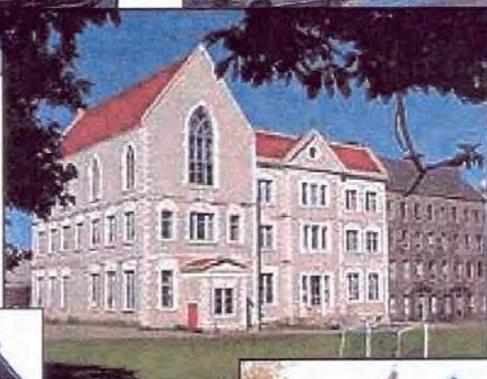


CITY OF ST. JOHN'S



# Downtown St. John's Strategy for Economic Development and Heritage Preservation



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## **Background Reports**

Background Report No. 1: Case Study Analysis

Background Report No. 2: Key Issues and Challenges

Background Report No. 3: Economic Benefits of Built Heritage Revival

Background Report No. 4: Summary of Public Consultations

## **Executive Summary**

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The City of St. John's has reached a crossroads. Over the next decade, economic growth fueled by growing petroleum and tourism industries offer the prospect for a vibrant and prosperous urban economy. While economic expansion can ensure a vibrant Downtown, growth must be managed and directed to maximize social and economic benefits. Can oil and economic prosperity co-operate with heritage? If so, what kind of Downtown would that produce?

This Strategy has been prepared for the City of St. John's and its stakeholders to provide direction for the future development of the Downtown. Its preparation stems from growing development pressure on Downtown properties, increased interest in the Downtown as an attractive place to live, work and visit, and a strong desire to preserve the City's heritage - its built environment, culture and townscape fabric.

Background reports prepared for this study show that the economic benefits of re-using our built heritage are significant:

- Since 1986 Downtown property owners have invested close to \$72 million in residential and non-residential property renovations.
- Excluding major restoration projects, during 2000 over \$10 million was invested in basic heritage-type work in the City, the majority of which occurred in the Downtown.
- These investment activities currently support 200 jobs in the St. John's Census Metropolitan Area.
- Between 1996 and 1999, residential realty assessment in the study area increased by approximately \$17 million, with the traditional Downtown accounting for over 90 per cent of this increase in assessed value.
- Downtown St. John's is now an 'attraction' in itself for most visitors to the City. In 1998, the 258,872 out-of-province visitors who came to the City spent an estimated \$95.9 million in the St. John's region.
- All of the Bed and Breakfast establishments in the Downtown are located in heritage buildings. In 1999, revenues generated by this accommodation sector contributed an estimated \$2.5 million to the City's economy.
- The heritage character of Downtown St. John's makes it an attractive location for film and video activities. The ten-year (1995-2005) value of film industry production expenditures which can be attributed solely to the civic amenity of Downtown St. John's is estimated at \$13.5 million.
- The majority of the 655 arts and cultural sector workers in St. John's live and work in the Downtown area. Over the next decade their activities will contribute \$2.4 million

annually to the City's economy.

The lessons to be learned from other places which have embraced a heritage ethic are clear:

**Economic development can co-exist with heritage and can be mutually complementary, with sound city planning, a nurturing of investor confidence and a knowledgeable heritage renovation sector. Strong, committed and visible municipal leadership is essential.**

Acknowledging and building on the City's key assets are the basis for a new vision for the Downtown. The enhancement, revitalization and intelligent re-use of buildings, the socio-cultural resources; community fabric and quality of life, are recognized and accepted as the building blocks of this strategy for economic growth.

### **The Vision of Downtown St. John's is:**

1. An internationally recognized, historical, old port city in which residents, businesses and visitors are welcome;
2. Desirable residential neighbourhoods, with fully rehabilitated housing stock, looking as attractive as its original builders intended;
3. An unforgettable commercial core featuring authentic traditional buildings, well conserved and rehabilitated, which create a highly competitive retail sector along Water and Duckworth Streets;
4. A desirable office/commercial location, with a solid supply of Class A and Class B office space to meet the needs and expectations of the corporate community;
5. Low-rise buildings which do not obstruct the irreplaceable views of the Harbour;
6. A vibrant entertainment area centered on George Street;
7. A revitalized, pedestrian-friendly harbourfront;
8. A "people place" which forms the soul of the city – *where it all began and continues.*

### **Achieving the Vision**

The background studies and comparative analysis show that this vision is feasible, attractive *and* profitable. It can be achieved by building upon the existing momentum of investment in heritage renovation, and encouraging the

- Rehabilitation of existing buildings;
- Conversion of some buildings to new uses;
- Creation of new complementary buildings through well-designed infill; and
- Re-invention of the Harbourfront.

However, investor confidence is key and steps must be taken to convince them that the City is committed to achieving the vision.

The recommendations for action include:

- Incorporating the Vision for the Future of the Downtown into the City's Municipal Plan;
- Sharing the Vision for the Downtown with all stakeholders;
- Marketing the Vision for the Downtown to the corporate sector which can be enticed to locate here;
- Conducting a viewline analysis to identify and establish appropriate development height constraints which maximise streetscape and harbour views;
- Removing disincentives to heritage renovation;
- Providing information, training and marketing expertise to consumers, investors, developers, managers, and contractors and trades, so that with the right know-how, these stakeholders can help implement the City's vision;
- Establishing a Downtown-partnership to discuss issues, to help manage change and to monitor progress and development activity;
- Empowering the public in creating a sustainable vision for planning in the downtown;
- Preparing a plan for a more dynamic, pedestrian-friendly Harbourfront; and
- Encouraging linkages with other heritage cities.

The strategy does not commit the City of St. John's to complicated new administrative structures; nor to vast new expenditures. Most of the policy framework, planning techniques and marketing and development tools are readily available, by adapting those which have proven to be successful in many other jurisdictions. In short, the City can begin the implementation process immediately.

**The Study Team believes that this is a worthy and economically sound vision for the City. Together, the recommended measures are intended to produce one of the finest urban centres anywhere – and one which resonates to the pride and identity of the people of St. John's, and of the Province as a whole.**

# 1.0 Introduction

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## 1.1 The Project

The Downtown area of St. John's has a unique physical character, reflected in the layout of its streets, the short distance to the Harbour, the design of commercial buildings and houses, and the close relationship between its built and natural environments.

Major 19th-century fires devastated the City and post-fire reconstructions resembled the pre-fire scale of construction and use of traditional building materials. Post-World War II growth has led to significant changes: residential areas have expanded to the suburbs (inside and beyond the City's boundaries); the Downtown population has decreased; many retailers are now in the suburban shopping malls; some Downtown office complexes are out of scale with neighbouring buildings; the look of many neighbourhoods is homogenized by the use of non-traditional building materials; and important historical landmarks (buildings and houses) have been destroyed.

Today however, there is renewed interest in Downtown St. John's. More businesses are locating Downtown and as a result, the retail vacancy rate has dropped. New developments such as the Civic Centre (Mile One Stadium) and Convention Centre will provide added employment and business activity in the Downtown. Restoration of heritage buildings for housing and continued renovation of existing homes has increased property values.

Faced with prospects for increased development from an improving economy fuelled by the offshore oil and gas and tourism industries, the City recognized the need to develop a strategy to guide development in the historic Downtown. A steering committee, composed of representatives from business, community groups and government agencies was formed to oversee the preparation of a study and to make recommendations to St. John's City Council (see Appendix 1). The consulting firm of Canning & Pitt Associates, Inc. was hired to lead the Study Team which would work with the Steering Committee to prepare the strategy. In addition to Canning and Pitt Associates, other members of the Team include Sheppard Case Inc., of St. John's, and two Ottawa-based experts in the area of heritage resource conservation and heritage law, Dr. John Weiler and Mr. Marc Denhez.



## 1.2 Purpose

This study has three key objectives:

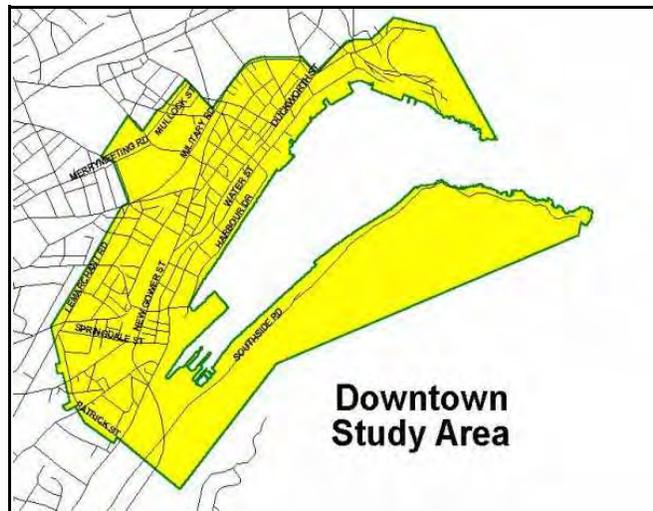
- ❑ To identify the particular areas of Downtown St. John's where economic development and building restoration has occurred, and to determine the factors which made this possible.
- ❑ To demonstrate, on economic, demographic, cultural, and environmental grounds, why the built heritage of Downtown St. John's should be preserved and/or reused.
- ❑ To develop a strategy to guide the City of St. John's, in co-operation with the provincial and federal governments, the private sector, and non-profit groups, in optimizing the historical character and scale of Downtown St. John's while encouraging new, sustainable economic activity (i.e. more businesses, more livyers, and more cultural, entertainment, and recreational opportunities).

The consultants have been asked to recommend a Strategy which will encourage diversity and growth in Downtown land uses and activities while respecting heritage character. In the long term, the desired result is sustainable heritage preservation, re-use of older buildings, and compatible new development.

**The Strategy answers the question: "What is the best approach for developing a vibrant, diversified, competitive and sustainable "downtown environment" while maintaining those aspects which give the City**

## 1.3 The Study Area

The boundary of the Study Area, as defined in the Terms of Reference (Appendix 1) and shown in Map 1, incorporates the Downtown business core and most of the Downtown residential neighbourhoods.



Map 1.

## 1.4 Approach

Research and consultations have been conducted during the course of preparing this report and have concentrated on four main areas:

- ❑ **Issues Scoping** - Familiarization with issues of economic activity and heritage in Downtown St. John's, development trends, and key questions and issues to be addressed.
- ❑ **Case Studies** - Comparison of Downtown St. John's with other jurisdictions which have dealt with similar heritage, economic and development issues to identify critical factors and "best practices".
- ❑ **Benefits Identification** - Identification, analysis and quantification of the *economic, demographic, cultural, and environmental* benefits of retaining the city's built heritage, and assessment of the factors which affect Downtown revitalization.
- ❑ **Public Consultation** - Consultations with the public through a one-day Heritage Forum (in March 2000), acceptance of written briefs, a questionnaire (administered at the Forum) as well as meetings and correspondence with the Steering Committee and various groups, business organizations and individuals with a specific interest in the Downtown area.

The results of these study research activities were presented in four separate Background Reports and comprise an integral part of the overall study findings.

## 1.5 Format of Report

This report is organized in seven sections:

- ❑ Chapter 1. Introduction
- ❑ Chapter 2. Key issues and questions related to the future development of Downtown St. John's
- ❑ Chapter 3. Findings and conclusions from the research and study consultations
- ❑ Chapter 4. An assessment of built heritage resources and potential physical (re)development
- ❑ Chapter 5. A new vision for the Downtown development, and the principles and strategic objectives which would guide the future development within the area
- ❑ Chapter 6. Outlines the methods by which the vision can be achieved; and
- ❑ Chapter 7 A summary of recommendations.

## 2.0 Competing Development Scenarios

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It has often proven difficult to reach a consensus on what constitutes a better future for Downtown St. John's. What some define as "progress", others see as a step backwards. Among the many debates concerning what constitutes a "better Downtown St. John's" none have elicited these contradictory perspectives more strongly than the long-standing one which has placed those who favoured heritage and those who supported redevelopment in different, and competing, camps.

Two important considerations underlie the mandate of this study:

- ❑ **Oil Development Potential** - The City of St. John's is on the threshold of significant economic growth and expansion fuelled primarily by development activities associated with the Province's offshore petroleum sector. The City's proximity to offshore petroleum resources, the quality of its educational and research facilities, and other factors, make St. John's an excellent location for new business investment. There are high - and well-founded - expectations that the City can develop as the 'oil capital' of Eastern Canada.
  
- ❑ **Amenity Value** - The City's heritage resources and fabric, its physical setting and topography, its safe urban environment and cultural dynamic, significantly enhance the attractiveness of St. John's as a location for economic activities, new business investment, and a growing tourism industry. This attractiveness is due in part to a perception and appreciation of the character, uniqueness and image of the City.

The Study Team was asked to recommend a strategy which

- ❑ Pays due attention to preserving the character (and hence, in part, the heritage fabric) of the Downtown while
- ❑ Ensuring sustainable development of the City's economy.

Given these two seemingly opposing considerations, the key questions which any Downtown strategy must address are:

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**Can commerce, community and heritage co-exist in harmony?  
and  
Does the City have to make a choice between one or the other?**

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The key issues and challenges for future development of the Downtown are described and discussed in Background Report No. 2., and are briefly outlined below.

## 2.1 Key Development Assets

There are five key assets upon which the City will build its economic future. These are:

1. Oil - offshore petroleum and related activities
2. Visual - physical setting and attractiveness of the City
3. Historic - the historic fabric and character of the built environment;
4. Community - the socio-cultural fabric and sense of community; and
5. The City's role as the Province's Capital.

***“To keep growing, the city will have to expand and adapt to the needs of the new industry that prizes Class-A office space and quality condominiums. It also needs good transportation and infrastructure that keeps St. John's competitive. ... with other port cities. Just as importantly, the city needs to retain the very things that make it a unique and desirable place in which to live - pleasant neighbourhoods, green spaces, a sense of history and a willingness to preserve it. ... reconciling these interests will not be easy”.***

**Editorial, St. John's Evening Telegram  
5 August, 2000**

These assets are already strong forces in the City's development. Other aspects of the Downtown such as

- The current economic health, investment trends, social milieu, 'safeness' and general appearance of the Downtown core;
- The strength and vibrancy of the residential and social community; and
- Investment trends within, and appreciation of, the built heritage resources

are also important components upon which to build a strategy for the future. However, if the City chooses to rely exclusively on one of these assets to achieve economic growth, then the potential benefits of other assets could be substantially diminished through inappropriate development.

It is easy to imagine a scenario where this would occur. An extreme case would be a massive redevelopment of the old City into a high density, highrise zone in the name of new Class A office space, a more industrialized waterfront area, and wide highways through old neighbourhoods.

While heritage advocates might see the development of the City as an oil capital as a threat, this report suggests that oil-led economic growth presents a significant opportunity for enhancing the City's heritage resources.

In the past, there has been a tendency to view heritage properties as problems or long-term liabilities. This is especially the case where older buildings or areas have been poorly maintained. This report concludes that it is just as easy to see the City's built heritage as a significant asset; in other words, not as a problem which needs to be fixed, but as an undeveloped opportunity to be captured. Viewed in this light, the City's heritage legacy is also an economic resource - an active asset - in the same way that petroleum reserves are.

## 2.2 Development Scenarios

Within the broad issue of whether commerce, community and heritage can co-exist, there are several specific issues which will have a direct bearing on the future form of development in the Downtown. The anticipated demand for Class A office space in St. John's, the ever-increasing investment in Downtown residential neighbourhoods and the somewhat contradictory status of current heritage policy lead to the following questions:

**Should the City stay the course with its existing heritage strategy?**

**In non-residential areas, will heritage give way to a Modern, highrise architecture/townscape?**

**Should development of new Class A office space be encouraged in the Downtown core, or located elsewhere?**

**Is there an alternative heritage/rehabilitation/ infill strategy?**

In debating these questions, it is useful to describe the alternative development scenarios that could result, depending on which development course the City takes. Each of these scenarios has different, possibly competing, vision of a "future Downtown". These are

1. Maintaining the *Status Quo*
2. Redevelopment - An intensified office/commercial Downtown
3. Redirecting New Development - Certain types of economic activity and market demand directed to non-Downtown locations; and
4. Heritage, Rehabilitation and Infill Development - accommodate new uses within the existing built environment.

### 2.2.1 Maintaining the Status Quo

Maintaining the status quo is not a viable option. The existing strategy (see Appendix 2), particularly in the *non-residential* areas, has not yet produced enough success to *withstand* a serious alternative proposal to develop new, high density commercial office facilities in the Downtown core.

This leaves a choice between options 2,3 and/or 4.

### 2.2.2 Redevelopment

In the past, especially in North America, the typical choice has been to opt for redevelopment. The 1960s conventional wisdom held that redevelopment (i.e. replacement of older buildings with glass and steel highrises) was the natural course for prosperous cities. Cities which questioned that model, such as San Francisco, were the exception and not the rule. Although most major American cities abandoned this approach in the 1980s, many of them found that, by then, it was too late to change the image they had created for their downtowns.

Advocates of redevelopment hold that only this model can generate the best profit margins for all participants. From a property value perspective (versus a macro-economic one), many people still think this model is synonymous with progress. This perspective has been easy to maintain in situations where the buildings being replaced were considered ugly. This perspective has often been further reinforced in downtowns in which a large number of the older buildings were not maintained, or rehabilitated. (The King George V Institute building in St. John's was an example of such a case).

This scenario would

- Require a substantial redevelopment of the Downtown's commercial and Harbourfront areas;
- Sound the death-knell of many commercial and institutional heritage properties;
- Impair the views from many areas within the residential Downtown, thereby undermining the economic impetus for investment in such areas; and
- Result in a significant loss of personal investment and municipal revenue, e.g. through a drop in residential property values, reduced tourism and residential expenditures in the City, and in the Downtown in particular.

### 2.2.3 Redirecting New Development

In this scenario, new Class A office (or industrial)space would be directed *elsewhere*, away from the Downtown. While it might address some heritage conservation issues and concerns, such an approach is not without its potential pitfalls.

This scenario would seek to achieve what some of the world's most prestigious cities - e.g. London and Paris - have managed to accomplish, namely to have *two downtowns*. Such communities have two separate and distinct downtown areas:

- ❑ a *traditional* downtown whose 'prestige' space includes palatial baroque offices with 14-ft. ceilings, and
- ❑ a *modern* downtown with Class A space on the typical North American (e.g. Dallas-type) model.

In cities where this two-track development strategy has been successful, it has been well received by *all* segments of the corporate community, especially since it permits the accommodation of two different types, or images, of prestige space.

However, striking the right balance is not easy. Experience elsewhere shows that once Class A space starts to migrate to the suburbs, it is hard to prevent a downward spiral in the central core (similar to what happened in the City's Downtown commercial core during the 1960s and 1970s when businesses moved to the new suburban shopping malls).

In a two-track scenario, not only is it difficult to control the *amount* of activity that is redirected, it is also difficult to control its ultimate *destination*. In the case of St. John's, if the City acquires a reputation (within corporate circles) of treating developers and head offices as unwelcome, development might shift beyond the City's boundaries altogether.

#### **2.2.4. Heritage, Rehabilitation and Infill Development**

This scenario involves a combination of heritage conservation, rehabilitation and appropriate new infill. In Scotland, where rates of growth are comparable to Newfoundland, this model for Downtown development has been successful. After decades of economic stagnation, the country has enjoyed a windfall from offshore oil - similar to the one which Newfoundland is now anticipating.

In Scotland, petrodollars were channelled into rehabilitation and infill. Edinburgh and Glasgow now have magnificently rehabilitated downtowns and residential districts (See Appendix 6). Glasgow - once presumed to be beyond hope - is now so completely transformed that it was declared a top cultural destination for European tourists. Aberdeen is also an excellent example of how heritage and oil can work hand in hand. This city has been the focus of offshore oil investment for over two decades.



*Downtown Aberdeen, Scotland*

The heritage, rehabilitation and infill development scenario can only be successful if

- ❑ The area is *physically capable* of bringing new space on stream (via rehabilitation, conversion and/or infill), to meet a growing demand for Class A and Class B office space;
- ❑ The area can bring *enough* space on stream to guarantee an ongoing major corporate presence Downtown, and thus minimize or avoid an exodus to outlying areas;
- ❑ Space can be developed and sold/leased at *competitive market rates*; and
- ❑ The space developed *appeals* to the prospective clientele.

If the heritage/rehabilitation/infill model is to *compete effectively* with the redevelopment scenario, it must be *structured to meet the above objectives on a competitive basis*.

### 2.3 Charting a Different Course

There is a strong desire to see St. John's develop as the oil capital of Eastern Canada. It is also reasonable to suggest that petroleum-driven economic growth need not be in competition with other equally valid opportunities for economic expansion. Continued development of the City's economy is linked to future growth of tourism activities, investment in the commercial retail sector, the conservation and rehabilitation of its cultural heritage resources and the maintenance of its physical/townscape fabric.

Because decisions for one sector can have significant implications for another, prudence and logic demands avoiding single-track growth strategies. The best approach would see the City using major engines of growth - such as petroleum activities - in conjunction with other key economic resources and opportunities - to generate prosperity, a sustainable economic future for the entire City and, in the process, a commercially diversified, attractive and vibrant Downtown.

If the above approach was adopted successfully, the result would be not only an accommodation of oil development in the St. John's *economy*, but also an economically competitive pattern of lowrise development, i.e. not one which required a high density form of redevelopment within its *Downtown*. Such a strategy would be based on the premise that it is possible *to have one's cake and eat it too*.

**While growth of oil-related activities in St. John's is obviously related to the excellent prospects of petroleum resources - 200 miles offshore, it is also further enhanced by the heritage resources, streetscapes, distinctive fabric of the non-residential core, and to the transformed residential neighbourhoods, that are located**

Given the unique physical structure of St. John's, the extensive heritage resources within its Downtown residential and non-residential districts, and the desire to expand and develop its economy and achieve prosperity for all of its citizens, any strategy which embodies such a scenario requires serious consideration. The Study Team explored this prospect not only with local experts, but also with individuals who are most knowledgeable of the needs of the oil patch - namely real estate experts from Calgary (See Appendix 5).

For example, although some of the potential demand for new office and commercial retail space can be met by low to medium-rise infill construction, this may not go very far. Though there is some vacant land in the Downtown core of St. John's, if a heritage-based rehabilitation model is to be effective and successful, several important matters will have to be addressed:

- The business community would have to be shown – in graphic and concrete terms – *how* it can create and enjoy "prestige" space in converted heritage buildings;
- The *taste* (i.e. buyer appreciation) for that kind of prestige space would need to be nurtured;
- The *skills* to bring such spaces on stream would need to be developed, and mobilized;
- Public sector owners and managers would need to be persuaded that governments can be part of the solution instead of the problem;
- The ecclesiastical/institutional sector must be shown how it can join with other sectors to capitalize on its own heritage buildings; and finally
- All of the above requires direct and ongoing contact with the business and governmental communities on a scale not previously undertaken in St. John's.

Of course, these investors will still require the Class A office space, the Harbourfront facilities and the heavier industrial areas they need to develop and manage their activities. There exists a tremendous opportunity for St. John's to do something entirely different based on its prospects and potential to develop as the unique oil capital of the east.

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**Is it possible to devise a "win-win" scenario which clearly demonstrates that the heritage conservation/ rehabilitation option is not only more *meritorious*, but also capable of achieving the desired objectives and economic outcomes in a more effective, competitive, manner?**

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How can St. John's, acting as a community, determine whether this scenario is the best one and decide how it could be achieved?

- ❑ By examining the success stories from other jurisdictions and identifying best practices and models for downtown development;
- ❑ By realizing the economic importance of the heritage resources within its Downtown area; and
- ❑ By asking citizens, business and other groups for their expectations, views and ideas about the future of the Downtown.

The following chapters describe the results of these investigations and provide a background for the vision and recommendations in support of a heritage/rehabilitation/infill model, which follow in the final chapters of this report.

**The Steering Committee and the consulting team have challenged the notion that economic growth and heritage are incompatible, and have accepted that the best strategy is one which allows the City to maximize the benefits of developing all of its potential**

## 3.0 Synthesis

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In addition to an examination of the issues facing development in Downtown St. John's discussed in Chapter 2, the following research and analysis was undertaken in preparing this strategy and is summarized and discussed in this chapter:

- ❑ Case study analysis of economic development and heritage preservation strategies elsewhere (*Background Report No. 1*);
- ❑ Assessment of the economic importance of Downtown of St. John's (*Background Report No. 3*); and
- ❑ Public consultations held through a one day Heritage Forum, written submissions, meetings and interviews (*Background Report No. 4*).

A number of assumptions and conclusions that have been drawn from the research are also presented which provide a rationale for the Vision and how it can be achieved.

### 3.1 Experience from Elsewhere

Case studies of economic development and heritage preservation in Canadian cities and elsewhere were prepared to illustrate how cities are using heritage preservation to revitalize Downtown development and to discover best practices and approaches which could be incorporated into a St. John's Economic Development and Heritage Preservation Strategy. Detailed discussion of approaches in other jurisdictions is contained in *Background Report No. 1 Case Study Analysis*. The key lessons learned from experience are described below.

#### 3.1.1 Process

- ❑ *Leadership* - Successful strategic plans require active participation and leadership of City Councils involving a process of buy-in on the part of key stakeholders and the citizenry at large, as well as prospective private sector partners.
- ❑ *Public participation* - is an essential component in strategic planning for Downtown revitalization.

#### 3.1.2 Financial Investment

- ❑ *Public Commitment* - While private sector investment and investor confidence in the rehabilitation market are increasingly important to successful urban regeneration in North America, experience in other jurisdictions shows that market forces are not sufficient on their own. Some form of public or non-profit organization incentive or inducement, coupled with sensible regulatory measures to protect the public interest, is usually necessary, at least in the beginning.

- ❑ *Regulatory and Program Reform* - Removal of disincentives inherent in the City planning system and in administrative structures and processes is often a strategy of making choices, accompanied by financial and other inducements for conservation/rehabilitation. Non-financial mechanisms are also worth “real money” and may include such measures as flexible and bonus zoning provisions, exemption from development fees or parking requirements, training, proactive initiatives with prospective investors or fast-track approvals.
- ❑ *Matching Supply and Demand* - Successful downtown revitalization strategies bring supply together with demand. This requires knowledge and awareness of how the supply and demand side can find out about each other, and how the supply side can present its product in the most attractive way possible. The process can be jump-started where there are:
  - (a) buyers and tenants who know how attractive heritage spaces can become;
  - (b) marketers who know how to market heritage in a professional and expert manner; and
  - (c) entrepreneurs who have technical understanding of how to rehabilitate properties.
- ❑ *Financial Incentives* - Indirect financial incentives in the form of tax relief (especially for property tax) are being increasingly adopted in North America, either to replace or to complement direct incentives (grants and loans).
- ❑ *Infrastructure* - Investment in public infrastructure (roads, streetscape improvements, etc.) is an important inducement to heritage preservation, downtown revitalization and economic development.
- ❑ *Marketing and Promotion* - Retail business associations with a primary mandate to boost downtown activities are increasingly involved in the marketing and promotion of downtown development through initiatives such as the preparation of information portfolios, print literature and electronic media (including Internet web sites), cost-sharing street scaping projects and building partnerships with key stakeholders. Many business associations support development of historic downtown public markets (farmers markets) which provide a springboard for many marketing, promotion and educational opportunities.

### **3.1.3 Administration/Regulation**

- ❑ *Designated Heritage Buildings/Areas* - Downtown Development Strategies often distinguish between several categories of targeted properties:
  - Legally designated heritage buildings and areas;
  - Buildings/areas of character that may be eligible for heritage designation;
  - “Older” building stock that has an economic use or potential for adaptive re-use; and

- Compatible new construction and urban design that support the historical nature of a locale.

Usually, a clear distinction is made between legally designated heritage properties and other existing structures. This is because the former are subject to regulatory measures (which have economic effects) that the others are not.

- ❑ *Regulatory Measures* - to protect built heritage in employ as a method of choice, statutory and local by-law instruments to designate historic districts. In Canada this varies greatly depending on the province concerned.
- ❑ *Development Agreements* - Heritage revitalization agreements between local authorities and property developers are a useful means of encouraging reinvestment. Specific packages of inducements create a greater degree of certainty for developers and the community.
- ❑ *Adaptive Re-Use Strategies (conversions)* - are enjoying a renaissance as a response to economic change that has resulted in the functional obsolescence of industrial, commercial and institutional buildings.

### 3.1.4 Information

- ❑ *Public Information* - Knowledge is the first step toward building investor confidence. In cities like Saint John, Quebec and Winnipeg, "how-to" publicity disseminated by these cities is credited not only with improving the quality of work, but also with demystifying heritage and the economics of intelligent rehabilitation.
- ❑ *Support to Rehabilitation Industry* - Measures to demystify commercial (heritage) rehabilitation are required. In Montreal and Ottawa, various entrepreneurs have acquired rehabilitation skills and know-how - but without any help, and often with great difficulty.
- ❑ *Educating Public Sector Managers* - Public sector asset managers have little training in heritage rehabilitation. Although there is an elaborate training system offered through the facilities management network, there is little to show public sector managers how to administer their older buildings, or how their agencies can lease older buildings in a way that can meet contemporary public sector needs.
- ❑ *Ongoing Research* - Information and advisory instruments such as "buildings at risk" surveys, vacant space inventories, and volunteer business support services, have proved especially beneficial for economic development and heritage preservation initiatives in downtown areas.

## 3.2 Economic Importance of Historic Downtown

How important is Downtown St. John's to the City's overall economy? The results of research on

various aspects of the local economy which rely on, and benefit from, the built heritage resources and related activities in the Downtown are presented in Background Report No. 3. The key findings are summarized below.

### 3.2.1 Renovation Investment

- ❑ Over and above special or unique restoration projects (such as Nolan & Hall's restoration of the Benevolent Irish Society Building), the estimated value of basic heritage-type work in the City for 2000 is over \$10 million, for which the Downtown is the "flagship."
- ❑ Over the past 14 years renovation has comprised about 65% of all investment in Downtown construction and, since 1986, close to \$72 million has been invested in residential and non-residential property renovations.



### 3.2.2 Employment

- ❑ 200 jobs are currently supported by basic heritage-type work (in primarily pre-1945 buildings) in the St. John's Census Metropolitan Area (CMA).
- ❑ Renovation creates a significantly greater amount of *direct* employment at the local level than identical investment in new construction.
- ❑ Total employment (direct, indirect via suppliers, and induced through related economic activity) is substantially higher for renovation compared to new construction, with a rate of job creation better than almost any other industry in Canada.

### 3.2.3 Municipal Taxes and Property Values

- ❑ Pre-1940 buildings account for 88% of all residential properties in Downtown St. John's.
- ❑ Between 1996 and 1999, residential realty assessment in the study area increased by approximately \$17 million, and the traditional Downtown accounts for \$15.4 million of the total.
- ❑ The inner city, which comprises the residential areas nearest the Harbour, accounted for 90% of this increase in assessed value.
- ❑ Six streets in which heritage activity has been highly visible outperformed their neighbours in the value of property transactions.
- ❑ Since the traditional Downtown and the inner-city are largely covered by legally designated heritage areas, the properties in heritage areas that have experienced

heritage-type renovation work or have been reasonably maintained have increased in value significantly.

- ❑ Since property values determine tax assessments, the increases which occurred during the period 1996-99 indicate that heritage-type renovation has contributed significantly to the net increase in the tax base of Downtown St. John's.
- ❑ In the ICI (Institutional/ Commercial/ Industrial) sector, the projected ten-year tax benefit to the City resulting from basic "heritage-type" work in Downtown buildings would be in excess of \$250,000.
- ❑ Practically all of the rehabilitation work is *net* to the City's tax base, since this type of investment does not place any incremental demand on municipal infrastructure and services.



### 3.2.4 Tourism

- ❑ Downtown St. John's is now an attraction in itself for most visitors to the City.
- ❑ Between 1996 and 1998, tourism to the City of St. John's increased by 37.1%. In the latter year, 258,872 out-of-province visitors visited the City, spending an estimated \$95.9 million in the St. John's region.
- ❑ St. John's is the first of the Province's top five attractions for non-resident automobile travellers; 64.4% of these visitors came to the City in 1997.
- ❑ One of the reasons St. John's is the primary destination for out-of-province visitors is its critical mass of cultural, historical and natural/scenic attractions.
- ❑ The unique culture and heritage of St. John's are essential ingredients in the marketing and promotion of the City by the Province and the Avalon Convention and Visitors Bureau. Built heritage is of critical importance as part of the product package being offered to tourists in St. John's.
- ❑ Accommodation provided by Downtown establishments trading on heritage is a good indicator of the contribution of heritage to tourism. Total direct and indirect revenues enjoyed by St. John's as a result of the sector in 1999 is estimated at \$2.5 million.
- ❑ All of the Bed-and-Breakfast establishments in the Downtown are located in heritage properties.

### 3.2.5 Retail Trade

- ❑ Both the St. John's Downtown Development Commission and the St. John's Board of Trade indicate that the "image" of an historic built environment (accommodating

specialty shops together with cultural attractions and the view of the Harbour) is pivotal to the increased prosperity of Downtown.

- ❑ One indicator of increased prosperity is the rise in storefront occupancy rates to 90.9% on Water Street and 89.4% on Duckworth Street.

### **3.2.6 Residential Stability**

- ❑ Although the population of Downtown had been in decline for two decades, the substantial growth in residential renovation in the period 1991 to 1999 has helped to stabilize the population base.
- ❑ While there is concern over the potential adverse effects of “gentrification” leading to the displacement or the pricing-out-of-the-market of livyers, there are encouraging signs that investors recognize the opportunities associated with the renovation of under-utilized or vacant upper floors in commercial properties to convert these spaces for residential-use and live/work units for home-based businesses.

### **3.2.7 Civic Amenity, Visual Character and Quality of Life**

- ❑ According to the real estate community, new buyers of residential property in the Downtown are placing an estimated 15-40% premium on properties with a view. Analysis of recent (1996-1999) property sales data, and consultations with industry professionals, support this anecdotal information.
- ❑ A distinctive visual appeal can add to a community’s competitiveness on an inter-regional and international basis, in the same way as “prestige” elicits a premium in the local real estate market. The City’s promotional brochure, *St. John’s: Where North America Begins*, highlights the role of heritage as part of the lure to lifestyle-conscious employers and their employees, and there is evidence that this has had a concrete impact on decisions of corporate managers to choose St. John’s as a location.
- ❑ St. John’s film and video industry production firms rank the ambience and amenity of Downtown St. John’s as a primary reason for selecting the City as a ‘location’. Industry participants estimate the current and future value of this unique attribute at 30% of anticipated production values. In 1998/99, this industry invested about \$1.7 million as a direct result. The ten-year (1995-2005) value of film industry production expenditures which can be attributed solely to the civic amenity of Downtown St. John’s is estimated at \$13.5 million.

- ❑ St. John's is home to 655 arts and cultural sector workers, representing 55% of the Province's total. The majority of these persons live and work in the Downtown area. The St. John's arts industry and cultural community places a significant social and economic value on the ambience and character of the Downtown. Over the next ten years, the economic contribution of their cultural presence in the Downtown to the City's economy is calculated at \$23.8 million (or, on a sustaining basis, at \$2.4 million per year).

### 3.2.8 Environment

- ❑ Re-use of built heritage reduces the solid waste sent to the St. John's Robin Hood Bay landfill site. It is estimated that 30% of the total solid waste stream to this site is used construction material.
- ❑ When consumers decide to renovate, they usually include energy-efficient upgrades; these investment decisions reduce energy consumption and reduce greenhouse gas emissions.

## 3.3 The St. John's Heritage Industry

In Canada as a whole, St. John's has arguably the best set of *ingredients* to launch a dramatically successful heritage strategy. These ingredients include a strong and progressive private sector oriented to 'heritage revival', a thriving market and strong consumer demand for restored homes, and the prospect of major infusions of offshore capital. The heritage industry is - and will continue to be- a critical factor in the future Downtown revitalization and re-development initiative.

### 3.3.1 Industry Preparedness

Heritage revival work is adding significantly to the City's Gross Domestic Product (GDP), local employment and to assessed property value, as well as to the City's ability to attract even more offshore investment. However, despite its successes, the local heritage revival industry needs to be better organized to realize its full potential. Some of the factors to be considered include the following:

**The City's private sector entrepreneurs who compose the local heritage revival industry, are**

- ❑ Though it makes a significant contribution to the City's GDP and tax base, the local heritage revival industry is not perceived as an industry by the City, or its practitioners.
- ❑ Despite efforts by groups such as the Newfoundland & Labrador Home Builders' Association, this industry has not adopted a 'systematic' approach for its own development and promotion.

- ❑ Though the leadership role of St. John's entrepreneurs in the Canadian renovation industry is widely acknowledged across Canada, the local heritage revival industry has no system of training or access to expertise: thus there is no assurance that costs are the lowest they can be. This can have a dampening effect on the marketplace.
- ❑ The gap in industry information and training feeds the misconception that heritage rehabilitation is expensive, uneconomical and inefficient.
- ❑ The City's heritage revival sector has no way of stimulating either the residential or the ICI (Institutional/Commercial/Industrial) market: it has no formal organization, and no short or long-term marketing plan.

**Private sector organizations, such as the local Real Estate Board, the Downtown Development Commission, and the Newfoundland & Labrador Home Builders' Association, are ready to endorse, support and participate in any significant upsurge in heritage revival activity.**

### 3.3.2 Market Readiness

The *local market* for heritage revival is extremely strong on the residential side; but, on the ICI side, it is disorganized. Study research has shown:

- ❑ With over twenty years of experience with heritage housing and rehabilitation, the real estate market in St. John's has matured to the point that demand for older properties is strong - and relatively knowledgeable - thanks to the sophistication of the local real estate industry;
- ❑ The demand for heritage revival projects is strongest in the residential sector: in fact it has been a mainstay of construction activity and jobs. Statistically, it is strongest among properties with a view of the Harbour, and the real estate industry perceives a direct cause-and-effect relationship between *view*, and the market *demand* for upgraded or restored properties;
- ❑ Blocking the view of the Harbour would jeopardize the existing pattern of renovation investment on other streets which rely on a "Harbour view" to satisfy the strong consumer demand for Downtown properties and to fuel rehabilitation investment, and which ultimately translates into increased tax revenues for the City of St. John's;
- ❑ Offshore investment (primarily oil-related) has begun. This has had a high-profile impact on heritage housing; but its likely impact on the ICI sector is *not yet known*;
- ❑ An upsurge in demand for office space next to the Harbour is expected. This will represent a major investment, and a gross increase in jobs and assessment;

- The ICI sector is witnessing a reasonable demand from the private sector, e.g. by communications firms locating on the upper floors of Water Street buildings;
- The public sector exhibits almost no interest in using the City's older buildings, whether these are the public sector's own buildings, or private buildings which are available for lease; and
- The City of St. John's does not have any systematic way to educate the prospective ICI market – particularly in, and for, the public sector – because there is no venue to communicate the relevant skills (pertaining to older buildings) to facilities managers.

### **3.4 Public Consultation**

As part of the process of preparing this report, the Study Team and the Steering Committee held a one-day Downtown Forum to discuss Downtown development and heritage issues, and conducted a number of meetings and interviews with groups and individual stakeholders with interests in the Downtown. The results of the consultations are presented in Background Report No. 4.

The Downtown community of today is radically different than it was 20 years ago. These stakeholders - individuals, investors, lobby groups and neighbourhood organizations,

- Are diverse, articulate and well-informed;
- Have a multi-million dollar 'stake' invested in the Downtown;
- Want to see that their investment is protected ; and
- Have a growing expectation that they will have a more formal role in planning for the Downtown.

Public input received during the consultations also shows that people

- Who live and work Downtown have a great interest in maintaining and preserving the area's heritage fabric and quality of life.
- Are not opposed to new development, but are concerned that it be compatible with the scale, amenity and heritage character of the Downtown.
- Support a mix of residential neighbourhoods, open space and commercial development in the Downtown, for convenience, services, and for the enjoyment of visitors; and
- Want to be included, in a meaningful way, in the planning and decision-making process affecting the Downtown.

### **3.5 Planning Process**

The City's planning process is another "key ingredient" for a successful strategy for Downtown development. During preparatory consultations for this report (including interviews, written submissions and the public Downtown Forum), certain common themes reappeared consistently; and these were borne out by comparative study of planning systems in other jurisdictions. In particular, there were various proposals to make the entire system both "more responsive" and "more proactive" at the same time. The Study Team's response to these ideas is outlined in Section 6.11 of this report, Building Stakeholder Cooperation."

**Experience from other jurisdictions demonstrates that there are many positive benefits from a planning system in which there is a genuine commitment to stakeholder consultation which provides a means by which citizens can make an informed,**

## 4.0 Built Heritage - Threats and Opportunities

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Streetscape views are a valuable commodity to this City. Residential and commercial properties in the urban core of St. John's are more highly valued when they offer a view of the Harbour and/or the Narrows. The strong demand for properties with a view is reflected in the selling prices of Downtown houses along several key streets which afford a view of the Harbour, and in the increased number of roof top and third floor decks constructed in recent years. During the Downtown Forum in March 2000, many participants stated emphatically that they would oppose any new construction that would impede their existing view.

Many streets leading to the Downtown, such as Pleasant Street, Long's Hill, Cochrane Street, Harvey Road, and others, have splendid vistas of the Harbour and Signal Hill. These visual perspectives accentuate the overall character, ambience and aesthetic value of the Downtown, and are considered by many residents to be an essential ingredient in the community's quality of life. Study research has also shown that these visual attributes and resources also make a significant contribution to the City's economic base and its future potential for growth.

### 4.1 View Line Considerations

An assessment of several prominent Downtown view lines was undertaken to demonstrate the potential impacts future development could have on Harbour views, and also to illustrate how a viewline analysis might be incorporated into a strategy for Downtown economic development and heritage conservation. The views considered are shown in Figure 4.1 and 4.2. Details of this analysis are presented in Appendix 3.

