Planning, Zoning and Permitting in Manitoba

Findings

May 28, 2019

TREASURY BOARD SECRETARIAT

Manitoba

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EXECUTIVE SUMMARY

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Our "Working Thesis"

- In the course of its consultations, the report of the Red Tape Task Force (May 2018) heard that regulatory systems and processes actively discourage the investment of private capital, and that areas of Manitoba are not "open for business"

- The working thesis of our review was, simplistically, that "**a permit delayed has a meaningful impact on the Manitoban economy**". We then set about gathering evidence to test this thesis:

  - What is the relationship between permitting activity and the economy (and tax revenues)?
  - Are developments / investments of private capital being unnecessarily* delayed?

* We stress the word "unnecessarily". We are not advocating for development that is not subject to plans, by-laws and codes. These have a critical role in ensuring that development is responsible. When we speak of unnecessary delays, we are referring to *compliant* development proposals that are not advanced to the occupancy stage in a timely manner

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Why This Review Matters

- The Manitoban economy cannot flourish without private sector capital being invested in residential, commercial and industrial development:
  - Represents $5.1B of investment a year, or around 7% of GDP
    - This represents over 24,000 jobs in Manitoba
  - Creates the infrastructure to become homes, workplaces and industrial engines for the future

- Private sector construction plays a significant role in creating jobs, building communities and places to work and contributing to our overall economic prosperity

- It also creates a robust and stable tax base, enabling governments to have the financial stability to deliver important front line services

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The Costs of Delays

- We worked with the Department of Finance, including the Finance Research Division and the Manitoba Bureau of Statistics, to review a large number of existing and external economic models to develop a predictive approach. The magnitude of the economic costs are significant. For **every day** we can reduce unnecessary permitting delays

    1. Our provincial GDP would grow by $17M
    2. Municipal tax base revenues would grow by $400K
    3. Provincial tax revenues would grow by $1.7M

… and we know of projects that have been stalled for <u>years</u> (not days), as well as projects that have never come

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Primary Findings

- Across Manitoba, development activities are subject to a patchwork of inconsistent, subjective and often arbitrary regulatory authorities

  - Manitoba is an outlier jurisdiction that has not adopted “best practices”
  - Provincial statutes have created inconsistent and overlapping regulatory authorities in the development process, including Manitoba Hydro, the Office of the Fire Commissioner (OFC), the City of Winnipeg, rural planning districts and rural municipalities
  - Our processes are inconsistent *within* regulatory authorities, and also inconsistent *between* regulatory authorities
  - The processes at the City of Winnipeg are identified as being dysfunctional, although concerns were also raised with the permitting processes managed by Manitoba Hydro and the OFC

- By failing to adopt best practices, the Province of Manitoba is losing tangible opportunities and better outcomes for Manitoba

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Recommended Next Steps

- TBS is prepared to issue a series of recommendations to Government, however we believe it would be best to release our “Findings” externally to allow stakeholders an opportunity to respond
  - We met with ~50 individuals. We believe are highly representative of all stakeholders, and the messages we heard were clear and consistent across nearly every stakeholder. However, we want to ensure that everyone has an opportunity to provide input
  - We have created a mailbox (ManitobaPermitReview@gov.mb.ca) to receive feedback

- After we have provided an opportunity for everyone to provide feedback, we expect to release specific, actionable recommendations
  - Our working conclusion is that these regulatory processes should be more efficient, and specific development projects should no longer be judged as “good or bad” sometimes based on arbitrary and subjective views, but rather “compliant or non-compliant” based on objective and transparent plans, zoning by-laws and codes
  - We expect that our recommendations may be based on that working conclusion, and that many of our recommendations will require a collaborative approach and working groups involving all of the regulatory agencies involved in this review

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MANDATE, FRAMEWORK AND METHODOLOGY

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Independent Review Function

- Treasury Board Secretariat (TBS) is a central government agency designed to play a "challenge function" within the Government of Manitoba through its program review function
  - We provide unbiased, evidence-based recommendations to government

- This review has been conducted solely by public servants within TBS
  - We would also like to express gratitude of the support received from other public servants across many government departments, notably Manitoba Finance and seven other Deputy Ministers

- TBS is delivering this report directly to Cabinet
  - We can confirm that no earlier drafts of this report have been shared with Treasury Board, and more specifically we did not operate under any instructions from Treasury Board or other elected officials, other than the initial Order in Council 157/2019 to perform this review

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Scope of Review

- Following on the initial phase of work conducted by the Red Tape Task Force (May 2018), in Order in Council 157/2019, Cabinet requested an independent program review of the planning, zoning and permitting process in Manitoba through the lens of economic development
  - We followed our standard program review methodology summarized in Appendix A

- Specifically, to the extent that development can occur more efficiently, what would be the economic benefit to Manitoba?

- Our review had a broad, province-wide scope:
  - Includes all of the City of Winnipeg, rural municipalities, municipal planning districts, Manitoba Hydro and the OFC
  - Includes permitting administered at the provincial and municipal levels, including: building, electrical, plumbing, gas, pressure, and occupancy permits
  - Provincial statutes pertaining to permitting
  - Excludes exploration, mining and prospecting permits, amusement, motor vehicle permits, signage and environmental permits*

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* All of these permitting activities support critical provincial priorities. However, because we were directly focused on infrastructure-related development, we left these activities out-of-scope. These permitting activities could be a subject of a future review, if desired

The Role of the Province in Planning

- It is the Manitoba Government's responsibility to ensure that the Province's regulatory processes operate in an efficient, transparent and consistent manner and achieve the desired outcomes

- All of the regulatory processes examined in the course of this review operate under legislative authorities directly derived from Provincial legislative jurisdiction
  - At no point did our review stray to matters outside of Provincial jurisdiction

- It is important to note that *only the Manitoba Government has the legislative authority to structurally fix these problems*. The regulatory agencies we reviewed (including Manitoba Hydro, the OFC, municipalities and planning districts) do not have the mechanisms to implement legislative reforms

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Stakeholder Consultations - Scope

- As part of this review, TBS invited a number of Manitoba stakeholders representing urban and rural centres to participate in informal interviews to discuss their perspectives and experiences with respect to Manitoba's zoning and permitting process

- TBS consulted with ~50 individuals over several weeks, representing a variety of private and public sector businesses and organizations including:

  - Developers of all sizes, including residential, commercial and infill
  - Subject Matter Experts
  - Large Corporations
  - Construction, Hospitality, Manufacturing, Food Processing and Agribusiness Industries
  - Winnipeg Metropolitan Region
  - Economic Development Winnipeg
  - Engineering Firms
  - Trade and Professional Associations
  - Construction and Homebuilders Associations
  - Cottagers
  - Project Management Consultants
  - Manitoba Hydro
  - Office of the Fire Commissioner
  - Current and Former Senior City of Winnipeg Executives
  - Public Schools Finance Board
  - Manitoba Government public servants

Our Meetings – Scope

- Three weeks of intensive in-person interviews of stakeholders with direct experience of zoning and permitting across all construction segments
- At virtually all meetings, at least two TBS public servants were in attendance
- Stakeholder meetings followed a carefully pre-set agenda that ensured that we solicited comments in respect of all stages of development activities in the Province
  - An example of an agenda used is in Appendix B, although from time to time we varied the agenda if we expected the audience may have a more narrow focus / field of sight into matters under the scope of our review
- TBS would like to express its gratitude to the many people who met with us over the past three-week period

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Jurisdictional Scans

- A standard feature in TBS-led program reviews are “jurisdictional scans”
- In our review of planning, permitting and zoning, we conducted an extensive analysis of how other jurisdictions organized their regulatory practices
  - We found that there are other regulatory models that would lead to superior outcomes, and only reproduce high-level summaries of the same in this presentation
  - The summary of our jurisdictional scan is in Appendix C

HOW DOES PLANNING, ZONING AND PERMITTING WORK IN MANITOBA?

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Basic Principles of Development Stages

Development Plans

Development plans describe general land use requirements on a large scale. For example identify land for agricultural, industrial, commercial, residential and recreational use

Zoning

Zoning by-laws describe land use and building use/size/location requirements on an individual property basis. Zoning by-laws could identify “permitted use” or “conditional use”. Conditional use approvals require some form of public hearing prior to approval. Permitted uses do not require further review

Building Permits

Building permits allow for construction of individual buildings. Buildings would need to meet zoning and building code requirements, or obtain a variance

Occupancy Permits

Occupancy permits allow for the use of completed buildings that have been constructed according to all permit and building code requirements

If a construction project complies with all development requirements, there is no principled basis for it to be delayed

Planning Overview

1. Development Plan By-law
2. Secondary Plan By-law
3. Zoning By-Law
4. Development Permit

Adopted by: Planning District Board / Municipal Council
Approved By: Minister of Municipal Relations

Adopted by: Planning District Board / Municipal Government*
*(Municipal Council if not in a Planning District)

Adopted by: Municipal Council / Planning District Board**

Application to: Planning District Board / Municipal Council*
Administered by: Development Officer***

Considerably more detail is contained in Appendix D

*Municipal Council if the Municipality is not in a Planning District
**Planning District Board in a district-wide by-law
***As authorized by the Planning District Board/Municipal Council and set out in the zoning by-law

MAJOR FINDINGS

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Groupings of Major Findings

- Many of our findings are inter-related
  - As examples, findings of challenges in the Winnipeg Metropolitan Region are often inter-related with challenges at the City of Winnipeg, or the findings in respect of *Inspections and Permits* are directly related to *Lost Opportunities*

- We have organized our findings into the following categories:

1. Inspections and Permits
2. Manitoba Building Code
3. Reliance on Stamps
4. Manitoba Hydro
5. The Office of the Fire Commissioner
6. Provincial Parks
7. School Construction
8. The City of Winnipeg
9. Winnipeg Metropolitan Region
10. Lost Opportunities

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#1 – INSPECTIONS AND PERMITS

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What We Heard – Inspection Services

- There is the perception that some inspectors are unqualified, untrained, and given too much discretion to interpret plans and codes without supervision
  - A constant theme is that inspectors are less knowledgeable about the code than the developers
- There is considerable frustration at the lack of consistency among inspectors, both within single municipalities / planning districts, as well as between jurisdictions
- In addition, Inspectors work independently of the Plan Examiners' approved plans and/or interpretation of the codes
  - Inspectors often interpret the code differently than approved by the permit planning documents. This lack of coordination and arbitrary decision-making requires builders to incur unnecessary expenses to satisfy the inspectors, even though the construction satisfies the approved building plan

What We Heard – “Grey Books”

- We heard speculation that municipalities may have “grey books” that formally document how to interpret aspects of the building code, but the developers are not given access to this important information

- We have not uncovered any evidence that these exist, however, this begs the question ‘Why we do not have a province-wide “grey book”?’

  – This could provide considerable benefits to both inspectors and developers alike

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What We Heard – Inconsistency

- A constant theme we heard was that plans, zoning and codes were often too vague and therefore subject to too much discretionary interpretation by inspectors. The following are two indicative examples of the improper use of discretion that we heard:
  - Municipalities have the ability to impose a requirement that construction needs to be "similar to the type and quality of the materials used in the neighbourhood". A developer could drive around the neighbourhood, and could do statistical calculations and determine that most homes are sided with stucco. However, a municipal inspector may *prefer* the look of siding board, and may subjectively impose that requirement on the developer, even if that imposition is (at best) not clear in the Code – or (at worst) is actually in contradiction to the Code
  - An approved plan required that shrubs be planted in certain locations facing the street, which was done by the developer. The inspector took issue with the *type* of shrubbery, and insisted that the planted shrubs be torn out and replaced with the types of shrubs the inspector preferred. Even though the inspector had no legal basis to require the change, the developer felt it was futile to fight the inspector – as this would delay occupancy and cost the developer more than acquiescence. The shrubs got torn out and replaced
- We heard repeatedly that plans, zoning and codes need to be more clear

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Power of Inspectors / “Designated Employees”

- The City of Winnipeg Charter gives ‘designated employees’ sweeping powers under Section 176 and 180 in regards to inspections and enforcement of by-laws. The comparable section under the Manitoba Planning Act is Part 12
  - The Charter also allows the City to appoint ‘Special Constables’ with powers under The Police Service Act to conduct inspections. The Planning Act has no such provision
- The comparable sections of the legislation are not worded the same, with the City of Winnipeg Charter giving more powers to inspectors than under The Planning Act
- Complaints or appeals relating to inspectors and inspections are made to the Standing Committee (i.e. elected officials), which is not independent
  - In other jurisdictions such as Alberta (Subdivision & Development Appeals Board) and Saskatchewan (Development Appeals Board and the Municipal Board), an affected landowner can appeal the enforcement action of the municipality to independent, impartial tribunals

Building Official / Inspector - Licensing

- Manitoba requires Municipalities (including the City of Winnipeg) that wish to issue permits and perform inspections of large or complex buildings to apply to the OFC and demonstrate that they employ a Building Official with training and qualifications necessary to issue permits and inspect these types of buildings
  - Today, training is provided by Red River College
- Manitoba does not license or maintain a list of licensed Building Officials
- The Manitoba Building Officials Association also provides voluntary training and certification. It has 75 certified members
- In Alberta, Saskatchewan and Ontario, Building Officials are licenced by the provincial government, while British Columbia delegates licensing to its Building Officials Association who certifies building code officials. As referenced in our Jurisdictional Scan, most other jurisdictions reviewed maintain a list or registry of licensed building officials

What We Heard –Themes on Permitting

- Delays / lack of timeliness
- Lack of professionalism and undue subjectivity, with insufficient supervision
- Inability to close off matters or provide binding decisions within a reasonable time frame
- Little value for money in exchange for expensive permits
  - Recent increases in permit fees at the City of Winnipeg were expected to lead to better service levels, but this has not materialized and the situation is perceived as getting worse
  - No co-ordination with planners; inspectors want to re-visit decisions made at planning stage
- A persistent failure to recognize the permit applicant as a “client” and instead treating them as adversaries

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#2 – MANITOBA BUILDING CODE

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What We Heard – Outdated Building Codes

The National Building Code of Canada (NBC) is designed to provide Canadians with safety, health and sanitation, accessibility, and structural sufficiency of a building

- Manitoba has not kept up with the national code and continues to apply the 2010 NBC with Manitoba-specific amendments
- Manitoba has failed to be transparent with builders as to when the adoption of the 2015 NBC are coming online
- As such, all Manitoba authorities continue to review projects relative to the 2010 NBC with MB amendments (Manitoba Building Code)
- Many architecture firms in Manitoba, and across Canada, are currently using the 2015 National Building Code. Projects that are submitted under the 2015 National Building Code must be submitted along with a third party review relative to the 2015 code
  - This requirement adds red-tape, unnecessary costs, and delays to the process

What We Heard - Building Code Amendments

- Through the *Manitoba Building Code Regulation,* Manitoba has adopted a wide range of exceptions / deviations that are not based on factors unique to Manitoba

- Some *exceptions* to the national code could be viewed as justifiable, but there are a large number of additions / supplements to the national code that would benefit from a careful *de novo* re-examination with the possibility of

  - Reducing Red Tape
  - Improving interprovincial trade
  - Improving the efficiency of the construction industry

- Benefits of adopting the 2015 National Building Code would streamline design, engineering and building processes through standardization

- Adoption of the 2015 NBC would align Manitoba to other jurisdictions under the New West Partnership Trade Agreement, who have all adopted the 2015 NBC

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#3 – RELIANCE ON STAMPS

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Reliance on “Stamps”

- We heard significant concerns about the lack of reliance on professional “stamps”:
  - This practice varies by jurisdiction, but generally jurisdictions outside of the City of Winnipeg are more likely to rely on “stamps”
  - The benefit of reliance on stamps is self-evident – engineers and architects are certified, self-regulating professions with professional societies and insurance requirements
  - Once a document is “stamped”, it is reasonable for municipalities to rely on the “stamp”, and it is reasonable to hold the engineers and architects accountable for the same
- “Stamp on Stamp” reviews are common, driving:
  - Duplication
  - Unnecessary costs
  - Time delays
- A significant concern was also observed whereby the ability of a planner or inspector to second-guess stamps is frequently used as a “wedge” to demand changes to a project based only on the personal “likes and dislikes” of a staff member or politician rather than on existing planning rules

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Second-Guessing “Stamps”

- We heard many stories of the frustrations associated with second-guessing stamps, and chose to feature one anecdote shared with us:
  - An individual acquired an electric car and wanted to install a charging station in his Winnipeg home. The charging station was built by the manufacturer, and was federally “CSA” approved for use across Canada, and came with installation instructions
  - The installation team consisted of two electrical engineers with decades of experience. It was their professional opinion that following the manufacturer-approved, CSA-approved installation instructions was safe
  - A City of Winnipeg inspector (who was not an electrical engineer) disagreed, and recommended a *different* installation process which was, in the professional opinion of the two electrical engineers, less safe and far more costly
  - The engineers expressed their professional opinion that the inspector was misinformed, unqualified and poorly trained and in no way should that individual have had the power to override “stamps”
  - This event exemplifies the problem of not relying on “stamps”
- Several stakeholders expressed similar experiences and, in every case, contractors and developers expressed the futility of challenging inspectors – and often the decision was made to simply acquiesce

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#4 – MANITOBA HYDRO

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Overview – Manitoba Hydro

- Manitoba Hydro is responsible for providing electrical and natural gas service throughout Manitoba

- For electrical work, Manitoba Hydro issues permits and conducts inspections for all areas of Manitoba, except within Winnipeg where the City of Winnipeg is the inspection authority

- For natural gas work, Manitoba Hydro conducts inspections for all areas of Manitoba. The OFC also conducts inspections of certain installations – and we found considerable overlap between the work of Manitoba Hydro and the OFC

- Further details on Manitoba Hydro permitting are contained in Appendix E

What We Heard - Manitoba Hydro

- Perception that Manitoba Hydro has little interest in obtaining new customers, particularly with specialized power requirements:
  - Challenges for new industries looking to set up
  - Challenges in adapting to the unique requirements of electrified vehicles
- We have heard the belief that, historically Manitoba Hydro had a closer working relationship with developers than is enjoyed today
- There is considerable room to improve this relationship, and for Manitoba Hydro to improve the recruitment and retention of new customers. There is an opportunity to move the culture to be more customer-centric
  - Degree of “customer care” is reported to be very dependent on the individuals serving you, which is unnecessarily subjective and “random”

What We Heard - Manitoba Hydro cont'd

- Permitting activities are slow, and easement process needs to be simplified

- Delays in permits materially delay occupancy dates and economic activity (e.g. workplaces can't be opened to start employing people, homeowners can't move in, etc.)

