

THE WINNIPEG REAL ESTATE BOARD

SUBMISSION TO

CITY COUNCIL

CIVIC BUDGET - 1997

Preamble

Established in 1903, the Winnipeg Real Estate Board is the longest running board in the country. It is a professional and industry association representing over 1,400 real estate brokers, salespeople, appraisers and financial members active in the local real estate market. In 1996, there were in excess of 10,000 Multiple Listing Service (MLS) sales totaling close to \$880 million in dollar volume transacted through the Winnipeg Real Estate Board. Members, in particular, the Industrial, Commercial and Investment Division, were also involved in a considerable number of exclusive listing sales and leases which are in addition to the MLS activity.

As REALTORS, we are at the front-line of property owners' concerns be they residential, business or investment. This is no more readily apparent than when an out-of-towner comes to Winnipeg with a fresh pair of eyes and starts asking civic-related questions that we do our best to answer in the most positive light. No better example of this is when Moody's paid a visit to Winnipeg last year from New York to meet with not only civic officials but other key members of the community who could apprise them of Winnipeg's economic health.

The Winnipeg Real Estate Board was called to meet with the bond raters to apprise them of the real estate market. I can tell you we were as positive as possible given that we had just gone through the assessment fiasco which obviously gave impetus to their concern about real estate and Winnipeg's assessment base. As a Board, we want to do anything we can to ensure our city is on a solid foundation with a bright economic future. We are not here for money

or a handout; all we ask for is your attention. Our commitment is to making the City of Winnipeg work better for all of its citizens. We realize to make things better you have to get involved and I am proud to say WREB is playing a much more active civic role.

Four broker Board members which includes myself and our executive director are currently sitting on a 1998 residential assessment review committee that is meeting on a weekly basis to assist the city in improving their assessment base and in communicating their results to property owners in an effective and positive manner. The Winnipeg Real Estate Board is hosting these meetings. Two other prominent board members are serving on your 1998 commercial assessment review. The recent agreement with the City of Winnipeg to do a contract with one of our member firms to list all city residential properties for sale on MLS has been an unqualified success. We are encouraged by the fact you are putting more resources into getting more city property available for sale. In the upcoming months, we will be going online with a new commercial listing service which could bring similar results for your commercial properties.

We are also a key member of your red tape review panel and look forward to positive changes being made in this regard. Our members serve on other civic entities such as Winnipeg 2000's Leaders Committee and the Board of Revision and have participated on Plan Winnipeg, Trans Plan and Centre Plan.

As far as programs are concerned, some of you may not be aware of our successful Realty Watch/Home Security Program that is done in partnership with the Winnipeg Police Service and has the involvement of the Winnipeg Fire Department on fire prevention. In brief, our 50 certified Home Security Inspectors have done nearly 300 home security inspections since its inception a few years ago. It is as a free community service to the citizens of Winnipeg. Our REALTOR Inspectors provide invaluable cost effective recommendations on how homeowners can reduce their chances of becoming another break and enter statistic. Fire safety concerns are addressed as well when they respond to a public request for a free home security inspection. Another program we sponsor is the Citizens Hall of Fame which honours Winnipeggers who have made outstanding contributions to the city. 17 Winnipeggers have been inducted to date.

We will soon be launching in partnership with other key housing stakeholders a new homeownership program that will place qualified first time buyers in inner city homes that have been acquired by the Housing Opportunity Partnership and renovated. The whole intent is to revitalize inner city neighbourhoods by increasing homeownership.

Last but not least, we have sponsored two mayoral forums at the Walker Theatre and plan to do our third one next year. As you can appreciate, the logistics of

putting on the event make it impossible to include city councillor candidates. And finally, this week we co-sponsored a civic forum with the Winnipeg Chamber of Commerce. It was not geared towards this budget but more to future ones and the City's need to change to meet current and future challenges.

Recommendations

One common question we get all the time from Winnipeggers and especially out-of-towners is why are our property taxes so high? Real or perceived, property taxes are always at the top of their list. In a 1992 Winnipeg Real Estate News property tax survey, nearly 75% of the respondents said their pockets had been emptied by the city and they had nothing left to give. 57% said the resale value of their home is affected by increasing property taxes and 47% said property taxes are a determining factor in whether they buy a home. A more recent pre-election public survey in 1995 reaffirmed public concern for property taxes. This leads us to our first recommendation.

1. Reducing Property Tax Reliance

We are pleased to see the City of Winnipeg is recognizing the realities and impacts of increasing property taxes on property owners and the city as a whole. Your financial management plan sets out as a key target to decrease the City's over reliance on property taxes. The 1996 budget's property tax freeze and modest increases over the previous few years is a clear signal of your commitment to come to grips with Winnipeg's property tax burden. Your continued push for user fees where applicable to offset the need to rely on property taxes is again commendable. The only reservation we have in this regard is that the additional revenues are revenue neutral.

