Agenda

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Regular Council Meeting

to be held at the City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.
To view the live broadcast and recordings, visit www.penticton.ca

Tuesday, July 16, 2024
at 1:00 p.m.

1. **Call Regular Council Meeting to Order**

2. **Introduction of Late Items**

3. **Adoption of Agenda**

4. **Recess to Committee of the Whole**

5. **Reconvene the Regular Council Meeting**

6. **Adoption of Minutes:**

	6.1	Minutes of the June 18, 2024 Regular Council Meeting	1-5	Adopt

7. **Consent Agenda**

Recommendation: THAT Council approve the Consent Agenda: 6-7

1. *Minutes of the June 18, 2024 Committee of the Whole Meeting.*

8. **Staff Reports:**

Czeck	8.1	Provincial Downloading - Public Safety Costs *Staff Recommendation: THAT Council receive into the record the report dated July 16, 2024 titled "Provincial Downloading – Public Safety Costs" which totaled approximately $4.6M between 2019 and 2023.*	8-158
Dixon	8.2	BC Transit 2024/2025 Annual Operating Agreement Delegation: Bartley Walman, BC Transit *Staff Recommendation: THAT Council authorize the Chief Financial Officer and Corporate Officer to execute the 2024 - 2025 Annual Operating Agreement Conventional and Custom Transit as contained in Attachment "A".*	159-174

Dixon 8.3 BC Transit Three Year Expansion Plans MOU 175-208

Staff Recommendation: THAT Council support the following Transit Service Additions as part of the City's Three-Year Transit Expansion Plan:

- *Conventional Transit System*
  - *2025/2026 - Phase 1 of network restructure plan – modify routing and introduce 15-min service on route 5 Main Street;*
  - *2026/2027 – Introduce evening service on all local routes, replacing the route 15 Night Route;*
  - *2027/2028 – Phase 2 of network restructure plan – modify routes 1, 2, 3 and 4 and increase frequency Monday through Saturday.*

AND THAT the financial costs associated with the service additions be incorporated into the 2025-2029 Financial Plan with funding to be determined through the budget process;

AND THAT BC Transit be advised that the City would consider alterations to the 2025/2026 expansions plans, within the same order of financial magnitude, should BC Transit have expansion service hours available in the interim while fleet procurement processes are completed (such as introducing evening service on all local routes and replacing the route 15 night route, currently proposed for 2026/2027).

Laven 8.4 Official Community Plan Amendment Bylaw No. 2024-23 and 209-237
Zoning Amendment Bylaw No. 2024-24
Re: 813, 825, 877 Westminster Avenue West

Staff Recommendation:

1. THAT Council, prior to consideration of "Official Community Plan Amendment Bylaw No. 2024-23" and in
accordance with Section 475 of the Local Government Act, consider whether early and on-going consultation, in addition to the required Public Hearing, is necessary with:

1. *One or more persons, organizations or authorities;*
2. *The Regional District of Okanagan Similkameen;*
3. *Local First Nations;*
4. *School District #67;*
5. *The provincial or federal government and their agencies;*

AND THAT Council determines that the Public Engagement Period carried out from May 31, 2024 to June 23, 2024 is sufficient;

AND THAT Council give first reading to "Official Community Plan Amendment Bylaw 2024-23", for,

1. *Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891;*
2. *Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891; and*
3. *Lot 1 District Lot 2 Group 7 Similkameen (Formerly Yale-Lytton) Division Yale District Plan 15658,*

Located at 813, 825 and 877 Westminster Avenue West, a bylaw that changes the OCP future land use designation of the subject properties from "High Density Residential" to "Tourist Commercial" and includes a site specific provision in the Tourist Commercial section of the land use designations table stating: "In the case of the consolidated properties of 877, 825 and 813 Westminster Avenue long term residential uses are permitted.";

AND THAT "Official Community Plan Amendment Bylaw No. 2024-23" be forwarded to the August 6, Public Hearing.

2. THAT Council give first reading to "Zoning Amendment Bylaw 2024-24", a bylaw that amends the zoning for 877 Westminster Avenue West from CT1 and C7 to CT1 entirely and for 825 Westminster Avenue West from C8 to CT1 and adds site-specific language to the CT1 zone for the consolidated properties, permitting long term residential units, increasing the maximum permitted density, adjusting parking requirements, increasing the permitted height, increasing the permitted site coverage and adjusting side yard setbacks.

AND THAT "Zoning Amendment Bylaw No. 2024-24" be forwarded to the August 6, Public Hearing.

AND THAT Council, prior to adoption of "Zoning Amendment Bylaw No. 2024-24", require the following
condition be met:

- *The three lots are consolidated, with the consolidation plan registered with the Land Title Office and*
- *A 2.5m wide road dedication along the eastern property line (Power Street) and an 8.5m x 8.5m southeast corner cut at the intersection of Westminster Avenue West and Power Street is registered with the Land Title Office;*

AND THAT Council direct staff to enter into a development agreement with the developer prior to the adoption of "Zoning Amendment Bylaw No. 2024-24", to provide the following infrastructure as part of the development of the site:

- *Higher standard for the Westminster Avenue West and Power Street frontages than the current Subdivision and Development Bylaw requires, to be constructed at the developer's cost, to be designed in alignment with the vision of the North Gateway Redevelopment and Investment Strategy, including the installation of appropriate pedestrian and cyclists' facilities along both frontages, and the protection of the existing American Elm trees along Westminster Avenue.*

Collyer	8.5	Zoning Amendment Bylaw No. 2024-05 Re: 1704 Government Street	238-245

Staff Recommendation: THAT Council rescind third reading and give third reading as amended (update to match new zoning bylaw number) to "Zoning Amendment Bylaw No. 2024-05";
AND THAT Council adopt "Zoning Amendment Bylaw No. 2024-05".

Tanguay	8.6	Covenant Discharge – CI21293 Re: 394 Vancouver Avenue	246-253

Staff Recommendation: THAT Council approve the discharge of covenant #KL37544 from Strata Lot 1, District Lot 202, Similkameen Division Yale District, Strata Plan KAS1914, together with an interest in the common property in proportion to the unit entitlement of the strata lot, as shown on Form 1 (101-394 Vancouver Avenue), and Strata Lot 2, District Lot 202, Similkameen Division Yale District, Strata Plan KAS1914, together with an interest in the common property in proportion to the unit entitlement of the strata lot, as shown on Form 1 (102-394 Vancouver Avenue);
AND THAT Council direct staff to file the release of the covenant with the Land Title and Survey Authority of British Columbia.

Tanguay	8.7	Development Variance Permit PL2024-9556 Re: 332 & 336 Sudbury Avenue	254-263

Staff Recommendation: THAT Council approve "Development Variance Permit PL2024-9556 for Lot 19 and Lot 20, District Lot 189, Similkameen Division Yale District, Plan 996, located at 332 Sudbury Avenue and 336 Sudbury Avenue, a permit to vary the following sections of Zoning Bylaw 2024-22:

- *Section 10.1.2 .3: to increase the lot coverage from 40% to 52.5%*
- *Section 10.1.2 .6: to reduce the minimum front yard from 4.5m to 3m*

AND THAT Council direct staff to issue "Development Variance Permit PL2024-9556".

Tanguay	8.8	Zoning Amendment Bylaw No. 2024-25 Development Variance Permit PL2024-9775 Development Permit PL2024-9776 Re: 2564 South Main Street	264-305

Staff Recommendation: THAT Council give first, second, and third reading to "Zoning Amendment Bylaw No. 2024-25", for Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116, Except Plan M13062, located at 2564 South Main Street, a bylaw to rezone the subject property from R4-L (Small-Scale Multi-Unit Residential: Large Lot) to RM2 (Low Density Multiple Housing);
AND THAT Council adopt "Zoning Amendment Bylaw No. 2024-25";
AND THAT Council, subject to adoption of "Zoning Amendment Bylaw No. 2024-25", consider "Development Variance Permit PL2024-9775" for Lot 2 District Lot 251 Similkameen Division Yale

District Plan 6116 Except Plan M13062, located at 2564 South Main Street, a permit to vary Section 10.1.2.9.a of the Zoning Bylaw to permit a reduced rear yard setback regulation from 6.0m to 3.0m; AND THAT Council subject to adoption of "Zoning Amendment Bylaw No. 2024-25", approve "Development Permit PL2024-9776" for Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062, located at 2564 South Main Street, a permit to approve the form and character of two 3-unit townhouses (6 dwelling units);
AND THAT Council require a 5.0m x 5.0m corner cut to be completed prior to issuance of Occupancy Permit.

Tanguay 8.9 Zoning Amendment Bylaw No. 2024-26 306-315
Re: 101, 102 and 104 - 250 Marina Way
Staff Recommendation: THAT Council give first reading to "Zoning Amendment Bylaw No. 2024-26", a bylaw to add the site-specific provision, within the C9 (Marina Way Commercial) zone as follows: "Section 11.9.4.2, In the case of Strata Lot 1, Strata Lot 2, and Strata Lot 4 District Lot 202 Similkameen Division Yale District Strata Plan KAS2971 Together with an Interest in the Common Property in Proportion to the Unit Entitlement of the Strata Lot as Shown on Form V, located at 250 Marina Way, Live Work Unit regulation Section 7.8.4 does not apply and the business operator at the location may be different than the person living in the dwelling unit portion of the live work unit.";
AND THAT Council forward "Zoning Amendment Bylaw No. 2024-26" to the August 6, 2024 Public Hearing.

9. Notice of Motion

10. Business Arising

11. Public Question Period

If you would like to ask Council a question with respect to items that are on the current agenda, please visit our website at www.penticton.ca to find the telephone number or Zoom link to ask your question before the conclusion of the meeting. Use the raise hand feature and you will be given the opportunity to turn on your camera and unmute your microphone and ask Council your questions. Please note that the meeting is streaming live and recorded, access to recordings can be found on the City's website.

12. Council Round Table

13. Adjourn to Closed Meeting

Resolution: THAT Council adjourn to a closed meeting of Council pursuant to the provisions of the Community Charter as follows: Section 90 (1)

(c) labour relations or other employee relations; and Section 90 (2)
(b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

Minutes

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Regular Council Meeting
held at City Hall, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, June 18, 2024
at 1:00 p.m.

