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Housing break for students?

By: Staff Writer

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Want to live in a brand-new Exchange District apartment and only pay \$492 a month? It could be possible next year in a heritage building near Red River College's downtown campus.

A Winnipeg marketing firm plans to spend \$5 million to convert the four-storey Frost & Wood Warehouse -- a 102-year-old heritage property that's sat vacant for seven years -- into a five-storey, mixed-use building at the corner of Princess Street and Pacific Avenue.

The main floor would become a furniture showroom and four condos are slated for the penthouse level, but three floors are being reserved for a rare commodity in the Exchange District -- apartments that students, artists and young professionals could actually afford.

The vast majority of recent residential developments in the Exchange District have involved expensive condo units, whose sales allow developers to recoup their investments more quickly than apartment rentals do.

But the dearth of affordable housing in the Exchange has frustrated the people who most desire to live there.

"There's a large number of young people who want to live in this neighbourhood but can't afford to do it," said architect Sasa Radulovic, who's planned the renovation of 230 Princess Street on behalf of marketing firm Direct Focus, an Exchange-based company with more than 100 employees.

Direct Focus, which operates out of nearby offices at 315 Pacific Avenue, plans to renovate 36 apartments in the Frost & Wood Warehouse and charge between \$492 and \$774 as monthly rent.

Unlike condos, those units will only allow a slow rate of return -- 4.47 per cent, according to a study by a consulting firm. As a result, the developer expects to spend \$1.1 million more on the cost of the Frost & Wood redevelopment than it expects to get back once renovations are complete.

To help bridge the market gap, city planners are recommending the project receive \$764,000 in heritage conservation tax credits over 10 years.

To address the remaining \$240,000 shortfall, Radulovic and Direct Focus development officer Paul Hiebert appeared before city council's executive policy committee on Wednesday to request an even longer period of tax credits.

Mayor Sam Katz and several councillors showered their project with praise, but stopped short of agreeing to pony up even more city tax relief.

"This is a great project and I'd like to see another 100 like it," said Katz, praising Direct Focus for filling a vacant heritage building while providing students with an affordable place to live.

But EPC voted to hold off its decision for two weeks to allow the provincial government a chance to help out with the tax relief.

Katz and Couns. Justin Swandel (St. Norbert) and Mike O'Shaughnessy (Old Kildonan) said the warehouse

redevelopment is precisely the sort of project the province should support, noting housing is not a city responsibility.

"We're filling a \$1.1 million gap and the province isn't even at the table?" asked Swandel.

Radulovic and Hiebert said they asked the province for help and were told no cash was available, but a spokesman for the NDP government said no request was actually made.

Regardless, Direct Focus president Mark Hofer is proceeding with the project in the hopes the tax incentives will eventually come through, Radulovic said.

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