



BRIEFING NOTE FOR INFORMATION

Date: September 7, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Integrated North Shore Transportation Planning Project (INSTPP) Final Report

Issue: INSTPP's final report will be released in mid-September 2018.

SUMMARY:

- **INSTPP brought together representatives from TransLink and all levels of government to identify ways to reduce congestion and improve mobility and access on the North Shore and across Burrard Inlet.**
- **INSTPP will release a final report in mid-September 2018, including 13 near-term priorities agreed upon by INSTPP's partners, including the Province.**
- **INSTPP believes ongoing collaboration is needed to advance its recommendations, including through a collaborative transportation forum with representatives from the Province.**
- **The report highlights: mobility pricing; rapid transit within and to and from the North Shore; and additional passenger ferry routes as ways to meet INSTPP's objectives for improved access and mobility.**
- **The report notes that the following popular ideas to address congestion are either not possible or will not reduce congestion: adding more lanes to bridges; building a new, wider bridge; adapting CN Rail Bridge for buses or bicycles; bus-only lanes on existing bridges; and gondolas in the North Shore.**

BACKGROUND:

The Integrated North Shore Transportation Planning Project (INSTPP) was launched in January 2018 with representation from TransLink, the Province, the Federal government, the Squamish and Tsleil-Waututh First Nations, the Cities of West Vancouver and North Vancouver and the District of North Vancouver. Bowinn Ma, MLA for North Vancouver - Lonsdale, served as chair of INSTPP's steering committee.

INSTPP had a mandate to assess the North Shore's current and future transportation needs and to develop a long-term collaborative transportation framework. Its partners identified joint actions to address congestion and improve access and mobility on the North Shore and across Burrard Inlet. INSTPP will release its final report and recommendations in mid-September 2018; the work is intended to ensure the North Shore's needs are reflected in updates to TransLink's 30-year Regional Transportation Strategy.

TransLink provided coordination and logistical support to INSTPP and paid 40 per cent of an \$80,000 budget for external consulting, while the municipalities contributed 20 per cent each. A staff working group, including Ministry of Transportation and Infrastructure (MOTI) staff, brought proposals to INSTPP's steering committee, which signed off on the final report and recommendations.

DISCUSSION:

INSTPP's report states that a coordinated plan is required to address congestion in the North Shore by: providing additional east-west travel options; improving transit, cycling and walking infrastructure; addressing congestion pinch points, such as North Shore bridgeheads; prioritizing transit-oriented development; and implementing programs to encourage behavioural change.



To facilitate these goals, INSTPP partners agreed on eight recommendations, which are further reflected in nine key project actions. A number of these actions will be led by MOTI or will require MOTI support:

1. Launch Marine-Main B-Line and future B-Line services;
2. Evaluate rapid transit between Lonsdale Regional City Centre and downtown Vancouver;
3. Introduce express bus service across the Second Narrows Bridge;
4. Implement transit priority measures around the Lions Gate and Second Narrows bridgeheads;
5. Improve and complete pedestrian and cycling networks;
6. Complete the Lower Level Road;
7. Complete the Lower Lynn Improvement project;
8. Investigate opportunities to increase safety and expedite incident clearing; and
9. Inter-regional bus service between Squamish-Lillooet Regional District and Metro Vancouver.

INSTPP partners also agreed on four key program actions:

1. Establish a collaborative forum to implement INSTPP recommendations;
2. Continue Mayors' Council Ten-Year Vision with investments in Frequent Transit Network, including 10-minute rush hour SeaBus service;
3. Commit to collaborative action on land use and transportation planning; and
4. Develop a proactive demand management program to encourage sustainable travel and mode shift (i.e., parking management, encouraging sustainable travel, and mobility pricing discussions).

For an expanded list of INSTPP's planned near-term actions, see Appendix 2.

In addition, INSTPP specifically highlighted mobility pricing, rapid transit to and in the North Shore, and additional passenger ferry routes as three ideas that meet its objectives for improved access and mobility.

Mobility Pricing:

INSTPP identifies mobility pricing as a means of demand management that could reduce reliance on single occupancy vehicles.^{s.13}

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s.13 The report recommends the North Shore partners, including provincial elected representatives or their designates, use the recommended collaborative forum to participate in regional discussions about mobility pricing between October 2018 and June 2019.

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Rapid transit to and in the North Shore:

B-Line bus service for Marine-Main is scheduled to open in 2019, and additional North Shore B-Line service is planned as part of Phase 3 of TransLink's 10-Year Vision. INSTPP examined supplementary rapid transit options, including rapid transit crossing the Burrard Inlet in the vicinity of Second Narrows or the SeaBus route. Rapid transit near Second Narrows was determined to have low potential ridership, while rapid transit near the SeaBus route was found to have higher potential ridership, but little impact on bridge congestion.



Municipal partners have stated they would prefer rail over other rapid transit options. INSTPP suggests a September 2018 to June 2019 timeline for evaluating rapid transit options for the North Shore.

Additional Passenger Ferry Routes:

Passenger ferry routes in addition to SeaBus were last studied in 2004. New routes would pose challenges such as fuel costs and the need to build docking facilities. INSTPP recommends updating the 2004 report to reassess the feasibility of the idea.

Rejected Ideas:

INSTPP's analysis showed that five frequently suggested ideas **do not** meet INSTPP's objectives:

1. Adding more lanes to existing bridges (structural limitations);
2. Replacing an existing bridge with a wider bridge (increased congestion);
3. Adapting CN Rail Bridge for buses or bicycles (structural limitations);
4. Bus-only lanes on existing bridges (increased congestion); and
5. Gondolas between Phibbs Exchange, Capilano University and Maplewood (high costs with low time savings).

Other Notable Recommendations:

- Density: Developing mixed-use communities along transit networks and in existing town centres, which aligns with the Province's goal for transit-oriented development; and
- Squamish rail: Evaluating the rationale for rail service between Squamish and Metro Vancouver. Building Squamish rail would likely require provincial support and high capital costs.

Timelines:

INSTPP's consultant is currently working with communication directors and MLA Ma on a communication strategy to build awareness of the factors causing congestion. The final report and recommendations will be released in mid-September.

The report includes priorities for the next 12 months, such as establishing a permanent governance model by December 2018, with committee membership set by March 2019. This collaborative forum would include shared decision-making, possibly through funding agreements and policy alignment. Provincial participation could ensure North Shore congestion solutions align with the Province's priorities.

Attachments: (2)

1. INSTPP Key Project and Program Recommendations Map
2. INSTPP Near-Term Actions

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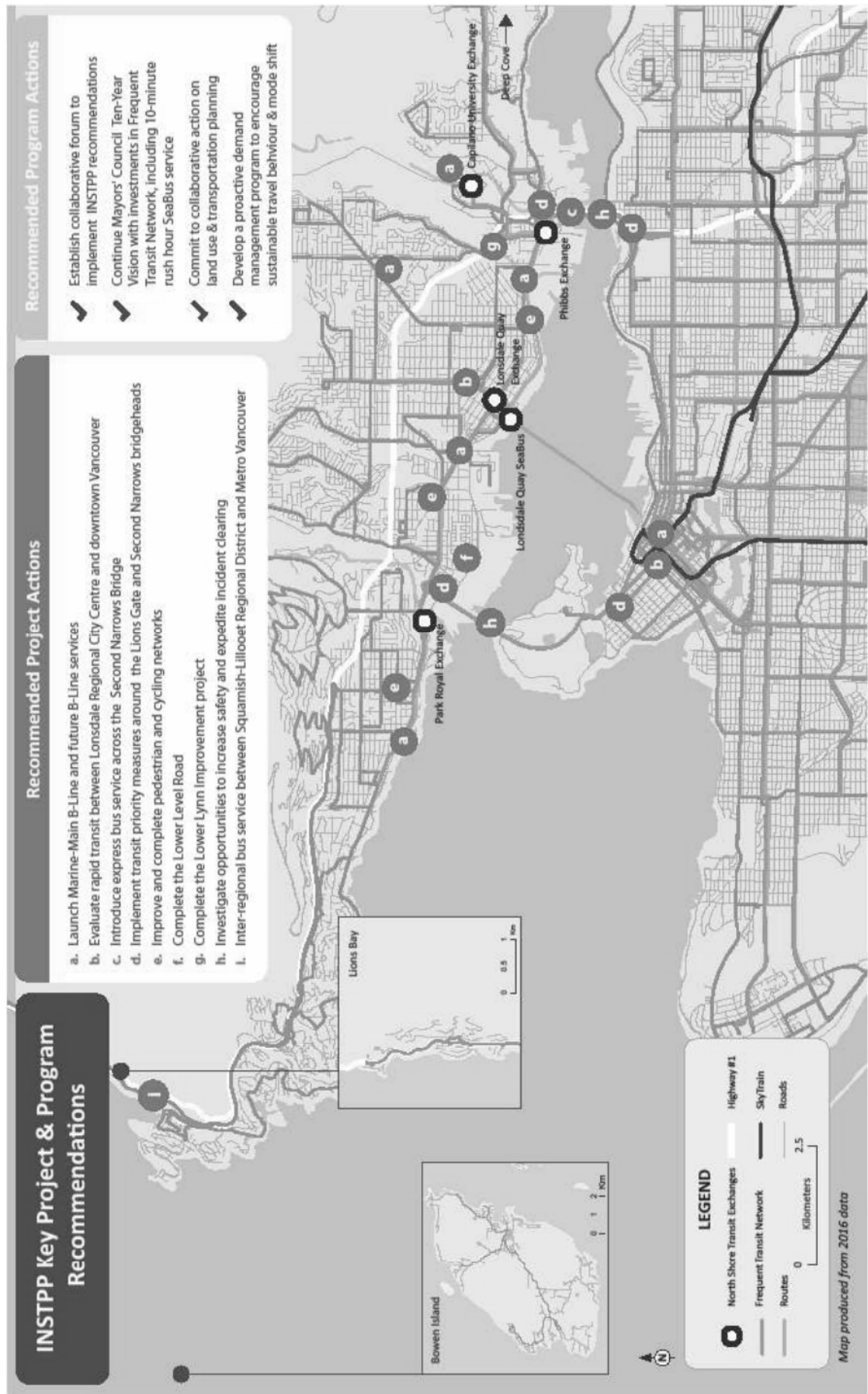
Jacqueline Dawes, Deputy Minister

DATE APPROVED:

September 7, 2018

September 7, 2018

Attachment 1: INSTPP Key Project and Program Recommendations Map





Attachment 2: INSTPP Near-Term Actions

Key Project Actions

1. Launch the Marine-Main B-Line rapid transit service in 2019 and determine how to advance two other planned B-Line services to connect Lynn Valley Centre via the Lonsdale corridor to Downtown Vancouver and, secondly, Metrotown to Capilano University. This should be done in conjunction with transit priority improvements (e.g., dedicated lanes on the approach to the bridges, queue jumping) on road corridors, as feasible, to deliver fast, frequent and reliable transit service.
2. Evaluate the conditions for rapid transit between the North Shore and Burrard Peninsula, connecting Lonsdale City Centre with Vancouver's metropolitan core and the regional rapid transit network. Municipal partners have stated a preference for 'rail' rapid transit, although the best technology will be determined through joint planning with TransLink.
3. Implement a new express bus service across the Second Narrows Bridge connecting the regional rapid transit network with the North Shore to provide faster and broader access to the rest of the region.
4. Complete a technical review to determine transit priority measures around the bridgeheads of the Lions Gate and Second Narrows Bridges, and on connecting arterial roads, to free transit passengers from congestion and to ensure that travel by transit service is quick and reliable.
5. Complete and improve the pedestrian and cycling networks to make walking and cycling the preferred modes within town centres and along the Frequent Transit Network and to connect paths into one complete network across the North Shore.
6. Complete the Lower Level Road connecting Marine Drive to the west and West 1st Street to the east. Additionally, evaluate the potential to connect further east by providing a new major east-west road connection (Barrow-Spicer corridor) across the North Shore.
7. Complete the Lower Lynn Improvement project on the Upper Levels Highway to improve travel time reliability; and review long-term plans for the interchange (beyond the current phases of the project), including additional infrastructure improvements when warranted and feasible.
8. Work with the Province to investigate if current roadway design and infrastructure can be improved to increase safety, and to consider options to expedite incident clearing on the North Shore bridges and highway.
9. Implement new inter-regional bus service between the Squamish Lillooet Regional District and Metro Vancouver, connecting with the TransLink system and offering an alternative to automobile travel.



