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Chair

Mrs. Deborah Schulte

Standing Committee on Environment and Sustainable Development

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● (1530)

[*English*]

The Chair (Mrs. Deborah Schulte (King—Vaughan, Lib.)): I'll bring the meeting to order.

Thank you very much. Greetings.

I'd like to welcome our guests.

We have Jacques Archambault, and he is with the Héritage Canadien du Québec.

We have David J. Brown from the National Trust for Historic Preservation. Thank you very much for being with us. He is on video conference.

We have Robert Eisenberg, from York Heritage Properties. He is also with us from Toronto, and he is on video conference as well.

Mr. Eisenberg has some time constraints, so we'll start with the two witnesses on the video conference, if you don't mind. As we get into questions, if you have specific questions for him it would be great to move them up, so that if he has to go, he has the opportunity to do that.

Welcome, everybody. Thank you very much. We're looking forward to what you have to share with us today.

We'll get started then, with Mr. Eisenberg, please. Thank you.

Mr. Robert Eisenberg (Partner, York Heritage Properties): In the first place I'd like to talk for about 30 seconds about an issue where the federal government has a very significant role to play, and that relates to our environmental heritage, if you'll indulge me in that for one moment.

I started a committee called Campaign Fairness Ontario, and the long and short of it is that we got an act passed in the provincial legislature, called the Campaign Modernization Act. It was actually Bill 181, which made it illegal for corporations and unions to contribute to the campaigns of candidates running for municipal office.

It would be a huge benefit in control of poorly planned growth, a.k.a. urban sprawl, if Ontario followed the same lead, and it would be wonderful if the federal government could encourage them to follow your guidelines in that regard.

One other issue is that the previous administration decided to go after environmental charities, and they chose as their weapon the Canada Revenue Agency, threatening to take away charitable status from groups that were very strong proponents of climate change issues. Many of these groups also deal with our environmental heritage. It was a very callous attack, using advocacy as a weapon, but these groups were not even doing advocacy.

It would be wonderful if your group would look into what the CRA has undertaken on behalf of the previous administration to disenfranchise environmental groups.

Now, turning to my topic, I need a little guidance. Would you like to hear why we think it's important to restore architectural interest in older buildings? Is that a topic of interest to you, or would you rather just hear the challenges that we face?

● (1535)

The Chair: The perspective of the committee is that we feel this is a very important issue, so we already appreciate the value and importance of heritage properties. Anything you want to share with us would be very welcome, but we definitely want to hear the second part.

I've just been reminded that we accept written responses as well, so if you feel you want to say more than you have time for, please let us know in writing.

Mr. Robert Eisenberg: I'm really in your hands. I was asked to be here. This is not really a deputation.

I will tell you some of the challenges we face. I'll try to make it reasonably quick, and I'll do it in more of a point form rather than a discussion.

Our company has been restoring old buildings for 40 years now, and we do it for profit, although we would do it for nothing because my partner, Michael Cruickshank, and I love what we do. I just want you to know that this is a profitable endeavour, and one can do very well indeed restoring and retrofitting these older buildings.

There are several costs associated with restoration, renovation, and retrofit that distinguish the process from new construction. The design process, for example, ends in a new building when you get your permits. It begins in an older building when you get your permits because you have no idea what you're going to come up against. That causes unforeseen expenses. Borrowing costs are generally higher for older buildings.

The building code and municipal objectives follow a labyrinthine zoning bylaw, especially here in Toronto, and the building code was not designed, really, for a retrofit of older buildings. For example, we may be asked to do earthquake protection to one of these older buildings, and the building was never really designed to accommodate that kind of interior structure. It can be very expensive and awkward because you might find pipes all of a sudden or beams and columns threatening to go across windows and obscure the very historical things that you wanted to protect.

Adding insulation to roofs increases the snow load because the heat doesn't escape to the roof to melt the snow, and these buildings were not built to withstand the kind of snow loads that adding insulation to the roof entails. We have been asked to green our roofs, which we do, but when you green a roof, the same thing happens. It involves extra insulation just by adding the earth and the greenery, and there are structural anomalies characteristic of older buildings.

Then we have the labyrinthine zoning bylaw. I'll just give you a couple of quick examples. We may be asked for a payment in lieu of being able to provide parking. These buildings are often built lot line to lot line, and often the sites that house older buildings just don't accommodate the required parking. Now all of a sudden you're stuck with a payment for which you get no benefit.

On parkland dedication for change of use, there is no predictable way of knowing whether a use within our building is industrial or office, but to change from industrial to office may be considered to be intensification, which may require parkland dedication development fees, and it may not even conform to the zoning bylaw because it may be zoned industrial. I'll give you an example of the kind of thing I'm talking about. We have a printer in our building, and because printing today is now done on computers, it is absolutely an office use. There is no question. There are no three-coloured presses or anything like that. It is an office, and in fact, all other customers are office, but guess what? That's considered industrial. We have a customs broker in one of our buildings, and all of his customers are, in fact, industrial. They're importing largely from the United States, and they work with industrial uses, but guess what? They're called “office”. If we were to convert from the printer, which is an office use, to technically an industrial use, it could involve all kinds of things. It can be six months before we get approvals, and by that time, you've lost your tenant prospect.

Concerning realty taxes, properties are now taxed at their highest and best use, so if we have a building that doesn't maximize density for the site, we may be taxed as though it did. In many cases our rental rates are lower than they would be for conventional new buildings, yet we would be taxed as though it was a conventional new building because that would be its highest and best use. In many cases the realty taxes are unreasonably high.

There are other things, too. For example, the historical board at the city—it's now called heritage—might require us to restore the old building or the old windows. Well, it can cost a couple of thousand dollars to restore an historical window. To replace that window with thermal pane, by the way, might cost a quarter of that.

● (1540)

One of the things we've done at the Toronto Carpet Factory, an office complex of 140 businesses, is restore an old chimney. That chimney is 150 feet high and it is a historical chimney. It speaks of the historical background of this particular property. It's absolutely elegant. We've spent over $150,000 restoring that chimney. It would have cost us about $50,000 to tear it down.

We've even restored a railway track. They used to bring the bolts of carpet and the thread, the raw materials, up on this railway. We've not only restored it, we've put in a brick bed to house that. There's absolutely no commercial value for us to have done that.

Getting to where the government might come in, it would be, first of all, to encourage municipalities to simplify the building code and make it more conducive to the restoration of old buildings, simplify the zoning bylaw, but also where they've required things such as the restoration of old windows, there should be perhaps a subsidy for doing just that. If they want special locks and special equipment for the doors and air conditioning units that no longer work and don't conform to the historical nature of the building, there should be some kind of compensation.

I can't speak directly of the types of compensation, but I know realty taxes have been used as an inducement to restore old buildings, and obviously direct subsidies and any kind of other tax break, as well as low-interest loans, for example, to compensate for the fact that mortgage companies are loath to lend to some of these historical buildings.

That's not a very colourful or dramatic exposition, but perhaps that's helpful to you.

The Chair: Thank you very much.

You've pretty much come to the end of your time, so we'll probe a bit of that as we get into the questions.

We're going to hear from each witness first, and then we'll go to questions.

Mr. Brown.

Mr. David Brown (Executive Vice-President and Chief Preservation Officer, National Trust for Historic Preservation): Thank you, Madam Chair, for the opportunity to be with you today and to join you for this important discussion.

I am David Brown. I am the executive vice-president and chief preservation officer for the National Trust for Historic Preservation in the United States. The national trust is a non-profit organization, or charity, chartered by the U.S. Congress in 1949 to protect significant places representing America's diverse cultural experience, by taking direct action and inspiring broad public support.

I'm going to highlight today, from the non-profit point of view, a few key elements of the American preservation experience, which I hope will be helpful to you as you consider roles for the federal government in supporting the conservation of Canada's rich and diverse heritage.

First, I think it's important to note how our concept of historic preservation and heritage conservation in the U.S. has broadened over the past five or six decades, from a handful of iconic architectural masterpieces preserved in amber to vibrant cities and towns, where a wide of range of older and historic buildings are keys to reuse, reinvestment, and revitalization, as we've just heard from our first witness.

