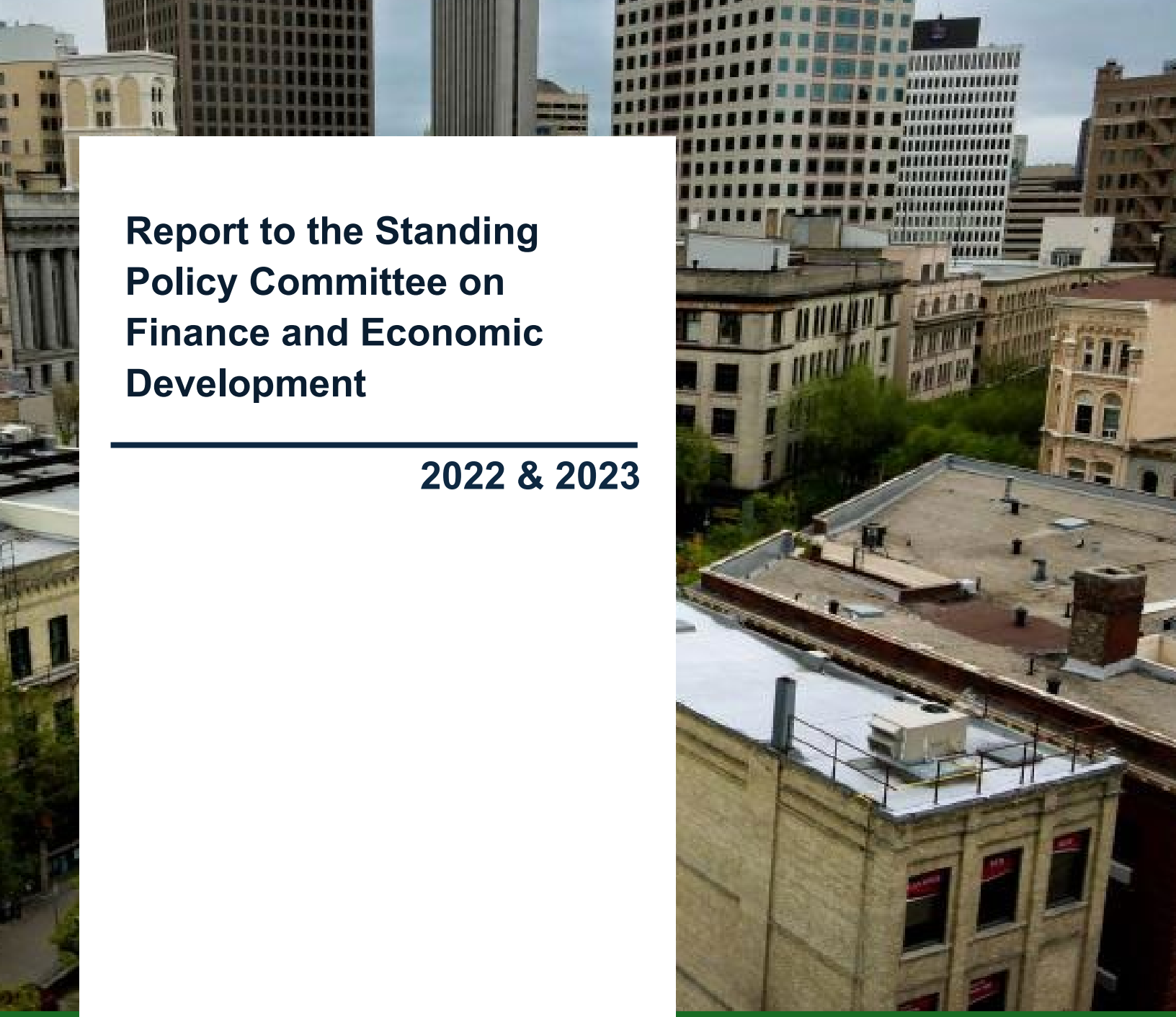


Report to the Standing Policy Committee on Finance and Economic Development

2022 & 2023

SEPTEMBER 16, 2024

centreventure development corporation

Introduction

CentreVenture Development Corporation has previously reported to the Standing Committee annually however, multiple factors, including a Civic Election, subsequent Mayor and Council mandate review for the organization and changes to staffing and the Board of Directors, have delayed submission of CentreVenture's 2022 annual report. Given we are now in the third quarter of 2024 and recognizing the Standing Committee's multiple responsibilities respecting their time, CentreVenture is taking this opportunity to submit a report for both the 2022 and 2023 fiscal years.