**Current zoning requirements generally limit development in the Downtown to four-storey buildings which has helped maintain the existing scale of St. John's streetscapes. However, there are many areas where five or six storeys could be built**

The analysis of various Downtown views illustrates that different approaches to building design and height requirements are possible and feasible, and can be used to preserve existing public and private views of the Harbour. For example:

- The vista along Pleasant Street would be affected by development on the site adjacent to the Delta Hotel south of John Street, where current zoning permits high rise (up to 12 story) development. New development on this site could be achieved with minimum impact if it were designed to be "stepped back" at the corner of New Gower Street/ Springdale Street (see Figure 4.3). By stepping the two buildings in height, one at eight storeys and the other at twelve storeys, Harbour views would be available from office space in both buildings;

Diagram 1  
Figure 4.1 Viewline Overview: West and Central Zones

Diagram 2  
Figure 4.2 East Zone

Diagram 6

Figure 4.3 Class A Office Space Development Adjacent to Delta Hotel

- ❑ Existing buildings, such as the former Post Office Building on Water Street, partially block views of the Harbour. While current zoning restricts office development on Water and Duckworth Streets in this area to a maximum of four storeys, the analysis shows that future development in the shadow of the Post Office Building could be built to five storeys without affecting views in this area. A comprehensive analysis of Downtown view lines would likely demonstrate that the density of office development in this area could be increased with very little impact on the existing views from residential properties above this commercial district.
- ❑ The placement of the view line is a major factor when considering the impact of future development on existing views, and for developing building height regulations to preserve public and private views. Figure 4.4 illustrates how the placement of the viewline could affect the height of buildings in several Downtown locations.
- ❑ Design solutions to develop sites such as the Standard Manufacturing building on Water Street east and the Irving property at the east end of Duckworth Street could be prepared relatively easily. These sites could be developed in a manner which would respect the views of surrounding property owners and ensure that these valuable views are maintained, or at least not seriously diminished. In the case of the Irving site, this could be accomplished by minimizing the floor plate above grade without any substantial effect on the development capacity of the site. (See Figure 4.5) this would allow the construction of two buildings with plaza space between each structure. Views framed by the two buildings would be maintained for property owners on the north side of Duckworth Street. The breaks between these buildings could be designed and developed to function as public promenade space, taking advantage of the spectacular view of the Harbour and the Narrows and, at the same time, would allow access to ground floor retail areas. Areas below grade could be used for parking;
- ❑ The second area where new development higher than four storeys may be suitable is the Harbour Drive block between Baird's Cove and the intersection of Harbour Drive and Water Street (i.e. between the Atlantic Place parking garage and the Fortis Trust building). Any building higher than four storeys would have to be set back from Water Street, oriented toward Harbour Drive, and with parking and vehicular access off Harbour Drive only. Higher development in this block would have minimal impact on the heritage character of Water Street. If development higher than four storeys is considered in this block, then it is recommended that the building facades and retail space on Water Street be retained and public views preserved. The view lines should be examined in detail to determine and assess any potential effect on the significant public views in this area.

Figure 4.4  
Diagram 10 Viewline Overview: East Zone Cross Sections

Figure 4.5  
Diagram 9 Class A Office Space Development, Duckworth/Hill O'Chips

A more comprehensive analysis of Downtown view lines is required to identify ways to identify and protect important public views, and to ensure the protection of views from residential properties so that the future economic potential of these locations is not jeopardized. A review of building height requirements in the current land-use zones, along important public and private viewlines, could be undertaken to ensure that new development does not block the views. Such a review could include important views identified in the Municipal Plan and the St. John's Open Space and Recreation Plan (1992). Recommended changes could be incorporated into the St. John's Municipal Plan and Development Regulations.

## **4.2 Opportunities for Developing Class A Office Space**

There a number of opportunities for the creation of additional office space in the Downtown. These opportunities include:

- Development of vacant lots
- Renovation of existing buildings
- Additions to existing buildings

An analysis of vacant sites and existing building stock was undertaken to identify opportunities for increasing the stock of Downtown office space. (The results of this analysis are presented in Appendix 3.) The analysis shows:

- The Downtown core has numerous vacant lots with sufficient street frontages for the development of new Class A office space (See Figure 4.6).
- Much of the present building stock on Duckworth Street and Water Street, consisting of numerous "character" buildings - identified in a 1976 Heritage Conservation Area Study - also have large frontages and provide additional opportunities for the development of Class A office space through appropriately designed renovations and additions.
- Renovation of existing structures can provide more interesting and dynamic space than new construction. The core of such structures can be planned with an elevator and scissor stair arrangement - in order to maximize the net rentable area, while properties with frontages of less than 30 feet could be combined to form larger developments of Class A office space.

Figure 4.6  
Diagram 5 Downtown Vacant Lots

Building owners and/or property developers often argue that it is uneconomical for them to improve their property to National Building Code standards. In some cases, properties are held until they can be sold for inclusion in some new development, or until the existing building on the property deteriorates and a demolition permit can be obtained. More proactive property owners and innovative developers, recognize the inherent value of their property and generally find appropriate ways and means to meet code requirements and consequently create a revenue generating asset.

### **4.3 Utilizing Upper Storeys - Duckworth and Water Streets**

The upper stories of many currently vacant Downtown properties offer potential for a variety of uses and, as such, represent future economic development opportunities. Their use as Class A or B office space, artist studios or residential accommodation are all possible, and many of these spaces would offer excellent views of the Harbour, the Narrows or Signal Hill. The Delgado Building on Water Street (shown below) is a good example. Current code requirements could easily be met in the renovation process. Opportunities exist for adjoining building owners to act together to upgrade their properties to meet code standards. Examples of the services and facilities which could be cost-shared by two adjoining owners could include exit stairwells, elevators, washrooms or viewing decks.

Developing the St. John's Back Alley Network would promote access and use of basements and upper stories of buildings along Duckworth Street and Water Street. These alleys could become vibrant pedestrian corridors to allow access to new retail outlets, artist studios, office space, coffee shops, etc. This concept was proposed in the 1992 Duckworth West Cathedral Market Square Design Study prepared for the City. Similar approaches have been discussed in the St. John's Arts Strategy, 1999, and the City's own 'The City and the Arts' process, 2000.



*Delgado Building, Water Street*

### **4.4 Utilizing the Waterfront**

The City's waterfront area, and the panoramic views it affords, represent an economic opportunity, one which has remained underutilized for many years. Considering what has been accomplished in other cities, a well-planned development of the Harbourfront represents a spectacular and significant economic opportunity for the City of St. John's.

Many cities have successfully redeveloped their harbourfront areas as major public gathering spaces, and many of these have subsequently evolved into major tourist attractions. Boston, Baltimore, Halifax, Toronto and other cities have developed their waterfronts with highly successful results. These areas have a rich mix of open space, retail establishments, restaurants and bars, offices and hotel accommodation. Appendix

4 contains a case study of Montreal's experience with heritage buildings and infill in waterfront districts to illustrate how other communities have made effective economic use of these sites.

**Developers gravitate toward "good locations". In a community where good location has always been and continues to be equated with a view of the Narrows, the obvious choice is the Harbourfront itself.**

The waterfront area of the Downtown could be developed as an exciting, innovative and highly attractive 'people place', for City residents and visitors alike. The essential elements of this redevelopment initiative could involve the following uses and activities:

- Restaurants and bars with outdoor seating and awnings;
- Retail shops with window display and landscaped entries;
- Office space with views overlooking the Harbour;
- Landscaped walkways with planting, benches, signage, light standards;
- Open squares with seating areas; and
- Parking areas upgraded with landscaping, lighting and brick paving borders.

Figure 4.7 illustrates some of the ways such a concept could be developed and planned. Areas at the rear of properties on Water Street, currently being used for parking, could be improved to support increased commercial activity in the Downtown. Such development should not have a significant impact on parking as there are currently 3,166 downtown parking spaces and the area is well served by public transit.

These improvements would stimulate additional retail space and provide spin-off economic benefits in the form of new commercial spaces for Downtown property owners and retailers.

- Developing the waterfront corridor as an active and vibrant space would connect the west and east ends of the Downtown from the new Convention Centre to the War Memorial - the centrepiece of the City's Downtown area;

- ❑ Waterfront redevelopment would provide a significant opportunity for development at the rear of properties on Water Street and create excellent opportunities for integrating those projects with revitalization projects within the existing buildings - accommodating a significant part of the expected demand for prestige commercial/ office space.
- ❑ The pedestrian corridor could be used for walking and jogging, further stimulating interest in and demand for a 'Downtown residential lifestyle'.
- ❑ Currently, the Downtown core does not have a significant, purpose-designed civic open space. A major Civic Square open space could be included in an overall waterfront redevelopment plan. Figure 4.8 shows one possible scenario for development of such a space. Civic amenity space could connect to Harbourside Park and the War Memorial, creating a continuous landscaped urban park area.
- ❑ The concept should also address the increase in cruise ship visits to the City. Redevelopment of the St. John's Harbourfront would improve the visual appeal of the City to cruise ship visitors. A purpose-built docking and disembarkment facility could be planned along the waterfront. If the City is to become a serious contender for cruise ship activity, improvements to the waterfront area are recommended.
- ❑ Harbourside Park also has potential for becoming a popular public urban space. Its critical location, including access to the waterfront area, has possibilities that are now being explored by the Johnson Family Foundation, for possible future improvements.

Various public authorities and other organizations, such as the City of St. John's, the St. John's Port Authority, the Grand Concourse Authority and the Downtown Development Commission have already been giving attention to some of these options. This is important work, and the public authorities are to be commended for embarking upon it.

The concepts presented in Figures 4.7 and 4.8 are simply ideas and conceptual 'possibilities': they are not meant to replace other initiatives of the City, the Port Authority, and others, to develop strategies for the future of the harbourfront. It is well beyond the mandate of this report to define exactly how a "people place" would eventually look (e.g. whether Harbour Drive would be "pedestrianized" or turned into a "prestige boulevard").



*The people-friendly harbourfront of Stavanger, Norway's offshore oil capital.*

Figure 4.7

Diagram 11 The Waterfront: Developing Civic Amenity Space

Figure 4.8 Waterfront Improvements: Civic Amenity Space  
Diagram 12

Harbourfront redevelopment initiatives imply choices - some of which are complicated, and all involving a difficult balancing of three factors: traffic, “livability” and cost. Harbour Drive is a major arterial which funnels traffic through the Downtown, away from Water and Duckworth Streets. It is not the mandate of this report to comment on whether Harbour Drive actually fulfills that function efficiently. However, it is fair to say that an unintentional side-effect has been the creation of an “pedestrian-unfriendly” space. In this respect, the City is hardly unique: the waterfront area of many cities share a similar fate, and have presented planning problems in various forms. The solutions which cities have devised are radically different from one another:

- ❑ Some cities have written off access to their waterfront, by converting their harbourfront area to arterial or freeway traffic. This was implemented in countless North American cities, but then fell out of favour. Vancouver canceled its waterfront arterial in 1973; Halifax and Montreal started waterfront arterials, expropriated land, then reconsidered and arrested their respective projects halfway through the development process.
- ❑ Other cities tried to reconcile vehicular traffic with pedestrian use. France, favored “prestige boulevards” which were designed to be fashionable “people places” while still accommodating a fair amount of traffic. The most famous – a kind of Champs Élysées facing the waterfront – is the Promenade des Anglais in Nice; its closest counterpart in the Americas is probably the Avenida Atlantica in Rio de Janeiro. London’s Victoria Embankment follows a similar principle. The largest example in Canada is the recent development of Rue des Commissaires facing the Port of Montreal.
- ❑ Still other cities have transformed their waterfront areas into well-designed, landscaped open plazas from which automobiles were excluded. Various Olympic ceremonies occurred in such a plaza on the Sydney waterfront.
- ❑ Finally, some cities installed major arterials a generation ago (much larger than Harbour Drive), then embarked upon the process of concealing them. In Boston a major arterial running through the city, which limited access to the water, was buried in tunnels. In Toronto there is currently debate on demolition of the Gardiner Expressway, which divides the main city core from the waterfront. In Oslo the former waterfront arterial is now a pedestrian concourse and the traffic has been diverted underground.

As the above points illustrate, there are a variety of possible options for dealing with these ‘harbourfront’ issues as they pertain to the particular circumstances facing the City of St. John’s. These suggestions are offered to illustrate an important point: that creating the City’s waterfront area as an attractive destination area is a key ingredient within an overall strategy for Downtown development, and one which the consultants fully recognize will have a direct bearing on relations between the City, other key stakeholders and the corporate community. While it is beyond the mandate of this study to recommend concrete solutions and proposals, it is appropriate to suggest that a more detailed analysis and assessment of the future of the harbourfront and of Harbour Drive be an integral component of any comprehensive planning strategy for the City’s Downtown area.

## 4.5 George Street Streetscape - Entertainment Centre

George Street has become a major entertainment district in Downtown St. John's with a national reputation as a key place to visit in the City. Located within the Heritage District, the success of this area has also prompted an increase in new development and renovation, and the new Civic Centre nearby is likely to solidify its client base even further.

Buildings facing onto George Street are actually the backs of buildings which front on Water Street or Duckworth Street. As a result, the existing building form of the street does not blend well with the heritage character of other areas in the Downtown. Throughout George Street, business operators have attempted to create eye-catching forms, curved surfaces, shed roofs and chalet-like structures in order to attract clientele, or to make their own 'statement'. Buildings such as Christian's Bar, Kelly's Bar and the Silvers Building do attempt to relate to St. John's architecture and are buildings of strong character which have been left visually unaltered. However, these buildings have very little influence on the present character of the street.



The challenge of George Street is that it may not be sustainable. Over time, new entertainment areas may develop - along the harbourfront for example. Entrepreneurs seeking their respective "niche" markets; will stake out visibly upscale or downscale positions in the market. This process has been underway in other North American cities: in such areas, the upscale market has (sooner or later) gravitated to buildings with more architectural prestige, and the downscale market has failed to keep up with these market changes.

It is in the City's interest to assure a minimum public image - a kind of safety net - for the ambience of George Street, in order to keep buildings from going too downscale. Should this process be stemmed, in light of potential changes in consumer market preferences?



(This is a question which has been raised by at least one key George Street property developer who noted that, in time, the development of the new Convention Centre will bring consumers seeking a more 'upscale' and 'traditional' experience within the George Street district.)

Whatever the future holds for George Street, design guidelines can play a highly useful role in maintaining that minimum public image. They signal the City's resolve to maintain a minimum profile to the area. This also reassures the committed entrepreneurs that the City takes the image of the area seriously, and is committed to its longevity.

The St. John's Retail Core Area Design Study was prepared for the City in 1985 and recommended the following detailed design guidelines for new development in the George Street area, and elsewhere in the heritage core of St. John's.

- ❑ *Building Materials/ Openings:* Should be similar to cladding used in existing buildings such as brick, stucco and wood clapboard. Window openings should be similar in proportion as existing openings.
- ❑ *Details:* Exterior cladding and window openings should be richly textured with trim, pilasters, cornices and other architectural features similar to existing heritage buildings.
- ❑ *Exterior Landscaping:* Richly textured paving surfaces should be incorporated. Deck rails should be designed with a level of ornamental detail to match existing heritage buildings. Lighting standards and benches should be of a style complimentary to the existing heritage infrastructure.
- ❑ *Signage and Awnings:* Should be complimentary to heritage buildings in size, colour, and type of illumination.



For several reasons, the City has found it difficult to enforce these heritage design guidelines. As a result, most new development relates more to the entertainment uses of the buildings than any serious attempt, or desire, to maintain a heritage image for the area.

The study team has reviewed the design guidelines, and cannot find fault with either the City's original intention, nor with the wording of the guidelines. The problem is that they were implemented with limited success.



It is recommended that the City

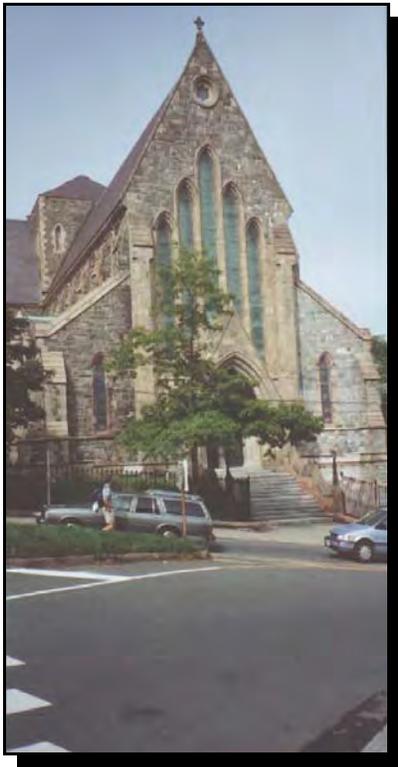
- ❑ Review the existing design guidelines set out in the 1985 St. John's Retail Core Area Design Study; and
- ❑ Work with George Street business owners and the Downtown Development Commission to promote high-quality development, and an attractive streetscape.

It is also recommended that because good design is an essential component of urban planning and Downtown economic development - on George Street and elsewhere in the Downtown - the City should consider the merits of creating an Urban Design Panel, along the lines of the Design Centre recently established by the City of Charleston in the United States. Such a Panel would:

- ❑ Work with and provide advice to developers and local groups at the design stage of a development project;
- ❑ Engage the public in discussions about good urban design;
- ❑ Work with City staff to ensure that good design is encouraged and promoted in all City initiatives and policy.

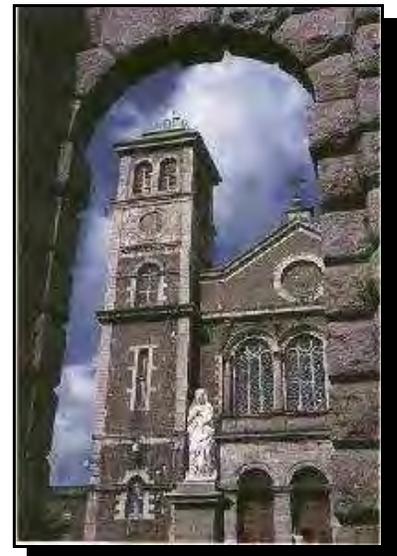
#### 4.6 Heritage Church Structures Downtown

The Downtown heritage area contains a number of churches, including the Basilica, Anglican Cathedral, Gower and Cochrane Street United Churches, and the Kirk. These significant heritage structures are in various states of repair and require major capital costs to be refurbished and maintained. However the future maintenance of these prominent and historic structures presents an increasing economic burden on diminishing church congregations.



These important heritage structures should be considered as an integral component of the heritage image in Downtown, and the City should work with church organizations to explore opportunities which will lead to the preservation and restoration of these important buildings.

Downtown St. John's should become a place where the designation, conservation, and commemoration of church precincts is encouraged.



### 5.0 Vision

#### 5.1 Acknowledging and Building on Assets

Acknowledging and building on the City's key assets are the basis for a new vision for Downtown St. John's. As outlined in previous chapters, these **principal capital assets include:**

- The City's role as Provincial Capital.
- Offshore petroleum, i.e. primary industry resources;
- History, i.e. historic resources;
- Cultural and community, i.e. people resources;
- Visual setting and character, i.e. visual resources, including the Harbour

The challenge is to mobilize these resources and move the City towards its long-term objectives **to establish and market St. John's as:**

- The cultural and visitor capital of Eastern Canada;**
- A unique, attractive and friendly oil capital;**
- A Capital City that all of the Province's citizens are proud of**

and one in which

- the enhancement, revitalization and appropriate re-use of built heritage resources,
- the socio-cultural resources; and
- community fabric" and "quality of life

are recognized and accepted as valuable assets and the **building blocks of an economic growth strategy for the Downtown.**

## 5.2 Building on Investor Confidence

Development takes money - which means that it is crucial to nurture investor confidence in the development vision that the City is pursuing. This will require

- Appropriate growth management policy,
- Comprehensive urban planning,
- Development guidelines and attention to good design,

so that property owners, retailers and developers enjoy a **high level of investor confidence** - a situation in which they are not

**St. John's is now on the map. Its uniqueness and quality of life ensure that it will continue to be in demand as a place to live, work and visit. Pressures for growth will continue. The key issue becomes one of managing change and directing growth. The premise underpinning the Downtown Strategy is that appropriately directed, new growth can enhance the social,**

afraid to make financial decision because they have

- The assurance that their investment is appreciated and will be protected; and
- A clear idea how the surrounding area is likely to improve over time.

### 5.3 Building Public Confidence

To be successful, the Downtown Strategy requires the support of stakeholders and the general public. This requires a **collaborative, consensus-based and future-oriented planning process** - a process in which

- The City takes the lead role;
- Where participants and interest groups are welcomed and encouraged to play a positive role in building the Downtown vision.

With the appropriate consultation with all relevant stakeholders, it is possible to pursue

- The protection and enhancement of neighbourhood structure and character;
- Demographic diversity and balance;
- Appropriate mixed-use activities;
- New opportunities for a diverse range of affordable housing, commercial services and community amenities; and
- An ever-improving quality of life in the Downtown community.

### 5.4 Commitment to Best Practices

Throughout the world, local governments have developed planning procedures which encourage the input of an informed citizenry in decision-making. In the context of St. John's and its Downtown, an improved planning process should adhere to the following best practices if social and economic benefits are to be maximized:

- Taking a holistic view in proposing actions to effect benefits, remembering the axiom of **sustainable development** that everything connects to everything else.
- Minimizing any adverse effects on the disadvantaged segments of the community and **maximizing the equitable distribution** of benefits throughout St. John's society.
- Pursuing the City's policy objectives with respect to **legally designated heritage areas**.

**Sustainable development means extending the economic life of the existing building stock and established districts while capitalizing on their heritage character, and encouraging the wide distribution of the benefits**

- ❑ **Integrating** built heritage revival policies with all other City of St. John's policies for economic development in the Downtown, and in the overall municipal economy.
- ❑ Collecting the necessary **data to monitor and evaluate** the performance of built heritage revival on a regular basis.

## **5.5 Application to Strategic Objectives**

Based on the above discussion, a realistic, appropriate and achievable Strategy must:

1. Encourage **continued investment trends** in the Downtown;
2. Stimulate further **investor confidence**;
3. **Protect the investment** which has already been made;
4. Continue to build upon and **expand the City's growing visitor industry** to maximize economic spin-off benefits;
5. Create a climate which can **capture the maximum benefits from future business investment**, particularly with respect to offshore petroleum resources, and related economic activities;
6. Include measures to conserve and enhance the City's heritage resources,
  - ❑ for their **inherent cultural value**; and
  - ❑ for the **economic spin-off benefits** derived from appropriate restoration and rehabilitation (i.e. employment benefits and new business investment opportunities); and
7. Maintain and **enhance the community as an attractive, pleasant and safe environment** in which people can live, work and visit. In other words, pay very close attention **quality of life issues**.

These seven strategic objectives are the key parameters which inform the discussion and design of a Downtown strategy.

## 5.6 The Vision

If it were possible to forecast a Downtown which corresponded to the above criteria, what would it look like? Is it possible to envision such a Downtown within a ten-year time horizon? The answer is yes.

### **The Vision of Downtown St. John's is:**

- 1. An internationally recognized, historical, old port city in which residents, businesses and visitors are welcome;**
- 2. Desirable residential neighbourhoods, with fully rehabilitated housing stock, looking as attractive as its original builders intended;**
- 3. An unforgettable commercial core featuring authentic traditional buildings, well conserved and rehabilitated, which create a highly competitive retail sector along Water and Duckworth Streets;**
- 4. A desirable office/commercial location, with a solid supply of Class A and Class B office space to meet the needs and expectations of the corporate community;**
- 5. Low-rise buildings which do not obstruct the irreplaceable views of the Harbour;**
- 6. A vibrant entertainment area centered on George Street;**
- 7. A revitalized, pedestrian-friendly harbourfront;**
- 8. A “people place” which forms the soul of the city – *where it all began and continues.***

To create such a physical context, it will be necessary to

- rehabilitate existing buildings,
- convert some buildings (which may have outlived their existing use) to new uses,
- create new complementary buildings through appropriate and well-designed infill; and
- re-invent the Harbourfront.

Over the last twenty years, Downtown St. John's has enjoyed a major resurgence in heritage revival activity. This wave of investment can be significantly increased. Chapter 4 has suggested some approaches for achieving the physical elements of the vision.

The Study Team has concluded that the **four key components of this vision** are indeed feasible, and achievable:

- 
- It is possible to envision a totally improved/rehabilitated Downtown, where (for a relatively manageable total investment) virtually every older building has been upgraded, making St. John's one of the most attractive, congenial-looking, and economically vibrant cities in North America.**
  - It is possible to convert various buildings which have outlived their existing use to new uses. (For example, since the study was launched, the King George V Building – which many observers believed to be the consummate example of dereliction beyond hope – has been slated for adaptive, and highly innovative, re-use).**
  - It is equally possible to create new complementary buildings in “infill” locations; in fact, it is possible to convert the lowrise scenario into something which is not only the right thing to do in St. John's, but one of the most enticing prospects to be found anywhere along the Atlantic coast today.**
  - It is possible to re-invent the Harbourfront, as a public gathering place, a working Harbour, and an area equipped with office and retail space offering some of the most sought after views in the country - an attractive sight - from both land and sea.**
-

### **5.6.1 Rehabilitation and Conversions**

The existing building stock offers a variety of exciting opportunities and options for developing Class A office space through renovations and additions. Downtown St. John's has numerous character buildings which

- Are primarily located on Duckworth and Water Streets;
- Have large street frontages which are well suited for Class A office space buildings;
- Would provide more interesting and dynamic space than new buildings; and
- Would have views of the Harbour and Signal Hill from the top floor penthouse suites.



Renovations on larger buildings already undertaken Downtown, such as the Delgado building, have provided distinctive office space. There is no reason why this form of development should not be continued and expanded.

### **5.6.2 New Development Through Infill**

The infill potential of the Downtown is considerable, and falls into two main categories:

- Sites with development potential within the existing urban fabric; and
- Sites on the periphery of the existing urban fabric.

In the first category, the Study Team has concluded that the space needed to accommodate new construction is already available. It is well-located, and would be entirely appropriate for Class A lowrise development. However, such new development must be consistent with the vision for the Downtown. To accomplish this

- Current height restrictions limiting development to four storeys would be retained in most of the Downtown study area except where a viewline analysis could show higher buildings could be accommodated without blocking views;
- Breaks between building masses would be required in order to expand view lines from the streets and maintain views from other buildings. Such breaks could be designed and developed as public promenade space so as to provide access to ground floor retail areas as well as take advantage of harbour views; and
- In some areas parking could be accommodated below grade.

### 5.6.3 Re-inventing the Harbourfront

As discussed in Section 4.4 of this report, the greatest potential for a unique mix of new development, rehabilitation, infill and the development of civic amenity space is the waterfront area. The Harbourfront is perhaps the City's largest "diamond in the rough."

The Study Team recommends that Harbour Drive become *the* prestige boulevard of the City – the recommended location for Class A space with the perfect view of The Narrows with a people-oriented promenade along the Harbour.

**Paradoxically, the most important collection of sites where infill development is possible, is in the most central location of the City - yet it is one on which the City has turned its back for decades: It is the Harbourfront itself. The area with some of the most sought-after views in the country, is, perhaps, the City's most**

In order for Harbour Drive to become a prestige boulevard, it would need to become:

- More pedestrian-friendly;
- The kind of fashionable street where owners/developers would want to put their facades instead of their back doors;
- Carefully integrated with the existing buildings on Water Street, to ensure that they were complementary, and that construction along Harbour Drive did not become an impetus to turn Water Street buildings into parking lots.



*Eastern Edge Gallery, Harbour Drive*

In order to dispel the notion that the Harbourfront is too "grubby" for Class A space, the success of this scenario is obviously closely linked to the Harbour cleanup. Above all, owners would need to be persuaded to take advantage of acting cooperatively: if such a scenario is to engender the required level of investor confidence, it must be preceded by a *firm* City commitment to make it happen.

Re-inventing the Harbourfront as the City's 'Jewel in the Crown' can be achieved with the co-operation, collaboration and collective investment of several key stakeholders and interest groups: the St. John's Port Authority, major property owners (e.g. Fortis Corporation, Harvey and Company Limited), Downtown retailers, the Johnson Family Foundation, the Cruise Ship Authority, the development community, the Provincial Government and, of course, the City of St. John's.

Without the appropriate stakeholder collaboration and investment, this initiative will not happen, and a major economic development opportunity will be foregone. In this respect, the proposed waterfront redevelopment concept illustrates the critical requirement and economic necessity for a new ***Downtown Partnership*** including all stakeholders in the public, private, and not-for-profit sectors and in the community at large.

The Study Team believes that this is a worthy and economically sound vision for the City. Together, these measures are intended to produce one of the finest urban centres anywhere – and one which resonates to the pride and identity of the people of St. John's, and of the Province as a whole.



## 6.0 Achieving the Vision

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Achieving the vision for the future of Downtown St. John's need not involve massive amounts of public funds. Creating a climate for change and an environment in which change can be encouraged and directed will require political leadership and improvements in development policy, programming and process. This Chapter presents some of the measures needed to mobilize public and private resources to take advantage of the exciting opportunities for development in the Downtown.

### 6.1 Adopting the Vision

An official municipal **strategy** for the revival of older buildings and renewed harbourfront development is more than the sum of its parts not only because of its intrinsic tactical features, but also because the *publicity* associated with it should convey the **municipality's confidence in, and commitment to, this vision** to all stakeholders and potential investors.

**A unifying focus - a "vision" is the one missing element that the City could introduce, and which could set off a domino effect in development of the downtown.**

That means that there is a substantial challenge in terms of communications. It is important that the City

- Have a proper strategy for inducing investment; and
- Be perceived as having that strategy.**

In order to meet this challenge, the City's strategy must be

- Issued from the highest level of political authority (Mayor and Council);
- Packaged for delivery to the private sector, with an appropriate communications plan; and
- Repeated regularly.

Once the vision has been articulated, it is essential to galvanize action around it. This is the consummate test of leadership: it is to attract the stakeholders to buy into the vision and make it a reality.

That is *not* a test of regulatory control or spending-power. While these are important, the **key element is in the field of communications** - with a variety of stakeholders including property-owners, developers, facilities managers, merchants, institutions, renovators, realtors, media and others. In each case, the first step may be no more nor less than the City hosting a meeting "at the highest level" and to present its vision as professionally as possible followed up by co-ordinating efforts at the working level.

## 6.2 Bringing Supply and Demand Together

Since there are several different kinds of buildings in the Downtown, with many different uses, it follows that there are **several different markets**, notably

- The corporate office market;
- The consumer housing market;
- The retail market; and
- The governmental and institutional markets.

A marketing strategy to effect the desired changes in the Downtown would need to be tailored to each of these components specifically.

In many cities, part of the economic obstacle to the revival of many heritage buildings is weakness in the market. In St. John's, the market is stronger in some sectors, than in others. A building owner may feel that the market demand for an *existing* building may not be sufficient to warrant its retention or rehabilitation and thus make no effort to improve it. However, market demand could be substantially different if more people knew about the prospects:

**The challenge is to tailor the supply to the demand and bring the two together.** That challenge can be met by measures at the provincial or municipal level, or preferably at both together, as outlined on the following pages.

### 6.2.1 The Presentation

Once a vision has been agreed to and adopted it must be packaged and sold to those markets who will invest in the Downtown. There is an old saying in marketing circles, to the effect that when one is selling a product, one must profile "not just the steak, but the sizzle."

Competent heritage developers and marketers know that the key is to **present a heritage property, or an area**

- not as it is,**
- but rather as it *would be* -- if it were treated properly.**

In the private sector generally, advertisers do not take the risk of assuming that their audience will be able to put the correct mental picture together - they actually **draw a picture**.

The same applies to developers. No builder of tract housing would ever say to a consumer "behold this expanse of mud, and *imagine* what it will look like with your new home on it." Instead, attractive illustrations are produced of what will *eventually* be created.

**The same must be done with the marketing of the Downtown: in a competent marketing strategy, it is the *eventual* product that must be promoted the most vigorously, not "the intervening stages" (including how it appears "temporarily").**

This is arguably the **most crucial – and exciting – prospect for the City**. On this one factor rides the question of whether the Downtown is developed with lowrises or highrises, and hence the **future face of the City**.

### 6.2.2 The Delivery

The delivery of such a message to prospective investors could be entrusted to:

- The **City's economic development division** (which has an existing mandate to attract investment from out-of-province); as a model, Montreal's economic development agency has had considerable success in its assigned task of attracting investment to Old Montreal from out-of-town (See Appendix 4 for examples);
- Various **business organizations** that have a similar function;
- On-location professional marketers in cities like Calgary;
- All of the above.**

An effective sales pitch must be brought to the consumer on the consumer's own turf. Thus City's economic development division should consider a sales campaign delivered **directly into the offices of the prospective anchor tenants for Class A space.**

**When Andrex Developments of Ottawa undertook to convert a heritage building (a century-old military hospital/armoury) into condos, it sought a marketing firm which had experience in both heritage properties and exciting salesmanship. The conversion made real estate history in Canada, as Phase 1 sold out in**

## 6.3 Improving Demand

### 6.3.1 The Office Sector

Marketing heritage-type space as corporate offices will be challenging because many of the leasing decisions will not even be made in the City or in the Province, but rather in places like Calgary or Dallas. Corporate executives may therefore be making their decisions with only a limited understanding (or interest) on how these developments affect the rest of the City.

This creates a totally different marketing context from that which prevails in the consumer housing sector. If the message cannot be carried to the decision-makers *locally*, then there is no choice but to carry the message to them *out-of-province*.

In short, the City cannot be passive. It must be fully prepared to **launch an energetic campaign of self-promotion for its Downtown**, putting forward *its own* dramatic and exciting vision of what it wants its Downtown to look like.

### 6.3.2 The Residential Sector

Improving demand in the residential sector involves increasing the market exposure of

- Heritage properties; and
- Heritage rehabilitation services.

Although there is a fair amount of advertising in St. John's for heritage-type buildings (e.g. ads placed by realtors) and for heritage rehabilitation services (e.g. ads placed by contractors), there is **no evidence of any concerted strategy**. Are any new approaches conceivable, to improve the functioning of the marketplace and (indirectly) improve market values?

Those are questions which face communities all across Canada. The need for concerted strategy at the national level was identified by the Canadian Home Builders' Association in 1984 when it launched the Canadian Renovators Council, and in its call for a national strategy (1987). In 1996, a joint industry-government task force reported on a range of prospective measures to improve the fundamentals of the industry (*The Residential Renovation Industry Framework*, CMHC 1996). The following strategies draw heavily upon the approaches which were developed nationally over the past fifteen years:

- Distinct marketing:** Involves placing certain properties in a distinct market, for **distinct promotional treatment**. This often means that real estate tabloids and newspapers may segregate heritage-type properties and emphasize their heritage appeal in a special "carriage trade" column. This is the case in most Canadian cities: the most notable example is the daily newspaper in Victoria, the *Times-Colonist*.
- Promotion in Homes articles:** Almost every major city newspaper in Canada carries a weekly *Homes* section; in recent years, these sections have witnessed an upsurge in coverage for "elegant rehab". This has had a positive impact on the heritage industry. Local media should be encouraged to continue their focus on Downtown properties and heritage development.
- Specific publications:** In the U.S.A. and Britain, the market goes a further step, with tabloid-type publications producing "classified ads" sections specifically for heritage properties. The American *Preservation News* is a good example. In Germany, the process goes further still, with state governments (the equivalent of provinces) producing **catalogues** of the major heritage properties which are in search of new buyers or investors; these catalogues are used in the real estate and development market.

A distinct advertising strategy for heritage is recommended, and **could be developed** in consultation with the St. John's Real Estate Board.

Improving demand for residential rehabilitation could also be accomplished by:

- ❑ **Promotion with contractors:** Working with the Newfoundland and Labrador Home Builders Association, the City could promote the expertise of local builders and contractors in heritage rehabilitation. The Canadian Home Builders' Association made major contributions to the promotion of rehabilitation *nationally*, but this has been harder to do *provincially and locally*. This is because of a perceived shortage of “critical mass” to do concerted promotion in St. John's for heritage-type rehabilitation.
- ❑ **“How-To” Information:** The publication of “How-To” materials **demystifying** heritage projects, and giving the public a *taste* of what is feasible is a much more straightforward approach. The City of Saint John, for example, has an award-winning series of brochures describing different aspects of the rehabilitation of heritage buildings. The various home builders' associations also produce their own brochures describing the correct way to hire a reputable contractor, etc. The City's Heritage Advisory Committee has already taken the initiative of considering this prospect, and that initiative deserves to be supported and expanded.

### 6.3.3 The Retail Sector

The marketing of heritage revival to the retail sector combines

- ❑ Many of the same features as in the office sector and the housing sector;
- ❑ Many of the same approaches used in “**Main Street**” projects, in which St. John's already has experience; and
- ❑ Collaboration between the City, the retail sector and other Downtown businesses, institutions and residents.

An active marketing and promotional campaign to promote the new vision of the Downtown - including the development and construction of a revitalized Harbourfront area – would have a dramatic impact upon the entire **Downtown as a commercial “anchor”** and could be expected to improve business prospects and investment generally.

### 6.3.4 The Governmental and Institutional Sectors

In many cities across Canada, the public sector is the *least* likely to either

- ❑ Rehabilitate its own buildings; or
- ❑ Lease in rehabilitated buildings.

Facilities managers need to be informed about the potential and correct approach for (re)using older buildings. The City has a role to play in bringing together various parties in the public and private sector to better promote the use and re-use of heritage buildings in the downtown.

Informing government managers about better approaches to the upkeep and/or leasing of heritage buildings can be done through an existing network of on-the-job facilities management training, and could involve the following steps:

- Make **arrangements with training firms to incorporate strategies for older buildings into modules** pertaining to “asset management plans”, etc. (some of the firms already have trainers who are experienced in heritage projects);
- Arrange for such modules to be marketed in St. John’s; and
- Encourage participation by local facilities managers.

Other possibilities could involve:

- Two-day **management training courses**, offered by a firm of national credibility, to demonstrate to locally-based public sector managers how to deal more effectively with older buildings for public sector use (governmental, medical, educational, etc.); and
- Development of an "**asset management plan**", based upon proper facilities management principles, to address the challenges of the Downtown’s collection of older public buildings - in terms that facilities managers understand and consider credible.

“Real Property Asset Management Plans” are used by the public sector, as well as large private sector property-owners. These detailed, site-specific plans have the following components:

- A strategic plan for the entire property portfolio;
- A needs analysis (simultaneous with strategic plan);
- A ten-year management plan which includes provision for
  - cyclic maintenance, and
  - parameters/criteria for acquisition and disposition.

Pubic Works and Government Services Canada has such a Plan for its entire Atlantic Region portfolio which allows the Federal Government to predict how many square feet of space it will need -- now or in the future. The plan includes the timetable for the maintenance or repair of these buildings, along with renovation or remodelling, construction or removal. Facilities managers for the Province, the City, and the School Board may also have such counterparts; and if other major property-owners (e.g. institutions or in the private sector) use professional facilities managers, they presumably use some form of counterpart too, albeit with varying degrees of sophistication (and under various names).

The proposal here is straightforward:

- Major property portfolios should have such a Plan,
- The City, therefore, should use the initiative of this Strategy, to announce that it proposes to bring various parties in the public and private sector together to share property information and better promote the downtown.

This sharing of information and “vision” is indispensable to sound property management by the public authorities involved. In the Canadian experience, it has been possible for federal taxpayers’ money (in anchor tenancies) to bankroll projects that flew in the face of municipal aspirations; such disjointed efforts are not an efficient use of public resources. By harmonizing their Real Property Asset Management Plans, the three levels of government are in the best position to get the most bang for their buck.

Once that process has begun, the next step is to draw other property-owners into it. That is in the latter’s self-interest, because “information sharing” can be extremely valuable in the real estate business. In the course of that exercise, other stakeholders would be induced to upgrade the sophistication of their own Real Property Asset Management Plans, tailoring them to the new vision.

“Leadership” by the City in this area, as in many other areas proposed in this Report, is not necessarily an expensive or onerous proposition.

- ❑ The first step is to host an initial meeting of public sector facilities management staff, to interest them in a harmonization of effort (possibly under the Municipal Plan review process).
- ❑ It would then involve follow-up meetings to explore the extent to which a joint set of Real Property Asset Management Plans could be developed (including efforts to draw other facilities managers into the process, such as those from the institutional and private sectors).
- ❑ Seminars could be held to upgrade skills on the development of Real Property Asset Management Plans.
- ❑ The major investment is therefore a time investment. Although the City has its own facilities managers (who would want and need to be involved), the extra demand on time (particularly for liaison) may require some outsourcing, preferably to one or more professionals in this field.

It is this joint effort by the public sector, in cooperation with major stakeholders in the institutional and private sectors, which is the keystone to making the city *look* like a capital city.

## 6.4 Mobilizing the Heritage Industry

Although the heritage revival industry has directed tens of millions of dollars into the City's GDP, in the most high-visibility area of the City, **heritage revival is not yet perceived as an industry**. The local industry's most vigorous participants do not *perceive themselves* as being part of a heritage industry despite the fact that some are among the most respected heritage renovators in Canada. At the present time, the industry has no

- Venue in which the participants can work together to develop a strategy,
- Coherent marketing strategy;
- Product development;
- Concerted business development;
- Concerted advertising;
- Personnel training programs (unlike other provinces);
- Effort to create a distinct profile for itself, or to attract consumers to its distinct services.

A coherent industrial approach presupposes a willingness for cooperation among entrepreneurs; and a proper partnership to assist with industrial development, marketing, training, dissemination of know-how, etc. These goals are all feasible because the embryonic elements are already present. If the City can **galvanize the heritage revival industry** - on a sustained self-supporting basis - then it will launch a chain of events which will assure the progressive improvement of the Downtown over time.

Although the private sector cannot solve all the problems facing heritage or the Downtown, it can become a far more potent ally.

