

Briefing Note: Heritage Considerations for Community Hubs

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Background

In Premier Kathleen Wynne's 2014 Mandate Letter to the Honourable Michael Coteau, Minister of Tourism, Culture and Sport, Premier Wynne identified that the engagement of community groups through partnerships should be a priority. This includes the provision of support for the conservation of built heritage, a goal that can be achieved in part through a collaborative approach that seeks to derive public benefit and positively impact the lives of all Ontarians.¹

The disposal of surplus historic schools to third sector organizations for use as community hubs is an opportunity to efficiently meet the heritage conservation goals set forth by the Premier of Ontario alongside other public interests. Unfortunately, the current disposal process for surplus historic schools does not mandate the engagement of community partners, and emphasis is placed upon the return of fair market value as opposed to ensuring the continued conservation of the properties' cultural heritage value or their continued contribution to the public good. It is a lost opportunity to accrue public benefit through community partnerships and strategic disposals, and to illustrate how heritage conservation can be an integrated process that might support complimentary public interests.

Third sector organizations are natural custodians for surplus historic schools- when provided with access to the tools needed to maintain the facilities in the long-term. Third sector organizations are well-positioned to ensure that heritage buildings passing out of public ownership remain accessible and a part of the local community, in large part due to their shared mandate to deliver public benefit.

The Ontario Heritage Act (OHA) sets forth the criteria under which properties can be recognized as having cultural heritage value. Most often properties are designated for their association with notable individuals and/or their physical characteristics, however the OHA also permits the valorization of properties based on their association with a specific activity, or if they are functionally linked to the surrounding community. Ontario's historic schools share a common bond as spaces that have delivered a range of public services, as well as having a strong functional link to their surrounding communities, however many designation reports neglect to emphasize this fact, a lost opportunity to better ensure the continued conservation of their role as places of public service delivery, or community hubs.²

The disposal of surplus historic schools to the third sector presents an opportunity to empower third sector organizations, rationalize school boards' real estate holdings, engage in innovative community partnerships, and most importantly, ensure that these properties continue to serve as places of public service delivery. Heritage conservation is an ongoing process, not an outcome, which ultimately must adapt to the changing needs of society; the disposal of historic schools to third sector organizations for use as community hubs is a natural fit, and should be a serious consideration when considering future uses for these properties.

¹ Government of Ontario, Premier Kathleen Wynne. 2014 Mandate letter: Tourism, Culture and Sport. (<http://www.ontario.ca/government/2014-mandate-letter-tourism-culture-and-sport>). 2014

² The designation of Robertson Public School notes that the building's use in providing opportunities for educational and cultural development contributes to its heritage value, and its continued function as an education centre is included as a character-defining feature. It should serve as a precedent as it values community use and public service delivery as reasons for designation under Part IV of the Ontario Heritage Act. (By-law 78-359).

In addressing how heritage buildings might be appropriately disposed of and conveyed to the third sector for use as community hubs, the challenges faced by Ontario school boards must be considered. The current funding model for school boards incentivizes the pursuit of fair market value during the disposal process. This has serious implications for the long-term conservation of surplus schools that are heritage or heritage-eligible, and conflicts with government policy to conserve our built heritage, setting a poor example for municipalities and other public sector entities that are looking to rationalize their real estate holdings. This fundamental challenge must be addressed should surplus historic schools have a chance of being acquired by the third sector, used as community hubs and conserved in the long-term.

Challenges

The viability of heritage conservation in Ontario faces a number of challenges, and varies greatly depending on the property type, owner, location, as well as market forces. Third sector organizations must contend with all of these factors, as well as specific obstacles they face in acquiring surplus historic properties. These include:

1. Third sector capacity:

- a. The third sector often faces significant challenges in acquiring the capital necessary to purchase the facilities needed to advance their social mission. The increased reliance upon the sector to deliver services has not been accompanied by the necessary support, such as property conveyance programs, that could contribute to third sector capacity. Coupled with a misguided public perception that the re-investment of revenue in capital expenditures is secondary or non-essential to the delivery of services or 'core mission', many third sector organizations have little hope of competing on the private market for surplus historic schools.

