

DEVELOPMENT CORPORATIONS
AS AN ALTERNATIVE APPROACH
TO DOWNTOWN REVITALIZATION

by

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B.A., UNIVERSITY OF VICTORIA, 1978

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A thesis submitted to the Faculty of Graduate Studies of
the University of Manitoba in partial fulfillment of the requirements
of the degree of

MASTER OF CITY PLANNING

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Supervisor: Professor Kent Gerecke

ABSTRACT

The purpose of this thesis is to assess the effectiveness of a downtown development corporation as a means to implement redevelopment of the downtown and then to compare it with other approaches to downtown revitalization.

The logic of the inquiry begins with an examination of the social, economic and physical factors that create areas of decline in the downtown area. The North Portage Area in Winnipeg is used as an illustrative example.

Two approaches to downtown revitalization are then reviewed. These are urban renewal and large scale private projects. This review is based on a review of relevant literature and case studies in Vancouver, Montreal and Halifax. The thesis then proceeds to review development corporations from a conceptual viewpoint and compare its effectiveness to urban renewal and large scale projects. The concept of a development corporation is based largely on the review of other development corporations, particularly the New York State Urban Development Corporation and the North Portage Development Corporation in Winnipeg.

Case studies of development corporations are then reviewed in order to examine development corporations in practise. The development corporations reviewed are the new York State Urban Development Corporation; the Portland Development Commission, Portland, Oregon;

B. C. Place Development Corporation, Vancouver; North Portage Development Corporation, Winnipeg; and the Harbourfront Corporation, Toronto.

The major findings of the thesis centre on the effectiveness of development corporations to encourage revitalization of declining areas. As with urban renewal and large scale projects, the emphasis of development corporations is on the physical and economic elements. Less emphasis is placed on addressing the social problems of an area. The major positive feature of development corporations is the emphasis on encouraging private investment through the employment of leverage. In order to accomplish this, the development corporation may be established as a semi-autonomous body.

As with the two other approaches to revitalization reviewed in the thesis, development corporations do not incorporate a great deal of public participation. This is largely a result of their intention to operate in a 'business-like' manner.

The review of the case studies and the comparison to urban renewal and large scale projects indicates that development corporations are an effective means of facilitating revitalization. They provide public input and control while encouraging maximum private sector involvement.

In order for a development corporation to maximize its potential to promote and implement downtown revitalization, a number of conditions should be present. These requirements are:

- 1) The objectives of the development corporation should be specific, particularly at the outset.

- 2) Ensure adequate funding for the various programs.
- 3) Include public participation, especially where residential areas are involved.
- 4) Operate within a comprehensive program that addresses the social and economic problems which are beyond the scope of a development corporation.
- 5) Establish performance criteria in return for assistance.
- 6) Evaluate if estimated leverage of private investment is sufficient.
- 7) Undertake impact assessment on the surrounding area.
- 8) Determine whether development corporation should exist as a city agency or separate agency.

Development corporations pose some implications for the traditional approach to planning. Planning usually focuses on analysis and development of policy with few resources for implementation. Development corporations address this shortcoming and therefore offer an effective means of implementing planning objectives.

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CHAPTER 1

Introduction:

The purpose of this thesis is to assess the effectiveness of a downtown development corporation as a means to implement redevelopment of the downtown and then to compare it with other approaches to downtown revitalization.

Related Literature

In recent years much research has been done on the changes occurring in many downtown areas with respect to the decrease in residential and retail uses and the increase in office uses. This trend has been due in large part to the expansion of suburban residential areas and the proliferation of shopping centres. A report prepared by Klein and Sears in 1974¹ for the City of Toronto Planning Board identified the need to strengthen the residential component in the Toronto downtown in order to re-introduce diversity to the area. A later study by Wright, Mansell and Associates in 1978² for the City of Calgary Planning Department reaffirmed the need for housing in the downtown Calgary as a means to introduce diversity. The study also points out the potential for reduced pressure on the transportation system as a result of less commuter traffic.

¹Klein and Sears, Core Area Housing Study (Prepared for the City of Toronto Planning Board: 1974, p.p. 17-24).

²Wright, Mansell and Associates, The Economics of Downtown Residential Development. (Prepared for the City of Calgary Planning Department: 1978) p.p. 21-32.

The Wright, Mansell study concludes that, in the private market, downtown residential housing is not economically feasible unless some types of concessions are made to developers. Furthermore William Michelson³ surveyed developers of residential buildings and found that, in the private market, downtown housing that is constructed is economically feasible only if directed towards the high income residential market.

The urban renewal movement of the 1960's was a common method of revitalizing the deteriorated areas of downtown. Urban renewal often involved large scale demolition of buildings for redevelopment. Problems arose as a result of opposition from neighbourhood groups who objected to the demolition of neighbourhoods and to the displacement of residents.

Another approach to revitalizing the downtown is the major development project which is intended to bring businesses back to the inner city. Such projects as the Cornwall Centre in Regina, Saskatchewan, focus on the provision of retail and office space but have no provision for housing.

Downtown development corporations were first used in the United States as an alternative to the urban renewal process. State legislation gave development corporations wide ranging powers which enabled them to acquire land, to borrow funds on the private market and, most importantly, to operate in a quasi-autonomous manner.

³Michelson, William, Environmental Choice, Human Behaviour and Residential Satisfaction. (New York, Oxford University Press: 1977).

In Canada, as early as 1969, the recommendation was being made that a development corporation was the most appropriate choice as a means of bringing together public sector objectives and private sector development.

In 1969 the Department of Environmental Planning⁴ in Winnipeg prepared a report for the Metropolitan Corporation of Greater Winnipeg that recommended, as a part of the revitalization of the downtown, a development corporation be established to undertake land acquisition and construction of public facilities such as parking structures and covered walkways.

Significance of Thesis

This research has been undertaken because none of the literature reviewed examined critically the downtown development corporation as a means to revitalize the downtown and such a study might prove useful, especially to those contemplating initiating a development corporation. This thesis provides details of the concept of a development corporation and reviews the essential elements necessary for it to be successful.

Logic of Inquiry

The initial inquiry into development corporations was prompted by the recommendation that the redevelopment of the North Portage area in downtown Winnipeg be undertaken by a development corporation. The

⁴Department of Environmental Planning, Downtown Winnipeg (Report prepared for the Metropolitan Corporation of Greater Winnipeg: 1969)

objective of encouraging new commercial and residential investment in the area through the use of a development corporation held promise for implementation of change. Other methods, such as the policy statements of the Downtown Winnipeg Report in 1969⁵ and the Winnipeg Development Plan Review in 1980⁶ had not been successful in initiating redevelopment. It appeared that the traditional approach of issuing planning documents, which are supposedly endorsed by City Council, would not be sufficient to initiate the redevelopment of North Portage.

In order to more thoroughly assess the effectiveness of a development corporation, the concept needed to be developed more fully. How does the development corporation address the critical physical, economic and social issues concerning the inner city? This is assessed on the basis of its management structure; methods of funding; types of assistance and external relations to other levels of government and the public.

Also of importance are the forces that lead to the establishment of a development corporation. Why does the fact that an area is declining require intervention in the form of a development corporation? Furthermore, why is it necessary to utilize a development corporation rather than relying on established agencies? The reasons for establishing a development corporation are important in terms of clarifying its objectives.

⁵Metropolitan Corporation of Greater Winnipeg, Downtown Winnipeg. (Report prepared by Metropolitan Corporation of Greater Winnipeg Planning Division: 1969).

⁶Winnipeg Development Plan Review Study Team, Plan Winnipeg, Summary and Recommendations of the Study Team. (Winnipeg: 1980).

If development corporations are to be considered as a means of revitalizing the downtown, then an indication of their ability to do so could be provided through comparison with other approaches to downtown revitalization. Two approaches that involve major downtown redevelopment are the urban renewal program and the development of large-scale private developments. The dichotomy of these two approaches provides a useful basis for comparison to development corporations.

After having developed the concept of a development corporation and evaluated its effectiveness, there remains the need to examine development corporations in practise. The New York State Urban Development and the Portland Development Commission provide examples of development corporations in the United States, which is where the concept originated. In the Canadian context, the focus will be on the North Portage Development Corporation in Winnipeg, but also the Harbourfront Corporation in Toronto and B. C. Place in Vancouver.

The conclusion of the thesis involves a return to the initial inquiry--Are development corporations an effective means of implementing redevelopment? In answering this question, there needs to be clear terms of reference as to what constitutes an effective development corporation. Does it adequately provide for public participation? What is a suitable leverage ratio for the public expenditure involved? A critical perspective is necessary in order to determine if it is advantageous to utilize development corporations rather than other approaches to downtown redevelopment.

In a broader sense development corporations also have implications for planning. Is this a means for implementing planning

policies where other traditional approaches such as zoning have been unsuccessful?

The forte of planning has been its comprehensive approach to establishing policies and guidelines for development, but there is often a lack of means of implementation.

Organization of Thesis

Chapter 2 provides a background to the critical issues concerning the inner city. Four types of inner city areas will be discussed. These are areas of stability, revitalization, decline and massive redevelopment. A more detailed analysis will be done on the areas of decline. Also included is the negative impact of the suburban shopping centre on the retail sector of the inner city. The Polo Park Shopping Centre in Winnipeg, Manitoba, will be used as an example of the impact of a shopping centre on the inner city.

Chapter 3 contains a critical review of two other approaches to downtown revitalization--the urban renewal projects of the 1960s and the single major development project. Both of these approaches will be reviewed in terms of their successes and failures in revitalizing the downtown.

Chapter 4 details the purpose and organization of the development corporation in order to demonstrate how it functions and how it is able to bring about revitalization. Two critical aspects of this chapter are an examination of the requirement of the corporation to be quasi-autonomous and of the extent to which it meets social objectives for the downtown.

The use of development corporations will be compared to the urban renewal and the major development project described in Chapter 3 to determine if and how development corporations are more effective in bringing about downtown revitalization.

Chapter 5 provides examples of development corporations to illustrate the concept of a development corporation in practice and to review their 'track record'. The United States examples that will be reviewed are the Portland Development Commission in Portland, Oregon and the New York State Urban Development Corporation, which was dismantled in 1975 but still merits review.

The Canadian example primarily will be the North Portage Development Corporation in Winnipeg, Manitoba, because it most closely resembles the theoretical concept of a development corporation. Also included is the Harbourfront Corporation in Toronto and B. C. Place in Vancouver.

Chapter 6 is the conclusion to the thesis which endeavours to answer the question: "Are downtown development corporations an effective means of downtown revitalization?", having critically analyzed the concept of a development corporation and compared it to other approaches to downtown revitalization and having reviewed case studies.

A secondary purpose of this concluding chapter is to illustrate the critical elements of a development corporation for those people considering its use. Essential to the success of a development corporation is its structure and also its quasi-autonomous status, although this very same element may cause concerns regarding accountability.

Critical Issues Concerning the Inner City

The inner city can be described in terms of four different areas, each of which exhibits distinctive characteristics. These are areas of decline, areas of stability, areas of revitalization and areas of massive redevelopment. Each of these will be described later in the chapter.

These areas are all experiencing changes to their physical, social and economic structure. The areas that pose the most critical issues are areas of decline and areas of massive redevelopment. The issues concerning the areas of decline such as deterioration of buildings and the loss of businesses are explained in this chapter. The issues concerning massive redevelopment of downtown sites for office and retail projects are detailed in Chapter 3.

The area of Winnipeg's inner city, known as "North of Portage" is an area of decline. It is used as an example of the problems experienced in such areas. These problems have persisted in large part because of the lack of public sector response.

One external factor which accelerated the decline of the retail sector of the inner city is the suburban shopping centre. The ability of the suburban shopping centre to compete with the inner city and the resulting vacant buildings and decreased land values of the inner city will be described. The Polo Park shopping centre in Winnipeg will be used as an example of the impact of shopping centres on the inner city retail sector.

2.1 Definition of Inner City

Before discussing the inner city, it is important to establish a working definition of the inner city. For the purpose of this thesis, inner city refers to the central business core and the immediate surrounding residential areas. Leonard O. Gerlter and Ronald W. Crowley¹ have identified four types of areas in the inner city. A city will exhibit at least two of these types.

The first type is the area of decline. Initially there is a general loss of population and businesses. Without these vital elements the area then becomes unattractive to new residents. The population changes from families to the elderly and low income groups such as single parents and, in the case of many cities, Native Indians. Housing begins to show signs of physical decline because of fewer resident homeowners. Commercial buildings begin to show signs of physical decline due to vacancies and poor cash flow from lower rents. There is little pressure for redevelopment as the private sector is unwilling to enter into an area that is considered unattractive.

The second type is the area of stability. These are the working class neighbourhoods with their strong ethnic communities. The level of population remains stable. There is a high incidence of homeownership and the homes, although older, are well maintained. The commercial businesses operate in small neighbourhood centres providing services such as grocery stores and restaurants. These businesses tend to be stable, long term tenants.

¹Leonard O. Gerlter and Ronald W. Crowley, Changing Canadian Cities: The Next 25 Years (McClelland & Stewart Ltd, Toronto: 1976) p.p. 322 - 341.

These areas of stability with their vibrant and healthy neighbourhoods serve an important role as examples of how the inner city can be an attractive place to live. However they can easily become areas of decline as a result of major traffic thoroughfares cutting through them or the encroachment of adjoining areas of decline.

The third type is the area of revitalization. These are working class neighbourhoods which become popular places to live for higher income professionals. These people are attracted to the single family homes which are in good condition and are located close to the office and business centre of the inner city. The gentrification of these areas causes conflicts between existing residents, who often have a strong sense of community, and the 'newcomers'. The influx of higher income groups into these neighbourhoods also results in a displacement of low income rental accommodation as houses that had been converted to multiple tenancies are converted back to single family dwellings. An attempt in Toronto to integrate the two groups into a mixed residential neighbourhood proved unsuccessful and low income renters continued to be displaced.

The fourth type is the area of massive redevelopment. This is characterized by an influx of high rise apartments, with the tenants being single persons and young couples. This area has already experienced a loss of families as existing housing is redeveloped. The result is the entire residential character begins to change from stable families to non-family tenants which reduces the sense of community in the area.

There is high pressure for commercial development which is characterized by major office developments and retailing centres which often include a major office component. This increased demand for development drives land prices up which in turn drives out the pre-existing residential and commercial components which make up neighbourhoods.

It should be apparent that areas of decline and massive redevelopment pose the most critical issues in terms of their physical, economic and social impact on the inner city. Areas of decline will be reviewed in greater detail in this chapter. The issues concerning areas of massive development are reviewed in Chapter 3.

2.2 Areas of Decline

Areas of decline are going through a process which happens to most inner city areas. The Institute of Urban Studies in Winnipeg describes it as a life cycle, beginning with health and growth, then relative stability and finally transition and decline².

The transition from stability to decline happens first to the marginally stable areas. The general inner city trends of decreasing population along with decreasing retail and commercial activity leaves these areas ill-prepared to contend with decreasing land values and vacant buildings.

The areas of decline described previously in the four typologies of inner city areas presents a distinct image. The deteriorating buildings, the vacant storefronts and the high percentages of elderly

²Institute of Urban Studies, Housing: Inner City Type Older Areas (Report undertaken as part of Winnipeg Development Plan Review: 1979) p.12.

and low income residents presents a negative image. This negative image impacts on other downtown areas and the city in general. Downtown businessmen become concerned because they do not want to be associated with a declining area that is perceived to be unsafe and unclean. Members of the general public become concerned that the vitality and the general image of the downtown is eroding. This perception leads people to avoid the area, which only serves to perpetuate the negative image of the area.

The municipal government may become involved in response to its own evaluation of the area, as well as from pressure exerted by businessmen and members of the public. A number of the downtown development projects which have been publicly initiated, such as Town Square in St. Paul, Minnesota and the North Portage redevelopment in Winnipeg, Manitoba, are an attempt by the public sector to upgrade the image of declining areas, which in turn will contribute to making the entire downtown more attractive.

The need for public sector involvement may also be necessary if the private sector is demonstrating an unwillingness to invest in the redevelopment of a declining area. This is especially critical in slow growth periods when new investment is sluggish. The North of Portage area in Winnipeg is an example of a declining area that in the past was unable to attract new investment. The situation was further exacerbated by a municipal government which did not become directly involved in facilitating redevelopment. As a result the physical, economic and social conditions in the area continued to decline.