As everyone is aware, the Covid-19 pandemic had unprecedented negative effects on economies worldwide, disrupted the workforce and people's lives in general and resulted in high inflation in many sectors of the economy. The construction industry sector was triply affected through supply chain issues, workforce shortages and extreme interest rate hikes. This resulted in inflationary impacts that peaked in 2021/2022 and have not yet returned to pre-pandemic levels. Through 2022 and 2023 there was a noticeable decline in new project starts and projects that were under construction prior to the pandemic experienced delays and escalated costs. This trend appears to be reversing, albeit slowly. All levels of government are planning to or have implemented programs to further economic recovery and in particular, programs to incent the construction of new housing supply. While these government initiatives will have a positive effect on our downtown recovery in future years, we are pleased to report on progress that was made through the difficult times.

Fiscal Year 2022

CentreVenture Governance

For the fiscal year 2022, the CentreVenture Board of Directors and City appointed ex-officio members remained the same as 2021, as follows:

Chair of the Board:	**Mr. Brent Bellamy**		
Board Members:	**Mr. Doug Harvey**	**City Ex-Officio:**	**Mr. John Kiernan**
	Ms. Judy Mathieson		**Mr. Rob Provencher**
	Ms. Kim Jasper		
	Mr. Noli Manalo		
	Mr. Rennie Zegalski		
	Mr. Chris Daly		

Projects

284 William Avenue – Winnipeg Saddlery Heritage Building



In 2021, CentreVenture was advised by City Administration that this heritage building, in the heart of the nationally designated heritage district, was on the verge of collapse and requested the Corporation's assistance in seeking a solution to save the building. CentreVenture was able to negotiate the purchase of the building and proceed to do the urgent work to stabilize it. Upon stabilization, it became apparent that the condition of the building would not be attractive to potential purchasers for re-development. In 2022, CentreVenture undertook a 2nd stage of work to improve the state of the base building. This 2nd phase of work was completed in 2022 however, the building still left much to be desired to list it for sale.



Excavating and stabilizing the basement (before)



(after)

Carriage Works (204-216 Princess Ave.) – Heritage Redevelopment Project



CentreVenture acquired this underutilized heritage property in 2018. To accomplish the redevelopment CentreVenture decided to form a unique partnership between the private, public and not-for-profit sectors. The private developer would own the 77 residential apartments, CentreVenture would own a portion of the commercial units, and the not-for-profit arts groups would be the tenants of the CentreVenture-owned commercial units. CentreVenture raised $550,000 in grant funding and provided a Gail Parvin Hammerquist Heritage Grant



to offset the cost of the development and provide the not-for-profit arts groups with quality, accessible, and highly visible space well below market rental rates.

The redevelopment was completed, and occupancy achieved in March 2022. The grand opening of the AceArt gallery took place in April 2022.

Grand Opening of the AceArt Gallery

Paulin Street Village

This development project is a result of the City declaring a large heritage warehouse and an adjacent surface parking lot as surplus properties and optioning them to CentreVenture for issuance of an RFP for development. After experiencing delays, primarily as a result of the pandemic, the 1st Phase of the Paulin Street Village project was completed in January 2022. The 1st Phase was the redevelopment of a heritage warehouse into 105 rental residential units. The 2nd Phase includes development of 123 rental residential units on the surface parking lot and is expected to be under construction in early 2025.



311 Ross Ave Redeveloped Heritage Building (Phase 1) and New Construction (Phase 2)

Market Lands - Southern Site Development

After completing comprehensive public and stakeholder consultations and conducting a national design competition for the southern development site, the development scheme for this City-owned property was determined. The development will include a mixed-use building containing 95 residential units (51% RGI

affordable) and 18,000 ft2 “Cultural Hub” for local not-for-profit arts and cultural organizations and a stand-alone public market. The mixed-use building will be a zero carbon emissions designed building.

In 2021, CentreVenture entered into a partnership with UWCRC2.0 to form Market Lands Inc. to construct the project and provide ongoing operations management. Unfortunately, the unprecedented inflation caused by the pandemic threatened the viability of the project. Throughout 2022, significant staff time was dedicated to sourcing grant funding/financing and modifying the design to make the project feasible. Failure to bring the project to fruition was not an option for CentreVenture or UWCRC2.0 and by the end of 2022, we were successful in identifying the capital sources to advance the project.
The vision for the public market evolved through 2021 & 2022 as consultation with stakeholders continued. The market building would be “a food & culinary hub establishing the Exchange District as an urban campus for food and agriculture innovation”.

