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

Date: 8/2/2024 9:57:16 AM

Subject: Submission from the City of Vancouver to the Federal Standing Committee on Finance Annual Pre-Budget Consultation Process - Budget 2025

Attachments: [City of Vancouver Submission to Pre-Consultation for 2025 Federal Budget.pdf](#)

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Good morning Mayor and Council,

On August 2, 2024, the City submitted its written brief to the House of Commons Standing Committee on Finance annual pre-budget consultation process for Budget 2025.

Following translation, all written briefs submitted as part of this consultation will be posted on the committee's website. The committee will table a report on these consultations in the House of Commons with recommendations to be considered by the Deputy Prime Minister and Minister of Finance in the development of the 2025 federal budget.

The City's written brief includes two recommendations to the Federal Government:

1. Commit to ongoing investment to replace Single Room Occupancy (SRO) Buildings in Vancouver; and
2. Partner with municipalities and provincial governments to enable housing delivery through funding for infrastructure required to accommodate growth.

Should you have any questions, please email me and we'll work on a response through the weekly Q&A.

Thank you,

Sandra

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*The City of Vancouver acknowledges the unceded homelands of the x m k y m (Musqueam), S wxwú7mesh (Squamish), and Sellilwitulh (Tseil-Waututh) Nations.*



August 2, 2024

**Pre-Budget Consultations in Advance of the 2025 Federal Budget:  
Submission from the City of Vancouver  
To the Standing Committee on Finance**

Summary of Recommendations:

The City of Vancouver is recommending that the Federal Government:

1. Commit to ongoing investment to replace Single Room Occupancy (SRO) Buildings in Vancouver; and
2. Partner with municipalities and provincial governments to enable housing delivery through funding for infrastructure required to accommodate growth.

Overview of Recommendations:

**1. Commit to ongoing investment to replace Single Room Occupancy (SRO) Buildings in Vancouver**

*The City of Vancouver is requesting an ongoing commitment from the Federal Government to invest in priority projects identified in an intergovernmental SRO Investment Strategy being developed by the Government of Canada (HICC/CMHC), the Government of BC (Ministry of Housing/BC Housing) and the City of Vancouver.*

- An Intergovernmental Working Group, comprising the Government of Canada (HICC/CMHC), the Government of BC (Ministry of Housing/BC Housing), and the City of Vancouver, is currently collaborating under a trilateral agreement to develop an SRO Investment Strategy. This strategy will outline a joint plan to replace SROs with self-contained social housing units and identify priority investments for the next 10-15 years.
- SROs are often considered housing of last resort before homelessness. The Strategy will identify priority investments to replace SROs with self-contained shelter-rate social housing, while in the interim improving the condition and livability of the private SRO stock.
- *Tranche 1 Building Replacement*, detailed in the SRO Investment Strategy, is currently in progress and aims to replace approximately 560 rooms across six buildings. The Intergovernmental Working Group has identified 20 additional SROs (*Tranche 2*) for assessment to prioritize buildings for replacement over the next 10-15 years. This includes determining the replacement pathway (redevelopment or conversion), estimating the associated costs for each building, and securing the necessary funding.
- Other investment priorities currently being explored are focussed on interim stabilization of the private SRO stock, including renovation and repair funding as well as funding to support community acquisition of private SROs. Existing CHMC rental building renovation programs are not designed to support renovations and repair to low-rent private SROs given the significant age of these buildings and the limited ability to repay loans while keeping rents low. A federal government granting program to support refurbishment and repair of very old, affordable private rental buildings in exchange for affordability is critical to the maintenance of this stock, reducing affordable rental stock loss, and stemming low-income tenants' fall into homelessness.



## **2. Partner with municipalities and provincial governments to enable housing delivery through funding for infrastructure required to accommodate growth**

*The City of Vancouver is requesting the Federal Government partner with municipalities and provincial governments to enable housing delivery by developing new and/or expanding existing funding programs for infrastructure required to accommodate growth, including water, sewer and amenities.*

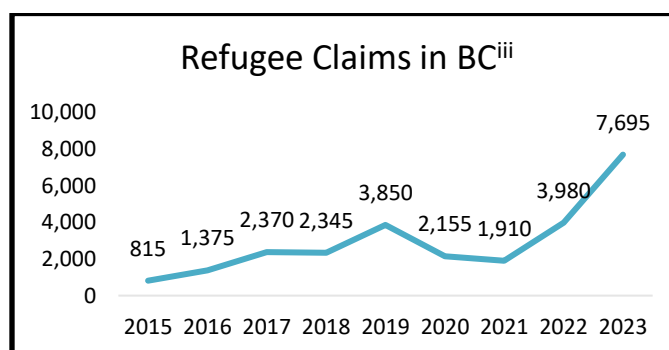
### **Bridging the Infrastructure Gap:**

