REPORTS

7. From the Director of Planning, Property and Development
Report 2002/06/03

Proposed Amendment to By-law No. 8060/2002 - The Multiple Family Dwelling Grant By-law
File EX (Vol. 14)

Recommending:

1. That Council be requested to approve the following amendments to the attached Multiple Family Dwelling Grant By-law:

   a) That Section 12 of By-law No. 8060/2002 be amended by renumbering the present Subsections 12(a) and 12(b) as Clauses 12(1)(a) and 12(1)(b) and adding Subsection 12(2) as follows:

   12(1) The grant shall only be released to the applicant:

   (a) when the total value of the accumulated incremental municipal taxes for the project equals at least 10% of the eligible construction costs; or

   (b) at the end of five years from the date of approval of the project where the total value of the accumulated incremental municipal taxes is less than 10% of the eligible construction costs;

   and all conditions set out in section 8 have been complied with.

   12(2) Notwithstanding subsection (1), the grant may be released to the applicant in the form of interim annual payments in the year following the year in which the incremental municipal taxes were paid and in an amount equal to the incremental municipal taxes paid in the previous year, where the applicant provides evidence to the satisfaction of the Director that:

   (a) the project cannot proceed without the release of the grant to the applicant in the form of interim annual payments; and

   (b) the project will provide a significant long-term benefit;

and all conditions set out in section 8 have been complied with.

b) That Section 17 be amended by adding the words "section 12 or" as noted below:

17. Any applicant who is aggrieved by a decision of the Director made under ***section 12 or*** *section 16 may, within 15 days of the date of the decision, appeal from that decision to the Standing Policy Committee on Property and Development by filing a written notice of appeal with the City Clerk or the Director, which states the grounds for the appeal.*

2. That the City Solicitor/Manager of Legal Services be instructed to prepare the amendment to By-law No. 8060/2002 – The Multiple Family Dwelling Grant By-law, for consideration by Council.

3. That the proper officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

Re:	**Proposed Amendment to By-law No. 8060/2002 – The Multiple Family Dwelling Grant By-law**
For submission to:	**Executive Policy Committee**
Original report signed by:	**Director of Planning, Property and Development**
Report date:	**July 3, 2002**
In camera item:	No

Recommendation(s):

1. That Council be requested to approve the following amendments to the attached Multiple Family Dwelling Grant By-law:

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and all conditions set out in section 8 have been complied with.

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(a) the project cannot proceed without the release of the grant to the applicant in the form of interim annual payments; and

(b) the project will provide a significant long-term benefit;

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c) That Section 17 be amended by adding the words “section 12 or” as noted below:

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2. That the City Solicitor/Manager of Legal Services be instructed to prepare the amendment to By-law No. 8060/2002 – The Multiple Family Dwelling Grant By-law, for consideration by Council.

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REPORT SUMMARY

KEY ISSUES:

- By-law No. 8060/2002 established a tax credit program in order to provide incentives that promote private investment in infill multiple family development, and improve housing stock in older neighbourhoods;

- *The By-law provides that grants are paid to the developer when the total value of the accumulated incremental municipal tax for the project equals 10% of the eligible costs (construction value) to a maximum of $250,000; or at the end of 5 years, if the accumulated incremental tax is less than 10% of the eligible costs to a maximum of $250,000.*
- A number of private financial institutions will not recognize the full value of the Multiple Family Dwelling Grant because of the time period (3 to 5 years) associated with payout, which jeopardizes the viability of some projects.

- *The proposed amendment would provide for annual interim grant payments in special circumstances, in order to encourage private sector projects that produce a significant physical improvement. These payments would occur the year following the year in which the incremental taxes were billed and paid.*
- Costs associated with the Multiple Family Dwelling Grant Program would still be funded by the incremental municipal tax produced by the project.

IMPLICATIONS

General implications

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

Comment:

- The amendment would not fundamentally alter the intent or purpose of By-law 8060/2002 but would expedite the grant cash flow to the developer.

Policy implications

X	No (*There are no policy implications if the report is asking for a one-time decision.)*
	Yes *(There are policy implications if the recommendation(s) is/are asking for a decision that will be used to guide decisions over time.)*

Comment:

- The By-law can be used more effectively to promote development through an amendment to the approved multiple family dwelling program of tax grants.

Financial implications

	Within approved current and/or capital budget
	Current and/or capital budget adjustment required
X	No financial implications

Comment:

- There are no impacts on current and/or capital budgets. Short-term financial implications apply to the City's future tax revenue, as incremental increases in municipal taxes would be rebated on an annual basis in order to promote new development. This will result in a minimal amount of lost accumulated interest in the reserve as the cash flow will be expedited for approved projects.
- For new and /or renovated multiple family development that result directly from this program, additional tax revenue will still be generated after the grant period ends.

