



## Committee of the Whole Report For the Meeting of March 2, 2023

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**To:** Committee of the Whole **Date:** February 16, 2023  
**From:** Karen Hoese, Director, Sustainable Planning & Community Development  
**Subject:** Childcare in Victoria – Update on Short-Term Implementation Plan Actions

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### RECOMMENDATION

- 1) That Council direct staff to:
  - a) Prepare amendments to the *Zoning Regulation Bylaw* and *Land Use Procedures Bylaw* to encourage childcare spaces throughout the City and streamline permit processes, as described in this report.
  - b) Undertake focused consultation with Island Health, childcare providers, the Urban Development Institute and Community Association Land Use Committees (CALUCs) on the proposed bylaw amendments.
  - c) Bring forward details of the feedback received and how it affected the bylaw amendments, when the bylaws are brought forward for introductory readings.
- 2) That Council approve the updated advocacy motions and associated recommendations, as amended, in the attached Implementation Plan (Attachment A) and write to the Provincial Ministry of Education and Childcare to advocate for the following:
  - a) Funding for 'Seamless Day' childcare options for all elementary schools;
  - b) Increased capital funding for all new childcare projects including revised funding guidelines to align with that of affordable housing;
  - c) Introducing more focused resources for children and their families who have additional cultural, income or support needs to continue to address gaps in equity; and
  - d) Encourage the urgent adoption and funding of an Early Childhood Educator (ECE) wage grid to retain and recruit qualified staff, and attract people to enter the field.

### EXECUTIVE SUMMARY

The purpose of this report is to provide Council with an update on the short-term actions outlined in the Childcare in Victoria Implementation Plan that includes ways in which the City of Victoria can

support, promote, and ensure the availability of local early learning and care, as well as advocate for policy decisions that are outside municipal jurisdiction. The Implementation Plan, which consists of short, medium, and long-term actions, serves as a road map to move forward with the actions recommended in the Childcare in Victoria report. The overall goal is to address systemic childcare challenges throughout Victoria through a phased, multi-dimensional approach. This work strengthens actions of other levels of government in addition to occurring collaboratively with staff and community partners. The City's Official Community Plan (OCP) includes objectives and policies that support multigenerational neighbourhoods and encourages childcare spaces throughout the city.

Since the Childcare in Victoria Implementation Plan was approved on December 4, 2021, staff have been focusing on the immediate short-term actions that include:

- identifying amendments to the *Zoning Regulation Bylaw* to implement the OCP's objective of encouraging childcare spaces throughout the city
- identifying amendments to the *Land Use Procedures Bylaw* to streamline the municipal approval process by considering delegating development permits for childcare facilities – with or without variances – to staff
- creating communications to help navigate City processes and help inform and guide childcare space creation processes and licensing requirements
- updating the Childcare in Victoria report to include more recent data and childcare space targets to inform future policy and development application processes
- considering childcare operations as part of co-location opportunities in future developments.

The proposed Zoning Regulation Bylaw amendments broadly include: a new common definition of childcare facility; permitting childcare in more zones other than industrial and relaxing rules for childcare facilities in house conversions. The proposed Land Use Procedures Bylaw amendments include delegating development permits (DP). The proposed bylaw amendments and updated processes are essential to support the creation of new facilities and to provide existing and future childcare providers more clarity, support and capacity. This report provides an update on the short-term action work that has been ongoing throughout 2022 and seeks direction on actions ready to move forward, including the identified bylaw amendments.

In response to a subsequent Council motion regarding provision of additional supports to community associations which deliver childcare in order to aid in the recruitment and retention of childcare employees, staff have explored a potential funding model developed in collaboration with the seven community associations that deliver childcare services in the City of Victoria. However, due to the associated implications to the City budget, staff have not recommended including the proposed funding increase as part of the 2023 budget. Instead, additional advocacy to the Province related to the adoption of an Early Childhood Educator (ECE) wage grid is proposed to help promote the attraction and retention of qualified workers for the childcare sector.

## **PURPOSE**

The purpose of this report is to:

- provide an update to Council on the short-term actions of the Childcare in Victoria Implementation Plan
- report back on the advocacy actions from the Childcare in Victoria Report (Attachment B) and Implementation Plan

- respond to Council's April 7, 2022 motion by reporting back with options and implications for providing additional supports to community associations that deliver childcare within the City to aid in recruitment and retention of childcare employees.