Present:	Mayor Bloomfield Deputy Mayor Watt Councillor Boultbee Councillor Gilbert Councillor Graham Councillor Miller
Absent:	Councillor Konanz
Staff:	Anthony Haddad, City Manager Angie Collison, Corporate Officer Angela Campbell, Director of Finance & Administration Draydan Power, Manager of Energy & Environment Blake Laven, Director of Development Services Kelsey Johnson, Director of Community Services Paula McKinnon, Deputy Corporate Officer

1. Call to Order

The Mayor called the Regular Council Meeting to order at 1:00 p.m.

2. Introduction of Late Items

3. Adoption of Agenda

171/2024 **It was MOVED and SECONDED**
THAT Council adopt the agenda for the Regular Council Meeting held on June 18, 2024 as presented.

CARRIED UNANIMOUSLY

4. Recess to Committee of the Whole

172/2024 **It was MOVED and SECONDED**
THAT Council recess to a Committee of the Whole meeting at 1:01 p.m.

CARRIED UNANIMOUSLY

5. Reconvene the Regular Council Meeting

Council reconvened the Regular Council Meeting at 1:08 p.m.

6. Adoption of Minutes:

6.1 Minutes of the June 4, 2024 Regular Council Meeting

173/2024 **It was MOVED and SECONDED**
THAT Council adopt the Regular Council Meeting minutes of June 4, 2024 as presented.

CARRIED UNANIMOUSLY

7. Consent Agenda:

174/2024 **It was MOVED and SECONDED**
THAT Council approve the Consent Agenda:
1. Minutes of the June 3, 2024 Public Hearings; and
2. Minutes of the June 4, 2024 Committee of the Whole Meeting.

CARRIED UNANIMOUSLY

8. Staff Reports:

8.1 2023 Annual Report

No written submissions/questions were received.

175/2024 **It was MOVED and SECONDED**
THAT Council receive into record the 2023 Annual Report as circulated.

CARRIED UNANIMOUSLY

8.2 2024 UBCM Community Excellence Awards Submission

176/2024 **It was MOVED and SECONDED**
THAT Council authorizes staff to submit a Community Excellence Award application to UBCM for the "Books Recycling Turns a New Page" project in the 'Excellence in Service Delivery' and 'Excellence in Sustainability' categories.

CARRIED UNANIMOUSLY

8.3 License to Use Agreement: Interior Health Authority
Re: 1701 Government Street

177/2024 **It was MOVED and SECONDED**
THAT Council refer the five (5) year License to Use Agreement, with Interior Health Authority, for the use of a portion of the Ellis Creek Walkway located at 1701 Government Street (The Moog & Friends Hospice House) to the Parks & Recreation Advisory Committee for their review and recommendation.

CARRIED UNANIMOUSLY

8.4 License to Use Agreement: British Columbia Hockey Hall of Fame Society
Re: 853 Eckhardt Avenue West

178/2024 **It was MOVED and SECONDED**
THAT Council approve the renewal of the License to Use Agreement with the British Columbia Hockey Hall of Fame Society, for a five (5) year term with a five (5) year renewal clause for the use of a portion of the South Okanagan Events Centre located at 853 Eckhardt Avenue West for

displaying artifacts, information, and memorabilia on inductees in the British Columbia Hockey Hall of Fame and for an existing exterior sign;
AND THAT Council authorize the Director of Finance and Administration and Corporate Officer to execute the License to Use Agreement.

CARRIED UNANIMOUSLY

8.5 Facilities Project Updates – Budget Requests

179/2024 **It was MOVED and SECONDED**
THAT Council approves an increase to the 2024 Facilities operating budget of $133,000, to fund the rental and installation of a temporary chiller to provide cooling to City Hall throughout the summer months to be funded from general surplus.

CARRIED
Councillor Miller, Opposed

Main Motion:
It was MOVED and SECONDED
THAT Council direct staff to begin exploring the options and costs associated with decommissioning and disposal of the SS Naramata vessel and provide the findings to Council at a future meeting for further direction.

Amendment:
180/2024 **It was MOVED and SECONDED**
THAT Council include "AND THAT strategic planning take place with stakeholders for future planning of the assets."

CARRIED UNANIMOUSLY

Main Motion as Amended:
181/2024 **It was MOVED and SECONDED**
THAT Council direct staff to begin exploring the options and costs associated with decommissioning and disposal of the SS Naramata vessel and provide the findings to Council at a future meeting for further direction;
AND THAT strategic planning take place with stakeholders for future planning of the assets.

CARRIED
Councillor Miller, Opposed

182/2024 **It was MOVED and SECONDED**
THAT Council approves funding up to an additional $580,000, to fund the replacement of the Kings Park Sportsplex roof fabric including the purchase and installation of required insulation in the 2025 budget year to be included and funded in the 2025-2029 Financial Plan.

CARRIED
Councillor Miller, Opposed

The Mayor recessed the meeting at 2:05 p.m. and reconvened at 2:12 p.m.

8.6 Winter Shelter Planning for 2024-25

183/2024 **It was MOVED and SECONDED**
THAT Council direct staff to work with BC Housing and 100 More Homes on a Temporary Winter Shelter plan for 2024-25 winter season;
AND THAT Council direct staff to report back to Council with Temporary Winter Shelter options for the 2024-25 winter season.

CARRIED UNANIMOUSLY

9. Bylaws and Permits

9.1 Zoning Bylaw No. 2024-22

184/2024 **It was MOVED and SECONDED**
THAT Council adopt "Zoning Bylaw No. 2024-22".

CARRIED UNANIMOUSLY

10. Staff Reports Continued:

10.1 City-Owned Properties for Affordable Housing

185/2024 **It was MOVED and SECONDED**
THAT Council direct staff to pursue social housing development on the following City-owned sites to address workforce, seniors, and youth housing needs:

- 225, 231, 235, 241, 247, 251, 253, 271, 283 Ellis Street and 99 Nanaimo Avenue East (Ellis St North Block)
- 971, 977, 985, 999 Eckhardt Avenue West (Eckhardt Ave Block)
- 2509 South Main Street

AND THAT Council direct staff to include those City-owned sites in the upcoming Social Housing Plan.

CARRIED UNANIMOUSLY

11. Notice of Motion

11.1 Notice of Motion introduced on June 4, 2024 by Councillor Miller for consideration:

186/2024 **It was MOVED and SECONDED**
THAT effective July 1, 2024, Council discontinue food service for Council and senior staff on meeting days and nights;
AND THAT staff present a costing estimate of dinners over the past 12 months;
AND THAT Council have a 45-minute break between Regular Council and in-camera meetings where we can go out, go home or bring a bagged lunch, and that coffee and water service remain.

DEFEATED
Mayor Bloomfield and Councillors Boultbee, Gilbert, Graham and Watt, Opposed

12. Business Arising

12.1 From Committee of the Whole Item 3.1 – Youth Council Penticton – Vote16 Campaign

187/2024 **It was MOVED and SECONDED**
THAT Council, in collaboration with Youth Council Penticton, write a letter to the provincial and federal governments in support of the Vote16 Campaign.

CARRIED
Councillor Miller, Opposed

13. Public Question Period

14. Council Round Table

15. Adjournment

188/2024 **It was MOVED and SECONDED**
THAT Council adjourn the June 18 ,2024 Regular meeting of Council at 3:35 p.m.

CARRIED UNANIMOUSLY

Certified correct:

_____
Angie Collison
Corporate Officer

Confirmed:

_____
Julius Bloomfield
Mayor

Minutes

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Committee of the Whole
held at City Hall, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, June 18, 2024
Recessed from the Regular Council Meeting at 1:00 p.m.

Present:	Mayor Bloomfield Deputy Mayor Watt Councillor Boultbee Councillor Gilbert Councillor Graham Councillor Miller
Absent:	Councillor Konanz
Staff:	Anthony Haddad, City Manager Angie Collison, Corporate Officer Angela Campbell, Director of Finance & Administration Draydan Power, Manager of Energy & Environment Blake Laven, Director of Development Services Kelsey Johnson, Director of Community Services Paula McKinnon, Deputy Corporate Officer

1. **Call to order**

The Mayor called the Committee of the Whole meeting to order at 1:01 p.m.

2. **Adoption of Agenda**

It was MOVED and SECONDED
THAT the agenda for the Committee of the Whole meeting held on June 18, 2024 be adopted as presented.

CARRIED UNANIMOUSLY

3. **Delegations:**

3.1 Youth Council Penticton – Vote16 Campaign

Sophie Robinson, Anna Farbridge and Aareeba Sadeque, Youth Council Penticton, presented to Council about the new Vote16 Penticton campaign and requested that Council support Vote16 Penticton and draft a letter to the BC government in support of lowering the voting age to 16.

4. **Adjourn to Regular Meeting**

It was MOVED and SECONDED
THAT Council adjourn the Committee of the Whole meeting held June 18, 2024 at 1:08 p.m. and reconvene the Regular Meeting of Council.

CARRIED UNANIMOUSLY

Certified correct:

_____
Angie Collison
Corporate Officer

Confirmed:

_____
Julius Bloomfield
Mayor

Council Report

penticton.ca

Date: July 16, 2024 File No:
To: Anthony Haddad, City Manager
From: Julie Czeck, Director, Public Safety & Partnerships and Cheryl Hardisty, Manager Council Operations

Subject: **Provincial Downloading - Public Safety Costs**

Staff Recommendation

THAT Council receive into the record the report dated July 16, 2024 titled "Provincial Downloading – Public Safety Costs" which totaled approximately $4.6M between 2019 and 2023.

Strategic priority objective

Vision: A vibrant, resilient and healthy waterfront city focused on safety, livability and vibrancy.

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Safe & Resilient: The City of Penticton will enhance and protect the safety of all residents and visitors to Penticton.