In the 1960s, as much of America looked to the future and the frontiers of space and dreamt of a better tomorrow, our national past seemed not a road map for the future but really a burden that had to be overcome. When Jane Jacobs, a visionary important to both Americans and Canadians, wrote in 1961 that communities "need old buildings so badly it is probably impossible for vigorous streets and districts to grow without them", she was stating a position that was completely at odds with the prevailing belief in urban planning circles at the time. But after many years of hard work, we've reached a different consensus. The virtues of saving and reusing older places are now much more broadly recognized in the U.S. Time and again, preservation has proven an invaluable tool in spurring economic growth, meeting critical social needs, and bringing communities together.

We've seen that change, due to strong collaborations among our federal, state, and local governments, the non-profit sector, and millions of private citizens and business interests. That's my first point for you today. Our work to save the places that matter to our citizens is successful when our government sector collaborates with and supports private sector efforts. Your National Trust for Canada is helping to promote that type of successful collaboration.

A second point I want to make is that our understanding of our diverse American past has been tremendously broadened and enriched over the past five decades, informed by new generations of scholars and continuing struggles for racial and social justice. As one of our pre-eminent historians, David McCullough, put it, "History is no longer a spotlight. We are turning up the stage lights to show the entire cast". We no longer focus just on places built by one economic class and one segment of our population. We work hard to hear, understand, and honour the full diversity of the ever-evolving American story.

Our understanding of the impact of preservation on American life today is enhanced by the use of increasingly accessible data about cities, where we can explore the connections between the physical character of urban development and a range of economic, social, and environmental outcomes. Our Atlas of ReUrbanism took this data from the 50 largest American cities and found that communities that support dense, socially diverse, architecturally rich, and transit-connected neighbourhoods, with a strong mix of older buildings, are supporting resilient local economies, affordable neighbourhoods that work for everyone, and a distinctiveness that is a real market advantage in today's workforce.

The data reveals that there are more jobs in small businesses and more jobs in new businesses in older mixed-use and commercial areas of communities than you find in areas with a preponderance of new construction. Older, smaller, mixed-aged buildings support more women- and minority-owned businesses than are found in areas with a preponderance of new construction. These areas tend to have more units of affordable housing, as the older stock serves as unsubsidized naturally affordable housing. They're also home to a more diverse population, reflecting the demographic changes that we're seeing in our country and you're also seeing in Canada.

● (1545)

Smart cities and towns across America are looking at how older and historic buildings can provide both a market advantage and the types of vibrant places that are increasingly attractive to millennials and empty-nesting baby boomers.

How are these places supported by our federal government in the U.S.?

First, there's a decades-long grants program called the historic preservation fund, which is used to support preservation activities in all 50 states and within certified local governments. It's authorized at $150 million annually, and it supports both grants and the government programs for preservation.

Second, a review process is designed to ensure that we look at the impacts of government-funded and licenced programs on places of historic significance all across the government.

Third, the United States has had incentives in place through the federal tax code since 1976 to encourage the private sector to rehabilitate and reuse historic properties today and into the future. The federal historic tax credits, often paired with state historic tax credits, have had a remarkable impact in saving historic places.

Each year, Rutgers University looks at the impacts of the historic tax credits, and the analysis really speaks for itself. Since inception, the historic tax credit has been used by the private sector to rehabilitate more than 42,000 historic buildings nation-wide, create 2.4 million jobs, and spur $131 billion of private capital investment. I think, most importantly, the Rutgers' analysis has found that it returns between $1.20 and $1.25 to the federal government for every dollar invested through the tax credit.

The historic tax credit is the key way that our federal government encourages private investment in the rehabilitation of historic buildings. The credit attracts private capital to revitalize often abandoned and underperforming properties that have a financing gap between what banks will lend and the total development cost of the transaction. Incentives such as this can be adapted to provide targeted and timely economic help to areas with special needs. For example, the historic tax credit was temporarily increased to help rebuild New Orleans after hurricane Katrina in 2005.

Finally, these incentives benefit local communities, especially our nation's rural and urban core areas. Over 40% of the projects financed in the last 15 years were in communities with populations of fewer than 25,000 people.

Fifty years ago, when historic places were being lost and destroyed across the U.S. with virtually no consideration of their importance to communities, the drafters of our National Historic Preservation Act envisioned a future where historic places are a living part of community life, and we see that happening now.

As we look to the future here in the U.S., we want to find partners and tools that can help us empower people to tell their stories and engage in saving the places that matter to them. We see preservation as playing an increasingly important role in creating sustainable, resilient, equitable, and livable communities.

Thank you very much.

● (1550)

The Chair: That you very much. That was great.

Now we'll hear from Mr. Archambault.

[*Translation*]

Mr. Jacques Archambault (Executive Director, The Canadian Heritage of Quebec): Good afternoon.

First of all, I would like to thank the members of the committee for the invitation and for giving me the opportunity to discuss the status of heritage conservation in Canada.

I am here to make a brief presentation on heritage in Quebec and to provide suggestions from our organization. The organization is called The Canadian Heritage of Quebec, or CHQ. It is a provincial non-profit and non-governmental organization at the service of heritage in Quebec for more than six decades, more than 60 years.

In those 60-plus years since 1956, the volunteers on our board have been working to preserve about 30 heritage buildings and natural sites in Quebec. In the past, we had some in Ontario. Most of our properties were bought with money from our volunteers or our founders.

The conservation work is done with the equivalent of one and a half employees, a miller, and, of course, many volunteers and artisan-caretakers. We also have partnerships with local, regional, provincial, and even national groups, like the Nature Conservancy of Canada.

The long-term conservation of the CHQ properties is made possible by various heritage protection initiatives, both tangible and intangible, implemented by municipal, provincial or federal governments. For us, that includes a national historic site and a building in Westmount. In other cases, the long-term conservation of CHQ properties is done directly by our organization, to the extent we are able. But, unfortunately, we are running up against serious limitations. In Quebec, there is no mutual servitude to protect for owners, as is the case in Ontario.

CHQ receives no ongoing grants for our annual operations, but we do take advantage of the Young Canada Works program, which allows us to hire two summer students, in two of our 16 properties. Mainly, we fund our conservation activities through donations from the public, from foundations, and from income that we generate ourselves by selling flour from our mill, and by renting out our houses during the summer season, such as Sir John A. Macdonald's summer home in Rivière-du-Loup, which we turn into tourist accommodation for two months per year. The house was officially designated a national historic site in 2015. Some of our sites are also open to the public on payment of a small entry fee.

Conserving heritage buildings is becoming more and more difficult, expensive and complicated. This is the result of requirements and constraints on the owners from government legislation and regulations involving various ministries and sometimes different levels of government.

Restoration projects are very expensive for us, costing hundreds of thousands of dollars, even a million dollars. Sometimes, we receive grants for some restoration projects from the Quebec ministry of culture and communications, sometimes as a joint venture with major cities like Montreal. In theory, in some cases, those grants can cover 40% or 50% of the construction costs, but in fact, the overall cost is much higher, meaning that the percentage of the grant, at its highest, drops to more like 30% and 35%. The percentage also varies depending on the amounts available in the program.

I must mention that, in recent years, we have also obtained some grants for certain development projects, coming either from provincial or federal level, one of which was for a virtual exhibition on Sir John A. and Lady Macdonald. We appreciate that a great deal and are grateful to the Department of Canadian Heritage for it.

Nevertheless, the result is that the CHQ has to resort to fundraising in order to find the hundreds of thousands of dollars we need for our restoration and development projects. That is very difficult and requires years of work, since fundraising is a highly competitive market. This is not to mention that, in the recent past, certain actions on the part of the provincial government have caused us to lose tens of thousands of dollars in revenue, with additional losses already anticipated in the coming years.

In addition, the complexity, the work required, the short timelines and the costs needed to apply for grants has, on a number of occasions, deterred us from starting the process, since the anticipated result was less than convincing. That was the case with the John A. Macdonald House and Parks Canada's national cost-sharing program for heritage sites. In 2015, the entire envelope was $1 million for all of Canada with a maximum of $200,000 per project. Our restoration project was estimated at $200,000 and, according to the department's official, we needed a project with demonstrated urgency, in a very competitive, Canada-wide situation. We also had to ask professionals to prepare research, analyses, reports, plans and estimates, all for a grant that would probably be less than $5,000. Moreover, at that point, it seemed that very few projects would receive the 50% maximum that the program indicated. It turned out to be less than that.