Key Program Actions

1. Continue the collaborative forums in which North Shore municipalities, First Nations, TransLink, and the provincial and federal governments work together to implement identified projects and continue planning to address issues of access and mobility on the North Shore.
2. Implement 10-minute frequency rush hour SeaBus service and other commitments in the Mayors' Council Ten-Year Vision, including investments in Frequent Transit Network service levels and capacity.
3. Continue with coordinated, cross-jurisdictional land use and transportation planning that promotes access and mobility without increasing demand for driving, including aligning land use with regional plans to create conditions that support increased transit use, and investments in higher-capacity rapid transit.
4. Develop a proactive and coordinated North Shore-wide program that works with schools, businesses and employers to encourage sustainable travel behaviour; at the same time, actively participate in on-going regional discussions on mobility pricing as a possible tool to manage congestion.



BRIEFING NOTE FOR INFORMATION

Date: September 11, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Classification of Cannabis Production under the *Assessment Act*

Issue: Under the proposed *Cannabis Act*, cannabis will no longer be listed as a federally regulated narcotic, making it potentially eligible for Class 9 (Farm) status and associated property tax and other benefits.

SUMMARY:

- **This Order in Council (OIC) is required to**

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**Land associated with Class 9 is valued on a regulated basis,
which is a small fraction of its market value.**

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BACKGROUND:

The *Assessment Act*, administered by the Ministry of Municipal Affairs and Housing (MAH), is the provincial legislation that determines how land will be assessed and valued for taxation purposes. The Prescribed Classes of Property Regulation, which falls under the *Assessment Act*, is administered by MAH and sets out the assessment property classes. The Classification of Land as a Farm Regulation (Regulation), also under the *Assessment Act*, is administered by MAH in collaboration with the Ministry of Agriculture (responsible for agricultural policies), with input from the Ministry of Finance (FIN) on tax policy. The Regulation sets the framework for determining the prescribed requirements that must be met for land to qualify for and be classified as Class 9 (Farm).

If land is classified as Class 9 (Farm), then it is valued by regulated rates which are based on the productivity of the land, and are typically a small fraction of its market value. Tax rates for farm land are also often lower than tax rates for other property classes. The combination of regulated values and lower tax rates results in a considerable property tax benefit to owners of land in Class 9. Class 9 land is also eligible for other benefits, such as reduced price fuel (i.e., “marked gas”) and other programs from the Ministry of Agriculture. Certain exemptions from Provincial Sales Tax also apply in respect of land that is



classified as Class 9. The low property taxes and other benefits are intended to support the farm industry from the uncertainties of world markets or weather related issues affecting production.

The Regulation designates certain land uses as Qualifying Agricultural Uses (QAUs). For land to be classified and assessed as Class 9 (Farm), the land must be used for a QAU and meet the minimum annual income requirements set under the Regulation. Some uses of land are specifically excluded from the list of QAUs. Both QAUs and uses excluded from QAUs are set out in the Schedule of the Regulation.

In 2013, the Federal Government enacted the Marijuana for Medical Purposes Regulation (MMPR), enabling commercial production and sale of medical cannabis. The Province amended the Agricultural Land Reserve Use Subdivision and Procedure Regulation (ALRUSP) under the *Agricultural Land Commission Act* to identify medical cannabis production as a permissible use of land in the Agricultural Land Reserve (ALR), as long as it was done in accordance with the MMPR.

At the time, commercial medical cannabis production facilities would have qualified for farm class based on income generated and eligibility as a QAU (medicinal plant). In response, the Province amended the Regulation to exclude any federally regulated narcotic, including cannabis, from farm classification for assessment and taxation purposes (June 2014).

In July 2018, the Ministry of Agriculture again amended the ALRUSP to enable local governments and First Nations governments to prohibit new cement-based, industrial-style bunkers and new cement-bottomed greenhouses on ALR land in their communities. Under the ALRUSP, however, local governments and First Nations governments cannot prohibit cannabis cultivation in open fields, soil-floored greenhouses, pre-existing concrete bunker-style grow operations and pre-existing cement-bottomed greenhouses, as well as improvements that are under construction. These changes to the ALRUSP were in response to the Federal Government's announcement that it will allow cannabis producers to grow cannabis in open fields, greenhouses and industrial bunkers.

Federal Legislation

In April 2017, the Federal Government tabled legislation (the *Cannabis Act*) for the legalization and regulation of non-medical cannabis. It is anticipated that the *Cannabis Act* will be in force as of October 17, 2018. After that date, cannabis will no longer be included in the federal Schedule to the Narcotic Control Regulations under the *Controlled Drugs and Substances Act* (Canada) and therefore, will no longer be classified as a narcotic. As such, it will no longer be excluded from the list of QAUs in the Schedule to the Regulation.

DISCUSSION:

If no change is made to the Classification of Land as a Farm Regulation, all cannabis producers could be eligible for Class 9 (Farm) status for the 2019 property taxation year if they meet all other regulatory criteria under the Regulation (including minimum income thresholds).

Property tax revenue implications of Class 9 (Farm) status are significant for the Province, local governments and producers. The main taxation benefits of farm class status are derived from the regulated values for farm land which are much lower than market value. The land associated with a farmer's dwelling is also classified as Class 9, as is the land used for farm outbuildings. Improvements on farms that are used exclusively to operate a farm are exempt to either the greater of 87.5 percent or \$50,000 of their assessed value. Certain Provincial Sales Tax exemptions also apply, as do certain programs from the Ministry of Agriculture (e.g., "marked gas"). Many local governments also have lower tax rates for Class 9 properties.



The decision to exclude cannabis as a QAU in 2014 (thereby prohibiting farm status) was largely based on three underlying policy rationales:

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While the first rationale continues to apply^{s.13}
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Other provinces have not made final decisions regarding the assessment and classification of cannabis production facilities, including whether to maintain existing treatment of medical cannabis facilities. It appears most jurisdictions will not finalize these decisions until late 2018 at the earliest.

FINANCIAL IMPLICATIONS:

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Appendices: (2)

1. Tax Benefits Associated with Farm Class Status
2. Modelling of a Cannabis Production Facility

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DATE APPROVED:

September 10, 2018

September 11, 2018



Appendix 1 –Tax Benefits Associated with Farm Class Status

1. Property tax rates. Tax rates on Class 1 (Residential) are generally lower than the rates on Class 6 (Business/Other). Depending on the taxing jurisdiction, Class 9 (Farm) tax rates may or may not be favourable compared to Class 1 (Residential) tax rates.
2. Low assessed values for farm land for property tax purposes. Land classified as farm land, including land associated with the farm dwelling, is valued for property taxation based on regulated schedules that prescribe values that are based on the productivity of the land, and which are consequently significantly lower than market values.
3. Classification of farm improvements. Improvements on land classified as farm, including buildings used for the farm purpose (except the farm dwelling), are in Class 1 (Residential) rather than Class 6 (Business/Other). Typically, Class 1 attracts lower tax rates than Class 6. Class 9 applies to the land only.
4. Exemption for farm improvements. For the provincial school tax, municipal taxes and the other taxing jurisdictions that refer to the *School Act*, farm homes are taxable but farm buildings are exempt to either the greater of 87.5 percent or \$50,000 of their total assessed value. For the purpose of the provincial rural area tax, farm homes and general farm outbuildings are fully exempt.
5. School Tax exemption. Pending any change, all ALR land is eligible for a 50 percent School Tax exemption, which flows to the hospital base but not the general base.
6. Property tax credit. All Class 9 (Farm) properties are eligible for a 50 percent School Tax credit on the land value. For farm properties in the ALR, this results in a 75% total reduction in overall School Tax liability.
7. Provincial Sales Tax (PST) exemptions. A wide variety of exemptions apply for bona fide farmers. Appendix 2 lists some exemptions that apply for greenhouse production, including heating and lighting systems, glass and thermal curtains.
8. Ministry of Agriculture programs. Properties in Class 9 (Farm) are eligible for certain sales tax exemptions and related farm vehicles and equipment can use marked gas (reduced fuel tax). There are also several financial and marketing assistance programs available to farmers.



Appendix 2 – Modelling of a Cannabis Production Facility

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BRIEFING NOTE FOR INFORMATION

Date: September 19, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: TransLink

Meeting With: Kevin Desmond, CEO and Geoff Cross, Vice-President, Planning and Policy, TransLink on September 25, 2018

BACKGROUND:

TransLink has proposed the following agenda for the September 25, 2018, meeting:

1. Progress of Phase Two Investment Plan
2. Long-Range Planning Exercise (Regional Transportation Strategy)
3. Fare Policy – Low Income – Youth Fares
4. HandyDart
5. Disability Rights Legislation
6. Affordable Rental Housing Supply
7. Ridesharing
8. Low-Carbon Fleet Strategy, Environmental Approach
9. Future Vancouver and Surrey Developments

DISCUSSION:

1. Progress of Phase Two Investment Plan

- The Province will introduce parking rights tax legislation in fall 2018 ^{s.12,s.13,s.17}
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The Mayors' Council approved TransLink's Phase Two Investment Plan on June 28, 2018. In order to help TransLink fund the regional share of the Phase Two costs, the Province will introduce legislation to allow TransLink to increase parking rights tax from 21% to 24% (fall) ^{s.12,s.13,s.17}
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2. Long-Range Planning Exercise (Regional Transportation Strategy)

- TransLink has invited the Province to participate in updating its long-term Regional Transportation Strategy (RTS), to be completed by 2019-2020.
- Provincial staff will participate, and government will discuss broader partnership over the coming weeks.

TransLink is responsible for developing long-term strategies to address future transportation needs, and the *South Coast British Columbia Transportation Authority Act (SCBCTAA)* requires TransLink produce a long-term Regional Transportation Strategy (RTS) every five years. The RTS sets TransLink's long-term goals and direction and informs its Investment Plans.



TransLink's RTS was due to be updated by August 1, 2018. However, TransLink's Board and Mayors' Council re-adopted the existing RTS on June 28, 2018 in order to meet the legislative deadline. TransLink is now undertaking a comprehensive RTS update, to be completed by 2019-2020.

