Agenda - Executive Policy Committee - January 14, 2004

REPORTS

Item No. 8 **Transfer of existing CentreVenture 2000 Heritage Tax Credit awarded to the former Birks Building, 276 Portage Avenue to a new owner**
File G-3.1.5

ADMINISTRATIVE RECOMMENDATION:

1. That the proposed transfer of the existing CentreVenture 2000 Heritage Tax Credit to 4804954 Manitoba Limited be approved.

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

Re: TRANSFER OF EXISTING CENTREVENTURE 2000 HERITAGE TAX CREDIT AWARDED TO THE FORMER BIRKS BUILDING, 276 PORTAGE AVENUE TO A NEW OWNER

For submission to: **Executive Policy Committee**

Original report signed by: **Director of Planning, Property and Development**

Report date: December 22, 2003

Recommendation(s):

1. That Executive Policy Committee approve the proposed transfer of the existing CentreVenture 2000 Heritage Tax Credit to 4804954 Manitoba Limited; and
2. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

REPORT SUMMARY

Key Issues:

- The former Birks Building received a tax credit of up to $250,000 under the CentreVenture 2000 Heritage Tax Credit Program subject to the expenditure of a minimum of $500,000. The new owners propose to do the same work as the previous owner, i.e., upgrade the mechanical system on the upper floors.
- The Executive Policy Committee is the Designated Committee to approve the transfer of the tax incentive to the new building owner.
- The CentreVenture Development Corporation is confident that this program will lever significant private investment within the Downtown.

Implications of the Recommendation(s):

General implications:

	None
	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City of Winnipeg**
X	**Involves a multi-year contract**

Comment(s):

- CentreVenture has identified the use of heritage conservation tax credits as an important tool in downtown revitalization.
- Tax credits may be utilized by the applicant over a maximum ten-year period.

Policy implications:

X	**No**
	Yes

Comment(s):

-

Environmental implications:

X	**No**
	Yes

Comment(s):

-

Human resources implications:

X	**No**
	Yes

Comment(s):

-

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

- There are no overall financial implications to the City.

REASON FOR THE REPORT:

In December 2003, the CentreVenture Development Corporation ("CentreVenture") advised that they support the request from 4804954 Manitoba Limited that the City transfer the existing approval for a tax credit to the new owner of the building.

In keeping with CentreVenture's established reporting relationship with the City, the Executive Policy Committee is identified as the Designated Committee for the purposes of administering this by-law.

HISTORY:

On September 29, 1999, Council "endorsed the spirit and intent of CentreVenture's Start-Up Business Plan."

On April 26, 2000, Council amended and adopted the creation of the CentreVenture Heritage Tax Credit Program as well as the CentreVenture Downtown Heritage Program.

On May 24, 2000, Council passed the CentreVenture Heritage Tax Credit By-law No. 7632/2000.

On June 25, 2003, Council amended the CentreVenture Heritage Tax Credit By-law No. 7632/2000 requiring all projects be substantially completed on or before December 31, 2004.

DISCUSSION:

On May 24, 2000 City Council approved the CentreVenture 2000 Heritage Tax Credit program with a $2.5 million budget. Over 13 applications have been approved.

On September 25, 2000 CentreVenture advised the previous owner of the former Birks Building that a CentreVenture 2000 Heritage Tax Credit was approved of up to $250,000, subject to the expenditure of a minimum of $500,000 in eligible costs. The proposed work was to replace the mechanical systems through the second to fourth floors.

Subsequently, the building has been sold to 4804954 Manitoba Limited who intend to invest over $4.2 million to rehabilitate the upper floors of the building and proposes to do the same work to upgrade the mechanical systems as the previous owner. The new owner also agrees to assume all obligations of the original applicant which include a legal agreement and having all eligible work completed by December 31, 2004.

The CentreVenture Tax Credit By-law No. 7632/2000 Section 13(2) states:

> "If the Designated Committee so approves and if the new Property Owner or Long-term Tenant of the designated building agrees to assume all obligations of the applicant as hereinbefore set out, the approved tax credit or portion thereof may be transferred to the new Property Owner or Long-term Tenant."

CentreVenture and the Administration request that the Executive Policy Committee approve the transferring of the heritage tax credit incentive to the new owner who will be able to bring a significant heritage vacant building on Portage Avenue back to life.

FINANCIAL IMPACT

This is a standard request and if approved will provide for the ongoing upkeep and maintenance of the building for the duration of the terms of the tax credit. There are no additional costs to the City beyond what was originally approved.

Financial Impact Statement **Date:** 17-Dec-03

COMMENTS:

There are no overall financial implications to the city.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:
Legal Services

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Planning and Land Use Division
Prepared by: Giles Bugailiskis
PPD File #:

Document name: O:\Reports Directive\Planning and Land Use\Heritage\2003 Reports\ Tax credit transfer-276 Portage.doc