Starlight™
Investments

THE CITY OF WINNIPEG
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CAO

January 17, 2020

City of Winnipeg- Chief Administrative Office
Attention: Michael Ruta, Chief Administrative Officer

Dear Mr. Ruta,

I am confident you share Starlight Investment's excitement about the prospect of revitalizing Downtown Winnipeg and the SHED District. We believe, as do you, that an opportunity exists to create an engaging and inviting destination in the heart of Downtown Winnipeg where residents can live, work, shop and play in a safe and active space.

The Portage Place Mall Revitalization Project (the "Project") has been designed to bring together elements of residential, retail and commercial real estate that will create jobs, create new revenue streams for all levels of government and improve business activity for existing Downtown Winnipeg business owners.

Throughout the process of due diligence and planning for the Project we have been conducting stakeholder meetings and creating solutions in order to ensure Starlight Investments achieves our development goal of producing a transformational development which will benefit the local community and all stakeholders.

The process has evolved over time, and while still subject to change, has helped shape the current exciting plans which include:

- more than 500 rental apartment units;
- approximately 147,000 square feet of new retail space;
- approximately 342,000 square feet of new office space;
- best in class sustainable building practices including green roofs, high performance building materials that incorporate low impact design strategies;
- a programmed pedestrian walkway on Edmonton Street extending through the Project, knitting the areas north and south of the existing Portage Place Mall;
- external skywalks which will provide visible vibrancy along Portage Avenue and enhance safety by providing "eyes on the street";
- a commitment to secure a grocer to ensure the living needs of downtown residents are met; and
- significant improvements to the safety of the existing facility and its surroundings via various programming initiatives that we have employed successfully elsewhere.

Starlight Investments is certain that the current vision we have presented for discussion will continue to evolve as we conduct further stakeholder consultation with various constituent groups. It was an important step in

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the evolution of the Project to articulate and communicate our current vision to ensure stakeholder discussions are more informative and provide greater clarity to the public.

To validate the projected benefits of the Project, we have retained Peter Norman, Chief Economist of Altus Group, to review and quantify the economic and other benefits from the Project for each of the planning, construction and post construction phases. The initial Altus Group review has been updated to reflect programming changes and is attached for your review. The expected positive social and economic benefits are material and will generate meaningful job growth for many years while delivering substantial financial benefits to all levels of government. According to the Altus Group report, construction and development activities related to the Project will create the following economic impacts upon completion:

- $698 million in economic activity - $329.1 million of which is direct economic activity;
- $325 million in net contribution to GDP;
- 3,343 person-years of employment;
- $199 million in income for households;
- $129 million in business operating earnings;
- $84 million in tax revenues, generated across all levels of government; and
- Accommodating for 868 residents bringing $12.4 million in annual retail spending.

Early in the process it had been suggested that the purchase price be reviewed. After meeting with various stakeholders, we understand that The Forks requires the proceeds of the sale in order to remain financially independent. Our financial model reflects this approach.

Once completed, the Project will be a source of pride for Manitoba and all Winnipeggers and provide significant economic and social benefits while addressing Winnipeg's rental housing needs and assisting to reduce crime. The Project will help to create an environment in the SHED District for families to enjoy and businesses to thrive in the same safe and secure environment that other major Canadian cities benefit from. Although subject to change, the Project cost is estimated at approximately $400 million. As indicated in previous discussions, there is a feasibility gap for the Project to be economically viable. Following extensive financial modelling and assuming a modest commercial return for a project of this type, we have determined this shortfall to be $60 million.

The Project is poised to truly transform the downtown. Accordingly, we respectfully request a partnership with The Government of Canada, The Government of Manitoba and the City of Winnipeg in a three level cost-sharing arrangement of $20 million each which will be phased to match the construction schedule over the next five years. We are confident that the economic and social benefits of the investment will far outweigh the requested participation.

The current due diligence period for the project expires at the end of February 2020. We are hopeful to receive support, subject to definitive terms, from all three levels of government prior to February 14, 2020. Currently we are in the field to elicit Winnipeggers' sentiment about the Project and its impact on Downtown that we will be happy to share once completed.

Thank you for the time to review our request. We look forward to working with you to come to a solution that ensures the full transformation of the Portage Place Mall and Downtown Winnipeg.

Respectfully,
Starlight Group Property Holdings Inc., O/A Starlight Investments

Daniel Drimmer
President and CEO

Encl.

CC: John Kiernan, Director of Planning, Property & Development
Michael Jack, Chief Corporate Services Officer

Portage Place Redevelopment, Downtown Winnipeg: An Economic Impact Analysis

Independent Real Estate Intelligence

January 17, 2020

AltusGroup

Portage Place Redevelopment, Downtown Winnipeg: An Economic Impact Analysis

Prepared for:

Starlight Investments

Prepared by:

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January 17, 2020

EXECUTIVE SUMMARY

Portage Place Mall in downtown Winnipeg is proposed to be redeveloped into a new major integrated mixed-use community. The Portage Place Redevelopment will bring new and revitalized commercial space to market and provide residential intensification on the site[1].

The construction of this new mixed-use community on the Portage Place Mall site in the City of Winnipeg will generate substantial economic benefits in terms of jobs, GDP, incomes and tax revenues for governments. In addition, it will bring a host of other benefits that are consistent with the goals outlined in *OurWinnipeg*.

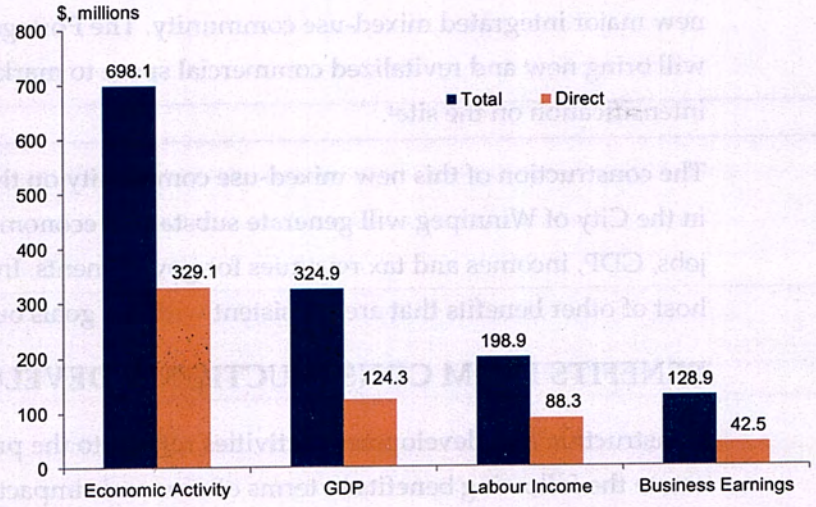
BENEFITS FROM CONSTRUCTION & DEVELOPMENT

Construction and development activities related to the proposed development will create the following benefits in terms of economic impact upon full completion:

- About **$698 million in economic activity** - $329.1 million of which is direct economic activity;
- About $325 million in net contribution to GDP;
- About 3,343 person-years of employment;
- About $199 million in income for households;
- Some $129 million in business operating earnings; and
- **$83 million in tax revenues**, generated across all levels of government.