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3. Fare Policy – Low Income – Youth Fares

- TransLink issued fare review recommendations in July 2018, which included exploring new low-income, children and youth discounts in the context of the B.C. Poverty Reduction Strategy.

In 2016, TransLink launched a four phase review of the way it prices conventional transit, including the feasibility of implementing different fare structures (e.g., distance or time-based fares); fare products (e.g., discounts); and fare prices.

TransLink released its final report and recommendations in July 2018. One recommendation was to create separate classes for children, youth and senior riders in order to offer flexibility in targeted discounts in the future. Currently those groups pay the same concession fare with no ability to offer different fare products. The report also recommended enabling these discounts through discussions with the Province s.13

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4. HandyDART

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As part of the Mayors' Council's 10-Year Vision, TransLink is increasing HandyDART service hours by 15 per cent (up to 171,000 additional trips) beginning in 2017 (Phase One) and an additional 7 per cent by 2021 (Phase Two) when compared to 2016 service levels. Phase Two improvements will amount to an additional 76,000 additional trips annually by 2021, with 20 new buses to support the increase.

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5. *Disability Rights Legislation*

- The federal government introduced national disability rights legislation in June, 2018.
- The federal legislation does not appear to apply to TransLink; however, TransLink is interested in working with the Province to harmonize its response to the legislation.

The federal government introduced national disability rights legislation on June 20, 2018. The *Accessible Canada Act* legislation will require federally regulated sectors, including transportation that crosses provincial and international borders, to identify and remove barriers for people with disabilities.

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The Province's goal to "Build a Better B.C. for People with Disabilities" by 2024 includes providing accessible transportation options. As s.13,s.16

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6. *Affordable Rental Housing Supply*

- The Province is participating in Supportive Policies Agreements (SPAs) between TransLink and the Cities of Vancouver and Surrey, which will require annual reporting on development along the new rapid transit corridors, including affordable housing.

The 2018 Budget and Speech from the Throne identified housing affordability and density along transit corridors as key government commitments. Accordingly, the Province has been working closely with TransLink and the cities of Surrey and Vancouver to incorporate these goals into the Broadway Subway and Surrey-Newton-Guildford Light Rail Transit (SNG LRT) projects.

TransLink has adopted separate Supportive Policies Agreements (SPAs) with the Cities of Vancouver and Surrey. The Province is playing a key role in the SPAs, including: jointly creating annual performance reporting indicators, such as development activity and affordable housing; and participating in performance and monitoring committees.

7. *Ridesharing*

- TransLink has expressed an interest in consulting with the Province on the integration of ridesharing with the regional transportation system.
- The Province will reach out to TransLink in September as part of its policy consultation process.

The Province committed to address the taxi industry's long standing concerns with the current regulatory framework and respond to increased consumer demand for ridesharing services. On July 19, 2018 the Hara Report was released and Minister Trevena announced changes to immediately increase the supply of taxis in the Province by 15 per cent and pave the way for ridesharing by fall 2019.

On August 9, 2018, TRAN received a submission on ridesharing from TransLink's Regional Transportation Advisory Committee. The report also highlighted a strong regional interest and role in of these services and



an interest in further discussions with TRAN on the topic. TRAN plans to consult with TransLink on policy by the end of September.

8. Low-Carbon Fleet Strategy, Environmental Approach

- TransLink is conducting electric bus trials as part of its commitment to develop a Low-Carbon Fleet Strategy to reduce emissions from transit vehicles across the region.

TransLink's Phase One Investment Plan included a commitment to develop a Low-Carbon Fleet Strategy to reduce emissions from transit vehicles across the region. To facilitate this shift, TransLink has planned a two-and-a-half year study to test four electric-battery buses, beginning in 2019. TransLink is collecting data on bus and charging station cross-compatibility as well as bus performance, maintenance and overall customer experience.

TransLink also announced the arrival of the first of 106 new compressed natural gas (CNG) buses in May 2018. With the new CNG buses, more than half of TransLink's fleet will use cleaner technology, with 262 electric trolleys, 252 CNG and 252 hybrid diesel buses. TransLink may be interested in federal Green Infrastructure Fund revenue to help pay for its low-carbon projects, and it would like to canvass the Province's priorities for that funding.

9. Future Vancouver and Surrey Developments

- UBC will continue to pursue rapid transit throughout 2018 and 2019, for inclusion in the RTS.
- TransLink is briefing City of Surrey municipal candidates on the effects of cancelling SNG LRT, should a future city council attempt to do so.

In April, 2018, UBC's Board of Governors passed a motion to pursue rapid transit to UBC. The motion included a commitment to explore UBC's contribution, such as: providing land for stations; collecting charges from developers; or providing a financial contribution through an extra transit levy. UBC wants to ensure that rapid transit to campus is included in the updated RTS, and it will continue to pursue the issue through 2018/2019.

TransLink is working with the Mayors' Council to get direction and a decision on options for a rapid transit extension to UBC. TransLink staff said they would like to have early alignment from the provincial and municipal governments on the ultimate direction of the project to provide certainty.

With the pending municipal elections, candidates and some members of the public in Surrey are criticizing the SNG LRT project, as well as the decision to build the project prior to a Surrey-to-Langley rapid transit line. At least one mayoral candidate has publicly stated that he would abandon SNG LRT if elected.

TransLink is briefing Surrey municipal candidates on the effects of cancelling the SNG LRT project. ^{s.13,s.16,s.17}
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DATE APPROVED:

September 19, 2018

September 19, 2018



BRIEFING NOTE FOR INFORMATION

Date: August 30, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Development Approval Process Review (DAPR) Project Overview

Issue: Provide overview of development approval process review project and seek input on stakeholder lists

Potential Meeting: with Adam Olsen, MLA for Saanich North and the Islands, BC Green Party

SUMMARY:

- The project proposes a review of the local government development approvals (DA) process to identify ways to increase DA efficiency (including timeliness, predictability, certainty, consistency), and effectiveness (including fairness, balance, transparency, inclusivity).

DISCUSSION:

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Purpose: To help increase the supply of housing in British Columbia by increasing the efficiency (including timeliness, predictability, certainty, consistency) and effectiveness (including fairness, balance, transparency, inclusivity) of the local government development approvals processes

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Project Objectives:

- Engage stakeholders in a robust conversation to:
 - Identify & reach agreement on core principles, objectives and key components of DA process
 - Clarify challenges and opportunities within the DA process
 - Identify, analyse and prioritize potential solutions and action ideas to address challenges
- Initiate pilot implementation of identified priority solutions action ideas

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Attachment 2: Development Approvals Process Review (DAPR) – Project Charter - *Draft*

Last Updated: July 17, 2018; CLIFF #240735

Purpose: To help increase the supply of housing in British Columbia by increasing the efficiency (including timeliness, predictability, certainty, consistency) and effectiveness (including fairness, balance, transparency, inclusivity) of the local government development approvals processes

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BRIEFING NOTE FOR DECISION

Date: September 17, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Implementing the Authority to Zone for Rental Housing

Issue: A decision is required in advance of the October 30, 2018 Housing Working Group meeting to confirm next steps related to implementing the new authority to zone for rental housing.

Briefing: September 18, 2018

RECOMMENDED OPTION:

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BACKGROUND:

The *Local Government Act* (LGA) and *Vancouver Charter* were amended in Spring 2018 to allow local governments to require that new housing in multi-family residential areas be developed as rental units, or that existing rental in residential areas are preserved as such, through their zoning bylaws.

The authority to zone for rental housing was intended to be used in conjunction with other tools – such as housing agreements – to ensure a local government's affordable housing objectives could be achieved.

A guiding principle in drafting the amendments was to ensure that there was as little intrusion as possible into the property rights of individuals. To achieve this objective, the amendments set out that a rental zoning bylaw would not apply to an existing building that was stratified, as these units are typically owned by separate individuals and often owner-occupied.

The amendments also set out that a rental zoning bylaw would not override any rental restriction bylaws passed by a strata corporation in an existing or new building. This means that if a new building was stratified and a strata corporation passed bylaws to restrict rentals, the rental zoning bylaw would not supersede the strata corporation's bylaws.

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DISCUSSION:

Ministry staff have consulted with six local governments¹ and members of the development community since the rental zoning amendments were passed by the legislature (see Appendix A for a complete list of local governments and developers who have been consulted).

Key learnings from the discussions include the following (see Appendix B for additional points):

- s.13,s.16
Housing agreements are generally used to ensure purpose-built rental units remain in the rental pool – City of Vancouver also uses housing agreements to set out that purpose-built rental buildings must not be stratified in some areas.
- s.13,s.16
- The importance of guidance materials was stressed so local government staff can better understand first steps required to implement the authority (e.g. how to define “residential rental tenure”) and how to use this authority with other tools, such as density bonuses, to achieve housing objectives. Staff from various communities are currently collaborating to determine how best to implement the new authority.
- Members of the development community indicated that the density of a building is important to ensure the financial viability of rental housing.

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instead recommend focusing at this time on providing support to local governments and monitoring the implementation of the rental zoning authority. The reasons for this change in direction further include the following:

- As the tool is very new to local governments, there is no shared perspective yet of what any significant issues are with respect to its use –

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¹ As of September 13, Ministry staff have had discussions with staff from Vancouver, Surrey, Victoria, Tofino, and Nelson.



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- There may be value in monitoring the interest of new councils/boards formed after the 2018 general local elections in using rental zoning authority, as priorities of new elected officials will be determined including how and when the new authority is used.

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FINANCIAL IMPLICATIONS:

- None

OPTIONS:

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Pros:

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Cons:

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² The Ministry is working in collaboration with Metro Vancouver on a research study that will result in guidance related to implementing the rental zoning authority early in 2019



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RECOMMENDATION:

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APPROVED (recommended option) / NOT APPROVED

Honourable Selina Robinson

September 18, 2018

Date

Attachments: (2)

- A. Consultations with Local Governments and the Development Community
- B. Additional Take-Aways from Consultation

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Tara Faganello, Assistant Deputy Minister
Local Government Division

Jacqueline Dawes, Deputy Minister

DATE APPROVED:

September 14, 2018

September 17, 2018



APPENDIX A – Consultation with Local Governments and the Development Community

- Ministry staff have consulted with the following local governments (the date provided is the date of consultation):
 - District of Tofino (August 8, 2018)
 - City of Vancouver (August 9, 2018)
 - City of Surrey (August 9, 2018)
 - City of Victoria (August 29, 2018)
 - City of Nelson (September 7, 2018)
- Ministry staff have currently scheduled, or are in the process of arranging, consultation with the following local governments:
 - City of Kelowna
 - City of Prince George
 - Fraser Valley Regional District
- On August 9th, Ministry staff consulted with the Urban Development Institute (UDI). At the meeting, input was provided by representatives from a number of development companies and UDI staff as set out below.

