Cities are like living organisms that need to be constantly refueled in order to keep their ever-beating hearts pumping. In order to take a stab at eternal life, cities must inject themselves with new development and fight off the contagious disease of blight by looking at creative forms of urban renewal and proven financial tools. Winnipeg, Manitoba is a city that has struggled in recent years to develop the downtown core into a vibrant hub not only for shopping, hospitality, and entertainment, but also a desired place to live. In 2009, Manitoba passed the Community Revitalization and Tax Increment Financing (TIF) Act as a tool to promote development (Knight, 2012). Since then, the city has seen the birth of the Shopping, Hospitality, and Entertainment District (SHED) in 2012 (Executive Policy Committee, 2012). The inter-relationship between entertainment districts and the implementation of tailored financial tools within the district, allows cities to compartmentalize development and focus urban renewal within a specific geographical area. Winnipeg’s Centrepoint development is a strong example of positive urban renewal within an entertainment district where TIF is in place. This $100 million dollar project originated from a unique development opportunity and has been driven by numerous stakeholders (Schlesinger, 2013). This project along with these stakeholders is striving to make the SHED an integral part of the city.

Abstract

Cities are like living organisms that need to be constantly refueled in order to keep their ever-beating hearts pumping. In order to take a stab at eternal life, cities must inject themselves with new development and fight off the contagious disease of blight by looking at creative forms of urban renewal and proven financial tools. Winnipeg, Manitoba is a city that has struggled in recent years to develop the downtown core into a vibrant hub not only for shopping, hospitality, and entertainment, but also a desired place to live. In 2009, Manitoba passed the Community Revitalization and Tax Increment Financing (TIF) Act as a tool to promote development (Knight, 2012). Since then, the city has seen the birth of the Shopping, Hospitality, and Entertainment District (SHED) in 2012 (Executive Policy Committee, 2012). The inter-relationship between entertainment districts and the implementation of tailored financial tools within the district, allows cities to compartmentalize development and focus urban renewal within a specific geographical area. Winnipeg’s Centrepoint development is a strong example of positive urban renewal within an entertainment district where TIF is in place. This $100 million dollar project originated from a unique development opportunity and has been driven by numerous stakeholders (Schlesinger, 2013). This project along with these stakeholders is striving to make the SHED an integral part of the city.
Urban Renewal
Although Winnipeg is seen as a slow-growth city in comparison to many of its Canadian counterparts, the projected population increase in the next 25 years cannot be ignored. Cities are continuously evolving and developing through the use of urban renewal projects that provide four main benefits: physical infrastructure, economic stability, political gains, and cultural enrichment (Mehdipanah et al., 2013). Many cities have implemented urban renewal projects to regenerate depressed areas of their urban landscapes. These projects typically involve government funding, however this case-in-point looks at a project with predominantly private funding.

The “new” urban renewal process is often self-financed by private stakeholders or public-private partnerships. This shift has birthed entertainment districts, or “business improvement districts,” which focus on a predetermined geographical area of a city – usually within the downtown core. These districts look at historical preservation, residential development, small-business development, new commercial centres, pedestrian access, and the cleanliness and safety of the streets as their top priorities (Mitchell, 2001).

Roberta Brandes Gratz and Norman Mintz (1998) referred to the new-fashioned approach to downtown development as alternative ways “to reinvigorate and built on existing community assets in order to stimulate a place-based rejuvenation” (p.61).

Centrepoint is a prime example of a successful development within an entertainment district, that focuses on stimulating more growth in downtown Winnipeg. Furthermore, the development uses a unique form of TIF to fund the public space within the entertainment district – the SHED, that is.

Tax Increment Finance
Tax Increment Financing (TIF) represents an economic development method used by municipal governments around the world in order to fund economic growth in specific areas. TIF is used when economic growth in a particular geographic area would otherwise not occur (Smith, 2006). When property is selected to be a TIF district, the property tax collected by local taxing bodies is frozen at the assessed property value at the time of designation. As the properties in the TIF district are redeveloped and transformed over time, the assessed value of those properties increases, creating an incremental increase in the total amount of property tax revenue generated within the district (Smith, 2006).

“When the debt assumed by the city expires, the total property tax revenue (baseline and incremental tax increases) is again shared by all the various taxing entities with an interest in the TIF district. It is this anticipated increase in the property tax that is then used to finance development in the TIF district. TIF designation ranges from 10 to as much as 27 years in Wisconsin” (Smith, 2006, p.23). In Winnipeg, the designation is in place for ten years.
Centrepoint has numerous stakeholders that are invested in the project at different magnitudes. The main group of stakeholders consists of: Longboat Development Corporation, Artis REIT, Province of Manitoba, City of Winnipeg, CentreVenture, The Germain Group, and Urban Capital. Legislation and policy will be discussed first, then how the development came to fruition and lastly details on the components of the development.

Legislation and Policy
In May 2010, CentreVenture presented the Portage Avenue Development Strategy (PADS) including the SHED concept to the Downtown Council stakeholder group. CentreVenture is a non-profit organization incorporated without share capital under the laws of Manitoba on July 9, 1999 (Executive Policy Committee, 2012). They are an arms-length agency of the City of Winnipeg and work towards the development and growth of downtown Winnipeg. In March 2011, CentreVenture submitted its 2011-2013 business plan to the Executive Policy Committee, which included PADS and SHED. The PADS focuses on the four Portage Avenue districts (university; retail; sports, hospitality and entertainment; and commercial). In April 2012, it was announced that the Province and City would provide tax increment financing to support the development of the (SHED) in an 11-block area between the MTS Centre and the Winnipeg Convention Centre (Executive Policy Committee, 2012). At this time, a joint Manitoba/Winnipeg/CentreVenture steering committee would adopt a master plan for SHED and identify projects and incentives that would enhance and stimulate private and public investment in the district. The Tax Increment Finance component is governed by CentreVenture, with funding of up to a total of $25 million (Executive Policy Committee, 2012).