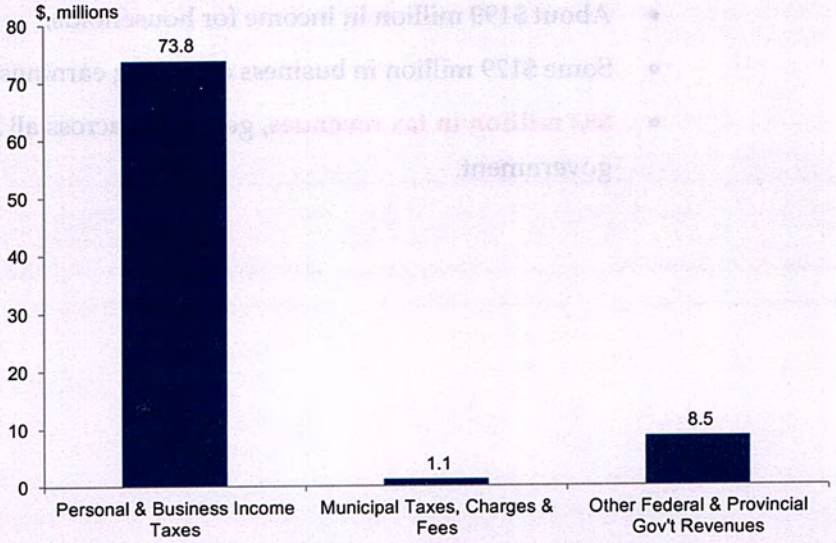
[1] This report is a revised version of a report prepared July 15, 2019. This report reflects an updated development plan made available in December 2019.

Economic Benefits Accruing From Construction & Development Activities



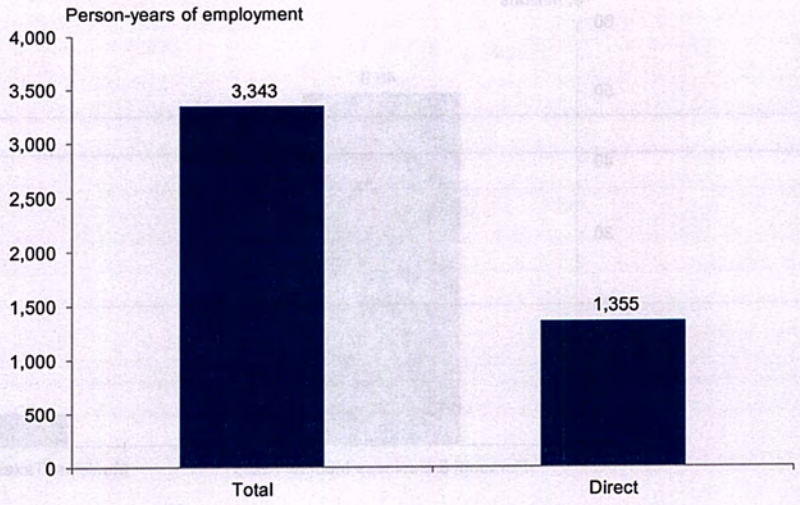
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Government Revenues Generated From Construction & Development Activities



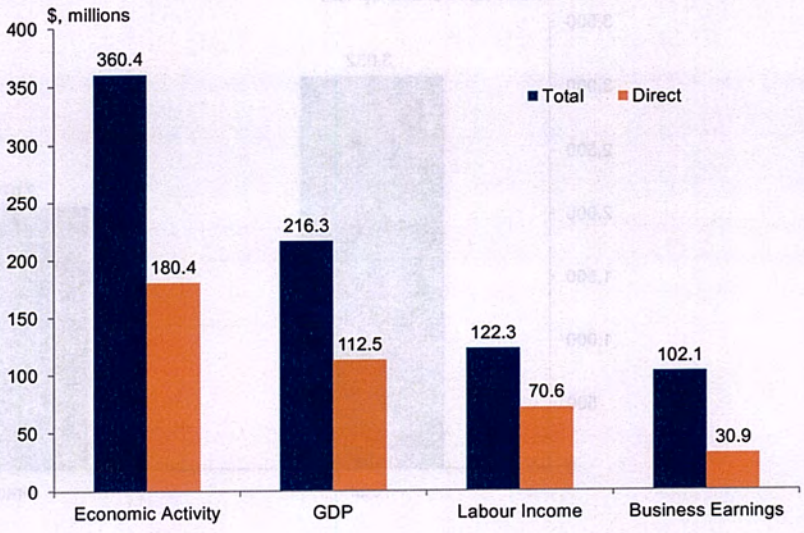
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model and other sources

Jobs Generated From Construction and Development Activities



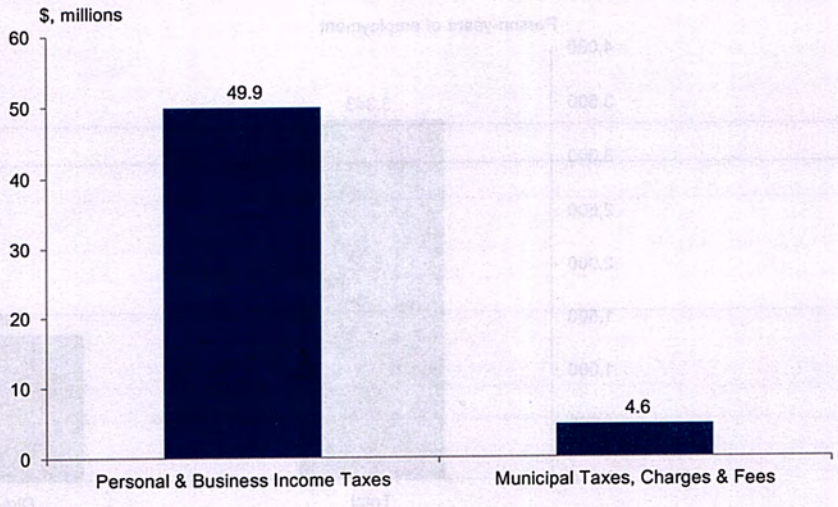
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Economic Benefits Accruing from On-Going Operations



