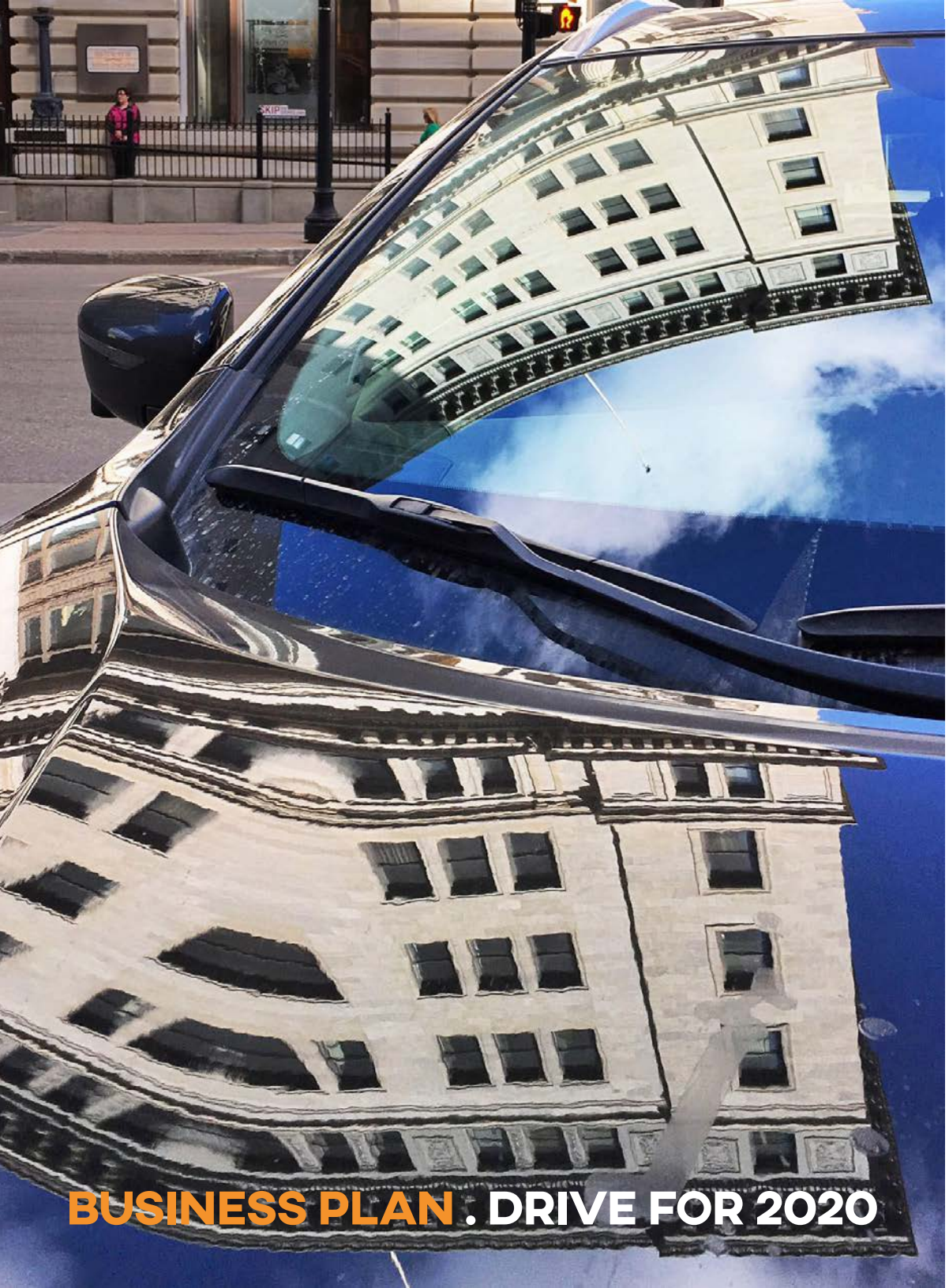


BUSINESS PLAN . DRIVE FOR 2020

centreventure
development corporation

why we're here	01	corporate history
who we are	02	organizational structure
how we do it	03	method and approach
what we do	04	programs and services
how we've done	05	performance outcomes
we're here now	06	market analysis
where we're going	07	strategic actions
how we get there	08	financial forecast
what we measure	09	performance indicators

WHY WE'RE HERE

01



17 MARKET LANDS
INITIATIVE LAUNCHED

TRUE NORTH SQUARE **15**
ANNOUNCED

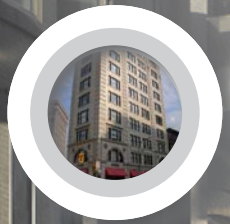




10 THE SHED
DEVELOPMENT STRATEGY LAUNCHED

TAX INCREMENT FINANCING **09**
LEGISLATION ENACTED





03 LINDSAY BUILDING
1ST DONTOWN HOUSING PROJECT IN 13 YEARS

WATERFRONT DRIVE **01**
CONCEPT PLAN DEVELOPED





99 CENTREVENTURE
FOUNDED

CentreVenture was established by Winnipeg City Council on May 13, 1999, in response to recommendations made by a Downtown Task Force, struck by Economic Development Winnipeg (EDW) in 1998. The Task Force, comprised of community and business leaders, was established to find a new approach to revitalizing downtown, in the context of a declining downtown tax base with numerous storefront vacancies, derelict heritage properties, and the exodus of longstanding downtown businesses.

Their primary recommendation was as follows:

> "That a sustainable Downtown Development Authority be created to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown; and that a public-private partnership approach is pursued to build on the expertise and innovation of the private sector and the political leadership and policy development capacity of the public sector".

While the concept of a downtown development corporation for Winnipeg had been studied going all the way back to the 1970's, the EDW Downtown Task Force was the first to set out concrete actions to achieve it. The Downtown Task Force underscored that while the BIZ's, The Forks North Portage Partnership, Economic Development Winnipeg were achieving great results toward their respective mandates, strong gains were not being made in terms of new private investment throughout the downtown. Further, while many large-scale public/private development projects had been undertaken (e.g. Convention Centre/ Lakeview Square, Portage Place/North Portage, Trizec/ Winnipeg Square), these projects were not spurring the finer-grained development required for the downtown to reach its full potential: things like heritage restoration, new housing, destination retailers, independent shops, cafes, etc. Something else was needed.

The Downtown Task Force described that an entrepreneurial authority could bridge this gap in a new way:

> "It will provide professional guidance and direction to the private sector, and where appropriate enter into joint ventures and public private partnership arrangements. As an entrepreneurial public sector development corporation it will be the promoter and facilitator of downtown development. It will identify projects and develop the business case with the private sector to encourage quality initiatives."

The City of Winnipeg report that established CentreVenture embraced this idea. It described the need for a close collaboration between the public and private sectors, with its downtown development corporation acting as an informed intermediary. It directed complementary actions to achieve revitalization of the downtown: that The City of Winnipeg would implement user-friendly regulatory processes for downtown development and that CentreVenture would be tasked with attracting and finalizing private investment. Working in partnership, The City and CentreVenture would ensure that, "improvements to public spaces are initiated strategically, either to complement or to stimulate private sector investments."

In late 2015, Winnipeg City Council renewed CentreVenture's orginal madate.

CENTREVENTURE MANDATE: to provide leadership in the planning, development, coordination, and implementation of projects and activities in the downtown

02


MAYOR & CITY COUNCIL
BOARD OF DIRECTORS
PRESIDENT & CEO
STAFF TEAM
PUBLIC ACCOUNTABILITY
GOVERNANCE & OVERSIGHT
PROFESSIONAL MANAGEMENT

CentreVenture Development Corporation is a non-share capital corporation governed by *The Corporations Act* of Manitoba, CentreVenture's By-Laws, City of Winnipeg Council directives, funding agreements, and Board enacted governance policies.

The Mayor of the City of Winnipeg is the sole Member of the Corporation and the Honorary Chair of the Board of Directors. The Corporation reports on its activities to the entire City Council and takes its policy direction from 'Our Winnipeg', the City's long-term development plan.

CentreVenture works closely with the Planning, Property and Development Department (PPD) of the City of Winnipeg through various working committees. Ex-officio positions on the CentreVenture Board of Directors are held for senior adminstrators at the City of Winnipeg and the Province of Manitoba.

The Corporation is overseen by an experienced, volunteer Board of Directors comprised of business and community leaders. Potential Directors are nominated by the Board and approved and appointed by the Mayor of the City of Winnipeg, and ratified by City Council. Officers of the Corporation are elected by the Board including the Chair, Vice-Chair, and Secretary-Treasurer.

