McLaren Hotel Redevelopment

Proposal for Funding

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main street project

PROJECT OVERVIEW

The McLaren Hotel (hereinafter "the hotel") is a family-owned hotel located at 554 Main Street, Winnipeg. It is a single room occupancy (SRO) hotel that provides last resort housing to Manitobans who require shelter and live in poverty. The residers are people who often face other barriers, such as addictions; mental health issues; low to no regular income; unemployment; and overall insecurity.

The hotel currently houses residents in 150 rooms who pay an average daily rate of $13.75.

The hotel owners have initiated a redevelopment process that includes:

- **Renovating and repurposing the hotel, in a phased approach. It will remain a SRO with a new inclusion of services to assist residents.**

  In a proposed formal partnership with the Main Street Project, the hotel will offer services and supports to residents such as access to food banks, mental health supports, along with life skills training. The Bell Hotel (662 Main Street, Winnipeg) is an example of the Main Street Projects' Housing First approach, which is being used as a the model for the renovating and repurposing of 554 Main Street.

  A funding request for 2021 will be submitted to the End Homelessness Winnipeg Initiative to renovate the hotel interior including updating rooms, plumbing, windows and electrical.

  At the same time that the owner is pursuing modernizing the hotel, the City of Winnipeg initiated actions to recommend that the McLaren Hotel be added to the List of Historical Resources, to protect exterior character defining elements.

- **Developing the adjacent surface parking lot at 550 Main Street as affordable housing in partnership with Winnipeg Housing Rehabilitation Corporation. The proposed development will offer a new 108 unit affordable housing structure.**

  By offering safe, affordable, and independent housing adjacent to supportive housing at the McLaren Hotel. Residents can transition to independent new housing once they have established a stable situation. Although more independent than the SRO hotel environment, residents are able to remain part of the community that stabilizes and supports them.

The expected positive social and economic benefits are material and will generate meaningful return on investment to all levels of government by offering staged housing to our communities' most vulnerable. The target resident draws significantly on social services for survival, including shelters, social agencies and hospitals. They also tend to interact more frequently with police, fire and paramedics services.

In Winnipeg, the annual cost is $45,500 per person[1] for those struggling with homelessness and mental illness. A $110 million project to end homelessness demonstrated that providing stable housing first, followed by supportive services, is more effective than supports before housing. This project also determined that housing first would end homelessness for 15% of the homeless population. In effect, the economic benefits will result in the Province saving **$1 million per year[2] by supporting this project[2].** As opposed to just 10% mandated for 300 Main Street development, we will have more than 30% of the building as affordable housing. Lastly, during construction the project will employ over 80 skilled construction trades for a period of 24 months.

550 Main Street development aligns with The City of Winnipeg's parking strategy that views parking

"as more than a place to put a car or a bike, but seeing it as a key inter-modal link in the transportation system and as an economic asset that enables us to move and access goods and services"[3]. Due to the strategic location next to the Manitoba Museum, Centennial Concert Hall, City Hall, and at the cross section of the exchange district and China Town, we will more than double the amount of parking stalls currently available on the gravel parking lot. Gravel parking lots are unsightly, often unsafe and deter legitimate pedestrian traffic. A recent study determined that 30% of the cars driving around the central business district are looking for parking. When parking is available and easy to use, more people will visit, live and work downtown.

We are requesting Province of Manitoba and City of Winnipeg assistance in securing necessary funding support to achieve this vision. Currently, in addition to CMHC financing, there is a feasibility gap for the new construction and to be economically viable due to the high cost of construction (which is prevalent in Winnipeg), we will require support. Financial modeling for the new build component, completed by Montrose (a 3rd party) and assuming a modest commercial return (4.4% CAP) for a new build affordable housing project of this type, we have determined this shortfall to be $6.1 million.

We can ascertain this benefit through the Tax Increment Financing (TIF) program that was granted to similar projects but without a social agenda as the primary driver. Specifically, we are asking for a TIF program to last for a period of twenty (20) years. In the past, an addition to the TIF base of 12 years can be tied to benefits provided by the project. Namely, an additional 2 years for converting a gravel surface parking lot, 2 years for preserving a heritage component, 2 years to include affordable housing, and 2 years for adding additionally parking.

Furthermore, anticipated protection of the exterior facades of the current hotel by the City of Winnipeg will create a substantial financial hardship to the proponent, further compounding the viability of the entire project.

