HERITAGE AND ECONOMIC DEVELOPMENT INCENTIVE PROGRAM

Introduction:

The Heritage and Economic Development Incentive Program (The Program) provides financial support funded from incremental municipal property taxes for developments that align with *OurWinnipeg 2045, Complete Communities 2.0* and the City of Winnipeg's COVID-19 *Economic Response and Recovery Plan.*

As a tax increment based financing program, grants are provided based on the incremental municipal property taxes that are generated as a result of the development or redevelopment of a property.

Incremental municipal property taxes are the difference between the municipal property taxes paid for each year after a grant is approved for the property and the development is completed and the base municipal property taxes paid before the development is completed.

Grant payments will not be paid under The Program until the City has reviewed and confirmed that all taxes imposed pursuant to clause 334(1)(a) and subsection 341(1) of *The City of Winnipeg Charter* have been paid for any property within the City of Winnipeg that is owned by the grant recipient. The grant recipient must also meet a number of other criteria as outlined below.

Applications under The Program will be evaluated on a first come first served basis.

The maximum grant will be limited to $2 million per development under The Program.

Total grants available under The Program are limited to $20 million, which includes $10 million for developments located Downtown and $10 million for developments located outside Downtown. Attachment 1 to the proposed Tax Increment Financing Policy provides a map of eligible areas for tax increment financing support under The Program.

The Program will expire when the grants are fully allocated to approved developments.

Developments That Qualify:

1. **Restoration and rehabilitation of vacant and underutilized Heritage Buildings** located anywhere in the City of Winnipeg except within the S.H.E.D. that are a listed resource under the Historic Resources By-law No. 55/2014 are eligible to receive an annual grant equal to 80 percent of the incremental municipal property taxes to a maximum of 10 years.

2. **Redevelopment of Surface Parking Lots** are properties located Downtown that are primarily used to provide parking for motorized vehicles are eligible to receive an annual grant equal to 80 percent of the incremental municipal property taxes to a maximum of 10 years.

3. **New or expanded businesses** which include for profit and not for profit corporations that involve the creation of at least 10 new full-time jobs after the development is completed and that align with the economic development objectives in *OurWinnipeg* 2045 and Manitoba's *Economic Action Plan* are eligible to receive an annual grant equal to 80 percent of the incremental municipal property taxes to a maximum of:
   - 10 years if the development is located Downtown; or
   - 5 years if the development is located outside Downtown, excluding areas of the City identified as Greenfield areas in Attachment 1 noted above.

Eligibility Criteria for Grants:

- All applications for grants under The Program must clearly indicate how the development would not otherwise proceed without receiving the financial support that the applicant is requesting under The Program.

- Applications for grants to restore and rehabilitate Heritage Buildings must include a minimum of $500,000 of capital investment from non-government sources.

- Applications for the redevelopment of Surface Parking lots as well as new or expanded businesses must include a minimum of $10 million of capital investment from non-government sources to be eligible under The Program. Applications involving less than $10 million of capital investment from these sources will not be considered.

- Capital investment shall include all costs to establish a new or expanded building or business including the cost of land acquisition, renovation, demolition costs or costs to plan the development.

- All developments must secure a material financial contribution from other levels of government and/or registered charitable organizations to qualify for support under the Program. Developments that secure larger amounts of financial support from other levels of government and/or charitable organizations will be eligible to receive higher levels of support under The Program. Developments that do not secure any financial support from these other sources will not be eligible to receive any support under the Program.

- Developments that begin construction prior to applying for a grant will not be considered eligible under The Program.

- Property owned by The City of Winnipeg, other municipalities or the provincial or federal government is not eligible for a grant under The Program.

- Properties located in the S.H.E.D. or that have approval under any other existing City-based property tax incentive programs are ineligible under The Program.

- Applicants must demonstrate that they have approved development permits and information about the proposed construction costs when applying for the grant. Grants will not be approved that are conditional upon rezoning or the obtainment of a development permit.