Executive Summary

Table 1. Summary of Downloaded Costs (Actuals)

Summary				
	2023	**$ Change (2019 to 2023)**	**% Change (2019 to 2023)**	**5-Year Expenditure**
Bylaw	$1,303,668	$1,077,144	476%	$2,984,912
Vandalism, Site Clean Up, Enhanced Street Sanitation & More	$445,493	$278,399	167%	$1,337,756
Social Development	$314,271	$314,271	100%	$314,271
Total	**$2,063,432**	**$1,669,814**	**424%**	**$4,636,939**

This review represents a snapshot of actual costs from 2019-2023 on Bylaw Services, Social Development, vandalism/site clean up and enhanced street sanitation costs – totalling a little over $4.6M. Although the analysis addresses the rise in social-related calls handled by the RCMP and Fire services, accurately determining the portion of costs downloaded is challenging, given their statutory obligation to "protect life," irrespective of the call's underlying nature.

In response to social challenges like the opioid crisis, mental health and addictions and homelessness, the City has allocated resources to enhance enforcement and public safety efforts and prioritize social planning for collaborative local solutions. Sustained long-term support is hindered by inadequate revenue increases from higher levels of government.

Background

Council at their regular meeting held on May 21, 2024 directed staff to quantify costs including but not limited to ambulance, police, fire and bylaw as a result of provincial downloading and that staff come back with the report within eight weeks.

> **It was MOVED and SECONDED**
> THAT Council direct staff to quantify the public safety costs including but not limited to ambulance, police, fire and bylaw as a result of provincial downloading and that staff come back with the report within eight weeks.
>
> **CARRIED UNANIMOUSLY**

Methodology

Before proceeding with the definition and analysis of "provincial downloading", it is crucial to understand the funding mechanisms supporting each protective service.

- The BC Ambulance Service (BCAS) provides emergency pre-hospital treatment and transportation by ambulance and is funded by the provincial government.
- The Penticton Fire service is funded exclusively by the municipality.
- The RCMP is contracted by the municipality with a portion of the funding coming from the province. The provincial funding proportion varies based on population size, with municipalities over 15,000 taking on 90% of the policing costs, as outlined in the Municipal Policing Unit Agreement (MPUA).
- The Bylaw Services Department, specifically the Community Safety Officer Program (CSO), and vandalism/clean up efforts are funded by the municipality.
- The Social Development Department is funded by the municipality as well as various provincial and federal grants.

This review represents a snapshot in time (from 2019-2023) on downloaded impacts for Bylaw Services (the CSO Program), Social Development, vandalism clean up and enhanced street sanitation costs. RCMP and Fire "downloaded" costs are not fiscally quantified, however the total increase for services related to social issues has been captured. The mandate of police services includes provision of service that are necessary to promote the administration of justice and public safety – regardless of the underlying issues that result in the call for service.

It is also important to acknowledge the roles and responsibilities of the three levels of government in Canada (Table 2) – municipal, provincial, and federal. Municipalities are the level of government that interfaces most directly with residents, resulting in pressure to solve complex issues – even if those issues fall under provincial or federal jurisdiction.

As seen in Table 2 municipalities primarily fund their services through property taxes, which are fees levied on property owners. In contrast, provincial and federal services rely heavily on income taxes and other

broader revenue streams. Municipalities in British Columbia lack the robust taxation powers of higher levels of government needed to fund essential services and infrastructure for increasingly complex social issues. Relying primarily on property taxes, municipalities – Penticton included – struggle to meet the growing demands placed upon them, resulting in insufficient revenue to cover their expanding responsibilities.

Table 2. Levels of Government - Roles and Responsibilities

Municipal	Provincial	Federal
• Water supply • Sewer and storm water management • Road maintenance • Snow removal • Curbside collection • Municipal parks, trails and playgrounds • Recreation facilities • Bylaws • Fire Rescue • Business licenses • Community planning and development • Social planning (optional) • Cemeteries • Wildfire risk management	• Road maintenance for electoral areas and highways • Snow removal for electoral areas and highways • Provincial Parks • Crown land resource extraction • Health care • Housing • Family and social services • WorkSafeBC • ICBC • Justice • Post-secondary education • Provincial income tax • Provincial property tax for electoral areas • Sales tax • Fire rescue for areas with no local government fire protection services • Wildfire risk management	• Employment insurance • Child tax benefits • Student loans • Military • National parks • International travel/foreign affairs • Banking • Criminal law • Foreign affairs
Revenue Streams: • Property taxes • User fees and charges (e.g., water, garbage) • Business taxes • Grants and transfers • Fines and penalties • Investment income • Development charges	**Revenue Streams:** • Sales taxes (PST) • Natural resource revenues (e.g., royalties) • Property taxes • Health and education levies • Vehicle and fuel taxes • Fees and charges • Transfers from federal government	**Revenue Streams:** • Income Taxes • Goods and Services Tax (GST) • Customs Duties • Excise Taxes: On items like alcohol and tobacco. • Employment Insurance (EI) Premiums: Contributions for unemployment benefits. • Canada Pension Plan (CPP) Contributions: Payments toward pensions.

		• Dividends and Interest: Income from investments. • Fees and Licenses

Despite municipalities not having a direct mandate to fund or deliver social services, many issues driving social disorder, crime, and public safety are dynamic and require a multi-sectoral, multi-jurisdictional approach for effective solutions. There is a well-established link between factors like low education, poverty, and poor social development (i.e. social isolation, community breakdown, inequality, racism) and crime. Therefore, addressing social disorder and crime requires more than just a criminal justice or enforcement response; it requires formal partnerships with all levels of government to reduce poverty and enhance the necessary services that promote better outcomes.

Definition and Broadened Mandates

While there isn't a universally accepted definition, the term "**provincial downloading"** typically refers to higher levels of government (provincial or federal) transferring responsibilities to lower levels of government (municipalities) with inadequate or no financial support. Downloading can occur directly through the implementation of regulatory or legislative changes (i.e. decriminalization of drugs, accessibility, housing policy changes etc.), or indirectly through underinvestment and gaps in core provincial services (i.e. lack of social housing) that have impacts to Municipal operations.

Municipalities must comply with provincial regulations and legislation while also responding to residents' concerns and requests. In cases where provincial responses are inadequate, councils may choose to provide additional services to meet community needs, even without provincial funding. However, this approach is often not sustainable in the long term, particular in smaller communities. The decision to offer specific services generally rests with the municipal council, with essential services such as local emergency planning and, depending on community size, policing being mandatory.

It's important to recognize how past Council decisions have broadened the municipal mandate. For example, the *Local Government Act* in British Columbia outlines various functions and responsibilities for municipalities, but "social planning" or "social development" is not a mandated function within the *Act*, rather an optional function that municipalities may choose to deliver on. Instead, municipalities have the authority and flexibility to undertake initiatives related to social planning as part of their broader mandate to promote the social, economic, and environmental well-being of their communities; and in Penticton, like in many other municipalities, this function has evolved out of necessity.

The Increasing Demand to Address Social Issues

The City of Penticton has invested heavily in public safety over the past five years in response to the housing crisis, mental health crisis, opioid crisis and downloading of provincial responsibilities to municipalities. Many of these costs are related to the enforcement approach due to inadequate provincial funding for social services, housing, and mental health and addictions services in Penticton.

The total budget for protective services – RCMP, Fire and Bylaw - grew from approximately $15.4M in 2019 to $22.8M in 2023, representing a 48% increase (Table 3). Some of the increased costs can be attributed to the downloading of provincial responsibilities, but also reflects the growing pains of a small community evolving into a larger urban center with urban-scale challenges.

Table 3. Budget Increases

Protective Services Budget			
	2019	2023	% Change (2019 to 2023)
Bylaw	$257,684	$1,137,865	342%
Fire	$5,776,744	$7,586,178	31%
RCMP	$9,402,150	$13,732,067	46%
Social Development	$0	$395,915	100%
Total	**$15,436,578**	**$22,852,025**	**48%**

Table 4 outlines the calls for service demands across protective services. Since 2019, the RCMP has seen a slight decrease in calls for service, influenced by several factors. The provincial pilot for drug decriminalization starting in January 2023 notably affected call volumes that year. Administrative changes in records management have also reduced duplication in file creation for certain criminal offenses. Furthermore, the complexity of cases that members are handling has grown, necessitating more sophisticated responses and increased investigative requirements during charge assessment processes.

Bylaw on the other hand, saw a substantial increase – in large part due to responding to calls of drug use in public places – which traditionally was an RCMP matter. With the provincial reversal of the decriminalization policy, it is more imperative that Bylaw and RCMP work hand in hand to balance the enforcement and non-enforcement approach to drug use in public places.

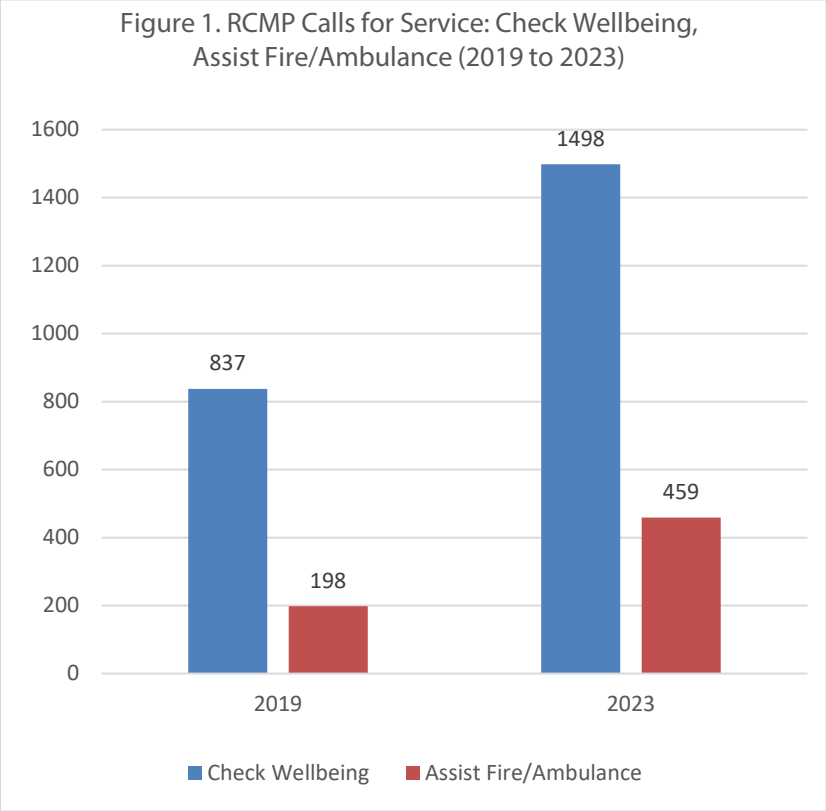
Table 4. Call for Service Increase

Budget	2019	2023	% Change
RCMP	22,562	20,698	9% decrease
Fire	2,684	4,086	52% increase
Bylaw	4,060	8, 255	103% increase

RCMP

A significant portion of calls for service to the RCMP were related to issues such as mental health, addiction, well-being checks, and assisting other agencies including police, fire, and ambulance services. From 2020 to 2023, the Penticton RCMP experienced a notable surge in calls related to well-being checks, rising from 837 in 2020 to 1,498 in 2023—an increase of 79% (Figure 1). It is forecasted that this number will exceed

1,600 in 2024. In 2023, after sustained provincial advocacy by Council, Penticton secured funding for an Integrated Crisis Response Team (Car 40) from the Ministry of Public Safety and Solicitor General.



