



la Chambre de commerce
du Montréal métropolitain

2021 Municipal Election

**Priorities of the business
community for an
attractive, green and
prosperous Montréal**

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October 5, 2021

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In the context of the municipal election, the Chamber of Commerce of Metropolitan Montreal is putting forward 14 questions focused on enabling Montréal to continue its pre-pandemic momentum while tackling the major challenges to strongly position itself in the coming decades.

1. Introduction

Since 2013, Montréal has experienced strong economic and employment growth, the result of many years of concerted efforts by businesses, the city's economic players and the governments. We have seen a sustained rise in private investment, a booming real estate market and an increase in projects affecting our strategic infrastructure.

This momentum was momentarily interrupted by the health crisis and the cessation of in-person economic activities. The subsequent recovery has been gradual and admittedly uneven among industries but confirms the overall resilience of the business base. Some sectors, such as the hospitality industry, entertainment and performing arts, and the downtown economic zone are still far from their pre-pandemic levels of activity.

The elections come at a time when the next municipal administration faces many challenges. We will obviously need to complete the recovery of all our sectors, but also accelerate our energy and environmental transition while maintaining control of the Ville's finances and improving the efficiency of the regulatory framework and processes.

In addition, there are two major challenges that were already present before the pandemic and have now reached a critical threshold. First, the labour shortage has become much worse and threatens the ability of businesses to grow in Montréal. While this challenge is not unique to Montréal, it does require that the mayoral candidates clearly state what they believe they can do to find solutions.

The second major challenge pertains to the difficulty of driving a car or truck in the city. The situation has deteriorated significantly in the past four years. There are significant concerns about the accessibility of the downtown area and the ability to get around in it. In the city centre and on several roads, the multiplication of construction sites has resulted in a jumble of obstacles, affecting buses, cars and trucks. The deployment of bicycle lanes and the increase in the number of curb extensions have reduced the space for transit and decreased the number of transit routes. There have been no major additions to the transit system. This challenge is definitely within the municipal administration's scope of action.

The Chamber is therefore calling on the candidates for mayor of the Ville de Montréal and their respective parties to obtain their positions and commitments with regard to these challenges. The Chamber has 14 questions.

1.1. Increase traffic flow

The issues of traffic flow, construction site management and mobility top the list of concerns expressed to us by the business community.

Despite the massive adoption of telework during the pandemic, congestion reappeared last summer and intensified with the start of the school year and the gradual return to the office in September. This congestion is even more concerning given that the percentage of employees returning to in-person work in the downtown core is only 28% part-time and 19% full-time¹.

¹ Chamber of Commerce of Metropolitan Montreal and Léger Marketing, "Sondage de la CCMM : la flexibilité et la sécurité sont au cœur de la décision de venir travailler en présentiel" (CCMM survey: Flexibility and safety are at the heart of the decision to work in person), open from August 2 to 12, 2021, [On line (French only): <https://www.ccm.ca/en/medias/relaunch-mtl/sondage-de-la-ccmm-la-flexibilite-et-la-securite-sont-au-coeur-de-la-decision-de-venir-travailler-en-presentiel-in-french-only>].

Residents are fed up. A survey published by Radio-Canada in the fall of 2020 indicated that only 18% of respondents living in Montréal are satisfied with the state of traffic flow. Our own survey earlier this year revealed that 75% of respondents believe traffic congestion has increased over the past five years². Congestion is not just unpleasant on an individual level: the Communauté métropolitaine de Montréal (CMM) estimated the costs of congestion to the economy as a whole at more than \$4.2 billion in 2018.

Congestion obviously has major repercussions for the mobility of workers and goods, businesses' productivity and, more generally, the attractiveness of Montréal. For example, more than 80% of workers in Greater Montréal say they feel the negative effects of road congestion and/or sub-optimal public transit service³. Moreover, one in three companies surveyed indicated that barriers to mobility are affecting their ability to attract and retain workers⁴. We are concerned that businesses will decide to locate their next offices outside of the downtown area, not because of the effects of COVID-19 but because of a perception that the flow of car traffic to and within the downtown area will not return.

