CENTREVENTURE
DEVELOPMENT CORPORATION

CENTREVENTURE
2002 HERITAGE TAX CREDIT PROGRAM

CRITERIA AND PROCEDURES

For more detailed information and application forms, please contact:

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CENTREVENTURE
2002 HERITAGE TAX CREDIT PROGRAM

The CentreVenture 2002 Heritage Tax Credit Program is intended to stimulate capital investment in the conservation and reuse of historical buildings in the heart of Winnipeg. The program is open to owners and long-term tenants of buildings designated as historic by the City of Winnipeg and located within the boundaries of CentreVenture Development Corporation, as defined by the attached map.

This tax credit program is intended to support work that:

- Repairs and stabilizes City-designated heritage buildings in downtown Winnipeg, especially buildings that are vacant or underutilized;
- Extends the life of such structures;
- Conserves significant architectural or other heritage elements; and/or
- Rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a building's historical integrity, including its defining design characteristics, site and environment.

Credits may be used at the recipient's discretion for up to 10 years to reduce the property, business and, in qualifying circumstances, the amusement taxes levied by the City on the building and its site. The City's Designated Officer and CentreVenture Development Corporation will jointly assess applications.

MINIMUM REQUIREMENTS

Only proposals that entail a minimum of $50,000 in eligible work will be considered. The maximum assistance available is $250,000 per building.

TIMING

Applications must be submitted to CentreVenture on or before **4:00 pm, Thursday, July 18, 2002**.

Successful applicants will be notified by August 22, 2002. Legal agreements will be drawn up and interior construction must begin by January 15, 2003, exterior work must start by June 1, 2003. Proposed work must be completed by October 1, 2003. The City and CentreVenture shall have the right to conduct inspections of the project and reserve the right to cancel or withdraw funding approval if the above dates for starting or finishing the project are not met or if the construction falls significantly behind schedule to the point where it is clear that the project would not be completed within the specified time frame.

TAX CREDIT VALUES / ELIGIBLE WORK

Tax credits are calculated on the basis of 50% of the net private investment made in eligible work for:

- Repairs deemed essential to the stabilization and preservation of the physical integrity of a designated building, including repairs to the roof, drainage system, foundation, and exterior cladding;

- Measures that protect significant original heritage elements, restore significant original elements, or reconstruct those that are missing;

- Repair or replacement of electrical, mechanical/heating and plumbing systems (including fire sprinkling, air conditioning and repair of heritage elevators) to ensure compliance with the Manitoba Building Code

Tax credits are calculated on the basis of 15% of the net private investment made in eligible work for:

- New interior construction where the work is sympathetic to the original fabric of the building;

- Measures to restore, upgrade or convert a designated building to a functional state for contemporary occupancy such as sympathetically designed, improved accessibility for the disabled;

- Asbestos removal;

- Energy efficient upgrading provided the exterior appearance of the building is not affected;

Tax credits calculated on the basis of 10% of the net private investment made in eligible work for approved architectural, engineering and interior design fees.

NOT ELIGIBLE FOR TAX CREDITS

- Replacement of windows in materials not original to the building

- Non-heritage awnings and signage

- Exterior paint colours not based on historical analysis

- Application of water-repellent coatings

- Sandblasting or other cleaning methods that may damage building materials or finishes

- Demolition and haulage costs

- Additions, new outbuildings, new fences

- Landscaping or other work not done to the designated building unless the work is essential to the provision of physical access for persons with disabilities

- Moving of buildings

- Work on a designated replica or reconstructed building

- Removing, preserving, storing, or reusing portions of a demolished designated building

- Routine maintenance of a designated building and its site

- Soft costs including: plumbing fixtures, wall coverings, floor coverings, lighting fixtures, etc.

- Feasibility studies

- Permit costs, management fees, borrowing costs

- Equipment rental

APPLICATION CRITERIA

1. The CentreVenture 2002 Heritage Tax Credit Program is limited to designated historical buildings (under the terms of the City's Historical Buildings By-law 1474/77) within the boundaries of the CentreVenture Mandated Area.

2. Applications may be submitted by registered building owners or long-term tenants who are responsible for the City property, business and/or amusement taxes applicable to the land and building. Tenant-applicants must have the owner's written authorization for the proposed project and a signed lease effective for 10 years following completion of the work.

3. Owners or long-term tenants whose City tax, utility or other payments are in arrears may submit applications. However, any approval of assistance will be conditional upon outstanding amounts being paid by a mutually determined deadline. If that condition is not met, a formal agreement to proceed with the tax credit will not be executed. Previously executed agreements may be deemed null and void if taxes are in arrears prior to first application of credits.

4. All applications must be in the form of a written Scope of Work that includes:

   - The building's legal address, registered ownership, legal property description, certificate of title number, property assessment roll number, and grade of heritage designation;

- A brief description of the condition of the building and its site;

- A brief description of the building's recent occupancy history and vacancy rate;

- An outline of the proposed project and schedule for undertaking the work;

- The estimated costs of all labour and materials, supported by two independent quotations;

- A list of all proposed sources of project financing;

- Detailed drawings and/or specifications for the proposed work;

- Photographs of the affected areas of the building; and

- A brief description of the steps that will be taken to ensure future upkeep and repair of the structure and its heritage elements.