## BACKGROUND

In 2019, the Mayor's Childcare Solutions Working Group was awarded a Community Childcare Planning Program grant from the province. The program was set up to provide funding for local governments to engage in childcare planning activities to develop a community childcare space creation action plan. The specific goals of Victoria's action plan were to:

1. create an updated inventory of spaces within the city of Victoria
2. map the current state of childcare in the city
3. review City policies related to childcare
4. make recommendations for creating more affordable, high-quality childcare spaces in the city.

This work resulted in a Childcare in Victoria report, informed by a community profile analysis, background policy research, a childcare providers survey, focus groups, in-depth interviews with key stakeholders and a series of workshops with the Mayor's Childcare Solutions Working Group and City staff. Findings of the engagement and analysis show that there was a significant gap (estimated at approximately 4,233 spaces based on 2019 data) between the number and types of childcare spaces available in Victoria and what is needed by families.

The report was considered by Council at the meeting of October 8, 2020 and the following motion was passed:

*That Council receive the report for information and:*

1. *Refer to staff to report back at the Term 3 Update on the Financial and Human Resource implications and the ability to implement the Process, Policy, Partnerships and Education and Training recommendations that are within municipal jurisdiction in the Report.*
2. *Bring forward the specific recommended advocacy motions for consideration at a future Council meeting.*

To address part 1 of this motion staff created an Implementation Plan of short, medium and long-term actions that was brought forward at the December 4, 2021 Committee of the Whole, where Council approved the following motion:

1. Direct staff to commence the proposed short-term actions in 2022, noted in Attachment A to this report as follows:
  - a. Consider amendments to the City's Zoning Bylaws to streamline municipal approval processes for childcare and report back to Council with recommendations and bylaw amendments;
  - b. Create communications to help navigate City processes and help inform and guide childcare space creation processes and licensing requirements;
  - c. Update the Childcare in Victoria report to include more recent data and childcare space targets;
  - d. Consider childcare operations as part of co-location opportunities in future developments.

2. Direct staff to report back with recommendations on advancing Childcare in Victoria advocacy actions in Q2-Q3 of 2022.

Council passed an additional motion on April 7, 2022:

*"That Council directs staff to report back with options for and implications of providing additional supports to community associations which deliver childcare within the City of Victoria to aid in the recruitment and retention of childcare employees."*

Advocacy to the Province was another part of the motion, which requested Mayor Lisa Helps write to the Government of British Columbia advocating for further actions to support the training, recruitment and retention of Early Childhood Educators (ECEs). The Mayor advocated for this in a letter to the Minister of Education and Child Care on April 28, 2022 (Attachment C) and included the findings of the Child Care in Victoria report.

## **ISSUES & ANALYSIS**

The Childcare in Victoria Implementation Plan includes a series of actions addressing different themes including process improvements, policy objectives, partnerships, advocacy, and education and training. Staff prepared an Implementation Plan proposing short, medium and longer-term timelines for the actions within municipal jurisdiction. The following provides an update on the short-term action work that has been ongoing throughout 2022 and seeks direction on those ready to move forward.

### **Part I: Short-term Actions**

1. **Short-term Action 1:** Consider amendments to the City's Zoning Bylaws to streamline municipal approval processes for childcare.

Obtaining the required land use approvals can have timeline and cost implications for operators seeking to open a childcare facility. The processes can also appear complex to applicants who are unfamiliar with making such applications and additional costs may be incurred when hiring consultants to assist with preparing plans, etc.

Currently, in-home childcare facilities accommodating eight children or less are not regulated by the City of Victoria Zoning Bylaws (these are exempted from municipal zoning under the *Community Health and Assisted Living Act*). However, if a new building is proposed, or an existing building will be physically altered (internally or externally) to accommodate such a facility, then other permits, such as development permits, development variance permits and building permits, may be required.

For childcare facilities accommodating more than eight children, the City's zoning regulations are applicable. Childcare is a permitted use in many zones, however, there are some zones where such a use is not permitted or is permitted with specific restrictions. If an operator wishes to open a daycare accommodating more than eight children in a zone that does not permit the use being proposed, then a rezoning application is required. If the zone does permit the proposed use but the proposal does not or cannot meet the other regulations outlined in the Zoning Bylaw (for example, parking requirements), then a variance may be required.

Rezoning applications are considered by Council following a public hearing, however, before submitting an application to the City, the applicant must meet with the neighbourhood Community

Association Land Use Committee (CALUC) to present the proposal and gather community feedback. Once the application is formally submitted to the City, an application may take six to eight months to process and application fees will be approximately \$4,000 or greater, depending on the specifics of the project. If a development permit or development variance permit is also required, then this will incur further permitting costs (the fee will depend on the specifics of the project and whether variances from the Zoning Bylaw are proposed).

