

# Heritage Conservation Program Strategy – Interim Options Report

## ISSUE

Administration has reviewed best practices, program options and funding mechanisms for heritage conservation in municipalities across Canada. Based on this review and analysis, Administration developed potential options to strengthen the City of Saskatoon's Heritage Conservation Program.

## BACKGROUND

[Bylaw No. 9700, The Official Community Plan Bylaw, 2020](#) (OCP), establishes the City of Saskatoon's (City) objectives for heritage conservation. Those objectives contained in Section D4(1) of the OCP are:

1. To identify and conserve Saskatoon's heritage resources and recognize their importance in telling the story of Saskatoon pre- and post-settlement;
2. To honour the unique history and identity of Saskatoon; and
3. To ensure the City's heritage programs and policies encourage appreciation for, and are reflective of, Saskatoon's varied history and cultures, including Indigenous communities.

The Heritage Conservation Program (the Program) was created in 1996, under [Council Policy C10-020, Civic Heritage Policy](#) (Civic Heritage Policy). The purpose of the Program is to support and facilitate the conservation, management and interpretation of heritage resources in a manner which supports economic, sustainability and social goals. A review of the Program was completed in 2012. Subsequently, an update to the Civic Heritage Policy and the creation of the Heritage Plan, with over 40 action items, based on the review, was completed in 2014.

The Standing Policy Committee on Planning, Development and Community Services, at its [meeting](#) on November 8, 2022, received a report which outlined current program status and challenges.

City Council, at its Budget [meeting](#) on November 28, 2022, approved the Heritage Conservation Program Project – a three-phased approach to strengthen the Heritage Conservation Program to include:

- 1) Jurisdictional Review – a review of municipalities to identify best practices;
- 2) Heritage Property Owner Support – a review of existing incentives and recommended approaches for an updated Heritage Program; and
- 3) Public Awareness – options for creation of new education and resource materials.

## CURRENT STATUS AND APPROACH

The current Program consists of three main components:

- Regulatory approaches, such as Municipal Heritage Property Designation and [Bylaw No. 6770, The Demolition Permit Bylaw, 1987](#) (otherwise known as the Holding Bylaw);
- Financial incentives, such as grants for conservation work and incremental tax abatements; and
- Educational opportunities, such as the Saskatoon Register of Historic Places and Doors Open Saskatoon.

Despite the 2012 Review, and the 2014 policy update and Heritage Plan, the overall Program has remained largely unchanged since 1996 and continues to struggle to meet the policy objectives. In addition, many program goals and action items from the Heritage Plan remain outstanding.

The Program is funded through an annual operating budget allocation of \$262,100, of which \$146,500 is used for program administration and \$115,600 flows to the Heritage Reserve. Within this reserve, the Program allocates funding to Heritage Grants, financial support to research and awareness programming, and an annual \$10,000 transfer to the Façade Conservation and Enhancement Grant program reserve. Any residual funds each year are retained in the heritage and façade reserves and can be used to fund grants in future years.

At the end of 2024, \$72,068 for financial support and \$27,195 for research and awareness programming remained in the Heritage Reserve. The Façade Conservation and Enhancement Grant program had \$52,000 remaining for heritage related projects.

### Approaches in Other Jurisdictions

Administration conducted a review of heritage programs across Canadian municipalities, including correspondence with program administrators. A summary of relevant heritage opportunities is outlined below.

### Incentives

Many cities are diversifying their heritage incentive portfolio with tax exemptions and other creative approaches including low-interest loans, zoning and building flexibility and density bonusing/density transfers. Incentives which also act to achieve other community objectives are becoming more common. For example, incentives may be prioritized for heritage properties which also meet sustainability, housing and/or equity goals or may focus on specific areas such as Downtown or specific properties, such as vacant or underutilized heritage buildings.

Financial and non-financial tools incentivize the designation and maintenance of heritage properties and include:

- [Building, Zoning and Permit Flexibility](#) - provides flexibility for development standards, building code, minor variances, permit fees, discretionary and rezoning approvals;

- Density Bonusing and Transfers - development must provide public amenities to justify the additional density being granted. Amenities can include physical on-site amenities or financial contributions to Community Investment Funds that further fund public amenities;
- Low-Interest Loan Programs - a low interest loan provided to Municipal Heritage Property owners to cover the up-front costs of undertaking an eligible heritage conservation project;
- Property Tax Classification - a separate tax classification for designated Municipal Heritage Properties resulting in a permanent reduction in property taxes; and
- Property Tax Exemption - an annual fixed reduction of property taxes for designated Municipal Heritage Properties as defined under *The Heritage Property Act*.

While incentives can encourage municipal heritage designation, the choice to designate typically remains at the discretion of the property owner.

