



CONSERVATION FOR PROFIT

A Review of the City of Winnipeg's Heritage Conservation Tax Credit Program

October 2010

Circumstances For Program Development

- In the early 1980s, there already was a City Task Force that examined methods of possible tax relief for heritage property owners as compensation for designation if rehabilitation work was done
- Lobbying by Heritage Winnipeg for a Federal Tax Credit Program
- 1987 Approval by Council to provide a one time grant and tax credit for the city's first major residential conversion of a vacant warehouse in the Exchange District , Ashdown's Warehouse



Circumstances For Program Development

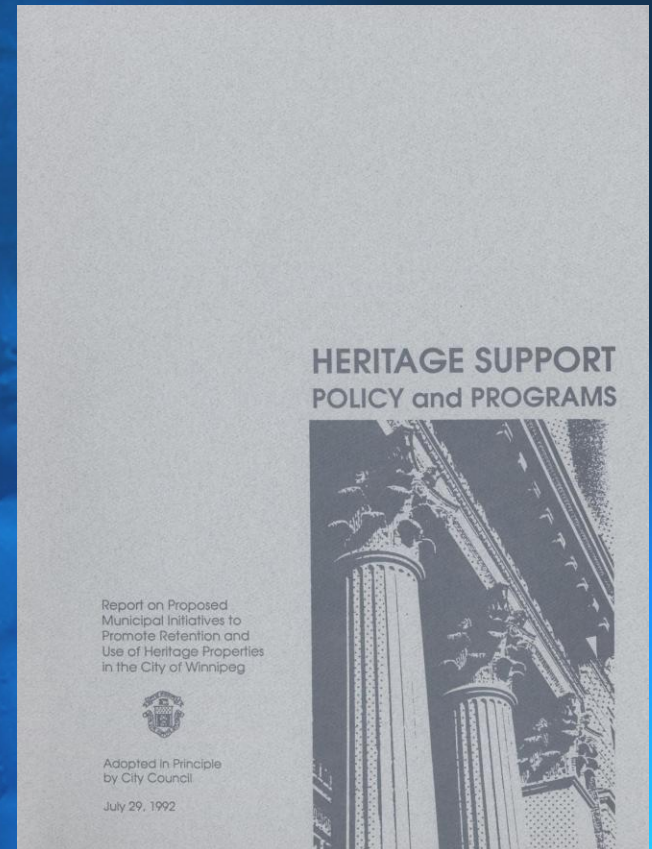
- 1990 Closing of the Amy Street Steam Plant
- 1991 End of tri-partite Core Area Initiative grant programs in the downtown



Amy Street Steam Plant

Circumstances For Program Development

- 1992 Heritage planning staff prepare a report Heritage Support: Policy and Programs
- 1995 City of Winnipeg Act amended to allow for a program of grants and tax credits for designated buildings
- 1996 Council adopts preliminary report on a proposed Heritage Tax Credit Program



Heritage Conservation Tax Credit Program (HCTC) 1998

Criteria recommended by Dr. Robert Fenton was that the eligible buildings be selected on their ability to:

- Generate substantial increases in their assessed value per dollar of rehabilitation investment
- Increase the assessed values in the surrounding area, and
- Fulfill functions not likely to be displaced from the suburbs

HCTC Criteria

- The HCTC is available on a city-wide basis to owners or long-term tenants of vacant and under-utilized structures designated as historic by the City
- Proposed projects must entail a minimum \$10,000 in eligible work
- Single-family dwellings and duplexes are not eligible

HCTC Criteria

The HCTC is intended to support work that:

- Repairs and stabilizes City-designated heritage structures
- Extends the life of such structures
- Conserves significant architectural or other heritage elements
- Rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment

HCTC Criteria

Eligible costs are costs of labour, materials and equipment for:

- Repairs 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.
- 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.
- Measures to restore, upgrade or convert a designated building to a functional state for contemporary occupancy and use.

HCTC Criteria

- The value of an approved tax credit may be up to 50% of the net private investment made in eligible work. This credit may be used at a recipient's discretion over a maximum 10-year period to reduce the property and business taxes in specific circumstances levied by the City on the structure and its site. Maximum tax credit allowed is calculated to be the actual taxes levied for up to a ten year period. If net private investment is less, then that is the credit applied.