The Board oversees corporate business and strategic planning, establishes a policy-based governance system, and recruits, supervises, and evaluates the CEO. They are stewards of the assets of the Corporation, responsible for adopting and monitoring the annual budget, approving the annual audit, and approving all expenditures over $10,000, all loans, and all acquisition or disposition of property.

Day-to-day operations are overseen by a small, professional management team, consisting of five full-time equivalents. Employees of the corporation are recruited to ensure the team possesses a cross section of educational credentials and working experience in the areas of city planning, urban design, real estate and business case analysis, financial management, and public adminstration.





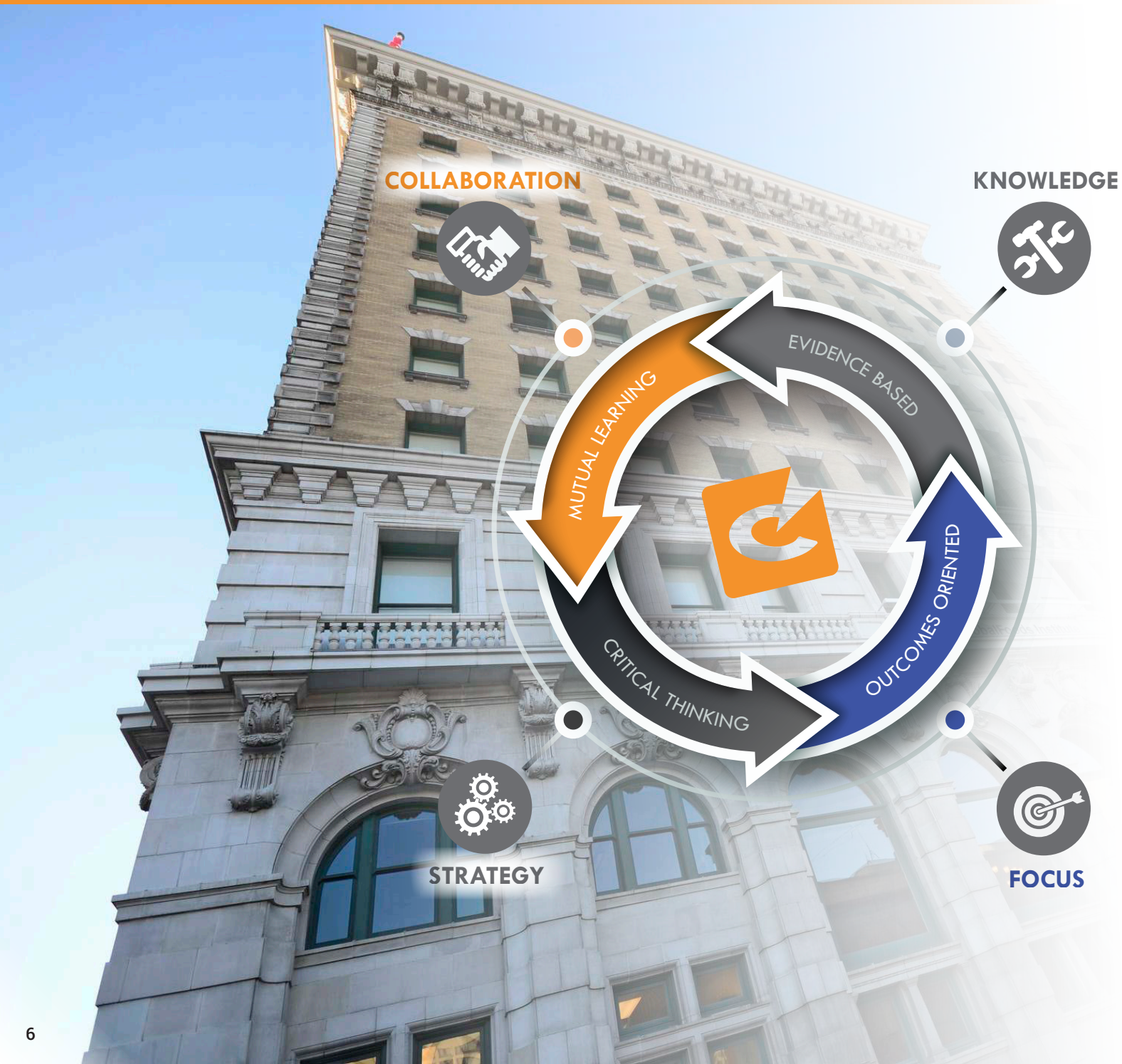




ORGANIZATIONAL STRUCTURE

HOW WE DO IT

03



CentreVenture operates with a public interest objective, first and foremost: revitalizing the downtown for the benefit of all Winnipeggers. The Corporation works to carefully understand private sector imperatives to investment in the downtown, and then to mediate or balance those with broader social, environmental and economic objectives for the downtown. This is achieved through respectful collaboration.

The Corporation is unique in Canada, and differs from other asset-specific development corporations, in that it's not tasked with the ownership of any specific building, spaces, or amenities. The Corporation's mandate is downtown-wide and its property and project interventions are dispersed through the downtown, based on district strategic plans and market assessments of underutilized properties and development opportunities that evolve and adjust over time.

The Corporation does not typically hold properties for the long-term, but instead works to leverage private investment in underutilized properties, moving as swiftly as possible to invest in the next downtown revitalization opportunity.

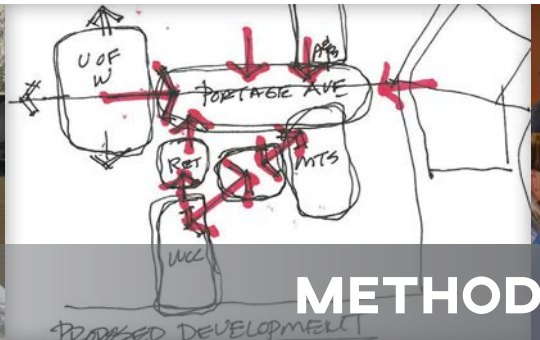
With its ear constantly to the ground, CentreVenture has a strong understanding of how the downtown market operates and, where required, undertakes formal research and analysis to fully understand barriers and opportunities. The Corporation is proactive, using its knowledge and market intelligence, to identify, design, and implement new strategies and programs to further advance investment and revitalization of Winnipeg's downtown.

CentreVenture keeps a laser focus on achieving positive outcomes for the downtown and the City of Winnipeg. When CentreVenture approaches projects it looks not only at the direct financial return to the Corporation, it assesses the overall impact of a project on the downtown and the financial/economic return to its shareholder, the City of Winnipeg, through incremental business and property taxes and resulting economic spin-offs.

CentreVenture has been studied by many cities and is often called upon to share its experiences and successes.









METHOD AND APPROACH

04


FACILITATION,
COORDINATION & PLANNING
PROPERTY
ASSEMBLY
PROJECT
FINANCING
MARKET GAP
SUPPORT

FACILITATION, COORDINATION, & PLANNING

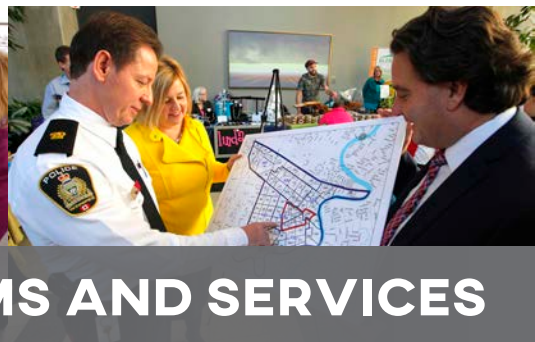
CentreVenture acts as a one-stop-shop and concierge service for those embarking on development projects in the downtown. The Corporation provides up to date market information, offers guidance to investors navigating the downtown development process, and facilitates access to various supports and programs.

Staff of the Corporation have fostered strong working relationships with people throughout the downtown investment sector including property owners and businesses, developers, banks, mortgage and leasing brokers, and those in the construction industry. Through this vast network, and with a 'can-do' attitude, CentreVenture also makes matches and facilitates partnerships among these different entities to advance more complex downtown projects.

CentreVenture coordinates with the adminstrators of the City of Winnipeg, the Province and other organizations including Business Improvement Zones (BIZs), Economic Development Winnipeg (EDW), The Winnipeg Chamber of Commerce, and the Forks North Portage Partnership to ensure that collective actions are complementary.