### **Protection**

Beyond protection of heritage buildings, several cities are focusing on their own heritage assets and processes, creating heritage asset management plans and streamlining their heritage approval processes. Heritage Conservation Districts are also increasingly becoming important, focusing on a larger swath of heritage properties or neighbourhoods to maintain or retain areas which are historic, unique, or distinct to a municipality and protecting them from impacts due to increasing development pressures.

### **Education**

Many municipalities are also placing greater importance on education efforts to create awareness and support for heritage assets. Edmonton, for example, has created a heritage workshop series and Burlington, Ontario has used story maps to foster public interest in heritage.

### **Summary**

The common theme in many heritage programs across Canada is that a multi-faceted approach is needed. There is not one incentive, regulatory tool or educational resource that will achieve heritage conservation objectives and not all tools benefit heritage properties equally. Programs need to be varied and flexible. There are different needs based on a property's age, use (i.e. residential vs commercial) and whether the property is taxable versus non-taxable. It is important to note that not all jurisdictions are equally comparable, as different provinces are subject to different legislation.

Opportunities and options, including those used by other municipalities that were identified as part of the jurisdictional review, are included in the Heritage Conservation Program Strategy – Interim Options Report (see Appendix 1).

## **PUBLIC ENGAGEMENT**

In the fall of 2023, a survey was sent to Municipal Heritage Properties regarding their experience with the Heritage Conservation Program. On March 19, 2024, a workshop was held with the Municipal Heritage Advisory Committee to discuss the Heritage Conservation Strategy, challenges to the existing program and a prioritization exercise for potential program options.

The Municipal Heritage Advisory Committee, at its [meeting](#) on June 18, 2024, was presented an Information Report, based on the jurisdictional review and initial feedback, outlining components of the proposed Heritage Conservation Strategy. In the summer of 2024, an Engage Page for the project was created, along with a public survey requesting feedback on the proposed options included in the Heritage Conservation Program Strategy. A summary of engagement is included in Appendix 1.

## **OPTIONS**

Four options are presented based on the Heritage Conservation Program objectives and stakeholder feedback. The options are each comprised of a bundle of incentives, regulatory measures and educational opportunities. The options presented below can be flexible, with potential to “mix and match” from the possible program elements that comprise each option. However, Administration has made efforts to group elements within each option that align in terms of level of effort and expected results.

Option 1 Complete revision of the existing incentive program with strong regulatory measures and a diverse range of educational options.

### Description:

This option would consider the full suite of program opportunities, which may include a separate property tax subclass for designated municipal heritage properties or property tax exemption, a review of building code opportunities for heritage properties, regulatory measures and educational initiatives.

### Advantages:

- Offers a wide variety of incentives which offer opportunities to both taxable and non-taxable properties and would encourage more property owners to seek heritage designation;
- Addresses long-standing initiatives which have been included as part of the Heritage Plan but to date have not been addressed due to timing and resourcing constraints. This includes a thorough review of the applicability of Heritage Conservation Districts and a comprehensive review of Bylaw No. 6770, The Demolition Permit Bylaw, 1987;
- Potential for greater ability to achieve rehabilitation of heritage properties with the building permit flexibility in situations where doing so under standard regulations might be cost prohibitive and/or technically infeasible; and
- Fills in the gaps in the education and resource portion of the Heritage Conservation Program through the addition of six new initiatives.

Disadvantages:

- Some of the items, while successful in other cities, would require further in-depth analysis to determine the suitability in Saskatoon’s context;
- May require legislative changes to implement, such as the case with the low-interest loan program;
- The building code equivalencies may face challenges given the number of occupancy and building code classifications in developing a standardized set of regulations; and
- The costliest option requiring seed funding for the low-interest loan program, which is estimated at \$500,000.

Financial Implications:

Administration has undertaken a preliminary review of the program elements included in this option and has estimated the cost implications for this option to be \$120,000 to \$237,000 in annual operating costs and \$961,000 to \$1,024,000 in capital costs which includes \$500,000 in seed funding for the low interest loan program. The cost for this option is potentially quite variable as City Council may wish to provide alternate guidance on the low interest loan seed funding and loan amounts.

Option 2      Strong incentives and regulatory measures with enhanced educational opportunities.

Description:

This option would include a very substantive incentive through the creation of a separate property tax sub-class or the implementation of a heritage property tax exemption. Several regulatory measures and educational initiatives would lead to a well-rounded and robust heritage conservation program.

Advantages:

- Provides a marked difference from the status quo and like Option 1 may encourage more property owners to seek heritage designation;
- While not the highest achievement level option, Option 2 is anticipated to lead to an increase in the number of designated properties, while remaining financially sustainable;
- Addresses many of the challenges identified by stakeholders during engagement, such as support needed beyond the 10-year period currently offered; and
- Substantially builds on the program’s education component with the addition of a Heritage Professional and Trade Directory and Marketing and Resources Strategy.