Application Process:

Applications may be submitted anytime throughout the calendar year. An Applicant must be the owner of any property associated with the development project. The grant application must provide the following information:

- The Applicant's legal name (the owners of the project);
- The project location;
- Contact information;
- A detailed description of the development including how it addresses the eligibility criteria for developments that qualify under The Program
- Details about development and building permits;
- The date construction is likely to commence;
- The date construction is anticipated to be completed;
- A declaration and explanation as to why the development would not have otherwise proceeded had a grant not been available under The Program;
- Documentation of confirmed financial support for the development from other levels of government and/or registered charitable organizations, or a plan to access this support;
- The anticipated costs of construction of the development including documentation of same;
- A declaration of the number and details of full-time jobs to be created after and as a result of the development (if applicable).

Evaluation Process:

An evaluation committee consisting of representatives from The City of Winnipeg will assess applications for support under The Program.

Applications will be assessed against the eligibility criteria identified in this document as well as the following criteria:

- The projected increase in the assessment base and long-term municipal property tax revenue resulting from the development;
- The projected increase in the assessed values of properties adjacent and in proximity to the development;
- The extent to which the development supports key policies in *OurWinnipeg 2045, Complete Communities 2.0* as well as applicable local area plans;
- The number of and quality of new jobs created from the development,
- Whether the applicant is involved in any litigation with the City;
- Whether the applicant is involved in any litigation with third parties that could affect the project;
- Whether the applicant or an entity related to the applicant is in bankruptcy or receivership;
- Whether any properties owned by the applicant or a related entity are the subject of foreclosures, and;
- Any other metric that may be deemed appropriate in measuring the benefit of the development to The City of Winnipeg.

Approval Process:

Once the application material has been reviewed, The City of Winnipeg may grant conditional approval that an applicant may qualify for a grant. This conditional approval may be subject to the applicant securing financial support from other levels of government for the development or any other matter required to satisfy the eligibility criteria of The Program.

Subject to Council approval, The City of Winnipeg's Senior Manager of Economic Development and Policy (or designate) shall have delegated authority to approve grants of up to $1 million for eligible developments under The Program. Grants in excess of $1 million shall require the approval of Winnipeg City Council.

The conditional grant approval will specify a maximum grant not to exceed a specified number of years. The conditional grant approval will be based on the estimated incremental taxes generated from the development and may be adjusted based on a final assessment of the development after it is completed.

Conditions on The Grant:

A specific condition on all grants is that the applicant must enter into a grant agreement with The City of Winnipeg which includes among other conditions that the development must be complete within 4 years, or such other time as approved by The City of Winnipeg in the grant

funding agreement. The grant funding agreement will also indicate that all future grant payments will cease in the following circumstances:

- The property on which the project is located is the subject of foreclosure proceedings;
- The Applicant is found to have been dishonest in the application process, and;
- The Applicant sells, conveys or leases the project or any part of the project prior to the expiration of the agreement, without the prior written consent of The City of Winnipeg.

TIF Grant Example:

A mixed use commercial and residential development with an assessed value of $16 million, built on a surface parking lot located downtown with an assessed value of approx. $2.3 million.

	Year 1	**Year 2**	**Year 3**	**Years 4-10**	**Total**
Post development municipal property taxes	$104,971.09	$107,070.51	$109,211.92	$828,150.62	$1,149,404.14
Minus: pre-development municipal property taxes	$19,495.60	$19,495.60	$19,495.60	$136,469.22	$194,956.03
Equals: incremental taxes	$85,475.49	$87,574.91	$89,716.32	$691,681.40	$954,448.11
80% of incremental taxes (above) equals TIF grant	**$68,380.39**	**$70,059.93**	**$71,773.05**	**$553,345.12**	**$763,558.49**

In this example, the owner of the development would be entitled to a municipal TIF grant of $763,558.49 paid over 10 years.