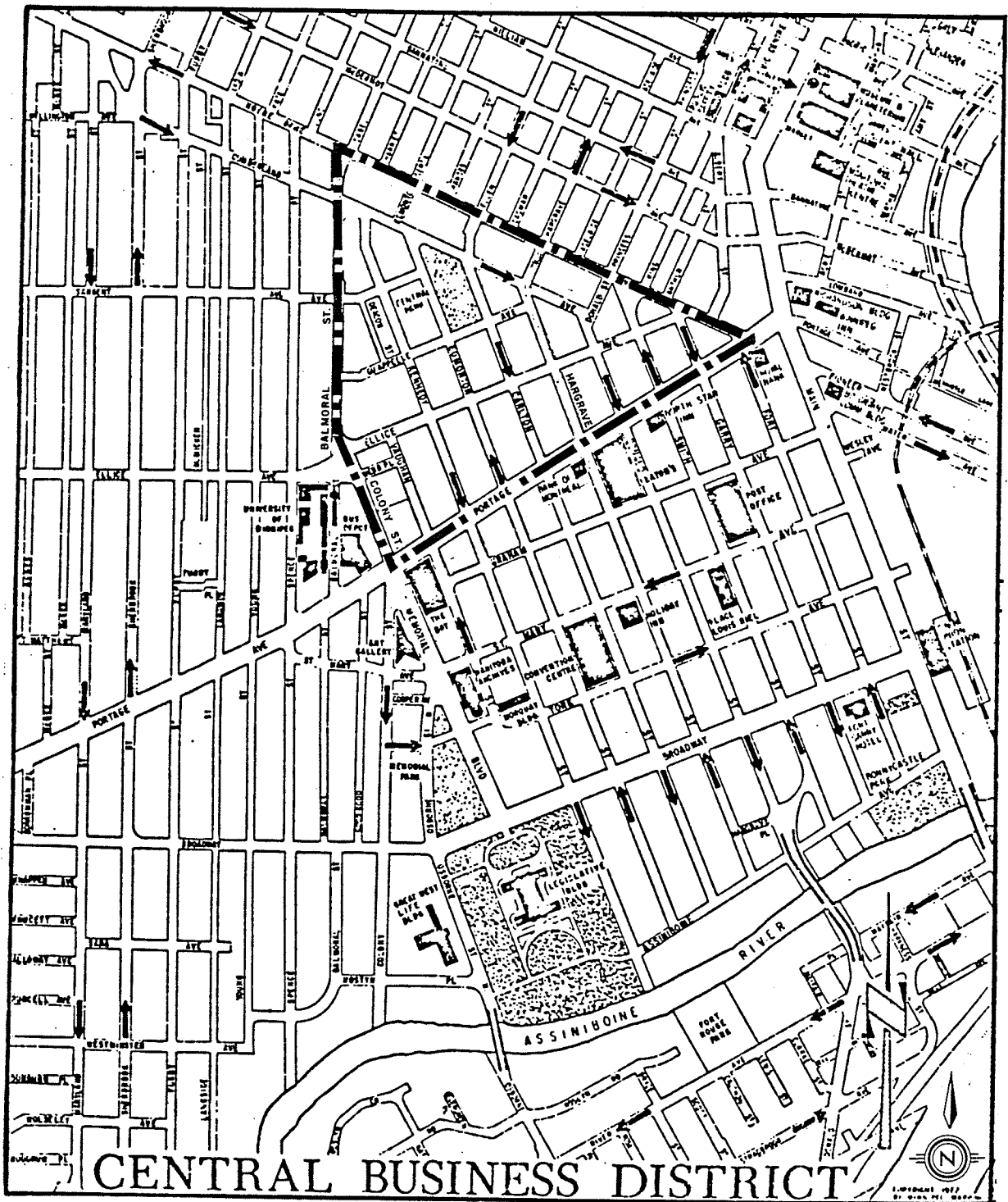
An example of this type of area of decline is the area in downtown Winnipeg identified as North of Portage (see Map 1). In 1969 a detailed study entitled "Downtown Winnipeg"³ described the deteriorating conditions of the downtown generally and included particular reference to North of Portage.

North of Portage is one of the oldest residential and commercial areas in the inner city. Over the years with the exodus of its population to the suburbs and the considerable development of retail and residential uses on the south side of Portage, North of Portage began to decline. The Downtown Winnipeg report described North of Portage as an area which was continuing to lose retail businesses. It was experiencing some of the highest vacancy rates in the downtown area. The area has continued to lose businesses. Some buildings are now vacant or have been demolished and are used as parking lots. Another indicator of the economic problems of the area are the buildings which front onto Portage Avenue, which is a major retail street. The buildings are only modest one and two storey structures, and as of 1981 only three new buildings had been constructed in the area extending from Colony Street to Donald Street.

The Downtown Winnipeg report identified North of Portage, which at one time housed well-off families living in large homes, as having some of the most deteriorated housing in the inner city. The situation

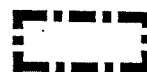
³Metropolitan Corporation of Greater Winnipeg, Downtown Winnipeg. (Report prepared by Metropolitan Corporation of Greater Winnipeg Planning Division: 1969).

Map 1



CENTRAL BUSINESS DISTRICT

LEGEND



North of Portage Area

Source: Dept. of Environmental Planning, City of Winnipeg

continues to the present with most of the housing being rental occupied by tenants on low or fixed incomes. Consequently, there is insufficient revenue to provide for the upgrading of buildings. Even when funds might be available, the deteriorated nature of North of Portage poses a disincentive for owners to upgrade their buildings.

The social conditions that exist in North of Portage are similar to those experienced in the inner cities of most major Canadian cities. The area is populated by the elderly, the single parent families and a significant Native Indian population, all of whom are high-need groups. They experience difficulty in finding adequate housing because of low incomes and they experience personal problems, such as alcohol abuse. Their very presence creates negative perceptions on the part of people viewing the area, which contributes to further decline.

The municipal response to this situation at the political level was to largely ignore it. The recommendations of the 1969 Downtown Winnipeg report included improvising the commercial sector through provision of parkades, weather-protected pedestrian systems and public development of key sites in order to encourage private investment. The recommendation for the residential sector included provision of low income housing. None of these recommendations came to fruition. The reasons given by City Council were budgetary restraints and competition from the suburban areas for increased expenditures⁴.

⁴The Tribune, City Hall Ignores North-side Social Problems (August 24, 1979) p. 21.

City Council continues to come under criticism for the continuing problems in North of Portage. In 1979, Mel Michener, who was then vice-president of the Downtown Winnipeg Association, was quoted as saying that "a major stumbling block to redevelopment North of Portage has been the city's ostrich-like attitude towards the neighbourhood's social problems."⁵

In 1980 the Winnipeg Development Plan Review Team submitted to City Council a report entitled "Plan Winnipeg" which contained proposals for the future development of Winnipeg.⁶ It was recognized that the downtown was experiencing problems in terms of attracting private investments and dealing with high needs groups. The major recommendation of the Review Team was to redirect growth from the suburbs toward the downtown area. The plans for the downtown area included promotion of a residential community. Public assistance would be provided through land assembly and financial incentives. The Plan Winnipeg report also included a number of other schemes, such as an enclosed pedestrian walkway system and the provision of open space. The North of Portage area received no specific mention in Plan Winnipeg. The reason given by Bob Ward, the Development Plan Officer, was that "City Council has given no direction to investigate it and we have given no direction to them about solutions."⁷

⁵The Tribune, Alderman oppose funds for parking (December 30, 1969) p.1.

⁶Winnipeg Development Plan Review Study Team, Plan Winnipeg, Summary and Recommendations of the Study Team (Winnipeg: 1980).

⁷Winnipeg Free Press, North Portage left out of master plan (October 14, 1980) p.1.

In 1981 the federal, provincial and municipal governments entered into the Core Area Initiative in response to the deteriorated physical, social and economic conditions in the inner city of Winnipeg. The Core Area Initiative set two major objectives. The first was to increase employment opportunities through job creation and training. The second was to improve the physical environment through encouragement of industrial, commercial and residential development. The North of Portage area was identified as one of the sites that required assistance in order to bring about revitalization. This marks the first real public commitment to improving conditions in the area. Under the Core Area Initiatives program approximately \$70 million has been committed to North of Portage.

2.3 The Impact of Suburban Shopping Centres

The decline of the inner city has been further aggravated by the advent of the suburban shopping centre. The loss of population from the inner city to the suburbs led to the rise of shopping centres. Shopping centres normally are well planned and therefore have been able to successfully compete with the inner city for retail trade. As a result the inner city continues to lose two elements which contribute to its vitality--people and retail businesses.

During the 1960's and 1970's there was a proliferation of shopping centres across Canada. Michael Ircha⁸ attributes the success of shopping centres to several factors. The increased availability of automobiles combined with an improved transportation

⁸Michael Ircha, Shopping Centres: Their development and impact in Atlantic Canada (Plan Canada 22.2: December 1982), p.p. 35 - 44.

network has provided people with the opportunity to commute from a suburban residence to their place of employment in the inner city. There is also more employment located in the suburbs. Personal income has also increased providing consumers with a greater amount of disposable income with which to purchase retail goods. Ircha also refers to the increasing urbanization occurring across the country which, when combined with a general population increase, has provided an increasing market for shopping centres.

The success of shopping centres in competing with inner city retail businesses led to predictions that the future inner city retail market would be limited to people working downtown, occupants of inner city highrises and infrequent visits from regional shoppers.⁹ Retail businesses which offer specialized products would increase as more general type of retail businesses such as department stores declined. Department stores which served as the major focal points of the inner city retail sector were now the major tenants of suburban shopping centres.

For many cities the success of shopping centres has had a negative impact on the inner city. The Downtown Winnipeg plan assessed the impact of the Polo Park shopping centre on the inner city retailing sector. Polo Park, which was developed by Cadillac Fairview, is located on an advantageous site. It fronts onto Portage Avenue which is a major

⁹Richard L. Nelson, The Selection of Retail Locations (F. W. Dodge Corp. New York: 1958).

street serving the western neighbourhoods and the inner city. Polo Park successfully is able to intercept shoppers who had previously travelled to the inner city for their purchases.

Polo Park is also located close to middle-to-high income neighbourhoods whose residents have the disposable income that is required for a shopping centre to be successful. Areas such as Charleswood and River Heights are within close travelling distance of Polo Park.

The Downtown Winnipeg Plan provided information, based on census tract information, that demonstrated that from 1961 - 1966 retail sales for the census tract which included Polo Park increased by approximately \$12 million, an increase of 47.8%. Meanwhile retail sales for the inner city decreased \$2 million for the same period. The major portion of the retail sales of Polo Park were general retail and apparel. These are retail goods which are a mainstay of the inner city retail sector.

Cities with slow growth and an already declining inner city retail sector are susceptible to the negative impact of shopping centres. In an urban area that is experiencing slow growth, a suburban shopping centre will not have an insurgence of population to draw on, rather it will have to draw on the existing consumer market. This means attracting shoppers who might normally shop in the inner city.

As major department stores and other retail businesses leave the inner city, the buildings remain vacant or are occupied by lower rental businesses. The value of the property consequently decreases which contributes further to the inner city decline.

The public sector response to reducing the impact of shopping centres varies from province to province. A survey by Michael Ircha¹⁰ identified Prince Edward Island as having taken the strongest approach by imposing a two year moratorium on the development of shopping centres. Saskatchewan and Alberta have opted not to prohibit shopping centres, but rather to introduce revitalization programs for the downtown areas in order to make them more competitive. Consistent and innovative approaches will be necessary to attract retail businesses and consumers back to the inner city.

2.4 Summary

In addressing the issues that concern the inner city it is important to point out that the inner city is not a uniform entity. Different areas are undergoing different processes in terms of physical, social and economic changes. Certain of these areas are undergoing critical changes to their structure and character.

Areas experiencing decline are clearly identifiable. The physical decline and social problems are familiar landmarks. The private sector is reluctant to invest in these areas and the public sector often does not take an active role in overcoming that reluctance.

An external factor that has a significant negative impact on the retail component of the inner city is the suburban shopping centre. The shopping centre has been a major competitor for control of the retail market with the inner city, with the inner city often the loser. Municipal councils are faced with the quandary of supporting the strengthening of the downtown but not wanting to lose a significant suburban development.

¹⁰Michael Ircha, Downtown Revitalization in the 1980's: Problems and Prospects. (Published Paper: 1980).

CHAPTER 3

Review of Two Approaches to Downtown Revitalization

This chapter contains an example of the urban renewal process as it was applied in Canada and the development of large scale retail/commercial projects in the inner city. These are two significantly different approaches to inner city revitalization. These different approaches will be reviewed in terms of their specific objectives and the manner in which they accomplished them.

Each of these two approaches will be critically analyzed as to its ability to bring about inner city revitalization and the way in which it attempted to meet its objective.

3.1 Urban Renewal

This review of the urban renewal process in Canada begins by identifying the problems and issues that led to the use of urban renewal. Of particular concern was the deteriorated condition of much of the housing in the inner city of major urban areas across Canada.

Having established the conditions leading to the urban renewal process, the evolution of the urban renewal program will be traced beginning with the National Housing Act in 1944 and the establishment of the Canadian Housing and Mortgage Corporation one year later.

A survey of urban renewal schemes was undertaken in 1967 by Kevin J. Cross and Robert W. Collier¹ under the auspices of CMHC. The

¹Kevin J. Cross & Robert W. Collier, The Urban Renewal Process in Canada: An Analysis of Current Practice (University of British Columbia: 1967).

survey attempted to determine to what extent the objectives of urban renewal schemes had been met. The study also attempted to come to some conclusion about the urban renewal process in Canada in general. The data provided in the study will be discussed and will be used as a basis for a critical analysis of the urban renewal process.

3.1.1 Formulation of Urban Renewal

The urban renewal process arose out of conditions in the United States during the 1940s where areas in the inner cities had deteriorated to the point of being labelled "slums". The process was a result of the areas of decline described in Chapter 2 of this thesis. Briefly, this was a process whereby there was a shift in the residential population from the inner city to the suburbs. Much of the employment also shifted to the outlying areas. As a result, the inner city became characterized by certain areas which had a declining economic basis and were populated by low income residents.

In Canada a similar evolution was being experienced in many inner cities but not with the same severity as in the United States. Inner city areas contained the oldest buildings in a city with housing that dated back to the mid 1800s. Many residents had left to move to the suburbs and the diminished inner city population consisted of a large proportion of low income residents. The private sector was reluctant to invest in these areas on its own initiative, particularly for housing. Municipal and senior levels of government were reluctant to commit funds and support to alleviate the poor conditions in these areas. All these factors contributed to the social, physical and economic decline of many inner city areas.

The federal government responded to the problem with the enactment of the National Housing Act (NHA) of 1944. One year later the Central Mortgage and Housing Corporation Act was also enacted to create a crown corporation (C.M.H.C.) to administer the provisions of the NHA. Under the NHA the federal government provided financial assistance for the clearing of blighted areas and for the construction of moderate-cost rental housing. The Act was amended in 1946 to include an allowance for CMHC to provide loans for up to 80% of a housing project where private financing was not available.

Major changes to the NHA were introduced in 1949, which permitted federal-provincial participation in housing projects and also federal participation in land assembly schemes in order to provide sites for residential construction.

Further major changes in the NHA were brought about in 1956 as the federal government continued to broaden its involvement in urban renewal. CMHC could provide up to 75% financing for urban renewal studies and also allowed land acquired under an urban renewal scheme to be used for other than residential uses. A study by Cross and Collier² concluded that, as a result of the 1956 amendment, 600 acres were cleared or approved for clearance in eleven cities. Sixty-eight urban renewal studies had been approved by June 1965.

As the number of urban renewal projects continued to increase, there were also corresponding pressures on the federal government to make amendments to the NHA that would meet the needs of the growing number of urban renewal projects and limit the financial responsibility of developers and municipalities.

²Kevin J. Cross & Robert W. Collier, The Urban Renewal Process in Canada: An Analysis of Current Practice (University of British Columbia: 1967), p.3

By 1969, figures provided by the Federal Task Force on Housing and Urban Development³ revealed that \$3.5 million had been spent on 198 urban renewal studies. \$2.7 million had been spent on 135 urban renewal schemes which developed from urban renewal studies and \$125 million in expenditures had been authorized for 48 urban renewal projects dating back to 1949. A further \$56.3 million had been allocated to 102 land assembly projects. The result was a total expenditure of \$187.5 million since 1949 on urban renewal alone.

Provincial involvement in urban renewal is dictated to some extent by the NHA which requires that provinces approve applications by municipalities for CMHC assistance for urban renewal projects. This is done in order to ensure that urban renewal projects are consistent with provincial objectives. Provinces such as Manitoba have gone a step further by establishing their own means of assisting urban renewal. The Manitoba Housing and Renewal Corporation (MHRC) was established in 1967 as a means of carrying out this commitment. MHRC has been involved in Federal/Provincial funding of urban renewal studies, preparation of urban renewal schemes, implementation of urban renewal schemes and various forms of public housing.

The Housing and Renewal Corporation Act provided MHRC with the ability to acquire land, borrow money and act as an agent of the Manitoba government. These provisions contributed to the ability of MHRC to improve the level of housing in Winnipeg and other communities in Manitoba.

³Report of the Federal Task Force on Housing and Urban Development.
Hon. Paul Hellyer, Chairman. 1969

3.1.2. Review of Renewal Schemes

An analysis of urban renewal in Canada was undertaken by Kevin J. Cross and Robert W. Collier⁴ in 1967 under an agreement with CMHC. The focus of the study was to assess if the urban renewal taking place in many Canadian cities was meeting its objectives; the primary objectives being the removal of urban blight and the improvement of the standard of housing in the inner city.

The analysis was based on statistical information provided by CMHC and from responses to questionnaires that had been sent to urban renewal agencies at the federal, provincial and municipal levels.

The statistical information indicated that the main objective of urban renewal studies was to identify blighted or declining areas and determine the condition of the housing. The second objective was to assess whether these areas required conservation, rehabilitation or redevelopment. The results are not unexpected given the requirements of the NHA in order to qualify for federal assistance.

Less frequently stated objectives of the urban renewal studies were the use of data collected for long term programs and determining methods of public and private incentives for encouraging development. Although these objectives would be useful, they were not frequently stated because they were not a requirement of NHA.

Cross and Collier made specific reference to the emphasis on the physical aspects of the urban renewal schemes, with little attention made to social and economic aspects.

⁴Kevin J. Cross & Robert W. Collier, The Urban Renewal Process in Canada. An Analysis of Current Practice (University of British Columbia: 1967).

In reviewing the manner in which the urban renewal studies were carried out, Cross and Collier identified a tendency of studies to overstate the urban blight problem. This was apparently done in order to receive the Federal grants even though the situation perhaps did not warrant it.

Questionnaires were also sent to CMHC, provincial departments responsible for urban renewal and municipalities which had already implemented urban renewal schemes. As a cautionary note to the reader, only 27% of the recipients of questionnaires responded.

In response to the adequacy of implementation procedures, 64% of the respondents identified procedural bottlenecks which were reducing the efficiency of urban renewal. 60% of the responses identified a need for a change in the legislation to also include social and economic aspects of urban renewal.

In response to a question regarding whether relocated residents had been provided with satisfactory housing, only 32% of the respondents agreed. This is in keeping with the results of other studies on the issue of relocation.⁵

In terms of citizen involvement, the results of the questionnaire indicated that the majority of respondents considered the public apathetic and uninformed, but saw a need for greater public involvement and education concerning urban renewal.