In 2021, CentreVenture had issued an Expression of Interest for the operation of the market and was working with a private sector Alberta-based group as the potential operator. As discussions progressed, in late 2022, CentreVenture reached out to Food & Beverage Manitoba and brought them together with the Alberta group to explore the possibility of developing a private/public partnership to accelerate momentum for the market development. Red River College was also brought into the discussions and expressed a keen interest in collaborating with the group. At the end of 2022, a working group was formed to steward, champion, develop and execute on the vision of the food and culinary innovation hub.



Market Lands – Northern Development Site

Unlike the southern development site where ownership must be retained by the City, the northern development site is optioned to CentreVenture and can be sold for development. In fall 2020, CentreVenture

issued a Request for Proposals. The timing for the RFP was not ideal because of the pandemic and, although proposals were submitted, the land price being offered was depressed to offset the inflation and uncertainty occurring in the construction industry. CentreVenture did not accept a proposal and determined it would be best to hold off marketing the property for sale until the effects of the pandemic could be gauged.

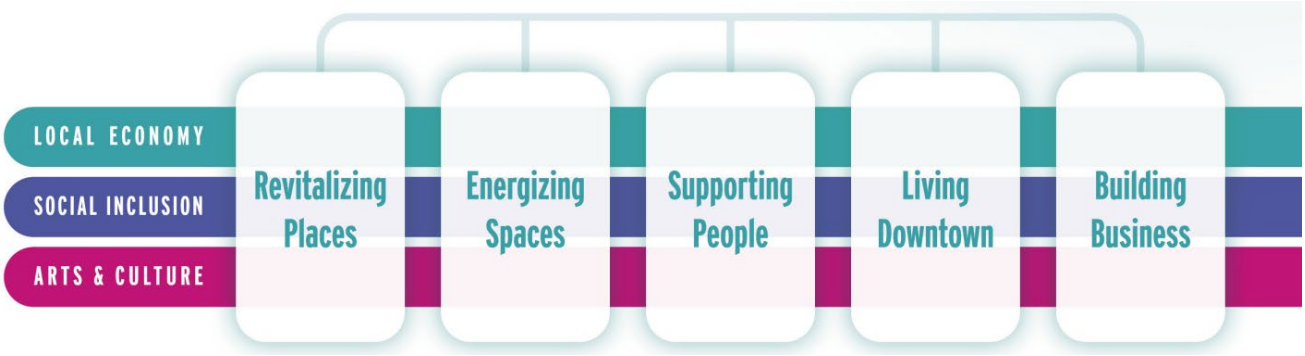
In 2022, CentreVenture reached out to the development community to let it be known the property was for sale and we would review proposals as presented. In mid-2022, CentreVenture entered into an Option Agreement with a private sector developer for 50% of the site for the development of student housing. By the end of 2022, the developer decided they could not proceed with the development due to construction costs and an inability to foster a relationship with Red River College for student housing referrals. No other bona fide interest in the site was generated in this timeframe.

Other Initiatives

The Downtown Recovery Strategy

In early 2021, the negative effects of the pandemic on the downtown were becoming increasingly evident and a working group consisting of the downtown business improvement zones, Tourism Winnipeg, CentreVenture and the City of Winnipeg was formed to evaluate the state of the downtown and formulate a recovery strategy. In fall 2021, a Framework Report setting out a medium-term recovery action plan was finalized and additional stakeholder partners were brough on board to form a Downtown Action Team. The City of Winnipeg provided $10 million of financial support to implement a number of the Actions prioritized in the Framework.

Throughout 2022, CentreVenture continued to provide secretariat support for the group and lead the implementation of a number of the Framework Actions. The City introduced the Affordable Housing Now TIF Program and the HEDI TIF Program to aid in promoting housing development during this period. CentreVenture consulted on the design of these programs and was a primary source of contact with the development community and not-for profit housing organizations to promote the program. CentreVenture also assisted the City with evaluation of the applications.



FISCAL YEAR 2023

CentreVenture Governance

At the end of 2022, four members of the Board of Directors had reached the end of their terms. CentreVenture management and staff sincerely thank Brent Bellamy, Doug Harvey, Judy Mathieson and Kim Jasper for their many years of voluntary service as Board Members. Their knowledge, expertise, advice and decision making provided exemplary governance for CentreVenture.

