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Date: 10/24/2017 7:40:15 PM

Subject: City of Vancouver Submission to the Budget 2018 Consultation

Attachments: CMO-IGR-City of Vancouver 2018 Budget Submission Revised.PDF

Greetings Mayor & Council,

Please find attached for your reference a copy of the City of Vancouver's Provincial Budget 2018 Consultation submission.

We look forward to working with the provincial government closely over the coming weeks and months to discuss our specific priorities, and to continue to move key Vancouver economic, environmental and social policies and projects forward together.

Best,
Sadhu

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October 16, 2017

Select Standing Committee on Finance and Government Services
Legislative Assembly of British Columbia
Parliamentary Committees Office
Room 224, Parliament Buildings
Victoria, British Columbia
V8V 1X4

FinanceCommittee@leg.bc.ca

Dear Sirs and Madams:

RE: City of Vancouver Submission to the Budget 2018 Consultation

The City of Vancouver is pleased to submit its comments to the Select Standing Committee on Finance and Government Services as it conducts consultations on Budget 2018. We thank the Committee for its attention to the critical issues facing Vancouver and its willingness to work with us to bring about a sustainable, prosperous and equitable city and region.

The City supports the commitment of all Legislators and the Government of British Columbia to tackle the critical issues facing Vancouver, particularly the need for affordable housing and a sustained and effective response to the opioid crisis. These issues require both immediate and longer-term solutions where the City and Province must work closely together.

Enclosed are the City's recommendations with respect to important investments in infrastructure, public amenities and programming. These include partnership investment opportunities in the areas of affordable housing, poverty reduction, the opioid crisis, social, cultural, community, urban indigenous, green and transportation infrastructure. All of these investments contribute to our goals of a liveable and affordable city that is competitive and a leader among cities in meeting British Columbia's and Canada's greenhouse gas reduction targets.

At the same time that we tackle our common issues and work to meet common goals, it is time to fully recognize that demand for City services broadly is growing in type and scale.

Municipalities across Metro Vancouver are taking on more responsibilities where other levels of government have either retreated or are in a limited position to deliver services efficiently. Vancouver has assumed a leadership role in a number of key areas such as economic development, technological innovation, livability, resilience, climate change adaptation, and social and cultural functions. The region, province and country benefit from the work the City is doing in these areas. We would encourage the Committee, in addition to specific funding needs tied to critical issues and infrastructure projects, to acknowledge that it is also time for the Province to engage in a dialogue with the City about opportunities to create new and permanent revenue generation tools.

We appreciate this opportunity to provide input and ideas to the development of the 2018 Provincial Budget. The City of Vancouver looks forward to continued constructive cooperation with the Government of British Columbia.

Yours truly,



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New Revenue Tools

BACKGROUND

Over the past decade, City of Vancouver services have grown significantly in importance and scale. While many municipalities have taken on more responsibilities over the years, the City of Vancouver has also assumed a leading role within the region in a number of key areas such as economic development, innovation, livability, resilience, climate change adaptation, and social and cultural functions.

The City has become increasingly active in addressing needs that fall within the jurisdiction and traditional mandate of the Province. Significant investments have been made, particularly in: public safety and emergency response; social housing; social services; mental health and addictions; childcare; and other core services that serve both the City and the Metro Vancouver region. Municipalities interact directly with residents and businesses on a day-to-day basis and are front and centre in providing much-needed services to British Columbians in partnership with the Provincial and Federal government. Because of our growing responsibilities, the City of Vancouver wishes to work in collaboration with FCM, UBCM, regional municipalities and the Provincial Government to secure new funding sources to augment traditional sources such as property taxes and user fees.