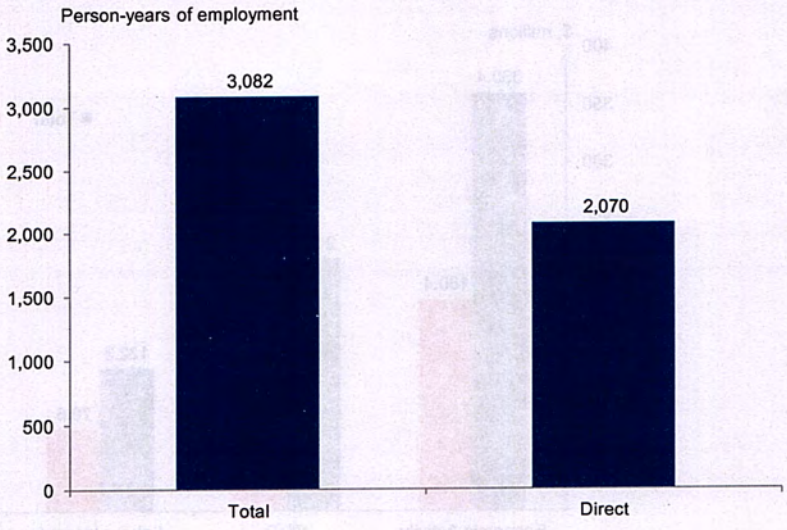
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Government Revenues Generated From On-Going Operations



Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Jobs Generated From On-Going Operations



Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

BENEFITS FROM ON-GOING OPERATIONS

Altus Group estimates that the economic benefits generated from the on-going operation of this newly created development (for a single-year) amounts to:

- About $360 million in economic activity;
- Over $216 million in net contribution to GDP;
- 3,082 person-years of employment;
- About **$122 million in income** by households;
- $102 million in operating business earnings; and
- **$55 million in tax revenues**, generated across all levels of government.

The proposed development will provide an array of other benefits:

- The development will help to the **support development goals** set out in the policies of *OurWinnipeg* and the City's *Complete Communities Plan*;
- The Portage Place Redevelopment features **intensification and high-density mixed-use development that supports and complements Downtown's unique districts, destinations and clusters**, a key objective of Winnipeg's *Complete Communities Plan* for transformative areas within Downtown;
- The new development aims to **create a vibrant, healthy neighbourhood** that improves the quality of life in the area;
- The redevelopment of Portage Place will help to **create a safer and more secure environment** that is more open, better lit and more frequented by pedestrian traffic;
- Various elements of the Portage Place Redevelopment will exhibit the **principles of Crime Prevention Through Environmental Design** (CPTED);
- The high-quality built form, attractive and vibrant pedestrian realm, new office space and alluring retail area **will contribute to the rejuvenation** of Portage Place and the Sports, Hospitality and Entertainment District (SHED);

- The new Class B office space will help to make Downtown the location of choice for both the private and public sectors and will reinforce the downtown's SHED district as a substantial office cluster;
- The creation of new residential units will help the City **accommodate its planned population growth**; and
- An estimated **$12.4 million of potential retail expenditure** will be introduced into the local community and beyond, providing a tremendous boost to the many retailers and personal service providers throughout the downtown core and beyond and **supporting about 222 additional jobs** (direct, indirect and induced) in the economy.

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1 INTRODUCTION

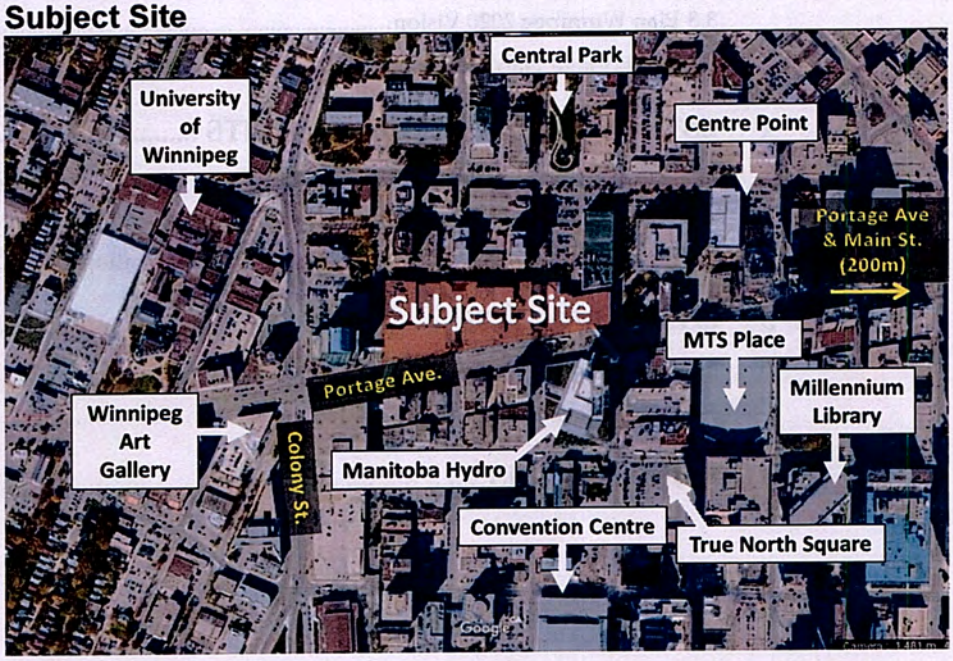
Starlight Investments approached Altus Group Economic Consulting to undertake an analysis of the economic benefits arising from the redevelopment of Portage Place Mall into a mixed-use commercial property with residences in downtown Winnipeg, and the on-going operations of the redeveloped property[2].

1.1 PORTAGE PLACE REDEVELOPMENT

The subject site, municipally known as 393 Portage Avenue is located in downtown Winnipeg's Sports, Hospitality and Entertainment District. The site is bound to the north by The Promenade, to the east by Carlton Street, to the west by Vaughan Street, and to the south by Portage Avenue. (Figure 1)

Figure 1

Subject Site



Source: Google Earth

Uses surrounding "Portage Place Mall" include:

- Residential and Commercial Employment uses to the north;
- Residential, Institutional and Commercial Employment uses to the west;

[2] This report is a revised version of a report prepared July 15, 2019. This report reflects an updated development plan made available in December 2019

- Residential, Commercial and Recreational Employment uses to the east; and
- Residential and Commercial Employment uses to the south.