● (1555)

By good luck, by help from a volunteer member of our board, and by virtue of our fundraising efforts, we were able to get some significant donations from some donors and, after a few years, we were able to complete a first phase of the project. Today, we still have to find more than $100,000 so that we can finish it. This is only one building from the 25 that we own.

All that fundraising activity, stretched over a number of years, threatens the proper conservation of the buildings in the medium and long term. Sometimes, it even exacerbates an existing problem and makes it more expensive to fix. So preservation, building maintenance or upkeep, is crucial in the process of conserving a building.

There is no support for that, no grants. What is more, our craftsmen, whom we call our “artisan-caretakers” can no longer do all the work required, because of new government regulations.

So the costs of preservation have doubled or sometimes tripled in the last three years. However, preservation is what prolongs the life of the building and reduces restoration costs. It all complicates our work and our mandate to conserve the built heritage. We often have to choose between investing in conservation or in development.

Faced with that complex situation, and after more than 60 years in existence, our organization began a strategic review of its properties at the beginning of 2017, in order to decide which would be kept and which would be disposed of, sold or transferred, if that is possible, to other institutions, organizations or individuals.

Let us now look at the dynamics of conservation in Quebec. In recent years, a number of heritage buildings have been demolished by property developers to make room for new housing projects, condos, or commercial buildings. There are few incentives to encourage those developers to conserve and incorporate heritage buildings into their development projects. Some financial assistance could encourage them to move towards conserving and rehabilitating heritage buildings.

For private owners, the situation is similarly difficult. A number of them want to conserve the heritage value of their property, to preserve it, to rehabilitate it and to restore it for the benefit of the community—it may be houses, mills, lighthouses, or industrial buildings. However, once more, the high costs of restoration, added to the complexity of grant applications, are deterring them.

So they must also be encouraged in their desire for conservation by financial assistance. The added market value of a restored house has not been proven; the opposite even seems to be the case, at times.

In Quebec, a number of non-profit organizations are trying to support, encourage and guide private owners in good conservation practices. Those organizations are sorely lacking in resources and basically count on volunteers, thereby limiting their mission and their activity. In the last three years, the few grants that some of them were receiving in operating assistance have been cut, making the situation even more critical.

In fact, our organization regularly receives calls from the public and, sometimes, from organizations, including municipalities, looking for support so that their heritage buildings can be conserved.

In 2012, the Cultural Heritage Act was passed in Quebec, transferring to municipalities and to the public more responsibility for safeguarding the heritage, but without the resources and the expertise required. So today, the organizations are called on more than previously to conserve the heritage.

Three years ago now, a dozen or so organizations established the Table de concertation des acteurs nationaux en patrimoine bâti du Québec, in order to discuss their challenges and their common issues, and to provide each other with mutual support. Next November 1, the first national summit on Quebec's built heritage will be held in Montreal, and you are all cordially invited.

I will now provide you with some observations and suggestions for encouraging owners, organizations and individuals. The federal government could implement a tax incentive, as in Bill C-323. That initiative should apply to all private owners by extending it to property developers. The notion of historic or heritage property should be expanded, without simply relying on the lists in the Canadian Register of Historic Places. Your department should become a leader in supporting heritage in the various communities across Canada. The amount available in the national cost-sharing program for heritage sites should be increased and stabilized in the coming years. A program should be developed to support and participate in multiplier effects—by which I mean the matching of donations—for organizers and individuals raising funds for heritage. They should be encouraged and supported by formally recognizing the efforts of, and the considerable role played by, non-profit and non-governmental organizations and private owners. Finally, recognize the preservation of built heritage with a specific horizontal status through all federal departments, perhaps also in concert with the provinces and territories. All this would ease the important work being done for Canada's heritage and would act as an anchor for the concept of Canadian identity.

● (1600)

Canadian heritage knows no provincial borders. That is actually the reason that our founders chose Canadian Heritage of Quebec for our organization's name.

Thank you.

[*English*]

The Chair: Thank you very much to each of you for sharing your testimony with us. Your dedication and commitment are very clear. I want to thank you for that and for preserving as much heritage as you have, through your organizations and your own investments.

We're going to move to questions. We'll start with Mr. Aldag.

Mr. John Aldag (Cloverdale—Langley City, Lib.): Good afternoon to all our witnesses, and thank you for being here. I'm going to start with Mr. Eisenberg, although each of you brings us a very different perspective, from different areas, and it's fascinating.

Mr. Eisenberg, you've been in the business and, I heard you say, on a for-profit basis. I'm really curious to know if you could give us some insight into what role you see for the federal government in this question of heritage conservation.

I would see some of the things that you talked about, such as bylaws, zoning, and realty taxes, as being within the municipal or perhaps provincial purview. Based on your extensive experience, what role should the federal government be playing in this question of heritage conservation in Canada?

Mr. Robert Eisenberg: That's really a great question. When I was asked if I wouldn't mind addressing your committee, I pointed out that I could talk for about two hours on recommendations I could make to the municipalities. I could talk about the Ontario Municipal Board and the necessity of some type of governing body, whether it's the OMB or some substitute body, with regard to the province, but it's very difficult for me, in fact, to address where the federal government plays a role.

Your previous speakers talked about what has happened in the United States. I suppose that kind of thing here would be a huge help; there are additional expenses that we incur, as I pointed out. One of those things is providing low-interest loans, which would be incredible, especially interim loans, because once the buildings are full and the mortgagees take a look and see the calibre of businesses that are occupying our buildings, they scramble all over the place to give us mortgages. It's the interim financing that's very difficult, because these buildings are often decrepit and do not look very attractive, especially to a committee that is located at King and Bay. That's number one.

Number two is direct subsidy for those types of things that the municipality or the province has requested us to do over and above what we would have to do if it wasn't a heritage building. There could be some type of direct subsidy in that regard.

Then there is the third item on the list that I mentioned, which is tax assistance. Unfortunately, again, realty taxes are a provincial jurisdiction, so I'm not sure where the federal government would have a role to play. Perhaps there is a role in the recognition of income and that type of thing, a kind of postponement of income.

● (1605)

Mr. John Aldag: The types of projects that you've done, are they all commercial?

Mr. Robert Eisenberg: Yes.

Mr. John Aldag: A few years back, the federal government had a program. It was the commercial heritage properties incentive fund. Were you aware of that or did you have any involvement with that?

Mr. Robert Eisenberg: No.

Mr. John Aldag: It was around for a while, a few short years, and then it disappeared. I was wondering if you'd had any experience with it.

Mr. Robert Eisenberg: It's funny, you know, because we've restored well over a million square feet of commercial buildings, retrofitting them from industrial to commercial, and I'm embarrassed to tell you that I've never even heard of that.

Mr. John Aldag: That's interesting to hear.

Mr. Archambault, I want to jump to you. You mentioned having some experience with the national cost-sharing program through Parks Canada. You gave some insights into the challenges, including the low dollar figure.

Are there other insights you could provide about that process and how it worked? Does it work? Is there something there that you would like to see expanded, or is it a program that needs to be rethought? What are your personal experiences based on that program?

[*Translation*]

Mr. Jacques Archambault: I am sorry; I prefer to answer in French. It is easier for me.

Given that the amounts are not very high, $1 million for all of Canada, the official told me that it only went for urgent projects, such as a collapsing roof or foundations in danger of crumbling. If we could extend the program to all the work needed or to preserving buildings, it would be much more helpful because then we could avoid emergency work that normally costs a lot more, given the buildings' state of deterioration.

When preservation, the first stage of maintenance, is clearly defined, focused, decided and analyzed, it becomes a very important asset.

[*English*]

Mr. John Aldag: Where am I at with time?

The Chair: You have 30 seconds.

Mr. John Aldag: I'm done. I would have loved to have gotten to Mr. Brown, but I'm sure my other colleagues will.

The Chair: There is usually time to come back. We'll see how it goes.

