Manitoba Home
Builders' Association

Executive Policy Committee

March 16 2016

First, I would like to take this opportunity to applaud the efforts of Councillor Morantz on the enormous task of preparing this years' budget which, of course, must include changes from the recommendations from the Comprehensive Fee Review.

Secondly, I must recognize the staff at Planning Property and Development under the direction of John Kiernan who is here today along with Marc Pittet and Stan Dueck, principal author of the review. The Manitoba Home Builders Association works very closely and co-operatively with this department and so I have an appreciation for the amount of work that went into these reports and the commitment of PP+D.

However, I feel that I must take exception with a number of findings and recommendations in the Comprehensive Fee Reviews.

For instance, on Page 12 of the Supplemental Charts and Comparisons, you will find that the total permit fees for a new 1600 square foot bungalow will be increasing by 62% from around $1,300 to over $2,100. I understand the rationale – cost recovery, but 62%? These specific fees haven't been increased since 2008 when they were increased 21%, although there was a general increase of 11% in 2009, but 62%? That appears exorbitant to me. We certainly would never entertain increasing property taxes by 62%.

I must admit that I am having some trouble wrapping my head around some of the numbers and rationale presented in these reports. The Administrative Report to this committee acknowledges that in 2008, the 21% increase was meant to achieve full cost recovery. The increase in 2009 ensured full cost recovery. Since that time, permits have been increased by the rates of inflation. If so, does that mean that departmental costs have increased by 62% for permit processing over the past 7 years? No. In fact, the chart on Page 12 of the Administrative Report indicates that expenses have decreased by 7%.

My understanding is that Council mandated in 2008 that full cost recovery be achieved for all fees related to development applications, building permits and inspections. This was finally achieved in 2011 when revenues exceeded costs by $335,000. Full cost recovery has been exceeded every year since with surpluses of $1.2 million in 2012, $3.0 million in 2013, $5.7 million in 2014 and $4.0 million in 2015. The preliminary 2016 Service Based Budget shows fee revenues are estimated to exceed full cost recovery by over $7.0 million. Given that in a cost recovery agency mandate, revenues must be spent where raised, where is the surplus going? Is there a universally applied overhead charge which is not indicated? If full cost recovery is being achieved, why are building permit fees being raised 62%?

You will see on the chart on Page 12 of the Supplemental Charts and Comparisons that Winnipeg single family detached new home building permit rates compare favourably to Coquitlam, Mississauga and Fredericton. Winnipeg is not in competition with those cities as an affordable destination of choice. No arriving families to Canada or young people entering the workforce are comparing and contrasting the pros and cons of Winnipeg versus Fredericton. We are compared to Regina, Saskatoon and Edmonton; all of whom we have now passed in total building permit fee costs.

On Page 3 of the Administrative Report, it states that there is an annual gap of $2,230,000 per year in land development and re-zoning costs within Planning Property and Development. There must be something terribly wrong with the existing process to create such a massive shortfall. I would suggest City administration and the industry working together to create a new and improved process rather than throwing more money at one that has obviously been historically flawed.

If the aforementioned $2,230,000 does not represent an existing deficit but rather a desire to switch 12 – 15 temporary staff to permanent status, create 12 new additional permanent positions and fund the creation of new plans, who wouldn't want this benevolent largesse? Again, let's work together to ensure that our process is created to operate at peak efficiency and effectiveness before increasing funding for the existing one.

There is mention on Page 5 of the effort to determine basic departmental operating costs if there were no permit activity at all – no land development or construction. With these recommended fee increases, we may find out.

I share the concern expressed in the Administrative Report that new provincial code standards such as the energy code and home warranty will require additional resources with additional expenses. This same legislation impacts the price of a new home too. The energy code increases the price of a new home by over $1,000; the new electrical code by over $2,500 and warranty legislation by over $1,000.

The key issue pertaining to increased code costs, increased permit costs and increased fees is affordability. For years, Winnipeg's competitive advantage over our neighbours in Saskatchewan, Alberta and Ontario has been our housing affordability. This advantage is rapidly eroding and every increased fee or tax on growth hinders our capacity to compete in Western Canada. Our city is rapidly becoming a place that is no longer affordable and the rural municipalities and outlying communities along with the neighbouring provinces are becoming more attractive options every day.

One million people within 20 years? As new construction stops, old existing housing stock is all we have left. With no new supply, demand for the existing supply increases, driving up prices artificially and reducing all hope for immigrants and our young people to realize the dream of home ownership. Where will our children live? Unfortunately, not in Winnipeg.

As I said at the beginning of my presentation today, the staff within Planning Property and Development are a committed team that perform admirably on behalf of all of us. However, I have a hard time believing that hiring 33 new staff here or 200 across the various city departments is the way to achieve a balanced budget. I think our provincial and federal government s have taught us that lesson. It's a form of rationale for raising fees.

Let's step back, put unnecessary spending on hold, reassess the situation and have government and industry work together to find a solution. I am certain that there are efficiencies on existing funding and sources of new funding that can result from this co-operative approach.

Mr. Mayor, you have stated many times that the city collects 8 cents from every tax dollar but is responsible for 60 cents of expense. You have asked industry to work on behalf of a fair funding formula or new fiscal deal. As you know, six industry associations who are trying to make Growing Manitoba's Economy a provincial election platform have created seven pillars for candidates to address with municipal funding being one of them.

Let's continue to work together to build a better Winnipeg.

Building Excellence since 1937

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Canadian Home Builders' Association



GROWING MANITOBA'S ECONOMY

Pillars in Support of 'Growing Manitoba's Economy'

In today's globally competitive business environment it is imperative that government create a climate that attracts new business and allows existing businesses to grow and thrive. For Manitoba to reach its full potential there are seven key public policy pillars that political parties must address to demonstrate their political commitment to "Growing Manitoba's Economy," in their 2016 Provincial Election platforms.

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V. ABORIGINAL ENGAGEMENT

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VI. SKILLED WORKFORCE

Commitment to attracting, educating, training and retaining a skilled, responsive workforce is fundamental to ongoing economic growth.

VII. 'NEW FISCAL DEAL' FOR MUNICIPALITIES

Commitment to address the existing fiscal framework between the province and municipalities to meet the challenges of the future.

CONCLUSION

The above principles are supported and respectfully submitted by the following supporting organizations each of which are committed to pursuing 'Growing Manitoba's Economy,' in the 2016 Provincial Election.

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