5. Proposed projects must entail new repairs and capital improvements. Tax credits will not be granted retroactively for work done before an application has been made or appropriate approvals have been given.

6. Projects must involve a minimum $50,000 in eligible work. The maximum value of net private investment in eligible work for which a tax credit may be allocated is $500,000. The maximum tax credit available through this program is $250,000 per building.

7. Tax credits will be extended for net private investment made in approved costs, exclusive of any other government grants or rebates, including any provincial sales tax or federal goods and services tax refunds or credits recipients may be eligible for, regardless of whether they have applied for or received those entitlements.

8. One application will be sufficient to cover all phases of a multiple-stage conservation project, subject to the $500,000 cap on the amount of investment eligible for assistance. Upon mutual agreement, approved tax credits will be proportioned accordingly and released only as the work is completed and is satisfactorily documented and inspected.

9. A heritage agreement must be signed and put into effect before work on an approved project can begin. No work undertaken prior to an executed agreement will be considered.

10. All eligible design work and structural assessments shall be conducted by registered Manitoba architects, interior designers and/or engineers, as applicable.

11. All eligible work must be performed by individuals or companies that are Workers Compensation Board compliant and have registered GST numbers.

12. Proposed use(s) and conservation work must conform with all relevant provisions of the City's Zoning and Building By-laws, and with the City's Standards for Conservation.

13. The proposed work must be reviewed and pre-authorized through the issuance of heritage approvals from the City of Winnipeg, Planning and Land Use Division and a Heritage Permit, if applicable (required for buildings designated under the terms of the Heritage Resources Act).

14. Expenditures must be incurred in order to receive a full tax credit. If net private investment is lower than originally estimated, or if not all the eligible work is done or completed as first committed by a recipient, then the dollar amount of the credit will be reduced accordingly.

15. Credits may be applied at a recipient's discretion over a 10-year period against the City property and business taxes levied on the designated building (structure and land). Credits also may be used to reduce amusement taxes accruing to the City provided the subject building was not in use for amusement tax purposes prior to February 28, 1998.

16. The tax credits are non-refundable. Any unexpended credits will expire at the end of the 10-year term. Credits cannot be sold or transferred except in the following circumstances: where an owner-recipient wishes to sell or transfer title to their designated building, or a tenant-recipient wishes to transfer their long-term lease, the tax credit, or outstanding portion thereof, may continue to be available provided:

    a) the new owner or tenant formally agrees to assume all obligations associated with participation in the program; and

    b) the Executive Policy Committee approves the arrangement.

    Otherwise, any outstanding credit will be cancelled, unless otherwise provided by by-law.

17. To enable this program to be administered in a cost-effective manner, the onus will be on applicants and tax credit recipients to provide all required information (reports, photographs, paid invoices, etc.) in a complete and timely fashion. The onus also will be on applicants and recipients to inform the City in a timely fashion of delays or changes in project plans.

18. Only projects that are consistent with the scope of eligible work and the City's Standards for Conservation will be considered.

EVALUATION CRITERIA

Applications will be evaluated based on the following criteria:

- Building conservation projects that includes significant exterior repair.

- Eligible work in buildings that are more than 50% vacant

- Buildings that bring new residential units onto the market

- Projects that contain mixed use of buildings. Mixed use is defined as a building that includes a combination of residential uses with commercial or institutional uses, preferably on separate floors.

ADMINISTRATIVE PROCEDURES

1. Applications are deemed to be submitted only upon receipt of a satisfactorily completed written Scope of Work.

2. Applicants must enter into a commitment agreement that details start date and completion date of eligible work. Completion shall be deemed to have the same meaning as substantial performance as provided for in Section II of the Builders' Liens Act (Manitoba).

3. Where proposed projects involve buildings that are not on the City's Buildings Conservation list, applications for historical designation may be submitted to the City's Planning, Property and Development Department.

4. All appropriate permits, certificates or other authorizations must be obtained before work can proceed. Eligible costs for work done without the appropriate permit, may not be covered under the agreement.

5. Prior to the release of any tax credit or portion thereof, the completed project must pass all relevant inspections.

6. In all cases, no approved credits may be used before the 2003 tax year.

7. When a proposed project has been approved, the applicant shall be required to:

   (a) Enter into a commitment agreement

   (b) Enter into a written heritage agreement with the City;

   (c) Submit all costs and work plans;

   (d) Pay all outstanding taxes, utility charges or rates of any nature whatsoever which have become due to the City;

   (e) Complete the project as set out in the application;

   (f) Provide copies of all paid invoices which clearly designate the address of the project and reference the contractor involved or the principal as appears on the application;

(g) Provide a statutory declaration that all trades and suppliers have been paid and there are no liens on subject property;

(h) Provide any other information as may be required by the designated officer, prior to the tax credit or any portion thereof being released to the applicant.

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