How did Centrepoint come to fruition?
Longboat Development Corporation purchased the land from CentreVenture at market value. They received their capital financing from a financial institution of their choice, and put together their partnership with Artis REIT and the other private stakeholders. Barry Thorgrimson stated that “this is probably one of the first private-sector investments in downtown Winnipeg that wasn’t incentivized” (Kives, 2012).

The Winnipeg Free Press stated that “the city is contributing almost $5.7 million to the project: $660,000 to preserve the Mitchell-Copp building’s facade and another $5 million to the parkade as a recoupable investment” (Kives, 2012). Veronica Hicks, formerly of Longboat Development states that “they were given a loan, not a grant for the parkade from the city and they have to pay it back.” Many people think this project is publicly funded – but it’s not. The only public money that is being used is for the preservation of the façade – which is just a fraction of the cost since keeping the façade adds much more construction costs as it has to be constantly worked around throughout the entire development process (Personal communication, March 26, 2014).
Details of the Development
Centrepoint is a development
that has used both SHED and
TIF, as urban renewal tools. The
development serves as a precedent
illustrating a successful urban
renewal project within Winnipeg’s
entertainment district. Centrepoint
is comprised of four developments
in one. The podium of 311
Portage Avenue is comprised of
five floors; the main floor hosts
two restaurants – one local and
one national chain. The major
office tenants will be able to lease
space on levels three, four and
five. Funding for the podium is
from Longboat and Artis REIT.
The sixth floor is the location of
the building mechanics. Floors
seven to fifteen are the Alt Hotel;
funded by The Germain Group
out of Montreal. Glasshouse
condominiums will stand twenty-
one stories high, and will have
its main entrance from Hargrave
Street. The condominium
development is funded by Urban
Capital from Toronto. Lastly,
the five and a half level parkade
is located between the Alt Hotel
and Glasshouse – which has been
funded by a loan from the City of
Winnipeg that will have to be paid
back.

When speaking with Veronica
Hicks, she stated that planning
professionals did not play a
big role in Centrepoint. This
development was driven by an
opportunity to purchase land from
CentreVenture, and then have
the city support its development
with SHED initiatives.
Veronica’s role at the time was
Senior Development Manager
at Longboat Development
Corporation. She was responsible
with liaising between the city
and all of the financial and legal
agreements and permitting
processes. Veronica acted as the
point in contact with architects,
stakeholders, construction workers
and other various parties (Personal
communication, March 26, 2014).

One of the weaknesses from a
planning perspective was that
no community consultation was
done. Even though this project is
in the heart of the downtown core
with very little community “feel,”
collaborating with members of the
public can enrich the experience
and educate all stakeholders.
Whatever way you wish to look at
it, it’s easier to develop in an area
that less people care about – an
area that isn’t a true community
with numerous residents. This is
true for downtown Winnipeg, as it
doesn’t have a community feel due
to the lack of residential options.
However, with the Glasshouse
development this will hopefully
evolve and change during the next
few years.

Veronica said that “understanding
financially how this [Centrepoint]
happens and the limitations
of getting funding are a
real disconnect” (Personal
communication, March 26, 2014).
People don’t understand that
this is one of the first large-scale
projects downtown Winnipeg that
is all privately funded, except for

the SHED streetscaping aspect.
On the flip side, it was the
SHED that attracted some of the
stakeholders to invest in Winnipeg
because they were able to see the
potential of the district. Having an
entertainment district doesn’t just
serve as a geographical map of
where development plans should
occur, it shows that a City has put
the time and money into planning
the future of their downtown. This
was the key component of getting
the Centrepoint stakeholders all on
board for the project.

An interesting aspect to the
development was with the use
of TIF within the SHED. Since
Glasshouse was originally
within the SHED district, it was
unable to receive the Residential
Development Grant Program
(RGP), as this would be considered “double dipping” from both TIF and RGP. Therefore, the land that Glasshouse sits on was severed from the rest of the development and removed from the SHED in order to be eligible for the Grant Program. This grant gives developers a rebate on each unit constructed.

It also takes a planner who understands the process from paper to implementation – more of the tangible pieces and not just the policy aspects (Personal communication, March 26, 2014).

Conclusion

The SHED vision is “to create a distinct and dynamic urban place that ignites downtown revitalization efforts and energizes the entire City” (Janzen, 2013). This vision is being implemented through 6 main initiatives: public realm enhancements; signage, lighting and façade improvements; safety and security; tenant recruitment and retention strategies; promotion of SHED as a destination; and connectivity within the district. Centrepoint development is anticipated to be completed later this year, with Glasshouse following close behind commencing occupancy in 2015.

Entertainment districts are a successful catalyst for growth. Winnipeg’s downtown area is geographically too large and sprawled out – that is why SHED serves such a strong role in focusing development and initiatives in one specific region. Hopefully this case in point will serve as a best practice and encourage more private and public partnerships to form and help change the face of Winnipeg’s downtown core.

When asking Veronica what could have been done differently, she stated that “it’s a very complicated project and it’s easy to look back and say what I would have done differently. There are so many small components and it takes the right mix of these things being held together to make a project like this” (Personal communication, March 26, 2014). It would have been useful to have a planner involved sooner in the process because “it helps give a big picture between an idea that’s in discussion and shovels in the ground” (Personal Communication, March 26, 2014).
Resources