- Centra Gas' operations were generally perceived to be timely and professional

Challenges with Regulatory Model

- Manitoba Hydro legislation and the associated PUB model creates challenges for Manitoba Hydro to align with provincial economic development aspirations

- Despite significant investments in new dams and transmission lines, there is little “excess” power capacity available in the City of Winnipeg

  – This is partially due to historic “Winnipeg Hydro” engineering, and also partially due to challenges Manitoba Hydro has to recover costs of strategic infrastructure investments incurred for *anticipated* future customer demand

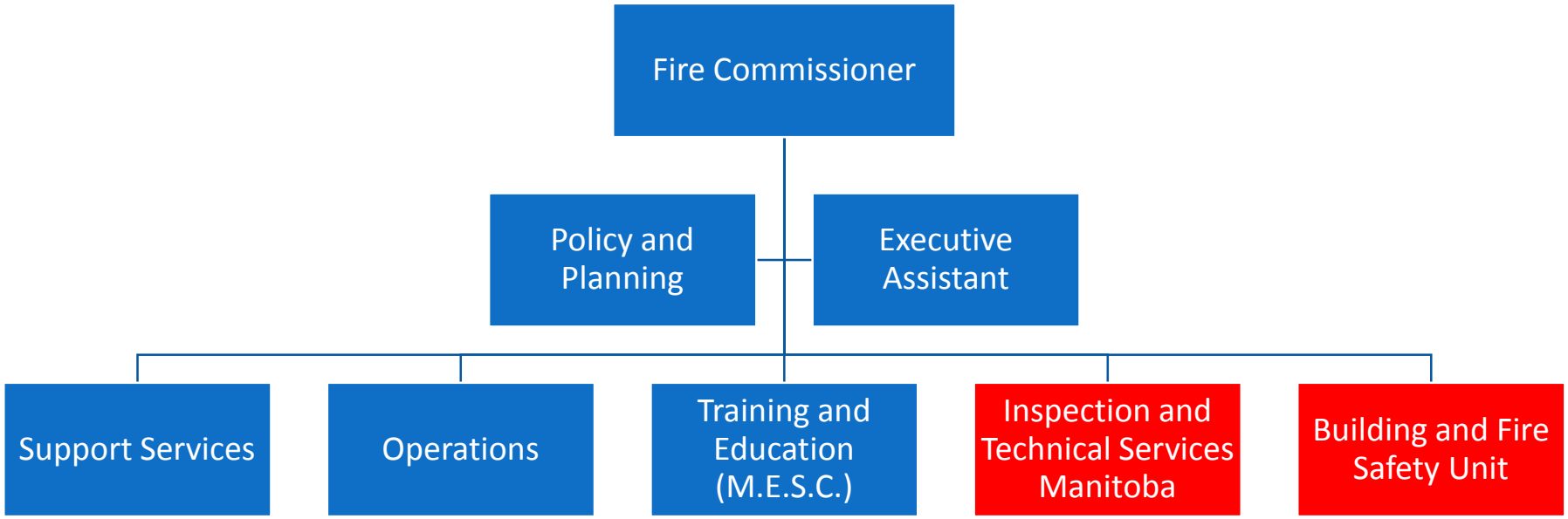
#5 – THE OFFICE OF THE FIRE COMMISSIONER

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Overview – OFC

- The Office of the Fire Commissioner (OFC) is responsible for fire prevention and management. The OFC is responsible for ensuring that buildings are constructed with public safety taken into account
- OFC has two specific units that oversee permitting: Inspection and Technical Services Manitoba (ITSM) and the Building and Fire Safety Unit. Appendix F has further details of the OFC structure and activities



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What We Heard - OFC

- The OFC mandate is too large, and is being asked to do too many things:
  - Fire-related inspections
  - Permitting / inspections in rural Manitoba (where not assumed by a municipality)
  - Boiler inspections
  - Building codes
  - Certifications
- The OFC lacks the expertise and capacity to manage these disparate regulatory processes
- We also heard of inconsistency between different inspectors, who were second-guessing “stamped” designs that had already been approved just in an immediately adjacent area
- Although not managed by the OFC, we also heard considerable frustration with the backlog of elevator permits. Elevator permits are managed by the Department of Growth, Enterprise and Trade, the same Department with oversight over the OFC

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#6 – PROVINCIAL PARKS

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What We Heard – Park Developments

- Development in Provincial Parks are subject to unique requirements
- Both the Department of Sustainable Development (SD) and the OFC must review building plans
- Also, the site planning permit and the building permit are done by two different areas (SD & OFC)
  - More details of this complex process are contained in Appendix G
- We heard from many frustrated business and cottage owners in our Provincial Parks – permits are subject to considerable delays, and officials often act arbitrarily and inconsistently

#7 – SCHOOL CONSTRUCTION

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School Construction

- Across Manitoba, the construction of public schools is co-ordinated through the Public Schools Finance Board (PSFB)

- The PSFB reports it has had considerable challenges dealing with many of the regulatory authorities across Manitoba and noted the arbitrary nature of this interference

  – The PSFB reports that its challenges have been disproportionately problematic with the City of Winnipeg

- The PSFB raised some examples of the arbitrary requirements imposed on its projects for school renovations / expansions that were unrelated to the expansion being undertaken:

  – Exterior cladding to be replaced to “match” better (in an area not near or related to the expansion)
  – Increase the number of parking spaces to a number well in excess of the applicable zoning by-laws
  – Enclose garbage bins that are not near the renovation area

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School Construction

- In some instances, projects simply did not proceed because of either local government interference or additions arbitrarily requested by municipal employees. The experience of the PSFB has been – in virtually every respect – the same narrative as heard from private sector developers

- As a result, the provincial government has been forced to abandon school renovations, expansions and the creation of new day care spots

  – This has also driven millions of dollars of incremental provincial expenses, delayed important projects and diverted money away from front line education services

#8 – THE CITY OF WINNIPEG

Overview - City of Winnipeg

- The legislative and approval authority for development within the City of Winnipeg begins with the City of Winnipeg Charter
- Appendix H contains further details of Winnipeg's structure and activities



- Provincial Act requiring City of Winnipeg to establish a Development Plan
- 25 year vision for growth with 3 focus areas:
  - A city that works
  - A sustainable city
  - Quality of life
- Provide details on how to achieve "Our Winnipeg" vision
- Guides land use and development in Winnipeg
- Specific land use concepts and vision for development in defined areas
- Formed based on general policy direction of directional strategies
- Indicate acceptable buildings and land use at an individual property level

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City of Winnipeg Permits and Inspections

- Following the approval of a development agreement, select permits are required prior to construction, and inspections are required during construction and prior to occupancy
- A detailed process map for these activities are included in Appendix H



- 30 types of development applications
- Agreements: Development, Service Zoning, Subdivision Easement, etc.

- Permits: Building, Electrical, Plumbing, etc.
- Target process times have been established and are tracked.

- Permits indicate inspection requirements
- Commercial and Residential inspectors
- Structural, electrical, plumbing, mechanical, fire safety, accessibility, building envelope, etc.

- Approval to occupy building for intended purpose
- Identify fire protection and egress requirements

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What We Heard - City of Winnipeg

- There is a general perception that the City of Winnipeg has a broken culture, and system, which has resulted in significant anger and frustration
  - In a high percentage of our meetings, the interviewees insisted on focusing a disproportionately large amount of the time discussing concerns in respect of the City of Winnipeg
- Years of regulatory delays and perceived mistreatment
- To provide a sense of the tone of the meetings, some of the things we heard in our meetings are provided in Appendix I
  - We did not select these quotations based on biases to make a skewed point – but rather as indicative. We did not exclude favourable quotations because – to be blunt – we did not hear very many favourable things in our meetings with ~50 individuals
- While these quotations represent anecdotes rather than “real evidence”, they reflect how negatively potential investors view the current development environment within Winnipeg

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What We Heard – “Us and Them”

- We heard many individuals mention that the City of Winnipeg fails to view development through the lens of mutual benefit
  - Failure to recognize that when developers are successful, the City is successful at the same time
  - No interest in increasing its tax base to enhance core municipal services, but rather behaviours aimed at raising revenues through “churning” permits
  - Many developers were quite amazed at this behaviour, believing that the City would actually be able to raise more revenue if it focused on allowing assessed values to increase

What We Heard – Administrative Barriers

- The main administrative barriers identified are as follows:
  - Paperwork goes before too many “desks”
  - Lack of integration between the planning side and the inspection sides – inspection side will often re-open issues already resolved during planning, or impose after-the-fact amendments imposing what are more properly planning considerations
  - Lack of independent appeals has empowered a culture that lacks accountability
  - Planners’ priorities are not aligned with what the market is asking for from developers
  - Historic delays have led to a “learned behaviour” where partially completed and deficient plans are being submitted to the City, simply to “start the clock”, or “get in the queue”
    - This is highly inefficient and compounds the challenges of responding to applications on a timely basis
    - Recent steps to return premature/incomplete applications has occurred

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Limited Recent Process Improvements

- Despite the limited uptake to date, the Optional Professional Certificate Program (OPCP) and its reliance on professional stamps was identified as a positive development with potential to reduce permit turnaround times
  - It should be noted that this approach to “fast tracking” projects has not been as successful as anticipated, primarily as the OPCP does not allow a for a phased / stepped construction process
  - In 2018, of the ~1,100 eligible developments, only 26 permit applicants elected to use the OPCP

- The new practice of pre-application meetings where owners and developers can meet with City staff to identify areas of potential concern prior to submitting an application is looked upon as a positive collaborative effort to support development
  - It was noted, however, that inspection services does not participate in these meetings further contributing to the disconnect between permitting and inspection staff

- The on-line permit tracking system, and in particular the recent addition of owners to the system, is useful in identifying and addressing points of delay in the permit process

What We Heard - Transparency Concerns

- Several developers and former municipal employees expressed concerns regarding a lack of transparency, where it is unclear whether delays / rejections are occurring in closed-door Informal Executive Policy Committee (IEPC) meetings, or at the staff level, or both (or through entirely other channels)

- This has compounded the degree of frustration when developers cannot learn where the impediments are originating

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What We Heard – City of Winnipeg Fees

- The City of Winnipeg has been increasing fees related to development & building applications and permits. In 2016, the City increased some fees by 650% to 850%, and created several new fees. As examples:
  - A short-form subdivision to create a single lot (dividing one piece of land into 2 lots) went from $565 to $3,450, plus a per acre fee of $400 (base fee) to a maximum of $15,000
  - In 2011, a development application such as a "DAZ" included a fee of $1,395. In May 2019, the same type of DAZ now includes a fee of $12,327 plus $418 per acre
- At the same time, we have heard from industry that there has not been a corresponding increase in service (and indeed there may have been a decrease in service)
- This is borne out by evidence – in the City's 2018 budget, revenues for approvals, permits and inspections are over $29M, but the associated operating expenses were under $20M, allowing the City to make a "profit" of ~$10M on fees, without re-investing such fees into service improvements
  - In addition, we are advised that the City's "Permits Reserve Fund" has been used to support general municipal revenues and other spending decisions not related to permitting
- Developers reported that the wait times and delays have become worse and that they do not believe that the higher municipal fees have been spent on improving service standards

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Manitoba

Consistent Narrative

- Many of the issues we heard in respect of the City are not new. A September 2009 report by the City's Auditor noted:
  - The Division needs to adjust its service delivery strategies and business processes to more efficiently and effectively deliver its services and manage its key risks
  - The Division needs to increase its reliance on certified building professionals work and risk-based audits and focus its limited resources on the building activities that pose the most risk to the public and the property owner
  - The Division does not have adequate processes in place to measure, monitor and report on service performance
  - The Division does not have sufficient staff to successfully carry out its current service delivery strategy and desired level of service. The Division needs to improve its analysis of staff productivity and establish service standards before an optimal balance can be determined

What We Heard –Winnipeg Water & Waste

- The role of the City of Winnipeg Water & Waste (WW&W) is critical to any development within the city boundaries – development, whether greenfield, infill, or brownfield, needs connection to water and sewers

- It can be costly to expand the WW&W footprint or to expand the size of the pipes servicing various geographic areas

  - While some Manitobans or developers may have the expectation that “pipes are pipes” and that any property can be readily serviced, this is not true
  - Limited water and sewer capacity is a *bona fide* impediment to new economic development

- It is a common belief in the development community that WW&W is operationally reluctant to expand its footprint

  - WW&W is focused on maximizing its return on existing asset base

TREASURY BOARD SECRETARIAT

Manitoba

Water Utility Regulation in Manitoba

- Every single municipal utility in Manitoba, including WW&W, operates under the oversight of the Public Utilities Board (PUB)
- However, for historical reasons, the WW&W is the only municipal utility in all of Manitoba that is not subject to PUB oversight on fees
  - The City of Winnipeg regularly pays itself large dividends from the utility, which is not consistent with how other municipal utilities operate
  - Similarly, in Saskatchewan and Alberta, the funds raised by the utilities need to stay in the utilities and are not paid as dividends
- The PUB looked at the City of Winnipeg utilities at a hearing in 2012, reflected in Order 56/12, which stated:

  "The money currently being transferred to the City's general revenue fund by explicit dividends and implicit subsidies, together with annual operating surpluses, could be used to significantly accelerate the removal of existing infrastructure deficits"
- This is similar to the conclusion of the Toronto-based think tank, the Ecofiscal Commission, which released a report in 2017 criticising the city for diverting $180M since 2011 away from re-investment in the utility

TREASURY BOARD SECRETARIAT

Manitoba

History of WW&W Payments to City

Summary Statement (in $000s)	2017 Budget	2017 Actual	2016 Actual
Revenues	128,502	127,896	110,449
Operating Expenses	81,863	74,021	71,709
Surplus from Operations	46,639	53,875	38,740
Transfer (see note)	31,443	31,443	29,705
Net Surplus	15,196	22,432	9,035

Note:

- City Council approved The Utility Dividend Policy on March 22, 2011
- The policy stated the utility will pay an annual dividend to the City of Winnipeg based on 8% of budgeted gross sales for the current year. The dividend policy is to be reviewed every four years within three months of each new term of City Council
- On March 3, 2015, as part of the 2015 budget adoption process, Council amended the rate from 8% to 12% of budgeted gross water sales. The Waterworks System utility dividend was $14.9M in 2017 (2016 - $13.2M)

Details of Transfers

The Waterworks System transfers to other funds are as follows:

	2017	2016
Transfer to Water Main Renewal Reserve	$16,500	$16,500
Utility dividend transfer to General Revenue	14,943	13,205
Total Transfer	**$ 31,443**	**$ 29,705**

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Relieving WW&W of Dividends

- If WW&W were relieved from its obligations to pay dividends to the City of Winnipeg and were no longer operated on a for-profit basis, it could re-invest more of its proceeds from operations into responsible expansion of capacity

- As reproduced in Appendix J, there are considerable benefits to have municipal water and waste utilities subject to PUB oversight – most particularly the enhanced ability to make necessary capital investments in infrastructure

- Although outside of the scope of this review, this regulation would enhance the resilience of WW&W to pay for the large pending costs of the new treatment plants

#9 – WINNIPEG METROPOLITAN REGION

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What We Heard –
Other Municipalities & Municipal Planning Districts

- The feedback we heard in respect to other RMs and planning districts was generally more positive and favourable
  - Some rural planning districts were reported to be more helpful and co-operative than others
  - We also heard some of the same complaints regarding inconsistent inspectors, vague codes, etc., but to a lesser degree. Many of these regions were more likely to rely on professional "stamps"
- We repeatedly heard that investment decisions are being skewed *away from Winnipeg and into the capital region*, and we have validated this with evidence
- This artificial "skewing" of development leads to a series of problematic outcomes

TREASURY BOARD SECRETARIAT

Manitoba

Winnipeg Share of New Housing Units

1) Total units

	2016	%	2017	%	2018	%
Manitoba[1]	5,319		7,501		7,376	
Winnipeg proper[2]	4,002	75%	5,046	67%	3,757	51%
Residual	1,317	25%	2,455	33%	3,619	49%

2) Single-detached units

	2016	%	2017	%	2018	%
Manitoba[1]	2,704		3,389		2,966	
Winnipeg proper[2]	1,625	60%	1,771	52%	1,430	48%
Residual	1,079	40%	1,618	48%	1,536	52%

3) Multiples (*total units less single-detached*)

	2016	%	2017	%	2018	%
Manitoba[1]	2,615		4,112		4,410	
Winnipeg proper[2]	2,377	91%	3,275	80%	2,327	53%
Residual	238	9%	837	20%	2,083	47%

Sources:

(1) Statistics Canada table, 34-10-0126

(2) City of Winnipeg

Notes:

Multiples includes the following; Semi-detached; Multiples; Row; Apartment and other unit types

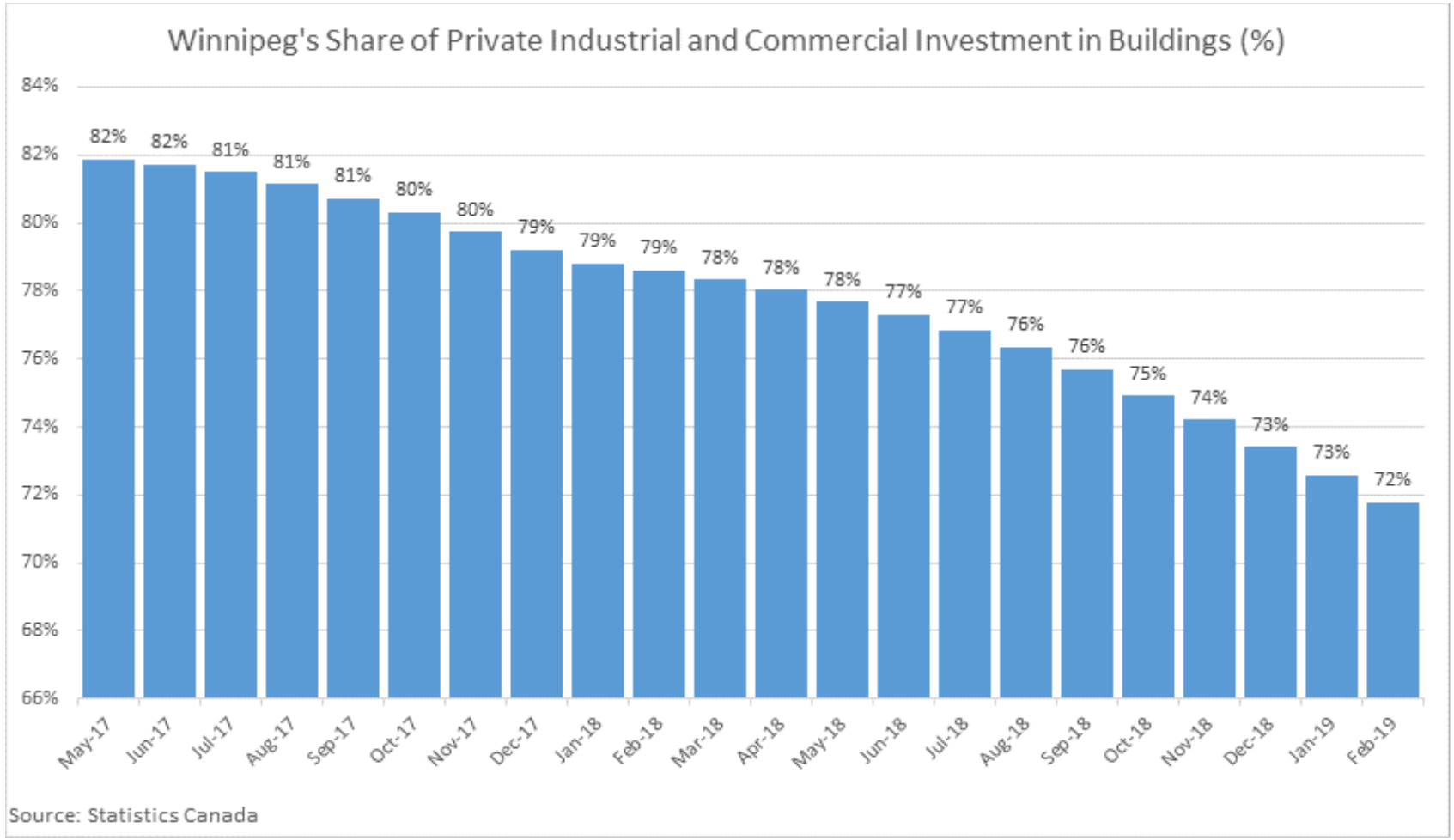
Residual is calculated by subtracting the Winnipeg proper housing starts from the Manitoba housing starts

- Winnipeg is rapidly losing its relative share of new housing units in Manitoba

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Winnipeg Share of Industrial / Commercial



- This slides shows a marginal decrease in the Winnipeg share of building investment vs. the rest of Manitoba

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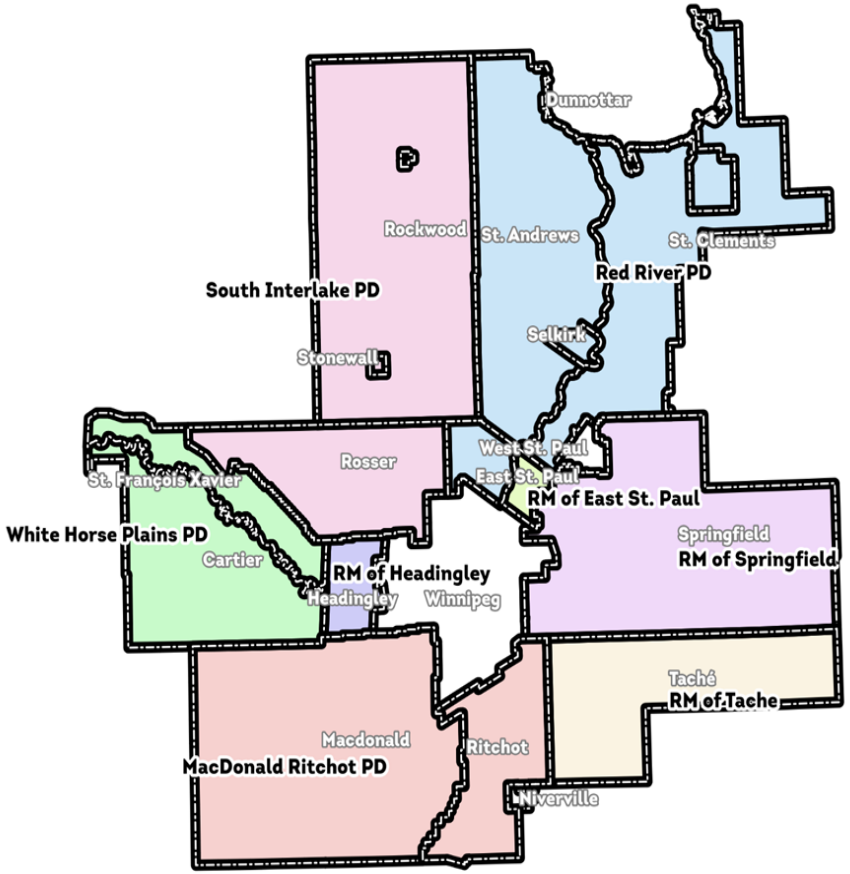
Manitoba