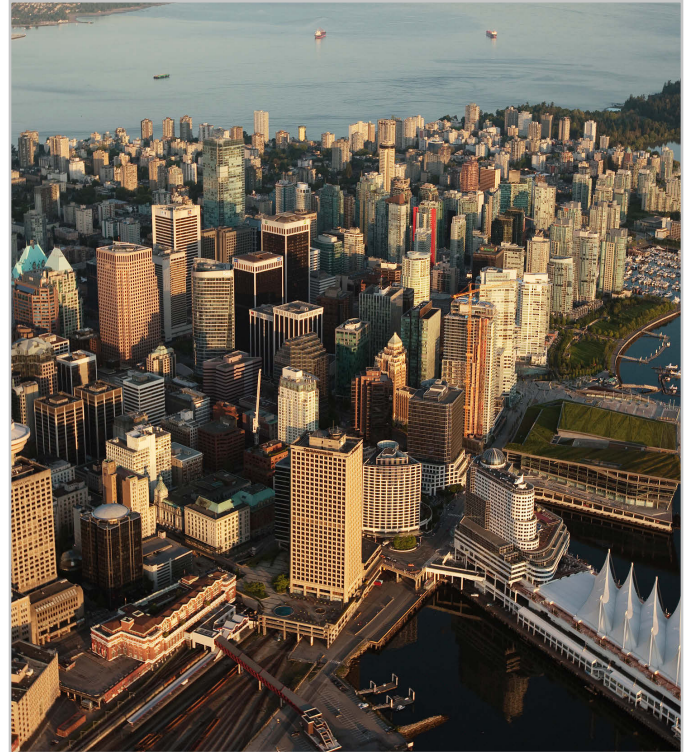
ISSUE SUMMARY

Like other Canadian municipalities, the City is constrained by limited revenue sources which are proving to be restrictive and insufficient as our responsibilities continue to expand. The City's primary revenue sources are intended to support traditional municipal services and infrastructure programs.

User fees, which include utility fees, are typically collected for a particular service to offset, but not exceed, the costs of delivering that same service. As a result, the majority of user fee revenues cannot be further expanded or used to offset the costs absorbed from downloaded services.

Development cost levies can only be applied to growth-related capital projects as described in the Vancouver Charter and applicable by-laws. As a result, levies collected cannot be used to fund ongoing City services.

Property tax increases in recent years (averaging two per cent) have been in line with forecasted annual inflation. Current and long-term efforts to address the housing



and opioid crises have drawn a substantial amount from tax resources, putting pressure on taxes. The City's 2017 property tax increase was 3.9 per cent. Due to the regressive nature of property taxes, any increase for the purpose of funding many of the services the City delivers will have a significant impact on low-income owners/renters and small businesses.

Other funding is provided by the Province through BC Housing to support a number of housing initiatives and supply ongoing funding for housing-related operating costs that are a provincial responsibility, though this is not sufficient to cover all costs. Other provincial revenues include shares of gaming and traffic-fine revenues which represent approximately two per cent of the City's operating budget; however, traffic-fine revenues have decreased eight per cent in 2016 and 2017.

PARTNERSHIP OPPORTUNITIES

Collaboration with the Province will help to better define the City's role in service delivery versus the Province's role and our role as a regional centre relative to other Lower Mainland municipalities. It will also address challenges in

raising new funds to deliver on these growing demands for public services at the municipal level. The City would like to work with the Province to explore new revenue tools. Below are some examples for partnership, consideration and dialogue:

REVENUE TOOL 1: PROPERTY TRANSFER TAX (PTT)

A) Provincial PTT – Revenue Sharing

From June 2016 to May 2017, PTT revenue from the sale of properties located in Vancouver was approximately \$500 million (25 per cent of the total PTT). A share of a stable revenue source such as PTT revenue is critical for the City to continue delivering a number of services including housing and childcare services. Amendments to the Property Transfer Act may be required to ensure a stable source of income is available to fund City programs. The Province could also ensure a higher rate of PTT is paid within a year of resale, with a steadily declining rate over time to discourage speculation.

B) Municipal PTT

A number of municipalities in Canada, including Toronto, Halifax and Montreal, have the power to impose their own levies, ranging from 0.5 to 2.5 per cent on property sales. To impose a municipal transfer tax, the City must seek appropriate authority from the Province to charge a tax in parallel with the existing provincial transfer tax. In this way, the tax could be implemented through leveraging of the current provincial collection system versus collecting the tax locally.

REVENUE TOOL 2: ADDITIONAL PROPERTY TRANSFER REVENUE SHARING (FOREIGN BUYER TAX)

The City has made considerable investments in non-profit housing to ensure adequate support is provided for Vancouver's most vulnerable citizens. From August 2016 (inception) to May 2017, the foreign buyer tax collected from property sales in Vancouver was approximately \$41 million (31 per cent of the total tax). A share of these revenues collected in Vancouver will provide some support for a number of housing initiatives managed by the City.

