

# Written Submission for Pre-Budget Consultations

Submitted on October 8th, 2022

via Government of Canada website by:

**Canadian Association of Heritage Professionals**

**Indigenous Heritage Circle**

**ICOMOS Canada**

**National Trust for Canada**



**Recommendation 1:** Strengthen the essential leadership capacity needed to advance cultural heritage priorities that are of importance to Métis, Inuit, and First Nations Peoples in Canada, including the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), by providing an initial investment of \$50 million over three years for the Indigenous Heritage Circle, an Indigenous-led national non-profit heritage organization.

**Recommendation 2:** Recognize the material value of older buildings and the climate impact of building reuse versus new construction, by integrating embodied energy/embedded carbon into new measurement tools to be developed by the Federal Government.<sup>1</sup> The current Life Cycle Assessment (LCA) tool being proposed in the Green Buildings Strategy falls short in that it focusses on new buildings and not the large majority that need to be valued and renewed to meet Canada's climate targets.

**Recommendation 3:** Contribute significantly to Canada's decarbonization goals by correcting biases in the federal tax system that make demolition attractive. For example, by updating terminal loss, capital gains, and recapture of depreciation provisions that spur the premature demolition of viable buildings.

**Recommendation 4:** Introduce a new rehabilitation tax incentive modelled on the US Federal Historic Preservation Tax Incentive to encourage the private sector to invest in the rehabilitation and reuse of heritage buildings, with emphasis on converting existing commercial buildings into new housing units.

**Recommendation 5:** Allocate at least \$500 million in grants or other incentives earmarked for the deep green retrofitting, rehabilitation or adaptive use of commercial heritage buildings, cultural infrastructure, and historic social purpose real estate.

**Recommendation 6:** Restore the funding level to at least \$60 million over 5 years in matching grant funding to the National Cost-Sharing Program for Heritage Places – a program shown to leverage up to 5 times the federal contribution in green local jobs and other spending, and that renew Canada's National Historic Sites, Heritage Lighthouses, and Heritage Railway Stations.

**Recommendation 7:** Prepare the construction sector to accelerate green rehabilitation and reuse of older/heritage buildings, by funding a rapid scale-up in heritage conservation education and trades training, with a focus on reusing existing buildings and included this in the soon to be launched Clean Jobs Training Centre (part of The Canada Green Buildings Strategy).

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<sup>1</sup> A 2018 House of Commons Environment and Sustainable Development Committee report recommended that “the federal government take steps to recognize the value of embedded carbon in existing construction. Including the adoption of a measurement tool to take into account the net carbon emissions avoided through reuse of existing buildings.”

On behalf of Canada's four national heritage conservation NGOs – National Trust for Canada, Indigenous Heritage Circle, Canadian Association of Heritage Professionals, and ICOMOS Canada – we are pleased to have the opportunity to submit our recommendations to the federal government as part of the 2023 Budget Consultations.

Collectively, the four undersigned national heritage conservation organizations represent many thousands of professionals, property owners, volunteers, site operators, donors and philanthropists, trades and industry segments. The heritage conservation sector is devoted to safeguarding and extending the life and value of cultural heritage places for future generations. We recognize the tangible and intangible values of these places, as well as their economic and functional values. Our community of practice offers expertise for building and landscape stewardship, adaptation and recycling that can be scaled-up to all existing places in order to accelerate decarbonization.

Our interests include a multitude of existing buildings, sites, landscapes and structures: an estimated 273,337 pre-1978 commercial and industrial properties;<sup>2</sup> 5,300,000 pre-1980 residential units;<sup>3</sup> 27,000 places of faith; as well as thousands of institutional buildings in private and public ownership;

- Thousands of historic sites, museums in heritage buildings and other cultural sites whose primary focus is presenting history and heritage to the public;
- Cultural infrastructure and social purpose real estate owned or operated by charities and nonprofits, including cultural hubs, places of faith, Indigenous heritage places, lighthouses, former residential schools, cultural landscapes etc.; and,
- Structures such as federal bridges.

