



Ministry of  
Finance

# Memorandum of Understanding on Local Government Financial Resiliency

## *Update from the Province-UBCM Working Group on Local Government Finance (LGFWG)*



Ministry of  
Municipal Affairs

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## Ensuring Local Government Financial Resiliency

### Today's Recovery Tomorrow's New Economy



#### Establish a Partnership with the Province

- An effective partnership is critical to finding sustainable solutions

#### New Economy

- Transitioning from tangible to non-tangible assets
- Impacts to the property tax system

#### Addresses Cost Drivers

- Attainable Housing
- Community Safety
- Climate Change

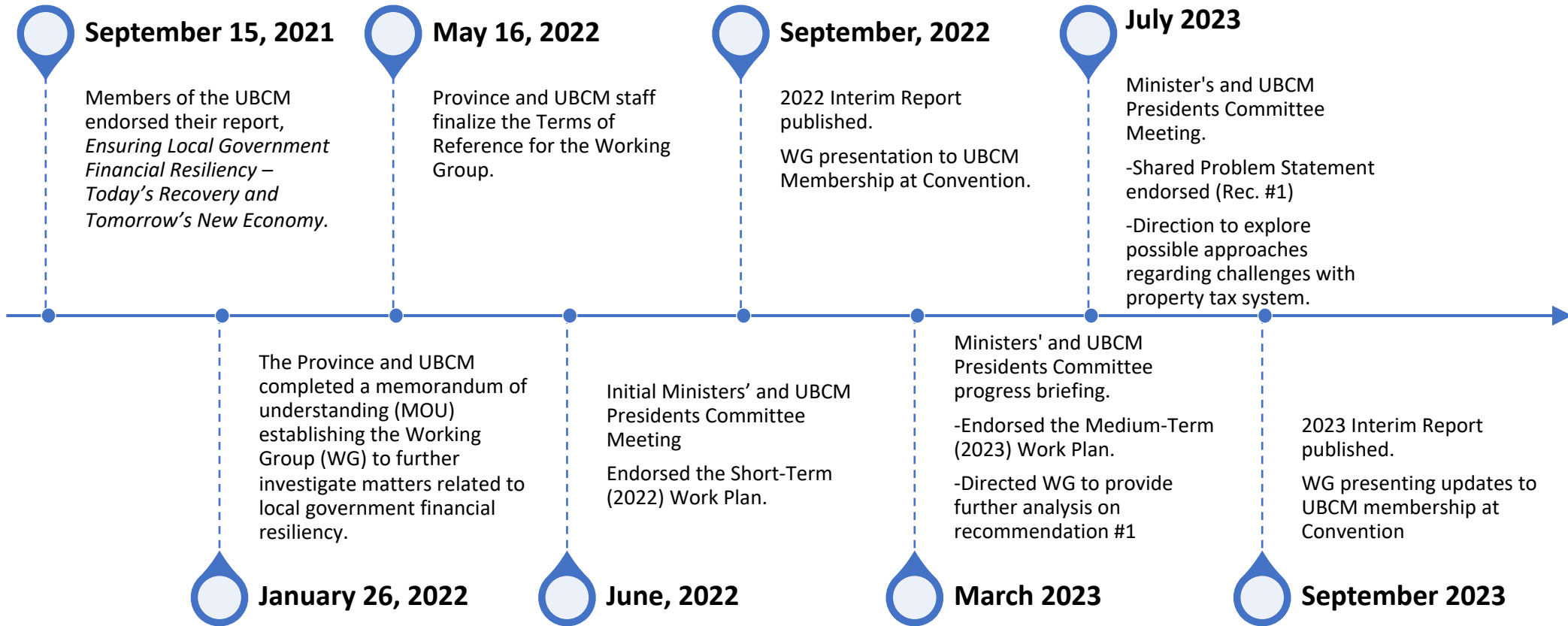


***20 Recommendations***

UBCM 2023

**BALANCING ACT**

# Progress to Date



## RECOMMENDATION

### 1

*UBCM and the Province work together in reviewing the current local government property tax system and the impacts of the 'New Economy' in order to:*

- develop a fairer, more responsive property tax;*
- monitor impacts of the New Economy on taxation; and*
- identify emerging sources, and opportunities to share taxation/revenues that may result from the New Economy.*

## RECOMMENDATION

## 5

*The Province commit to working with UBCM on a comprehensive review of funding mechanisms for financing growth-related infrastructure services including Development Cost Charges and Amenity Agreements, to:*

- Better capture growth related capital costs that are increasingly strained as a result of pressure for local governments to incentivize attainable housing;*
- Provide local governments with flexibility to better reflect community circumstances and community objectives; and*
- Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.*

## RECOMMENDATION

### 6

*The Province commit to work with UBCM to identify the appropriate revenue source(s) that may both increase funding available for attainable housing and incentivize the use of residential property for housing. Potential sources include, but are not limited to:*

- *New taxation powers, such as vacancy taxation, to be granted to local governments for use at their discretion;*
- *Returning funds from existing revenue sources such as the speculation tax, to the jurisdiction in which they are collected, for provision of attainable housing;*
- *Modifications to the property transfer tax to make it more progressive and/or disincentivize rapid resale ('flipping'); and*
- *Short-term rental taxation.*

## RECOMMENDATION

### 7

*The Province, in partnership with UBCM and other stakeholders, commit to improving the effectiveness and efficiency of the development approval processes for which each stakeholder, including the development industry and Province, is responsible.*

## RECOMMENDATION

8

*The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.*

## RECOMMENDATION

10

*Work with the Province and with other key stakeholders, recognizing and reversing the historic downloading of jurisdictional responsibility for mental health and addiction services on local governments and locally-funded police, to develop a comprehensive strategy to address mental health and addictions patients.*