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Tax plan could renew downtown

By: Stefano Grande

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Our politicians are considering an important economic development tool for urban renewal, one that could transform our downtown into the kind of place to work and play that Winnipeggers deserve.

The provincial government has announced the creation of Bill 46, the Community Revitalization Tax Increment Financing (TIF) Act.

This policy is a bold step, and it's the approach that's needed. As witnessed in the United States, where legislation has been embraced for more than a decade, it works to expedite planned revitalization.

Under this TIF policy, provincial tax dollars would be used as upfront funding for development projects downtown. The projects then gradually repay these debts through increased property tax revenues that flow as a result of the TIF-funded improvements.

The TIF policy is needed because, in weak real estate markets, the cost of acquiring, renovating or constructing buildings usually exceeds what they are worth. Why would a developer take on a project that will end up losing money? No profit, so no go.

That's where government steps in, to bridge the market gap.

As some downtown buildings continue to sit derelict or underused, no level of government collects significant taxes, they do nothing to grow the surrounding real estate market and additional taxes that would come with it. In the meantime, degraded properties create safety and image concerns.

The bill requires the province to commit to foregoing 20 or more years of incremental tax revenues. It makes business sense to do so; in the absence of improvements, government revenues would be flat anyway.

Through TIFs, taxes go up in the immediate areas. And while these taxes for a time are used to pay off the public investments, and don't go into the government's general coffers, the TIF-enabled development project is stimulating new real estate and vibrancy in our downtown.

In addition to encouraging downtown development, TIFs could pay for significantly upgrading downtown infrastructure. Taxes raised can also go toward improvements for parks, curbs, sidewalks, parking structures, street lighting, landscaping, and other strategic public investments.

TIF legislation offers exciting possibilities, but it has to be executed properly and only used for the reason intended. That reason is to stimulate development that would not have otherwise occurred, in a manner that builds the most exceptional urban environment possible. Our city deserves nothing less.

There are some key points that need to fall into place for this to happen. Our American counterparts have found that utilizing TIFs to fund the redevelopment of districts is a far superior approach to growth, economic development and overall revitalization as opposed to a building-by-building approach, with no end goal other than development.

These district development plans need to be created by the business, property and residential stakeholders of

that neighbourhood, under the support and guidance of all public agencies.

Main Street is starting to re-emerge as an exciting district, and with the right vision and plan led by CentreVenture, it can once again claim its rightful place in the downtown. The amount of energy and entrepreneurial spirit in Chinatown, if harnessed, could lead to a must-visit locale for the public and tourists. The Exchange District has huge potential to grow as a first-class historical warehouse district. The opportunities that transit-oriented development provides for Portage and Graham avenues, too, are significant. I believe there will be a day when people will not just come to the downtown, they will come to Chinatown, the entertainment district on Portage, and the hip neighbourhood of Graham Avenue.

If we paint the picture of what the area should look like, through a district development plan, developers can immediately see how their project could fit in. These types of development projects should be given priority to access public TIF funds. Seeing the plan upfront will also help developers negotiate the red tape of getting a development approved.

Like any new policy or program, there are always questions regarding proper implementation, and how a new project fits with the needs of the community. Our American counterparts have found community involvement and education throughout the process is fundamental to success, as it creates transparency and, more importantly, forces accountability.

It would seem that government is beginning to understand the depth of the revitalization challenge and the need for a long-term commitment.

With this bill, the provincial government has laid the groundwork for a more entrepreneurial and planned approach to downtown development.

A properly implemented TIF would allow our downtown to continue moving towards becoming a vibrant and wonderful place that all citizens and visitors can enjoy sooner.

Stefano Grande is the executive director of the Downtown BIZ.


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