**Agenda – Council – November 21, 2007**

**Report – Executive Policy Committee – October 31, 2007**

**Item No. 8 Heritage Conservation Tax Credit – former Dominion Bank Building, 678 Main Street (Point Douglas Ward) File G-3.1.5**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 31, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That a Heritage Conservation Tax Credit of up to a maximum of $110,000.00 to undertake conservation and rehabilitation work on the Former Dominion Bank Building, 678 Main Street, and to be utilized by the owner over a maximum ten-year period following completion of the project, be approved, subject to the owner completing the work on or before December 31, 2008.

2. That the owner be required to retain and preserve original and significant material as a condition of the approval of the Heritage Conservation Tax Credit.

3. That the Heritage Investment Reserve be approved as the source of funding.

4. That the Heritage Conservation Tax Credits be approved pending further approval by the City's Historical Buildings Committee on the exact means for rehabilitating the building as outlined in the applicant's Conservation Report.

6. That no work proceed without design/heritage approval and/or prior to the issuance of all relevant development permits.

7. That the Acting Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council.

8. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

**Agenda – Council – November 21, 2007**

**Report – Executive Policy Committee – October 31, 2007**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 31, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

**RE: REQUEST FOR A HERITAGE CONSERVATION TAX CREDIT FOR THE FORMER DOMINION BANK BUILDING, 678 MAIN STREET**

**FOR SUBMISSION TO:** Executive Policy Committee

**ORIGINAL REPORT SIGNED BY:** Director of Planning, Property & Development

**REPORT DATE:** September 27, 2007

**RECOMMENDATION:**

1. That City Council:
   a) approve a Heritage Conservation Tax Credit of up to a maximum of $110,000 to undertake conservation and rehabilitation work on the Former Dominion Bank Building, 678 Main Street, and to be utilized by the owner over a maximum ten-year period following completion of the project, subject to the owner completing the work on or before December 31, 2008;
   b) require the owner to retain and preserve original and significant material as a condition of the Heritage Conservation Tax Credit;
   c) approve the Heritage Investment Reserve as the source of funding;
   d) approve the Heritage Conservation Tax Credits pending further approval by the City's Historical Buildings Committee on the exact means for rehabilitating the building as outlined in the applicant's Conservation Report;
   e) require that no work may proceed without design/heritage approval and/or prior to the issuance of all relevant development permits; and
2. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council; and,
3. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

## Report Summary

Key Issues:

- The owner of the former Dominion Bank Building, BridgmanCollaborative Architecture Ltd., wishes to rehabilitate this currently under-utilized heritage building at an estimated cost of $741,000.
- The Public Service estimates that the owner will undertake $447,470 in eligible conservation and renovation work on the structure normally allowing for a Heritage Conservation Tax Credit (HCTC) up to a maximum $223,735 under the By-law.

- The Public Service recommends a reduced HCTC of up to a maximum of $110,000 based upon the estimated future municipal portion of realty taxes (estimated $5,822.50 annually) and business taxes (estimated $5,170.80 annually).
- The assessed value of the property will be positively influenced following restoration while there are other attribute policy benefits as a result of this project including; the support for conservation of under-utilized buildings within the downtown.
- This project and the HCTC award amount may be a candidate for credit under the Winnipeg Partnership Agreement.

**Implications of the Recommendation(s):**

**General Implications**

( ) None

( ) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

- This Report recommends a Heritage Conservation Tax Credit to the BridgmanCollaborative Architecture Ltd.
- Heritage Conservation Tax Credits may be allocated over a maximum ten-year period (2009 through 2018).

**Policy Implications**

(X) No

( ) Yes

Comment(s):

**Regulatory Implications**

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

**Environmental Implications**

(X) No

( ) Yes

Comment(s):

**Human Resources Implications**

(X) No

( ) Yes

Comment(s):

**Financial Implications**

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

- The Heritage Conservation Tax Credit (HCTC) as shown within the Financial Impact Statement can be accommodated within the Heritage Investment Reserve.
- The HCTC would be available for use by the applicant over a ten-year period (2009 – 2018).
- Per Council policy, the incremental portion of the Municipal portion of the tax received from this project will be redirected to the Heritage Investment Reserve until the investment is repaid.
- This project and the HCTC award amount may be a candidate for credit under the Winnipeg Partnership Agreement.