CentreVenture organizes its activities through a 'district strategy' planning approach, recognizing that Winnipeg's downtown is large and an amalgam of distinct neighbourhoods with different assets and opportunities that warrant a tailored approach to investment and revitalization. These tangible and visual strategies flow from the Complete Communities Direction Strategy of Our Winnipeg, City of Winnipeg Council Policy and long-term development plan. They have an urban planning underpinning, but are different from regulatory plans in that they apply a redevelopment marketing lens to inspire and attract private sector investors. They provide focus for the Corporation and a point of coordination for other stakeholders in the downtown, in the public and private sectors.



PROPERTY ASSEMBLY

A critical component of CentreVenture's revitalization activity has been property assembly – assembling and marketing derelict or underutilized properties for redevelopment. Since 1999, CentreVenture has assembled property for over 20 projects in the downtown.

Winnipeg's downtown, like other slower growth North American cities, still continues to be hampered by an abundance of underutilized properties, some in the form of vacant properties, large surface parking lots or other less desirable land uses such as storage/warehousing. These properties break up the pedestrian experience and reduce the ability of surrounding properties to achieve their full market potential.

Many owners of these properties in downtown Winnipeg are disinterested or unmotivated toward redevelopment for a variety of reasons including:

- unrealistic market value expectations;
- risk-free income (e.g. surface parking); redevelopment complexity;
- junk accumulation in properties;
- family estate issues;
- tax implications;
- sentimentality and others.

At the same time, there are investors wanting and willing to undertake redevelopment projects in downtown Winnipeg. However, assembling multiple properties to make reasonably sized development parcels, or dealing with unwilling sellers is a major impediment for many of these potential investors.

CentreVenture, through its property assembly activity, has been successful in bridging these two opposing realities.

CentreVenture has been able to assemble properties for redevelopment under its Asset Agreement with the City of Winnipeg through which the Corporation may option City-owned surplus properties in the downtown. The majority of the initial properties optioned by CentreVenture under this Agreement were derelict, or with limited market value, many of them taken by The City over the years through the tax sale process.

CentreVenture marketed and put together development partnerships for those city-suplus properties resulting in notable achievements like:

- Mountain Equipment Co-Op
- Manitoba Credit Union Centre Headquarters
- Winnipeg Regional Health Authority Headquarters
- The MET Theatre
- James Avenue Pumping Station
- multiple housing projects on Waterfront Drive

CentreVenture works diligently to encourage and support private property-owners to consider redevelopment of their properties. When that is unsuccessful, and only in strategic and favourable circumstances, CentreVenture will consider the purchase of underutilized or distressed private properties to make them available for redevelopment. Notable private property assemblies have resulted in significant projects such as:

- True North Square
- Centre Point/ALT Hotel
- United Way of Winnipeg Headquarters
- CentreVillage
- The Bell Hotel
- Avenue Building









PROJECT FINANCING

CentreVenture was originally capitalized with a $10 million grant, and later a $10 million guaranteed line of credit, from the City of Winnipeg. Over the years, these sources of capital have been used to provide loans to downtown revitalization projects. CentreVenture, since its formation in 1999, has provided over $25 million in loans to 50 downtown redevelopment projects.

These have included first mortgages in more economically challenged parts of the downtown (i.e. North Main Street) and mezzanine loans for the construction of commercial and residential projects throughout the downtown. Mezzanine debt is the middle layer of capital that falls between the first lender and equity. In occupying the middle layer, CentreVenture's financing bears greater risk than do first mortgagees, but less risk than equity owners, reflecting the priority of claims on cash flows.

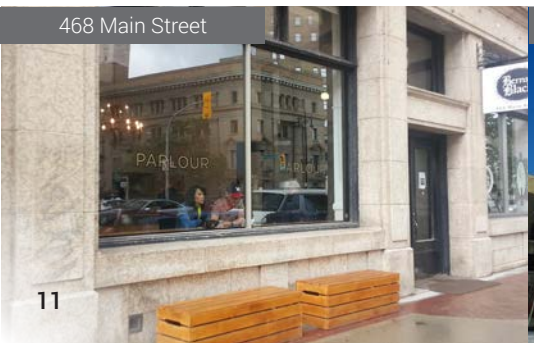
This 'gap financing' has been especially critical for smaller development projects, the adaptive re-use of heritage buildings, and for the creation of new housing in the downtown. 35% of all new downtown housing units developed in the downtown since 2000, have received project financing from CentreVenture.

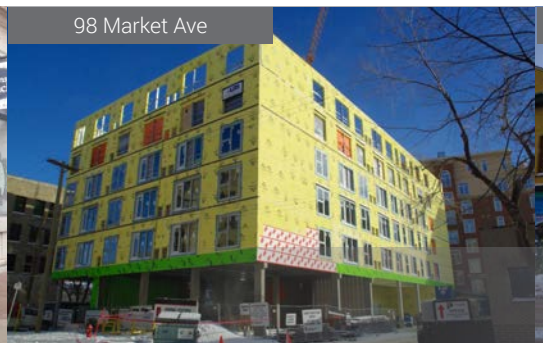
CentreVenture's loan approval process includes extensive professional due dilgence to determine creditworthiness and project feasibility. Loans are secured through mortgage registrations, assignment of leases and sales, and other personal security. In addition, CentreVenture has been able to negotiate with banks in Manitoba the full assignment of tax increment financing grants that projects may qualify for.

Interest earned on CentreVenture's loan portfolio has been a significant source of income for operations of the Corporation. As commercial banks have become more confident in downtown development, CentreVenture's project financing has become less neccessary. However, it continues to be an effective tool to encourage smaller investors in the downtown and can be an effective tool to bridge economic gaps for more complicated projects, including heritage adaptive re-use such as:

Some notable projects financed by CentreVenture include:

- The Fairchild Lofts (110 Princess St.)
- Scott Fruit Fruit Warehouse (319 Elgin Ave.)
- Criterion Hotel (214 McDermot Ave.)
- Garry Block (290 Garry St.)
- The Edge on Princess (230 Princess St.)
- Bank of British North America (436 Main St.)
- Lofts on Bannatyne (181 Bannatyne Ave.)
- The Strand (300 Waterfront Dr.)
- 62M (62 McDonald Ave.)









MARKET GAP SUPPORT

Tax Increment Financing

CentreVenture plays an important role in the development and administration of government supported Tax Increment Financing (TIF) market incentive programs for housing development and public realm improvements. The Corporation's depth of understanding of the downtown development economics, provides governments with an objective understanding of what level of financial support is needed to bring private sector projects to market under current conditions in downtown Winnipeg.

CentreVenture provides TIF program design insight and upfront administrative support including: marketing of the programs to industry, assisting developers with the application process, conducting due diligence on projects, processing of applications, acting as the borrowing agent for upfront grants, and monitoring program effectiveness. The final decision to accept or reject TIF projects rests with The City and The Province.

CentreVenture's cost-effective adminstration of these programs, reduces government overhead and time, while ensuring the programs are responding quickly and effectively to the needs of the downtown development sector. The four currently active TIF programs include:

- The Downtown Residential Development Grant Program (DRDG)
- 'Live Downtown': Rental Development Grant Program;
- Sports, Hospitality & Entertainment District (SHED);
- Exchange Waterfront Neighbourhood Development Program (EWNDP).

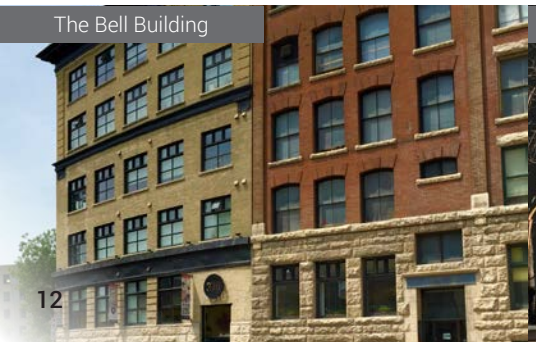
Heritage Building Rehabilitation

Heritage building rehabilitation has been a very important part of CentreVenture's mandate, with more than 65 heritage projects supported by the Corporation through various programs since 1999. CentreVenture previously administered Heritage Tax Credit programs on behalf of the City of Winnipeg and currently provides grants to heritage projects in the downtown through the Gail Parvin Hammerquist Fund.

The Gail Parvin Hammerquist Fund is funded annually by the City of Winnipeg based on 5% of gross revenues from the sale of City-owned real estate across the City. Notable buildings supported by CentreVenture with Gail Parvin Hammerquist funding include: Ryan Block/King Building; the Burton Cummings Theatre; the Kelly House; the Union Bank Tower; the Mitchell Copp Building; and The MetropolitanTheatre.