⁵Chester Hartman, The Housing of Relocated Families in Urban Renewal: The Record and the Controversy (James Q. Wilson ed. MIT Press Cambridge, Mass.: 1966).

On the basis of their analysis of the information received from sources such as survey results and questionnaires, the major recommendation of Cross and Collier was either to strengthen the federal role in order to provide clearer objectives or to permit greater regional autonomy in order to permit greater flexibility in the urban renewal programs.

3.1.3. Criticisms of Urban Renewal.

A review of urban renewal in Canada presents certain criticisms of the process. The main criticisms focus on the effect of demolishing existing housing, the lack of public participation and the lack of a comprehensive approach to urban renewal.

The focus on demolition of housing in what was identified as a blighted area also destroyed neighbourhoods. People who had lived in these neighbourhoods found themselves displaced to other parts of the city or living in the public housing project that replaced their neighbourhood. A study by Marc Fried⁶ based on an urban renewal project in the West End of Boston indicates that there is substantial trauma experienced by people who feel that they no longer have a 'home'.

The demolition of housing was predicated on the Federal Government's commitment to eradicating the blight and decay of the older areas of cities. What was apparently never clearly identified was

⁶Marc Fried, Grieving for a Lost Home: Psychological Costs of Relocation in James Q. Wilson ed. Urban Renewal: The Record and the Controversy (MIT Press, Cambridge, Mass: 1966) p.p. 359 - 379.

what was meant by 'urban blight'. Clearly the legislation concerning urban renewal did not give any guidelines. The designation of a blighted area therefore tended to be a discretionary matter on the part of individual communities.

Urban renewal projects did not have provisions for public participation. The public was considered ignorant of the matters concerning urban renewal and therefore the process was controlled by politicians and bureaucrats. At the time when urban renewal was being implemented, human rights was only beginning to become a national issue and therefore public participation in urban renewal was often not even considered.

Those responsible for administering the urban renewal projects were concerned that citizen participation would reduce the likelihood of successful urban renewal because of the ensuing delays and opposition. There was, therefore, built in opposition to any proposal for the inclusion of citizen participation in the urban renewal program. It was not until residents became organized and political that the process changed. The organization of residents into active, vocal groups was certainly one of the key elements in the demise of urban renewal as simply demolition of housing.

The reliance on physical indicators such as the condition of the housing stock and the eradication of blight through demolition indicated a narrow focus on the part of the urban renewal program. Charles Abrams in an assessment of urban renewal⁷, identifies this as

⁷Charles Abrams, Some Blessings of Urban Renewal in James Q. Wilson ed. Urban Renewal: The Record and the Controversy (MIT Press Cambridge, Mass.) p.p. 558 - 582.

one of the main defects. Abrams contends that urban renewal needs to include problems of poverty, needs of residents and the decline of the economic base of these neighbourhoods.

To address these issues is much more difficult than dealing only with the physical land use issues. It requires evaluation and the planning of both short and long term strategies in order to deal effectively with the social and economic issues. The failure to do this often resulted in an urban renewal project that replaced one slum area with another. The Hellyer Task Force on Housing and Urban Development (1969) identified a consistent problem with housing projects in that they did not address the economic or the psychological needs of the residents.

3.1.4. Summary

The economic and physical decline of inner city areas became an increasingly apparent problem to cities in the 1940s. The Federal government responded by passing the National Housing Act and establishing Central Mortgage and Housing Corporation.

The legislation which was administered by CMHC provided for financial assistance in carrying out urban renewal projects. A review of the urban renewal process in Canada by Kevin J. Cross and Robert W. Collier indicated that the emphasis of urban renewal was on the physical aspects. Problems were also apparent with the relocation of residents of urban renewal areas and also the degree of citizen participation.

The main defects of the urban renewal program were its reliance on extensive demolition of housing, the lack of citizen participation and the exclusion of social and economic programs as part of urban renewal.

3.2. Large Scale Downtown Developments

Most Canadian cities have experienced proposals for major downtown developments. The resurgence of interest in the downtown area can be attributed to a change in attitudes of City Councils and a desire on the part of developers for prestigious projects. These factors will be reviewed in greater detail in this chapter.

The concept of a large scale downtown development is distinctive and has been illustrated in a number of Canadian cities. A description of what constitutes a large scale project and some Canadian examples are provided.

The criticisms of large scale projects focus on three main aspects. First is the lack of public participation in the development and negotiations concerning the project. Second is the willingness of City Councils to make major concessions to private developers which resulted in a loss of control and negative results for the city as a whole. Third is the effect on the surrounding area in terms of economic impacts and the physical difficulties of accommodating a large scale project.

3.2.1. Reasons for Development of Large Scale Downtown Projects

Downtown development projects are not a recent phenomena for Canadian cities. They form the heart of many cities. What is new, however, are the large scale developments which often encompass more than one city block and contain massive amounts of retail and office floor space.

The emergence of such projects was primarily the result of large developers attempting to outclass other downtown buildings with the most prestigious development on the most prominent possible location. Such credentials are a major drawing factor for major retail and office tenants. An example of such a large developer was William Zeckendorf. Zeckendorf was the head of Webb & Knapp, which was a large U. S. development firm. Zeckendorf was the driving force behind the development of Place Ville Marie in Montreal, as well as several major projects in other Canadian cities.

During the 1960s, when urban renewal was at its height, city councils relied on federally assisted housing and renewal schemes as a means of redeveloping the downtown area. As part of the renewal efforts, civic politicians and administrators also promoted downtown commercial development. An example is the Scotia Square in Halifax⁸. The site, which measured 12.81 acres was cleared as an urban renewal project. The site was then leased to Halifax Development which proposed a three phase development incorporating a three storey trade mart, three apartment blocks totalling 444 units and retail office and hotel complex. The City of Halifax then undertook the construction of a major throughfare to serve the project. Under pressure from the developers, the City agreed to risk constructing the throughfare before they were able to secure financial assistance from the provincial and federal governments.

⁸Robert W. Collier, Contemporary Cathedrals - Large Scale Developments in Canadian Cities (Harvest House Ltd. Montreal: 1974) p.p. 152 - 171.

3.2.2. Concept of a Large Scale Downtown Development.

The large scale downtown development is intended to dominate the surrounding area through its size and form. It is not exceptional for such projects to cover several city blocks. For example, the Scotia Square development in Halifax covers almost thirteen acres.

The usual components of such a project are a parking structure, retail space equivalent to what is provided in some shopping centres, and office towers. Other elements such as high rise apartments or hotels are also, at times, included. The result is a project which mainly through its size and stature manages to dominate the downtown area.

Perhaps the best known Canadian example is Place Ville Marie in Montreal. Robert W. Collier⁹ undertook a study of large scale projects in several Canadian cities, which included a description of Place Ville Marie. The site was formerly a CNR rail yard and comprised a city block. The project was completed in 1962 at a cost of \$200 million and is comprised of four office towers, a retail level and a 1500-car park.

In order to accommodate the project, the City of Montreal agreed to pay \$7.5 million for a necessary road widening. This was a cost usually picked up by the developer. In this case Montreal City Council argued that the cost outlay was justified because of the increased tax revenue that would be generated and some of the costs could be recouped by the sale of land remnants. A further argument was that the entire city would benefit from the project. The most persuasive argument came

⁹Ibid pp 7 - 21.

from Webb & Knapp, the developers of the project, who claimed that if the city did not absorb the cost, the project possibly would not proceed.

3.2.3. Criticisms of Large Scale Downtown Developments

Three main criticisms can be made of large scale downtown developments. The first is the lack of public participation due mainly to the reluctance of city councils. The second is the extent and terms of the concessions that municipal councils are willing to make to the developers of the projects. The third criticism is the physical and economic impact on the surrounding area.

In the case of many large scale developments, city councils have avoided public participation because of the possible delays and the introduction of the project into the public forum. The concern of city councils is that developers will want to avoid controversy and negative publicity and decide not to proceed with the project.

As an example, in 1965 the development firm known as Harbour Park Developments¹⁰ proposed a major project on the waterfront adjacent to Stanley Park in Vancouver. There was major public opposition to the scale of the project which included a 60,000 square foot shopping centre. In 1969, Harbour Park Developments opted out of the project after selling the site to the Four Seasons Hotel Company. In the end, the site was purchased by the City of Vancouver in a land swap and developed as a park.

¹⁰Ibid, pp 47 - 67.

Where the public has not been involved in major development projects there has often been a backlash from organized residents and interest groups. In the case of the previously-mentioned Harbour Park Development, objectors to the project camped on the site.

A large part of the problem concerning city councils appears to be their unwillingness to communicate with and involve the public. It should not be surprising that the public develops mistrust and antagonism when major projects are quickly unveiled and then expedited by city councils. Although certain aspects of the development, such as negotiations concerning possible concessions, need to remain confidential, it appears that it could reduce adverse public reactions if they were to at least convey information regarding major projects.

The criticism concerning concessions to the developer is especially crucial because of financial costs involved. In order to accommodate large scale developments city councils have often acquiesced to requests from developers to assist in land assembly, re-route streets and expedite approvals. The developer is usually pressuring city council not to impose delays and therefore the implications of various concessions are not thoroughly investigated.

To refer to the previous example of Scotia Square in Halifax where the approvals to proceed were already in place before a transportation study had been completed, the city was forced to ignore the recommendations of the traffic study and proceed with a highway interchange even before the project financing had been secured.

City Councils are often inexperienced negotiators dealing with experienced developers. The eagerness of councils to aid in the development of the project may also hamper their judgement. David Walker¹¹ undertook a thorough documentation of the development of Winnipeg Square in downtown Winnipeg. He included an examination of the negotiation process that took place between Trizec Corporation, which was the developer, and the City of Winnipeg. The project was agreed to in 1972 and by 1978 the City had invested approximately \$20 million in land assembly, a parking garage, an underground concourse and reconstruction of streets. At this point Trizec had still not announced the final plans for the project even though construction was well under way.

Certain concessions can be useful as leverage for a project but the example of Trizec indicates that it is important that they are carefully negotiated by people who have expertise in that area.

The final criticism is the physical and economic impact of a large scale downtown development. The physical impact is substantial for a building rising 30 or 40 storeys with 3-4 million square feet of office space and 100,000 - 200,000 square feet of retail space. If the surrounding buildings are also substantial, the physical impact may be subdued. However more prominent locations for such projects may have a greater impact. For example the project proposed by Harbour Park Developments on a site adjoining Stanley Park was for fifteen highrises to be built on the waterfront.

¹¹David C. Walker, The Great Winnipeg Dream (Oakville, Ontario Mosaic Press: 1979).

Equally important is the economic impact. When viewed in isolation it is arguable that the project will bring a new influx of investment and in turn generate tax returns for the city.

When viewed in the context of the entire downtown, there may also be a cost incurred based on certain assumptions. Many of the existing businesses in the downtown will move to the large project. In a climate of slow economic growth it could translate to vacancies in existing commercial buildings.

In terms of economic recovery for the downtown, a large scale project will draw investment for other projects in the area surrounding it. It may not be an area in need of economic revitalization and consequently such areas will continue to go wanting.

3.2.4. Summary

The evolution of large scale downtown projects is primarily a result of the desire of certain developers to develop prestigious downtown developments. City governments have often subordinated themselves in their desire to foster urban renewal and to gain a development with notoriety.

The concept of the large scale development operates on the premises that biggest is best in order to compete with the suburban shopping centres. The basic components include a minimum of 100,000 square feet of retail space and a 30-40 storey office tower which may provide up to 3 million square feet of office space. The project often covers at least one city block. Where the development covers more than one block it has usually required major re-routing of the existing streets.

The major criticisms focus on the lack of public participation, the effect of major concessions made to developers, and the physical and economic impact of the project on the remainder of the downtown.

The lack of public participation has often created a backlash for politician and developers when the project is finally made public. The public views the city council as acting surreptitiously and ignoring public concerns.

Many city councils are inexperienced negotiators which leaves them vulnerable to conceding to the requests of a developer such as assistance in land assembly, as was the case with the Trizec development in Winnipeg. These concessions often are made without city councils being fully aware of the costs and implications.

The physical impact of large scale projects on the surrounding area is often disruptive as a result of imposing the development on a built-up area. The economic impact results from businesses moving to the project, leaving vacancies in other buildings. The problems in areas that are already experiencing decline may be exacerbated by a large scale development in another area.

CHAPTER 4

THE CONCEPT OF A DOWNTOWN DEVELOPMENT CORPORATION

The concept of a downtown development corporation is predicated on the tenet that the most effective approach for promoting downtown development is to utilize a quasi-autonomous body which deals directly with the private sector. The concept will be studied in this chapter as an alternative means of downtown revitalization from the methods described in Chapter 3.

This chapter will begin with an explanation of the purpose of a development corporation. Its main purpose is to serve as an intermediary between the public and private sectors in order to bring about downtown development. The role of the development corporation is limited in terms of addressing social problems. The reasons for this and how it can be reconciled will be discussed.

The structure of a development corporation is a critical aspect. The ability to encourage effectively downtown development depends upon its ability to deal directly with the private sector without the need to involve government bureaucracies. For this reason it is recommended that the development corporation be similar to a provincial crown corporation. The structure of the development corporation is based on a review of other development corporations. How the corporation is managed, how it is funded and what authority it has, are critical to its success. Each of these three areas will be discussed in detail.

A common element of the previously discussed urban renewal schemes and large scale developments is the relationship with the public. Development corporations also need to be concerned about how

they relate to the public and other levels of government. The means by which this is possible and the extent to which it can be done will be examined.

Having detailed the structure of a development corporation, it will be useful to compare it to the use of urban renewal and large scale developments. Specific comparisons will be made between the stated objectives, the methods used and the criticisms that can be made of each of the three approaches. The objective is to determine if a development corporation can be considered as a preferred method of downtown revitalization.

4.1 Purpose of a Downtown Development Corporation

The primary purpose of a downtown development corporation is to encourage private development in areas of the downtown that are declining and failing to attract new investment. The revitalization of declining areas often requires massive amounts of public funding such as is the case with urban renewal. The development corporation attempts to minimize the amount of public expenditure required through the strategic application of different types of assistance which acts as leverage for greater amounts of private investment. The major objective is to assist projects that will become self-supporting and competitive.

The concept of a downtown development corporation evolved from the urban renewal process that took place in the United States during the 1960s. The complexity of programs and the bureaucracy of state and federal governments frustrated city governments in their attempt to undertake constructive redevelopment of urban areas. The development corporation was structured so as to minimize government involvement in

the implementation of urban renewal programs and to operate under direct financing.

Development corporations have also been used for a variety of other purposes. The B. C. Place Development Corporation in Vancouver and the Harbourfront Corporation in Toronto both incorporate the concept of a development corporation. The need for a development corporation is based on the fact that these are large projects which require specific attention. In the case of the New York State Urban Development Corporation, there was a need for a redevelopment agency that would operate on a statewide basis and would have authority over a number of jurisdictions. The St. Louis Urban Development Corporation was designed to encourage private investment in urban redevelopment. Therefore it has the ability to provide a return to investors and also to provide tax abatements.

In some cases the concept of a development corporation is included within the city's existing government structure. An example is the Portland Development Commission in Portland, Oregon. The Portland Development Commission (PDC) was the result of the revamping of a previous city agency. The initial objective of the PDC was to undertake various urban renewal projects.

Based on the review of the previous examples, the decision as to whether a development corporation should operate as a separate entity or as a city agency is predicated on three main criteria. The first is what the specific objectives of the development corporation are to be. If they involve operations beyond what a city agency is empowered to do, then a development corporation appears.

Secondly, if the development corporation is possibly to be included as a city agency, the infrastructure must exist or be put into place so that the development corporation can function. Of specific concern is the ability to operate with relative independence, despite the fact that as a city agency a development corporation would have better contact with other 'line agencies' than if it was a separate entity.

Thirdly is the matter of the prevailing political viewpoint. The operation of a development corporation as a city agency may be preferable in that it affords greater political control. The difficulty with this approach is that it may encumber the ability of the development corporation to act quickly when need be. The establishment of the development corporation as a separate entity permits greater autonomy. However, as was the case of the development corporation proposed under the 1969 Downtown Winnipeg Plan, it was criticized by the city politicians as constituting a fourth level of government.

The next section of this chapter which details the form of a development corporation is based on the assumption that development corporations will operate as a separate entity. The conceptual form of the development corporation is based on the review of development corporations in the United States and Canada and includes the examples mentioned previously in this section of the thesis.

As with the urban renewal program and large scale developments, the emphasis of the development corporation is on the actual development process. The social needs of the residents are not included

as a major objective of the development corporation. How they are addressed will be discussed later in this section of the thesis.

Many downtown residents experience unemployment, low incomes and consequently difficulties in acquiring affordable housing. These type of social problems require the concentrated and ongoing efforts of public agencies. To expand the role of a development corporation to include alleviating social problems presents major drawbacks. Such a role would duplicate the efforts of already established agencies and require the development of what would amount to another level of bureaucracy. The development corporation would lose its effectiveness if it was required to focus on addressing both social concerns and fostering redevelopment.

Eleanor Brilliant¹ describes a conversion process that occurs when a corporation attempts to achieve certain social objectives. Society becomes resistant to the change and exerts socio-political pressures that will render the corporation less disruptive. Brilliant gives as an example the New York State Urban Development Corporation. As a result of external pressures from politicians and citizens groups the Urban Development Corporation underwent a transition from an organization with broad social goals to one with "the more incremental policies of building individual projects".²

Social concerns definitely need to be addressed as part of the strategy for downtown revitalization.

¹Eleanor Brilliant, The Urban Development Corporation (Toronto: D. C. Heath & Co., 1978).

²Ibid.

The Core Area Initiative³ in the City of Winnipeg provides an illustration of how this can be done. The Core Area Initiative contains ten separate programs which address the three major objectives of creating employment opportunities, strengthening inner city neighbourhoods and stimulating economic growth. The North Portage Development Corporation, which will be described more fully in Chapter 5, is one component in this overall strategy for the revitalization of the Winnipeg Core Area.