## 6.5 Developing Superior Know-How

Old buildings are tricky. Aside from the legalities involved in heritage designations, in the business world there is a right way and a wrong way to invest, to manage, to plan, to conduct work, and to lease these buildings.

- Those who know the ropes can be very successful;
- Those who don't can lose their shirts;
- Most people believe that they do not have the necessary information or training at their disposal;
- Not surprisingly, the level of investor confidence is nowhere close to where it could be.

If St. John's has been able to come this far *in the absence* of any systematic approach to informing owners, managers, developers, investors, contractors and institutions about the multi-million dollar heritage industry, *what would the City be capable of*, if there were *more* people who knew the best way to do this?

The renovation industry in North America is now worth over \$300 billion annually (and growing at twelve percent annually). This is because of its improving competitiveness and the sheer volume of the industry which has created economies which were absent a decade ago.

Heritage revival involves investment in both materials and labour. Know-how is essential in order to do the job correctly and profitably:

- ❑ Consumers (or contractors acting on their behalf) must know the correct materials to use, where they are available at reasonable prices and how to find workers who know what they're doing.
- ❑ Contractors must be aware that this is a rapidly evolving sector: new materials (notably replacement parts for heritage-style projects) are coming on to the market every day; installation and repair techniques are also evolving.

In the case of heritage revival, **this know-how can sometimes have a monetary value far beyond what any subsidy or incentive program could offer.** For example, in the case of one national historic site in Ottawa, the municipality asked one architectural firm for an estimate of a “bare-bones” restoration cost; the firm (reputable, but only modestly familiar with heritage) quoted \$11 million. A more expert heritage specialist got the job, and brought it in at \$4.6 million. In St. John's, the Newfoundland & Labrador Home Builders' Association has many similar anecdotes which indicate that for individual home renovation projects, the **price discrepancies between well-informed and ill-informed projects** can be proportionately as great.

The problem is no longer the unavailability of replacement materials and technical know-how; it is *access*. In a word, many locations and projects *have not caught up* with the new techniques that are available. That problem exists at the level of the individual consumer, the level of the investor/developer, and the level of contractors and tradespersons.

### 6.5.1 Informing Individual Consumers

The St. John's marketplace offers **almost nothing which can assure consumers that they can get reliable rehabilitation/heritage revival work at a reasonable price.** Today's market offers consumers little security or comfort: they don't know who to call, they don't know what work to expect, at what price, with what quality, or with what guarantee. Contractors who do conduct their businesses with the highest ethical standards must compete with an underground economy which is generally believed to be among the most vigorous in Canada. In short, the marketplace is a mess.

One solution to problems of this nature is that of an “**information clearing-house**”- a service that provides either referrals, or hard information, about the best way to undertake heritage revival projects.

The effect of such a service can be dramatic; and it is not confined to the architectural or structural niceties of the building. The most telling example in Canada is the case of St. John's itself. In the 1970s, when the City first established its historic districts, its architectural committee developed an informal practice whereby

- the committee would *not merely reject* proposals for incongruous renovations,
- but would produce a *counterproposal*.

This informal practice went even further: if the counterproposal was more expensive than the renovator's original idea, the City would make up the difference. The budget allocated for that purpose was only \$25,000 - for the entire area. Some observers expected that this budget would be used up in a very short time. This budgetary allocation was discontinued after several years: because it had *never been touched*:

- In *every* instance of a counterproposal, the committee had produced a concept which would cost the same or less than the original proposal.

**St. John's experience in this area was precedent-setting, and the City should feel fully entitled to be proud about it** – and to explore where this idea can profitably lead to next, like

- A formalized information clearing-house for consumers;
- A *partnership* for that purpose, with organizations such as the Newfoundland & Labrador Home Builders' Association, local community colleges, the Association of Architects and/or other interested parties.

### 6.5.2 Informing Investors/Developers

There is nothing new about the notion of providing assistance to the private sector in the form of professional information. Today, in many parts of Canada, this kind of assistance is provided either by provinces or by municipalities, and sometimes by both.

Information advisory services, similar to a variety of business management information services, can be considered in the context of heritage buildings, i.e. modules or **seminars aimed at the real estate investment and development community**. These could be offered in partnership with other organizations and institutions that offer business training. As St. John's will have an ongoing need for a **corps of competent "heritage developers"** – they will need all the help that they can get to ensure that they have all of the right information.

### 6.5.3 Informing Contractors and Trades

The notion of providing assistance to the private sector, in the form of professional information, is not new. It is the kind of assistance which is today provided either by provinces or by municipalities, and sometimes by both. At present, the City's Dept. of Economic Development and Tourism has taken the initiative of offering a seminar program on "Doing Business Downtown", to show what the Downtown has to offer to the retail and office sectors. This is an initiative which deserves support.

Like the entrepreneurs in heritage development, contractors who do projects on heritage

buildings are also in need of information. Despite the presence of heritage contractors from St. John's who have acquired national and even international reputations, Newfoundland and Labrador has no program for the training of renovation contractors, let alone for the training of contractors focussing on heritage properties.

This has been a source of concern at the Newfoundland & Labrador Home Builders' Association. Home builders' associations in several other provinces have introduced training programs for renovators. In some jurisdictions, these programs have been elevated to the status of certification systems (as in the case of British Columbia's Registered Renovation Professionals). Now may be the right time to explore the prospect of a **joint project with the Newfoundland and Labrador Home Builders Association** to fill this training void.

## 6.6 Reducing Disincentives

### 6.6.1 Fears of Red Tape

The concern about red tape is one on which some cities have been taking steady action over the last several years. Owners of heritage buildings sometimes fear that rehabilitation/heritage revival projects will involve additional red tape. Even in cities like St. John's, where the additional holding time is usually not significant, there is sometimes a *perception* that it is – and that perception can have a certain deterrent effect.

In response to this situation, some U.S. municipalities have introduced a **'Green Door Policy': an automatic 'urgent' sticker is attached to every application for the rehabilitation of designated heritage properties.** In Canada, Vancouver has adopted the same practice. In Yellowknife, the municipality went further: it committed itself to processing the technical aspects of heritage rehabilitation projects within ten days. The City of Kitchener has further strengthened its green-door policy by assigning a staff person to walk applicants through the maze of the necessary approvals. Its building inspectors also take a proactive role with heritage renovation projects, including advice on cost-effective code compliance and issuance of staged permits to lessen accumulative delays.

In other words, this Green Door policy departs from the first-come, first-served principle which usually applies to the processing of all applications for permits. A preferential system could have important political benefits and financial savings for investors.

### 6.6.2 Fears of Spiralling Taxes

Property tax has an important impact on decision-making for real estate – not only because of what the tax system *actually* does, but also what the public *thinks* it does.

In actual terms, the current system of municipal taxation provides a disincentive for all rehabilitation (or other development) in the sense that any rehabilitation may trigger an **increase in assessment**, with a resulting increase in municipal taxation. In the case of St. John's, some observers have mentioned instances where property taxes have **multiplied** after the restoration was completed. Other instances indicate work being finished in November, being documented in tax rolls within a few months, and prorated **retroactively**. In St. John's, re-assessment is expected to be retroactive to the date of occupancy of the restored premises.

The most successful technique in North America to combat this situation is the so-called **moratorium technique** which responds to the *perceived* disincentive for rehabilitation. Using their statutory power to give grants to heritage projects, various Canadian municipalities use this approach in the following manner:

- ❑ As heritage properties are improved, assessed values rise; the municipality makes a **grant** (as it is empowered to) to the project, and the **amount** of that grant (for an approved improvement) is **exactly equal to the increase in taxes** stemming from the rehabilitation project.
- ❑ In principle, it is **not necessary for any cash to change hands**: the entire matter is done on paper, via what is called a 'set-off.' This set-off applies for a specified number of years (5 years in Edmonton, Saskatoon and Hamilton; 7 in Yellowknife);
- ❑ When the set-off period expires, taxes rise to their normal level. The municipality reaps the benefits of its investment, and the owner has had a breathing space (which, in the case of commercial projects, is particularly important since the years immediately following restoration usually have the tightest cash flow).

Another version of this concept is to provide grants to the permit fees or development charges. The same formula would be at work: the grant is pegged at exactly the same figure as what the applicant would pay, there is a set off of accounts and no money would actually change hands.

The *City of St. John's Act* empowers the City to make grants to heritage projects, at Section 355 (9). It therefore appears that the basic format of a moratorium technique, as described above, **would be feasible in St. John's**. In fact, Council has already given approval in principle for property tax measures (full tax phased in over five years) for commercial and institutional heritage properties. This kind of initiative deserves support.

## 6.7 Reducing Risk

Many people believe that heritage revival projects are riskier than others. Although the City's experience (and property values) over the last twenty years should have exploded that myth, it is still to be found - notably in certain circles in the financial community.

In classical real estate theory, the three foundations of value are location, location and location. Unfortunately, that led to a paradox, in terms of the application of conventional wisdom to renovation projects. Under conventional wisdom, a location would either be 'good' or 'bad': If it was 'good', then there were strong probabilities that any re-use of an existing building on the site would be deemed an underdevelopment of the property, when compared with the prospect of a higher-intensity use on that site. If the location was 'bad', then the prospective renovation of a building on the site would then be treated as *over*-development of the property. Either way, the prospects for financing would be poor.

That conventional wisdom started to come under immense attack almost thirty years ago, because it failed to anticipate the continent-wide renovation boom, as the North American market went through a major shift in demand. If conventional wisdom had been correct, then renovation would have been appropriate only in that tiny minority of cases where it represented neither a mathematical over-development nor under-development of the property. As the demand for renovations reached in the hundreds of billions of dollars per year, more and more financial institutions concluded that the traditional approach was counterproductive.

There are two main ways to tackle this problem:

- ❑ For the City to issue **high-profile declarations** indicating that a location is likely to become good (i.e. bolster confidence); and
- ❑ To **encourage developers and investors to move in packs** into a location, so that they have enough critical mass to *make* the location good.

### 6.7.1 High-Profile City Declarations of Intent

Through Municipal Plan statements - reinforced by ongoing and visible public policy and infrastructure investment - it is possible for any city to indicate that a location is likely to become "good" and thereby bolster investor confidence. However this approach must be pursued vigorously, in close consultation with the business community, if it is to be successful.

### 6.7.2 Encouraging Developers and Investors to Move in Packs

Another approach is to **encourage group action among developers**: *i.e.*, to encourage *developers to work in groups* to rehabilitate entire areas at the same, if this is possible. This strategy is designed to help overcome locational obstacles and to reduce the risk element for each individual entrepreneur.

There is an important economic corollary:

- ❑ Since any person investing in real estate should be aware of the concerns about location;
- ❑ An investor will realize that the economic benefits of investment can be seriously compromised (or even reversed) by incompatible development nearby.

For centuries, it has been well recognized that no investor will spend money on a house, if there is a possibility that a neighbour could build a stable upwind; and over time, land-use controls evolved not merely (or even primarily) to improve local amenity, but (more importantly) to provide **predictability which is the very essence of an investor's sense of security**. For decades, economists have understood that a certain amount of control of investment is essential in order to allow other investors to invest at an optimal level, so that the total aggregate level of investment is optimized.

As applied to heritage properties, the conclusion is straightforward:

- ❑ It will be immensely more difficult to persuade owners to make a significant investment in rehabilitation/heritage revival, if there is even a chance that their efforts will be *counteracted* by an incompatible development next door.

**In order to provide an adequate comfort level to prospective rehabilitation investors, the fate of a heritage area must be spelled out with as much predictability as possible. It is not in the investors' collective interest to have it**

## 6.8 Demystifying Heritage Protection

Legal mechanisms to protect heritage properties and areas are often seen as obstacles for investment because of controls placed on demolition, alteration and new infill development. Yet, heritage regulations are really no different than other regulatory measures used to protect the public interest in planning and development matters. They are part of the “rules of the game”, and their basic objective is to ensure orderly growth and the wise management of change. Nevertheless, the purpose of the regulatory environment for heritage buildings and districts is not well understood by citizens, and its economic benefits are poorly communicated to investors.

The City of St. John's was one of the leaders in Canada in establishing a heritage by-law, in setting up a heritage advisory committee and especially in designating heritage areas. Among its responsibilities under the *City of St. John's Heritage By-law*, the Heritage Advisory Committee is meant to compile and submit to the City “a list of buildings within the City which are of architectural and historic interest” (*Section 9.1*).

**The message is simple. Heritage regulations protect investments in conservation and rehabilitation from devaluation by inappropriate future developments to, or in the surroundings of, the heritage**

A comprehensive list of such properties - the most basic requirement for producing information with which to encourage conservation - is needed. **This state of affairs not only lessens Council's ability to protect its built heritage but also fails to provide investors with important information which can be assigned a surrogate monetary value.** The economic consequences of the generation and transmission of information about the heritage character of a property include:

- Identification and documentation may trigger eligibility for incentives;
- Promotional information draws audiences, especially from tourism;
- Research publications on building history and preservation technology guides conservation work;
- Feasibility studies determine if a proposed project makes economic good sense;
- Surveys and guides of under-utilized buildings identify reinvestment opportunities;
- Portfolios on investment opportunities in heritage buildings help forge partnerships.

The lack of appropriate information products on heritage buildings may also hinder the Heritage Advisory Committee in its efforts to encourage owners to apply to have their property legally designated as a heritage building. In cases of highly important heritage buildings, insufficient information for owners and investors may decrease the ability of the Heritage Foundation of Newfoundland and Labrador to pursue its program for architectural conservation.

The most problematic matter for demystifying the process and effect of legal heritage designation is the heritage areas of Downtown (Historic Precinct and Heritage Conservation, as per St. John's Municipal Plan). While the City of St. John's was at the head of the pack in Canada in designating historic districts, its preservation planning efforts for the heritage areas have not kept pace with the best of contemporary practice. **Investors, especially those from out-of-province, may be used to a greater level of certainty about development and planning approval in historic districts.**

As part of the current review of the St. John's Municipal Plan, it would be appropriate for the City to undertake a planning study to rationalize the current heritage area boundaries in Downtown St. John's, describe the character of the area as well as individual buildings and their attributes (often called a "heritage character statement") and detail how the area is to be managed. Such a strategy would include conservation and design guidelines, guidance for alterations to heritage resources and for the design of new infill developments.

## **6.9 Maintaining a Stock of Affordable Housing**

In many Downtown neighbourhoods boom times have put pressure on livers. Can they afford to stay where they are as taxes and other costs associated with property ownership rise? Will they be priced out of the market? And, if they have moved to the suburbs but want to return Downtown, will they be able to find affordable housing?

One solution to the affordability crunch is **living over the shop**. This involves encouraging the conversion of vacant upper storey space in commercial buildings to residences. In some cases, entire commercial buildings have been adaptively reused for housing. This is a well-established practice in Europe and parts of the United States, and there have been several successful initiatives in Canada as well. In addition to affordable housing benefits, this strategy provides other public policy benefits such as counteracting urban sprawl, increasing public safety downtown and making more efficient use of public infrastructure and services.

Municipalities have traditionally encouraged living over the shop (especially in heritage-type buildings) by initially amending their official plans and zoning by-laws if these discouraged or prohibited this form of mixed-use occupancy. In the United States, federal and state authorities have used income tax incentives to encourage developers to create affordable housing. In some cases, these tax incentives are combined with other income tax breaks to the same project when they involve historic preservation. Victoria's municipal planning strategy favours the notion of 'living over the shop' and, in 1998, the City approved a new tax incentive program to assist owners of Downtown heritage buildings to convert under-utilized or vacant upper storey space to residential use.

It would be appropriate for the City of St. John's to take the first step, by creating a favourable regulatory environment to encourage living over the shop. **This could help livyers stay in or return to Downtown, and provide innovative live/work units for the Downtown's thriving cultural industries.**

## 6.10 Capitalizing on Urban Archaeology

The economic and cultural benefits of urban archaeology are well-established internationally. Given its age and development history, Downtown St. John's also has the potential to capitalize on its below ground heritage, especially as **a tourism and public education asset**. The recent controversy over the placement of The Rooms at the Fort Townsend site highlights the importance that many City residents attach to archaeology.

It would be appropriate and desirable for the City to prepare, on the advice of its Heritage Advisory Committee and consistent with provincial legislation, an Archaeological Master Plan of the Downtown area. This would guide the City, property owners and investors in realizing opportunities for economic and other benefits from the Downtown's archaeological resources.

## 6.11 Building Stakeholder Cooperation

The vision proposed in this report promises more prosperity for *all* stakeholders, not just a few. However, the forward-looking strategy for the Downtown presented in this report will make new demands on the City's planning process in three areas:

- 1. The adoption of a *vision* for the Downtown;**
- 2. The nurturing of ongoing *partnerships* with stakeholders; and**
- 3. *Consistency* in plan implementation.**

### **Entrenching the Vision**

As outlined in Section 6.1, the adoption of a new vision for the Downtown, and a commitment to achieving such a vision, are essential to its success. This requires

- The City to act as the high-visibility **spokesperson** or “leader”;
- That development decisions be made within the *context* of the vision; and
- That local partners be involved in promoting and selling this vision.

### **Forging True Partnerships**

To achieve the vision for the Downtown, the City will need to forge close working relationships with a number of groups and organizations. As the experience in many other cities can attest to, this will require that the City

- Recruit support from stakeholders** and their respective organizations;
- Be *responsive* to their concerns and input; and
- Maintain their support by assuring them that their **opinions will continue to be important**, and that the City will take into account the public’s views for sustainable planning in the decision-making process.

### **Consistency**

Once adopted, the vision must be consistently adhered to. This is particularly challenging when applicants for inappropriate development complain of hardship, and/or make promises that their development will produce wealth and jobs. The City has a duty to its stakeholders to make decisions which are consistent with the vision. This is necessary for

- Ensuring **predictability/security of investment**
- A level playing field for investors/developers

This can be accomplished by directing development away from projects that detract from, or impede the vision towards projects/areas that complement it, by promoting attractive alternatives such as (a) demonstration projects, and (b) intelligent counter-proposals. Such a process should be initiated as soon as possible, before counterproductive initiatives gain a foothold.

Three measures are recommended to build the stakeholder relationships required to successfully refine and achieve a new vision for the Downtown. These are:

- Planning Process** - This would involve a review of the current planning process to determine if opportunities for public input need to be enhanced. One way to achieve this may be to establish neighbourhood plans/planning processes in areas where (re)development pressures currently exist or are anticipated.
- Create a Downtown St. John’s Partnership** - A new forum in which the various stakeholders can work as partners towards a more prosperous economic future. The mandate, structure and composition of this partnership - involving the City, the private sector and the community - would need to be further discussed and elaborated, but similar models from other jurisdictions could be considered.

- ❑ **Host a Downtown Summit** - If Council believes that the concept of a Downtown Partnership has political and economic merit, it might also wish to consider the possibility of forming and launching such an initiative at a Downtown Summit. This meeting of stakeholders would offer an ideal opportunity for the City to present the new Downtown Vision, to receive feedback on the recommended Strategy from the relevant stakeholders, and discuss the form and mandate of such a partnership.

## **6.12 Review Historic District**

Council should also consider the benefits of designating the Downtown area as a separate and distinct development zone or heritage conservation and planning district. This new planning entity might be called the 'Historic City and Old Neighbourhood District'. This initiative would serve several objectives - to enhance public awareness of the special, unique nature of the City's Downtown and to raise its market profile to visitors and investors.

Although, initially, such a district need not have any formal or 'legal' status, over time it would be appropriate for the City to establish and implement the appropriate policy measures and planning/design guidelines to allow this important area to make its full contribution to the City's economy, and to its 'quality of life'. While the boundaries of this new District would need to be discussed, it is suggested that it should encompass most, if not all of the older parts of the City. The traditional Downtown area would be its centrepiece. It could incorporate (as rough boundaries) all of the area from Quidi Vidi to old Topsail Road (at Road DeLuxe) and all of the older neighbourhood areas south of a line connecting Cornwall Avenue, LeMarchant Road, Cashin Avenue and Empire Avenue, including those areas along Southside Road to Fort Amherst. It might also be appropriate to include the Churchill Park area in this District.

## **6.13 Links with other Cities**

Finally, the City should take some comfort and assurance from the fact that other urban communities have already discovered what is achievable, and what works and what does not. The City would benefit greatly from a more in-depth study of the policies, practices, regulations and planning procedures which have been implemented and tested out in other jurisdictions. The City of St. John's, should begin building linkages, networks and exchanges with decision makers, renovation industry experts, professionals and heritage NGOs in other communities, e.g. Charleston, Saint John, Halifax and Montreal (and others). Such linkages could include study tours (by members of Council, the DDC and business leaders) or professional exchanges (City staff and local professionals), with their counterparts in these communities.

## **7.0 Summary of Recommendations**

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Previous chapters have presented broad approaches and initiatives for affecting change in Downtown St. John's. In this chapter, specific recommendations for action are summarized in the following tables.

Most recommendations are linked to specific sections of the report. Others have been suggested by the City. The table also provides recommendations about who should be responsible for implementation, and the time frame within which the action should take place. The recommendations also include a reference to the appropriate report section(s) where the background and rationale for the recommendation are discussed.

## 7.1 Urban Planning

Objectives	Action	Timing	Responsibility
<b>Leadership</b>	1. Council adopt vision for Downtown St. John's and commit to its implementation.(Section 6.1)	2001	City Council
<b>Planning Process</b>	2. In association with the Municipal Plan review process being undertaken this year, review the public planning process and evaluate neighbourhood plans/planning processes in neighbourhoods where there are key institutional properties and where economic (re)development is most likely to occur. (Section 6.11)	2001-02	Municipal Plan review process
	3. Establish a Downtown Partnership - involving the City, the private sector and the community to discuss Downtown development issues, monitor progress and development activity in the Downtown. (Section 5.6.3)	Fall 2001	City Economic Development Department, representatives of stakeholder groups
<b>Planning Studies</b>	4. In association with the Municipal Plan review process being undertaken this year, review and revise those components of the St. John's Municipal Plan which apply to the Downtown - Incorporate the "Vision" and other elements of this Strategy.	2001-02	City Engineering and Planning Department
	5. Undertake a comprehensive review of the designated Downtown heritage district - its boundaries, condition of buildings, infill opportunities and development potential. (Section 6.8)	2001-02	City Engineering and Planning Department
	6. Conduct a comprehensive viewline analysis study to identify and establish appropriate development height constraints which maximize streetscape and Harbour views. Incorporate height limits recommended by the viewline analysis into the St. John's Development Regulations. (Establish new Downtown development zones if necessary.) (Section 4.1)	2002	City Engineering and Planning Department
	7.The City and the Province works toward an Archaeological Master Plan for the Downtown. (Section 6.10)	2004	City Engineering and Planning Department, Provincial Department of Tourism, Culture and Recreation, Heritage Organizations

## 7.2 Physical Development

Objective	Action	Timing	Responsibility
<b>Development Plans</b>	8. Working in collaboration with the Port Authority and their current land-use management plan review, prepare and implement a plan for re-development of the St. John's Harbourfront. (Section 4.4, Section 5.6.3)	2005	City Engineering and Planning Department, with Downtown Partnership

## 7.3 Investment

Objective	Action	Timing	Responsibility
<b>Remove Disincentives</b>	9. As part of the Municipal Council's imminent review of property tax questions, consider a "tax-back" grant scheme to offset the increase in property taxes that result from renovation work, applicable to buildings over 40 years old located in the Downtown and to designated heritage buildings. (Section 6.6.2)	Fall 2001	City Finance Department, Heritage Advisory Committee and City Council
	10. Consider waiving application and building permit fees for restoration of designated commercial and institutional heritage properties. (Section 6.6.2)	Fall 2001	City Finance Department and City Council
	11. Study and demonstrate how the National Building Code (and "equivalents") can be adapted to enable the conversion of vacant or underutilized upper-floor space in commercial buildings to residential and/or office uses. (Demonstration project if possible).(Section 6.9)	2002	City Building Department
<b>Heritage Industry Support</b>	12. Encourage the NLHBA with the organization of an association of heritage contractors and trades. (Section 6.4)	2002	City Economic Development and Tourism Department, NLHBA
<b>Marketing</b>	13. Prepare a visual presentation of what the Downtown could become and market this concept directly to the corporate sector. (Section 6.2)	2002	City Building Department, Downtown Partnership

	14. Help the real estate sector launch market profiles of heritage properties for local advertising.(Section 6.3.2)	2002	City Economic Development and Tourism Department, St. John's Real Estate Board
	15. Promote successful rehabilitation projects encouraging local media to publish articles in local newspapers and magazines. (Section 6.3.2)	Immediate	City Economic Development and Tourism Department,
	16. Prepare a seminar on "Doing Business Downtown." (Section 6.5.3)	Immediate	City Economic Development and Tourism Department,

#### 7.4 Administration

Objectives	Action	Timing	Responsibility
<b>Administrative boundaries</b>	17. As part of the Municipal Plan review process being undertaken this year, review the boundaries of the current Downtown Heritage District and recognize a broader portion of the City for its heritage value - such as "Historic Downtown" and surrounding "Old Neighbourhood Districts." (Section 6.12)	2002	Municipal Plan review and Heritage Advisory Committee
	18. Incorporate key elements of the St. John's Heritage Area Bylaw, 1977, into the St. John's Development Regulations.	2002	City Council, Engineering and Planning Department
<b>Human Resources</b>	19. Establish an Urban Design Panel to assist Council and the community in developing and implementing an urban design vision. (Section 4.5)	2002	City Engineering and Planning Department
	20. Host a "Downtown Summit" to present the Vision and Strategy for the Downtown and initiate Downtown Partnership, and to receive public input; then continue announcing different components of the overall strategy to "keep the subject in the public eye." (Section 6.11)	2002	City Council
	21. Encourage various parties in the public and private sector together to share property information and coordinate their "Real Property Asset Management Plans" for heritage buildings in the Downtown. (Section 6.3.4)	2002	City Engineering and Planning Department

<b>Streamline Application Process</b>	22. Streamline application processing for heritage rehabilitation projects on model of Vancouver's "Green Door" system (automatic "Urgent" sticker on heritage applications).(Section 6.6.1)	2001	City Building Department
	23. Appoint a staff facilitator or heritage officer to guide heritage building renovation applicants through the approval process. (Section 6.5.1 and Section 6.6.1)	2002	City Building Department

## 7.5 Information

<b>Objectives</b>	<b>Action</b>	<b>Timing</b>	<b>Responsibility</b>
<b>Technical Information</b>	24. In association with the Building Dept. And other expert City staff, establish a Heritage Rehabilitation Advisory Service to give owners and contractors advice on how to properly and economically rehabilitate buildings, and where to get reliable services. (Section 6.5.2, Section 6.5.3)	2002	City Building Department, Engineering and Planning Department
	25. In consultation with the Heritage Advisory Committee, prepare public information materials on regulatory heritage preservation measures (bylaws, design guidelines etc.) (Section 6.8)	2003	Heritage Advisory Committee, City Engineering and Planning Department
	26. In consultation with the Heritage Advisory Committee, prepare public information materials on "How To" aspects of heritage rehabilitation. (Section 6.5)	2002	Heritage Advisory Committee, City Building Department
<b>Training</b>	27. Organize training sessions for facilities managers, heritage building owners, developers and loans officers on the economic benefits and current technologies of heritage rehabilitation.(Section 6.5.3)	2003	NLHBA, CMHC, City Building Department, City Department of Economic Development and Tourism
<b>Research</b>	28. Review and update comprehensive inventory of Downtown heritage properties, including a consolidation of existing federal, provincial and municipal data.(Section 6.8)	2003	City Engineering and Planning Department

<b>Exchange</b>	29. Organize and encourage linkages with other “Heritage” Cities through study tours and exchanges including staff, Council members, industry experts and the business community. (Section 6.13)	2003	City Economic Development and Tourism Department
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# **Downtown St. John's Strategy for Economic Development and Heritage Preservation**

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## **Background Report No. 1 Case Study Analysis**

**Prepared by the  
Study Team for the  
Steering Committee**

**27 January 2000**

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## Introduction

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Learning from others is a well-worn path to knowing where to go and what to avoid. Many other cities face or have experienced challenges in the downtown similar to those of St. John's. While none of these can serve as a complete model for St. John's, recognizing that each city is particular to its own place and time, there is a universality of experience that is in many respects transferable to other settings. It is instructive, therefore, to analyse best practices and lessons from elsewhere to help shape the City's strategy for economic development and heritage preservation.

Presented here are five concise case studies of Canadian cities that hold important lessons, both positive and negative, for St. John's. In each instance, a downtown area has been selected that is in some way comparable to St. John's, and raises issues about alternative strategies for development and preservation. While some case histories may be quite substantial, in every instance significant activity will have occurred in the 1990s. Each case begins with a brief summary of the general situation and the chief lessons to be drawn. A synoptic analysis is then made of each of the following matters:

- Conditions:** history, changes and emerging issues.
- Regulatory measures:** principal legal controls to protect heritage assets.
- Financial measures:** type and magnitude of assistance for conservation.
- Other inducements:** de-regulation and administrative measures for investment.
- Public participation/education:** actions to gain public support and further good practice.
- Marketing and promotion:** actions to drive regeneration, partnerships and spending.
- Successes:** principles, strategies and other factors that contribute to positive outcomes.
- Difficulties/failure:** strategies that did not work as intended or were misconceived.

In order to reinforce and broaden the findings of the five concise case studies, the foregoing analysis is followed by a compendium of important observations from other Canadian cases as well as many from abroad. These observations will be made primarily for their applicability to the downtown St. John's situation but will also

include some leading-edge ideas that may be adapted for use in the shaping of strategies suitable for the City.

This section closes with a summary listing of those key principles, strategies and other factors that can contribute to a successful partnership between economic development and heritage preservation in downtown St. John's, based on a broad understanding of what has worked elsewhere.

## **Case Study 1. Inner City, Kitchener, Ontario**

### **Summary**

Inner-city Kitchener was severely affected by the process of de-industrialization at the end of the 20<sup>th</sup> century, and the consequent redundancy of industrial, commercial and institutional buildings. It tackled the problem by assembling a team of Council members, city staff, developers, financial institutions, and architects and planning consultants to develop a far-reaching approach to the adaptive re-use of abandoned and vacant buildings that would combine economic revitalization and conservation efforts. The primary focus of the resultant strategy, adopted by Council in 1994, was the elimination of disincentives to adaptive re-use identified in City planning policy. Some incentives were added in the form of proactive approaches to building permits and inspections, flexible development standards, investment in public infrastructure, exemption of development charges, tax-back grants, feasibility study grants, streamlining of approvals, an innovative marketing program, and negotiated adaptive re-use scheme agreements for legally designated heritage buildings. The City also has had in place for many years (prior to 1994) a facade/interior improvement loan program for downtown commercial properties. Citizens and Council remain committed to the initiative. Successful results have been incremental and demonstrably encouraging.

**Conditions:** Kitchener (Berlin prior to 1916) was shaped by industrial growth, especially around 1900 when the building of factories accounted for up to 70% of the total value of construction. Following the Second World War, Kitchener experienced accelerating industrial decline in its inner-city. In the last decades of the 20<sup>th</sup> century abandoned industrial as well as commercial and institutional buildings blighted the downtown. By the early 1990s, led by a politically-wise councillor, the City began to acknowledge the potential benefits of adaptive re-use to the economy through jobs, maintenance of the tax base and spin-off investments, to the environment through the use of existing infrastructure and to downtown streetscapes through revitalization and conservation.

**Regulatory measures:** The City designates buildings under the *Ontario Heritage Act* but usually only with willing property-owners (although this is not a statutory requirement). Many buildings identified as suitable candidates for adaptive-reuse are designated. As a matter of policy, the City negotiates agreements for adaptive re-use schemes in designated properties; these take the form of a clause in the reasons for designation stated in the designating by-law that spells out that sympathetic alterations in keeping with the agreed to elevation drawings will be approved. This provides a measure of certainty to developers, especially when redevelopment is planned for reasonably far in the future or is indefinite. Additionally, the Victoria residential neighbourhood adjacent to the inner-city is municipally designated as a heritage conservation district. In 1998, the City sought and was granted special provincial legislation that allows the City to withhold a permit for the demolition of any designated heritage building until a permit has been issued for a new replacement building (a dozen other municipalities in Ontario have similar special legislation that somewhat mitigates the problem of limited demolition control provisions under the *Ontario Heritage Act* and the *Planning Act*).

**Financial measures:** In 1995, the Council amended the City's Development Charge By-law to exempt all development within the downtown from paying development charges; the City also exempted all properties within the downtown from providing parkland or cash-in-lieu equal to 5% of the value of the property. To offset part of the increase in property taxes resulting from reassessment due to redevelopment, owners of redeveloped disused industrial buildings in the downtown receive a grant or rebate (known as tax-back grant in Ontario) over a three year period equal to 50% of the increase in the City's portion of the property tax (regional government portion and school board portion partially rebated). Properties identified on the Adaptive Re-use Priorities List (22) are eligible for feasibility study grants that cover 50% of study cost to a maximum of \$10,000. The City also has had in place for many years (prior to the above initiatives) a facade/interior improvement program available to downtown commercial properties. The maximum loan for one address is \$15,000 (\$7,500 exterior and \$7,500 interior); the maximum loan for any individual owner (who owns more than one property) is \$45,000. 15% of each loan is forgiven so that only 85% of the actual loan needs to be paid back. While the loan program has been used for work to buildings on the City's "list" of heritage properties, no owner of a legally designated heritage property has taken advantage of the program to date.

**Other inducements:** A multitude of regulations have been eliminated to maximize flexibility and cut red tape. The City's Official Plan (1994) has a new flexible land use category, the Comprehensive Development Area, that is applied to selected industrial properties; this essentially allows for either continued industrial use or conversion to other uses (eg. residential, commercial, mixed-use). A new comprehensive zoning by-law covers the entire city and is generic in its approach to permitted uses to accommodate market forces and architectural creativity. A Retail Core Zone covers most of the downtown and creates an enterprise zone where all but noxious or heavy industry uses are permitted. This zone is designated as a Community Improvement Area under the *Planning Act* and is the area of downtown within which all financial incentives and other inducements for rehabilitation and conservation apply. Certain downtown zoning by-laws were amended to permit conversion of ground floors to residential uses. And, a major zoning amendment reduces parking requirements for adaptive re-use sites in downtown. City staff, at the request of owners, will conduct site inspections of buildings targeted for re-use in an advisory/consultative role; advice is given on which proposed uses require the most/least upgrading to comply with the building code. The City building inspectors will also issue permits for various stages of construction for adaptive re-use projects to minimize accumulative delay. The City's public works department uses more flexible standards when reviewing engineering requirements for adaptive re-use projects (eg. storm water management standards are exempted). The City has invested substantially in public infrastructure downtown, including a special program to reconstruct and upgrade older streets and replace sidewalks and curbs. During the period 1995 to 1999, \$2.2 M was allocated for downtown revitalization. A streamlined site plan approval process has cut time by almost a month; building approval time is down to 2 to 3 weeks. A project facilitator guides adaptive re-use applicants through the maze of City approvals and a one stop shopping service has been initiated amongst City departments.

**Public participation/education:** An Adaptive Re-use Symposium was held in 1995 (attracted 150 people). The City of Kitchener's Department of Business & Planning Services recently issued *Heritage News*, Heritage Kitchener's newsletter for owners of designated property (Fall/Winter 1999-2000). See also various proactive educational measures with owners/investors in adaptive re-use projects in section on "other inducements", above.

**Marketing and promotion:** The City has developed information portfolios for its 22 adaptive re-use sites (eg. applicable municipal plan and zoning bylaw information, site and building condition, etc.); these are made available to prospective investors. Well-designed promotion literature has been developed with eye-catching titles such as "Blowing Your Own Horn".

**Successes:** An adaptive re-use scheme agreement was reached as part of the heritage designation by-law with the owners of the Kaufman Footwear Factory, a multi-storey industrial complex that covers an entire city block and has served as a gateway to downtown for some 90 years. The adaptive re-use and urban regeneration policies have also succeeded in effecting major conversion projects for a former leather products manufacturing complex (now houses some 50 tenants needing small workshops and offices) a vacant clothing factory, a former department store, a redundant high school, and a City-owned old registry office building, amongst others. All of these are municipally designated heritage properties. The City believes strongly that heritage preservation is a positive strategy for urban regeneration, including economic development. No analysis has been made yet of the economic impacts of heritage preservation or of the adaptive re-use program as a whole.

**Difficulties/failure:** No significant problems have been identified yet, although the urban regeneration initiative has been in place for only six years. Progress is incremental and by no means has the downtown been dramatically transformed.

## **Case Study 2. Gastown, Vancouver, British Columbia**

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### **Summary**

Gastown is perhaps the most celebrated historic district in Canada and served as a model for similar initiatives launched in the 1970s and early 1980s. After a vigorous

effort by preservationists to save the area and some initial private investment in rehabilitation, Gastown was legally designated a historic district in 1971. During the 1970s the area was transformed mainly by private investment in rehabilitation and conversion schemes for commercial enterprises that were enhanced by public investment in streetscape improvements (“beautification”). Substantial economic benefits were recorded. From the outset (and still persisting today) there were difficult challenges in meeting requirements for seismic upgrading of rehabilitated buildings. The original “beautification” projects were cost-shared but the City has relied primarily on non-financial inducements to encourage conservation. These inducements include waiving of parking requirements, reduction in building permit fees, exempting existing buildings from development cost levies, giving priority to permit applications in processing procedures, and public purchase of a large parkade facility to meet parking demands. While successful projects to enhance Gastown’s historical character continued throughout the 1980s and into the 1990s, severe social problems (drug trade, health problems, crime) from Vancouver’s Downtown Eastside began to spill-over into Gastown and threaten the historic district’s future. The City and Province have entered into agreements to tackle the social problems, and the City is undertaking the development of a Gastown Heritage Management Plan to be completed in the summer of 2000.

**Conditions:** Gastown, located north of Hastings Street between Richards and Main Streets, is the birthplace of Vancouver. It grew up as a timber-built town around Hastings Mill, a key enterprise in the dominant industry of early Vancouver - saw milling. The area was nearly totally destroyed by fire shortly before the City was incorporated in 1886. Gastown was rebuilt in brick and stone; structures were mainly hotels, retail establishments and warehouses. After the First World War, Vancouver’s downtown, which had been expanding out from Gastown, shifted its core to the west. At the same time the move away from rail to ship-based goods traffic precipitated a sharp drop in Gastown’s economic vitality. Nevertheless, early post-fire buildings remained, largely unaltered. In the 1960s, a radical plan to push a freeway through Gastown (and adjacent Chinatown) rallied opposition that was successful in getting the provincial government to legally designate Gastown as a heritage district in 1971 (230 buildings plus the intervening properties). Private investors rehabilitated and converted district buildings to various commercial uses (many catering to tourists) and public authorities funded streetscape “beautification” works, cost-shared with district property owners; works included brick sidewalks, cobbled streets, trees, iron bollards and special replica lighting. Property values and assessments demonstrably increased and tax revenues rose accordingly. Substantial economic activity was generated by tourism. The cost of meeting seismic upgrading requirements for rehabilitation projects proved a problem from the outset and continues today. A Business Improvement Area (self-taxing organization that promotes the commercial area) was later established. In 1974, the City further supported the efforts by making Gastown a special place by establishing new historic area zoning and creating a local citizen’s advisory committee. These actions served Gastown well for many years; some substantial rehabilitation or restoration projects were undertaken and other structures were reasonably well kept up. There was also new construction (on former parking lots), including some significant residential buildings. More recently, however, Gastown has suffered spill-over effects of the serious social problems (drug trade, health problems and crime) centred in Vancouver’s Downtown Eastside. These problems are likely to persist for a considerable time but are being tackled by the Province and City in the Urban Development Agreement and the Vancouver Agreement. In a complementary move, the City (with financial assistance from the Province) has recently initiated a project to produce a Gastown Heritage Management Plan.

**Regulatory measures:** The City received provincial enabling legislation to designate heritage properties in 1973. Over the years, because of the statutory provision for “compensation” to owners for any financial loss incurred as a result of designation, and other reasons, the City has only designated properties with the consent of owners. In 1977, the provincial minister responsible for the heritage district delegated to the City’s director of planning the authority to administer provincially designated properties and to issue permits for alterations. As part of the development application process, proposed changes are reviewed by the Gastown Historic Area Planning Committee. The effect of designation under either provincial or municipal designation is that no demolition or exterior alterations may be undertaken without permission. By 1986, the City established the Vancouver Heritage Registry which included buildings, landscapes, monuments and archaeological sites. Currently there are some 2,200 registered heritage resources; approximately 16% (about 350) are either municipally or provincially designated. In 1994, the Province enacted the *Heritage Conservation Statutes Amendment Act* (a comprehensive updating of 22 Provincial statutes) that now effects the current legal environment having a direct bearing on Gastown. The change effected amendments to the Vancouver Charter that included the Heritage Revitalization Agreement (HRA). An HRA is an agreement negotiated by the City and an owner of a heritage property; the agreement may vary or supplement provisions of various applicable by-laws and permits, establish timing of terms, and include other items.

**Financial measures:** Notwithstanding earlier direct financial assistance discussed above (see Conditions), the City has moved away from this strategy of providing “incentives” towards other inducements that are worth money to property owners/investors (see Other Inducements, below). It should be noted, however, that the consultants engaged to make recommendations on the recently initiated Gastown Heritage Management Plan will be looking at property tax incentives, now permitted under the new provincial heritage legislation.

**Other inducements:** These are essentially inducements by way of breaks from the regular city planning regulations. No parking is required if a Gastown building is converted to residential use. The permit fees for maintenance and minor repair has been reduced (to \$30). Floor space in existing buildings is exempt from Development Cost Levies. Gastown development applications are given priority for consideration in the permit processing procedures (called a “green door” process). Given that parking is an ongoing need for Gastown, the City purchased a large (about 100 stall) parkade (from the defunct Woodwards department store, a Vancouver landmark). The City has recently retained consultants to advise on seismic upgrading of this parking facility and will invest money in making the rather unprepossessing structure a more positive contribution to the street appearance. Consultants are due to complete the Gastown Heritage Management Plan (including a variety of incentives/inducements) by the summer of 2000. The City is currently entertaining in the interim, a Heritage Revitalization Agreement for two Gastown buildings which would in both cases see heritage buildings rehabilitated in return for bonus density created and transferred into the Central Area of downtown (a form of Transfer of Development Rights or TDR).