Lack of Planning Integration

The lack of unified planning across the Metropolitan Region – across nine separate planning districts - has significant adverse consequences:

- Uncoordinated regional development
- Lack of a single view of land, water and resource management
- Valuable agricultural land is *unnecessarily* taken out of production
- Lack of proper road & transportation planning, which can lead to poor transportation outcome and/or billions of unnecessary infrastructure costs
- Overlapping & inconsistent community facilities
- “Skewing” of tax bases
- Uncoordinated emergency, fire and other municipal services

Nine Separate Planning Districts



Planning Districts in Winnipeg Metro Region

- With nine planning districts in the Winnipeg Metropolitan Region, this introduces redundancies and opportunities for "forum shopping" and a fragmented, disorganized approach to planning

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Little Evidence to Support Amalgamation

- A potential “solution” to the problem of un-coordinated municipalities is amalgamation – i.e., the City of Winnipeg could annex adjoining municipalities

- There are external reports that are critical of municipal amalgamation

- In October, 2016 the C.D. Howe Institute released a paper entitled “Thinking Regionally: How to Improve Service Delivery in Canada’s Cities”. One of its primary recommendations is as follows:

  “The antiquated solutions of forced amalgamation and provincial mandates on service sharing have produced few economies of scale and have greatly undermined local autonomy. Provinces need to shift their focus from imposing centralized local government to creating frameworks that promote cooperative and flexible local governance

  By working together in such a framework, municipalities can identify and resolve regional servicing challenges effectively, all while keeping amalgamation at bay and their local autonomy intact”

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Winnipeg Metropolitan Region History

- The challenges associated with the lack of centralized planning for the Metropolitan region have long been recognized in Manitoba in a number of reports, including:
  - Capital Region Review – Final Report of the Capital Review Region (1999)
    - This report first set out the need for co-ordinated behaviour
  - The Capital Region Partnership Act C.C.S.M. c.C23 (2005)
    - This legislation allowed for the framework of co-ordinated action, but little has occurred as a result and this legislation is largely “unused”
  - Development Planning in Manitoba’s Capital Region … a new approach (2013)
  - Securing our Future – An Action Plan for Winnipeg’s Metropolitan Region (2018)
    - Sets forth a call for action, largely echoing the recommendations from the Capital Region Review

Expedite Integrated Planning

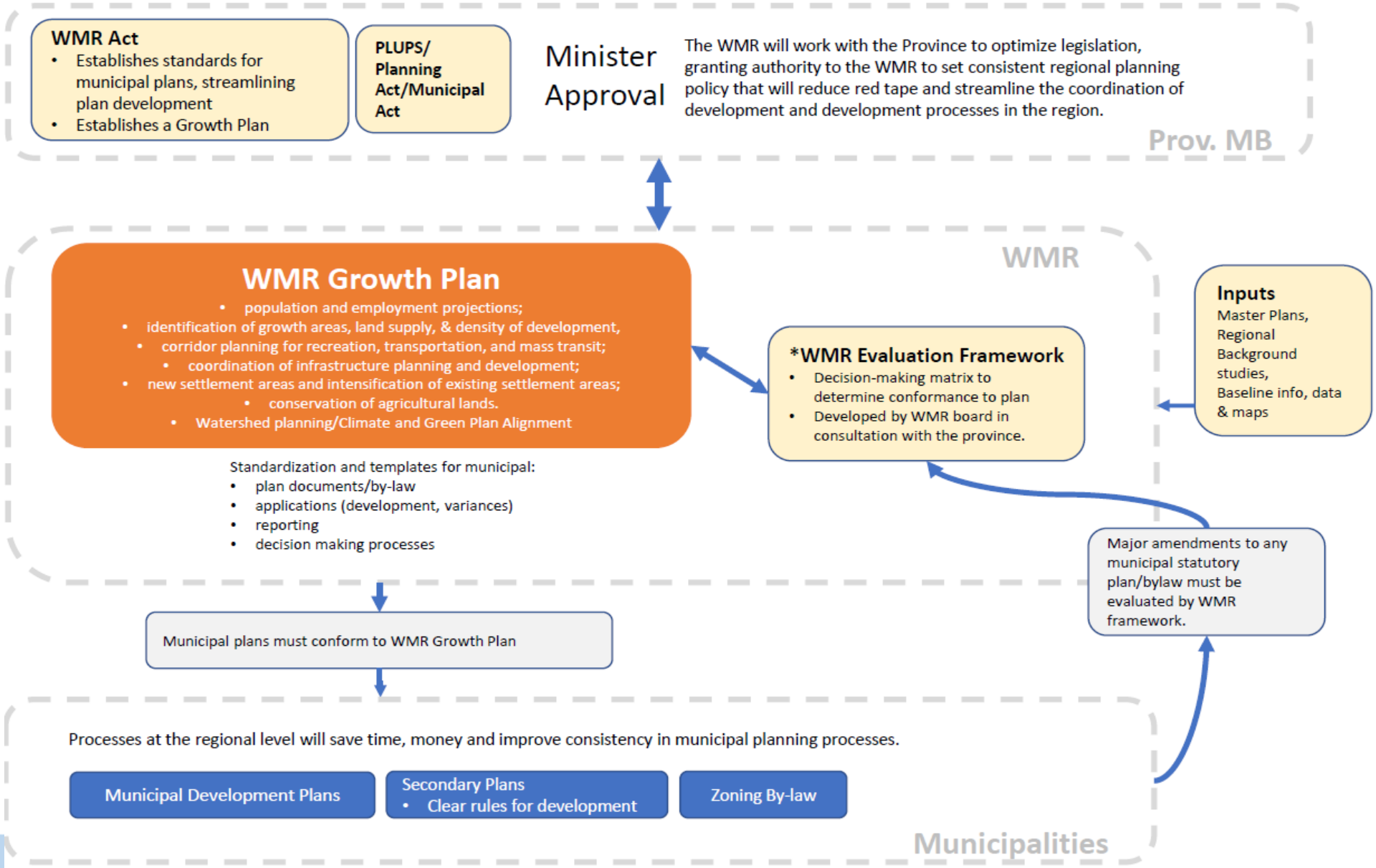
- The November 2018 Throne Speech included a commitment to "[o]ver the next year… encourage and work with members of the Winnipeg Metropolitan Region to develop and adopt a regional strategy to improve and co-ordinate land use and development in the region. It will promote co-operation between area planning districts and municipalities in the delivery of services, economic development strategies and development of infrastructure in the region"
  - Preliminary work is underway to advance this objective, with the potential to expedite this pre-existing workstream
- There is tremendous economic benefit to be gained through integration of planning in the region
- CentrePort provides a recent example of an attempt to co-ordinate provincial economic development priorities across two separate municipalities
  - Appendix K contains additional details

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Theoretical Capital Region Model

Refer to Appendix L for Pillars of the WMR



Case Study: Edmonton Metropolitan Region Growth Plan

- “Metro Edmonton” faces many of the same challenges as the Winnipeg Metropolitan Region
- In 2016, the planning region identified that if municipalities did not change their current trajectory, 87,700 additional hectares of agricultural land and 50,200 hectares of natural areas could be lost to uncoordinated development over the next 50 years, resulting in taxpayers being responsible for an additional $8.2B to service the larger footprint
- Plans were implemented rapidly in the Edmonton area, showing that an integrated planning process is possible (Re-imagine. Plan. Build. Edmonton Metropolitan Region Growth Plan, 2017)
- The Edmonton example offers significant hope that a better model is available for the Winnipeg Metropolitan Region
- The Ontario “Places to Grow” plan also offers interesting tools and levers to ensure consistent planning objectives

#10 – LOST OPPORTUNITIES

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Lost Economic Development Opportunities

- The development that “never comes” represents the greatest lost opportunities, even greater than the lost opportunities from the projects that are delayed

- Some indicative examples of “lost opportunities” we heard about:
  - Server farms for a leading global Internet company
  - A distribution outlet / warehouse for a leading global online retailer

- We were told that these potential investors sent representatives to Manitoba in the hopes of building large operations that would have brought meaningful employment to Manitoba. They were not seeking “corporate welfare”, but merely wanted permits to build and create jobs. However, their efforts were rebuffed by the regulatory process. They left the province and made their investments elsewhere

Lost Economic Development Opportunities cont'd

- The developers with whom we spoke were unambiguous: when a jurisdiction has unpredictable processes, untenable delays, and is obstructionist, the developers are more likely to invest their capital elsewhere, resulting in lost economic growth. We received considerable evidence that this is happening in Manitoba:

  - We are also aware of some timely Lost Opportunities discussed in Appendix M that represent "live" development opportunities that did not advance for a range of reasons. Many of these stalled projects suffered from the same problematic root causes identified in this program review

ECONOMIC ANALYSIS

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Analytical Approach

- The Department of Finance Research Division (including the Manitoba Bureau of Statistics) undertook a rigorous economic analysis looking at the economic and fiscal impacts of delays on direct and indirect GDP, jobs, labour income, and government revenues, divided into two parts:

  PART 1: Construction and building development phase
  PART 2: Ongoing post-construction business activity phase
  (i.e., the economic activity that occurs inside the building after occupancy)

- Together, these estimate the economic impact of delays (foregone returns) caused by inefficient or unnecessary permitting and related processes

- Tax receipts for the three levels of government are captured for Parts 1 and 2 (i.e., personal income tax, sales tax, land transfer tax and municipal taxes)

- We included supplemental economic analysis in Appendix N

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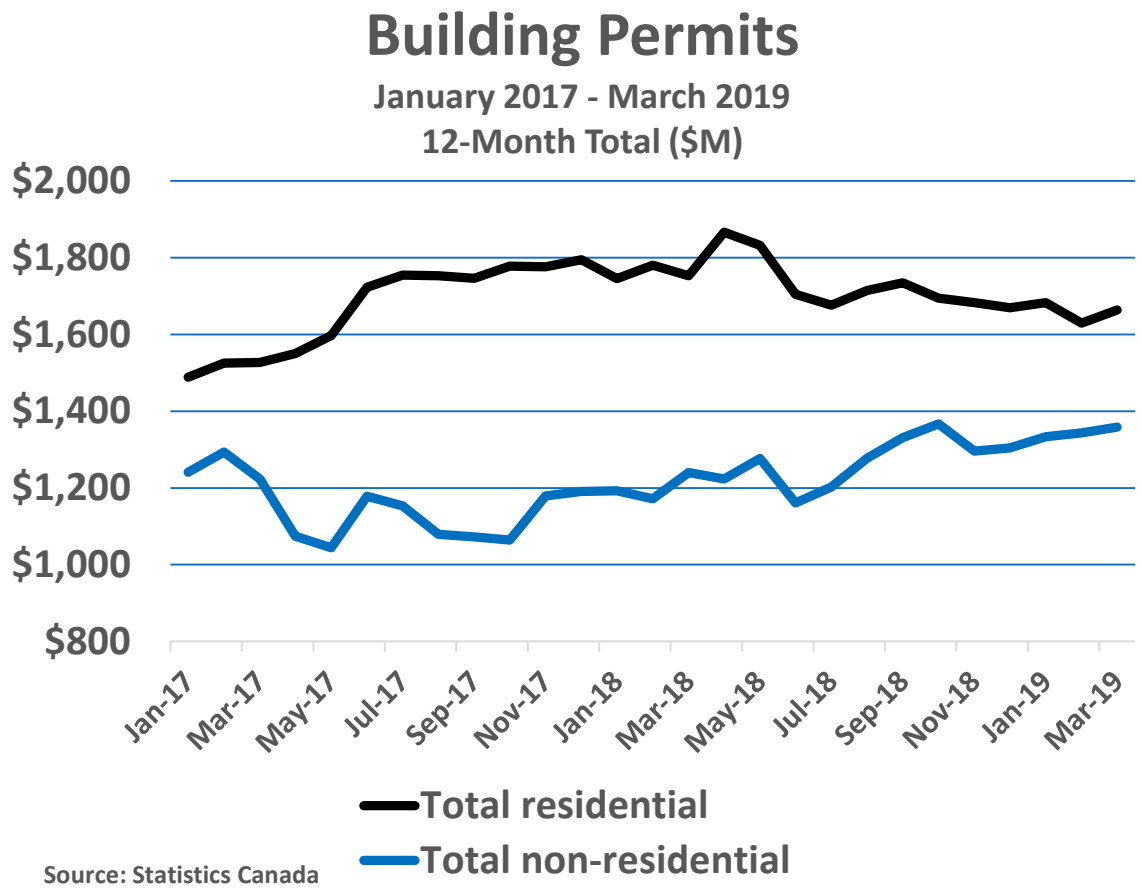
Economic Footprint of Building Construction Residential, Commercial and Industrial

Value of building permits

- $3B in 2018
- Annual growth rate 8.7% since 2015
- Driven by private sector annual growth rate of 18.4%

Value of investment in building construction

- $5.1B in 2018 or 7% of GDP
  - **Residential: $3.6B**
  - **Non-residential: $1.5B**
- Annual growth rate of 4.1% since 2015
- Excludes Hydro, roads, bridges



Source: Statistics Canada

PART 1: Impact of one day delay in all residential, commercial and industrial building projects (Construction Phase)

- In 2018, **$5.1B** spent on residential and non-residential building projects generated an estimated $2.9B in additional GDP
- Delaying this activity by a single day would result in a deferred GDP growth of around $11M

TOTAL DIRECT & INDIRECT IMPACTS OF ALL RESIDENTIAL, COMMERCIAL AND INDUSTRIAL BUILDING PROJECTS		IMPACT PER DAY OF PROJECT DELAY
Industry Investment of $5.1B		
GDP at Market Prices	**$2.9B**	**$11.2M**
Labour Income	**$2.1B**	**$8.1M**
Direct Employment	**23,985**	**91.9**
Indirect Employment	**12,270**	**47.0**
Total Person-Years	**36,255**	**138.9**
Provincial Tax Estimate	**$435M**	**$1.7M**
Municipal Taxes	**$113M**	**$0.4M**
Federal Taxes	**$463M**	**$1.8M**

Daily GDP Impact of Construction Phase

Daily municipal tax base impact

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Assumptions: assume project is completed in one year. Daily impact is **deferred** as opposed to lost.
If the project doesn't happen at all, then it is the full value of the lost GDP, jobs, labour income, and government revenue.

PART 2: Impact on post-construction business activity

- This table shows the **daily** economic output of various industries for every $1M in annual output.
- Using the retail industry as the example, a one day delay of output can be estimated to reduce GDP by around $3K and reduce local/municipal tax revenue by $140 per day (see red boxes)

Impacts per $1.0 Million Industry Output				
DAILY	**Food Mfg.**	**Wholesale Operations**	**Retail Operations**	**Hotel Operations**
Value of Direct Output ($)	**$3,831**	**$3,831**	**$3,831**	**$3,831**
GDP at Market Price ($)	$1,841	$3,012	$3,159	$2,578
Labour Income ($)	$954	$1,719	$2,027	$1,618
Employment (FTE)				
Direct	0.01	0.02	0.05	0.05
Indirect	0.01	0.01	0.01	0.01
Total	0.02	0.03	0.05	0.05
Tax Revenue				
Provincial ($)	$177	$308	$370	$440
Local ($)	$58	$100	$140	$124
Federal ($)	$196	$355	$423	$334
Total ($)	$431	$764	$932	$898

Daily GDP Impact of Construction Phase

Daily municipal tax base impact

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PART 2: Impact on all post-construction business activity

- The impact on all post-construction business activity in non-residential buildings can be roughly estimated using GDP per hour of work

- Given total Part 1 construction activity of $1.5B, it can be estimated that post-construction, there will be 16,000 FTEs working 27.2M hours per year (avg. of 1,700 hours per FTE per year). The average GDP per hour worked in Manitoba across all industries is $54 per hour

- Given total hours of 27.2M times the GDP productivity of $54 per hour, the potential GDP is $1.47B

- **Therefore, the total daily GDP loss per day of delay is $5.6M** (at 261 working days per year). This is the estimated loss of economic activity that would have been undertaken inside the building constructed under Part 1

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PART 1 + 2 Combined Estimated Impact on GDP

Non-residential ($1.5B in 2018)

Part 1: GDP impact of $3.2M/day

Part 2: GDP impact of $5.6M/day

Maximum potential GDP loss of nearly $9M/day

+

Residential ($3.6B in 2018)

Part 1: GDP impact of $8.1M/day

Part 2: less material because this would be primarily rental income

Estimated impact of $17M GDP per day

Lost rental income in the residential sector would be additional

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The Bottom Line

- The material outputs of our economic assessment estimated that, per day, this is costing Manitobans:
  - $17M of GDP
  - $1.7M of provincial government revenue
  - $400K of municipal tax revenues
- For the province, this represents lost opportunities to reinvest in expanded front line services, or allow more Manitobans to keep more of their money
- For municipalities, this is money that can be spent on better infrastructure or other municipal priorities
- Our learnings through the program review process has reinforced our understanding of the importance of smart planning, good by-laws, and strong building codes that keep communities safe and secure. But once a developer has satisfied all regulatory requirements, **we need to get out of their way and let them make their investments and have regulatory processes that are more efficient**

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NEXT STEPS

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Recommended Next Steps

- We met with ~50 individuals that we believe are representative of all stakeholders. The messages we heard were clear and consistent across nearly every stakeholder. However, as we want to ensure that everyone has an opportunity to provide input, we have created a mailbox to receive additional feedback:
  - ManitobaPermitReview@gov.mb.ca

- After we have provided an opportunity for everyone to provide feedback, we expect to release specific, actionable recommendations

  - Our working conclusion is that these regulatory processes should be more efficient, and specific development projects should no longer be judged as “good or bad” sometimes based on arbitrary and subjective views, but rather “compliant or non-compliant” based on objective and transparent plans, zoning by-laws and codes
  - We expect that our recommendations may be based on that working conclusion, and that many of our recommendations will require a collaborative approach and working groups involving all of the regulatory agencies involved in this review

SUBSEQUENT EVENTS

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Subsequent Events

- A common theme in many of our meetings was the fear of retribution from the City of Winnipeg
- After the completion of our initial stakeholder consultations, we heard from one of the ~50 individuals who came to speak with Treasury Board Secretariat as part of our review ordered by the Province through an Order-in-Council 157/2019
- We were informed that an individual had been confronted by a senior City of Winnipeg official, who indicated that the City knew they had participated in this provincially-mandated review, and that “things would not end well” for that individual as a result

APPENDICES

TREASURY BOARD SECRETARIAT

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APPENDIX A

TBS PROGRAM REVIEW METHODOLGY

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TBS Program Review Methodology

- The Project Team employed a five-phase process to complete the review



Outputs:

- Confirmed work plan
- Defined scope of the review
- Assembled key resources and contributors

- Developed the Review Framework

- Conducted data collection exercise
- Completed a jurisdictional scan
- Completed stakeholder consultations

- Reviewed and assessed data
- Identified best practices
- Assessed opportunities for improvement
- Developed recommendations

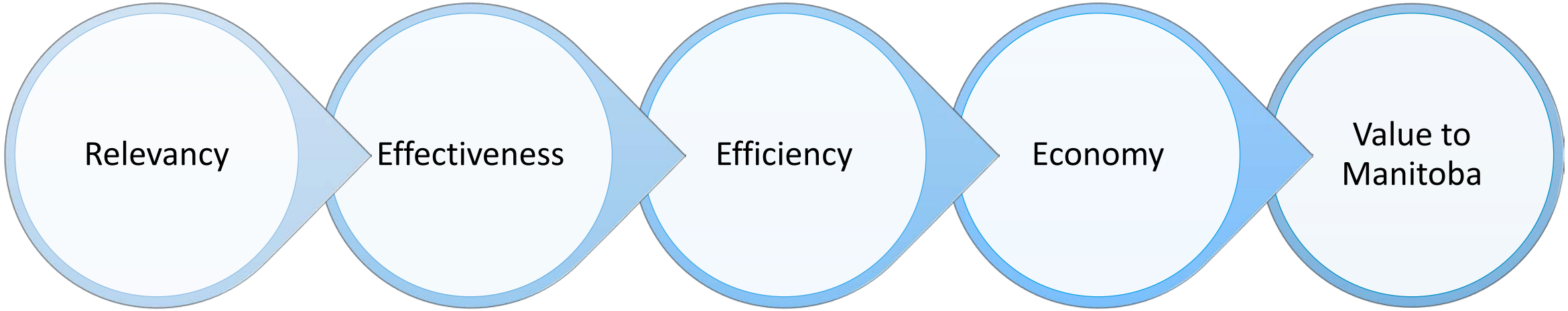
- Draft Report
- Incorporate feedback
- Finalize Report

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Review Framework

- We used the same Review Framework adopted by TBS for all the program reviews we undertake:



