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Red River revitalization

By: Staff Writer

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FARGO, N.D. -- Spying a stranger sauntering into her coffee shop on the main drag in downtown Fargo, the clerk can't seem to resist a little Prairie self-deprecation.

"Hope you aren't blinded by our dazzling skyline," she says, offering up the same sort of unnecessary apology you often hear in Winnipeg.

Ironically, I'm actually in North Dakota's largest city precisely because of the dazzling progress taking place in its historic core.

Once an empty collection of warehouse buildings shunned by locals and Canadian tourists alike, downtown Fargo has quietly undergone a renaissance over the past decade.

A five-block stretch of Broadway, the primary pedestrian-friendly artery, is lined with independent retail stores, restaurants and condos, most of them new. Some condos on adjacent streets are now selling for more than US\$400,000.

The Broadway streetscape, meanwhile, has been spruced up to the tune of US\$7 million. And it's anchored by a project that should serve as a model for Winnipeg hoteliers hoping to rehabilitate the St. Charles Hotel and Royal Albert Arms.

On the corner of First Avenue stands the stylish Hotel Donaldson, a 17-room boutique hotel that National Geographic Traveller recently named one of North America's top 150 places to stay.

Eight years ago, the Donaldson was a sketchy "character hotel" that served as long-term housing for low-income residents. Guests now spend US\$170 to US\$330 to spend a night in the Donaldson, whose walls are lined with the work of Fargo-area artists and whose amenities include a spa, a funky street-level lounge and a restaurant specializing in regional cuisine.

To Winnipeggers obsessed with the endless efforts to revitalize our own enormous downtown, the progress in much smaller Fargo is both impressive and perplexing.

That's because the main stimulus for downtown Fargo's revitalization is a combination of city and state tax incentives that have yet to make their way downstream to Winnipeg.

Back in 1999, the North Dakota state legislature approved the creation of a 20-block "Renaissance Zone" in

downtown Fargo, offering a battery of tax incentives to people who purchase, renovate or even rent properties within the area.

Entrepreneurs who build or rehabilitate inside the zone get a five-year city property-tax holiday on the value of any improvements to their properties, plus a five-year exemption on state income tax derived from businesses at that location.

More amazingly, people who purchase condos within the zone also get the state income tax exemption, though it must be pointed out North Dakota has a lower income-tax regime than Manitoba.

Nevertheless, the results have been dramatic. No less than 172 projects have been approved within the Renaissance Zone since 2000, including 67 new housing units, according to senior Fargo planner Bob Stein.

More amazingly, the assessed value of those properties has mushroomed from \$15,000 -- essentially, virtually worthless -- to approximately \$75 million, Stein claims. Most are still enjoying property-tax holidays but the city has started seeing more revenue.

"When you bring in tax incentives, you start earning more money very quickly," Stein says. "Our downtown is actually growing, and you don't see that in many cities."

Eight years into its 15-year mandate, Fargo's Renaissance Zone now encompasses 38 city blocks. State legislators who were initially leery of the zone -- mostly due to the urban-rural cultural divide in North Dakota -- now embrace it as a success story, says Jim Gilmour, Fargo's planning director.

The revitalization would not have happened without the combination of city and state incentives, he insists.

It's a far different story from Manitoba, where the provincial government is reluctant to add education-tax incentives to Winnipeg's existing property-tax incentives for mixed-use and multi-family dwellings.

The project-by-project revitalization of downtown Fargo has accomplished more in eight years than any government megaproject, Gilmour says.

"Instead of hitting a homer, we're hitting lots and lots of singles," he says, claiming Fargoans now see their downtown in a new light.

"People say it to me all the time: 'Boy, I remember when downtown was such a dive,'" says Karen Stoker Burgum, the plucky owner of the Hotel Donaldson, which now serves as a symbol of Fargo's revitalization.

"Responsibility is not the right word, but I wanted to do something for this city," she says. "It really does take a spark."

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WINNIPEG

City population: 658,200.*

Metro population: 719,200.*

Size of downtown: Three square kilometres.

Downtown tax-incentive zones: None.

Downtown development agencies:

CentreVenture (primary); Forks-North

Portage Partnership and Winnipeg Partnership Agreement (secondary).

Downtown development incentives:

City property-tax credits for mixed-use and multi-family dwellings; city heritage conservation tax credits; gap financing from CentreVenture's urban development bank.

CentreVenture-supported projects

(since 1999): No less than 77, including 28 through the urban development bank, 26 with the help of heritage tax credits and 23 abandoned lots or buildings sold to private developers.

New downtown residential units (since 1999): Approximately 600.

High-profile projects (since 1999):

Red River College's downtown campus, Waterfront Drive, MTS Centre, Manitoba Hydro headquarters.

FARGO

City population: 90,056.**

Metro population: 174,367.**

Size of downtown: One square kilometre.

Downtown tax incentive zones: A

38-block Renaissance Zone.

Downtown development incentives:

City property tax credits for rehabilitation

and construction projects inside

Renaissance Zone; State income-tax

credits for historic properties inside

Renaissance Zone; state income-tax

credits for businesses and residential

property owners inside Renaissance

Zone.

Renaissance Zone projects (since

2000): 172.

New downtown residential units (since

2000): 67.

High-profile projects (since 2000):

Broadway streetscaping, Hotel Donaldson

redevelopment.

* 2008 Statistics Canada projection

** 2006 U.S. Census Bureau estimate

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