



FASTFACTS



Canadian Centre for Policy Alternatives-Mb • 309-323 Portage Ave. • Winnipeg, MB • Canada R3B 2C1
 ph: (204) 927-3200 • fax: (204) 927-3201 • ccpamb@policyalternatives.ca • www.policyalternatives.ca/mb

October 13, 2005

Condos in the Park Easy Cash – Bad Public Policy

On September 17th Mayor Katz surprised Winnipeggers with his idea to save Assiniboine Park. Apparently it needs a \$200 million makeover. Katz says that the City should sell off or lease a chunk of underused parking lot space to generate revenue for an endowment fund for the Park.

It would have been easy to condemn the Katz plan as just one more piece of what appears to be his vision of privatizing the entire city. But in an effort to be open-minded about the 'condos in the park' scheme, I solicited the opinions of respected colleagues with expertise in city planning and public policy. The dialogue has been thoughtful, and opinions diverse. A number of important issues have been identified.

Is This Really a Solution?

The minority say that they might support the condo idea under certain conditions. This would include

leasing the land rather than selling it to retain public control while generating some revenue for the park. There is consensus among this group that housing should not be permitted to become "the thin edge of the wedge in a sell-off of parkland". They say that a carefully designed development that blends in well with the natural surroundings might spur additional development adjacent to the park.

Katz presented his condo idea as a simple solution, but it was not well thought out and it does not make good sense from a public policy perspective. It results in a dangerous shift in the way we allocate tax revenues and it doesn't solve the problem.

The majority however are opposed to the idea for various reasons. Some say that the idea of generating revenue for the park is a red herring. This really isn't about the park at all, they say, but rather a clever marketing scheme to get public support for what could be a very lucrative investment for developers.

Others are particularly concerned with the idea of targeting not only the revenue from the sale or lease of the land, but also the property taxes from the new development, directly to a park endowment fund. This sets a dangerous precedent. Property taxes are currently collected into the City's general revenue. This



Canadian Centre for Policy Alternatives-MB

money is then allocated through the City budget to address citywide needs. Although many people argue that the system is a regressive form of taxation, at least it brings the economic costs and benefits of running the City into one common pool. Directing property taxes from a new development to a park endowment fund means that these dollars would not be available for other important city needs. It should also be noted that the condo dwellers, like the rest of us, use public services that are in part paid for by our property taxes, therefore the full property tax revenue generated by this development would not be free and clear for the park to use.

Targeting property tax revenue as proposed by Katz fundamentally changes the way we fund public spaces. Could we then argue that other public spaces need targeted property taxes too? Why not Kildonan Park or The Forks? And if we begin to tie revenue to specific projects, what is the impact on the broader community? What happens to other infrastructure needs?

Before discussing the idea of condos in the park, the ramifications of this shift in public policy need careful analysis and that includes a dialogue on the role that governments have in maintaining public spaces. What ever happened to the concept of funding public infrastructure through the public purse? Katz says we don't have the money. That may seem true but to the extent that it is, it's in part a self-made problem. For example, if fully implemented, Katz's promise to eliminate business taxes will result in an annual loss of \$60 million in City revenue. Relative to this, the condo scheme is peanuts. The endowment model put forward by Katz estimates that the condos could generate more than \$1 million in revenue to start an endowment fund. If this projection is accurate it would take years before the fund would build sufficient interest to draw upon. \$1 million in revenue a year might raise \$100,000 in the first year. This is a drop in the bucket when you consider the \$200 million price tag of the renewal plan. If left to grow, in 10 years we might have \$1 million to spend and there is the option to use the endowment to leverage loans, and build it further through other fundraising. But that could be done without the condo plan.

Katz presented his condo idea as a simple solution, but it was not well thought out and it does not make good sense from a public policy perspective. It results in a dangerous shift in the way we allocate tax revenues and it doesn't solve the problem. It is not the win-win situation that Katz says it is. The only winners would be the developers and those fortunate enough to be able to afford the cost of purchasing the upscale condos. These folks would have Assiniboine Park, Winnipeg's 'crown jewel' as their personal playground.

If any good is to come from the condos proposal, it is a serious dialogue on why we need to have this discussion at all. How is it that the public purse is no longer able to support our public spaces? How have government tax cutting policies contributed to our current state? How does urban sprawl affect the city's ability to maintain our public infrastructure? And what do we need to do to develop a long-term solution? Should we be thinking less of tax cutting, and more of taxes as the price we all pay to create the public goods needed to make Winnipeg a great city?

- Shauna MacKinnon

Shauna MacKinnon is the Director of the Canadian Centre for Policy Alternatives – Manitoba. This piece first appeared in the Winnipeg Free Press on September 30, 2005.

CCPA-MB FAST FACTS

The *Fast Facts* are produced and distributed free via e-mail. They can be reproduced as an OpEd or opinion piece without obtaining further permission, provided they are not edited, and full credit is given to both the author and the source, CCPA-MB. Please contact the CCPA-MB today to begin your free subscription.

Canadian Centre for Policy Alternatives-MB
309-323 Portage Avenue
Winnipeg, MB
Canada R3B 2C1

ph: (204) 927-3200 fax: (204) 927-3201

ccpamb@policyalternatives.ca

www.policyalternatives.ca

CAW 567
OTTAWA