1.2 THE SUBJECT SITE

The Portage Place Redevelopment will bring revamped commercial space to market and provide residential intensification on the site. The new mixed-use facilities that are planned for the subject site will include retail, office and residential space. The project will add some 528,350 square feet of residential space to the City of Winnipeg, composed of 526 residential units:

- 66 bachelor units;
- 261 one-bedroom units;
- 77 two-bedroom units;
- 62 one-bedroom units with a den; and
- 60 three-bedroom units.

In addition to residential space, the proposed community will include:

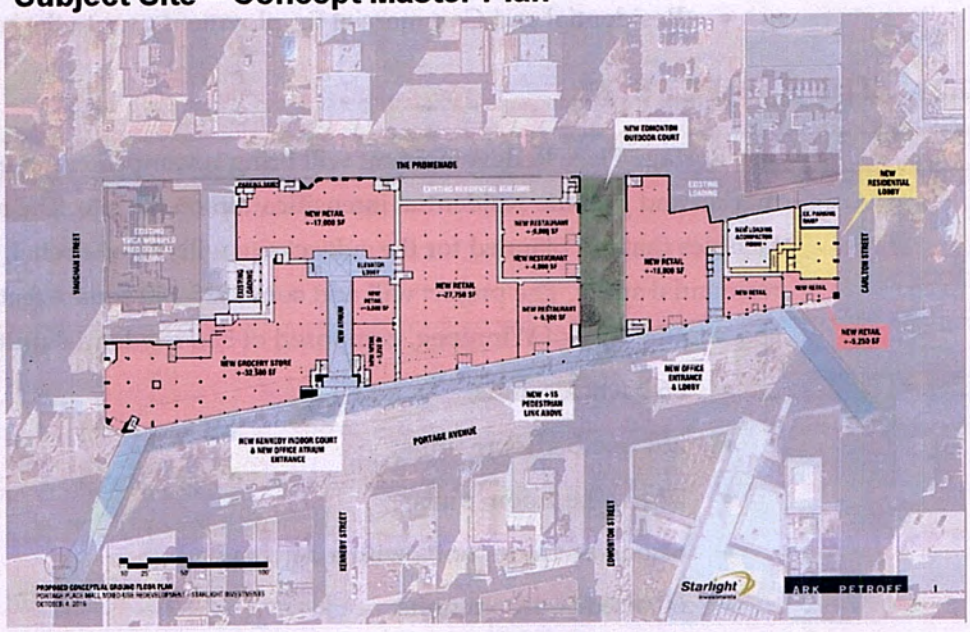
- 147,000 square feet of new retail space;
- 342,050 square feet of new office space; and
- 1,078 below grade parking stalls.

The redevelopment of Portage Place will also include the creation of pedestrian friendly access (i.e. Edmonton Square) to and from the Promenade and Portage Avenue via Edmonton Street.

The high quality built form of the proposed redevelopment and the new alluring walkable street access points between the new main buildings at Portage Place aim to rejuvenate and revitalize a vulnerable community that is in transition. The redevelopment of the existing mall will replace a haven for vice and socially undesirable activity.

Figure 2

Subject Site – Concept Master Plan



Source: Altus Group based on Art/Petroff Ground Level Concept and Google Maps.

1.3 ECONOMIC BENEFITS ASSESSED

This report analyzes economic benefits stemming from the new community. The benefits are generated by:

- **The construction of the project**: The construction of the proposed residential community would contribute significantly to Winnipeg's economy and generate substantial "spinoff" benefits; and
- **The ongoing operations of the property**: Main activities related to the on-going operation of the community include maintaining the property, leasing and property management. In addition, the new employment accommodated by the commercial uses of the development would generate further economic benefits.

Several measures of economic benefits are assessed in this report:

- **Economic Activity:** the volume of goods and services consumed related to the proposed development, including indirect and induced benefits;
- **Contribution to GDP:** the value added component of the economic activities, a measure of the contribution to Gross Domestic Product

from the construction and on-going activities of the proposed development;

- **Jobs**: The number of jobs (person-years of employment) directly and indirectly tied the development, including induced jobs;
- **Income**: The volume of income generated through the construction and operation of the proposed development and income earned by households through wages and other earnings;
- **Taxes, levies and charges**: Estimated taxes, levies and charges generated through construction and on-going operations of the development for all levels of government. Government revenues created from the construction of the development include sales taxes, land transfer taxes, labour and business income taxes, development charges and building permit fees. Government revenues generated from the on-going operations of the facility include property taxes collected from tenants as well as those collected from labour and business income; and
- Other related benefits.

This report presents a review of these estimates. It measures the magnitude of economic benefits to the community from both the construction of the development along with its on-going operation.

This study relies on analysis from the Input Output Model of the Canadian Economy, which is maintained by Statistics Canada.

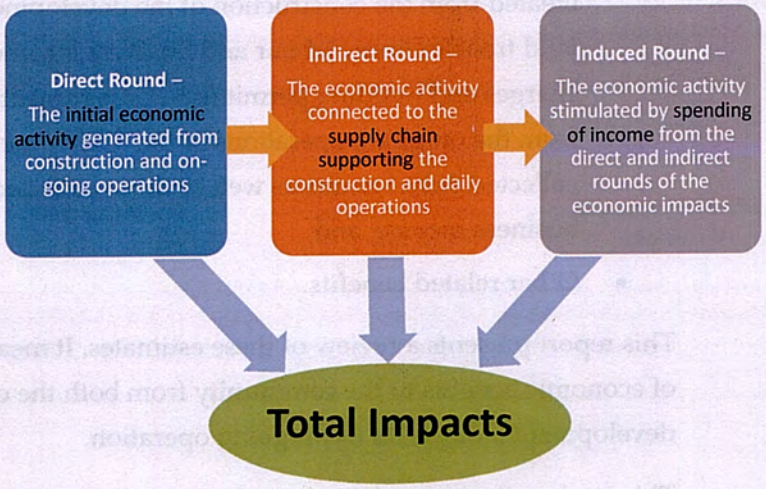
2 CONTEXT BEHIND ECONOMIC IMPACT ANALYSIS

This report presents analysis on economic impacts from the construction and operation of the new community. These measures are estimated using the Input-Output Multiplier Model developed and maintained by Statistics Canada.