Considering the above, it is recommended that Council direct staff to carry out focused consultation on the following regulatory and process amendments:

#### Define Childcare Facilities and Permit the Use in all Zones, with some exceptions/limitations

The City's *Zoning Bylaw 2018*, which covers Downtown (Old Town and the Central Business District), has a common definition ("Care Facility") for childcare and residential care facilities licensed under the Community Care and Assisted Living Act, and permits this in all zones. However, the *Zoning Regulation Bylaw*, which regulates land use across the remainder of the city does not have a single common definition for childcare facilities and does not permit this use across all zones. This inconsistent approach results in confusion for proponents and staff alike when trying to determine where a daycare can be located and under what conditions it would be allowed.

Under the *Zoning Regulation Bylaw*, daycare is considered to be included in the following uses:

- In residential zones:
  - Kindergarten, subject to the House Conversion Regulations
  - Public Building (subject to the specifics of the operation)
  - Community Centre
  - Home Occupation (professional services), subject to the Home Occupation Regulations.
- In commercial zones:
  - Professional services (or similar).

There are also some site-specific zones that specifically list Daycare as a permitted use in the Zone.

In light of the above, staff are proposing a new common *Zoning Regulation Bylaw* definition of childcare facility, consistent with the recognized definition used by Island Health:

**"Childcare Facility"** means a facility licensed under the Community Care and Assisted Living Act to provide day care to children under 13 years of age.

In addition, staff recommend that to facilitate opportunities for this use throughout the city, childcare facilities be permitted more broadly, namely in all zones with the following exceptions, restrictions and allowances:

- not permitted in industrial zoned properties, as the city has limited industrial lands and needs to protect these areas for employment-generating industry and innovation
- permitted on lots that permit single-family dwellings or two-family dwellings where there is an existing single-family dwelling or two-family dwelling
- not permitted in a garden suite, unless all or part of the principal building is used as a childcare facility
- permitted on the ground floor of a multiple dwelling

- permit the outdoor component of a childcare facility anywhere on the subject lot.

### Relax Rules for Childcare Facilities in House Conversions

As outlined above, childcare facilities accommodating up to eight children are not subject to the City's Zoning Bylaw regulations. Proponents wishing to accommodate more than eight children and operate in an existing single-family dwelling or duplex must comply with Schedule G – House Conversion Regulations. These regulations restrict the use of the property for childcare facilities in the following ways:

- Only buildings constructed as a single-family dwelling prior to 1931 can be converted to provide childcare facilities
- The subject property must have an existing lot area of 670m<sup>2</sup> and a width of no less than 18m, except when located in the R1- A Zone which requires an existing lot area of 740m<sup>2</sup> and a width of not less than 24m
- A house conversion can only accommodate a single use (i.e., a daycare operator would not be permitted to live at the premises)
- House conversions allow kindergartens which limits the age of children that can be cared for to 5 years of age and younger (creating a barrier to out of school childcare services)
- Permitted changes to a building to accommodate a childcare operation are limited; however, changes to a building are often required to address BC Building Code issues and Island Health Licencing requirements.

The above restrictions are often seen as barriers to childcare operators from operating in existing buildings in traditional residential areas. Anecdotally, staff occasionally receive enquiries from potential operators who are interested in converting a single-family dwelling to a childcare facility, however, they cannot meet the requirements of Schedule G and do not wish to pursue a rezoning application due to costs, timelines, and uncertainty. As such, it is proposed that the *Zoning Regulation Bylaw* be amended to allow childcare facilities in an existing single-family dwelling or two-family dwelling, subject to the regulations set out in the applicable site zoning, rather than Schedule G. This combined with the new definition of childcare facility, would eliminate most, if not all, of the barriers listed above.

### Delegate Development Permits, with or without variances, to staff

Building on the existing delegated authority outlined in the *Land Use Procedures Bylaw*, delegating development permits (DP) (with or without variances) for childcare facilities would expedite the review of applications that do not require a rezoning application.

In accordance with provincial legislation, DP applications are approved or denied based on their consistency with the applicable design guidelines established by Council in the OCP and staff would make decisions on this basis.

To qualify for issuance of a DP (with or without variances) under delegated authority, an application would need to:

- propose new buildings, building additions, structures, or equipment for childcare facilities, and
- be consistent with applicable design guidelines.

If staff are unable to work with an applicant to refine the design to a point of consistency with the design guidelines, then the matter would be referred to Council for consideration. Furthermore, if childcare facilities were proposed as part of a larger mixed-use project, unless that project already qualified for delegation under the *Land Use Procedures Bylaw* (i.e., it is a non-market rental affordable housing project), it would be referred to Council for consideration.