This is a long-standing problem and expectations are very high.

Request 1: Do you believe that your administration will be able to make real improvements to the flow of traffic into and around the downtown area over the next four years? What do you propose to achieve this?

Too long neglected, many infrastructures under the municipality's responsibility are in dire need of upgrading — the Chamber supports the authorities' efforts in this direction. Despite several corrective measures announced over the past eight years, management of the numerous construction sites remains a major irritant for many. The multiplication of construction sites along parallel routes, the maintaining of on-street parking spaces along the edge of work sites that close off one or even two traffic lanes, and the closure of lanes during peak hours are all examples of poor management that illustrate a lack of concern for maintaining traffic flow. Moreover, the Ville de Montréal appears unable to exercise a role in planning traffic flow when there are private construction sites.

The judgment is harsh. Despite the announcement of a Montréal construction site charter in 2021, there do not seem to have been any major changes.

Request 2: Do you feel that the Ville is managing the construction sites properly and minimizing the impact on the loss of traffic flow? Do you have any proposals for improving the traffic flow in concrete terms?

Development of the bicycle path network is an important measure for many residents of the city and also contributes to reducing congestion and GHG emissions from the transportation sector. Many Montrealers and businesses support the deployment of active transportation facilities, particularly bicycle paths. However, the development of this network must also take into account its impact on car and truck travel. The Chamber's most recent survey indicates that 60% of businesses are dissatisfied with the preservation of arterial roads for cars and goods⁵.

So the challenge is to find the right balance between the deployment of spaces dedicated to active transportation and maintaining an efficient road network, whether for the transportation of people or of goods.

² Chamber of Commerce of Metropolitan Montreal and Léger Marketing, "Sondage de la CCMM : Priorités pour la Ville de Montréal" (CCMM survey: Priorities for the Ville de Montréal), open from September 8 to 20, 2021.

³ Chamber of Commerce of Metropolitan Montreal, "Getting companies committed to improving the fluidity of travel in the city," September 2020, [Online: <https://www.ccm.ca/en/publications/study/getting-companies-committed-to-improving-the-fluidity-of-travel-in-the-city/>].

⁴ *Ibid.*

⁵ *Ibid.*

Request 3: What is your vision for the development of infrastructure dedicated to active transportation and maintaining transit routes for the transportation of people and goods in the territory?

Finally, the flow of transportation requires an efficient public transit system that is well deployed in the territory. However, the COVID-19 pandemic has dealt a major blow to the budgets of the city's transit agencies.

Last June, ridership on the Société de transport de Montréal's bus network was only 50% of the 2019 level. The transit agencies estimate that it will take several months for ridership to return to near pre-pandemic levels. The Autorité régionale de transport métropolitain (ARTM) estimates that the shortfall could total nearly one billion dollars between 2021 and 2024.

A decrease in services would jeopardize attaining the objectives of ARTM's strategic development plan, particularly in terms of the modal shift from solo driving to public transit. A sustained decline in the use of public transport would have an impact on congestion levels and, until electric cars become widely used, on our carbon footprint.

Request 4: What will you do to ensure adequate funding for public transit agencies to maintain an appropriate service offering and cover asset maintenance costs? What do you propose to expand the public transport network in this difficult financial context?

1.2. Ensure competitive taxation and increase the agility of regulatory processes

The Ville de Montréal plays a key role in creating a favourable business environment. In fact, the municipality has several levers that have a considerable impact on the businesses in its territory. Taxation is one of these levers.

The municipal taxation, already among the highest in the country, is particularly harmful to businesses. The greatest difference between the residential and non-residential property tax rates exists here. In 2020, despite the current administration's commitment and the concrete actions in recent budgets, commercial property taxes remained 4.11 times higher than residential property taxes⁶. The Canadian average for this ratio is 2.65. In more concrete terms, commercial property owners must pay \$36.99 per \$1,000 of assessment, placing Montréal well behind the other major Canadian cities, where the average is \$23.57.