4.2 Form of a Downtown Development Corporation

The form of a downtown development corporation is similar to that of a provincial crown corporation. It is established in order to meet certain objectives and is given various powers in order to carry out those objectives. The major differences from a provincial crown corporation are that the focus will be specific to a particular city and that a development corporation will be subject to municipal law.

Autonomy and accountability are critical issues concerning a development corporation. The ability to operate at arms length from government is necessary in order to maintain the ability to act without bureaucratic delays inherent in "line" departments. In the private sector, when a decision is made to proceed with a project, the developer wants to proceed as quickly as possible and a development corporation must be able to respond to that.

Accountability provides balance to the issue of autonomy. Accountability is necessary, because as with any corporation, the

³Winnipeg Core Area Initiative, Progress Report. (August: 1985)

development corporation must be responsible to its shareholders in terms of its expenditures and whether it has met its objectives.

This chapter will describe in greater detail the main components of a development corporation beginning with the management structure which is usually comprised of a board of directors and a chief executive officer. The sources of funding are a critical factor which will be discussed. The funding arrangements have a significant impact on the ability to meet its objectives and the degree to which it is able to be autonomous. Related to funding are the powers of the development corporations. The power to provide certain types of assistance directly to the private sector is a distinguishing feature of the development corporation. Land assembly by the corporation and the provision of tax abatements, low interest loans and public facilities will be examined.

As part of the discussion of the structure of the corporation, the nature of its external relations to the public and other government departments is included. In particular, the issues concerning the conflicts between the autonomy of the corporation and public participation will be examined.

4.2.1 Management Structure.

The government responsible for the development corporation will install a Board of Directors who will be responsible for its operation. They in turn will appoint a Chief Executive Officer who will manage the development corporation.

The formula for determining the Board of Directors may vary to include representatives from particular groups. Based on the review of various development corporations, the directors are generally political

appointees who are responsible for ensuring that the objectives of the sponsoring government are adhered to.

As an example, the Urban Development Corporation has nine directors⁴. Seven of the directors are appointed by the state. These directors serve at the pleasure of the governor and are accountable to him. The two remaining directors are the superintendent of banks and the superintendent of insurance; both of these positions are permanent.

The directors serve four major functions. They (1) advise and counsel management; (2) approve corporate transactions and budgets; (3) are generally responsible to the shareholders; and (4) select the Chief Executive Officer.

The directors provide advice and counselling to management based on their knowledge of various aspects of public and private enterprise. In the case of a development corporation, the directors are provided with a specific mandate by the sponsoring government concerning the revitalization of the downtown of a specific city.

The directors provide direction to management on how these objectives should be carried out.

For example, the Moncton Central Business Development Corporation⁵ was established in 1977. One of the specific objectives in the enabling legislation was:

⁴New York State Urban Development Corporation, McKinney's Consolidated Laws of New York (St. Paul, Minn.: West Publishing Co., 1979) p. 508.

⁵An Act to Incorporate Moncton Central Business Development Corporation, (Revised Statutes, N.B.: 1977, Chapter 57).

"to assist, promote, encourage, co-ordinate and advance the commercial, residential, recreational and cultural and civic development and economic welfare of the Central Business District."⁶

The Board of Directors is charged with the responsibility of advising management on how this objective can be met.

The approval of corporate transactions and budgets by the Board of Directors ensures that the development corporation is following prudent business practices and allows the Board to monitor the operations of the corporation.

As with a provincial crown corporation, the development corporation is required to submit an annual budget to the sponsoring government and may also be subject to special audits by the government. In this way the Board of Directors is also accountable to government.

In respect to the responsibility to the shareholders who in this case are government, the implementation of objectives and financial accountability has already been mentioned. A further aspect which is evident is the responsibility of the Board to ensure that the operations of the corporation provide a favourable reflection on government. During the construction of the Expo 86 site in Vancouver, conflicts arose over the use of non-union labour. The conflict received extensive media coverage and resulted in a slowdown of construction. The issue was finally resolved through special legislation adopted by the provincial government.

⁶Ibid

The selection of a Chief Executive Officer requires careful consideration to the type of person required for the position. He must deal with the difficult problem of balancing public and private sector concerns, meanwhile striving to ensure that the development corporation proves to be successful. Eleanor Brilliant⁷ describes the successful Chief Executive Officer as being a forceful individual with strong personal and institutional assets. He generally possesses personal power as a result of his enthusiasm and his ability to provide leadership. He constantly looks for new challenges, particularly when he is charged with maintaining the dynamic nature of an organization. He also has wide contacts in various government departments and possesses a good working knowledge of government and bureaucracies which enables him to overcome problems of regulations and bureaucratic delays.

4.2.2. Methods of Funding

The funding for the development corporation is received from three major sources. These are (1) the contributions from government; (2) the ability to borrow funds; and (3) revenue generated from projects. There must be sufficient funding of the activities of the development corporation if the objectives are to be met.

The amount of contributions from the sponsoring government is indicative of its level of support. In order for the private sector to

⁷Eleanor Brilliant, The Urban Development Corporation (Toronto: D. C. Heath & Co. 1975), pp. 54-57.

develop confidence and enthusiasm it must consider that the public sector is committed to its objectives. The urban renewal process described in Chapter 3 was experiencing a limited success until amendments were made in 1956 which substantially increased the financial contribution made by the federal government.

The government contribution can be considered as equity capital. The corporation is then in a position to raise funds by borrowing from private lending institutions. The corporation can borrow for short or long terms, depending on its requirements. This money is then used as working capital. In addition to such direct funding the development corporation can also avail itself of other provincial and federal programs which provide funding assistance for specific programs such as housing.

They may undertake short term borrowing by means that are laid out in the bylaws of the corporation. This type of borrowing may be done to provide interim financing for a project or to provide short term financial assistance to a developer.

The corporation is able to issue bonds, debentures or other securities in order to acquire large amounts of working capital that are not to be repaid for a long period of time. Generally this type of borrowing is done to finance major capital expenditures such as parking structures.

The corporation would have the authority to undertake short or long term borrowing without government approval. However, this borrowing

power is usually subject to a certain debt limit. Any amount borrowed in excess of this limit or for purposes other than those specified in the Articles of Incorporation would require government approval.

The corporation must be able to provide security and establish a means of repaying the interest and principal on its debts. Without these assurances, the private lending institutions would be unwilling to lend money to the corporation. Bonds and short term notes are often secured by a lien on assets, a mortgage, or by pledging the revenues of the corporation.

The revenues generated by the development corporation will obviously vary depending on the nature of its activities. There are several possible sources of revenue beginning with the sale or lease of land that has been acquired by the corporation. Leasing the land has advantages in that it provides an ongoing source of revenue to the corporation. The concept of land leases is included in the powers of the corporation and will be discussed in more detail later in this chapter.

If an objective of the development corporation is to provide parking facilities then there is an opportunity to generate revenue from the use of the facility. However the costs associated with the development of parking facilities are normally greater than the revenues generated.

In the case where the development corporation also has an expanded role as a developer of residential or commercial buildings, there will be a return to the development corporation.

The New York State Urban Development Corporation, for example, had the power through its subsidiaries to develop market housing and commercial developments.

This type of involvement is not within the realm of a more simplistic model for a development corporation.

4.2.3. Types of Assistance

As previously stated, the purpose of the development corporation is to facilitate private sector investment in the downtown. In order to carry out this purpose, the corporation requires certain financial and development powers. The powers proposed in this thesis are: the authority to provide low interest loans; to develop public facilities; to carry out land assembly; and to provide tax abatements. When these powers are exercised within the semi-autonomous structure of the corporation, then it has the ability to successfully carry out its purpose.

Low interest loans provide direct assistance to a developer by reducing the financing costs which are a major component of the costs of a project. The loans are provided to assist with the short term interim financing of the project. A survey by the L. M. Architectural Group ⁸ of Winnipeg developers identified low interest loans as a preferable means of assistance because of their direct impact on the cash flow of the project.

Low interest loans may also be necessary in the event that a private developer is unable to obtain a loan at a viable rate of interest. This is a probability given that private lending institutions

⁸The L. M. Architectural Group, North of Portage Development Study (Unpublished report prepared for Department of Urban Affairs, Province of Manitoba: 1981).

tend to view development projects in deteriorated areas of downtown as being risky ventures. The perception on the part of lending institutions that the public sector is committed to the point of providing low interest loans may in itself provide assurances to private lenders which may then result in more reasonable loan conditions.

The Board of Directors of the development corporation would have the authority to set the interest rate of the loan depending on the individual project. The interest rate would need to exceed the interest rate at which the sponsoring government is able to borrow funds. The rate of payment would be sufficient so as to provide the corporation with additional operating revenue. The loans would be repayable within a specified period of time. If the loan was to be used for interim financing it would be repaid when the mortgage is taken out on the project.

Besides encouraging new development, the development corporation also benefits from being able to exercise control that the corporation would not ordinarily have. For example, in order to be eligible for a low interest loan the development corporation could stipulate the development would have to include a residential component. It would be comparable to the requirement of CMHC that certain requirements be met prior to issuing a loan for an urban renewal project.

The difficulty with this type of assistance is that the sponsoring government may be unwilling to allow the corporation to be responsible for establishing the rate of payment. If the corporation was to provide mortgage financing, this would require a substantial amount of funding and is possibly beyond the purview of a development corporation.

To provide an attractive environment for downtown development, the development corporation is able to provide certain public amenities and facilities. This is especially necessary for residential development.

Public amenities such as plazas, landscaping and sidewalk improvements all contribute to improving the appearance of downtown. These are comparatively low-cost amenities which can be provided quickly once the redevelopment programs begins. They can also provide an early stimulus to improving the perception of the area by private investors and the general public. Furthermore, in deteriorated areas where redevelopment is being initiated, these types of amenities are probably lacking.

On a larger scale the development corporation is able to contribute to the cost of upgrading the services to a development project. These are costs which are normally attributed to the developer. The corporation is also able to enter into agreements with various levels of government in order to provide recreational and cultural facilities.

In Scottsdale, Arizona⁹ the city council formed a non-profit corporation in order to carry out landscaping and street improvements. Also included was the construction of a parking structure and an 80,000 sq. ft. arts center. The arts center serves as a focal point for the surrounding commercial redevelopment.

The provision of parking facilities by the corporation is important in terms of reducing the costs to the developer and also ensuring that

⁹Downtown Research and Development Centre, Laurence A. Alexander ed., Winnipeg Downtown Projects (New York: 1981).

sufficient parking is provided for a development. Structural parking is expensive and generally parking revenues are not sufficient to cover the costs of financing the construction. The development corporation is able to reduce the costs by exercising its authority in assembly land and can acquire the necessary funds at a lower cost than a private developer. The corporation can then arrange to recover its costs through leasing arrangements with the users of the parking facility.

Site assembly for a downtown development is often difficult for a private developer. He must often negotiate with a number of landowners, some of whom will be attempting to sell their land at inflated prices. Added to this is the cost of demolishing the existing structures. All of this results in increased development costs which may contribute to making the project uneconomical.

A corporation with the power to expropriate can reduce the land costs and shorten the negotiation period with the landowners. Under the expropriation process the price paid to the landowner is based on fair market value plus compensation for hardship. Although expropriation may be necessary to keep project costs down, it can result in adverse reaction from landowners and the public. For this reason, careful judgement and consideration is needed when exercising this power.

Once the development corporation has acquired the land it can then transfer the land to a private developer. The manner in which the land is transferred will depend on the extent to which the developer requires assistance and the mandate of the corporation. For a development that requires only minimal assistance, the corporation could sell the land at a price greater than the expropriated value. The

corporation would then receive a return which would be re-invested and the developer would have purchased the land at below the open market value, if ever for sale.

Selling the land for less than its acquisition cost, a land "writedown" may be necessary in order to reduce the land costs enough to make the project viable. The amount of the writedown is based on the residual land value. This is the difference between "the value of a project, calculated by capitalizing the net income and the capital cost of producing or replacing it."¹⁰

This method does not provide an immediate return to the corporation. The corporation may make an arrangement with the developer whereby the corporation would receive a certain percentage of cash flow when the development begins to generate a return.

The use of ground leases is another method of transferring land to a developer. This is a process whereby the corporation would retain title of the land and then lease the land to a developer under a long term arrangement. The amount of the lease could then be some base amount plus a percentage of the net income. If the project is successful, then the corporation also receives a greater return. This arrangement also benefits the developer because he does not have the initial land purchase cost and therefore the payback period for the project is shortened substantially.

There are drawbacks to this method. Firstly, the developer will almost invariably prefer to have title to the land. Ownership of the

¹⁰Ralph Basile et al, Downtown Development Handbook (Washington, D.C., Urban Land Institute, 1980), p.84.

land would mean that the developer would have the right to transfer the title or put up the title as security. Lending institutions may be reluctant to finance projects based on land leases.

The provision of property tax abatements can take the form of tax stabilization, a tax freeze or tax exemption for a limited time period. The tax abatement reduces the expenses of a project, especially during the critical first few years.

This form of development assistance is controversial. A study by Wright Mansell and Associates ¹¹ dismissed the use of tax abatements despite its potential for encouraging development. The reasons given were the immediate reduction in tax revenue and the inequity of providing tax abatements for development in the downtown which is subsidized by taxpayers in the rest of the city. An additional problem not mentioned in the study is the difficulties that would be encountered in providing this type of assistance under some existing provincial legislation.

The most palatable form of tax abatement for the city's taxpayers would be tax exemption for a limited time period. This type of incentive would obviously require political commitment which may be difficult given the arguments made in the study by Wright, Mansell and Associates. It would be in keeping with an objective of the development corporation which is to provide assistance on a short term basis. Once the project became financially self-sufficient the tax abatement would cease.

¹¹Wright, Mansell and Associates, The Economics of Downtown Residential Development (Prepared for the City of Calgary Planning Department. 1978) pp. 128-129.

In addition to reducing the costs to the developer it can also be argued that when the development does become operational it will be generating a greater amount of tax revenues than had the site not been redeveloped. In the case of a commercial development it will also generate other types of revenue such as business taxes.

4.2.4. External Relations to Other Levels of Government and the Public

The concept of a development corporation has included the assumption that the provincial government will be responsible for the creation and funding of the corporation. The corporation may be involved with the federal government in terms of funding and provision of facilities. The involvement of the corporation with the municipal government will focus on the development concept for the area being redeveloped.

Another important consideration for a development corporation is its relationship with the public. There is a necessity for the corporation to be accountable to the public, but it also poses problems relating to the performance of the corporation.

The relationship between the development corporation and the provincial government will be significantly based on the assumption that the provincial government will be the sponsoring government. This type of relationship is extended in the case of the North Portage Development Corporation. The federal, provincial and municipal levels of government are all direct sponsors of the Corporation. The North Portage Development Corporation is discussed in detail in Chapter 5.

Using the base model with the provincial government as the only sponsor, the extent of its relationship has been discussed previously in this chapter. The main elements of the relationship concerns the objectives of the corporation and the enabling legislation and the amount of funding provided by the provincial government. Other provincial assistance agencies may also be involved to supplement the efforts of the development corporation. An example is the Manitoba Housing and Renewal Corporation which provides funding assistance for low income housing.

If an objective of the corporation is to stimulate residential development the Federal Government may be involved as a source of funding, principally through CMHC. The federal government also offers other assistance programs such as the Canada Rental Supply Plan (CRSP) which offers long term low interest loans for residential construction.

By incorporating provincial and federal assistance programs a development corporation can substantially augment its funds. A requirement of the corporation is to coordinate these assistance programs with its own in order to maximize its redevelopment efforts.

The most direct contact on the part of the development corporation will be at the municipal level. The development corporation is subject to municipal zoning bylaws. In addition, a critical aspect of its relation with the city is how its redevelopment plan coincides with city objectives. It is likely that the city council has identified the problems associated with a declining area and has prescribed some general remedies. Using Winnipeg as an example, the Plan Winnipeg¹²

¹²Winnipeg Development Plan Review Team. Plan Winnipeg (1981).

Report, which is a 20-year development proposal for the City of Winnipeg, included a review of the downtown area. Basic problems were identified and general recommendations were made. There were no specifics relating to the North Portage area which was experiencing severe decline. The development corporation however requires specific objectives in terms of what types of development are to be encouraged. It also requires a concept plan as a reference for where various uses would be best located. It is at this point that the city council needs to formulate specific objectives and arrive at a consensus with the development corporation as to a redevelopment scheme.

The issue of public relations poses some challenges for a development corporation. The corporation needs to maintain a successful and positive image in order to ensure the support of the general public. It must also concern itself with special interest groups who may want to play an active and decisive role in some of the activities of the corporation.

The development of a positive public image for the redevelopment scheme needs to be initiated right at the preliminary planning stages. It requires incorporating a marketing strategy similar to that used for major private developments. A preliminary concept plan for the area will generate interest and anticipation as to how an area, which has probably been in a state of decline for some years, will be redeveloped so that it now enhances the downtown.

The initial projects generated by the development corporation should be quick to be completed in order to reassure the public that the corporation is capable of successfully initiating redevelopment. As each project develops, the corporation should utilize various types of advertisement media not only as a means of providing information but also as a means to maintain public interest and support. Without public interest and support it will be much more difficult for the development corporation to maintain the necessary political support.

Incorporating public participation provides an opportunity for issues to be aired that if ignored may fester into major problems. An example of the problems that can be encountered is the Harbour Park development which was discussed in Chapter 3. This proposal adjacent to Stanley Park in Vancouver did not allow public participation and resulted in major opposition culminating in a sitdown protest on the site.

The dilemma for the development corporation is to what extent should public participation be incorporated into the decision-making process. If the corporation is willing to mediate with certain groups and incorporate any agreements the development process is lengthened and private sector interest may begin to wain.