The impact of the construction and on-going operation of the new community will take three principal forms:

Figure 3

Three Rounds of Economic Impacts



Source: Altus Group Economic Consulting

- The **Direct Production and Jobs Generated** by expenditures on project construction, and those related to the on-going operation of the development;
- The **Indirect Production and Jobs Generated** from the demand for materials and services used in the direct round of activities. These

indirect impacts also include the subsequent rounds of indirect impacts[3]; and

- In addition to the direct and indirect economic production impacts, many economists point to a third round of **"Induced" Economic Impacts** from an economic event. This third round of impacts acknowledges that the increased production in the direct and indirect rounds will itself spur further positive economic effects through the labour income it creates that ultimately stimulates further economic activity through personal consumption. For example, people directly employed (such as construction workers) will spend part of their income on consumption items such as food, rent or recreation, thus supporting jobs in the economy.

[3] For example, for the residential construction – the first round of indirect impacts are jobs created by companies supplying goods or services to the construction process – such as a steel producer – and the second round would be jobs created by companies supplying goods or services to the steel producer – such as mining companies. Subsequent rounds of impact would be those jobs generated even earlier in the production chain. The same "rounds" of indirect impact also relate to the on-going operations of the development, where the first indirect round would include firms who supply the retailers who will be utilizing the commercial space in the development, who in turn consume other goods and services.

3 PLANNING AND POLICY CONTEXT

This chapter reviews provincial and municipal planning documents and policies relevant to the subject lands and the proposed redevelopment.

3.1 OURWINNIPEG – WINNIPEG'S DEVELOPMENT PLAN

This report reviews relevant policies of Winnipeg's municipal development plan, *OurWinnipeg*, in effect as of June 2011.

OurWinnipeg aims to accommodate growth and change in a manner that ensures that the city stays liveable, affordable and desirable. It promotes the provision of options to accommodate balanced growth. One of the options identified is mixed-use areas, combining residential with retail, office and light industry.

OurWinnipeg lays out an approach to city building that includes various strategies for achieving sustainable development:

> Adopting Complete Communities[4] as the City's land use and development guide;
>
> Endorsing Sustainable Transportation as the primary vision for a transportation master plan;
>
> Ensuring that land use, transportation and infrastructure planning efforts are aligned to identify where growth will be accommodated and how it will be serviced;
>
> Identifying Transformative Areas[5] within the urban structure framework including: the Downtown, Mixed Use Centres, Mixed Use Corridors, Major Redevelopment Sites and New Communities; and
>
> Promoting Compact Urban Form and Managing the Extension of Municipal Services for New Growth.

In recognition of the important contribution of Winnipeg's Indigenous community to its population growth and cultural vibrancy, *OurWinnipeg* also promotes collaboration with Indigenous people as a feature of its planning

[4] Complete communities are places that both offer and support a variety of lifestyle choices, providing opportunities for people of all ages and abilities to live, work, shop, learn and play in close proximity to one another.

[5] Transformative Areas are areas where significant change is anticipated that present the best opportunity for accommodating the most sustainable manner of significant growth and change.

and development framework.[6] The objective is to ensure that all Indigenous residents have opportunities to live, work and play in Winnipeg.

There are a number of key directions within *OurWinnipeg's* development planning framework:

Key Directions for the City of Winnipeg:

- Develop a framework for design excellence that builds on the urban structure and secures Winnipeg's competitive position as a functional, liveable and memorable city;
- Focus future efforts for acquisition, design, development, operation, use and promotion of Winnipeg's parks, places and open spaces within the context of Complete Communities; and
- Support the on-going sustainable development of Winnipeg's urban structure through heritage conservation initiatives that assist in the development of a complete community.

Key Directions for Downtown:

- Promote and enable a mix of residential development options as part of a mixed-use strategy;
- Facilitate the expansion of employment and educational opportunities in the Downtown; and
- Promote exemplary urban design Downtown, with the intent of producing high quality public places (districts, destinations and clusters).

Key Directions for Providing Options to Accommodate Growth:

- Accommodate growth and change in Transformative Areas within the city's built environment including: Mixed Use Centres and Corridors, Major Redevelopment Sites and Downtown.
- Recognize that New Communities will play an important role in accommodating the City's projected population growth.
- Ensure that Winnipeg's Employment Lands provide for a wide range of market opportunities, accommodating new investment and economic development while contributing an abundance of job opportunities for its citizens.

[6] Winnipeg's population growth has outpaced previous forecasts and Indigenous communities, which make up about 12% of Winnipeg's population, has been growing faster than Winnipeg's non-Indigenous population.

Key Directions for Housing Development

- Support diverse housing options in each neighbourhood or neighbourhood cluster throughout the city;
- Support the integration of speciality housing within residential neighbourhoods, with a particular focus on locations near a variety of transportation options;
- Create and maintain vital neighbourhoods; and
- Encourage residential development downtown.

3.2 COMPLETE COMMUNITIES PLAN

Complete Communities is one of four "Direction Strategies" supporting *OurWinnipeg*. It was adopted as the City's land-use and development guide. The subject site is located in one of Winnipeg's designated Transformative Areas within the Downtown – i.e. The Sports, Hospitality and Entertainment District (SHED). SHED is the focal point of the new Portage Avenue Development Strategy to revitalize Downtown Winnipeg.

Organizing Downtown

The overarching direction for organizing development in Downtown Winnipeg is to pursue a focus district, destination and cluster approach to development that will seek to:

- Provide more predictability and opportunity for investment;
- Increase the variety of complementary experiences and opportunities; and
- Help to achieve a critical mass of people-oriented activity that is vital to on-going economic success.

Transformative Areas – Organizing Downtown

The supporting direction and enabling strategies to guide development in Transformative Areas include:

- …Enhancing the identity and character of Downtown's unique districts, destinations and clusters;
- Promoting intensification and high-density mixed use development within Downtown in a way that supports and complements its unique districts, destinations and clusters; and
- Establishing nodes and corridors that complement Downtown's unique districts, destinations and clusters by serving as key

gateways and meeting places and focusing on pedestrian-oriented, active uses.

Places to Live Downtown

The overarching direction for the development of places to live in Downtown Winnipeg is to promote and enable a mix of residential development options as part of a mixed use strategy that seeks to:

- Accommodate the residential needs of a large cross-section of the population;
- Establish a number of thriving 'complete' communities Downtown; and
- Attract additional commerce to the area, leading to active-and safer-downtown streets.

Transformative Areas – Places to Live Downtown

The supporting direction and enabling strategies to guide development in Transformative Areas include:

- Promoting and enabling sustainable, high-density residential development in strategic locations Downtown;
- Supporting the evolution of existing downtown residential neighbourhoods into sustainable, safe and complete communities; and
- Promoting the completeness of established downtown neighbourhood while supporting intensification and densification where appropriate.