The delegation described above would reduce timelines for DP applications, as consideration of these proposals would otherwise be presented to Committee of the Whole, requiring ratification by Council and, where variances are proposed, requiring an Opportunity for Public Comment. It is estimated that this change would result in potential time savings of between two and five months.

It should be noted that the City has an established framework of planning policy and design guidelines to help guide decision-making. Under the current Council approval process, when staff provide a recommendation to Council, that recommendation is formulated based on a thorough analysis of policy and guidelines that apply to the site, as well as sound planning principles and practice. As is the case with the present delegated system, this same rigour would be applied to delegated DP applications.

### Next Steps

It is recommended that the following consultation takes place with respect to the proposed Bylaw amendments and process revisions described above:

- Focused consultation in the form of a 30-day referral to Island Health, childcare providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the *Zoning Regulation Bylaw* and *Land Use Procedures Bylaw*
- A summary of these proposed changes be posted on the City website, Engage Victoria, as well as other relevant means to allow broader consultation.

Following the 30-day focused consultation, in a subsequent report, staff would bring forward the necessary Zoning Regulation Bylaw and Land Use Procedures Bylaw amendments to Council for introductory readings with details of the feedback received and how that feedback has affected the Bylaw amendments.

A Public Hearing is also required before Council may consider adopting any Zoning Bylaw amendments. Consistent with the *Local Government Act* and City's *Land Use Procedures Bylaw*, notice of the Public Hearing would be advertised in the local newspaper and on the City website. On-site sign posting is not required where ten or more properties are affected by a City-initiated Zoning Bylaw amendment.

- 2. Short-term Action 2:** Create communications to help navigate City processes and help inform and guide childcare space creation processes and licensing requirements.

This work will be completed once policy and process improvements have been finalized.

- 3. Short-term Action 3:** Update the Childcare in Victoria report to include more recent data and childcare space targets.

The space targets and information in the Childcare in Victoria report were created based on 2019 data collected prior to the COVID-19 pandemic, which may have affected childcare needs throughout the City. It was recommended that the Childcare in Victoria report be updated, commencing in early 2022, to include more recent data and childcare space targets. A consultant

was retained to update this information and this work has been completed. Updated data includes childcare spaces current to June 2022 and newly available information from Statistics Canada based on phased public releases of 2021 census data.

The most recent version of the updated report data is provided in Attachment C.

Based on recent data we know that:

- As of 2021 Victoria had 7,122 children aged 0-12 and only 2,691 childcare spaces, or 72 more children and 126 fewer licensed childcare spaces since 2019
- As of 2022, there is a minimum deficit of 4,431 spaces if a space were to be made available to every child (up 198 spaces or 4.6% since 2019) or a deficit of between 2,216 – 3,545 spaces if a space was available to 50-80% of local children
- Victoria's access rate for 0–5-year-olds has increased (from 37.3 to 43.5 spaces per 100 children) but has decreased for 6–12-year-olds (from 41.6 to 32.9 spaces per 100 children) since 2019
- To achieve a childcare access rate of 50% for children 0-5, Victoria will need an average of 3 new spaces per year up to 2030. For school aged children (6 to 12 years), to maintain an access rate of 80%, we will need an average of 175 new spaces created per year. Our revised annual total space creation target of 178 new spaces per year is 14% higher than the 156 annual new spaces projected in 2019
- Minimum childcare waitlist time in the city remains one to two years long.

To summarise, as compared to 2019 reported data, the updated childcare gap analysis has revealed that Victoria now has more children and fewer licensed childcare spaces (particularly for school-aged children), resulting in a larger childcare deficit. This change in need has called for a 14% increase to Victoria's annual space creation target, up to 178 from 156 new spaces per year, in order to achieve the desired childcare access rates by 2030.

4. **Short-term Action 4:** Consider childcare operations as part of co-location opportunities in future developments.

Childcare will be further integrated into other mixed-use projects by encouraging co-location opportunities with other uses such as affordable housing projects. This work is ongoing across City departments through existing City partnerships.

## **Part II: Advocacy Actions**

As per Council's previous motion, staff were directed to report back on the five advocacy actions listed in the report that are outside municipal jurisdiction, with recommendations on their advancement. These advocacy recommendations are outlined below:

1. **Advocacy Action 1:** Advocate for changes to the School Act to better support childcare space creation in the province.