Mr. Fast.

Hon. Ed Fast (Abbotsford, CPC): I'll go to Mr. Archambault as well.

You went through the various things that you would like to see the federal government do. Unfortunately, you went so quickly that I, and probably some other members here, were unable to follow you.

Do you want to flesh those out a little for us and give a bit of colour to each of the items you mentioned?

[*Translation*]

Mr. Jacques Archambault: I am sorry, my presentation really was very short.

The first point is about Bill C-323, which proposes tax incentives for private owners. Measures like that would encourage and help a lot of people. The measures should be widely available to all private owners of heritage properties, such as houses, mills, lighthouses or industrial buildings.

Ten or so years ago, a federal government program provided assistance for renovating houses. I was able to take advantage of it and it helped me a lot. If a similar program could be established for heritage houses, that often cost two to four times more than a normal house, it would be a great help.

If they do a quick calculation on the return on investment, real estate developers have little incentive to preserve a heritage house. We have even seen a number of cases in Quebec where they have deliberately been made to disappear. If they could have financial or tax incentives, real estate developers would realize, when they did the math, that it may be advantageous to incorporate a heritage building into their real estate projects or to preserve it.

The idea of historic or heritage property has to be broadened beyond the list in the Canadian Register of Historic Places. The list is very helpful, but it is not complete because it does not include certain buildings.

The department could become a leader in supporting heritage by working together with the various levels of government to establish things like tax incentives. Heritage Montreal, with the appropriate ministry in Quebec, has been working for 10 years to create tax incentives along the lines of the examples in the United States. The National Trust for Canada has also been working on it for a long time.

So other departments must be encouraged to safeguard heritage, but also municipalities, which derive tax revenue from new projects. Clearly, a heritage building brings a municipality much less in taxes than 100 condos in a single building. So all levels of government must support those who are working to safeguard our heritage.

This year, Parks Canada's national cost-sharing program for heritage places has been given $10 million. We have gone from nothing to $1 million and now to $10 million. That is a help, but, one day, we are going to have to stabilize that funding because a lot of people involved with heritage buildings in Canada need support.

Organizations that raise funds also have to be supported. In Canada, fundraising initiatives to preserve natural sites, and other places, have matching gift programs. Natural sites are our natural heritage. If there were similar programs for cultural heritage, it would help organizations like ours that have to raise funds to pay for restoration projects costing hundreds of thousands of dollars, even a million.

The gifts we receive are $30 and $35 at a time. A quick calculation makes you realize that we need a lot of $30 and $35 gifts to raise hundreds of thousands of dollars. It means contacting a lot of people.

In Canada, organizations are putting a lot of effort into conserving heritage buildings, but they are not being recognized. Even in Quebec's Cultural Heritage Act, those organizations are not mentioned. However, a number of organizations like ours are working to conserve heritage buildings and support other owners in their conservation efforts.

In broad terms, those are the points I wanted to bring up. I hope I have given you enough detail.

● (1610)

[*English*]

Hon. Ed Fast: Mr. Brown, you talked about the historic tax credit. Can you briefly tell us how that works? What percentage of a project is benefiting from that kind of credit? You also mentioned layering this over state initiatives. Perhaps you could dig into that a bit for us.

Mr. David Brown: I'd be glad to. In the U.S., the tax incentive is for 20% of qualified rehabilitation expenses. Oftentimes there's a state credit. I think in 37 of the 50 states there are state credits, which generally provide another 10%, maybe 15%, against state tax liabilities as well. Often these credits can also be twinned with a low-income housing credit, a solar credit, or other kinds of credit to bring more capital to a project in an area where there's a difference between the cost of renovating the building and what a conventional banker would be willing to put into that project.

Hon. Ed Fast: Thank you.

The Chair: Perfect timing.

Next up is Mr. Stetski.

● (1615)

Mr. Wayne Stetski (Kootenay—Columbia, NDP): Thank you.

I have a couple of questions for Mr. Brown. I understand that the National Trust for Historic Preservation has about 75,000 members, a separate and active youth corps, and funding that's entirely private.

How would we set up something like that in Canada?

Mr. David Brown: We do have 75,000 traditional members. We also have up to one million people who work with us on advocacy issues and the like. You have a Canadian National Trust. We were chartered by Congress, but we have been totally privately funded since 1995, and we bring in revenue from a variety of different sources. For 30 years, we did receive funding from the federal government, which was actually very helpful in getting our organization up and providing the kind of foundation that would help us grow.

One thing to think about regarding a similar organization, the National Trust for Canada, is for the government to help for a period of time and provide some funding for that organization to help it build support. One of the reasons we were chartered by Congress was to build public support for preservation and heritage conservation. That's a very important piece. We also benefit from being a non-profit organization, so we don't pay federal taxes. I'm sure the situation is similar in Canada, but that's important.

The other thing that the government can do is find ways for the programs that worked best for government to collaborate and then to find ways to support the private sector work that a group like the National Trust performs. I think this would be important as part of your study looking at the various roles of the public sector and the private sector and the different levels of public sector.

A lot of preservation happens at the local level, and it is driven by municipal governments. One of the things we've done recently is work in various cities looking at the barriers to rehabilitation of historic buildings and older buildings. It's going to vary from city to city. We're working with our government to try to identify best practices in these areas so that we can encourage municipalities to look at types of building and zoning codes that promote and incentivize preservation, as opposed to encouraging demolition and neglect.

Mr. Wayne Stetski: Thank you.

You mentioned that data was important, Mr. Brown. Could you elaborate a little bit on what kind of data you collect and how important it is?

Mr. David Brown: It's become increasingly important in that more and more cities now are collecting all sorts of data. It might be things from building permits. We look at 50 or 100 different datasets when we go into a community. We're looking at where new businesses are opening, where the demolition permits are, and the like. It helps us when we take that dataset and look at places that are good opportunities for a city to invest in.

Cities are bringing new investment and private sector businesses into places that have older and historic buildings that perhaps are underutilized. We're trying to layer that data so that we can identify the areas where people want to be living. We've seen that people like these vibrant communities with older and mixed-use buildings, and we want to identify these older communities for future communities and encourage development and local government investment in those areas to stimulate the reuse of historic buildings. We're relying on open-source data, so it's easily available.

Mr. Wayne Stetski: You're totally privately funded. How does a group like yours look to influence government?

Mr. David Brown: We try to influence government in a number of different ways. It has helped us that we are totally privately funded. We work with the administration and Congress on issues that relate to tax policy, which is a big question right now in the U.S. We also work with state and local governments that are looking to provide incentives for preservation. We work at all three levels of government with partners in all of 50 states to try to identify and promote policies and practices and that will support the reuse of older buildings.

● (1620)

The Chair: Mr. Fisher.

Mr. Darren Fisher (Dartmouth—Cole Harbour, Lib.): Thank you very much, Madam Chair. Thank you, gentlemen, for being here today, or being here at least in the cyber world.

Thank you, Mr. Brown, for your interest in your neighbours to the north. Wayne asked a fair number of the questions I wanted to ask you so I won't ask those again. I'm fascinated with your success and the way you do things, and I'm interested in seeing, as Wayne is, and perhaps many people around the table, how we could do some of the things the U.S. is doing. I see it as being very successful.

Has Congress tasked your group specifically to be the main group in the country to build broad public support, or are there various groups out there doing what you're doing and what your group is doing, whether it be at the municipal or state level, or just groups of volunteers? I understand you're privately funded, but are you specifically tasked by Congress? Are you a machine of Congress?

Mr. David Brown: We are not a machine of Congress. We were chartered by Congress 60-plus years ago. We work with Congress, and our charter says that we are to build broad public support for preservation. De facto, we are the only large national non-profit organization that is working in this particular area. There are other national groups, but they tend to be much smaller in size.

We work with partner organizations in the non-profit sector at both the state and local level in every state of the union and the territories. We play a convening and coordinating role with those groups, but much of the preservation work that happens takes place at the state or local level, where the buildings are. We try to get involved when there are issues that are nationally significant, or where the property is of national importance, or where changing a policy can have national impact. That's where we can best use our resources. Obviously, tax policy is an example of something where we are heavily involved now because that has national impact. Saving one particular building in one particular community, we often turn that over, and our partner organizations focus on that work.