Ground Floor Activation

Critical to a successful downtown are active ground floor storefronts. They create a more safe pedestrian environment and provide an important first impression to visitors and investors alike. Over the years CentreVenture has deployed a number of tools to spur the redevelopment of ground floor spaces in the downtown. The Corporation's retail attraction initatives have helped incubate numerous successful downtown retailers, including Mountain Equipment Co-Op, Thom Bargen, Amsterdam Tea Room, The PINT, Verde Terrariums, Lennard Taylor, and others.

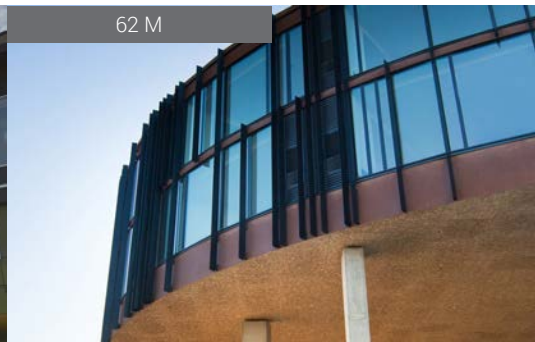

The Bell Building

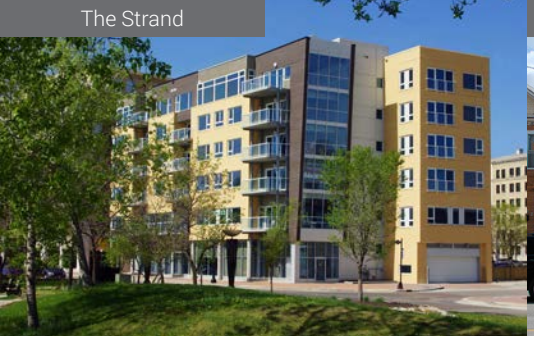


Thom Bargen



Union Bank Building


62 M


The Strand


Centre Village


Avenue Building


SKY Waterfront

PROPERTY ASSEMBLY



The Excelsior


Centre Point & ALT Hotel

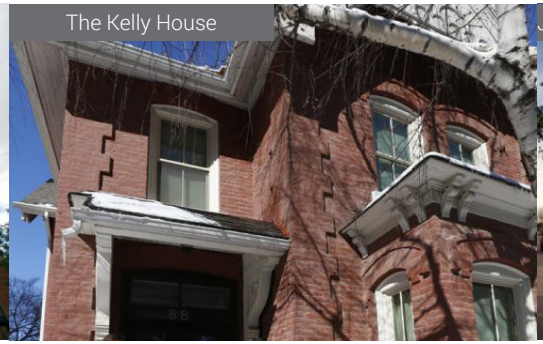

YOUCube


Sutton Place Hotel

PROJECT FINANCING


The Edge Gallery on Main


Fairchild Lofts

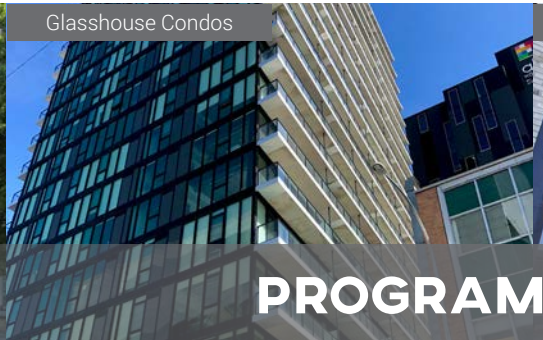

The Kelly House

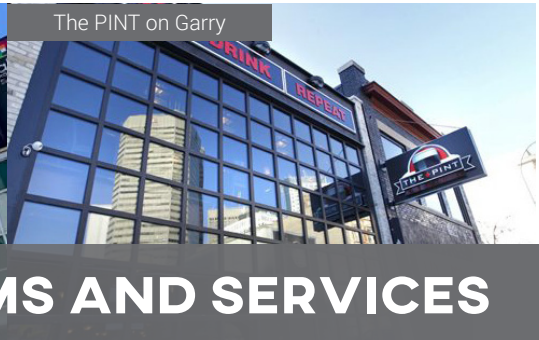

James Ave Pumping Station

MARKET GAP SUPPORT


316 Ross


District Condominiums

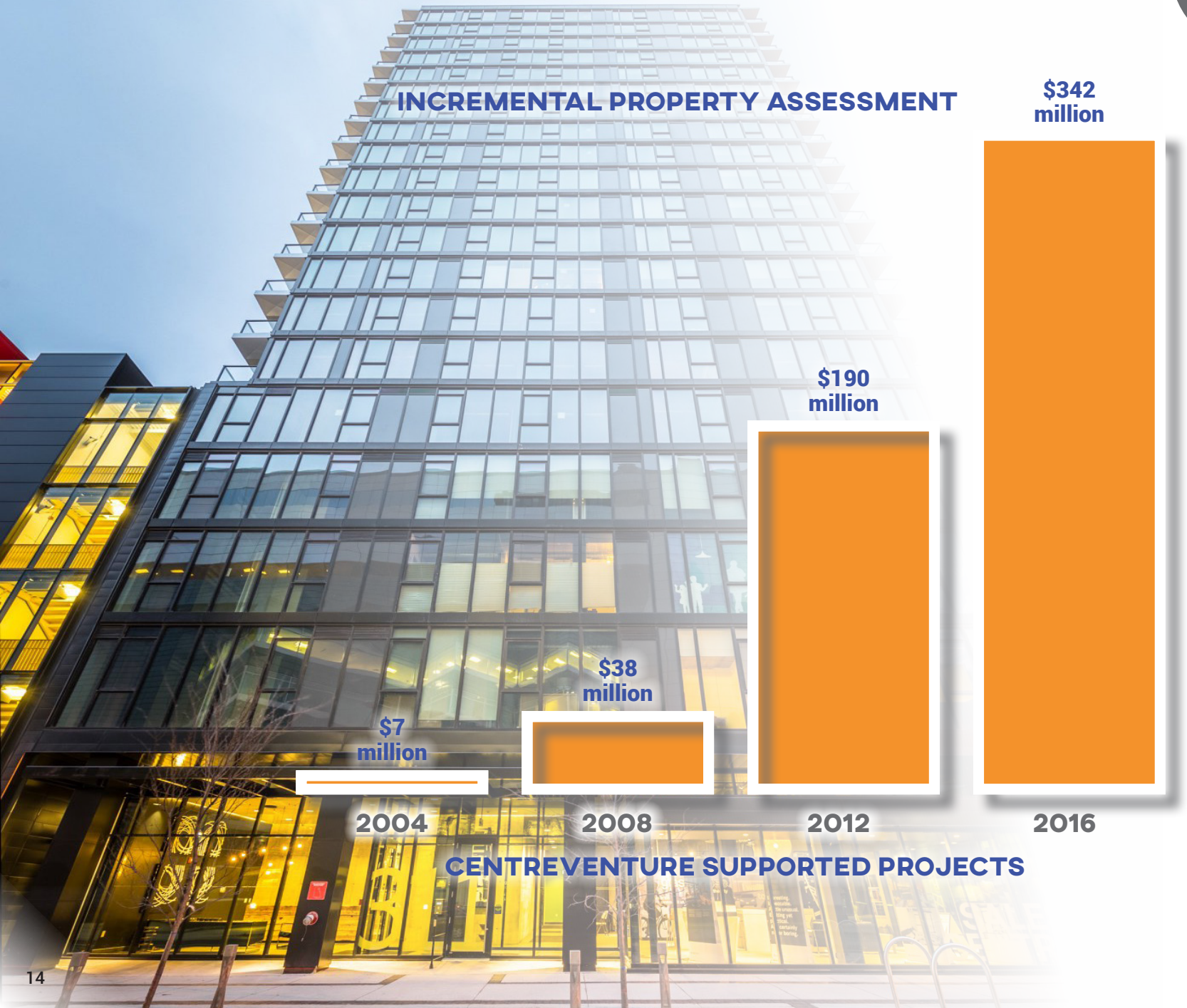

Glasshouse Condos



The PINT on Garry

PROGRAMS AND SERVICES

05


INCREMENTAL PROPERTY ASSESSMENT
$7 million
$38 million
$190 million
$342 million
2004
2008
2012
2016
CENTREVENTURE SUPPORTED PROJECTS

CentreVenture has been a highly performing asset, delivering significant, positive, and increasing returns for the City of Winnipeg over the last 15 years.

