



Property Values & Taxes

- **Municipal financial incentives to foster the rehabilitation of heritage buildings are a smart investment**
- **Heritage conservation projects increase property values, assessment values, and economic activity in surrounding areas**
- **Municipalities benefit from the rehabilitation of heritage buildings through increased property tax and other revenues**
- **Designated heritage properties perform better than average in the real estate market**

Municipal support for the rehabilitation and adaptive reuse of heritage buildings directly benefits municipalities.

The City of Victoria, B.C., has implemented a tax incentive program for the residential conversion of heritage buildings that amounts to a tax exemption of from one to 10 years, based on the cost of the seismic upgrading required for the building. The program has stimulated:

- The creation of 263 new residential units downtown and \$32 million worth of investment in the substantial rehabilitation of 14 heritage buildings.
- The development of 70 units of affordable housing in a former hospital, built in 1908, through an adaptive reuse investment of \$1.6 million.
- Property assessment increases that have resulted in a 60.3% increase in property taxes.
- \$55.8 million of private investment.
- The construction of new “loft-style” condominiums on adjacent vacant lots, which will lead to a further increase in the municipal tax base.

In the City of Waterloo, Ontario, development charges on the Seagram lofts adaptive reuse project were waived, a value of about \$700,000, as an incentive to redevelop the site. Prior to rehabilitation, the site was taxed as a vacant lot (the lowest rate). The real estate value of the site is now \$24,000,000, and the City collects \$270,000 a year in tax revenue.

(University of Waterloo, 2005)

(Plan Canada, 2003 and TIP Fact Sheet, 2006)

Investments in heritage conservation stimulate complementary economic activity, making neighbourhoods more attractive and strengthening local economies.

Investments in the rehabilitation of the historic Stanley Theatre in Vancouver, B.C., stimulated:

- A 21% increase in restaurants, cafes and bars in the nearby area.
- A 9% increase in cultural establishments, such as the design sector.



- Retail sale increases of 107.7%, or \$112 million, which generated approximately an additional \$8 million in sales taxes and \$9 million in GST.
- Real estate price increases of 72% and a doubling of condo prices, outstripping Vancouver residential market increases.
- Building permits to increase from 1% to 16% of the permits issued in the general area.

(Ryerson University, 2003)

Designated heritage properties perform better than average in the real estate market.

A study investigating almost 3,000 properties, of a wide variety of sizes and characteristics, in 24 Ontario communities, found that:

- 59% of designated heritage properties had higher property values than the average when compared to surrounding market trends within the community.
- 15% had the same property values as the average.

The same study found that during periods of market downturn:

- 47% of designated heritage properties increased in value despite the downward trend of the market.
- 32% of the properties performed the same as the average.

(*International Journal of Heritage Studies*, 2000)

A groundbreaking study out of the United States indicates that public works money invested in rehabilitating heritage buildings generates more taxes than the same amount of money invested in new construction. Every \$1 million invested nationally and locally in rehabilitation of non-residential heritage buildings, new non-residential building, and highway construction generates \$202,000, \$189,000, and \$186,000, respectively, in state and local taxes.

(*University of Waterloo*, 2005)

Resources

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