Agenda – Council – July 13, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

Item No. 24 Amendment to Downtown Residential Development Grant Program By-law No. 77/2010

STANDING COMMITTEE RECOMMENDATION:

On July 6, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That amendments to The Downtown Residential Development Grant Program By-law No. 77/2010 (draft attached as Schedule "A") to provide updated values in the grant eligibility grid (Rental) for the year 2015 that determine maximum grants for rental projects under the Downtown Residential Development Grant Program, be approved.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 6, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Amendment to Downtown Residential Development Grant Program By-law No. 77/2010

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
G. Holmes	J. Kiernan	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That Council approve the proposed amendments to The Downtown Residential Development Grant Program By-law No. 77/2010 (draft attached as Schedule "A") to provide updated values in the grant eligibility grid (Rental) for the year 2015 that determine maximum grants for rental projects under the Downtown Residential Development Grant Program.

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

REASON FOR THE REPORT

The Downtown Residential Development Grant Program (the "DRDGP") was introduced in spring 2010 and the DRDGP By-law No. 77/2010 (the "By-law") was adopted by Council on July 1, 2010. The By-law established "grids" which are used to calculate maximum grant amounts for rental and condominium residential development projects, based on unit tenure (condominium vs. rental), size (e.g. number of bedrooms) and value (assessed value or monthly rental amount).

The data (value) in those grids are to be updated bi-annually for condominium assessed values, and annually for median market rent ("MMR") rates for the City. Updates are required to determine maximum grants under the DRDGP for applicants who are eligible for grant payment (i.e. who have completed projects in 2015) and subsequent years for this program.

Since this report proposes to amend a By-law and only Council can amend by-laws, this report must be considered by Council.

EXECUTIVE SUMMARY

The grid update is required to determine the maximum grant amounts for rental projects completed in 2015.

IMPLICATIONS OF THE RECOMMENDATIONS

The maximum grant amounts for apartment rental units would increase under the new grid that is being recommended by the Public Service. This grid is based on MMR, determined by the Province of Manitoba through information received from Canada Mortgage and Housing Corporation (based on its rental survey of the City of Winnipeg). The Province provides the grid containing this information to the City annually. Accordingly, this grid needs to be updated annually and will be updated again when the Province provides the grid for 2016.

If the recommendations of the Public Service are concurred in, the Public Service will notify all eligible applicants under the DRDGP of the updated maximum grant amounts.

HISTORY/DISCUSSION

On June 23, 2010, City Council enacted the DRDGP By-law, the objective of which is to promote the development of multiple family housing in the downtown area of the City of Winnipeg. Approved applicants are eligible for grants up to fifteen (15) times the sum of the incremental municipal taxes and the community revitalization levy (Provincial Education related taxes) for rental units. Approved condominium projects are eligible for grants up to ten (10) times the sum of the incremental municipal taxes and the community revitalization levy (Provincial Education related taxes).

On April 27, 2011, City Council approved an increase to the maximum subscription limit from $10,000,000 of education taxes and $10,000,000 of municipal taxes to $20,000,000 of education taxes and $20,000,000 of municipal taxes (whichever subscribes first), subject to amendment of the operating agreement between the City and the Province of Manitoba.

Final grant amounts for all eligible projects are calculated based on the lesser of the incremental taxes or maximum grant amounts. Clause 4(2) of By-law No. 77/2010 states:

Grants for apartment buildings:

“4(2) Subject to subsections (4), (6) and (10), the total amount of the grant for apartment buildings shall be calculated as:

(a)(i) the net present value of fifteen (15) times the sum of the incremental municipal taxes and the community revitalization levy of the project in the first full calendar year following the year in which the project is complete as set out in section 8;

or

(b)(i) an annual amount equal to the sum of the incremental municipal taxes and the community revitalization levy of the project in the first full calendar year following the year in which the project is complete as set out in section 8, for a maximum of 15 years, beginning in the year in which the project is complete as set out in section 8…"

Clause 4(4)(b) of By-law No. 77/2010 states:

Maximum grants:

"4(4) Notwithstanding subsections (2) and (3), the maximum amount of the grant for any project shall not exceed the following:

(b) for rental apartment buildings that were completed in 2014, as determined by section 8, the amount per dwelling unit as determined by the type, size and rent per month of that dwelling unit as set out in the grid contained in Appendix B, which is attached to and forms part of this By-law."