From 1999 to the end of 2016, the City of Winnipeg has contributed $13.2 million to CentreVenture (net of current equity). In turn, Centreventure has leveraged that support to directly invest over $72.0 million into the downtown. This includes, $25.5 million in loans and a further $46.5 million invested in activities and projects throughout the downtown. This body of work has spurred unprecedented private sector investment of over $650 million, growing the downtown property assessment base by $341.9 million.

By the end of 2016, this effort has generated $15.5 million in incremental municipal property taxes, with a further $2+ million a year in perpertuity. This doesn't include multiple projects that are currently under construction, such as True North Square.

How has this level of investment been achieved?

CentreVenture's business model is innovative and entrepreneurial, with a degree of sustainability that exceeds downtown revitalization approaches of the past. It is based on an approach that seeks to maximize every dollar the Corporation receives, to leverage as much private sector investment and other support as possible, to earn the highest return possible, while dleivering successful social, environmental, and economic outcomes.

By the end of 2016, CentreVenture's net assets stood at $4.9 million, after the Corporation's investment in the acquisition and sale of 220 Carlton Street for the development of True North Square. If it were not for this extraordinary, but transformative community investment, CentreVenture's net assets would stand at approximately $9 million, only $1 million less than its founding $10 million balance, after 15 years of operations in support for over 140 revitalization projects.

When CentreVenture records a loss from its community investment in projects such as True North Square, The Bell Hotel, The Avenue Building, or The United Way Headquarters, the City of Winnipeg realizes a long-term financial gain by way of increased property assessment and other spin-off activity created from a more prosperous and healthy downtown.

CENTREVENTURE SUPPORTED PROJECTS 1999-2016

1. 333 King Street - Youth for Christ
new recreation and community centre
2. 678 Main Street - Bridgman Collaborative
office redevelopment and new construction
3. 670 Main Street
new office building development
4. 662 Main Street - Bell Hotel
42 supportive housing units
5. 650 Main Street - WRHA
new office building development
6. 661 Main Street - Main Meats
grocery store redevelopment
7. 627 Main Street - Red Road Lodge
40-room transitional housing facility
8. 611 Main Street - The Edge
gallery and urban arts centre, 8 rental units
9. 594 Main Street - The Neon Factory
arts and manufacturing space
10. 590 Main Street
office redevelopment
11. United Way of Winnipeg
new office building development
12. 221 Rupert Avenue - Salvation Army Citadel
building stabilization
13. 260 Princess Street - Peace Tower
48 rental units
14. 311 Alexander Avenue - Bag Factory Lofts
83 rental units
15. 265 Princess Street
under development
16. 230 Princess Street - The Edge
49 rental units
17. 316 Ross Avenue
84 rental units
18. 319 Elgin Avenue - Scott Fruit Warehouse
2 rental units
19. 181 Higgins Avenue - Winnipeg Aborignal Centre
building restoration
20. 167 Higgins Avenue
Aboriginal Training Centre
21. 155 Higgins Avenue - CHARD Housing
43 affordable rental housing units
22. 148 Higgins Avenue
4 rental units
23. 136 Higgins Avenue
daycare centre drop-off
24. 160 Higgins Avenue
land consolidation Vernaus Autobody
25. 190 Maple Street
land consolidation Levi's Leather Factory
26. 72 Henry Avenue
live/work redevelopment
27. 121 Disraeli Freeway
Entegra Credit Union development
28. 62 M
40 condominium units
29. 530 Waterfront Drive - YouCube
22 condominium units
30. 500 Waterfront Drive - H20
72 Apartment Units
31. 340 Waterfront Drive - SKY
143 condominium units
32. 109 James Avenue - Pumping Station
86 rental units



33. 300 Waterfront Drive- The Strand
15 condominium units
34. 104 James Avenue
118 rental units
35. 98 Market Avenue
65 rental units
36. 270-280 Waterfront Drive - The Excelsior
48 condominium units
37. 230 Waterfront Drive - Ship Street
8 condomium units
38. 180 Market Street - Pantages
building restoration
39. 181 Bannatyne Ave - Lofts on Bannatyne
22 condominium units
40. 110 James Avenue
19 condominium units
41. 128 James Avenue
10 condominium units
42. 132 James Avenue
49 condominium units
43. 133 Market Avenue
15 condominium units
44. 145 Market Avenue
45 condominium units
45. 165 McDermot Avenue - Porter Bldg
34 rental units
46. 65 Rorie Street
building restoration
47. 175 McDermot Avenue
exterior renovation
48. 171 McDermot - Forth
exterior renovation



88 435 Cumberland Avenue - Indochina Cultural Centre
24 affordable housing units

89 575 Balmoral Street - Centre Village
25 affordable housing units

90 375 Kennedy Street
18 rehabilitated rental units

91 404 Qu'Appelle Avenue
27 rehabilitated rental units

92 Central Park Redevelopment

93 388 Hargrave Street
land consolidation for residential redevelopment

94 443 Webb Place - Website
7 condominium units

95 290 Vaughan Street
building restoration

96 301 Vaughan Street - YMCA
building restoration

97 330 Kennedy Street
buiding redevelopment

98 311 Hargrave Street - Glass House
195 condominium units

99 Centre Point
mixed-use commercial development

100 303 Portage Avenue
Mountain Equipment Co-Op Development

101 317 Donald Street
new Credit Union Central Headquarters

102 331 Smith Street - Marlborough Hotel
building restoration

103 370 Donald Street - Bell Building
40 rental units

104 364 Smith Street - Burton Cummings Theatre
building restoration

105 265 Portage Avenue - Avenue Building
75 rental units

106 259 Portage Avenue - Paris Building
building restoration

107 228 Notre Dame - Lindsay Building
45 rental units

107 520 Portage Avenue - Supreme Raquet Courts
11 condominium units

108 250 Kennedy - Thom Bargen
exterior renovation

109 236 Edmonton Street
exterior renovation

110 203 Kennedy Street
exterior renovation

111 207 Edmonton - Our Lady of Peace
40 affordable rental units

112 220 Carlton Street - True North Square
mixed-use redevelopment

112 354 Poratge Avenue - Carlton Building
building restoration

113 281 Donald Street - The MET
building rehabilitation

114 288 Portage Avenue
exterior renovation

115 256 Smith - Holy Trinity Church
building restoration

116 245 Graham Avenue - SKYcity
condominium project

117 285 Smith Street
St. Regis hotel site redevelopment

118 290 Garry Street
commercial redevelopment

119 286 Garry Street - The PINT
commercial redevelopment

120 289 Garry Street
commercial redevelopment

121 291 Garry Street- Inglis Building
exterior restoration

122 234 Portage Avenue - Whitehouse
1 condominium unit

123 300 Main Street - Artis REIT
434 rental units

124 272 Main Street
36 rental units

125 333 St. Mary Avenue - Eaton's Catalogue
building renovation pilot

126 260 St. Mary Avenue
commerncial mortgage

127 160 Smith Street - The York
181 rental units

128 222 Broadway - Fort Garry Hotel
building restoration

129 The Forks Skateboard Park

130 Upper Fort Garry Park

131 390 Assiniboine Avenue - D-Condo
88 condominium units

49 179 McDermot Avenue
building restoration

50 389 Main Street - Millenium Centre
building restoration

51 504 Main Street - RRC Student Residence
118 rental units

52 492 Main Street - Banfield Block
building restoration

53 211 Bannatyne Avenue - McKim Bldg
commercial condominium

54 468 Main Street
commercial redevelopment

55 466 Main Street - Woodbine Hotel
building restoration

56 217 McDermot Street
retail animation

57 75 Albert Street - Exchange Church
exterior renovation

58 216 McDermot - Leckie Building
exterior renovation

59 214 McDermot Avenue
commercial redevelopment

60 436 Main Street
commercial redevelopment

61 235 Notre Dame
building feasibility study

62 62 Albert Street
commercial redevelopment

63 90 Albert Street
commercial redevelopment

64 265 Notre Dame
building restoration

65 231 McDermot Street
building restoration

66 88 Arthur Street
commercial redevelopment

67 100 Arthur Street - Artspace
building restoration

68 286-296 McDermot Avenue
building restoration

69 281 McDermot Avenue
building restoration

79 87 Princess Street - Hemisphere Building
14 condominium units

80 104 King Street - Bedford Parkade
commercial and parkade redevelopment

81 283 Bannatyne Avenue - Traveller's Building
19 condominium units

82 123 Princess Street
7 condominium units

83 110 Princess Street - Fairchild Lofts
50 condominium units

84 100 Princess Street - The Penthouse
60 rental units

85 78 Princess Street
building restoration

86 88 Adelaide Street - Kelly House
commercial redevelopment

87 54/62 Princess Street - Del's Electric
exterior renovation

06



STAGES OF DOWNTOWN REVITALIZATION

DOWNTOWN COMPETITIVENESS

With recent development successes, some are asking whether market intervention is still required to spur further private sector investment in downtown Winnipeg? In short, the answer is that we are getting very close to the goal line. However, strategic planning and intervention will continue to be necessary for the next several years, to ensure that positive momentum continues and the downtown market reaches a stabilized competitiveness with other areas of the city. That intervention must be catered to today's circumstances, always with the goal of bringing the downtown to a level where it can stand on its own.