**Public participation/education:** The Gastown Historic Area Planning Committee is one of the first and longest standing advisory committees in Vancouver. The City has a public education and information program to provide the public with information on heritage issues and appropriate conservation techniques. It also has an annual Heritage Awards program and a Heritage Plaque program for municipally designated heritage sites. The City of Vancouver's web site has information on the municipality's heritage conservation program and features a walking tour of Gastown with information on key heritage buildings. The City has recently redone its Gastown walking tour brochure (available from the downtown Library).

**Marketing and promotion:** Promotion of Gastown falls largely to the Gastown Business Improvement Society. It undertakes joint advertising, an annual banner program, and summer hanging flower baskets. It has also installed recently, a series of interpretive plaques on many buildings and runs summer walking tours.

**Successes:** For the most part, the private sector has driven the economic development and heritage preservation strategy in Gastown aided to a degree by public authorities and property-owner/business associations, particularly the Gastown Business Improvement Society. There are a number of buildings of various sizes that have been rehabilitated and contribute to the maintenance of Gastown's heritage character. For example, in the 1980s a large warehouse, the Landing was revitalized. Quite a few new market condominiums have been constructed throughout the 1990s; this is a novel development for Gastown and is a direct response to housing market demands in Vancouver's downtown.

**Difficulties/failure:** The gradual spill-over of social problems from the Downtown Eastside has created a serious problem for Gastown in maintaining its retail base. Some cruise ship companies have advised their customers not to go to Gastown, as it is considered too dangerous. The corresponding lack of commercial vitality is proving a problem for maintaining the heritage buildings. As previously pointed out, the matter of seismic upgrading continues to be problematic for technical, aesthetic and cost reasons.

### **Case Study 3. Trinity Royal and Orange Street Preservation Areas, Saint John, New Brunswick**

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#### **Summary**

Saint John has two contiguous heritage districts in the heart of its historic uptown. Some two decades of rehabilitation activity in these areas has contributed to turning around the image of uptown and resulted in substantial economic and other benefits. Preservation has been driven primarily by a continuous and substantial program of grants-in-aid of conservation, coupled with regulatory activities under municipal preservation areas by-laws and proactive public education efforts, especially with heritage building owners. Tourism is a major economic force in the preservation areas, particularly visitation from cruise ships stopping at Saint John. There are, however, a number of problems: the commercial heritage properties housing on-street retail in the principal preservation area are losing trade to both an uptown “mall” environment created by the “Inside Connection” that links surrounding buildings, and to suburban shopping malls and “big box” stores; budget cutbacks have decreased heritage grants available as “incentives” for rehabilitation; and “drug trafficking” is starting to tarnish the image of uptown causing worry for future economic development and heritage preservation.

**Conditions:** Trinity Royal and Orange Street are contiguous preservation areas (heritage districts) in the heart of the historic downtown (or uptown, in local parlance) of Saint John. Trinity Royal, designated in 1981, comprises some 20 blocks and approximately 800 buildings; 40% of the area is commercial, 55% residential (multi-family), and 5% institutional. The building stock is primarily 3 storey masonry buildings. The on-street retail business of Trinity Royal is currently on the decline in the face of competition from retailers in the uptown “Inside Connection” (essentially a downtown “mall” environment where shoppers do not need to go outside and access individual buildings from a network of connecting links underground, at grade and elevated), and from “big box” retailers that are located on established regional mall sites in the suburban surroundings of old downtown. Drug traffic is becoming a serious issue uptown and is leaving the impression with some that the area is unsafe. A positive development, however, is the growth in retail trade catering to tourists from cruise ship traffic into Saint John. Recently, there has been change in the commercial mix of Trinity Royal from retail to office. Adjacent Orange Street, designated 1989-90, comprises a predominantly residential area mostly of row-housing; buildings are a mix of wood and brick and of 2 to 4 storeys.

**Regulatory measures:** The City designates preservation areas through municipal by-law that defines controls in zoning rather than architectural terms.

**Financial measures:** In 1991-95 the Urban Economic Development Cooperation Agreement Program provided grants of 50% of the cost to some 28 heritage projects. Since 1989, the City has provided grants covering 20% of the cost of sensitive rehabilitation/restoration to building exteriors. A Design Professional Program provides grants of 50% of the cost to have an architect prepare a preservation program that recommends the appropriate level of intervention. Also, the City has an Upper Floor Grant Program for commercial property owners to help investigate the feasibility of developing such frequently under-utilized spaces; the municipality will pay up to 80% of the cost of retaining the services of a design/structural professional to undertake the necessary study. The Preservation Review Board approves municipal heritage grants with recommendations from the City's Heritage Development Officer. Approximately 100 building rehabilitation projects are reviewed yearly; these range from total project cost of \$1,000 to \$1 million.

**Other inducements:** City heritage staff play a direct, proactive role with projects in the preservation areas to provide advice on cost and technical matters ( including dispelling perceptions of the superiority of modern materials).

**Public participation/education:** The City's Heritage Development Officer gives regular workshops on topical preservation issues (appropriate windows, masonry repair, compatible signs, recognizing architectural styles). The City publishes educational materials including practical preservation guidelines that won an award from the American Association for State and Local History. Brochures are provided on heritage grant programs. Four historic walking tours have been developed. A number of Heritage Week activities are organized (architectural puzzle contests, scavenger hunts, presentations in schools etc.).

**Marketing and promotion:** The City features heritage buildings/districts on tourism literature. Uptown Saint John (USJ), a business development and marketing organization, is the principal agent of marketing/promoting heritage as a key aspect of encouraging good business in the Trinity Royal Preservation Area. USJ focuses on streetscape "beautification" (eg. attractive area banners), annual trade, fashion, and food shows, media campaigns and business development (working with municipality and business partners).

**Successes:** Total sensitive rehabilitation project spending over the last ten years is estimated at \$30 million. Grants programs (Urban Economic Development Cooperation Agreement Program and municipal heritage grants programs) have levered an estimated \$20 million of private expenditure on heritage preservation during this period. Property owners in the preservation areas have worked with the City's Heritage Development Officer on some aspect of their buildings, in the vast majority of cases. Uptown Saint John believes that the city market (linked to the Inside Connection) in Trinity Royal has complemented heritage preservation activity. The "image" of uptown Saint John was turned around from somewhat down-market to a good place to live, work and play. Over the last 15 years the tax base in the preservation areas has seen a 127% increase compared to 84% for the City as a whole. New high-technology businesses have been attracted to heritage structures because they convey a sense of permanence, contribute to employee and customer quality of life and provide visual interest that reflects a positive image of uptown. Building rehabilitation is thought to have created more local jobs per dollar of project cost than new construction (no specific study has been done but estimates have been made on basis of CMHC external research studies of Canada as a whole). A 1999 study of visitors to uptown Saint John indicated that "heritage" was amongst the top three things these people enjoyed about the place (friendliness, and cleanliness were the others). Loft conversions are just starting but hold promise for the future as many "boomers" wish to return uptown.

**Difficulties/failure:** City council has not been involved enough to understand the benefits and costs of preservation, with the consequence that a few disgruntled property owners have been able to attract the media and convey a sense of conflict. Recent City budget cutbacks have meant that the heritage program has had to focus on regulation, with little time for public education and awareness building. Uptown Saint John staff believe that selling the "heritage" product to residents has been difficult because many do not appreciate what they have in the uptown; tourists appreciate local heritage far more. Many upper floors of commercial buildings in Trinity Royal are under-utilized; owners indicate that they are unwilling to take risks of developing these spaces because of "unknown" restrictions of the National Building Code. Consequently, there has been a disappointingly small uptake of the Upper Floors Grant Program. One speculation is that owners do not want to take a risk with upper floor development because the ground floor storefronts are providing sufficient return on investment to pay taxes and minimal upkeep (the buildings have long ago been paid for). In most cases owners are aged and do not feel they would see sufficient return in their lifetime; they hold on to the properties waiting for someone to invest in a new, major development uptown that would have the effect of causing property values to escalate. The provincial government's focus on call centre job growth requires large floor-plate open office space that is not available in Trinity Royal. Taxes are lower in bedroom communities surrounding Saint John (recent efforts at amalgamation have failed). Persistence of a drug traffic problem in uptown is worrisome for both future economic development and heritage preservation.

## **Case Study 4. Historic Downtown Core, Halifax, Nova Scotia**

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### **Summary**

The downtown Halifax core focuses on Barrington Street and its immediately surrounding area; nearly half the pre-1940 buildings on this central street are municipally designated heritage properties. This area is an important location for arts, culture and popular entertainment. While it holds great potential, the core is beset by serious obstacles to preservation and economic development, including functional obsolescence, excessive traffic and transit movement, lack of civic amenities, and low investor confidence. The politics and public policies of the Halifax Regional Municipality (HRM) have so far hindered adoption of a comprehensive downtown Halifax regeneration strategy. Most problematic is an HRM policy that encourages an edge-city model for regional economic development by providing infrastructure and tax incentives for big box retailers and light industries in suburban “business parks”. There are no HRM grants programs for the conservation of historic buildings and only modest financial incentives from provincial grants and partial HST rebates on building materials used in preservation projects. Other incentives are limited. The private sector has been largely responsible for the individual heritage rehabilitation projects downtown. The Downtown Halifax Business Commission (DHBC) is the leading champion for a comprehensive HRM strategy for the rejuvenation of the historic core. It has commissioned two studies and is advocating a multi-faceted strategy for downtown regeneration. This strategy recognizes heritage as the prime asset for the downtown’s “image” and integrates heritage district designation with transportation planning, use and marketing, and urban design. The HRM appears to be giving some encouragement to the DHBC strategy development (by virtue of partially funding the studies) but the outcome is uncertain.

**Conditions:** The Historic downtown core of Halifax focuses on Barrington Street and its immediately surrounding area. It is bounded on all sides by significant and active uses including Historic Properties, the Maritime Museum, the Casino and Purdy's Wharf Area, Scotia Square, the Metro Centre/World Trade and Convention Centre, Citadel Hill, Spring Garden Road, Daltech University, Government House and the Waterfront. Substantial modern developments surround and are intermingled with heritage properties and streetscapes in the old Halifax commercial core. On Barrington Street alone, of the thirty-nine pre-1940 buildings on the street, twenty or just under one-half are municipally registered heritage properties. The historic Halifax downtown core is the main location for arts, culture and popular entertainment. For native Haligonians, the core has a special place in their collective memory and still holds considerable potential in its fine stock of heritage buildings and streetscapes. Nevertheless, there are a number of current difficulties including functional obsolescence (both in structures and uses), excessive traffic and transit movement (traffic engineering and management), lack of civic amenities (contributing to an unfriendly environment), and low investor confidence (eg. poor quality storefronts and signs continue to be placed on buildings, even registered heritage buildings). Since the mid-1990s, the former municipality of Halifax has been amalgamated with other communities into the current Halifax Regional Municipality (HRM). The policies of the HRM (or lack thereof) have contributed to these, especially in respect of public investment in the Halifax historic core that could encourage heritage building rehabilitation and economic development. As yet the HRM has no "master plan", only the existing individual municipal planning strategies of the former municipalities. Additionally, the "core" currently has no councillor who represents and speaks for the old Halifax downtown as such (the core is included in a larger constituency area). And particularly problematic is the HRM policy of investing in infrastructure and providing tax incentives for retail and other enterprises (mainly big box retailers and some light industry) located in several suburban "business parks". There has been little public investment in the downtown since the 1980s (some limited improvements were made in 1995). Accordingly, there is not a "level playing field" for public or private investment in downtown Halifax.

**Regulatory measures:** The municipality (HRM) has 775 municipally designated heritage properties of which the greatest percentage are located in the historic Halifax core. *The Heritage Property Act* authorizes municipalities to establish a registry of locally significant heritage properties by adoption of a Heritage By-law. Although provincial legislation makes provision for municipal designation of heritage conservation districts, none have so far been designated in the HRM. Demolition and alteration controls apply to all such registered properties. There are also a number of provincially designated heritage properties in the core (mainly churches and other institutional buildings). Heritage properties registered by the Province are subject to a development control system under provincial jurisdiction.

**Financial Measures:** Although the former City of Halifax grant-aided several heritage preservation projects in the downtown core up to the early 1990s, the HRM currently provides no direct financial assistance to heritage properties. The Province has a limited grants program. It also rebates the provincial portion of the HST on building materials used in conservation projects, except in the case of revenue generating properties; the commercial buildings that comprise the majority of the Halifax core are therefore not eligible.

**Other inducements:** Within the Municipal Planning Strategy (MPS) for the former City of Halifax (still legally in force), there is a policy for heritage properties which permits consideration of uses not permitted within the zone in which it is located, provided that the conversion to a new use is handled under a development agreement. The downtown core is identified in the MPS has an area to which this provision applies.

**Public Participation/education:** With respect to matters concerning municipal heritage programs, the Halifax downtown core receives the same basic information as the rest of the HRM and is involved in applicable HRM public participation exercises. There are no special initiatives in place at this time for the Halifax downtown.

**Marketing and promotion:** The leading advocate for the historic core is the Downtown Halifax Business Commission (DHBC); it undertook a strategy study for the rejuvenation of Barrington Street (1998) and recently has decided to expand this initiative to produce a “vision” and strategic directions report for the entire historic core (both works have been financially assisted by the HRM). Marketing strategy has been an important component of these initiatives and indeed of all DHBC activities. The Commission is especially active in forging promotion partnerships. For example, it has a close working relationship with the Waterfront Development Corporation, especially in connection with signage along the waterfront that directs people to the downtown core and encourages linkages with historic resources on the waterfront such as Pier 21.

**Successes:** The DHBC's recent studies have recognized that the heritage buildings of the core are a unique asset that must be preserved and enhanced as the distinctive “image” for downtown Halifax, one that will attract economic development. Indeed, the DHBC strives to make the case with the HRM that the downtown core currently brings and can be made to bring even greater economic benefits to the new city as a whole. Presumably, the HRM is listening to some degree because it has partly funded the aforementioned DHBC studies. The Commission is currently looking to recommend to the HRM a series of historic districts, or one large historic district, for the downtown core. The DHBC also recognizes the need to integrate heritage preservation into a multi-faceted strategy that includes transportation planning, heritage district designation, area/building use development and marketing, and urban design. And, the Commission encourages the development of preservation technical studies, particularly Buildings at Risk Surveys, as essential tools in making sure that public and private investments are targeted at the key problems and opportunities. Over the last few decades, private owners and investors have undertaken a number of significant building rehabilitation and conservation projects in the Halifax downtown core (in some cases, with the aid of public funding), without the guidance of a municipally approved strategy for the regeneration of the downtown. The Province has undertaken some important initiatives as well (eg. a former Eaton's Store on Barrington Street has purchased by the Province for use as offices and for the Nova Scotia Centre for Craft and Design ) yet without an overall policy for the downtown.

**Difficulties/failure:** The political factors and forces created by the establishment of the HRM and its public policies may well have been the greatest obstacles to progress with heritage preservation and economic development in the Halifax downtown core (see Conditions, above). All the same, the old municipality of Halifax had taken no substantial action to regenerate the core from about 1980 to the mid-1990s. The HRM heritage and planning staff have an interest in establishing one or more heritage districts but recent municipal budget cuts have put the matter on hold. The current lack of direct financial assistance for heritage building preservation from the HRM and the paucity of other inducements (only a planning policy that allows change of use under agreement) mean that the regeneration of the Halifax downtown is almost left entirely to market forces and private investors willing to take the risk (save for the advisory and advocacy support of the DHBC).

## **Case Study 5. Old Montreal, Québec**

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### **Summary**

Old Montreal is an area that, since 1964, has shifted from being an overwhelmingly government-supported initiative to being at least partly market-driven. The public sector's role has included (a) restoring the view of the harbour, (b) support for recreation/tourism uses on the harbourfront, (c) significant subsidies, (d) even more significant streetscape improvements, (e) special financing arrangements and (f) special promotional efforts. Tax inducements are non-existent; thus, although the Québec Cultural Property Act includes the possibility of using property tax abatements under certain circumstances, these inducements have never been utilized in the Old Montreal initiative.

The private sector is more interesting. Entrepreneurs had to learn by trial-and-error: there was no one to show them how to rehabilitate heritage for profit. Early on, the area acquired a web of pro-active groups of entrepreneurs; later, several larger developers became interested in heritage-type rehabilitation on a business basis. Heritage buildings in Old Montreal now compete (often successfully) for corporate head offices, particularly among the most progressive and "global-oriented" industries.

The area has had its share of false starts, and still has certain shortcomings. Its residential component is still weak, and relies primarily upon infill as opposed to rehabilitation; commercial premises still have a high rate of under-utilization (although it is dropping); and the public sector, unlike the private sector, has been extremely slow to lease in rehabilitated buildings. Old Montreal demonstrates, however, that it is feasible to create a desirable centre for corporate headquarters in a commercial heritage district, with full integration with its harbourfront.

**Conditions:** Old Montreal was constituted a historic district in 1964. Its boundaries correspond roughly to the fortifications of the city as of 1717, minus areas that were carved out in 1964 so that a bank and the provincial government could each build highrises. The area contains some 400 buildings, ranging in age from over 300 years, to very recent infill. The following are features that make the area similar to downtown of St. John's:

- the number of buildings is large, therefore requiring a *systems approach* more than an *ad hoc* approach;
- the buildings are of all sizes (although the average square footage is higher than in St. John's);
- the buildings represent a mix of institutional, commercial, industrial and residential buildings (although Old Montreal has a much lower residential component than St. John's, a much larger commercial component, and a more serious problem of commercial under-utilization.);
- the evolution of the area is closely intertwined with the Harbour, which is under federal jurisdiction.

Unlike St. John's, the typical heritage construction in Old Montreal is 4 storeys of masonry over wood frame. Much of it dates back to the period from 1840 to 1880. There are several buildings of larger scale, some exceeding 10,000 sq. ft., which have been warehouses throughout the 20<sup>th</sup> century. There is no clapboard whatever, but there are the usual concerns about fire, codes, etc.

In recent decades, tourism has been the economic backbone of Old Montreal; current visitation levels are about 11-12 million visitors annually. This sector was assisted by the Federal Government's conversion of a huge port area to a recreational zone in 1992, an area which now accounts for about half of the visitations. However tourism has not generated enough activities to provide true prosperity. For years, it was said that the ground-floor tenants were T-shirt shops, and the upstairs tenants were pigeons. Another frequently-repeated phrase was that Old Montreal was Montreal's nicest district that was open for only three months a year. There were grumblings that the 1964 decree had made the district too big – so large, in fact, that it could never be filled up with viable enterprises, and that there would always be too much vacant space “dragging down the rest of the market.” Unlike St. John's, which might be described as a diversified heritage area in search of tourism, Old Montreal may be characterized as a tourist area in search of diversification. Attempts included conversion of a giant warehouse to condos (René Lévesque bought one), programs to induce conversion to offices and infill construction for government offices and condos, etc.

There was a burst of activity in the 1960s (in anticipation of Expo '67) followed by a lull in which population actually dropped. After 1979, there was another flurry of activity. Subsequently, partnerships with the private sector started to take shape. A large block of massive “St. James Street” heritage buildings (totalling over a million sq. ft.) was assembled by a developer, merged (the alley was turned into a central atrium), rehabilitated, and then target-marketed at smaller import-export firms under the name “World Trade Centre.” Next, the development community and the provincial government joined forces to create a “free port” for multi-media firms (who, like the import-export firms, are still more preoccupied with an “*avant-garde*” image than they are with conventional Open Concept offices). Old Montreal is now considered the multi-media capital of Canada. Federal harbour authorities (now the National Ports Corporation) also helped: they concluded that the construction of giant (and now redundant) concrete grain elevators after World War II had improperly blocked the view of the Harbour; thus they were removed and their waterfront site was subsequently converted into recreational/tourist space.

Old Montreal can count on several developers who are commercially interested in heritage-type rehabilitation projects. It also has a dynamic property-owners' association (since 1964), which is an outspoken advocate of restoration projects; however, the association does not include many of the absentee owners/landlords, whose moral support cannot be counted on as readily. There is also an official “round table” which meets regularly (over dinner) to allow private sector interests to discuss

**Regulatory measures:** Old Montreal was constituted a historic district in 1964 by provincial decree. It is now a provincially-classified protected district under the Québec *Cultural Property Act*. That Act foresees that heritage districts may be created by either provincial or municipal authority; it also provides the framework for extensive delegation of provincial supervisory authority to municipalities. The arrangements for such a delegation of authority are usually committed to writing in a Memorandum of Understanding ; starting in 1979, the City of Montreal and the Government of Québec have had such MOUs, which are renegotiated from time to time, and under which the provincial supervisory powers are partly integrated with municipal officials and institutions. This pleases the business community, which had previously complained that it was tedious and inefficient to seek separate approvals from two different governments (i.e. provincial heritage approvals and municipal building permits).

The *Act* specifies that no alterations nor demolitions may occur without governmental consent. The supervisory jurisdiction of the heritage authorities also extends to infill construction. Finally, the Act declares that heritage approval must be obtained not only for demolition on the site, but also for all demolitions within some 160 metres of a classified building.

Businesses continue to pressure the City to “telescope” as many approvals as possible into a single process (“*interface unique*”, which could be translated as “one-stop-shopping”). Estimates for holding time, for the approval of rehabilitation projects, varies from a low of eight days to a high of eight months.

**Financial measures:** Like its predecessors, the most recent MOU provides a subsidy for approved heritage restorations. The provincial government takes philosophical exception to tax measures, and prefers cash grants “for fear of setting a tax precedent” (e.g. when ecclesiastical owners joined forces to ask the Province to rebate the tax money payable on restorations, the Province preferred giving them an outright “grant” of \$100 million, rather than admit that the payment was in *any way a return of money earned by the provincial treasury* from the churches’ efforts).

Paradoxically, the Province was ready to supply major employment tax credits to employers in the multimedia industry, and declared part of Old Montreal as a “Free Port” for that industry. Nortel, Bell and other companies have a presence; Discreet Logic - one of the world’s foremost producers of virtual imaging - created a striking headquarters in an old foundry.

The private sector has had some players like Barclay’s Bank, that have been ready to invest. An even more important player is SOLIM, which is the investment fund of the FTQ, the Québec Workers’ Federation. Pursuant to a policy of attracting small hotels to the area, a branch of the Province guarantees loans for such projects.

**Other inducements:** The City has several of its own offices in rehabilitated heritage buildings. It also has invested heavily in streetscape improvements and embellishments.

Old Montreal also had the help of SIMPA, a municipally-formed body assigned specifically to help rehabilitation and promote Old Montreal. SIMPA was reintegrated into the City's Planning Department in the 1990s (now merged into the City's "Economic & Urban Development" Department).

Parking requirements are waived for developments in Old Montreal. However, there is a large supply of at-grade parking, inherited from the demolitions that occurred before the creation of the protected district. The public sector has also assisted two large indoor parking facilities.

**Public participation/education:** From the outset of its existence as a protected district, Old Montreal had a web of organizations for the private sector, e.g. a merchants' association, a commercial property-owners' association, a residents' association, plus the usual cultural and heritage interests. These offered a venue for the exchange of ideas. The task of reconciling these groups with each other – and with the three active levels of government – fell to a "round table".

The fact that everyone had to learn by trial and error was a problem. The entrepreneurs, contractors and developers who learned how to "develop" heritage successfully are all essentially self-taught. Mistakes were made, including technical errors requiring owners today to redo some of the work done only a few years ago. However, there is now a substantial body of entrepreneurs who have the knowledge to continue the process of upgrading the area on a largely market-driven basis.

**Marketing and promotion:** Attracting businesses, residents and tourism to Old Montreal is a joint effort by the associations, the heritage developers, and the City's economic development agency. This includes everything from a web site to festivals.

The City's economic development agency also makes it its business to entice foreign capital, e.g. European capital which is currently being invested in small hotels.

**Successes:** Old Montreal has demonstrated that it is possible to produce high quality space in rehabilitated heritage buildings, and that these new facilities can compete with glass-and-steel towers as head offices for major corporations. For example, Ivanhoe Inc. abandoned its offices in Place Alexis Nihon (a highrise tower) in favour of Old Montreal. Their rationale was cost-competitiveness; but for the multi-media companies, it was image, and proximity to each other (companies in a given industry were encouraged to "move in packs".)

**Difficulties/failure:** The difficulty of attracting residential units into rehabilitated buildings (i.e. other than infill) is not helped by the absence of grocery stores and other services which one usually finds in residential districts.

There is the question of commercial projects. There are several buildings in Old Montreal that are very large and solid nineteenth-century warehouses. One such building became an important case study for what is right - and wrong - with the adaptive re-use of heritage property as office space for a major international corporation.

The corporation, Xerox, was vigorously courted by SIMPA to rehabilitate and occupy such a building. Xerox agreed on a five-year pilot basis. The building was indeed rehabilitated and, today, is an imposing property.

The Corporation's own experience was less impressive. In the words of its architect, although Xerox had committed for five years, it "toughed it out for seven", and then moved to campus-type premises in the suburbs. The problem of the Old Montreal location was not the building itself. It was the access:

- Employees had a modest walk to the closest parking, and substantially further to public transit. Some companies consider that fatal - Xerox did not. In fact, however, it was not the distance from employees' parking that was the problem but rather the route: it was poorly-lit and ran past several vacant buildings. The result was that employees felt unsafe.
- The walk to the nearest parking was particularly reviled by *suppliers*. The people with whom Xerox did business complained about having to walk any distance with heavy sample cases, equipment for display, etc.

Ultimately, Xerox moved to premises where parking was available at the doorstep (although public transit is no easier than before). Furthermore, even though this experience was supposed to be an educational turning point in the evolution of Old Montreal, the same problems of lighting and access continue to elicit complaints. However, the situation is improving and the number of underutilized commercial buildings is dropping.

## **Observations from Elsewhere**

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The following observations from other Canadian cases as well as many from abroad are presented in the form of brief descriptions about the nature of initiatives in ten "mini-case studies" and particular aspects of these that illustrate an interesting strategy or practice that can be shown in yet other examples.

### **Strathcona Neighbourhood, Vancouver**

This is one of Vancouver's oldest neighbourhoods. A multi-partner cost-sharing project (including a major charitable foundation, the local residents association, a neighbourhood housing society, and a university) was undertaken with property owners in the mid-1990s to help restore the porches (many of which were missing) on the area's distinctive houses. An attractive booklet was provided to owners and others on the history of neighbourhood architecture, with guidelines for its care. Street crime was significantly reduced (watchful eyes enhance neighbourhood safety) as a direct

result of preserving and enhancing the area's heritage character.

### **Boyle and McCauley Area Neighbourhood Improvement Plan, Edmonton**

The City of Edmonton won a national award for a plan to improve this down-at-heels neighbourhood. Residents of the neighbourhood were invited to help develop ways to make the place where they lived more attractive, safer and prosperous. Many "bought into" the idea enthusiastically. On completion of the plan, participants were each presented with a personal "Legacy Award" for their contribution, and the children were presented with a "Certificate of Inheritance". These tokens of accomplishment featured children's artwork depicting their neighbourhood as the plan envisioned. One positive outcome was the refurbishment of a landmark heritage property formerly used as a "flop house" into a women's shelter.

### **Old Town, Victoria**

In 1998, the City of Victoria's Council established a property tax incentive program designed to help stimulate the conversion of vacant or under-utilized upper floors of heritage commercial buildings in the downtown (Old Town) to residential use. An earlier study had looked at property tax incentive programs in Edmonton, Regina and Saskatoon and interviewed the owners of twelve heritage buildings in Victoria. It was found that a tax incentive program alone would not make a major impact on financial viability but might induce some owners to proceed with rehabilitation. The program adopted by the City deals with the costs of heritage rehabilitation by providing a complete exemption of a building's taxes for up to ten years equal to the value of the costs of seismic upgrading (a major problem). The City's strategy is that the tax program, working in combination with the existing grants programs of the Victoria Civic Heritage Trust, will

encourage residential conversions of upper floors in commercial heritage properties in the Old Town. (Winnipeg adopted a similar initiative in the same year. Under this arrangement, owners of heritage buildings are exempt from business or property taxes - worth up to 50% of their renovation costs - for a period of up to 10 years.

### **“The Kings”, Toronto**

In the mid-1990s the City of Toronto took a bold new initiative to encourage adaptive re-use and reinvestment within two large areas of downtown next to the financial core - King-Spadina and King-Parliament (“The Kings”). Vacant factory and warehouse space is ubiquitous as a result of de-industrialization. The City rescinded most zoning use and density restrictions and provided in their place as-of-right planning permission, coupled with new built form regulations that focus on height, depth, setback and light, view and privacy standards. Detailed built form and urban design guidelines are provided for streets and neighbourhoods of special character. Added to these measures are floor area bonuses above height limit, exemptions from parking and loading requirements and community improvement policies. The conservation of heritage buildings is encouraged by increasing the amount of floor area bonuses in direct proportion to the amount of heritage fabric preserved (from the facade to the entire building envelope). Simply put, the strategy was to change the regulatory approach - from land-use based to design-led, and to remove other disincentives to redevelopment.

### **The Strand, Galveston, Texas, USA**

Galveston's economy is based primarily on tourism and health care, although its older shipping, fishing and marine industries continue. The Strand is the main commercial street of the original 13-block downtown (the city core shifted a few blocks away in the mid-1980s because of competition from suburban malls). The Galveston Historical Foundation (GHF) sparked regeneration of the Strand in the mid-1970s and 1980s by purchasing, restoring and occupying buildings, by setting up a revolving fund, and by working with local lending institutions to set up a joint line of credit (in the millions of dollars) to streamline application procedures with banks participating in the scheme. Private and non-profit investors were the dominant force in revitalization, but funds banks loans and federal agency funding were also key. Regulation came later; the Strand Historic District was not legally designated until 1988. At about the same time, the City increased its commitment by dedicating 1% of hotel/motel bed tax receipts to heritage rehabilitation projects, and by establishing tax reinvestment zones where a level property tax assessment is guaranteed over a ten year period. In the late-1980s and 1990s regeneration in the Strand spilled over into an adjacent old residential area (Silk Stocking Historic District) and in the nearby waterfront. The GHF helped the Silk Stocking Historic District with its revolving fund, design and rehabilitation advice, and with the Paint Partnership Program that provides free paint to qualifying homeowners.



## **Lower Downtown, Denver, Colorado, USA**

In the mid-1960s a developer rehabilitated Larimer Square, a block of Victorian storefront buildings and adopted shopping centre management techniques whereby tenants signed a lease with base rent, and also paid a percentage of their profits and assessments for local promotions. This proved to be the catalyst for a rebirth of the surrounding Lower Downtown, characterized especially by loft conversions and the growth of entertainment and arts-oriented retail establishments. Momentum has continued into the 1990s. Historic district designation of Lower Downtown came in 1988. With it was established a Downtown Design and Demolition Board (DDRDB) as a subcommittee of Denver's Landmarks Commission. The DDRDB has the power to deny certificates of appropriateness to heritage building development unless economic hardship can be proven. To balance this regulatory measure, a number of incentives were provided. Substantial public sector expenditures were made in streetscape and pedestrian improvement schemes. The Lower Downtown Business Support Office provides volunteer technical business assistance (legal, accounting, marketing, financial), an available space bank inventory to help with placing tenants looking for affordable leases, and access to numerous small business loan programs for clients. And, the Lower Downtown Revolving Fund (low-interest loans set up by local and county governments, the National Trust for Historic Preservation and others) has leveraged private investment by a ratio of nearly three to one. On the negative side, City capital improvements in road infrastructure has had the unwanted effect of increasing traffic; it has been recognized, however, that this needs to be rectified to keep traffic at the edges of the district and not in it.

## **Pike Place Market Historical District, Seattle, USA**

Seattle's Pike Place Market, established in 1907, is the oldest continuously operated public market in the United States. Seattle residents voted to save it in 1971. It is now a U.S. national historic district. Seattle's Pike Place Historical Commission reviews all buildings and structures in the historic district according to design and use guidelines that ensure the market retains its traditional character. While the market continues to fulfill its original function of providing local farmers a site to sell fresh produce, it has diversified and sparked new uses that complement retailing. There are now 115 farmers, 150 crafts-people, plus 250 other shops and commercial businesses. Commerce is conducted under the roofs of many historic buildings connected by a bustling thoroughfare, charming alleyways and quiet viewing areas. It features small specialty shops instead of large, impersonal chain stores. There is live music of street musicians and the spontaneity of performance art. Because the market is downtown it serves a largely low-income population through its 500 residential units. It has a medical clinic, a food bank, and senior citizen, childcare and preschool facilities. It is located within easy walking distance of downtown neighbourhoods and is easily accessible by ferries and transit lines from throughout the region. There is a full-time public education coordinator for the market, and slide shows and walking tours help educate the market's 9.6 million annual visitors. Notwithstanding its function as a

tourist attraction, Pike Place businesses, facilities and activities serve the host community as a matter of priority. Farmer's markets are proving to be a growing and thriving business in the regeneration of North American downtowns, and Pike Place has been a model for many.

## **Grainger Town, Newcastle-upon-Tyne, UK**

Grainger Town lies at the heart of Newcastle and comprises a largely intact late-1830s scheme originally executed by a local developer. This set piece of early 19<sup>th</sup> century town design in England includes 244 designated heritage buildings (or 39% of all structures). The area covers a major part of the Central Conservation Area (designated heritage district) in the city. Grainger Town has suffered in economic terms from a variety of problems. In the 1960s and 1970s, office users were attracted away to more spacious modern accommodation in another area of the city and, ironically, in the 1980s to a rehabilitated warehouse area on the waterfront ("Quay-Side"). The core retail also shifted to a regional shopping centre. Added to this was a steep rise in property tax assessment while at the same time office rents remained stagnant. Heavy traffic contributed to environmental erosion. In 1992, with the help of English Heritage, a comprehensive study was undertaken of the historic fabric, traffic issues and development opportunities. A major feature of the Study was a *Buildings at Risk* survey that found 47% of the heritage buildings "at risk" and a further 29% vulnerable. During the 1990s over \$7 million has been allocated by central and local government partnerships to conservation-led regeneration, principally through grant support of up to as much as 60% to 80%; this in turn has levered substantial investment by the private sector. Priority has been given to the reuse of vacant upper floors and encouraging the sale of buildings to new owners that are willing to bring "at risk" buildings back into viable use. Remarkable progress has been made with pedestrianization schemes, streetscape improvements, the establishment of a better retail mix, and conversion of vacant upper stories of commercial buildings to affordable housing.

## **Little Germany, Bradford, UK**

Located on the edge of Bradford city centre, Little Germany features one of the finest collections of Victorian warehouses in the UK. Designated as a conservation area in 1973, of the 85 buildings, 55 are individually designated heritage properties (called "listed buildings"). In the early 1980s, half the floor space was vacant and many of the buildings were derelict. Nevertheless, the City developed a conservation-led regeneration strategy that was to transform the area. A vision was set for Little Germany's future which highlighted its potential for recreation, a base for innovative companies and designers, and also as a place to live. The Council promoted two important flagship schemes - Merchants House that provided managed work-space (an "incubator" for small enterprises getting a start), and the Bradford Design Exchange that created 27 studios and a sizeable exhibition space (largely with funding from the European Union). This in turn attracted private investment in refurbishing a further 14

buildings. By 1993, 10 of the buildings remained vacant, 147 companies were located in the area employing almost 3,750 people, the building stock had been rehabilitated and more than more than \$36 million of public and private investment had been attracted. In 1999, the Urban Village Company was set up between local and regional authorities, a non-profit organization and private sector developers to spark further reinvestment in the area. An initial 18-month project, started with \$216,000 in funding, will look at ways to bring still redundant and under-occupied buildings back to life as mixed use, private-sector housing developments.

### **Temple Bar, Dublin, Republic of Ireland**

Temple Bar is a quarter of Georgian Dublin that has undergone major regeneration since the early 1990s. The Republic of Ireland does not have a statutory system of central government heritage designation. The Dublin Corporation developed an action plan to conserve the quarter's townscape, including some 95 locally designated heritage properties. Soon after, the government announced a package of income tax incentives (50% capital allowances for new construction and 100% for rehabilitation) as well as rent and property tax allowances. Two government companies were set up to manage the strategy. By 1996, numerous vacant sites had been redeveloped and existing sites refurbished with the creation of 131 new businesses, including cultural centres, restaurants and cafes, public houses (bars), retail units, entertainment clubs, hotels and apartments. In conservation terms it was a disaster: 20 historic buildings were demolished (totally or substantially), a further 7 were inappropriately altered to accommodate new uses, and many new developments exceeded height limits or otherwise adversely affected the area's character. Amongst the causes for failure some of the key problems were: lack of effective legislation; no detailed inventory of historic buildings; the 50% capital allowance for new development still applied where a heritage building was demolished; facade-retention projects were eligible for the 100% capital allowance; "investor developers" were more interested in clearance and new construction because of perceived greater return on investment due to time and special skills needed for conservation; small conservation minded developers, not being cash rich, were unable to benefit from tax breaks and would have been benefited instead by small grants; and demolition and facade-retention were encouraged by fire safety authorities (equivalent to building inspectors) because it was seen as the as easiest way to meet compliance standards. On the other side of the coin, Temple Bar includes some of the best new architecture in the city for decades and economic development and other benefits have been achieved.

## Summary

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From the five concise case studies of Canadian cities plus the observations from elsewhere that have been presented in the foregoing discussion, the following key points can be made. This list of lessons is by no means comprehensive since any case study survey is necessarily limited by the number and selection of the examples examined. All the same, this summary does reflect many of the major trends and emerging issues in Canada and abroad that in some way should inform strategic decision-making for economic development and heritage preservation in downtown St. John's.

- ❑ Successful strategic plans have been founded on active participation of City Councils in a process of negotiation with key stakeholders and the community's citizenry at large, as well as with prospective private sector partners needed to realize planned actions.
- ❑ Recent actions to realize urban regeneration strategies in North America have been increasingly driven by private sector investment (and investor confidence in the rehabilitation market). However, experience clearly shows that market forces are not generally sufficient on their own; some form of public or non-profit organization incentive or inducement, coupled with sensible regulatory measures to protect the public interest is usually necessary (and often was put in place earlier). Where market forces have acted on their own, heritage preservation has "muddled along" (called "disjointed incrementalism" in planning theory) and the character of buildings has often been compromised. The UK provides a different model, one where conservation-led regeneration has enjoyed substantial direct financial assistance, from the planning to execution stages.
- ❑ Strategies often distinguish in their plan of action between legally designated heritage buildings and areas, buildings/areas of character that may be considered eligible for heritage designation (by way of appearing on lists or inventories having no legal standing or through other public means of recognition), "older" building stock that has an economic use or potential for adaptive re-use, and compatible new construction and urban design that support the historical nature of a locale. At the simplest level, within the context of the building rehabilitation industry, distinction is usually made between legally designated heritage properties and other existing structures because the former are subject to regulatory measures (which have economic effects) that the others are not.
- ❑ Regulatory measures to protect built heritage in downtown areas employ, as a method of choice, statutory and local by-law instruments to establish designated historic districts, although in Canada this varies greatly depending on the province concerned (some cities have no historic districts or only ones in residential rather than commercial areas).



- ❑ Removal of disincentives inherent in the City planning system and in administrative structures and processes often has been a strategy of choice, albeit most often accompanied by some form of financial and other inducements for conservation/rehabilitation. Experience in other jurisdictions clearly shows that non-financial mechanisms are also worth “real money” to people; these non-monetary inducements may include such measures as flexible and bonus zoning provisions, exemption from development fees or parking requirements, proactive initiatives with prospective investors or fast-track approvals.
- ❑ Heritage revitalization agreements between local authorities and property developers are being used as a means to encourage reinvestment by defining specific packages of inducements and creating a greater degree of certainty for developers and the community.
- ❑ Indirect financial incentives in the form of tax breaks (especially in respect of property tax) are being increasingly adopted in North America either as a replacement strategy for direct incentives (grants and loans) or as a complementary strategy to direct financial assistance and other inducements (especially those which remove “disincentives”).
- ❑ Investment in public infrastructure (roads, streetscape improvements, etc.) is an important inducement to heritage preservation as well as economic development. Care needs to be taken, however, that these do not have unwanted adverse effects: increased traffic as a result of road upgrading, or ill-conceived traffic management schemes, are particularly problematic.
- ❑ Informational and advisory instruments such as “buildings at risk surveys”, “vacant affordable space inventories”, and volunteer business support services, have proved especially beneficial for economic development and heritage preservation initiatives in the downtown.
- ❑ Public participation is essential in strategic planning. Where special effort is taken to recruit community leaders and emerging leaders there is usually greater support for resultant plans and actions; visible public recognition of individual residents’ contributions help to build further support and to encourage market forces in appropriate directions. Public education includes a variety of initiatives aimed at property-owners, investors and the general public; examples include conferences, workshops, newsletters, awards, plaque programs, walking tours or web sites.

