

Business Vision quest

How effective have Mayor Gregor Robertson and the rest of the Vision Vancouver council been in implementing initiatives to promote Vancouver's business competitiveness over the past three years?

By Jenny Wagler

As the municipal election draws near, Vancouver residents are taking stock of how Mayor **Gregor Robertson** and the **Vision Vancouver** slate have handled bike lanes, backyard chickens, the **Stanley Cup** riots and Occupy Vancouver.

For local businesses, however, the election is less about headlines than bottom lines – and specifically, whether Robertson's administration has helped or hindered local companies since the 2008 election.

Vision Vancouver's campaign platform is touting such business-oriented accomplishments over the past three years as:

- three years of a continued 1% per year property tax shift to redistribute the tax burden away from businesses;

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- in 2010, KMPG ranking Vancouver the best tax jurisdiction of large international cities assessed, up from a fourth place finish in 2008; and

- helping Vancouver land new corporate offices for **Pixar**, **Sony Imageworks**, **Canon Canada Inc.** and **Telus Corp.** (TSX:T).

"We're definitely more competitive than three years ago," Robertson told *Business in Vancouver*. "We've seen new business growth, construction is booming again, we've got great global buzz from the Olympics and the [Olympic] Business Program and the world's most competitive combined corporate tax rate – so we've got the wind in our sails compared to most other cities in the world."

But on the ground, local pundits and business groups are voicing more measured views.

Michael Goldberg, professor emeritus and former dean of **Sauder School of Business**, said that, much like previous administrations, Robertson's council

hasn't done anything innovative to make the city competitive.

"Nowhere do I see a compelling drive on the part of city hall and elected officials to make job creation and a very competitive business environment a priority," he said. "So the jobs we've gotten we've gotten through normal growth and happenstance, and we can't claim success for them because nobody's done anything in particular to lure those jobs."

Sharon Townsend, executive director of the **South Granville Business Improvement Association**, said she's seen a very slight improvement over the past three years in the business climate the City of Vancouver creates. But she characterized the gains as "painfully slow."

"I wouldn't jump up and down for joy with where we're at," she said.

Property taxes

Perhaps the most unanimously business-supported move Robertson and Vision Vancouver have made over the last three years has been the continued 1% per year shift of the municipal tax burden from non-residential to residential tax classes.

The policy, which was initiated by the previous **Non-Partisan Association** (NPA) administration, has narrowed the municipal property tax gap between business and residential rates to 4.32:1 in 2011 from 5.08:1 in 2008.

"There's still a long, long way to go, but that [tax shift] has helped keep businesses in business," said Townsend. "Even though it's not a huge amount, it's a signal that there's some support there."

Shachi Kurl is director of provincial affairs, B.C. and Yukon, for the **Canadian Federation of Independent Business**. She said Vancouver's municipal property tax gap is heading in the right direction, but cautioned that "Vancouver's gap still stands out as one of the largest in the province."

Development costs

Development costs have risen during Robertson's administration, according to the most recent surveys carried out locally by the Vancouver chapter of the **National Association of Industrial and Office Properties** (NAIOP).

Surveys found that Vancouver's industrial development costs rose 46% between 2009 and 2011 to make the city B.C.'s third most expensive jurisdiction for industrial development after Richmond and



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Sharon Townsend, executive director of the South Granville Business Improvement Association: "I wouldn't jump up and down for joy with where we're at"

Langley. NAIOP also found that Vancouver's development costs for offices rose 21% between 2008 and 2010 to become the province's the most expensive jurisdiction.

However, **Randy Pecarski**, the **City of Vancouver's** acting assistant director of planning, said the large jumps, which occurred in 2010, incorporate the city's growth cost increases dating back to 2003.

"Yes, it's a big increase, but it was trying to pick up what prices had done over a long period of time."

Graeme Silvera, chairman of development issues and government relations committee for NAIOP's Vancouver chapter, added that Vancouver's development cost charges are far less of a hurdle to developers than the city's sky-high land costs. "You're paying \$1.2 million an acre in the City of Vancouver as opposed to \$300,000 to \$400,000 an acre in Surrey. It's such a dramatic difference that no matter what you did on your cost side, it would be very difficult to overcome that."