The vacancies allowed the recently elected Mayor and Council to appoint new Board Members to carry out their vision for the role CentreVenture would be mandated to fulfill in the coming years. Effective February 14, 2023 the Board of CentreVenture is as follows:

Chair of the Board:	**Mr. Brad Zander**		
Board Members:	**Ms. Jeannette Montufar**	**City Ex-Officio:**	**Mr. Matt Dryburgh**
	Ms. Liz Choi		**Mr. Rob Provencher**
	Mr. Mohamed El Tassi		
	Mr. Noli Manalo		
	Mr. Rennie Zegalski		
	Mr. Chris Daly		

In September 2024, Liz Choi resigned from the Board due to time commitment conflicts.

CentreVenture Management & Staffing

Over the past eight plus years, CentreVenture has only employed four full-time staff members and a part-time administrative assistant. In 2023, significant changes occurred with the management and staff of the Corporation:

- Effective June 30, 2023, Angela Mathieson resigned as President & CEO of the corporation.
- Effective June 30, 2023, the Controller of the corporation retired.
- Effective June 30, 2023, the Administrative Assistant retired.
- In January 2023, the Development Officer/Planner went on parental leave with a return-to-work date in July 2024.

The remaining active staff member, the Development Manager, had planned on retiring on September 30, 2023 but agreed to stay on until the corporation could hire a new CEO and appropriate staff.

The Board of Directors was advised by the Mayor's office that a new mandate for the Corporation would be forthcoming. The Board determined it would be beneficial to hold off the recruitment of a President & CEO until a new mandate was approved by City Council. The new mandate for the corporation was not approved in 2023.

Projects

90 Alexander Ave. – The Bend Apartments on Waterfront Drive

In 2020, CentreVenture sold a small parcel of City surplus land on Waterfront and Alexander Ave. to an Alberta development group who had purchased the adjacent property to develop a 206-unit mixed-use rental residential project. CentreVenture provided the Developer with a Gail Parvin Hammerquist Heritage Grant to assist with the redevelopment of a heritage building that was situated on the property and incorporated into the development. CentreVenture also provided some financing for this project which was paid off by the Developer upon completion. With pandemic supply chain issues and increased costs, this project was significantly delayed but finally achieved completion in early 2023.

This is a great project that is making a significant contribution to the continued development along Waterfront Drive.



401 Waterfront Drive – 24 Unit Residential Development

Further north along Waterfront Drive, at the corner of Waterfront and Heaton Ave., there is a small City owned surplus property that is Optioned to CentreVenture. CentreVenture has been marketing this property for development for over a decade and in 2023, accepted an Offer on the property from the same development group that constructed “The Bend” apartment project. The proposed project is for a townhome style development with 24 rental residential units (six of the units will be affordable). The sale of the property will close in 2024 with construction slated to start in early 2025.

This is one more project along Waterfront which is contributing to the vision that was established back in 2004 when Waterfront Drive was constructed.



Market Lands - Southern Development Site

Staff continues to work with our partner, UWCRC2.0, to bring this project to construction. The grant funding and financing for the project has been confirmed and the project was issued a building permit in May 2023. The project was fully tendered by our construction manager and a fixed-price construction contract was signed in December 2023. Construction started on the site in January 2024.



Progress is being made on the market building component of the project. In early 2023, the private sector partner from Alberta decided to withdraw from the working group and now the efforts have been refined to advance a concept being led by Food & Beverage Manitoba.

Food & Beverage Manitoba is an industry-led not-for-profit association launched in 1993 to help Manitoba's food and beverage industry achieve its full creative and competitive potential. The concept being proposed for the market will provide critical infrastructure and support needed for makers and producers to advance their production capacity. And, it will also have a public facing component to showcase Manitoba food production

