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To: ["Direct to Mayor and Council - DL"](#)

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Subject: [Summary of the 2022-2023 Federal Budget Release](#)

Attachments: CMO - IGR - 2022 Federal Budget~ City of Vancouver - 8-13-2021.PDF

Dear Mayor and Council,

Today, Finance Minister Chrystia Freeland tabled the Government of Canada's 2022 budget titled [A Plan to Grow Our Economy and Make Life More Affordable](#).

This is the first budget released under the NDP-Liberal Supply and Confidence Agreement, and had an emphasis on tackling the high cost of housing, investing in people and health, a green transition, national defence and tech innovation.

Overall, the budget proposes \$9.6 billion in net new spending over the next year, and over \$31.2 billion over the next five years.

The deficit is projected to hit \$52.8 billion in 2022-23—down from the \$58.4 billion the fall update projected—representing 2% of Canada's GDP. The deficit is predicted to fall to \$8.4 billion by 2026-27.

A number of the commitments announced align with the City's submission to the Federal Budget Pre-consultation (attached), including increased funding for housing, climate emergency response and reconciliation. As more details around the budget are released, the IGR staff team will review and analyze the budget to determine how to best access this new funding to support our priorities in these areas. Analysis will also include alignment with the 2022 BC Government Budget that was announced in February, to align the City's advocacy to both levels of government.

Detailed commitments in Budget 2022 that align with City priorities are outlined below.

Housing

\$9.5 billion for affordable housing:

- ☐ Implementing a new [Tax-free First Home Savings Account](#) that will allow Canadians under 40 years old to save up to \$40,000 towards their first home.
- ☐ Doubling the first-time home buyers' tax credit from \$5,000 to \$10,000, which will return about \$1,500 to a home buyer at tax time to help offset the closing costs associated with a purchase.
- ☐ \$4 billion over the next five years to the Canada Mortgage and Housing Corporation (CMHC) to launch a new Housing Accelerator Fund (HAF). The goal is to create 100,000 net new housing units. The CMHC will receive another \$1.5 billion over two years to extend the Rapid Housing Initiative. This is expected to create at least 6,000 new housing units. Applications for the HAF will be announced separately.
- ☐ New restrictions to stop foreign buyers (companies and individuals) from acquiring non-recreational or residential property in Canada for two years:
 - The foreign buyers ban will apply to condos, apartments, and single residential units.
 - Permanent residents, foreign workers, and students will be excluded from this new measure.
 - Foreigners who are purchasing their primary residence here in Canada will be exempt.

Climate Emergency

\$12.4 billion on climate- and clean-tech-related initiatives over the next five years, in addition to a new \$15 billion Canada Growth Fund to attract private sector investment. Initiatives include:

- ☐ Approximately \$900 million for zero-emissions vehicles (ZEV) charging and refueling infrastructure.

- \$1.7 billion to extend an incentive for buying light-duty electric vehicles. By introducing a mandate that 60% of light-duty vehicles sold in 2030 must be zero-emissions, rising to 100% by 2035.
- \$2.2 billion to provide over seven years, starting in 2022-23, to expand and extend the Low Carbon Economy Fund which has helped all orders of government build a clean economy and create good jobs.
- \$780 million over five years, starting in 2022-23, to expand the Nature Smart Climate Solutions Fund to conserve, and enhance Canada's wetlands, peatlands and grasslands to store more carbon.
- \$200 million over five years to create the Deep Retrofit Accelerator Initiative, which will accelerate the pace of deep retrofits in Canada, including a focus on low-income affordable housing.
- \$458.5 million for a Canada Greener Homes Loan program for homeowners (operated by CMHC) to provide homeowner grants up to \$5,000 to improve energy efficiency. For businesses, Budget 2022 proposes to expand the accelerated tax deductions for investments in clean energy equipment to include air-source heat pumps.
- \$24.7 million over five years, starting in 2022-23 to establish a secretariat to support the Minister of Emergency Preparedness and to enhance federal coordination of emergency responses such as floods and other climate-related disasters.

Strengthening Health Care and Mental Health Services

- A new national Dental Care Plan, as promised in the Liberal's Supply and Confidence Agreement with the NDP. The government has assigned \$5.3 billion to Health Canada over the next five years. The Plan will cover:
 - Only those under 12 years old in 2022 and expand to under-18 year olds, seniors, and people living with a disability in 2023. People not in one of those categories will have to wait until 2025.
 - Families with an income of less than \$90,000 annually, with no co-pays for those with annual income under \$70,000.
- \$100 million over three years, starting in 2022-23 to Health Canada for the Substance Use and Addictions Program to support harm reduction, treatment, and prevention at the community level.
 - This builds on the \$116 million provided in Budget 2021 and \$66 million in the 2020 Fall Economic Statement for the Substance Use and Addictions Program.
- The government announced that it intends to engage with provinces and territories to inform the development of a new Canada Mental Health Transfer that will support the expansion and delivery of high quality and accessible mental health services across Canada.

