CITY OF WINNIPEG POLICY NO. FI-015

POLICY TITLE Tax Increment Financing Policy	ADOPTED BY City Council	EFFECTIVE DATE February 24, 2022
ORIGIN / AUTHORITY Executive Policy Committee	**CITY POLICY NO** FI-015	**MOST RECENT CONSOLIDATION** December 12, 2024

This document is an office consolidation of amendments to the policy. The City of Winnipeg expressly disclaims any responsibility for errors or omissions.

1. Purpose:

The Tax Increment Financing Policy provides guidance for the approval of grants and other payments funded from incremental municipal property taxes to support developments that are aligned with *OurWinnipeg* 2045, *Complete Communities 2.0,* other secondary plan by-laws and the City of Winnipeg's COVID-19 *Economic Response and Recovery Plan*.

2. Legislative Authority:

Section 222 of *The City of Winnipeg Charter* authorizes Council by by-law to establish tax increment financing programs in designated areas of the city for the purpose of encouraging investment or development in those areas.

3. Definitions:

3.1 **Affordable Housing Development** means the development of multi-unit residential rental housing that is recognized as affordable housing for the purpose of determining its eligibility for financial support under *the National Housing Strategy*.

3.2 **Brownfield Site** means a former commercial or industrial site that is underutilized and may have environmental soil and/or groundwater contamination that requires remediation in order for the site to be redeveloped.

3.3 **Designated Employee** means the Senior Manager, Economic Development and Policy or an employee of The City of Winnipeg who the Chief Administrative Officer has authorized to perform any of the duties assigned under this Policy.

3.4 **Downtown** means the area within the City of Winnipeg included in the Downtown Winnipeg Zoning By-law No. 100/2004, excluding properties covered in the SHED TIF Zone by-law 98/2012.

3.5 **Downtown Multi-Family Housing** means multi-unit rental or owner-occupied residential housing located Downtown that contains a minimum of five units.

3.6 **Economic Development Initiative** means a development that involves a Brownfield Site, New or Expanded Business or a Surface Parking Lot that has secured a minimum of $10 million of capital investment from non-government sources.

3.7 **Heritage Building** means a building that is a listed resource under the Historic Resources By-law No. 55/2014.

3.8 **Housing Improvement Zone (HIZ)** means an area designated as a housing improvement zone in the City of Winnipeg Housing Policy.

3.9 **Incremental Taxes** means the Municipal Real Property Taxes payable for a Property for any year after a grant or payment related to the Property is approved under this Policy, less the amount of the Municipal Real Property Taxes in the year that the grant or payment is approved.

3.10 **Lessee** means a person or organization that holds a long-term lease agreement that gives them the right to occupy a City of Winnipeg-owned property for a period of at least 99 years, or such other term as may be approved by the City.

3.11 **Municipal Real Property Taxes** means taxes imposed by the City for its own purposes on Real Property pursuant to clause 334(1)(a) and subsection 341(1) of *The City of Winnipeg Charter* but, for greater certainty, does not include:

A. taxes levied for school purposes;

B. business or business improvement taxes or fees for licences in lieu of business taxes;

C. fees for mobile home licences;

D. personal property taxes;

E. local improvement taxes;

F. frontage taxes;

G. arrears of taxes;

H. any amounts added to taxes for the recovery of a debt pursuant to a statutory authority;

I. business improvement taxes;

J. electricity and gas taxes;

K. penalties for unpaid taxes.

3.12 **New or Expanded Business** means the establishment or expansion of a for-profit or not-for-profit corporation that involves the creation of at least 10 new full-time jobs after the development is complete, and supports economic growth objectives that align with *OurWinnipeg 2045*, Manitoba's *Economic Growth Action Plan,* or a similar provincial economic development plan in the future.

3.13 **Owner**, in relation to real property, means a person who is the owner of a freehold estate, and includes:

A. a person who is an owner, with another person as joint tenant or tenant in common, of a freehold estate; and

B. a real owner, as defined in subsection 1(1) of *The Municipal Assessment Act*.

3.14 **Property** means real property as defined in *The City of Winnipeg Charter.*

3.15 **Surface Parking Lot** means property located Downtown that is primarily used for the purpose of providing parking for motorized vehicles.

3.16 **Transformative Development** means significant construction of a new or redevelopment of an existing privately-owned building that is publicly accessible. It also means public infrastructure investments undertaken in a designated area in the City of Winnipeg. Transformative Developments shall leverage private sector investment, increase the value of properties within and adjacent to the development and involve a minimum capital investment of $100 million from government and non-government sources combined.

4. Tax Increment Financing Policy

The following developments are eligible to receive financial support under this Policy:

4.1 Affordable Housing Development

A. The Owner or Lessee of an Affordable Housing Development is eligible to receive an annual grant equal to 80% of the Incremental Taxes paid for each year following the year in which the development is completed and a final assessed value is obtained to a maximum of:

i. 25 years if the Property is situated in the Downtown or in one of the HIZ's, or;

ii. 15 years if the Property is situated outside of the areas identified in subclause 4.1A.i.

B. The Owner or Lessee of an Affordable Housing Development situated outside of the areas identified in subclause 4.1A.I. may be eligible to receive an additional annual grant of up to 80% of incremental taxes for ten years (up to 25 years in total), if the Owner or Lessee of the Property is a not-for-profit housing developer that is providing priority housing for a vulnerable population as described in the *National Housing Strategy*.

C. Properties located in the area covered by the SHED TIF Zone by-law 98/2012 are not eligible for support under this Policy.

