Agenda – Executive Policy Committee – July 13, 2022

REPORTS

Item No. 5 Market Lands Southern Development Site

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That this report be received as information.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On June 23, 2022, Council concurred in the June 15, 2022, recommendation of the Executive Policy Committee.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 15, 2022, the Executive Policy Committee recommended to Council:

1. That a further extension of time of up to 30 days be granted for the Winnipeg Public Service in collaboration with CentreVenture Development Corporation to report back on the following:

    A. The progress of the project, including detailed information on how the project will address accessibility standards in public and common areas as well as apartments and suites;

    B. The outcome of various funding applications.

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

Angela Mathieson, Market Lands Inc., submitted a document titled “Marketlands Update” with respect to the matter.

COUNCIL DECISION:

On December 16, 2021, Council concurred in the December 8, 2021 recommendation of the Executive Policy Committee and adopted the following:

1. That a further extension of time of up to 180 days be granted for the Winnipeg Public Service in collaboration with CentreVenture Development Corporation to report back on the following:

    A. The progress of the project, including detailed information on how the project will address accessibility standards in public and common areas as well as apartments and suites;

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

B. The outcome of various funding applications.

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

On October 28, 2021, Council concurred in the October 20, 2021, recommendation of the Executive Policy Committee and adopted the following:

1. That an extension of time of up to 60 days be granted for the Winnipeg Public Service to report back on the matter.

On March 25, 2021, Council concurred in the recommendation of the Executive Policy Committee:

1. That a Tax Increment Financing grant to CentreVenture Development Corporation or its legal designate Market Lands Inc. in respect of the Southern Development Site of the Market Lands be approved, and that the grant:

   A. be an annualized payment of 100% of incremental municipal property taxes for a period of 25 years, beginning after September 1 of the year after the year in which the first occupancy permit is issued and final assessment is attained for the entire project;

   B. be conditional on written confirmation of financial support for the project from the Province of Manitoba and the Government of Canada.

2. That the City enter into, execute and deliver a Tax Increment Financing grant agreement with CentreVenture Development Corporation or its legal designate Market Lands Inc., and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing; and that authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the grant agreement and any ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor.

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

3. That the Chief Administrative Officer be delegated the authority to enter into a long-term lease on behalf of The City of Winnipeg with CentreVenture Development Corporation or its legal designate Market Lands Inc. for the southern portion of the Market Lands, for $1.00 per year, to develop the public purposes proposed in this report, and that authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the lease, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

4. That Council approve and that the City enter into, execute and deliver a tripartite agreement between The City of Winnipeg, Market Lands Inc. and Canada Mortgage and Housing Corporation addressing the rights and interests of Canada Mortgage and Housing Corporation as mortgage holder, and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing, and that authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the tripartite agreement and any ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

5. That the Winnipeg Public Service, in collaboration with the CentreVenture Development Corporation be directed to report back to Council within 180 days on the following:

    A. The progress of the project, including detailed information on how the project will address accessibility standards in public and common areas as well as apartments and suites;

    B. The outcome of various funding applications.

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

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 17, 2021, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

Angela Mathieson, President and CEO, CentreVenture Development Corporation, submitted a presentation titled “Market Lands Southern Development Site”.

ADMINISTRATIVE REPORT

Title: Market Lands Southern Development Site

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Kiernan	J. Kiernan	N/A	M. Jack

EXECUTIVE SUMMARY

The report updates the current progress and outcomes related to the accessibility and financing commitments for the southern portion of the Market Lands.

CentreVenture Development Corporation and UWCRC 2.0 have successfully incorporated Market Lands Inc. The entity “Market Lands Inc.” has been created as an independent nonprofit to lease, develop, construct and operate the southern development parcel.

The undertakings by Market Lands Inc. are restricted to the supply of long-term, innovative mixed-income rental housing accommodations and services to the residents of such accommodation and housing units. These opportunities include: the provision of housing for low to moderate-income households; provision of space for the benefit of arts and cultural groups and organizations; and to further community economic development.

Construction drawings with Class B pricing are ongoing, and the project has a proposed tender date early in 2023.