To date much of the success in downtown Winnipeg has been supported by CentreVenture and government policies and programs that have helped to counteract the systemic inequity in the downtown in the context of Winnipeg-wide land economics. Recognizing that private capital is highly mobile, these interventions have striven to create a friendly and more level playing field for private investment decisions downtown. The reaction from the private sector has been very positive.

While improving, development in downtown Winnipeg still carries greater risk than other real estate investment opportunities in Winnipeg and elsewhere in Canada. Each development opportunity in the downtown has different and unique challenges/opportunities, but the following key factors, impacting cost, timing, and financial returns, often prejudice investment decisions against the downtown:

- Land costs are higher in downtown. Often, more than one property may need to be assembled to accommodate a viable downtown project, adding time and costs.
- Construction costs associated with higher density buildings can exceed the cost of low-rise suburban forms by as much as 60% per square foot (ALTUS Construction Guide 2017).
- Constricted size, geometry, and physical access to downtown development parcels often don't allow for the most efficient and cost-effective building design and layout.
- Construction in the downtown has complexities and cost, not often associated with greenfield sites: e.g. public right-of-way encroachments, crane and equipment staging space, planned utility outages, parking meter hooding costs, traffic and site management, site security, neighbourhood relations, and trade worker parking.
- Downtown development sites often require demolition of obsolete structures, and in many cases a long history of disparate land uses may pose risks and costs associated with environmental contamination.
- Underground/structured parking adds costs not often associated with suburban projects.
- Many of the redevelopment opportunities in downtown Winnipeg involve historic buildings, for which conversion requires unique knowledge and carries additional risks and costs.
- Higher design and construction standards are expected in the downtown, adding premium costs.

The following provides a summary of recent downtown market performance, in different sectors, with commentary on areas and opportunities to guide further policy intervention and CentreVenture's strategic action to 2020.

RESIDENTIAL SECTOR

Growing the residential population has been the primary revitalization objective for the downtown over the last decade, and this focused effort is beginning to achieve notable results. Stats Canada reports that, from 2001 to 2011, downtown's population growth rate outpaced the city, growing 17.6%, compared to 7.1% city-wide, and faster than other urban infilll neighbourhoods: West Broadway (5.6%); St. Boniface (1.6%); and Osborne Village (0.05%). The population of downtown Winnipeg is now estimated to be 16,800, nearly 4,000 more people than 2001.

This strong growth can be attributed to improving perception of the downtown as attractive place to live. However, market gap support from governments and CentreVenture to encourage new housing supply in the downtown has played the most significant role.

In 2003, the Lindsay Building conversion (228 Notre Dame), supported under a small CentreVenture housing development grant program, was the first multi-family housing project in downtown Winnipeg in over 13 years. Since that point, 2,600 multi-family housing units have been built in 60 different buildings. Roughly 66% of these units are rental, with 44% condominium. The vast majority of these housing units have been developed with support from government housing incentive programs and/or CentreVenture project financing.

Over the last 15 years, successive incentive programs have recognized the financial challenges facing the construction of quality, affordable housing in downtown Winnipeg. With each iteration, these programs have provided broader incentives to achieve more supply at more affordable prices, making the downtown more competitive with other parts of the city.

In 2010, the Provincial government began to participate in tax increment financing (TIF), alongside the City of Winnipeg through the Downtown Residential Development Grant Program (DRDG). This dramatically increased the market response and provision of supply. The DRDG program received applications for 1,369 rental and condominium units. The most recent iteration of these city-provincial programs, Live Downtown, received applications for 1,516 units, with 832 units awarded grants on a first-come-first-serve basis under the program cap.

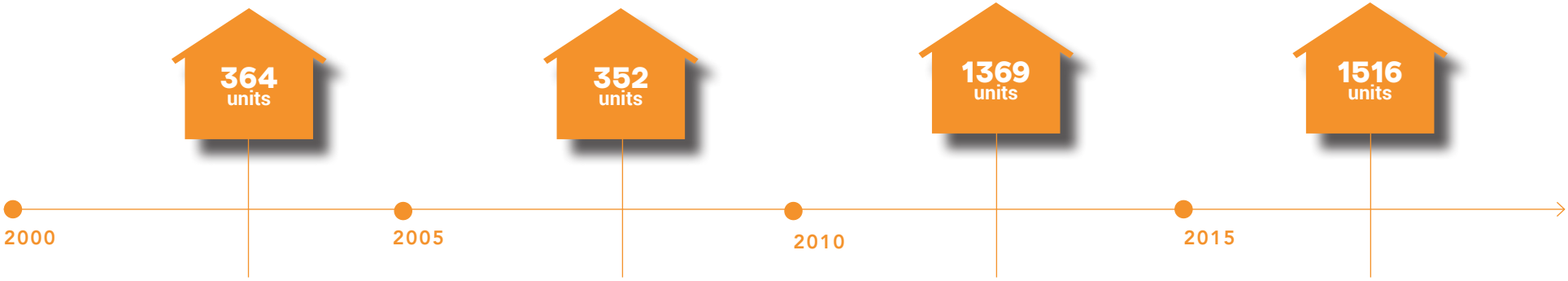
These TIF programs have allowed downtown housing projects to be built in the context of a highly competitive multi-family market city-wide. Since 2003, Winnipeg has seen the construction of over 17,000 multi-family units outside of the downtown, many in the form of low-density wood frame construction, a highly cost efficient and lower-priced product. It is difficult for denser downtown construction to compete in this context, especially to achive the affordability level required to attract the market with the highest propensity for downtown living.

When polled 7% of Winnipeggers indicate there is a significant possibility of moving downtown at some point in the future (Probe Omnibus Survey December 2016). That number rises to 16% for people under the age of 35 years and 20% for those with household incomes less than $30,000 annually. This bears out in the current demographic make-up of the downtown (IUS, 2017):

- The downtown has a higher percentage of people aged 20 to 39 and a slightly higher percentage of older adults.
- Over 16.6% of the downtown population are recent immigrants, compared to 6.75% city-wide.
- Average individual incomes are much lower in the downtown, $28,560 compared to $38,159 city-wide.
- 62% of downtown households are one-person households, compared to only 31% city-wide

Young people, singles, retirees, and new comers - a growing demographic in Winnipeg - will drive demand for new downtown housing into the future. However, the lower household purchasing power of this demographic is at odds with gernerally higher costs of cnstruction in the downtown. To continue strong population growth in the downtown it will be neccessary for the forseeable future to provide support to bridge this economic gap.

DOWNTOWN RESIDENTIAL MARKET GAP SUPPORT PROGRAMS (2000 TO 2016)



MULTIPLE PROGRAMS

- The Multi-Family Dwelling Grant - grant back of municipal only incremental taxes for up to 5 years, max of 10% of eligible construction costs or $250k total per project
- Heritage Tax Credits - full rebate of all municipal taxes for up to 10 years, max $250,000, higher with Council approval
- Downtown Housing Grant Program - total budget $500k, 2 projects approved

DOWNTOWN MULTIPLE FAMILY/ MIXED-USE BUILDING GRANT PROGRAM

- grant back of municipal only incremental taxes, annually for up to 10 years
- max. $20k per rental unit
- max $10k per condo valued >$250k
- max. $20k per condo valued <$250k

DOWNTOWNT RESIDENTIAL DEVELOPMENT GRANT PROGRAM (DRDG)

- 1,369 eligible units applied
- grant back of municipal & provincial incremental taxes, annually or in an upfont lumpsum
- max. 10 years for condo
- max. 15 years for rental

LIVE DOWNTOWN RENTAL PROGRAM

- 1,516 eligible units applied, 813 units approved within the program cap
- grant back of municipal & provincial incremental taxes, annually (no lumpsum)
- condos NOT eligible
- max. 12-20 years, depending on location and property type

RETAIL SECTOR

Despite incredible successes over the last decade, Winnipeg's downtown still lacks the population density required to fully activate its 1.3 million square feet of retail inventory with quality shopping/entertainment offerings. The downtown experiences higher vacancy rates (currrently 6%) when compared to other urban neighbourhoods and retail formats in Winnipeg. We continue to swim against a fierce current as suburban power centre (big box) square footage in Winnipeg has grown by 1.5 million in the last 5 years.