**Background:** The Childcare in Victoria Report was considered by Council in October 2020, with much of the background research completed early in 2020. Since that time, there has been considerable evolution in the policy context surrounding childcare in BC, including with respect to integrating childcare and education through changes to the School Act.



Specific to creation of licensed childcare within schools, the province is currently piloting 'Seamless Day' Kindergarten programs in 44 school districts, offering before and after-school childcare in conjunction with kindergarten program delivery. Currently, this pilot is not available to children in grades 1 through 5, nor is it being piloted at any schools in Victoria. If expanded and properly funded, the program has the potential to expand the number of new childcare spaces quickly in the coming years. For example, there are 11 elementary schools in the City of Victoria; if each school were to introduce 50 spaces for Seamless Day childcare, the number of licensed school-aged childcare spaces in the city would grow by 550, representing 19% of the space creation target for children ages 6-12 (2,830 spaces by 2030).

**Recommendation:** That Council write a letter to the Ministry of Education and Childcare encouraging them to adopt and fully fund 'Seamless Day' as a permanent program available to all elementary schools and to children in Kindergarten to grade five.

**2. Advocacy Action 2:** Advocate to Senior government for additional capital funding for childcare projects.

**Background:** Progress has similarly been made with respect to securing additional capital funding for childcare projects in BC. The primary mechanism for this has been the ChildCareBC New Spaces Fund.

Through this program, the Province has approved funding applications by the Greater Victoria School District to introduce new full-time childcare studio spaces at 17 local schools, including four in Victoria – three of which were recently completed (at Oaklands Elementary, George Jay Elementary, and Victoria West Elementary), and one is anticipated for completion in Fall 2024 at Victoria High School. These newly-created spaces have been accounted for in the updated space creation targets.

In 2022, the province announced an additional \$30 million for the New Spaces Fund to help create an estimated 8,400 new licensed childcare spaces over the next year, with a focus on delivering childcare and early learning on school grounds through a dedicated funding stream. Key changes for the 2022-2023 funding guidelines included a removal of the maximum provincial funding amount per licensed space, however, projects with a cost per space of \$40,000 or less will continue to be prioritized.

Staff have engaged with local development representatives involved in multiple mixed-use affordable housing and childcare projects who have reported a frequent and significant funding gap between the actual cost to develop a new childcare space and the up to \$40,000 per space in funding awarded through New Spaces under previous calls. Even when provided with free land, local projects costs are exceeding \$60,000 per space.

Despite the removal of the maximum funding amount per space, a continued lack of consideration for the differing costing realities between project location and types (renovation, versus new standalone, versus a component of a mixed-use project), retention of the current cost per space priority perpetuates an inequitable and often unrealistic target for local new build childcare projects.

An additional barrier to local childcare project viability relates to the New Spaces program's funding commitment being locked in at the time of application approval, unlike provincial funding for housing projects which is tied to the final (tendered) cost of projects. Aligning the funding guidelines for childcare capital funding with housing would assist much-needed local projects co-located with

affordable housing in securing full funding and help to minimize project risks and delays associated with funding gaps for childcare facility development.

**Recommendation:** Understanding that the cost to design high quality, licensed childcare spaces combined with high land, material, and site development costs may unfairly exclude local projects from receiving New Spaces funding under the current guidelines or subject projects to financial uncertainty and delay associated with funding commitment timing, staff recommend that Council write a letter to the Ministry of Education and Childcare encouraging them to:

- continue to increase capital funding for additional childcare projects;
- review New Spaces Funding Guidelines with the view to re-prioritize Primary Stream project funding based on community need; and
- align childcare capital funding with that of affordable housing by tying funding commitments to the final (tendered) cost of projects.

**3. Advocacy Action 3:** Support and encourage employers to share responsibility for childcare within their communities.

**Background:** This proposed action emerged from a recognized opportunity to leverage private sector resources to help make childcare more accessible and available to working families. Other jurisdictions such as the City of Vancouver have explored best practices to increase the number of childcare programs located within and/or for workplaces to tap into such resources. Research indicates that workplace childcare can positively impact employee recruitment, retention, and performance, and employer support ensures affordability and financial viability of the programs. However, this model of childcare is also a complex topic and needs further examination in how it fits within public childcare funding programs. In the meantime, there are other ways the City can encourage workplace childcare as part of new developments.

**Recommendation:** Staff recommend that this action be removed from the Implementation Plan as its intent may be achieved through the implementation of Short-term Action 4 (Consider childcare operations as part of co-location opportunities in future developments). Staff propose to continue to encourage co-location opportunities for childcare programs in new developments to help encourage childcare space creation – which may include workplace childcare – and to monitor local and provincial discourse related to employer support for childcare to determine if more focused advocacy to senior government in this area is warranted in the future.