You must continue this push to control and reduce costs so property taxes can be contained. For it is still a very real issue in the minds of homeowners. As an example, the residential real estate sales boom you read or heard about at the end of 1996 where national major markets were up 31% and cities like Calgary were up 34% ; Winnipeg was up less than 10 % for most of the year but in the end did come up to finish 13%. This is troubling considering our tendency in past years is to parallel the national average. While we know all of this differential in improved activity cannot be attributed to higher property taxes, there must be some causal relationship given the results of our 1992 property tax survey which showed property taxes are a determining factor for many Winnipeggers on whether they buy a home. The property tax factor is certainly an impediment in new home building activity where starts are increasing outside the city but stagnant within our boundaries.

2. Competitiveness

Somewhat related to the need to address property taxes head on is the City's ability to remain competitive in an increasingly global market place where industries such as call centers are extremely mobile.

We urge you to continue to place strong importance on economic development as one of your budget priorities and do so by: bringing the debt under control, using results-oriented performance measurement standards that reflect the true costs of delivering programs and services, emphasizing rehabilitation and maintenance of existing infrastructure rather than building new projects, pursuing opportunities such as Winnport that can create thousands of jobs and many economic spin-offs, making it easier to do business in this city by minimizing onerous approval processes and injecting a true can do attitude in employees serving the public, deciding what services you still need to be in, tapping into outside expertise if you can reduce costs and improve service delivery, introducing more innovation in service delivery, setting up incentive systems to encourage employees to bring about greater efficiencies, ensuring accountability in all operations, working hard to educate all civic unions on the economic realities that the City is faced with and how they can help in this regard, and improving employee training so they are better able to advance the City's future prosperity.

We believe that all forms of civic contracts - in house or contracting out should be examined with the objective of providing taxpayers with the best possible service at the least possible cost.

3. Restore Public Confidence

This recommendation is primarily directed at this year's assessment problems and the inquiry that came about as a result. The bottom line is that the City must restore public confidence in the City's assessment system which underpins significant revenues and potential exposure to substantial financial losses. How can you have responsible and responsive budgeting if you do not have a reliable and stable assessment system? You must assure the public that the 1997 budget is based on a solid plan to accurately reflect the city's assessment tax base including proper accounting coverage for appeals. As per the Scurfield Report's findings, the City must act decisively, openly and quickly to bring about the necessary remedial measures. The public has to understand the assessment process. It needs to be more transparent.

What is worrisome in regard to this whole assessment issue is the wide gap in what's stated and what actually is delivered. If you read the description of the Assessment Department in the City of Winnipeg's Civic Profile and Direction document, it has very laudable goals but no sense of whether they are being met. This gets back to the Scurfield Report where it points out the lack of a good appeal tracking system and poorly conceived financial projections model which

are paramount if you want to know how you are doing. We are of the opinion from what we have seen thus far, the City is not acting on Scurfield's recommendations and it is to the detriment of all taxpayers. Over and above the assessment situation, the City needs to reassure the public that other areas of its operations are meeting expected deliverables and there is direct accountability for the results.

4. Communications and Public Awareness

We commend you for some excellent publications with regard to providing budget-related information to the public. The Report to Citizens Financial Performance Summary 1995 is excellent. We recommend you continue to pursue public communication efforts such as you are with the Winnipeg Real Estate Board in our Winnipeg Real Estate News. It gives taxpayers a better appreciation of where their tax dollars are spent and what they get for them. People still associate education taxes with the City of Winnipeg because they are paid together with the municipal tax. The more transparent you are in your communications, the easier it will be for an industry such as us to apprise our clients and customers of their municipal costs. The end result will be better public acceptance of some of the tough budget decisions you have to make.

5. Civic/Provincial Relations

Name calling has to stop and there must be common ground sought for meeting to discuss implementation of positive measures to improve the environment for citizens of Winnipeg. We are prepared to provide any help to facilitate a better relationship including pushing for changes (e.g. City of Winnipeg Act) that need provincial approval.

Summary

We respectfully submit these recommendations for your perusal. It is our firm belief that through prudent budgeting practices and a clearer direction in your budget priorities as a result of a new financial management plan and a priorities plan, the City of Winnipeg will be able to make significant strides on securing long term financial stability. In the same vein, we contend you should be able to provide quality services and still hold the line on property taxes. Some exciting new public/private partnerships such as the Charleswood Bridge or the Assiniboine Zoo and the Zoological Society exemplify different ways of meeting your goals from traditional practices. We wish you well in your current budget deliberations.

