

# A TAX CREDIT FOR THE RESTORATION OF HERITAGE PROPERTIES



**ASK YOUR MEMBER OF PARLIAMENT  
TO SUPPORT BILL C-323**

**An Act to Amend the Income Tax Act  
(Rehabilitation of Historic Property)**

**Peter Van Loan, MP**

## What People Saying about Bill C-323:

"This is an idea that has had **widespread support** from heritage advocates, federal, provincial, territorial and municipal governments, and the Federation of Canadian Municipalities over the years. **It's exciting to see it tabled in the House and given first reading.** We know that the tax system can be a powerful tool to stimulate private investment in heritage buildings. In the United States, the introduction of a 20 percent federal tax credit for rehabilitation of heritage buildings 40 years ago **revolutionized the way developers think about old buildings and launched a booming and competitive preservation industry.**"

– National Trust for Canada



*The Fairmont Empress Hotel—Victoria, BC*

Contact Your MP, and Tell Them to Support Bill C-323

Write them at: House of Commons, Ottawa, ON K1A 0A6

Or, phone or email them.

# Bill C-323

## What is Bill C-323?

- **A tax credit** that will seek to limit the destruction of Canada's heritage buildings, and instead encourage the rehabilitation of these culturally significant buildings
- The Bill would also allow owners to **write-off** spending on heritage restoration at a faster rate than is currently the case

## Why introduce Bill C-323?

- There is a tremendous public interest in the preservation and restoration of heritage properties. But the cost burden of doing so is usually more expensive to owners than other alternatives—like demolition and new construction
- This Bill helps owners who are preserving heritage buildings with the cost of delivering this public benefit
- The pilot program for this policy was very successful in encouraging investment from private individuals and businesses. The pilot program for this Bill saw tremendous growth in property values, occupancy rates, and profits for businesses in rehabilitated buildings



*Henry House—Halifax, NS*

# Bill C-323

## Why preserve heritage infrastructure?

- This Bill will help reconnect Canadians to their cultural heritage
- Investments in our built heritage create cultural value. A similar policy in the United States is described as “the most effective Federal program to promote community revitalization”
- Large rehabilitation projects often create lots of good paying jobs



*Sir John A MacDonald's Summer Home at Les Rochers—Rivière-du-Loup, QC*

## How does it work?

- The tax credit would be available to properties that appear on the National Register of Historic Places
- An architect must certify that the eligible building has undergone rehabilitation in accordance with the Standards and Guidelines for the Conservation of Historic Places in Canada for the project to be eligible for the credit and the accelerated write-off

# Bill C-323

## What are people saying about it?



*Capotole de Québec—Québec, QC*

Bill C-323 is “a **win-win**: for heritage; and for the local economy where historic preservation **creates jobs** for professionals and within the trades” – James Reid, Principal Architect, taigh Architecture, Inc.

“Peter’s progressive bill represents a true **partnership** role for government in **protecting Canada’s Heritage.**” – Michael McClelland, ERA Architects

This bill will encourage “**historic building owners to rehabilitate rather than demolish**”. This “is key for truly sustainable communities; in terms of both the embodied energy in an existing building, and for such places enhancing our shared social identity, **community pride** and *civitas.*” – Eric Pattinson, Pattinson Architecture



*Gooderham and Worts—Toronto, ON*

# Frequently Asked Questions

## What does Bill C-323 do?

Bill C-323 creates a 20% tax credit on eligible costs for rehabilitation work done to a building that is designated as a historic place. The bill also creates an Accelerated Capital Cost Allowance for eligible capitalized costs incurred under the same conditions as the tax credit.

## What is the purpose of Bill C-323?

The Bill aims to preserve our cultural heritage, and build a foundation upon which the policy may be expanded. Preserving our communal heritage benefits all Canadians, and with Canada 150 fast approaching, it is appropriate to introduce this policy now.

## What is a “historic place”?

A historic place is defined as a property on the Register of Historic Places, a list of designated properties that have significant historic value to Canada. The enabling legislation for the Register can be found in s. 3 of the Historic Sites and Monuments Act. Bill C-323 includes a provision for the Minister to extend the definition of “historic place” to other buildings and definitions of historic places (e.g. provincial registers of historic places).

## What is an “eligible cost”?

Eligible costs under the provisions of the bill are defined as costs that are construction, professional, insurance, development, site improvement, or otherwise prescribed costs. This explicitly excludes acquisition, cosmetic and furnishing costs.

## What is defined as “rehabilitation work”?

Rehabilitation work is defined as work that is done in accordance with the *Standards and Guidelines for the Conservation of Historic Places in Canada*, and must be certified by a registered professional architect licensed to practice in Canada.

## Over what period of time may the tax credit be claimed?

Each certified project has 10 years over which it may have a tax credit claimed, or unused portion thereof carried forward.

# Frequently Asked Questions

## **What is an Accelerated Capital Cost Allowance?**

An Accelerated Capital Cost Allowance is a tax mechanism that permits the deduction of taxable capital expenditures in a regularized fashion. For the purposes of this bill, this means that costs which are capitalized in nature, are eligible for a 3 year, 25%, 50%, 25% per year deduction, so that after 3 years, the entire value of the capital expenditure has been written-off.

## **Can a capitalized cost be claimed under both the tax credit and the accelerated Capital Cost Allowance regimes?**

Yes, however, the taxable base will be reduced by the amount of the other policy, e.g. if the capitalized costs are claimed under the tax credit, only the remaining 80% of the capitalized costs will be eligible under the accelerated Capital Cost Allowance.

## **Has this policy been tested for viability in Canada?**

In the early 2000's, the government implemented a pilot program. The program, whose end goal was to be converted into a tax credit such as the one this bill creates, on average doubled the market property values of historic properties, business revenue, and occupancy rates of the historic properties. These activities incentivized by the Fund generated significant GST and corporate tax revenues. The policy is considered viable in Canada.

## **Has this policy been tested in other countries?**

Many countries have heritage grants, programs, etc. The most similar policy to the one this bill advances is the tax credit program in the United States, which provides a 20% tax credit on costs related to the rehabilitation of designated historic buildings, and a 10% credit on non-designated building built before 1936. The program, implemented in 1976, is recognized as having been hugely successful, with over 41,000 projects certified. Furthermore, the program was found to have a net-positive impact on the treasury of +\$5.0 billion over the present life of the program (1976-2015).

# Bill C-323

## How Can We Make Bill C-323 Law?

To **make Bill C-323 law**, and to protect our built heritage, MPs have to vote for the Bill. The best way to get your MP to vote for the Bill is to contact them, and encourage them to **vote in favour of Bill C-323**.

You can:

1. **Send them a letter** at House of Commons, Ottawa, ON K1A 0A6
2. **Phone them**, or
3. **Email them**.

Each and every contact is one more step toward **making Bill C-323 law**, and one more step toward **preserving our cultural built heritage**.

If you don't know who your MP is, just search "Who is my MP?" in Google, or visit "<http://tinyurl.com/hjw6bpv>". This website, from the Parliament of Canada, lets you search for who your MP is by postal code.



*Imperial Theatre—Saint John, NB*