## Report

**REASON FOR THE REPORT:**
In January 2007, BridgmanCollaborative Architecture Ltd. made an initial application to the Planning, Property and Development Department for a Heritage Conservation Tax Credit (HCTC) under By-law 7155/98 (as amended) for the former Dominion Bank Building, 678 Main Street.

On May 02, 2007, the applicant provided the necessary information to process the application.

City Council retains sole responsibility for accepting or rejecting applications and for approving the amount of tax credit to be allocated to each authorized project.

**HISTORY:**
On February 27, 2007, the City of Winnipeg, recognizing the special significance of this structure, listed the former Dominion Bank Building on the Buildings Conservation List under the terms of the Historical Buildings by-law 1474/77 (as amended) as a Grade II structure.

**DISCUSSION:**
**Background:**
This two-storey terra cotta clad building has been a conspicuous part of the north Main Street streetscape since its construction in 1907.

The Dominion Bank, incorporated in 1871, was a latecomer to Winnipeg, establishing a branch here in 1897. Even so, the institution was a leader on the local financial scene – completing the first opulent banking hall, in 1899, in the south Main Street area that became known as Bankers' Row (between Portage and William avenues). The Dominion Bank was also the first bank to establish a branch on north Main Street, first in rented premises on the east side of the street in the early 1900's and then in the present building in 1907.

The bank building's most outstanding feature is its main (east) façade, clad in a dark hued terra cotta and only slightly altered from the original. Designed in the Beaux-Arts Classical style, the bank's list of classical elements includes: massive fluted columns with Ionic capitals and plain bases; squared, attached pilasters with more subdued capitals and bases; large double windows on either side of the centrally placed main entrance set in plain frames (the original entrance was accented with a square-headed transom and wrought-iron grating); main floor windows accented by exaggerated, table-like sills with

large stylized brackets; and a cornice with bead-and-reel and egg-and-dart mouldings and an ornamental balustrade.

On the interior, the basement held storage space and the heating machinery as well as a large walk-in vault. The ground floor was almost entirely given over to the magnificent banking hall, with its ornamental classical detailing and fine wood accenting. Originally, customers entered the main doors and were greeted by a foyer with high, 4.4-metre (14.5-feet) ceilings. At the south end of the foyer was a set of stairs to the second floor (removed in 1967).

The main banking hall also features high coved ceilings supported by square columns with enriched mouldings and ornamental plasterwork. The original hall was accented with dark oak woodwork, bronze railings and accenting and mosaic tile and hardwood flooring. To the rear of the ground floor are a large walk-in vault, general office space, kitchen and washroom facilities and stairs to the basement and second floor. The ground floor has seen a number of renovations over the years, although the basic layout and many of the finishes are still intact.

The second floor has maintained much of its original layout and finish, including wood trim, hardwood floors, transoms, etc. The rear was used as the residential suite with living room, bedroom and bath (a common practice among banks was to provide staff living quarters in their bank buildings as a security measure). A long hallway on the building's south side gave access to the offices in the front portion of the building.

Another unique feature of the building is the interior light well that supplied natural light to the ground floor as well as sunlight and ventilation to the interior office space on the second floor. Although the opening has been covered at the rooftop, the original metal framework of the original skylight is still in present.

American born and trained architect Howard Colton Stone (?-1918) designed this bank. Stone settled in Montréal in 1896 and was responsible for the design of many fine buildings in that city. For a short period (1904-07) he also had a Winnipeg office, although his list of other local contracts is short, the most important being the Walker Theatre, 364 Smith Street (1906-07), the Joseph Maw and Company Garage, 114 King Street (1906) and the Bank of Toronto, 456 Main Street (1905-07). The contracting firm of Claydon Brothers built the bank at a final cost of $27,350.