Included in the above numbers are an estimated 1,200 nationally significant places (National Historic Sites, Heritage Railway Stations, Heritage Lighthouses) and an estimated 50,000 places (including 25,000 in historic districts) eligible for inclusion on the Canadian Register of Historic Places.

Given the places named above, our interests intersect with several federal government agencies, including Environment Canada, Parks Canada, Public Works and Government Services Canada, the National Capital Commission, National Defence, Natural Resources Canada, Infrastructure and Communities, Tourism, and Canadian Heritage.

We believe that investing in the reuse and retrofit of existing/heritage buildings would go a long way in helping the federal government to implement the Federal Climate Action Plan and satisfy the range of international conventions that provide direction on heritage and climate action, including the World Heritage Convention, the Paris Climate Accords, the UN's Sustainable Development Goals, and the UN's New Urban Agenda.

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<sup>2</sup> NRCAN. [Survey of Commercial and Institutional Energy Use – Building 2009](#). 2012 Page 14.

<sup>3</sup> NRCAN. [Residential Sector Canada Table 21: Housing Stock by Building Type and Vintage](#). National Energy Use Database. 2018.

## Our Recommendations to Advance Reconciliation by Funding Indigenous Cultural Heritage Capacity

Our organizations call on the federal government to strengthen the essential leadership capacity needed to advance cultural heritage priorities that are of importance to Métis, Inuit, and First Nations Peoples by **providing an initial investment of \$50 million over three years for the Indigenous Heritage Circle, an Indigenous-led national non-profit heritage organization.**

The Indigenous Heritage Circle is a leading national NGO that has worked closely alongside Parks Canada on files relating to cultural resource management and the implementation of the United Nations Declaration on the Rights of Indigenous Peoples. Allowing Indigenous Peoples the full cultural stewardship of their traditional territories is a fundamental step towards addressing the climate crisis, assuring the sustainable use of natural resources moving forward.

## Our recommendations to capitalize on Building Reuse as Climate Action

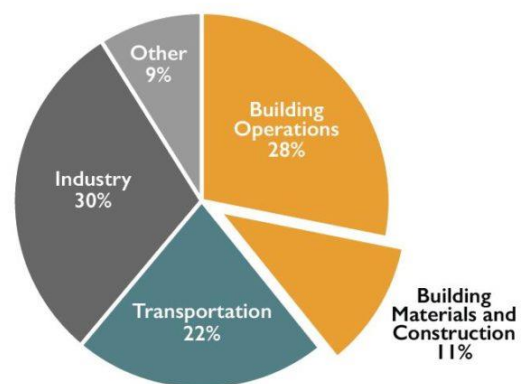
We call on the federal government to recognize the transformative potential of building reuse – heritage and older buildings – as a powerful missing piece of the climate action puzzle. Our recommendations outlined below can help Canada implement the Climate Action Plan by capitalizing on embodied carbon, curbing waste, and accelerating the green jobs of tomorrow.

A few notes on the significance of existing buildings to climate action:

Construction and building operation is widely understood to be the world’s largest single source of energy use and emissions – 39 percent of the carbon footprint worldwide – and therefore offers the opportunity for dramatic decarbonization returns. While current carbon mitigation efforts primarily focus on reducing emissions from building operations (28% of emissions), new building materials and new construction represents 11% of embodied emissions.

The greatest GHG and environmental impact reductions can be achieved by reusing buildings in situ – “the greenest building is the one that already exists.” Rewards would not only include carbon emission savings, but also the avoided impact of resource extraction on natural heritage and Indigenous cultural landscapes. As noted above, Canada has a vast carbon sink of older or heritage

Global CO<sub>2</sub> Emissions by Sector



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buildings to maintain and capitalize upon.<sup>4</sup> In contrast, studies have established that it takes up to 80 years for a new “green” building to overcome the carbon impacts of its construction.<sup>5</sup>

However, despite the opportunity for GHG reductions noted above, building reuse is still not the norm in Canada, with resource- and carbon-intensive demolition and construction of new buildings offering the path of least resistance for the construction industry and for buyers. The barriers to reuse<sup>6</sup> take many forms including:

- Availability of skilled labour;
- Cultural barriers (e.g. common construction industry practice, consumer culture of obsolescence); and
- Economic barriers (e.g. federal income tax treatment includes significant disincentives to reuse, such as lack of clarity on rehab cost expensibility (capital or current), terminal losses, and GST/HST rebates for new construction.)