Mr. Darren Fisher: Again, forgive me for not understanding the exact structure of how you do things. Do you have the ability to hold certain projects to certain standards? For instance, if there are two buildings, do you get to determine or have a say in how the funding is appropriated to those two different buildings? For instance, if, one, you can save the facade of a building that is seen as being hugely important to a community or save the entire building of a building that might be less important to a community, do you see it as more important to save the entire historic building? I guess I'm talking about façadism. Is that something that still stands to a certain standard for heritage?

Mr. David Brown: It's interesting, in the U.S. system it's the government that maintains the control over where the regulation of those buildings takes place. Usually that's at the local level through local planning district commissions, historic district commissions, and city councils and the like. The National Park Service, which is our national organization on the government side, sets the standards for that kind of work. It also reviews the tax credit projects. In our system, we're more of an advocacy group and the government does the regulatory work.

In terms of façadism and how buildings should be rehabilitated, I'm of the belief that we have a whole range of buildings that we would benefit from keeping. Do we need to keep every piece of every building? No. I think that because of environmental, economic and social needs, there's value in keeping those buildings in place. There's value also in dealing with rehabilitation work at different levels for different types of buildings.

● (1625)

Mr. Darren Fisher: Thank you.

Mr. Eisenberg, I'm probably running out of time, but you mentioned building code. You're on the ground, you're doing the work, you're the quasi-developer in these buildings, so I'm interested in your thoughts. You didn't get much of a chance to expand on building code and your thoughts on how the building code might relate to restoring or retrofitting heritage buildings. It's not necessarily just help from a government entity for a guy like yourself to retrofit a building. How does the building code relate to restoring a heritage building, in your eyes?

Mr. Robert Eisenberg: To answer your question directly—although I would love to have chimed in on the previous speaker—we restore buildings for three different reasons. One, because of architectural excellence. In those instances you don't want façadism. Two, we do it for scale. Sometimes those historical buildings are in a row, therefore really the facade may be all you require. Third, we restore them because they may be associated with some famous event or some famous person who lived there.

Circumstances alter cases. What we don't like is preservation that preserves a state of architectural decrepitude. This is morphing into your question. We want to bring the buildings into the 21st century. We want them to be used; we don't want them to be museums. We want them to be representatives from living pasts. Sometimes what is more important than the actual bricks and mortar is the spirit that informed the creation of these buildings in the first place. We get these old industrial buildings that are 150 years old, 120 years old; and the optimism and the love of fine work that informed the kind of work to build an industrial building 150 years ago was quite incredible. There you really want to be careful what you preserve.

In direct answer to your question, you may be, for example, required by the building code to provide earthquake protection. In a new building, you build that right into the structure. When you're restoring an old building structure there's no way to beef up each column, so now you may have to strap new columns onto existing columns. You may have to put some kind of bracing all along the exterior wall. You have to somehow avoid the windows in doing that. It can be very costly.

I mentioned, for example, that the building code may have certain insulation requirements—

The Chair: You're going to have to wrap it up quickly there.

Sorry.

Mr. Robert Eisenberg: Well, that's okay; I'm out of time.

There are many instances of building code issues that impact historical buildings that do not impact new construction. Thank you.

The Chair: Sorry, Darren. Sorry, Mr. Eisenberg.

It's very difficult for me as a chair to cut you off, but I know we have to be fair with everybody's time slot.

Mr. Sopuck.

Mr. Robert Sopuck (Dauphin—Swan River—Neepawa, CPC): Thank you.

Mr. Brown, how do you decide what the difference is between an old building that's outlived it's usefulness and a heritage building? How do you make a distinction between the two types?

Mr. David Brown: Well, in the U.S. we have a listing of buildings. It's usually around architectural significance, historical significance, cultural significance, and integrity that makes for a building to be listed on our National Register of Historic Places, and in many instances on state registers as well.

We have looked at all the existing buildings in the 50 largest cities in the U.S. and only 4% of them are actually protected by a landmarks designation. You have a whole range of buildings that are old, that have not been designated. This gets to the heart of your question.

I think we've been too quick in the past to say this building has outlived its usefulness. One thing we're saying is that when we think about taking that material and putting it in the landfill, as we're thinking about the environmental impacts of carbon and the like, there's a lot of embedded energy in these older buildings. They may not be historic, but being able to reuse them is important. We look at those cases and say that we want you to think about all the impacts of reusing these buildings and not just whether it is a heritage building.

● (1630)

Mr. Robert Sopuck: Thanks.

Many years ago I had the honour of going to graduate school at a university in the northeastern U.S. I got a chance to see some of your great universities there. Some are 300 years old or more.

How are those universities...with those heritage buildings? How are they doing in terms of preservation?

Mr. David Brown: It's a case-by-case basis. Many of them are doing very well. In many instances those kinds of buildings actually attract students. I agree with Mr. Eisenberg that those buildings have to work in the 21st century. I think in many instances we're able to adapt them today. For other universities, it depends oftentimes on the universities' financial situation. Do they have the money to maintain those buildings? That can be a challenge for some of them.

I know for many universities their architectural heritage is part of their brand, if you will.

Mr. Robert Sopuck: I can certainly see that.

I'm going to ask a fairly sensitive question right now, Mr. Brown. There's been a lot in the news lately about monuments and buildings causing offence, or perceived offence, to groups of people who want these buildings and monuments torn down because of things that were done a few hundred years ago. But there are other forces in your country that say that these are part of your history and deserve to be remembered and recognized.

How does your organization deal with those kinds of conflicts?

Mr. David Brown: It's a great question. If you'd like to see our full statement, I would encourage you to go to our website, which is savingplaces.org. We have a statement. We also have a guide for communities to think about how to deal with difficult histories and monuments that reflect difficult histories. We think these are conversations that are best had in the local community.

We need to recognize that many of these places are symbols that different groups in our communities see different ways. When we sit down and have a conversation about them, oftentimes there's a way to contextualize a monument and talk about why it was built, what it meant then, and what it means today. We've seen that happen in several communities. We've also seen where many of these monuments are starting to be moved into museums. They are able to recognize them in that way and explain how those monuments were built and why they're now not in the public sphere but in a museum, if you will.

It's a challenging question, and it's one that we obviously, in the U. S., continue to grapple with every day. We feel that there are ways to deal with it. Sometimes it's best to remove it. Sometimes it is best to contextualize it and explain it as people come and see those monuments. I think conversation is always the best opportunity, but it's not always possible, especially when violence comes up, as we saw in a place like Charlottesville.

Mr. Robert Sopuck: Who would have thought that heritage, which starts off as such a nice and wonderful and innocent topic, could have such baggage?

I think I'll stop now. Thank you very much, Mr. Brown.

The Chair: Okay, we'll go to Mr. Amos.

Mr. William Amos (Pontiac, Lib.): Thank you, Madam Chair. Thank you to our witnesses. This has been a rich panel.

I want to raise a particular example of a heritage challenge we face in the Pontiac region.

[*Translation*]

I would like to talk about one specific case in order to get your advice, but also in order to see how it could help us in other similar situations.

The old Pontiac Hotel is located on the site of the former Fort William trading post, which once belonged to the Hudson's Bay Company. The hotel has now become a well-known tourist destination. Everyone from Pembroke and the region along the Ottawa River goes there for ice cream. There's also a beach right there. It's a magical place. But the owner does not have the funds he needs to repair the building, which would cost a lot of money. He is subject to regulations on conserving built heritage.

What can he do in a situation like that?

Federal assistance is limited. Since the owner will not or cannot invest the amount that is necessary, one of these days, the building is going to reach such a state of disrepair that it will be impossible to do anything about it.

What can he do?

● (1635)

Mr. Jacques Archambault: My background is in project management and the conservation of heritage buildings. The first aspects to identify are the heritage values of the building. This includes the architectural, historical, environmental and social values. The building has a history in the community, both socially and as a business, as it is also a corporate building. It is a matter of being very familiar with the building.