The Dominion Bank occupied the building until the early 1980s (a 1955 merger created the Toronto-Dominion Bank), while the offices and residential space were occupied into the 1960s.

**The Heritage Conservation Tax Credit Program (HCTC)**

The HCTC incentive strategy was adopted by City Council in 1998 on a pilot basis for three years with a review during the third year. The purpose of the program was to assist a limited number of projects selected for their ability to:

- increase property assessment values; and
- fulfill functions not likely to be displaced from other parts of the city.

Another criterion that has been established previously by Council is that heritage incentives should be used primarily for vacant or underutilized heritage buildings.

Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project.

To date, Council has approved the following tax incentives under this program:

| Building Name | Work | Amount of Incentive | Status |
|---|---|---|---|
| Former Free Press Building, 300 Carlton St. | exterior restoration | $400,000 | work complete |
| Marshall Wells Building, 136 Market Avenue | interior upgrade | $3 million | work complete |
| Portage Village Inn, 311 Portage Ave. (A&B Sound) | interior upgrade | $835,000 | work complete |
| 146-164 Princess Street (Red River College) | downtown technical campus | $15 million | work complete |
| 211 Bannatyne Avenue (formerly 476 Main Street, J.H. Ashdown Hardware Store | commercial offices, studios, and artists live / work spaces | $1.715 million | work complete |
| 222 Broadway, Hotel Fort Garry | interior upgrade | $2.68 million | work underway |
| 500/504 Main Street, Union Bank Tower and Annex | restoration & rehabilitation | $2 million | work underway |
| 361 Hargrave Street, former Film Exchange Building | rehabilitation & construction of addition | $800,000 | work complete |
| 167 Lombard Avenue, Grain Exchange Building | rehabilitation & restoration | $765,000 | work complete |
| 228 Notre Dame, The Lindsay Building | rehabilitation and restoration | $110,000 | work complete |
| 283 Bannatyne Avenue, Travellers Building | conservation and rehabilitation work | $250,000 | work complete |
| 130-132 James Avenue, Victor Fox Foods Building | conservation and rehabilitation work | $250,000 | applicant not proceeding |
| 331 Smith Street, Ramada Marlborough Hotel | renovations and redevelopment | $405,300 | work complete |
| 275-281 McDermot Avenue, Bedford Building | conservation and rehabilitation work | $500,000 | application expired |
| 319 Elgin Avenue, former Scott Fruit Company Warehouse | conservation and rehabilitation work | $140,000 | work complete |
| 110 Princess Street, Sterling | conservation and | $1.3 million | work complete |

| Building Name | Work | Amount of Incentive | Status |
|---|---|---|---|
| Cloak Bldg. (Fairchild Bldg.) | rehabilitation work | | |
| 65 Rorie Street/140 Bannatyne Avenue, former Northern Electric Building | rehabilitation and additions | $1.9 million | work underway |
| 332 Bannatyne Avenue, Henderson Building | rehabilitation | $259,000 | work underway |

**Scope of Work**

The program is intended to support work that:

- conserves significant architectural or other heritage elements; and/or
- repairs and stabilizes City-designated structures;
- extends the life of such structures;
- rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment.

Based on a submitted Conservation Report, the applicants advise that subject to the approval of an HCTC incentive they will invest approximately $741,000 to upgrade the former Dominion Bank Building, 678 Main Street.

The building had been vacant for at least three years. The new owner has upgraded the main floor to serve his architectural practice. The HCTC is needed to redevelop the existing premises to current state-of-the-art office standards.

The work that the owners propose will ensure that the exterior architectural elements are repaired and have a long-term life expectancy while having minimal impact on the historical integrity of the building.

**Eligible Work**

The applicants propose to rehabilitate the former bank building to provide a completed building to be leased out to various commercial tenants. Work has started for the applicant to occupy the building and will be completed by December 2008.

***Exterior Work:***

- Repair exterior masonry including restoration of the exterior terra cotta ;
- Replace roof;
- Upgrade original skylight;
- Replace existing windows; and
- Build a new addition to accommodate a hydraulic elevator shaft, stair and weather vestibule.