Reconciliation and UNDRIP

- \$4 billion -- including \$652 million this fiscal year -- to Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs to help improve Indigenous Housing.
- \$25 million over three years, starting in 2022-23, to Parks Canada to support the commemoration and memorialization of former residential schools sites.
- \$209.8 million over five years, starting in 2022-23, to Crown-Indigenous Relations and Northern Affairs Canada to increase the support provided to communities to document, locate, and memorialize burial sites at former residential schools; to support the operations of and a new building for the National Centre for Truth and Reconciliation; and to ensure the complete disclosure of federal documents related to residential schools.
- To advance the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the government has committed \$65.8 million over five years, starting in 2022-23, and \$11 million ongoing, to Justice Canada and Natural Resources Canada to accelerate work and co-development of an

action plan with Indigenous partners.

- To complement this work, Budget 2022 also proposes \$9.5 million over five years, starting in 2022-23, to the Department of National Defence to align its operations and engagement with Indigenous peoples with the Act.

Anti-Racism

- \$85 million over four years, starting in 2022-23, to the Department of Canadian Heritage to support the work underway to launch a new Anti-Racism Strategy and National Action Plan on Combatting Hate. This funding will support community projects that ensure that Black and racialized Canadians, and religious minorities have access to resources that support their full participation in the Canadian economy, while also raising awareness of issues related to racism and hate in Canada.
- The government intends to announce funding for the Jewish Community Centre of Greater Vancouver in the future.

Infrastructure

- Budget 2022 signals the government's intention to accelerate the deadline for provinces to fully commit their remaining funding under the Investing in Canada Infrastructure Program to priority projects to March 31, 2023.
 - As a measure of fiscal prudence, any uncommitted funds after this date will be reallocated to other priorities. The federal government will work closely with provinces to support them in expediting project submissions. The existing deadline of March 31, 2025 will remain unchanged for the territories.
- Budget 2022 also proposes to extend the Investing in Canada Infrastructure Program's construction deadline from October 2027 to October 2033. To support this extension, Budget 2022 proposes to adjust the program's funding profile so that funding is available when needed. This extension recognizes delays caused by the pandemic, and will ensure that provinces and territories can fund priority projects.

Other Notable Announcements

- The Department of National Defence's budget will be increased, by approximately \$8 billion, over five years.
- One-time, 15% charge on taxable income above \$1 billion for the 2021 tax year for the country's big financial institutions. Additionally, Ottawa also plans to permanently increase the corporate income tax rate for banking and life insurance groups by 1.5 percentage points for taxable income above \$100 million.

For additional details, please see the Federal Government's full [Budget 2022 report](#) and government [press release](#).

Best,
Paul

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh (Squamish), and səliwətał (Tsleil-Waututh) Nations.

Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
Federal Budget

By: City of Vancouver

List of Recommendations

Recommendation 1:

That the government increase funding for housing-related investments and enhance housing related policies

Recommendation 2:

That the government increase funding for transportation programs, initiatives and infrastructure

Recommendation 3:

That the government increase funding for climate change mitigation and adaptation by accelerating the transition to clean energy, funding repairs and supporting energy retrofits for existing affordable housing buildings

Recommendation 4:

That the government enhance funding for social, cultural and recreational amenities

Recommendation 5:

That the government support local governments by providing funding to advance Indigenous reconciliation and outline regulation in the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

Recommendation 1: That the government increase funding for housing-related investments and enhance housing related policies

The City is grateful for the federal government's historic investments over the last five years to tackle housing affordability across the country. Unfortunately, Vancouver's housing market continues to be one of Canada's least affordable for low and middle-income earners. Homelessness and housing instability, particularly for renters, remains at a crisis level with the results of the 2020 homeless count identifying 2,095 individuals experiencing homelessness in Vancouver.

Vancouver is grateful for the federal government's ambitious commitment to end chronic homelessness with the \$2.5 billion Rapid Housing Initiative program, and for the \$51.5 million we received in the first round and \$31.8 million in the second round.

Vancouver is also grateful for the federal government's commitment to protect vulnerable populations through the \$600 million Reaching Home program and the \$6.5 million we have received.

While both of these historic commitments to municipalities have had a significant impact in Vancouver, we are asking that the federal government scale up and expand the scope for these investment programs in Budget 2022 to achieve our shared goal of ending chronic homelessness.

Suggestion: Enhancements to the National Housing Strategy

To address the ongoing housing crisis, the City would like to see the National Housing Strategy (NHS) enhanced in the following ways:

- Accelerate the timeline for committing unused NHS funding to projects.
- Fast-track approvals for projects that have already been submitted.
- Increase the flexibility of NHS programs to accommodate a wider range and scale of cost sharing proposals.