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Terms of Reference: Permitting in Manitoba

Program Review Summary	Review Context
Cabinet has requested that Treasury Board Secretariat (TBS) perform a program review of key planning, zoning and permitting activities across all of Manitoba, with a particular emphasis on how permitting influences investment decisions and the Manitoba economy Specifically, TBS is to review the permitting activity of Manitoba Hydro, The Office of the Fire Commissioner (OFC), the City of Winnipeg, rural planning districts and rural municipalities	TBS will seek information from other central public service areas, including: • Manitoba Bureau of Statistics (MBS) • Finance Research Division (FRD) • Provincial public servants in the Departments of Growth, Enterprise and Trade (GET), Crown Services, Municipal Relations, Agriculture, Finance and Sustainable Development • The Economic Development Office (EDO) • Regulatory Accountability Secretariat (RAS)

Objectives	Scope	Assumptions	Risks / Constraints
• Review and determine the current state of key planning, zoning and permitting inspections in Manitoba with respect to real-estate development, construction, and business development • Identify key performance standards (e.g. decision timelines, cost, complexity) • Conduct a jurisdictional scan of best-practices and service delivery models • Assess impact of permitting on investment and economic development • Develop recommendations to Cabinet	**In-Scope** • Permits, licenses and inspections at the provincial and municipal levels, specifically the City of Winnipeg, including: Electrical, Building, Plumbing, Gas and Pressure Permits • Legislative statutes pertaining to P&L **Out of Scope** – Exploration, Mining and Prospecting Licenses, tobacco, alcohol sales, taxi, signage, and other	• There are opportunities to improve and streamline the permitting process in Manitoba • Accountability and service delivery standards can be improved, while maintaining the safety of Manitobans • That the Manitoba Government can have a positive influence on intended outcomes • That improvements in permitting processes will have a positive impact on economic development, investment, and overall competitiveness	• Availability of historical data of program's outcomes and outputs to inform thorough analysis • Availability of accurate data • Availability of stakeholders for consultations • Sensitivity surrounding this review require careful communications

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APPENDIX B

STAKEHOLDER MEETING AGENDA

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TREASURY BOARD SECRETARIAT

AGENDA

Meeting: Building Permit Processes and Issues

1. Introduction from Secretary to the Treasury Board

2. Round table introductions

3. Perspectives on processes for obtaining building permits
    a. Residential
    b. Commercial

4. Perspectives on permitting organizations
    a. Office of the Fire Commissioner
    b. Manitoba Hydro
    c. City of Winnipeg
    d. Other Municipalities
    e. Municipal Planning Districts

5. Economic impact of permitting

6. Lessons from other jurisdictions

7. Open discussion

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APPENDIX C

JURISDICTIONAL SCAN

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Jurisdictional Scan – Planning Framework

Province	Legislation	Jurisdiction	Standardized Planning By-Laws and Regulation?
Manitoba	Planning Act (2005) The City of Winnipeg Charter (2001)	All municipalities except the City of Winnipeg	No
Saskatchewan	The Planning and Development Act (2007)	All municipalities	Yes
Alberta	The Municipal Government Act (2000)	All municipalities Calgary and Edmonton are considering their own Acts	Yes
British Columbia	The Local Government Act (2015) The Vancouver Charter (1953)	Provincial policy guidelines and regional growth strategies are legislated to Vancouver through the LGA	No
Ontario	The Planning and Development Act (1990) City of Toronto Act (2006) The Places to Grow Act (2005)	CTA: limited to specific planning and development PTGA: legislation/performance measures	No
Nova Scotia	Halifax Regional Municipality Charter The Municipal Government Act	All municipalities except Halifax Regional Government	No

Jurisdictional Scan – Planning Commissions

City	Description	Third Party Appeal Process?
Winnipeg	N/A	Limited – Board of Adjustment. Charter directs Municipal Board to hear appeals
Brandon	5 members appointed by Council. Provides recommendations and holds public hearings. City council has final ruling	Limited appeal to Municipal Board
Regina	11 members (3 Councillors, 8 Citizens) appointed by Council. Advises on land use, transportation, heritage, rail, development as well as consulting contracts over $500K	Development Appeal Board Saskatchewan Municipal Board
Saskatoon	13 members (1 Councillor, 1 Public School Board, 1 St. Paul's School Division, 10 residents that are not employees of the City of Saskatoon, no realtors) appointed by Council. Holds hearings provides recommendations for approval by City Council	Development Appeal Board Saskatchewan Municipal Board
Edmonton	Council acts as approving authority	Subdivision development appeal authority

Jurisdictional Scan – Planning Commissions cont'd

City	Description	Third Party Appeal Process?
Halifax	Planning Advisory Committees (citizen volunteers and 2 councillors). Advise Council and hold public meetings (not hearings)	Nova Scotia Utility Review Board
Calgary	14 members (6 Development Industry, 2 Councillors, 6 Senior Administration). Approving authority on all subdivision and development matters and provides recommendations to Council on land-use planning	Subdivision and Development Appeal Board. Independent from the City of Calgary
Toronto	Council acts as approving authority	Local Planning Appeal Tribunal
Vancouver	11 members (9 appointed by Council, 2 appointed by the Commission). Voting members cannot be employees of the City of Vancouver, Park Board or School Board as each group has a non-voting position within the commission. Advises Council, but may report on any proposal deemed to have a significant impact on the future of the city	Board of Variance

Jurisdictional Scan – Legislated Service Standards

Jurisdiction	Legislation	Type of Application	Service Standard
Manitoba	Planning Act	Permit	Requires a decision on permits within 60 days [excludes Winnipeg]
Ontario	Planning Act	Re-zonings, subdivisions and site plan	Requires a decision on re-zonings within 150 days, Subdivisions within 180 days, Site Plan approval within 30 days otherwise the matter can be appealed to the Local Planning Appeal Tribunal
Alberta	Municipal Government Act	Permits and re-zonings	Requires a decision on permits within 60 days, and re-zonings within 90 days
Saskatchewan	Planning and Development Act	Development Agreements	Requires a decision on Development Agreements within 90 days, or an appeal can be made to the Municipal Board
Edmonton	City Zoning By-Law	Development and Subdivision Applications	20 days to issue a written acknowledgment to the applicant advising that the application is complete or that the application is incomplete, listing the documentation and information that is still required
Minnesota	State Law	Zoning, septic systems, watershed district review, soil and water conservation district review or expansion of the metropolitan urban service area for a permit, license, or other governmental approval of an action	Written notice within 15 business days of receipt of the request telling the requester what information is missing. An agency must approve or deny within 60 days a written request. Failure of an agency to deny a request within 60 days is approval of the request

Jurisdictional Scan – Appeal Mechanisms

Province	Appeal Mechanism	What can be appealed?
Manitoba	The Municipal Board of Manitoba (limited and excluding City of Winnipeg) In Winnipeg, planning applications are heard by the local Community Committee of Council. There is no formal right of appeal in The Charter or in by-law	- Objections to a zoning by-law or an appeal of a proposed subdivision in circumstances where sufficient objections (>25 public objections) are received at the Planning District/Municipal level - Objection threshold introduced in 2018 as a single public objection previously would trigger an appeal hearing
Saskatchewan	Development Appeal Board (DAB) is a quasi-judicial board, appointed by council and consisting of a minimum of 3 members responsible for hearing appeals and making decisions Saskatchewan Municipal Board (SMB): hears appeals on development charges and servicing charges	DAB hears appeals on developments which council approved or rejected. SMB hears appeals made by councils on subdivisions when the Development Appeals Board overturns a council decision to refuse the subdivision
Alberta	Subdivision and Development Appeal Boards (SDABs)	Appeals: subdivision, development permit, stop orders, development permit for a permitted use

Jurisdictional Scan – Appeal Mechanisms cont'd

Province	Appeal Mechanism	What can be appealed?
Ontario	The Local Planning Appeal Tribunal (2018) is an adjudicative tribunal for municipal planning, financial and land matters	Appeals: zoning by-laws, subdivision plans, consents and minor variances, land compensations, development charges, electoral ward boundaries, municipal finances and aggregate resources
Nova Scotia	Nova Scotia Utility and Review Board (NSUARB)	Appeals: land-use by-law amendments, re-zonings and development agreements, subdivision approvals and heritage properties

TREASURY BOARD SECRETARIAT

Manitoba

Jurisdictional Scan - Inspector Licensing

Province	Licensed by Province	Registry / List of licensed Building Officials	Details	Building Associations
Manitoba	No	No	Manitoba requires that Municipalities (including the City of Winnipeg) that wish to issue permits and perform inspections of Part 3 (large or complex) buildings apply to the OFC and demonstrate that they employ a building official with training and qualifications necessary to issue permits and inspect Part 3 buildings. Courses are offered at Red River College. This regulation is intended to be changed to allow contracting out to third party inspectors that are qualified.	Manitoba Building Officials Association. Provides voluntary training and certification. 75 certified members.
Saskatchewan	Yes	Yes	Building Standards in the Ministry of Government Relations issues Building Official licences.	Saskatchewan Building Officials Association. Provides voluntary training and certification.
Alberta	Yes	No	The Safety Codes Council is a statutory corporation responsible for the training and certification of all safety codes officers in the province of Alberta.	Alberta Building Officials Association. Provides voluntary training.
British Columbia	No. Delegated to the Building Officials Association.	Yes	British Columbia delegated regulation of Building Officials to the Building Officials Association of British Columbia who certifies building code officials. The *Building Act* requires building officials to belong to the Building Officials' Association of British Columbia.	Building Officials Association of British Columbia. Certifies building code officials.
Ontario	Yes	Yes	*The Building Code Act*, 1992 requires that individuals and firms responsible for activities regulated under the act be qualified and registered with the ministry of municipal affairs and housing.	Ontario Building Officials Association. Provides voluntary training.

APPENDIX D

PLANNING AND PERMITTING REGULATORY FRAMEWORK

TREASURY BOARD SECRETARIAT

Manitoba

Planning – Legislative Framework

- The Manitoba Government establishes the legislative framework for land use planning in Manitoba through two statutes:
  - *The Planning Act*
  - *The City of Winnipeg Charter*

- The Provincial Planning Regulation sets out the Province's interest in land and resources and provides overarching guidelines for local and provincial authorities in preparing land use plans

- Planning districts and municipalities are the local planning authorities responsible for the development of land and resources

TREASURY BOARD SECRETARIAT

Manitoba

Planning Overview

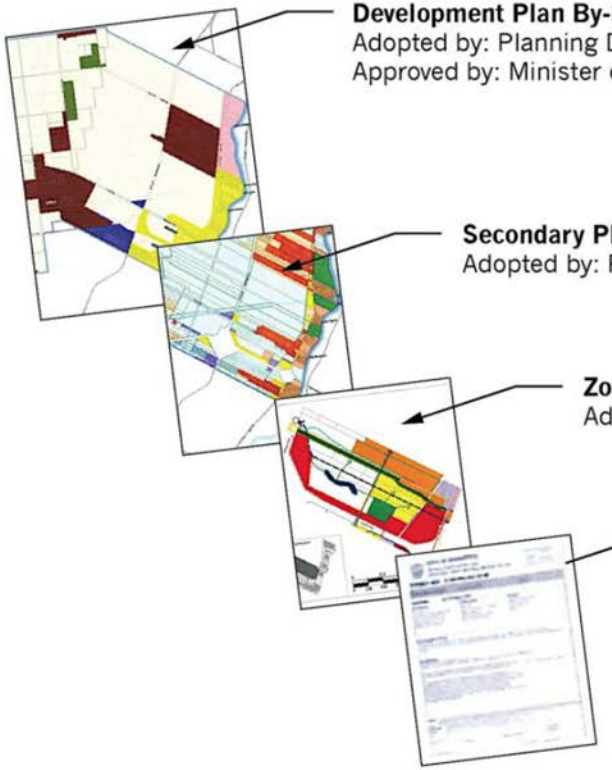
- Planning authorities prepare development plans and pass zoning by-laws that regulate activities identified in the development plan

- Development plans are approved by the Minister of Municipal Relations. Plans are revised every five years

- Municipalities (or Planning Districts) issue development permits to ensure that all development in their area will conform to the regulations in the zoning by-law as well as the vision for the community set out in the development plan and any existing secondary plan

- A development permit is not the same as a building permit

Planning Overview



Development Plan By-Law
Adopted by: Planning District Board / Municipal Council*
Approved by: Minister of Municipal Government

Secondary Plan By-Law
Adopted by: Planning District Board / Municipal Government*

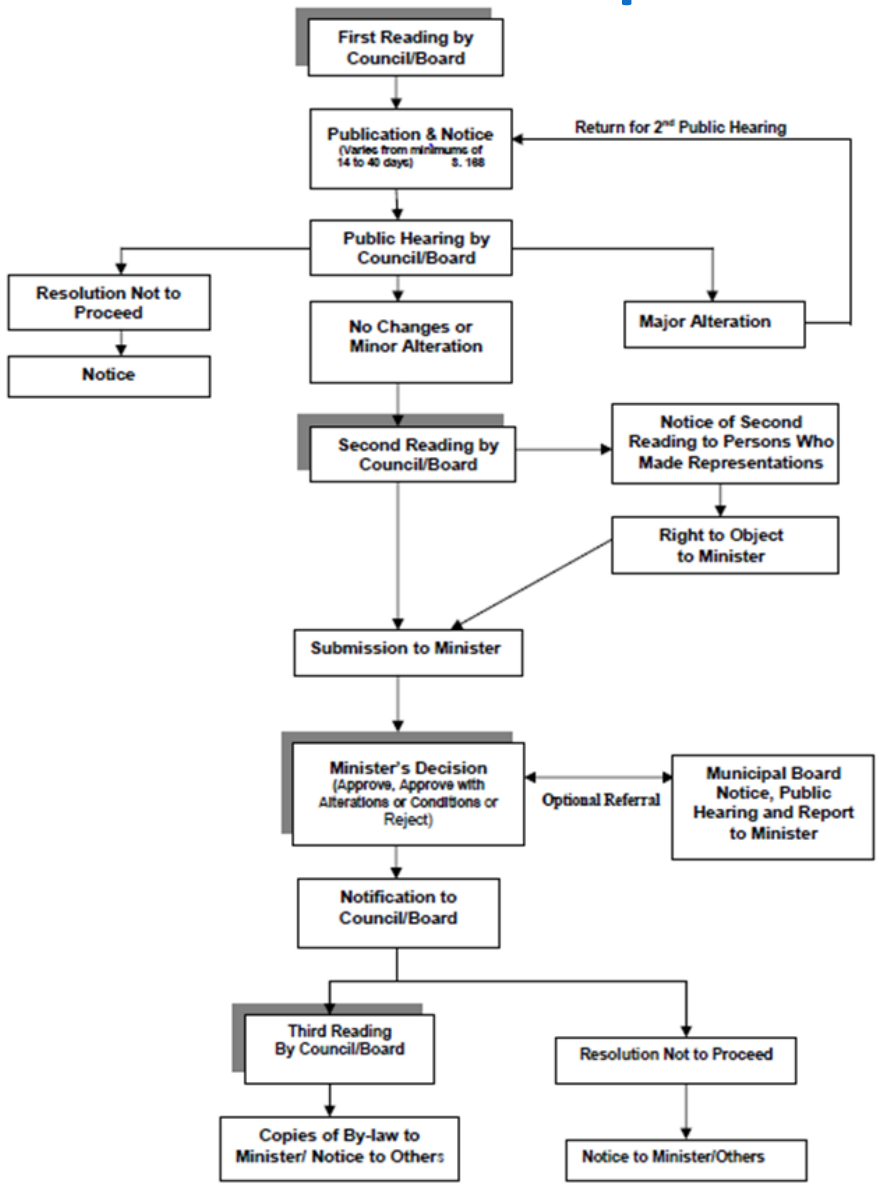
Zoning By-Law
Adopted by: Municipal Council / Planning District Board**

Development Permit
Application to: Planning District Board / Municipal Council*
Administered by: Development Officer***

* Municipal Council if the Municipality is not in a Planning District
** Planning District Board if a district-wide zoning by-law
*** As authorized by the Planning District Board / Municipal Council* and set out in the zoning by-law

