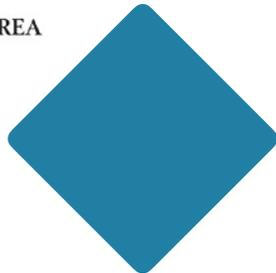




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GREATER CHARLOTTETOWN AREA
CHAMBER OF COMMERCE



BUILDING THE CHARLOTTETOWN ADVANTAGE

City of Charlottetown Pre-Budget Submission
Submitted to Melissa J. Hilton, Chair, Finance, Audit and Tendering Committee

January 2018

BUILDING THE CHARLOTTETOWN ADVANTAGE

INTRODUCTION

The Greater Charlottetown Area Chamber of Commerce (the Chamber) is a diverse network of small, medium and large businesses from almost every industry sector and business profession. Through service on the Chamber board, a Chamber committee, through round table discussions, in person or through regular quantitative surveys, members express their views, and direct and shape the activities and programs of the Chamber. Our common goal is the economic development of the capital region.

The Chamber's primary role is advocacy. It represents its membership on issues affecting business and the community, including provincial, federal and municipal budgets; economic development issues; infrastructure and transportation issues; and other areas that impact our members' growth and prosperity.

It is in this spirit that we are pleased once again to make a submission to the City of Charlottetown's Finance, Audit and Tendering Committee in advance of this year's budget. We hope this being an election year, the issues and opportunities identified here will capture the attention and imagination of those seeking municipal office in November 2018.

BUSINESS-FRIENDLY CITY HALL

Charlottetown has reason to be proud of what it has achieved in recent years. The City has led the way as the province continues to see record population growth; job creation has been some of the strongest in the region; and our economy has more than rebounded since the end of the recession. There are a number of things going in our City's favour, but we must look continuously for ways to improve.

"Business Friendly" Initiatives across the Region

Municipal governments in Halifax and Moncton have been working hard to position their cities as being business-friendly, and they have seen success as a result.

The Halifax Partnership has a program called SmartBusiness which helps companies overcome their challenges with market intelligence, hiring, or dealing with governments. The goal is to help make doing business in Halifax compelling and as easy as possible by connecting businesses with people who are willing and able to help. The results of this program are clear, with successive business confidence surveys giving the city high ratings in both confidence and optimism about future growth potential.

Moncton's mayor struck an 'oversight committee' of retired builders and city councilors with a mandate to cut red tape for developers and expedite the building permit process. What once took weeks to get through the permitting process, now takes five days, while still respecting codes, regulations and bylaws.

Time is money, and when projects are stuck in limbo waiting for approvals they do not generate a return on investment. Unnecessary delays or alterations to what should be a standard approval process will discourage investment and hurt the overall business climate in our community.

Streamlined Development Process

There has been growing concern in the business community that City Hall is too quick to make exceptions, alter processes, or ignore the potential impact of its decisions on business operations and investment.

Chamber members, notably land developers in the capital region, have indicated that one of the

significant challenges they face is a lack of consistency in decision-making at City Hall on matters of concern. Uncertainty is a significant risk in business, and that risk grows when processes, regulations and procedures are not consistently and equally applied.

Strengthening adherence to a standard process will reduce the risk and uncertainty that can come as a result of subjective decision-making. The Chamber believes adhering to standard processes will better position Charlottetown as a more business-friendly city that values investment and growth.

Recommendation 1: The Chamber supports the establishment of a working group made up of the chair of the planning department, staff and representatives of the business community, with a mandate to streamline, standardize and increase transparency of approval processes for permits and zoning changes. The group should be established in the Spring of 2018.

Recommendation 2: The City of Charlottetown should also establish standardized turnaround times for routine permits and applications.

CAPITAL REGIONAL ECONOMIC DEVELOPMENT

Cities all across Atlantic Canada are grappling with how to grow and sustain their populations and economies. The solution pursued by most communities seems to be growth and expansion of their overall tax bases. Charlottetown has been fortunate to benefit from this approach in recent years, but it is important to not become complacent or rest on our laurels. With so many communities pursuing the same opportunities, how do we ensure that Charlottetown stays competitive with other cities in the region?

It is important to acknowledge the good work that has been done by the economic development department at the City of Charlottetown. They have helped drive growth in our region with limited resources. Imagine what could be done with additional resources and a renewed focus.

Future without Charlottetown Area Development Corporation

Charlottetown finds itself at a unique juncture, with the imminent wind down of the Charlottetown Area Development Corporation (CADC). For the past 44 years, CADC has worked to attract private sector development and investment opportunities to expand commercial development in the greater Charlottetown area. With the provincial government announcing its intention to dissolve the organization, now is the time for the City of Charlottetown and its community leaders to come together and establish a path forward that ensures continued growth.

