

UBCM Provincial Election Priorities 2024

STRETCHED TO THE LIMIT

Local governments are providing more and more public services in areas of provincial responsibility without a corresponding growth in revenue. They are increasingly stepping up to meet the needs of a growing population by filling gaps in provincial services while implementing costly new legislative requirements in such areas as housing, community safety, infrastructure, and emergency management.

As the closest order of government to citizens, they are responsive to the complex challenges facing communities: rising housing costs and pervasive homelessness, a mounting infrastructure deficit, and more frequent and devastating extreme weather events. However, local governments have limited options to raise revenue to cover the costs of these new service delivery pressures and responsibilities.

While local governments are doing significantly more, they are doing so with fiscal tools that have been in place for generations. Local governments are being asked to solve 21st century problems with 20th century revenue tools.

There is currently an over-reliance on the property tax system that never contemplated funding service delivery and infrastructure gaps linked to provincial mandates – such as building new community infrastructure to support legislated housing growth; funding pre-hospital care for those with mental health and addiction issues; and subsidizing affordable housing units to tackle housing affordability and homelessness. These new cost pressures are pushing local governments to implement significant property tax increases, rely on unpredictable grants, or divert funds from core local responsibilities.

Like many British Columbians today, local governments are stretched to the limit.

In the absence of uploading responsibilities back to the Province, local governments require new revenue streams to address the gaps in provincial services, to effectively implement demanding new legislation, and to continue to support



the Province in tackling the most pressing issues facing our communities: housing supply and homelessness, public safety, infrastructure deficits, and climate resiliency.

To support future growth and livable communities, we need to provide local governments with a diversified financial base that will help them maintain a quality of life that British Columbians have come to expect – and deserve.

UBCM is calling for the next provincial government to address these pressures through new provincial transfers to local governments that include:

- **Transferring a percentage of the Provincial Property Transfer Tax to support local efforts in subsidizing affordable housing supply and homelessness responses.**
- **Providing \$650 million in additional infrastructure funding annually for local capital and operating infrastructure priorities.**
- **Transferring an annual percentage of the growth in the provincial carbon tax to support local climate action projects and emergency management planning and responses.**



HOUSING & HOMELESSNESS

Responding to the Housing Affordability Crisis

Local governments have been responding to the provincial affordability crisis, and its collateral damage on communities, by using their limited financial resources to fund initiatives that are properly matters of provincial and federal jurisdiction.

They have had to step in to subsidize the development of affordable housing, supportive housing, and the management of homelessness to help create low-cost housing options, mitigate the suffering of vulnerable populations, and address the increasing level of disorder in public spaces.

Despite historic provincial investments and action plans, affordable housing remains scarce, with growing waitlists for families, seniors and low to moderate income earners. In Metro Vancouver alone, nearly 19,000 households were on the BC Housing waitlist in 2023 – a 27% increase from the previous year. Communities of all sizes now work to address provincial shortfalls in affordable housing by incentivizing development. **Local governments lower the barriers to creating affordable housing stock by providing land, covering servicing costs, offering nominal leases and waiving property taxes and development cost charges.**

In the last year alone, communities have made substantial contributions that have collectively made a difference to the quality of life of British Columbians:

- The Township of Langley waived \$3 million in fees to create 98 new rental homes.
- The Village of Lumby, with a population of 2,000, provided land, cash and tax exemptions to develop 20 seniors housing units.
- The City of Chilliwack expanded rental options to youth with \$2.4 million in land and waived fees for a 66-unit project.

Although housing is primarily the jurisdiction of senior governments, residents desperate for solutions drive local governments to take action. For those communities with legislated supply targets, the Province has recommended they deliver more than 36,000 below market rental and supportive rental units. The scale of financial contributions required for these new homes strains local budgets, puts pressure on the local property taxpayer, and diverts critical resources away from core responsibilities.

The costs of managing growing homelessness are equally draining on local budgets and resources. While the Province is responsible for building and operating shelters, communities in all parts of BC are desperate for adequate shelter spaces to house vulnerable populations. Communities like the Town of Creston struggle to provide shelter options beyond the parks and streets. The Town saw an 84% increase in people experiencing homelessness in the last three years – and incurred \$350,000 in costs to address homelessness including outreach, new staff positions, and decampment costs over the same period.



In the absence of sufficient shelter spaces and outreach services, local governments are compelled to use their own limited first responder, bylaw enforcement, and parks staff to serve unsheltered populations impacted by the affordability, mental health and substance abuse crises.