TREASURY BOARD SECRETARIAT
Manitoba

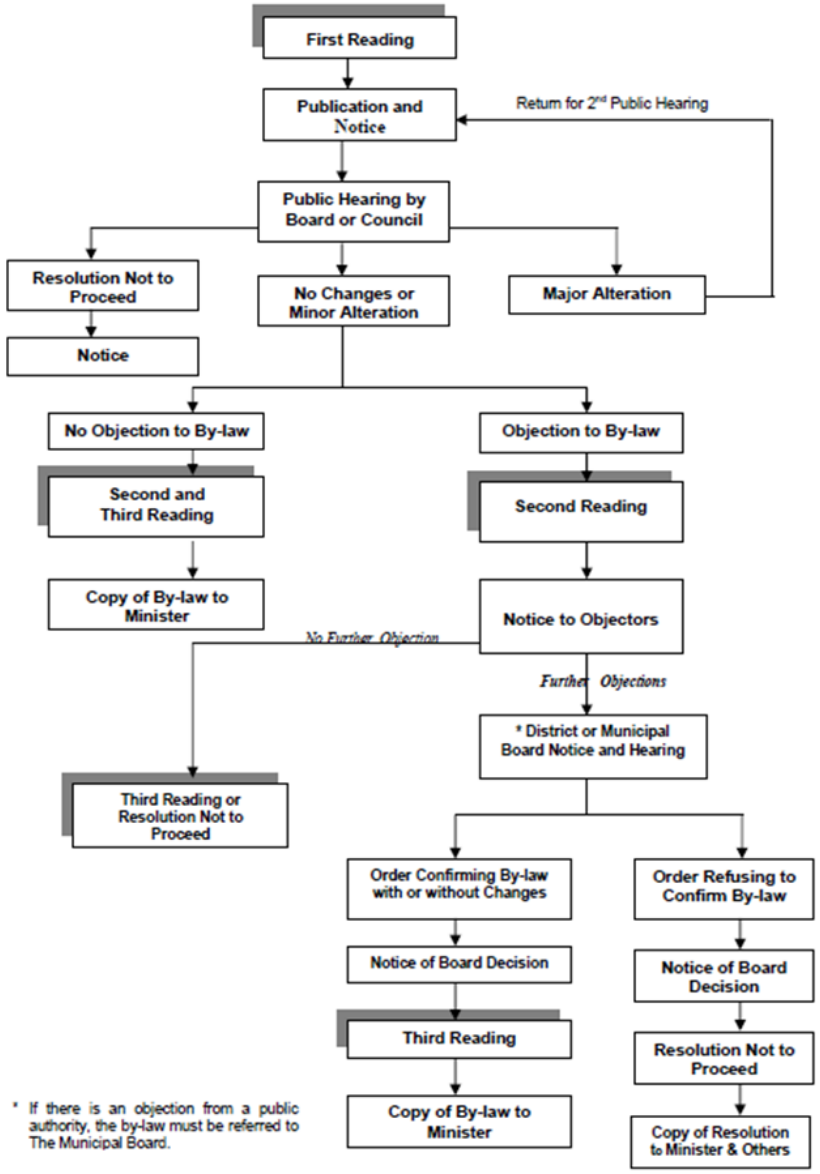
Development Plan Adoption Process



TREASURY BOARD SECRETARIAT

Manitoba

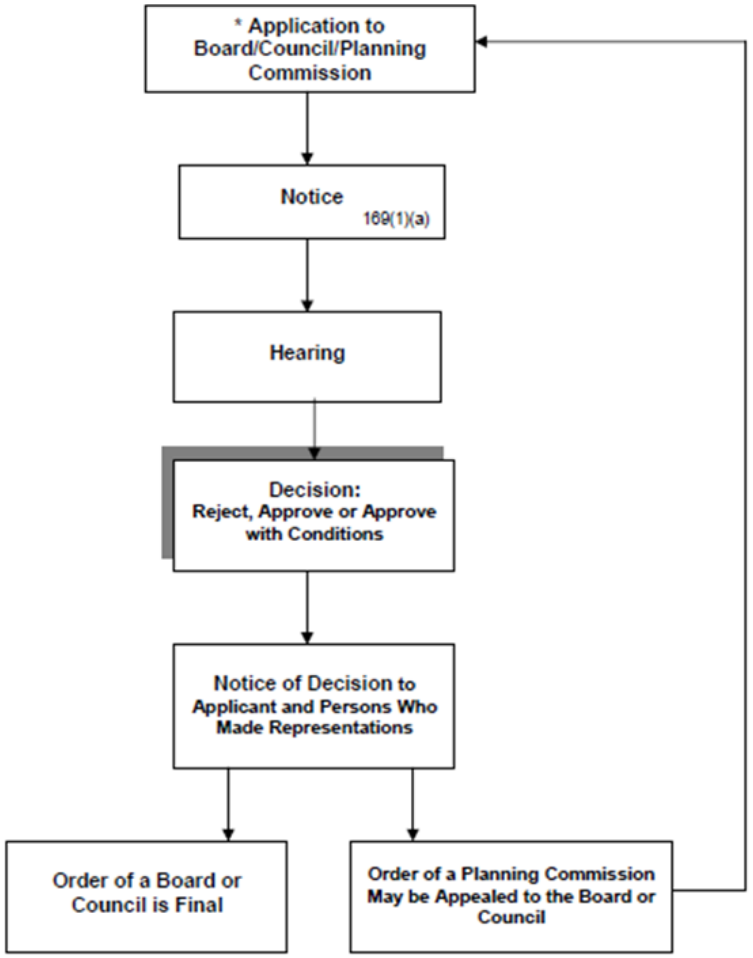
General Zoning By-Law Adoption Process



TREASURY BOARD SECRETARIAT

Manitoba

The Variance Process

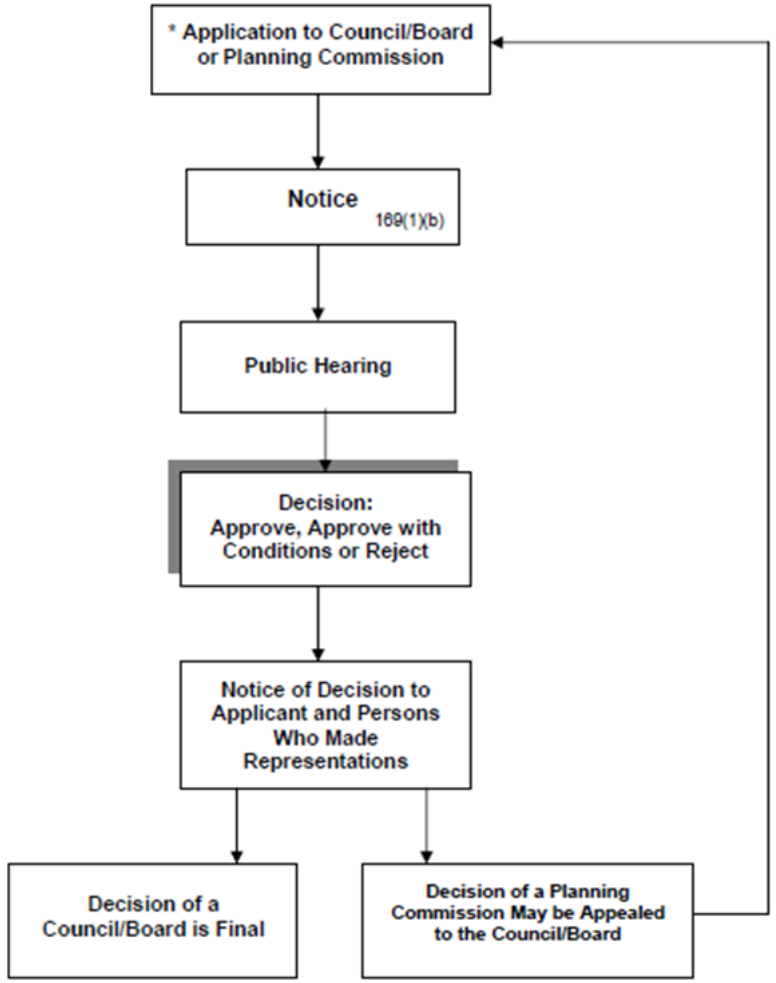


* Includes an appeal of the decision on a minor variance by a designated officer.

TREASURY BOARD SECRETARIAT

Manitoba

The Conditional Use Process

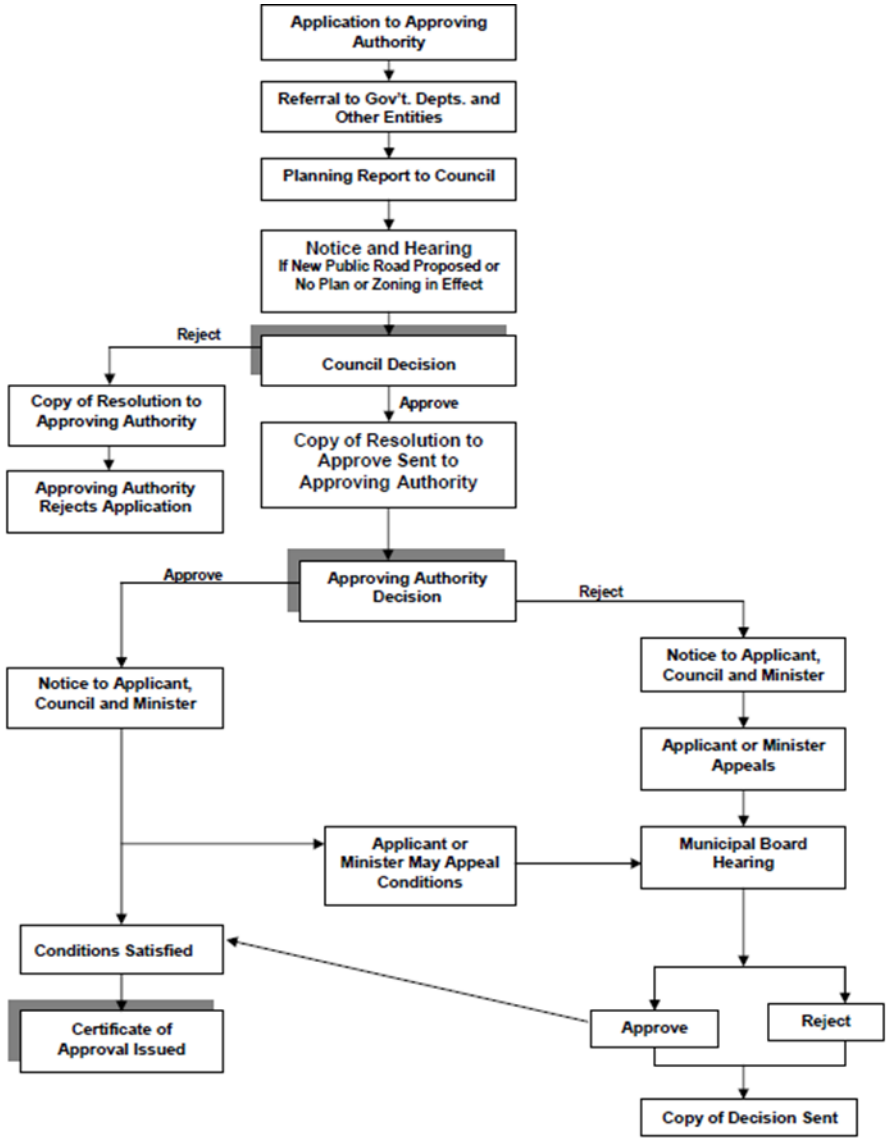


* Non-livestock operation application

TREASURY BOARD SECRETARIAT

Manitoba

Subdivision Approval Process



TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Building Code

- The regulation of building construction is a provincial government responsibility
- The Federal Government has no legislative authority over building construction in Canada, however, federal agencies are responsible for issuing the National Building Code, National Plumbing Code, and the National Fire Code
- Manitoba adopts these National Codes and can make Manitoba specific amendments through various regulations (i.e. Manitoba Building Code regulation etc.)
- The Office of the Fire Commissioner is responsible for the adoption of the Codes

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Manitoba Building Code

- The Manitoba Building Code (MBC) consists of the National Building Code (NBC) (2010) and the identified Manitoba Amendments to the National Building Code

- It is common across Canada for Provinces to issue amendments to the National Building Code, and adopt a corresponding Provincial Building code based on those amendments

- The Manitoba Amendments both:
  - Add building code requirements specific to Manitoba that are not required in other jurisdictions; and
  - Remove building code requirements that are required in other jurisdictions but are not justified in Manitoba

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Manitoba Building Code

A Sample of Additions to the National Building Code	A Sample of Deletions from the National Building Code
MBC has extensive requirements related to universal design requirements, barrier free design and building accessibility. For example, requiring handrails on both sides of stairs	The seismic design criteria as identified in the NBC for Manitoba are not required in MB as they are not justified according to the level of earthquake activity
Clarification on the engineering and architecture sealing requirements by type of building	MB allows for reduced engineering oversight and reporting requirements for routine residential foundations as compared to the NBC
Requires all carbon monoxide detectors to be interconnected to smoke detectors	MB removes the standard requirement for sulfate resistant concrete and indicates required only if specifically stated by a professional engineer
Adds fencing, electrical, and plumbing requirements for pools and hot tubs	MB excludes temporary buildings, such as construction camps, from standard NBC requirements
Additional fire detector requirements	MB allows for lower performance standards for some air conditioners and heating units as related to energy efficiency. (NBC requirements would add $1000 to purchase price to generate $5 annual savings in some cases)

Permitting - Legislative Framework

- Building construction in Manitoba is regulated by a number of statutes and by-laws. Specifically, these are:
  i. *The Buildings and Mobile Homes Act*
  ii. *The Fires Prevention and Emergency Response Act*
  iii. *The Planning Act*
  iv. Local municipal by-laws
  v. *Winnipeg Charter Act*

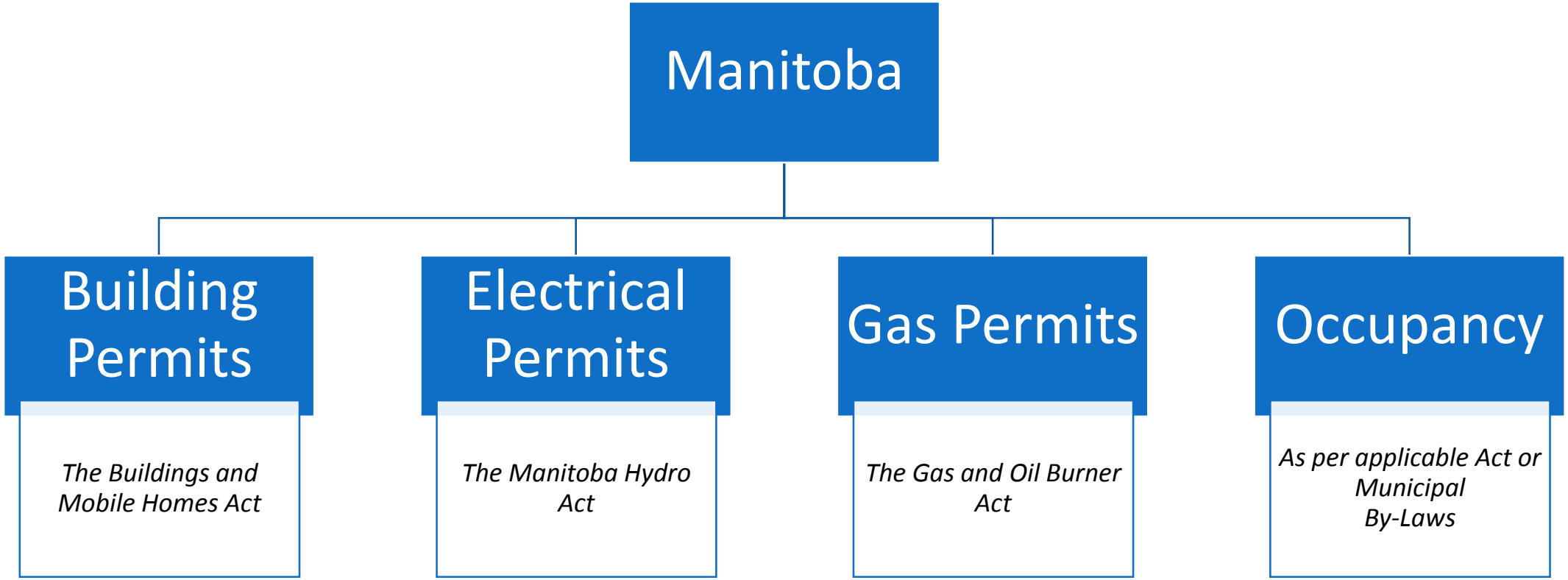
- Electrical and Gas:
  i. *The Manitoba Hydro Act*
  ii. *The Gas and Oil Burner Act*

- Boiler, Pressure Vessel and Refrigeration Plant:
  i. *The Steam and Pressure Plants Act*

TREASURY BOARD SECRETARIAT

Manitoba

Permitting - Framework



TREASURY BOARD SECRETARIAT

Manitoba

Buildings and Mobile Homes Act

Legislation:

- *The Buildings and Mobile Homes Act* applies to the construction, erection, placement, alteration, repair, renovation, demolition, relocation, removal, occupancy or change in occupancy of any building or addition to a building

- **Part 4** of the Act requires municipalities in Manitoba to adopt and enforce the codes and standards established, adopted or enforced under the Act

- The Act contains six regulations:

  - Building Fees Regulation
  - Classes of Buildings Designation Regulation
  - Manitoba Building Code
  - Manitoba Energy Code for Buildings
  - Manitoba Plumbing Code
  - Mobile Homes Standards and Permits Regulation

TREASURY BOARD SECRETARIAT

Manitoba

The Fires Prevention & Emergency Response Act

Legislation:

- The Fires Prevention and Emergency Response Act defines the responsibility for local authorities to enforce the Manitoba Fire Code within its boundaries by inspecting prescribed buildings and ensuring that a record of inspections is maintained

- The Fire Safety Inspection Regulation defines properties which are required to be inspected on a regular basis by both the local authorities and the OFC. Buildings requiring regular inspections are divided into two general categories:

  - Buildings where persons are under the care of others annual inspections
  - Assembly occupancies where persons often gather 3 year inspections

TREASURY BOARD SECRETARIAT

Manitoba

Permitting - Authorities

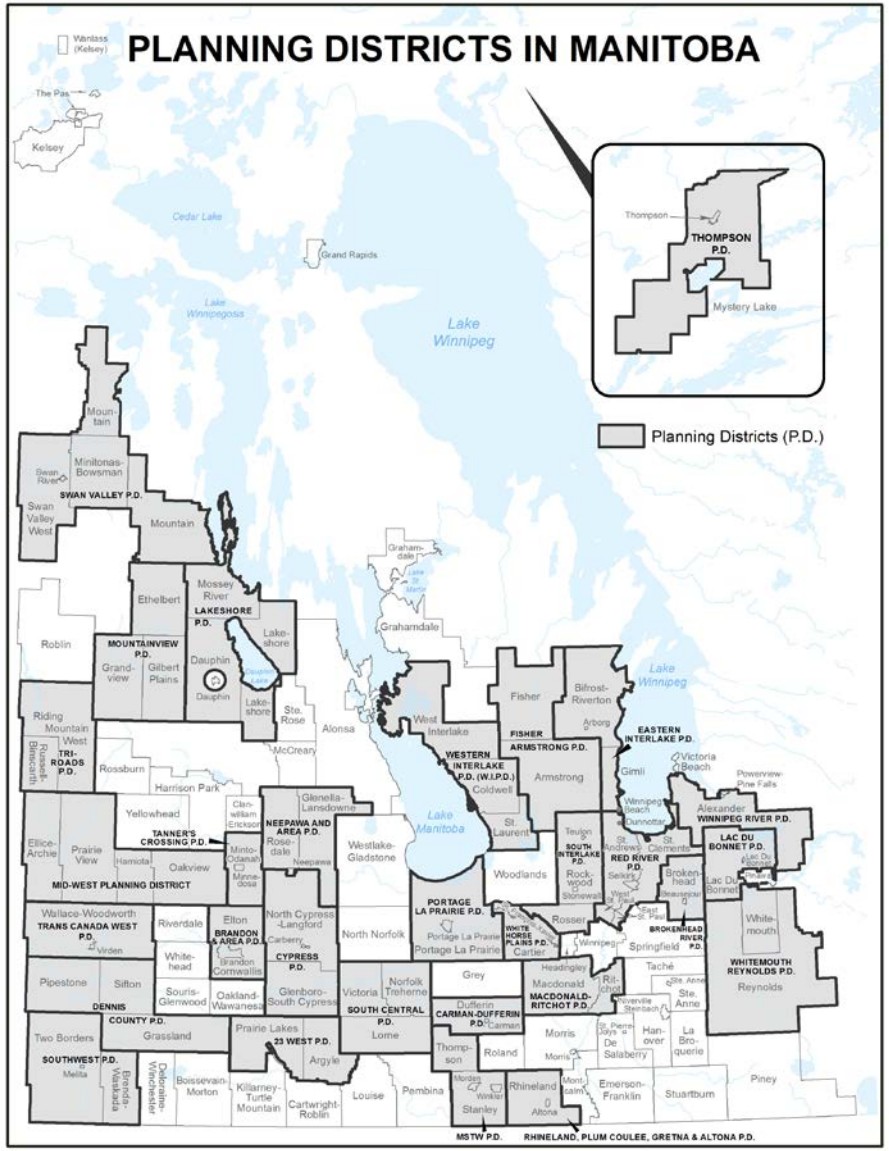
- In practice, building, plumbing, electrical and occupancy permits are issued by one of three Authorities Having Jurisdiction in Manitoba:
  - Municipality / Planning District
  - Office of the Fire Commissioner (OFC)
  - Manitoba Hydro
- The Authority Having Jurisdiction is determined by:
  - The type of permit being requested
  - The geographic location of the building, and
  - Whether the building must comply with Part 9 (three stories or less) or Part 3 (exceeds three stories or greater than 600sq/m) of the Manitoba Building Code

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Authorities

- There are 30+ different municipalities and 30+ different planning districts involved in issuing permits.
- OFC has authority in issuing permits in the remaining municipalities
- Manitoba Hydro issues electrical permits in all jurisdictions, excluding Winnipeg
- The OFC issues permits for all gas burning equipment in Manitoba
- Winnipeg Planning, Property & Development issues electrical permits within city boundary



TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Authorities

- The authority having jurisdiction for permitting Part 9 and Part 3 of the Manitoba Building Code in Manitoba Municipalities is as follows:

Manitoba Building Code	Authority Having Jurisdiction for Permitting in Municipalities		
	Municipality	Planning District	OFC
Part 9	35	91	23
Part 3	6	25	118

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Building Permits

Overview:

- Building Permits are issued to ensure that buildings conform to the Manitoba Building Code. Building Permits help to regulate such things as:
  - Structural design
  - Fire safety
  - Electrical work

- Building Permits are required for:

  - New construction of all buildings; and

  - Building additions, alterations and renovations

- The issuance of Building Permits is shared by Municipalities/Planning Districts, and the Office of the Fire Commissioner

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Building Permits

- Examples of projects that typically require a Building Permit:

  - Constructing a new building
  - Any addition to an existing building
  - A detached building (garage, gazebos, etc.) with a floor area over 10 m^2
  - Decks with a floor height over 600 mm (2 ft.) from ground level
  - Finishing previously unfinished spaces in a home such as attics
  - Plumbing, electrical or air-conditioning systems
  - Structural foundation repairs
  - Pools, spas and hot tubs
  - Installation of a solid fuel burning appliances such as wood stove or fireplace
  - Wheelchair ramps
  - Temporary structures larger than 83.7 m^2 (901 $ft.^2$) such as special event tents
  - Demolish or remove all or a portion of a building

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Occupancy Permits

Overview:

- Occupancy Permits are required prior to occupancy of any newly constructed, renovated or repaired building where a building permit has been issued

- Occupancy permits are not required for the construction, renovation or repair of a one- or two-family dwelling unit

- Examples of commercial spaces that require a Building Occupancy Permit include:
  - Theatres and restaurants
  - Healthcare facilities
  - Hotels
  - Offices
  - Personal service businesses such as hair salons and dental clinics
  - Retail stores
  - Industrial and manufacturing facilities

TREASURY BOARD SECRETARIAT

Manitoba

Permitting – Electrical and Gas Permits

Overview:

- All electrical work must be inspected by a Manitoba Hydro or City of Winnipeg electrical inspector

- All natural gas:

  – Equipment must be installed by a qualified and licensed gas fitter, and natural gas permits must be issued and received from the Office of the Fire Commissioner prior to beginning any work;

  – Connections must be inspected by a Manitoba Hydro natural gas inspector (some commercial/industrial installations also require an inspection by the Office of the Fire Commissioner)

Inspections – Electrical and Gas

- The authority having jurisdiction for electrical and gas inspections in Winnipeg and outside of Winnipeg is as follows:

Location of Activity	Authority Having Jurisdiction		
	Manitoba Hydro	OFC	City of Winnipeg
Gas Inspections			
City of Winnipeg	X	X	
Outside City of Winnipeg	X	X	
Electrical Inspections			
City of Winnipeg			X
Outside City of Winnipeg	X		

NOTE: For gas installations over 400,000 BTUs, both OFC and Manitoba Hydro are present for the inspection at the same time

TREASURY BOARD SECRETARIAT

Manitoba

Inspections – Boiler, Pressure Vessel and Refrigeration Plant

- *The Steam and Pressure Plants Act* currently requires the that the Office of the Fire Commissioner conduct:
  - Regular inspections of boilers and refrigeration equipment every year, and
  - Inspections of pressure vessels every two years

