Report - Executive Policy Committee - November 14, 2007

Item No. 6 Heritage Conservation Tax Credit - Roslyn Court Apartments, 40 Osborne Street (Fort Rouge - East Fort Garry Ward) File G-3.1.5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 14, 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 $252,000.00 to undertake upgrading work on the Roslyn Court Apartments, 40 Osborne Street, and to be utilized by the owner over a maximum (10) ten-year period following completion of the project, be approved subject to the owner beginning the work on or before October 1, 2007, and 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.

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

6. 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.

7. 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 - November 14, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 14, 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 ROSLYN COURT APARTMENTS, 40 OSBORNE STREET

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Acting Director of Planning, Property and Development

REPORT DATE: October 18, 2007

RECOMMENDATION:

1. That City Council:
   a) approve a Heritage Conservation Tax Credit of up to a maximum of $252,000 to undertake upgrading work on the Roslyn Court Apartments, 40 Osborne Street, and to be utilized by the owner over a maximum ten-year period following completion of the project, subject to the owner beginning the work on or before October 1, 2007 and 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 owners of the Roslyn Court Apartments, Roslyn Properties Limited, wish to upgrade this property of national significance at an estimated cost of $1.9 million. The Public Service estimates that the owner will undertake $1.8 million in eligible conservation and renovation work on the structure – normally allowing for a Heritage Conservation Tax Credit (HCTC) up to a maximum $900,000 under the By-law.

- The Public Service recommends a reduced HCTC of up to a maximum of $252,000 based upon the estimated future municipal portion of realty taxes (estimated $25,194 annually).
- The assessed value of the property will be positively influenced following the proposed repairs.

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 Roslyn Properties Limited.
- 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.

Report

REASON FOR THE REPORT:
In January 2007, Roslyn Properties 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 Roslyn Court Apartments, 40 Osborne Street.

On August 20, 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 November 16, 1998, the City of Winnipeg, recognizing the special significance of this structure, listed the Roslyn Court Apartments 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:
Location and quality design have combined for decades to make Roslyn Court one of Winnipeg's residential landmarks. That status was enhanced in 1996 when the structure was recognized by the Historic Sites and Monuments Board of Canada as one of the country's finest apartment buildings in the Queen Anne Revival style of architecture.

Roslyn Court originated during a period of rapid economic and physical growth which gave rise to affluent suburbs such as Fort Rouge and Crescentwood on the south side of the Assiniboine River. Here were found the large single-family homes of Winnipeg's business, professional and political elite. Here, too, were found most of the city's pre-1915 luxury apartment blocks.

Among the latter, Roslyn Court was one of the earliest, largest and most costly to construct ($205,000 or nearly $5,700 per suite). Moreover, architect William Wallace Blair gave the structure a lively Queen Anne Revival face rather than one of the more sedate Neoclassical designs commonly applied to the era's apartment blocks.

Roslyn Court attained further prominence by virtue of its location across the Assiniboine River from the Manitoba Legislative Building and at the southeast corner of the Osborne Street Bridge, one of the busy gateways between the downtown and South Winnipeg.

The block's original owner was Dr. Richard J. Mattice (1847-1925), an Ontarian who studied medicine in Québec and England, then practised at Omaha, Nebraska for some two decades before he settled in Winnipeg in 1902. In hiring Blair, Mattice chose an architect who also was a recent arrival in the city, but was quickly developing a reputation for elegant designs, including the Warwick Apartments (1908) on Qu'Appelle Avenue and Princeton (Kenmore) Apartments (1909) on Broadway.

Irish-born and trained, Blair practised in England in 1874-76 before emigrating to work in Hamilton and Toronto, Ontario. He returned to Ireland in 1884 as resident engineer for the Londonderry and Ballymena waterworks, but was back in North America (Chicago) by the late 1880s. He moved to Winnipeg in 1905, engaged in a brief partnership with George W. Northwood, then opened a solo practice in 1907. By the early 1910s, Blair was planning buildings for the Canadian Pacific Railway in Western Canada. He eventually settled in Victoria.

His five-storey Roslyn Court, built in 1908-09 by contractors C.P. Mills and L.H. Shepley, has a raised stone foundation on concrete footings, solid brick bearing walls, a framework of reinforced concrete and tile joists, and interior partition walls of fire-resistant brick and hollow tile. The two main façades — Osborne Street (west) and Roslyn Road (south) — are clothed in red brick and rusticated and smooth-cut limestone. Porches (now enclosed with glass), light wells, bay windows, and an interior court enhance the amount of natural light and ventilation available for tenants.