The new service pairs a police officer with a nurse for mental health calls. Since its launch in January 2024, the team has provided upwards of 600 connections to services. While this service has relieved the pressure for regular members needing to respond to calls of mental heath, the service only covers day shifts – between 7am to 6pm.

Furthermore, from 2019 to 2023, the RCMP observed significant increases in calls to assist other police, fire, and ambulance services, with numbers escalating from 198 in 2019 to 459 in 2023—a 131% increase (Figure 1). Over the same period, there was also a rise in calls to aid other agencies (i.e. hospital, MCFD, Bylaw, etc.), rising from 485 in 2019 to 619 in 2023—a 28% increase. This is due to the increasing safety risks associated to responding to people in crisis (i.e. overdoses, mental health).

Penticton continues to rank among the top municipal police units (RCMP) in terms of authorized strength and caseload, with files per member exceeding provincial averages. On a yearly basis, each officer in Penticton handles 131 Criminal Code offence files per authorized position, second only to Courtney Comox in the province. This does not include calls that are social in nature. Despite investments by the City aimed at addressing this workload issue—from 48 RCMP members in 2020 to 57 in 2024—additional investment is necessary to align with the provincial average workload, which is approximately 65-70 files per authorized position. This will ensure the well-being of members, ability for more comprehensive response and reporting on matters and support innovative community policing and safety strategies effectively.

Current resource levels restrict the capacity to implement proactive policing and crime reduction strategies effectively. The municipal traffic team, consisting of two members, for example, has been reassigned to support frontline policing demands. Similarly, seasonal policing requirements have necessitated diverting plainclothes units from their primary roles in Crime Reduction and Investigative Support. Policing demands remain high and require that the RCMP focus on providing an effective police response to priority calls for service. Additional pressures include new case law impacting disclosure requirements, mandatory reporting and advanced investigative techniques, increasing the time it takes for officers to complete investigations to have them charge assessed by Crown Counsel.

Recently, the province added three resources to support frontline operations within the region, consisting of two regular members and one public service employee. However, this increased number of regular

members over the last four years does not account for the municipal support employees and facilities requirements needed to support a growing RCMP contingent. Additionally, changes in law, policing standards, analytics and data/statistical demands along with changes to records management policy create additional pressures. Theses changes impact disclosure, digital evidence management, records management, data collection and quality assurance.

Collectively, these factors have increased the pressures on public safety resources. However, they were not fiscally quantified because the RCMP and Fire services are mandated by law to respond to all matters of wellness and safety, regardless of their root causes.

Fire

As reported in the 2022 Community Safety Resource Review, the predominant type of calls for Penticton Fire Department (PFD) were medical emergencies, with a significant percentage attributed to overdoses. The ongoing underfunding of provincial ambulance services suggests that this trend is unlikely to reverse and could potentially intensify, especially with the introduction of safe supply initiatives and the decriminalization of small-scale drug possession.

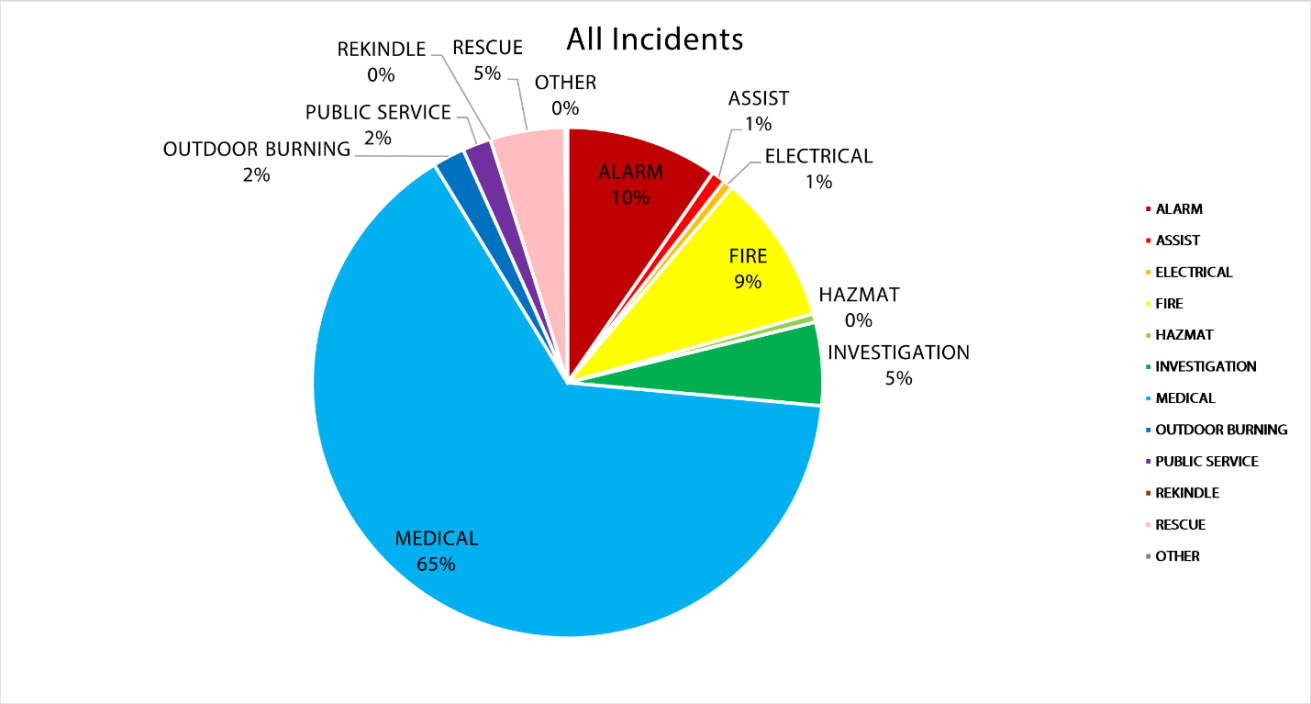
“A challenge is to ensure that the city has proper fire protection while at the same time adapting the service to the reality of the demands for service”.

Overall, calls for service have increased by 52% in the last few years:

- 2019 - 2,684 calls – 1,665 medical (62%)
- 2023 - 4,086 calls – 2,649 medical (65%)

In that timeframe, while the calls for service have increased, the percentage of medical versus overall calls has remained consistent at approximately 65%, signifying that medical calls for service are not the only reason for the increase of calls. Some non-medical response calls that have increased can be attributed to encampments, minor fires (i.e. illegal campfires, bin fires or garbage can fires), which have increase from 67 in 2019 to 183 in 2023. Burning complaints and investigations have also risen from 92 to 215 in the same timeframe. Figure 2 provides an overview of all call types in 2023.

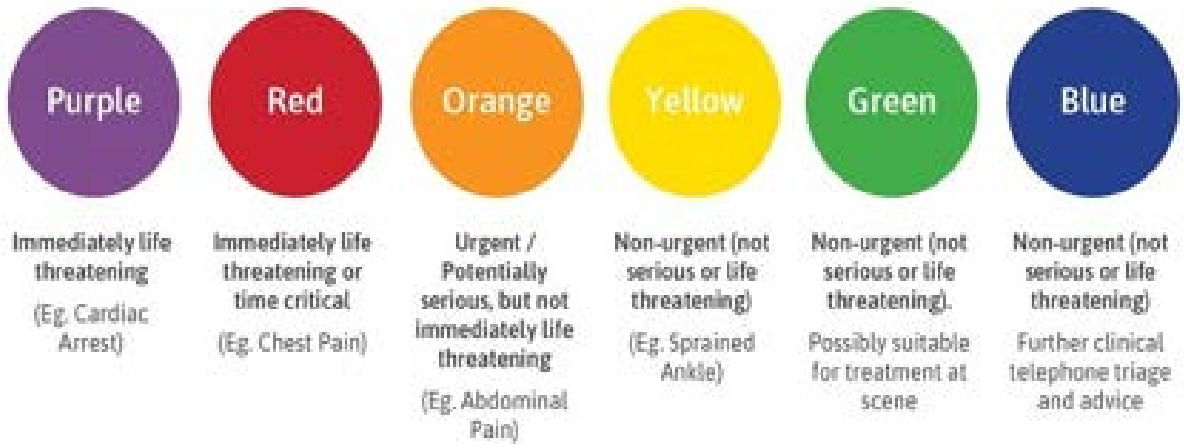
Figure 2. Types of Fire Calls



In 2023 the PFD responded to 295 overdose calls (city wide) and attended 213 times for medical emergencies in the five main supportive housing facilities. Costs for Naloxone and other medical equipment associated to 295 overdose calls would be approximately $1,200.