Eleanor Brilliant¹³ in discussing the concept of decision making also makes the point that even in a system which accepts

¹³Eleanor Brilliant, The Urban Development Corporation (D. C. Heath and Company. Toronto: 1975).

some form of public participation, the managers of the development corporation will consider themselves the final decision makers on the basis of their expertise and knowledge.

4.3 Comparison to Urban Renewal and Large Scale Developments

Having reviewed the process of urban renewal and large scale developments in Chapter 3, it would be useful to undertake a comparison with the concept of a development corporation. Such a comparison will give an indication of how development corporations are able to successfully address the failings of urban renewal and large scale developments.

The comparison is based on:

- i) the objectives of each approach
- ii) the method used to attain the objectives
- iii) how comprehensive each approach is in respect to physical, economic and social objectives
- iv) the ability to incorporate public participation.

The objectives of urban renewal were to remove deteriorated buildings, particularly residential buildings, in the downtown area. The demolished residences were then to be replaced with better quality homes which afforded a more liveable environment. This objective had a disruptive effect on existing residents and did not appreciably contribute to an increase in the number of dwelling units because of the extensive demolitions. As the urban renewal program developed, it also expanded to include commercial redevelopment.

The objective of large scale developments is mainly a private developer motive to construct a prestigious development and capture as much of the downtown market as possible. This type of development did not have downtown revitalization as an objective, although city councils envisaged this type of development as a supplement to their renewal efforts.

The objective of a development corporation is to encourage private development of both residential and commercial uses in deteriorated areas. However, most housing developed through a corporation would be mainly market housing. The type of public housing included in the urban renewal approach would require that the development corporation encourage existing housing agencies to provide this type of housing.

If development of large scale commercial projects was an objective of the development corporation, then it would provide incentives for the project to locate in the redevelopment area rather than simply responding to a choice of location made by a private developer.

The method for implementing the urban renewal program involved the federal and provincial governments which set the guidelines and provided the funding for urban renewal projects. This left little latitude for individual municipalities to adapt the program to their own needs. Also the reliance in the early stages of the program on the provision of funding for low income housing meant private sector investment played a minor role in the redevelopment of the area.

The major development project relies mainly on private sector initiative. The city council was often willing to accommodate the project by granting various concessions. As a consequence, the city councils often relinquished what little control they had over a project. The inherent risk was a project that was advantageous for the developer but not necessarily in the best interest of the downtown area.

The objectives of urban renewal and the development corporation are basically similar. However their approaches to facilitating redevelopment are radically different. In this respect development corporations should not be considered synonymous with urban renewal. The development corporation has the ability to deal directly with the private sector. This type of 'hands-on' approach is not evident in the urban renewal program. As a result, development corporations are more flexible in responding to the needs of a redevelopment area, specifically because it is not required to operate through a government bureaucracy for all its authority.

Another fundamental difference between urban renewal and development corporations is in terms of the funding for redevelopment of declining areas. Urban renewal relied largely on public sector funding. Private investment was mainly in the form of development of property that had been cleared under an urban renewal project.

Development corporations attempt to minimize the amount of public funding required. Development corporations specifically allocate funds into various assistance projects which serve as leverage for greater private investment. Development corporations are able to be especially

useful in an era of government spending restraint which supplants the higher level of public spending which existed at the time of urban renewal.

The approach of urban renewal was to improve the condition of a deteriorated area by improving the physical conditions, particularly housing. The economic problems of the area, such as low incomes, were not addressed. Also the social problems of high need groups such as the elderly and the unemployed were not included in the objectives of urban renewal. The result was often that the social and economic problems of the area were transplanted into new housing projects.

The large scale development corporation also places a distinct emphasis on the physical aspect of revitalization. The objective of the corporation is to facilitate private sector redevelopment of a declining area. The emphasis on the physical redevelopment is similar to the approach used in urban renewal. As was discovered with the urban renewal process, simply replacing old buildings with new buildings does not necessarily remedy the problems of an area.

The infusion of new development is also intended to bring economic vitality back to an area. The difficulty for a development corporation is determining how much new development is required before the area crosses the threshold to economic rejuvenation. This will depend largely on how severe is the present state of decline.

The economic rejuvenation of property does not necessarily mean improvements to the social conditions of residents. The development corporation is not intended to encompass social concerns. The risk is that the criticism concerning the lack of regard for social concerns

may be levied on development corporations as well as the two other approaches.

Public participation in the urban renewal process came after sustained pressure by citizen groups for greater involvement. The prevailing attitude was that planners and administrators were more knowledgeable than the public and knew what was required in order to implement the urban renewal program. Citizen groups saw their homes being demolished and wanted a greater say in how programs were implemented.

The large development project is not intended to involve any public participation. Public involvement is usually limited to negative reactions to the impact of a proposed development. Since such projects are generally constructed in existing commercial areas, there is little direct impact on residents and therefore little pressure for public participation.

The development corporation is in an unusual and somewhat precarious position because it is neither a private entity or an elected body. Because a development corporation represents a level of government it does need to have some regard for public concerns. This poses a dichotomy of objectives for the development corporation which require a minimum of public control in order to maximize its performance capabilities. Public participation will usually amount to involvement in the initial development of a concept plan. An example of this is the North Portage Development Corporation which is described in Chapter 5. The amount of public participation after the concept plan is formalized will probably be minimal.

4.4 Summary

The concept of a development corporation developed from the urban renewal process. The objective was to create an agency that was less bound by bureaucratic process and had more direct control over the redevelopment process. The primary purpose of the development corporation is to facilitate this process by using public funding to create a multiplier effect in terms of private investment.

The structure of the corporation is similar to that of a provincial crown corporation. It is governed by a Board of Directors which operates under a government mandate. The corporation receives most of its funding from the sponsoring government and is also empowered to borrow funds. As a government agency, the corporation is accountable on a political level, but critical to its success is that it must be allowed a great deal of autonomy. This poses a common dilemma for public corporations as to what degree of autonomy they should be permitted.

In exercising its role as a development corporation, it has a number of powers. These powers are structured so as to promote private investment. They include land assembly, provision of low interest loans, tax abatement, and provision of public facilities such as parking structures. With the exception of tax abatements, these incentives all generate some level of return to the corporation as well as vesting some control over the project with the corporation.

The development corporation may supplement its efforts by co-ordinating other available government programs that are applicable to the area. An example is the Canada Rental Supply Plan (CRSP) which provides federal funding for residential construction.

The corporation will also have direct contact with the city in which it is operating. It is therefore necessary that a concept plan be agreed on which supports the efforts of the city council.

In comparing the concept of a development corporation with urban renewal and large scale developments, the common objective is to bring about revitalization through some forms of property redevelopment. The method to accomplish this varies between the three approaches. The development corporation attempts to combine public control and private initiative.

It is assumed that a successful revitalization of a declining area requires a comprehensive approach in terms of addressing the physical, economic and social problems. The development corporation, as with the other two approaches, focuses on the physical and to some extent the economic problems. The social needs such as low income are not addressed. These types of problems need to be addressed by provincial and federal governments. The resulting programs could be applied in tandem with the efforts of the development corporation.

All three approaches demonstrate limited public participation. The development corporation is able to include a public forum on the development of the concept plan for redevelopment. Subsequent to that, the corporation will prefer to operate with a minimum of public input. This may reduce the risk of negative public reaction experienced in both the urban renewal and large scale developments.

CHAPTER 5

CASE STUDIES OF DEVELOPMENT CORPORATIONS

In Chapter 4 the concept of a development corporation was described in detail. In this chapter, case studies are examined in order to demonstrate how the concept has been applied. It is also important to make some conclusions as to how successful these development corporations have been in bringing about the revitalization of declining areas.

The Portland Development Commission in Portland, Oregon and the New York State Urban Development Corporation are two U.S. examples of development corporations. These two examples are illustrative of the extent to which the use of development corporations has evolved in the U.S. They will also be described in terms of how they differ from a development corporation operating in the Canadian context.

Canadian examples of development corporations also will be reviewed in this chapter. They are the B. C. Place Development Corporation in Vancouver; the Harbourfront Corporation in Toronto; the Saint John Central Business Development Corporation in Saint John, New Brunswick and the North Portage Development Corporation in Winnipeg. The North Portage Development Corporation will be reviewed separately in this chapter. The analysis of this corporation will parallel the various aspects discussed in Chapter 4, which include the purpose, management, funding, powers and external relations of a development corporation.

The North Portage Development Corporation has just begun to implement its redevelopment program; therefore judging its success is

somewhat premature. However, in comparing it to the concept of a development corporation, some conclusions regarding its potential to be successful can be made.

5.1 Development Corporations in the United States

Development corporations in the United States were a response to the problems experienced with the urban renewal program. The various housing authorities and other government agencies were stifled in their attempts to implement urban renewal projects, due largely to various levels of government bureaucracies which caused time delays and left local agencies without the ability to directly appropriate funds.

It was also intended to respond to the mammoth task of revitalizing downtown areas which was becoming a major undertaking for the public sector. The private sector was also reluctant and lacked the resources to seriously tackle the problem. Consequently, the concept of a development corporation included combining the efforts of both sectors.

Based on a review of existing U.S. development corporations, they are created by state legislation as a non-profit corporation for the purpose of urban renewal. The corporation is accountable to the city in which it operates, as it must operate under a concept plan which has been approved by that city. The corporation is also accountable to its investors who have shares in the corporation. In this respect, the development corporation is similar to any private corporation with share capital.

The funding for development corporations is derived from federal and state contribution and it may also borrow on the private markets.

The corporations are also able to raise funds through the issuance of bonds subject to voter approval. In the U.S., development corporations in some states are able to use innovative funding techniques such as tax increment financing. This involves issuing bonds which are retired by freezing the tax base within the redevelopment area and all subsequent taxes that are generated by new development are returned to the development corporation. Consequently they are able to attract large amounts of capital that can in turn be applied to various programs. Such a measure would require considerable amendments to the municipal and provincial tax structure if applied in Canada. Of particular concern is the requirement that a portion of the taxes collected by the city must be transferred to the school division. Therefore they would also need to be agreeable to the tax freeze.

In order to encourage private investment, the corporation is able to provide low interest loans, carry out land assembly through expropriation and provide tax abatements. These are types of assistance which were discussed in detail in Chapter 4.

The Board of Directors which governs development corporations usually has a strong business representation. Leo Adde¹, in prescribing the elements of a successful urban renewal program, identified the participation of influential citizens as a necessary pre-requisite in order to provide a leadership role. The level of private involvement has led to the establishment of private development corporations. The State of Missouri has gone to the extent of

¹Leo Adde, Nine Cities. The Anatomy of Downtown Renewal (Urban Land Institute. Washington, D.C.: 1969) p.8.

permitting life insurance companies to act as development corporations, subject to limits on earnings.

The level of citizen involvement in the management of development corporations appears to be limited. This is based on a review of U.S. development corporations. A possible explanation is the high level of involvement on the part of the private sector which often prefers to exclude public involvement. The private sector seems to resent public intrusion into what it considers its own affairs. The City-wide Development Corporation² in Dayton, Ohio is an exception. Six of the members of the Board of Directors are from local community groups.

5.11 Portland Development Commission

The Portland Development Commission is a departure from the concept of a development corporation in that it is not a legal entity but instead is an agency of the City of Portland. However it is included as a case study because it operates much like a development corporation and because its actions are well documented.

In 1957 a Mayor's Advisory Committee was established to review the efforts of the Portland Housing Authority. The conclusion was that the Housing Authority had been poorly managed and had had limited success in stimulating urban renewal projects. As a result, the Oregon State Legislature was requested to amend its urban renewal legislation to permit the formation of a separate renewal organization. In 1958 the amendment was submitted to the voters for ratification and by a slim

²Urban Land Institute, New Opportunities for Residential Development in Central Cities. (Washington, D.C.: 1976), p.

margin of votes the Portland Development Commission (PDC) was created. The PDC was charged with carrying out the renewal programs which had previously been the responsibility of the Housing Authority and also with undertaking general civic promotion.

The affairs of the PDC are managed by a five-member commission which is appointed by the Mayor subject to City Council approval. The PDC develops urban renewal plans and carries out urban renewal projects which include acquiring property for redevelopment by the private sector, assisting in relocation of displaced residents and carrying out various public improvements.

The funding for these activities is acquired through various programs provided at the federal, state and local levels. The PDC also has the authority to borrow money on the private markets. Under the governing urban renewal legislation, the PDC is entitled also to take advantage of tax increment financing for urban renewal projects.

The PDC began to encounter opposition from other civic agencies because it continued to ignore their authority in order to carry out its own objectives. Carl Abbot³ describes the frustration of the Planning Commission in their attempt to require the PDC to present its projects to the Planning Commission for review before commencement. The attitude of the PDC continued despite a directive from the mayor that the Planning Commission was to be considered the coordinating agency for all projects.

³Carl Abbott, Portland Planning Politics and Growth in a Twentieth Century City (University of Nebraska Press: 1983).

Eventually the city administration was reorganized to create the Office of Planning and Development which acted as an umbrella agency. Its role was to review the decisions of development agencies including the Planning Commission and the PDC.

Beginning in 1970 the PDC experienced greater public opposition. It was partially a result of the refusal of Terry Schrunk who was then mayor to appoint a neighbourhood representative to the Board of Commissioners of the PDC. As neighbourhood groups continued to organize, they mounted greater opposition to the clearance projects undertaken by the PDC which was destroying vital neighbourhoods. The politicians responded to the concerns and the focus of the PDC shifted to rehabilitating existing neighbourhoods.

Since its formulation in 1957, the activities of the PDC have greatly expanded. In addition to programs aimed at providing funding for housing rehabilitation, the PDC has also applied itself to the revitalization of the downtown commercial area. The attempt to introduce downtown housing as part of the program has met with limited success.

The activities of the PDC have become increasingly comprehensive through its economic development strategy which includes promotion of industrial development and development of a commercial loan program.

5.1.2. New York State Urban Development Corporation

The New York State Urban Development Corporation (UDC) was created in 1968 as a means to overcome the lack of co-ordination of urban renewal programs and the general resistance by both the public and local administrators and politicians to public planning, specifically public housing.

The purpose of the UDC was to facilitate major changes in a number of areas on a state-wide basis. In addition to creating new housing the UDC was intended to generate new investment in industrial and commercial ventures. The UDC was also to undertake research in housing technology. All of these programs were intended to create major new investment, employment and economic prosperity under the direction of a "super planning agency" which was UDC.

The Board of Directors consisted of nine positions. Seven of the directors were appointed by the state governor. The remaining two directors were the state superintendent of insurance and the state superintendent of banks. The Chief Executive Officer is also appointed by the governor. The Chief Executive Officer for the UDC was Edward Logue who was described by Eleanor Brilliant⁴ as an aggressive leader with a dislike for bureaucracies. He was a dominating force in direction of the UDC and was always willing to undertake risky ventures. He possessed the types of characteristics necessary in order for a development corporation to successfully implement various programs. These same qualities also would later lead to the undoing of the UDC.

The powers given to the UDC under its enabling legislation were unprecedented. The UDC possessed normal types of powers associated with a development corporation such as land assembly, loans and the ability to borrow on the private markets. It also had the power to override local zoning and building ordinances. It could create subsidiaries

⁴Eleanor Brilliant, The Urban Development Corporation (D. C. Heath & Co., Toronto: 1975).

which were empowered to act as a private developer in a redevelopment project. This meant, in addition to undertaking land assembly, they were able to enter into joint ventures for the construction of various projects.

The funding for the programs was based on an initial contribution of \$17 Million from the State of New York. The UDC was also permitted to issue up to \$1 Billion in bonds. A further unique characteristic of the UDC was that the bonds could be secured on the credit of the corporation, rather than specific projects and could be issued without voter approval. In essence, the State of New York was guaranteeing the bond issues of the UDC.

By 1973, UDC was beginning to experience serious problems. The attempt to act as a state-wide renewal agency had met with constant opposition from local politicians and agencies who were requesting that they be able to review the operations of the UDC. As a result, the UDC legislation was amended in 1973 to delete its power to override zoning regulations and building ordinances.

The increased demands from citizen groups for greater involvement was also viewed by the UDC as a further restriction on its ability to operate in a "businesslike manner". The concern on the part of citizen groups appears to be founded according to the description by Eleanor Brilliant of the "fast tracking" of various redevelopment projects which left residents without sufficient services such as schools.

The UDC also began to experience serious cash flow problems. The construction of low income housing was not creating the revenue expected because of vacancies and the reluctance of private investors.

Federal funding which was an important source of revenue for the UDC began to decline, which forced the UDC to issue more bonds. However, private sector investment confidence in UDC was beginning to falter as a result of the declining revenues of the UDC.

During 1974 the operations of the UDC were investigated by a governor appointed task force. The task force recommended that the operations of UDC be curtailed until sufficient funding had been arranged. The decision was made by the New York State Legislature to disband the UDC rather than allowing it to continue.

5.2 Development Corporations in Canada

There are a number of Canadian cities where development corporations have been used in order to undertake specific large scale projects involving downtown redevelopment. The use of a development corporation appears to be based on the fact that they are large scale projects and, therefore, they require the specific attention of an agency created just for that purpose. Three case studies will be reviewed in this section. They are the B. C. Place Development Corporation in Vancouver, the Harbourfront Corporation in Toronto, and the Saint John Central Business Development Corporation in Saint John, New Brunswick. The review of the North Portage Development Corporation will be undertaken later in this chapter.

The B. C. Place Development Corporation was established in 1980 in order to implement the various stages of redevelopment of 200 acres on the north shore of False Creek. The site was assembled by using its expropriation powers. Presently the two major features of the site are the B. C. Place Stadium and the site of Expo 86 which is a world's fair. The long term plan is to develop market housing for 15,000

people. Non-market housing is apparently included only to a limited extent because the land is considered too valuable, according to Dave Podmore who is the Director of Planning for B. C. Place. A further possible reason is the commitment of B. C. Place to return a profit to the province. The plan also includes the development of 6 million -7.5 million ft² of office space. The estimated cost of the entire project is \$3.5 Billion and will extend over a minimum period of 25 years.

