

Winnipeg Free Press

Waterfront apartments planned

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Section: City
Byline: Murray McNeill

The first new apartment project for the Waterfront Drive area could begin to take shape as early as next summer.

A pair of local developers -- businessman James Buhler and Mark Penner, president of Green Seed Development Corp. -- wants to build a \$5-million to \$6-million, 35-to-40-unit apartment complex on two neighbouring pieces of land behind Green Seed's Ubu Cube condominium development, located on Waterfront between Heaton and Macdonald Avenues.

The developers have struck a deal to buy the two properties, but the sale is contingent on the city agreeing to let them close off a back lane that separates them. They also want to close the section of Macdonald between Waterfront and the Disraeli Freeway because they plan to have their development fronting onto Waterfront.

A hearing is scheduled for today before the city's standing policy committee on downtown development. If the committee grants the requests, the matter would then go to the executive policy committee and city council for consideration.

Buhler, a senior executive with Wallace & Wallace Fences Ltd., said if the lane and street closings are approved, the deal to buy the two pieces of land will close on March 31.

But it'll likely be mid- to late-summer before construction can get underway, he said, with the goal of having the complex ready for occupancy in spring 2012. It will be at least three storeys high, he said.

The project already has the blessing of the city's downtown development agency -- CentreVenture Development Corp.

CentreVenture president and CEO Ross McGowan said the corporation wants to see "market affordable" rental units built in the area to complement the five condominium developments that are already there.

He said other rental projects are planned for the area. Although he declined to elaborate, CentreVenture recently issued a request for proposals to redevelop the former Gateway Soap property at Waterfront and George Avenue. It said it wanted that development to include either condos, rental units -- apartments or townhouses -- or both.

McGowan wouldn't say if some of the proposals the corporation has received include rentals.

Green Seed had originally planned to do the rental project on its own, but later decided to join forces

with Buhler. Earlier this year, it also teamed up with Buhler's brother, Kori, to build a 10-unit condo complex (Bloc 10) at Grant Avenue and Niagara Street.

James Buhler said he and Penner wanted to build rental units rather than condos because they believe there are Winnipeggers who want to live in the Waterfront area, but don't want to buy a condo. He said the target market for their "condo-styled" units will be students and young professionals.

The units will be about 500 to 600 square feet in size. Most will be one-bedroom units, with a few two bedroom suites.

Buhler said they haven't decided what the rental rates will be, in part because they want the complex to offer extra amenities -- possibly a concierge service -- and they haven't determined that cost.

"We want it to be unique," he said.

Their development would be at the northern end of Waterfront, straddling downtown and North Point Douglas. Buhler said one of the reasons they like the location is because they expect to see some big improvements over the next 10 to 15 years in North Point Douglas.

murray.mcneill@freepress.mb.ca

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The Globe and Mail

Irish bailout shifts debt landscape; EU finance ministers agree to new bond mechanism to calm markets; investors to share debt risk after 2013

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Section: Report on Business: International

Byline: Eric Reguly and Kevin Carmichael

Dateline: BRUSSELS and WASHINGTON

BRUSSELS and WASHINGTON -- Ireland's emergency €85-billion (\$115-billion) bailout package saves the country's financial sector from insolvency. More importantly, the new permanent mechanism for debt-swamped countries approved by European finance ministers on Sunday is expected to soothe the bond-market jitters that threaten to send other countries to the brink of disaster.

At its heart, the agreement was designed to ensure the players - lenders, borrowers and investors - know the rules of the game.

Irish, Portuguese, Spanish and Italian bond yields were pushed higher over the past few weeks in part because of confusion. When German Chancellor Angela Merkel started talking about forcing private investors to share some of the pain of Europe's debt crisis, those investors got skittish and raised their prices for underwriting cash-strapped governments. By the end of 2013, this shouldn't be an issue.

Under the agreement announced Sunday, each bill, note and bond issued by a euro zone member will include legal language laying out what happens in the event of default. So there will be less reason to worry about a future chancellor or another politician moving the goalposts.

Nor will politicians be in a position where they feel they must assure voters that hedge fund managers and bankers will be made to suffer along with taxpayers. In the future, the suffering will be part of the contract that came with the bond.

Peace will come at a cost. Debt investors used to assuming they will be the first to get paid in the case of default likely will demand higher risk premiums if they know there's a chance they won't get all of their money back. "That's the price you pay for knowing what the restructuring is going to look like," said Tim Adams, a managing director at the Lindsey Group, a consulting firm, and a former senior U.S. Treasury official.

But Mr. Adams said the cost is probably worth paying. In the past, a government could put all its debtors in a room and work out a solution. Now, thousands of investors in government debt make an orderly default all but impossible because any one of those investors can scuttle a deal. Collective-action clauses, which have been used by governments since the 1990s, tend to determine the percentage of bondholders that must sign off on a restructuring arrangement. The threshold is usually approval by about 70 per cent of investors, Mr. Adams said.

In the meantime, investors will be relieved Ms. Merkel gave up her push to make investors take a haircut before countries could access the EU rescue facility, said Marc Chandler, an analyst at Brown Brothers Harriman in New York.

Ireland's finance package is valued at €85-billion (\$115-billion), or €25-billion less than the amount given six months ago to Greece, the first euro zone country to receive emergency aid.

Ireland will get €45-billion from the EU, including a €3.8-billion contribution from Britain, the country's biggest trading partner; €17.5-billion from Ireland's cash reserves, which suggests national pension plans will be raided; and €22-billion from the International Monetary Fund (IMF). "Supported by substantial financing, this program can underpin market confidence and bring Ireland's economy back on track," IMF managing director Dominique Strauss-Khan said Sunday night.

The amounts lent to Ireland can be drawn down over a period of up to seven and a half years, in recognition that Ireland's debt problems are severe and might not be cured quickly (Greece's €110-billion in bailout loans cover a three-year period). While various tranches of the Irish bailout package will come with different interest rates, EU monetary affairs commissioner Olli Rehn said the overall rate paid by Ireland would be "close to" 6 per cent.

The bailout package came after Ireland's bond yields soared earlier this month, effectively shutting the country out of the debt markets. The Irish debt implosion damaged the sovereign debt of Portugal and Spain, triggering fears that Ireland's bailout would be quickly followed by two others. Economists have said that bailing out Spain might be unaffordable, because its GDP is almost twice as large as Ireland, Portugal and Greece put together.

The immediate cause of the Irish crisis was Ms. Merkel's desire, stated in late October, to force bondholders to share with taxpayers some of the cost of any bailout. The spectre of bondholders taking "haircuts" on their holdings pushed up the yields of the weakest euro zone countries, including Ireland and Portugal. Greek Prime Minister George Papandreou criticized Ms. Merkel for the timing of her comments which, he said, came when the weakest countries could least afford to take another blow.

The new permanent mechanism outlined on Sunday would replace the current ?440-billion euro zone bailout fund, which is due to expire in 2013. The new "European stabilization mechanism" would make private bondholders part of any sovereign debt restructuring effort, including delivering haircuts to their holdings or extending their debt maturities. These so-called collective action clauses are in line with current IMF practices.

With files from reporter Boyd Erman

BAILOUT BREAKDOWN

?10-billion

for Ireland's banks

?25-billion

held in reserve for the country's banks

?50-billion

for Ireland's coffers

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