In terms of these sorts of projects, I have had similar requests from other agencies. They wanted to know how to conserve a building and where to start. At first, it is important to contact the municipal officials to find out to what extent the building is rooted in the history of the municipality. So there's research and work to be done with the elected officials. Even if it is a business project, a private building, there is still a major social aspect.

As you may know, there are historical societies in communities, and the members, who are volunteers, can be of great help in confirming the information. By rooting the building in the community, it can be carried by the community. It is a simple answer, but a heritage building is not independent from the community. It must be carried by the community.

So it is important to bring people together by showcasing the heritage values of the building and its importance for the community, as well as by sparking interest in the building from some local organizations and stakeholders, including the elected officials, of course.

[*English*]

Mr. William Amos: I would like to follow up that question with one for our American witness.

There were some very interesting details around the economic impacts of heritage preservation in rural communities. I wonder if you could expand on the positive economic spinoff effects that such support, in its various forms coming from U.S. governments, has provided for rural communities.

Mr. David Brown: I'd be glad to. We have extensive experience in all 50 states working with about 1,500 what we call "main street communities" all across the country, which are small commercial areas.

One of the things we find in terms of economic impact for preservation and heritage conservation is that much of the work is in labour cost and in local goods and services as opposed to new construction, where much of the costs are going outside the community. When you're putting money into a building in a local community for rehabilitation, you're putting it into the pocket of the local plasterer or the local plumber, and that benefits the local community.

We have, probably, not as many government programs to encourage rehabilitation in rural areas as I would like, but there have been some rural development grants and the like in the past that we've been able to try to drive toward the reuse and rehabilitation of older buildings. It's certainly an area that is ripe for more study and also more investment by governments.

I'll just mention one final thing. As governments, federal as well as provincial and municipal, think about where they put their offices and where they prioritize their investment, one of the important things that can happen is putting heritage and older buildings first in that queue in terms of looking at where governments can make an investment that really helps their community.

● (1640)

The Chair: Thank you very much.

Mr. Godin.

[*Translation*]

Mr. Joël Godin (Portneuf—Jacques-Cartier, CPC): Thank you, Madam Chair.

Let me start with you, Mr. Brown. Your organization was created in 1949. Over time, it has surely evolved and adapted in order to move forward. As I was listening to you, it seems that your model is effective.

What should we do to achieve this effectiveness?

What aspects of your experience could inspire Canada to be as present and active in its regions?

[*English*]

Mr. David Brown: Thank you. That's a great question.

We have worked through the decades to stay present in changes in preservation philosophy and work. We started out mostly focused on saving large historic buildings, large iconic buildings, and we grew to work more closely and effectively with community groups, recognizing that we had a limited number of buildings that we could take responsibility for. I think one of the things that can happen as the program grows in Canada is finding ways to bring new partners into the work that happens there.

I'll also bring one other point in. We're also focused at the places that in the past have taken a traditional museum approach and thinking about different ways of those buildings being places of intersection in their community. As an example, in Monterey, California, we have a historic site that for 150 years was a commercial building, then it went and became for 50 years a historic site and a museum. We're now working with a for-profit developer and will have a non-profit museum function to share the use and turn that back in many ways to its original use.

So we're being flexible and looking at different models for saving buildings. There's not just one model for preservation.

[*Translation*]

Mr. Joël Godin: Thank you, Mr. Brown.

I will continue along the same lines, in terms of the restoration of buildings and their conservation, but in cities, this time.

What do you do in urban centres with large populations? Don't they need help from your organization? Are they autonomous and do they have the support of many businesses and private supporters?

[*English*]

Mr. David Brown: There are. One of the things about the National Trust for Historic Preservation is that we have a for-profit subsidiary that provides investment capital in rehabilitating historic buildings. We work with large institutional investors to bring capital to people like Mr. Eisenberg, who's looking for capital in his particular buildings that are going to be taking advantage of the historic tax credit. It's a way that we can provide investment capital that's mission driven but that also helps the private sector find the resources it needs to be able to rehabilitate these buildings. That's just one example.

[*Translation*]

Mr. Joël Godin: My next question is for you, Mr. Archambault.

In your presentation, you mentioned that Quebec passed a piece of legislation in 2012, as a result of which you lost funding. We would not want to repeat that at the national level.

You say that Ontario has better legislation. Can you further explain the situation and tell us why you lost the funding? What could we do to protect ourselves and set up mechanisms and criteria to ensure that the situation you experienced in 2012 will not happen again?

● (1645)

Mr. Jacques Archambault: I know that Ontario has mutual servitude, which protects a building when an owner wants to have it recognized. We don't have that in Quebec.

In terms of the legislation, before 2012, the owners of provincially designated heritage buildings were entitled to a municipal tax credit meant as an incentive for the maintenance and conservation of the building. For reasons unknown to us, it was removed from the new legislation. We lost some money because of that, but there are places like Old Montreal, where there are a lot of heritage buildings and the owners lost a lot of money.

It seems that the money from the tax credit were not being used directly for the maintenance and conservation of the buildings. There could have been other ways to address that issue, because it was a major incentive for the building owners. We know there are many in Old Montreal. They are actually commercial buildings.

So it is important to continue to encourage people, but perhaps by regulating the way it is done and the way the money is used in the end. It is important because it's the people's money. So it has to be properly regulated. It cannot be like signing a blank cheque, far from it.

As I mentioned, in 2012, the provincial government gave municipalities a lot more responsibility for heritage, without transferring the expertise and resources. At the same time, it called on individuals to commit themselves to safeguarding the heritage. As a result, municipalities were faced with individuals asking that the heritage value of a building, site or tangible or intangible property be recognized by municipal bylaw. However, municipalities did not receive subsidies in return. They had to increase their reserve fund or create foundations.

There are cultural development agreements between provinces and municipalities, but culture is very broad. Perhaps heritage represents 10% of the sector. There are schools, the arts, and so on. It is vast.

The amendment to the legislation made the situation difficult.

Mr. Joël Godin: Thank you very much.

[*English*]

The Chair: Thank you.

Mr. Bossio.

Mr. Mike Bossio (Hastings—Lennox and Addington, Lib.): Mr. Brown, in your presentation you mentioned the national trust originally receiving government funding to build public support. What did that look like? That's the initial liftoff, right, which probably led to the program becoming privately funded? It would be beneficial to learn the lessons along the way in building that public support.

Mr. David Brown: For about 30 years, we received $7 million from the federal government. We used that money in a variety of ways in our work, one of which was to support our historic sites. That was the gateway, where people learned about heritage conservation and preservation in the U.S. We also built our communications team and supported studies that showed the advantages of preservation, so that we could build stronger support: stronger membership in the trust, but also just broad public support. There were a variety of ways we used that money over the course of 30 years to try to build public support. You're right, it gave us the foundation to be able to grow into a strong privately funded organization.

Mr. Mike Bossio: Was that also what gave you the ability to build your datasets, which you continue to build on today?

Mr. David Brown: Actually, that was probably before the time when data became available on a broader basis, as it is now. Most of our work in building the data for what's happening in the cities has really taken place in the last five to 10 years, since there's been more open-source data. We've actually brought people onto our staff who are more statisticians and the like, rather than heritage conservation experts, because they understand how to use this data, bring it together, and then help us analyze what it means for the future of the older parts of cities.

● (1650)

Mr. Mike Bossio: Of course, a number of questions have been asked with regard to rural. You just mentioned cities. With the datasets you're collecting, are you as able to build that same information or those same types of datasets, data points, on the rural side as you are on the larger urban areas?

Mr. David Brown: In some of them we are, but many communities don't have as robust data programs in smaller areas. We are seeing more and more of that happen. As more information becomes digitized in terms of where the older buildings are, where the building permits are, where the demolition permits are, and that type of stuff, as it becomes more available online it spreads out into the rural areas as well.

Mr. Mike Bossio: I liked your indication of how history is moving away from the spotlight to the full stage light, moving away from just the study of great people to a much broader and diverse study. Should this also apply to historic places in small communities rather than having a spotlight focus on major sites? You spoke about a large percentage—I can't remember exactly what the percentage was—of populations under 25,000 where you saw a lot of activity in that. What was that percentage? And did any of the specific measures taken that targeted rural areas bring about that difference?