B. C. Development Corporation is established as a provincial crown corporation with the provincial government as the sole shareholder. The Board of Directors consists of the Minister Responsible for B. C. Place, and well-established businessmen from the private sector. The Board is primarily responsible for establishing the concept and financial plan for each proposed project.

The funding for B. C. Place is derived from direct government funding and the issuance of government guaranteed securities. Further funding will come from the selling or leasing of land for development.

Donald Gutstein⁵, in reviewing B. C. Place, identified some potential problem areas. B. C. Place will have a major impact on the surrounding neighbourhoods. There will be increased traffic and pressure for redevelopment. Hotels presently used to house the elderly are being renovated in order to accommodate the expected influx of tourists. Gutstein also criticized the management of B. C. Place for the lack of public participation. The pressure on B. C. Place to proceed with redevelopment has resulted in insufficient time allocated for public input. Furthermore, few details of plans have been provided for public review prior to the commencement of further redevelopment.

⁵Donald Gutstein, B. C. Place in Forum. v2. 1982 p.p. 6-10.

The Harbourfront Corporation in Toronto was established to undertake the redevelopment of 92 acres along the Toronto harbourfront. It will include a mix of market and non-market housing, office and retail. The Harbourfront development also includes a focus on cultural activities. Specific projects proposed are an auto centre and an opera house.

The Harbourfront Corporation is a provincially-chartered company with the Federal Government as the sole shareholder. The Federal Government also owns the proposed 92-acre site. The affairs of the corporation are managed by a Board of Directors, the majority of whom are appointed by the Federal Government. The Board of Directors operates under a Management and Development agreement with the Federal Government. The funding for the project is provided by the Federal Government in order to offset capital and operating costs of the corporation. An estimated \$7 Million annually in revenues is expected from leaseback arrangements with developers, which also includes a percentage of revenues.

The Market Square development in Saint John, New Brunswick was undertaken as a revitalization project for the downtown area. The downtown area was experiencing problems in competing with suburban shopping centres. Also the population of the downtown and the City itself had been decreasing. These are the types of problems that are detailed in Chapter 2 of this thesis.

The specific objectives of the Market Square Project was the economic revitalization of the downtown. Market Square is a \$71 Million multi-use development which includes offices, retail, CMHC housing and

market housing, as well as cultural facilities in the form of a mini-historic village.

The funding for the project is done on a cost sharing basis between the federal and provincial governments, the city and a private developer. The Saint John Central Business Development Corporation is a provincially-incorporated body which is composed of local businessmen who are committed to promoting the development of downtown, including the Market Square project.

The three Canadian case studies previously reviewed share certain common elements. They are all large scale projects which because of their size would have amounted to a major undertaking by only the private sector. They are all an attempt to revitalize areas of the downtown that were previously experiencing decline. The redevelopment was also intended to assist the rest of the downtown area. The projects were also intended to generate revenues and become self-sustaining. This is where the utilization of a development corporation can be successful. It has the ability to focus its energies on the promotion of the project to the private sector and management of the public interests.

5.3 North Portage Development Corporation

The North Portage Development Corporation was first mentioned in 1969 as a means to assist in the revitalization of the area. The Downtown Winnipeg Plan⁶ recommended the use of a development corporation to implement the redevelopment plan for North Portage. The

⁶Metropolitan Corporation of Greater Winnipeg, Downtown Winnipeg Report Prepared by Metropolitan Corporation of Greater Winnipeg (Planning Division, 1976), p.109.

concept did not receive sufficient political support and was criticized on the basis that it would form a fourth level of government and therefore wrest some control from the city and province⁷.

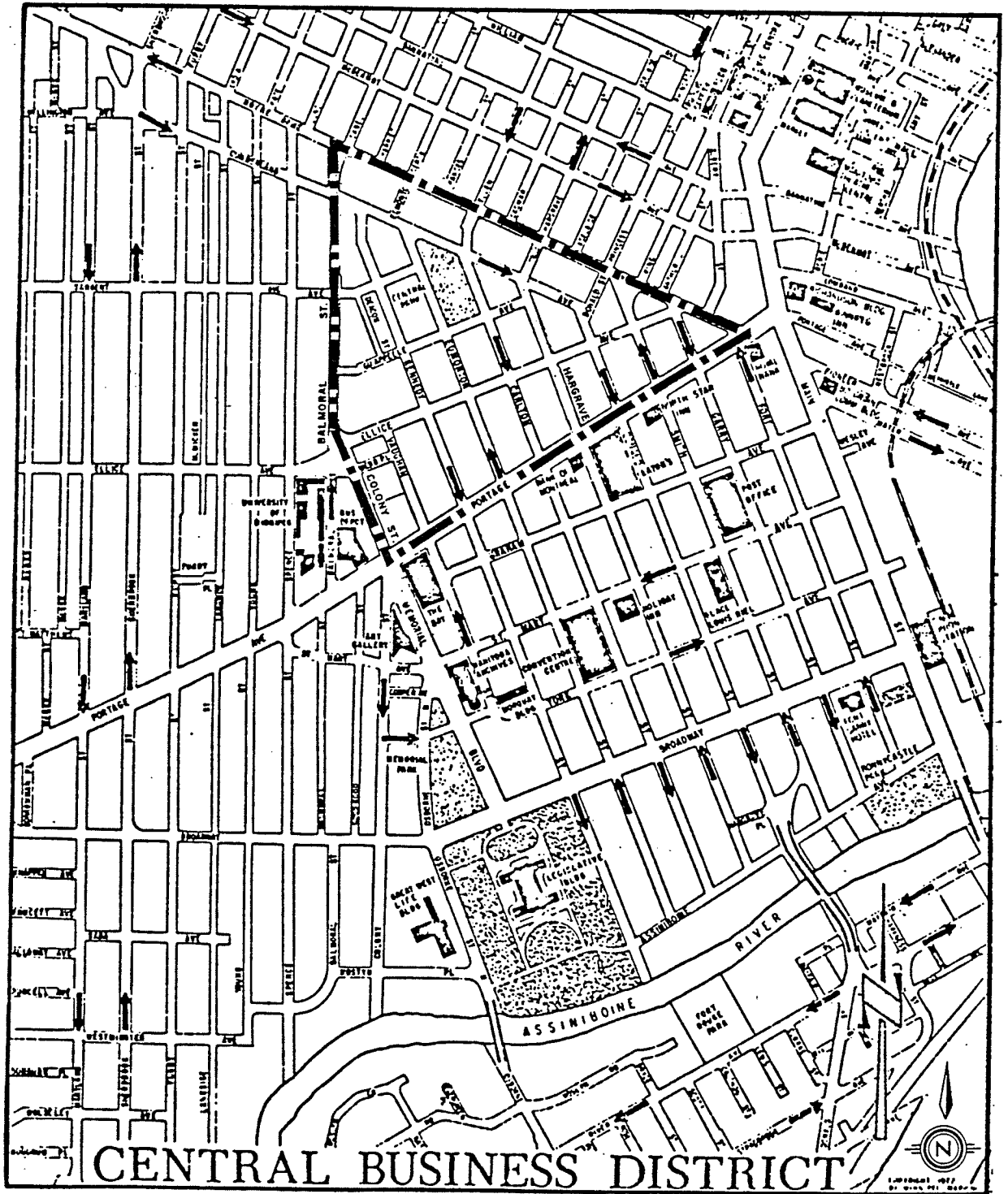
The concept of a development corporation was again mentioned in 1981 as part of the Winnipeg Core Area Initiative.⁸ The Core Area Initiative (CAI) is a tripartite agreement entered into in June 1981 by the Winnipeg City Council, the province of Manitoba and the federal government. The objective of the CAI is to implement a comprehensive set of programs to improve the living and economic environment of the Core Area of Winnipeg. The CAI is outlined in three sectors, each of which contains specific programs. Section I includes programs aimed at providing employment, housing and neighbourhood revitalization. Sector II includes key site developments that will serve to promote further economic development. Sector III provides for management and consultation in regards with regard to the CAI. This would include public information and program evaluation.

One of the key sites under Sector II is North Portage (Map 2). The broad objective for this area is to encourage commercial and residential development. The deteriorated condition of this area was described in Chapter 2. The specifics of this program include the provision of incentives and construction of public facilities which are aimed at encouraging the private sector to invest in the area. It was

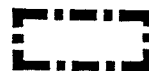
⁷The Tribune, Aldermen Oppose Funds for Parking (December 30, 1969), p.1.

⁸Winnipeg Core Area Initiative Policy Committee, Proposed Winnipeg Core Area Initiative (June 1981).

Map 2



LEGEND



North of Portage Area
Outlined in Core Area Initiative

Source: Dept. of Environmental Planning, City of Winnipeg

suggested by the Policy Committee of the CAI that these programs be implemented by a development corporation.

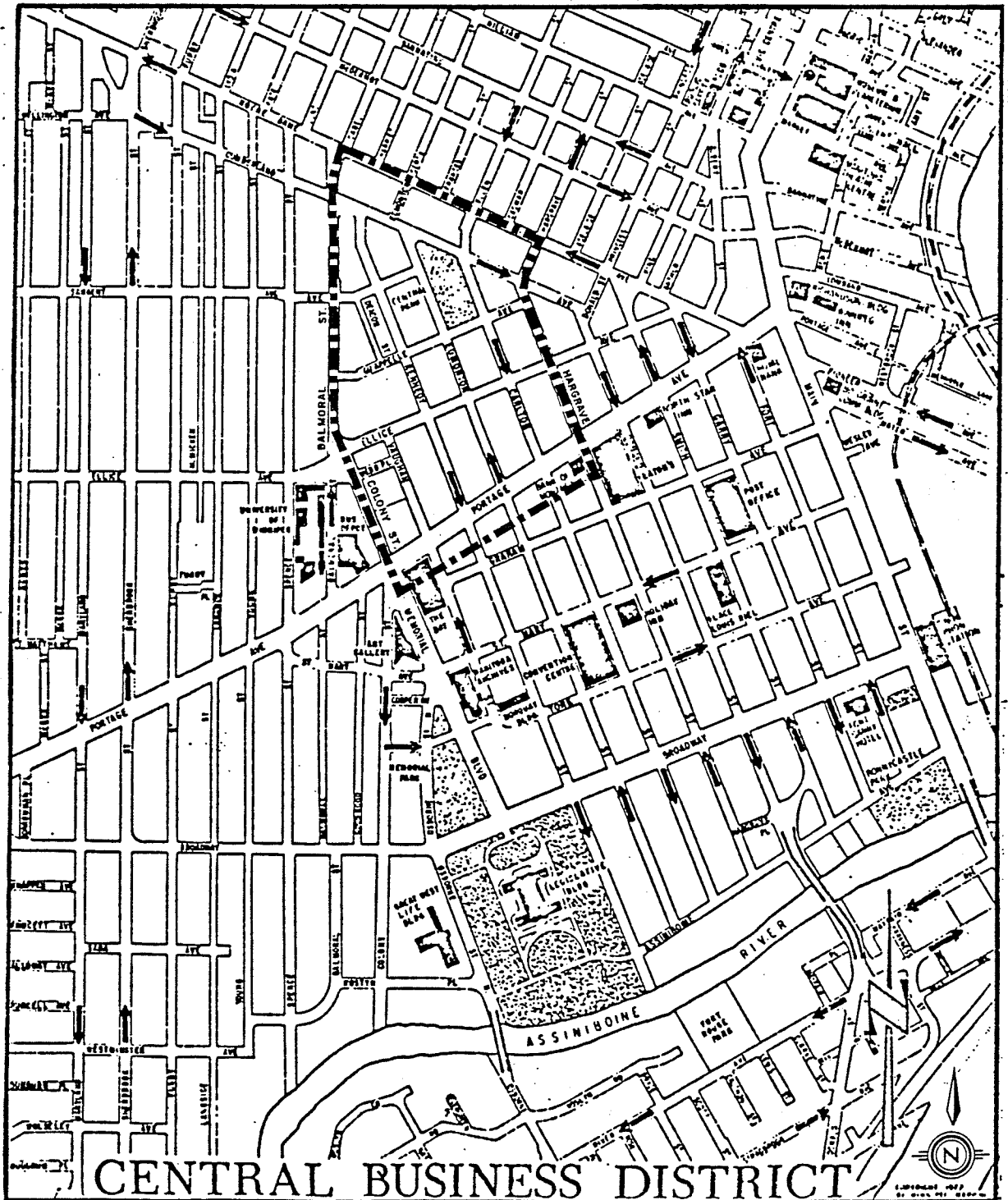
In May 1983 the North of Portage Administrative Task Force⁹ was established. This task force included representatives from the three levels of government involved in the CAI. The objective was to formulate a development plan for North of Portage, including some specific proposals and then to develop the means by which the plan could be implemented.

The process for formulation of the development plan included representations from interested parties and also conducting public forums. As well, site planners and analysts were retained in order to provide technical support to the Task Force. The concept plan recommended by the Task Force included realignment of Portage Avenue with a commercial mall linking the north and south side of Portage Avenue (Map 3). The concept plan also included an emphasis on residential development with 1100 new housing units to be provided. This would include 300 non-market units. The proposed development of Science Place Canada on the former St. Paul's College site, in addition to the existing Air Canada complex, would amount to a major commitment from the public sector.

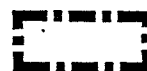
After having reviewed various methods of implementing the proposed concept plan, the Task Force recommended a provincially chartered community development corporation with the three levels of

⁹North of Portage Administrative Task Force, Technical Report: North of Portage Administrative Task Force (Winnipeg: July 1983).

Map 3



LEGEND

-  North of Portage Area
Redevelopment Area - Under North
Portage Development Corporation

Source: Dept. of Environmental Planning, City of Winnipeg

government as shareholders. It would be similar to an ordinary provincial corporation except that under the legislation it would be required to be non-profit and would be subject to greater government control of its activities. The legislation pertaining to community development corporations is contained in Part XXI of the Corporation Act (Manitoba Statute).

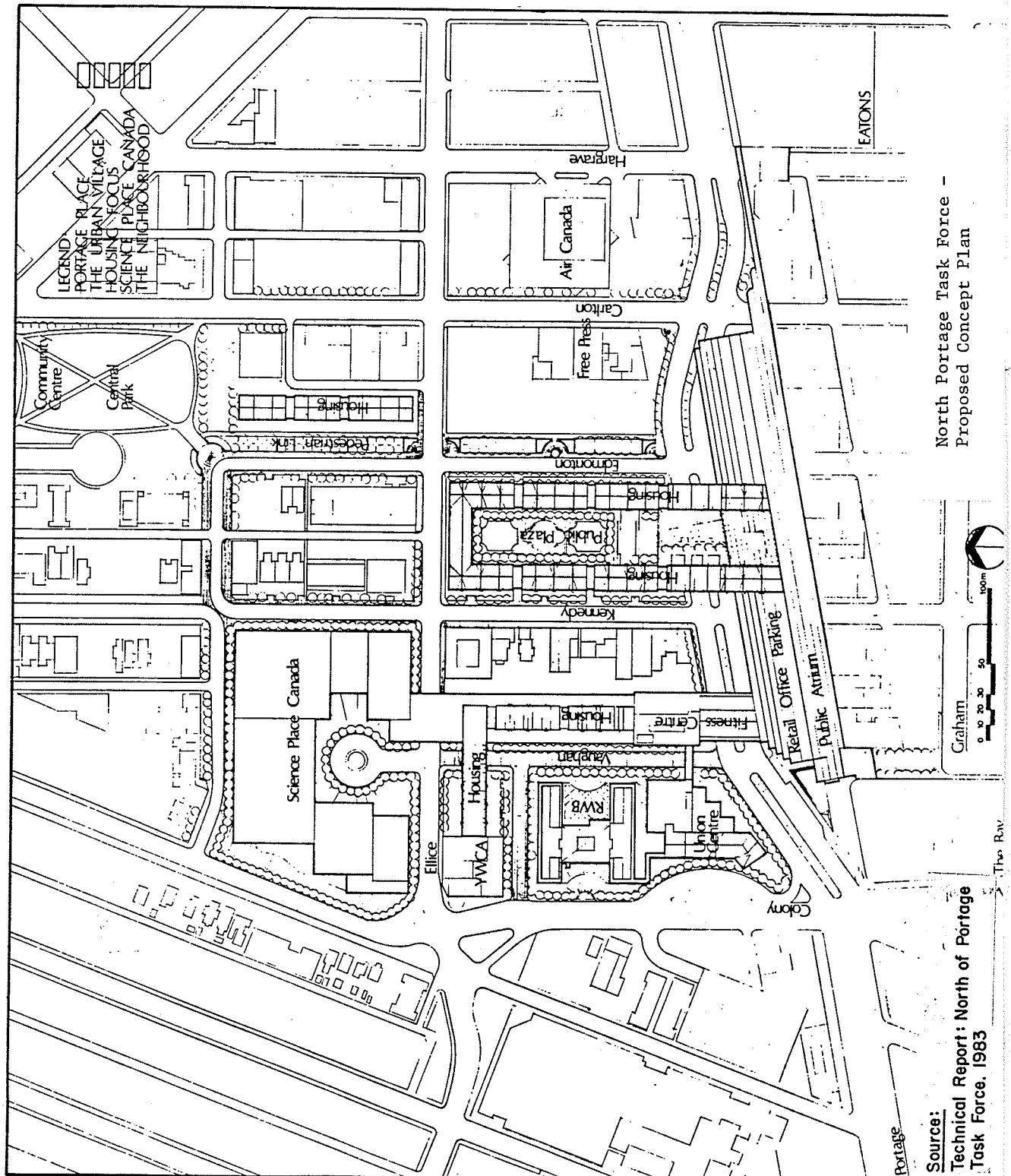
On December 16, 1983 the North Portage Development Corporation was created by the signing of a Unanimous Shareholders' Agreement between the representatives of the three levels of government. It was enacted as a community development corporation as recommended by the Task Force.