The vitality of many commercial arteries is directly affected by this situation — tenant merchants absorb these costs in their rent and have no choice but to try to pass them on to consumers, which affects their competitive position vis-à-vis online businesses. We believe it is imperative to continue narrowing the gap between residential and non-residential property taxes to reduce the burden placed on merchants, whether directly because they are owners or indirectly through rent.

Request 5: Are you committed to continuing the strategy of reducing the gap between non-residential and residential property taxes initiated four years ago?

The issue of the agility of regulatory processes is also of primary importance to the business community. Indeed, 82% of respondents to a recent Chamber survey said that the regulatory burden has not improved in the past five years, and 65% are dissatisfied with the efficiency of the Ville's administrative processes⁷. The pandemic has shown us that it is possible to do things differently. The actions taken to support the restaurant sector and speed up the licensing process, particularly with regard to terraces, are a case in

⁶ Altus Group, "Canadian Property Tax Rate Benchmark Report 2020," [Online: <https://www.altusgroup.com/services/reports/canadian-property-tax-rate-benchmark-report-2020/?redirect=no>].

⁷ *Ibid.*

point⁸. It is crucial that we continue these efforts and expand them to other sectors for the benefit of our entrepreneurs and merchants.

In this regard, we call on the municipal authorities to place a higher priority on regulatory predictability. In fact, businesses need to be able to plan for the longer term without fear of regulatory requirements changing along the way. This includes urban planning regulations. Several processes still need to be optimized. The Ville takes too long to respond to developers' requests for discussions to begin evaluating project proposals. It is also essential to avoid requests for adjustments that arise late in the evaluation process, because they create avoidable cost overruns and frustrations. Finally, much remains to be done to complete the digitization of permit applications.

Request 6: How do you plan to improve the business environment? Do you agree with simplifying, standardizing and increasing the speed of the administrative processes to which businesses, including merchants and real estate developers, are subject?

1.3. Support the city centre, accelerate the development of high-potential areas and implement strategic projects

A healthy city requires a dynamic downtown that is vibrant day and night and safe. However, the situation in the city centre remains worrying, beyond the issues of traffic flow. The recovery will likely take 12 to 18 months, during which time it is important to do everything possible to entice employees to return to work there and to encourage Montrealers and Quebecers to entertain themselves downtown and frequent its businesses. This priority was echoed by 73% of respondents to a recent Chamber survey.

At the same time, the future of several redevelopment projects for high-potential areas and many other strategic projects awaiting completion will have to be decided. Whether it's the development of the Peel basin and the possibility of building a baseball stadium and a green technology cluster there, the work in the Quartier des gares, the development of the Quartier des Faubourgs, or the La Baie project, these are all investments that have the potential to further accelerate Montréal's economic momentum.

Request 7: What do you propose to sustainably support downtown Montréal as we emerge from the health crisis? What projects are you prepared to support in this key area for the city's economy?

The shortage of housing that meets the needs of the public, particularly families, and the spike in prices over the past few years are two facets of a major issue. There is a clear imbalance between the limited housing offer and strong demand. Given this, it is tempting for households to look at availability off island, and, in many cases, to move there – creating additional pressure on transit networks and an increasing carbon footprint per family.

As a solution, the Chamber recommends encouraging developers to build more housing units. We need to review regulatory requirements that complicate the deployment of quality projects proposed by developers. This is why the Chamber vehemently opposed the By-Law for a Diverse Metropolis. There are other issues, particularly authorized height (to reduce the footprint), timeframes for authorizations, and borough requirements in addition to central administration requirements.

Request 8: What is your assessment of Montréal's housing crisis? What solution do you intend to implement to increase housing supply?