- ❑ Marketing and promotion is sometimes lead by the local authority but more frequently by retail business associations with a primary mandate to boost downtown. Amongst the initiatives used are information portfolios, print literature and electronic media (including web sites), physical interventions to “beautify” streetscapes and forging of partnerships with key stakeholders. An especially interesting development in urban regeneration from the marketing perspective is the historic downtown public market (or “farmers” market); these community activity focal points provide a springboard for many marketing and promotion as well as educational opportunities.
- ❑ Adaptive re-use strategies, while not new, are enjoying a renaissance as a response to economic change that has resulted in the functional obsolescence of industrial, commercial and institutional buildings. While appearing to create a “problem”, these redundant structures also offer new opportunities for reinvestment. Conversion schemes often have been planned around a “vision” or theme for an area; these range from high-tech to arts-oriented enterprises and even the offices of global corporations. Mixed-use schemes incorporating residential use are increasingly preferred; repopulating the heart of the city supports policies for “intensification” of development and economic activity.
- ❑ Sustainable economic development in association with heritage preservation in downtown areas is often threatened by uptown mall environments (usually characterized by a physical connection between buildings that has the effect of keeping shoppers inside and thus discouraging trade at on-street retail establishments). Out-of-town or edge-of-town regional malls and big box retailers also present a threat. Another difficulty is substantially lower property tax rates in suburban areas (or edge cities) surrounding the city with an historic downtown district.
- ❑ Heritage preservation and economic development in downtown areas are increasingly challenged by a variety of social problems (drug trade, homelessness, health issues, crime etc.) that must be tackled; such problems often create a perception by residents and tourists that downtown areas are unsafe.
- ❑ Although it has been often said that "knowledge is power", it is equally true that "knowledge is money." It is arguable that the single most important step, in launching the St. John's heritage area in the late 1970s, was the Heritage Advisory Committee's policy of advising owners that a misguided renovation project could be replaced by a more appropriate one - at equal or lesser cost. Similarly, in cities like Saint John, Quebec and Winnipeg, the "how-to" publicity disseminated by these cities is credited not only with improving the quality of work, but also, more importantly, with demystifying heritage and the economics of intelligent rehabilitation. In this respect, the case study data presented in this background report shows quite clearly that "knowledge" is the first essential step toward investor confidence.



- ❑ However, programs to illustrate good residential rehabilitation only scratch the surface. A major and much more significant problem - namely demystifying commercial rehabilitation - has hardly been touched. In cities like Montreal and Ottawa, various entrepreneurs have acquired their rehabilitation skills and know-how - but without any help, and often with great difficulty. The situation among public sector asset managers is even worse: although there is an elaborate training system offered through the facilities management network, it appears that no one has yet had the presence of mind to show (systematically) public sector managers either how to administer their own older buildings in the most effective manner, or how their agencies should lease older buildings in a way that can meet contemporary public sector needs.
  
- ❑ Furthermore, the information needs are not confined to purely technical ones. In a market-driven system, the single most important item of information is how to bring supply together with demand. That presupposes the existence of knowledge and awareness of two key areas: 1. how the supply and demand side can find out about each other, and 2. how the supply side can portray its product in the most attractive way possible to the potential demand.
  
- ❑ When those elements of knowledge are missing - as they generally have been at the inception of almost every heritage district - then it is still possible to make the district a success: but experience of the last few decades shows that such success needs a great deal of luck, time (15 - 20 years) and, quite frequently, massive infusions of money. However, when the knowledge is present concerning (a) buyers and tenants who know how attractive heritage spaces can become, (b) marketers who know how to market heritage in a professional and expert manner, and (c) entrepreneurs who have technical understanding of how to rehabilitate properties profitably and competently, then the process can be jump-started. More significant, the overall costs of any rehabilitation initiative can drop exponentially and, as such, can result in increased savings and profits to sellers, buyers and developers.

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# Downtown St. John's Strategy for Economic Development and Heritage Preservation

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## Background Report No. 2 Key Issues and Challenges

Prepared by the Study Team  
for the Steering Committee

15 February 2000

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## Introductory Note

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This discussion paper examines several issues and challenges which the consultants believe are central to the development of a strategy for the City's downtown area. Although this document is not intended as the draft development strategy, it does consider various strategic options or models which any strategy for downtown St. John's will need to investigate and assess.

While many of the observations and perspectives contained in this report are still preliminary, we believe it is important to present them to the Steering Committee for their consideration and discussion at this point.

Our intention is to further focus these topics and issues based on the Committee's response, and to supplement the document with additional supporting information collected from our ongoing consultations. It is intended that the revised version of this document will then become one of several background reports provided to participants at the March 4th Heritage Forum.

In this discussion paper we present some of the potential strategic approaches and scenarios which arise in response to several basic questions about the downtown's past, present and future.

These questions include the following:

- In the City's downtown district, where was economic activity focused in the past?
- Why did it happen there, and what are the current development trends?
- Why should the City develop new policies or strategies for conserving its heritage resources and for economic development of its downtown, non-residential sector?
- What kind of downtown does the City want? What kind of downtown is possible?
- What are the realistic options and future scenarios for achieving the kind of downtown we want?
- What kind of strategy should the City adopt?

## Key Issues

The heritage core of the St. John's has been the target of municipal strategies for over twenty years, so an important question is: why are we re-thinking this strategy *now*?

The answer, in part, is that there are economic forces sweeping the country (and the rest of the world) that have direct implications for the City; and because there are economic factors and market forces specific to St. John's which appear to place the City at the *cusp of a major decision*.

When one asks the question - *Has the City's heritage strategy worked?* - the answer is a divided, and somewhat ambiguous, one:

- ❑ on the *residential side*, the City's experience is a success story that borders on the astonishing, and some observers say that we are only in the beginning stage of a new wave of rehabilitation investment.
- ❑ however, on the *non-residential side*, compared to what has been achieved in the residential sector, efforts to rehabilitate this sector in the past 10-15 years have not proven as successful. (Though recently the investment trends in the commercial/retail components have been more positive, and economic activity patterns have improved noticeably.)

These general observations are further explored in the sections which follow.

## Context

The rationale for heritage conservation and rehabilitation goes much deeper than simply "making us feel good about our past".

- ❑ Buildings, districts and entire cities need an ongoing flow of investment for maintenance, repair and periodic renovation to keep the existing building stock competitive.
- ❑ The \$40 billion building rehabilitation industry is a waking giant; and the rehabilitation projects with the *greatest domino effect* in prompting other maintenance and rehabilitation – by galvanizing the public imagination – are those that address the *best-known* (and purportedly the “most difficult”) buildings, namely heritage properties.

When American mayors first undertook a systematic examination of the potential for the rehabilitation of the heritage resources in their cities (at a 1964 meeting *With Heritage So Rich*), it was with the same stated intent: to use high-visibility restoration projects as flagships for a hoped-for renovation boom. The tactic - generally termed the “demonstration effect” - worked. Rehabilitation has been on a thirty-year accelerating growth curve; over the next decade, North America expects to see at least \$5 trillion invested in building rehabilitation.

This Province, along with the City, already supports the concept and underlying philosophy of *sustainable development* which, in an urban context, means *extending the economic life of assets*, i.e. the existing building stock. If North Americans are committed to re-using such items as *small* as pop bottles, then, logically, they should also be prepared to re-use *large* items such as buildings or entire city districts.

In many respects, heritage is a litmus test. It is a barometer of the credibility and growth of the entire renovation process, and of the sustainable development and re-use of civilization's largest tangible manifestation - the city.

Canada has been moving in this direction for some time now. In this country, residential renovation has exceeded new housing (in GDP terms) almost continuously since 1982, and the gap is expected to widen at least until 2020. As such,

- The re-use and rehabilitation of buildings in St. John's and elsewhere will continue to represent a much more important component of "real estate development" than new construction.

These same trends and patterns have also been operating in other jurisdictions for several decades. In the United Kingdom, the *major* success story is Glasgow - a city that the world had written off. By the 1990s, the systematic rehabilitation of entire cities had become a key governmental objective throughout western Europe. At the United Nations *Habitat II* conference in 1996, the international community agreed to recommend that all member nations adopt this approach within their urban communities.

In 1977 St. John's was one of the first Canadian cities to recognize the importance of its heritage resources, and the need to rebuild its downtown residential areas, through a conservation-based investment strategy.

By the mid-1970s it was evident that City's downtown neighbourhoods were under serious threat and in extremely poor condition. A response to this crisis came in the form of a nationally-sponsored initiative, funded by three levels of government - the Neighbourhood Improvement Program (NIP), and its counterpart the Residential Rehabilitation Assistance Program. Between 1975-78 five NIP areas were designated in St. John's and, between 1976 - 1982, just under \$9.0 million were spent to upgrade almost 1,800 dwellings in the downtown areas. Under the NIP component, an additional \$10 million was invested to re-develop and improved residential infrastructure.

In 1976, efforts to renew and rehabilitate the City's downtown core were given further support and encouragement through the designation of a 65-acre Heritage Conservation Area supplemented with a new Heritage By-law established by the City in 1977. At about the same time, the newly-created Heritage Canada Foundation selected downtown St. John's for a major "demonstration" initiative, and provided funding to further assist the residential heritage property rehabilitation process via the St. John's Heritage Foundation, established in 1978. These and other initiatives resulted in a transformation of the City's downtown residential sector.

The City's achievements over the past two decades have recently been honoured by *Construct Canada* which acknowledged the downtown heritage rehabilitation initiative as *one of the ten most significant building projects in Canada in the 20<sup>th</sup> century*. (The City's accomplishments have also been recognized in other ways. For example a St. John's restoration entrepreneur was elected President of the Canadian Home Builders' Association, and experts from St. John's have been sent to the former U.S.S.R. to show that country how to rehabilitate its cities.)

In light of national and international trends over the past thirty years, it may be seen that:

- the City's aspirations for its heritage were not only *valid*, but *prescient*;
- the City has *led by example*; and
- St. John's is starting to receive a well-deserved *national and international recognition*.

## Situation Analysis

### The Residential Component

In 1976, on the eve of the launch of the heritage conservation district, one could buy some downtown houses (on leasehold land) for \$3000 - because they were arguably not worth a penny over this price. However by the early 1990s three things had happened:

1. the public sector (housing programs at all three governmental levels) had tackled the "low-end" housing stock, with programs to rehabilitate low-cost housing;
2. the private sector (owners and entrepreneurs) had tackled the "high-end" stock, such that, by 1992, there was hardly a single 3000+ sq. ft. house left to be restored - most had all been *finished*.
3. the "demonstration effect" had prompted owners and landlords in the "middle" to follow suit.

The recession years were less kind. However, although the market for heritage houses (rehabilitated or not) bottomed out in 1995, the situation began a recovery in 1996-7. Currently, the market profile of the downtown residential sector is substantially different: it is now a seller's market, with strong demand from new kinds of buyers – prosperous yuppies, retired couples, professional women, etc. These investors are ready to buy big, and/or renovate big. For example, the City's first \$million-plus condo is in the works as part of a heritage conversion of non-residential space to housing, and six-digit single-unit rehabilitation projects in the downtown residential areas are not uncommon.

Among the factors driving these new market trends, and attracting new buyers into the downtown property markets are

- (a) the heritage "feel" of the area;
  - (b) available views of the Harbour and the "downtown";
  - (c) proximity to nearby commercial and recreational/entertainment activities;
- and

(d) the attractiveness of the "downtown lifestyle".

Factor (a) is underlined by several remarkable features. The market prices which are now demanded - and obtained - speak for themselves. Furthermore, although the City has tolerated vinyl siding, over the past 5-7 years the public appears to have been steadily losing interest in this type of material. According to one developer, the marketplace realizes that "putting on vinyl means throwing away \$10 K in potential sale price". The market now demands more "authentic" materials, consistent with the heritage character and fabric of the area. There is even demand to install Victorian-style decoration where none had existed before.

These market features and conditions suggest that the public's tastes have strongly embraced the heritage character of the downtown residential area.

Factor (b), namely views, also *appears* extremely important. Assuming that people invested heavily in the purchase and/or upgrade of these houses – at least partly because they expected their *viewshed* to be protected and preserved (via the height controls associated with heritage status around the Harbour), it follows that

- if the city were to renege on the preservation of the views to the harbour, this would not only kill the goose that laid the golden rehabilitation egg;
- it would also leave quite a few people - many of whom have sunk their life's savings into "that home with a view" - feeling very betrayed, and angry.<sup>1</sup>

Continued private sector investment in the *residential* area will depend on whether views are affected, e.g. by decisions (notably height controls) in the *non-residential* and Harbourfront areas of the downtown.

In short, considering what has happened in various property markets, it seems clear that the City's long-standing policy of heritage conservation in these residential areas has been on the right track:

- it has provided predictability – and therefore assisted investor confidence – by making buyers aware of the "character" that they could expect on a streetscape; and
- it provided predictability by raising awareness about what facades would be considered appropriate, thus reducing the risk of owners wasting time on "non-starters".

This predictability has been important, if not essential, to the market since few investors will spend six digits on a rehabilitation project if they know that their

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<sup>1</sup> Many of the people who invested their cold hard cash in the downtown residential areas during the 1970s were certainly taking a risk. Those who have done so in say the last decade benefitted from the actions of those earlier "risk takers". Nevertheless, the new property investors, too, have taken a gamble. While they have clearly demonstrated their commitment and preference for to a specific market, they have also done so with the expectation that their investment would be "secure". As such, it is their hope and desire that the streetscapes on which their newly restored properties are located, and also the viewshed from these areas, will be "protected" and maintained. And, for those who expect to profit from this risk some day, they are "gambling" that the entire downtown residential core will do nothing but continue to improve.

neighbour can then *undo* the "feel" of the street with a contrary-minded project next door.

Only a few years ago, there was a perception that, despite the undisputed success of its residential rehabilitation strategy over the past two decades, the successive waves of residential rehabilitation investment had "plateaued", and that enthusiasm had to be rekindled if the momentum was to be maintained.

However it is now clearly evident that the enthusiasm has returned, at least for the foreseeable future. As such, if it wishes to nurture and strengthen these market forces in its downtown residential sector, the strategic considerations for the City will be

- to stay the course, because it is on the right and successful track;
- to do some fine-tuning (e.g. how to ensure a "balanced" demographic structure, and to avoid unwarranted displacement of "livyers", in its downtown residential areas): and
- to avoid throwing what has been achieved, or by undermining the current highly positive residential market trends, by inappropriate policies or decisions pertaining to the non-residential areas (e.g. blocking views of the Harbour).

These issues are further discussed in the next section.

### **The Non-residential Component**

Although there were some successes early on, such as the Murray Premises, the Main Street Program or the George Street initiative (though there is some concern about what has transpired in the latter), in general rehabilitation investment in non-residential buildings *has not kept pace* with the dynamic activity in the residential areas.

The non-residential components fall into several different categories, and include:

- offices
- retail (often at the ground floor of office buildings)
- government / public sector
- ecclesiastical/institutional

The experience with offices, retail and other commercial premises has been a mixed one:

- Office vacancy rates appear down considerably, thanks to prosperity tied (at least partly) to natural resources.
- Although previous oversupply (dating back to the days of the recession) has been able to absorb much of the new demand for space (Class A , B and C), growth in demand will require new space; this could be met either through (a) upgrading or converting existing space (e.g. in under-utilized heritage premises), or (b) new construction.

- ❑ In the commercial retail sector, several local merchants gambled on developing a niche market, by accentuating their distinctiveness (as opposed to suburban chain outlets), and by "upgrading" their premises to capitalize on, and reinforce, this image. (And, as briefly noted above, in the past 2-3 years there has been significant burst of rehabilitation investment in downtown commercial premises.)

There are a significant number of highly visible, privately-held buildings in the commercial core that present no visual appeal whatever – some because they are older buildings which have not been properly rehabilitated, some because they are 1960s-style intrusions which, today, detract from the area's "appeal".

However, the problem of these privately-held buildings is eclipsed by the state of several publicly-owned ones: areas like Water Street East, e.g. the King George V Building (and the old General Hospital just outside the study area) have decayed because governments have not followed the private sector's lead by either rehabilitating their properties or even leasing or locating in rehabilitated buildings.

In a governmental centre like St. John's, this lack of interest by the public sector skews a significant proportion of the market. This is particularly problematic because:

- ❑ the public sector owns some of the most *high-profile* buildings but does not appear to believe in or actively participate in the rehabilitation/reuse process. As such, the private sector finds it difficult to believe in any governmental initiative (such as the City's support for heritage)
- ❑ in addition, the downtown core of St. John's contains many important ecclesiastical and institutional buildings in varying states of repair and use.

In summary, although the private sector appears to have a good track record in converting non-residential heritage buildings to *residential use*, the track record in recycling buildings to new *non-residential uses* is more ambiguous. Few entrepreneurs appear to have the know-how to do so (an important factor, as noted in the case study analysis), and the prospects for *partnering* (e.g. between ecclesiastical owners and the private sector, at places like the Belvedere Convent) for that purpose are not as vibrant and forward looking as they are elsewhere in Canada, the United States and Europe.

The inability to launch a rehabilitation boom in the non-residential areas on the scale of the success on the residential side is particularly problematic: *since it is primarily to the non-residential areas (especially the downtown commercial/retail core) that the City needs to attract tourists (e.g. those coming from tour ships) if it wishes to maximize the economic benefits of its growing tourism market.*

Furthermore, the credibility of the City's commitment to rehabilitation will be challenged if the City cannot develop appropriate strategies for its most high-visibility older buildings, namely the ones which tourists on a "shopping spree" would be most likely to see.

## Explaining the Apparent Paradox

The foregoing overview suggests that, currently, there is

- strong support for heritage investment among property-owners, landlords, buyers and would-be buyers for *residential* heritage buildings;
- strong support in the restaurant/bar industry;
- growing support among retailers;
- more sporadic support for the upgrading of heritage buildings for other uses, notably offices;
- negligible support among public sector facility managers.

How does one explain these discrepancies? How does one explain the fact that many residents will leave their carefully-restored Victorian *homes* in the morning, to work in their *non-residential premises* – which are often *not* an "object of pride" - without once asking themselves why the latter shouldn't be restored too? Why the double standard?

The basic answer is "investor confidence", or rather lack of same:

- Factors that drive residential rehabilitation are not necessarily the same as those that drive non-residential rehabilitation.
- People are ready to dip into their savings, or secure loans, in order to improve the aesthetics of their domestic environment; but the same does not necessarily apply to their work environment.
- This is even more true in the case of commercial landlords. From a business standpoint, they are in no position to undertake major work on their buildings unless there is a viable market among prospective tenants or potential buyers for the improved premises.

Why didn't more commercial/governmental owners and landlords believe that there would be a market for heritage-type improvements to their properties? The answer, according to many observers, is two-pronged:

- During the years that there was *no money* for real estate investment or new leasing, many landlords may have felt satisfied to leave their property untouched, spending as little as possible on their premises. For these people, owning a building in a designated heritage district was neither an advantage nor a disadvantage – because they had no particular plans to do anything *anyway*.
- Several owners may have also been quietly speculating, i.e. waiting for the day that *money did come in* (e.g. Hibernia) – with the expectation that *once* oil money started to flow, a way would be found to skirt (or repeal) the heritage designation, in order to do a Calgary-style redevelopment. (This would be another reason to avoid improvements in the meantime, since property owners might easily conclude that any investment made would be "wasted" the moment the site was

redeveloped.)

Given the above context, many investment decisions have likely been dictated by an expectation, on the part of owners, that

1. heritage status would be meaningless to them one way or the other, as long as there were no significant changes in the City's economic fortunes, and
2. as soon as those changes occurred, heritage status would be equally inconsequential because, once the City faced the *real* opportunity to imitate Calgary, it would find that prospect *irresistible*.

## Immediate Challenge

The disparity in the track records of residential and non-residential components of the City's heritage districts is not new or unusual. The pattern started to manifest itself years ago. Why, then, is there some urgency in revisiting the issue *now*? The answer involves consideration of two factors.

**A.** Pursuant to recent work on the Harbour - and the significant increase in visitations by major cruise ships to the region in the last few years - it is clear that St. John's is now in serious contention as a regular destination area for cruise ship markets. The future economic stakes are significant. However, unless the non-residential sector of the downtown is made more interesting for these important visitor markets, tourists will not spend as much money there – and may even let the cruise line know that they are ambivalent about returning.<sup>2</sup>

**B.** However perhaps a more important factor is that, as a result of major economic forces within the Provincial economy, the potential demand for office/commercial space in the downtown may be on the verge of a significant upswing.

For years, there may have been owners and business people in the non-residential sector who paid lip service to the heritage status of the area - because “there was nothing better” on the horizon.

*That situation is over.* For the first time in its history, the potential what might be described as a "Calgarization" of downtown St. John's is no longer a moot question.

Hibernia is on stream and other offshore projects are expected to be developed in the next 2-4 years. In addition, new mineral projects in Labrador are likely to move to the development stage within a few years. As a result of these developments and expectations, the Province's economy had one of the highest growth rates in Canada last year.

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<sup>2</sup> In passing, another key point concerning the future growth of these markets may be noted. This is the issue of "safety" or, more specifically, the desire of such markets to feel safe and secure in the areas they choose to visit. The guarantee that they will be "safe" is very important to consumers in these product markets. It is as important as the downtown "viewshed" is to the new, incoming property owners. As such, having a safe downtown is just as much an economic resource as offshore oil. Maintaining the attractiveness of the downtown core as a visitor destination zone - as well as the image (and the reality) that St. John's is a "safe place" to visit - will be key factors in the future growth of the City's tourism economy.



Whether or not such a format for the redevelopment of downtown St. John's will be acceptable remains to be seen. Nevertheless, it is obvious that this issue is a fundamental one with respect to the objectives and mandate of this study, and to the citizens of St. John's. As such, there are several basic questions, and four broad options, to be considered:

- (a) Will the City stay the course with its existing heritage strategy?
- (b) Does it anticipate that, at least in the non-residential areas, its heritage strategy will presumably give way to Calgarization?
- (c) Should it encourage the development of new Class A space in the downtown core, or should this be encouraged to locate elsewhere?
- (d) Should it adopt a different heritage / rehabilitation / infill strategy?

### **Development Options**

Four alternative development options for downtown St. John's may be suggested. Each of these scenarios envisions a somewhat different, and possibly competing, vision of a "future downtown". These are

- (a) the *status quo*
- (b) "Calgarization"
- (c) a redirection of certain types of economic activity and market demand to non-downtown locations, and/or
- (d) a new heritage, rehabilitation and infill development strategy.

Each of these possible development scenarios is discussed below.

#### ***The Status Quo***

Maintaining the status quo is not a viable option. The existing strategy, in the non-residential areas, has not yet produced enough success to *withstand* a serious alternative proposal to Calgarize the downtown.

This leaves a choice between options (b), (c) and/or (d).

#### ***Redevelopment via "Calgarization"***

In the past, especially in North America, the typical choice has been to opt for "redevelopment". 1960s conventional wisdom held that redevelopment (i.e. replacement of older buildings with glass and steel highrises) was the "natural" course for prosperous cities. Cities which questioned that model, for example San Francisco, were the exception and not the rule. Although most major American cities discarded this approach in the 1980s (see *Time Magazine*, Nov. 1987), many of them found that, by then, it was too late to change the image they had created for their downtowns. And, despite the lessons learned, this conventional wisdom still prevails in some areas.

One of the chief reasons why the redevelopment option is such a deeply rooted conventional wisdom is that its advocates hold that only this model can generate the best profit margins, for all participants. Furthermore, from a value perspective (versus an economic one), many people still think this model is synonymous with "progress". These perspectives have been easier to maintain especially in those situations where the buildings being replaced were considered "ugly", and have been reinforced in cases where a large number of the older buildings in many downtowns had not been maintained, let alone rehabilitated, for many years. (The King George V building in St. John's is an example of such a case.)

It goes without saying that option (b) - which would likely require a substantial redevelopment of the downtown's commercial and Harbourfront areas - would not only sound the death-knell of many commercial and institutional heritage properties, but would also impair the views from many areas within the residential downtown sector, thereby largely undermining the economic impetus for investment in such areas. In all likelihood, this downtown development scenario would result in a significant loss of personal investment, e.g. through a drop in residential property values, or reduced tourism revenues, e.g. if any development strategy were to make the downtown core less "attractive" to visitors.

As a result, at some future point, the City might discover that its downtown redevelopment strategy had resulted in a situation where it was simply "robbing Peter to pay Paul": in other words, a scenario in which the benefits which had been generated via the development of new highrise office space were being offset, in part or in whole, by a decline in tourism activities, independent downtown retail activities or in residential property investment.

In Europe, a different vision of development has predominated and downtown development strategies have been very different despite comparable rates of growth. Perhaps the best, relevant example is Scotland which, after decades of economic stagnation, has enjoyed a windfall from offshore oil - similar to the one which Newfoundland is now anticipating.

In Scotland, petrodollars were channelled into rehabilitation and infill. Cities such as Edinburgh and Glasgow (which was uniformly coal-black 20 years ago) now have magnificently rehabilitated downtowns and residential districts. Glasgow, which was presumed to be beyond hope, is so completely transformed that it was declared a top "cultural destination" for European tourists. However, from a St. John's perspective, Aberdeen is probably the most pertinent case. This is a city which has been the focus of offshore oil investment for well over two decades, but nevertheless one which clearly demonstrates that it is possible to "have one's cake and eat it too". As the data clearly show, Aberdeen is an excellent example of how "heritage" and "oil" can work hand in hand, and not at cross purposes.

Considering the above, one might reasonably ask: why wouldn't or shouldn't St. John's imitate pertinent cases such as Aberdeen instead of Calgary, particularly if both models involve *about the same amount of "development" (but in different formats)*? The answer, in part, is that this choice is affected by several factors. For example:

- ❑ Some segments of the business community may have a strong desire that the City transform itself to *look* like an oil capital (i.e. Calgary), primarily because it is believed that oil-related firms only want the kind of Class A space available in a highrise tower.

- ❑ Some City residents might agree with this notion, i.e. for the same reasons of "image".
- ❑ However, some people may not turn to or consider a different model (like Aberdeen) because many are not familiar with that city, or realize that it, too, is another oil capital.
- ❑ In short, many people find it difficult to comprehend how a place like Aberdeen (or Glasgow and Edinburgh) could provide as much Class A space as it does without highrise towers. And many would have difficulty understanding how there could be as much economic activity there as in a city with a "redeveloped" downtown.

If St. John's were to state its preference for a different model of downtown non-residential development, it is logical that there would be the usual accusations from some quarters that this represented an "anti-development mentality" or a vision which was trying to "freeze Newfoundland in the past". Thus, when the first Calgary-style redevelopment proposal comes forward – *as it no doubt inevitably will* – the City could face a political polarization on the issue of whether or not the heritage status of the downtown should give way to this redevelopment construct. It must be prepared to address two basic questions:

1. How will it justify taking a different direction than the one which many Canadian business managers assume to be the "normal" pattern of development? and
2. Aside from the political repercussions, how will it meet the expected demand for Class A space?

### ***Redirection of Development***

Option (c), i.e. a strategy which would involve directing new Class A space (and other new economic activity) *elsewhere* than the downtown, might address the relevant heritage conservation issues, but it is not without its potential pitfalls.

This scenario would seek to achieve what some of the world's most prestigious cities - e.g. London and Paris - have managed to accomplish, namely to have *two downtowns*. (A relevant Canadian example is Québec City). Such communities have two separate and distinct "downtown" areas:

- ❑ a *traditional* downtown whose "prestige" space includes palatial baroque offices with 14-ft. ceilings, and
- ❑ a *modern* downtown with Class A space on the typical North American (e.g. Dallas-type) model.

In cities where this two-track development strategy has been successful, it has been well received by *all* segments of the corporate community, especially since it permits the accommodation of two different types, or "images", of "prestige" space.

However, striking the right balance is not as easy as it appears. For example, experience elsewhere shows that, once Class A space starts to migrate from the central core (e.g. to the suburbs), it is hard to prevent the core from embarking on a downward spiral (similar to what happened in the City's downtown commercial core during the 1960s and 1970s).

In other words, in such a two-track scenario, not only is it difficult to control the *amount* of activity that is redirected, it is also difficult to control its ultimate *destination*. If the City acquires a reputation (in the corporate community) of treating developers and head offices as "unwelcome", development might shift beyond the City's boundaries altogether: to Mount Pearl or (worse) Halifax. Obviously such a result would not be in the City's interest.

### ***The Heritage, Rehabilitation and Infill Development Model***

An alternative approach to redevelopment of the downtown's non-residential sector - involving a combination of heritage conservation, rehabilitation and appropriate infill - is both logical and appropriate. However it would need to address and resolve several basic factors and issues. For example:

1. It must be *physically capable* of bringing new space on stream (via rehabilitation, conversion and/or infill), to meet a growing demand, i.e. for Class A and Class B office space;
2. It must be capable of bringing *enough* space on stream to guarantee an ongoing major corporate presence downtown, and thus minimize or avoid an exodus to the outlying areas;
3. That space would need to be developed and sold/leased at *competitive market rates*; and
4. That space must *appeal* to the prospective clientele.

Considering the above prerequisites, this development option has to address these critical challenges because 1. the Calgary model *does* appear to meet the above parameters, and 2. the heritage/rehabilitation/infill model is not usually *perceived* as doing so - unless mobilized in ways that the business community has not yet seen in St. John's.

Therefore, if the heritage/rehabilitation/infill model is to *compete effectively* with the Calgary model, it must be *structured so that it can meet those objectives on a competitive basis*.

Some people may wish to duck this critical issue by stating that they don't care whether this development model is "competitive" with the "Calgarization" approach. They would argue that heritage resources, the City's viewshed or the "character" of the downtown are more "worthy" of protection *on other grounds*.

However laudable this perspective may be, it would be cold comfort to the decision-maker who may be bracing for a confrontation with contrary-minded members of the business community. Can such a confrontation be avoided?

On the other hand, interest groups and decision makers favouring a "Calgary-type" approach to downtown redevelopment would also have to face the potential implications and outcomes of such a scenario. One is the obvious fact that such a direction would seriously threaten what remains of the heritage resource base in the City's non-residential sector; indeed, if carried to its logical conclusion, this approach would ultimately lead to their extinction. (In this respect, it is critical to remember that the heritage conservation/rehabilitation option is a "one-time opportunity": if the heritage base is lost, it is gone forever.) However, there are also other significant economic factors and implications which would need to be considered. These include, for example:

- the fact that the heritage fabric and image of the downtown area is a major contributor to the growth which has occurred in the City's overall tourism industry. It is therefore logical to conclude that any potential benefits which may derive from a "Calgarization" strategy would be reduced by concomitant economic losses in tourism revenues that this approach would clearly produce. This, in turn, would have significant negative impacts on current development trends in the downtown commercial core, and on investor confidence in this area;
  
- it may also be argued that the redevelopment approach could have a substantial impact on the future growth of the City's (and the Province's) offshore oil sector, and on its related economic spin-offs. Obviously most visitors and tourists come to St. John's because it is an "attractive" place to visit. But these same attributes also make the City an attractive place in which to work. There is a growing awareness that, compared to a decade or so ago, this City is now an "exciting", attractive and "unique" place in which to do business - and in which to locate one's corporate offices. Thus, while the growth of oil-related activities in St. John's is obviously related to the excellent prospects of petroleum resources - 200 miles *offshore*, to the east of the City, it is also further enhanced by the heritage resources, the streetscape character, the distinctive fabric of the non-residential core, and to the transformed residential neighbourhoods, that are located *onshore*, within 2-3 miles of the Harbour.

### **Charting a Different Course**

Considering the above observations, it is obvious that there is a strong desire to see St. John's develop as the "oil capital" of Eastern Canada and, given the prospects for offshore petroleum, there is every reason to conclude that it can do so. However, it is also reasonable to suggest that petroleum-driven economic growth need not be in competition with other equally valid possibilities for economic expansion. Thus, as we have suggested, continued development of the City's economy is also integrally linked to future growth of tourism activities, investment in the commercial retail sector, the conservation and rehabilitation of its cultural heritage resources and the maintenance of its physical/townscape fabric. All of these, too, are economic resources - in the very same sense that petroleum reserves also are.

Because decisions for one sector can have significant implications for another, it makes eminent sense to avoid "single-track" growth strategies. But this proposition can be stated in a more positive manner: that the best approach would see the City using major engines of growth - such as petroleum activities - in conjunction with other economic resources and opportunities - to generate prosperity, a sustainable economic future for the entire City and, in the process, a commercially diversified, attractive and vibrant downtown area.

If the above approach were successful, the result could be a "Calgarization" of the St. John's *economy*, but not one which required the "Calgarization" of its *downtown*. Such a strategy would be based on the dictum that, indeed, it is possible *to have one's cake and eat it too*.

However, assuming that economic "Calgarization" is desirable and achievable, it is evident that such a "future" will require the City to deal not only with the spatial demands that such an economic growth path will generate, but one which can also counter, in practical ways, the deeply-rooted conventional wisdom discussed above.

In short, the question needs to be asked: Is it possible to devise a "win-win" alternative scenario which clearly demonstrates that the heritage conservation/rehabilitation option is not only more *meritorious*, but is also capable of achieving the desired objectives and economic outcomes in a more effective, i.e. competitive, manner?

Considering the experience in other jurisdictions, it is clear that it is possible to achieve such outcomes, and this is where the challenge lies for those who favour the heritage/rehabilitation option, as opposed to the redevelopment scenario we have been describing.

Given the unique physical structure of St. John's, the extensive heritage resources within its downtown residential and non-residential districts and the desire to expand and develop its economy and achieve prosperity for all of its citizens, it will not be easy to design and implement a strategy which embodies the concept of "having our cake and eating it too".

For example, although some of the potential demand for new office and commercial retail space can be met by low to medium-rise infill construction, this may not go very far. One basic reason is that there is only a modest amount of vacant land in the downtown core of St. John's. Furthermore, if a heritage-based rehabilitation model is to be effective and successful, several other matters will have to be addressed:

1. the business community would have to be shown – in graphic and concrete terms – *how* it can (a) create and (b) enjoy "prestige" space in converted heritage buildings;
2. the *taste* (i.e. buyer appreciation) for that kind of prestige space would need to be nurtured;
3. the *skills* to bring such spaces on stream would need to be transmitted, and mobilized;
4. public sector owners and managers would need to be persuaded that governments can be part of the solution instead of the problem;
5. the ecclesiastical/institutional sector must be shown how it can join forces with other sectors to capitalize on its own heritage buildings; and

6. finally  
all of the above presumes, and will require, direct contact with the business and governmental communities on a scale not previously undertaken in St. John's.

## **Concluding Remarks**

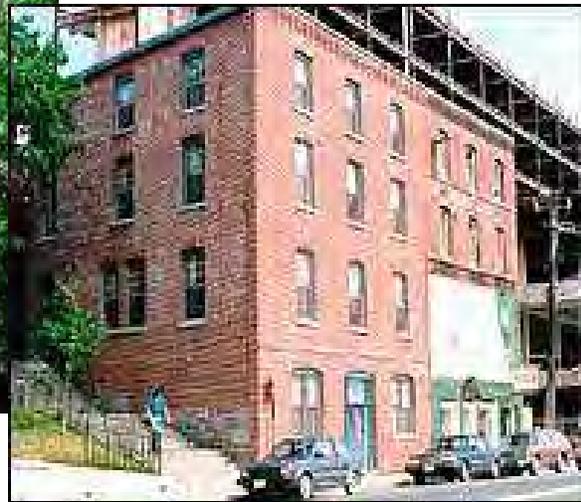
It is often said that when one knows the right question, one already has three-quarters of the answer.

At this early stage, the foregoing *appears* to be the nature of the questions. We look forward to hearing the Steering Committee's views on the issues and questions raised in this discussion paper, and to working with them on determining what some of the answers should - and can - be.

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# **Downtown St. John's Strategy for Economic Development and Heritage Preservation**

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## **Background Report No. 3 Economic Benefits of Built Heritage Revival**

**Prepared by the  
Study Team for the  
Steering Committee**

**12 April, 2000**

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# 1.0 Introduction

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## 1.1 Background

This is the third in a series of reports prepared to provide background information leading to the preparation of a Strategy for Economic Development and Heritage Preservation for Downtown St. John's. The first of these reports described approaches to heritage preservation and economic development used in other cities in north america and elsewhere, and the second described the key issues and challenges facing the City of St. John's in developing and implementing a heritage strategy. This report documents the economic aspects of heritage preservation in the City. As required by the Study's Terms of Reference, the report describes

- the economic benefits of the heritage character of the study area;
- demographic, cultural, environmental or other benefits of built heritage; and
- the related question of how economic development and heritage can be “*sustainable*” in the context of downtown revitalization.

For convenience, these matters are referred to collectively in this report as the “benefits of built heritage revival” - a term which encompasses both protection and productive re-use of heritage buildings and area assets.

The purpose of this background report is to identify and evaluate the economic and other benefits of built heritage revival, as part of the study analysis that will inform a strategy for the future of downtown St. John's.

In developing this analysis, the study team faced several methodological and data-related challenges. Some of these were inherent to the subject-matter, while others were due to the scope of the present study.<sup>1</sup> Nevertheless, it has been possible to develop reasonable and supportable measures of benefits using available information for St. John's, new data developed specifically for this study and the findings of studies undertaken elsewhere in Canada, the United States and the United Kingdom.

The next two sections provide a short discussion of sustainable development, a term which constitutes the principal perspective of the overall analysis, and a brief review of several methodological issues. (More detailed discussion of relevant data considerations is presented at the end of the report in various notes.) Following this lessons from elsewhere are explored in a summary form, with a focus on key, well documented benefits. These introductory sections provide the context for a thorough examination of the case of St. John's. The benefits of built heritage revival, and their linkages to the City's economy, are then described under ten general headings. A concluding section provides a summary of the main findings, key lessons and guiding principles.

## 1.2 Sustainable Development

### 1.2.1 Origin and Evolution

In accordance with the study terms of reference, the concept of sustainable development forms the fundamental underpinning of the benefits' analysis presented in this background report.

The notion of sustainability is rooted in an international enquiry into how the drive for economic development can be reconciled with concerns for environmental protection. The term was popularized by the World Commission on the Environment and Development<sup>2</sup> ("Brundtland Commission," 1987). It concluded that development should meet present needs without compromising the ability of future generations to meet their needs. In an urban context, some people use the phrase "sustainable communities" or "sustainable cities."

**Sustainable development means extending the economic life of the existing building stock and established districts while capitalizing on their heritage character, and encouraging a broad and equitable distribution of the benefits of this**

### 1.2.2 Sustainable Cities

A sustainable city is one that embraces policies and practices consistent with the principles of sustainable development in such areas as

- the consumption of energy, waste management, means of transportation; and
- the use of land and building resources.

This includes work to *extend the durability of cities - starting with their component buildings*, as pointed out by the Federation of Canadian Municipalities when it emphasized the cornerstone role of "the built environment" in sustainability.<sup>3</sup> The durability of buildings is now a recognized public objective, acknowledged by the Canadian Standards Association.<sup>4</sup>

### 1.2.3 Connectedness

In the context of cities, sustainability also implies that the economy, the environment and the equitable distribution of benefits are inseparable. Among these connections, sustainability emphasizes the relationship between

- "conservation and re-use" of resources; and
- development.

*This does not mean pickling cities in formaldehyde – quite the opposite. “Conservation” means*

- continued use and re-use of the built heritage that is enjoyable and/or reusable;
- slowing down the process of decay; and
- maximizing the payback on society's investment in these buildings.

A stated international objective<sup>5</sup> is now

- to incorporate the above in urban and regional plans and procedures; and
- to realise the full economic and social potential of heritage resources.

Within such strategies the conservation, promotion and use of heritage assets are the central focus of not only physical planning and development authorization but also economic, cultural and environmental policies. In short, in Europe, the UK and in many parts of the United States, the conservation and use of heritage resources is now regarded as *the central aim and focus of urban and regional planning*.

### 1.3 Methodologies

There is a clear dividing line between methodologies that are focused entirely on legally designated heritage properties, and those that are broader in scope. The former recognize that, because legislation allows public authorities to control the alteration or demolition of designated properties, there are potential costs to the owners of such properties that do not affect the owners of non-designated properties.

This report uses four methodological approaches which are used internationally when considering the economic benefits and linkages of built heritage revival<sup>6</sup>:

- Real Estate Economics Approach***, i.e. economic capacity, measures of return, value as an asset and attractiveness as an investment, etc.;<sup>7</sup>
- Economic Impact Approach***, including both direct and multiplier effects, and incorporating what are referred to as indirect and induced economic consequences;<sup>8</sup>
- Welfare Economics Approach***, which measures benefits that accrue not only to those who pay for them but also to others in society at large (the externalities);<sup>9</sup> and
- Composite Method***, in which several different methods are used in combination with one another.<sup>10</sup>

## **1.4 Experience of Other Jurisdictions**

Background Report No.1 Case Study Analysis, described in some detail the experience of other jurisdictions in maximizing the benefits of their built heritage. However, a number of key points deserve further discussion in the context of downtown St. John's. This section describes

- the advantages of built heritage revival in terms of economic, social, cultural and environmental dimensions which have been widely demonstrated in Canada and abroad;
- key facts and figures on economic performance from a number of investigations; and
- other sources and data which illustrate how built heritage revival performs as an economic development strategy.

### **1.4.1 The Spectrum of Advantages**

Various reports in other cities have discussed the following benefits:

- Improved competitiveness of revitalized historic downtowns;
- Greater investment in prestige or special locations of high amenity value;
- Improved quality of life in neighbourhoods;<sup>11</sup>
- Increased property tax revenues from renovated buildings;
- Increased activity in the building supplies and construction sectors;
- Increased tourism revenues;
- A geographic focus for increased cultural activities and cultural industries;<sup>12</sup>
- Improved competitiveness for locations/settings for the film and television industries;
- Business for professional services in conservation/rehabilitation;
- Improved and enhanced local employment opportunities in several sectors;
- Possibilities of converting redundant buildings to affordable housing;
- Saving and re-using the resources embodied in the existing building stock;
- Reduced flow of waste materials to landfill sites from demolished structures;
- Curbing urban sprawl and the cost of related new infrastructure;
- Enhanced community and civic pride.

The extent to which any community capitalizes on these potential benefits depends on the opportunities afforded by its particular location, its stock of heritage buildings and areas, its socio-economic setting and other factors.