While pre-hospital care remains a provincial responsibility, local police and fire departments are being called out more and more to provide first responses and medical aid to life-threatening incidents in homeless encampments. The City of Nanaimo's fire department, for example, saw a tripling in the number of overdose responses over two years – from 507 responses in 2021 to over 1,500 last year.

Filling gaps in the provincial delivery of housing, social services and health care for homeless populations weighs heavily on local finances. Over a four year period, The City of Kelowna spent \$20 million responding to the homeless population – with \$10 million coming from local tax revenues that were diverted to community safety, staffing and emergency response.

Local governments are committed to creating safe and secure communities – but they are increasingly feeling the financial burden of these downloaded responsibilities in managing these complex and costly issues.

RECOMMENDATION FOR PROVINCIAL ACTION

All parties commit to an annual transfer of a percentage of the Provincial Property Transfer Tax (PPT) to support local efforts in subsidizing affordable housing supply and homelessness responses.

A dedicated transfer would help offset the costs of local contributions to affordable and supportive housing units including land donations, grants, lost revenue from nominal leases, property tax exemptions, and development cost charge waivers. It would defray the local costs of managing homelessness linked to the absence of deeply affordable housing – including first responder, bylaw enforcement, outreach, temporary shelter and decampment costs.

As the housing crisis looks different in each community, a stable and direct allocation of a percentage of the PPT to local governments would provide maximum flexibility to fund local capital projects and support services tailored to their unique housing challenges. Reliable funding would help communities address the immediate needs of their most vulnerable populations – while supporting the Province as it makes the necessary scaled-up investments in shelter spaces, complex care facilities and affordable housing projects.

Creating successful outcomes for housing affordability and homelessness requires a new revenue stream that enables local investments without stretching local budgets.

INVESTING IN INFRASTRUCTURE

Modernization and Expansion

Local infrastructure is the foundation on which British Columbia's economy and quality of life rests. From roads and bridges, to sewers and water lines, local governments provide the critical infrastructure and core services that businesses and citizens have come to depend upon. **This foundation, though, is facing significant fiscal pressures from new legislated housing growth, senior government regulatory requirements, and increased extreme weather events.**

To meet mandated housing supply targets and new minimum densification requirements, local governments must invest in the infrastructure necessary to support new housing across BC. Costly upgrades to water, sewer and roads are required to expand capacity and enable the creation of new high-density housing. The extent of these costs will vary greatly depending on local terrain and the age of existing connecting infrastructure. Preliminary estimates for upgrades to the City of Burnaby's underground services were \$1 million for every 100 metres of development to support small-scale, multi-housing units in single family neighbourhoods.



New provincial and federal environmental regulations for drinking water, wastewater and solid waste are driving up the cost of local infrastructure. For example, the District of Tofino, with a population of 2,500, needed \$78 million for a mandated wastewater upgrade. Meeting these increasingly rigorous standards strains local government's ability to support their communities.

To meet provincial emission reduction targets and build climate-resilient communities, local governments must integrate climate action into their core services. **Increasing extreme weather events — such as fires, floods, and drought — necessitate local investments in hazard mitigation infrastructure.** To safeguard lives and protect critical facilities, local governments must seek out and compete for one-time grants and allocate scarce property tax dollars to major adaptation projects. The City of Abbotsford's

long-term flood mitigation plan, for instance, is projected to cost \$3 billion to upgrade dikes, pump stations, and other flood protection measures in line with provincial standards after the floods in 2021.

While striving to meet new housing supply demands and create resilient communities that protect the environment, these new pressures come on top of BC's existing multi-billion dollar infrastructure deficit. **Over \$24 billion in core infrastructure alone needs to be replaced within the next ten years due to its poor condition in British Columbia.**¹

¹ This figure comes from an analysis of 2021 data collected from the Provincial Local Government Data Entry system and Canada Community-Building Fund reporting requirements. The data only includes six asset classes: Water, Wastewater, Stormwater, Transportation Systems (roads & bridges), Parks & Recreation and Buildings

This includes the infrastructure and services that directly impacts the quality of life of British Columbians – recreation facilities, drinking water, and wastewater.

Local government is committed to making the investments the public needs – but they cannot do it alone with their existing financial tools. They need reliable funding to effectively and economically plan, build and repair the infrastructure so critical to communities.

RECOMMENDATION FOR PROVINCIAL ACTION

All parties commit to an annual allocation-based transfer equivalent to the doubling of the Canada Community-Building Fund (CCBF) funding to support local capital and operating infrastructure priorities.

Annual provincial infrastructure funding would support cost-effective and long-term planning, while providing the flexibility to meet the unique needs of each community. Indexed to population and economic growth, this recommendation would transfer approximately \$650 million to help manage the cost pressures related to population growth, climate change and provincial housing legislation – and address the need for immediate renewal and replacement of infrastructure for local governments. It would enable communities of all sizes to leverage existing federal CCBF funding and limited local dollars to meet ever rising service demands and infrastructure needs.