Implementing these recommendations will increase the City's ability to take advantage of funding from the NHS to address our most pressing non-market housing needs.

Request: A \$250 million investment in Vancouver's Single Resident Occupancy (SRO) buildings

Furthermore, we are requesting that the federal government continue to partner with the City of Vancouver and the BC Government to protect the SRO buildings in the Downtown Eastside (DTES). This ongoing partnership will build on the City's SRO strategy, which has included the purchase of the Balmoral and Regent Hotels on Hastings, along with several other privately owned SROs buildings throughout the

neighbourhood. A federal commitment of \$250 million would support our shared work in the DTES, including undertaking to activities below:

- An acquisition fund to bring more privately-owned SRO buildings that are vulnerable to speculative investment into public ownership to protect tenants from homelessness.
- Establishment of a renovation rehabilitation assistance program (RRAP) for privately-owned SROs with collaborative owners that are willing to protect existing tenants and their homes from being lost to disrepair or increasing rents from speculative investment.
- Development of a comprehensive site on Hastings Street, including the Balmoral and Regent Hotel sites along with neighbouring vacant lots, that includes supportive housing, economic activity and healthcare services.

Request: A \$250 million investment in Vancouver's co-op housing

Finally, the City is seeking \$250 million for co-op lease renewals on City lands and to fund redevelopment and capital maintenance costs for repairs. The Vancouver Affordable Housing Endowment Fund has been created to support this work.

Recommendation 2: That the government increase funding for transportation programs, initiatives and infrastructure

Request: Support completion of the Broadway Subway rail connection by funding UBCx

The UBCx Line is a critical piece of regional infrastructure that will provide significant benefits to many existing and new transit riders. It will also link one of Metro Vancouver's largest job and innovation centres at the University of British Columbia with the rest of the region.

Extensive analysis and modeling predict ridership on the Millennium Line segment from Arbutus to UBC to be higher than the entire Millennium Line today (130,000 riders by 2050). It is estimated that the project will create well in excess of 13,000 person-years of employment, with many new jobs, on an accelerated timeline, in place within three years.

Total funding required to complete the business case is in the range of \$60 million (\$25 million for the first phase of the reference case, and an additional \$35 million for project procurement). Cost-sharing for large-scale transit infrastructure projects typically follow a 40 percent Federal, 40 percent Provincial and 20 percent regional formula. We are advocating for a similar formula with project partners to fund the UBCx business case.

Suggestion: Create a future permanent transit fund

For several years, the City, along with TransLink and the Mayors' Council on Regional Transportation has been calling for a permanent transit fund to give the Metro Vancouver region the long-term predictability needed to plan the future of our transit network.

We welcome the February 10, 2021 sustainable transit funding announcement from the federal government, which outlined a commitment of \$14.9 billion for public transit over the next eight years, including permanent funding of \$3 billion per year for Canadian communities beginning in 2026/27. This type of funding and support from senior government will have a positive impact on advancing the region's vision for public transportation.

Further funding is required to support region-wide fleet electrification through zero emission buses to ensure that the region's greenhouse gas (GHG) emissions from transportation meet national and global reduction targets. There is an opportunity for senior government to continue supporting our regional transit system through a second phase of COVID relief funding to run for an additional year.

Suggestion: Financial support for active transportation programs, initiatives and infrastructure

While public transit is integral to affordable living in our region, senior government support must also enable TransLink to continue planning active transportation and new mobility concepts to ensure the next generation of projects are ready to proceed. Increased funding for active transportation infrastructure will also extend the reach of transit service by providing lower-cost options for residents to access daily needs and economic opportunities.

We are seeking funding and partnership opportunities to expand the region's municipal cost-sharing programs for walking and cycling, as well as bus speed and reliability improvements; all of which are programs that have been continually oversubscribed for numerous years.

Recommendation 3: That the government increase funding for climate change mitigation and adaptation by accelerating the transition to clean energy, funding repairs and supporting energy retrofits for existing affordable housing buildings

Suggestion: Regulatory changes to support energy retrofits

Municipalities need support to achieve deep, long-term reductions in GHG emissions and we urge the federal government to consider establishing a national energy-guide rating system for single-family houses. This would provide homeowners with customized information on the best energy efficiency opportunities for their home and would also

establish a common compliance foundation for jurisdictions like Vancouver aiming to regulate GHG emissions for existing houses.

Currently, the owners of rental buildings are not taking advantage of government and utility incentives for energy upgrades because the value of the incentives and the energy upgrades reduces their capital cost allowance. The Canada Revenue Agency could address this issue by altering the tax code to exempt the value of energy and seismic upgrades thereby reducing the allowable building depreciation that can be claimed by a building owner each year (the capital cost allowance).