- There is currently a significant backlog in the amount of units due for re-inspection as a result of expired “inspection certificates”
  - As of January 30, 2019, there were 13,139 “active units” in Manitoba with 6,449 expired Certificates of Inspection, resulting in a 49% backlog

- Due to the high backlog OFC inspectors are currently inspecting high risk occupancies such as schools, community centres, rinks, and refrigeration plants

TREASURY BOARD SECRETARIAT

Manitoba

Inspections – Boiler, Pressure Vessel and Refrigeration Plant

- The Red Tape Reduction and Government Efficiency Act (2018), included amendments to the Act to replace the current inspection requirements with a more flexible, risk-based scheme

- The amendments, which are set to come into force July 1, 2019, will allow the frequency for inspecting units to be established based on the degree of risk posed by each type of equipment

- The amendments to the Regulation will establish the inspection interval ranges as follows:
  - Boilers – from one year to a maximum of four years,
  - Refrigeration equipment – from one year to a maximum of five years, and
  - Pressure vessels – from two years to a maximum of ten years

TREASURY BOARD SECRETARIAT

Manitoba

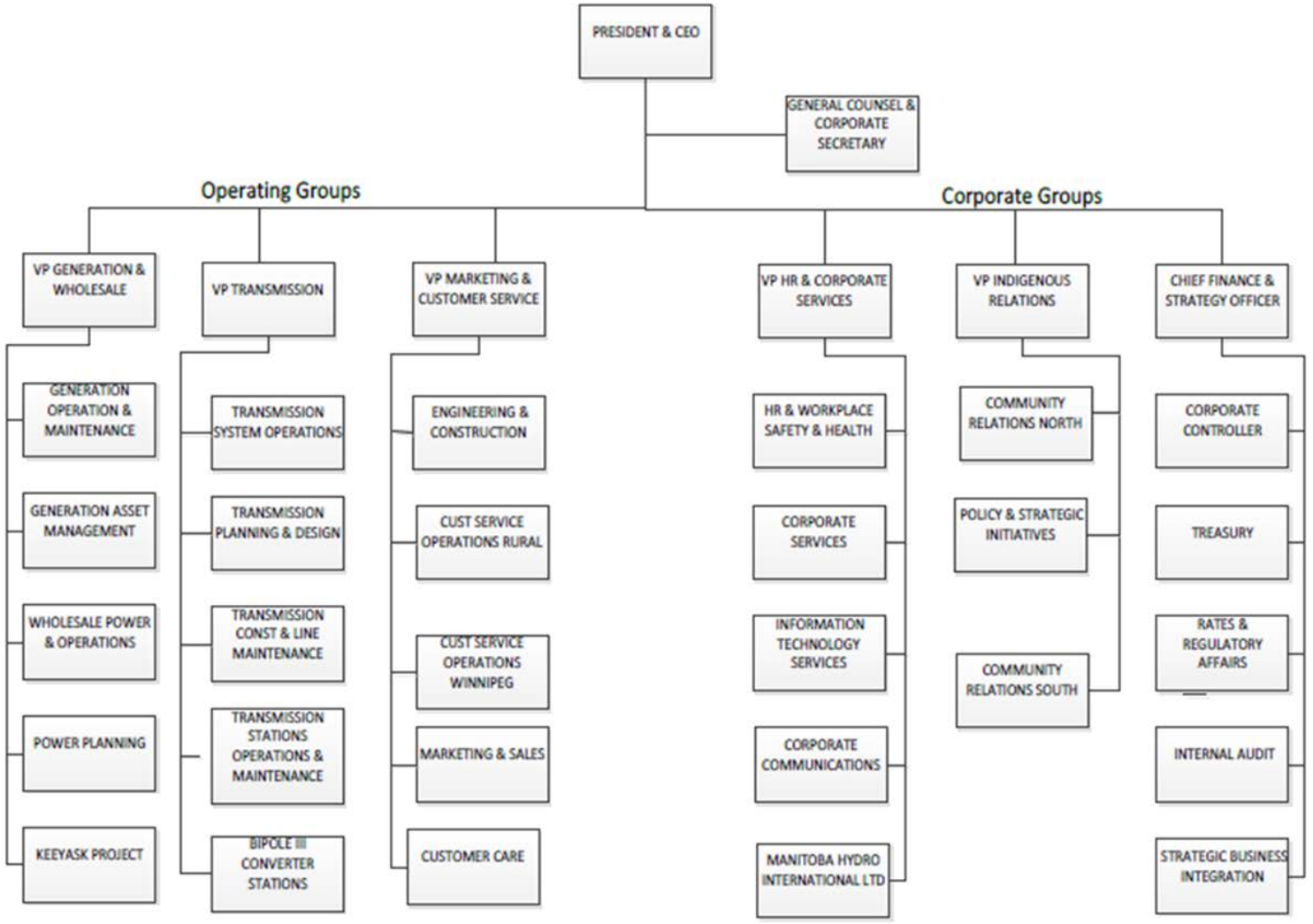
APPENDIX E

MANITOBA HYDRO FURTHER DETAILS

TREASURY BOARD SECRETARIAT

Manitoba

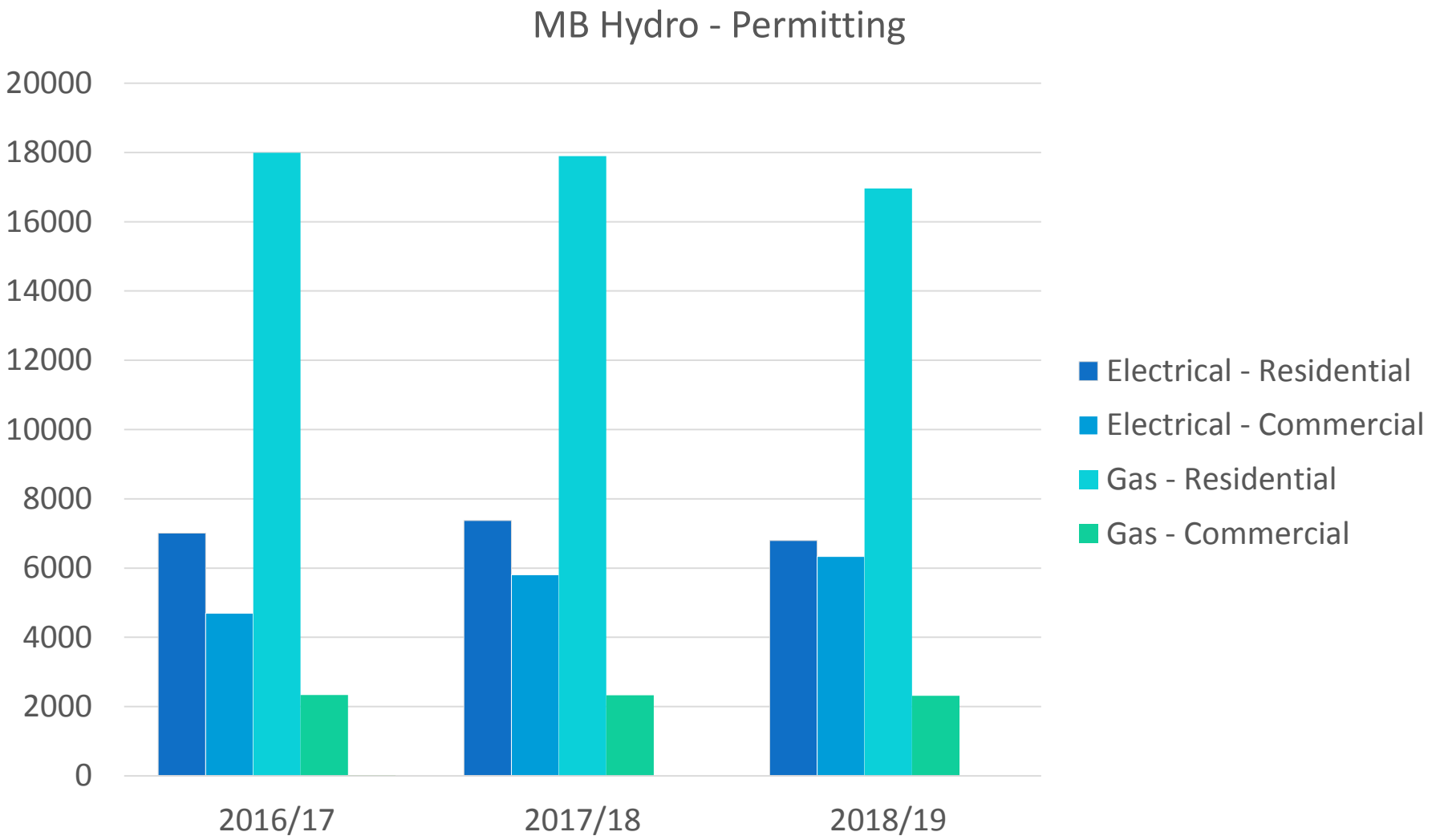
Overview – Manitoba Hydro



TREASURY BOARD SECRETARIAT

Manitoba

Overview – Hydro - Annual Permit Activity



TREASURY BOARD SECRETARIAT

Manitoba

Manitoba Hydro – Permit & Inspection Timelines

Permit and Inspection Turn Around Times (Days)				
	Natural Gas		Electric	
	Commercial	Residential	Commercial	Residential
2016/17	20	30	118	121
2017/18	20	24	109	102
2018/19	20	21	85	82
Average	20	25	104	101

These timelines measure the time from when a permit is created, until final inspection is complete. This timeline includes the duration of the work itself

TREASURY BOARD SECRETARIAT

Manitoba

Overview – Manitoba Hydro Initiatives

- Permit and Inspection Portal Project over next 18 to 24 months
  - Replacing permit and inspection technology to improve functionality, improve customer experience, and improve efficiency of the overall process
  - Customer friendly portal to improve customer experience
  - Real-time feedback to customers on process and status
  - Business process improvements Reporting and dashboard capabilities
  - Exploring Performance based inspection approach and module

- Review of Permit and Inspection processes across inspection authorities
  - Coordinate with Office of the Fire Commissioner to improve efficiency of permit and inspection processes

TREASURY BOARD SECRETARIAT

Manitoba

APPENDIX F

OFC
FURTHER DETAILS

TREASURY BOARD SECRETARIAT

Manitoba

Overview – OFC- Building and Fire Safety Unit

Building and Fire Safety Unit:

- Administers and enforces the Manitoba construction codes, including the building, plumbing, farm building and fire and energy codes

- Administers the Manitoba Fire Code, the Mobile Homes Standards and Permits Regulation, and the Fire Safety Inspection Regulation

- Also administers the building code on a contract basis to municipalities throughout Manitoba. In exchange for these services, the Agency receives a fee per capita per municipality and a permit fee

- In areas of the province where the local authority has not been delegated with the authority to administer Part 3 of the Manitoba Building Code, the Unit provides this service and permit fees are collected by the Agency

TREASURY BOARD SECRETARIAT

Manitoba

Overview – OFC - ITMS

Inspection and Technical Services Manitoba (ITMS)

- In 2011, the Mechanical and Engineering Branch of the former Department of Labour and Immigration was transferred to the OFC and was renamed Inspection and Technical Services Manitoba

- This amalgamation expanded OFC's mandate to include administration responsibilities for various technical safety acts, which include:

  The Amusements Act, The Electricians' Licence Act, The Elevator Act, The Gas and Oil Burner Act, The Power Engineers Act, and The Steam and Pressure Plants Act

- The ITSM issues permits, provides inspections of technical safety equipment, and provides examination and licensing of trades people

TREASURY BOARD SECRETARIAT

Manitoba

Overview – OFC - ITMS

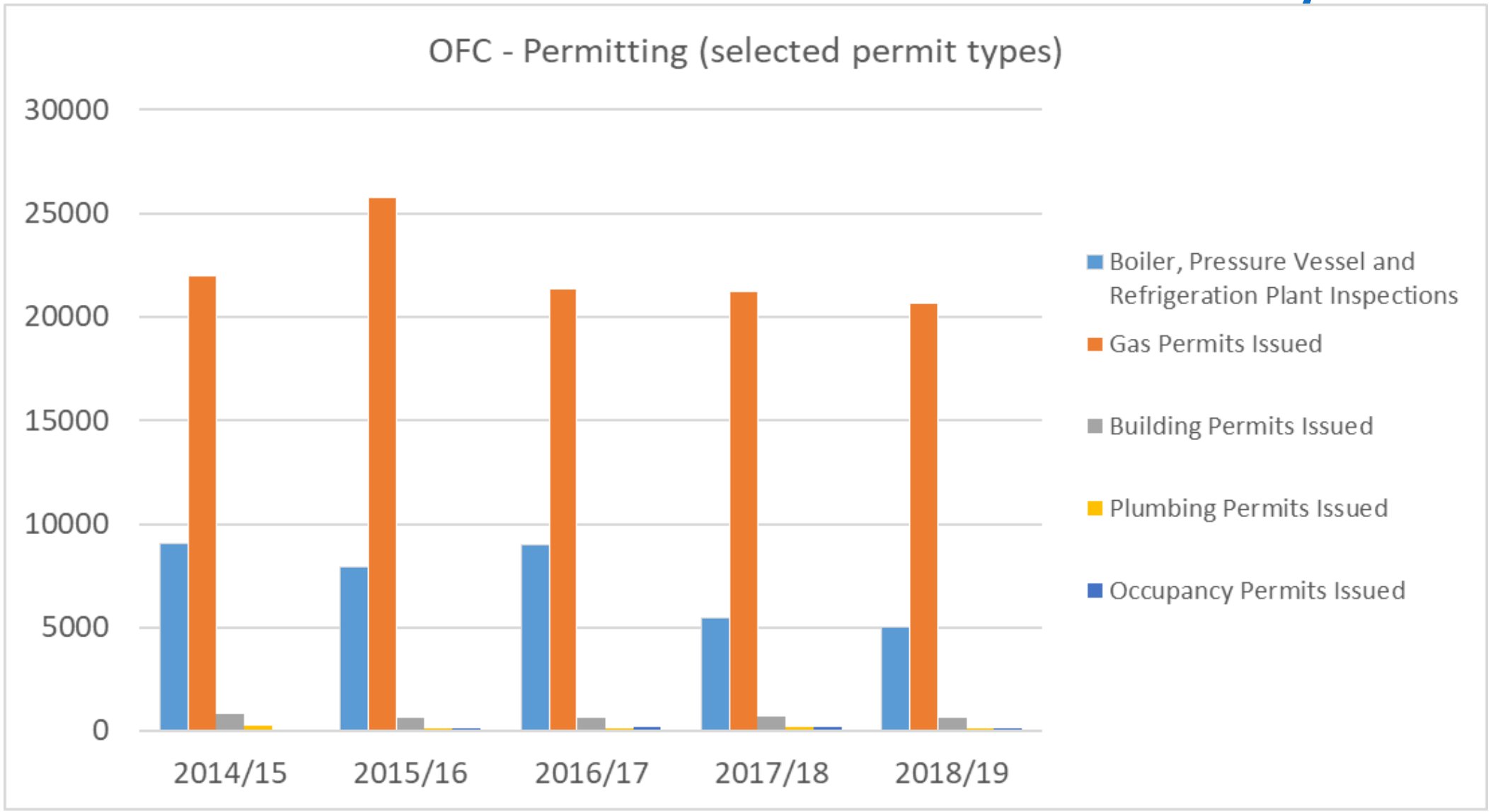
The following is an overview of the technical safety services provided by ITSM:

- Electrical equipment inspections
- Boiler and pressure vessel inspections
- Elevators, elevating devices and amusement
- Rides inspections
- Gas and oil burning equipment inspections
- Pressure weld testing and certification
- Pressure vessel and piping registrations
- Quality assurance program review and approvals
- Trades licensing and examinations
- Post-secondary technical training review and approvals

TREASURY BOARD SECRETARIAT

Manitoba

Overview – OFC - Annual Permit Activity



Overview – OFC Performance Measures

Service Standards: Building, Plumbing and Occupancy Permits

# of Permits Issued within xx days 2018/19						
< 14 days	**15-30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**> 120 days**	**Total**
88	1	0	0	0	0	89
96	15	2	1	1	0	115
184	3	4	0	0	4	195
11	1	9	0	0	1	22
5	5	4	0	0	12	26
140	10	8	9	0	8	175
63	6	1	1	0	3	74
64	34	22	10	3	7	140
38	2	0	0	0	0	40
58	11	8	3	3	2	85
747	**88**	**58**	**24**	**7**	**37**	**961**
78%	***22%***					

TREASURY BOARD SECRETARIAT

Manitoba

OFC Statistics

		2014/15	2015/16	2016/17	2017/18	2018/19
ITMS	Elevator and Handicap Lift Inspections	3125	3385	3314	3,671	2783
	Amusement Ride Inspections	155	174	166	171	181
	Rope & Ski Tows & Chair Lift Inspections	14	22	24	25	20
	Boiler, Pressure Vessel and Refrigeration Plant Inspections	9038	7900	8967	5,479	5020
	Canadian Registration Number Designs (boilers, pressure vessels, etc.) Reviewed and Accepted	1377	1264	1133	1,181	672
	Gas Permits Issued	21995	25776	21360	21,215	20,664
	Special Acceptance approval of Electrical and Gas Equipment	575	381	307	278	249
	Variance Approvals	47	49	40	44	41
	Quality Assurance Manual and Audit Reviews and Approvals	132	143	116	98	112
	Trades Licences issued	3699	3359	9831	4,980	3688
	Number of Trade Examinations Administered (Electrical, Gas, Power Engineering & Welding)	1720	1140	2044	1,611	1248
Building and Fire Safety	Building Permits Issued	799	655	643	696	645
	Plumbing Permits Issued	237	147	139	184	156
	Occupancy Permits Issued	64	154	163	172	161
	Recreational Vehicle Inspections	427	573	380	70	53
	Mobile Home Inspections	60	40	28	27	27
	Fire Safety Inspections	181	180	241	240	243
	Assistance to Local Authorities	24	8	9	14	4

TREASURY BOARD SECRETARIAT

Manitoba

APPENDIX G

PROVINCIAL PARKS FURTHER DETAILS

TREASURY BOARD SECRETARIAT

Manitoba

Parks Permitting

Site Plan Permit and Crown Land Permit

- Owners or occupiers of park land submit an application to the Parks Branch if development is desired on their cottage lot or commercial lot and/or on the public reserve
- A Site Plan Permit (cost of $52.50) will be issued once the requested site plans are approved for development. This permit indicates work needs to start within 6 months and the permit expires in one year
- If any requested development is located on the public reserve, a Crown Land permit will also be issued authorizing the use of the structure on the public reserve (annual charge of $10.50)

Building Permit (if required)

- A copy of the approval provided by the Parks Branch along with the second copy of the client's building plans will be sent to the Office of the Fire Commissioner for their review and issuance of a Building Permit along with any other associated permits such as a plumbing permit and occupancy permit

TREASURY BOARD SECRETARIAT

Manitoba

Parks Permitting cont'd

Provincial Park Permit

- If the client requires work on the land such as excavating, clearing, grubbing, (site preparation) etc., a Provincial Park Permit is required prior to construction

Parks Controlled General Permit

- Requests for small businesses to operate in a park, or structures being built on park land such as trappers cabins, will be reviewed and upon approval receive a Park Controlled General Permit authorizing the use and location while noting special conditions

APPENDIX H

CITY OF WINNIPEG FURTHER DETAILS

TREASURY BOARD SECRETARIAT

Manitoba

City of Winnipeg Approving Entities

Community Committee of Council

- Five committees in Winnipeg, each comprised of three councillors
- Review all other development applications such as subdivisions, zoning amendments, secondary plan amendment and make recommendations on whether to approve or deny the application
- Forward recommendations to Standing Committee on Planning, Property and Development, whose subsequent recommendation is forwarded to Executive Policy Committee, whose subsequent recommendation is forwarded to Council

Board of Adjustment

- A Planning Commission with delegated authority to approval conditional use and variance orders

Appeals

- There is no mechanism to appeal decisions to an independent body

TREASURY BOARD SECRETARIAT

Manitoba

City of Winnipeg – Performance - Commercial

Permit Type / Description	TARGET (days)	YEAR	Average Annual Median Business Days	Average Annual at 75 Percentile
Category A: minor alterations with no building change of use, no professionals required, no impact on life safety, exterior alterations not affecting life safety	5	2017	3	6
		2018	2	4
		% Improvement	33%	33%
Category B: no building change of use, one or two professionals other than structural, minimal or no impact on base building or other tenants	10	2017	8	15
		2018	9	13
		% Improvement	-11%	13%
Category C: change of use in existing tenant space, multiple professionals involved	15	2017	18	21
		2018	18	21
		% Improvement	0%	0%
Category D: gutting of existing space, change from single to multi-tenant space, significant impact on base building, property types affected by historic, waterways, flood fringe, downtown, …	20	2017	27	31
		2018	22	28
		% Improvement	19%	10%