2. Lack of incentives for heritage projects:

- a. Canada is sorely lacking in financial incentives for heritage conservation projects. In Ontario, municipalities have been enabled to pass by-laws granting between 10-40% property tax relief to eligible heritage property owners, however eligibility varies, not all municipalities offer such a program, and many municipalities have set a maximum dollar amount that covers a small percentage of the total costs associated with acquiring and renovating heritage properties. No federal tax relief is available, and few grants specifically target heritage buildings.³

Options:

³ Tax credit programs have been critical tools in the support of private and third sector participation in heritage conservation projects in the United States. Owners of income-producing buildings that have been evaluated as "certified historic structures" are eligible for a 20% income tax credit for the rehabilitation of the building; many states offer additional tax credits to encourage conservation activities. To-date, tax credits have leveraged \$109 billion in private sector investment, generated 2.4 million jobs, and helped in the conservation of close to 40,000 buildings. The National Trust for Historic Preservation. Place Economics. The Federal Historic Tax Credit: Transforming Communities. (<http://www.preservationnation.org/take-action/advocacy-center/policy-resources/Catalytic-Study-Final-Version-June-2014.pdf>) 2014. p.5

The status-quo for the disposal of surplus historic schools neither ensures the conservation of the buildings nor does it contribute to the public benefit through including community partners or enabling third sector acquisition. Three options are proposed that might assist Ontario school boards in meeting provincial mandates; the options vary in the level of financial commitment that might be required, however all three demand that the third sector is an active partner in the disposal process, assuming certain responsibilities and ensuring that the public interest is represented, both in heritage conservation and other public concerns.

1. Explore the feasibility of a Public Benefit Conveyance program

- a. Ontario school boards and the Ministry of Education should create a conveyance program in order to efficiently transfer surplus heritage or heritage-eligible buildings to nonprofit organizations. Conveyance programs evaluate transfers based upon which organization can deliver the greatest public benefit through the use of the facility, as opposed to the highest bidder; buildings are often transferred for free, or for a nominal sum. Similar programs in the United States and England have been effective tools that facilitate the efficient disposal of surplus public buildings to community organizations, based on an understanding that public interest extends beyond the generation of revenue through sale, and that the public sector is in a position to ensure that, while no longer needed to serve public sector mandates, these buildings might continue to be used to deliver public benefits.⁴

2. Adopt to use the Nonprofit Lands Registry for all disposals

- a. The Nonprofit Lands Registry should be adopted by Ontario school boards as a tool to dispose of surplus historic schools that have community value. The registry is an advance notification system that provides an extended window of time for third sector organizations to assemble a competitive bid for a surplus public property. The registry is available for all public property disposals, however it would be of particular assistance in disposing of historic schools. If combined with a proactive community interest-notification program (wherein community groups inform the public custodian of interest in a property prior to any disposal announcement being made), the registry could be an effective compromise between the desire to generate revenue and an understanding that these buildings can derive public benefit through third sector ownership. If the use of the registry is adopted, it will be crucial for the government to ensure expanded access for all third sector organizations to sources of capital (such as Infrastructure Ontario loans) so that competitive bids can be made.⁵

3. Seek out partnership with third and private sector organizations

- a. Ontario school boards should proactively seek partnerships with third sector organizations prior to engaging in the disposal process. The participation of a third

⁴ Appendix case studies: Federal Building - Manhattan, Kansas / NIKE Village - Topsfield MA / Valley Forge General Hospital - Phoenixville, PA

⁵ “The Right to Bid program was established in England in 2011, as part of the Localism Act, which seeks to devolve certain authorities to the local level. The program allows third sector organizations to express interest in assets determined to be of community value (both public and privately-owned); community value can derive from a building’s contribution to the social, cultural or recreational well being of the local community. Thus far, the program has successfully engaged communities in critically identifying buildings that are significant to them, resulting in designations that reflect place-based values as opposed to broad and potentially less-specific national-level designations. Corey, Alex. “Third Sector Acquisition of Surplus Federal Heritage Buildings in Canada: Challenges and Opportunities.” Master’s Thesis, Columbia University in the City of New York, 2015. p. 57.

sector organization in private or public-private partnerships addressing historic schools is a method of better-ensuring the long-term conservation these heritage buildings by providing public access to community assets and ensuring that the local community remains engaged in the building's use and conservation. As representatives of the public interest, third sector organizations are in a position to assume certain responsibilities that the public sector is no longer able to support. The third sector not only serves to represent community interest in public heritage buildings, however; they can also be valuable partners in finding new uses. Should school boards clearly identify those historic functions valued by the local community (as noted in the heritage designation report), they can strategically partner with third sector organizations that are in a position to continue to deliver those services. In any disposal of a historic surplus public school, school boards should consider how a third sector organization might positively contribute to the building's new use and protect public interest in the historic property through the engagement of innovative partnerships.⁶

About the author

Alex Corey is a heritage specialist. He holds an M.S. in Historic Preservation from Columbia University with a focus on heritage planning and policy, and a B.A. from the University of Toronto. His thesis examined the disposal of surplus federal heritage buildings in Canada to third sector organizations. Alex has experience in heritage planning studies, architectural conservation, nonprofit advocacy and policy development in Canada, the United States and Myanmar.

⁶ Case Study: Artscape P.S. 109