It's long been understood that for downtown to compete, it must continually differentiate itself from suburban retailing. It must attract independent, one-of-a-kind retailing, that can't be found anywhere else in Winnipeg. This has been central to CentreVenture's retail efforts and will continue to be over the next several years.

This strategy is bearing fruit in The Exchange, with 'hip' new retailers now forming a critical mass of well-designed storefronts, creating a 'destination feel' that is attracting shoppers and other retailers. It will be important to sustain this success as significant new retail square footage is developed at The Forks Railside project, potentially creating a competitive threat.

True North Square will be a new focal point of activity with hundreds of new office workers, a new signature hotel, and spaces for new and expanded public gatherings. Adjacent is the Graham and Portage Avenue retail district, characterized by smaller-scale, pedestrian-oriented, but underutilized retail spaces. There is a tremendous opportunity for shops along Graham, Portage, and intersecting side streets to be reinvigorated and to capitalize on the activity brought by the new, denser developments in the district. It will be important to foster the right mix of complementary retailers to truly realize this potential.

EMPLOYMENT SECTOR

A strong employment and office space sector creates a critical mass of daytime population required for a successful downtown. It is estimated that more than 70,000 people work in downtown, roughly 16% of Winnipeg's employed (Downtown Winnipeg BIZ and Statistics Canada). Downtown also accounts for over 72% of Winnipeg's office space inventory, with nearly 13.3 million square feet in all categories (The Johnson Report, Year End 2016). Over the last decade downtown Winnipeg has seen gains in new government/crown office space, but has lagged in the creation of new private office space when compared to suburban Winnipeg.

From 2000 to 2016, government/crown owned office space in the downtown increased by 646,869 square feet, and decreased by 68,574 square feet in suburban Winnipeg, as a result of the new Manitoba Hydro headquarters. Over the same period, private office space in downtown Winnipeg increased by 322,767, including 81,069 square feet of Class A office space and the remaining in the Class B and C markets. However, new private office space in suburban Winnipeg increased over five times the rate of downtown, with 1,548,037 additional square feet in all categories, with nearly a third of that comprised of new construction in multi-use manufacturing business parks, which are home to the offices of many large companies in the financial and consulting industry sectors.

There is evidence that this trend toward the suburbanization of office space has been reversing in other North America cities. A 2015 study found that from 2007 to 2011, city centres for the first time in many decades outperformed more peripheral portions of American metropolitan areas in job growth. While Winnipeg lags behind in this trend reversal, recent downtown developments are a positive bellweathers.

True North Square, currently under construction, will add over 300,000 square feet of new Class A office space by 2018 and the new Centre Point development has attracted significant tenants such as Canadian software company iQMetrix, and Stantec engineering which was formerly located in a suburban location. These companies and many others in North America are citing a competitive advantage to downtown locations. A 2016 study of nearly 500 U.S. companies that have relocated to or expanded in downtowns concluded the following advantages:

- To attract and retain talented workers who are increasingly seeking urban amenties and better access to public and active transportation.
- To set their brand apart from their competitors.
- To support creative collaboration: through neighbourhoods that are dynamic, creative, engaging
- To be closer to customers and business partners and to reduce travel time for employees.
- To demonstrate good corporate citizenship by investing in a city's center.

Over the next several years it will be critical to continue to encourage and promote downtown Winnipeg as the office location of choice. This will be done in the context of competitive factors that can still favour suburban office development, namely the reduced costs associated with greenfield development resulting in lower rents, taxes, and provision of ample employee parking. Support for, and investment in, downtown amenities, public realm improvements, and provision of multiple transportation options (active, transit, and parking) will be critical to continuing the move to increase office development and leasing in downtown Winnipeg.

In addition, there is mounting experience that smaller start-up companies, especially in the technology and creative sector, want to locate in the downtown, preferably in the Exchange District where the buildings possess a unique character that cannot be found elsewhere in Winnipeg. This is a particular niche area for revitalization and employment growth in the downtown. However finding adequate space, that can be made code compliant in a cost effective way, is a challenge. The upper stories of many Exchange District buildings have remained as storage space, or otherwise underutilized, as market conditions have not warranted repurposing.

Strategies to overcome these gaps in the short-term, could pay long-term dividends by solidifying a strong employment space inventory in the Exchange District. This has to be done in tandem with strategies that ensure the arts sector, the foundation of the Exchange District, can continue to exist and not succumb to the economic effects of gentrification. A balanced thoughtful approach is required.



MARKET ANALYSIS

07

RAISING THE VALUE OF DOWNTOWN





GROWING THE POPULATION

BUILDING SUCCESSFUL DISTRICTS





ACTIVATING GROUND FLOOR SPACES

MAKING PLACES TO WORK & CREATE





PURSUING CORPORATE EXCELLENCE

RAISING THE VALUE OF DOWNTOWN

- Continue to be downtown's single-window support service for property investment and enhancement in downtown Winnipeg.
- Inventory, define, and analyze underutilized properties in the downtown, and undertake property acquisition strategies in targeted areas to increase property valuation, preserve heritage, and create economic development opportunities.
- Launch a value-added, fee-for-support development marketing service to assist owners of underutilized properties in the downtown to find suitable and desirable redevelopment opportunities.
- Design and recommend a downtown 'Park Smart' initiative to reduce surface parking and to incent development of structured parking in strategic areas in the downtown, based on market needs and system wide impacts.
- Work with governments and crown corporations to redevelop publicly owned surface parking lots into higher and better uses.
- Provide leadership and support for redevelopment options to improve the viability and contribution of The Bay Building to downtown Winnipeg.

GROWING THE POPULATION

- Continue to be the preeminent resource and advocate for downtown housing development in Winnipeg, developing and implementing evidenced based solutions to grow downtown Winnipeg's population.
- Conduct a ten-year downtown housing evaluation to benchmark key challenges and opportunities and to inform future investment targets and programs.
- Formulate and administer a successor downtown housing incentive program to Live Downtown with the goal of leaner implementation and a greater diversity of housing options in the downtown.
- Implement new policies and criteria to grow the number of downtown housing projects and the breadth of the downtown housing investment sector.
- Update independent market research to determine changes in consumer opinions about living downtown to inform marketing campaigns of CentreVenture and/or other downtown agencies.
- Develop and implement an annual apartment vacancy and condo sales evaluation report to fill the gap in accurate, up-to-date, specific downtown geographic market data.
- Establish and maintain a public Downtown Housing Database with up to date information on existing housing stock and new developments as a tool for prospective consumers and development investors.
- Support non-profit housing corporations to identify opportunities for high-quality, low-income and student housing development in the downtown.

BUILDING SUCCESSFUL DISTRICTS

West Exchange

- Create new District Strategy for the Northwest Exchange China Town in consultation with area stakeholders, the City and The Province.

- Lead the redevelopment of the Market Lands, with the goal of creating a new catalyst for further enhancement and investment in the West Exchange District.

East Exchange

- Complete the implementation of the Exchange Waterfront Neighbourhood Development Plan (EWNDP).

- Complete the redevelopment of underutilized properties along north Waterfront Drive.

Sports, Hospitality, and Entertainment District (SHED)

- Continue to play a leadership role in the implementation of Phase 2 of the Sports, Hospitality, and Entertainment District Agreement.

- Continue to support business attraction and recruitment activities in the SHED to realize the full potential of this district strategy.

South Main

- Support the opening of Portage and Main and identify pedestrian infrastructure improvements to support redevelopment opportunities on South Main Street.

- Support investment in underutilized properties identified in the South Main Concept Plan.

ACTIVATING GROUND FLOOR SPACES

- Implement a Graham Avenue area retail strategy in partnership with the Downtown Winnipeg BIZ to increase the quality and offering of retail establishments in this emerging area.

- Implement an Exchange District retail stategy in partnership with The Exchange BIZ to sustain and enhance the unique character of this retail district.

- Make the PUSH pilot program a permanent CentreVenture service to help new independent retailers establish downtown at ground level.

- Develop strategies to promote and encourage fresh food grocery options throughout the downtown in support of downtown livability and walkability.