Development Companies

- Reliance Properties
- Wesgroup
- Cressey Development
- Rize Alliance
- BrookPooni Associates
- Concert Properties
- Amacon

UDI Board/Staff

- Jon Stovell, Reliance Properties; UDI Board Chair
- Anne McMullin, UDI President and CEO
- Jeff Fisher, UDI Vice President and Senior Policy Advisor
- Marissa Chan-Kent, UDI Policy and Research Manager



APPENDIX B: Additional Take-Aways from Consultation

- Additional take-aways from consultation with local government staff:
 - Housing agreements and covenants are currently used to secure rental housing in buildings that are stratified. Some local governments and developers appear to be accustomed to using these tools to secure market rental housing (and affordable housing). While no concerns were identified with using the tool to secure market rental and affordable housing, some local governments did express some questions about how these agreements could be more effectively monitored and enforced.
 - Local government staff generally indicated that non-stratified units were preferable to secure rental housing, as one entity typically owns all the units and it is easier to ensure these units remain in the rental pool. For example, City of Vancouver staff indicated that developers need to enter into a housing agreement that requires the building not be stratified to receive incentives such as Development Cost Levy waivers and density bonuses. City of Vancouver staff also indicated the preference for buildings that are 100% purpose-built rental rather than 'mixed-tenure' buildings that include both stratified units and purpose-built rental units due to complexities associated with the latter approach.
- Additional take-aways from discussion with members of the development community include:
 - Members expressed some apprehension about how the new rental zoning authority housing will be implemented by local governments and potential effects on land values (e.g. down-zoning).
 - There were no specific concerns among the developers present about the requirement to enter into housing agreements or covenants (it was noted as "part of doing business").
 - Members noted that there are a variety of factors that affect the financial viability of building rental housing, including construction costs, interest rates, securing financing, and property tax assessments (e.g. if areas zoned for rental housing have the same tax assessment as areas not zoned for rental housing).
 - One developer noted his preference for building purpose-built rental housing because of comparatively favourable tax rates for rental properties versus stratified properties.



BRIEFING NOTE FOR DECISION

Date: September 26, 2018
Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Title: s.12, s.13
Issue:

Briefing Date: October 1, 2018

RECOMMENDED OPTION:

s.13

BACKGROUND:

In 2017, government amended the *Local Elections Campaign Financing Act* (LECFA). These amendments included banning contributions made by organizations and establishing limits on individual contributions made to the election campaigns of candidates and elector organizations in local elections (e.g. local government and board of education). These new rules, in addition to expense limits, apply for the first time in the 2018 general local elections.

For the 2018 general local elections, contribution limits were set in LECFA itself at \$1,200 per donor per calendar year (e.g. an individual could provide up to \$1,200 to the election campaign of an unendorsed candidate, and up to a total of \$1,200 to an elector organization and all of its endorsed candidates).

A \$1,200 contribution limit was identified as an appropriate benchmark – it was consistent with contribution limits established in provincial elections and was supported by the Union of BC Municipalities and the City of Vancouver. Other provinces that have implemented contribution limits for local government elections have a variety of limits based on the experiences of each jurisdiction.

The amendments to LECFA also provided the Lieutenant Governor in Council with the authority to set contribution limits by regulation beginning in 2019. The rationale for establishing contribution limits by regulation was flexibility to adjust those limits if needed in future local elections. For example, if it were determined that the current ‘one size fits all’ approach to contribution limits was not appropriate for all communities, government could set different contribution limits for communities based on population in the future.



Amendments were also made to the Local Elections Campaign Financing Expense Limit Regulation (LECFA Regulation) to allow candidates to contribute an additional amount to their own election campaigns in the 2018 general local elections – unendorsed candidates can contribute up to \$2,400 in total to their own campaigns in 2018 and endorsed candidates can contribute an additional \$1,200, collectively, to their endorsing elector organization’s campaign. These amendments addressed the “self-funding” issue (e.g. concerns expressed by candidates regarding their ability to finance their own campaigns) that was a significant source of discussion during Committee stage for the amendments to LECFA.

DISCUSSION:

s.13

Consultation:

UBCM staff will be consulted as the proposed LECFA Regulation amendments will directly affect local elections.

Elections BC staff will be consulted on the proposed LECFA Regulation amendments; Ministry staff will also engage with staff from the Ministry of Education.

s.12,s.13

- None

s.12,s.13



Ministry of
Municipal Affairs
and Housing

s.12,s.13

2.

RECOMMENDATION:

s.13

APPROVED (recommended option) / NOT APPROVED

Honourable Selina Robinson

October 1, 2018

Date

Attachments: **(1)**

s.13,s.16

A.

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DATE APPROVED:

September 26, 2018

September 26, 2018

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Withheld pursuant to/removed as

s.16;s.13



BRIEFING NOTE FOR INFORMATION

Date: August 30, 2018

Prepared For: Geoff Meggs, Chief of Staff to the Premier

Title: GST on Rental Housing Investment

Issue: LandlordBC requests a meeting to discuss working together to persuade the federal Liberals to fulfill their campaign promise to remove GST on capital investments in rental housing.

SUMMARY:

- **BC wants to work with the federal government to support the construction of new rental housing.**
- **As part of this, BC would like the federal government to consider utilizing the tax system to encourage the construction of purpose built rental housing and incentivize supply generally.**
- **Removing the GST on rental housing may not be the most targeted way of incentivizing private investment in rental housing. Additionally, requesting the exempting the federal GST may increase expectations for a similar exemption or rebate for PST.**

BACKGROUND:

Since the advent of more profitable condominium construction in the 1970s and federal income tax changes in the 1980s, new construction of rental apartment buildings declined dramatically.

The secondary rental market (mostly rented condos and secondary suites) has filled some of the supply gap, but vacancy rates have remained very low in BC for much of this period. Low vacancy rates, while a narrow measure based only on a segment of voluntarily reported rental stock, are thought to indicate a shortage in available rental housing. The resulting increase in demand for rental housing has resulted in upward escalation in rents and in growing affordability challenges.

During the 2015 federal campaign, the platform of the Liberal Party of Canada included a pledge to “encourage the construction of new rental housing by removing all GST on new capital investments in affordable rental housing.”

Finance Minister Morneau’s 2015 Mandate Letter instructed him to “remove the GST on new capital investments in rental housing.”

On its mandate-letter tracking website (launched November 14, 2017), the federal government indicated it is not pursuing its pledge to waive the GST on the construction of new rental units, preferring targeted investments over broad taxation measures.

In November 2017, the federal government released its National Housing Strategy. Associated funding programs will primarily help address the needs of low income Canadians in core housing need, but not necessarily create affordable rental housing for working households in BC’s “missing middle” income categories (i.e. household incomes up to median income levels).

Even without tax changes, higher rents have incentivized a significant increase in the construction of new purpose built rental housing in BC in the last two years. However, the rate of new construction remains below the growth in demand, and increasing construction costs and rising interest rates mean that the window of financial viability may not be open for long. Redevelopment of older rental stock (often as



condos) has only exacerbated the supply challenge. New investment in private rental supply yield higher rents driving up average rents across the province. Current investment in new rental housing supply is being driven by high costs of home ownerships and by higher income households choosing rental occupancy.

DISCUSSION:

A purchaser of a new rental building is required to pay GST on the value of the building when rentals in the new building commence. If the developer holds the building, the developer pays the GST. This cost adds approximately 6% to the cost of any new purpose built rental housing, raising the rents that would need to be charged, reducing profitability, or, more likely, discouraging the developer from proceeding with the project.

s.13,s.16,s.17

A consultant's review of available information on this topic found that PST accounts for roughly 2-3% of all project construction costs (all costs excluding land). According to Landlord BC, GST accounted 6% of all hard costs and 4% of hard and soft costs combined (this figure has not been verified). All project costs are passed along to the eventual tenant through higher initial rents; as determined by market conditions and constructions costs.

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Office of Housing and Construction Standards

Jacqueline Dawes, Deputy Minister

DATE APPROVED:

August 30, 2018

August 30, 2018



BRIEFING NOTE FOR INFORMATION

Date: September 4, 2018
Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Title: Accessibility in the British Columbia Building Code
Issue: The 2018 British Columbia Building Code includes new requirements for accessibility.

SUMMARY:

- **The British Columbia Building Code (BC Building Code) establishes the minimum accessibility requirements for the construction of buildings in British Columbia.**
- **The 2018 edition of the BC Building Code was adopted July 16, 2018 with an effective date of December 10, 2018.**
- **The 2018 BC Building Code requires a greater level of accessibility than the previous edition. The changes support both Building a Better BC for People with Disabilities and the Province's 10-year action plan.**
- **Ministry staff continue to collaborate with partners to promote greater accessibility for buildings in British Columbia.**

BACKGROUND:

For the past 40 years, accessibility requirements in the BC Building Code have surpassed national and other provincial building code requirements. The requirements in the National Building Code (National Code) were substantially updated in 2015 by incorporating existing requirements from other Canadian jurisdictions. Basing the 2018 edition of the BC Building Code on the National Code requirements increases accessibility for persons with disabilities, enhances harmonization between the two codes, and supports British Columbia's (BC's) ability to integrate improved accessibility provisions into subsequent editions of the BC Building Code.

Most of the accessibility requirements in the 2018 BC Building Code are adopted from the 2015 National Code. The National Code is developed by committee, with input from the provinces and territories, and is vetted through nation-wide public reviews. BC typically adopts the National Code content unchanged, unless BC-specific priorities require a unique made-in-BC solution.

For the 2018 BC Building Code, the Building and Safety Standards Branch (BSSB) engaged a nationally recognized consultant with significant BC-based experience to prepare a report with recommendations to ensure BC's unique variations continue to surpass the National Code. The changes in the 2018 BC Building Code improve on the requirements of the 2012 BC Building Code as well as the 2015 National Code, providing improved accessibility in small retail shops, and common areas of condominium and apartment buildings, among other changes.

In February 2018, BSSB invited the public to comment on BC's unique proposed accessibility changes. During that same period, BSSB invited targeted stakeholders to review and provide comments on the proposed accessibility changes. The targeted stakeholders that were invited included; Disability Alliance BC; Social Planning and Research Council (SPARC); CNIB BC Yukon Division Advisory Board; Rick Hansen Foundation; Greater Vancouver Association of the Deaf; BC Housing; Ministry of Health; and the SDPR Accessibility Secretariat. Public and targeted review comments were received both directly and anonymously.



DISCUSSION:

In February 2018, BSSB invited targeted stakeholders and the public to review and provide comments on the proposed accessibility requirements. As outlined in Attachment #1, ninety percent of respondents either supported the proposals or supported with changes. The BSSB reviewed the public feedback and have incorporated these changes, including specific suggestions for more inclusive language, into the 2018 BC Building Code.

Some respondents suggested the proposed changes do not adequately increase accessibility. It should be noted that these code changes are the first in a series of changes anticipated as government works towards the commitments of Building a Better BC for People with Disabilities, which includes developing the most accessible building code in Canada by 2024.

In addition to the general education efforts for the BC Building Code, a new edition of the Building Access Handbook will be created to supplement the 2018 BC Building Code and provide explanatory text and illustrations to assist code users to understand the complexity of accessibility requirements. The BSSB has published bulletin B18-05 Accessibility in the 2018 British Columbia Building Code which describes what is new since the 2012 edition.

The BSSB plans to convene an Accessibility Working Group, comprised of advocates, industry groups, and government ministries, to advise the government of future proposed accessibility enhancements to subsequent editions of the BC Building Code.

Information Briefing Note 237720 that accompanied the briefing package for the adoption of the 2018 BC Building Code is attached.

FINANCIAL IMPLICATIONS:

Prioritization of limited BSSB staff resources will be focus on preparation of a renewed Building Access Handbook in 2018-19.