4.2 Heritage Buildings

A. The Owner or Lessee of a vacant or underutilized Heritage Building situated Downtown or elsewhere in the City of Winnipeg (excluding properties covered by the SHED TIF Zone by-law 98/2012) that is undertaking a restoration or rehabilitation of the building is eligible to receive an annual grant equal to 80% of the Incremental Taxes paid for each year following the year in which the development is completed and a final assessed value is obtained to a maximum of 10 years.

4.3 Economic Development Initiatives

A. The Owner or Lessee of an Economic Development Initiative listed in 4.3 B is eligible to receive an annual grant equal to 80% of the Incremental Taxes paid for each year following the year in which the development is completed and a final assessed value is obtained to a maximum of:

i. 10 years if the Property is situated Downtown, or:

ii. 5 years if the Property is situated outside of the Downtown within the City of Winnipeg but excluding the area covered by the SHED TIF Zone by-law 98/2012 and Greenfield areas identified on Page 21 of *Complete Communities 2.*0 (please refer to the map on Attachment 1 to this Policy).

B. The following developments are eligible to receive grants under this subsection:

i. New or Expanded Businesses;

ii. Redevelopment of Surface Parking Lots*

iii. Redevelopment of Brownfield Sites*

*In each of these categories the redevelopment may include anything that complies with applicable City of Winnipeg zoning by-laws and local area plans.

4.4 Transformative Developments

A. The Owner or Lessee of a Transformative Development that involves construction of a new building or redevelopment of an existing building is eligible to receive an annual grant equal to 80% of the annual Incremental Taxes for the Property for each year following the year in which the development is completed and a final assessed value is obtained to a maximum of 25 years.

B. If the Transformative Development is public infrastructure investment undertaken in a designated area within the City of Winnipeg, the City of Winnipeg will set aside 80% of the annual Incremental Taxes to a maximum of 25 years from all of the Properties located in the designated area to pay for the public infrastructure.

C. To qualify for grants or payments under this section of the Policy the Property shall be situated:

i. Downtown;

ii. Reinvestment areas of the City of Winnipeg as described in *Complete Communities 2.0; or*

iii Another area within the City of Winnipeg (excluding the area covered by the SHED TIF Zone by-law 98/2012) that is facing significant barriers to redevelopment, as determined by Council.

4.5 Downtown Multi-Family Housing

A. The Owner or Lessee of a Downtown Multi-Family Housing development that is not covered under sections 4.1 to 4.4 of this Policy is eligible to receive an annual grant equal to 80% of the Incremental Taxes paid for each year in which the development is completed and a final assessed value is obtained to a maximum of 10 years.

4.6 Maximum Grants Available

A. The total grants for all approved developments under subsection 4.1 of this Policy (Affordable Housing Developments) shall not exceed $50 million. This total includes $20 million for developments within the Downtown and $30 million for developments in the City of Winnipeg outside of the Downtown.

B. The total grants for all approved developments under subsection 4.2 (Heritage Buildings), subsection 4.3 (Economic Development Initiatives) and subsection 4.5 (Downtown Multi-Family Housing) shall not exceed $20 million.

C. There is no limit on the total grants or payments for Transformative Developments in subsection 4.4 provided all grants or payments for Transformative Developments shall be reviewed and approved by Council on an individual case-by-case basis.

D. After the maximum grants in A and B have been reached, the Designated Employee shall bring forward a report for Council's consideration as soon as practical with a recommendation to continue this Policy in its current form (with renewed funding), amend the Policy or repeal the Policy.

4.7 Contributions from Other Sources Required

All developments must secure a material financial contribution from other levels of government and/or registered charitable organizations in order to qualify for financial support under this Policy.

4.8 Analysis of Benefit to the City Required

All developments approved for a grant or other payment under this Policy shall demonstrate a material benefit to the City, in the opinion of the City, which may be done using one or more of the following metrics:

- The increase in the assessment base and municipal property tax revenue resulting from the development;

- The increase in the assessed values of properties adjacent and in proximity to the development;

- The extent to which the development supports key policies in *OurWinnipeg, Complete Communities 2.0* as well as applicable local area plans;

- The number and of quality of new jobs created from the development, and;

- Any other measure that may be appropriate in measuring the benefit of the development to the City.

4.9 Declaration of Financial Need

All applications for grants or other payments under this Policy shall clearly indicate how the development would not otherwise proceed without receiving the financial supports available under this Policy.

4.10 Annual Report Required

The Designated Employee shall report annually on key metrics and outcomes supported by this Policy, which may include but not be limited to:

- Details on the dollar value and duration of individual grants that have been approved

- The number of new affordable housing units supported

- The number of new and expanded businesses supported

- The number and type of new full-time jobs supported

- The level of federal and provincial financial support leveraged

- The level of private sector investment leveraged

- The dollar value and description of public infrastructure improvements supported

4.11 Programs and By-laws to be Developed

The Designed Employee will prepare one or more programs and will work with the Legal Services Department to prepare related by-laws for Council's consideration that outline processes to receive, evaluate and approve grants and other payments to support the developments contained in this Policy.

5 Responsibilities

5.1 Council

Council approval is required to award all grants and payments under subsection 4.4 of this Policy. Council approval is required to award all grants under subsections 4.1 to 4.3 of this Policy unless Council delegates some or all of this function to the Public Service.

5.2 Designated Employee

The Designated Employee has the responsibilities outlined in subsections 4.6, 4.10 and 4.11 of this Policy.