REPORT

RECOMMENDATION(S):

1. That Council be requested to approve the following amendments to the attached Multiple Family Dwelling Grant By-law:

   a) That Section 12 of By-law No. 8060/2002 be amended by renumbering the present Subsections 12(a) and 12(b) as Clauses 12(1)(a) and 12(1)(b) and adding Subsection 12(2) as follows:

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(b) at the end of five years from the date of approval of the project where the total value of the accumulated incremental municipal taxes is less than 10% of the eligible construction costs;

and all conditions set out in section 8 have been complied with.

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(a) the project cannot proceed without the release of the grant to the applicant in the form of interim annual payments; and

(b) the project will provide a significant long-term benefit;

and all conditions set out in section 8 have been complied with.

d) That Section 17 be amended by adding the words “section 12 or” as noted below:

17. Any applicant who is aggrieved by a decision of the Director made under ***section 12 or*** *section 16 may, within 15 days of the date of the decision,*

appeal from that decision to the Standing Policy Committee on Property and Development by filing a written notice of appeal with the City Clerk or the Director, which states the grounds for the appeal.

2. That the City Solicitor/Manager of Legal Services be instructed to prepare the amendment to By-law No. 8060/2002 – The Multiple Family Dwelling Grant By-law, for consideration by Council.

3. That the proper officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

REASON FOR THE REPORT:

This report has been prepared to address vacant and boarded sites and to further promote new and/or renovated multiple family development in Winnipeg's Major Improvement Areas, Rehabilitation Areas and the Downtown. The proposed amendment would enhance the viability of these projects, which would otherwise not proceed.

HISTORY:

Section 138.4 of The City of Winnipeg Act provides that Council may by by-law establish a program of grants, property tax credits or refunds to encourage and assist in the construction, renovation or preservation of buildings within an area designated by Council.

On May 22nd, 2002, City Council passed By-law No. 8060/2002 to establish a program of grants to encourage and assist in the construction and renovation of multiple family dwellings in designated areas in the City of Winnipeg. The Multiple Family Dwelling Grant Program was developed in order to provide incentives for neighbourhood revitalization through multiple family redevelopment and the renovation of vacant and boarded sites in Winnipeg's Major Improvement Areas, Rehabilitation Areas and the Downtown.

DISCUSSION:

Since adoption of the Multiple Family Dwelling Grant (MFDG) By-law, the Housing Unit has received numerous inquiries from prospective applicants/developers.

During discussions with several potential developers, it became clear that the full financial benefits of the MFDG program would not accrue to some projects. While the projects would qualify for maximum grants under the By-law, several private financial institutions would not recognize the value of the grant due to the 3 to 5 year payout.

A number of these projects have considerable merit, since they contemplate redevelopment of particularly unsightly derelict sites in the City. These projects are not viable without the full benefits of the MFDG program, which can only be secured through provision annual grant payments.

In order to ensure that the Program is fully accessible, that its objectives are achieved and that it can be used effectively to promote development, it is recommended that By-law No. 8060/02 be amended to permit annual grant payments. The proposed amendment would provide for annual interim grant payments in special circumstances, where it is demonstrated that this is necessary for a project to proceed.

All eligibility requirements prescribed under By-law 8060/2002 would still apply. In addition, all property taxes, utility charges or rates of any nature which are due to the City, must be paid out in full.

Costs associated with the Multiple Family Dwelling Grant Program would still be funded by the incremental municipal tax produced by the project. Annual grant payments would be paid to the developer in the year following the year the project is added to the tax roll. This funding would be sourced from the projects' incremental taxes added to the Multiple Family Dwelling Tax Investment Reserve Fund.

Financial Impact Statement

Date: July 4, 2002

Project Name:

Proposed Amendment to By-Law 8060/2002 - The Multiple Family Dwelling Grant By-Law

First Year of Program 2002

	2002	2003	2004	2005	2006
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

The zero financial impact evaluation for the proposed by-law amendment is based on the assumption that annual grant payments will not be made until the applicable incremental tax amounts have been transferred to the Multiple Family Tax Investment Reserve Fund. This would normally not occur for each project until one year after the first year's taxes are paid after project completion.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH:

Housing Development Administrator Manager of Support Services Planning	*Planning, Property and Development* Property and Development
Manager of Downtown Improvement	Planning, Property and Development
Manager of Taxation and Revenue	Corporate Finance
Legal Services Staff	*Corporate Services*

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division - Interim Housing Unit
Prepared by: Ray Klassen, Housing Development Administrator
PPD File #:

Document name: document6

Insert electronic attachments here.

