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**Date:** 2/20/2018 2:23:15 PM  
**Subject:** Provincial Budget 2018

Greetings Mayor and Council:

This afternoon, the Government of British Columbia delivered Budget 2018. Our Director of Intergovernmental Relations, Marnie McGregor was in Victoria this morning for the provincial budget stakeholder lockup, and has prepared the following summary of the key themes from the 2018 provincial budget.

A significant focus of Budget 2018 is investments in affordable housing and child care to make life more affordable for British Columbians.

We look forward to continuing to work closely with the provincial government to meet the needs of our citizens, while building a strong, sustainable economy.

Here is the link to the full set of materials - <http://bcbudget.gov.bc.ca/2018/default.htm>.

Best,  
Sadhu

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Budget 2018 Summary:

- The 2018 provincial budget is balanced and includes significant investments in people and services to support a strong and growing economy.
- Budget 2018 includes historic investment in affordable housing and childcare to make life more affordable for people across British Columbia, and encourage economic growth with shared prosperity.
- This provincial government has heard from the City of Vancouver, and municipalities across the province and is now taking action on addressing housing demand and speculation, as well as increasing supply for the missing middle with a significant package of housing measures outlined in a 30-point plan including a new speculation tax, increasing and expanding the foreign buyers tax, rental zoning, support for purpose-built rental, increasing the property transfer tax, increasing supports for renters, and investing in the repair of social housing.
- Budget 2018 invests more than \$1 billion in child care and early learning over 3 years including a new affordable child care benefit, a new child care fee reduction program starting on April 1, 2018, the creation of more than 22,000 new licensed child care spaces throughout the province, and increasing the supply of early childhood educators.
- The Province is addressing reconciliation with Indigenous communities including partnerships on Indigenous housing, Aboriginal Friendship Centres and mental health and wellness initiatives.
- The Province has recommitted to a partnership with the Mayors' Council on Regional Transportation, including funding 40 per cent of the cost of the Mayors' Council plan.

Affordable Housing (Demand & Supply):

- A new speculation tax on foreign and domestic speculators who don't pay taxes here, including those who leave their units sitting vacant, before the end of the year. In 2018 the tax rate will be \$5 per \$1,000 of assessed value, and in 2019, the tax rate will rise to \$20 per \$1,000 of assessed value. The new tax will apply to Metro Vancouver, Fraser Valley, Capital and Nanaimo Regional Districts, and in the municipalities of Kelowna and West Kelowna. Up-front exemptions will be available for most principle residences, qualifying

long-term rental properties and special cases. Additional details on exemptions will be available before the tax comes into effect. A non-refundable income tax credit will allow those who pay income tax in B.C. to offset the property tax.

