Agenda - Council - March 25, 2009

Report – Executive Policy Committee – March 11, 2009

Item No. 1 Neighbourhood Multiple Family / Mixed Use Building Grant Program – Funding and Boundary Clarification
eFile EX

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 11, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the funds available for this program be increased from $5 million to $15 million, effective immediately.

2. That discussions continue with the Province of Manitoba to expand this program to include a grant in respect of education taxes, as well as the municipal taxes.

3. That adjustment be made to the boundaries identifying the areas which qualify for the grant program to exclude:
   A. Areas identified as Industrial Policy areas in Plan Winnipeg;

   and to include:
   B. the Mynarski (3.31) and Shaughnessy Park (3.315) Neighbourhoods.

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

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EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 11, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

COUNCIL DECISION:

On February 18, 2009, Council concurred in the recommendation of the Executive Policy Committee and granted the Executive Policy Committee a further extension of time of 30 days in order for the Winnipeg Public Service to report back as directed by the Executive Policy Committee on October 29, 2008.

On December 17, 2008, Council granted the Executive Policy Committee a 60-day extension of time in order for the Winnipeg Public Service to report back as directed by the Executive Policy Committee on October 29, 2008.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 29, 2008, the Executive Policy Committee referred the October 22, 2008 Council Motion to the Winnipeg Public Service for report back within 60 days.

COUNCIL DECISION:

On October 22, 2008, Council ruled automatic referral of the following motion to the Executive Policy Committee:

Moved by Councillor Wyatt,
Seconded by Councillor Pagtakhan,

WHEREAS the Neighbourhood Multiple Family/Mixed-Use Building Grant By-Law No. 122/2007, which was passed by Council on May 16, 2007 has been a huge success with the program funds being fully committed. This program has facilitated the development, redevelopment and conversion of existing properties, added 475 new residential dwellings and leveraged $75 million of additional investments for the purpose of renewal of existing and older neighbourhoods;

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DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

AND WHEREAS the limit of $5 million authorized by Council, based on a maximum tax grant of $15,000 per dwelling unit for units with an assessed value of less than $250,000, has made it possible for previously economically marginal housing projects to proceed, creating employment in the construction industry and more affordable housing in Winnipeg;

AND WHEREAS the Neighbourhood Multiple Family/Mixed-Use Building Grant Program is an innovative program that encouraged renewal of existing neighbourhoods, the use of existing civic infrastructure, the development of new street level commercial activity and greater urban density, all consistent with Plan Winnipeg;

AND WHEREAS with the introduction of Tax Increment Financing (TIF) legislation in the last session of the Manitoba Legislation, an opportunity may exist to expand the program to include a tax credit on education taxes, making previously economically marginal housing projects far more viable;

AND WHEREAS the 'slow down' in the housing market makes the renewal of the Neighbourhood Multiple Family/Mixed-Use Building Grant program even more of a priority;

THEREFORE BE IT RESOLVED that the maximum total grants of $5 million under this program be increased by an additional $10 million to a maximum of $15 million for the duration of the program which is set to expire on June 1, 2010;

BE IT FURTHER RESOLVED that the Winnipeg Public Service work with the Province of Manitoba to expand the program to include a credit on education taxes, as well as the municipal taxes.

ADMINISTRATIVE REPORT

RE: Neighbourhood Multiple Family / Mixed Use Building Grant Program – Funding & Boundary Clarification

REPORT DATE: March 2, 2009

AUTHORIZATION

Author	Department Head	CAO
Stan Dueck Acting Manager, Housing Division	Deepak Joshi Director, Planning, Property and Development	Phil Sheegl, Deputy Chief Administrative Officer

RECOMMENDATION

1. To increase the funds available for this program from $5 million to $15 million, effective immediately.
2. For the Public Service to continue discussions with the Province of Manitoba to expand this program to include a grant in respect of education taxes, as well as the municipal taxes.
3. To adjust the boundaries identifying the areas which qualify for the grant program to exclude:
    a. Areas identified as Industrial Policy areas in Plan Winnipeg

    And to include:
    b. the Mynarski (3.31) and Shaughnessy Park (3.315) Neighbourhoods.

REASON FOR THE REPORT

On October 22, 2008, Council referred the following motion to the Executive Policy Committee:

WHEREAS the Neighbourhood Multiple Family/Mixed-Use Building Grant By-Law No. 1012

122/2007, which was passed by Council on May 16, 2007 has been a huge success with the program funds being fully committed. This program has facilitated the development, redevelopment and conversion of existing properties, added 475 new residential dwellings and leveraged $75 million of additional investments for the purpose of renewal of existing and older neighbourhoods;

AND WHEREAS the limit of $5 million authorized by Council, based on a maximum tax grant of $15,000 per dwelling unit for units with an assessed value of less than $250,000, has made it possible for previously economically marginal housing projects to proceed, creating employment in the construction industry and more affordable housing in Winnipeg;

AND WHEREAS the Neighbourhood Multiple Family/Mixed-Use Building Grant Program is an innovative program that encouraged renewal of existing neighbourhoods, the use of existing civic infrastructure, the development of new street level commercial activity and greater urban density, all consistent with Plan Winnipeg;

AND WHEREAS with the introduction of Tax Increment Financing (TIF) legislation in the last session of the Manitoba Legislation, an opportunity may exist to expand the program to include a tax credit on education taxes, making previously economically marginal housing projects far more viable;

AND WHEREAS the 'slow down' in the housing market makes the renewal of the Neighbourhood Multiple Family/Mixed-Use Building Grant program even more of a priority;

THEREFORE BE IT RESOLVED that the maximum total grants of $5 million under this program be increased by an additional $10 million to a maximum of $15 million for the duration of the program which is set to expire on June 1, 2010;

BE IT FURTHER RESOLVED that the Winnipeg Public Service work with the Province of Manitoba to expand the program to include a credit on education taxes, as well as the municipal taxes.