The Roslyn elevation has a strong vertical emphasis due to a series of staggered pavilions and three- and four-storey bays that extend from the block's high stone base to its busy roof-line. The latter is adorned with tiled mansard sections, shed and hip-roofed dormers, chimneys, and ornamental round, triangular and Scottish gables with stone coping. Large windows are set in pairs, trios and quartets within broad stone surrounds, including continuous lintels and sills that double as vertical dividers between the floors. Several stone steps lead to a deeply recessed entrance near the building's southeast corner.

The Osborne façade, which is flush to the property line, has corner pavilions between which extend rows of porches along the first to fourth floors. The fifth floor, in contrast, features the pavilions' stone-capped Scottish gables and a long columned dormer flanked by small polygonal turrets. The off-centre, at-grade entrance is highlighted by stone columns and an arched pediment with carved accents, including the block's name. Additional detailing is provided by stone bands, brick pilasters with stone bases and caps, stone window surrounds, and tiled and bracketed roof sections.

The block originally was divided into 36 suites, including 26 two-and three-bedroom units and 10 one-room bachelor suites with full baths. Some units had a small bedroom off the kitchen for domestic staff. Original elements included ornate plaster- and

woodwork, stained glass, beamed dining-room ceilings, open fireplaces, and a cage passenger elevator that has remained operative over the years.

Mattice owned Roslyn Court until 1919 when the title was transferred to bankers Robert Campbell and W.G. Yule. Among subsequent owners were the Montreal Trust Company, grocer Harry Bryk (1948-70) and Roslyn Properties (1970 to date).

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

Building Name	Work	Amount of Incentive	Status
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 Cloak Bldg. (Fairchild Bldg.)	conservation and rehabilitation work	$1.3 million	work complete
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 $1.9 million to upgrade the Roslyn Court Apartments.

The building has been fully occupied for many years. It has physically reached a point where the electrical and mechanical systems need to be upgraded.

The work that the owners propose will ensure that basic repairs are done to stabilize the character-defining tile roof and that the mechanical systems are made much more energy efficient. The property is assured of a long-term life expectancy while having minimal impact on the historical integrity of the building.

Eligible Work

The applicants propose to improve this apartment block by upgrading the mechanical and ventilation systems in the building. Initial work has started but the majority of the work is to start on or before October 2007 and be completed by December 2008.

Exterior Work:

- Roof tiles require repair and replacement;
- Gutters and downspouts will be repaired.

Interior Work:

- New efficient heating system for the building ;
- New ventilation and cooling system throughout the building;
- Upgrade electrical service with higher capacity service and individual service panels in each apartment;
- New lighting system in public areas.

FINANCIAL IMPLICATIONS:

The owners propose to invest approximately $1.9 million to conserve this building with eligible heritage work estimated at $1.8 million. The owner has requested an HCTC of $900,000 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 $252,000 based upon our estimates of the future municipal portion of property taxes for the restored and fully occupied building.

Existing 2007 Tax Year information

Total Assessment	Portioned Assessment	Municipal Realty Taxes
$ 907,300	$ 408,285	$ 10,390

Tax Information following Redevelopment

Total Assessment Estimated	Portioned Assessment Estimated	Municipal Realty Taxes Estimated
$ 2,200,000	$ 990,000	$ 25,194

The Public Service would therefore recommend an HCTC for approximately the same value of the municipal portion of realty taxes over a ten-year period. The proposed total heritage incentive package is up to a maximum of $252,000 which is approximately 13% of the total estimated private investment in the project ($1.9 million). The project provides a leverage of approximately 7.5:1 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 to begin and complete the

work within a fifteen (15) month timeframe; that is, the work must be started on or before October 1, 2007 and 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 (assumed as a result of a successful appeal). 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: October 3, 2007

Project Name: REQUEST FOR A HERITAGE CONSERVATION TAX CREDIT FOR THE ROSLYN COURT APARTMENTS, 40 OSBORNE STREET

First Year of Program 2009

	2009	2010	2011	2012	2013-2027
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	$ 25,194	$ 25,194	$ 25,194	$ 25,194	$ 151,164
Less: Incremental Revenue/Recovery	-	14,804	14,804	14,804	207,528
Net Cost/(Benefit)	$ 25,194	$ 10,390	$ 10,390	$ 10,390	$ (56,364)
Less: Existing Budget Amounts	25,194	10,390	10,390	10,390	(56,364)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs beginning in 2009 represent the estimated tax credit to be funded from the Heritage Investment Reserve (HIR) until 2018. Incremental revenue beginning in 2010 represents the incremental portion of municipal taxes (i.e. $25,194 less $10,390), which will be directed to the HIR until 2026 to repay the investment.

"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:

None

THIS REPORT SUBMITTED BY:

Department: Planning, Property and Development
Division: Planning and Land Use/Office of the Director
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PPD File No. HTC 27-2007

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