Disadvantages:

- Several capital projects, such as a review of Heritage Conservation Districts, will draw on resources from other internal departments and/or the use of external consultants.

Financial Implications:

Administration has undertaken a preliminary review of the program elements included in this option and has estimated the cost implications for this option at \$20,000 to \$137,000 in annual operating costs and \$358,000 to \$421,000 in capital costs.

Option 3      Addition of a separate property tax class/exemption for heritage property owners to compliment the existing incentives. Slight increase in regulatory oversight and education.

Description:

This option would implement a separate property tax class or property tax exemption for Municipal Heritage Properties to incentivize designation and provide consistent, ongoing support. Beyond that, there would be little change from the existing program with respect to the regulation of heritage properties through process improvements.

Advantages:

- The most cost-effective option being proposed, other than the status quo; and
- The inclusion of property tax relief will be of benefit for taxable heritage properties which may increase the number of designated heritage properties in Saskatoon.

Disadvantages:

- Apart from the tax relief incentive provided through the creation of a separate property tax subclass or the implementation of a tax exemption, Option 3 remains similar to the status quo in terms of protection and education initiatives; and
- Many of the larger policy objectives outlined in the Heritage Plan will not be able to be implemented.

Financial Implications:

Administration has undertaken a preliminary review of the program elements included in this option and has estimated the cost implications for this option is \$8,000 to \$125,000 in annual operating costs and \$11,000 to \$74,000 in capital costs.

Option 4      No changes or additions to existing incentives, regulations or education.

Description:

This option would maintain the status quo. Project-based grants and property tax abatements will continue to form the basis of the Heritage Conservation Program. Administration will continue to find ways to improve program delivery efficiency and effectiveness, within established resources and budget.

Advantages:

- Given that the Heritage Conservation Program is not currently meeting the objectives of the Civic Heritage Policy, the benefit of this option is negligible. However, current operating costs and resourcing levels would remain.

Disadvantages:

- The number of designated Municipal Heritage Properties under Option 4 and the ability to support existing Municipal Heritage Properties will likely continue to remain low due to lack of sufficient incentives;
- Regulation and protection will remain inconsistent, leaving many significant heritage assets vulnerable to demolition and/or unsympathetic alterations; and
- Education and resource initiatives will continue to operate at a bare minimum with the operation of one Doors Open Saskatoon event every two years.

Financial Implications:

There are no new financial costs associated with this item.

**RECOMMENDATION**

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That Option 2 be approved for further development; and
2. That Administration be directed to bring forward a final Heritage Conservation Program Strategy built on Option 2, along with a detailed implementation and funding plan for consideration during the 2026/2027 Business Plan and Budget Deliberations.

**RATIONALE**

Option 2 provides a balanced approach in terms of providing substantial incentives and protection for heritage resources and public and property owner education, while remaining relatively cost-effective in terms of its impact on upfront capital costs and the long-term operating budget. Like Option 1, this option includes property tax class or exemption which is the most significant policy addition, in Administration's view, to support heritage properties and provide significant financial incentive to property owners to designate and maintain with a relatively low direct cost. It also includes creative solutions and opportunities in its approach which is enough to make a lasting positive impact on the Heritage Conservation Program and its objectives.

Option 2 does not include the low-interest loan program or the Heritage Workshops. While these items are understood to be valuable program components, they represent a relatively high amount of time and resources in exchange for relatively modest anticipated progress in achieving the program's policy objectives.

**FINANCIAL IMPLICATIONS**

The financial implication of each option is estimated above and in Appendix 1 of the report.

Appendix 1 also outlines potential funding sources used in other municipalities for future consideration. These funding options require further evaluation, vetting and consultation should City Council choose an option other than Option 4. Should Options 1 through 3 be selected, or an alternative option of City Council's choosing, a final strategy will be brought back for approval with more detail on the program and cost/funding implications with direction to include in the 2026/2027 Multi-Year Business Plan and Budget deliberations.

## **COMMUNICATION ACTIVITIES**

The Engage Page for this project will be updated following City Council's decision. The Municipal Heritage Advisory Committee will also be notified. Administration will bring back a finalized Heritage Strategy for approval and direction to include a budget request for 2026/2027.

## **APPENDICES**

1. Heritage Conservation Program Strategy – Interim Options Report

## **REPORT APPROVAL**

Written by: Catherine Kambeitz, Senior Planner  
Reviewed by: Chris Schulz, Planning Project Services Manager  
Darryl Dawson, Acting Director of Planning and Development  
Approved by: Celene Anger, General Manager, Community Services

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