**4. Advocacy Action 4:** Address gaps in equity and promote poverty reduction.

**Background:** The Childcare in Victoria report highlighted that addressing the unequitable impacts of childcare challenges are key to improving childcare access. Until recently, a major barrier to addressing equity gaps in childcare has been the high cost to access this vital service.

By partnering with the Government of Canada through the Canada-Wide Early Learning and Childcare Agreement, the Province of British Columbia committed to converting over 12,500 licensed childcare spaces into \$10/Day spaces – or spaces where the minimum amount families will pay for childcare is set at \$10 a day – by December 2022. In March 2022, 757 new \$10/Day spaces were announced on Vancouver Island, 247 of which are located within the city of Victoria. Additional spaces are anticipated to be announced soon, as an additional intake period for \$10/Day facilities closed this summer and negotiations were finalized in November 2022. Moving forward, applications are being reviewed on an ongoing basis with new centres being announced monthly.

In December 2022, the Government of BC announced that families of children aged 0-Kindergarten enrolled at participating \$10/Day childcare centres would be eligible for an additional \$550 per month reduction in child care fees.

A memo attached to this report (Attachment D) provides additional background on the history and scope of \$10/Day childcare in BC.

The current \$10/Day program does give specific consideration through intake priorities to providers that serve Indigenous families, families in underserved communities, and parents working non-standard hours. Similarly, the New Spaces fund prioritizes equity-deserving populations, including low-income families, children with support needs, Indigenous children and families, francophone children, black and other children and families of colour, families new to Canada, and young parents.

However, as identified by the University of British Columbia's Human Early Learning Partnership and School of Population and Public Health, meaningfully addressing gaps in childcare equity requires three key factors: 1) universal services to support the well-being and healthy development of all children, 2) more focused resources for children and their families who have additional cultural, income or support needs, and 3) removing barriers to access.<sup>1</sup> While important steps have been taken to reduce or remove barriers to childcare access due to income disparity, more resources are required to ensure greater stability for childcare operators, and to increase the capacity of the sector to deliver high-quality, universally accessible childcare that meets the needs of all children and families.

**Recommendation:** That Council write a letter to the Ministry of Education and Childcare advocating for increased access to no-fee, inclusive and extended-hours of childcare so that parents with disabled children, very low incomes, or who work irregular hours have access to childcare that meets their needs, including by:

- setting up working groups to identify and prioritize actions to adequately resource childcare providers to be responsive to the needs of the families and communities they serve; and
- expanding access to the Supported Child Development Program, in recognition of the increased need of families with children with extra support needs<sup>2</sup>.

##### **5. Advocacy Action 5:** Advocate for childcare as a social determinant of health.

**Background:** Research shows that participation in quality early childhood education and care is linked to better outcomes in the mental and physical health of children. Similarly, securing quality childcare for their children has positive mental and physical outcomes for parents as it frees up space and time for them to work, recreate, and practice self-care.

**Recommendation:** That this action be removed from the Implementation Plan as it is more of an important consideration rather than an actionable item. This wording and emphasis will be reflected in policy and considered in upcoming OCP updates in alignment with the Equity Framework (and

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<sup>1</sup> HELP. 2012. "Research Brief 2012: Address Barriers to Access." UBC. Vancouver, BC. [https://earlylearning.ubc.ca/app/uploads/2022/06/barriers\\_to\\_access\\_brief\\_2012.pdf](https://earlylearning.ubc.ca/app/uploads/2022/06/barriers_to_access_brief_2012.pdf)

<sup>2</sup> See Newbury, J. & Gerlach, A. 2022. "Parents Pushing for Equity and Inclusion in the Child Care System in BC." University of Victoria. Victoria, BC. <https://inclusionbc.org/wp-content/uploads/2022/11/InclusiveChildcare2.pdf>

communications on updated policy and processes outlined in the Implementation Plan (Appendix A).

### **Part III: Childcare Supports**

Following Council's April 7, 2022 motion regarding providing additional supports to community associations for childcare staffing, staff engaged with seven community association childcare providers. This included online meetings with the Fairfield Gonzalez Community Association, Burnside Gorge Community Centre, Fernwood Neighbourhood Resource Group, Oaklands Community Association, and Victoria West Community Association. Two other community associations which operate childcare (the Quadra Village Community Centre and James Bay Community Centre) did not have capacity to attend meetings but have been asked for feedback and invited to update meetings.