## 1.4.2 Comparisons

Despite any methodological differences, data available from other jurisdictions demonstrates that built heritage plays a vital economic role:<sup>13</sup>

- ❑ In the case of New Jersey - which, given its lowrise but relatively high density clapboard construction has certain similarities to St. John's - rehabilitation of heritage buildings has grown to the point that it represents a significant proportion of GDP;<sup>14</sup>
- ❑ In the case of California, which is often assumed to be more interested in high-tech than in heritage, the figures also demonstrate not only the monetary importance of heritage, but also how the benefits are "spread around" the population.<sup>15</sup>
- ❑ In Virginia, the impact of heritage on tourism is such that expenditure on "heritage tourism" is two and a half times expenditures on other tourism.<sup>16</sup>
- ❑ In the United Kingdom, and in Rhode Island, studies have shown that private expenditures on heritage buildings outpaced public expenditures by a factor of between 6:1 and 9:1.<sup>17</sup>

## 1.5 The St. John's Experience

### 1.5.1 Heritage Revival and Downtown Investment

During the past twenty-five years, a number of important initiatives have contributed to built heritage revival in downtown St. John's. These are briefly summarized below:

- ❑ **Housing Programs:** The initial investments were made from the mid-1970s to the early 1980s, focused primarily on the regeneration of residential areas, with programs for "neighbourhood improvement" and "residential rehabilitation."<sup>18</sup> Thanks to tripartite governmental support, 1760 dwellings plus infrastructure were improved.
- ❑ **Heritage By-law:** In 1976, this investment was further encouraged by the City's designation of a 65-acre Heritage Conservation Area and by a new Heritage By-law (1977). The provincial enabling legislation for the by-law, *An Act Relating to the Municipal Affairs of the City of St. John's*, indicated that, in exercising its powers through this by-law, the City would consider, among other things, "the costs and benefits of preservation" (Section 355, 31b).
- ❑ **Conservation Area "Demonstration":** The Heritage Canada Foundation then chose St. John's as a "demonstration" for its Area Conservation Program. It provided financial assistance, through the St. John's Heritage

Foundation (established in 1978), for residential heritage property rehabilitation and resale.<sup>19</sup> These foundations helped launch a market for conserved heritage residential properties, which has since been expanded by private sector investors. The “demonstration” in the residential part of downtown had achieved its objective.

- ❑ **Murray Premises:** On the commercial side, the St. John's Heritage Foundation was also the prime mover in the restoration and adaptation of the Murray Premises, with support from Parks Canada.<sup>20</sup>
- ❑ **Main Street Program:** The Heritage Canada Foundation's Main Street initiative in the mid-1980s (funded by the Foundation and the City, and coordinated by the St. John's Downtown Development Commission), also achieved some success in commercial building rehabilitation and enhancement, mostly with facade improvements. Some enhancement initiatives were also undertaken in the George Street area, though with mixed results.
- ❑ **The 1990 Plan:** In 1990 the St. John's Municipal Plan's treatment of the heritage downtown was revised. Relevant heritage conservation policy and planning procedures formerly embodied in the *Heritage By-Law* are now addressed in the Development Regulations. Since the early 1980s, the City has legally designated a number of individual heritage structures downtown (37 for the entire city as of 1999). Until 1995 the City made grants in aid of conservation (up to \$6,000) to designated residential properties.
- ❑ **Downtown Revitalization Program.** In 1993 the Downtown Development Commission (DDC) and the City of St. John's launched a four-year cost-shared initiative to plan and implement a number of capital and infrastructure improvements in the downtown core. This agreement was initially for \$300,000 per year with the City providing \$240,000 and the DDC the remaining \$60,000. Additional funds were provided in 1993 and again in 1999. This joint initiative is designed to further support and encourage the revitalization of the downtown commercial core through a variety of small and larger scale physical enhancement projects including street and sidewalk upgrading, the installation of trees, planters, decorative garbage receptacles, underground electrical conduit and decorative lamp poles. During the past six years, significant improvements have been undertaken along many parts of Water Street, on George Street and in several of the laneways connecting various streets in the downtown core. Overall program expenditures (including projects scheduled for 2000) to date have been \$1,655,000, and it is widely acknowledged that these investments have made a substantial improvement to the appearance and character, as well as to the business climate, of the downtown.

### **1.5.2 Outcome**

By the early 1990s, a significant portion of the housing stock in both the 'historic core' and in other 'heritage areas' had been rehabilitated, and comprised a mix of low, medium and high-end property values. Though the downtown residential property market bottomed out at mid-decade, it recovered shortly after and is currently a seller's market characterized, according to interviews with the real estate industry, by:

- ❑ Very strong consumer demand for downtown properties from new, prosperous buyers; and
- ❑ A new wave of “gentrification” which is raising the standards of rehabilitation work and also putting some pressure on older, established residents to either improve or sell their properties.

In the commercial and non-residential core of the downtown, the physical and economic revitalization and investment in property rehabilitation did not, at least initially, keep pace with investment trends in the residential areas of the downtown. During the 1980's a Main Street Initiative in the George Street area gave some encouragement to the process, but with mixed results. However, in the past five years there has been a major physical improvement in the downtown commercial core as well as in economic activity levels. This has been due to several factors including City and business sponsored marketing and planning studies, a variety of promotional and economic development initiatives undertaken by the Downtown Development Commission and also a general improvement in the overall municipal and provincial economies.

Briefly, the situation may be summarized as follows:

- ❑ Several local merchants have made significant investment in their premises during the past several years in order to improve competitiveness against the chain stores in suburban malls.
- ❑ Nevertheless, many older, privately-owned buildings in the commercial core have not yet been appropriately rehabilitated.
- ❑ Similarly, several prominent older publicly-owned properties have been neglected, or allowed to decay, and many are currently under-utilized.
- ❑ The downtown also contains many important institutional and ecclesiastical buildings in varying states of repair and use.

## 2.0 Analysis of Benefits

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### 2.1 Overview

At present, a national, e.g. Statistics Canada, database containing comprehensive economic data on heritage revival or rehabilitation activities does not exist. However, by drawing on a variety of sources, it is possible to assemble much of the data required to identify and quantify (where appropriate) the tangible benefits of built heritage revival.<sup>21</sup>

Although the primary focus of this analysis is on benefits that accrue to St. John's; some benefits to the Province and to Canada are also noted. Ten areas of benefits have been identified:

- The renovation industry
- Employment
- Property values
- Municipal taxes
- Tourism
- Retail trade
- Attracting residents
- Civic amenity
- Arts and cultural industries
- Environment

In keeping with the idea of connectedness implicit in the notion of sustainable development, many of these topics overlap, and should not be viewed in isolation.

### 2.2 Renovation Investment

Basic work on older buildings includes expenditures

- on repair and maintenance; and
- on mechanical/electrical upgrading/updating.

This might be called “basic heritage-type work” - even if it does not include some of the high quality facade or cosmetic work which often accompanies stand-alone major heritage restoration projects, such as the current restoration of the Benevolent Irish Society (BIS) Building by Nolan & Hall. (Neither Statistics Canada nor CMHC collect data specific to such projects, though the CMHC data of this nature is increasing each year.<sup>22</sup>)

By drawing on data from various official sources it is possible to place a reasonable value on downtown renovations in the City of St. John's.<sup>23</sup> "Basic heritage-type work" is just one component of the overall industry, and like all renovation, conventional economic analysis considers any such expenditures to be an *investment* rather than a *benefit* (that is an input, not an output).<sup>24</sup>

Some idea of the expected size of the heritage-type work component of total renovation activity for the Census Metropolitan Area (CMA) can be extrapolated from CMHC data<sup>25</sup>:

- Total residential renovation expected in the Province in 2000: \$439 m
- Proportional share for the City of St. John's: \$82 m
- Proportional share for St. John's CMA: \$142 m<sup>26</sup>
- Proportional share of renovations - pre-1945 dwellings in the CMA<sup>27</sup>: \$17 m
- Proportional share of renovations on *downtown dwellings*<sup>28</sup>: \$8.6m

A conservative estimate for downtown "ICI" renovations (*Industrial-Commercial-Institutional*) in 2000 is \$5 million.<sup>29</sup> In other words:

- Total downtown renovations (residential *plus* non-residential): \$13.6 m<sup>30</sup>
- Total renovations (residential plus non-residential) on *pre-1945* buildings in the CMA: \$26.9 m
- Total basic heritage-type work (residential plus non-residential) on pre-1945 buildings in the CMA: \$9.6 m

As noted above, this 'basic' work does not include any investment in restoration or in cosmetic improvements, or in major built heritage revival projects (such as the BIS). Nor is it possible to anticipate the level of investment which could be achieved if heritage-type renovations were more actively promoted. If these

factors were to be taken into account, the industry forecast for basic heritage-type work in the City for 2000 would very likely be well over \$10 million.

**International experience shows that rehabilitation of historical districts fosters additional rounds of investment in renovation in other nearby areas. The "Keeping-Up-With-the-Joneses" phenomenon is a powerful motivator for other investors.**

## 2.3 Jobs

Although it is sometimes difficult to compare job creation in one sector of the construction industry with another,<sup>31</sup> we can extrapolate the following from CMHC data. It applies to direct jobs, plus indirect and induced jobs (e.g. for supplies, accounting etc.<sup>32</sup>):

- ❑ The total number of direct, indirect and induced jobs in the Canadian residential renovation sector is 505,000;
- ❑ Residential renovation activities generate about 3,000 jobs in the St. John's CMA;<sup>33</sup>
- ❑ Considering the above, the total number of direct, indirect and induced jobs in the CMA, from both residential and ICI renovation, would be 4,700;<sup>34</sup>
- ❑ Construction and rehabilitation work on pre-1945 buildings sustains 565 jobs;<sup>35</sup>
- ❑ As such, the total number of jobs generated by various kinds of heritage revival work is in the vicinity of 200.<sup>36</sup>

How does this job creation pattern compare to new construction? To answer this two considerations must be noted:

- ❑ In 1986 CMHC reported that direct renovation employment generated by a given amount of investment was *over twice the direct employment provided by an identical investment in new construction; and that the total employment (direct, indirect via suppliers, and induced through related economic activity) was still substantially higher, in the case of renovations as opposed to new construction.*<sup>37</sup>
- ❑ A later study using different definitions reported a narrower margin of comparative advantage for renovations yet with *a rate of job creation better than almost any other industry in Canada*<sup>38</sup>
- ❑ In addition, studies have found that the employment benefits generated by renovation activities have a more significant *local-level* impact compared to new construction, primarily because, in the latter, more of the indirect and induced employment benefits tend to accrue to locations in Central Canada. Heritage rehabilitation relies more heavily on *local* crafts/trades people, using local materials, whereas new construction often relies on components manufactured elsewhere.

A study in New Jersey, specifically comparing designated heritage rehabilitation with new construction, similarly demonstrated the advantage of the rehabilitation sector.<sup>39</sup> More important, the study results suggest that rehabilitation has its greatest comparative advantage over new construction at the local level in the creation of jobs resulting from direct expenditures on construction. Transposed to St. John's, this kind of analysis suggests that the downtown investments from 1995-99 would have generated an \$16.2 million in spin-off household income elsewhere in the economy; and these downtown property improvements

would have generated an additional \$1.5 million in household income, compared to identical investment in new construction.<sup>40</sup>

Finally, although only a portion of the millions of dollars spent annually in St. John's on building repair and upgrades can be classed as 'heritage-type' property improvements in the downtown, international experience suggests that *high-visibility* centrally-located rehabilitation projects (particularly large buildings that are completely transformed) induce other owners and investors to consider similar projects. In other words, these projects have a *catalytic effect* on investment with regard to building improvements throughout the rest of a municipal economy like St. John's.

## 2.4 Property Values

### 2.4.1 Investment

Since a significant number of downtown buildings lie within designated heritage areas, it is possible to measure trends in apparent property values for rehabilitated properties. And, using information from the City of St. John's, the effect which individual and area designation has had on property values can be examined.<sup>41</sup>

One measure of investor confidence concerning stable or rising property values downtown is a comparison between

- investment in renovation (residential and non-residential) versus;
- investment in renovations and new construction combined.

From 1986 to 1999, according to City of St. John's information

- \$72 million was invested in renovations only;
- compared to a total investment of \$111 million in renovations and new construction together.

Since much of the downtown is within legally designated heritage areas, these data suggest that investors consider heritage areas and properties a good risk in terms of the expectation of increased property values and, for that matter, in comparison to other investment options with respect to return on investment.

**Over the past 14 years renovation has comprised about 65% of all investment in downtown construction.**

### 2.4.2 Value

The City's aggregate property assessment data (Census Tracts 6, 7, 8 and 10) is summarized in the following table:

Residential Realty 1996	Residential Realty 1999	Business Realty 1996	Business Realty 1999
\$ 140,669,908	\$ 157,661,426	\$ 179,941,801	\$ 171,532,552

These figures show that over the last three years, assessed property values have

- risen some 12% for residential realty; and
- been reduced by some 5% in business realty, due to factors including (a) a series of roll backs because of the assessment appeals process, and (b) the application of a different mathematical formula for assessments during the period under investigation.

In absolute terms, residential realty increased by about \$17 million while business realty decreased by about \$8 million: for a net increase of total property assessment in the downtown of \$9 million. With respect to commercial property values, City managers note that the actual trend has likely been relatively stable. Accordingly, the net increase in the actual downtown residential property realty assessment (1996/99) is probably close to \$17 million.

**The inner-city, comprising the residential neighbourhoods nearest the Harbour (Census Tracts 6 and 7) including a large portion of the legally designated heritage area, accounts for 90% of the increase in residential realty assessment value.**

When residential realty value is considered, the traditional downtown area (Census Tracts 6,7 and 8) accounts for \$15.4 million of the overall increase in property values.

### 2.4.3 Building Profile

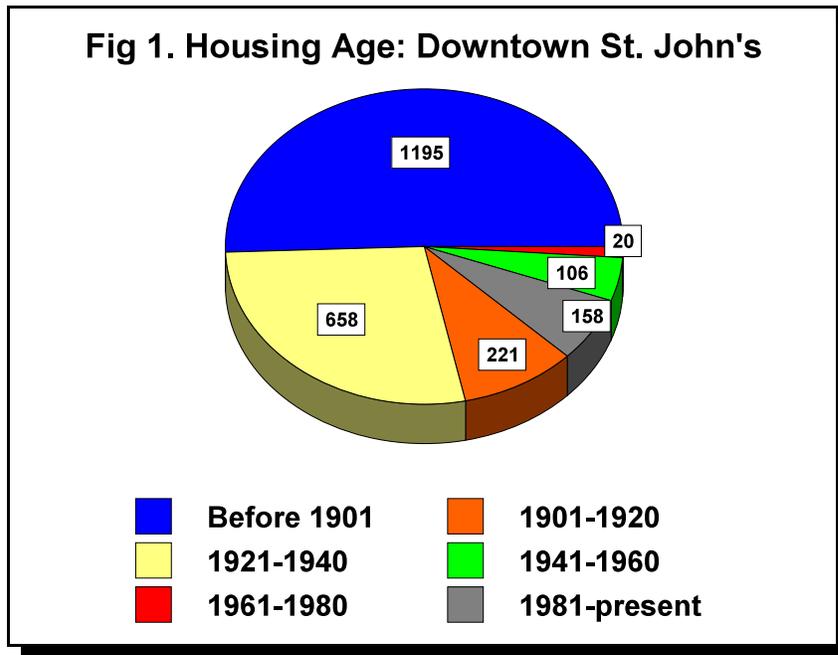
Data provided by the City show the breakdown of building types downtown as follows:

- Residential - 2325
- Commercial - 475
- Industrial - 14
- Institutional - 31
- Religious - 17

These figures indicate that residential properties comprise 81% of the total of 2,862 buildings.

Discussions of built heritage focus primarily on those buildings constructed prior to 1940.<sup>42</sup> As shown in Figure 1 below, and discounting those buildings where no age is given (a total of 783), it

can be seen that *pre-1940 buildings account for the majority - 88% - of downtown residential properties.*



Source: City of St. John's, 2000

#### 2.4.4 Trends in Real Estate Values<sup>43</sup>

As indicated above, residential realty value in the study area has increased by \$17 million since 1996. Part of this increase is due to the normal appreciation in real property and this eventually translates into additional tax revenue for the City. But a significant portion of this

rise in realty value has also been due to the increasingly strong consumer demand for residential properties in the downtown area particularly in the last three to four years. At present, the downtown residential area is considered a very 'hot market'.

Analysis of available real estate sales data indicates that more than 450 properties have been purchased or changed hands since 1996. The total value of these transactions is over \$30 million, representing about 47 % by quantity, and just over 54% by value, of all (895) property sales in the City's older residential sections (defined by the St. John's Real Estate Board) comprising MLS Area 3.

Almost a third (29%) of all sales of individual dwellings (as opposed to condominium units) within the study area have occurred on six downtown streets: Gower, Bond, Victoria, Pleasant and Patrick Streets and Queen's Road. These six streets accounted for more than a third (34%) of all sales within the study area during the past four years.

Comparisons of the average selling price of properties in this area illustrate the trends in downtown real estate values:

- Average selling price of all residential properties in MLS Area 3: \$65,000
- Average selling price of 113 residential properties on six selected streets: \$78,500
- Average selling price of 70 properties on Gower, Bond and Victoria Streets: \$86,450
- Factor by which the value of properties sold on six selected downtown streets exceeded the Area 3 average price: 1.21*
- Factor by which the value of properties sold on Gower, Bond and Victoria Streets exceeded the Area 3 average price: 1.33*
- Average selling price of all (207) properties in Area 3 in 1999: \$70,000
- Average 1999 selling price of 22 properties on Gower, Bond and Victoria Streets: \$98,500
- Factor by which the value of properties sold on Gower, Bond and Victoria Streets exceeded the Area 3 average price in 1999: 1.41*

In the area of residential realty tax revenue:

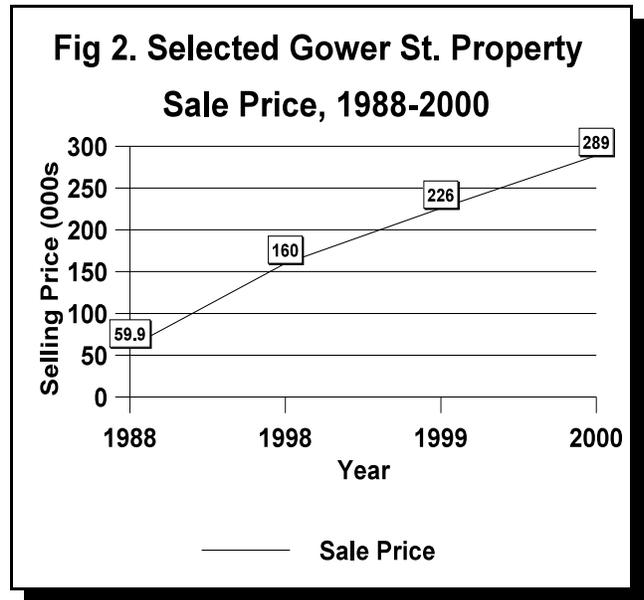
- Estimated market value of all 395 properties sold in the study area during the past four years: \$31 m<sup>44</sup>
- Estimated residential realty tax revenue these 395 properties will generate for the City of St. John's in the year 2000: \$356,500<sup>45</sup>*

#### **2.4.5 Case study: Gower Street**

Gower Street is worth singling out as the following trends for 1996-1999 illustrate:

- Total number of property sales: 41
- Total market value of all property sold: \$3.63 m<sup>46</sup>
- Number of sales on the north side of the street: 22
- Number of sales on the south side of the street: 14

- ❑ Average market price, north side properties: \$74,040
- ❑ Average market price, south side properties: \$105,505
- ❑ *Factor by which values of the south side of the street exceeds those on the north side: 1.43*



This data shows that the average price of residential properties on the south side of Gower St. were 43% higher compared to those on the north side of the street. In 1999 there were 14 property sales on this street. The average market price of six houses on the south side of Gower had risen to \$117,800, compared to the eight north side sales whose average selling price was just over \$87,000. Thus, in 1999, the north-south price differential was slightly lower - 1.35.

The strong consumer demand for Gower Street properties is part of a well-established trend. For example, since 1987, there have been a total of 128 property transactions on this downtown street. During 1987/1988, a total of 25 houses were purchased: the average market price for that period was \$75,000. A number of properties have also changed hands several times, each time at a significantly higher price. One property (Figure 2), for example, sold for \$59,900 in 1988, for \$160,000 in 1998 and then again in late 1999 for \$226,000: the property has therefore appreciated in value by a factor of 3.75 in the space of 12 years. This property is presently back on the market at a list price of \$289,000. Should it sell at its list price, the value of this particular property will have appreciated by a factor of 4.8 in the space of twelve years.

#### 2.4.6 The Real Estate Perspective

Why has there been an upsurge in market demand for the downtown, driving the market value of properties up, sometimes by over 300% in a decade?

Although the terms of reference of this study did not include polling, a picture of investment motivations was obtained by consulting selected members of the real estate community. Several factors were cited:

- ❑ a continent-wide return to downtowns, as these become “fashionable” again;
- ❑ a widespread sense that these locations are “improving” (thanks, in large part, to widespread property improvements), and that the location will likely increase in value; and
- ❑ increased appreciation of “access to the downtown” and to the “downtown

lifestyle” etc.

Although 'appreciation of heritage' – particularly the aesthetics – is considered a complementary factor, it is seldom mentioned as a separate factor, but tends to be assimilated into the other factors.

However the above factors still do not explain why houses of similar style and construction on the same streets would encounter such differences in market value. In fact, based on conversations which the study team had with various realtors and other members of the real estate community, there was a unanimous view that, considering standard real estate principles:

- *the fair market value of certain properties is consistently higher than others because they are in a location undergoing higher demand.*

According to the real estate agents consulted, one of the key factors which accounts for the fact the south sides of streets like Gower and Bond are in higher demand than the north side is that their *location* has a “more desirable view”. This can be confirmed any day of the week, by simply reading the real estate ads for these properties (e.g. house with a “view of Narrows”). Realtors word their ads like this for only one reason: *because it sells*. In other words, the only apparent and logical explanation for the manifest dichotomy (ranging between 15% and 45%) in prices is that many consumers are clearly prepared to pay for a “better location” - which, in downtown St. John's, is what the real estate community identifies as a harbour view.

## 2.5 Municipal Taxes

### 2.5.1 The Basis in Principle

Property values drive tax assessments and subsequently generate revenues for a municipality in the form of residential and business realty/occupancy taxes. However, in some respects, property tax increases are a double-edged sword:

- municipal governments enjoy the benefits;
- owners of renovated properties shoulder the burden.

The higher taxes that result from renovation may discourage some property owners from making property improvements. This is especially the case with low-to moderate-income households in residential areas. On the other hand, municipal councils encourage growth in the local tax base in order to provide necessary services and public works that benefit all taxpayers, which in turn attract new investment to the community.

The City of St. John's is enjoying an increased (or, minimally, a stable) tax base from the investment which has been made in downtown properties:

- ❑ individual heritage properties have increased in value; and
- ❑ this investment has also improved the overall character of the designated heritage areas, making them even more attractive to investors.

The rehabilitation and renovation of buildings with “heritage character” has contributed significantly to the net increase in the downtown tax base, and there is every indication that this can be sustained in the future.

### 2.5.2 Impact on the Tax Base

The impact is somewhat different for residential and ICI properties. On the residential side, given the current mil rate of 1.15%,

- ❑ every \$1 million in residential realty property has a value of \$11,500 in direct property tax revenues for the City;
- ❑ Renovation investment during 1996 to 1999 on downtown housing (88% of which is composed of pre-1940 buildings), totalled approximately \$5.6 million; and
- ❑ It is estimated that basic “heritage-type” work would have contributed \$22,476 to City coffers, and on that basis, *the projected ten-year tax benefit to the City resulting from basic “heritage-type” work in the residential downtown would be in the order of \$75,000.*<sup>47</sup>

On the ICI side, the figure would be much higher. Although it is impossible to offer an exact figure because the mil rate in the ICI sector is multi-tiered, the fact that ICI mil rates are higher, and that total non-residential renovation expenditure from 1996 to 1999 was \$19.5 million, i.e. *roughly three and a half times that for residential renovation*, it follows that

*the projected ten-year tax benefit to the City resulting from basic “heritage-type” work in downtown non-residential buildings (that is within the ICI sector) would be in excess of \$250,000.*<sup>48</sup>

As mentioned earlier, this includes only basic work like maintenance and repair, along with upgrades to plumbing and wiring. It does not include the appreciation in value, assessment and taxes resulting from cosmetic improvements and/or major rehabilitation of heritage properties.

### 2.5.3 A Brief Comparison

Another important hypothetical question is this:

- ❑ even admitting that rehabilitation projects and other work on the older building stock are progressively improving the tax base,
- ❑ wouldn't this be *eclipsed* by a skyrocketing tax base ...
- ❑ in the event that several blocks of older lowrise buildings were *replaced by highrises*?

There is still a belief, dating from several decades ago, that highrises invariably improve the municipal tax base far more than any form of development.

This conventional wisdom started to come under scrutiny when it was discovered that strict adherents, i.e. municipalities that tried to solve their financial problems by approving more highrises, actually compounded their debt problems. The most spectacular example was New York: the frenetic building boom of the 1960s brought the City to the brink of formal bankruptcy by 1975. How could this have occurred?

The answer is not complex.

Any business person knows that, in a financial transaction, *it is not the gross income that counts: it is the net profit and the rate of return*. Highrises multiply the tax base – but they also multiply the demand on services, and these cost municipalities, and their taxpayers, real money. The cities which relied on a highrise boom to improve their fiscal bottom line invariably underestimated the long-term financial impacts - not only on water and sewer facilities and traffic, but on the entire carrying capacity of the city-wide infrastructure. They also underestimated the impact on surrounding property values: although nearby properties became interesting to speculators, they became less interesting to people who wanted to maintain existing uses. In some cities, the result was a significant decline in the market value of nearby or adjacent properties.

In the wake of the New York paradox, Price Waterhouse undertook a major study of this matter for the City of North York.<sup>49</sup> The findings demonstrated that the gross fiscal benefit of highrises to a tax base can be offset – and, in some cases, be exceeded – by the cost to the municipality. The same conclusion was being reached in other studies across North America. By 1987, the editor of *Building* magazine was advising that “renovation is adding more to the net municipal tax base more quickly than new construction”; and in the United States, it made the cover of *Time* magazine<sup>50</sup>, which reported that renovation had become the *instrument of choice* for money-conscious American municipalities.

The same conclusion was articulated in a 1990 publication by the Federation of Canadian Municipalities<sup>51</sup>: “Although renovation adds to the property tax base, it seldom requires new infrastructure, unlike new construction. That means that a million dollars of renovation investment usually results in a higher net increase to the municipal tax base than a corresponding investment in new construction”.

The above realization may come as a disappointment to some municipalities. Elsewhere in Canada, one still meets officials who like highrises because they are highly visible; sometimes, they are even architecturally dramatic; and a cluster of highrises, according to the thinking of the sixties, proved that a city had 'arrived'. In comparison, work on renovation, maintenance and repair is generally low-key; the fact that they keep adding *net* dollars to the tax base – 65% of all downtown construction activity year after year – often escapes political attention.

It has not escaped economic realities, however: since, in the final analysis, the right choice is 'money in the bank'.

## 2.6 Tourism

### 2.6.1 The Stakes

In Canada tourism is now acknowledged as a key sector of the national economy,<sup>52</sup> and in 1999 the tourism sector (including domestic tourist activities) was worth an estimated \$600 million to the Province's economy. Since the end of 1996, the number of non-resident visitors to the Province has increased by 31 per cent.

Between 1996 and 1998, tourism visitation to the City of St. John's increased by 37.1%:

- ❑ In 1998, 258,872 out-of-Province visitors came to the City, spending an estimated \$95.9 million in the St. John's region.
- ❑ These visitors came to St. John's for business (31.6%), pleasure (38.5%), and to visit friends and relatives (26.3%).
- ❑ Motorcoach travel is also increasing: in 1998, 203 buses and motorcoaches exited at Argentia, 16 more than in 1997. For most, if not all of these tours, St. John's is a prime destination of their travel itinerary.

The 1997 Auto Exit Survey indicates that, for non-resident auto visitors,

- ❑ the average length of stay for a visit to the Province was 11 nights, up from 10.6 in 1993.
- ❑ St. John's captured 47.4% of party visits - the highest of all areas measured - as well as the highest percentage of party nights (18.6 %).

**Of the top five provincial attractions visited by non-resident auto travellers, the City of St. John's was the most important: 64.4% of these visitors came to the Capital City.**

### 2.6.2 The Rationale

According to the above studies, one of the reasons St. John's is a primary destination for out-of-province visitors is because it has a critical mass of commercial, cultural, historical and natural/scenic attractions which these visitors desire, including Signal Hill and Cape Spear National Historic Parks, the historic downtown, the Grand Concourse, Rennie's River Trail and Quidi Vidi Village.

The benefits of cooperation between tourism development and heritage are considerable. When a city or other area has heritage assets to promote, it provides a marketing "hook", a reason for people to visit. The international tourism research shows that

*people are especially attracted to places that look and feel distinctive, even "foreign", and have something different from what they can experience at home. They are especially attracted to districts where they can enjoy an authentic built heritage environment, engage in conversation with members of the host community, and experience the pulse of day-to-day life.*

Visitors to heritage areas spend money in shops, restaurants, entertainment places, hotels, inns and Bed-and-Breakfast accommodations, thereby expanding the local and regional economies.

In the American study data presented earlier, heritage tourism ranks first among the several economic impacts of historic preservation, and significantly outstrips other types of visitor spending. The revenues produced by visitors not only benefit those conducting business in heritage premises or trading on a 'heritage atmosphere' but also help offset the costs of maintaining and operating public heritage sites.<sup>53</sup>

### **2.6.3 Bed-and-Breakfast Accommodations**

In St. John's, accommodation provided by Bed-and-Breakfast (B&Bs) establishments trading on 'heritage' is a good barometer of the economic contribution of heritage to the tourism industry, and to the local economy. Recently, there has been a significant expansion in this type of accommodation within St. John's. According to the Department of Tourism, Culture and Recreation

- ❑ Since 1995 there has been a fivefold increase (from 8 to 41) in the number of such establishments, and a sevenfold increase (27 in 1995 to 187 in 1999) in the overall number of B&B rooms.
- ❑ In 1999, there were about 22 B&B establishments in St. John's. Seventeen of these operations were located in the downtown area<sup>54</sup>, and two of the non-downtown establishments are located within a few hundred feet of the study area boundary.<sup>55</sup>
- ❑ A recently published brochure (March 2000), describing most of these establishments in some detail, promotes B&Bs as 'unique accommodations'.

**Each of the seventeen Bed-and-Breakfast establishments in the downtown is located in a heritage property and, in the City as a whole, there are only two that are not in a heritage structure.**

From the standpoint of the business community, therefore, there does not appear to be much doubt about the importance of the appeal that heritage has for tourists. Discussions with several B&B operators indicate that currently,

- ❑ the typical B&B generates annual gross revenues of about \$50,000 from room sales<sup>56</sup>;
- ❑ B&B clientele are generally people with higher-than-average incomes;
- ❑ These visitors have a strong preference for B&B accommodation and are primarily attracted to downtown St. John's because of "its character and ambience" as well as its proximity to historic sites, commercial, retail and eating establishments and to various walking routes and marine tours;
- ❑ In addition to their accommodation expenditures, these visitors are estimated to spend an average of about \$200 per day (on meals, various retail products,

car rentals and arranged tours).

In their marketing efforts, all of the downtown B&Bs rely heavily on several key features. According to various operators, these include the following:<sup>57</sup>

- heritage-style interior (“fully refurbished historic property”);
- proximity to the historic downtown area and the Harbour (“located in the historic heart of St. John’s”);
- easy access (“a stone's throw away”) to historic sites and buildings (museums, churches, etc.);
- views (“a million-dollar view”, “breathtaking view of the Narrows”, “a splendid view of St. John's historical waterfront”, and “spectacular view overlooking the harbour”, etc.).

As such, in 1999, these B&B establishments<sup>58</sup>

*contributed a total of some \$2.5 million to the City's economy, including \$1.7 million in direct expenditures and an additional \$800,000 in indirect (spin-off) benefits.*

#### **2.6.4 Other Tourism Markets**

The convention trade contributes an estimated \$9 million annually to the St. John’s economy. The marketing campaigns used by municipal and provincial authorities highlights, in addition to the other services and amenities that are available, the unique and historic aspects of the City. They would not do so unless it had been determined that these were a significant selling point.

Another important market is the Cruise ship industry, which the City has been actively courting. Visits to the Port of St. John’s have been steadily expanding. For example,

- In 1993, the Cruise ship industry contributed about \$25,000 to the St. John’s economy; in 1998, there were five Cruise ship visits to the City, and these 5,616 visitors contributed an estimated \$397,000 to the local economy.
- By November of 1999, cruise ship operators had already booked 41 ports of call in the Province as a whole for the year 2000, and estimates are that 19 of these vessels will stop over in St. John's. If this is an accurate projection, using the average revenue generated per cruise ship in 1998 (about \$80,000 per visit), in 2000 this sector can be expected to contribute over \$1.5 million to the City's economy.

#### **2.6.5 Overall Tourism Strategy**

In 1996, the Province funded a study to identify the unique tourism products the Province has to offer. The *Product Market Match Study* identified opportunities to expand traditional niche markets where Newfoundland has the unique, unusual and distinctive product offerings that these markets are demanding:

*“Unique culture and heritage” was identified as part of the Province’s core*

*attractions.*

Components include National Historic sites, provincial historic sites, heritage communities, local and aboriginal cultures, festivals, events and lifestyle activities. The major themes and examples of this include, among other things, promotions called "*the Capital City of St. John's/City Experience*": St. John's is seen as a major attraction unto itself, one which is important because of its unique features, which include: architecture and built heritage, arts and culture, public institutions, the seat of government, nightlife, shopping and artisans/crafts.

The same approach has been adopted by the Avalon Convention and Visitors Bureau, which places special emphasis on unique culture, language and food, unique attractions, the "safe" environment and "rich history", making special note of the fact that the Province has "the oldest City in North America".

Again, these strategies would not be pursued unless the tourism experts had agreed on their market importance.

## 2.7 Retail Trade

Recent American market studies examined five case studies that included four types of business in cities of varying sizes in four different states. The most significant findings were:

- After making "quality" improvements, businesses consistently experienced above average sales performance;
- All businesses experienced an increase in the annual percentage increase in gross sales the year after improvements;
- A majority sustained such increases for a period of time after improvements;
- A majority experienced an increase in sales above their own business average and above the performance of other local businesses for the same period;
- All businesses experienced favourable customer response following improvements;
- Eighty per cent of the business owners stated that physical improvements significantly affected the increase in sales; and
- All business owners were personally satisfied with the improvements and considered them a good investment.

The *St. John's Downtown Development and Marketing Study Update (1995)* contained several important findings concerning downtown shopping, including:

- The ambience of the downtown, outdoor shopping and specialty stores are the main attractions for the 'downtown shopper' ("Character/Tradition" was noted by 23% of study respondents);
- The downtown is generally regarded to be more important to tourist shopping than the Avalon and Village Malls;
- Over half of survey respondents had visited a restaurant, coffee shop, or bar;
- The largest proportion of downtown shoppers reside in the downtown area;

- ❑ Downtown workers are an important market segment.

Members of the St. John's Downtown Development Commission (DDC) agreed:<sup>59</sup>

- ❑ Business is up because available retail space is filled and more people are frequenting the downtown area; and
- ❑ There is an increased variety of locally-owned specialty businesses (not chain stores);

According to the St. John's Board of Trade this strategy is working. The Board recently reported that storefront occupancy is up, with a 90.9% occupancy rate on Water Street and 89.4% on Duckworth Street.<sup>60</sup> It also highlighted the current "boom" on the residential side, pointing to the quickness of sales and rising prices. A strong connection was drawn between the attractiveness of history, culture and the view of the Harbour and the upsurge in downtown prosperity. The St. John's business community apparently appreciates the sustainable economic development dimensions as well as the intrinsic benefits of downtown's heritage properties and the 'image' which the heritage areas help to create.

**The downtown business community believes that the "image" that drives their retail trade is an historic built environment accommodating specialty shops, with high quality merchandise and good customer service.**

## **2.8 Attracting New Residents**

Getting people to live in the heart of the city has been crucial to the sustainability of Canada's increasingly fragmented metropolitan areas and to the regenerating of its older downtown districts: St. John's is an excellent example of this trend. In Canada as a whole, leading strategies for effecting "intensification" downtown include: neighbourhood improvements, refitting commercial buildings for multiple-use, transforming vacant or under-utilized upper storey space in main street stores to residences, and the adaptive-reuse of redundant downtown industrial and institutional buildings. In recognition of the urgency of this issue, the Government of Canada recently introduced a new multi-million dollar program to support such efforts.<sup>61</sup>

Entrepreneurial initiatives are being attracted by the provision of live/work space for home-based businesses. Affordable housing (rental and ownership, both market-level and socially-assisted) is particularly important for encouraging low-to moderate-income households to remain in or move to the downtown. The goal is the creation of a vibrant, twenty-four hour downtown, one with character, commerce, and conviviality.

The downtown area of St. John's has a significant stock of under-utilized ICI properties that represent a largely untapped resource for built heritage revival: conversion of under-utilized or vacant upper-floors in commercial properties for residential-use and live/work units holds

particular promise for producing sustainable social and economic benefits. Interviews with the business community disclose encouraging signs that investors are seizing, or at least seriously considering, such opportunities afforded by the wealth of built heritage assets downtown.

## 2.9 Civic Amenity

### 2.9.1 The Issue

The term “civic amenity” refers to all those physical characteristics of a place that make it pleasant, interesting, enjoyable or attractive. Others prefer the term 'ambience' to describe this attribute. By whatever name, it is that “special something” that gives a community or district its sense of visual character and distinctiveness. Natural setting and features, as well as all elements of the built environment - from street patterns to structures to open spaces - give such areas their distinctive 'image'. Visual delight, memory and functionality are interwoven to create both a sense of place and a livable and prosperous community. The question is: aside from intangibles like “pleasure”, and appeal to tourists (as already described), does it have an *actual economic value*?

The views of the Harbour have been eliciting comment for centuries. The topography of the large natural amphitheatre facing the Harbour also imposed a street plan unlike any other in Canada: the surrounding buildings are left with unusual views not only of the Harbour, but of each other.<sup>62</sup> These views are considered an indispensable selling-point: the postcard view of downtown from the Harbour is front and centre on everything from the official visitor's guide to the St. John's Downtown Development Commission's promotional brochure. There is, however, more tangible, quantifiable economic evidence, as discussed in the next section.

### 2.9.2 Amenity and Property Value

An obvious barometer of the economic worth and significance of civic amenity is its effect on residential property values.

*The real estate experts consulted estimate that, on average, investors and new buyers are currently placing a 'premium' on properties "with a view". This premium is presently estimated by industry participants to be between 15-40% of the purchase price.<sup>63</sup>*

While not every one of the homes which have been purchased and renovated in the downtown in the last five years has that 'perfect view' of the Harbour or the Narrows, all or most of them have a special perspective on some aspect of the downtown landscape. In some cases - on streets running parallel to Water St. - the view for most residential properties is primarily oriented to the south, towards the Harbour, while in other cases - on streets with roughly a north-south orientation - the view faces west or east and thus takes in Signal Hill or the Basilica – both commendable views in their own right.

Recent trends in the activities of St. John's residential property developers are revealing. In the past few years, many private property owners, various industry sectors as well as several key commercial sector investors have made a direct - and conscious - investment in the downtown ambience, its 'landscape' and 'view'. The overall value of these investments is substantial though further, more detailed analysis would be required to quantify it in more precise terms.<sup>64</sup>

### **2.9.3 The Competition for Industry Attention**

There is a specific reason why the "picture postcard" view of St. John's is what appears on the literature of the St. John's Downtown Development Commission:

*A distinctive visual appeal can add to a community's competitiveness on an inter-regional basis and even international basis, in the same way that "prestige" elicits a premium in the local real estate market.*

According to a 1996 survey of members of the Business Council on National Issues, corporate programs related to civic amenity were important in recruiting and retaining skilled employees, in boosting loyalty and morale, and in improving motivation and productivity. A recent *Maclean's* article on "Jobs Jobs Jobs" in the high-tech sector makes the same point, referring specifically to the attraction which heritage can provide to such footloose companies.<sup>65</sup>

It is therefore no surprise that the City's own promotional brochure, *St. John's: Where North America Begins*, highlights and emphasizes the role of heritage as part of the lure to lifestyle-conscious employers and their employees:

- ❑ Its illustration of "residential reality" available to incoming firms is that of restored heritage houses;
- ❑ Four of seven illustrations in its booklet section entitled "St. John's, Where Living is Cosmopolitan", are of heritage buildings;
- ❑ The booklet section entitled "Where Quality of Life Has Meaning" advertises that "St. John's embodies the spirit and charm of old world England and Ireland. Wonderful heritage homes and contemporary condominiums are all available".

These are clearly seen as selling-points to attract global markets while forestalling the tired "this-could-be-anywhere" quality of much current urban development internationally.

Whether it is deliberate or not, this approach has had some real, concrete outcomes. For example, some 'high-tech' and global firms have noted that an important part of their decision to locate in St. John's is due to its 'uniqueness' and 'character'. One oil company property manager noted for example that his company finds this City attractive because of its uniqueness, particularly its present 'skyline', and because St. John's does not 'look like Calgary'.<sup>66</sup>

## 2.9.4 The Growing Industries in Film and Video

The rapidly growing industry in feature films and/or television productions has frequently chosen St. John's as a prime 'location': more importantly, most of these productions have been 'staged' downtown. During the last five years, a total of 24 film and video productions worth \$18.7 million have been undertaken in the Province. In 1998/99 film and video production expenditures were \$7.7 million. If industry investment and production patterns are similar to those achieved in the past five years, and assuming no growth in the industry, during the next ten years, film and video industry expenditures are expected to contribute close to \$38 million to the Provincial economy. Based on previous trends, approximately 75% of this investment - approximately \$28.5 million - will occur in the City of St. John's.