Mr. David Brown: We have seen that about 40% of the federal tax credits for projects that have taken place over the last 15 years have happened in communities of fewer than 25,000 in population. We have tried to focus some of our investing through our for-profit subsidiary through what we call a "main street" investment fund. We also have been working with the Congress to try to improve the tax credit for smaller developers. Right now the tax credit works well for a large developer who does this on a regular basis, but for the mom-and-pop developer who's probably going to do one project in their lifetime and it's on their main street, it's more difficult.

Mr. Mike Bossio: Just to take that one step further, always a lot of the talk is about tax credits. I agree that it's an important vehicle, but what other vehicles have been tried in the past? Where did you see some success potentially, again focusing on the small rural areas, to try to increase that above 40% and hopefully even higher? What other legislative measures do you see that could target maybe the rural side of it to try to increase that incentive?

Mr. David Brown: Tax policy in general in the U.S. has a real impact on what gets saved and what gets torn down. You can think about things like local property tax abatements, which have worked in many communities, and about trying to remove those barriers for rehabilitation that communities have set up inadvertently, many times looking at outdated planning models from the 1960s and 1970s.

Mr. Mike Bossio: I have one last point.

The Chair: You have only a few seconds.

Mr. Mike Bossio: I saw your advertisement for "Vote Your Main Street", with a $2-million prize. I have a few communities up here that would love to jump on that. Is there any chance you'll bring that up to Canada?

The Chair: We have to do our own, Mike. That's what we're doing today.

Colleagues, I'm looking at the clock. We have a bit more time, but I know that Mr. Eisenberg doesn't and he might have to leave. If the committee is interested, I could give us all a little bit more time, maybe one more round.

I am seeing general agreement.

So if I add six minutes to your three, you now have nine.

Mr. Eisenberg, please feel free to leave if you have to.

We'll do another round for each party, beginning with Mr. Stetski.

● (1655)

Mr. Wayne Stetski: Thank you, Madam Chair.

I have three questions for you, Mr. Eisenberg, if I can. We're looking at Bill C-323, which is looking at providing tax credits for private residences to encourage preservation of heritage. Tax credits always cost the government money. One of the things I've been thinking about is whether we should potentially cap the amount an individual can claim for a tax credit. It could be $50,000, it could be $100,000, or perhaps you could have it linked to income testing. I'm curious as to whether a person who is a millionaire and who owns a million-dollar heritage home actually needs a tax credit.

I'm interested in your view on, first, that concept of tax credits, and second, who it should apply to.

Mr. Robert Eisenberg: I have to be frank with you. This is not an area of expertise for me. We don't do any residential development whatsoever, and it would just be one person's opinion, and I don't think it would be very helpful to you. I'd love to weigh in, but you are looking for expert testimony, I'm sure.

Mr. Wayne Stetski: Okay.

The Chair: Your opinion is welcome because you're in the business, and even though you're not doing residential, you've been in the business for a very long time, so we'll take your individual opinion in that context, anything you might want to share.

Mr. Wayne Stetski: I suppose we could add to it whether.... And I think I know the answer to this. Would you like to see something like that for commercial properties as well?

Mr. Robert Eisenberg: Sure.

My partner and I are peculiar; we're not particularly ambitious folks. We've managed to build a reasonably sized company in spite of ourselves, not because of. We restore things just because, frankly, we love doing it. But there are many historical elements, for example, the Toronto carpet factory. This is a 317,000 square foot complex with over 140 businesses. We have a chimney that is preserved that has absolutely no commercial value to us whatsoever. We spent over $150,000 restoring this chimney. It would have cost us $50,000 to demolish it. I mentioned this earlier during this session. I don't think most developers would do that.

A neighbour across the road has a building that has a crenellated parapet wall at the top of the building. With that crenellated, it's much cheaper for him just to tear that down, and I'm sure he will when the time comes.

There are all kinds of things like that where they would make a huge difference. We had historical windows in one of our buildings, and we had to find somebody who could do the carpentry because we had these dowels that acted as mullions. They were very carefully turned by lathe, and there was nobody to do that. We spent months trying to find somebody to do it. Again, that's what we've chosen to do with our lives, and I don't think most of our competitors do that kind of thing.

Absolutely, it would make a huge difference, of course.

Mr. Wayne Stetski: I have quick question for each of you. Then, if I have time, I'll come back again to Mr. Eisenberg.

What's the number one thing the federal government can do in Canada to help preserve our heritage?

I'll start with you, Mr. Eisenberg.

Mr. Robert Eisenberg: I mentioned that, with our environmental heritage, there are a couple of very small things the government could do that would have huge impact, and one is to speak to Revenue Canada to discourage them from attacking environmental groups whose sole purpose is to protect our environmental heritage. That would make a huge difference.

I didn't expand on what has happened in the municipalities by making it illegal for campaign donations from corporations and unions. It had changed the landscape entirely. Previously, it was very difficult for somebody for whom environmental heritage was the primary goal to get elected. It's very expensive to get elected, and in most of our municipalities, people were getting elected with developer dollars. That's no longer happening, and it's a huge difference. A very small effort by the federal government had a huge impact.

With regard to us, unfortunately, I have to be honest with you, the greatest risk in our business is not marketing, it's not leasing, it's not financing, and it's not even construction cost overruns, although God know we've never built a project without huge construction cost overruns. It's what the municipality will do to us in the middle of the process. The fact that there are not defined rules and regulations that apply to the renovation of older buildings is a huge disincentive to renovating them. It is much more difficult to renovate an older building than it is to build a new one, no question, and that's more or less because of zoning bylaws.

From the federal government's point of view, of course, the things that Mr. Brown has talked about would be huge, but I have to be honest with you again. We've managed to do very well without any federal grants; nevertheless, it would encourage many people to come into the business who probably are not in the business right now.

● (1700)

Mr. Wayne Stetski: Just to clarify, Bill C-323 just talks about heritage properties, so I guess at some point we'll get into a discussion about private residences versus commercial, if we go there.

Mr. Archambault, I'll ask you the same question. What is the number one thing that we could recommend to help heritage in Canada from your perspective?

[*Translation*]

Mr. Jacques Archambault: I will answer in French.

The first thing to do would be to support private owners or the organizations that already protect heritage buildings. That would automatically create a multiplier effect. That is the base that strives to conserve those buildings for the benefit of society. By encouraging and supporting them, there would be a multiplier effect.

[*English*]

Mr. Wayne Stetski: I'll ask that question to Mr. Brown.

What do you think is the most important thing that has happened —you can quote your own organization if you want—to save heritage resources in the United States?

Mr. David Brown: I think it's finding ways to incentivize and put heritage first instead of, as Mr. Eisenberg said, making it easier for new development. We'd like to see—and we've had some success with this, but we certainly have a ways to go—making reuse the default and making demolition the option of last resort.

Mr. Wayne Stetski: Thank you.

The Chair: Mr. Fast.

Hon. Ed Fast: I'll go back to Mr. Archambault.

You mentioned that in the last three years there have been very few grants available for you to undertake your activities. Were you referring to federal grants or local and provincial grants?

[*Translation*]

Mr. Jacques Archambault: I was referring to all levels of government. In recent years, at the provincial level, there have been a lot of budget cuts across the board. A number of organizations used to receive a grant of less than $10,000, but it was eliminated. At the municipal level, in light of the new heritage legislation, the resource expertise was not transferred. The provincial grants for the maintenance of buildings considered municipal were scrapped five years ago.

The municipalities don't have a lot of money for heritage. In cases where there was some money available for that, the percentage of assistance went down from 40% to 25% or 20% for a heritage building.

Let me talk about something else. As I pointed out earlier, there are artisan-caretakers who take care of the heritage homes and do the conservation. They have been with us for 20 or 25 years because of their craft. Unfortunately, they no longer have the right to work on our buildings because they don't have competency cards in construction. As a result, we have to pay two to three times more to preserve the buildings. First, we lose grants, and second, we have to pay more for the services of our craftsmen.

I'm going to give you an example. There is a bridge not far from us. The government took four years to renovate it, and we lost all the rental income during those four years and even afterwards. This will soon be the case for another building. As I said, it's been a double whammy for the past three or four years, and now we have to think about getting rid of buildings.