The North Portage Development Corporation (NPDC) is to undertake its activities within an area bounded by Notre Dame Avenue on the north, Hargrave Street on the east, the lane south of Portage on the south and Colony and Balmoral Streets on the west (Map 4). The North Portage Area has been expanded to include the property on the south side of Portage Avenue in recognition of the fact that the two sides of Portage Avenue are inter-connected.

5.3.1 Concept and Financial Plan

The Unanimous Shareholders' Agreement¹⁰ provided a Concept and Financial Plan to the NPDC which was based on the recommendations of the North Portage Task Force. The Concept Plan differed significantly from the recommendation of the Task Force in that it did not include a design plan. This would permit the NPDC greater latitude in developing

¹⁰Board of Directors North Portage Development Corporation, Final Concept Plan for North Portage Redevelopment (March 26, 1985).



a design plan once negotiations began with the private sector developers. The NPDC was to submit a Final Concept and Financial Plan to the shareholders for final approval. It would be based on a review of the recommendations of the Concept and Financial Plan provided by the shareholders and the funding of the Board of Directors, based on their own research which included meetings with various organizations.

The Final Concept Plan contained three components. These were developments to be undertaken by the private sector; facilities to be provided by the public sector; and contributions from the NPDC. The private sector component called for approximately 200,000 ft² of retail and commercial space to be developed along Portage Avenue. An additional 200,000 ft² of office space was to be provided. Also to be included was the construction of 1100 housing units.

By May 1985 details of the proposed commercial developments were revealed¹¹. The NPDC had requested proposal calls for development of the commercial projects and had selected Cadillac Fairview Shopping Centres. The project is to take place within the area bounded by Portage Avenue, Colony Street, Ellice Avenue and Carlton Street. The project includes 200,000 ft² of retail space; 50,000 ft² of office space and 24,000 ft² of public amenity space. The project will be linked to the south side of Portage by elevated walkways.

In August 1985 an agreement was reached between the NPDC and the Investors Group for the construction of a 300,000 ft² headquarters' office building to be located at the north-east corner of Portage Avenue and Colony Street.

¹¹North Portage Development Corporation, Newsletter Volume 1 (May 1985).

The private sector, represented by the Imperial Group, would also be encouraged to provide approximately 1100 housing units. These would be constructed primarily for the middle and upper income groups. This would include approximately 300 units of non-market senior citizens' housing. The main focus for residential development will be in the area south of Ellice Avenue.

The proposal calls undertaken by NPDC in 1985 led to the selection of the Imperial Group of Companies to develop the residential component. This would amount to 800 units of market housing and 300 units of housing for seniors. Federal and provincial assistance for the housing components is provided by the Canada Rental Supply Plan (CRSP) and the Rental Start Program which is administered by Manitoba Housing.

The existing residential area north of Ellice Avenue is also being provided with additional housing. Two hundred and forty units of housing are being developed utilizing non-profit groups and private developers. Some of the housing will be family oriented. In addition to the funds already committed under the CAI, the Final Concept Plan envisages further commitments by the public sector to locate certain activities in the North Portage Area. In addition to the completed Air Canada building, the federal government has constructed Science Place Canada on the former St. Paul's College site but due to funding restraints the building has not yet been occupied. A requirement of the Shareholders' Agreement is that the NPDC is to be responsible for the administration of all public sector investments such as those previously mentioned.

The direct contributions of North Portage Development Corporation constitutes the third component of the Final Concept Plan. The Board of Directors are all appointed from the public and specifically excludes elected officials and public servants. They are responsible for implementing the mandate from the three shareholders in the form of the Final Concept and Financial Plan. They are also responsible for managing the affairs of the NPDC, which involves calling for development proposals, providing incentives to the private sector and co-ordinating the various redevelopment programs. The Board of Directors is also required to hold an annual meeting in addition to issuing an annual report. There is also an ongoing consultative process with the respective shareholders.

5.3.2. Types of Assistance

The NPDC is directly responsible for implementing several programs. The most critical was a land assembly program. The NPDC needed to control a sufficient amount of property to accommodate the specific development objectives. The NPDC was then in a position to offer Cadillac Fairview and Imperial Group a land package on which a development could be built. The term of the agreement with Cadillac-Fairview was a 75-year lease of the land.

This serves several important functions. It reduces the costs of the project to the developer. It retains title to the land with the NPDC which provides it with greater control over what is done with the property. It also provides the NPDC with a source of revenue. The recommendation of the Task Force was that the revenue from the lease would begin once the project began to earn a reasonable return.

The difficulty with land leases is that it may require extensive negotiations in order to come to agreeable terms with the developer. The advantage of the NPDC is that it employs professional staff who are capable of entering into such negotiations. This is a preferable method to that of relying on city councils who, as in the case of the Trizec Development mentioned in an earlier chapter, are not always capable negotiators.

The assembled land was obtained through expropriation by the Government of Manitoba's Land Acquisition Branch and the transfer of lands previously acquired by the CAI. The total area amounts to approximately 500,000 ft², excluding roadways¹². The expropriation required a major portion of the total proposed expenditure for the North Portage area. The development proposals received by the NPDC exceeded the amount of available land which serves as an indicator of the effectiveness of land assembly in attracting private investment.

The NPDC is responsible for the construction of enclosed public amenity space and walkway connections to businesses on the south side of Portage. The public amenity space is to be constructed as an integral part of the Cadillac Fairview retail development. In addition to providing weather protection, the public space will also be used for various activities that will serve as an added attraction for people. The primary objective of the public amenity space and the covered walkways appears to be to entice shoppers from the dominant retail area

¹²Board of Directors, North Portage Development Corporation Final Concept Plan for North Portage Redevelopment (March 26, 1984).

on the south side of Portage which includes Eatons and the Bay. Historically, the north side of Portage Avenue has been unable to establish any significant retail development. Given that this is an objective for the area, the NPDC is able to provide a public space which provides a focus on the north side of Portage Avenue. This serves as an attraction for both the general public and the private sector. It is this ability of a development corporation to facilitate new investment and create new interest in an area that is described in Chapter 4 as the purpose of a development corporation.

The NPDC is responsible for the provision of 1600 parking stalls, 600 of which are to be residential parking. The provision of parking is a critical element for the success of both the residential and commercial development. The Board of Directors in formulating the Final Concept and Financial Plan recognized that most retail shoppers would be travelling by car and therefore it was important to provide sufficient parking on the site.

The costs of constructing the parking was estimated by the North of Portage Administrative Task Force to be approximately \$15 Million. In addition, the NPDC is to be responsible for the operation and maintenance of the parking facilities. Normally the revenues generated by the parking stalls are insufficient to offset the high costs of development. These are costs that a developer constructing in the downtown area must be willing to bear in order to attract the public. Generally they are confident that they will be able to attract the public. In the case of an area such as North Portage this confidence on the part of the developer has not existed. Therefore they were

reluctant to undertake any venture which required a costly component such as parking.

The NPDC is able to respond to the reluctance on the part of the private developer by agreeing to provide the parking component. In conjunction with the other activities of the NPDC and the CAI this led to the undertaking of projects by Cadillac Fairview and Imperial Group. As mentioned in relation to the provision of public amenity space, the NPDC is carrying out its role as a development corporation in terms of practising leverage through the provision of incentives.

The NPDC is also undertaking various municipal improvements such as provision of municipal services, upgrading streets and sidewalks and providing landscaping. The provision of municipal services reduces the costs to the private developer while the other improvements enhance the ambience of the area.

One of the specific features of the North Portage redevelopment is the creation of a pedestrian boulevard along Edmonton Street leading to Central Park. The provision of the boulevard will create a pleasant attraction for the residents in the area. It also serves as an inducement to the private sector to develop housing because they are assured of a suitable residential environment.

As mentioned in Chapter 4 these are relatively low cost items which can significantly improve the appearance of the area. They are also good "quick start" projects in that they are relatively easy to implement and can serve as an impetus for changing the perceptions of the area by the public and private sector.

The incentives provided by the NPDC are not as extensive or wide ranging as those mentioned in Chapter 4. Mr. Matt Kiernan who is the Assistant General Manager for the Core Area Initiative attributes this to the increased confidence of the private sector due to the other programs of the Core Area Initiative and the overall public sector commitment. Given the general level of investor confidence, the NPDC has been able to implement its redevelopment objectives with fewer incentives.

5.3.3. Sources of Funding

The sources of funding for the NPDC are a \$22 Million contribution from each of the three levels of government and a \$5 Million contribution from the Core Area Initiative under its program for North Portage redevelopment. In addition, the NPDC is authorized to borrow up to \$20 Million. Other revenues will be provided through land leases and parking revenues. The NPDC also has an agreement with Cadillac-Fairview that the NPDC will receive a guaranteed base rent from the retail project as well as a share of future income. This project in itself exceeds the proposed amount of office space for North Portage. The Board of Directors of the NPDC anticipate that the approximate \$76 Million of initial investment will generate over \$150 Million of private and institutional investment excluding the Air Canada Building & Science Place Canada¹³.

The NPDC is fortunate in that it is receiving major funding from three shareholders. The vast amount of funding required may prove to be

¹³Ibid

limiting to a single shareholder of a development corporation as proposed in Chapter 4. It is significant to note that the total funding of \$91 Million available to the NPDC is considered necessary in order to provide the proposed incentives. The incentives proposed in Chapter 4 included low interest loans, provision of public facilities, land assembly and tax abatement. These all require substantial levels of funding and underlines the need for development corporations to carefully consider which incentives will provide the greatest leverage of private sector investment.

5.3.4. Relation to other Levels of Government and the Public

Under its enabling legislation the NPDC is subject to the City of Winnipeg Act which requires that the projects undertaken by the NPDC receive City of Winnipeg approval. A critical aspect of a development corporation is to be able to proceed quickly with projects and therefore the NPDC has endeavoured to establish a good working relationship with the City of Winnipeg administration and the City Council. Although there is no formal arrangement for the approval of design plans for North Portage, they are referred to the City for review prior to being formalized by the NPDC.

The importance of maintaining a cooperative relationship with the city administration is demonstrated in the New York State Urban Development Corporation and the Portland Development Commission. In both of these cases, they over-stepped the city administration. The result was strong criticism from the administrators which in the case of the PDC led to a restructuring of its authority.

The NPDC does not require any formal approval of its projects from the Management Committee of the Core Area Initiative. The CAI is responsible for the overall management and implementation of the programs undertaken under the Core Area Agreement. The NPDC advises the CAI of its activities and consults the CAI in regards to Core Area programs that could be used to supplement the activities of the NPDC.

Consequently the NPDC possesses a fair degree of autonomy in its undertakings. The only formal approval for its selection of the Cadillac-Fairview and Imperial Group proposals was through the Board of Directors of the NPDC. The Board of Directors had in turn based their decisions on consultation and input from their respective government shareholders. Based on the review of the organization of the NPDC it appears to contain one of the primary elements of a development corporation, which is the ability to operate at "arms length" from the public sector.

This ability to operate autonomously is to some extent possible because of the Concept & Financial Plan provided by the shareholders. It provides a specific and comprehensive list of development and financial objectives for the NPDC. Consequently it does not appear to provide the NPDC with the type of latitude experienced by the UDC and PDC in terms of establishing its own plan.

The level of public involvement in the activities of the NPDC occurred prior to it being established. The North Portage Task Force met with the public and various organizations during May and June 1983 as part of the process of developing a redevelopment scheme for the area. The majority of presentations included recommendations for the

type of development that should occur. Included in this was the suggestion that more senior citizen housing be provided. There were also four specific comprehensive development proposals for the Phase I site.

After having reviewed the various submissions, the North Portage Task Force then recommended a plan and means of implementation to the government shareholders. Once the NPDC was established it met with various organizations that were interested in undertaking specific projects, but there were no further public meetings. Further information regarding the design plan was unveiled as agreements were reached with the various parties such as Cadillac-Fairview and the Imperial Group. This information was provided through press releases, newsletters and other publications. The newsletter was not initiated by the NPDC, but was provided in response to a request from affected businesses that they be informed of the activities of the NPDC.

The omission of public involvement subsequent to the North Portage Task Force is perhaps understandable from the perspective of the NPDC. They were required to develop a Final Concept and Financial Plan within a relatively short time period of one hundred days. There was also a need to protect the confidentiality of its negotiations with various private sector groups prior to formalizing any agreements.

Had the Phase I development impacted directly on a residential area, there would have been a greater need for public involvement. The north of Ellice Street area is a predominantly residential area. It is represented by the Central Park/North of Portage Council. A survey

conducted by the Council in 1983¹⁴ of the residents identified parks and housing as the main concerns. A large scale housing project such as the one proposed by the Imperial Group would have a significant impact if located in the north of Ellice area. If the NPDC was the implementing agency they would be faced with many of the same issues that arose from urban renewal projects. Although the survey of the residents identified parks and housing as priorities, they may be opposed to a specific scheme. There is a greater possibility of this occurring if there is no public representation in the finalized project, as was the case with the Imperial Group residential project.

Although the discussion of a large scale project in the north of Ellice Street area is hypothetical, it underscores the need for the NPDC to include some level of public representation in the formulation of specific projects, particularly in the final stages. This is a suggestion that was balked at by both the New York State Urban Development Corporation and the Portland Development Commission. Such public representation was viewed as an infringement of their ability to operate in a "business-like" manner.

5.4 Summary

The Portland Development Commission (PDC) in Portland, Oregon, and the New York State Urban Development Corporation (UDC) are provided as examples of development corporations in the United States. Their

¹⁴Earl A. Levin, A Model for Joint Public Sector/Private Sector Participation in Core Area Housing Development and Core Area Revitalization (Institute of Urban Studies, Report 8. Winnipeg: 1985).

basic format and purpose is transferable to the Canadian context. The major difference is in terms of funding. The U.S. development corporations have access to a greater variety of funding sources, such as tax abatements, than would be permitted or acceptable in Canada.

The PDC began in 1957 as a renewal agency. It has since experienced opposition both from city administrators because of its independent actions and from public groups who demanded greater involvement in the actions of the PDC. The PDC has prevailed and continued to expand its activities to include industrial development and a commercial loan program.

The UDC has special significance because of its unprecedented powers. Created in 1968, it was responsible for urban renewal activities for the entire State of New York. It was capable of overriding local zoning bylaws and was empowered to borrow up to \$1 Billion in order to undertake its various programs.

Opposition from local politicians and citizens' groups began to weaken the structure of the UDC. Further cash flow problems as a result of decreased federal funding and declining private investment led to a suspension of the activities of the UDC. In 1974 the UDC was finally disbanded.

The North Portage Development Corporation (NPDC) provides a Canadian example of a development corporation. It was created under the Core Area Initiative, which is an undertaking by the Government of Canada, the Province of Manitoba and the City of Winnipeg to implement a number of employment, social and construction programs in order to revitalize the Core Area of Winnipeg.

The NPDC was created in 1983 as a community development corporation under the Corporations Act of Manitoba. It is managed by ten directors who represent the government shareholders. The funding for the activities of the NPDC is provided through a \$22 Million contribution from each level of government. There is also a \$5 Million contribution from the Core Area Initiative. The NPDC is authorized to undertake a further \$20 Million in loans.

The NPDC is responsible for implementing a concept and Financial Plan provided by the government shareholders. The NPDC is also directly responsible for implementing four assistance programs. These are land assembly; provision of parking for 1600 vehicles; public amenity space and walkways connecting to south of Portage Avenue; and provision of various municipal improvements such as street landscaping.

The result has been a 300,000 ft² office building at the north-east corner of Portage Avenue and Donald Street. A further commercial/residential development is being undertaken by Cadillac-Fairview and the Imperial Group. It includes approximately 300,000 ft² of office and retail space. The residential component will provide 1100 upper income housing units with a provision for 300 non-market senior citizens' housing units.

Apart from normal City approvals, the NPDC is not directly accountable to the City of Winnipeg or the Management Board of the Core Area Initiative for its projects. The Board of Directors is responsible for approving the operations of the NPDC. Although the NPDC appears to act autonomously, it does operate under a relatively detailed mandate in the form of a Concept & Financial Plan.

The NPDC has demonstrated initial success with the undertaking of various large scale projects. However part of this success should be attributed to the existence of the Core Area Initiative. It is the Core Area Initiative which focused the efforts and the spending of the three levels of government on the Core Area. The Core Area Initiative is also largely responsible for bolstering investor confidence in North Portage as a result of the high level of public sector commitment.

CHAPTER 6

SUMMARY & CONCLUSIONS

This concluding chapter serves four main purposes. The first is to provide a brief summary of the preceding chapters in order to highlight the significant points. The second objective is to arrive at some conclusions as to whether development corporations are an effective means of downtown revitalization. This will be based on an evaluation of the positive and negative aspects of development corporations as it relates to urban renewal, large scale projects and the concept of a development corporation itself. The third objective is to make some recommendations regarding the key elements necessary for the success of a development corporation. This is directed at cities or organizations which are considering establishing a downtown development corporation. The fourth objective is to discuss the implications of development corporations on the practise of planning. Particularly the impact of development corporations on the implementation of planning objectives.

6.1 Summary

Chapter 2 of this thesis identified the critical issues affecting the inner city. The inner city is usually comprised of areas of stability, revitalization, massive redevelopment and decline. It is the areas of decline that are the focus of this thesis. These areas are marked by physical, economic and social deterioration. The decline often begins with an exodus of the people and businesses that maintained the vitality of the area. The area becomes a less desirable place to live and less attractive for new investments. Consequently the

residential population shifts to the high-need groups such as the elderly and those on low incomes. There is no longer an incentive to maintain the residential and commercial buildings which further aggravates the deterioration of the area. The area also suffers from economic problems as a function of vacant commercial buildings and a lack of employment opportunities for the people living in the area.