On October 29, 2008, the Executive Policy Committee referred the Motion to the Public Service for report.

KEY ISSUES

FUNDING ADJUSTMENT

The Public Service recommends increasing the maximum of total grants for the Neighbourhood Multiple Family / Mixed Use Building Grant Program by $10 million to a maximum of $15 million for the duration of the program, which is set to expire on June 1, 2010.

There are no budget implications of extending the program from $5 million to $15 million as conditional approvals only commit potential future, incremental tax revenues to a

ceiling amount, and not an absolute dollar amount. If no incremental taxes transpire, or the incremental taxes are less than estimated, the grant is reduced accordingly.

The current conditionally approved projects, when complete, will develop or re-develop existing properties by adding 469 new residential dwellings, 110 dormitory rooms, and leverage over $80 million of additional investments for the purpose of renewal of existing and older neighbourhoods.

Applications resulting in conditional approval fully consumed the total program limit of $5 million within the first 1.5 years of program implementation and the program has been well received with significant interest by the development industry.

There currently exists additional applications representing an estimated 223 residential units, 6 commercial units, $32 million in construction investment, and over $2 million in incremental taxes over 10 years, which have not been conditionally approved due to program limits. Adjusting the program will capture these additional dwelling units.

PROVINCIAL TIF

Tax Increment Financing (TIF) legislation has been proposed by the Provincial Government. However, this legislation is not suited to the Neighbourhood Multiple Family/Mixed-Use Building Grant program and participation would most likely require additional Provincial legislation that is program specific. The Public Service is recommending that the City continue to engage with the Province in expanding the Neighbourhood Multiple Family/Mixed-Use Building Grant program to include education taxes.

GEOGRAPHICAL BOUNDARY ADJUSTMENT

The program is limited to geographical areas outlined in Appendix "B". These areas include the 'Major Improvement Neighbourhoods' and 'Rehabilitation Neighbourhoods' defined in Policy Plate 'D' *Plan Winnipeg 2020*. Additionally, the program identifies a number of 'Neighbourhood Main Street' areas that are largely defined by the boundaries of the existing Business Improvement Zones (BIZ).

BIZ's often include areas that are not appropriate for housing such as 'Industrial Policy' areas identified in Policy Plate 'A' of Plan Winnipeg. Residential development in these areas is prohibited under the City's regulatory framework. In order to minimize the mixed messages regarding the City's goals to promote multi-family residential dwellings, and protect existing industrial land-uses, it is recommended that these industrial areas be specifically removed from the current program boundaries.

Additionally, it is recommended that the Mynarski (3.31) and the Shaughnessy Park (3.315) Neighbourhoods be included in the program area. These Neighbourhoods are between two 'Rehabilitation Areas' and adjusting the boundaries in a logical and orderly manner would assist in capitalizing on existing development opportunities, enhance the synergy in the abutting areas, and encourage revitalization of these two older neighbourhoods near the Weston Shops and Inkster Industrial Park.

The program is due to expire on June 1, 2010 with a program review to be completed during its third and final year. A more complete assessment and rationalization of program boundaries, informed by the current Plan Winnipeg review, will be made during that review process.

NOTE RE: ASSESSMENT VALUE

The by-laws establishing both the Neighbourhood and Downtown Multi-family and Mixed Use Building Grant Programs provide for higher grant ceilings for condominiums based on an assessment value of less than $250,000, using the applicable assessment reference year at the time of the project's completion. This $250,000 threshold was originally established to create a greater relative incentive for lower-valued units in order to promote the development of affordable housing.

IMPACT OF THE RECOMMENDATIONS

IMPACT	YES	NO	COMMENTS
Policy		**X**	**Expansion of a program which encourages the renewal of existing neighbourhoods, the use of existing civic infrastructure, and greater urban density, all consistent with Plan Winnipeg**
Regulatory		**X**	
Environmental		**X**	
Human Resources		**X**	
Financial		**X**	**The program expansion will not result in any out of pocket costs for the City. The maximum total grants are to be financed by the incremental tax revenues generated by specific projects**
Legal (Contracts)		**X**	
Communications		**X**	
Council Priorities Direction		**X**	
Other, e.g. Organizational, community, etc. (Specify)		**X**	

FINANCIAL IMPACT

Financial Impact Statement **Date:** **February 24, 2009**

Project Name:

Neighbourhood Multiple Family / Mixed Use Building Grant Program – Funding & Boundary Clarification.

COMMENTS:

While there will be financial implications should Council approve the recommendations contained within this report, neither the timing nor amounts involved are determinable at this time. However, the recommendations, if approved, will not result in any out-of-pocket costs for the City. The proposed maximum total grants amount of $15 million for the duration of the program is to be financed by increased tax revenues generated by the specific projects. Once the ten-year period, on which the increased municipal tax revenue has been granted to the successful applicants, has passed, all municipal taxation revenue will accrue to General Revenue Fund.

Chief Financial Officer

CONSULTATION

In preparing this Report there was consultation with:

Assessment and Taxation Department
Legal Services

SUBMITTED BY

Department: Planning, Property and Development
Division: Housing Development
Prepared by: Stan Dueck, Acting Manager, Housing Development
File No.

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