

March 9, 2018

Mayor Lisa Helps
City of Victoria
1 Centennial Square
Victoria BC V8W 1P6

MAYOR'S OFFICE

MAR 15 2018

VICTORIA, B.C.

Dear Mayor Helps:

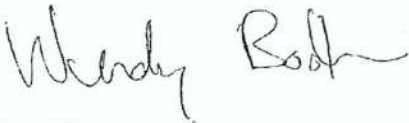
Re: 2017 Resolutions

Please find attached the provincial response to the 2017 resolution(s) put forward by your Council and endorsed by the UBCM membership at Convention.

I trust this information will be of assistance to you. Please feel free to contact Jamee Justason, UBCM Information & Resolutions Coordinator with any questions.

Tel: 604.270.8226 ext. 100 Email: jjustason@ubcm.ca

Sincerely,



President

Enclosure

Whereas residents and communities across British Columbia face acute housing affordability and housing availability challenges, threatening the economic security of individuals as well as the productivity and viability of local economies, as youth, seniors, people with disabilities and working people lack access to affordable housing options;

And whereas effective fiscal and taxation tools have been identified to address these challenges by encouraging the use of residential property to provide housing, and discouraging speculation, "flipping," commodity investment and other market distortions aimed at maximizing the exchange-value of residential property for the owner, while contributing toward a sharp escalation in the price of housing:

Therefore be it resolved that the Province of British Columbia and Government of Canada take action to introduce effective fiscal and taxation tools to encourage the use of residential property to provide housing, and discourage speculation, "flipping," commodity investment and other market distortions that contribute toward a sharp escalation in the price of housing.

Convention Decision: **Endorsed as Amended**

Provincial Response

Ministry of Finance

The BC government's top priority is to make life more affordable for British Columbians. Our first steps include actions to address affordability problems for renters and buyers.

Through Budget Update 2017, capital funding is being increased to make sure more families have access to housing and to address the rising issue of homelessness. New spending will support construction of 3,700 new units for people in need of affordable housing. This is in addition to about 6,700 units that are currently in development or under construction throughout the province.

The BC government is also increasing resources to improve services for renters and landlords. New funding will reduce wait times for tenancy disputes and help the Residential Tenancy Branch address a current backlog.

The Finance Minister is reviewing the tax system to improve housing affordability, close real estate speculation loopholes, and reduce tax evasion, fraud and money laundering in the BC real estate marketplace. As part of that review, the Minister will evaluate existing and proposed housing tax measures. Housing affordability must be addressed in a comprehensive way.

Minister of Municipal Affairs and Housing will be working closely with local governments to address the housing and affordability problems impacting people in BC. The Minister has met with several mayors to discuss comprehensive short- and long-term housing solutions.

The Ministry of Municipal Affairs and Housing also worked with the Federal Government and provinces and territories to help develop a new National Housing Strategy and multi-lateral framework.

Both Ministers will be listening to communities and working together to develop an integrated strategy to improve housing affordability for British Columbians.

Federal Response

Ministry of Infrastructure and Communities

The establishment of fiscal and taxation tools is not the responsibility of Infrastructure Canada. I would encourage you to follow up with my colleagues at the British Columbia Ministry of Finance or Ministry of Municipal Affairs and Housing.

Whereas concern around housing affordability is widespread in British Columbia communities, and the Land Value Tax provides a fiscal mechanism to incentivize improvements to property for housing and other purposes, and creates a disincentive to holding vacant property for speculative purposes;

And whereas local governments in British Columbia previously had the authority to introduce Land Value Taxes—taxing land at a higher rate than improvements:

Therefore be it resolved that the Government of British Columbia restore the authority of local governments to introduce a Land Value Tax, to incentivize improvements to property for housing and other purposes, and create a disincentive to holding vacant property for speculative purposes.

Convention Decision: Endorsed

Provincial Response

Ministry of Municipal Affairs & Housing

One of the Province's top priorities is supporting our local governments in addressing housing affordability for British Columbians (both renters and buyers). To help address this goal, the Minister of Municipal Affairs and Housing, has met with several mayors to discuss comprehensive housing solutions. The Ministry has received UBCM's Housing Strategy and looks forward to continuing to work together on recommendations included in the report.

The municipal variable tax rate system does not allow for a land value tax separate from improvements because it could potentially be used to set high rates on undeveloped or underdeveloped land. It is important to note that such land is already assessed at its highest and best potential use. Thus vacant land often has a high value for tax purposes.

In addition, vacant land is often assigned to Class 6 (Business and Other) until the potential use of the property can be refined through the municipal planning and zoning process. The Class 6 tax rate is much higher than the residential tax rate. Thus, there is already a significant tax burden on vacant land.

To allow additional taxes to be levied against vacant land would be inequitable because the municipality would be using the assessment and tax system to essentially levy a vacancy penalty.

Instead, the Province provides municipalities with other tax mechanisms to incentivise property development like the revitalization tax exemption under S.226 of the Community Charter, which may be used to provide a tax reduction in order to expedite new development on vacant and under-utilized land.

2017 B23 Local Partnerships for Energy Efficiency Retrofits

Victoria

Whereas local governments across North America are partnering with other levels of government to provide incentive programs to property owners to save money and reduce the environmental impact of buildings, including incentive programs funded through local service charges to support the installation of solar energy technology options for solar photovoltaic, solar hot air and solar hot water;

And whereas municipal local improvement charges in British Columbia cannot currently include the provision of cost recovery for municipal services on private property;

Therefore be it resolved that the Province of British Columbia work with local governments, First Nations governments and the federal government to introduce robust incentive programs to support residents, property owners and property managers in improving energy efficiency of buildings to address climate action and housing affordability objectives, and that the Province of British Columbia enact legislation to allow the cost recovery of municipally-financed green energy technologies on private properties through municipal local improvement charges.