- Increasing and expanding the foreign buyers tax from 15 per cent to 20 per cent., and extending it to Capital, Central Okanagan, Fraser Valley, and Nanaimo.
- Increasing the property transfer tax from 3 per cent to 5 per cent and school tax on the wealthiest homeowners who buy or own homes valued higher than \$3 million.
- Province and Airbnb Agreement to allow Airbnb to collect the 8 per cent provincial sales tax (PST) and up to 3 per cent municipal and regional district tax (MRDT) on all its accommodation provided in B.C. Local governments have the authority to regulate short-term rentals including setting occupancy limits, requiring business licences, setting zoning requirements and setting by-laws around noise and nuisances. Additional revenues will help the Province and local governments ease housing affordability. Local governments will also have access to the additional MRDT revenues. The province is expanding the allowable use of MRDT revenues to include housing affordability initiatives, beyond the current focus on tourism marketing, programs and projects, giving local governments across B.C. additional flexibility to fund housing initiatives.
- The BC Home Owner Mortgage and Equity (HOME) Partnership program will stop accepting applications on March 31, 2018 and will wind down.
- The Province will review the Homeowner Grant Program to ensure both renters and homeowners benefit in a similar way, and starting in 2019, the Province will collect Social Insurance Numbers as part of the Homeowner Grant application process.
- Reducing tax fraud and closing loopholes by strengthening tax administrators' audit and enforcement powers to help close information gaps and ensure tax compliance:
  - Moving to stop tax evasion in pre-sale condo reassignments by building a database on pre-sale condominium assignments, requiring developers to collect and report comprehensive information about the assignment of pre-sale condo purchases reported to a designated provincial office, and shared with federal and provincial tax authorities so they can make sure taxes are paid.
  - Taking action to end hidden ownership by requiring additional information about beneficial ownership on the Property Transfer Tax for, and establishing a registry that will contain information about beneficial ownership of land in B.C. administered by the Land Title Survey Authority, and shared with federal and provincial tax and law enforcement authorities to assist them in their investigations. The Province will introduce legislation amendments to require corporations in B.C. hold accurate and up to date information on beneficial owners.
  - Strengthening provincial auditing and enforcement powers by amending the Property Transfer Tax Act to increase the limitation period for assessments to 6 years, enable the collection of additional buyer information, introduce administrative penalties for non-compliance, extend the application of the general anti-avoidance rule, and enable tax administrators to compel access to information relevant to transfers such as the MLS database.
  - The Province will amend the Income Tax Act and Land Tax Deferment Act to allow improved information sharing.
  - The Province will move to change the property tax treatment of residential property in the Agricultural Land Reserve (ALR) as part of a broader review to ensure ALR land is being used for farming.
  - The Province is asking the federal government to formalize a multi-agency working group on tax evasion, money-laundering and housing.
- Investing more than \$6.5 billion over 10 years in affordable homes, including homes for growing families, seniors, women and children fleeing violence and student housing. This is the largest investment in housing in B.C.'s history.
  - Through partnerships, the Province will deliver 114,000 affordable homes over the next 10 years including building more than 14,000 rental units for the missing middle.
  - Investing \$378 million over 3 years and more than \$1.8 billion over the next 10 years in rental housing. This builds on the investment of \$208 million to help build 1,700 new affordable rental homes that government funded in the Budget 2017 Update.
  - Investing \$141 million over 3 years and \$734 million over the next 10 years to build and provide housing supports for women and children fleeing violence and abuse.

- To help local governments, the Province will mirror the increase in the available property tax exemptions provided under municipal revitalization agreements for qualifying purpose-built rental housing by waiving property taxes. The Province is increasing the incentive provided to those operating purpose-built rentals by extending the exemption to include provincial property taxes to help encourage developers to build more rental housing.
- The Province will develop new tools such as rental zoning that will empower local governments to support and accelerate the construction of homes people need.
- The Province is committing \$5 million over 3 years to help fund housing need assessments for local governments.
- Over the next 10 years, the Province is investing \$550 million into the construction of 1,750 units of social housing for Indigenous people in B.C.
- Investing \$1.1 billion over 10 years into seismic and fire-safety upgrades and essential building repairs and maintenance of social housing. This is the largest investment in refits and renovations of social housing in B.C. in more than 20 years.
- Budget 2018 builds on the modular housing program with funding for an additional 2,500 new homes with 24/7 support for people who are homeless or at risk of homelessness.
- Increasing rental assistance so that payments to low-income working families will increase by an average of \$800 per year, and payments to seniors will increase by an average of \$930 per year, helping over 35,000 households make their rent more affordable.
- Investing \$116 million over 3 years to Increasing support for renters, strengthening rental laws, upgrading existing affordable housing and enhancing protection for owners of manufactured homes.
- Investing \$20 million over 3 years to create the new HousingHub through BC Housing to build partnerships and affordable homes, where people need them most. HousingHub Office will engage governments, non-profits and the private sector in creating housing solutions.
- Partnering with post-secondary institutions to deliver 5,000 new student housing spaces on campuses. This is part of a new \$450 million student housing program that will allow post-secondary institutions to borrow directly from the Province in order to help finance new student housing.