Maximum grant amounts are reflected in a grid that considers the tenure, size and value of multiple family housing developments. Final calculations of grant amounts require the most current assessed value and MMR for the year in which the project is completed (i.e. receives occupancy permits and is compliant with zoning, fire and by-law enforcement requirements).

The grid amounts for apartment rental units were initially set in 2010 and were subsequently amended in 2011, 2012, and 2014 to keep pace with changes in MMR, which are set annually. Changes to the maximum grant amounts paid for condominium units are based on changes to assessed values every two years; general assessments were conducted in 2010, 2012 and 2014 and those numbers are reflected in the current grid.

The intention from the outset of the program was to update the maximum grant amounts annually for rental projects and bi-annually for condominium projects; and therefore these maximum grant amounts will fluctuate during the lifespan of the DRDGP.

Current grid numbers:

	APARTMENT BUILDINGS			
Maximum Grant per unit	**$40,000**	**$35,000**	**$30,000**	**$25,000**
	Maximum Rent Levels per Month			
Bachelor or Studio less than 650 square feet	$640	$690	$765	$890
Bachelor or Studio of 650 square feet or more or 1 bedroom	$820	$895	$995	$1,120
2 bedroom	$1,010	$1,085	$1,210	$1,335
3 bedroom or more	$1,230	$1,355	$1,480	$1,605

Proposed grid numbers for 2015:

	APARTMENT BUILDINGS			
Maximum Grant per unit	**$40,000**	**$35,000**	**$30,000**	**$25,000**
	Maximum Rent Levels per Month			
Bachelor or Studio less than 650 square feet	$640	$690	$765	$890
Bachelor or Studio of 650 square feet or more or 1 bedroom	$850	$925	$1025	$1,150
2 bedroom	$1,100	$1,175	$1,300	$1,425
3 bedroom or more	$1,280	$1,405	$1,530	$1,655

FINANCIAL IMPACT

Financial Impact Statement Date: April 26, 2016

Project Name:

Downtown Residential Development Grant Program Update

COMMENTS:

There are no financial implications associated with this report.

"Original Signed By"

Mike McGinn,CPA, CA
Manager of Finance

CONSULTATION

Province of Manitoba Housing and Community Development
Province of Manitoba Municipal Government
City of Winnipeg Legal Services Department
CentreVenture Development Corporation

OURWINNIPEG POLICY ALIGNMENT

Our Winnipeg Section 01-4 – A City That Works > Housing

- Direction 6: Encourage residential development downtown
    - Enhance the quality of downtown residential life
    - Adapt and develop tools to support desired development
    - Promote downtown living with developers and potential residents

SUBMITTED BY

Department: Planning, Property and Development
Division: Economic Development
Prepared by: Lori DesAutels
Date: May 27, 2016
File No.: O:\Reports Directive\Office Of The Director\Manager Of Economic Development\2016 RIS Reports\RIS Referred Back 2016-05-20 RIS Report-DRDG Grid Updates (FINAL).Docx

List of Schedules and Attachments:

1. Schedule “A” – Draft Amending By-law

Schedule "A" – Draft Amending By-law

THE CITY OF WINNIPEG

BY-LAW NO. /2016

A By-law of THE CITY OF WINNIPEG to amend the Downtown Residential Development Grant Program By-law No. 77/2010.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

1 The Downtown Residential Development Grant Program By-law No. 77/2010 is amended:

(a) in subsection 4(4), by replacing *"Appendix"* with *"Schedule"* wherever it appears;

(b) in clause 4(4)(b), by replacing *"2014"* with *"2015";* and

(c) by replacing the grid in Schedule "B" with the following:

	APARTMENT BUILDINGS			
Maximum Grant per unit	**$40,000**	**$35,000**	**$30,000**	**$25,000**
	Maximum Rent Levels per Month*			
Bachelor or Studio less than 650 square feet	$640	$690	$765	$890
Bachelor or Studio of 650 square feet or more or 1 bedroom	$850	$925	$1025	$1,150
2 bedroom	$1,100	$1,175	$1,300	$1,425
3 bedroom or more	$1,280	$1,405	$1,530	$1,655

* *"Maximum rent levels"* applies as of the year in which the project is completed as determined by section 8.

DONE AND PASSED, this day of , 2016

Mayor

City Clerk

Approved as to content:

Director of Planning, Property and Development

Certified as to form:

for Director of Legal Services and City Solicitor