● (1705)

[*English*]

Hon. Ed Fast: You also mentioned that regulations are inhibiting, perhaps strangling, your ability to undertake heritage protection activities. Can you be specific as to where those regulations are taking place? Are they at the local, provincial, or federal level?

[*Translation*]

Mr. Jacques Archambault: They are to the benefit of municipal and provincial governments.

At the federal level, we have to be careful with the old mills. The safety standards and the work done at the mills fall under federal jurisdiction by virtue of the Canada Labour Code and the Employment Equity Act. This is another level of regulation that must be taken into account with our miller when it comes to mills across Quebec. For at least five years, heritage conservation regulations have become tighter and tighter in terms of the people we can hire. We now have to deal with professionals who cost us more.

Finally, Quebec deals with construction. This concerns our craftsmen, who do not have their licence as contractors in the construction sector in Quebec.

[*English*]

Hon. Ed Fast: You also mentioned that you rent out former prime minister Sir John A. Macdonald's residence. Do you rent it out for commercial purposes or is this for lodging?

[*Translation*]

Mr. Jacques Archambault: I would like to point out that the Quebec Building Act gives homeowners a certain amount of flexibility, but that property organizations such as ours are de facto in the commercial category. We do not live in the houses. That is another regulation, which is stricter.

The Sir John A. Macdonald House is rented as a bed and breakfast for two months in the summer. Since Sir John A. Macdonald lived there, we wanted to keep people there so that we could keep the heritage alive. You can even sleep in Sir John A. Macdonald's bed if you want. It is not big, but it is always available.

[*English*]

Hon. Ed Fast: We may take you up on that offer.

The Chair: Mr. Eisenberg, I see you getting ready to leave.

Mr. Robert Eisenberg: Yes, but I'd like to take this opportunity to thank you for the honour of addressing this committee and to invite anybody who would like to tour any of the carefully restored older buildings that York Heritage Properties has been involved with. You are all welcome. You have my email address, I am sure, and I would be delighted to show you how historical buildings work in the community.

The Chair: Can you take one more question, or do you really have to leave? It's a very quick question.

Mr. Robert Eisenberg: Absolutely.

The Chair: Okay, we'll just do one more then. Go ahead.

Mr. Mike Bossio: Mr. Eisenberg, thank you so much for being here today.

I wonder, of the properties that you do have, are any of them rural properties? Were there any specific challenges on the rural side, or is it just that you don't see them as being financially commercially viable to develop?

Mr. Robert Eisenberg: It has nothing to do with commercial viability. We just stick to our knitting. We know Toronto really well, and our particular ability is to know our customers.

I've tried building in other communities. I've tried building in Dallas, Naples, and other communities. Frankly, we're just outclassed. I tried building in Lively, Ontario, and the local people know so much more about the local conditions that we've just stuck to downtown Toronto, I'm afraid—so I can't really give you very much insight on that matter.

Mr. Mike Bossio: Thank you.

I don't know if Mr. Archambault would also like to add to that question.

The Chair: Hold on a minute, because I know Mr. Eisenberg has to go.

I just want to thank you very much for taking your precious time to come and share your experience with us.

I also want to make a comment on what you mentioned about the funding or financing of elections. I was a regional councillor in Vaughan, and I experienced losing my seat through a very competitive, nasty race. Of course, I have the opportunity to be up here now, so sometimes there's a silver lining in some of that. But you're absolutely right, we need to level that playing field. I appreciate your wisdom there.

We'll let you go, because I know you need to run, and we'll carry on with the questioning.

Sorry, Mike. We have the clock. We didn't take your time.

Go ahead.

● (1710)

[*Translation*]

Mr. Jacques Archambault: Could you rephrase the question?

[*English*]

Mr. Mike Bossio: Of course. I just wondered if any of the properties that you manage, that you've rebuilt, whether they were rural properties, and what unique challenges you might have experienced in developing the rural properties, or the commercial viability...or whatever challenges that might have existed.

[*Translation*]

Mr. Jacques Archambault: Canadian Heritage of Quebec has properties from Montreal to Percé. Getting to Percé from Montreal is a 12-hour drive non-stop. Percé is at the far end of Quebec. The challenges vary. In some cases, the situation is easier in the regions because the craftsmen are there and are very knowledgeable. It is possible to work with people who are professionals, but who do not work for large firms, where resources and professional advice are much more expensive.

However, remoteness is an issue. We have restoration projects in Percé. I'm going to go there next week for a work weekend. If I stop twice for 15 minutes and once for 30 minutes, the trip will take me 13 hours. In addition, when the people doing the work call us and tell us they have a problem, we have to visualize it on the phone in order to give them the appropriate instructions. I cannot be on the ground.

We also have to train and supervise the craftsmen. We work with an architect on contract. We have a site meeting—in this case, in Percé—and we explain, with a plan or drawings, how to build a roof with cedar shingles or eaves, for example. It could happen, as it did recently, that, after several days, the person calls me back to tell me that, in the end, they did not understand my sketch. That is the sort of challenge we have to deal with.

Furthermore, we received a grant to restore a mill in the Éboulements region near Baie-Saint-Paul. It's a five-hour drive from Montreal. Since it was a grant, the contractor we chose was the lowest bidder. They had no training in heritage. We had to train them. One day, after a week or two of work, we went to the construction site and realized that they had not done the job properly. Their instincts about the way of doing things were contemporary, not geared toward heritage.

Remoteness is a challenge, but working in urban areas is much more expensive than in the regions, where the availability of craftsmen is a major factor. However, the building standards are the same across Quebec.

[*English*]

Mr. Mike Bossio: Darren, do you want to take the rest?

Mr. Darren Fisher: No, I wanted Mr. Eisenberg.

Mr. Mike Bossio: Oh, I'm sorry. I didn't realize. The only reason I went first was because—

The Chair: Okay, my apologies.

Go ahead quickly. We have some time, one minute.

Mr. Darren Fisher: I was just going to ask him what the incentive was.

[*Translation*]

Mr. William Amos: Mr. Archambault, do you think the federal government should create a category of funding for heritage property infrastructure?

Mr. Jacques Archambault: I want to make sure I understand exactly what you mean by “infrastructure”. Often, in Quebec, the word “infrastructure” is used to refer to bridges and roads, for example.

Mr. William Amos: As part of the discussions on public infrastructure, the federal and provincial governments talk about bridges, public transportation, and so on.

Mr. Jacques Archambault: I understand.

Mr. William Amos: Would it be good for our heritage if a category was created for that purpose?

Mr. Jacques Archambault: Absolutely, that would be a good thing. As I mentioned earlier, experience and time have demonstrated that it is recommended, at both federal and provincial levels, to give heritage a status of its own, both horizontally across departments and in terms of infrastructure. It is a very specific field, which cannot be indiscriminately mixed with regular construction. Creating a status, a particular category, would be very helpful.

● (1715)

[*English*]

The Chair: Thank you very much, Mr. Brown and Mr. Archambault. It's been a really excellent panel. We appreciate your time.

You've heard a bit of the questioning. You may be thinking that there was a question you wanted to answer, but you didn't have the opportunity to do so, and if you would be willing to share with us any additional thoughts, we would be really happy to receive them. It is a short study. We're going to get into writing the report next week, so if you have something, getting it sooner rather than later would be very much appreciated. Thanks to both of you.

Before I finish the meeting, I have two administrative items.

Thanks very much to everybody who came to the commissioner's tabling of her reports this morning. We have copies of those. If you didn't pick any up and you want to get some, we have them here for you.

On Thursday we're having two meetings. One is our regular committee meeting. We have only one witness from the group that we thought would be our panel, so we have invited the parks department to come back to help answer some questions. Lisa Prosper is coming and, from Parks Canada, Genevieve Charrois and Norman Shields are coming back to be available on Thursday.

Then, depending on the timing—we have that panel and we have report-writing—we were thinking of splitting the time for the witnesses and then the report-writing instructions. We have a subcommittee meeting in the afternoon, but we may be able to fit it in that morning. We'll see.

The bells are now ringing, so I will end the meeting.

Thanks to both of you for joining us today.

The meeting is adjourned.