City of Winnipeg – Performance – Commercial 2

Permit Type / Description	TARGET (days)	YEAR	Average Annual Median Business Days	Average Annual at 75 Percentile
Category E: re-purposing of existing building , historic, multiple alternative solutions	30	2017	n/a	n/a
		2018	n/a	n/a
		% Improvement	n/a	n/a
Optional Professional Certificate Program: option for commercial permit applications submitted under professional seals to be issued with no plan examination	5	2017	8	17
		2018	6	13
		% Improvement	25%	24%
Standard additions / new buildings	20	2017	32	33
		2018	*25*	*28*
		% Improvement	22%	15%
Staged permits for commercial new/major additions – each stage	15	2017	20	27
		2018	17	21
		% Improvement	15%	22%

City of Winnipeg – Performance - Residential

Permit Type / Description	TARGET (days)	YEAR	Average Annual Median Business Days	Average Annual at 75 Percentile
RES 1: Accessory Structure permit of any type NOT requiring zoning or structural review.	1	2017	5	7
		2018	2	3
		% Improvement	60%	58%
RES 5: Accessory Structure permit for in-ground or above ground Swimming Pool, or a permit that requires a structural plan and/or Zoning review, or DCA-5 Day or Master-5 Day	5	2017	5	7
		2018	3	6
		% Improvement	40%	14%
RES 10: Housing Permit of New Construction, Additions	10	2017	11	20
		2018	10	12
		% Improvement	10%	40%
RES 15: Housing permit for change of use and conversions (adding or subtracting dwelling units, residential care homes, day cares, secondary suites, rooming houses)	15	2017	16	19
		2018	16	19
		% Improvement	0%	0%
RES 20: Row Housing	20	2017	34	41
		2018	22	26
		% Improvement	35%	37%

City of Winnipeg – Residential Statistics

Building Type	Value in $000		Number of Permits Issued	
	2018	2017	2018	2017
Residential				
Single	374,972	463,444	1,421	1,784
Semi	47,946	63,944	257	336
Row	62,446	104,365	500	663
Apartment	268,113	417,452	66	72
Alterations/ additions/demos	268,645	143,903	4,652	4,363

TREASURY BOARD SECRETARIAT

Manitoba

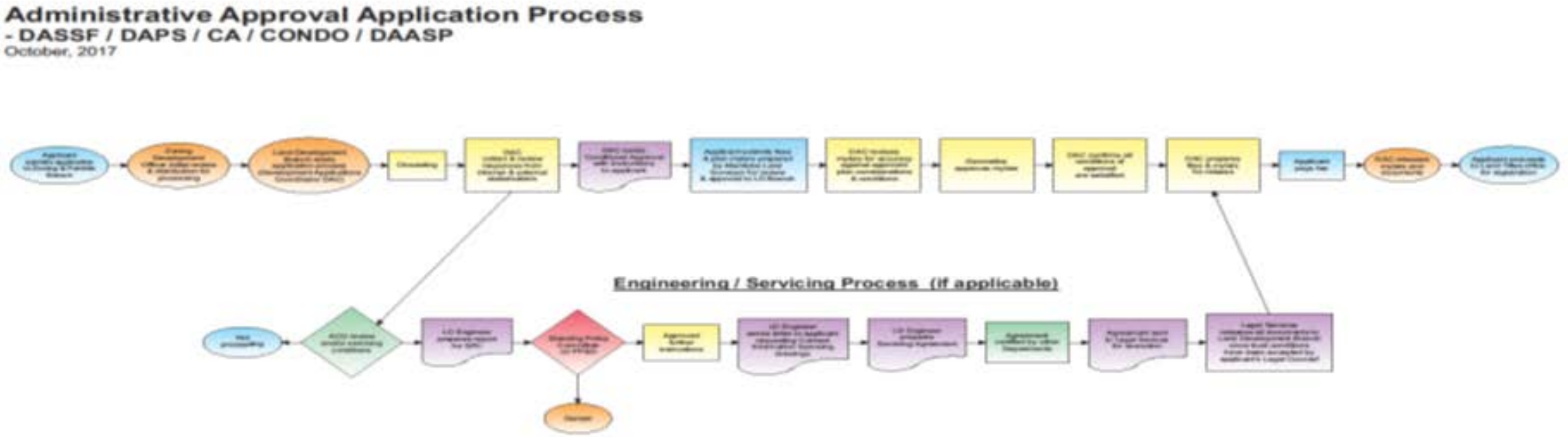
City of Winnipeg – Non-Residential Statistics

Building Type	Value in $000		Number of Permits Issued	
	2018	2017	2018	2017
Non-Residential				
Commercial	89,760	62,509	45	57
Industrial	86,189	33,103	41	50
Office	62,725	164,650	14	19
Hotel/motel	79,200	4,700	11	4
Public Bldgs	8,898	33,191	11	12
Institutional	11,262	28,150	13	13
Alterations/additions/demos	489,687	496,130	3,218	3,486

TREASURY BOARD SECRETARIAT

Manitoba

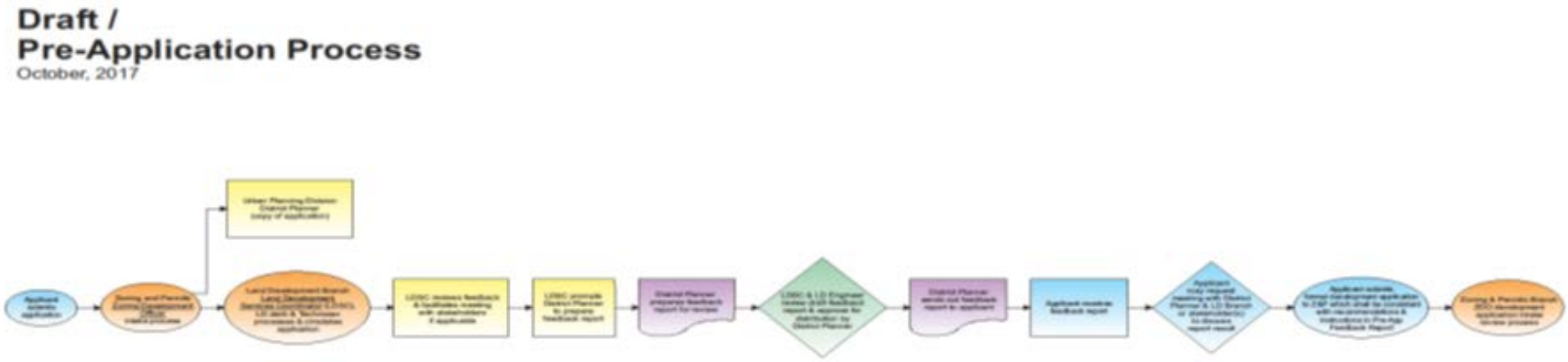
City of Winnipeg – Development Approval Flow Charts – Multi Step Process



TREASURY BOARD SECRETARIAT

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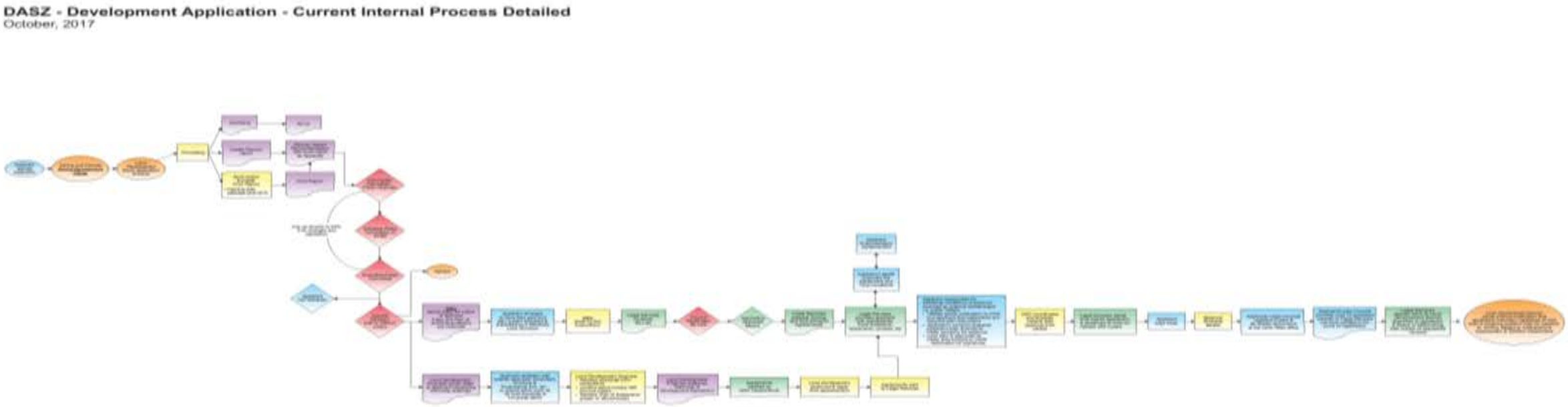
City of Winnipeg – Development Approval Flow Charts – Multi Step Process



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City of Winnipeg – Development Approval Flow Charts – Multi Step Process



TREASURY BOARD SECRETARIAT

Manitoba

APPENDIX I

THINGS WE HEARD – QUOTATIONS

TREASURY BOARD SECRETARIAT

Manitoba

Fear of Retribution

“There are lot of others who want to come forward, but they are ‘%$#! scared’ to come forward because of the fear of retribution”

“Everyone knows what is going on at the City [of Winnipeg], but people are afraid to speak up out of fear for retribution”

“The more you upset the administration, the more they slam the door on you”

“You try to fight [inspectors], and they are vindictive. Winnipeg is only so big, and you will suffer if you even think of rocking the boat”

“When you challenge inspectors, they go out of their way to find more things wrong. This kind of thing happens frequently”

Broken Culture

"The City is a 'Venn diagram' of political interference and incompetence. It is never clear where in the Venn you find yourself – whether the frustration you are suffering is from political interference or just incompetence, or in the area of overlap where it is both interference and incompetence"

"I was told that one of my development projects was being declined because 'You guys are making too much money.' That is just wrong. The City [of Winnipeg] should see this as a win-win, not a zero sum game"

"Development is not viewed as a tool of economic development. Development is considered morally and ethically wrong"

"People are judged, not the projects"

"Culturally, planning across North America is moving in favour of densification.
Winnipeg is bucking that trend"

"Why are we letting such a small group of people run economic development in this province?"

"The things we have been hearing about in the news – that is just the tip of the iceberg"

Broken Culture cont'd

"Rural municipalities ask 'What can we do to get you started?', while the City [of Winnipeg] asks 'What obstacles can we throw in your way?'"

"The City [of Winnipeg] was flat-out lying to me. I never thought I would have to do this, but I was forced to start recording conversations. I never thought I would have to secretly record dealings with a government because they were lying. This isn't supposed to happen in countries like Canada"

"We have being trying to doing business with the city for a long time. The economic development-friendliness has ebbed and flowed, but we are at an all time low. This is worse than it was even under Glen Murray"

"The City itself is incredibly dysfunctional, but [Planning Property & Development] is the most dysfunctional part of the City, which is saying a lot. It is an elitist, "screw you" culture that literally doesn't care about the importance of development. It needs a wholesale culture shift"

"Our regulatory processes are a nightmare. It is a regulatory gong show of nightmarish proportions"

"I feel villainized to be part of the development community"

Lost Development Opportunities

“Developers are saying ‘If we knew what Winnipeg was like, we never would have come here’”

“Our developer partners in Toronto have told us that they no longer include Winnipeg in their Canada-wide development plans”

“Winnipeg is supposed to be growing to a million people, but we are doing our best to avoid that”

“It is common for developers to build in the municipalities surrounding Winnipeg, because they actually want development and are able to appreciate the importance of growing their tax base”

Lost Development Opportunities cont'd

"We are losing a lot of development opportunities to other cities across Canada. People just don't want to build here anymore"

"The process in Winnipeg, and to a lesser extent in Manitoba, is unlike any other jurisdiction where we operate. We have the options of where to invest money, we do not feel favourable to Manitoba. We don't think Winnipeg is ready for private sector investment"

"On a national level, it is widely known that the construction industry openly skips over Winnipeg based on the perception that it is not an open, fair process and 'outsiders' are excluded"

"City staff are picking colours and materials. Picking smoked glass. That is asinine. Builders are seeing this happen to them in Winnipeg, then just leaving town because the experience is so bad. A small number of people are far too influential"

Failed Outcomes

“Inspectors can’t just come and inspect. They need to find stuff wrong and won’t leave until they do. It has come to the point lately that many builders are leaving large, obvious deficiencies in their work, so that the inspectors will leave them alone on the other things”

“Winnipeg needs to learn it has an important role to play in economic development, but there is no plan to fix what is broken”

“City inspectors are very good at finding arbitrary ways to churn the permits – to delay things out, charge more inspection fees and string along every single development”

“The amount of time to get things done has at least doubled in recent years. Things that used to take six months are now taking over a year. The City [of Winnipeg] does not have an appreciation of the time value of money”

Failed Outcomes cont'd

"We are seeing an increasing amount of ad hoc policy-making, even by junior and front line staff, with no supervision or oversight. The City [of Winnipeg] has lost all of its institutional knowledge"

"Winnipeg uses minor variances as an opportunities to impose personal preferences into plans. The issue isn't whether to approve or not approve a minor variance, but becomes framed as an opportunity to impose views on things like siding, colours, choice of plants, and things like that"

"We have examples of developers needing to leave people waiting in new constructions for 24 hours a day – even overnight – because they have no idea when the inspectors will show up. This is very inefficient"

General Frustration

“We have challenges with many jurisdictions. Developers will always complain that services levels are not good enough – that comes with the territory of being a developer. But Winnipeg is different and in a class of its own. Winnipeg is the least friendly jurisdiction in the country”

“We are beating our heads against the wall”

“The City has completely lost sight of the fact that it could make far more money [than churning permits and charging development fees] by allowing development to occur and thereby increase its tax base”

“The issue of development needs to be depoliticized. Make the rules, then apply the rules fairly”

“We have created an environment where everyone wants to by-pass the City of Winnipeg. It is hard for me to say this without being perceived as being political, but it isn’t political. These are facts”

“Allowing the City to annex adjacent rural municipalities won’t be the answer, it will just push the problem out further and further from the City centre”

TREASURY BOARD SECRETARIAT

Manitoba

APPENDIX J

PUB ROLE
REGULATING UTILITIES

TREASURY BOARD SECRETARIAT

Manitoba

2.5 The PUB's Objectives for Water and Sewer Utilities

The PUB's objectives in regulating water and sewer utilities are to ensure: rates are just and reasonable; the utilities are self sustaining and not receiving or providing cross subsidization to other municipal government expenditures; utilities have the financial strength to supply services in compliance with government regulations; utilities are operating efficiently and: information is open and transparent for the public.

The PUB has identified eleven objectives for municipal water and sewer utilities when assessing their application for rate revisions, against which it has also evaluated the City's water and sewer utilities:

1. Water and sewer services should meet provincial and federal standards and objectives (health, safety, environment & conservation);
2. No subsidy of the municipal government's General Operating Funds (property taxes) should come from water and sewer utilities' rate revenues;
3. An understanding as to the utilities' required capital expenditures, and corresponding funding for those capital expenditures, for the next five years;
4. Public Sector Accounting Board (PSAB) - compliant financial statements;
5. Adequate annual revenue to avoid utility deficits (exception for PUB provision for amortizing grants against amortization expenses related to capital assets);
6. Fair and reasonable rate schedules for all customer categories, including rates that promote conservation;
7. Ratepayers' awareness of rates and plans of the utility, and the opportunity and ability for ratepayers to express any related concerns to the PUB;
8. Avoidance of rate shocks wherever possible;
9. Efficient operations;
10. Avoidance of excessive regulatory costs; and

11. Full and transparent disclosure of results, plans and circumstance of the utility to the PUB and ratepayers – except in circumstances where the Board is satisfied its Rules of Confidentiality need to be invoked.

In general, the PUB tries to ensure the ratepayer receives fair value for rates paid in the provision of utility services. It is with these objectives in mind that the PUB proceeded with this informational hearing related to the City's water and sewer utilities.

Although the Board does not have jurisdiction to approve the water and sewer rates charged by the City, the PUB felt it was important to have an understanding of the City water and sewer operations. The Board also felt it was beneficial to test information in a public forum on the overall efficiency and operations of the utilities as the City moves forward on a significant capital investment plan to replace and upgrade infrastructure.

The Board's findings are set out at the end of each of the topics discussed below.

APPENDIX K

CENTREPORT STRUCTURE

TREASURY BOARD SECRETARIAT

Manitoba

CentrePort

- In 2011, the Province established a Working Group to develop a new planning model for CentrePort that would:
  - Expedite investment and development in the area west and north of Winnipeg Richardson International Airport
  - Streamline reviews and approvals by adopting a consistent development plan, zoning by-law and administrative processes for the CentrePort area
  - Deliver an accountable and transparent planning process to stakeholders and the public

- As a result of the Working Group's recommendation to create a multi-stakeholder Planning Board to oversee and administer planning in CentrePort Lands, *The Planning Act* was amended to establish the Rosser CentrePort lands as the "Inland Port Special Planning Area" (IPSPA) (2015)

TREASURY BOARD SECRETARIAT

Manitoba

CentrePort cont’d

- The legislative amendments were supported by two regulations:
  - One that established the multi stakeholder Inland Port Special Planning Authority Board, and,
  - A second that established the secondary plan and zoning by-law for the area

- The IPSPA Board is comprised of:

  - Two representatives of the Rural Municipality of Rosser, at least one of whom must be a member of council
  - A representative of The City of Winnipeg
  - A representative of CentrePort Canada Inc.
  - A representative of Winnipeg Airports Authority Inc.
  - A representative of the Government of Manitoba

TREASURY BOARD SECRETARIAT

Manitoba

CentrePort cont'd

- The IPSPA Board conducts the public hearings for planning and subdivision applications within the IPSPA, and provides recommendations to the Minister on proposed amendments to the development plan and zoning by-law regulation

- The 2015 legislation also returned subdivision approving authority to the Minister (or delegate). The municipality continues to be responsible for development agreements and building permits

- The IPSPA Board provides a streamlined approach that ensures that development approvals in the Rosser CentrePort lands are processed efficiently and that development benefits from the significant infrastructure investments made in the area

APPENDIX L

METRO REGION PILLARS

TREASURY BOARD SECRETARIAT

Manitoba

Capital Region: Regional Growth Strategy

Pillar 1

COORDINATED REGIONAL DEVELOPMENT

Current Status:

Equitable and coordinated regional planning that integrates land use, transportation, and infrastructure is critical to both strong communities and a strong Winnipeg Metro Region. Decision-making in the absence of good data and the lack of coordination between Municipal Development Plans and levels of government contributes to higher infrastructure costs, duplication, and hinders sustainable regional growth patterns.

Securing Our Future:

Coordinated development provides a wide range of housing choices close to employment, amenities, and services, while recognizing the importance of a healthy Winnipeg core. Planning and infrastructure cross boundaries to connect our communities with efficient transportation networks and services that provide choice, utilize existing infrastructure, increase safety, enhance livability, and promote the wise use of resources.

Capital Region: Regional Growth Strategy

Pillar 2

STEWARDSHIP OF LAND, WATER AND RESOURCES

Current Status:

The Region's natural environment provides direct economic, social, and cultural benefits, as well as the essentials of life: food, water, and energy. While we benefit from an abundance of natural resources, good stewardship of these assets is critical to preservation and long-term prosperity, providing a strategic regional advantage to emerging opportunities. Current land use, water resource management, and resource consumption patterns are having a negative impact on the economy and environment by consuming agricultural and natural lands, reducing carbon sequestration opportunities, reducing flood and drought mitigation capacity, and contributing to the degradation of lakes, including Lake Winnipeg and Lake Manitoba.

Securing Our Future:

The Region has a collective and shared responsibility to be good stewards by managing, protecting, preserving and, where possible, restoring natural lands, agricultural lands, air quality, and aquatic ecosystems.

TREASURY BOARD SECRETARIAT

Manitoba

Capital Region: Regional Growth Strategy

Pillar 3

STRATEGIC TRANSPORTATION NETWORKS

Current Status:

A strong regional transportation network guides the efficient movement of goods and provides community connectivity with access to employment, services, and amenities. The Region's transportation network is presently uncoordinated and leaves many communities unconnected. It favours single passenger vehicles, significantly contributing to GHG emissions, leading to congestion that affects the movement of goods, and higher transportation costs.