The proposed wind down of CADC, presents an opportunity for the City of Charlottetown to readdress the way it executes economic development and investment. Following negotiation with the province on the disposition of the current assets of CADC, the Chamber believes the City of Charlottetown should establish a new economic development entity governed by an independent board. Given the regional nature of this corporation, Stratford and Cornwall should be invited to participate and should be prepared to make appropriate financial contributions.

Recommendation 3: Within the next 12 months, establish a new municipal economic development entity governed by an independent board of directors with a mandate to be a catalyst and facilitator for development initiatives in the Greater Charlottetown area, such as public-private partnerships.

PROPERTY TAXES & HOUSING

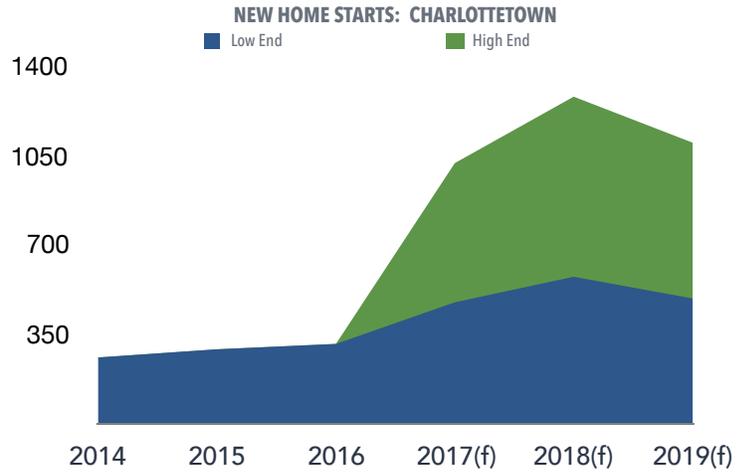
Property taxes are the primary source of revenue for municipalities. There are only three ways in which this number can go up – through an increase in the tax rate; an increase in the assessed value of properties; or an expansion of the overall tax base through new construction/development.

The most appealing of these three options is overall growth of the tax base, which is already happening. Housing starts went up substantially in 2017 when compared to a year earlier. According to the province’s economic update released in the fall of 2017, Prince Edward Island has boasted the fastest growth in the total value of residential investment through the second quarter of 2017.

Likewise, the Greater Charlottetown area has been fortunate to see its housing market rapidly expand in recent years. Not only has there been a spike in new construction, but resale activity has also been quite strong. Last fall the Prince Edward Island Real Estate Association reported that the average price in October 2017 was 29.1 per cent higher than a year earlier. Inventories are also considerably lower than they have been which is contributing to a rise in prices.¹

While rising prices are good for current homeowners and the overall economy, it does have an impact on housing affordability. We wish to commend the City for their recent efforts to raise awareness of this issue and to formulate a plan to address affordable housing shortages. It will be important for the City of Charlottetown to encourage developers to build a variety of housing options to ensure that the mix of residential offerings is balanced and accessible to as many people as possible.

According to the latest Housing Market Outlook from the Canada Mortgage and Housing Corporation in their Housing Market Outlook (October 2017), growth with new housing starts will continue to climb a little more before constraining slightly, not because demand will slow, but because of the availability of



SOURCE: CMHC HOUSING MARKET OUTLOOK: CHARLOTTETOWN CA - FALL 2017

skilled labour as labour force growth has been lagging behind employment gains.²

Growth in the short-term means prudence in planning for the long-term. With mortgage rates expected to increase in the coming years there is no doubt that the current boom will eventually slow and will alter the trends in property tax revenue. The Canadian Real Estate Association recently announced that they are anticipating a seven per cent drop in real estate sales on Prince Edward Island in 2018, coupled with a one per cent drop in prices.³

There has been some discussion of late that property owners may see a reduction in the property tax rate. The Chamber welcomes news of a potential decrease in property tax rates and hopes to see commercial property rates be included in this reduction. Such a move would strengthen the city’s competitive advantage, which would be helpful should the housing market cool off for a prolonged period.

Recommendation 4: The Chamber welcomes a reduction in the property tax rate for commercial properties simultaneously with any residential rate reductions.

INFRASTRUCTURE

One of the important changes impacting municipalities on Prince Edward Island this year is the proclamation of the new Municipal Government Act, and with it, among other things, changes to municipal budgeting.

The operations and capital budget currently being prepared by the City of Charlottetown will not be a simple 12-month budget, as in past years, but one that will carry through the first quarter of 2019 as well.