Silvera added that from the development community's perspective, the tax shift is more significant than development costs, because the latter only affect project startup.

"[The tax shift] is probably the most important thing [council

can continue to do [for developers]," he said. "It's going to take political will because every time you shift the tax burden from industrial or commercial businesses to residential, you're risking votes. And we've certainly given the city kudos and credit for continuing this shift year after year – even in an election year, they've continued to maintain the policy."

Red tape

Robertson said he's been working to reduce red tape with an audit of the city's functions and services. Thus far, he said, he doesn't have any metrics to prove results.

"I think we'll see significant improvement in 2012 with online options for doing business with the city. That whole overhaul has been in the works for a couple of years. And we're looking at guaranteeing a turnaround time for renovation permits, basically looking at making all of the city's customer service function more efficient."

But **Suzanne Anton**, city councillor and NPA mayoral candidate, said red tape has gotten worse under the current administration; however, she didn't identify any policies that added to it.

"It's not an overt policy. But it just seems to be worse at city call. I think it's staff leadership, and I think it's city leadership."

Silvera said that, from a development perspective, red tape levels have remained fairly consistent under the current city administration compared with its predecessor.

"It's a lot of bureaucracy involved in the city, a lot of studies have to be done, a lot of departments have to be gone through, and when you finally do get your rezoning you're facing the City of Vancouver building department, which I think a lot of people would argue is one of the most difficult building departments to deal with as well."

But he said Vancouver's stability has at least created clear expectations for developers.

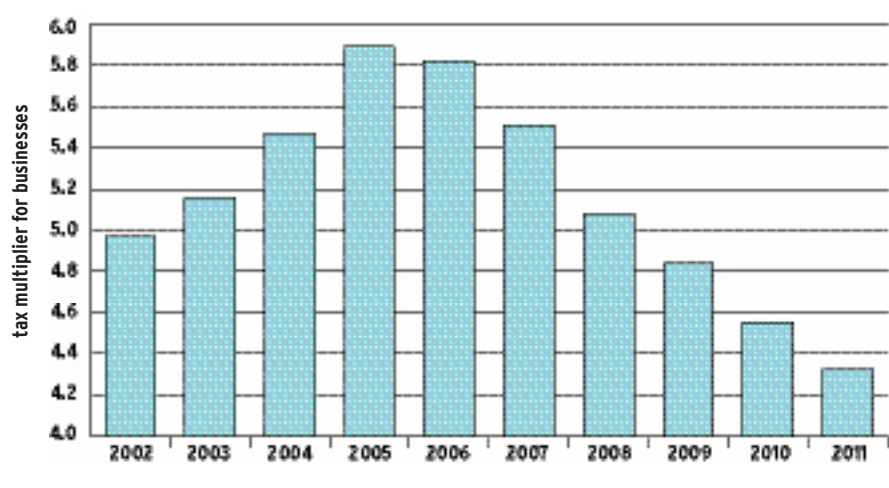
"One of the best things you can do for developers is to create a stable environment, whether it's a stable bad environment or stable good environment – as long as it's stable, that's probably the best thing we can hope for. We hate uncertainty. So it could be worse."

Job creation

Vancouver jobs have increased by 5.6% under the current civic administration, according to **Lee Malleau**, CEO of the City-funded **Vancouver Economic Development Commission** (VEDC).

"I would say given the global economic circumstances, that's exceptional growth," she said.

Business burdens: Vancouver's shrinking property tax "gap"



SOURCES: CANADIAN FEDERATION OF INDEPENDENT BUSINESS, CITY OF VANCOUVER



Michael Goldberg, professor emeritus and former dean of Sauder Business School: "the jobs we've gotten, we've gotten through normal growth and happenstance and we can't claim success for them because nobody's done anything in particular to lure those jobs"

According to Malleau, a key civic-supported job driver in the last three years was **Metro Vancouver Commerce's** Olympic Business Program, which she said produced or supported 2,500 jobs.