Places to Work and Learn Downtown

The overarching direction for the development of places to work and learn in Downtown Winnipeg is to facilitate the expansion of employment and education opportunities Downtown that seeks to:

- Reinforce Downtown's role as a hub for business, for learning, for government and for commercial activity; and
- Capitalize upon Downtown's Strategic advantages.

Transformative Areas – Work and Learn Downtown

The supporting direction and enabling strategies to guide development in Transformative Areas include:

- Promoting Downtown as the location of choice for new office space development for both the private and public sectors;
- Facilitating growth of post-secondary campuses Downtown; and
- Promoting Downtown economic development through retention, recruitment, incubation and development strategies.

3.3 PLAN WINNIPEG 2020 VISION

The City of Winnipeg encourages the integration of Crime Prevention Through Environmental Design (CPTED) principles in its Plan Winnipeg 2020 Vision. "CPTED is the relationship between how space is designed and used and the real or perceived feeling of safety by the user of the space."[7] It is an environmental design approach to crime prevention.

The four principles of CPTED are:

- **Natural Surveillance**: Design space to ensure maximum visibility of activity;
- **Access Control**: Limit and define access to a space as a means to control crime;
- **Territoriality**: Use physical elements to reflect ownership of a place; and
- **Maintenance and Image**: Design space to be easily maintained.

Common CPTED applications also include **landscaping guidelines** aimed at keeping site lines clear, using landscaping to guide pedestrian use, and providing clearly defined edges; and **lighting guidelines** aimed at ensuring a well-lit environment and mitigating vandalism.

3.4 THE PORTAGE PLACE REDEVELOPMENT

The proposed Portage Place Redevelopment project, once completed would help to advance many of the key goals and objectives of *OurWinnipeg* and supplementary planning documents. **It aims to create a vibrant, healthy neighbourhood that improves the quality of life in the area by constructing high density residential units, and preserving and enhancing the property's employment uses.** Portage Place is located in Winnipeg's Sports, Hospitality and Entertainment District, a priority area for development that is in need of rejuvenation and vibrancy.

[7] Appendix R, CPTED Guiding Principles, City of Winnipeg, May 2006.

The existing mall and surrounding area have been victimized by elevated levels of crime and lack transformational community oriented infrastructure. The redevelopment is intended to transform the mall into a place that offers and supports a variety of wholesome lifestyle choices, providing opportunities for people to live, work, shop, learn and play.

The proposed project is transformative and **features intensification and high-density mixed-use development that supports and complements Downtown's unique districts, destinations and clusters,** a key objective of Winnipeg's *Complete Communities Plan* for transformative areas within Downtown. It also promotes completeness of an established downtown neighbourhood and should improve the safety and security of the immediate environs.

The Portage Place redevelopment will help to create a more secure environment that is more open, better lit and more frequented by pedestrian traffic. It will provide walkable, inviting pedestrian space that connects The Promenade with Portage Avenue. This will include public spaces that are visible to passers-by, entrances that are accessible from the public pedestrian realm and ground floors that offer a high degree of transparency.

The new Portage Place mixed-use complex will optimize the use of land and infrastructure by making better use of the site. **It will accommodate balanced growth by providing new high-density, residential space that is complemented by high-quality built-form retail space augmented with new office and institutional space.** The retail space associated with the existing mall footprint will be augmented with about 342,050 sq. ft. of office space. **The mixed-use development will also cater to the expansion of the employment and educational opportunities that are expected in Downtown Winnipeg.**

The propose project will also provide **new office space that helps to make Downtown the location of choice for both the private and public sectors**.

The new mixed-use development will feature a design space that ensures **maximum visibility of activity**; utilizes real or symbolic barriers in order to **maximize surveillance and a feeling of safety**; establishes **lighting that is responsive to the environment** and increases the comfort levels for users;

and provides **open sightlines and good visibility** that demonstrate care and create a safer more comfortable space for individuals.

4 ESTIMATED ECONOMIC BENEFITS

4.1 ECONOMIC BENEFITS ASSOCIATED WITH CONSTRUCTION AND DEVELOPMENT ACTIVITIES

Construction and development activities related to the project will deliver economic benefits by generating:

- About **3,343 person-years** of direct, indirect and induced employment (about 667 jobs per year during the life of the project);
- About **$698 million** in direct, indirect and induced economic activity;
- About **$325 million** in net contribution to GDP;
- About **$199 million** in personal income tied to the creation of direct, indirect and induced jobs;
- Some **$129 million** in operating business earnings; and
- Some **$83 million** in tax revenues and other charges for various levels of government (Figure 4).

Direct jobs and economic activity will result from the construction of the residential towers and non-residential blocks, and the site servicing of the property, including demolition. Land development and infrastructure such as streetscapes and utilities, in addition to activity associated with the 'soft costs' of construction will also contribute to direct jobs and economic activity. Construction 'soft costs' include costs related to planners, architects, City staff and other activities directly tied to the investments planned for the subject site.

Tax revenues and other charges for various levels of government include $73.8 million in personal and business income taxes and well as $9.6 million in property taxes, provincial land transfer taxes, RST/GST and other indirect taxes, charges and fees. Indirect taxes on production include CPP and EI contributions, and an array of municipal fees and taxes such as building permit fees, and application fees.

Figure 4 **Estimated Economic Benefits of Portage Place Mall Redevelopment: Construction & Development Activities, Downtown Winnipeg**

	Direct	Indirect	Induced	Total
Economic Activity ($millions)	329.1	120.2	248.8	698.1
Gross Domestic Product ($millions)	124.3	64.4	136.2	324.9
Number of Jobs*	1,355	738	1,250	3,343
Wages ($millions)	88.3	40.4	70.2	198.9
Business Earnings ($millions)	42.5	23.8	62.5	128.9
Tax Revenue ($millions)				
Personal & Business Income Taxes				73.8
Municipal Taxes, Charges & Fees				1.1
Other Government Revenues				8.5
Total Government Revenues				**83.4**

* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

4.2 ECONOMIC BENEFITS ASSOCIATED WITH ON-GOING OPERATIONS

4.2.1 Economic Activity, Jobs, Earnings and Government Revenues

A range of economic benefits are expected from the on-going operations at Portage Place Redevelopment once completed.

This section contains estimates of the jobs, economic activity, business earning and government revenues that are likely to be sustained or generated annually as a result of the retail spending, property management fees and other commercial activity that will be created from the other retail, recreational and rental spending associated with the proposed offices in the Portage Place Redevelopment.

A significant amount of those economic benefits will result from consumer spending at the retail space provided in the development. Retail spending at retailers located in the Portage Place Redevelopment is likely to support about 341 direct jobs on site.