Attachments: 2

1. Summary of Accessibility Code Changes Presented for Public Review
2. Briefing Note for Information 237720, Accessibility in the British Columbia Building Code

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Greg Steves, Assistant Deputy Minister
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Jacqueline Dawes, Deputy Minister

DATE APPROVED:

September 4, 2018

September 4, 2018



Attachment 1

Summary of Significant Code Changes Presented for Public Review

British Columbia Building Code	
Topic	Accessibility
Recommendation	Transition to the National Building Code (NBC) approach and retain the British Columbia (BC) provisions that offer the greatest level of accessibility.
Rationale	The proposed changes will require a higher level of accessibility in buildings, and will align with the requirements of the 2015 NBC and other Canadian jurisdictions.
Stakeholder Feedback	90 percent support or support with changes 10 percent do not support



Attachment 1. Briefing Note for Information 237720, Accessibility in the British Columbia Building Code



BRIEFING NOTE FOR INFORMATION

Date: July 10, 2018
Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Title: Accessibility in the British Columbia Building Code
Issue: The 2018 British Columbia Building Code includes new requirements for accessibility based on the model 2015 National Building Code of Canada.

SUMMARY:

- The British Columbia Building Code establishes the minimum accessibility requirements for buildings in British Columbia.
- The Ministry is proposing to publish the new accessibility requirements in the Building Code in July 2018 with an effective date in December 2018.
- The proposed changes support Building a Better BC for People with Disabilities and the Province's 10-year action plan. Ministry staff continue to collaborate with partners to promote greater accessibility for buildings in British Columbia.

BACKGROUND:

For the past 40 years, accessibility requirements in the British Columbia Building Code (BC Code) have surpassed national and other provincial building code requirements. The requirements in the National Building Code (National Code) were substantially updated in 2015 by incorporating existing requirements from other Canadian jurisdictions. Basing the next edition of the BC Code on the National Code requirements increases accessibility for persons with disabilities, enhances harmonization between the two codes, and supports British Columbia's (BC's) ability to integrate accessibility provisions into subsequent editions of the BC Code.

For the 2018 BC Code, the Building and Safety Standards Branch (BSSB) engaged a nationally recognized consultant to prepare a report with recommendations to ensure accessibility in the BC Code continues to surpass the National Code. The recommended changes for the 2018 BC Code improve on the requirements in the 2015 National Code, providing improved accessibility in small retail shops, and common areas of condominium and apartment buildings, as well as other changes.

The accessibility requirements of the 2018 BC Code will exceed the current 2012 BC Code and the 2015 National Code. It will also permit greater flexibility in design choices by offering the Canadian Standards Association's "Accessible Design for the Built Environment" standard as an optional compliance path. Some examples of BC's unique requirements that will be retained include: requiring elevators in more buildings, requiring more universal accessible washrooms, and construction requirements for adaptable dwelling units.

DISCUSSION:

In February 2018, BSSB invited targeted stakeholders and the public to review and provide comments on the proposed accessibility requirements. Ninety percent of respondents either supported the proposals or supported with changes. The BSSB reviewed the public feedback and have incorporated these changes, including specific suggestions for more inclusive language, into the 2018 BC Code.

Several respondents suggested the proposed changes do not adequately increase accessibility. It should be noted that these code changes are the first in a series of changes anticipated as government works towards



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(X-REF. #232926)

the commitments of Building a Better BC for People with Disabilities, which includes developing the most accessible building code in Canada by 2024.

In addition to the general education efforts for the BC Code, a new edition of the Building Access Handbook will be created to supplement the BC Code and provide explanatory text and illustrations to assist code users to understand the complexity of accessibility requirements.

The BSSB plans to convene an Accessibility Working Group, comprised of advocates, industry groups, and government ministries, to advise the government of future proposed accessibility enhancements to subsequent editions of the BC Code.

FINANCIAL IMPLICATIONS:

None

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DATE APPROVED:

July 9, 2018

July 10, 2018

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Withheld pursuant to/removed as

s.12;s.13



BRIEFING NOTE FOR INFORMATION

Date: September 20, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: BC Hotel Association and Short-Term Rentals

Issue: Short-term rentals, the Province's actions and the Municipal and Regional District Tax

SUMMARY:

- **The rapid growth of short-term rentals (STRs) is a significant factor contributing to the lack of long-term rental stock including affordable stock, in numerous communities across British Columbia.**
- **The lack of affordable housing is negatively impacting businesses across British Columbia.**
- **As of October 1, the Municipal and Regional District Tax (MRDT) includes affordable housing initiatives.**

BACKGROUND:

Growing demand for STRs has put significant pressure on vacancy rates, rents and home prices for local residents and seasonal workers across the province including: Metro Vancouver, Vancouver Island, the Sunshine Coast, the Okanagan and the Kootenays.

The rapid growth of STRs is a contributing factor to the lack of affordable long-term rental stock across the province. A significant amount of long-term rental stock has been repurposed as more profitable short-term rental stock. For example, in the City of Vancouver, listings on Airbnb (the largest STR platform) grew from 3,500 in 2015 to 6,600 in 2017.

There is extensive research on how short-term rentals reduce the amount of affordable long-term rental stock in low-vacancy housing markets in Canada, the U.S. and Europe. Many jurisdictions have acted to curb or ban short-term rentals.

The impact of STRs on affordable housing is not because spare bedrooms are rented, it is because entire units are rented. In Vancouver, an estimated 69 percent of STR listings (as of April 2018 before Vancouver's current regulations were enacted) were for entire units. Many STR units are rented out by so-called "commercial hosts" who rent out multiple units as a means of earning a living.

DISCUSSION:

Impact on Hotel Industry

In 2016, 2017 and 2018, UBCM held workshops on the challenges that short-term rentals pose for housing and local governments. The BC Hotel Association participated on the 2016 panel and noted the concerns for its members and other tourism operators with the pressures that STRs placed on affordable housing for both regular and seasonal workers.

Some businesses in tourism dependent BC communities will hire workers based on whether or not they have housing. Businesses may not be able to operate full time because of staff shortages due to a lack of housing.



s.13

Provincial Government Actions on STRs

In early February 2018, the Province announced an agreement with Airbnb for STR hosts to collect and remit taxes, both the Provincial Sales Tax (PST) and the Municipal and Regional District Tax (MRDT), effective October 1, 2018. Further, the exemption of PST/MRDT payments for accommodation providers of four units or less have been eliminated, and replaced with an exemption for accommodation providers earning revenue of \$2500 or less. These changes have long been advocated for by BC hotel and motel operators, to “level the playing field” and to fairly contribute.

Then, as part of the February 20, 2018 Budget the Province announced that the allowable use of MRDT funds is expanded from tourism marketing to include affordable housing initiatives. Tourism operators and stakeholders are upset at the risk of losing dedicated tourism marketing dollars for their regions or local areas. The Ministers of Finance and Tourism received many letters in opposition.

In June 2018, the changes to the MRDT were clarified. MRDT recipients can use new MRDT revenue from online accommodation platforms towards affordable housing initiatives without submitting a new MRDT application. If MRDT recipients wish to use MRDT revenues beyond those generated by online accommodation platforms (OAP) towards affordable housing, they must submit a full application package – which includes stakeholder support and the support of 51 percent of accommodation providers representing 51 percent of available rooms. If a community chooses to spend either OAP or General MRDT on affordable housing, an Affordable Housing MRDT Plan is required and will be reviewed by the Ministry of Municipal Affairs and Housing (MAH) prior to implementation. Communities will also be required to report out annually.

On July 18, 2018 the Province announced that effective November 30, 2018, strata’s could fine up to \$1,000 day for violations of any strata bylaws limiting or banning STRs.

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DATE APPROVED:

September 20, 2018

September 20, 2018



BRIEFING NOTE FOR INFORMATION

Date: September 14, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: *Building Act*

Issue: Including *Building Act* amendments in the Ministry's upcoming Request For Legislation (RFL) to support a Miscellaneous Bill.

Briefing Date: Minister's Council on September 27, 2018

SUMMARY:

- **Targeted changes are recommended to the Minister's authority to make regulations under the *Building Act*.**
- **The proposed changes would clarify the Minister's authority to delegate discretion to local governments to make decisions about technical building requirements, which are typically the responsibility of the Minister.**
- **If approved by Cabinet, the Minister will be able to establish consistent technical building requirements, while allowing local governments to determine the application of certain requirements when the Minister considers it appropriate.**
- **This will enable greater flexibility in addressing complex policy issues relating to the safety of secondary suites, accessibility for persons with disabilities, energy and seismic codes for alterations to existing buildings, and fire sprinkler requirements.**
- **The Ministry plans to include these changes in an RFL to support an upcoming Miscellaneous Bill scheduled for Spring 2019.**

BACKGROUND:

The Act was introduced in 2015 to modernize British Columbia's (BC) building regulatory system. The Province assumed sole authority for establishing technical building requirements in the province except within the City of Vancouver. The goal was to improve consistency and minimize the patchwork of different requirements across BC that had caused confusion and increased costs for builders and consumers.

Currently, local governments continue to have authority to regulate, prohibit and impose requirements for buildings via the *Community Charter* and *Local Government Act*. The *Building Act* (the Act) overrides the authority of local governments and establishes the Province as the primary authority for establishing building requirements. However, The Minister also has the authority under the Act to specifically prescribing matters as unrestricted, which allows local governments to regulate those matters without provincial oversight. The Act does not provide explicit authority for the Minister to establish technical building requirements and delegate to local governments to determine when or where the requirements apply.

In April 2017, the conservation of energy and reduction of greenhouse gas emissions were prescribed as unrestricted matters on the condition that local governments follow technical requirements established by the Province in the BC Energy Step Code (Step Code). The Step Code is a voluntary provincial standard that establishes a series of steps representing increasing energy efficiency performance. Local governments can use their authority for regulating buildings to require builders to satisfy a step of the Step Code, rather than



the base Building Code. The authority to apply conditions to unrestricted matters is not specifically described in the Act, which could complicate any future efforts to establish regulations that rely on some degree of local government decision-making.

DISCUSSION:

The Act is relatively new and opportunities to better reflect the policy intent have been identified during its implementation. The Building and Safety Standards Branch is proposing amendments to the Act that will better support the Province's ability to collaborate and share responsibility with local governments in the regulation of buildings. If approved by Cabinet, the amendments will form part of a Ministry Miscellaneous Bill scheduled for Spring 2019.

The proposed amendments will clarify the Minister's authority to delegate a level of discretion to local governments when the Minister considers it appropriate so they can determine the application of certain technical building requirements. For some matters, the intent is to have the Province establish the technical standard but allow local governments to use their pre-existing authorities in the *Community Charter* or *Local Government Act* to specify the application of a standard. This type of collaboration promotes consistency of technical requirements while allowing local governments some flexibility to address complex issues, such as non-permitted secondary suites, energy efficiency and seismic requirements for existing buildings, accessibility, and fire-sprinkler requirements.

While this type of delegated-authority framework was utilized for the Step Code, there is the possibility for competing legal interpretations of the Act as written and clarification is recommended to minimize confusion regarding the Minister's authority under the Act. The Ministry solicitor has provided preliminary support to proceed.

The changes should be made as soon as possible to enhance the Province's ability to address urgent and complex policy issues relating to the safety of secondary suites, accessibility for persons with disabilities, energy code for alterations to existing buildings, and fire sprinkler requirements.