We believe that this project may align to different government funding sources, aside from TIF, and we request your assistance in:

- Identifying potential funding sources to support both renovation costs, heritage protection and new construction of supportive, affordable housing
- Facilitating necessary discussions with funding sources in partnership with our team

We have assembled a team of professionals who are able to support packaging of potential partnerships and funding opportunities, including a tax increment financing credit program.

[1] https://www.cbc.ca/news/canada/manitoba/opinion-jino-distasio-homelessness-housing-first-1.4341552
[2] McLaren Hotel rooms 150 x 15% = 22 individuals. New project will dedicate 36 suites as affordable housing at Manitoba levels. Thus, 22 x $45,500 = 1,001,000.
[3] Page 8 of City of Winnipeg "Downtown Parking Strategy"

BACKGROUND

The Role of the McLaren Hotel in the Community

SROs play an important role in the community. The McLaren Hotel evolved from a first class, turn of the century hotel to housing individuals who are marginalized and very close to homelessness.

The McLaren's history is a testament to it's resiliency over the span of ~110 years and reflects the history of Downtown Winnipeg itself. It opened in 1911 to great acclaim as a hotel that served both temporary lodgings and long-term housing for businessmen, tradesmen and travelling salesmen. At the time it was one of the most costly hotels built, second only to the Fort Garry Hotel, and has outlived many of its contemporaries. It has long stood as a landmark building in the downtown, due to the bright red brick exterior and unmistakely architectural style.

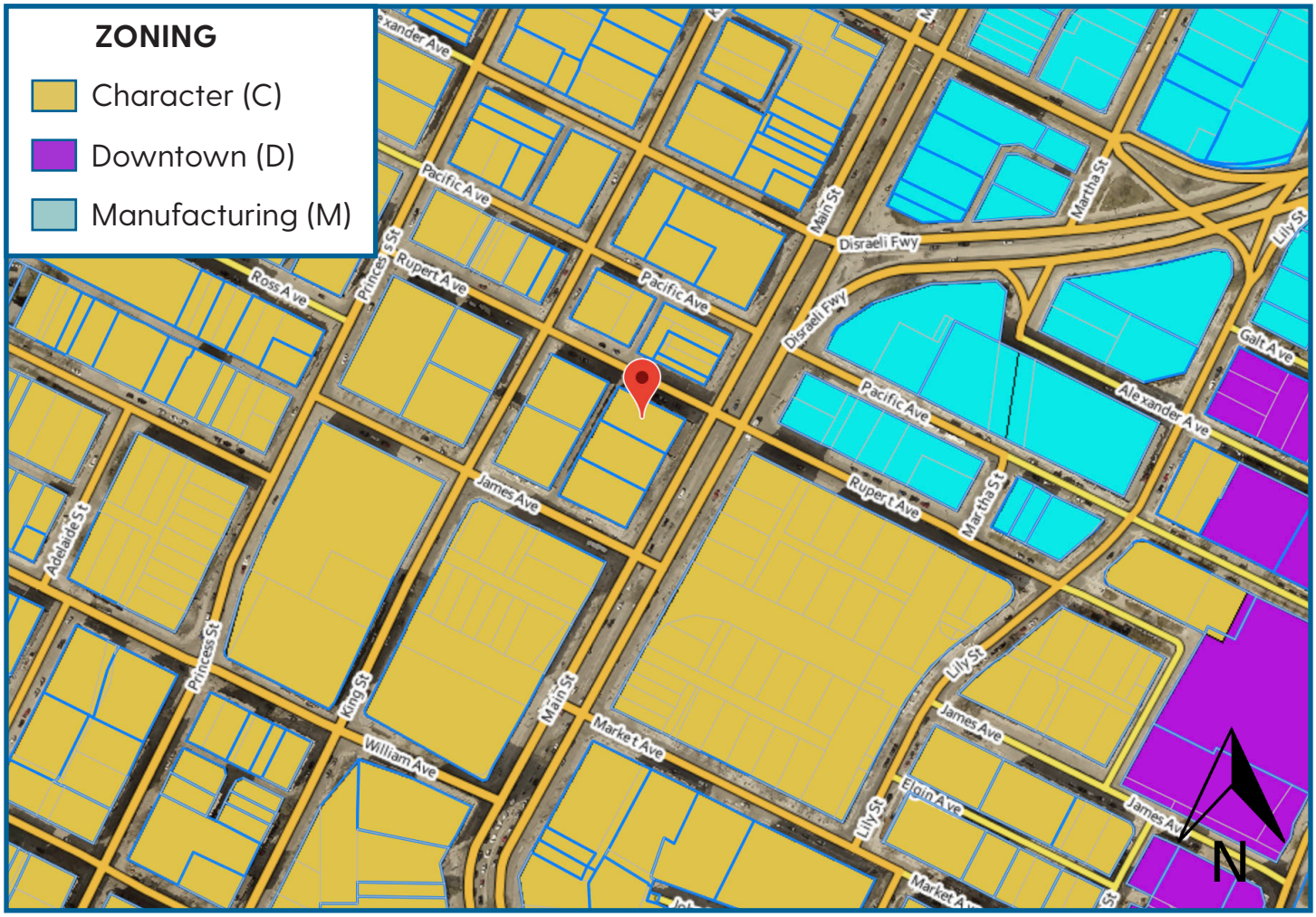
Since the hotel's construction, it has undergone 22 instances of repairs and alternations. However, the McLaren Hotel has reached the point where there must be substantial modernization and updates to keep the hotel safe for those who rely on it. Without investment at this time, the hotel is in jeopardy and will be, over a short period, unsustainable.

