Agenda – Executive Policy Committee – October 31, 2012

REPORTS

Item No. 2 Heritage Conservation Tax Credit – Northwest Commercial Travellers' Association (NWCTA) Building – 291 Garry Street (Fort Rouge-East Fort Garry Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That City Council:
   a. Approve a Heritage Conservation Tax Credit to a maximum of $80,990 with the tax credit time period not to exceed 10 years, subject to the works being completed on or before January 1, 2013;
   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;
   e. Require that no work may proceed without design/heritage approval from the Planning, Property and Development Department, Urban Design Division 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 the intent of the foregoing;

3. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Application for a Heritage Conservation Tax Credit for 291 Garry Street under the terms of the Heritage Conservation Tax Credit By-law No. 7155/98

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Kiernan	B. Thorgrimson	M. Ruta	D. Joshi, COO

RECOMMENDATIONS

1. That City Council:
    a. Approve a Heritage Conservation Tax Credit to a maximum of $80,990 with the tax credit time period not to exceed 10 years, subject to the works being completed on or before January 1, 2013;
    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;
    e. Require that no work may proceed without design/heritage approval from the Planning, Property and Development Department, Urban Design Division 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 the intent of the foregoing;

3. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

The Public Service has received an application from the building owner that the building commonly known as the "Northwest Commercial Travellers' Association (NWCTA) Building," 291 Garry Street, be considered for a Heritage Conservation Tax Credit under the terms of the Heritage Conservation Tax Credit By-law No. 7155/98.

Applications for tax credits require the approval of Council.

IMPLICATIONS OF THE RECOMMENDATIONS

- The intent of the Heritage Conservation Tax Credit (HCTC) program is to keep heritage structures viable and therefore considers all aspects of a building's redevelopment – including potential additional costs incurred conserving heritage elements, and those from upgrading aged and/or non-code-compliant systems and components, etc.

- As per the Heritage Conservation Tax Credit By-law No. 7155/98, the tax credit may be used at the applicant's discretion for up to 10 years, or such other period as may be approved by Council.

- On a 10-year term, the value of the tax credit would be a maximum of $80,990 beginning in 2013 and ending in 2022.

- A Heritage Conservation Tax Credit, as shown within the Financial Impact Statement, can be accommodated within the Heritage Investment Reserve.

- 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

- ClearOption Technologies Inc. acquired the NWCTA Building in 2012 after it had been vacant for nearly a decade. Although the exterior of the building had been maintained, the interior stood as a shell with no interior finishings after being gutted by a previous owner. The new owners propose to invest approximately $230,000 in fitting up the building interior for their offices, including installation of flooring, partitions, washroom and kitchen upgrades, etc.

- Although the majority of the current work includes building out the structure's interior, it qualifies as conservation work for its role in returning the long-vacant building to viability. Outdated systems will be upgraded to meet current Building Code requirements, the interior will be functional again, and the ornate terra cotta of the exterior will be maintained as required.

- Of the total investment of approximately $230,000, the eligible costs under the HCTC program total $161,980.

- Assessment and Taxation Department calculations indicate that the annual municipal property taxes on the property would rise from $3,517.51 per annum to $8,478.58 after the proposed work is completed.

- Pursuant to Subsection 3(1) of By-law 7155/98, the amount of the tax credit over the 10-year period is the lesser of 50% on eligible costs (i.e. "net private investment") of $161,980 or $80,990 and estimated municipal taxes of $84,786.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 25, 2012

Project Name:

First Year of Program **2013**

Heritage Conservation Tax Credit for 291 Garry Street under the terms of the Heritage Conservation Tax Credit By-law No. 7155/98

	2013	2014	2015	2016	2017 to 2029
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	$ 8,099	$ 8,099	$ 8,099	$ 8,099	$ 48,594
Less: Incremental Revenue/Recovery	-	4,961	4,961	4,961	66,107
Net Cost/(Benefit)	$ 8,099	$ 3,138	$ 3,138	$ 3,138	$ (17,513)
Less: Existing Budget Amounts	8,099	3,138	3,138	3,138	(17,513)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the the estimated annual tax credit of $8,099 to be paid from 2013 to 2022. Revenues represent the incremental municipal taxes (i.e. $8,479 less $3,518) to be credited back to the Heritage Investment Reserve from 2014 to 2029 (note: the amount required in 2029 to complete the repayment to the Reserve is $1,614).

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

***See Appendix A for a History of this building.*

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:	Jennifer Hansell
Date:	September 28, 2012
File No.:	O:\Reports Directive\Planning and Land Use\Heritage\2012 Reports\HCTC for 291 Garry.doc

UD2012-075

APPENDIX A – HISTORY



291 Garry Street
Former Northwest Commercial Travellers' Association

Winnipeg's development boom of the early 1900s transformed Portage Avenue into a bustling commercial centre. Few properties on or near the thoroughfare remained unaffected by the demand for new business premises as the residential neighbourhood slowly gave way to new landmark buildings. The new Free Press (1904) and Post Office (1905-06) buildings were situated on the south side of Portage between Garry and Fort streets; the Bank of Nova Scotia (1908-10) at the southwest corner of Portage and Garry; and eventually the Canada Permanent Mortgage Co. (1909) at 298 Garry.

The property at 291 Garry Street was no exception, and in 1908 the owner, A.F. Thomas, demolished the house that had stood there since the 1870s. In its place, he designed and erected a modest, Neo-classical one-storey building featuring solid brick construction on concrete footings and a stone foundation. The first tenant was the D. Hislop's Angelus Café.

By December of that year, Thomas expanded the building, this time employing prominent architect, J.D. Atchison. A second storey was added, as well as 16' on the rear of the building. However, Atchison's most notable change was to rework the front façade, adding striking white terra cotta, large windows and a marquee over the centred entrance. The Chicago School inspired work was iconic, featuring intricately moulded terra cotta flowers, fruits, and vegetables extending up the pilasters and across the top of the second-floor windows. Terra cotta details also framed the building's nameplate. Six lion heads highlighted the cornice, while an elaborate shield and urns adorned the parapet. The recessed entrance was flanked by two-storey fluted columns with ornate capitals. Decorative panels divided the first and second storeys. The interior, now being used for commercial purposes, featured a main-floor showroom (complete with wood panelling and large fireplace), fitting rooms, offices, and workroom. The open second storey also contained workspace.

Further renovations were undertaken in 1914, (supervised by architect Herbert B. Rugh, the local representative of Ross and Macdonald of Montréal) and in 1916 when R.J. Inglis Co., civil and military tailors, took over the property. Again, the aim was to upgrade the building to a higher-class holding, with Atchison designing a 40' rear addition featuring two storeys plus mezzanine floors.

After the Inglis Co. left the site in 1924, the building was vacant for several years before the Army and Navy Veterans in Canada rented the space. In 1945, the North West Commercial Travellers' Association (NWCTA), a national organization formed in Winnipeg in 1882 to represent travelling salesmen, purchased the property. The interior was converted into offices and a meeting hall. Subsequent main-floor tenants included the Monarch Life Assurance Co., Fidelity Trust, and A & M Furniture Rental & Sales Ltd.

Over the years, the building's interior, along with its windows and entrance, have been remodelled. As well, some terra cotta details have been displaced by the addition of an inscription below the nameplate that commemorates the NWCTA. Nonetheless, Atchison's elegant terra cotta façade remains as a unique and charming calling card to the building, and still serves to distinguish it from its contemporaries.