Agenda – Executive Policy Committee – November 17, 2010

REPORTS

Item No. 5 Heritage Conservation Tax Credit – 181 Higgins Avenue – Aboriginal Centre of Winnipeg (Point Douglas Ward) eFile G-3.1.5

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That City Council:
   a. Approve a Heritage Conservation Tax Credit of up to a maximum of $178,850 to enable the owners to undertake conservation work on the former Canadian Pacific Railway Station, 181 Higgins Avenue, 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 December 1, 2010;
   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 Credit 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; and;
   e. Require that no work may proceed without design/heritage approval and/or prior to the issuance of all relevant development permits.

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 implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Issue: TO CONSIDER A REQUEST FOR A HERITAGE CONSERVATION TAX CREDIT FOR 181 HIGGINS AVE., THE ABORIGINAL CENTRE OF WINNIPEG

Critical Path: Executive Policy Committee- Council

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Regan/D. Houle	D. Joshi	M Ruta	Alex Robinson Deputy CAO

RECOMMENDATIONS

1. That City Council:
    a. Approve a Heritage Conservation Tax Credit of up to a maximum of $178,850 to enable the owners to undertake conservation work on the former Canadian Pacific Railway Station, 181 Higgins Avenue, 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 December 1, 2010;
    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 Credit 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; and;
    e) Require that no work may proceed without design/heritage approval and/or prior to the issuance of all relevant development permits.
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 implement the intent of the foregoing.

REASON FOR THE REPORT

Applications for tax credits under the Heritage Conservation Tax Credit Program require the approval of Council.

IMPLICATIONS OF THE RECOMMENDATIONS

- There are no regulatory, environmental or human resource implications.
- 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 (2013 -2022).
- 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.

HISTORY

- Built in 1904, based on a design of architects Edward and William Maxwell of Montreal, the former CPR Station is a major architectural landmark for the City of Winnipeg.
- At its peak, the station processed 17 trains a day and for many years its walls resounded with the chatter of new settlers, fall harvest specials, troops, beach-goers, business travelers, and others.
- From the 1950s onward, however, dependence on rail travel declined. The CPR closed the Royal Alexandra in the late 1960s, then demolished it in 1971 and turned the site over to the City for park purposes. The last CPR passenger train departed from the Winnipeg depot on October 28, 1978.
- A dwindling number of company employees, plus Gus Uhmann's Turkish Bath and the Forum Art Institute, occupied the station-office complex until 1989 when the building was closed and put up for sale.
- The structure was subsequently given interim protection under the federal government's Heritage Railway Stations Protection Act. After extensive planning and negotiations, a coalition of local aboriginal groups was able, with government support, to purchase the site in 1992.
- The group has converted the premises to an Aboriginal Centre accommodating various community services, businesses, government agencies and training facilities. One objective of the project is to stimulate renewal of the surrounding area, especially Main Street north of City Hall.

DISCUSSION

- The owners of the building are looking at undertaking a major upgrade in order to reduce their operating costs and use the savings to undertake additional work on the property to stabilize ongoing deterioration.

- They propose to immediately invest up to $1.6m replacing 227 windows and removing and replacing the boiler system.
- CentreVenture Development Corporation has notionally agreed to gap finance some of the tax credits.
- The Aboriginal Centre intends to undertake additional work as funding permits for another $1.5m including exterior and interior alterations and roof replacement.
- Eligible costs for this project are $1.6m. Assessment and Taxation Department calculations indicate that the annual municipal taxes on the property would rise from $10,842 to $17,885 after the initial phase is completed. The City would offer the applicant up to 10 years of tax credits to a maximum of $178,850 (10 years x $17,885).

FINANCIAL IMPACT

Financial Impact Statement

Date: September 7, 2010

Project Name:

HERITAGE CONSERVATION TAX CREDIT FOR 181 HIGGINS AVE., THE ABORIGINAL CENTRE OF WINNIPEG

First Year of Program 2013

	2013	2014	2015	2016	2017 to 2039
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	$ 17,885	$ 17,885	$ 17,885	$ 17,885	$ 107,310
Less: Incremental Revenue/Recovery	-	7,043	7,043	7,043	157,721
Net Cost/(Benefit)	$ 17,885	$ 10,842	$ 10,842	$ 10,842	$ (50,411)
Less: Existing Budget Amounts	17,885	10,842	10,842	10,842	(50,411)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs beginning in 2013 represent the recommend heritage tax credit. Incremental revenues beginning in 2014 represent the incremental portion of municipal taxes being credited back to the Heritage Investment Reserve.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Assessment and Taxation Department

SUBMITTED BY

Department: Planning, Property and Development
Division: Planning and Land Use
Prepared by: Giles Bugailiskis
Date: September 7, 2010
File No. O:\Reports Directive\Planning and Land Use\Heritage\2010 Reports\HCTCReport re 181 Higgins.doc

APPENDIX A

HERITAGE CONSERVATION TAX CREDIT
Program Summary

Building Address and Name	Work	Amount of Incentive	Status
300 Carlton St., Former Free Press Building	exterior restoration	$400,000	work complete
136 Market Avenue, Marshall Wells Building	interior upgrade	$3 million	work complete
311 Portage Ave., Portage Village Inn	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 complete
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, Scott Fruit Company Wholesale	conservation and rehabilitation work	$140,000	work complete
234 Portage Avenue, Former Oldfield, Kirby, & Gardner Bldg.	conservation and rehabilitation work	$100,000	work complete
276 Portage Avenue, Former Birks Building	rehabilitation work	$320,000	work complete
110 Princess Street, Sterling Cloak Bldg. (Fairchild Bldg.)	conservation & rehabilitation work	$1,300,000	work complete
65 Rorie St./140 Bannatyne Ave., Northern Electric Bldg.	Phase I – 2-storey addition above existing heritage building	$1,900,000	work underway
332 Bannatyne Avenue, Henderson Bldg.	rehabilitation & conservation	$259,000	work complete
678 Main Street, former	rehabilitation &	$110,000	work complete

Building Address and Name	Work	Amount of Incentive	Status
Dominion Bank Bldg.	conservation		
40 Osborne Street, Roslyn Court Apts.	Upgrading	$252,000	work complete
250 McDermot Avenue, Merchant's Bldg.	rehabilitation and conservation	$585,000	work underway
54/70 Arthur Street, Silpit Bldg.	rehabilitation and conservation	$1,350,000	work underway
230 Princess Street, Frost and Wood Warehouse	Rehabilitation and conservation	$764,000	work complete
468 Main Street, former Baker Block	Rehabilitation and conservation	$86,000	work complete
104 King Street, Ryan Block	Rehabilitation & preservation of 2 principal façades	$880,000	work underway
500/504 Main Street, Union Bank Tower and Annex	Culinary Arts Program & student housing	$1,885,000	work underway
88 Adelaide St., Kelly House	Rehabilitation and conservation	$35,333	work underway
15 Chester St., Sir Sam School School	Rehabilitation and conservation	$61,000	Work pending
119 Sutherland Avenue, Manitoba Indigenous Cultural Education Centre Inc.	Rehabilitation and conservation	$37,800	Work underway