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BUSINESS

Winnipeg Free Press - PRINT EDITION

Chill feared on inner-city projects

Province yet to act on tax incentives

By: **Bartley Kives**
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Redevelopment of former Penthouse Furniture site may be delayed, Coun. Justin Swandel says. (WINNIPEG FREE PRESS ARCHIVES)

DEVELOPERS may walk away from inner-city revitalization projects if the province takes too long to iron out the details of a new tax-incentive program, city council's downtown development chairman warns.

Late last year, the Manitoba legislature passed legislation meant to attract more development to blighted sections of downtown by offering tax credits for new mixed housing-and-commercial projects or redevelopments of existing buildings. The provincial program would offer education-tax credits to projects that already qualify for municipal property-tax credits under a city program that was introduced in 2007.

But at least three downtown revitalization projects are in limbo until the province reveals exactly how the program will work and who will qualify for the tax credits, St. Norbert Coun. Justin Swandel said on Tuesday.

"We have a number of developers interested in doing something downtown and they're waiting to see the shape of (the program)," said Swandel, referring to a proposed Qualico development in the East Exchange, the redevelopment of the Canada Building on Donald Street and the conversion of the former Penthouse Furniture building on Princess Street into a mixed-use building.

"Will these projects disappear if nothing happens within the next week? No. But there comes a time when they have to pull

the trigger or they lose their pricing."

Both the existing city and proposed provincial programs involve a funding mechanism called tax-increment financing, or TIFs, in which new tax revenues that flow from revitalization projects return to developers.

Right now, the city's version of a TIF offers property-tax credits of up to \$20,000 per housing unit over 10 years in buildings where apartments or condos cost less than \$250,000 apiece. The province wants to match the city's tax credits dollar for dollar, but also wants to ensure its incentives apply to affordable housing.

Matching up those two goals has proved difficult, said Swandel, claiming developers would begin construction immediately if they had confidence their projects would be eligible for the credits.

"We have everybody on hold waiting for the province to bring their TIF stuff out," he said. "They could get going right away."

But a provincial spokeswoman said the city and province are still trying to figure out which buildings would be eligible for the tax credits. "We will get an announcement with the city out as soon as possible," said a spokeswoman for Local Government Minister Ron Lemieux.

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Ross McGowan, the CEO of downtown development agency CentreVenture, said he believes it will take two or three months before the new provincial program will be implemented. But he also said it's possible the tax credits could be applied retroactively, a move that would allow some projects to move ahead now.

McGowan has also mused the provincial TIF program could finally make it feasible to revitalize downtown's Avenue Building, a six-storey structure that sits vacant on a high-profile block of Portage Avenue.

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Republished from the Winnipeg Free Press print edition January 7, 2010 B4

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POSTED BY: **evadwal**
JANUARY 8, 2010 AT 8:07 AM

Move your butts people!! We have a full city block of vacant buildings one block east of the MTS Centre on Portage! It's embarrassing.

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POSTED BY: **Endora Stevens**
JANUARY 7, 2010 AT 11:31 AM

Get the Lead out Province. You are stifling Winnipeg Downtown's attempt for regentrification big time.

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POSTED BY: **Vic**
JANUARY 7, 2010 AT 9:55 AM

Just goofy how the province wants to figure out which buildings the incentive applies to - it should apply to an entire geographic area. The City could then require as the planning approval authority that a percentage of each subsequent development project to be affordable (whatever that means today).

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POSTED BY: **Hotelier**
JANUARY 7, 2010 AT 6:43 AM

Nike coined it: Just do it!

We need to fill any vacant building with people asap, and if developers are ready to start work, this needs to be a priority!

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Posted by: **LWoodie**
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