The Market Lands accessibility performance is based on National Housing Co-Investment Fund Table C *Technical criteria for universal design dwelling units*, and is a CMHC funding requirement. The accessibility requirements will have final confirmation with the submission of the complete plans and specifications for a Building Permits. In addition, Urban Design Advisory Committee (UDAC) review is required, and all public spaces need to conform to the City of Winnipeg’s Accessible Design Standards (WADS).

Financial commitments identified in the report have been confirmed or are in process by the funders, subject to the conclusion of final plans, agreements and documents. All funding agreements will be complete prior to award of the construction contracts.

Several other funding commitments have been secured; however, they have not yet been publicly announced by those respective agencies and we remain respectful of their processes and timing.

RECOMMENDATIONS

That this report be received as information.

REASON FOR THE REPORT

On March 25, 2021, Council concurred in the recommendation of the Executive Policy Committee and directed the Winnipeg Public Service, in collaboration with CentreVenture Development Corporation, to report back to Council within 180 days on the following:

A. The progress of the project, including detailed information on how the project will address accessibility standards in public and common areas as well as apartments and suites;

B. The outcome of various funding applications.

On October 28, 2021, December 16, 2021 and June 23, 2022 extensions of time were granted to report back on the matter.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications to this report as it is being received as information.

HISTORY/DISCUSSION

History:
On April 27, 2016, City Council directed that public engagement be undertaken to determine the most suitable redevelopment on the Market Lands (former Public Safety Building and Civic Centre Car Park site).

CentreVenture Development Corporation ("CentreVenture") and the Public Service have previously reported to City Council on the findings of those community consultations, and the resulting project vision was approved in July 2019.

The Market Lands Tax Increment Financing Grant Agreement between The City of Winnipeg and Market Lands Inc. was fully executed on November 15, 2021.

Northern Development Site:
The northern portion of the Market Lands is a 53,550 square-foot parcel. CentreVenture has issued an RFP for the sale of this parcel, targeting up to 300,000 square-feet of private sector mixed-use development. The incremental municipal property taxes on the Northern Development Site are estimated to be $473,437 per year. Discussions are currently under way on this portion of the property.

CentreVenture has not requested a TIF grant for this portion of the site. In total, the Market Lands are estimated to see over $149 million in capital investment, generating significant economic development impacts during construction, as well as long-term economic activity

through the advancement of the Creative Hub. UWCRC 2.0 Inc. ("CRC 2") and CentreVenture have established a partnership whereby the parties will jointly design and develop the portion of the land known as the Southern Development Site as an independent corporation to develop the public purposes as proposed in this report.

Southern Development Site:
The financial requirements of the development project are outlined in this report. The Southern Development Site of the Market Lands is 40,462 square-feet and limited by a historic encumbrance on the title requiring that it be used for public purposes. To meet that requirement, CentreVenture has entered into a long-term lease with the City and developed a partnership with UWCRC 2.0 Inc. known as Market Lands Inc. to construct a 'Creative Hub' featuring 20,000 square-feet of affordable arts spaces for several non-profit groups, including: Urban Shaman Contemporary Aboriginal Art Gallery, a new public market structure, an outdoor public art realm, and an affordable housing project with 102 mixed-income rental units.

The project's residential building will have 50% of the units rented at less than 59% of the median market rent for downtown and 30% of the units will be accessible or barrier-free adaptable.

In the Summer of 2021, the project received a funding commitment of $27.4 million from the Canada Mortgage and Housing Corporation, bringing the federal commitment to over $31.4M.

Discussion:

A. The progress of the project, including detailed information on how the project will address accessibility standards in public and common areas as well as apartments and suites;

The Market Lands Accessibility performance is based on National Housing Co-Investment Fund Table C Technical criteria for universal design dwelling units. These requirements meet and / or exceed the Winnipeg Accessibility Design Standards (WADS).

Accessibility has been at the forefront of the development and design of this project. The Market Lands development will adhere to universal design requirements for all public and common areas which includes the public realm exterior space. Also, 30% of the 102 apartments will be barrier-free or barrier-free adaptable. This is a requirement under the CMHC funding agreements and will be confirmed in the detailed / complete drawings as prepared for building permit submission.