#### **What We Heard**

From detailed conversations with community partners, key themes emerged that are similar across communities and providers. Program managers spoke of high turnover and the struggle to fill staff vacancies as significant issues among childcare centres in the City and attributed these challenges to a variety of factors including few qualified applicants, a lack of available and/or affordable housing, burnout and a high cost of living pushing staff out of the City or out of the industry altogether. In one case, a manager noted their program had recently had three staff quit in one week; through exit interviews it was determined that two were leaving the childcare industry completely, while the other was moving away. They also highlighted a need to focus on retention of current employees as a priority to support existing childcare programs, due to their present instability resulting from the above noted challenges. Two of the five operators spoke of instances where they came very close to having to shut down or reduce their services in response to staff vacancies within the previous six months.

Through these discussions, staff sought input from childcare providers regarding what supports from the City would be most beneficial to their staff recruitment and retention challenges. The priority recommendations that emerged all related to monetary supports, summarized as follows:

1. Funding to support discrete (one-time) recruitment and retention activities. For example, a general grant to pay moving expenses for an applicant living outside Victoria, or to pay course fees for an existing employee upgrading their certification.
2. Funding to compensate for on-going recruitment and retention barriers related to the high cost of living in Victoria.

Staff explored the viability of delivering on the above recommendations in the form of either a grant or subsidy program, and it was determined that under existing budgetary and staffing conditions the City does not have the capacity to develop and administer either of these mechanisms within existing resources.

However, as annual direct-award grant funding is already distributed to each of the City's community associations to support the delivery of a variety of neighbourhood-based community programming, it may be feasible to provide additional annual funding to those community associations which deliver licensed childcare services. Through further discussion with the providers, it was determined that a top-up to direct-award grant allocation would be welcomed as

an important and flexible source of funding for childcare programming, and would help address the variety of recruitment and retention needs providers are facing.

### Potential Funding Model

To help the City identify a fair and meaningful potential funding amount per organization that reflects the variation in the type and scale of care (and associated staffing needs) offered at each of the seven community associations that deliver childcare services, a formula was created to assess potential funding based on the total number of hours of licensed care offered per year. Though expressed as an hourly rate, the potential funding is intended to support a variety of employee recruitment and retention measures. The formula includes childcare Provincial licensing details for each provider and takes into consideration the types of licensed care, daily licensing hours, required staffing, as well as days per year they operate, and is summarized through the following equation:

$$\text{Licensed hours per day} \times \text{Days per year in operation} \times \text{Required staff} = \text{Total hours}$$

The proposed formula would allow for the grant allocation to be distributed fairly amongst community associations and directly reflect the different capacity and staffing needs of each provider. The number of licensed care hours offered at each centre ranges between 3,360 to 39,222 annually, for 30 to 245 licensed spaces. Childcare grant funding for individual community associations would be recalculated annually based on provincial licensing data.

Based on the total hours of licensed childcare provided, potential municipal funding levels for the respective seven community associations can be calculated based on a top up of \$0.50 per hour, \$1 per hour, \$1.50 per hour, \$2 (or another amount) per hour of licensed childcare. These hourly rates were identified by community association stakeholders for ease of illustration as well as their ability to contribute meaningfully to compensation packages for childcare workers within the proposed formula, with the understanding that the adopted rate would be determined based on Council's preferred total funding contribution, and subject to available funds. As noted above, this funding would be intended to support a variety of recruitment and retention activities to be determined by the operators based on their workers' needs, including but not limited to training/course fees, wages, moving expenses or transportation costs.

An overview of the estimated budget allocation and property tax implications for the varying hourly rates under existing community association licensing conditions (149,204 total hours of licensed care per year, supporting approximately 978 licensed spaces) is summarized below for information.

<b>Hourly Funding Rate</b>	<b>\$0.50</b>	<b>\$1.00</b>	<b>\$1.50</b>	<b>\$2.00</b>
Total Funding	\$74,602	\$149,204	\$223,805	\$298,407
Average Funding Per Community Association	\$10,657	\$21,315	\$31,972	\$42,630
Property Tax Increase Impact	0.05%	0.10%	0.14%	0.19%

Should Council wish to consider annual funding to support the childcare services provided by the community associations, it is recommended that there be a requirement to include annual

supplementary reporting, included in the respective community organization's base funding annual reporting to the city, on how these additional funds were spent to support childcare staff recruitment and retention.

### Implications and Additional Advocacy Actions

Presently, community association funding for childcare is not an existing service. Therefore, the proposed model would require changes to the City's Financial Plan, including a property tax increase, service reductions in other areas and/or increased revenues, should Council wish to introduce this funding.

