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June 26, 2017

Standing Policy Committee on Planning, Development and Community Services
c/o Councillor Darren Hill, Committee Chair
222 3rd Avenue North
Saskatoon, SK
S7K 0J5

Re: City of Saskatoon Office Space Policy

Dear Committee Members,

On April 3rd, 2017, the NSBA presented to the Standing Policy Committee on Planning, Development and Community Services to give our members' perspective on the City's Office Space Policy. With a large segment of our membership working, renting, or developing in both City Centre and suburban areas this is an issue that the NSBA feels obligated to provide commentary on, both for the good of our members and the good of the City as a whole.

In response to the NSBA's presentation in April, the Committee requested that the NSBA provide concrete recommendations from our membership regarding incentives to develop and rent in the City Centre. Taking this request on board, we have since taken the time to reach out to all parts of our membership to get feedback on what they would do to increase City Centre development and office occupancy rates, with the ultimate goal of sustaining a healthy and vibrant core of the City.

After receiving and sorting through this feedback, the NSBA's position regarding the City's Office Space Policy has not changed. As an Association, we are still in favour of an approach based on incentives as opposed to regulations. In fact, this process of consultation has made it even more clear that a strong regulatory approach does not work; regardless of where a city attempts to force development, business will develop where it makes sense for business to develop (even if that is outside of Saskatoon entirely). Therefore, it is our collective task to make developing (and renting) in the core of Saskatoon make sense.

From this consultation process we have compiled four key recommendations to present to the Committee:

1. Lobby for Long-term Tax Abatements*

During our consultations, it became clear that increasing the length of tax abatements that the City can provide would be a significant incentive to develop office space in the City Centre. A timeframe of five years is too short for most customers looking to develop or rent in the City Centre. This problem is exacerbated when trying to build on speculation as space may sit empty until the right tenant comes along. As such, the NSBA recommends lobbying the provincial government for a higher limit on tax abatement durations to the range of ten to fifteen years. Additionally, we

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recommend the City provide abatements to vacant portions of office space within a downtown office building. This would be seen as an incentive and would still encourage developers to invest and construct during downturns.

2. Parking Incentives

Perhaps the biggest issue facing companies currently in the City Centre and those looking to move is the lack of parking in the core areas and the costs of parking for both employees and customers/clients. This is also a problem for those visiting the City Centre for recreation and entertainment. The NSBA recommends that the City review its parking plans for the City Centre to ensure that the available and future parking inventory in the City Centre is sufficient to match the desired level of office occupancy. The NSBA also recommends the following:

- a. Examine the ability to incentivise large-scale parking projects such as parking garages/structures and/or investigate the possibility of the City funding such a project through the collection of fees from parking meters.
- b. Pursue smaller incentives, such as waiving hooding fees or providing designated parking spaces to businesses at a discounted rate (likely in conjunction with an increased parking inventory), that have a high impact-to-cost ratio.

3. Waiving Fees Related to Construction

A common refrain among our respondents is that “you can’t build in Saskatoon unless you already have your tenants lined up before the first shovel goes in the ground.” This reality creates a large obstacle for developers (and narrows the variety [type] of properties that can be rented). The NSBA recommends that the City reduce this obstacle by waiving fees related to construction wherever possible for properties in the City Centre (e.g. permitting fees, meter hooding fees, landfill fees, sidewalk replacements, etc.), particularly for high-rise developments that face additional construction costs by default. For renters, the NSBA recommends that the City continue the Business Development Incentive through SREDA and look for ways to include more businesses in the program. The NSBA recognizes that these recommendations do not completely alleviate the problem, which can only be corrected with further economic growth.

4. Lobby for a Shortened Property Assessment Cycle*

Property values influence the taxes paid on a property which in turn affects the rental rates that a landlord must charge to make a property economically viable. In the current system, property taxes are based on the assessed value from two to six years prior. This creates the possibility of property taxes – and rental rates – increasing, while the overall economy contracts, thus making rentals in areas with higher assessed values difficult. As such, the NSBA recommends lobbying the provincial government for a shorter assessment cycle that will allow for a truer reflection of current property values.

*The NSBA also intends to lobby for these changes independent of the City or SUMA.

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As always, the NSBA is willing to discuss these recommendations further, either at a future meeting of the Committee or in meetings with individual Councillors or members of Administration. We are available at your convenience to discuss this file and would like to thank the Committee for the opportunity to provide feedback on an issue of importance to our membership.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Moen', written in a cursive style.

Keith Moen
Executive Director

Cc: Mayor Charlie Clark
Councillor Troy Davies
Councillor Bev Dubois
Councillor Hilary Gough
Councillor Darren Hill
Councillor Zach Jeffries
Lesley Anderson, Director of Planning and Development

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