FINANCIAL IMPLICATIONS:

- None

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DATE APPROVED:

September 14, 2018

September 14, 2018



BRIEFING NOTE FOR INFORMATION

Date: September 17, 2018
Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Title: Foreign Buyer Restrictions
Issue: Regulatory responses to foreign investment in real estate.
Briefing: Minister's Council on September 27, 2018

SUMMARY:

- **The New Zealand government will soon enact a law intended to restrict foreign purchase of real estate. The following reviews reactions to the ban, summarizes comparable policies of other jurisdictions, and discusses the implications of the policy within the context of housing in British Columbia.**

BACKGROUND:

Similar to British Columbia, New Zealand is facing a housing affordability crisis that has left home ownership out of reach for many. Recent figures published in *The Economist* place New Zealand and Canada as having the second and third highest Housing Price Index in the developed world.

Authorities in New Zealand estimate that 3 percent of homes are being sold to foreigners, but in more popular areas the percentage of foreign owned homes ranges from 5 percent in the Queenstown region to 22 percent in central Auckland. The most prominent source countries of foreign buyers in New Zealand's real estate market include China, Hong Kong, Britain, Australia, and Singapore.

In response to growing concerns with the effect of offshore money and its impact on speculation and housing affordability, the Government of New Zealand introduced the Overseas Investment Amendment Bill in December 2017 to dampen housing speculation, increase supply, and improve housing affordability for residents. The Act restricts foreigners from purchasing existing homes, while permitting them to purchase new apartments in large developments and multi-story blocks of 20 units or more. Existing bi-lateral free trade agreements exempt Australian and Singaporean nationals from the residency requirement. In addition to the Act, the New Zealand government has committed to building 100,000 housing units within ten years and to increasing the social housing stock by 6,400 homes in four years.

The Act has drawn attention within New Zealand and abroad. Key criticisms focus on claims of xenophobia, the dissuasion of foreign investment from housing and other economic sectors, and uncertainty surrounding policy effectiveness. Critics of the ban contend a more effective policy response would be to increase security of rental housing, increase supply of social housing, and create policy more conducive to affordable housing development.

DISCUSSION:

British Columbia Context

Data released in 2016 by Statistics Canada indicated non-resident ownership¹ accounted for 3 percent of homes across the province, with a 5 percent rate in Metro Vancouver Area. In 2017, the Canadian Housing Statistics Program reported that 4.8 percent of properties in the Vancouver Metropolitan Area were owned

¹ Non-resident refers to the residency of the legal owner of the property being outside Canada. It is not necessarily indicative of citizenship.



by non-residents and that these properties were valued at 5.1 percent of the total residential property tax base. Many experts contend that the above numbers are undercounts since there is no way at this time of counting foreign beneficial owners who put title in the hands of relatives, trusts or companies.

Further analyses released by Statistics Canada on foreign-ownership by housing type showed that condominiums comprised 53 percent of properties within the Vancouver Metropolitan Area owned by non-residents. However, the clearest indicator of foreign involvement in speculation was found in single-detached housing, where the average value of homes owned by non-residents was \$707,800 higher than the average for residents (see Appendix A). While the number and value of foreign ownership have only recently been collected, early numbers produced by the Ministry of Finance show a steady decline in both the proportion of foreign owners and the percentage of fair market value that is attributable to foreign ownership (see Appendix B) since BC's introduction of a foreign buyers tax in certain regions.

The recent passing of the Overseas Investment Amendment Bill in New Zealand has prompted renewed calls from the BC Green Party to adopt a similar policy in BC that would prohibit non-residents from purchasing existing property. Like New Zealand, their policy also proposed an exemption to allow foreign investment in new developments with the intent of increasing supply.

Other Canadian Provinces

The Green Party's proposed residency requirement is not dissimilar from policies used in other provincial jurisdictions to limit foreign ownership of real estate. Alberta, Saskatchewan and Manitoba restrict the total farmland area that can be purchased by foreigners, while Quebec prohibits non-Quebec residents from purchasing more than four hectares of land. More stringent foreign buyer regulations are found in Prince Edward Island (PEI), where new citizenship requirements and lengthened residency terms were mandated earlier this year; a buyer there must be a Canadian citizen or landed immigrant and is required to live in the province for 365 days over 24 months. PEI has also ordered the Island Regulatory and Appeals Commission to conduct a review of real estate owned by foreigners and corporations. The impetus for these measures has reportedly stemmed from the perceived impacts of foreign ownership of land on the Province's key agricultural sector.

While Ontario and BC have not implemented residency restrictions, both provinces have recently introduced a foreign buyer tax at a rate of 15 percent, targeted at key areas such as the Greater Golden Horseshoe Area in Ontario, and Metro Vancouver; the latter is set to increase to 20 percent in Fall 2018.

Other Countries

As other countries contend with the impacts of foreign ownership and housing affordability, many have imposed a variety of restrictions on foreign buyers. Restrictions range from residency requirements, quotas on the number of properties that can be foreign owned, and foreign buyer taxes to obtaining various consents from local government authorities.

In a 2017 study commissioned by the Real Estate Institute of British Columbia, the Community Development Institute at the University of Northern British Columbia conducted a survey of non-resident restrictions from jurisdictions throughout the world. Their research found four general responses to non-resident ownership (see Appendix C): open doors; leviers; restrictors; and restrictors/leviers.

Tenure type is another means by which foreign ownership may be restricted. For example, China does not permit any individual (citizen or foreigner) to privately own land, but rather transfers only land use rights for a period of 70 years. Mexico permits foreign ownership within designated zoned areas, but foreigners purchase by way of a trust agreement over a typical period of 50 years, during which banks hold legal title to property while the foreign purchaser retains all rights, responsibilities and privileges of ownership.



Thailand and Philippines permit foreigners to purchase and own housing, but restrict them from owning land.

In addition to the application of foreign buyer restrictions, enforcement bodies have played a key role in guiding non-resident ownership. Australia is noted as having the most robust framework, due to the oversight and enforcement exercised by their Foreign Investment Review Board (FIRB). Under the regulation of the FIRB, foreign buyers are required to register property purchases with the federal government, and are only permitted to purchase new houses or apartments or build on vacant land within a four year construction window. Temporary residents are permitted to purchase, but must sell the property once their visa expires. To address hidden ownership, noncompliant foreign buyers can face imprisonment or fines upwards of \$120,000, while real estate agents and agencies who aid foreign buyers in circumventing the law can be fined between \$42,000 and \$212,000.

Conclusion

Among the array of potential policy measures that can be applied to address foreign property ownership and speculation in BC, many are already included within the BC Government's 30 point plan.

The continued release of information from Statistics Canada, BC's Ministry of Finance property transfer tax data, and BC's future beneficial ownership registry will provide nuanced insight to further analyze the scope and nature of foreign ownership of BC real estate, as well as provide a baseline by which to evaluate the efficacy of foreign restriction policies.

FINANCIAL IMPLICATIONS:

- None

Appendices: (3)

- A. Difference in Average Assessment Value Between Residential Properties Owned by Canadian Residents and Non-Residents in Toronto and Vancouver Census Metropolitan Areas
- B. Foreign Involvement in BC Real Estate According to Property Transfer Tax Data: By Percentage of Count and Percentage of Fair Market Value (FMV)
- C. Typology of Foreign Buyer Restrictions

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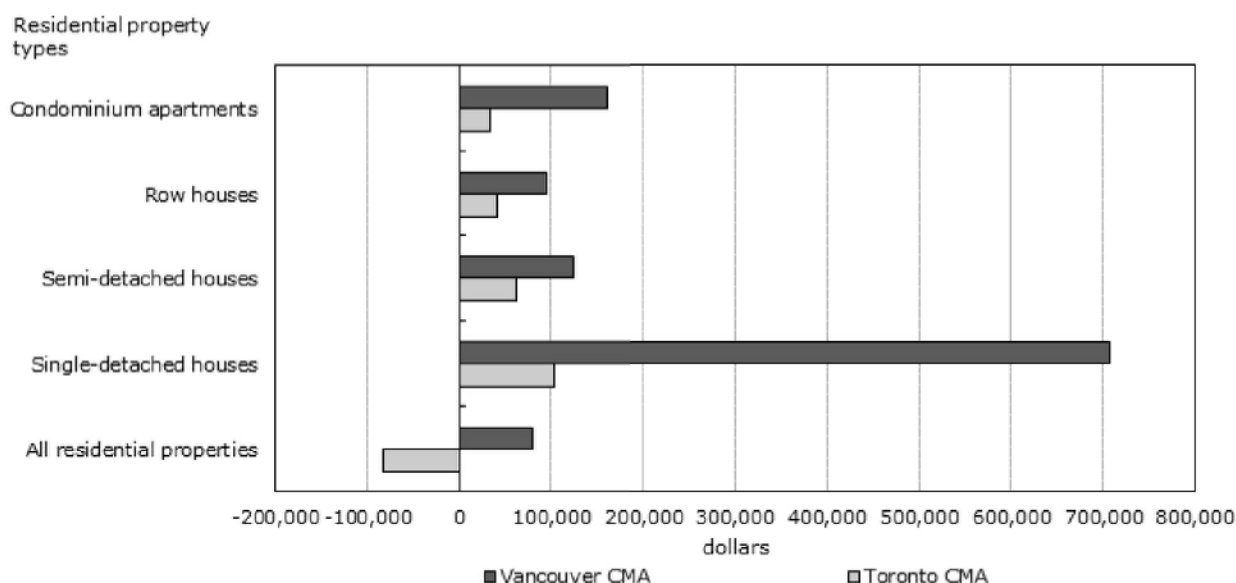
DATE APPROVED:

September 14, 2018

September 17, 2018



Appendix A: Difference in Average Assessment Value Between Residential Properties Owned by Canadian Residents and Non-Residents in Toronto and Vancouver Census Metropolitan Areas²



Notes: Differences are calculated as the average assessment value of non-resident-owned properties minus the average assessment value of resident-owned properties. The estimates for all residential properties also include data for property types not presented here. CMA: census metropolitan area.

Source: Statistics Canada, Canadian Housing Statistics Program, May 2017 (Toronto) and June 2017 (Vancouver).

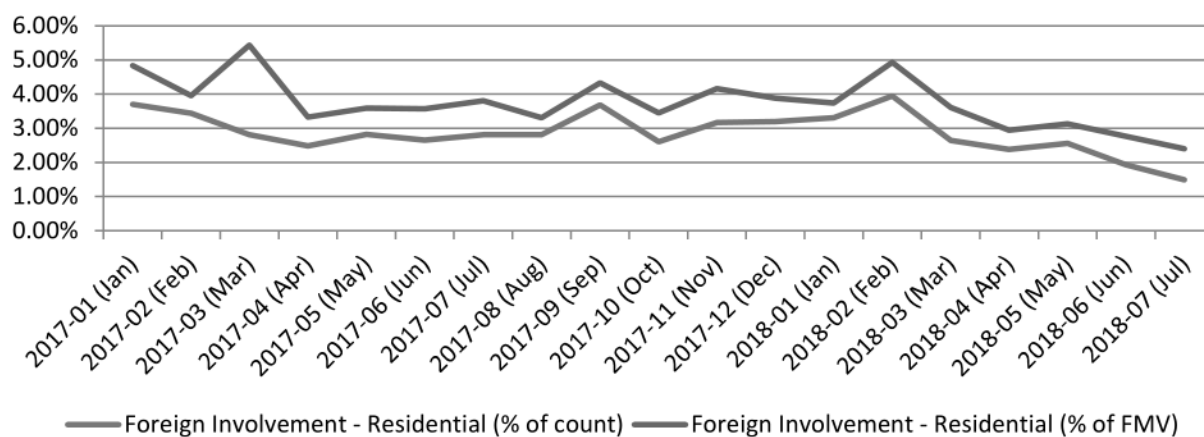
² Non-resident refers to the residency of the legal owner of the property being outside Canada. It is not necessarily indicative of citizenship.