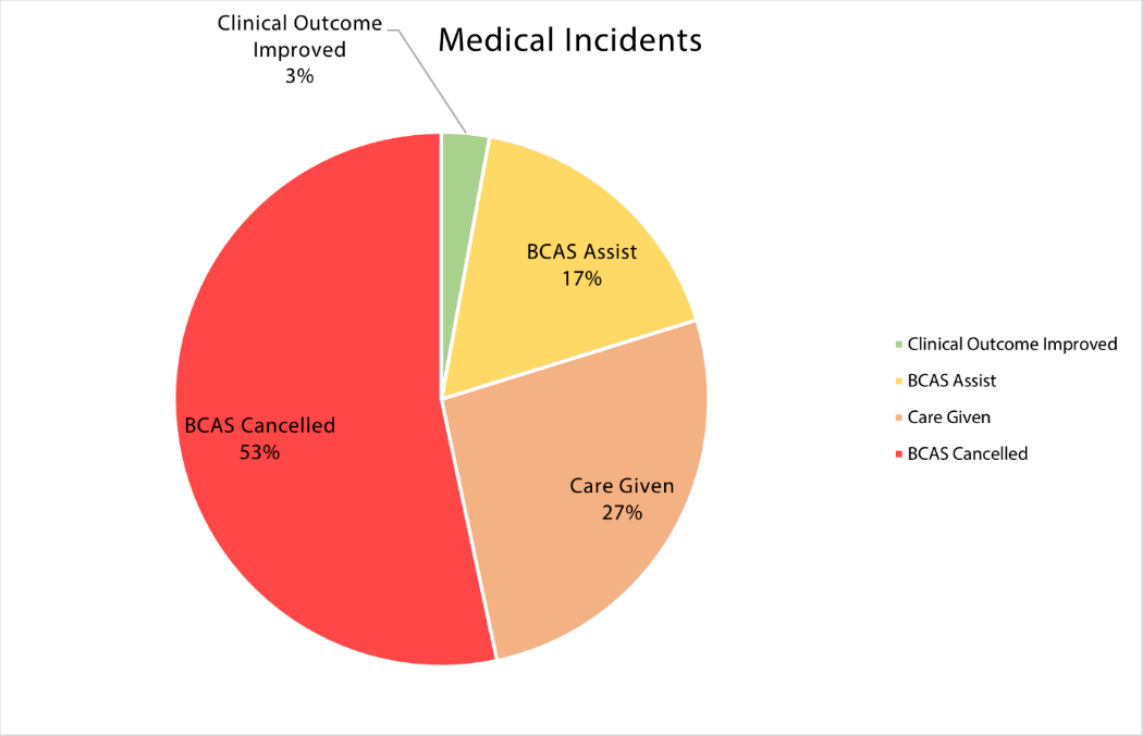
The Clinical Response Model (CRM) is a voluntary program that was designed to provide life-safety interventions. This framework is used by BC Emergency Health Services, and it is a system for how it assigns paramedics, ambulances and other resources (like the Fire Department) to calls. City Council selected a level of services that includes only higher-severity calls, aiming to have the greatest impact on patient outcomes (Figure 3). Penticton's chosen level of service is Purple, (majority), Red, and ambulance delays over ten (10) minutes.

Figure 3. Level of Service



Out of the 2,649 medical calls that PFD responded to in 2023, 53% of incidents were canceled by BC Ambulance Service (BCAS) enroute or upon arrival. This indicates the effectiveness of BCAS's response in Penticton, consisting of two full-time ambulances and one supervisor. Combined with the local hospital, turnaround times are more efficient compared to other communities in British Columbia. The high number of BCAS cancelled calls is also a reflection of duplicated emergency services being utilized to respond to these types of medical calls. The PFD does not transport patients to the hospital and remains on scene until BCAS arrives, in accordance with Emergency Medical Assistant Licensing. On lower acuity calls, this ties crews up if BCAS is on higher priority calls.

Figure 4. Medical Incidents



The increasing number of medical calls is impacting operations, detracting from necessary training, maintenance, operational readiness for major events is causing fatigue among PFD staff. The primary priority of the PFD should be maintaining operational readiness for lower frequency, higher risk calls, including fires, alarms, motor vehicle accidents, rescues, and environmental emergencies. PFD cannot sustain the current level of service without adding resources, if the number of calls continue to increase at this rate.

The 2022 Community Safety Resource Review recommended establishing a medical response unit, staffed with two (2) firefighters, to maintain current levels of service. This unit would respond to all medical call instead of tying up engines equipped with four (4) firefighters. The cost associated with this program would be approximately $2 million initially and $1.7 annually.

Bylaw Services

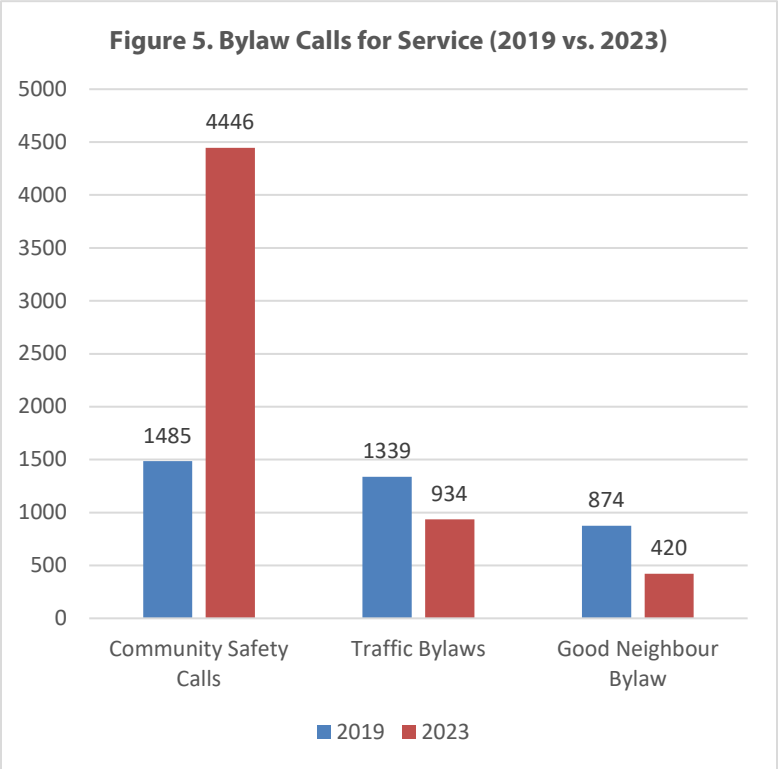
In 2019 the calls for service to Penticton's Bylaw Services totalled approximately 4,060. This has since grown to 8,255 by the end of 2023 representing a 103% increase. Part of this growth may be attributed to the

decriminalization of drugs in public places and Bylaw's role in managing calls that would have otherwise fallen to the police.

The greatest number of calls in 2023 were in response to social nuisances in public places, including but not limited to: abandoned property, encampments, welfare checks, loitering/obstructing public places, display/use of drugs in public places.

Put another way, in 2019, about 36% of all service calls were related to social issues. By 2023, this figure had risen sharply, with over three-quarters of calls (78%) relating to social nuisance and community safety issues.

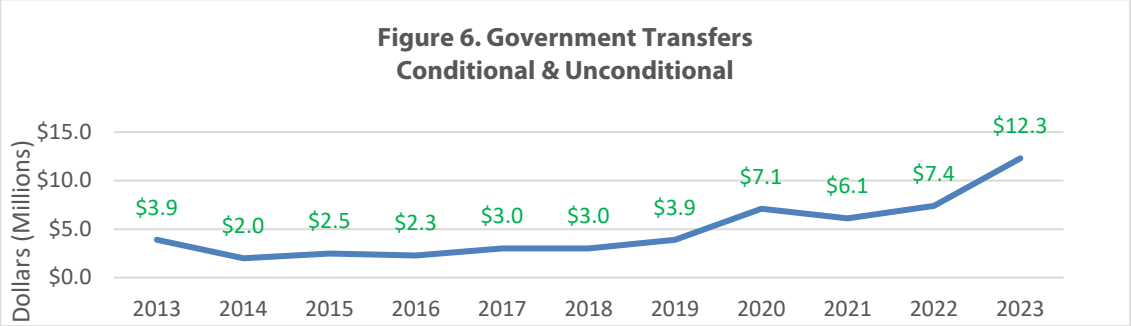
Specifically, a large portion of the calls for service in 2023 were related to drug use in public spaces, following the introduction of the Safe Public Places Bylaw. This bylaw sets expectations for behaviour within public places and gives authority for Bylaw Officers to respond to calls for service on social disorder issues.



The bylaw does not include punitive measures, like fines, and ensures that any enforcement is linked to service referral, education or voluntary compliance. The intent of this bylaw acknowledges that a public health approach to drug policy should include considerations of the safety of all residents in public spaces as they relate to the social determinants of health. With the reversal of the provincial policy to decriminalize drugs in public places, staff are seeking legal advice on the boundaries of bylaw involvement in issues of public drug use, and how the partnership with RCMP can continue for instances that can be resolved through voluntary bylaw compliance.

Financial Analysis

In Penticton, in 2023, Protective Services made up 41% ($26.3M) of the overall general budget ($63.5M); in 2019, it made up 35% of the total general budget ($18.5M of $52M) – totalling 48% growth. Its important to also acknowledge that within this timeframe, the grant revenues have also increased by 215% - from $3.9M in 2019 to $12.3M in 2023. These grants represent funding from various sources including the province and the federal government for various initiatives (services and capital) in the community.



Staff reviewed actual costs from 2019-2023 for the following areas, Bylaw Services, Social Development, and vandalism/site clean up and enhanced street sanitation costs. A summary of those costs for 2023, the overall increase since 2019 and the total over the 5-year period is included in Table 5.

Table 5. Summary of Downloaded Costs

Summary				
	2023	**$ Change (2019 to 2023)**	**% Change (2019 to 2023)**	**5-Year Expenditure**
Bylaw	$1,303,668	$1,077,144	476%	$2,984,912
Vandalism, Site Clean Up, Enhanced Street Sanitation & More	$445,493	$278,399	167%	$1,337,756
Social Development	$314,271	$314,271	100%	$314,271
Total	**$2,063,432**	**$1,669,814**	**424%**	**$4,636,939**

Bylaw Services Department

As the escalation of social issues in Penticton began around 2015/2016 a proactive safety response became an imperative need. In 2018, the City launched Community Safety Bylaw Officers (CSO) to bolster safety measures and tackle social disorder in public areas, including issues like encampments, loitering, and public drug use.