It is important to note that, at this stage, staff did not engage with non-community association-run licensed childcare centres, who operate approximately 64 other licensed childcare programs in Victoria. However, based on the Childcare in Victoria report as well as updated data from the consultant, there is clearly a need for broader support for all childcare providers to recruit and retain childcare workers, as the staffing challenges and resulting instability of childcare spaces has been noted as impacting childcare programs city-wide. As such, there is a risk of additional funding targeted to programs run by community associations potentially destabilizing others in the city by attracting staff from those centres in order to fill vacancies.

Thus, while efficiencies exist in delivering additional assistance to community association-run childcare based on pre-established funding arrangements, without equivalent supports to other centres, the potential to increase the overall number of licensed childcare spaces or stability of childcare programs city-wide in this way is limited.

Therefore, it is proposed that Council considers supporting community childcare through the following additional advocacy action, alongside those proposed by the Childcare Working Group in the Childcare in Victoria Report, to support the sector with increased supply of qualified childcare workers:

1. Write a letter to the Ministry of Education and Childcare advocating for the urgent implementation of a competitive, publicly funded wage grid, as recommended by the Coalition of Childcare Advocates of BC and Early Childhood Educators of BC.<sup>3</sup>

## **OPTIONS & IMPACTS**

### *Accessibility Impact Statement*

The City's 2020 Accessibility Framework is considered in City policy development processes and informs final products and outcomes. The proposed bylaw amendments, advocacy actions, and updates to the Childcare in Victoria Implementation Plan are in alignment with the City's commitment to accessibility. The proposed advocacy related to addressing gaps in equity (Advocacy Action 4) speaks directly to increasing access to inclusive childcare, in recognition of the heightened need of families with children who require extra support.

### *2019 – 2022 Strategic Plan*

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<sup>3</sup> Anderson, L., Sing, M., and Haber, R. (2020) "Next Step: A Competitive, Publicly Funded Provincial Wage Grid is the Solution to BC's ECE Shortage." Vancouver, BC. <https://www.10aday.ca/wagegrid>

The creation of a city-wide Childcare Strategy and Action Plan is listed as Action 1 of Strategic Objective 5: Health, Well-Being, and a Welcoming City (p.30).

### *Impacts to Financial Plan*

The City's draft 2023 Financial Plan does not include funding for the purpose of childcare recruitment and retention. Potential operating funding related to the stabilization of community association childcare programs' staffing would consist of an increase to existing direct-award recreational programming grants distributed by the City annually. Any potential new funding commencing in 2023 would require a property tax increase or a reduction of service levels in other business areas.

### *Official Community Plan Consistency Statement*

Implementation of the Childcare in Victoria report actions is consistent with the OCP. Under Multigenerational Neighborhoods, policy 15.8 encourages the development of quality, accessible, affordable daycare by considering non-profit daycare space as an amenity in new developments and encouraging new childcare spaces throughout the city.

## **CONCLUSIONS**

This update on the Childcare in Victoria – Implementation Plan is focused predominantly on the short-term actions recommended in the Childcare in Victoria report, which are increasingly important as updated data indicates that the shortage of childcare spaces in the City has increased by approximately 200 spaces since 2019. The proposed bylaw amendments and updated processes are essential to support the creation of new facilities and to provide existing and future childcare providers more clarity, support and capacity.

Upon review of the five advocacy recommendations highlighted in the Childcare in Victoria report, staff recommend Council advocacy to the Provincial government in three key areas: 1) funding for 'Seamless Day' childcare options for all elementary schools, 2) increased capital funding for all new childcare projects including revised funding guidelines to align with that of affordable housing, and 3) to continue to address gaps in equity by introducing more focused resources for children and their families who have additional cultural, income or support needs. To provide equal support to childcare programs across Victoria and BC, Staff also recommend additional strategic advocacy to the Provincial government to encourage the urgent adoption and funding of an ECE wage grid to retain and recruit qualified staff, and attract people to enter the field.

Through the above noted actions, the City can support the provision and growth of high quality and accessible childcare in the near term and help with the future implementation of medium- and long-term actions.

Respectfully submitted,

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## **Report accepted and recommended by the City Manager**

### **List of Attachments**

- Attachment A: Childcare in Victoria – Implementation Plan (Amended, 2023)
- Attachment B: Childcare in Victoria Report (2019)
- Attachment C: Letter from Mayor to Province re Improving Access to Childcare (2022)
- Attachment D: Childcare in Victoria data update report (Urban Matters, 2023)
- Attachment E: \$10 a Day Information Memo (Urban Matters, 2022)