Agenda – Executive Policy Committee – May 5, 2010

REPORTS

Item No. 3 Amendment to the Heritage Conservation Tax Credit Legal Agreement - Merchants Building, 250 McDermot Avenue (Point Douglas Ward)
eFile G-3.1.5

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council amends Item 1 from Council's adopted report of March 19, 2008 namely that City Council:

    a) approve a Heritage Conservation Tax Credit (HCTC) of up to a maximum of $585,000, to undertake conservation and rehabilitation work on the Merchants Building, 250 McDermot Avenue, 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 February 29, 2008 and completing the work on or before December 31, 2009;

    by granting an extension for the completion of work by December 31, 2010;

2. That the Proper Officers of the City do all things necessary to affect the intent of the foregoing.

ADMINISTRATIVE REPORT

Issue: **TO CONSIDER A REQUEST TO AMEND THE HERITAGE CONSERVATION TAX CREDIT LEGAL AGREEMENT FOR THE MERCHANTS BUILDING, 250 MCDERMOT AVENUE**

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Himbeault	D. Joshi	M Ruta	M Ruta Acting CAO

RECOMMENDATIONS

1. That Council amends Item 1 from Council's adopted report of March 19, 2008 namely that City Council:

   a) approve a Heritage Conservation Tax Credit (HCTC) of up to a maximum of $585,000, to undertake conservation and rehabilitation work on the Merchants Building, 250 McDermot Avenue, 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 February 29, 2008 and completing the work on or before December 31, 2009;

   by granting an extension for the completion of work by December 31, 2010;

2. That the Proper Officers of the City do all things necessary to affect the intent of the foregoing.

REASON FOR THE REPORT

On March 30, 2010 Allied Properties Management REIT, the owners of the building advised that they were unable to meet the deadline of completion of work as outlined in Item 1 of the Council report and requested that their legal agreement be amended. (Email attached.)

City Council retains sole authority for amending conditions for the approval of a Heritage Conservation Tax Credit incentive.

IMPLICATIONS OF THE RECOMMENDATIONS

N/A

HISTORY

On March 19, 2008 City Council concurred in the recommendation of Executive Policy Committee and adopted a report which awarded Allied Properties Management REIT a Heritage Conservation Tax Credit of up to $585,000 to redevelop the property located at 250 McDermot Avenue.

Item 1 recommended:

That City Council:

a) approve a Heritage Conservation Tax Credit of up to a maximum of $585,000, to undertake conservation and rehabilitation work on the Merchants Building, 250 McDermot Avenue 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 February 29, 2008 and completing the work on or before December 31, 2009.

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.

The owners of the property, Allied Properties have been working to rehabilitate this under-utilized building and have completed the exterior alterations at a very high standard. The owner advises that between the difficulty of securing trades at market pricing and timing and the reluctance of tenants making long term lease commitments, they have been forced to slow down their renovation program on the interior. The owner further advises that the project will be completed by the end of the year.

The Public Service recommends that the Legal Agreement be amended as per the owner's request.

FINANCIAL IMPACT

Financial Impact Statement Date: April 8, 2010

Project Name:

REQUEST TO AMEND THE HERITAGE CONSERVATION TAX CREDIT LEGAL AGREEMENT FOR THE MERCHANTS BUILDING, 250 MCDERMOT AVENUE

COMMENTS:

The recommendations contained in this report include that Council amend Item 1 from Council's adopted report of March 19, 2008 by extending the deadline for the completion of works from December 31, 2009 to December 31, 2010.

There are no financial implications associated with this recommendation.

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

CONSULTATION

In preparing this report there was consultation with:

N/A

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Planning and Land Use / Office of the Director
Prepared by:	Giles Bugailiskis, Senior Planner (Heritage)
Date:	April 1, 2010
File No.	O:\Reports Directive\Planning and Land Use\Heritage\2010 Reports\Legal agreement amendment for250 McDermot.doc

APPENDIX A

Hi Giles,

Further to the work that that is required under the Heritage Grant, we respectfully request and extension on completion of the work from December 31, 2009 to December 31, 2010. We have found that between the difficulty securing trades at market pricing and timing and the reluctance of tenants to make long term lease commitments we have been forced to slow down our renovation/restoration program. The exterior work is now mostly complete but we have still interior work to complete.

Please advise if our request can be accommodated.

Best regards,

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