THE CITY OF WINNIPEG

BY-LAW NO. 8060/2002

A By-law of THE CITY OF WINNIPEG to establish a program of grants to encourage and assist in the construction and renovation of multiple family dwellings in designated areas in the City of Winnipeg.

WHEREAS Section 138.4 of *The City of Winnipeg Act* provides as follows:

By-laws re tax credits for buildings in designated areas
138.4 The council may by by-law establish a program of grants, property tax credits or refunds to encourage and assist in the construction, renovation or preservation of buildings within an area designated by council and any such by-law shall include provisions

(a) prescribing types or classes of buildings eligible for a grant, tax credit or refund;

(b) establishing terms and conditions under which a grant, tax credit or refund may be provided or terminated;

(c) establishing criteria for determining:

(i) the amount of a grant, tax credit or refund;

(ii) the maximum annual grant, tax credit or refund; and

(iii) the period of time in which a grant, tax credit or refund may be paid out to an owner or applied to taxes;

(d) respecting eligibility criteria for recipients of grants, tax credits or refunds; and

(e) respecting any other matter that the council considers necessary or advisable.

AND WHEREAS Council desires to establish a program of grants to encourage and assist in the renovation and repair of vacant and boarded up multiple family dwellings located in the fourteen Major Improvement Neighbourhoods and the nineteen Rehabilitation Neighbourhoods identified in Plan Winnipeg;

NOW THEREFORE THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

1. This by-law shall be referred to as the “Multiple Family Dwelling Grant By-law”.

2. In this by-law,

"Accumulated Incremental Municipal Taxes" means the sum of the municipal taxes levied on the land on which an approved project is located in the years following commencement of the

construction of the approved project less the sum of the municipal taxes which would have been levied on the said land if the project had not been approved;

“Building Permit” means a permit granted under The Winnipeg Electrical By-law or The Winnipeg Building By-law;

“City” means The City of Winnipeg;

"Council" means the Council of the City;

"Director" means the Director of the Planning, Property and Development Department;

"Dwelling Unit" means one or more rooms used or intended to be used as a single housekeeping unit with cooking, eating, living, sleeping and sanitary facilities;

"Major Improvement Neighbourhoods" means those areas identified as Major Improvement Neighbourhoods in Plan Winnipeg;

"Multiple Family Dwelling" means a building containing at least three non-communicating dwelling units, each for the exclusive use by one family;

"Owner" means a person who is the registered owner under The Real Property Act of land on which a project is to be constructed pursuant to this by-law, or the grantee thereof in a valid conveyance registered under The Registry Act, or an agent of either such owner;

"Rehabilitation Neighbourhoods" means those areas identified as Rehabilitation Neighbourhoods in Plan Winnipeg;
"Standing Policy Committee on Property and Development" means the Committee of Council of that name established under The City Organization By-law.

3. Total grants are available under this by-law to a maximum of Three Million ($3,000,000.00) Dollars as funds are made available from the Multiple Family Dwelling Tax Investment Reserve Fund.

4. To be eligible for a grant, an applicant must be the registered owner or entitled to be the registered owner of the land on which the project is to be constructed at all times until the eligible project is completed.

5. In this by-law, "eligible construction costs" means costs directly associated with the project being constructed on the land, including the following costs:

   (a) site preparation, including land clearing and earth moving;

   (b) land drainage and sanitary sewer and water systems;

   (c) landscaping, lighting, road and parking improvements;

   (d) building construction, including excavation and laying foundations, erection of structural framework, floors, walls and roofs; and

(e) building systems, including fire protection, electrical, plumbing, air conditioning and heating.

6. In order to be eligible for a grant under this by-law, the project must:

(a) involve the construction or renovation of a multiple family dwelling in one of the fourteen Major Improvement Neighbourhoods or one of the nineteen Rehabilitation Neighbourhoods identified in Plan Winnipeg or such other area as may be designated by Council;

(b) be a vacant site or boarded building on the date that this by-law is passed; and

(c) not be receiving any other grants or subsidies from the City.

7. In order for a grant to be provided:

(a) the applicant must make application for the multiple family dwelling grant to the Director in a form determined by the Director and shall provide any information, documentation or verification that the Director may require, including a building permit;

(b) all outstanding taxes, utility charges or rates of any nature whatsoever which have become due to the City must be paid in full prior to the approval of an application;

(c) construction on the eligible project must be commenced within one year after an application for a grant has been approved pursuant to this by-law;

(d) the eligible project must be completed within five years of the date of approval of the grant pursuant to this by-law;

(e) the applicant must submit proof of the completion of the eligible project and must submit invoices for the amount expended for the eligible project with proof of payment within five years of the date of approval of the grant;

(f) the applicant must allow the Director a reasonable opportunity to inspect the completed project; and

(g) the applicant must provide such information, documentation or verification as the Director may require from time to time to confirm continuing eligibility.