REVENUE TOOL 3: OTHER PROVINCIAL TAXES – REVENUE SHARING

Provincial revenue sharing can come from a variety of tax categories. For example Manitoba, through the Building Manitoba Fund, allocates its revenues (sales tax or combination of taxes, whichever is greater) to municipalities. In Saskatchewan, the province allocates a



one per cent share of sales tax revenue to its municipalities. Both options should be further explored.

REVENUE TOOL 4: TRAFFIC CAMERA FINES

Implementing traffic camera technology in Vancouver can improve road safety and add an additional revenue stream for the City. Furthermore, collaboration with the Province on this initiative could identify opportunities to better achieve our mutual policy objectives.

REVENUE TOOL 5: MUNICIPAL UTILITY MOBILE WIRELESS TAX

Unlike other provinces, telecom companies (e.g. Telus) are currently excluded from revenue-based utility taxes. The City is looking to modernize the property tax structure for these services, along with other municipalities in the Lower Mainland. While other municipalities have the authority in the Community Charter to make those changes, the City would require an amendment to the Vancouver Charter to add telecommunication systems, including wireless service providers, to the utility tax base.

REVENUE TOOL 6: PROPERTY TAX ENHANCEMENTS

Vancouver has seen a sharp increase in property values in recent years, with noticeable gains for higher value properties. The Province could work with the City to evaluate opportunities to enhance the property tax system to better align with the new assessment realities. This may include consideration of items such as differential property tax rates on residential properties depending on property value thresholds, and ownership type (e.g. investment versus principle residence).

Building Prosperous, Livable & Resilient Cities

CHALLENGES

- **Housing & Health:** Vancouver's housing market has become one of Canada's least affordable for low and middle-income earners. One community in particular – the Downtown Eastside – continues to struggle with homelessness, mental health and addiction issues.
- **Opioid Crisis:** In the first half of 2017, there have been about 4,000 overdose incidents in Vancouver, resulting in 209 overdose deaths – nearly a third of all overdose deaths in the province.
- **Aging Infrastructure:** The City owns and manages ~\$20 billion worth of roads, sidewalks, underground pipes, buildings and parks. A significant amount was built in the post-war period and needs to be renewed.
- **Population Growth:** Vancouver is growing steadily, with 5,000 to 6,000 new residents per year. This growth requires the addition of new infrastructure to maintain an acceptable level of service to citizens.
- **Earthquakes & Climate Change:** Vancouver must invest in upgrading its infrastructure to become more resilient to earthquakes as well as adapting to climate change.



PRIORITIES

Vancouver has identified five priority areas to guide investments, both in the short and long-term:

- **Affordable Housing:** priorities include stabilizing and renewing existing rental housing; and building new temporary modular and permanent affordable housing.
- **Community & Cultural Infrastructure and Services:** priorities include providing new childcare spaces; renewing and enhancing facilities serving Indigenous people; and renewing aging community and cultural facilities.
- **Opioid Crisis, Mental Health and Addiction:** priorities include prevention, treatment and harm reduction programs.
- **Rapid Transit & Transportation Infrastructure:** priorities include constructing the Millennium Line Broadway Extension and improving walking and cycling infrastructure.
- **Green Infrastructure:** priorities include reducing carbon pollution from buildings; separating combined sewers to reduce pollution in local water bodies; and creating resilient infrastructure to respond to sea level rise.

RECENT PROVINCIAL INVESTMENTS AND POLICY CHANGES

- **Affordable Housing:** \$66 M approved in 2017 from the Modular Housing Program to support the construction of 600 units of modular housing to address the immediate needs of people who are homeless. Also \$21 M approved in 2016 from the Investment in Housing Innovation Program to support three social housing projects (one downtown and two in East Vancouver): ~155 existing units renewed and ~230 new units created.
- **Community & Cultural Infrastructure and Services:** \$1 M approved in 2017 from the Emergency Preparedness Program to support Vancouver's Heavy Urban Search and Rescue program; \$1.5 M approved in 2015-16 from the Childcare Capital Fund to support three projects, creating 175 new childcare spaces; and \$2.5 M approved in 2014 toward the Killarney Seniors' Centre.



- **Rapid Transit & Transportation Infrastructure:** \$246 M towards the first phase of the Mayors' Council 10-year transportation plan with \$13.3 M to advance the planning and design for the Millennium Line Broadway Extension. In addition, a commitment to provide 40% of funding towards capital investments in the next phase, which includes construction of the Millennium Line Broadway Extension.
- **Green Infrastructure:** \$3.9 M approved in 2016 from the provincial component of the Clean Water & Wastewater Fund to replace and upgrade trunk sewers in the Oakridge neighbourhood. In 2017, the Province increased the carbon tax, expanded its coverage, and announced it will direct a portion of revenues to green projects starting in 2018.