When communities have a secure provincial commitment for responsive infrastructure funding, we pave the way for a prosperous and vibrant British Columbia.

CLIMATE ACTION & EMERGENCY MANAGEMENT

Reducing Emissions & Readyng Communities

Maintaining the momentum in climate action has become increasingly fiscally challenging for local governments as it requires long-term financial and capacity building funding well beyond the ability of local taxation powers.

BC's local governments face pressures to develop new approaches for reducing emissions, fostering green innovation, and adapting to, and managing, extreme weather events. For some, mitigation is the primary focus – creating connected transportation networks, generating clean energy from waste, and densifying neighbourhoods with green buildings. For others, action means enhancing resilience to increasingly frequent and severe droughts and wildfires.

Local governments have invested significant human and financial capital to institutionalize climate action into their core operations and services – through land-use planning, developing green infrastructure, and promoting renewable energy use. They are increasingly expected to take climate action to the 'next level' in their communities – and to support the Province in doing the same. BC's climate action strategy recognizes that local governments play a vital role in meeting ambitious climate targets given their influence over 50% of emissions in BC. However, satisfying the interest in and need for compact, energy efficient, and weather resilient communities requires significant investments.

At the same time, a growing number of communities are being directly impacted by wildfires, floods, drought and extreme heat. **The increased frequency and severity of extreme weather events are straining the ability of local governments to protect their residents, maintain vital infrastructure and deliver core services.** Many also face demands for costly new resilient infrastructure and ongoing costs with additional adaptation capacity to prepare for, and respond, to these climate challenges. Communities like the City of Delta face an estimated \$2 billion upgrade to its diking infrastructure for flood protection. To avert another devastating flood, the Town of Princeton has been reviewing flood mitigation options up to \$84 million, far beyond the financial capacity of a town of 2,900 residents.

Aside from having to invest in hazard mitigation infrastructure, local governments have felt the financial challenges of both responding to, and recovering from, extreme weather events and natural disasters. As one example, the Regional District of East Kootenay spent almost \$1 million in staffing costs and materials responding to floods and fires within their boundaries in 2020, which is more than the amount spent during the previous three years combined. Local governments are now increasing their emergency budgets to support additional staff, training, equipment and emergency operation centre costs.

Delivering on emergency management obligations has become both more complex and costly – with local governments having to take on even more roles and responsibilities under new modernized emergency management legislation. They are now involved on a larger scale in vulnerability assessments, planning, disaster risk reduction, and adaptation through mitigation infrastructure. Estimates for fully costed mitigation plans and infrastructure range in the billions in BC for flood protection and wildfire risk mitigation. The City of Richmond faces \$1 billion in diking upgrades, while the City of Merritt's new flood mitigation plan would cost an estimated \$165 million – a cost the City's \$9-million budget cannot absorb.



Local governments are feeling the financial pressures of downloaded responsibilities in all four pillars of emergency management – mitigation, preparedness, response and recovery. The financial scale of managing these changes cannot be done through the inelastic property tax system, which never anticipated local governments being on the front lines of responding to climate change challenges. Addressing these new and ongoing emergency management costs and climate pressures is critical for protecting the environmental, health and financial well-being of communities.

RECOMMENDATION FOR PROVINCIAL ACTION

All parties commit to transferring annually a percentage of the growth in the provincial carbon tax to support local climate action projects and emergency management planning and responses.

To design sound approaches that meet provincial targets and protect communities, we need to ensure that local governments have the means to make strategic investments in greenhouse gas mitigation and adaptation. A dedicated transfer would provide the flexibility for tailor-made solutions to local climate challenges – and the financial certainty to prioritize climate action, fund hazard mitigation planning and infrastructure, and implement newly downloaded emergency management responsibilities.

Investing in appropriate mitigation infrastructure also reduces response and recovery costs for the Province and local governments. The return on investment for these activities generates savings of \$6 for every \$1 invested in prevention.² Reliable funding also lessens the reliance on over-subscribed provincial grants and programs, enables cost-recovery from local responses to extreme weather events and natural disasters, and allows local governments to continue to support the Province in climate action leadership.

To respond to the demands of today, and build resilience to the challenges of tomorrow, we need to re-tool local governments with the financial means to successfully plan for, and protect, the long-term viability of the services and infrastructure so vital to our communities.

² Emergency Management Strategy for Canada: Toward a Resilient 2030, Public Safety Canada, 2019.