As a result, Canada’s landfills receive an estimated 2,752,000 tonnes of wood as construction, renovation and demolition (CR&D) waste each year, much of it precious old-growth lumber from demolished older/heritage buildings.<sup>7</sup>

Disincentivizing demolition and accelerating building reuse and retrofit through financial incentives offers a crucial pathway to achieving Canada’s climate goals. Spurring the reuse and retrofit of older/heritage building also reduces the impact on the environment (including Indigenous cultural heritage) of unnecessary resource extraction.

In the United States, the Federal Historic Rehabilitation Tax Credit and State-level credits have worked to counter-balance the demolition/new construction advantage. Since its launch in 1976, the federal program has leveraged \$102.64 billion in private investment (5 times the value of the federal tax credits provided), created over 130,000 jobs each year, preserved 45,383 historic properties, and enabled 172,416 affordable housing units. The National Parks Service is now beginning to calculate the large GHG emissions savings from these projects. A modest

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<sup>4</sup> Standing Committee on Environment and Sustainable Development. [Better Buildings for a Low-Carbon Future](#). June 2018. See recommendations 8 & 9.

<sup>5</sup> National Trust for Historic Preservation. [The Greenest Building: Quantifying the Environmental Value of Building Reuse](#). 2011.

<sup>6</sup> National Trust for Canada. [Making Reuse the New Normal: Accelerating the Reuse and Retrofit of Canada’s Built Environment](#). 2020.

<sup>7</sup> Environment Canada. [National Waste Characterization Report: The Composition of Canadian Residual Municipal Solid Waste](#). 2020. (Construction and demolition waste in Canada is under-documented, but is estimated to be at least 27% of the annual waste stream. Greater Vancouver is the only Canadian jurisdiction actively following building demolition, and sees approximately 3,500 homes and 3,900 industrial, commercial, institutional buildings demolished each year.)

Canadian federal incentive modelled on the US program was field-tested in 2005-2008 and yielded similarly impressive results.<sup>8</sup>

Older/heritage building reuse will help spur the green jobs of tomorrow. The Federal Climate Action Plan notes this important shift: “Investments in home and building retrofits will spark a wave of new jobs and careers.” (11). We contend that the next wave of “green” workers/professionals need to be skilled in building reuse to ensure maximum carbon reduction impact. Government investments in heritage places consistently leverage at least 5 times more in private investment, and in addition create new green jobs, enhance economic efficiency by renewing not replacing existing infrastructure, drive sector innovation, and better protect investments from the rising costs of carbon.

## **Our Recommendations to Preserve Heritage Buildings and Places for their Social and Cultural Values**

Finally, throughout this document, our organizations call on the federal government to implement several recommendations from the first ever Parliamentary Report on Canada’s heritage places - ***Preserving Canada’s Heritage: The Foundation for Tomorrow*** (Report of the Standing Committee on Environment and Sustainable Development, Dec. 2017).

Respectfully submitted,



Natalie Bull  
Executive Director  
National Trust for Canada  
Tel. 613-237-1066 x 222  
[nbull@nationaltrustcanada.ca](mailto:nbull@nationaltrustcanada.ca)



Chris Uchiyama  
President  
Canadian Association of Heritage  
Professionals  
[admin@cahp-acecp.ca](mailto:admin@cahp-acecp.ca)



Kisha Supernant  
Vice President  
Indigenous Heritage Circle  
[kisha.supernant@ualberta.ca](mailto:kisha.supernant@ualberta.ca)



Christophe Rivet  
President  
ICOMOS Canada  
[secretariat@canada.icomos.org](mailto:secretariat@canada.icomos.org)

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<sup>8</sup> During a brief pilot project, the federal contribution leveraged almost 10 times more in private sector investment, created 1,465 person years of employment, and gave derelict heritage buildings vibrant new community uses.

