**Agenda – Executive Policy Committee – September 12, 2018**

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2018**

**Item No. 7 Assignment of Heritage Conservation Tax Credit for 352 Donald Street**

STANDING COMMITTEE RECOMMENDATION:

On September 4, 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 following to Council:

1. Subject to the completion of the sale, that Council approve the assignment of the Heritage Conservation Tax Credit designated for 352 Donald Street to Shelter Canadian Properties Limited.

2. That the City enter into, execute, and deliver an agreement with Shelter Canadian Properties Limited for assignment of the Heritage Conservation Tax Credit for 352 Donald Street, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the agreement with Shelter Canadian Properties Limited, and the Ancillary Agreements, in accordance with 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 effect the intent of the foregoing.

**Agenda – Executive Policy Committee – September 12, 2018**

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2018**

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 4, 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:** Assignment of Heritage Conservation Tax Credit for 352 Donald Street

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

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| B. Smith | J. Kiernan | M. Ruta | D. McNeil |

## EXECUTIVE SUMMARY

On June 27, 2012, Council approved a Heritage Conservation Tax Credit under By-law 7155/98 of up to $1.23 million to be applied over a maximum fifteen (15) year period to the Public Capital Company (the "Registered Owner") for work to conserve 352 Donald Street, Canada Building (the "Subject Property").

Shelter Canadian Properties Limited (the "Prospective Owner") has recently entered into a purchase and sale agreement for the Subject Property and has requested that the City transfer the remaining assigned tax credits to them.

This report recommends that Council approve the transfer of the remaining tax credits from the Registered Owner to the Prospective Owner, subject to the completion of the sale of the Subject Property.

## RECOMMENDATIONS

1. Subject to the completion of the sale, that Council approve the assignment of the Heritage Conservation Tax Credit designated for 352 Donald Street to Shelter Canadian Properties Limited.

2. That the City enter into, execute, and deliver an agreement with Shelter Canadian Properties Limited for assignment of the Heritage Conservation Tax Credit for 352 Donald Street, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the agreement with Shelter Canadian Properties Limited, and the Ancillary Agreements, in accordance with 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 effect the intent of the foregoing.

## REASON FOR THE REPORT

As per section 13(2) of the Heritage Conservation Tax Credit By-law No. 7155/98 (as amended), Council must approve the transfer of the tax credit to the new property owner.

## IMPLICATIONS OF THE RECOMMENDATIONS

Shelter Canadian Properties Limited will receive the remainder of the Heritage Conservation Tax Credits designated for 352 Donald Street, Canada Building. No budget adjustment is required, as funds are currently set aside within the Heritage Investment Reserve Fund.

## HISTORY/DISCUSSION

On September 12, 2005, 352 Donald Street, Canada Building was added to the List of Historical Resources under the Historical Resources By-law No. 55/2014.

On June 27, 2012, Council approved a Heritage Conservation Tax Credit under By-law 7155/98 of up to $1.23 million to be applied over a maximum fifteen (15) year period to the Public Capital Company for work to conserve 352 Donald Street.

The City and the Public Capital Company are parties to a grant agreement made on February 7, 2013 (the “Grant Agreement”) pursuant to the provisions of The Heritage Conservation Tax Credit Bylaw No. 7155/98.

On April 17, 2018, the Prospective Owner contacted the City to request that the remaining assigned tax credits be transferred to it upon acquisition of the subject property.

The current Registered Owner is not in breach of, or in default of, the Grant Agreement, and the Public Service is recommending that Council approve the transfer of remaining tax credits to the Prospective Owner. A new grant agreement would then be executed between the City and the Prospective Owner.

The fifteen (15) year tax credit period began in 2014 and shall terminate after 2028 or when a maximum of $1.23 million dollars is reached, whichever occurs first. To date, the Registered Owner has been credited $352,558.83 under the Heritage Conservation Tax Credit program.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** July 4, 2018

**Project Name:**

**First Year of Program** **2019**

Assignment of Heritage Conservation Tax Credit, 352 Donald Street

| | 2019 | 2020 | 2021 | 2022 | 2023 to 2028 |
|---|---|---|---|---|---|
| **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 | $ 87,744 | $ 87,744 | $ 87,744 | $ 87,744 | $ 526,465 |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 87,744 | $ 87,744 | $ 87,744 | $ 87,744 | $ 526,465 |
| Less: Existing Budget Amounts | 87,744 | 87,744 | 87,744 | 87,744 | 526,465 |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs represent the estimated annual tax credit to be assigned to the proposed owner based on the assumption that the remaining $877,441 available credits are paid out on an equal basis over the 10-year period of 2019 to 2028. Existing budget amounts represent funds set aside within the Heritage Investment Reserve Fund. **No budget adjustment is required.**

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

## CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department (as to legal issues)

## OURWINNIPEG POLICY ALIGNMENT

The Heritage Conservation Tax Credit program aligns with policies under OurWinnipeg Section 02 A Sustainable City, 02-3 Heritage:

*Direction 1: Plan for heritage conservation:*

- *Support the provision of a robust package of heritage conservation incentives through agencies, partnerships and other governments to facilitate the conservation and/or adaptive reuse of designated heritage structures.*

*Direction 2: Conserve, protect and celebrate the significant heritage resources that illustrate the broad range of Winnipeg's heritage values:*

- *Recognize the importance of a broad range of tangible heritage resources throughout the city that illustrate a unique sense of place and community pride*

*Direction 3: Provide leadership in heritage conservation that links to broader civic goals of economic development, sustainability and neighbourhood planning.*

- *Work with other governments, community groups, and building owners to conserve heritage resources.*
- *Support economic development and viability through support for heritage and cultural initiatives.*
- *Work with heritage stakeholders and other community partners in the establishment, coordination, and promotion of community heritage initiatives including public education and heritage awareness.*

## SUBMITTED BY

| | |
|---|---|
| Department: | Planning, Property, and Development |
| Division: | Urban Planning and Design |
| Prepared by: | R. Ricci |
| Date: | July 11, 2018 |
| File No: | O:\Reports Directive\Planning and Land Use\Heritage\2018 Reports\Assignment of Heritage Conservation Tax Credit, 352 Donald Street |