural and urban design considerations. Construction costs related to new additions are ineligible for the purpose of the HIP. This principle also applies to potential rezoning sites occupied by a heritage building.

Severely underdeveloped sites (less than 35% of allowed density) within the THD catchment area may be required to consider further on-site development (rooftop, rear, or side addition) in order to become eligible for the optional THD incentive.

For additions to be considered, high levels of architectural and urban design excellence, as well as adherence to heritage principles of integrity, compatibility, and distinguishability must be demonstrated.

### **13 Retention Limited to Building Façades**

Façade-only retention (facadism) is not considered a heritage conservation procedure and thus a proposal based on this approach will be ineligible for HIP incentives.

Note: In a case where a significant portion of the heritage building was lost to a fire or earthquake, or otherwise found deteriorated beyond repair, the façade-only conservation scope of work may be supportable and eligible for a façade grant incentive through the Heritage Façade Rehabilitation Program (HFRP).

### **14 Seismic/Structural and other VBBL Upgrades**

Seismic/structural, life-safety, and other building systems upgrade requirements will be carefully assessed through the application process to ensure an effective yet appropriate level of upgrade. Although it is not expected that the proposed heritage conservation project will always meet 100% of the Vancouver Building By-law (VBBL) or other applicable by-laws, substantive, tangible, and verifiable upgrades to the existing structure and its building systems are required. Each building is unique and may require its own solutions. Generally, overall upgrade levels should meet the following Major Renovation expectations: seismic and structural upgrades (enhanced S3), life-safety building system upgrades (F2 including sprinklers), conservation of exterior (N3), and energy (E4). Note: new additions may trigger a higher level of compliance with the VBBL requirements (S4, F4, N4, A4, and E6) and potentially adversely affect heritage conservation efforts, ultimately resulting in a non-support for incentives.

The level of upgrade requirements will depend on a building's condition at the time of application and would be determined on a case by case basis. Both the assessed level of current condition and the proposed level of upgrades must meet the requirements of the Chief Building Official and the Director of Planning. Heritage buildings that are primarily made of unreinforced masonry (often involving heavy timber, steel or concrete assemblies as well), that have not been seismically upgraded in the recent past (25 or more years), and are currently not subject to a major reconstruction proposal (rather, undertaking a sensible heritage conservation approach), may be eligible for VBBL heritage relaxations. Worth mentioning is sprinkler system installation, which provides a significant improvement to life safety and asset protection while also allowing building code relaxations for heritage buildings. If the scope of work entails a major occupancy change, property strata titling or significant new addition, the proposal must meet the VBBL requirements (achieve full upgrade).

Structural/seismic, life-safety, and other building systems assessment reports are required at the pre-application stage, identifying the current condition, assessing it against the VBBL, and proposing upgrades for consideration. The proposed scope of work would need to be clearly described, itemized, and quantified, as this information would also be used to establish the project cost.

Upgrades to mechanical, electrical, or plumbing building systems, although desirable, may not be considered eligible for the incentive if determined that the replacement was due as a regular capital upgrade or excessively deteriorated due to lack of appropriate maintenance.

## **15 Legal**

Should Council approve the application, the applicant will be required to enter into an agreement with the City to ensure the continued maintenance of the conserved building. This agreement (Restoration Agreement or Heritage Revitalization Agreement in the cases where THD is considered) will be prepared by Legal Services and once finalized with the applicant, will be registered against title to the Property as a covenant under Section 219 of the Land Title Act. The agreement will require that the conservation work (including seismic upgrades) be supervised by a qualified heritage consultant, will contain the terms and conditions upon which the grant is to be paid and the THD allowed for transfer, if applicable, once the conservation work is complete. It will also require the owner of the property to keep the heritage building in good appearance and good repair after completion of the conservation work. Should the owner decide to further develop the site which received the HIP grant (but not the THD incentive) and by doing so potentially adversely affect the already conserved building, or the property becomes subject to a major redevelopment proposal within the period of fifteen years after completion of the conservation work, the full refund of the grant may be required. If the THD was made part of the incentive package/ compensation no further addition of density may be considered on the site.

The grant will be issued and the transfer of heritage density allowed, if applicable, only after the agreement is registered on title to the property, the property designated, the conservation work completed in accordance with permits and associated agreements and the conservation plan satisfactorily implemented, the Occupancy Permit issued, and the owner has delivered to the City satisfactory proof of payment of the costs incurred in carrying out the conservation work. No portion of additional density provided as compensation for heritage designation will be considered for transfer before the full completion of the project and Occupancy Permit issuance.

## **16 Completion Procedure**

Heritage conservation work contemplated under the HIP incentive application must be completed within a period of three (3) years from the date of the legal agreement being registered on title. A development permit may not be issued unless a legal agreement is in place (registered). If not completed within the three-year (3) time frame as described, no further extension will be granted and the applicant will not be able to claim the HIP incentives even if the project is subsequently completed. In the case where special strenuous circumstances have unexpectedly affected the project's timeline, a one-year (1) extension may be considered. To receive a one-year (1) extension, the applicant would need to apply within the initial three-year (3) term and provide sufficient evidence for consideration. The completion date is the date of an Occupancy Permit issuance.

## **17 Grant Release Procedure**

The grant is claimed by the applicant by submitting a Letter of Completion stating the completion status of all construction work including heritage conservation, implementation of the conservation plan, compliance with the Legal Agreement registered on title, and confirmation of the issuance of the Occupancy Permit. In the enclosure, the applicant should submit the following documentation:

1. Project Completion Status Report prepared by the heritage consultant and endorsed by the property owner,
2. Financial Statement Summary, including an itemized summary of payments prepared by a quantity surveyor, clearly identifying and counting only costs related to the approved heritage conservation scope of work. Copies of all related invoices should be made available for review.
3. Copy of the Occupancy Permit,
4. Financial information for grant disbursement (Note: Funds will be disbursed electronically).

Upon receipt of the Letter of Completion, staff will conduct a site visit to verify the project status as reported. The site visit will be conducted by the Heritage Consultant who supervised the work, the owner or it's representative (usually General Contractor or Architect), and the City's representative (usually the Heritage Planner). Staff will also review submitted financial statements to determine the final project cost and confirm the incentive amount in accordance with HIP procedures and the legal agreement.

Upon successful completion of the site visit, a review of the submitted financial statement and subject to all other HIP requirements being met, the City staff will initiate release of the heritage grant payment.

Should it be found that the conservation work has not been completed as agreed or the required documentation not filed as requested, the City would retain the right to not issue incentives until all requirements have been met, or to reduce the grant payment accordingly. During the process of verifying and adjusting the grant, the City may ask for additional information and retains the right to a final decision on the matter. Only after all of the above has been completed to the full satisfaction of the City, the incentives including the THD would become available.

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