Securing Our Future:

Regional transportation networks integrate the regular use of public transportation, multiple-occupancy vehicles, cycling, and walking. Regional networks promote connectivity between communities and key employment areas. These outcomes reduce energy consumption, reduce GHG emissions, improve air quality, promote active transportation, enhance lifestyles, improve health, and save money.

Capital Region: Regional Growth Strategy

Pillar 4

COORDINATED INFRASTRUCTURE & SERVICE DELIVERY

Current Status:

There is a wide range of regional utility infrastructure and community services that support our economic growth and a high quality of life. Uncoordinated investment in services and infrastructure leads to duplication, higher costs, and an inefficient use of resources – limiting opportunities for new investment.

Securing Our Future:

Moving toward optimal and mutually beneficial transportation systems, wastewater treatment, drainage strategies, solid waste management, utility infrastructure, and community and emergency services delivery can be achieved through regional coordination, shared data, inter-municipal agreements, and Indigenous partnerships. These practices promote value for money, improve competitiveness, and provide a higher quality of life across the province.

TREASURY BOARD SECRETARIAT

Manitoba

Capital Region: Regional Growth Strategy

Pillar 5

INTEGRATED REGIONAL ECONOMIC DEVELOPMENT

Current Status:

A prosperous regional economy is functionally integrated and globally competitive. Policies, transportation systems, and human capital nurture a healthy and resilient business sector. This includes robust employment and enhanced productivity that fosters prosperity, encourages new investment, supports transition to the green-clean economy, and builds diversity. Despite a high level of interdependence, local economies lack integration and often compete for resources. As individually focused municipalities, the ability to compete nationally and internationally to enhance productivity, provide good jobs, and promote a higher quality of life is constrained.

Securing Our Future:

To support growth and diversity in industrial, commercial, and agricultural sectors, a coordinated integrated regional economic development approach is necessary. Priority lands need to be identified, enhanced, and protected so that commerce flourishes in the region's hubs, along economic corridors, and in priority agricultural areas. Economic growth opportunities are explored in partnership with Indigenous communities.

Capital Region: Regional Growth Strategy

Pillar 6

REGIONAL FRAMEWORK FOR GOOD GOVERNANCE

Current Status:

Good governance and decision-making is supported by access to good data and an environment of trust and collaboration across all levels of government. Current governance models and a lack of accessible good data inadvertently lead to barriers that obstruct a broad-based perspective of the region, reducing consistency, accountability, coordination, meaningful engagement, and the efficient use of resources.

Securing Our Future:

Good governance, coordination, and collaboration will be achieved through access to integrated regional data, stakeholder engagement, and education, along with improved inter-municipal/regional tools and consideration of long-term regional benefits and impacts prior to actions. Members recognize that regional progress is supported by inter-municipal working relationships and relationships with Indigenous communities that incorporate the needs of all communities.

APPENDIX M

LOST OPPORTUNITIES

TREASURY BOARD SECRETARIAT

Manitoba

Lost Opportunity – Parker Lands

- The Parker Lands development has been at a standstill for a number of years

- In 2016, the Province commissioned a report that encouraged the process to continue to unfold, but this optimism has not materialized in outcomes:

  "… the City of Winnipeg may be able to resolve these issues on its own. As such, it would seem prudent to allow the planning process and the resultant secondary plan to serve to mediate any remaining concerns. This could be revisited within a Phase 2 review if deemed necessary after these planning processes end"

TREASURY BOARD SECRETARIAT

Manitoba

Lost Opportunity – Parker Lands cont'd

- The failure of the Parker Lands project to advance is concerning on a number of fronts:

1. The ~$500M public expenditure on the local Bus Rapid Transit route was premised on the densification of this parcel of land. Without the development of the Parker Lands, the business case for this transit expansion is compromised

2. To understand the magnitude of the costs of the delay of this project to the provincial GDP, Manitoba Bureau of Statistics' input-output statistical model shows that a mere *two month delay* of this project is expected to lead to the loss of $65M of GDP, and 817 person-years of employment

3. The current matters before the court add a further degree of complication

TREASURY BOARD SECRETARIAT

Manitoba

Lost Opportunity – Former Stadium Site

- The costs of the construction of the new IGF Field – in excess of $200M - was intended to be supported by the tax increment financing (TIF) of the lands on the former stadium site
  - This TIF meant that all *incremental* property taxes on the former stadium site realized by the City of Winnipeg would be paid directly to support the provincial loan that paid for the construction
  - The Province recently announced it had to take a provision on this loan, largely because the anticipated development of the former stadium site did not materialize as expected
- We have learned that there were concrete proposals to densify the former stadium site, which the City of Winnipeg refused to advance
- Manitoban taxpayers will not have any chance of recovering the money provided for the financing of the new stadium unless and until the former stadium site is properly densified with new development, and therefore this remains an important provincial priority

TREASURY BOARD SECRETARIAT

Manitoba

Airport Vicinity Protection Area (AVPA)

- There are by-law restrictions prohibiting new residential development surrounding the lands of the Winnipeg Airport Authority (WAA). Restrictions of this nature are necessary to:
  - Protect the 24 hour operations of the WAA, which are an important economic driver
  - Ensure safe operations of aircraft and compliance with Transport Canada requirements
- These by-laws have not been re-examined in a long time, and we have heard that they may be unnecessarily restrictive
  - These by-laws were ostensibly the grounds for rejecting the densification of the former stadium site and preventing provincial recovery of funds that could have helped support the $200M loan on the new IGF stadium

TREASURY BOARD SECRETARIAT

Manitoba

Airport Vicinity Protection Area (AVPA) cont'd

- There are other ways to protect the WAA and its operations and to allow the WAA to be a partner in the economic development of areas surrounding the airport, such as a combination of:
  - More sound-proof construction techniques
  - Registering a "caveat" on title whereby owners acknowledge the 24 hour operations of the WAA (which may require simple legislative amendments by the Province)

What We Heard - Nuisance Caveats

- In some jurisdictions, noise and odor implications are handled through nuisance caveats and warning clauses, ensuring all parties interested in the selling, purchasing, or leasing of residential lands in proximity to airports and railway corridors are aware of any potential implications

- By way of examples:

  - Transport Canada under TP 1247 E (2005) Aviation: Land-use in the Vicinity of Airports, recommends that developers 'inform all prospective tenants or purchasers of residential units' of nearby aircraft noise
  - Railways - The Federation of Canadian Municipalities under Guidelines for New Developments in Proximity to Railway Operations, recommends using restrictive covenants and legal agreements registered on title for warnings

APPENDIX N

SUPPLEMENTAL ECONOMIC ANALYSES

TREASURY BOARD SECRETARIAT

Manitoba

PART 1: Impact of a one day delay in **residential** building projects
(Construction Phase)

- In 2018, **$3.6B** in residential building projects generated an estimated $2.1B in additional GDP
- Delaying this activity by a single day would result in a deferred GDP growth of $8.1M

TOTAL DIRECT & INDIRECT IMPACTS OF RESIDENTIAL BUILDING PROJECTS		IMPACT PER DAY OF PROJECT DELAY
Industry Investment of $3.6B		
GDP at Market Prices	**$2.1B**	**$8.1M**
Labour Income	**$1.5B**	**$5.7M**
Direct Employment	**17,835**	**68.3**
Indirect Employment	**8,445**	**32.4**
Total Person-Years	**26,280**	**100.7**
Provincial Tax Estimate	**$303M**	**$1.2M**
Municipal Taxes	**$81M**	**$0.3M**
Federal Taxes	**$325M**	**$1.2M**

Daily GDP Impact of Construction Phase

Daily municipal tax base impact

Assumptions: assume project is completed in one year. Daily impact is **deferred** as opposed to lost.
If the project doesn't happen at all, then it is the full value of the lost GDP, jobs, labour income, and government revenue.

TREASURY BOARD SECRETARIAT
Manitoba

PART 1: Impact of one day delay in all **commercial and industrial** building projects (Construction Phase)

- In 2018, **$1.5B** commercial and industrial building projects generated an estimated $825M in additional GDP
- Delaying this activity by a single day would result in a deferred GDP growth of around $3M

TOTAL DIRECT & INDIRECT IMPACTS OF COMMERCIAL AND INDUSTRIAL BUILDING PROJECTS		IMPACT PER DAY OF PROJECT DELAY
Industry Investment of $1.5B		
GDP at Market Prices	**$825M**	**$3.2M**
Labour Income	**$620M**	**$2.4M**
Direct Employment	**6,150**	**23.6**
Indirect Employment	**3,825**	**14.7**
Total Person-Years	**9,975**	**38.2**
Provincial Tax Estimate	**$132M**	**$0.5M**
Municipal Taxes	**$32M**	**$0.1M**
Federal Taxes	**$138M**	**$0.5M**

Daily GDP Impact of Construction Phase

Daily municipal tax base impact

Assumptions: assume project is completed in one year. Daily impact is **deferred** as opposed to lost.
If the project doesn't happen at all, then it is the full value of the lost GDP, jobs, labour income, and government revenue.

TREASURY BOARD SECRETARIAT

Manitoba

PART 1: Two month delay in residential building projects, by project values of $10M, $50M, and $1B (Construction Phase)

- A $1B project has a value of $89M of GDP and $3.6M of municipal taxes over a two-month period
- A smaller $10M project would have an $880K deferred GDP impact over two months

TOTAL DIRECT & INDIRECT IMPACTS OF ILLUSTRATIVE RESIDENTIAL BUILDING PROJECTS				IMPACT OF A TWO MONTH DELAY Based on 261 business days		
PROJECT VALUE ($)	**$10,000,000**	**$50,000,000**	**$1,000,000,000**	**$10,000,000**	**$50,000,000**	**$1,000,000,000**
GDP at Market Prices ($)	$5,840,000	$29,200,000	$584,000,000	$880,000	$4,480,000	$89,600,000
Labour Income ($)	$4,140,000	$20,700,000	$414,400,000	$640,000	$3,160,000	$63,600,000
Direct Employment (FTE)	49.5	248	4,954	8	36	760
Indirect Employment (FTE)	23.5	117	2,346	4	16	360
Total Person-Years (FTE)	73	365	7,300	11	56	1,120
Provincial Tax Estimate ($)	$842,000	$4,211,000	$84,220,000	$120,000	$640,000	$12,800,000
Municipal Taxes ($)	$226,000	$1,130,000	$22,600,000	$40,000	$160,000	$3,600,000
Federal Taxes ($)	$903,000	$4,514,000	$90,280,000	$120,000	$680,000	$14,000,000

Assumes projects would have been completed in one full year.

PART 1: Two month delay in commercial and industrial building projects, by project values of $10M, $50M, and $1B (Construction Phase)

- A $1B project has an estimated value of $84M of GDP and $63M of labour income over a two-month period
- A smaller $10M project would have an $840K deferred GDP impact over two months

TOTAL DIRECT & INDIRECT IMPACTS NON-RESIDENTIAL BUILDING PROJECTS				IMPACT OF A TWO MONTH DELAY Based on 261 business days		
PROJECT VALUE	**$10,000,000**	**$50,000,000**	**$1,000,000,000**	**$10,000,000**	**$50,000,000**	**$1,000,000,000**
GDP at Market Prices	$5,500,000	$27,500,000	$549,800,000	$840,000	$4,200,000	$84,400,000
Labour Income	$4,140,000	$20,700,000	$413,500,000	$640,000	$3,160,000	$63,200,000
Direct Employment (FTE)	41	205	4,100	6	32	628
Indirect Employment (FTE)	25.5	127	2,550	4	20	392
Total Person-Years (FTE)	66.5	333	6,650	10	52	1,020
Provincial Tax Estimate	$877,000	$4,387,000	$87,730,000	$120,000	$680,000	$13,600,000
Municipal Taxes	$212,000	$1,060,000	$21,200,000	$40,000	$160,000	$3,200,000
Federal Taxes	$918,000	$4,592,000	$91,830,000	$160,000	$720,000	$14,000,000

Assumes projects would have been completed in one full year.

PART 1 + PART 2 example:
Economic impact of a two month delay on a Retail Operation

- This tables shows economic impact of a two-month delay to a retail operation which cost $10M to build and which produces annual $1M in annual output
  - Construction phase impact $840K of GDP and $40K of municipal taxes
  - Operational phase impact $126K of GDP and $5K in municipal taxes

Impact of a Two Month Delay	Construction Phase	Post-Construction Business RETAIL OPERATION	Total
Value of project	**$10,000,000**	**$1,000,000**	-
GDP at Market Prices ($)	$840,000	$126,360	$966,360
Labour Income ($)	$640,000	$81,088	$721,088
Direct Employment	640	1.9	642
Indirect Employment	400	0.3	400
Total Person-Years	1,000	2.2	1,002
Provincial Tax Estimate ($)	$120,000	$14,791	$134,791
Municipal Taxes ($)	$40,000	$5,602	$45,602
Federal Taxes ($)	$160,000	$16,902	$176,902

Two month GDP impact

Two month municipal tax base impact

Municipal Property Tax Revenue Implications

- Delays in revenue generation from a new development can affect the ability of municipalities to pay for infrastructure costs associated with new development
  - E.g., a municipality upgrading infrastructure (water, sewer) to support 20 new condominiums only sees 10 built and the revenue is insufficient to support the carrying cost of the infrastructure upgrade
- **Delays in approvals, which result in delayed infrastructure, result in reduced supply**

> Creating an unfair burden on those that choose to build and grow the city will dampen growth. Without the new, annual assessment revenue that comes with new growth, there *will* need to be higher property taxes for everyone.

Source: **Understanding Development in Winnipeg,**
An Informational Briefing for City Council and Winnipeg Citizens, MNP, 2016, p.10

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Property Tax Revenue Impact Caused by Delays

A = **Pre-development tax revenues** = $1,542 per year per property

Estimated property and school tax of vacant lot in Winnipeg valued at $125,000:
Municipal taxes: 125,000 x 0.45 x 13.290 / 1,000 = $748
School taxes: 125,000 x 0.45 x 14.115 / 1,000 = $794
Gross tax: 748 + 794 = $1,542

B = **Post-development tax revenues** = $4,070 per year per property

Estimated property and school tax of a home in Winnipeg valued at $330,000:
Municipal taxes: 330,000 x 0.45 x 13.290 / 1,000 = $1,974
School taxes: 330,000 x 0.45 x 14.115 / 1,000 = $2,096
Gross tax: $1,974 + $2,096 = $4,070

B – A = Municipal & school tax revenue loss = $2,528 per year per property

Municipal tax revenue alone = $1,226 per year per property

The difference in tax between a vacant lot and developed property is $4,070 - $1,542 = $2,528 per year or **$211 per month**

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Implications

- Distorting the investment choices that lead to innovation places a drag on the economy
- It is not necessarily individual permits that are the problem, but the compounding effects of permitting layers and related regulations
- **Economic development is dependent on sustainable investment, but regulations have cumulative effects that can dampen long term growth**
- A US study found that economic growth has been slowed by 0.8% per year since 1980 from the cumulative effects of regulation:
  - The US economy would have been 25% (or $4 trillion) larger than it was in 2012 than it would have been in the absence of regulatory growth since 1980
  - This is a loss of $13,000 per capita

Based on: https://www.mercatus.org/publication/cumulative-cost-regulations

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Economic Impact Assessment - Summary

- Delays cost the economy, directly and indirectly
  - Lower or foregone GDP, employment, and business earnings
  - Up to an estimated $17M per day in GDP, on $5.1B in residential and non-residential construction and post-construction economic activity
  - Reputational implications of perceived inefficient or burdensome processes

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Economic Impact Assessment - Summary

- Delays also cost governments
  - Lower tax revenues resulting from delays to development or completely lost projects can affect municipal services and potentially reduce service standards
  - Municipal costs attributable to total residential and non-residential construction are estimated to be $400K per day of delay
  - Additional lost municipal tax revenue can result from increases to property values
  - Provincial tax revenue impact of $1.7M per day

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Example: Large Densification Project

- The following table illustrates the economic of a delay of a large densification project, similar to the types of developments we have recently seen delayed in Manitoba
- A two month delay of a project of this scale of around $700M will result in $154M in lower economic output, $65M in lower GDP growth, and 817 less person years of employment (including both the construction and annual operations impacts)

IMPACTS RESULTING FROM 2 MONTH DELAY

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES **($Millions)**

	CONSTRUCTION IMPACTS			ANNUAL OPERATIONS IMPACTS			Cost of Delay
	Direct	Spin-Off	Total	Direct	Spin-Off	Total	
Gross Output	112.3	40.5	152.8	0.9	0.2	1.2	154.0
GDP at Market Price	42.6	21.9	64.5	0.6	0.2	0.8	65.3
Labour Income	34.2	13.4	47.6	0.4	0.1	0.5	48.1
Employment (Person-Years)	546	262	809	6	2	8	817
Provincial Taxes	6.8	2.6	9.3	0.1	0.0	0.1	9.4
Local Taxes	1.7	0.8	2.5	0.0	0.0	0.0	2.6
Federal Taxes	7.4	2.8	10.2	0.1	0.0	0.1	10.3
Total Collected in Manitoba	15.9	6.1	22.0	0.2	0.0	0.2	22.2

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Example: Impact of a two-month delay on a Hotel Operation

- This tables shows economic impact of a two-month delay to a hotel operation which cost $10M to build and which produces annual $1M in annual output
  - Construction phase impact $840K of GDP
  - Operational phase impact $103K of GDP

Impact of a Two Month Delay	Construction Phase	Post-Construction Business HOTEL OPERATION	Total
Value of project	**$10,000,000**	**$1,000,000**	-
Prices ($)	840,000	103,126	943,126
Labour Income ($)	640,000	64,705	704,705
Employment	640	1.83	642
Employment	400	0.31	400
Total Person-Years	1,000	2.14	1,002
Estimate ($)	120,000	17,598.72	137,599
Municipal Taxes ($)	40,000	4,953.29	44,953
Federal Taxes ($)	160,000	13,358	173,358

Two month GDP impact

Two month municipal tax base impact

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Example: Impact of a two-month delay on a Wholesale Operation

- This tables shows economic impact of a two-month delay to a wholesale merchant operation which cost $10M to build and which produces annual $1M in annual output
  - Construction phase impact $840K of GDP
  - Operational phase impact $120K of GDP

Impact of a Two Month Delay	Construction Phase	Post-Construction Business WHOLESALE OPERATION	Total
Value of project	**$10,000,000**	**$1,000,000**	-
GDP at Market Prices ($)	840,000	120,475	960,475
Labour Income ($)	640,000	68,766	708,766
Direct Employment	640	1	641
Indirect Employment	400	0.26	400
Total Person-Years	1,000	1.15	1,001
Provincial Tax Estimate ($)	120,000	12,327.72	132,328
Municipal Taxes ($)	40,000	4,012	44,012
Federal Taxes ($)	160,000	14,209	174,209

Two month GDP impact

Two month municipal tax base impact

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Impact Per Square Foot of Space Created

- Another approach is to estimate the daily economic impact of delaying a square foot of property development, based on the economic output per square foot across all industries

<u>Approach:</u>

- Average cost per square foot of creating a non-residential building in Winnipeg is $252

- An estimated average of 2.7 workers occupy every 1,000 square feet (across all industrial and commercial buildings)

- Assuming $1.5B in total non-residential industrial and commercial building investment in 2018, results in the creation of an estimated 5.95 million square feet of non-residential building area, or 22,800 square feet per day

Note: Canada saw $53B investment in 2018 in non-residential space of a total of 256 million square feet (Manitoba share of <3%)
Based on https://www.altusgroup.com/news_insights/construction-cost-guide-2018

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Impact Per Square Foot of Space Created

- Adding non-residential 22,800 square feet per day generates provincial tax revenue of $500K per day and $125K of municipal tax revenue

- The estimated daily tax revenue impact of a delay in one square foot of non-residential space is:

    - Municipal: $5 per day per square foot
      ($5 x 261 working days x 22,800 sq.ft = ~$30M per year)

    - Provincial: $22 per day per square foot
      ($22 x 261 working days x 22,800 sq.ft = ~$130M per year)

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PART 2 - Analysis Summary for Non-Residential Impacts

Result	Input	Description
Investment ($M)	**$1,500**	Non-residential investment in dollar terms, millions of dollars, unadjusted for inflation
Worker/sqft method		
Investment cost per sqft	$252	Cost of investment per square foot, unadjusted for inflation, from Altus
Sqft per investment	5,952,381	Total square feet associacted with dollar value of investment
Workers per square foot	0.0027	Number of workers associated per square foot of non-residential structures, from Altus
Number of expected workers post construction	16,071	Total square feet times workers per square foot
Average number of hours worked per worker per year	1,698	Average number of hours worked per worker per year 2012 - 2017
Total expected hours worked	27,282,670	
2017 GDP per hour	$54	GDP per hour worked, chained 2012 dollars
Potential GDP	**$1,471**	Potential GDP loss, millions of chained 2012 dollars
Potential daily GDP	**$5.6**	Potential GDP loss per day, millions of chained 2012 dollars

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