Agenda – Executive Policy Committee – July 9, 2014

REPORTS

Item No. 7 Tax Increment Financing (TIF) Grant – Siloam Mission (Point Douglas Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approve an annual TIF grant over a maximum 50 year period to Siloam Mission in respect of the residential development and front line service expansion at their Princess Street location in an annual amount equal to the incremental municipal property taxes for the property located at 288 Princess, 300 Princess and property roll number 13096036100, which grant shall not exceed a total aggregate of $4 million dollars.

2. That the City enter into a grant agreement with Siloam Mission setting out the terms and conditions of the City's grant, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the grant agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services, in accordance with the terms and conditions set forth in this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

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

ADMINISTRATIVE REPORT

Title: ***Tax Increment Financing (TIF) Grant for Siloam Mission in support of their project to help the homeless though a mixed-use development of 160 housing units and expansion of front line services***

Critical Path: **Executive Policy Committee -- Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
W. Yee	B. Thorgrimson	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. That Council approve an annual TIF grant over a maximum 50 year period to Siloam Mission in respect of the residential development and front line service expansion at their Princess Street location in an annual amount equal to the incremental municipal property taxes for the property located at 288 Princess, 300 Princess and property roll number 13096036100, which grant shall not exceed a total aggregate of $4 million dollars.
2. That the City enter into a grant agreement with Siloam Mission setting out the terms and conditions of the City's grant, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.
3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the grant agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services, in accordance with the terms and conditions set forth in this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.
4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

EXECUTIVE SUMMARY

This report provides Council with a funding option to support Siloam Mission's proposed housing development and expansion of front line services.

Siloam Mission is proposing a mixed-use development located between the streets of Stanley, Princess, Logan, and Henry. The development will expand front line services and develop 160 housing units for the homeless.

Siloam Mission has made a request for financial assistance of $4 million from the City of Winnipeg to assist in their planned developments.

The recommended funding option is a TIF grant funded through tax increments based on the developments, and does not impact current City of Winnipeg operating budgets.

REASON FOR THE REPORT

Standing Policy Committee on Finance met on January 24, 2014 and directed the Public Service to "…report back to the appropriate committee of Council with options for providing financial assistance, including but not limited to the waiver of permit fees and providing in kind services, to Siloam Mission for their expansion project."

Public Service staff has met with Siloam Mission staff and have identified the primary option to fund the expansion is through a TIF grant based on the proposed development. Council approval is required to establish a TIF grant program utilizing incremental municipal property taxes. If the TIF grant is approved, a by-law is required to establish the TIF grant program.

IMPLICATIONS OF THE RECOMMENDATIONS

Incremental municipal property taxes estimated at +/- $80,000 per annum from 2018 to 2067 will be granted back to Siloam Mission.

HISTORY

Standing Policy Committee on Finance met on January 24, 2014 and directed the Public Service to "…report back to the appropriate committee of Council with options for providing financial assistance, including but not limited to the waiver of permit fees and providing in kind services, to Siloam Mission for their expansion project."

DISCUSSION

Funding Option:

Current base annual municipal taxes for the Siloam Campus is: $14,761.28

The estimated annual municipal taxes after development is: $94,694.49

The estimated annual incremental municipal taxes is: $79,933.20

TIF Grant of annual incremental taxes:
The TIF grant would be up to 50 years to achieve approximately $4 million dollars. This amount is based on a straight-line approach that assumes present value discounting would equate to increases in property value over the 50 years assuming mill rates remain constant.

The baseline of municipal taxes will continue as revenue for the City's general revenue. Incremental taxes above the baseline would be committed for up to 50 years. The cash flow from these incremental taxes will enable Siloam Mission to leverage a lump sum loan to fund the development.

We have reviewed this type of funding with Siloam Mission staff who is supportive of the recommendation.

Siloam Mission Proposal:

Siloam Mission's proposed development includes the development of 160 congregate, rent-geared-to-income (RGI) progressive housing units at its current downtown location on Princess Street. The housing is being designed for the vulnerable population.

Expansion to front line services is intended to expand and improve existing services. Siloam's vision is to have all frontline services accessible on the main floor of the Princess building, and act as a "one stop shop" for people experiencing homelessness and poverty in Winnipeg's inner city. The plan is to significantly expand front line services to better address the needs of one of Winnipeg's most vulnerable communities. Their proposal outlines the plan to build a larger drop-in centre complete with increased programming and enhanced facilities to ensure safety, security and dignity for those using their services.

Expansion of services requires Siloam to expend capital for the construction and renovation of facilities. The budget for expanding front line services is $8.5 million dollars, and they are requesting City of Winnipeg support for this element of their project for $4 million dollars. Without this funding, the project may or may not proceed as planned.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 30, 2014

Project Name: **First Year of Program** **2018**

Funding Options for Residential / Commercial Project at Siloam Mission Campus

	2018	2019	2020	2021	2021 to 2066
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	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 3,680,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 3,680,000
Less: Existing Budget Amounts	80,000	80,000	80,000	80,000	3,680,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: For the purposes of this analysis, it is assumed that the redevelopment will be completed in 2017 and the first year of incremental taxes of +/- $80,000 and the offsetting grant to Siloam Mission will be in 2018, continuing until 2067. It is assumed that estimated incremental municipal taxes will remain constant.

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

CONSULTATION

Siloam Mission
City of Winnipeg Legal Services
City of Winnipeg Corporate Finance

SUBMITTED BY

Department: Planning, Property and Development
Division: Housing & Strategic Initiatives
Prepared by: Winston Yee
Date: *June 12, 2014*
File No.

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