The ongoing operation of the proposed development (for a single-year) will generate:

- Approximately **3,082 person-years** of direct, indirect and induced employment;
- About **$360 million** in direct, indirect and induced economic activity;
- Some **$216 million** in total net contribution to GDP;
- About **$122 million** in personal income from the creation of direct, indirect and induced jobs;
- Some **$102 million** in total operating business earnings; and
- Approximately **$55 million** in property, business and income tax revenues for all levels of government (Figure 5).

Figure 5 **Estimated Economic Benefits of Portage Place Mall in Downtown Winnipeg: On-going Operations (Single-Year)**

	Direct	Indirect	Induced	Total
Economic Activity ($millions)	180.4	55.5	124.5	360.4
Gross Domestic Product ($millions)	112.5	32.1	71.8	216.3
Number of Jobs*	2,070	341	671	3,082
Wages ($millions)	70.6	17.2	34.5	122.3
Business Earnings ($millions)	30.9	16.6	54.5	102.1
Tax Revenue ($millions)				
Personal & Business Income Taxes				49.9
Municipal Taxes (Property Taxes)				4.6
Total Government Revenues				54.5

* Person-years of employment

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

4.2.2 On-site Jobs

The non-residential space proposed for the redeveloped Portage Place in downtown Winnipeg will support a large number of on-going direct on-site jobs through the retail, office and recreational space in the development. In addition, the residential and non-residential space will generate a certain number of property management related direct jobs on and off site. Figure 6 sets out these estimates.

Figure 6 **Estimated On-Site Jobs by Category and Location (single year)**

	Full Build Out Annual Jobs
Retail	341
Office	1,710
Property Management	18
Total	**2,070**

Source: Altus Group Economic Consulting

4.2.3 The Potential Stimulus to Canada's Retail Sector from Residents of Portage Place

In addition to the retail jobs that are supported on the site through the proposed retail and food services space, the Portage Place Redevelopment will create some stimulus to neighbouring retail establishments in proximity to the site, especially in downtown Winnipeg, across the City of Winnipeg and elsewhere in Canada. The future residents of Portage Place will likely generate some $12.4 million in annual retail expenditures supporting an estimated 222 retail jobs.

Importantly, these jobs will not all be located in the immediate area, as shopping patterns dictate that the impact from spending will be distributed locally, as well as elsewhere in the City, elsewhere in the region and across Canada and even through on-line retailers. But a substantial share of the total spending by future residents of Portage Place will support jobs and economic development in the downtown core.

4.2.4 Potential Retail Sales and RST/GST

The Portage Place Redevelopment will have a retail footprint of about 147,000 sq. ft. and could be expected to gross about $88 million of sales annually and $11.4 million in provincial and federal sales tax.

5 OTHER BENEFITS

5.1 URBAN RENEWAL

The Portage Place Redevelopment will rejuvenate the site and immediate surroundings. It will also preserve employment lands while creating an integrated residential community by providing purpose-built multi-family rental housing and studio units in multi-unit residential buildings. The subject site will comply with the development plans and policies of *OurWinnipeg* and the *Complete Communities Plan*:

- The proposed mixed-use development will be an efficient use of land and infrastructure that prioritises higher densities, while preserving employment lands and providing high quality retail and office space;
- The redevelopment of Portage Place will feature intensification and high-density mixed-use development that supports and complements Downtown's unique districts, destinations and clusters, a key objective of Winnipeg's *Complete Communities Plan* for transformative areas within Downtown;
- The new development aims to create a vibrant, healthy neighbourhood that improves the quality of life in the area;
- The redevelopment of Portage Place will help to create a safer and more secure environment that is more open, better lit and benefits from a higher volume of pedestrian traffic;
- Various elements of the Portage Place Redevelopment will exhibit the principles of Crime Prevention Through Environmental Design (CPTED);
- It will accommodate balanced growth by providing new high-density, residential space that is complemented by high-quality built-form retail space augmented with new office and institutional space.
- The new mixed-use development will also cater to the expansion of the employment that is expected in Downtown Winnipeg;
- The new Class B office space will help to make Downtown the location of choice for both the private and public sectors, and reinforce the SHED district along Portage St. as a vibrant and substantial office cluster; and

- The high quality built form, attractive and vibrant pedestrian realm, new office space and alluring retail area will contribute to the rejuvenation of Portage Place and the Sports, Hospitality and Entertainment District.

The site is part of a Transformative Area within the Downtown. The proposed redevelopment is a more optimal use of the Portage Place Mall lands that leverages the natural assets and locational strengths of the area – e.g. accessibility to transit, proximity to the University of Winnipeg to the west, Bell MTS Place (home of the Winnipeg Jets) and True North Square to the south east, Manitoba Hydro to the south, and Centre Point to the northeast. The proposed redevelopment also addresses City policies to optimize the use of land and infrastructure by making better use of the site, and providing a mix of uses, including office, retail and housing. It will also represent a maximization of the site's potential to accommodate growth.

5.2 ACCOMMODATING PLANNED POPULATION GROWTH

Located in Winnipeg's Downtown Sports, Hospitality and Entertainment District, the Portage Place Redevelopment will help to accommodate Winnipeg's population and employment growth.

According to the City of Winnipeg, the population of the City is anticipated to increase by some 174,000 people from 2008-2031[8] or 7,900 people annually. This translates into the need for about 3,100 dwelling units per year. The proposed development will include some 526 new purpose-built multi-family rental units and studio units. These new units are estimated to accommodate some 868 persons. As a result, the redevelopment of Portage Place will be a contributor in helping to manage the City's anticipated population growth.

5.2.1 Downtown Revitalisation

The City of Winnipeg characterizes its Downtown as "the entertainment, cultural and economic heart of the city and its window to the world". Winnipeg's Downtown has the largest employment concentration with the city's highest density office development complemented by retail and services industries (banking, accommodation and recreation). It offers the

[8] OurWinnipeg 2011, Long-term growth projections for Winnipeg.

broadest range of unique arts, entertainment and cultural opportunities and the city's most significant heritage amenities. However, some communities in the city like the Portage Ellice and South Portage community have been experiencing peculiar challenges associated with their demographics and the high levels of crime.

Crime continues to be a major concern in Downtown Winnipeg, and crime rates rose by about 12% a year over the last four years. In the Portage Ellice and South Portage communities surrounding the Portage Place Mall, crime has increased by an average of 10% a year during the same period. The Portage-Ellis and South Portage community is a vulnerable community in transition that is in need of important investment to help rejuvenate it. The community of about 5,332 people is a low-income immigrant community. Its average household income is $35,617, 60% lower than the city-wide average, and about one-in-two residents are immigrants, compared with one-in-four across the City of Winnipeg as a whole. The Portage-Ellis and South Portage community also has a relatively high share of single-parent households, about 33% compared with 19% for Winnipeg and 16% for Canada.

