Building Owners and Managers Association (BOMA) Manitoba

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September 20, 2016

Executive Policy Committee
City of Winnipeg
510 Main Street
Winnipeg, MB R3B 1B9

RE: Proposed Implementation of Impact Fees (Development Charges)

Dear Committee Members,

On behalf of the Building Owners and Managers Association of Manitoba (BOMA), I'm writing to express concern with the recent administrative report pertaining to impact fees, and the recommendations provided in the report.

BOMA represents the interests of building owners, investors, developers and property managers. Our 200+ member firms develop, own and manage the bulk of office, retail, industrial and institutional real estate in Winnipeg, totaling more than 120 million sq. ft.

BOMA members are also the major stakeholders in driving property development and commercial construction in Winnipeg, with current and proposed projects including:

- Seasons development in southwest Winnipeg (Harvard Developments)
- Grant Park Pavilions (Shindico)
- True North Square (True North Sports & Entertainment)
- 300 Main (Artis REIT)
- Bishop Grandin Crossing (Hopewell Development)

We believe that the implementation of development charges (DCs), as detailed in the recent administrative report, will negatively affect the commercial development industry and limit ongoing investment. Specifically, our concerns are:

1) The report does not provide any analysis of the potential for adverse impacts to Winnipeg's commercial development industry as the result of introducing DCs.
2) The proposed DCs for office development ($226.51 per m^2) would be the highest in Canada; 29% higher than DCs charged in Toronto and 81% higher than those charged in Hamilton.
3) The proposed DCs for commercial and retail development ($152.91 per m^2) would be more than ten times higher than DCs charged for those asset classes in Calgary.
4) The report lacks any recommendations related to phasing in new charges, and/or providing a transition/grace period to allow non-residential developers an opportunity to adapt to the new fees. This is in contrast to how many municipalities across Canada have implemented DCs (over time, and with ample notice). Moreover, the proposed January 1, 2017 implementation date could severely hamper projects currently under development, and stifle prospective lease deals.
5) The report recommends that the Chief Financial Officer can unilaterally determine which capital projects are to be considered "growth-related", and thus be eligible for funding via the Reserve Fund. There should be, in BOMA's opinion, clear guidelines for projects that do and do not qualify for funding from the Reserve Fund, and greater accountability on the part of the City.

BOMA Manitoba

BOMA BEST® Building Environmental Standards

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6) The report does not include recommendations pertaining to reduced rates for commercial development of downtown lots, infill sites, and other areas where municipal infrastructure may already exist. In BOMA's opinion, an absence of such reductions would serve to discourage the redevelopment of functionally obsolete properties.

As outlined in our guiding principles related to infrastructure, BOMA believes that a concerted effort to maintain and enhance infrastructure is a driver of economic productivity in our cities, and improves the standard of living for all citizens. As such, **our industry supports a careful planning process for infrastructure development and spending**.

It is in our members' interests and the City of Winnipeg's interests for commercial real estate development and investment to thrive; however, the recommendations detailed in the administrative report would, in BOMA's opinion, most certainly limit investment activity and new development projects. **We urge the Committee to delay any decisions regarding impact fees, and undertake a sincere effort to collaborate with BOMA and the development industry on this issue.**

Thank you for your kind consideration. At your convenience, you may reach me by email at tom@bomamanitoba.ca or phone at (204) 777-2217.

Sincerely,

Tom Thiessen
Executive Director

Cc: Darren Klassen, Vice President of Real Estate Management, Colliers International (Chair, BOMA Government Affairs & Advocacy Committee)

BOMA Manitoba Board of Directors

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