She added that the VEDC



Vancouver Mayor Gregor Robertson: "we've got the wind in our sails compared to most other cities in the world"

helped Vancouver land the **SIGGRAPH** computer graphics conference this past summer and attract some attendee companies to set up shop in Vancouver. Through SIGGRAPH, the VEDC said it secured commitments from **Look FX** and **Games Café** to set up in town. It also projects that Vancouver could land **Lola FX**, **Atomic Fiction** and

Third Floor. The commission assesses that the companies could generate up to about 150 creative-sector jobs for the city.

Malleau said the VEDC isn't trying to take full credit for the jobs.

"Who gets to take credit? Who cares? The bottom line is, we've got them here, we're supporting them here, and they're creating jobs and prosperity in our economy. And it's really a tag-team approach to doing that; everybody plays their part."

But while Goldberg said the VEDC has been doing some interesting work, he pointed out that Vancouver hasn't distinguished itself as a city that attracts and retains talent as New York is doing through a clear focus on intellectual capital.

"We don't ask what can we do to lower the cost of real estate, what can we do to lower the cost of living for people – housing in particular – and lower the cost of travel time, what can we do to make this an even

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more livable, competitive, co-operative city," he said. "And we tend to sit on our laurels and say, 'We don't have to do much; look at how successful we've been.' And that's not helpful."

Social issues

Affordable housing, homelessness and bike lanes are key social issues that have caught business attention under the current civic administration.

Charles Gauthier, executive director of the **Downtown Vancouver Business Improvement Association**, said his association has noted a clear, measurable reduction in homelessness over the past three years. But he emphasized that he wasn't crediting one civic administration for the improvements.

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"That's sort of the time period where we saw a lot of the solutions coming to fruition in terms of the shelters and the housing and the ongoing co-operation between the city and the province in dealing with the issue."

On the affordable housing

front, Robertson said that, as the result of his STIR (Short Term Incentives for Rental Housing) program, the city has 500 new rental units in the works – the first purpose-built market rental housing in the city in five years.

As to the contentious downtown bike lanes, estimated to have exacted a \$2.4 million toll on downtown businesses, Gauthier said the issue remains a sore spot for some city businesses.

"It'll depend on who you speak to," he said. "We're satisfied that council agreed that there needed to be some tweaking of some of the corridors, especially with allowing right-hand turns onto Seymour and Hornby off Dunsmuir. It will be something that we'll pay attention to."

A mixed bag

While Robertson's administration is being applauded by Malleau as "one of the most business-minded, economy-savvy groups that I've seen in city council," local business improvement associations (BIAs) are more judicious in their assessment of the political leadership's accomplishments over the past three years.

Gauthier wouldn't comment on Robertson's administration per se, but said he's seen a trend line of civic policies becoming more business friendly over the past six to 10 years.

Townsend maintained that, on the ground, the city's support of businesses looks about the same in 2011 as it did in 2008.

"I wish I could say it's been fabulously better [since 2008] – but it's not fabulously better. But it's not fabulously worse either." ■
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BV daily online edition BUSINESS TODAY

Anton pushes Asia Pacific advisory council Non-Partisan Association (NPA) mayoral candidate Suzanne Anton unveiled an economic plan that would create an Asia Pacific council to maximize Vancouver's position as a gateway to Asia.

Anton took jabs at mayor **Gregor Robertson** for not playing what she believes to be a major role in helping **Seaspan Marine Corp.** secure an \$8 billion non-combat contract with the federal government.

Key planks in Anton's platform include municipal spending caps, an end to \$1 million worth of **Vision Vancouver's** "pet projects" and an increase in affordable housing.

Thursday, October 27

Vision Vancouver promises tech incubator
Mayor **Gregor Robertson** and **Vision Vancouver** promise to keep taxes down, continue to shift the burden away from business to the residential sector and create a tech incubator, if re-elected.

Other Vision Vancouver planks include:

- a mayor's investment forum to attract global investors;
- tax incentives to help build new offices that create jobs in town;
- streamlining the single family home permit processes and establishing a standard turnaround time for issuing permits.

Wednesday, October 26

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