As a knowledge city and host to more than a dozen innovative clusters, Montréal should naturally be at the top of the list of places to implement the "innovation zones" projects announced by the Québec government over two years ago.

⁸Ville de Montréal, "Une impulsion pour la relance : agir maintenant" (A boost for the city: acting now), [Online (French only): <https://res.cloudinary.com/villemontreal/image/upload/v1592420847/portail/dtfrt3lazoc3oyvplcpu.pdf>].

In fact, over the past 18 months, several groups have been working to develop proposals for innovation zones. While all the economic and municipal players are fully mobilized around a single zone project in the other regions of Québec, there seems to be some hesitation in Montréal to designate an order of priority to convince Minister Fitzgibbon to select one of them as soon as the first announcements are made. However, time is running out. The Minister of Economy and Innovation has suggested on several occasions that the first innovation zones would be selected by the end of the year.

Request 9: What is your game plan to ensure that proposals from proponents in our innovation ecosystem are selected? Have you determined which area(s) should be at the top of the list?

The business community is closely watching the redevelopment of high-potential areas, including the new neighbourhoods. These areas, such as the former racetrack or the land in the east of the island, represent a unique opportunity to create prosperous areas combining quality jobs in growth sectors and green housing districts. However, it takes an extremely long time to make decisions. The development of the former racetrack property has been the responsibility of the Ville de Montréal for many years. As for the east island, the Ville has been slow to disburse the \$100 million that the Québec government transferred to it three years ago to decontaminate the land. This type of delay makes it difficult to maintain momentum that promotes investment and consultations for redeveloping these areas.

Request 10: What concrete commitments are you prepared to make regarding the development of the former racetrack land and the east end of Montréal?

Finally, several major projects are at a stage where the Ville's support, along with that of the other levels of government, is essential. The redevelopment of the former hospital sites (Royal Victoria and Hôtel-Dieu) as well as the expansion of the Palais des congrès de Montréal are the subject of investment plans by public and private players and in some cases require additional authorizations or funding to proceed. Over the next few years, the Ville will need to stay on track with these projects and provide leadership where obstacles remain.

Request 11: What is your position on the redevelopment of the former Royal Victoria and Hôtel-Dieu hospitals and the expansion of the Palais des congrès?

1.4. Make Montréal a greener city

The city's business community and the Chamber have spoken out on numerous occasions in favour of the transition to a greener economy, notably as part of the Relaunch MTL movement and through their participation in the Montréal Climate Partnership. The latest report from the Intergovernmental Panel on Climate Change (IPCC) makes it clear that we will need to step up our action in order to meet the targets set out in the Paris Agreement in 2015.

This transition can be a unique opportunity to create a more sustainable and innovative economy, particularly by building on the city's strengths and supporting the development of companies in the clean technology sector or those that help reduce the carbon footprint of businesses. For example, many companies in Greater Montréal offer green products and services, such as carbon-free delivery solutions.

The Ville itself can play a role by using its procurement processes, by serving as a showcase and test bed for locally developed clean technologies and services, or by instituting no-cost eco-tax measures. In fact, 66.1% of respondents to a Chamber survey support consumption volume-based water pricing and 65.7% support volume-based residential and commercial waste collection pricing⁹.

⁹ Chamber of Commerce of Metropolitan Montreal, "13^e coup de sonde de la CCMM sur les enjeux prioritaires auxquels devrait répondre la Ville de Montréal" (13th CCMM survey on the priority issues the Ville of Montréal should address), April 2021, [Online (French only): <https://www.ccm.ca/en/medias/fiscalite-economy/13e-coup-de-sonde-de-la-ccmm-sur-les-enjeux-prioritaires-auxquels-devrait-repondre-la-ville-de-montreal-in-french-only/>].

Request 12: What priority actions do you plan to take in the first few years of your mandate to help reduce the carbon footprint of the Ville and the businesses operating within its territory?