MAKING PLACES TO WORK & CREATE

- Support and assist the Creative Cluster Initiative and potential expansion of ARTSPACE.
- Design, recommend, and implement a new heritage TIF program to reduce the economic barriers to upgrading heritage buildings.
- Pilot a new heritage building loan tool to support upgrades to older buildings in support of residential and new employment and commercial uses.
- Support and assist Innovation Alley and Red River College expansion plans.
- Establish the Kelly House as a new 'Innovation House' for new technology business start-ups on Innovation Alley in partnership with sector stakeholders.
- Provide assistance to emerging start-up companies to transition from accelerator programs, incubator facilities, and short-term lease space into more permanent locations in the downtown, with particular emphasis in The Exchange.

PURSUING CORPORATE EXCELLENCE

- Continue to enhance the CentreVenture corporate website, with transparent program guidelines and information resources.
- Increase public reporting, including twice annual reporting to City Council and on-line reporting of corporate and project activities.
- Partner with Winnipeg research and academic insitutions to advance knowledge in in the area of urban revitalization.
- Continue to pursue partnership opportunities with other economic development agencies and to streamline downtown activities through coordination and collaboration with area stakeholders, partner agencies, and government.
- Establish an annual Downtown Innovator award to recognize unique contributions to the revitalization and development of downtown Winnipeg.



CENTREVENTURE DEVELOPMENT CORPORATION

FORECAST OF OPERATIONS	2017	2018	2019	2020
	Actual			
REVENUE				
Operational grant (City of Winnipeg)	600,000	-	-	-
Rental properties	403,476	400,705	406,562	412,507
Interest	387,510	201,540	29,400	29,400
SHED projects	301,158	283,325	262,484	243,723
Grants*	280,681	645,000	1,000,000	400,000
Commissions**	109,363	224,580	150,000	-
Gain on Sale of Property	-	1,438,065	1,100,000	4,540,000
Other	4,175	-	-	-
	2,086,363	3,193,215	2,948,446	5,625,630
EXPENDITURES				
General Operations	825,663	871,262	884,331	895,455
Rental Properties	313,131	296,818	301,270	307,296
SHED project expenditures	301,159	283,325	262,484	243,723
Grants	280,924	600,000	1,000,000	400,000
Projects	162,499	783,657	340,000	500,000
	1,883,376	2,835,062	2,788,085	2,346,473
Excess of revenue over expenditures before the undernoted	202,987	358,153	160,361	3,279,157
Amortization of deferred contributions	271,376	296,660	296,660	296,660
Amortization	(210,027)	(210,027)	(210,027)	(210,027)
Excess of revenue over expenditures for the year	141,638	271,520	73,728	3,192,524

FORECAST OF NET ASSETS	2017	2018	2019	2020
	Actual			
Comprised of loans, properties, capital assets and/or cash	5,037,691	5,309,211	5,382,939	8,575,463

* Grants from all sources, including Gail Parvin Hammerquist (2014-2016) but excluding Gail Parvin Hammerquist (2017-2020)

** Adminstration fees from DRDG, EWNDP, and SHED Phase 2

STRONG FOUNDATION

A strong foundation has been laid for this business plan. Over the last two years CentreVenture has undertaken an extensive review of its historical financial and operating performance, with the goal of creating a leaner and more sustainable footing for its go forward operations. Through staff reductions, cost containment and other efficiency measures, CentreVenture's General Operations Budget in 2018 (i.e. staff and office overhead) was adopted at $871,262, or 23% below 2014. In 2019 and 2020 the Corporation will restrict its total General Operations Budget increases to no greater than 1.5% per year.

REVENUE GENERATION

CentreVenture's project financing has been critical to bridging the economic gaps of 50 downtown redevelopment projects, including nearly 40% of the new housing units constructed in the downtown over the last fifteen years. It has also been an important source of earned-income for the Corporation, amounting to almost $5 million in interest revenue over the last 15 years.

As commercial banks have become more confident in the downtown market, it is anticipated that CentreVenture's interest income will decline over the next several years. Further, CentreVenture's lending is very much 'opportunity driven' and subject to a comprehensive risk-analysis, as evidenced by a very low loan-loss rate. For purposes of this plan, no new loans are assumed in the projection. This ensures that CentreVenture's lending is prudent and motivated by revitalization outcomes, as opposed to income generation alone.

Through the years CentreVenture has assisted numerous downtown property owners market their properties, by making development partnership matches, conducting feasibility analyses, and providing market gap support. The Corporation's approach, using its extensive network, market knowledge, and creative vision, provides an extremely valuable and unique service. On a go forward basis, CentreVenture will look for opportunities to provide this property marketing support on 'fee-for-support' basis to partially recover costs.

NET ASSETS

With the founding of CentreVenture, The City of Winnipeg approved the establishment of the Corporation's Urban Development Bank, which are the net assets of the Corporation used for project activities. The Urban Development Bank was mandated by Council to, *"focus on maximizing the leverage of CentreVenture's funding with public/private sector investment. The Development Bank will initiate creative financing, in the form of direct loans, loan guarantees, performance and discretionary grants, fund feasibility and architectural studies, realty, amusement and business tax concessions."*

CentreVenture's Urban Development Bank was unique in Canada when it was established, and is responsible for so much of the success that has occurred in downtown Winnipeg over the last 15 years. Originally capitalized by the City of Winnipeg at $10 million, CentreVenture's net assets now stands at over $5.0 million. Sustaining and growing the Corporation is a key component of this plan.

CentreVenture's $10.4 million secured line-of-credit augments the Urban Development Bank and is necessary to manage the cash-flow of complex projects and to act on revitalization opportunities, whether acquisitions or loans, that may arise when the assets of the Corporation are otherwise fully deployed from time-to-time. Use of the line-of-credit is approved and carefully monitored by CentreVenture's Board of Directors and is important tool required to implement this business plan.

Over the years, CentreVenture has used some of its Urban Development Bank resources to strategically support revitalization projects to the provision of grants, or on rare occasion to absorb concessionary losses on the sale of properties. This support has been essential to bridge the economic gaps for many important projects, with specific focus on preserving heritage buildings.

While there continues to be a greater risk to development in the downtown and with heritage buildings, CentreVenture is of the opinion that the market has now evolved to level where full concessionary support is not required in all cases. Many projects can be bridged to feasibility with forms of 'patient' equity. This can come in the form of no/low interest loans, subordinated debt, or equity instruments with longer-term payback horizons.

Over the next several years CentreVenture will take this approach with its annual Gail Parvin Hammerquist allocations, with grants being a last resort for non-profits and its own projects. Using this approach, the Corporation will be able to revolve its heritage funding, supporting more projects in the future, while growing the Corporation's net assets and ultimate value to the City of Winnipeg.

RENEWED ASSET AGREEMENT

The cornerstone of this business plan are the following three new assets proposed for placement on the Asset Agreement between CentreVenture and the City of Winnipeg.

1. The Market Lands
2. Ross Avenue/Paulin Street - Surface Parking Lot
3. 311 Ross Avenue - Materials Storage Buildings

These underutilized city properties present a tremendous opportunity to make a significant positive difference in the Northwest Exchange & Chinatown neighbourhood, an area currently under performing in the downtown, characterized by many vacant or derelict buildings and land.

CentreVenture will market the redevelopment of these three properties through a comprehensive community planning approach to add vision and value. This work has already begun with the Market Lands initiative, being led by the Corporation. Through extensive public engagement, a comprehensive mixed-use redevelopment plan is being created, based on public aspirations and a strong urban design rationale.

It is assumed that the City will undertake demolition of the buildings in 2018 or 2019, with CentreVenture procuring development partnerships beginning in 2018 or 2019, optioning the properties for construction begining in 2019 or 2020.

The scale of Ross Avenue opportunities warrants a similar community planning approach. CentreVenture is uniquely positioned to lead the development of a new District Strategy and vision for the Northwest Exchange District and Chinatown neighbourhood. This will be undertaken in close collaboration with area stakeholders such as Red River College, The Chinatown Development Corporation, Artspace, the City of Winnipeg, the Province, and other key stakeholders. The plan for the Ross Avenue properties will be embedded in that overall district strategy. It is assumed that this work will be completed in 2018, with the construction beginning in 2019.

Disposition of these properties, along with other current assets of the Corporation, will generate nearly $6 million to cover operating and project costs over the course of the three-year business plan.



FINANCIAL FORECAST

WHAT WE MEASURE

09

PEDESTRIAN TRAFFIC



INCREMENTAL PROPERTY ASSESSMENT



HOUSING UNITS AND POPULATION



INCREMENTAL BUSINESS ASSESSMENT



RETAIL INVENTORY AND VACANCY RATE



OFFICE INVENTORY AND VACANCY RATE





KEY MEASURES