Appendix B: Foreign Involvement in BC Real Estate According to Property Transfer Tax Data: By Percentage of Count and Percentage of Fair Market Value (FMV)

Property Transfer Tax Data

JANUARY 2017 - JULY 2018



Source: BC Property Transfer Tax Data – Ministry of Finance, Property Taxation Branch. Open Source.



Appendix C: Typology of Foreign Buyer Restrictions

TYPE	COUNTRIES:	POLICIES:
Restrictors and Leviers Jurisdictions with the most extensive policy frameworks that restrict foreign owners and make it more expensive for them to own property.	Australia China Hong Kong Singapore	<ul style="list-style-type: none"> - Residency requirements, “stamp duties” on the sale of foreign-owned homes, and zoning of resident-ownership-only areas. - Exemptions offered for non-resident ownership that contributes to new housing stock, and for non-residents that make significant economic contributions.
Restrictors Jurisdictions that impose limits or restrictions on the types of residential property that could be bought and owned by foreigners.	Switzerland Denmark Mexico Costa Rica	<ul style="list-style-type: none"> - Residency requirements with exemptions made by special approval processes. - Permit quotas to foreigners purchasing secondary/vacation homes in designated tourism areas. - Zoning measures to restrict foreigners from purchasing property near specified border and coastline areas.
Leviers Jurisdictions that do not restrict foreign owners from owning a home, but make it more expensive for non-resident buyers.	United States United Kingdom	<ul style="list-style-type: none"> - Federal and state taxes on properties sold, exchanged, gifted, transferred or liquidated by a foreign entity. - Capital gains taxes applied to foreign-owned property sales. - Surcharges on local council tax for homes left empty for more than two years.
Open Doors Jurisdictions that grant foreigners exactly the same rights and obligations as citizens and residents with respect to acquiring and owning residential real estate.	Japan Nicaragua France	<ul style="list-style-type: none"> - No restrictions imposed on foreign buyers, although registration of foreign ownership is often required for information purposes.

Source: The Real Estate Institute of British Columbia, January 2017



BRIEFING NOTE FOR INFORMATION

Date: September 24, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Changes to Strata Property Regulations

Issue: Airbnb concerns with July 18, 2018 news release on increased strata fines for short-term rentals

Meeting With: Alex Dagg, Public Policy Director, Airbnb on September 25, 2018.

SUMMARY:

- **The rapid growth of short-term rentals (STRs) is a significant factor contributing to the lack of long-term rental stock including affordable stock, in numerous communities across British Columbia.**
- **However, there is also a strong, growing market for STRs from both hosts and guests, who experience benefits in this type of tenure.**
- **One of the 30 points in the “Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia” was to allow strata corporations that have bylaws limiting or banning short-term rentals (STRs) to impose higher fines for contravening those bylaws.**
- **Strata corporations can pass bylaws that restrict or ban STRs and fine owners or residents that are not complying. However, the previous maximum fines allowed under strata legislation---\$200 per week---were not sufficient to discourage unwanted STR activity.**
- **Effective November 30, 2018 strata corporations with STR bylaws can fine owners or residents who are not complying with STR bylaws up to \$1,000 a day. Some B.C. local governments (e.g., Vancouver and Whistler) also impose fines of up to \$1,000 a day for STRs that violate local government bylaws.**

BACKGROUND:

Growing demand for STRs has put significant pressure vacancy rates, rents and home prices for local residents and seasonal workers across the province including: Metro Vancouver, Vancouver Island, the Sunshine Coast, the Okanagan and the Kootenays.

The rapid growth of STRs is a significant factor in contributing to the lack of affordable long-term rental stock across the province. A significant amount of long-term rental stock has been repurposed as more profitable short-term rental stock. For example, in the City of Vancouver, listings on Airbnb (the largest STR platform) grew from 3,500 in 2015 to 6,600 in 2017.

There is extensive research on how short-term rentals significantly reduce the amount of affordable long-term rental stock in low-vacancy housing markets in Canada, the U.S. and Europe. Many jurisdictions have acted to curb or ban short-term rentals.

The impact of STRs on affordable housing is not because spare bedrooms are rented, it is due to the fact that entire units are rented. In Vancouver, an estimated 69 percent of STR listings (as of April 2018 before current regulations were enacted in Vancouver) were for entire units. Many STR units are rented out by so-called “commercial hosts” who rent out multiple units as a means of earning a living.



DISCUSSION:

On July 19, 2018 Alex Dagg wrote the Minister expressing Airbnb concerns that the Province has negatively characterized Airbnb in its July 18, 2018 news release about the increase in strata fines for violations of strata STR bylaws (see Attachment A). Airbnb noted it has cooperated with the Province to collect taxes.

The new level of fine was developed in consultation with representatives from the two major strata stakeholder associations (CHOA, the Condominium Home Owners Association and VISOA, the Vancouver Island Strata Owners Association), the Civil Resolution Tribunal and three expert strata lawyers who have dealt extensively with short-term rental issues. This group was unanimous in its support for fines of up to \$1,000 a day for owners or residents contravening any STR strata bylaws.

There have been no concerns expressed to the Housing Policy Branch about the Province's February 20, 2018 public commitment to increase strata fines for violating STR bylaws or the subsequent July 18, 2018 change to increase the maximum fine to \$1,000 a day. Strata stakeholders have not reported concerns either.

The Province regularly updates strata legislation to meet the needs of the strata community and serve the public interest.

In 2016, 2017 and 2018, UBCM held workshops on the challenges that short-term rentals pose for housing and local governments. The City of Nelson has also submitted a class A resolution on short-term rentals, to be debated at UBCM 2018. Nelson is proposing that the Province require STR platforms to ensure hosts have and post valid business licences (a key mechanism to regulate and limit STRs). As of September 7, 2018, the Ministry of Municipal Affairs and Housing has not been asked to respond to that resolution.

Attachments:

- A. Strata change to help availability of long-term rentals (July 18, 2018 MAH news release)

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DATE APPROVED:

September 21, 2018

September 21, 2018



Attachment A:
Strata change to help availability of long-term rentals (July 18, 2018 MAH news release)

A change to the Strata Property Regulation will support strata corporations in enforcing short-term rental bylaws, helping strata corporations address issues that can arise from short-term rentals, while keeping long-term rentals in the market.

“We’ve all heard the stories of renters losing their homes when units are pulled out of the rental market to be used as short-term rentals. With this change, we can ensure there is long-term rental stock for people and families who need them,” said Selina Robinson, Minister of Municipal Affairs and Housing. “As part of our 30-point plan to improve housing affordability in B.C., we are supporting strata corporations to both deal with the noise and security issues that can sometimes come with short-term rentals, and also preserve rentals for the long term.”

Currently, strata corporations can pass bylaws that restrict or ban short-term rentals, and fine owners or residents who are not complying. Maximum fines of \$200 per week will be raised to up to \$1,000 a day, to discourage unwanted short-term rental activity.

Short-term rentals have put significant pressure on vacancy rates, rents and home prices for people around British Columbia. Short-term rentals can also sometimes mean unacceptable levels of noise, damage to common property, and security issues in strata communities.

“The new regulations will help define short-term commercial use as a different function than rentals, and provides some very real consequences for the violators,” said Tony Gioventu, executive director, Condominium Home Owners Association of B.C. “For those strata corporations who prohibit short-term use, this is a valuable amendment. It will require strata corporations to amend their bylaws at a general meeting to permit the higher penalties, which in turn will provide the strata with a great opportunity to make sure the strata’s bylaw complies with provincial legislation.”

The regulation was developed in consultation with representatives from the two major strata stakeholder associations, the Condominium Home Owners Association of B.C. and the Vancouver Island Strata Owners Association (VISOA).

“Short-term rentals are a huge concern to strata corporations,” said Sandy Wagner, president of the board of directors, VISOA. “The wear and tear on the common property, as well as the security concerns caused by a steady stream of unknown occupants are just a few of the reasons why VISOA, on behalf of our members, are pleased to support the proposed amendments to the Strata Property Regulation, which will permit strata corporations to assess fines at a real deterrent level.”

The change will take effect on Nov. 30, 2018, in order to allow short-term rental hosts time to adjust bookings and comply with a strata’s short-term rental bylaws.



BRIEFING NOTE FOR INFORMATION

Date: September 24, 2018
Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Title: Nanaimo Homeless Encampment
Issue: Follow up to September 17, 2018 call
Meeting With: Bill McKay, Mayor of Nanaimo, on September 25, 2018

SUMMARY:

- s.13,s.16
-
- Since Mayor McKay requested this meeting, a Nanaimo BC Supreme Court judge granted the city an application and enforcement order to clear the encampment. Those at the camp have until Oct. 12 to comply and leave.
- Mayor McKay is not seeking re-election on Oct. 20. He has been outspoken in media saying the province is not doing enough to address the encampment.
- **Recommended Response:**
 - BC Housing staff will be involved in providing outreach and support to local service providers as decampment plans proceed.
 - BC Housing staff are looking at three or four sites for potential supportive housing in Nanaimo, including those on a list provided by city staff.
 - It would be helpful to know if Nanaimo is flexible on the decampment date plans to best coordinate housing resources and options in the works.
 - If Nanaimo plans to identify parks for night sheltering and bylaw enforcement for day shelters, it would be helpful to ensure amenities are in the parks, support and outreach are planned accordingly and day storage options are considered – as well as winter weather shelter options.
 - We remain committed to our offer to fund an additional 2,500 units of supportive housing across the province, including in this region, but delivering that housing will require willing partners at the local level.
 - There are several options for Nanaimo to assist in these efforts.
 - One would be to identify municipal land in the region where supportive modular housing could be built in the short or long term or any buildings that could be used for interim housing or shelters.
 - For example, in response to the Victoria courthouse encampment in 2016, BC Housing provided temporary shelter at an unused Boys and Girls club, local church and former youth jail.



- **Nanaimo could also reconsider a partnership with the province to build the 44-unit modular supportive housing building on Cranberry Road that was rejected by council in March.**
- **Ministry staff have informed me that more than 300 units of affordable housing for Nanaimo are tied up in the development approvals process.**
- **Nanaimo council and staff can look at ways to streamline and fast-track the development approvals process so this much-needed housing can get built. This will free up other housing opportunities in the region.**
- **Nanaimo can also continue to work with BC Housing outreach teams, local service providers, police, fire and the health authority to make sure the people at encampment are safe and in good health while we work to find the housing and supports they need to move on.**
- **We cannot address homelessness alone. It requires all levels of government to come to the table.**

BACKGROUND:

Nanaimo Encampment

The Nanaimo encampment was established on a vacant city lot downtown mid-May to advocate for affordable housing and people experiencing homelessness.