This investment aimed to supplement the RCMP's efforts and to strengthen non-enforcement responses to challenges associated with homelessness, untreated mental health issues, and addiction within the community.

In 2023 the City invested $1.3M in Bylaw services including operating costs like building lease, fleet additions, training, uniforms, etc. (noted as miscellaneous below). Over the past 5 years the cost of enhancing these services is estimated at nearly $3M – representing a 476% increase since 2019. A summary of Bylaw costs is provided in Table 6.

Table 6. Bylaw Services Downloaded Costs

Bylaw				
	2023	$ Change (2019 to 2023)	% Change (2019 to 2023)	5-Year Expenditure
Community Safety Officers	$840,194	$840,194	100%	$1,566,698
Bylaw Supervisor	$144,399	$36,024	33%	$604,725
Intake Administrator	$165,816	$97,707	143%	$472,652
Miscellaneous Expenses (Actual)*	$153,259	$103,219	206%	$340,837
Total Bylaw	**$1,303,668**	**$1,077,144**	**476%**	**$2,984,912**
** Showing 60% of total actual expenses as related to CSO program*				

Vandalism, Site Clean Up, Enhanced Street Sanitation

The lack of housing for unhoused residents imposes indirect costs on municipalities. Without stable housing or daytime hygiene facilities, unhoused individuals may resort to makeshift shelters in public spaces, which can lead to increased littering, waste accumulation and a limitation of public access to public spaces (i.e. sidewalks). Municipalities incur expenses related to cleaning and maintaining these areas, diverting resources that could otherwise be allocated to community improvements.

Furthermore, the presence of encampments is often associated with higher rates of vandalism and property damage on City property and in surrounding neighborhoods (i.e. property damage in washrooms due to drug use). These factors diminish residents' perception of safety of the community and requires additional spending on repairs and security measures. Addressing homelessness through housing initiatives not only meets a fundamental human right but also reduces these ancillary costs, contributing to a cleaner and safer environment for all residents and visitors.

In total, the City of Penticton spent an additional $278k since 2019 on vandalism, site clean up and enhanced street sanitation which totalled $1.3M between 2019-2023. Since 2019, the percentage cost increase was 167% Many of these costs are annual, however some projects such as the Remote Guard Downtown Cameras were not continuous costs.

In the absence of housing, some municipalities are alleviating some of these "cleanliness" and social disorder pressures through various strategies including designated outdoor sheltering sites, daytime spaces/resource hubs, or storage lockers for unhoused individuals to store their belongings during the day.

Social Development

Social planning involves collaborative efforts between local governments and community members to address social issues and foster healthy communities. In addition to integrating policies into their official community plans, municipalities administer social planning services to broker the relationships and develop community-level strategies that are tailored to the municipality's specific needs and circumstances. Funding the delivery of these social services remains the province's responsibility.

The Social Development Department was established in March 2020, at the height of the COVID 19 pandemic when social issues in many communities were at their peak. The average annual cost for the department is approximately $314,000 including miscellaneous program expenses (i.e. training, winter shelter lease costs, 100 More Homes, Family Reunification Program).

One of the key functions of the department is applying for grants to support the social safety net infrastructure in Penticton. To this end, the department has generated grant revenues totalling $852,847 from provincial and federal sources over the last five years. Some of the key initiatives that social development grants have funded services include (but are not limited to):

- Edmonton Ave Childcare Centre –$2.9 M for 116 net new spaces and a capital build (2021).
- The Power Steet Childcare Centre – $2.2M for 80 net new spaces (2023 – in progress).
- Building Safer Communities Grant – $1.2M distributed to three community organizations that deliver crime prevention and resilience building opportunities for youth.

In addition, various provincial grants have been secured to support strategic planning activities, resulting in:

- The Social Development Framework (2023)– $25,000 from UBCM
- The Age Friendly Action Plan (2021) – $25,000 from UBCM
- The Child Care Action Plan (2021) – $25,000 from UBCM
- The Food Security Plan (year) – $15,000 from Interior Health

As social needs increase in each community, grant applications are becoming increasingly competitive, and are the primary mechanism for obtaining funding from the province. The department is needed to ensure that Penticton-made solutions are brought forward to the province in a strategic and informed way, in addition to having the capacity to obtain grant funding to meet social needs

Social Development				
	2023	$ Change (2019 to 2023)	% Change (2019 to 2023)	5-Year Expenditure
Social Development Coordinator	$95,823	$95,823	100%	$95,823
Social Development Specialist	$115,090	$115,090	100%	$502,575
Miscellaneous/Program Expenses (Actual)	$103,359	$103,359	100%	$122,111
Total Municipally Funded	$314,271	$314,271	100%	$314,271
Grant Funded Program Expenses	$259,833	$259,833	100%	$852,847
Total Social Development	**$574,104**	**$574,104**	**100%**	**$1,167,118**

Environmental Scan

Since 2019, there has been a significant increase in demand for public safety responses, and the municipal budget has expanded accordingly to meet this demand from $15.4M in 2019 to $22.8M in 2023, representing a 48% increase. Part of this pressure can be attributed to inadequate Provincial investment in public health and housing, leading to a greater reliance on enforcement measures rather than a public health response.

While the province has invested significant funding over the last few years through the Belonging in BC Strategy ($633M in Budget 2022 and $1.5B in Budget 2023) and the Pathway to Hope Strategy ($500M in

Budget 2021), there are still significant gaps and fragmented services that are not adequately meeting the needs of Penticton's residents.

The issue of municipal financing and responsibility has been a conversation at a number of different tables nationwide, federally, provincially and municipally.

Both the Federation of Canadian Municipalities and the Union of British Columbia Municipalities have done extensive work in the area of local government financing, specifically:

FCM Municipal Growth Framework (Attachment A) identifies a dual challenge of both building enough housing to restore affordability while ensuring local infrastructure is sufficient to support a good quality of life. FCM identifies the main issues with the current municipal framework is that while the responsibilities of all orders of government and especially municipalities have expanded significantly since 1867, municipal revenue has not. The Framework includes 2 targeted recommendations which are municipal finance reform and ending chronic homelessness.

UBCM Local Government Financial Review Working Group (Attachment B) is advocating to the Province for changes to the finance system to respond to key cost drivers affecting local governments, including attainable housing, community safety and climate change. The most recent update to this work includes 20 recommendations for both short and medium term work plans. These recommendations include a review of the funding mechanisms for financing growth-related infrastructure, review of the property tax system and specifically identifying financial impacts to local governments of attainable housing, homelessness and mental health and addictions. This work plan has been endorsed by the respective Provincial Ministries.

A number of municipalities across the Province have initiated this work as well, including Kamloops, Victoria and Cranbrook. These communities are all advocating for greater response levels and funding from higher levels of government.

Attachments

Attachment A - FCM Municipal Growth Framework

Attachment B - UBCM Ensuring Local Government Financial Resiliency

Respectfully submitted,

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Concurrence

Director of Finance & Administration	GM of Infrastructure	City Manager
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MAKING CANADA'S GROWTH A SUCCESS:

The case for a Municipal Growth Framework

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Ce document est aussi disponible sous le titre

« **FAIRE DE LA CROISSANCE DU CANADA UN SUCCÈS : pour la création d'un cadre de croissance municipale** »

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Executive summary

It's time for a new Municipal Growth Framework

Canada's communities are experiencing record growth—so how do we ensure they remain great places to live for all residents?

Municipalities are responsible for maintaining and delivering most of the infrastructure and services that support Canadians in their daily lives, including roads, water, public transit and essential community services.

However, in light of the historic population growth our country is experiencing, municipalities are struggling to fund these services under a 19th century revenue framework that was never designed for the realities of the 21st century.

To ensure that Canada's growth is successful, **FCM** is urging the federal government to bring together all orders of government to discuss and develop a **Municipal Growth Framework**: a new, more equitable way to fund local governments.

It's time to link municipal funding with national population and economic growth—and equip municipalities with diverse, adequate and predictable sources of revenue that can support the quality of life that Canadians rightfully expect in their communities.

A Municipal Growth Framework can act as a key to unlock communities' full potential and address our most pressing national challenges, including housing and homelessness, climate change, infrastructure renewal and public safety.

Document overview and recommendations

Drawing on input from municipalities, provincial and territorial municipal associations (PTAs) and public finance experts, this paper outlines the fiscal context that municipalities are currently operating within and highlights how this structure is limiting Canada's progress. This paper concludes by offering concrete recommendations for a renewed partnership between orders of government that would enable Canada's long-term growth and work towards ending chronic homelessness.

"By reforming municipal taxation, provinces and territories can provide municipalities with a greater degree of autonomy and long-term financial sustainability, reduce reliance on transfers from federal, provincial and territorial governments, and enable municipalities to better meet residents' needs."

1. Municipal finance reform

FCM is calling on the federal government to modernize municipal funding by:

- Increasing direct annual transfers to municipalities by $2.6 billion. Paired with the existing Canada Community-Building Fund allocations, this would bring total annual federal transfers to $5 billion.[1]
- Linking federal transfers to economic growth by indexing them to Gross Domestic Product (GDP).
- Broadening eligible expenses under federal transfers to include operating costs as well as capital costs (infrastructure), enabling municipalities to direct funding towards local priorities that enable population growth and economic development—recognizing that municipalities are in the best position to identify and respond to local needs.

Under a Municipal Growth Framework, **provincial and territorial governments (PTs) would agree to match the level of funding provided to municipalities by the federal government, contributing an equivalent of $5 billion per year in new PT funding to municipalities at the national level**. This could be facilitated by provinces/territories choosing to reform municipal finance in their jurisdictions, allocating a portion of provincial sales or income taxes to municipalities, reducing some or all of the provincial portion of the property tax, uploading some responsibilities to the PT or granting municipalities powers to levy new taxes or user fees.