Suggestion: Financial support for green infrastructure/nature-based solutions

The City of Vancouver appreciates the recognition in the 2021 Federal Budget for our Rain City Strategy as a leader in natural infrastructure solutions. We are also very pleased with the July 2021 announcement inviting our organization to apply to the Natural Infrastructure Fund for up to \$20 Million in funding.

The City is ready to begin investing in nature-based solutions to the climate emergency and the Natural Infrastructure Fund will help us advance and scale up these investments in our communities, while creating green jobs and beautiful urban spaces at the same time.

Investments in green rainwater infrastructure in the public and private realms provide multi-functional, impactful infrastructure that yields many co-benefits for communities related to reducing pollution discharge to water bodies, climate mitigation and adaptation, access to nature, as well as enhancing habitat and biodiversity in our urban areas.

The unprecedented heat dome recently experienced in Vancouver and across western Canada, underscores the impacts of climate change on our daily life and highlights challenges with urban heat island effects. Data analysis indicates that urban heat is more dramatic in Vancouver's less affluent neighbourhoods and in school yards, which are often developed with larger paved areas and without large trees to provide shade.

Nature-based solutions and green rainwater infrastructure can help address the underlying causes of urban heat island effects, by decreasing impervious paved surfaces that hold heat and by planting trees to add more shade to neighbourhoods. Additionally, green rainwater infrastructure supplies water to urban forests and supports biodiverse plant communities.

The City welcomes the recently announced intake of the Disaster Mitigation and Adaptation Fund (DMAF) and appreciates that the program reflects feedback provided last year.

Recommendation 4: That the government enhance funding for social, cultural and recreational amenities

Community and cultural facilities support the health of our communities and contribute to the economic and environmental well-being of Vancouver. Having a place to learn new skills, connect with friends and neighbours, and participate in activities is more important than ever as communities plan for COVID-19 recovery.

Vancouver is growing steadily, with 5,000 to 6,000 new residents per year, and this growth requires new infrastructure and facilities to maintain an acceptable level of service for residents.

Request: Funding to support development of social, cultural and recreational amenities

Priorities include renewing and enhancing community and cultural facilities across the city, and providing more spaces for childcare and early childhood education.

- a) *Marpole-Oakridge Community Centre and Outdoor Pool*: Estimated construction cost is \$61 million. This project involves the renewal and expansion of an existing community centre and the provision of a new outdoor pool. Construction forecasted to start in 2023.
- b) *Marpole Civic Centre Library and Social/Cultural Facility*: Estimated detailed design and construction cost is \$80-95 million. Construction forecasted to start in 2025.
- c) *Ray-Cam Community Centre*: Estimated construction cost is \$50 million. Construction forecasted to start in 2025.
- d) *Britannia Community Centre (phase 1)*: Construction cost for phase 1 is estimated to be \$140 to \$165 million. Currently in the planning/scoping phase with construction forecasted to start in 2025.
- e) *Sunset Seniors Centre*: Total project cost is \$13.7 million. If senior government funding is confirmed before the end of August 2021, construction could start by Q4 of 2022.

Recommendation 5: That the government support local governments by providing funding to advance Indigenous reconciliation and outline regulation in the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

In March 2021, Vancouver City Council passed the motion *Implementing the United Nations Declaration on the Rights of Indigenous Peoples* and established a joint Task Force to guide UNDRIP implementation.

While other municipalities and First Nations in BC may not be ready to work together to advance the principles outlined in UNDRIP, host Nations xʷməθkwəy̓əm (Musqueam Indian Band), Skwxwú7mesh (Squamish Nation), and sə́lilwətał (Tsleil-Waututh Nation) have expressed an eagerness to begin the challenging work as soon as possible. The City of Vancouver is committed to advance initiatives in partnership with its host Nations and lead a process for local governments across the country to follow.

Request: Regulatory, policy and financial support for the City of Vancouver to implement UNDRIP

In order to be successful, we urge the federal government to:

- a) Include a role for local government, as you develop an action plan to achieve the objectives of UNDRIP nationally.
- b) Address how UNDRIP will impact urban Indigenous organizations, and whether urban Indigenous peoples have individual or collective rights under UNDRIP.
- c) As creatures of provincial statute, provide local government interested in UNDRIP implementation a legal framework to operate within.
- d) Provide \$240,000 a year (combined) to support engagement initiatives with host Nations xʷməθkwəy̓əm (Musqueam Indian Band), Skwxwú7mesh (Squamish Nation), and sə́lilwətał (Tsleil-Waututh Nation), and \$50,000 a year to support Vancouver's Urban Indigenous communities.