It has grown to include nearly 300 people, including 276 tents, structures, RVs and vehicles. Overcrowding has become an issue, with campers attempting to expand fencing into active industrial land. Coming winter weather is a concern.

There are many vulnerable people in the camp, including youth, women, a sizeable Indigenous population and people with mental health and addictions issues. There have been two deaths at the camp, a stabbing and fires.

The camp has received multiple fire orders. The most recent cites a concern over combustibles, people using open fires in tents to cook and overcrowding obstructing emergency vehicle pathways. In August, a man was seriously injured in an explosion in his tent. The Nanaimo Supreme Court rejected an application for an enforcement order to clear the camp base on fire order violations.

In July, a Nanaimo Supreme Court Judge reserved decision after a hearing for an injunction application to close the camp based on fire and health concerns and trespassing violations. On Sept. 7, 2018 the judge granted Nanaimo the injunction and enforcement order to clear the camp – and 21 days notice to campers to vacate.

There are community tensions regarding the encampment – which have led to threats against the people at the camp and demonstrations organized by the local chapter of the Soldiers of Odin, a group associated with white supremacy and anti-immigrant views. Theft from the area is also a concern.

In recent weeks, outreach staff at the camp have said it is relatively quiet with moderate organization – including a peer cleaning team, meals and harm reduction services. Leadership of the camp shifts.

Another homeless encampment developed in the Nanaimo Regional District off Highway 19 near Cedar over the summer on Ministry of Transportation land. About 20 to 25 people in tents, vehicles and RVs have stayed at the camp – including children. Some have indicated they also stayed at the downtown encampment – which is accessible by bus.



Provincial Response - Outreach

The Housing Action Response Team (HART) has been active at the camp providing outreach and mentorship to the local responding service provider BC Mental Health Association.

Outreach at the camp includes addressing health and safety needs, harm reduction supplies and support, on-site housing and income assistance assessments.

BC Housing facilitates weekly calls with the city, fellow ministries, service providers, the health authority and local authorities to discuss issues at the camp and appropriate response. These calls will likely shift to decampment plans.

Provincial Response - Housing

BC Housing has also surveyed the Nanaimo region for potential sites for modular and supportive housing.

Based on housing needs assessments of the people at the camp, BC Housing estimates a variety of supportive housing options will be needed – including support for mental health and addictions.

Nanaimo city council has not actively communicated with BC Housing about potential sites for housing that would receive city approval.

In March 2018, the city withdrew from a partnership with BC Housing to build a 44-unit modular supportive housing building on Cranberry Road in Chase River in response to community resistance. No alternative site was suggested.

DISCUSSION:

s.13,s.16

The 318 units of affordable housing awaiting development approvals from Nanaimo include:

- 159 units for seniors in the Buttertubs development announce in July.
- 74 units of affordable housing and rental at the Brechin United Church redevelopment – part of the first HousingHub project announced in May.
- 57 units for seniors at 20 Prideaux St. announced in January.
- 28 units of affordable housing including independent living units on Uplands Drive.



Ministry of
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DATE APPROVED:

September 24, 2018

September 24, 2018



BRIEFING NOTE FOR DECISION

Date: September 27, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Further Enhancements to the Rental Assistance Program (RAP) and Shelter Aid for Elderly Renters (SAFER)

Issue: s.12,s.13,s.17

s.12,s.13,s.17

The Shelter Aid for Elderly Renters (SAFER) program provides monthly cash payments to subsidize rents for eligible British Columbia (BC) residents who are age 60 or over. Recipients must meet income and residency requirements.

The two rent supplement programs provide subsidies to reduce the *rent gap*, the difference between the market rent being charged for their unit and what they would pay if it was 30 percent of their income. Rent ceilings are set by market area and limit the rent paid that can be claimed. As well, benefits are provided on a sliding scale, providing more assistance to those with lowest incomes. At the lowest end of the eligible income range, renters receive assistance for 90 percent of the rent gap; those at the highest end receive 35 percent of the rent gap.

Benefits available through RAP and SAFER have not kept up with increasing rent costs, with rent ceilings and assistance levels last increased in 2014. In Budget 2018, the government invested \$116 million over three years to increase both the monetary benefits and the number of people eligible for assistance. The enhancements take effect in September 2018, and include:

- The income ceiling for RAP was raised from \$35,000 to \$40,000; and
- Rent ceilings for both RAP and SAFER were raised somewhat to reflect increases in market rents.

As a result of these enhancements, more than 35,000 households are now eligible, including 3,200 newly eligible families and seniors (700 clients in SAFER and 2,500 clients in RAP). The average increase in the benefit is \$800 per year for families and \$930 per year for seniors.



BC Housing's 2018/19 budget for rental assistance programs¹ is \$147.3 million, including a partial year of the above enhancements.

DISCUSSION:

The September increases to the RAP and SAFER benefits reduced the percentage of income paid towards rent (shelter-to-income ratio) to an average of 36 percent for SAFER recipients and 42 percent for RAP recipients.

s.13,s.17

s.12,s.13,s.17

s.13,s.17

¹ Including RAP, SAFER and the Homeless Prevention Program.
s.13,s.17



s.13

FINANCIAL IMPLICATIONS:

s.13,s.17

RECOMMENDATION:

s.13,s.17

○

APPROVED (recommended option) / NOT APPROVED

Honourable Selina Robinson

Date

Attachments: (1)

s.13,s.17

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DATE APPROVED:

September 26, 2018

September 27, 2018

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s.13;s.17



BRIEFING NOTE FOR INFORMATION

Date: September 28, 2018
Prepared For: Geoff Meggs, Chief of Staff, Office of the Premier
Title: Changes to Allowable Rent Increase Formula
Issue: Removal of 2 percent from the Allowable Rental Increase Formula
Meeting With: David Hutniak, Chief Executive Officer, Landlord BC, TBD

SUMMARY:

- **The Rental Housing Task Force has recommended amending the allowable rent increase formula to inflation and removing the 2 percent component**
- **The Residential Tenancy Branch will work with landlord and tenant groups to determine the criteria for applying for an additional rent increase to reflect the costs of maintaining their rental properties.**
- **LandlordBC has stated the operating costs of maintaining a rental unit exceeds the allowed rent increase.**

BACKGROUND:

Government is committed to amending the *Residential Tenancy Act* (RTA) and the *Manufactured Home Park Tenancy Act* (MHPTA) to provide stronger protections for renters. The RTA allows landlords to raise the rent once per year during a tenancy by an amount calculated in accordance with the Residential Tenancy Regulation ("the annual rent increase"). The amount is equal to the inflation rate plus 2 percent. Under the Manufactured Home Park Tenancy Regulation, the formula is the same but it includes a "proportional amount" which allows landlords to pass through certain costs to tenants. In 2017 and 2018, the annual allowable increase was 3.7 and 4.0 percent respectively. For 2019, the annual rent increase was announced at 4.5 percent. This was the largest increase since 2004.

The Rental Housing Task Force is undertaking a comprehensive review of British Columbia's (BC) tenancy laws including the system of rent control. During the consultation process, the task force heard concerns from landlords about changes to tenancy laws that could impact their ability to recover costs, and tenant concerns about ongoing affordability challenges, particularly in low vacancy rental markets like the Lower Mainland and Victoria.

The task force has provided government with a preliminary recommendation. They recommend that the Ministry amend BC's rent control provisions by removing the 2 percent component from the rent increase formula, and for government to consult with landlord groups on additional rent increases for eligible expenses not covered under the new formula.

DISCUSSION:

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BRIEFING NOTE FOR INFORMATION

Date: September 14, 2018
Prepared For: Jacqueline Dawes, Deputy Minister of Municipal Affairs and Housing
Title: Building Regulations and the Clean Growth Strategy
Issue: Role of the Building Regulations in Achieving Provincial Clean Growth Goals

SUMMARY:

- **The Province is preparing a clean growth strategy that will integrate goals for climate action, clean energy and sustainable economic growth.**
- **Market transformation to a clean buildings sector is a strategic focus, to be achieved through a bundle of programs, including stronger codes and standards.**
- **British Columbia's (BC) building regulatory system, through the development of stronger codes and standards, plays a critical role in the long-term success of the clean growth strategy.**

s.12,s.13,s.17

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BACKGROUND:

The Province is preparing a clean growth strategy (the Strategy) that will integrate goals for climate action, clean energy and sustainable economic growth, while meeting new greenhouse gas (GHG) reduction targets introduced in May 2018. The strategy will be released in late fall 2018, with a focus on the buildings, transportation and industry sectors. The Strategy will expand its scope to other sectors through 2019-2020.

In August 2018, the Province released intentions papers to receive input from citizens and stakeholders on the three initial clean growth sectors. The engagement process received 800 on-line comments, 220 individual submissions and 150 submissions by organizations. Analysis of the input is on-going and is expected to be available in the coming weeks.

Federally, Natural Resources Canada's *Build Smart* strategy includes a plan to adopt increasingly stringent model building codes, starting in 2020. The goal is to adopt a net zero energy ready model building code by 2030 and a new model code for existing buildings by 2022. In British Columbia, the BC Building Code has already established a voluntary pathway to net zero energy ready new buildings through the BC Energy Step Code.

DISCUSSION:

On September 17, the Deputy Minister Working Group on Clean Growth is meeting to review the preliminary list of clean growth strategy initiatives. The list initiatives will inform: 1) additional emissions modelling work, 2) the content of the clean growth strategy, and 3) an overall funding envelope request. The list of initiatives related to the buildings sector is provided as Attachment 1.

As shown in Attachment 1 preliminary list of clean growth strategy initiatives, GHG reductions in the buildings sector will be achieved through a market transformation approach based on a bundle



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of actions, including voluntary programs, financial incentives, training initiatives and stronger codes and standards. Stronger codes and standards will set minimum energy efficiency performance requirements for new and existing buildings, with the objective of aligning to national model codes.

The building regulatory system plays a critical role in achieving the long-term success of the clean growth strategy. Codes and standards provide the technical framework for incentive programs and signal to industry the need for market change. By providing a voluntary pathway, codes and standards can be tested and refined before becoming a regulated requirement. Incentive programs encourage market adoption through the voluntary period, helping to eliminate inefficient practices.

A key learning from the BC Energy Step Code is that the above approach provides a robust framework to build stakeholder support and successfully implement stronger codes and standards. Without such a framework for both new and existing buildings, there is no mechanism to drive industry, utility and local government partners towards a clear, consistent and enforceable objective of clean, efficient buildings.

For new buildings, stronger codes will focus on scaling up the BC Energy Step Code to include more building types and to transition from a voluntary measure to a regulatory requirement in 2022. New code requirements will be developed to regulate retrofits for existing buildings. In addition, a framework similar to the BC Energy Step Code will be developed to support the release of the new code.

s.12,s.13,s.17

The Buildings and Safety Standards Branch (BSSB) is responsible for the development of stronger codes and standards. BSSB has been working closely with the Ministry of Energy, Mines and Petroleum Resources (MEMPR) to align voluntary incentive programs, training initiatives and code changes. The proposed market transformation actions are mutually reinforcing and should remain bundled. No single program or initiative will achieve the desired level of GHG reductions on its own.

s.12,s.13,s.17

FINANCIAL IMPLICATIONS:

s.12,s.13,s.17



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and Housing

Attachments: (1)

s.12,s.13,s.17

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s.12;s.13;s.17