2. Comprehensive plan towards ending chronic homelessness

The second element of the Municipal Growth Framework is a comprehensive plan involving all orders of government to work towards ending chronic homelessness. Municipalities have had immense responsibilities downloaded to them to address homelessness in their communities. The human cost and financial burden of Canada's homelessness crisis make it one of the most acute policy challenges facing Canada today. While the federal government's most recent budget made considerable investments in combatting homelessness and addressing the lack of deeply affordable housing, the current status quo does not facilitate municipalities' goal of ending chronic homelessness. Instead, it is creating additional costs for all orders of government in responding to the effects, rather than the root causes, of homelessness. A comprehensive plan to end chronic homelessness must identify the roles and responsibilities of each order of government, present a timeline with clear milestones, and include:

- **Coordinated investment and policy measures to increase the supply of non-market housing and prevent the flow of individuals into homelessness.**
- **New investment in supportive housing through a Housing First-based approach cost-shared between federal, provincial and territorial governments.**

1 $5 billion represents a doubling of the Canada Community-Building Fund in 2025-26 or approximately half a point of the federal Goods and Services Tax (GST) revenue generated annually since 2021. According to the 2023 Fall Economic Statement, table A1.5, GST revenues are forecast to generate between $52 and $61 billion per year over the 2023-24 to 2028-29 period. See: Annex 1 - Details of Economic and Fiscal Projections, 2023 Fall Economic Statement: budget.canada.ca/fes-eea/2023/report-rapport/anx1-en.html

"Despite being the order of government closest to people's daily lives, municipalities are not explicitly provided authorities within the Constitution."



Part 1: Municipal finances 101

Division of powers under the Constitution

In Canada, three orders of government are primarily responsible for providing public services—the federal government, provinces and territories and municipalities.

The Canadian Constitution (*the Constitution Act, 1867*) dictates the powers of both the federal government and provincial governments. The Territories, on the other hand, are under the legislative jurisdiction of Parliament, but many powers have been devolved to them. While Canada has fundamentally changed since Confederation, the division of responsibilities and powers between the three orders of government has largely remained the same.

Despite being the order of government closest to people's daily lives, municipalities are not explicitly provided authorities within the Constitution. **"Municipal Institutions" are listed as an exclusive power of provinces under Article 92 of the Constitution**.

Additionally, First Nations, Métis and Inuit governments are integral to Canada's governance structure as self-determining representatives of Indigenous Peoples across the country. FCM fully supports the needs and financial frameworks required by First Nation, Métis and Inuit communities, as identified by them, to advance the well-being and public services for Indigenous Peoples across Canada. While linking the implications of the Municipal Growth Framework on municipal-Indigenous relations is beyond the scope of this paper, municipal governments are committed to advancing reconciliation through relationship-building and partnership development with Indigenous leaders and institutions. FCM, through our Board of Directors, has made an Anti-Racism and Equity Commitment to challenge issues of race and correct inequities to reflect and improve lives in communities across Canada. We acknowledge that we are at the beginning of the journey to understand the anti-racism and equity implications of our municipal finance work.

Municipalities: The order of government closest to Canadians

There are currently about 3,500 municipal governments in Canada providing essential local services that Canadians rely on in their daily lives.

These include water delivery and treatment, road maintenance, waste removal and management, snow removal, parks and recreational facilities, cultural and community programming, land use planning, law enforcement, environmental protection and countless other social services.

Figure 1: Examples of services that are rendered by municipalities in Canada



The services provided by Canadian municipalities are essential to supporting a high quality of life. However, with municipalities being constitutionally overshadowed by provinces and territories, they are directed to provide specific services through provincial and territorial legislation. This has resulted in municipal governments across Canada having similar (but sometimes diverging) responsibilities across different provinces and territories. The size and type of the community are factors in determining what services are provided, with urban municipalities often responsible for a larger suite of services than rural ones.

Over the years, municipal responsibilities have expanded. This is due in part to an ongoing transfer of responsibilities from the provincial, territorial and federal orders of government, which land squarely on the shoulders of municipalities. It is also partly due to increased expectations from residents, and an expansion in the type and complexity of services that municipalities must provide in areas such as policing, economic development, infrastructure and environmental protection.

Concerns have been raised in recent years about the impact of downloading services and the lack of commensurate funding. In 2019, mayors across Ontario raised the alarm that provincial cuts in public health, policing, library services, childcare, tourism and flood management would result in additional services being taken up by municipalities.

More recently, a report from the City of Calgary identified that recent provincial downloading affecting social housing, waste and wastewater, arts and culture, social assistance and transportation, among others is estimated to result in an average annual cost of $311 million in additional expenses due to the cuts of $76 million in operational funding and $235 million in capital provincial transfers.[2]

These are just some examples of municipalities highlighting the growing gap in municipal financing across Canada.

The current state of municipal revenue

For Canadian municipalities, a balanced budget is not a true indicator of financial health.

Municipalities are required through legislation to have a balanced operating budget. They cannot run a deficit and generally maintain and fund separate capital and operating budgets.[3] An annual municipal budget presents a program and service-based view of what is approved to be done in the fiscal year. However, budget documents are generally a statement of "what *will* be done" and not necessarily an indication of "what *should* be done."

They regularly omit what was left undone and/or deferred to later years to achieve a fiscal balance.

2 City of Calgary. *Municipal Fiscal Gap*. 2023: calgary.ca/content/dam/www/cfod/finance/documents/plans-budgets-and-financial-reports/Municipal-Fiscal-Gap-Report-2023.pdf

3 Taylor, Z. and Dobson, A. *Power and Purpose: Canadian Municipal Law in Transition. Institute on Municipal Finance and Governance*. 2020: tspace.library.utoronto.ca/bitstream/1807/99226/1/imfgpaper_no47_Power_and_Purpose_Taylor_Dobson.pdf



While reserve funds can make it seem like municipalities have a strong balance sheet, these cash assets are part of an overall strategy for funding programs and infrastructure projects. They are not a suitable indicator of local government fiscal health and there is a measurable risk to both the credit rating and the emergency preparedness of a municipality if these budget lines are eliminated.

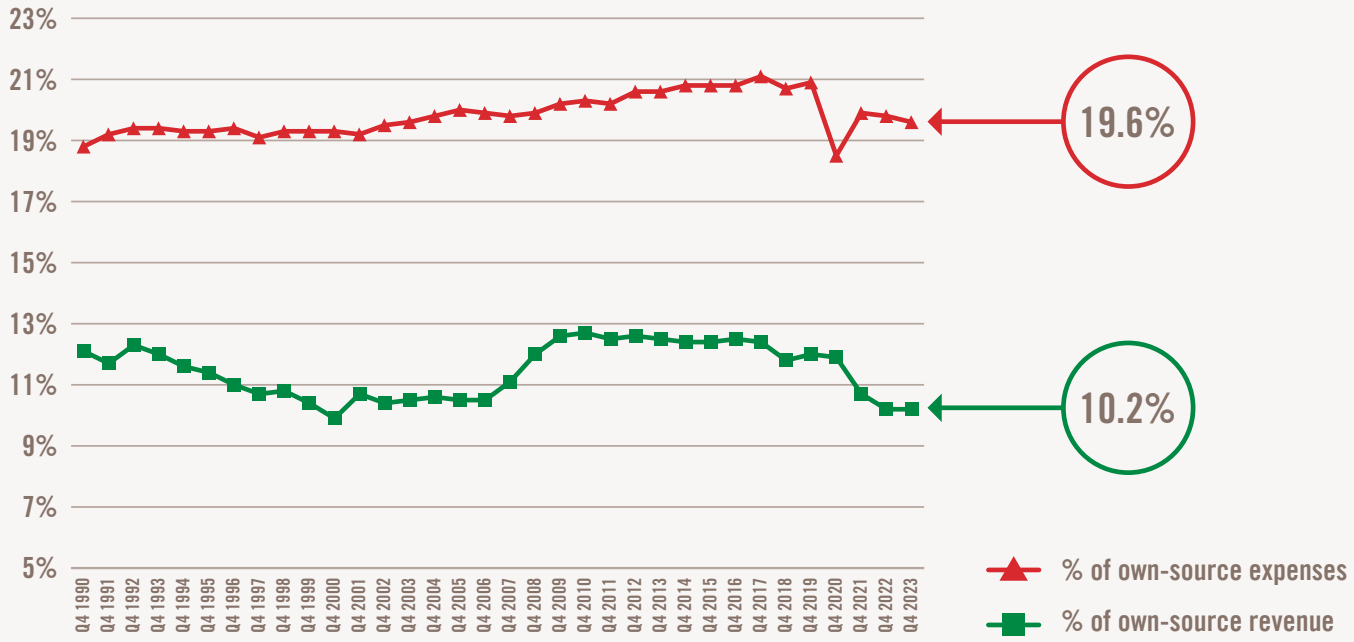
As municipalities generally cannot run deficits, reserve funds are established to offset unexpected expenses or revenue shortfalls. Setting money aside for emergency events (like floods) and earmarked capital projects (like road repairs) reduces the need for long-term borrowing or imposing sudden tax increases on current or future taxpayers. Provincial and territorial legislation can also require municipalities to establish reserves for specific purposes. According to the Municipal Finance Officers' Association, in Ontario, 45 percent of the value of municipal reserve funds is subject to provincial requirements.

As an alternative, asset management and long-term financial plans are often better indicators of the bigger picture of municipal financial sustainability because they account for budgeted and un-budgeted items alike.

Some municipalities can take on debt, but they are constrained by provincial rules on the amount that can be borrowed and how the funds can be spent. For example, municipalities in Ontario can only use debt to fund capital projects and may not exceed 25 percent of own-source revenues. In Prince Edward Island, most municipalities can only borrow for capital projects to a limit of 10 sales of the current assessed value of real property within the municipality, unless the funding is part of a contribution agreement with either the provincial or federal government.

Achieving a fiscal balance has become increasingly challenging as local governments across Canada are delegated responsibility for an ever-growing share of public services, despite drawing from a stagnant share of **own-source revenue**—that is, all revenue minus intergovernmental transfers. This has made balanced budgets an annual challenge, as demonstrated in Figure 2, which shows how municipal **own-source expenditures** (red line) have consistently been higher compared to municipal own-source revenue (green line).