PRIORITIES FOR 2017-2019

LONG-TERM INFRASTRUCTURE STRATEGY

- The City encourages the Provincial government to coordinate with the Federal government to prepare a long-term infrastructure strategy to guide investments in municipal infrastructure across B.C over the next decade. The strategy must address needs related to both existing and new infrastructure. The current process to draft, review and finalize Federal-Provincial bilateral agreements is a good platform to start this journey.
- The City is proposing that the Provincial government invest 40% toward cost-shared infrastructure projects, supplemented by a 40% Federal contribution and a 20% municipal contribution. While there is an extensive list of projects in each of the five priority areas, this document highlights the City's high-priority projects that can be achieved in the short term.

AFFORDABLE HOUSING

- **Permanent Affordable Housing:** Advance the next six social and supportive housing projects (total of ~900 units), serving the Downtown Eastside (~450 units), Indigenous people (~350 units) and families in South Vancouver (~100 units).
 - Cost estimate:** ~\$250 to \$300 M
 - Provincial contribution:** ~\$100 to \$120 M
- **Single Room Occupancy Buildings:** Prepare a Revitalization Strategy and prioritize the purchase/ lease and renovation of 10 privately-owned SRO buildings in the Downtown Eastside to improve basic living conditions for low-income tenants.
 - Cost estimate:** ~\$200 M
 - Provincial contribution:** ~\$80 M
- **Shelter Partnership:** The City proposes that over 300 winter shelter sites remain open a minimum of six months and preferably year-round with operating funding from BC Housing. This will increase ongoing shelter capacity after the winter season ends.
- **Rent Supplements:** Implement a program modeled after the Shelter Aid for Elderly Residents (SAFER), that is means tested, limited to a certain dollar amount and dependent on the amount of rent paid. The cost will be dependent on the level of supplement offered to all applicants.

COMMUNITY & CULTURAL INFRASTRUCTURE AND SERVICES

- **Poverty Reduction:** Work with the City towards a five-year intergovernmental/community poverty reduction agreement to implement actions such as increased income assistance rates to \$1,500 per month indexed to inflation and increased minimum wage to \$15 per hour.
- **Britannia Community Centre:** Reconstruct East Vancouver's largest community centre which includes a library, swimming pool, ice rink and Indigenous and arts spaces. Construction can start in 2019.
 - Cost estimate:** ~\$190 to \$220 M
 - Provincial contribution:** ~\$75 to \$90 M
- **Urban Native Youth Centre:** Renew and expand the existing facility located in the Grandview-Woodland community. Project includes the construction of ~180 housing units. Construction can start in 2019.
 - Cost estimate:** ~\$72 M
 - Provincial contribution:** ~\$10 M affordable housing and ~\$10 M youth centre
- **Community Facilities in South Vancouver:** Reconstruct the community centre and library in the Marpole neighbourhood and add a seniors' centre in the Sunset neighbourhood. Construction can start in 2019.
 - Cost estimate:** ~\$50 to \$60 M (~\$40 to \$50 M for the Marpole community centre and library and ~\$10 M for the Sunset seniors' centre)
 - Provincial contribution:** ~\$20 to \$25 M (~\$21 M for the Marpole community centre and library and ~\$4 M for the Sunset seniors' centre)
- **New Childcare:** Initiate the construction of 300-400 new childcare spaces over the next two years. In order to ensure affordability, the City requests the Province set a multi-year funding commitment and timing for \$10-a-day childcare and commit to immediate operating support to pilot zero-fee spaces for low-income households.
 - Cost estimate:** ~\$40 to \$60 M + cost of \$10-a-day childcare and zero-fee spaces pilot
 - Provincial contribution:** ~\$15 to \$25 M + cost of \$10-a-day childcare and zero-fee spaces pilot
- **Arts Infrastructure Fund:** Partner with the City on the establishment of an Arts Infrastructure Fund to secure funding for capital projects of local, provincial and



national significance (e.g., Vancouver Art Gallery, Arts Umbrella, the Orpheum Concert Hall and Vancouver Playhouse) and to provide affordable live/work/production space for artists.

