

September 24th 2021



**BUILDING
OWNERS AND
MANAGERS
ASSOCIATION**
British Columbia

Suite 556
409 Granville Street
Vancouver, BC
V6C 1T2

TELEPHONE
(604) 684-3916
WEBSITE
www.boma.bc.ca

Select Standing Committee on Finance and Government Services
Province of British Columbia

Dear Chair and Committee Members,

The Building Owners and Managers Association of British Columbia (BOMA BC) is the largest industry association dedicated to the commercial property and facility management industry. We represent building owners and property managers as well as the businesses that support them. According to data from BC Assessment, BC's commercial real estate industry is valued at over \$400 billion dollars. Our industry contributes \$4.5 billion annually to the provincial economy, including \$2.5 billion in wages by employing nearly 40,000 British Columbians.

We provide the space for small businesses and the infrastructure that communities in every corner of BC use every day. Our industry keeps people safe and provides them with a place to thrive.

Since early 2020, we have been focused on the pandemic by keeping the lines of communication open between government, health officials, essential service personnel, and our buildings. Our industry updated the [BOMA Pandemic Guide](#) (originally created after the SARS outbreak), and we created and the [BOMA Pathway Back to Work Guide](#) to help commercial building managers handle the safe return to work of employees and tenants.

BC's economy and our industry will continue to grow as we transition out of the current pandemic. Our industry has not been immune to BC's demographic wave, with many senior employees retiring. At the same time, 50% of BC's indigenous population is under the age of 25.

We are attempting to bring tangible reconciliation by helping indigenous youth enter our industry. As well, several indigenous led developments (such as the Señákw Development in Vancouver) will include commercial buildings that will need to be managed. We need to help indigenous and other underrepresented communities take part in the economy with stable, well-paying careers around BC.

Labour Market Development

Over the past five years, we have worked with the Ministry of Advanced Education and Skills Training to develop and execute a Sector Labour Market Strategy for the Commercial Property and Facility Management Industry in BC.

According to data from WorkBC's British Columbia Labour Market Outlook: 2019 Edition, BC will need close to 5000 facility operation and maintenance managers and nearly 4000 property administrators in the next decade. As noted above, we have identified an opportunity and a need to recruit, educate, train, mentor and encourage more participation from underrepresented communities and equity-seeking groups in our sector.

We encourage government to support BOMA's ongoing work in the Sector Labour Market Partnership to help encourage, train, and mentor more underrepresented communities for careers in the commercial property and facility management industry in British Columbia.

In addition, the commercial property market is growing with more than 3.5 million square feet of real estate coming to downtown Vancouver by 2024 and more commercial construction coming to all regions of BC. The current licensing process focuses primarily on residential sales, strata management and residential property management. Residential and commercial property managers are licensed the same way, despite the job requirements being quite different.

There is an opportunity with the new amalgamated BC Financial Services Authority to invest in providing more focused licensing education on commercial property management. The work we have done as part of our Sector Labour Market Strategy has provided the core competencies and assessment criteria for a solid commercial licensing program.

We encourage the BC Financial Services Authority to work with the commercial real estate industry to invest in developing education and training specific to commercial property management.

Climate Change Adaptation

We need more people in our industry to tackle the challenges of climate change adaptation. BOMA has been a leader in transforming the commercial real estate industry in environmental efficiency, sustainability and resiliency. We have the BOMA BEST® certification program, to continuously improve building operations and emissions. We launched the Greater Victoria 2030 District, where participants have committed to reduce their waste and emissions by 50% by the year 2030 (from 2007 levels). The Greater Victoria 2030 District includes more than 3.4 million square feet of commercial office and retail space that has been voluntarily committed by commercial property leaders in the region. We plan to introduce 2030 Districts in other parts of the province where there is municipal support.

BOMA encourages the provincial government to support the development of additional partnerships like the 2030 District across British Columbia.

The province recently released draft greenhouse gas reduction targets for the built environment. There is a need to aid building owners to achieve these ambitious targets. We have been working closely with the Building Safety Standards Branch on the development of the future Renovation Code for Existing Buildings, expected in 2025.

And while we have been encouraged on the flexibility of some of the proposed strategies to meet new and changing emissions reductions targets, we feel strongly that forcing major retrofit renovations at the time of application for a building permit is the wrong approach.

There are many reasons why a policy like this would be harmful to building owners and tenants, such as the use of underground and tax-free renovation contractors, but also the slowing down of our economy. We recommend that the best time to conduct major retrofit work is at the natural end of life cycle of the building equipment or materials, in order to get the most beneficial use of limited resources.

We are at a time when our economy needs rebounding and adding additional barriers to getting more businesses opened and re-opened is the wrong approach. We have partnered with the Ministry of Energy Mines and Low Carbon Innovation and BC Hydro to develop a list of office building and mechanical equipment to get a better understanding of how best to target and tailor retrofit incentive programs, infrastructure, and monetary investments over the next years.

We encourage the province to offer major incentive programs for mechanical equipment, roofing materials, or building envelope and insulation technology at the end of their natural life cycle.

Tax Policy

Our industry contributes billions of dollars in property taxes each year. The current imbalance in the property tax structure means businesses pay a highly disproportionate amount compared to the services they consume. In Vancouver, it is 4.5 times the residential rate with a smaller number of commercial buildings to shoulder that cost compared to the increase in residential units.

Up-zoning of commercial properties to encourage more residential housing, combined with commercial property taxes being charged on unused residential density in the air above the property, have caused significant concern to already struggling business owners. The highest and best use taxation policy means businesses are seeing unsustainable increases to their property taxes each year.

We support the request from the City of Vancouver and other municipalities to create a split assessment property tax category for commercial buildings. This allows for unused residential density above the property to be properly accounted for and billed.

Moreover, building owners can be challenged to invest in major greenhouse gas reduction retrofits as tenants benefit from the energy savings. This split incentive requires new financing tools such as Commercial Property Assessed Clean Energy or C-PACE to help spread the cost of these improvements over many years and to allow them to be tied to an operational expense paid by the current user of the property.

While we are encouraged by the announcement of a C-PACE pilot project, we recommend full provincial legislation be tabled which allows municipalities, if they wish, to adopt C-PACE.

Property tax credits for resiliency upgrades to existing buildings should be encouraged by the Province with monetary support for the loss of municipal tax revenue.

We ask the province to consider developing or expanding the Revitalization Tax Credit program for municipalities who choose to encourage resiliency retrofits by way of property tax credits.

We believe that these recommendations will make a positive impact to our industry and to the growing economy in British Columbia and help us provide more good jobs for British Columbians.

Thank you for allowing us to present our ideas on behalf of the commercial real estate industry. Feel free to contact me at any time to discuss any of our recommendations.

On behalf of BOMA BC, thank you again for the opportunity.

Sincerely,



Damian Stathonikos

President

Building Owners and Managers Association of British Columbia (BOMA BC)

cc: Hon. Selena Robinson – Minister of Finance
Hon. Anne Kang – Minister of Advanced Education and Skills Training
Hon. Ravi Kahlon – Minister of Jobs, Economic Recovery and Innovation
Hon. David Eby – Attorney General and Minister Responsible for Housing
Hon. Bruce Ralston – Minister of Energy Mines and Low Carbon Innovation