Convention Decision: Endorsed

Provincial Response

Ministry of Municipal Affairs & Housing

The Provincial Government supports local governments in the implementation of programs to promote a green economy. Under existing legislation, municipalities may provide grants to individual households to subsidize a portion of the acquisition of acquiring solar panels.

This would be a direct grant from the municipality to the individual property owner, and would not be done through a local improvement charge. The money to fund such a grant program would come from the Municipal General Revenue Fund. Please note a municipality cannot provide assistance to businesses. Therefore, a municipality can only provide a grant to individual residents and non-profits.

Local improvement charges and accompanying public borrowing are reserved for financing the costs of public infrastructure that are owned and controlled by the municipality, such as construction of a sidewalk and wastewater infrastructure. Local improvement charges are not the appropriate vehicle to finance private acquisitions that are owned by residents.

Federal Response

Ministry of Infrastructure and Communities

One of the eligible investments categories of the Gas Tax Fund (GTF) is Community Energy systems, which includes building retrofits. Unfortunately, under all current Infrastructure Canada programs, only tangible capital assets primarily for public use or benefit are eligible for funding.

Whereas British Columbia's regions are rich in forest resources, a renewable source of employment, revenues and materials that provide vital habitat for biological diversity, water quality, outdoor recreation and economic development, noting that employment and public revenues from British Columbia's forests have declined substantially in recent decades, at the same time that watersheds and ecosystems have experienced negative impacts due to existing forestry practices;

And whereas British Columbia's diverse communities can realize substantially improved outcomes from forest resources by adopting best practices in forest stewardship and forest management from Scandinavia and other jurisdictions:

Therefore be it resolved that the Province of British Columbia work with First Nations, regional districts and municipalities to substantially improve community benefits of forest resources, including: expansion of community tenures, introduction of regional log markets, incentives for value-added production, and strengthened standards of forest stewardship to increase legislated protection of drinking watersheds and biological diversity.

Convention Decision: Endorsed

Provincial Response

Ministry of Forests, Lands, Natural Resource Operations & Rural Development

The Province is committed to a strong sustainable economy—one that works for all British Columbians and the environment. That includes working with communities, First Nations and industry to develop a fair, lasting strategy to create more jobs by processing more logs in BC and renewing our forests by expanding investments in reforestation.

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development is also exploring how we can expand our innovative wood products sector by addressing regulatory and capital barriers hampering the growth of engineered wood production and working cross-ministry to ensure public projects prioritize the use of BC wood.

In partnership with UBCM, the Ministry hosted a "Forestry 101" workshop to discuss the "Principles and Opportunities for Strengthening Community Interactions" with local government. This was a follow-up to 2016's UBCM convention workshop and was attended by over 100 participants from communities across the province. The discussions revealed the importance of the 52 Community Forest Agreements in place that connect municipalities directly to the management of local forest lands. There was also strong support for the introduction of First Nations forestry agreements, which are creating new economic opportunities.

The Forest and Range Practices Act is a stewardship framework containing the high forest management standards for which BC is recognized. This legislation sets resource management objectives for eleven resource values, including water, soil, wildlife, biodiversity and visual quality. Forest licensees must not only manage in a way that is consistent with these objectives, but are expected to work closely with First Nations, communities, other tenured users and the general public. The Ministry encourages communities to develop strong relationships with local district managers and forest companies to promote their specific interests in local forestry decisions.

Whereas local governments receive 8 cents of each tax dollar collected in Canada and municipalities own 60 per cent of all Canadian infrastructure, and face an enormous infrastructure debt, yet have the least ability to raise funds to cover that debt;

And whereas in the first phase of infrastructure spending the federal government committed 50 per cent of the cost of infrastructure projects and will soon be negotiating the second phase of spending announced in the 2017 federal budget with a potential similar contribution:

Therefore be it resolved that UBCM request the provincial government to match the federal government's percentage of spending on infrastructure projects.

Convention Decision: **Endorsed**

Provincial Response

Ministry of Municipal Affairs & Housing

The Province of British Columbia appreciates local governments' concerns about the challenge of finding adequate financing mechanisms to support infrastructure projects. It is also aware of the interest in a review of the cost-sharing percentages in senior government infrastructure funding programs.

The Ministry continues to ensure the delivery of funding meets the needs of local governments and that there is a fair and equitable process of distribution of these funds across the Province. While developing the criteria for capital programs and having set amounts of funding available, the Ministry must also consider the impacts of the cost sharing formula to all government priorities.

Generally, past joint Federal-Provincial programs have included federal cost sharing criteria that split funding equally (33%) between the three levels of government. Recently, the Clean Water and Wastewater Fund provided 50% funding from the Federal Government, 33% from the Provincial Government and the Local Government supplying the remaining 17%.

The Province is currently in discussions with the Federal Government regarding the Investing in Canada Infrastructure Program (ICIP). For joint Federal-Provincial programs, the Federal share is set by the Federal Government, who often identifies the partner cost-share requirements. In ICIP the cost share formula for local government projects includes a federal share of 40% and the provincial share meeting a minimum 33% threshold.

The Ministry works to ensure that it maximizes the benefits of the capital programs to as many communities as possible while endeavouring to meet the various challenges faced by individual Local Governments. The Ministry, during the development of future funding programs, will consider these challenges when analyzing the cost-sharing formula with regard to the Provincial cost-share as well as cost share requirements by third parties. With a finite amount of money available, changing the cost-sharing formula may result in fewer communities being able to receive funding support. The Ministry remains committed to developing capital programs that are equitable to all Local Governments. The Ministry has heard UBCM's request for a 40% provincial cost share portion and will take that forward to government for further consideration.