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

(a) enter into a written agreement with the City;

(b) submit all costs and work plans;

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

(d) complete the project as set out in the application and pay all invoices, bills and costs related thereto to the satisfaction of the Director; and

(e) provide any other information as may be required by the Director;

prior to the grant or any portion thereof being released to the applicant.

9. Applications will be received on a first-come, first-served basis.

10. All applications must comply with the following:

(a) the proposed project must conform with all applicable provisions of the City's zoning and building by-laws, and with any applicable design approval process; and

(b) construction of the proposed project must not be commenced prior to approval of the grant.

11(1) The value of a grant for an approved project will be equal to 10% of the eligible construction costs to a maximum of Two Hundred Fifty Thousand ($250,000.00) Dollars.

11(2) Notwithstanding subsection (1), if on the date this by-law is passed, there is an existing boarded principal building or buildings located on the land on which the approved project is to be located, then an additional grant of Ten Thousand ($10,000.00) Dollars will be provided for each such existing boarded principal building to a maximum of Fifty Thousand ($50,000.00) Dollars for five such existing boarded principal buildings.

12. The grant shall only be released to the applicant:

(a) when the total value of the accumulated incremental municipal taxes for the project equals at least 10% of the eligible construction costs; or

(b) at the end of five years from the date of approval of the project where the total value of the accumulated incremental municipal taxes is less than 10% of the eligible construction costs;

and all conditions set out in section 8 have been complied with.

13. All projects must be commenced within one year of being approved and all construction must be completed to the satisfaction of the Director within five years of being approved.

14. The following costs will be included in calculating the eligible construction costs:

(a) materials;

(b) contractor labour;

(c) retail sales tax;

(d) goods and services tax;

(e) drafting plans;

(f) architectural plans;

(g) applicable permit fees; and

(h) inspection fees.

15(1) Subject to subsection (2), if an applicant wishes to sell or transfer title to the property, any approved grant which has not been released to the applicant is not transferable and will be cancelled.

15(2) If the Standing Policy Committee on Property and Development so approves and if the new owner of the property agrees to assume all obligations of the applicant as hereinbefore set out, the approved grant may be transferred to the new owner.

16. The determination of:

(a) whether a person is an eligible applicant;

(b) whether a project is an eligible project;

(c) whether a multiple family dwelling is eligible;

(d) whether an eligible project has been completed;
(e) whether a cost is included in calculating the amount of eligible construction costs;

(f) whether an event causing a termination of the grant has occurred; and

(g) whether a site is vacant or a building is boarded at the time this by-law is passed;

shall be made by the Director. The Director may consult with the records maintained by the Fire Prevention Branch or other City department in determining whether a site is vacant or a building is boarded at the time this by-law is passed.

17. Any applicant who is aggrieved by a decision of the Director made under section 16 may, within 15 days of the date of the decision, appeal from that decision to the Standing Policy Committee on Property and Development by filing a written notice of appeal with the City Clerk or the Director, which states the grounds for the appeal.

18. The Committee shall fix a time and a place for a meeting to consider the appeal and cause not less than 15 days notice of the meeting to be provided by mail on the appellant at the address specified in the application.

19. The notice under section 18 shall inform the appellant that he or she may appear at the meeting and make such representation as he or she desires and that in the event that he or she does not appear at the meeting, a decision may be made by the Committee in his or her absence.

20. On the day and at the time and place stated in the notice, the Committee shall conduct the meeting and receive representations from the appellant and the Director and any other person deemed appropriate by the Committee.

21. The meeting may be adjourned from time to time and may be resumed at such time and place as the Committee may decide.

22. The Committee, after conducting the meeting, may:

(a) rescind, modify or confirm any decision made by the Director;

(b) make such other decision as in the circumstances of each case it deems just;

and the decision of the Committee, upon being communicated to the appellant shall be final for all purposes under this by-law.

23. The City Clerk shall cause a copy of the Committee's decision to be mailed to the appellant and to any other person who made representation to the Committee.

24. This by-law takes effect on the day it is passed and shall expire three years after the day it is passed, unless, in the third year, it is reviewed and extended by Council.

DONE AND PASSED, in Council assembled, this 22nd day of May, 2002.