- Vancouver deeply appreciates the recent \$115 million provided by the Federal Government to the City through the Housing Accelerator Fund. Vancouver will use this funding to help realize bold plans to encourage housing supply. For example, the Broadway Plan leverages provincial and federal investment in major new transit infrastructure to create significant new residential and commercial density along the Broadway Corridor, including over 30,000 homes by 2050.
- However, new housing supply will continue to be limited by basic infrastructure like water, sewer, utilities, transportation and amenities. Additionally, the transition to rental and non-market housing, along with rising land and construction costs and increasing interest rates, makes it difficult to fund infrastructure and amenities through the "growth pays for growth" approach, rendering the delivery of the right housing supply financially unsustainable.
- Stable, predictable funding for infrastructure, transportation, and amenities is needed to maximize the development of new housing supply.
- The \$6 billion Canada Housing Infrastructure Fund announced in Budget 2024 recognizes the very real link between housing and infrastructure, however, it is insufficient to bridge the existing infrastructure gap.
- Additionally, both the Provincial/Territorial and Direct Delivery Stream of the Canada Housing Infrastructure Fund mandate a 3-year freeze on increasing development charges from their April 2, 2024 levels for municipalities with populations exceeding 300,000.
- The City of Vancouver estimates that such a freeze on development charges would result in \$50 million in foregone revenue if rates are not increased for inflation, making it economically unviable for the City to apply for this funding stream.
- Development cost charges are fees that fund critical infrastructure and amenities to support growth and enable housing delivery.
- The City recognizes the challenges of the current environment, including market uncertainty, interest rates, inflation and the construction cost environment. Given the situation, the City has already taken steps to balance the need to deliver growth-related infrastructure with current real estate conditions by deferring the 2023 annual inflationary adjustment to development cost levies, fixed-rate community amenity contributions to 2024, and the 2024 annual inflationary adjustment to 2025.
- The City of Vancouver also offers generous development cost charge waivers for rental tenure. In 2023, 80% of new apartment approvals in Vancouver were rental tenure and therefore eligible for a develop cost charge waiver. Over the past 3 years, the City has waived \$55 million in development cost charge revenue to facilitate rental development.

- The City owns over \$34 billion of infrastructure and amenities (replacement value excluding land), encompassing underground water and sewer infrastructure; roadways, walkways and bikeways; affordable housing; community facilities, parks and open spaces; public safety facilities and service yards. Based on an estimated replacement value of \$34 billion, the City will need to invest ~\$800 million annually to maintain City assets in a state of good repair.
- Based on expected growth, the City 10-Year Capital Strategic Outlook estimates infrastructure and amenity needs over the next 10 years to be in the range of \$8 billion to \$10 billion. If the maintenance and new infrastructure costs for the next 10 years were to be funded solely through property taxes, the City estimates this would require a one-time tax increase of 446%.

#### Responding to a Growing Population:

- Despite a record supply of new rental housing, the demand for housing, along with associated infrastructure and amenities, continues to rise in Vancouver. In 2023, the City approved over 4,600 purpose-built rental units, more than double the annual target of 2,000 units. The Metro Vancouver region is expected to welcome over 55,000 new immigrants per year by 2025.<sup>i</sup>
- The latest CMHC Rental Market Report published in January 2024 found that “[i]mmigration was the main driver of population growth in [British Columbia] in the first half of 2023...[N]et international migration to British Columbia grew by 56% compared to the first half of 2022. In British Columbia, most new immigrants settle in Vancouver”.<sup>ii</sup>
- CMHC also found that strong demand continues to mean purpose-built rental market vacancy rates are low in Vancouver (0.9%) and the average two-bedroom rent has gone up by 8.6% from last year.<sup>ii</sup>
- Refugee claims have also been rising significantly in BC and Canada. BC receives the third highest volume of claimants, after Quebec and Ontario.<sup>iii</sup>
- Additionally, shelters and service providers in the Lower Mainland are quickly becoming overwhelmed by a rapid increase in the number of asylum seekers needing support. In Vancouver, of the 37 shelters interviewed by City staff, 32% (12 shelters) reported that at least 50% of beds are occupied by asylum seekers/refugees and 78% (29 shelters) have seen a sharp increase.



<sup>i</sup> Source: [Metro Vancouver Regional Planning Committee Meeting - June 9, 2023](#).

<sup>ii</sup> Source: [CMHC 2024 Market Rental Rate Report](#).

<sup>iii</sup> Source: [Asylum Claimants - Monthly IRCC Updates - Canada - Asylum Claimants by Province/Territory, Age and Claim](#).