#### Childcare:

- Investing over \$1 billion over 3 years- largest investment in B.C.'s history:
  - \$630 million over 3 years to improve affordability including a child care fee reduction for children up to age 5 in licensed care starting on April 1, 2018 (up to \$350/month for group infant/toddler care, up to \$200/month for family infant/toddler care, up to \$100/month for group care for children aged 3-5, up to \$60/month for family care for children aged 3-5.
- New affordable childcare benefit in September 2018, \$1250 per month per child. Families with pre-tax incomes of \$45,000 or less will receive the full benefit, up to the cost of care, and families who make up to \$111,000 will receive a reduced amount scaling according to income. Benefit amounts will ramp up helping up to 86,000 families by the end of 2020-21.
- Investing \$237 million to improve access, including delivering more than 22,000 new spaces throughout the province.
- Investing significant new funding from the federal government into an expansion of the Head Start program both on and off reserve for Indigenous-led child care.
- Budget 2018 provides \$136 million over 3 years to enhance quality of care including new supports for training and development, and workforce development.
- Immediately increasing the number of spaces available to train early-learning experts.
- Providing start-up grants to help existing providers become licensed.
- Strengthening laws to make sure that unlicensed child care providers are identified and held accountable.
- Provide grants to local governments to build more child care spaces and create plans to inform their local needs and priorities for child care, and build more relationships with school districts to create space.

#### Mental Health and Addictions/Poverty Reduction:

- In 2017 Government created a standalone Ministry of Mental Health and Addictions and invested \$322 million over the next 3 years.
- Budget 2018 will continue the \$3 million in one-time funding provided in Budget 2017 for Naloxone training, public safety and outreach efforts, and protecting police personnel from potential fentanyl exposure.

- In 2018, Province will help move B.C. from a focus on emergency response to a more integrated, proactive and preventive approach that helps people when and where they need it.
- MSP premiums will be eliminated by January 1, 2020, replacing it with a new employer health tax, a new payroll tax to help protect small businesses.
- Investing over \$1.5 billion invested in health care including \$538 million to provide improved care for seniors.

#### Transit/Transportation:

- The Province is a full partner in the Metro Vancouver Mayors' Council vision for improved transit and transportation across the region. The Province has committed to funding 40 per cent of the costs of the Mayors' Council plan.
- The Province will work with TransLink and local governments in Metro Vancouver to increase density and improve the availability of affordable housing around transit stations. Smart investments in transit will allow residents to live, work and play in complete communities, and reduce transportation costs for families.
- \$214 million for the bus pass or transportation supplement for over 100,000 people receiving disability assistance.
- Replacing the Pattullo Bridge with a new four-lane bridge.
- Increasing PST on luxury vehicles.
- Freezing ferry rates on all three major routes, rolling back fares on small routes by 15 per cent, and restoring the Monday-Thursday 100 per cent fare discount for senior passengers.

#### Environment & Climate Change/Sustainability:

- Creating an energy roadmap to support the transition to a low carbon future.
- Raising the carbon tax rate by \$5 per tonne on April 1, 2018. The carbon tax will be used to encourage behavior changes. Revenues generated from the carbon tax increase will be focused on carbon tax relief for low-and moderate-income British Columbians, support for emissions intense industry to transition to a low-carbon economy, and new green initiatives to grow innovation and investment.
- The government will develop the next phase of green initiatives to achieve B.C.'s climate targets with the advice from the Climate Solutions and Clean Growth Advisory Council.

#### First Nations/Urban Aboriginal Communities:

- Commitment to adopt UNDRIP across government, with shared responsibility.
- \$201 million over 3 years for Indigenous housing, skills training and Aboriginal Friendship Centres.
  - \$50 million in 2017/18 to support the revitalization of Indigenous languages.
  - \$158 million in partnership with Indigenous Housing Societies and First Nations to build and support 1,750 units to address housing needs of Indigenous peoples.
  - \$6 million over 3 years for Aboriginal Friendship Centres to support stable funding for continued outreach to Aboriginal people living both on and off reserve.
  - \$16 million over two years to the First Nations Health Authority to support Mental Health and Wellness in Indigenous communities.
  - Investing in expanding the Head Start Program both on and off reserve, in partnership with the federal government.
  - \$30 million over 3 years for the Indigenous Skills Training Development Fund, supporting programs such as computer literacy and safety training.
  - Creating of a new Indigenous Law Program at the University of Victoria.

#### Disaster Mitigation/Resilience:

- Investing an additional \$72 million in community resilience and recovery, and rural development.

#### Culture:

- Increases grants for the BC Arts Council by \$15 million over 3 years and Creative BC by \$3 million to contribute to vibrant communities and creative economy including the motion picture, music, publishing and digital media sectors.

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