According to the experts (i.e. the practitioners, the people who invest their scarce dollars) in this industry the heritage appearance and ambience of downtown St. John's is a valuable - and highly valued - commodity. Further proof that the industry considers the downtown to be *so* appealing is expressed in the fact that many industry-related groups and organizations have located their offices there, e.g. NIFCO, NLFDC, PAN, FilmCAN, and others.<sup>67</sup>

Some facts about the industry illustrate its economic importance:

- Number of persons directly employed in the Province's film industry (full and part-time): 731
- Number of persons employed indirectly in the Province's film industry (full-time and seasonal): 1,974
- Estimated number of persons currently employed in film industry in St. John's: 300
- Number of film production companies in St. John's: 26
- Number of film industry offices/production studios downtown: 13
- Portion of production value attributable to downtown ambience and amenity: 30%
- Estimated amount spent in 1998/99 utilizing ambience and amenity afforded by the downtown: \$1.7 m
- Estimated number of film production jobs created in 1998/99 by downtown civic amenity: 47.8
- Ten-year forecast production expenditure (1995-2005) downtown from civic amenity: \$13.5 m<sup>68</sup>
- Number of jobs created by this expenditure: 376

According to the producers of the *Gullages* series, the availability of a unique downtown setting and landscape was essential to the task of selling the series to the CBC - and of securing the 175 full-time and part-time jobs that went with it. According to the producers, *"the character of the downtown was actually named as a key 'character' in the series, in the same way that the other lead actors were. Without this added feature the series could have just as easily been made in Halifax, and likely at a much lower cost. 80-90% of the decision to use St. John's as a location for Gullages was based on the available viewshed and character in*

*the downtown area*".<sup>69</sup>

## 2.10 Arts and Cultural Industries

Built heritage is both an integral part of, and a potential partner in, the development of the City's arts and culture industry.

Society has long valued arts and culture activities for their intrinsic merit and increasingly for their economic benefits. Heritage buildings and areas furnish facilities and ambience, especially for museums, galleries and the visual and performing arts. They also act as the art object itself (historic architecture and sites) and the inspiration for the themes of film and video, festivals and other creative works. There are many successful national examples of the use of heritage space for such activities.<sup>70</sup> In Newfoundland, the use of an entire village (the Trinity Pageant) is a proven success.

As such, it is not surprising that the *St. John's Arts Community Strategy* (1999) identified existing and prospective partnerships between built heritage revival and the arts and culture in the downtown.<sup>71</sup>

The arts industry represents a significant economic resource for the City and its downtown, district:

- ❑ St. John's is home to 655 arts and cultural sector workers, representing 55% of the Province's total;
- ❑ The majority of these persons live and work in the downtown area; and
- ❑ Downtown-based artists, arts groups and projects obtained approximately half of all the arts grants in the province during 1997-9 (49% by number, 52% by value), worth \$2,961,000 to the downtown.

**The value of the public and private sector investment in arts and cultural activities in the downtown over the next ten years is projected at \$23.8 million.**

It appears that most producers and workers in this industry appreciate and enjoy the downtown environment, and many draw inspiration from it. Further, many artists have chosen to live in the area and most of the arts industry organizations and venues are located in the downtown and, each year, performing arts activities and related ancillary and indirect expenditures generate significant economic spin-off activities in the local (downtown) economy. When the appropriate industry performance indicators and 'multipliers' are applied to recent (1999) arts data the indirect and induced economic spin-offs of these industry activities are substantial:<sup>72</sup>

## **2.11 Environment**

There is a growing recognition of what one publication by the Federation of Canadian Municipalities called a “convergence” between heritage and environmental policy.<sup>73</sup> They often involve safeguarding the same resources, facing the same challenges, and drawing upon the same commitment to quality of life, ecosystem health and sustainable development.<sup>74</sup> Conserving the existing building stock, including legally designated heritage structures, has three major benefits for the environment:

- saving and reusing the resources embodied in existing buildings;
- avoidance of further resource demands on ever more fragile ecosystems; and
- reduction of waste.

Concerning the first two points, it is trite to observe that the re-use of existing buildings makes fewer demands on resources than their replacement with new ones. However, agencies like Natural Resources Canada are interested in the building rehabilitation process for a further reason: when Canadian consumers decide to renovate, they almost invariably include energy-efficient upgrades, and these not only reduce energy consumption, but also reduce greenhouse gas emissions substantially.<sup>75</sup> For that reason, NRCan has a permanent seat on the Canadian Renovators’ Council, and its representative has taken an interest in this study.<sup>76</sup>

An equally important issue to environmentalists is the large percentage of materials from demolished buildings in the solid waste stream destined for landfill sites. According to Statistics Canada, one out of every three cubic metres hauled away to Canadian landfills is “used construction material”. Demolition waste carted away to the St. John’s Robin Hood Bay site, according to a City staff interview with the site foreman, is in the same vicinity.<sup>77</sup>

## 3.0 Conclusions

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### 3.1 Findings

Built heritage revival produces substantial economic and other benefits for St. John's, and can be expected to do so in the future. That makes it a desirable and feasible strategy for sustainable development in the downtown.

Summarized below are the main findings of the report with respect to the downtown St. John's experience, key lessons that can be drawn from this experience and from elsewhere, and some guiding principles revealed in this background paper that can inform a strategy for downtown economic development and heritage preservation.

Ten areas of sustainable benefits were identified.<sup>78</sup> These areas are diverse but inextricably linked.

#### 3.1.1 Renovation Investment

- ❑ Over and above special or unique restoration projects (such as Nolan & Hall's BIS project), the estimated value of basic heritage-type work in the City for 2000 is over \$10 million, for which the downtown is the "flagship."
- ❑ Over the past 14 years renovation has comprised about 65% of all investment in downtown construction and, since 1986, close to \$72 million has been invested in residential and non-residential property renovations in downtown St. John's.

#### 3.1.2 Employment

- ❑ Within the St. John's Census Metropolitan Area (CMA), basic heritage-type work effected in pre-1945 buildings currently supports 200 jobs.
- ❑ Renovation creates a significantly greater amount of *direct* employment at the local level than an identical investment in new construction.
- ❑ Total employment (direct, indirect via suppliers, and induced through related economic activity) is substantially higher, in the case of renovation as opposed to new construction, with a rate of job creation better than almost any other industry in Canada.

#### 3.1.3 Property Values

- Pre-1940 buildings account for 88% of all residential properties in downtown St. John's.
- Between 1996 and 1999, residential realty assessment in the study area increased by approximately \$17 million, and the traditional downtown accounts for \$15.4 million of the total.
- The so-called inner city, which comprises the residential areas nearest the Harbour, accounts for 90% of the increase.
- The six streets in which heritage activity has been highly visible outperformed their neighbours in the value of property transactions.
- Since the traditional downtown and the inner-city are largely covered by legally designated heritage areas, the properties in heritage areas that have experienced heritage-type renovation work or at least been reasonably maintained have increased in value significantly.

#### **3.1.4 Municipal Taxes**

- Since property values drive tax assessments, the above increases during 1996/99 indicate that heritage-type renovation has contributed significantly to the net increase in the St. John's tax base downtown.
- In the residential sector alone, heritage-type renovation contributed an estimated \$22,476 in increased tax revenue (1996/99) and could be projected to \$75,000 over the next ten years.
- In the ICI sector, the projected ten-year tax benefit to the City resulting from basic "heritage-type" work in downtown ICI buildings would be in excess of \$250,000.
- This is almost all *net* to the tax base, i.e. making no incremental demands on municipal infrastructure and expenditures.

#### **3.1.5 Tourism**

- Between 1996 and 1998, tourism to the City of St. John's increased by 37.1%, and in the latter year, 258,872 out-of-province visitors visited the City, spending an estimated \$95.9 million in the St. John's region.
- The City of St. John's is the first of the Province's top five attractions for non-resident auto travellers; 64.4% of these visitors came to the city in 1997.
- One of the reasons St. John's is the primary destination for out-of-province visitors is its critical mass of cultural, historical and natural/scenic attractions.

- ❑ Both the Province and the Avalon Convention and Visitors Bureau are marketing St. John's in large measure because of its heritage resources. "Unique culture and heritage" has been identified through the Province's Product Market Match Study as part of the Province's core attractions, and the City of St. John's is seen as a major attraction unto itself; one of the featured "products" has been identified as "Architecture and Built Heritage".
- ❑ The Convention Bureau highlights in its promotions, among other things, that the Province has "the oldest City in North America". Built heritage is of critical importance as part of the product package being offered to tourists in St. John's.
- ❑ Accommodation provided by downtown establishments trading on heritage is a good indicator of the contribution of heritage to tourism. Total direct and indirect revenues enjoyed by St. John's as a result of the sector in 1999 is estimated at \$2.5 million.
- ❑ All of the Bed-and-Breakfast establishments in the downtown are located in a heritage property.

### **3.1.6 Retail Trade**

- ❑ Both the St. John's Downtown Development Commission and the Board of Trade indicate that the "image" of an historic built environment (accommodating specialty shops together with cultural attractions and the view of the Harbour) are pivotal to the increased prosperity of downtown.
- ❑ One indicator of increased prosperity is the rise in storefront occupancy rates to 90.9% on Water Street and 89.4% on Duckworth Street.

### **3.1.7 Attracting Residents**

- ❑ Although the population of downtown had been in decline for two decades, the substantial growth in residential renovation in the period 1991 to 1999 has contributed to the stabilization of the population base.
- ❑ While there is concern over the potential adverse effects of "gentrification" leading to the displacement or the pricing-out-of-the-market of livyers, there are encouraging signs that investors beginning to recognize the opportunities associated with the renovation of under-utilized or vacant upper floors in commercial properties to convert these spaces for residential-use and live/work units for home-based businesses. This could encourage more people to live in the "heart of the city".

### **3.1.8 Civic Amenity**

- ❑ According to the real estate community, new buyers of residential property in the downtown are currently placing an estimated 15-40% premium on properties “with a view”. Detailed analysis of recent (1996-1999), real-world property sales transactions' data, supported by consultations with industry professionals, tend to confirm these 'anecdotal' data.
- ❑ A distinctive visual appeal also can add to a community's competitiveness on an inter-regional and international basis, in the same way as “prestige” elicits a premium in the local real estate market. The City's promotional brochure, *St. John's: Where North America Begins*, highlights the role of heritage as part of the lure to lifestyle-conscious employers and their employees, and there is evidence that this has had a concrete impact on the locational decisions of corporate managers.
- ❑ St. John's film and video industry production firms rank the ambience and amenity of downtown St. John's as a primary reason for selecting the City as a 'location'. They estimate the current and future value of this unique attribute at 30% of anticipated production values and, in 1998/99, this industry invested about \$1.7 million as a result. The ten-year (1995-2005) value of film industry production expenditures which can be attributed to the civic amenity of downtown St. John's alone is estimated at \$13.5 million.

### **3.1.9 Arts and Cultural Industries**

- ❑ The St. John's Arts Community Strategy (1999) plans to designate two downtown heritage properties as primary arts resource centres.
- ❑ The St. John's arts industry and cultural community places a significant social, and economic, value on the ambience and character of the downtown; as a result, over the next ten years, the economic contribution of the cultural presence in the downtown to the City's economy is calculated at \$23.8 million (or, on a sustaining basis, at \$2.4 million per year).

### **3.1.10 Environment**

- ❑ When consumers decide to renovate, they almost invariably include energy-efficient upgrades; these investment decisions not only reduce energy consumption but also reduce greenhouse gas emissions.
- ❑ Re-use of the built heritage reduces the solid waste carted away to the St. John's Robin Hood Bay landfill site. It is estimated that 30% of the total solid waste stream to this site is “used construction material”.

## **3.2 Key Observations**

- ❑ Building renovation work that is in keeping with the heritage character of a building or area induces additional rounds of renovation and provides positive support to other construction in a community.
- ❑ A given expenditure on building rehabilitation work creates more jobs, dollar for dollar than new construction.
- ❑ Heritage revival work has a “distributional” advantage, i.e. it “spreads” income around a community (an objective of sustainable development), especially in respect of *local* job creation and increases in household income.
- ❑ The legal designation of heritage areas has had no visible negative effect on property values: in fact, it is these same areas which have attracted the most investment interest.
- ❑ Rising property values can nonetheless lead to “gentrification”, i.e. displacement of livyers from their traditional neighbourhoods; if property tax increases are substantial in such residential areas, this can be a disincentive for investment in maintenance and improvement for low to moderate-income households.
- ❑ Heritage tourism is a top-ranking source of economic benefits. St. John's has a well-established heritage tourism role in the Province; as such, strategies for downtown economic development should be mindful of the growth potential of this sector.
- ❑ Physical improvements, especially through heritage revival (e.g. the Main Street Program), have a positive economic impact on retail sales in revitalizing the downtown. A strategy for sustainable development in the City's downtown commercial core can capitalize on the proven track record of heritage as a driving force in downtown revitalization.
- ❑ Civic amenity, which includes the ambience and visual character of an area, has a significant role in the process of economic development, heritage conservation and property investment. Protection and enhancement of the attributes which contribute to civic amenity is of pivotal importance to any strategy for the sustainable development of downtown St. John's.
- ❑ The St. John's Arts Community Strategy (1999) is consistent with national and international trends in its objective of linking the arts and cultural industries to heritage as mutually supportive strategies in downtown revitalization. A strategy for sustainable development in downtown St. John's can maximize the potential of this partnership.

- ❑ Environmental conservation and heritage revitalization are natural partners, especially with respect to the optimum use of physical resources and the reduction of waste.

### **3.3 Guiding Principles**

A number of guiding principles for a downtown St. John's economic development and heritage preservation strategy follow from the findings and key lessons of this background paper. While by no means comprehensive. These are as follows:

- ❑ Take a "holistic" view in proposing actions to effect benefits, remembering the axiom of sustainable development that everything connects to everything else.
- ❑ Ensure that there are no adverse effects on the disadvantaged segments of the community and seek to maximize the equitable distribution of benefits throughout St. John's society.
- ❑ Facilitate the achievement of the City's policy objectives with respect to legally designated heritage areas.
- ❑ Integrate built heritage revival policies with all other City of St. John's policies for economic development in the downtown.
- ❑ Encourage measures for the collection of necessary data to properly monitor and evaluate the performance of built heritage revival on a regular basis.

## **Appendix 1**

### **Trends in Development Expenditure, St. John's Downtown 1986-1999**

## **Appendix 2**

### **Trends in Real Estate Values, St. John's Downtown 1986-1999**

# Trends in Real Estate Values, St. John's Downtown 1986-1999

Analysis of available data on real estate sales transactions in the study area were undertaken in order to examine and assess recent (1996-1999) trends and values in downtown residential property markets. Using the information available from the MLS of the St. John's Real Estate Board, sales transacted in the older residential sections of the City were examined and compared to those which occurred directly within the study area.

Sales data for the Board's MLS Area 3 provided relevant data for a large number of residential property sales in the older residential districts of St. John's. Area 3 encompasses the entire downtown area, but is larger than the study area since it includes other older residential neighbourhoods. The approximate boundaries of Area 3 are as follows: from Quidi Vidi Village to the Boulevard across Empire Avenue to Cashin Avenue, and from there via Campbell Avenue to Patrick Street; from Patrick Street to the Southside Road along the south side of the Harbour; and then, via the Narrows, back to the Battery.

The MLS data provide detailed information on the selling price of individual properties identified by street and civic number, and additional data such as the average selling price of all properties summarized by year. During the period analyzed (1996 to 1999), there were a total of 849 sales transactions in Area 3. About 395 of these transactions were for residential properties within the study area. Commercial properties were excluded, as were sales of multiple units and condominiums.<sup>1</sup>

The 395 single-unit transactions in the study area were examined in detail and, in addition, information on property sales for six representative downtown streets were selected and compared with Area 3 as a whole, as well as for the overall study area. These selected locations included Gower, Bond, Victoria, Pleasant and Patrick Streets and Queen's Road. Property market values on both sides of two streets - Gower and Bond - were examined in more detail. MLS historical data (1987-1999) for Gower Street were also examined in order to assess the longer term trend in this area of the downtown.

These results of the analysis for the period 1996-1999 are summarized below.<sup>2</sup>

General parameters:

- Total residential property sales transactions in MLS Area 3: 849
- Total residential property sales transactions in the downtown: 395
- Portion of sales transactions in the downtown: 46.5%
- Number of transactions on six selected study area streets: 113
- Transactions on selected streets as a portion of all study area sales: 29%

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1. Since 1996 to April 23, 2000, there have been 64 condominium sales transactions, including leases, in the study area. The total value of these transactions has been approximately \$5.6 million. According to the MLS database, the average per unit selling price was \$87,500. At present, residential condominium units are located at 61 Duckworth Street, 39 Queen's Road, Flavin Street, 139 Gower Street, 130 LeMarchant Road, and 58 Queen's Road.

2. Unless otherwise indicated, all data are for the period 1996-1999, though a small number of sales between January-March, 2000, are also included.

- “Selected” transactions as a portion of all MLS Area 3 sales: 13%
- Number of transactions on Gower, Victoria and Bond Streets: 70

Overall Sales and property values:

- Total value of all residential properties sold in MLS Area 3: \$55.2 m<sup>3</sup>
- Total value of properties sold in the study area: \$25.7 m<sup>4</sup>
- Portion of all Area 3 sales occurring in the study area: 47%
- Total value of all properties sold on six selected downtown streets: \$8.8 m<sup>5</sup>
- Portion of the above sales occurring in 1999: 36%

Selected Comparisons

- Average selling price of all residential properties in MLS Area 3: \$65,000
- Average selling price of 113 residential properties on six selected streets: \$78,500
- Average selling price of 70 properties on Gower, Bond and Victoria Streets: \$86,450
- Factor by which the value of properties sold on six selected streets exceeded the Area 3 average price: 1.21
- Factor by which the value of properties sold on Gower, Bond and Victoria Streets exceeded the Area 3 average price: 1.33
- Average selling price of all (207) properties in Area 3 in 1999: \$70,000
- Average 1999 selling price of 22 properties on Gower, Bond and Victoria Streets: \$98,500
- Factor by which the value of properties sold on Gower, Bond and Victoria Streets exceeded the Area 3 average price in 1999: 1.41

Estimated residential realty tax revenue

- Estimated market value of all 395 properties sold in the study area during the past four years: \$31 m<sup>6</sup>
- Estimated residential realty tax revenue these 395 properties will generate for the City of St. John's in the year 2000: \$356,500<sup>7</sup>

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3. This is a rough estimate calculated by multiplying the total number of transactions (849) in Area 3 over the four year period by the average sales price of \$65,000. The actual value of all Area 3 transactions would require adding up each of the 849 sales figures.

4. This is also an estimate calculated in same way as the previous estimate.

5. This is the actual figure for all of the 113 properties sold in these six locations since 1996. This was calculated by adding up the selling price of each of the 113 residential properties sold in these six streets.

6. This figure is calculated using the 1996-1999 average selling price - \$78,500 - of the 113 properties on the six selected streets in area, rather than the overall average for Area 3 as whole (\$65,000). Thus 395 properties selling at an average price for the n the study period 1996-1999 of \$78,500 = \$31 million. As noted above, these 113 selected transactions represent a very significant sample (29%) of all property sales in the study area during the past four years. Thus, it is reasonable to use the \$78,500 value rather than the overall average for Area 3 (\$65,000).

7. This figure was calculated using the current residential property tax mil rate of 1.15%. Thus, every one million dollars worth of residential realty value generates \$11,500 in tax revenue for the City.

## Two Case studies (1996-1999)

### Gower Street

- Total number of property sales: 41
- Total market value of all property sold: \$3.63 m<sup>8</sup>
- Number of sales on the north side of the street: 22
- Number of sales on the south side of the street: 14
- Average market price, north side properties: \$74,040
- Average market price, south side properties: \$105,505
- South versus north side price ratio: 1.43

From the above data, it can be seen that the average price of residential properties on the south side of Gower were 43% higher compared to those on the north side of the street. In 1999 there were 14 property sales on this street. The average market price of six houses on the south side of Gower had risen to \$117,800, compared to the eight north side sales whose average selling price was just over \$87,000. Thus, in 1999, the north-south price differential was slightly lower - 1.35.

As noted, there has been a particularly strong consumer demand for Gower Street properties in the past few years, but this is part of a well-established trend. For example, since 1987, there have been a total of 128 property transactions on this downtown street. During 1987/1988, a total of 25 houses were purchased: the average market price for that period was \$75,000. A number of these properties have changed hands several times since then, each time at a significantly higher price: one property, for example, sold for \$59,900 in 1988, for \$160,000 in 1998 and then again in late 1999 for \$226,000: the property has therefore appreciated in value by a factor of 3.75. This property is presently back on the market at a list price of \$289,000. Should it sell at its list price, the value of this particular property will have appreciated by a factor of 4.8 in the space of twelve years.

### Bond Street

- Total number of property sales: 18
- Total market value of all property sold: \$1.38
- Number of sales on the north side of the street: 9
- Number of sales on the south side of the street: 9
- Average market price, north side properties: \$68,433
- Average market price, south side properties: \$85,322
- South versus north side price ratio: 1.25

The average selling price of residential properties on the south side of Bond Street in the period 1996-1999 was thus 25% higher compared to those on the north side of the street.

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8. As is well known, Gower Street has been a particularly "hot" property market in the past few years, and the MLS data show this quite clearly. For example, property sales on this street represented just over 41% by value, and 37% by number, of all 113 sales that were made in the six selected downtown streets during 1996-1999. In 1999, the 14 properties sold on this street had a market value of \$1.4 million. This represented 44% of the total value of all property sales in the six downtown streets for 1999.

# Notes

1. Economic analysis depends on systematic collection of pertinent long-term information and consistent definitions of terms used in data gathering. Unfortunately these conditions do not exist in St. John's or in Canada generally. Further, even if such methodological problems did not exist, the limitations of the project budget do not allow for the development and application of an econometric model consistent with accepted standards.
2. The Commission (known as the Brundtland Commission) submitted its report *Our Common Future* to the United Nations in 1987. It further concluded that sustainable development also meant greater equity in the distribution of the benefits of the world's resources. This latter finding, however, has not received as much attention as the Commission intended. Over the last decade, this landmark report has generated considerable debate as well as the development of new policies.
3. For example, in its 1990 report, *Capitalizing on Heritage, Arts & Culture*, the Federation of Canadian Municipalities echoed this perspective as follows:
  - ❑ For human beings "the environment", for most of the time, is buildings, particularly in a climate like Canada's. Intelligent management of the environment necessarily includes the building stock.
  - ❑ Cities are the largest tangible items that a civilization produces. If part of the purpose of sustainable development is to extend the economic lifespan of society's investments, then a logical starting point is revitalizing buildings, neighbourhoods and entire cities.
  - ❑ Canada has an immense investment of some \$130 billion of pre-Second World War buildings alone. Any business which had that large an inventory of assets would be trying to capitalize on them.
4. This is now recognized in *CSA Standard S478-95*.
5. The Council of Europe, for example, is now supporting the implementation of such strategies under the name "Integrated Conservation."
6. Each is based fundamentally on the purpose for which the evaluation is being undertaken. Some are meant to demonstrate that conservation and rehabilitation make economic good sense in order to induce private and public investment, while others seek to balance the costs and the benefits, and to target public sector funding to projects most in need. Still others attempt to do both, albeit in different measure, depending on the circumstances.
7. This is the perspective of mainstream economists. Benefits of goods and services are defined as gains/utility that accrue to those who pay for them. A heritage building is viewed as simply a type of real estate. The principal purpose of this approach is to convince potential investors that building rehabilitation is a good investment risk, compared to new construction or another investment opportunity. An ancillary purpose is to identify any difference between the "cost" and "value" which may call for government incentive to help fill the gap. In this calculation, cost is the total expended on the project and value is the price a willing buyer would pay for the rehabilitated building in an open

and competitive market. The strength of this method is that it speaks directly to owners/developers/investors about the financial “bottom line” (risks and rewards). On the other hand, it does not address, systematically, the benefits that accrue to others (externalities). The approach is particularly applicable to the commercial and institutional properties of downtown St. John’s.

8. This method examines the total economic effects from “historic preservation”. Though econometric models vary in their sophistication, in most cases they use the input-output approach to perform calculations. To calculate the economic impact, one starts with actual project or program costs (including any subsidies) as inputs and follows the dollars to measure outputs. Input-output modelling focuses on the interrelationships of sales and purchases among sectors of the economy. Sampling and estimates are used. The method is widely employed in the United States and usually for broad studies including historic rehabilitation, heritage tourism, historic sites and organizations, historic property values and tax payments. Some studies segregate the rehabilitation of legally designated properties and provide comparative data on rehabilitation as a whole. For example, the input-output study model used by the Centre for Urban Policy Research, Rutgers University, for a study of the State of New Jersey (1997), takes this approach. It is the most comprehensive state-wide study of historic preservation’s economic effects ever conducted in the United States. The purpose of this method is to make the case for historic preservation with all stakeholders, but especially for government in determining public policy. In presenting the study findings, the emphasis is on jobs, income, value added (GDP) and taxes paid to all levels of government. The findings of the more rigorous of these input-output studies show a high degree of consistency and, in general terms, may reasonably be expected to apply to the case of St. John’s.
9. This method uses a cost-benefits analysis (CBA) approach of which there are at least three principal theoretical models - the Hedonic Pricing Method, the Travel Cost Method, and the Contingent Value Method. These methodologies commonly use surrogate monetary values to measure the effects of externalities. “Option value” - people’s willingness to pay to visit a preserved historic building - is one example of a surrogate measure of the building’s worth to society. The CBA approach is much favoured in Europe (including the UK) and presents similar information to the input-output models used in the US, while including the surrogate values as indicated above. There are also secondary benefits that could be expected for conservation projects as opposed to competing new development. While this method is certainly more progressive, it is extremely complicated and difficult to communicate to non-economists. However, its strength is in its attempt to show how things such as improved aesthetics of an area have economic benefits, even if they are difficult to measure. Because many reputable economists and European government heritage agencies regard this as a very legitimate method, the welfare economics approach may be quite applicable to the case of St. John’s in demonstrating economic benefits beyond that described by the polar opposite school of real estate economics.
10. Some investigators prefer to use a number of different methods in conjunction with one another. Perhaps the best is English Heritage’s collaborative economics of conservation research program with the Royal Institute of Chartered Surveyors. In this study, the focus is strictly on legally designated heritage properties (“listed buildings”). The research agenda is long-term and combines a case study approach with the testing of CBA

methods and another technique called Investment Performance Monitoring (IMP). The last has been used since 1993 to monitor on an annual basis the economic performance of prime commercial property nationally, and comparing listed buildings with non-listed properties (essentially modern office buildings). The purpose of this composite research program is to find logical and practical solutions to the problem of ensuring that any increased costs to owners that accrue from the UK's stringent statutory protection for listed buildings are offset by direct or indirect public subsidies, commensurate with the public benefits enjoyed from conservation. The findings of this composite method could be applied in a study of St. John's, at least in a general sense. The results of nearly a decade of IPM research in the commercial property sector is especially instructive.

11. Quality of life considerations involve more than just aesthetics: ancillary improvements can also include safety, security and cleanliness of neighbourhoods.
12. In various cities it has been reported, for example, that support for a heritage district has ancillary effects such as stimulating enterprises that display and/or sell artifacts or reproductions, providing subject material and facilities for the visual arts and crafts industries, and providing themes, audiences and facilities for the performance of music, dance and drama.
13. The facts and performance indicators presented in this section have been extracted from several of the most rigorous recent studies undertaken, primarily from studies undertaken in the United States and the United Kingdom where the state of the art and research investment are considerably in advance of practice in Canada. The results have been measured using one or more of the approaches described in the methodological section above. These data are presented to illustrate the diverse ways in which built heritage revival performs as an economic development strategy.
14. The following figures from the New Jersey findings are illustrative:
  - Total building rehabilitation in State of New Jersey in 1994: \$2 billion
  - Estimated percentage of New Jersey rehabilitation in legally designated heritage properties: 6%
  - Percentage of New Jersey rehabilitation in heritage properties in urban areas: 9.3%
  - Percentage of New Jersey heritage property rehabilitation in non-residential buildings: 68%
  - Jobs created per \$1 million non-residential heritage rehabilitation in New Jersey: 38.3
  - Jobs created per \$1 million on new construction in New Jersey: 36.1
  - Jobs created per \$1 million on highway construction in New Jersey: 33.6
  - Total income from heritage rehabilitation in New Jersey: \$81 million
  - Gross state product from heritage rehabilitation in New Jersey: \$116 million
  - Local taxes paid from heritage rehabilitation in New Jersey: \$7 million
15. The following figures from California studies are illustrative:
  - Jobs created per \$1 million of new construction in California: 26.5
  - Jobs created from building rehabilitation (general) in California: 31.1

- Household income created through \$1 million in new construction in California: \$753,100
  - Household income created through \$1 million in building rehabilitation in California: \$833,500
16. The average household per trip expenditures of heritage tourism visitors to Maryland is \$450.
- Average household per trip expenditures of other visitors to Maryland: \$250
  - Ratio of heritage tourism visitor expenditures to other visitor spending in Virginia: 2.5:1
17. The following figures are illustrative:
- Ratio of private/public investments to funding by English Heritage in heritage area regeneration: 5:1
  - Ratio of private investment in the conservation of Grainger Town, Newcastle (UK) to public funding: 5:1
  - Ratio of private investment to all sources of public expenditures on heritage rehabilitation in Rhode Island: 9:1
  - Amount of new tax revenues from every dollar in Federal rehabilitation tax credits in Rhode Island: \$1.30
  - Percentage of low-income units created in tax credit housing rehabilitation projects in Rhode Island: 31%
18. Leading the way were the Neighbourhood Improvement Program (NIP) and the Residential Rehabilitation Assistance Program (RRAP) which were nationally sponsored initiatives funded by three levels of government. Five NIP areas were designated in the period 1975-78. Between 1976 and 1982 some \$8.8 million was spent under RRAP to upgrade some 1,760 dwellings in these residential districts. A further \$10 million was invested under NIP on infrastructure improvements.
19. This Foundation purchased some 28 run down properties in the downtown which it then restored and re-sold. These properties sold slowly at first and at a loss; however, by 1981, the situation had improved and the properties were subsequently sold at prices roughly equal to purchase/renovation cost.
20. The Murray Premises were the major commercial showpiece of the downtown heritage area. Parks Canada contributed \$500,000 to the project.
21. The following analysis of benefits from built heritage revival in downtown St. John's is based on the examination of data from a wide range of sources and, by extrapolation, from the findings of studies in other jurisdictions. Additional data is derived from information provided by the City of St. John's, from interviews with key agencies and from study consultations. Some of the local-level benefits data have been analyzed and interpreted based using estimates, surrogate statistics and indicators from other jurisdictions. Where necessary and appropriate, these data have been supplemented with anecdotal information and other informal evidence, drawn primarily from study consultations.

22. Statistics Canada and CMHC combine the data with other “renovations and alterations”.

23. Special note needs to be made of the sources of information concerning the nature and size of the building renovation industry since this is of some significance to the analysis and quantification of economic, income and employments benefits for several key areas. There are three main sources of information: Statistics Canada (SC), Canada Mortgage and Housing Corporation (CMHC), the City of St. John's. The relevant St. John's data are derived from information on permit data provided by the City's Building Department. This information was prepared for the Steering Committee in early March and is summarized in a short discussion document "Trends in Development Expenditures, 1986 to 1999". The data used in the present discussion of benefits are presented in four tables at the end of study paper "Trends in Development Expenditures".

The similarities and differences of the kinds of information gathered by these agencies may be summarized as follows. The most detailed figures available are for homeowners' dwellings; figures for rental dwellings are somewhat less detailed; and statistics on the non-residential building stock, the industrial, commercial and institutional sector (ICI) are based on an entirely different methodology. Different categories of work are used by SC and CMHC in segregating expenditures. CMHC covers a broader range of renovation activity, factors in more things and uses more up-to-date survey information than SC. Because of the different methodologies employed, it is not unusual for the CMHC-type approach to differ by a factor of two-to-one from the SC-type approach. The City of St. John's does its own calculations based partly on data from SC and CMHC, and partly on its own building permit figures and other information. Not all categories of work can reasonably be attributed to heritage revival activity.

"Heritage-type" work, as a particular category of "renovations", can be estimated by breaking down the criteria for expenditures into five categories for homeowners' dwellings and allowing two categories for expenditure: (1) repair and maintenance and (2) update of mechanical/electrical systems. Statistics Canada provides data on the overall size of the renovations industry in Canada; however, when the above criteria and assumptions are used, heritage-type work comprises 34.9%, on average, of the total residential renovation sector. It should be noted that none of these data sources attempt to judge whether or not any of the work undertaken is appropriate or fitting for a building of demonstrable heritage character, nor do they segregate their data on the basis of investment in legally designated heritage property versus investment in general residential renovations.

24. However, although various statistical agencies do not consider investment in property renovation to be a benefit, it is generally acknowledged that such investment activities often stimulate or encourage other property owners to make similar improvements. Thus, in a community like St. John's, high-visibility improvement projects (e.g. those in prominent or central locations) in the downtown can have an impact on investment activities elsewhere within the St. John's Census Metropolitan Area. This process may be described as the "demonstration effect" or the "Keeping-Up-With-the-Jones" phenomenon. In this respect, investment in downtown properties can also be viewed a benefit.
25. CMHC's forecast for residential renovation in the year 2000 was published in *Renovation Market Outlook*, CMHC, February 2000.

26. This figure is simply proportional to population.
27. Pre-1945 dwellings account for approximately 12% of housing in CMA. In the analysis which follows, it is assumed that existing or potential heritage buildings are those constructed before 1945, though it is recognized that this age criterion alone will not capture all properties of heritage character in the existing building stock. The \$17 m figure is therefore 12% of the CMA figure (\$142 m).
28. Downtown dwellings account for approximately 6.1% of housing in the CMA. In the analysis which follows, it is assumed that existing or potential heritage buildings are those constructed before 1945, though it is recognized that this age criterion alone will not capture all properties of heritage character in the existing building stock.
29. Assuming (to be conservative) that the proportion of non-residential to residential renovations corresponds approximately to the national average of 58%, projected downtown ICI renovation for 2000 is \$5 million. The figure is considered conservative because, over the last many years, the City's records suggest that ICI renovations have been outpacing residential renovations.
30. That is \$8.6 m for residential work and \$5 m for non-residential work for a total of \$13.6 m.
31. A common frame of reference for assessing the economic value and benefits of heritage rehabilitation is to compare it with those generated by alternative types of construction. New building construction is most widely used for comparison purposes, but infrastructure improvement (such as new highway construction) is also employed as a secondary comparison. In comparing rehabilitation with new construction, rigorous employment generation models are used to analyze performance with respect to four different types of buildings: single-family and multi-family units, non-residential and civic-institutional buildings. In Canada, however, the task of identifying the employment benefits of the rehabilitation industry has been hampered by the lack of a proper employment generation model for this sector. The CMHC data are from *Canadian Housing Industry Performance and Trends* (CMHC, 1999).
32. CMHC has undertaken two studies - with decidedly different outcomes - of the employment benefits generated by renovations versus new construction. A 1986 report indicated that, dollar-for-dollar of investment, residential renovation created over twice the direct employment of new construction. However the findings of a 1993 consultant's study published by CMHC show residential renovation only very slightly ahead of new construction. Neither study segregates renovation effected in legally designated heritage property from residential renovation generally. As a number of analysts have noted, these data discrepancies are also due to the fact that the two studies used different definitions and data collection methodologies. The different study results may be further qualified if the following points are considered: the 1993 study left out several factors that would have significantly improved the relative position of the renovation sector; the employment benefits generated by renovation activities have a more significant local-level impact compared to new construction, primarily because, in the latter, more of the indirect and

induced employment benefits tend to accrue to locations in Central Canada.

33. This calculation uses CMHC's calculation method and further assumes that the figures for St. John's are roughly consistent with the national average.
34. If one assumes that ICI renovation activities contribute a further 58% of the employment (using CMHC's method), then the total number of direct, indirect and induced jobs in the CMA would be 4,700.
35. If one further assumes that the pre-1945 buildings account for 12% of the total market in the CMA, then the work on pre-1945 buildings sustains about 565 jobs.
36. If one also assumes that the heritage-type work comprises 34.9% (the national average) of the work done on such buildings, then the total number of jobs generated by various kinds of heritage revival work is in the vicinity of 200 ( $565 \times .349 = 197$ ).
37. *The Canadian Renovation Market*, CMHC, 1986.
38. This study was by a firm called DRI. According to DRI, new construction and renovation wind up in virtually a dead heat: for each million dollar expenditure (in 1986 dollars, \$1,339,000 in current dollars), new construction produces 29.88 jobs whereas renovation produces 29.74. In other words, if one disregards any discrepancies emanating from the use of the base year of 1992 for employment data and the base year for dollars of 1995, one could reach the following approximate estimate: in the case of both new construction and rehab, the DRI figures would suggest that a full-time job is created in Canada with each investment of slightly less than \$45,000.
39. The State of New Jersey study (1997) shows that rehabilitation effected in legally designated heritage properties in this state comprises 6% of the total rehabilitation industry. A comparison of the rehabilitation of legally designated heritage properties (R) to new construction (N) per million dollars of initial expenditure yielded the following performance data for in-state jobs:

Single-Family		Multi-family		Non-residential		Civic/Institutional	
R	N	R	N	R	N	R	N
18.4	16.4	18	16.4	19.3	16.7	19	17.2

The New Jersey data indicate that heritage rehabilitation generated, on average, approximately 12% higher employment levels compared to new construction. The comparative employment advantage of rehabilitation ranged from a high of 15.6% with non-residential to a low of 9.8% with multi-family.

In California, building rehabilitation produced 10.7% greater household income benefits compared to new construction. Results from the State of New Jersey are more informative because they segregate rehabilitation effected in legally designated heritage properties from rehabilitation work in general. As of 1994, about \$7 million in heritage rehabilitation was effected in Trenton, New Jersey. Heritage rehabilitation generates in-

state income benefits of \$661,376 per \$1 million of initial expenditures. Therefore, the \$7 million in Trenton heritage rehabilitation translates into \$5 million worth of income at the state level. While only a small share of the latter amount is, in turn, captured in Trenton, the net to Trenton is meaningful in a city with 12% unemployment and \$11,000 per capita income, compared to 6% and \$19,000 respectively for the state of New Jersey as a whole. An analysis of these results indicates that, per million dollars of initial expenditure, historic rehabilitation outperforms new construction in producing household income benefits by the following margins:

<b>Single Family/Multifamily</b>	<b>Non-residential Buildings</b>	<b>Civic/Institutional Buildings</b>
7.8%	14.2%	9.6%

As evident from the above data, on average, historic rehabilitation outperformed new construction by 9.8%. Further, despite the different criteria and data collection methods used, the study results are remarkably similar.

40. In the two US studies cited above, the average household income generated by rehabilitation activities was about \$747,500 per million in rehabilitation. In downtown St. John's, residential and non-residential renovations' investment was approximately \$21.5 million during the period 1995-1999 (see Table 4 in Appendix 1). By extrapolation, using the US data as a proxy, these downtown investments would have generated an additional \$16.2 million in household income elsewhere in the economy. Further, considering the comparative advantage of rehabilitation activities, these downtown property improvements would have generated an additional \$1.5 million in household income, compared to investment in new construction.
41. These data have been derived from permit data for the period 1986-1999 available from the database of the City's Building Department. This information has been summarized and displayed in tabular and graphic format in Appendix 1.
42. Some post-1940 buildings may also be considered to have heritage character, since the legal designation and conservation of "modern" architecture as heritage properties is becoming increasingly undertaken in Canada and abroad.
43. More detailed data on recent real estate property values and transactions are presented in Appendix 2.
44. This figure is calculated using the 1996-1999 average selling price - \$78,500 - of the 113 properties on the six selected streets in the study area, rather than the overall average for Area 3 as whole (\$65,000). Thus 395 properties selling at an average price for the period 1996-1999 of \$78,500 = \$31 million. As noted above, these 113 selected transactions represent a very significant sample (29%) of all property sales in the study area during the past four years. Thus, it is reasonable to use the \$78,500 value rather than the overall average for Area 3 (\$65,000).
45. This figure was calculated using the current residential property tax mil rate of 1.15%. Thus, every one million dollars worth of residential realty value generates \$11,500 in tax

revenue for the City.

46. As is well known, Gower Street has been a particularly "hot" property market in the past few years, and the MLS data show this quite clearly. For example, property sales on this street represented just over 41% by value, and 37% by number, of all 113 sales that were made in the six selected downtown streets during 1996-1999. In 1999, the 14 properties sold on this street had a market value of \$1.4 million. This represented 44% of the total value of all property sales in the six downtown streets for 1999.
47. Calculations are based on a national percentage of 34.9% of total residential renovation activity. The tax benefit is calculated as follows:  $(5.6 \times 34.9\% \times 11,500)$ . It is assumed that the tax benefit of \$22,476 occurred over a three year period, or at about \$7,500 a year. Hence, over ten years, the benefit would be approximately \$75,000.
48. Given the complicated nature of the municipal tax system for non-residential properties, calculating the actual value is no easy matter, however. This issue has been discussed at length, on several occasions, with the relevant City personnel. Among the factors to be considered are the following: whether or not one considers all pre-1940 buildings in the downtown to be heritage structures, or at least have the potential to be classed as such; a second, related consideration concerns the importance of distinguishing between "heritage-type" work and "general" renovations and improvements to non-residential (or residential) properties since a detailed analysis of the City's permit data, in conjunction with a case-by-case examination of the specific properties renovated, would be needed before one could determine what portion of any property improvements comprised "heritage-type" work versus investment in 'general renovations'. Given these factors and considerations, it is evident that some caution is necessary when using the City's building permit data to quantify either the increase in assessed property value, or the actual tax revenue, which investment in the downtown area has generated.
49. This study (from the mid-1970s) focused on the relative *net* benefits of lowrise versus highrise development in the City of North York, Ontario.
50. November 4, 1987.
51. *Capitalizing on Heritage, Arts & Culture*, Ottawa, December 1990.
52. For its part, Canada is the world's 8<sup>th</sup> most popular tourist destination (1998 - World Tourism Organization). And, it is a growing industry. In the five-year period between 1994 and 1999, Canada's tourism receipts jumped by 25% to more than \$47 billion - visitor numbers increased by 18% to more than 18 million - and there was more than a 9% increase in employment to about 518,000 people working in tourism-related jobs.
53. In addition, as the data show, heritage sites improve visitor information, services and overall satisfaction, and encourage visitors to stay longer or come back again. Heritage itself can benefit from tourism. Well-interpreted heritage sites teach visitors their importance and, by extension, can reinforce the value which the local community places on its historical resources.
54. These data actually underestimate the number of Bed-and-Breakfast establishments in the City, and in the downtown area, because several establishments have two or more

separate premises which serve as overflow units during the peak season. As such, the total number of individual buildings utilized by Bed-and-Breakfast operations located in the downtown is likely closer to 25 or more.