***Interior Work:***

- Upgrade fire protection system;
- Upgrade existing heating system;
- Upgrade ventilation and a new cooling system on the second floor;
- Upgrade plumbing system;
- Insulate attic space to R60;
- Upgrade to 200 Amp electrical service;
- Restore Italian tile flooring;
- Restore original ornamental plaster ceiling; and
- New interior walls, doors, and floors.

**FINANCIAL IMPLICATIONS:**

The owners propose to invest approximately $741,000 to conserve this building with eligible heritage work estimated at $447,470. The owner has requested an HCTC of $223,735 based upon the maximum allowable tax credits under the By-law (i.e. 50% of eligible costs). The Public Service recommends a lesser HCTC of $110,000, based upon our estimates of the future municipal portion of property taxes and eligible business taxes for the restored and fully occupied building.

***Existing 2007 Tax Year information***

| Total Assessment | Portioned Assessment | Municipal Realty Taxes |
|---|---|---|
| $ 40,000 | $ 26,000 | $ 873.94 |

***Tax Information following Redevelopment***

| Total Assessment Estimated | Portioned Assessment Estimated | Municipal Realty Taxes Estimated |
|---|---|---|
| $ 352,000 | $ 228,800 | $ 5,822.50 |

***Business Taxes following Redevelopment***

| Annual Rental Value | Business Tax Rate | Business Tax |
|---|---|---|
| $ 66,720 | 7.75% | $ 5,170.80 |

The Public Service would therefore recommend an HCTC for approximately the same value of the municipal portion of realty taxes and eligible business taxes over a ten-year period. The proposed total heritage incentive package is up to a maximum of $110,000 which is approximately 15% of the total estimated private investment in the project ($741,000). The project provides a leverage of approximately 7:1 private investment to public support, which is within the more favorable range of support.

The Public Service also recommends that the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council. This project is being proposed without a future tenant in place. The Public Service wishes to ensure that the restoration work begins and ends in a timely manner so that the Tax Credit authority within the Heritage Investment Reserve is not held indefinitely. In this regard, the Public Service will prepare a Heritage Agreement that requires the Applicant complete the work within a fifteen (15) month timeframe; that is, the work must be completed on or before December 31, 2008. In the event of nonperformance by the Applicant, the HCTC would expire.

The future property taxes as estimated will provide for some new incremental revenues to the City of Winnipeg. Council policy requires that incremental taxes attributable to this project be redirected to the Heritage Investment Reserve until its capacity is restored. As such, the HCTC recommended within this Report can be accommodated within the Heritage Investment Reserve.

## Financial Impact Statement

**Date:** September 19, 2007

**Project Name:** **First Year of Program** **2009**

REQUEST FOR A HERITAGE CONSERVATION TAX CREDIT FOR
678 MAIN STREET, THE FORMER DOMINION BANK BUILDING

| | 2009 | 2010 | 2011 | 2012 | 2013-2019 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 11,000 | $ 11,000 | $ 11,000 | $ 11,000 | $ 66,000 |
| Less: Incremental Revenue/Recovery | - | 11,000 | 11,000 | 11,000 | 77,000 |
| Net Cost/(Benefit) | $ 11,000 | $ - | $ - | $ - | $ (11,000) |
| Less: Existing Budget Amounts | 11,000 | - | - | - | (11,000) |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs from 2009 to 2018 represent the estimated tax credit to be funded from the Heritage Investment Reserve. Incremental revenues from 2010 to 2019 represent the estimated incremental portion of municipal property & business taxes, which are to be credited to the Heritage Investment Reserve.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

**IN PREPARING THIS REPORT THERE WAS:**

**Internal Consultation With and Concurrence By:**
Property Assessment Department
Finance Department

**External Consultation With:**
N/A

**THIS REPORT SUBMITTED BY:**

Department: Planning, Property and Development
Division: Planning and Land Use/Office of the Director
Prepared by: Giles Bugailiskis \ Barry Thorgrimson
PPD File No. HTC 26-2007

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