Agenda - Council - June 23, 2004

Report - Executive Policy Committee - June 9, 2004

Item No. 2 Revised Amount of Heritage Conservation Tax Credit - 361 Hargrave Street
File G-3.1.5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 9, 2004, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the transfer of the revised amount of heritage conservation tax credits to 4698585 Manitoba Limited, the new owners of the former Film Exchange Building, 361 Hargrave Street be approved.

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

Agenda - Council - June 23, 2004

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DECISION MAKING HISTORY:

On June 9, 2004, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

Re: APPROVAL TO TRANSFER REVISED AMOUNT OF HERITAGE CONSERVATION TAX CREDIT TO THE NEW OWNER OF 361 HARGRAVE STREET

For submission to: **Executive Policy Committee**

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

Report date: May 19, 2004

Recommendation(s):

- That City Council approve the transfer of the revised amount of heritage conservation tax credits to 4698585 Manitoba Limited, the new owners of the former Film Exchange Building, 361 Hargrave Street.
- 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:

- City Council approved a Heritage Conservation Tax Credit of $136,000.00 to Carlton Call Centre Inc., which was subsequently rescinded, and a new tax credit approved to a maximum of $800,000.
- On March 1, 2003, 4698585 Manitoba Limited acquired the building.
- In its report adopted by City Council on April 21, 2004, the administration recommended the transfer of $136,000 in heritage conservation tax credits rather than the revised amount of $800,000.
- The new owner agrees to sign a legal agreement assuming all obligations of the previous owner.

Implications of the Recommendation(s):

General implications:

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

Comment(s):

-

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 additional financial implications resulting from the report other than costs associated with commitments made to the previous property owner. The report is recommending the transfer of amounts as being committed by the City.

REASON FOR THE REPORT:
Under the terms of the Heritage Conservation Tax Credit By-law No. 7155/98 (as amended), Winnipeg City Council must approve the transfer of the tax credit to the new building owners.

HISTORY:
On February 27, 2002, under the terms of the Heritage Conservation Tax Credit By-law No. 7155/98 (as amended), City Council approved a tax incentive of $136,000.00 to Carlton Call Centre Inc.

On September 25, 2002, City Council rescinded the original $136,000 Heritage Conservation Tax Credit and approved a maximum tax credit of $800,000.

On March 1, 2003, 4698585 Manitoba Limited became owners of the building.

On February 13, 2004, the owner advised that they have agreed to sign a legal agreement to assume all the obligations of the original applicants.

On April 21, 2004, City Council approved the transfer of $136,000 tax credit to the new building owners.

DISCUSSION:
The heritage building located at 361 Hargrave Street has been sold and the new owner of the building is advising their agreement to meet all the obligations of the Heritage Conservation Tax Credit By-law No. 7155/98 (as amended) and is requesting approval for the transfer of the revised amount of tax credits.

The Heritage Conservation Tax Credit By-law No. 7155/98 (as amended) states:

> 13(1) Subject to subsection (2), if an applicant wishes to sell or transfer title or the long-term lease in the designated structure, any approved tax credit or portion thereof which has not been released to the applicant is not transferable and will be cancelled.
>
> 13(2) If Council so approves and if the new owner or long-term tenant of the designated structure 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 owner or long-term tenant.

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.

FINANCIAL IMPLICATIONS:
There are no additional costs to the City beyond what was originally approved.

Financial Impact Statement

Date: May 12, 2004

Project Name:

APPROVAL TO TRANSFER REVISED AMOUNT OF HERITAGE CONSERVATION TAX CREDIT TO THE NEW OWNER OF 361 HARGRAVE STREET

First Year of Program 2004

	2004	2005	2006	2007	2008 (& beyond)
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 4,000	$ 154,000	$ 154,000	$ 154,000	$ 334,000
Less: Incremental Revenue/Recovery	-	150,000	150,000	150,000	350,000
Net Cost/(Benefit)	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ (16,000)
Less: Existing Budget Amounts	4,000	4,000	4,000	4,000	(16,000)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct costs represent realty and business taxes foregone by Corporate Finance while recoveries represent incremental realty and business taxes accruing back to the Heritage Investment Reserve. Based on realty and business assessment estimates provided by the Property Assessment Department, realty taxes and business taxes will amount to $84,000 & $70,000 per annum respectively after completion of "eligible work". It is assumed that the tax credit will be applied by the property owner beginning in 2004 while incremental revenues will begin accruing to the HIR in 2005. Under these assumptions, costs borne by the HIR will be fully recouped by 2010. Note that the financial implications of this tax credit have already been vetted through Council and the report approved. They are presented here for information purposes only.

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

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
Prepared by: Giles Bugailiskis
PPD File #: HTC 09-2001

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