A typical McLaren Hotel room is 10' by 8' and does not provide personal amenities such as individual washrooms, laundry or food preparation areas. Residents are supplied with a simple bureau, bed and bedding. The McLaren has common washrooms on each floor, a beverage room, a barber, a restaurant and a church. Many hotel residents use hotplates for cooking their meals and have a small fridge in their rooms.

Site Description

The McLaren Hotel (554 Main Street) is located at the corner of Main Street and Rupert Avenue in the China Town neighbourhood of Downtown Winnipeg. It's currently zoned C-Character along with all other properties in the Warehouse Sector of the Exchange District, intended to encourage a compatible, fine-grained mix of uses rather than a separation of uses. Within the site's block, there is a gravel parking lot, an RBC location, and the Winnipeg Fire Paramedic Service Headquarters separated by a back lane.

The site is surrounded by some of Winnipeg's most iconic locations. Specifically, to the East across Main Street is the Manitoba Museum and Centennial Concert Hall and to the South across James Avenue is City Hall. This area of downtown hosts a number of commercial buildings, such as the newly renovated Sk8 Skate Shop across Rupert Avenue, and institutional buildings, such as United Way Winnipeg and End Homelessness Winnipeg.


ZONING
Character (C)
Downtown (D)
Manufacturing (M)
Pacific Ave
Rupert Ave
Princess St
Ross Ave
Main St
Disraeli Fwy
Martha St
Lily St
Galt Ave
Alexander Ave
James Ave
Adelaide St
King St
William Ave
Market Ave
Elgin Ave
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THE McLAREN HOTEL, MAIN STREET, WINNIPEG, MANITOBA
112436


HOTEL
McLAREN
VENDOR • VIT
Yuki Sushi

PROJECT VISION

The McLaren Hotel Redevelopment project will:

- Realize the conversion of the McLaren Hotel to '3rd Stage Transitional Living' in partnership with the Main Street Project, in addition to affordable housing at 550 Main Street
- Create a continuum of supports to encourage transition from SRO living to independent living in adjacent apartment building, while remaining a part of the McLaren community
- Introduce stability and supports to empower individuals with the objective of enabling employment and contribution to the economy
- Create affordable residential units in the Downtown, which is consistent with the City of Winnipeg's *Downtown First Agenda* and *OurWinnipeg*'s call to foster continued Downtown renewal and residential growth
- Support partnerships, including Winnipeg Housing Rehabilitation Corporation
- Support thoughtful densification of the downtown by removing a gravel parking lot in the heart of Winnipeg's Downtown
- Provide new revenues to the City of Winnipeg from a new Assessed Taxation Roll
- Provide approximately 5,000 square feet of new commercial retail space at a zero lot line, fronting onto Main Street, creating an active storefront street scene on Main Street that will increase pedestrian activity and public safety
- Increase economic activity during construction, including induced, indirect and direct jobs creation, generating new economic activity and taxation for the City and Province
- Preserve heritage components of the McLaren Hotel while ensuring the overall sustainability of the existing SRO
- Increase energy efficiency at the McLaren through renovation
- Increased Downtown Renewal and Safety (through the elimination of a gravel parking lot in the heart of Winnipeg's Downtown, new store front retail fronting onto Main Street, as well as 108 new units of new Housing, all of which generates healthy activity and increases safety in our Downtown)
- Increase economic activity by doubling parking to promote people to live, work and spend time downtown