55. See "*St. John's Bed & Breakfast and Unique Accommodations*". The two establishments located close to the boundary of the study area are *Angel House* on Hamilton Avenue and *Oh What a View*, on Signal Hill Road.
56. This figure is based on informal discussions with several B&B operators who indicated that gross revenues of \$50,000 per season is probably close to the average considering that some of the larger operations make substantially more than this and that some of the smaller firms make less than this amount.
57. As described for various B&B operations in the brochure "*St. John's Bed & Breakfast and Unique Accommodations*".
58. Assuming that, on average, each of the seventeen B&B establishments in the downtown had 1999 sales of \$50,000, total revenues in that year would have been approximately \$850,000. Current room night charges range between \$37.00 and \$199.00, that is, on average, \$60.00 to \$90.00 for all establishments. This amounts to about \$75.00 per night/per room. The number of client room-nights was therefore 11,333. One may further assume that two-thirds of all B&B customers were couples, and the rest were single persons. In this case (and allowing for late night arrivals), B&B couples spent about 7,000 days in and around the City, and singles spent 3,000 days. If each couple spent an additional \$200 per day, and singles just \$100 per day, in 1999 their activities generated additional expenditures in the City's economy of about \$1.4 million (couples) and \$0.3 million (singles): for a total of \$1.7 million. As such, total direct and indirect (spin-off) revenues in the City of St. John's in 1999 as a result of the Bed-and-Breakfast sector were in the order of \$2.55 million. If we assume (to be conservative) that only one-half of these revenues was due to the heritage character of the Bed-and-Breakfast buildings and/or the streetscape/cityscape and viewshed heritage resources of St. John's, then these attributes were worth at least \$1.275 million to the economy of St. John's in 1999.
60. These views were expressed during the meeting between about a dozen members of the DDC and the study team on 3 March 2000.
61. In an article on the revitalization of downtown (*Business News*, March 2000).
62. In December 1999, the federal government announced an enrichment of the Residential Rehabilitation Assistance Program (RRAP), in the amount of \$720 million nationally over four years. As part of this announcement, Ottawa introduced a new category of eligible projects under a program called "*Conversion RRAP*" to provide forgivable loans of up to \$18,000 per unit, for the kinds of conversions described above.
63. Topography is one of the most obvious manifestations of civic amenity within downtown St. John's. The City's steep-sided Harbour makes an unforgettable picture and shapes the very character of the landscape and the built heritage resources of the downtown. Buildings have been constructed in a "stepped" fashion with a "terraced" arrangement along the various north-south streets that proceed up from the Harbour. Given their

construction along the different contour lines, the buildings on one terrace do not completely obscure the view of the one above it. Access to viewshed is thus afforded to homeowners and other building occupants, particularly for properties on the south side of each terrace.

64. See the discussion on real estate transactions in section 9.4 above, and in Appendix 2. As noted in these analyses, this 'premium' has been expressed both as a portion of the selling price - e.g. between 15 to 40 percent, as well as a concrete dollar figure - e.g. the apparent willingness, and determination, on the part of some buyers to pay an additional \$10-15,000 for the relevant property if it can deliver the desired 'view'. (The amount buyers are willing to pay would, of course, vary depending on the particular structure, and its location.)
65. For example, according to City data, close to \$10 million has been invested in residential property improvements in the downtown since 1986 (Table 2 Appendix 1); however, in the absence of a very detailed assessment, it is virtually impossible to ascertain what portion of this investment can be attributed to the desire of investors to access, or capitalize on, the downtown's 'civic amenity'. Further, it is likely that the City data do not do not yet account for the substantial investment which has been made in the past few months. For example, the Nolan/Hall projects on Queen's Road (the BIS/O'Connell Hall and Dublin Row development) presently being completed likely involve an investment of between \$4.5 and \$5.0 million, some or all of which may be reflected in the \$10 million figure noted above.

Nevertheless, a significant portion of this investment is likely related to the notion of 'civic amenity'. For example, according to the developers, these high-quality ('Class-A heritage') condominium and townhouse residential units have been developed, and are now being marketed, on the basis of several key promotional and marketing concepts: their 'heritage' ambience, their downtown location and their ability to satisfy the expectations of consumers willing to pay a significant premium for an exclusive access to the downtown ambience and view. In other words, this multi-million dollar project owes much of its rationale, and financial return, to the notion of 'civic amenity'.

This is clearly evident from the text of the promotional materials which Nolan/Hall are presently using to market and sell these residential properties: For example, "The Hawthornes" - with seven units priced between about \$295,000 and \$1,000,000 - are being advertised as living spaces "with breathtaking views...for those who can live anywhere, but choose downtown". And the Dublin Row townhouses - five individual, attached units one of which has just sold for \$395,000 - are described as "exclusive townhouses..with an incredible view". As such, there can be no doubt that their 'flavour' and ambience is decidedly 'downtown' and that access to 'view' is a key selling point. Indeed it is obvious that both of these features have been deliberately built into, and reflected in, the asking price.

66. In "Jobs Jobs Jobs", an article that appeared in the March 20<sup>th</sup> 2000 issue of *Maclean's*, "George Cwynar, President and CEO for the Kanata-based semiconductor provider Mosaid Technologies Inc., agrees that finding the best people has become much tougher, especially over the past six months or so. In that period, the 200-employee company has hired about 35 new staff including engineers, sales and marketing personnel, and people

who oversee operations and manufacturing. Mosaid is looking to fill 30 or 40 more positions. Cwynar says the company is proud of the extras it offers, such as an attractive office complex that includes a converted heritage home, a park-like setting, a lounge for employees and a pool room. But like many other firms, Mosaid is facing increasingly stiff ... competition.”

67. The Petro-Canada manager noted that the "would be a shame if St. John's followed the Calgary model...and suggested that the 'low-rise' option was most attractive".
68. These are the Newfoundland Independent Filmmaker's Co-op (NIFCO), the Newfoundland and Labrador Film Development Corp. (NLFDC), the Producers' Association of Newfoundland (PAN) and FilmCAN. There is also the local Association of Canadian Television and Radio Artists (ACTRA).
69. This calculation is based on the following assumptions: 1. average annual production value during 1995-2000, overall Province = \$3,745,708; 2. portion which has likely been spent in St. John's during the past five years = \$3,745,708 x .75 = \$2,809,281; 3. portion of production expenditures related to the ambience and amenity in downtown St. John's = \$2,809,281 x 0.30 (i.e. a 30 % "amenity factor") = \$842,784; 4. Amount which has been, and will continue to be, spent over the ten-year period = \$842,784 x 10 = \$8,427,844; 5. Portion of overall expenditures on *Gullages* associated with downtown amenity according to the producers = \$2,100,000, 6. Portion of overall expenditures on "Jinkie Drover" associated with downtown amenity according to the producers = \$3,000,000 and 7. Industry investment and production patterns in the next five years continue at their 1995/2000 level. The sum total of these values is \$13,527,844.
70. This company, Picture Plant Productions, based in Halifax and St. John's, provided some detailed information. The *Gullages* series for CBC television had a total investment of approximately \$3.75 million. All of this was spent in staging and filming *Gullages* in the study area. During the 20 months that the series was being made in the City, *Gullages* employed 175 people.

During the *Gullages* shoot, deliberate efforts were made to capture and utilize the available downtown views at several key locations: from the vantage point of the set constructed next to O'Donnel Hall on Queen's Road, and from Nunnery Hill, where the main set - an existing residential property - overlooked the downtown area and the Harbour. The producers, and their director of photography, focused the cameras on numerous downtown view planes and streetscapes, and on the exteriors of buildings available at all locations. In fact, curiously enough, one entire episode of *Gullages* was devoted entirely to the topic of 'viewshed'.

The cityscape and streetscape of St. John's, and the downtown's viewshed, are thus considered to be key elements for this expanding, and economically important, industry. Another example comes from a 1999 review of the award winning film, *Extraordinary Visitor* which makes a special reference to the location of this movie: "the Pope in Rome ... is mystified that God would choose an out-of-the-way [place like St. John's] for John the Baptist's crucial assignment.. . but its not so peculiar after all. *The St. John's of Extraordinary Visitor looks very much like a place where things begin and end, where the*

*world peers down at itself and sees what it has lost; and what, given a miracle or two, it might yet regain.*" (See "ARTSatlantic", Fall/Winter 1998-95 Volume 16 Number 2, p. 56.)

71. Partnerships between the arts, heritage and culture have been catalysts for downtown revitalization in Canada since the 1960s: the Young People's Theatre Centre in Toronto is an early example, one that involved the conversion of a former warehouse, now a commonplace in urban regeneration. As part of its CulturePlan, Kitchener is currently pursuing a \$1 million project to create art studios in an existing heritage area of the downtown core, and the City also plans to spend \$1.5 million to convert a former downtown department store into a children's museum. Many other places from Roanoke, Virginia to Manchester, England are creating arts centres in redundant commercial, industrial and institutional buildings.
72. For example, Objective 5.3.1 specifies a plan to designate as primary arts resource centres two properties - the Anna Templeton Centre and Devon House - with significant heritage character, and others remain to be determined.
73. These indicators are from two Canada Council reports published some years ago, and were used in a previous study for the City of St. John's, "The York Theatre: An Arts Centre for Downtown St. John's" prepared by BFL Consultants Limited and S. Canning in 1988. The relevant Canada Council reports are: 1. "Performing Arts Data Base", Canada Council, Research and Evaluation, October, 1986; and "A Short-Hand Technique for Estimating the Economic Impact of the Performing Arts", Canada Council, Research and Evaluation, March 1982. According to Statistics Canada and the Canada Council, the income multiplier for the arts industry (for cities with a population less than 250,000) is 1.3.
74. *Capitalizing on Heritage, Arts and Culture*, Federation of Canadian Municipalities, Ottawa 1990.
75. There is a particularly good fit, for example, between the environmentalists' credo of the 3Rs (reduce, re-use and recycle) and its adaptation to the built heritage revival 3Rs (retain, renovate, repair).
76. The issue is the relationship between energy retrofit and building rehabilitation. Natural Resources Canada calculates the energy performance of housing on a scale of 0 to 100. If a "typical" house with a score of 61 were upgraded to 71, estimates indicate that: (a) energy saving would be 52 gigajoules (GJ) per year; (b) saving in monetary terms would be \$370 per year; and (c) carbon dioxide (greenhouse gas emission) reduction would be 2.6 tonnes per year.
77. This representative, Ms. Barbara Mullally-Pauley, has for example offered her own suggestions to the study team on the subject of windows. There is a challenge, however, in reconciling the objectives of energy conservation with those of "sensitive" built heritage revival because of the character of "Low E" windows now available from Newfoundland's manufacturers. The issue turns on whether the manufacturers could be induced to produce an aesthetically acceptable window for individually designated properties or properties that may merit such legal designation, either in the designated

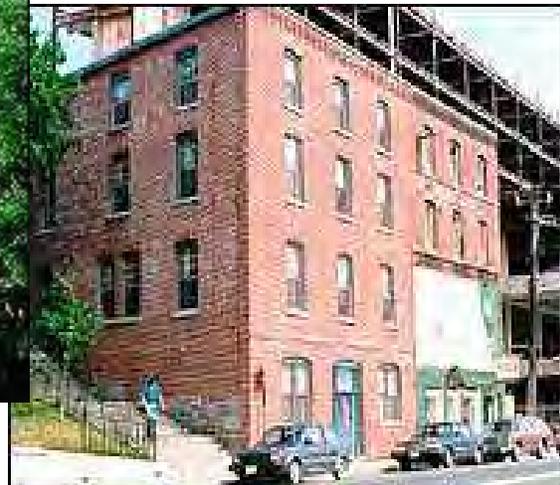
heritage areas or outside. Preliminary enquiries by the study team have concluded that there are reasonable grounds for cautious optimism.

78. Telephone interview with Ms. Gerri King who, in turn, interviewed the site manager.
79. Where appropriate, results have been qualified by the use of the terms “estimated” or “extrapolation” or “speculative”, indicating the degree of certainty involved. The main benefits of built heritage revival are summarized below. Readers are urged to view these within the context of the full discussion given earlier.

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# **Downtown St. John's Strategy for Economic Development and Heritage Preservation**

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## **Background Report No. 4 Summary of Public Consultations**

**Prepared by the  
Study Team for the  
Steering Committee**

**December 2, 2000**

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# Introduction

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This report is a compendium of information and materials from a number of consultations held during the preparation of a Strategy for Economic Development and Heritage Preservation in downtown St. John's. The consultation process involved the following elements:

- Establishment of a Steering Committee consisting of various groups and organizations with an interest in development of the downtown;
- Regular meetings of the Study Team and the Steering Committee
- Invitation to the Public for written submissions
- Hosting of a public day-long Heritage Forum to discuss downtown development and heritage issues
- Meetings with various stakeholder groups and business organizations to discuss downtown development issues; and
- Interviews with key persons 1) with interests in the downtown; and 2) with similar experiences elsewhere in Canada and abroad.

Information was used in the preparation of Background Reports I - III and in the Final Downtown St. John's Economic Development and Heritage Preservation Strategy document.

# Steering Committee Members

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Deputy Mayor Marie White, Chair, representing the St. John's Municipal Council.

## **City of St. John's:**

- Mr. Ron Penney, Chief Commissioner/City Solicitor, City of St. John's.
- Mr. Art Cheeseman, Associate Commissioner/Director of Engineering and Planning, City of St. John's, Dept. of Engineering and Planning.
- Mr. Dave Blackmore, Director of Building and Property Management, City of St. John's, Dept. of Building and Property Management.
- Mr. Cliff Johnston, Manager of Planning and Development, City of St. John's, Dept. of Engineering and Planning.
- Ms. Elizabeth Lawrence, Manager of Economic Development, City of St. John's, Dept. of Economic Development and Tourism.
- Mr. Kevin Gushue, Manager of Tourism, City of St. John's, Dept. of Economic Development and Tourism.
- Mr. Ken O'Brien, Supervisor of Planning and Information, City of St. John's, Dept. of Engineering and Planning; project manager.

## **Government of Newfoundland and Labrador:**

- Mr. Michael Clair, former Director of Culture and Heritage, Department of Tourism, Culture and Recreation, Government of Newfoundland and Labrador. (As of late 2000, Mr. Clair was seconded to the Province's Executive Council; he will be replaced on the committee by Ms. Jean Bishop, the new Director of Culture and Heritage.)

## **Government of Canada:**

- Mr. Greg Stamp, Account Manager, Atlantic Canada Opportunities Agency; a downtown resident.
- Professor Shane O'Dea, Vice-chair, Board of Governors, Heritage Canada Foundation, and a professor of English at Memorial University of Newfoundland. Heritage Canada Foundation.

## **Organizations:**

- Mr. George Chalker, Executive Secretary, Heritage Foundation of Newfoundland and Labrador.
- Mr. Phonse Miller, representing the St. John's Downtown Development Corporation; a downtown resident and a downtown business owner.
- Mr. Bob Fagan, General Manager, St. John's Downtown Development Corporation.
- Ms. Alison Carter, professional dancer, representing the St. John's Arts Strategy Committee; a downtown resident.
- Ms. Kathleen Parewick, land-use planner with the Department of Municipal and Provincial Affairs, representing the St. John's Arts Strategy Committee; a downtown resident.
- Ms. Heddy Peddle, Executive Secretary, Johnson Family Foundation.
- Mr. Dieter Staubitzer, owner of New Victorian Homes Ltd., representing the Eastern Newfoundland Home Builders Association.

# **City of St. John's Downtown Forum**

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## **Agenda Saturday, March 4 E.B. Foran Room City Hall**

8:30am	Registration
9:00 - 9:15	Welcome, Introductory Remarks
9:15 - 10:30	Downtown St. John's - Panel Discussion
10:30 - 10:45	Break
10:45 - 12:00pm	Issues and Challenges
12:00 - 1:00	Lunch
1:00 - 1:30	What Future for Downtown?
1:30 - 3:00	Small Group Discussions - principles, priorities and desired vision for the future of downtown St. John's
3:00 - 3:15	Break
3:15 - 3:45	Group Reports
3:45 - 4:30pm	Plenary Discussion/ Conclusions/ Next Steps

# Public Advertisement

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Evening Telegram  
March 1, 2000

Express  
March 1, 2000

# Summary of Heritage Forum

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Following a panel presentation to bring forward various issues and considerations important to the future of the downtown, a general discussion took place. The following highlights the main points which Forum participants brought forward:

- The study Terms of Reference should recognize the impact which economic development can have on residential neighbourhoods, and recognize that a strong residential component has important economic benefits for a downtown as well. A number of people raised points about the link between downtown economic growth and a healthy, affordable supply of housing.
- A point was made regarding the importance of considering the downtown as an ecosystem and the connection between living and working downtown, that heritage is more than bricks and mortar, it is memory, shopping in old shops, young and old people, safety, and the unique characteristics of neighbourhoods.
- Heritage is not only about design or tourism, or economic development. It is something that we should preserve and be interested in for ourselves. Many people made reference that we should be careful not to “Disneyfy” the downtown.
- Questions were raised about whether the results of the project would be made public. Concerns were raised that not enough emphasis was being placed on asking people what they want, how this strategy will impact on them. Public participation by ordinary people.
- A more pedestrian friendly waterfront, with perhaps a bus shuttle from one end to the other would be great.
- Businesspeople spoke of the changes that occurred in the downtown - the impact of the malls which resulted in many vacant commercial premises in the downtown, but recognize that this is now starting to come back - property values are up, businesses are moving back, new businesses are starting up.
- The special or “unique” nature of the downtown was mentioned by several people, particularly with respect to friends or relatives who visit. Comments that other areas of the city were just like “anywhere else”, but the downtown is unique, and this uniqueness should be preserved/maintained.
- Economic development through preservation of heritage and the environment was mentioned as a means of providing opportunities to future generations and keeping them here, as opposed to having them move away for work. A harbour cleanup, a more pedestrian friendly waterfront/Harbour Drive, would be a good place to start.
- Some residents questioned the boundaries of the study area and asked that they be expanded to include a larger area.

- The issue of a harbour cleanup was raised as an important issue that would need to be included in any plans for the future of the downtown.
- Concerns were expressed about those properties - either vacant or undeveloped, and the possibility of development proposals being put forward before the City could decide what would be best, in terms of building height, bulk or use. Hence a need for a plan to put the boundaries/limits on development in particular areas, is urgently needed.
- Many people spoke about the importance of maintaining and supporting the residential integrity of neighbourhoods in the downtown.
- Maintaining important views in the downtown came up many times, in relation to the Benevolent Irish Society building townhouses on Queens Road, and more generally. Many people expressed concerns that if buildings were permitted to be built so that they would block views of the harbour, that the unique nature of the downtown would be lost, and that this loss would also mean a loss of the City's history/heritage. People expressed concerns that the City was not as attuned to heritage values (including viewsapes) as the public.
- Some people called for a moratorium on new building construction, others suggested the limit of 4 stories is too much in some areas - it should be less.
- It was suggested that the provincial government needs to recognize that the Downtown of St. John's is important to the provincial economy and therefore the province should be concerned about what goes on there. It was suggested that a provincial policy on the downtown needs to be developed.
- Many people expressed concerns that the City was not listening to residents of the downtown when it came to development issues. This means that individual citizens or groups, cannot be effective in efforts to improve the downtown.
- A litter problem in the downtown area was raised. People mentioned that more waste receptacles, public education are needed.
- Points were raised about the design of future development. A need for urban design guidelines which would result in buildings which ADD to the attraction of the City.

- A suggestion was made that there is a need for more public art in the downtown.
- The importance of tourism to the local economy was raised, and it was suggested that as tourism is a key economic indicator, the city should increase support to its tourism department.
- Property tax incentives were suggested as a means to encouraging further renovation of properties in the downtown.
- The contribution of the arts community to the downtown was discussed. A vibrant arts community can only survive if there is affordable housing, work and display spaces. Concern was expressed about the future of the downtown arts community should rents exceed the ability of artists to pay.

# Newspaper Clippings

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## Written Submissions

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Written submissions were received from the following groups and individuals:

- Joe McGrath
- James Hiller
- Newfoundland Historic Trust
- Roger W. Peattie
- Sean Murray
- Gerard Hayes
- Signal Hill and Area Residents Association
- Nolan Hall
- Stephen Jewczyk
- Brenda Redmond
- Downtown West Neighbourhood Association
- Clyde Rose, Breakwater Books
- Charles Anonsen
- Albert Hickman, Hickman Group of Companies
- Mrs. Annie Oakley
- Thomas G. Mills
- Georgetown Neighbourhood Association
- Darren McGrath
- Author Unknown (signature not clear)

Copies of all submissions received are contained in Appendix 2.

# Questionnaire Results

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A copy of the questionnaire used at the Heritage Forum is contained in Appendix 3. A total of 38 questionnaires were completed and the results have been tabulated and summarized below. *The views presented are those of the respondents. Comments for the last two questions are presented verbatim from the questionnaires and have not been summarized or edited by the Study Team.*

## Results

### Why did you choose to attend the Downtown Forum today?

- I am a downtown property owner
- Interested in downtown/ development/ revitalization
- Interested in heritage preservation
- Part of a neighbourhood group
- To participate and learn about what is happening
- To share my concerns
- Because such public consultation is essential
- Because of what is happening to the Benevolent Irish Society building on Queen's Road
- Concerned that downtown development be done right
- Read about it in the paper
- Resident
- To have input to the study/to become involved as a resident of downtown/care about downtown
- To represent "old" people and bring a historic perspective to the seminar

**Are you a resident of Downtown St. John's? 30 Yes 7 No 1 Don't know**

### If yes - What problems have you experienced living downtown?

- Lack of various retail services (lost over the years - books, grocery, clothing, department stores, movie theatres)
- "View hogging"
- Litter and "doggie doo"
- Garbage, not enough garbage cans
- Sewage problems
- Traffic, parking, 12 story zoning in residential neighbourhoods
- Absentee landlords
- Vandalism
- Condition of streets and sidewalks in some areas
- Noise - i.e. George Street bar patrons
- Gentrification - properties being bought up for "upscale" housing
- None
- Non-conforming buildings in residential neighbourhoods
- No recycling collection depots

**What do you see are as the main advantage of living downtown?**

- There is “Life” there
- Good quality of life
- Close to everything I need
- Opportunity to walk and shop in one of the most unique parts of North America
- Convenience and comfort
- Access to the “community”
- Sense of community/neighbourliness
- It’s character - human scale
- A sense of belonging to history
- Variety of lifestyles, beauty, mix of income levels
- Mix of property size, building styles, types of uses
- View of the sea/harbour
- Everything
- The Harbour (front)
- Architecture
- Pedestrian “friendly”

**Are you an owner/operator of a business or commercial premises in the Downtown?** 3 yes

**If yes a) What problems have you experienced because your business is located downtown?**

- Garbage
- Truck traffic
- Parking
- Uncertainty about development

**b) What do you see as the main advantages of having a business located downtown?**

- Catering to downtown residents and business employees
- Views
- Central, convenient location
- Good customer flow

**c) How do you think your business would be affected if adjoining buildings were**

**1. Renovated/refurbished?**

- An advantage
- Positively
- Would improve

**2. Replaced with new construction?**

- A disadvantage
- Depending on style and size - Great!
- Not necessary



**What services (public or private) are needed in the downtown that are not currently available?**

- Retail anchor
- Library
- More museum facilities
- Grocery store
- Street/sidewalk cleaning
- Anti-litter campaign
- More garbage receptacles
- Harbour cleanup
- A Thai restaurant
- A movie theatre
- Public washroom facilities
- Benches
- More events
- Hardware store
- Daycare
- Moderately priced clothing stores for women
- Outdoor market
- Restaurants with a view
- Recycling Depot
- Office supplies
- Small retail spaces that marginal business can access
- Rehearsal/studio space
- Gymnasium
- Appliance/electronics store
- Fabric and sewing supplies store
- Green spaces
- A place for youth
- Crosswalks located where people cross (ie. Anna Templeton Centre, Duckworth Street)
- Free transportation - shuttle service in the downtown.

**Do you think commercial development should be permitted in downtown residential neighbourhoods?**      21 Yes      9 No      6 Don't know/maybe

**If yes, what kind?**

- All kinds depending on the type of development, the neighbourhood and respectful of area residents
- If small scale, agreeable with neighbours and does not exacerbate the parking situation
- "Small" commercial outlets such as shoe repair shops, small grocery stores, bakeries, wine stores, an "odds and ends" store.
- Hair salons, tailoring, corner stores etc operating from 9am to 5 pm with residential units on the second floor
- Any business that does not compromise sound and view quality

- Home-based businesses, small convenience stores or specialty shops
- Developments which would improve the aesthetics of the area
- Provided they are located on streets where commercial properties have traditionally been found.
- Crafts, pet grooming, day care if proper facilities such as parking are in place
- Not unless approved by residents
- Small-scale, people-friendly shops, boutiques, restaurants and Bed and Breakfasts
- Cafes, cinema, galleries, deli, bookstore, craft store.
- Using existing buildings for local services
- Live/work studio spaces
- Small-scale and non-polluting
- Small shops at block corners

**If no, why not?**

- Keep residential neighbourhoods for residents
- If people are expected to invest they need assurances that their investment is secure
- No more concrete buildings that cost 40 million dollars!

**What is it about the Downtown that you like/value most?**

- Its look and feel
- Interesting views
- Individuality/it's unique
- Architecture
- Harbour view
- Closeness to the water
- People/neighbourhoods
- Trails
- Laneways
- View of the South Side Hills
- Being able to walk home at night
- Atmosphere/colour/history
- The scale of things
- Cultural community
- A prestigious/proud feeling
- Feeling of safety
- Walking
- The old look with new paint
- The mix of residential and commercial uses
- Social mix
- The light falling in the lanes
- Its physical presence
- Safe for children
- People-friendly scale of development
- A character and feel of closeness to the city

- The harbour
- Quaintness
- “Old World” character
- Heritage
- Uniqueness at Christmas, lights, snow falling
- A sense of community - it’s life enhancing!
- You can walk everywhere
- Evident pride of ownership

### **What concerns do you have about future development in the Downtown?**

- Current heritage-type structures will be neglected or trivialized amid future development
- Unbridled corporate expansion such as Fortis Building, Atlantic Place (a large modern building on Water Street), TD and Scotia Bank
- That we are not over-run by big business which rakes and rapes our land with no regard for our culture - we are not to be cloned. We are unique with 500 years of heritage. We don’t want to be sold down the tubes by politicians. We want a pleasant, clean, safe society. We have it , let’s keep it!
- There will be “too little” done “too late”. That heritage buildings will be demolished (instead of being repaired) and poorer buildings erected. That not enough effort will be given to proper plans for our “Heritage area”.
- Lack of materials control, preservation of the views, residential parking, consultation with downtown residents.
- I am concerned that there is no plan to destroy Atlantic Place.
- Large scale development overshadowing small business i.e chapters moving in. We need anchor stores like Bowering’s used to be but the architecture/design must avoid large parking lots, obtrusive buildings - protect streetscape.
- Lack of a long term plan - development guidelines - influence of dollar versus what’s good for the area.
- That only upper middle class and above people will be able to afford to live here.
- That development interests will block views, build monster concrete and glass rectangles,, uglify and destroy our cultural memory.
- That it (future development) will destroy the beauty of Water Street, the waterfront, harbour. Leave it to **we** the people!
- Lack of concern for heritage protection
- High rise office - proliferation of too upscale businesses, bars, outside decks etc.
- Development is not a bad word. It just takes vision to make development compatible with heritage, commerce with residential usage, Can downtown population be increased with some high-density development that does not destroy the character of the downtown area? Something should be done about Harbour Drive to make it attractive to pedestrian traffic and shopping.
- The blend of industrial/commercial with other uses, and still maintaining the city’s character will be difficult. I fear even more inappropriate road building - St. John’s does not have a serious traffic problem. Care and sensitivity are essential - no more big blue eyesores (Note: reference to a new industrial building on Water Street West near the old railway station).

- Future of churches and institutional buildings.
- Over development
- Poorly planned business (office) spaces that destroy the look of the heritage appearance of the area, or block the historical view. These would be useless after the oil boom is over and done.
- Too much mindless development, loss of heritage and living neighbourhoods.
- Inappropriate development not consistent with the current scale or character or building type or materials.
- Development that blocks harbour or Signal Hill views (these are strong natural features that should be the focal point of view lines)
- “Heritage focussed” development that misrepresents the true history of the building and area and gives a false message (don’t forget the concept of a “cultural landscape”).
- Developers (well financed) holding sway!
- Transportation, ugly high rises, loss of heritage views, buildings, green spaces
- Lack of political will!
- Anything goes regardless of its effect on the downtown, just so long as it’s development!
- That speculative interests will be allowed to demolish good buildings and worse, replace them with towers that block vistas and destroy the very attractiveness that is its very basis of our economic potential.
- Large office buildings do not need great views.
- Modern buildings/more concern for cars than pedestrians. Lack of outdoor people spaces, lack of greenery, garbage and vandalism.
- That it will lose its “quaintness” and become just “another city”.
- Views from residential, not commercial space upon development, paid parking (residential) and cost of housing.
- More big ugly buildings, gentrification - people not being able to afford to live here, art spaces being driven out - for example: the Old London (a former department store on Water Street).
- Excessive gentrification (i.e. making living space so expensive that only the high income earners will be left)
- High-rise monsters
- That views are not destroyed, that property and space do not get priced out of regular people’s reach, that existing heritage buildings get re-used wherever possible, that new buildings have an aesthetic connection to heritage buildings or have some sense of style that will be appreciated in years to come.
- That the gritty vibrant mix of uses may be inadvertently sanitized, pushed out by more “economically viable” developments.
- That the easy way out will be chosen. That “heritage” will be a label slapped on any shoddy, work just to get it accepted.
- All concerns. My children’s development in their neighbourhood becoming a metropolis rather than keeping it the unique town we are.
- Big buildings, industrial encroachment, increased truck traffic, increased crime as we grow.

### **How would you describe Your vision of Downtown St. John's?**

- A place where lots of people live, and where they can leave their homes to walk around and enjoy the neighbourhood - outdoor cafes in summer, shops, children playing
- Very positive as long as strategic planning includes protection of existing heritage sites and encourage industrial and commercial development away from heritage sectors. Traffic and parking space is already becoming a problem.... with major government offices..... but it should not be pushed in suburban areas either.... a question of balance.... and the city has to change and grow... like a living entity.
- Small satisfying in size for shopping facilities. No more Walmarts/McDonalds etc. Keeping towards the European lifestyle rather than an urbanized, North American one.
- That it be a vibrant mixture of young and old inhabitants, commercial, industrial and residential activity. That its built infrastructure combined the best of the old with the most exciting and innovative new architecture. That we have a young Frank Gehry here who will do his best work in this city.
- Lower density built form/texture is preserved, the arts/cultural community is recognized as an important stakeholder/indicator group in relation to the development of downtown.
- Living, breathing neighbourhood(s) that act as the cultural/social hub of the city where residential and small scale commercial coexist, with well preserved heritage that draws on active history rather than a Disney tourist style, with some small public green spaces with good views as natural gathering places.
- Preserve and enhance what we have now, clean harbour, clean streets.
- A historic, visually distinctive place to live (work, shop, learn, raise a family etc.) That can advance into the future, confidently, remembering and preserving everything (as much as humanly possible) that has made it what it is.
- A space and community where the livyer's quality of life is enhanced by living here. Environmentally, artistically, health-wise, visually, historically, accessibly enhanced. A place where I can live and not have to own a car to meet my needs. A safe place where my children will feel it's their place and their space and live as part of a community. A place where an artist can afford to live.
- Become more merchant-based, instead of corporate-based. Fixed housing costs, reduced rental properties in certain areas and a place for 30 something's to enjoy living and working.
- Much as it is now I would like to see no more "Scotia Towers", TD Banks, etc. The existing buildings look so much more attractive when they are done up.
- A clear area where business takes care of the area in front of their stores, places for all ages to relax and enjoy the downtown. Places for buskers.
- Halt new development, force developers to refurbish old buildings (big trend in Toronto to build gorgeous lofts in old structures). Re-Zone areas with 12 storey potential and develop into building zones that keep the heritage facade.
- Watch out for ad hoc progress and stay the course.
- Vibrant, versatile, living working, service space. Very clean - a joy to visit or live in.
- The oldest, most vibrant, safe - unpolluted city in North America.
- Utilization of existing buildings in the downtown as office space. Tall buildings can be put up on areas like Kenmount Road or away from the old city. There must be a preservation of the historical blended with the new.

- Over-development.
- A city rife with character, local crafts, good views, old world ambience combined with businesses appropriate to such ambience. Not an upscale yuppi haven.
- Lack of concern for heritage protection
- The View! The View! The View!
- A downtown that respected its heritage, beauty, sense of place - a healthy mix of modest commercial, working and residential inhabitants. Community and integration of multiple heterogeneous elements is the key.
- Utilize vacant space in a way that fits the heritage character - retail on the 1<sup>st</sup> floor/residential and office uses on the second and third. Make sure that there is enough affordable space.
- Businesses - residential - cultural - historical mix. A lively community that markets to the population of all St. John's and surrounding region. We all can't live there but we can all support and promote it.
- New development and infill that compliments existing older buildings. More greenery, homeowners that abide by garbage by-laws/snow clearing. Low income housing areas need to be protected and promoted.
- A "Main Street" - Water Street - that's alive in the daytime. A Department Store, Branches or Main offices of various insurance companies and other businesses. Perhaps a ticket office of arts and culture. In short, good stores, and other businesses that will make us proud of our heritage city.
- One in which developers such as Sobeys with its negative impact on properties it holds such as on Victoria Street and Kickham Place are sent packing.
- Maintaining diversity and building on that. Adding new development where needed but in a way that ties it to the old (maintaining older facades for example, using setbacks to decrease visual height, use of landscaping to camouflage unsightly features such as propane tanks, oil tanks, service areas). A clean harbour with walkways around it. Increased pride of ownership by the City, the residents, the business people and developers to build and maintain their properties in such a way that everyone living in, working in, visiting St. John's can consistently enjoy being here.
- It is a place of colour, vitality, diversity. People can walk to many places of business, Ideally, downtown would be almost self-contained in terms of residence, shopping and the like.
- Small scale character maintained; incorporates the harbour (doesn't turn its back on the harbour and the activity there); more street level stores/restaurants/business entrances; broader range of entertainment options, eg. Movie theatre, concert/play venues (not everyone is interested in strip bars!); provides people-friendly office/business space, quality housing with offstreet parking; allows for individuality in development and design, so all buildings don't look the same; does not limit design/planning to a specific period - the downtown should be allowed to evolve and incorporate new ideas.
- As no body is whole without sight, so no city is whole without scenery. In the case of the City, there is a necessity to see and be seen. It cannot see without people. It cannot be seen without views, without buildings. Each must regard and respect the other. For St. John's to be fully revitalized (I accept that we have done a fine job with residential areas) we need to ensure that we fill the downtown with people (residents, retail workers, merchants, office personnel ) all of whom regard the area with appreciation. To do that we have to have spaces to be, work and walk in that engages and commits their appreciation.

# Key Person Interviews

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To obtain information and opinions during the course of the research, consultations were also held with the groups and individuals listed below. Information and opinions received from these individuals is incorporated in Background Reports 1, 2 and 3.

## St. John's

- Colin Baird (owner of a downtown commercial heritage property)
- City of St. John's Heritage Advisory Committee
- St. John's Downtown Development Corporation (Group Meeting)
- Eastern Newfoundland Home Builders Association (Group Meeting)
- Department of Works, Services and Transportation
- High Tech Firms (meeting organized by St. John's Economic Development Department)
- Harris K. Flight, Client Accommodation Services Advisor, Real Property Services, Public Works and Government Services Canada.

## Others

During case study research, the Study Team contacted the following groups and individuals:

- Donald Douglas, CEO of United Inc. (the largest highrise developer in Calgary)
- Harold Milavsky, Chairman of Quantico Capital Corp.(and formerly a senior executive with Trizec Corp.)
- Mark Love, CEO of Consumers Strategy Group (a Calgary marketing firm that designs sales strategy for real estate developments -- including both conventional developments and "heritage" developments)
- Robert Holmes, Executive Officer -- Planning & Transportation for the City of Calgary.
- Stef Scheiden, CEO of Facilities Management Development Co., Calgary
- Steven Rickard, Appraiser, Calgary
- Mark London, Planner, City of Montreal
- Mary Kenny, Atlantic Home Builders' Training Board
- Leon R. Bensason, Heritage Planner, City of Kitchener
- Jeannette Hlavach, Heritage Planner, City of Vancouver;
- Alastair Kerr, Heritage Conservation Branch, British Columbia Ministry of Small Business, Tourism and Culture, Victoria
- Judy Oberlander, Director, City Program, Simon Fraser University, Vancouver
- Leanore Sali, Gastown Business Improvement Society, Vancouver
- Jim Bezanson, Heritage Development Officer, City of St. John
- Margaret Campbell, General Manager, Uptown St. John
- Wayne Brown, Head of Heritage Unit, Nova Scotia Department of Housing & Municipal Affairs, Halifax
- Kevin Barrett, Planner, Halifax Regional Municipality

Key Person Interview List Contd.

- Donna Davis-Lohenes, Director of Planning, Halifax Regional Municipality
- Renee Fields, Downtown Halifax Business Commission
- Duncan Fraser, Planner, City of Edmonton
- Steve Barber, Heritage Planner, City of Victoria
- Dr. Rob Pickard, Coordinator of the Legislative Support Task Force, Cultural Heritage Department, Council of Europe, Strasbourg, France
- Rachel MacRory, Department of Arts and Heritage, Ireland
- David Lovie, Planner, City of Newcastle upon Tyne, United Kingdom
- Dr. Frank Hefner, Economist, School of Business and Economics, College of Charleston;  
and
- Robert M. Gurley, Preservation Society of Charleston, NC.

# Key Person Interview Questions

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The following question guide was used during interviews with key persons associated with Retailers/Investors and Property Developers/Rehabilitation Firms.

## **Retailers/Investors**

1. What investments have you made in last 5 years?
2. Why did you make these investments? What encouraged you to invest in the downtown? What factors influenced your decision?
3. Where did this investment come from? Your own sources, banks, etc?
4. What is your perspective on the downtown economic environment? Is it growing, where are the/your key markets coming from? What makes the downtown "attractive"? What makes it "unattractive"?
5. What are your expectations for the future? What are your main concerns about the future?
6. What kind of "downtown future" do you want to see? What future is "possible"?
7. What kinds of things/initiatives are needed to encourage stronger downtown markets? What specific policies/plans are needed to enhance/maintain current investment and development patterns in the area, or to make the downtown a more "attractive" place?

## **Specific Issues/Concerns:**

- marketing and promotion of their retail activities
- maintenance of heritage streetscape, protecting the property investment/improvements (storefronts) they have made (inappropriate changes by other operators/property owners)
- ensuring other operators/property owners "buy in" to the heritage milieu
- ensuring a balance between maintaining heritage fabric and attracting customers (decks, garage doors, customer access/goods delivery, etc.)

## **Property Developers/Rehabilitation Firms**

1. What are the key factors presently encouraging new investment in the downtown residential sector? In the non-residential sector?
2. What kinds of people are investing in the downtown? Why are they investing now? What are their "expectations"?

3. What kinds of economic spin-offs can be generated? What are the opportunities for other St. John's business operators (e.g. materials suppliers, skilled workers, heritage product manufacturers).
4. What are some of the new (as yet undeveloped) opportunities? For existing heritage structures, vacant sites, etc.?
5. What are your expectations for the future? Will consumer markets continue to expand? What are your concerns? What things might "threaten" the success which has been achieved?
6. What specific new policies or initiatives are needed to support future investment? What other stakeholders need to be involved? What is the best role for the City to play?

### **Specific Issues and Concerns**

- protecting the investment already made (i.e. from incompatible development)
- enhancing the attractiveness of the downtown, protecting views and the physical setting
- future sources of investment capital
- current and future availability of skilled workers, or new supply firms.

# **Appendix 1 Heritage Forum Participants and Mailing List**

## Appendix 2 Written Submissions

1. Joe McGrath
2. James Hiller
3. Newfoundland Historic Trust
4. Roger W. Peattie
5. Sean Murray
6. Gerard Hayes
7. Signal Hill and Area Residents Association
8. Nolan Hall
9. Stephen Jewczyk
10. Brenda Redmond
11. Downtown West Neighbourhood Association
12. Clyde Rose, Breakwater Books
13. Charles Anonsen
14. Albert Hickman, Hickman Group of Companies
15. Mrs. Annie Oakley
16. Thomas G. Mills
17. Georgetown Neighbourhood Association
18. Darren McGrath
19. Author Unknown (signature not clear)

## **Appendix 3 Forum Questionnaire**