1.5. Improve Montréal's international reputation

Montréal's economic growth is closely linked to its international positioning and the business community considers this aspect to be essential at a time when borders are being reopened. Our positioning as an open city, a safe city, a knowledge and innovation city, and a tourist destination has real economic benefits. Hundreds of companies and organizations have opted for Montréal, tens of thousands of international students select the city because of its excellent performance among the world's best student cities, and dozens of organizers of major events and conventions choose Montréal for their next event. The city stands out for its diverse population and the talented people who work in its companies. To this end, the municipal administration has an essential role to play to maintain quality of life in Montréal and to increase inclusion and equity.

Request 13: What is your vision to strengthen Montréal's positioning as a diverse, inclusive city that fosters equal access and opportunities for fulfilment and advancement for all?

Similarly, this solid reputation helps our own companies position themselves well in international markets. Through free-trade agreements, our companies are called upon to open up new markets and to meet customers, partners and suppliers. If Montréal's brand is positive and known, it helps open doors for them and create a sense of trust. The recent successes in convincing airlines to establish new direct international flights from Montréal-Trudeau Airport is explained in large part by the city's restored vitality and its growing international reputation as a tourism destination. Having an airport hub in Montréal creates a virtuous circle that strengthens our business ecosystem.

The Ville is in fact the leader in defining the brand image that we want to deploy abroad. More than 80% of businesses recently surveyed by the Chamber stressed the importance of the Ville taking action on this front¹⁰.

Request 14: How do you plan to strengthen Montréal's brand image on the international scene? How would you like Montréal to be positioned?

2. Conclusion

The city and its economy are undergoing profound changes. The repercussions of the health crisis, the fight against and adaptation to climate change, and the acceleration of technological change pose immediate challenges that will be of direct concern to the municipal administration over the next four years. The speed and magnitude of these changes will require the municipal government and policy makers to be nimble and responsive to the needs of the business community. A spirit of cooperation will be crucial to maintaining the city's momentum and positioning as the economic engine of Québec. It is in this sense that the Chamber is committed to working with the municipal authorities.

¹⁰ *Ibid.*

3. Summary of requests

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Request 2: Do you feel that the Ville is managing the construction sites properly and minimizing the impact on the loss of traffic flow? Do you have any proposals for improving the traffic flow in concrete terms?

Request 3: What is your vision for the development of infrastructure dedicated to active transportation and maintaining transit routes for the transportation of people and goods in the territory?

Request 4: What will you do to ensure adequate funding for public transit agencies to maintain an appropriate service offering and cover asset maintenance costs? What do you propose to expand the public transport network in this difficult financial context?

Request 5: Are you committed to continuing the strategy of reducing the gap between non-residential and residential property taxes initiated four years ago?

Request 6: How do you plan to improve the business environment? Do you agree with simplifying, standardizing and increasing the speed of the administrative processes to which businesses, including merchants and real estate developers, are subject?

Request 7: What do you propose to sustainably support downtown Montréal as we emerge from the health crisis? What projects are you prepared to support in this key area for the city's economy?

Request 8: What is your assessment of Montréal's housing crisis? What solution do you intend to implement to increase housing supply?

Request 9: What is your game plan to ensure that proposals from proponents in our innovation ecosystem are selected? Have you determined which area(s) should be at the top of the list?

Request 10: What concrete commitments are you prepared to make regarding the development of the racetrack land and the east end of Montréal?

Request 11: What is your position on the redevelopment of the former Royal Victoria and Hôtel-Dieu hospitals and the expansion of the Palais des congrès?

Request 12: What priority actions do you plan to take in the first few years of your mandate to help reduce the carbon footprint of the Ville and the businesses operating within its territory?

Request 13: What is your vision to strengthen Montréal's positioning as a diverse, inclusive city that fosters equal access and opportunities for fulfilment and advancement for all?

Request 14: How do you plan to strengthen Montréal's brand image on the international scene? How would you like Montréal to be positioned?