Barrier-free suites accommodate individuals who use wheelchairs; most notably the kitchen and bathroom design will be built to suit, and privilege, a wheel-chair user. Adaptable suites provide a basis for barrier-free design ensuring door and hall widths, blocking, and life safety is compliant for accessibility; however, this approach provides accommodation for adaptability based on the individual accessibility needs of the tenant. For example, a counter height in a barrier-free unit for a wheelchair user may not meet the accessibility requirements for a tall individual with visual or cognitive impairment.

Attached are:
- Appendix A - CMHC's prescriptive accessibility requirements
- Appendix B - Table and drawings showing conformance with CMHC requirements as prepared by the project team.

B. The outcome of funding applications.

Project funding sources summary:
The City of Winnipeg's TIF contribution was conditional on written confirmation of financial support for the project from the Province of Manitoba and the Government of Canada. Both Municipal and Provincial TIF funding have been secured for the property.

Market Lands Inc. advises that the following funding commitments have been confirmed, or are in process, by the agencies below, subject to the conclusion of final plans and documents. All agreements will be complete prior to award of the construction contracts.

Market Lands Inc.	$	6,500,000
CMHC National Housing Co-Investment Fund Contribution	$	9,834,540
CMHC NHCF National Housing Co-Investment Fund Loan	$	15,027,633
CMHC Affordable Housing Innovation Fund Contribution	$	2,600,000
CMHC SEED Contribution	$	110,000
Canadian Heritage Cultural Spaces Fund	$	4,000,000
Downtown Recovery Grant (Gas Tax Fund)	$	2,500,000
Creative Hub Fundraising (Programs & Foundations)	$	1,170,977
Green Municipal Fund (50-50% Loan/Grant)	$	9,500,266
Efficiency MB New Buildings Grant/Appliance Credit	$	252,130
	$	51,495,546

Municipal and Provincial TIF funding have been secured for the property which will, once the project is constructed and operating, support ongoing costs and affordability requirements.

Market Lands – Mixed-Use Building:

In late fall 2021, Market Lands Inc. directed the engineering team to shift from the proposed net-zero natural ventilation design for the project, in favour of a net-zero mechanical design, a similar system being used by UWCRC2.0 at their 308 Colony Street project. This was required to reduce the Class B pricing received in September 2021.

The 'conceptual' redesign has been completed and will now push the construction start to January 2023 at the earliest. Like other projects, higher than normal inflation (1% month) and rising interest rates have increased the projected cost and reduced debt capacity which is being managed through the redesign process.

Market Lands – Market Building:

Since 2020, Market Lands Inc. has been working with a consortium of companies to establish a food incubator in the market building. This facility will have supports for food producers, as well as retail, events, and food experiences for visitors. Work on this component stalled somewhat because of the uncertainty around the duration and ultimate impacts of the pandemic. Work has now resumed and over the next six months Market Lands Inc. will be finalizing that building's design so it is ready for tender one year after the mixed-use building.

FINANCIAL IMPACT

Financial Impact Statement Date: June 27, 2022

Project Name:

Market Lands Southern Development Site

COMMENTS:

There are no direct financial implications associated with this report.

Mike McGinn June 27, 2022

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

CentreVenture Development Corporation

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Goal: City Building
1. Responsibly plan, prioritize and accommodate growth in areas that best support *Complete Communities* principles, to achieve this Plan's sustainable development goals.

2. Integrate resilient land use, transportation and infrastructure planning, and investments.

3. Facilitate development opportunities that complete established communities, and plan new communities as complete and connected from the outset.

Complete Communities:

Goal 1.0 Support diverse housing options in each neighbourhood or neighbourhood cluster throughout the city.

Goal 3.0 Establish partnerships with the private, not-for-profit and government sectors to provide affordable housing throughout the city, with a particular focus on locations near a variety of transportation options.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Key Direction 4.1 – Increase Strategic Infill Development that Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 2: The City Actively Plans for and Partners in Affordable Housing

SUBMITTED BY

Department: Planning, Property and Development
Division: Office of the Director
Prepared by: John Kiernan, Director
Date: June 27, 2022
File No: N/A

Attachments:

Appendix A - CMHC’s prescriptive accessibility requirements

Appendix B - Table and drawings showing conformance with CMHC requirements as prepared by the project team