Successes and Achievements

300 Carlton Street –
Former Free Press Building

Work: Exterior Restoration

HCTC Grant - \$2,000,000

Owner Investment - \$22,000,000



Former Free Press Building

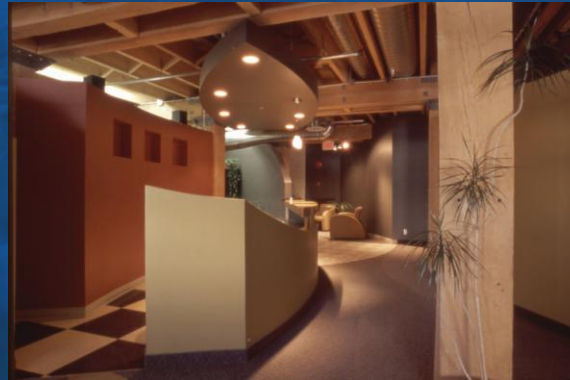
Successes and Achievements

136 Market Avenue –
Marshall Wells Building

Work: Interior Upgrade

HCTC Grant - \$3,000,000

Owner Investment - \$9,000,000



Marshall Wells Building

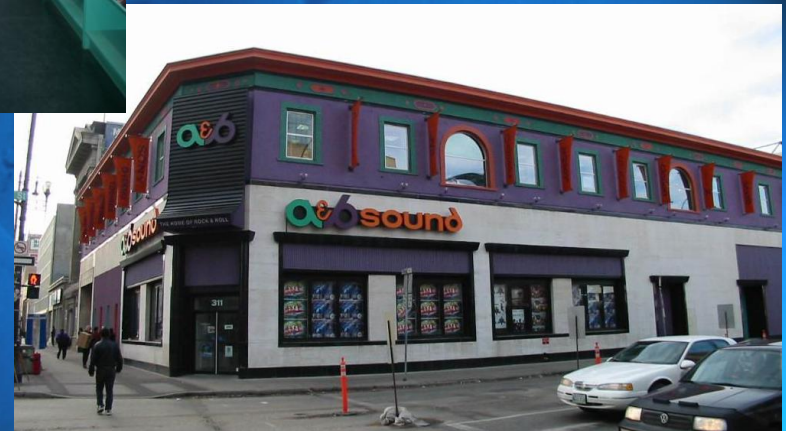
Successes and Achievements

311 Portage Avenue –
Portage Village Inn

Work: Interior Upgrade

HCTC Grant - \$835,000

Owner Investment - \$2,500,000



Portage Village Inn

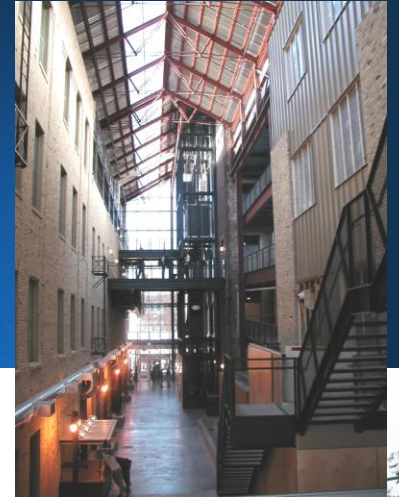
Successes and Achievements

160 Princess Street –
Red River College Princess Street
Campus

Work: Rehabilitation of five
vacant City-owned properties

HCTC Grant - \$15,000,000

Owner Investment - \$31,500,000



Red River College

Successes and Achievements

211 Bannatyne Avenue –
J.H. Ashdown Hardware Store

Work: Interior upgrade

HCTC Grant - \$1,715,000

Owner Investment - \$5,300,000



J.H. Ashdown Hardware Store

Successes and Achievements

222 Broadway –
Hotel Fort Garry

Work: Interior Upgrade

HCTC Grant - \$2,680,000

Owner Investment - \$13,000,000



Hotel Fort Garry

Successes and Achievements

361 Hargrave Street –
Former Film Exchange Building

Work: Rehabilitation & addition

HCTC Grant - \$800,000

Owner Investment - \$7,900,000



Former Film Exchange Building

Successes and Achievements

167 Lombard Avenue –
Grain Exchange Building

Work: Rehabilitation & Restoration

HCTC Grant - \$765,000

Owner Investment - \$11,300,000



Grain Exchange Building

Successes and Achievements

228 Notre Dame Avenue –
Lindsay Building

Work: Rehabilitation & Restoration

HCTC Grant - \$110,000

Owner Investment - \$4,000,000



Lindsay Building

Successes and Achievements

283 Bannatyne Avenue –
Travellers Building

Work: Conservation & Rehabilitation

HCTC Grant - \$250,000

Owner Investment - \$900,000



Travellers Building

Successes and Achievements

110 Princess Street –
Sterling Cloak (Fairchild) Building

Work: Conservation & Rehabilitation

HCTC Grant - \$1,300,000

Owner Investment - \$8,100,000



Sterling Cloak (Fairchild) Building

Successes and Achievements

65 Rorie Street –
Northern Electric Building

Work: Phase I: Two-storey
addition to heritage building

HCTC Grant - \$1,900,000

Owner Investment - \$10,500,000



Northern Electric Building

Successes and Achievements

40 Osborne Street –
Roslyn Court Apartments

Work: Upgrading

HCTC Grant - \$252,000

Owner Investment - \$1,800,000



Roslyn Court Apartments

Successes and Achievements

54 & 70 Arthur Street –
Silpit Building

Work: Conservation & Rehabilitation

HCTC Grant - \$1,350,000

Owner Investment - \$2,700,000



Silpit Building

Successes and Achievements

104 King Street – Ryan Block

Work: Rehabilitation, preservation
of two principal façades &
development of parkade

HCTC Grant - \$800,000

Owner Investment – \$5,000,000



Ryan Block

Successes and Achievements

500-504 Main Street –
Union Bank Tower & Annex

Work: Culinary Arts program &
student housing

HCTC Grant - \$1,885,000

Owner Investment – \$22,000,000



Union Bank Tower & Annex

Successes and Achievements

119 Sutherland Avenue –
Manitoba Indigenous Cultural
Education Centre



Work: Rehabilitation & conservation

HCTC Grant - \$37,800

Owner Investment – \$1,900,000



Manitoba Indigenous Cultural Education Centre

Successes and Achievements

Total invested by City: \$39.5 million

Total invested by private sector: \$177.5 million

Summary of Results

