



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

MAYOR'S AND COUNCILLORS' REPORTS

Report from: Councillor Beth Burton-Krahn
Subject: UBCM Conference September 25-29, 2017
Council Agenda: October 23, 2017

Recommendation

That Council receive this report for information.

Background

From September 25th until September 29th, 2017 I attended the UBCM conference in Vancouver as a delegate representing Esquimalt.

The week was full, as is always the case but a few notable and very important topics stood out among the many.

Dissecting Affordability-The Root Causes and Implications:

First off was a discussion on the affordability in housing crisis that is currently gripping the lower mainland of BC, primarily with increasing pressure in the CRD region growing weekly. The tried and true script around affordability in housing often defaults back to one of 'supply and demand'.

IF municipalities allow for an ever larger increase in supply, the cost will come down. For decades this has been the mantra that the development community has repeated over and over. In the 3 hour workshop that I attended, "Dissecting the Affordability Issue - Root Causes and Implications", it became apparent that an equal component is the need to 'cool the demand' side of the equation. What exactly does this phrase mean? In essence, it means recognizing a number of factors that are combining to create both a housing and an affordability crisis within both Lower Mainland and to a slightly lesser extent the CRD region. The variables involved that have helped to create this perfect storm are as follows: 1) a long period of incredibly low interest rates, essentially priming citizens to borrow 'cheap credit' under the notion that it will cost relatively little to repay; 2) the desirability of Vancouver and the Lower Mainland and BC in general as a very popular destination that people want to come her and not only visit but lay down roots; 3) a very intense growth in wealth and development of the middle class in Mainland China coupled with governance concerns that are driving citizens to 'get their wealth out of the country' in unprecedented numbers; and 4) a

federal immigration policy geared to high income earners with very few checks and balances in place with respect to source of income. These are the main drivers at play currently.

The speakers were academics and researchers from SFU and UBC as well as a former Real Estate Consultant who has worked in the industry for two decades and summed up the current state of affairs with the line “developers are in this to get as rich as they can, as quickly as they can.” I found that to be quite a bold indictment of an industry he represented. The key take away was how important it is for both the Federal and Provincial governments to take their roles seriously with respect to housing affordability. Namely, on the Federal level two steps were recommended, to close the loop hole on the high income immigrant policy that is enabling so much global capital to flow into BC’s market and for the Federal government to get back into the affordable housing issue by investing in co-operative housing and social housing in general. The Province is tasked to ensure that they close tax loopholes that exist for foreign buyers who are currently getting around paying their fair share as well as exploring the notion of a progressive property tax program whereby taxes are tied to land values rather than assessed values.

At the municipal level, the call was to ensure we are doing our part to embed measures to ensure inclusive zoning opportunities and other zoning measures that encourage affordability. This could be waiving parking requirements to allowing secondary suites in duplexes and zoning for coach houses among other things. One thing for certain that I took from this session was that the old adage ‘supply and demand’ is not the whole story; indeed it not even a major part of the affordability story in BC at this time.

Cannabis Regulation Town Hall:

Another standout session was with BC’s Solicitor General, the Honourable Mike Farnworth, who hosted a Town Hall on marijuana legalization. The room was packed to over flowing, as local governments are very keen to be brought into the dialogue as the Federal government moves to legalize cannabis by July 1, 2018, with distribution falling to the province. The Province has launched an online feedback forum until November 1st. They are collecting input from local governments and the public alike in terms of the shape and direction they will take. This coming legislation will have profound impacts on the community in terms of zoning and model of sale.

Minister Farnsworth and Staff presented on the work to date that has been done at the provincial level as Bill C45 and Bill C46 wind their way through the legislative process. There are five categories that have been prioritized by the province to date in terms of guiding the development of policy:

- 1) Prioritize the health and safety of British Columbians
- 2) Reduce the crime and illegal market
- 3) Protect children and youth
- 4) address cannabis impaired driving
- 5) support economic development.

Each category in terms spawns a series of discussion papers for further exploration. The presentation was very thorough and laid out clearly the steps to date with topics from possession amounts allowed to models of sales covered. Many questions were asked and the discussion was lively and spirited.

Short Term Rental Challenges:

The workshop session on the challenges that communities are facing with respect to short term rentals (STRs) was another 'full to the edges' afternoon. The resort towns of both Whistler and Tofino spoke at length for the need for municipalities to get serious around enforcement as the most important tool in a municipal government's tool kit with respect to short term rentals and their impact on housing affordability. In both municipalities, specific zones have been created to allow for STRs. If a resident suspects a neighbour to be running an STR outside of the specific zone, a bylaw complaint is made, and enforcement is followed up on immediately. This means a bylaw officer will knock on a person's door and, in the case of Whistler, hand out a ticket for \$2500 PER NIGHT that the resident is in violation of the zoning. The word repeated over and over during the workshop was: enforcement, enforcement, enforcement.

At present, it would appear that Esquimalt should take a 'wait and watch' attitude in terms of this market and see how much impact it is having on long term rentals. We don't appear to be facing the same challenges that the resort towns and even that Victoria faces. Nonetheless, it is important for the Township to be proactive on this issue and perhaps explore specific zoning allowances for STRs within the larger OCP revision process so that down the line, enforcement can be undertaken in a straightforward manner, rather than trying to create zoning after the fact when the problem has gotten out of hand. There were no quick answers to this challenge. It was beneficial to hear how some of the more tourist oriented municipalities are dealing with this challenge. One suggestion that Tofino put forward was to request that two components of an on-line platform rental application include the following: 1) Do you have a business licence? and 2) Are you in compliance with the zoning within your municipality for STRs? Currently these are suggested questions but if they were required, it would provide data to look at when tracking this issue within the municipality.

Town Hall on Infrastructure:

One of the most salient features of this year's UBCM was the opportunity for local government elected officials to make the acquaintance of our new provincial government. At this Town Hall, participants were invited to share their questions and concerns with Finance Minister, Carole James, Transportation Minister, Clare Trevena, Housing Minister, Selina Robinson and Minister of Labour, Harry Bains. I asked specific questions of the plans of both the Ministry of Transportation and the Ministry of Finance with respect to the infamous Colwood Crawl. I spoke about the plan since 2011 that BC Transit approved for LRT between the core and the Westshore and I repeated calls for action on the issue. I was assured that the Island would be the focus of significant transportation investment in the coming years, although I was not given more details. It will be very important for the South Island to remain focused on solving the

transportation concerns that face us and present a united front in dealing with the Province on this matter.

There were many other workshops and town halls that I participated in throughout the week. As well, I was able to attend the lunches and banquet to connect and share stories with my fellow colleagues from around the province. UBCM provides a wonderful forum for networking and sharing of information and problem solving strategies that others have tried.

Respectfully submitted,

Beth Burton-Krahn,
Councillor