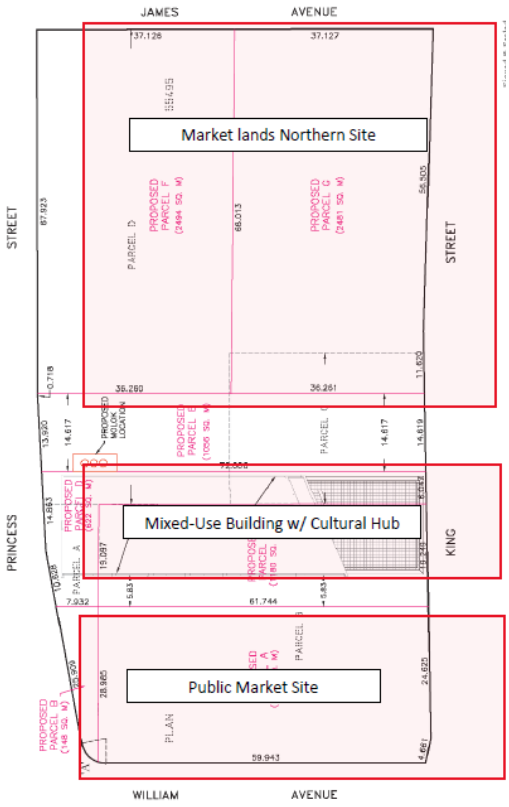
and a food hall with a rotating showcase of Manitoba made products and culinary delights to be shared with the community. It will also include a retail area where Manitoba made food and beverages products will be sold.

Market Lands Northern Site

CentreVenture has conditionally sold the northern development site to Market Lands Inc. The plan for the site is for mixed-use buildings with 260-280 rental residential units (41%+ 69% MMR or RGI), commercial office space that will include 7,000 ft^2 of below market rent space for not-for-profit groups and, a 70-90 placement childcare centre.

Further details of this project have not been released publicly and more information will be provided as plans progress.

The developments underway and/or planned for the Market Lands sites meet numerous City policy objectives and will have such a positive impact on the Exchange District and the downtown in general. It is exciting to see construction underway on the Southern site and the proposed plan for the Northern site is advancing quickly. Advancing these developments will emit a very positive image to the broader community which is much needed following the setbacks experienced during the pandemic.



284 William Avenue – Winnipeg Saddlery Heritage Building



In 2023, the final phase of work was started to bring this unique small heritage building to a marketable condition. It was anticipated the building would be ready to list for sale in late 2023 but, unfortunately, supply chain issues for the custom-made windows and uncooperative weather slowed down the progress. At the date of this presentation, the work is almost complete, the unsightly hoarding will come down and “For Sale” signs will soon be going up. The later timing for listing this building could prove to be beneficial. With construction now underway on the Market Lands Southern Site, the confidence in the area will make the building more attractive to perspective buyers.

Carriage Works – Update on the CentreVenture Owned Commercial Units

CentreVenture owns two of the commercial units on the main floor the heritage portion of this collaborative project. AceArt Gallery has been a tenant in the larger unit since the completion of the project in 2022. A tenant had not been secured for the smaller unit. CentreVenture was aware that the Artspace building at 100 Arthur Street had reached capacity and had tenants looking to expand. CentreVenture initiated conversations with Artspace and since it was never CentreVenture's intent to retain ownership and be a landlord, Artspace agreed to take ownership of the units and the Manitoba Arts Network relocated into Carriage Works. Artspace, whose mandate is to "*improve the efficiency, effectiveness and capacity of Manitoba arts and culture organizations"* is the ideal owner of these cultural spaces.

The Carriage Works multi-sector collaborative project is a success and a model that could be replicated in other properties in the downtown. Cultural/Arts spaces can be brought to the market at affordable rental rates and, the residential developer partner is not obligated to build and manage commercial spaces.

FINANCIAL

Summary of Audited Financial Statements

	2022 AUDITED	2023 AUDITED	2024 FORECAST
Operating Grants	$0	$0	$600,000
Loan/Mortgage Interest Revenue	$34,483	$0	$57,750
Net Rental Revenue	-$39,211	-$133,588	-$138,821
Designated Grants	$950,887	$64,000	$0
Commissions & Recoveries	$511,995	$0	$18,000
Gain Sale of Properties	$0	$98,065	$325,000
REVENUE	$1,458,154	$28,477	$861,929
General Operations	$745,764	$741,401	$512,250
Grants Disbursed	$950,887	$64,000	$0
Other Project Costs	$60,504	$122,852	$58,301
Market Lands Project Investment	$0	$1,010,000	$0
EXPENSES	$1,757,155	$1,938,253	$570,551
SURPLUS/DEFICIT	-$299,001	-$1,909,776	$291,378

Notes to 2024 Forecast:
The negative "Net Rental Revenue" Forecast for 2024 is likely overstated. In 2023, extraordinary expenses were incurred.
The "Gain on Sale of Properties" Forecast for 2024 represents the sale of 401 Waterfront Drive and this is the last City Surplus Property CV has Optioned that will generate revenue.

*** Complete Audited Financial Statements are posted on CentreVenture.com website.*