Over the past few years, the Chamber has called on City Council to adopt a multi-year capital expenditure plan, something that the City promised to do in 2012. Given that this year's budget will be a 15-month budget, we would once again urge Council to look further into the future and develop, at a minimum, a three-year capital expenditure plan so that we have greater visibility to the City's future plans, needs, and priorities.

Recommendation 5: The Chamber urges City Council to develop and include a three-year capital expenditure plan in the 2018 Capital Budget to allow greater visibility to the City's future plans, needs and priorities.

OPEN DATA

Last year the Chamber made a number of recommendations to the City of Charlottetown regarding the implementation of an Open Data framework. Such a framework will improve transparency and assist entrepreneurs in making important business decisions.

The Chamber was happy to meet with the Mayor and the CAO to discuss this issue, and we were pleased that they were supportive of moving forward with open data. However, it is not apparent that the city has taken any meaningful steps in adopting what is quickly becoming the standard for governments at all three levels – federal, provincial and municipal.

The Government of Canada states that “open data is defined as structured data that is machine-readable, freely shared, used and built on without restrictions.”⁴This mirrors the definition used by the Working Group on Open Government Data at the Open Knowledge Foundation⁵, as well as that of the Government of Prince Edward Island.⁶

The principles of open data are also in use in a number of cities in our region including Moncton, Fredericton, Saint John, and Halifax.

We reiterate why this is such an important initiative for our City, the business community and citizens at large. First, it enhances transparency - which is not just about access to data but to data published in a format for reuse. Following open data principles, the City would make data files available in a format which would allow users to analyze and interpret. Data thus becomes information. A good example is a report of weekly building permits approved. The data published on the City's website is presented in a static format that defies any assessment and understanding of the data in terms of trends and geospatial information. By contrast, an open data format allows for monitoring of trends by type and geographic location, allowing input and ongoing business planning. (Compare this to the City of Fredericton's Open Data Initiative).⁷

The adoption of an open data initiative encourages and eases public access to a broad range of informative material that is of value in understanding City affairs. “By opening up data, citizens are enabled to be much more directly informed and involved in decision-making. This is more than transparency: it's about making a full “read/write” society, not just about knowing what is happening in

the process of governance but being able to contribute to it.”⁸

Recommendation 6: The Chamber supports the City to moving ahead to make information to support development and economic growth a priority through an open data portal. This should be implemented in the Spring of 2018.

SUMMARY

Thomas Jefferson said that “if you want something you’ve never had, you must be willing to do something you’ve never done.”

Throughout this document the Chamber proposed avenues to increase growth and investment in the capital region by strengthening the Charlottetown advantage.

In conclusion, we summarize the Chamber’s recommendations:

- ➔ *Recommendation 1: The Chamber supports the establishment of a working group made up of the chair of the planning department, staff and representatives of the business community, with a mandate to streamline, standardize and increase transparency of approval processes for permits and zoning changes. The group should be established in the Spring of 2018.*
- ➔ *Recommendation 2: The City of Charlottetown should establish standardized turnaround times for routine permits and applications.*
- ➔ *Recommendation 3: Within the next 12 months, establish a new municipal economic development entity governed by an independent board of*

directors with a mandate to be a catalyst and facilitator for development initiatives in the Greater Charlottetown area, such as public-private partnerships.

- ➔ *Recommendation 4: The Chamber welcomes a reduction in the property tax rate for commercial properties simultaneously with any residential rate reductions.*
- ➔ *Recommendation 5: The Chamber urges City Council to develop and include a three-year capital expenditure plan in the 2018 Capital Budget to allow greater visibility to the City’s future plans, needs and priorities.*
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The Chamber has a number of platforms to communicate with our close to 1000 members in order to engage them in discussions about issues or policy decisions that affect their businesses. Whether its street closures that impact traffic or new initiatives that will help build prosperity, we welcome the opportunity to assist by sharing important information and facilitating consultation with the business community.

We hope that you will see our contributions for what they are; respectfully submitted with the greatest regard for a prosperous future for our City.

ENDNOTES

¹ <http://creastats.crea.ca/peia/>

² <https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=63&itm=5&lang=en&fr=1515607284326>

³ <http://www.cbc.ca/news/canada/prince-edward-island/pei-real-estate-sales-dip-down-crea-2018-1.4479155>

⁴ <http://open.canada.ca/en/open-data-principles>

⁵ <https://opengovernmentdata.org>

⁶ <https://www.princeedwardisland.ca/en/information/finance/what-open-data>

⁷ <http://data.fredericton.ca/en/dataset/building-permits-issued-ward/resource/7dbc1327-aa15-49b3-9456-303ff040a508>

⁸ <https://opengovernmentdata.org>