Agenda – Council – January 25, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 8, 2018

Item No. 8 Amendment to Downtown Residential Development Grant Program By-law No. 77/2010

STANDING COMMITTEE RECOMMENDATION:

On January 17, 2018, 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 a by-law to amend The Downtown Residential Development Grant Program By-law No. 77/2010 (draft amending By-law attached as Schedule "A"), be enacted to:

    A. provide updated values in the grant eligibility grids for the year 2017 that determine maximum grants for rental projects under the Downtown Residential Development Grant Program; and

    B. extend the values which determine the maximum grants for condominium projects, and which are contained in the grant eligibility grid for the year 2016, for the year 2017.

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 – January 8, 2018

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 17, 2018, 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 January 8, 2018, 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
S. Cianflone	J. Kiernan	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The Downtown Residential Development Grant Program (the "DRDG") is intended to promote the development of multiple family housing in downtown Winnipeg.

The DRDG Program was introduced in spring 2010 and DRDG By-law No. 77/2010 (the "By-law") was adopted by Council on July 1, 2010. Said 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 in the DRDG grids is updated bi-annually for condominium assessed values, and annually for median market rent ("MMR") rates for the City. Updates are required to determine maximum eligible grant payments under the DRDG for projects completed within the current year and eligible grant payments in subsequent years.

RECOMMENDATIONS

1. That Council enact a by-law to amend The Downtown Residential Development Grant Program By-law No. 77/2010 (draft amending By-law attached as Schedule "A") to

   (a) provide updated values in the grant eligibility grids for the year 2017 that determine maximum grants for rental projects under the Downtown Residential Development Grant Program; and

   (b) extend the values which determine the maximum grants for condominium projects, and which are contained in the grant eligibility grid for the year 2016, for the year 2017.

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

Council approval is required to amend City of Winnipeg by-laws.

IMPLICATIONS OF THE RECOMMENDATIONS

The maximum eligible grant payments for completed projects under the DRDG program would increase under the proposed new 2017 DRDG grid.

Eligible applicants under the DRDG program will be notified of increased maximum eligible grant payments resulting from Council consideration of the recommendations herein.

HISTORY/DISCUSSION

On June 23, 2010 City Council enacted the DRDG Program By-law to promote the development of multiple family housing in Winnipeg's downtown. Approved applicants under the DRDG Program 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.

Subsection 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. 77/2001 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 2016, 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 Schedule A, 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 median market rent 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, 2014 and 2016 to keep pace with changes in median market rent 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, 2014 and 2016 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 DRDG Program.

The Province of Manitoba undertakes an annual rental survey of median market rent within Winnipeg based on information received from Canada Mortgage and Housing Corporation. This information is used to provide annual DRDG grid updates to the City of Winnipeg for use in administration of the DRDG program. DRDG grid updates and related recommendations for City of Winnipeg By-law amendment are submitted for Council consideration on an annual basis.

Current Program Grid for Apartment Buildings:

	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	$680	$730	$805	$930
Bachelor or Studio of 650 square feet or more or 1 bedroom	$870	$945	$1045	$1,170
2 bedroom	$1,100	$1,175	$1,300	$1,425
3 bedroom or more	$1,280	$1,405	$1,530	$1,655

Proposed 2017 DRDG Program Grid for Apartment Buildings:

	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	$710	$760	$835	$960
Bachelor or Studio of 650 square feet or more or 1 bedroom	$910	$985	$1085	$1,210
2 bedroom	$1,150	$1,225	$1,350	$1,475
3 bedroom or more	$1,430	$1,550	$1,680	$1,805

On April 26, 2017 Council approved a report to provide updated values in the grant eligibility grids for the year 2016 for condominium projects and for rental projects under the DRDG Program.

The Public Service recommends that the values for grant eligibility for condominium projects completed in 2016 be extended, without change, to projects completed in 2017.

Grid Numbers for 2016

	CONDOMINIUMS			
Maximum Grant per dwelling unit	**$40,000**	**$35,000**	**$30,000**	**$25,000**
	Maximum Assessed Value per Dwelling Unit (in thousands of dollars)			
Bachelor or Studio less than 650 square feet	$196	$242	$287	$334
Bachelor or Studio of 650 square feet or more or 1 bedroom	$229	$281	$334	$392
2 bedroom	$281	$347	$399	$457
3 bedroom or more	$326	$392	$457	$523

FINANCIAL IMPACT

Financial Impact Statement

Date: November 30, 2017

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

This Report has been prepared in consultation with:

Province of Manitoba Department of Families
Province of Manitoba Department of Municipal Relations
CentreVenture Development Corporation
City of Winnipeg Legal Services (as to legal issues)

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: November 30, 2017
File No: O:\Reports Directive\Office Of The Director\Manager Of Economic Development\2017 RIS Reports\2017 11 30 RIS DRDG 2017 Grid Updates.Docx

List of Schedules and Attachments:

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