OPIOID CRISIS, MENTAL HEALTH AND ADDICTION

- **Prevention:** Projects include public anti-stigma campaigns and health care programs, Aboriginal employment, healing and wellness programs, supported employment mental health and addictions programs, and community economic development hubs.
 - Provincial contribution:** ~\$6 M operating funding
- **Treatment:** Immediate scale-up of access to injectable opioid agonist therapy in Vancouver: two or three sites.
 - Provincial contribution:** ~\$10 M operating funding
- **Harm Reduction:** Projects include community first responder 'peer programs' (e.g. SRO in-reach, women's programs, non-profit organizations), 25 overdose prevent sites across British Columbia, Managed Alcohol Program and policy development.
 - Provincial contribution:** ~\$2 M operating funding

- **Data Monitoring & Evaluation:** Projects include data collection, monitoring and public reporting; improving collaboration between Ministries of Health and Mental Health and Addictions and the BC Coroner Service to implement a comprehensive demographic monitoring system to better understand the risk of overdose and deaths; improving collaboration with the Ministries of Health and Mental Health and Addictions to provide continuity of care for people with a history of addictions that are at risk for overdose; and a Provincial review of existing transitional treatment centres and unlicensed recovery homes.

Provincial contribution: ~\$3.5 M operating funding

RAPID TRANSIT AND TRANSPORTATION INFRASTRUCTURE

- **Millennium Line Broadway Extension:** Complete design and procurement of the 6 km project and start construction in 2019. The next major step is to secure and finalize funding agreements for this rapid transit project by end of 2017.

Cost estimate: ~\$2.0 B

Provincial contribution: ~\$0.8 B

- **Viaducts Renewal Project:** Remove auto-oriented and seismically at-risk infrastructure in the eastern part of Downtown Vancouver and replace it with a multi-modal transportation network and 200-300 housing units. Construction can start in 2018-2019.

Cost estimate: ~\$360 M

Provincial contribution: ~\$24 M

The Province and the City need to continue to work together to invest in and deliver affordable housing in this area.

- **Active Transportation:** Construct five to seven projects, including a bike lane on Cambie Bridge, the 10th Avenue bikeway adjacent to Vancouver Hospital, the first phases of the permanent Arbutus Greenway, the 800 Robson Street plaza project adjacent to the Provincial Law Courts, and expanding the public bike share system to Mount Pleasant, Grandview-Woodland and Kitsilano.

Cost estimate: ~\$30 M

Provincial contribution: ~\$12 M

- **Electric Vehicles:** To align with the Province's Climate Change commitments, convert ~30 medium and heavy-duty vehicles in the City's fleet to renewably-powered transportation; install 40-50 publicly accessible EV charging stations across Vancouver; and support the deployment of charging infrastructure in existing multi-unit residential buildings.

Cost estimate: ~\$10-15 M

Provincial contribution: ~\$4-6 M

GREEN INFRASTRUCTURE

- **Green Buildings:** Three immediate opportunities: (a) Building Canada's first net-zero energy fire hall in the Fraserview neighbourhood. The building will meet Passive House certification and include solar panels on the roof. Construction will start in 2018. (b) Support the operations of the Centre of Excellence for Zero Emission Buildings to rapidly build industry capacity and support construction innovation in the design and construction sectors. (c) Introduce incentive programs for new buildings that achieve Passive House certification or the final step of the BC Energy Step Code and deep emissions retrofits of existing buildings.

Cost estimate: ~\$15 M for the fire hall; ~\$5 M over two years for the Centre of Excellence; and ~\$20 M over two years for the incentives programs.

Provincial contribution: ~\$6 M for the fire hall; a \$20 M endowment for the Centre of Excellence; and ~\$8 M over two years for the incentives programs.

- **Sewer Separation:** Guided by Vancouver's Rain City Strategy, replace an additional 5 km of aging combined sewer pipes with 10 km of separated pipes (one for rainwater and one for wastewater) over the next two years, representing a 25% increase over current investment levels. The investment would further contribute to cleaner water in Burrard Inlet, False Creek and English Bay.

Cost estimate: ~\$20 to \$25 M

Provincial contribution: ~\$8 to \$10 M

- **Sea Level Rise project:** Construct flood protection measures in East Fraser Lands (Fraser River) and at Locarno Beach (English Bay) as climate change adaptation projects. Construction can start in 2018 and 2019.

Cost estimate: ~\$12 M

Provincial contribution: ~\$5 M