Despite a number of significant investments with the potential to add vibrancy to the Portage area during the last decade, the existing Portage Place Mall has been a haven for vice and socially undesirable activity. Many downtown residents and workers avoid the existing shopping centre. Additionally, though major investments such as Bell MTS Place and Manitoba Hydro have infused the community with a notable commercial presence, the commercial traffic is transient and in many ways disconnected from the community. MTS Place is an entertainment and recreational facility that attracts thousands of middle and high-income patrons at night, while many of Manitoba Hydro's employees commute into the community for work by day and return to their homes in the evening.

Research has shown that high density urban investment with well-lit walkable areas and public spaces contribute positively to lowering crime in the immediate vicinity. According to Twinam (2017), a critical mass of pedestrian traffic deters crime[9]. He also found that crime rates broadly declined as residential density increases, and concluded that dense mixed-

[9] Danger zone: Land use and the geography of neighbourhood crime, Tate Twinam, Journal of Urban Economics, May 2017.

use areas are safer than typical residential areas. In another study, *Urban Regeneration Initiatives to Tackle Urban Violence, Poverty and Inequality*, it was found that more eyes on the street tend to reduce crime. Moreover, promoting investment in urban revitalization that creates walkable, vibrant neighbourhoods is a crime fighting strategy that has been pursued in cities throughout Canada for decades.

A Residential, Commercial and Pedestrian Boost

The Portage Place Redevelopment will bring revamped commercial space to market while providing residential intensification on the site. The redevelopment will attract approximately 868 residents and over 2,000 employees to the Portage-Ellis and South Portage community, increasing the population of the local community by 16%.

Census of Canada data shows that the Portage-Ellis and South Portage community grew by 1.9% from 2011 – 2016. Apart from diversifying the residential mix of the community, the new mixed-use development has the potential to make a remarkable contribution to the revitalization and vibrancy of a priority area of the City. The proposed investment on the Portage Place site will create a vibrant streetscape, commercial uses at grade and animated sidewalk by providing visibility for pedestrians throughout the site. By removing a harbour for nefarious activity from the community and replacing it with a modern residentially intensive mixed-use plaza with high quality built form and walkable, safer spaces, the redevelopment of Portage Place has the potential to promote urban revitalization and neighbourhood vibrancy.

This new population will also introduce significant new expenditure potential to the local area and beyond. Manitoba's residents spent an estimated $14,777 per person on retail expenditures in 2016[10]. A new population of 868 individuals implies that $12.4 million in new retail expenditures per year could be introduced into the Portage Place community and beyond. This will help strengthen the planned and existing commercial structures in proximity to the Portage Place Redevelopment and generate about 222 direct, indirect and induced jobs across Canada.

[10] This figure is estimated using Statistics Canada's Retail Trade Survey and the 2016 Census of Canada population estimate for Manitoba. Retail trade includes all retail sales classified under retailers, department stores, hardware stores, motor vehicle and parts dealers, supermarkets etc.

6 CONCLUSIONS

The construction of a new mixed-use community on the Portage Place Mall property in downtown Winnipeg will generate substantial economic benefits in terms of jobs, GDP, incomes and tax revenues for governments. In addition, it will bring a host of other benefits including rejuvenating existing employment lands consistent with the goals outlined in the *City of Winnipeg urban planning policies,* and the *Complete Communities Plan*.

Construction and development activities related to the proposed development will create the following benefits in terms of economic impact upon full completion:

- Over **$698 million** in economic activity - **$329.1 million** of which is direct economic activity;
- About **$325 million** in net contribution to GDP;
- About **3,343 person-years** of employment;
- Nearly **$199 million** in income for households;
- Some **$129 million** in business operating earnings; and
- **$83 million** in tax revenues, generated across all levels of government.

It is estimated that the annual economic benefits generated from the on-going operations of the commercial facilities, and the management of the property (for a single-year) amounts to:

- **$360 million** in economic activity;
- Some **$216 million** in total net contribution to GDP;
- About **3,082 person years** of employment;
- Some **$122 million** in labour income; about **$102 million** in business operating earnings; and
- About **$55 million** in tax revenues generated across all levels of government.

Other benefits include:

- The development will help support development goals set out in the policies of *OurWinnipeg* and the Complete Communities Plan;
- The Portage Place Redevelopment features intensification and high-density mixed-use development that supports and complements

Downtown's unique districts, destinations and clusters, a key objective of Winnipeg's *Complete Communities Plan* for transformative areas within Downtown;

- The new development aims to create a vibrant, healthy neighbourhood that improves the quality of life in the area;
- The redevelopment of Portage Place will help to create a safer and more secure environment that is more open, better lit and more frequented by pedestrian traffic;
- Various elements of the Portage Place Redevelopment will exhibit the principles of Crime Prevention Through Environmental Design (CPTED);
- The new Class B office space will help to make Downtown the location of choice for both the private and public sectors;
- The high quality built form, attractive and vibrant pedestrian realm, new office space and alluring retail area will contribute to the rejuvenation of Portage Place and the Sports, Hospitality and Entertainment District;
- The creation of new residential units will help the City accommodate its planned population growth; and
- An estimated $12.4 million of potential retail expenditure will be introduced into the local community and beyond, providing a tremendous boost to the many retailers and personal service providers throughout the downtown core and beyond and supporting about 222 (direct, indirect and induced) in the economy.

Economic Impact Dashboard

The Redevelopment of Portage Place Mall



Jobs*

Construction and Development Phase — 3,343

On-going Operations (per year) — 3,082



Wages and Business Income ($Millions)

Construction and Development Phase — $328

On-going Operations (per year) — $224



Government Revenues ($Millions)**

Construction and Development Phase — $83

On-going Operations (per year) — $55

* Person-years of employment

** All levels of government combined

All values are total economic impact, inclusive of the direct, indirect and induced round of impact.

Based on plan as at Jan. 16, 2020

Key Urban Development Outcomes

- ✓ Accommodating planned population growth: **900 new downtown residents**
- ✓ Boosting downtown businesses: **$15 million in annual consumer spending** by new residents
- ✓ Significant investment in community amenities **improving safety** and **revitalizing a vulnerable neighborhood and community**
- ✓ Significant improved built form reinforcing recent public and private **investments** in the **SHED District of downtown**

Altus Group