- The Program is tailored for projects that have the potential to realize a major increase in value as a result of rehabilitation work. It may occur that amount of tax credit provided may not be fully recovered, or that we did not provide adequate amount of credit for the 10-year period
- Funds for the program are maintained in an Investment Reserve where when the 10-year maximum is reached incremental taxes for each project are put back into the fund until the initial investment is paid back

Summary of Results

- Properties that have received a HCTC between 1998 and 2006 have experienced a 5-fold increase in their assessed value
- HCTC assisted projects had little impact on the assessed value of neighbouring projects
- Leverage for the Program is about 4.5:1

Summary of Results

- It is difficult for the City to try to support only those projects whose uses are not displaced from other parts of the city. This was an early criterion for the initiative but did not last long. Originally only 3 out of 12 projects would have qualified.
- Most critical dilemma is the tension between heritage conservation and economic development. While it makes it a bit confusing for the development industry about which goal the City is trying to pursue, developers have determined that unless the heritage structure is critically deteriorated, their emphasis will always be to get a use into the property and to achieve income before the stabilization of character defining elements is undertaken.

Summary of Results

- Applicants to the program are seriously limited to those that have vacant and under-utilized properties. Thus restoration of just the heritage elements is ruled out from this program since it will not increase the assessment of a building. One property owner is investing over \$1,000,000 in repairing the terra cotta on the exterior of his building but because the building is fully occupied the work will not increase the assessed value and no incentive can be provided.



Union Tower

Summary of Results

- Residential condominium projects were not anticipated when the program began. Difficulty arose because the tax credit goes to the roll number on the tax bill, thus the current owner receives the credit. The developer does not receive any benefit unless he owns the condos. CentreVenture Development Corporation, an arms-length City agency, is able to provide gap financing for the project based on the value of the anticipated annual credit and advances the value of the credit, then receives an annual payment when the work is complete. The new condo owner does not get any benefit.

Summary of Results

- Grant programs work best for stabilization of CDEs. Tax credits favour work that increases the taxes eventually paid back to the City, generally a more intense re-use of the building. We have not been able to specify percentage of work for conservation and redevelopment.
- Intake is usually 2-4 applications a year, not onerous

Summary of Results

- Require dedicated resources from Assessment and Legal Services, Heritage planners and clerical services to track status of projects for up to 20 years.
- Overtime small issues have come up that required more clarity in procedures, allowable costs and to facilitate consistent interpretation of criteria and procedures

A blue-tinted background image featuring two cherubs, likely Cupid and Psyche, holding hands. The cherub on the left is looking towards the right, while the one on the right is looking towards the left. They are both depicted with curly hair and are holding hands in the center. The text "THANK YOU" is overlaid in the center in a bold, yellow, sans-serif font.

THANK YOU