Suburban shopping centres provide major competition with the downtown retail area. The downtown has difficulty competing with the availability of free parking and climate-controlled buildings provided by the shopping centre. As a result, the shopping centre is often successful in attracting shoppers away from the downtown retail area. The downtown experiences greater business vacancies and difficulty in attracting private investment in new retail activities. For the declining downtown area, this affords little prospect for new investment.

The downtown area of Winnipeg is experiencing the effects both of declining areas and suburban shopping centres. The area known as North Portage is showing many of the symptoms of a declining area. It has a significant elderly and Native Indian population which poses various social problems. It has experienced business vacancies and declining property values as new investment continues to be focused on other downtown areas, particularly the south side of Portage. The prospect of new retail investment is further diminished by the presence of suburban shopping centres such as the Polo Park Mall.

The urban renewal and large scale development projects are two methods of redevelopment that have had an impact on the revitalization

of downtown. They are diverse in their approach in that urban renewal was undertaken with certain public objectives while large scale downtown projects usually serve private objectives, namely those of the developer.

Urban renewal was established in the 1940s as a means of slum clearance. The inner cities in both Canada and the United States had suffered from long-term neglect. They were also experiencing major upheaval with the shift of population to the newly-created suburbs. The result was a preponderance of low income residents living in dilapidated housing.

Not all the inner city areas were experiencing the same level of decline and therefore there was a tendency to include vital residential neighbourhoods in urban renewal areas. The result was opposition from residents to the wholesale destruction of their homes which led to the formation of organized groups which demanded greater participation in the urban renewal process. The extensive demolition of housing negated the efforts of urban renewal to increase the amount of affordable housing. It also created problems of displaced families. The results of a survey undertaken by Kevin Cross and Robert Collier, which are included in Chapter 3, demonstrated that those who worked in renewal agencies were of the opinion that displaced persons were not being provided with suitable housing.

The focus on the provision of housing excluded the social and economic problems that existed in the inner city. The urban renewal program did not address the problem of low income and unemployment or the lack of educational or vocational skills. The result was often the

transposing of existing social and economic problems to new housing projects.

Less scale downtown development projects are on the opposite end of the spectrum from urban renewal. They are privately initiated and largely privately financed. They often extend over at least one city block and contain in excess of 100,000 ft² of retail space and up to 3 Million ft² of office space. In addition, the project usually includes extensive parking and may be tied in to adjacent hotels or convention centres. The result is a project which has a significant impact on the downtown areas, both physically and economically.

For this reason, city councils often courted these types of developments in order to bolster their efforts to revitalize downtown. In their eagerness to attract developments to the downtown area, they were willing to make major concessions that were not necessarily warranted. In Chapter 3 the example of the Trizec development in downtown Winnipeg is used to illustrate how city council was coerced into contributing \$20 Million towards the project.

The fact that these projects are privately initiated, combined with the eagerness of city councils to be accommodating, does not lend itself to a situation which encourages public participation in the planning of the project or the agreements made by city council. These projects usually do not involve the redevelopment of residential areas but they do impact on the residents and the businesses in the downtown area. Residents in Vancouver were strongly opposed to a major commercial project proposed on the waterfront adjacent to Stanley Park

and were successful in pressuring the City of Vancouver and the developers to reconsider the project.

Large scale projects do not as a rule locate in the deteriorated downtown areas. Therefore they do not provide an influx of investment to these areas. Often the opposite occurs as the new project attracts businesses looking to locate in the downtown area. This further undermines the ability of a declining area to re-establish its commercial viability.

The concept of a development corporation evolved from the urban renewal process. It offered a means of implementing inner city redevelopment that was less bound by government bureaucracy. The development corporation is intended to have greater direct control over how its funds are allocated under the mandate of inner city revitalization. It is also designed to maximize private sector investment that is evident in large scale projects, but to direct that investment to declining areas.

Downtown development corporations are established as a provincial corporation similar to other development corporations such as the B. C. Place Development Corporation in Vancouver which was responsible for the development of the B.C. Place Stadium. They are governed by a Board of Directors who are responsible for implementing the mandate of the sponsoring government and managing the affairs of the development corporation.

The funding for the activities of the corporation is derived mainly from contributions from the sponsoring government and the ability to undertake borrowing.

The New York State Urban Development Corporation which is described in Chapter 5 was authorized to borrow up to \$1 Billion. The development corporation may also realize revenue from its activities. The Articles of Incorporation may permit the corporation to generate a return from private developments that receive assistance from the corporation. It may also receive revenues through its own activities such as the operation of parking structures constructed by the corporation.

A unique feature of development corporations is its ability to provide specific types of assistance in order to promote private sector investment. One of the most important types of assistance is land assembly. The development corporation is able to acquire land by utilizing the provincial expropriation powers. It frees the private developer from undertaking lengthy negotiations with a number of landowners, which is often the case in downtown areas. The corporation is then able to offer the land for sale or as a lease. Possessing the land initially provides the corporation with greater control over the type of development which takes place.

Other types of assistance provide financing subsidies for a development. This may take the form of low interest loans or tax abatements provided through the corporation. Both of these types of assistance reduce the financial costs during the initial tentative stages of a project. Providing this type of financial assistance is more prevalent in development corporations in the United States. In Canadian cities tax abatement and low interest loans may not be politically acceptable and in the case of provinces such as Manitoba, it may also require legislative changes.

A more generally acceptable form of assistance is the provision of parking facilities. Sufficient parking is necessary in order for a development to be successful, but structure parking is expensive. Therefore the provision of parking facilities by the corporation substantially reduces the costs to the private developer. The corporation is able to realize revenues from the operation of the parking and is also able to claim certain concessions from taxes through its status as a public facility.

6.2 Are Development Corporations Effective?

Case studies of the Portland Development Commission in Portland, Oregon; the New York State Urban Development Corporation; and the North Portage Development Corporation in Winnipeg, Manitoba serve to illustrate the positive and negative aspects of a development corporation. The development corporation is able to include more than one facet of downtown renewal, albeit with an emphasis on physical redevelopment. The Portland Development Commission evolved from urban renewal to include residential upgrading programs, commercial loans for businesses and implementation of an industrial development strategy. However, none of the development corporations reviewed included a program for economic and social assistance for the residents of the area. This is not necessarily a failing of development corporations because they are not structured, nor are they intended to be used to implement social programs. It does point out the need to be cognizant of the fact that development corporations do have their limitations.

A further positive aspect of development corporations is that they operate by applying seed money in order to attract further private

investment. In a time of government funding restraint this approach is particularly advantageous. In the case of the North Portage Development Corporation (NPDC), it was able to apply \$76 Million in assistance which resulted in \$150 Million in private and institutional investment. The North Portage example illustrates the ability of a development corporation to encourage private investment in a declining area.

With respect to encouraging private investment, development corporations operate much differently from the urban renewal program. Urban renewal placed greater emphasis on public funding of redevelopment. This applied specifically to the development of housing in the downtown area. In terms of commercial redevelopment, there is less distinction between urban renewal and a development corporation. As urban renewal programs expanded to include commercial redevelopment, the process included land assembly and provision of parking facilities which is similar to development corporations such as the North Portage Development Corporation.

Although urban renewal and development corporations are similar in objectives and process, there are marked differences in terms of funding methods and autonomy. Urban renewal projects undertaken by a municipality required that the municipality contribute to the funding, with the majority of the funding provided by the provincial and federal governments, as provided for in the National Housing Act.

Development corporations also rely on government funding but they also have the ability to borrow additional funds. In the United States, development corporations are able to use innovative financing techniques such as allowing private investment in the development

corporation. This was the case with the New York State Urban Development Corporation.

In terms of autonomy, municipalities were subject to the limitations imposed by provincial and federal governments. Under the National Housing Act, provincial approval was required of any urban renewal project proposed by a municipality. A development corporation is established under separate provincial legislation, or possibly as a separate civic agency. As a separate entity it has greater control over its own administration, particularly the allocation of funds. Also removed is the accountability to the federal government. The development corporation is then able to deal directly with both the city council and the provincial government.

The assistance programs provided by a development corporation are pre-determined. This removes corporations from having to make concessions that are reactive to private sector pressure such as was often the case between city councils and large scale developers. An example is the Scotia Square development in Halifax where the city council was forced into constructing a major new access road before it had secured the necessary financing. The assistance programs such as land assembly, low interest loans, tax abatement and provision of public facilities are all aimed at providing assistance with critical aspects of a development project.

The North Portage Development Corporation provided assistance through the provision of land assembly; provision of public amenity space; parking facilities; and various landscaping and municipal improvements. The choice of these assistance programs was based on

consultation with private developers, various public and private organizations and research undertaken by the NPDC itself. Consequently, NPDC was in a position of some control in being able to offer to private developers a specific set of incentives in order to encourage them to invest in the North Portage area.

The negative aspect of this semi-autonomous status is that the development corporation creates opposition from established government departments because their authority is circumvented. The New York State Urban Development Corporation (UDC) was given the power to override local zoning bylaws. The strong opposition from local administrators and politicians resulted in this power eventually being removed from the enabling legislation.

The semi-autonomous status also removes the development corporation from the constant contact and exchange of information that results from being a "line" department. Consequently it is important that the development corporation maintain contact with various civic and provincial agencies in order to ensure that projects are not delayed because of unforeseen approvals that are required.

Development corporations are prone to excluding public participation from their process. It appears to be a function of their desire to operate in a "business-like manner" and to focus on encouraging new development. The UDC and the PDC both met with public opposition in their failure to include the public in the development of their plans. The NPDC included public representatives through an initial Task Force and also through its own undertakings. However, the final projects for the redevelopment of North Portage did not include

any public involvement. From the perspective of the NPDC, it is perhaps understandable that they wished to proceed quickly without further public involvement. What it does imply is some degree of tokenism in that the public, and in this case the private sector, were given the opportunity to present their views but were not given the same opportunity regarding the final redevelopment project.

Recommendations:

The comparing of the positive and negative aspects of a development corporation give some measure of its ability to successfully initiate downtown revitalization. What it does indicate is that a development corporation is able to implement certain development objectives successfully without relying on increased public expenditures and instead encouraging private sector investment. The review of the case studies seem to bear this out. Certainly the concept of a development corporation is not without its negative aspects, but in comparison to urban renewal and large scale projects it is a preferable means of downtown revitalization - primarily because it does not involve the bureaucracy of government funded urban renewal and provides greater control than privately-initiated large scale development projects.

In order for a development corporation to maximize its potential to promote and implement downtown revitalization, a number of conditions should be present. These conditions are necessary to ensure the physical, economic and social rejuvenation of a declining area, which is what downtown revitalization refers to. The specific requirements are:

1. The objectives of a development corporation should be specific, particularly at the outset.
2. Ensure adequate funding for the various programs.
3. Include public participation, especially where residential areas are involved.
4. Operate within a comprehensive program that addresses the social and economic problems which are beyond the scope of a development corporation.
5. Establish performance criteria in return for assistance.
6. Evaluate if estimated leverage of private investment is sufficient.
7. Undertake impact assessment on the surrounding area.
8. Determine whether development corporation should exist as a city agency or as a separate entity.

The objectives of a development corporation should be specific. This is to ensure that the corporation is able to proceed quickly with several perhaps pre-defined projects. This serves to present early, tangible results to the private sector and to the general public. Generating support and confidence from the private sector and the general public at the outset creates a positive attitude towards the revitalization program and assists the development corporation in attracting new investment.

The requirement of adequate funding is necessary in order that the development corporation can meet its objectives. Under-funding will not permit the development corporation to provide the programs that may be necessary in order to encourage private sector development. Obviously

the amount of funding will vary depending on conditions of the declining area and the objectives of the development corporation. What needs to be estimated is the amount of development that will be required in order that the area reaches its own momentum and subsequently the amount of assistance from the development corporation that will be required. What may be required is funding from municipal, provincial and federal governments in order to sufficiently finance the activities of the development corporation.

There is a necessity to include public participation in order to avoid unnecessary public confrontation and to provide those who will be affected some input into the process.

This is especially the case where residential areas are involved. The development corporation and private developers need to respect the fact that their development objectives may not be synonymous with those of the residents of the area. There should be a forum that permits residents and various other interested parties to submit their views to the development corporation. The final decisions of the development corporation should again be presented to the public in order to be ratified.

The actions of the development corporation in itself will not be sufficient to bring about wide ranging revitalization. The development corporation by its very structure is limited to involvement in the physical redevelopment of an area. For this reason a more comprehensive program may be necessary, such as the Core Area Initiative currently being undertaken in downtown Winnipeg. The social and economic problems

of the area also need to be addressed. This includes problems of education, incomes and low income housing.

A requirement of providing financial assistance to the private sector should be certain performance criteria. This is necessary in order to ensure that the project is completed in substantial accord with the initial proposal. The performance criteria should specifically include the architectural details of the project; the operating and financial agreement between the development corporation and the private developer; a contingency agreement should the project not be completed; and the expected date of completion of the project.

The North Portage Development Corporation utilizes Letters of Intent. The Letters of Intent are used to spell out the conditions agreed to by the NPDC and the Cadillac Fairview Corporation for the retail complex and the Imperial Group for the residential component. A similar process will be required for each subsequent project that enters into an agreement with the NPDC. The Letters of Intent include the operation and financial agreements concerning the project and also include a detailed Master Plan for the area.

There is an increasing expectation on the part of governments and the general public that public funding of downtown redevelopment must generate a return. The examples of B. C. Place, North Portage and the Toronto Harbourfront development appear to substantiate this. Therefore, development corporations must be concerned about the amount of leverage of private investment that they are able to generate through the use of public funding. Some governments are also more cost conscious and therefore expect that a minimum of public expenditure

should occur in order to generate a maximum amount of private investment. The development corporation should establish an expected leverage ratio based on the previously-mentioned suppositions.

The actual amount of leverage varied within the case studies reviewed. The NPDC is expected to generate a leverage ratio of private investment to public investment of 2:1. The Harbourfront Corporation in Toronto is higher, with an estimated ratio of 10:1. On the otherhand, the Market Square example in Saint John, New Brunswick is expected to generate a leverage ratio of .8:1.

Before undertaking a redevelopment project, the development corporation also should carry out an impact assessment of the surrounding area. Particular attention should be made to the amount of housing and businesses that will be removed. This is important in order to accurately determine the net effect that the redevelopment will have in stimulating the creation of new housing and businesses. It will also provide an indicator beforehand of the amount of displacement that will occur. The failure to deal effectively with this created problems for the urban renewal program. This issue has been discussed earlier in the thesis.

Impact assessments also allow for an expectation of what the demand will be on the existing services. Will the existing street networks be able to handle the increased traffic flow? Can the existing underground services handle the expected increase in people and buildings? These types of questions are important in order to determine the full cost of the redevelopment. For example, the upgrading of the water supply and a new bridge connection to the site of B. C. Place is anticipated to range from \$28 to \$43 Million.

A further requirement of the impact assessment is to estimate the potential for the proposed redevelopment causing other adjoining areas to decline. The review of the case studies seems to indicate that immediately adjoining areas experience pressure for redevelopment. However, in a slow-growth situation with a relatively fixed market, it is not unreasonable to assume that another area of downtown may experience decline as a result of the redevelopment.

The final requirement in assessing a development corporation is to determine whether it should operate as a civic agency or as a separate entity.

This issue has been discussed in detail in Chapter 5. To reiterate briefly, the choice depends largely on the prevailing political viewpoint; the ability of the existing civic infrastructure to accommodate a new agency; and, finally, on the specific objectives of the corporation. The review of the case studies seems to indicate that in the case of large redevelopment projects such as B. C. Place, the choice has been for the creation of a separate entity. It is conceivable that smaller projects occurring in several areas may be better suited to a civic agency, such as the case of the Portland Development Commission.

6.4 Implications for Planning

The concept of a development corporation poses some implications for the traditional approach to planning. Development corporations address the means of implementing planning policies which has often been a shortcoming of the normal planning approach.

The traditional planning approach incorporates a process which begins with establishing goals and objectives, both for the entire city and for specific areas such as the downtown. These policies are then implemented through zoning regulations and through the actions of City Council in supporting the planning policies. An example is the Plan Winnipeg report which was issued in 1981 and intended as a policy document for future development in the City of Winnipeg. The report is examined in Chapter 2 of this thesis. To briefly reiterate, the policy for the downtown was to encourage renewal of the downtown area through upgrading of amenities and service, and also through zoning regulations which would encourage residential development.

The shortcoming of this type of approach is in the implementation. The Plan Winnipeg report is typical in that, although it suggests utilizing economic incentives, no specifics are provided as to how downtown renewal is to be implemented other than under complete private initiative. The private sector is usually unwilling to venture into a declining area without public support. A commitment from the city government in terms of a policy document is usually not sufficient to generate private sector confidence.

The development corporation is able to address these shortcomings. Most specifically it offers funding to assist the private sector. It therefore establishes a public sector commitment to the area. This in turn generates further private sector confidence for investment in the area. The North Portage Development Corporation is an example of how private sector investment can be encouraged in an area which had previously been unable to attract investment.

The success of the North Portage redevelopment is partly attributable to the comprehensive revitalization of the area through the Core Area Initiative. Rather than an isolated project, the North Portage redevelopment is part of a more comprehensive scheme. This in turn has also served to bolster private sector confidence in the area.

The concept of a development corporation can serve to create a harmonious balance with traditional planning practise. Development corporations such as those reviewed in this thesis have demonstrated their ability to facilitate redevelopment of declining areas where previous methods such as zoning and policy statements had been unsuccessful.

However, development corporations tend to be myopic in their approach. Their focus is on the development of a particular area. The North Portage Development Corporation, for example, limits its activities to the prescribed boundaries of the North Portage area. The planning approach incorporates the entire downtown and addresses a wide range of physical, economic and social issues. In many ways the Core Area Initiative follows this model.

By utilizing the strength of development corporations and the comprehensive nature of planning, an effective and complementary balance is possible. This permits focused attention on redevelopment while being held in check by planning concerns which incorporate the impact on adjoining areas; the policies as to the types of development foreseen for the area; and a social relevance which will benefit the entire city.

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