Figure 2: Local government share of general government own-source revenue (all revenue minus grants received) and own-source expenditure (all expenditure minus grants paid out), in Q4 of given year, 1990 to 2023.



Note: From Statistics Canada (Table: 10-10-0015-01).

The COVID-19 pandemic has worsened the situation. The fragile state of municipal finances was exacerbated during the pandemic with massive losses in user fees, particularly in larger cities with transit systems. This created a significant financial gap that many municipalities are still struggling to recover from. In response, the federal government, provinces and territories came together through the Safe Restart Agreements[4] to provide emergency funding for municipalities and municipal transit agencies.

Despite the return of more normal economic activity since the pandemic, the impact of inflation, interest rates and increasingly complex policy challenges like homelessness and climate change have combined to increase the magnitude of this continuing financial gap.

4 Intergovernmental Affairs Secretariat. *Safe Restart Agreement*. 2020. canada.ca/en/intergovernmental-affairs/services/safe-restart-agreement.html

The problem: An outdated fiscal framework

The main issue with the current municipal fiscal framework is that while the responsibilities of all orders of government and especially municipalities have expanded significantly since 1867, municipal revenue has not.

Being subordinates of provinces and territories, Canada's municipalities are limited in their revenue options by provincial/territorial legislation. Generally, they lack the autonomy they need to be able to match revenue to the level of services they are expected to provide.



The current framework governing municipal funding has not been updated since the reign of Queen Victoria.

In all provinces and territories, there is a standard set of own-source revenue options for operational expenses. These include:

- **Taxes on property** (residential, commercial, payments in lieu of taxes, etc.),
- **User fees** (for programs and services, or that make use of municipal property),
- **Fines** (parking, noise violations, etc.),
- **Licence and permit fees,**
- **Sales revenue and investment income.**

Other revenue sources, such as land transfer taxes, accommodation levies, development charges, business taxes and vehicle registration taxes vary depending on the province or territory.

Before the Second World War, municipalities in every province could levy local income taxes. However, provinces rescinded these powers as part of their wartime tax rental agreements with the federal government in 1941[5] and did not return them to municipalities at the end of the war. Since then, no municipality has been able to level an income tax, even though they could serve as a sustainable alternative to fund local service delivery.[6]

In the absence of alternative own-source revenue options, municipalities are heavily reliant on the tools listed above—which are generally inflexible with limited materiality—as well as government transfers.

5 Kitchen, H. and Slack, E. *Special Study: New Finance Options for Municipal Governments*. 2003: imfg.munkschool.utoronto.ca/uploads/139/kitchenslack_new_finance_for_municipal_governments_2003.pdf

6 McDonald, D. *A Modest Proposal: A plan to give municipalities access to personal income taxes*. 2024: policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2024/03/Modest%20proposal.pdf



"Among OECD members, Canada has one of the highest dependencies on property tax as a share of all public sector taxation revenue (10.5 percent, fifth highest in 2022) and as a share of gross domestic product."

Although transfers from other orders of government represent vital sources of revenue for capital projects, they are limited in their ability to address municipal fiscal challenges. Most government transfers only apply to capital projects and do not cover operations and maintenance costs. The funds often have limited application periods and onerous reporting requirements which impose significant barriers for smaller municipalities.

The root of the problem: Over-reliance on the property tax

In Canada, property taxes generally account for around half of all municipal revenue and nearly 90 percent of revenue derived from taxation.

In Quebec and Atlantic Canada, municipalities rely on property taxes for over 95 percent of taxation revenue. In some provinces, municipalities collect an increased share of alternatives to property taxes, such as development charges, user fees, excise taxes and revenue/royalties from natural resource sectors, but these other sources of revenue rarely exceed more than 20 percent of tax-based revenue.

Canada and its local governments have become outliers in their approach to fiscal federalism. Among OECD members, Canada has one of the highest dependencies on property tax as a share of all public sector taxation revenue (10.5 percent, fifth highest in 2022) and as a share of gross domestic product (3.5 percent, sixth highest in 2022). Only the United Kingdom, South Korea and Israel ranked higher than Canada in both of these categories.[7]

Canada can draw inspiration from alternative funding examples from around the world. In Chicago, less than 15 percent of budgeted revenue came from property tax in 2018. Most municipal revenues came from grant funding, local taxes on income, utilities, goods and services and other non-tax revenue sources (e.g. fines and service sales). Municipal income taxes have become an important way for Swedish local governments to fund social welfare services, and Brazilian municipalities like Sao Paolo have seen some positive economic benefits following the implementation of land value capture (i.e., revenue generated as a result of public investments to increase the value of land in a community). There are several pathways for local revenue diversification in Canada, but most would require provincial and territorial legislative changes.

7 Organisation for Economic Co-operation and Development. *Tax on property: Total, % of GDP, 2000 to 2022.* Retrieved in 2024: data.oecd.org/chart/7jKx

Limitations of the property tax

Property taxes have been the dominant source of funding for municipalities for over a century because they have a simple and predictable way for provinces and territories to allow local governments to generate revenue without legislating additional fiscal tools.

Traditionally, property taxes were an effective way to fund local services which have *public good* characteristics, such as police and fire protection, neighbourhood parks, local streets and street lighting—things that benefit the community as a whole.

Today, municipalities are playing an increasing role in funding services with *private good* characteristics (water, wastewater, garbage collection, recreation) and redistributive services like social housing.[8] The absence of robust own-source revenue alternatives has made municipalities increasingly reliant on a property tax that was not originally intended for those purposes.



"In the absence of alternatives, increasing property taxes and development charges risk contributing to higher housing costs at a time when Canadians are struggling to find affordable housing."

Property taxes have remained the main revenue source for municipalities. However, municipalities are often constrained in their ability to set differential rates based on assessed property values,[9] meaning that all residential properties within the same municipality are taxed at the same flat rate. There are alternative approaches to property tax revenue that could address some of these limitations, such as the flexibility to implement either a progressive tax structure or a land value tax. These alternatives often require provincial or territorial legislative changes.

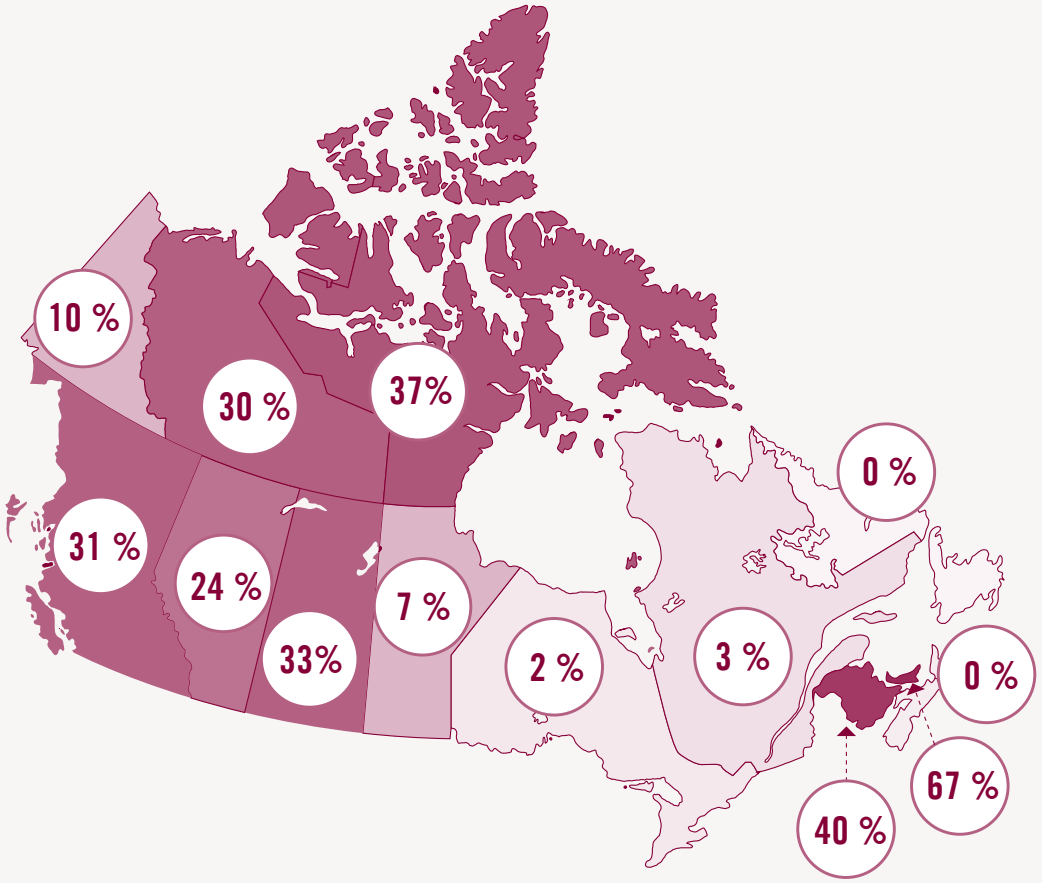
Municipalities are also not the only order of government which collects property tax. Provincial and territorial governments often set their own separate rates for property taxpayers to pay for services including education and healthcare, though this varies by province and territory.

While provinces and territories can collect revenue sources other than property taxes, municipalities generally cannot. Local governments have limited fiscal and political room to raise additional revenue from property taxes as a result of other orders of government drawing from the same source. The provincial/territorial share of real property taxes collected has grown to over 11 percent in 2022. The growth of the provincial/territorial share effectively reduces municipalities' fiscal room by limiting their ability to raise property taxes. Figure 3 shows the provincial and territorial share of property taxation.

8 Kitchen, H., Slack, E. and Hachard, T. *Property Taxes in Canada: Current Issues and Future Prospects*. 2019. https://tspace.library.utoronto.ca/bitstream/1807/98034/1/Perspectives-27-Kitchen-Slack-Hachard-Property-Tax-Issues-Prospects.pdf

9 Kitchen, H. and Slack, E. *Special Study: New Finance Options for Municipal Governments*. 2003: imfg.munkschool.utoronto.ca/uploads/139/kitchenslack_new_finance_for_municipal_governments_2003.pdf

Figure 3: Provincial and Territorial Share of Property Tax Collection (2022)



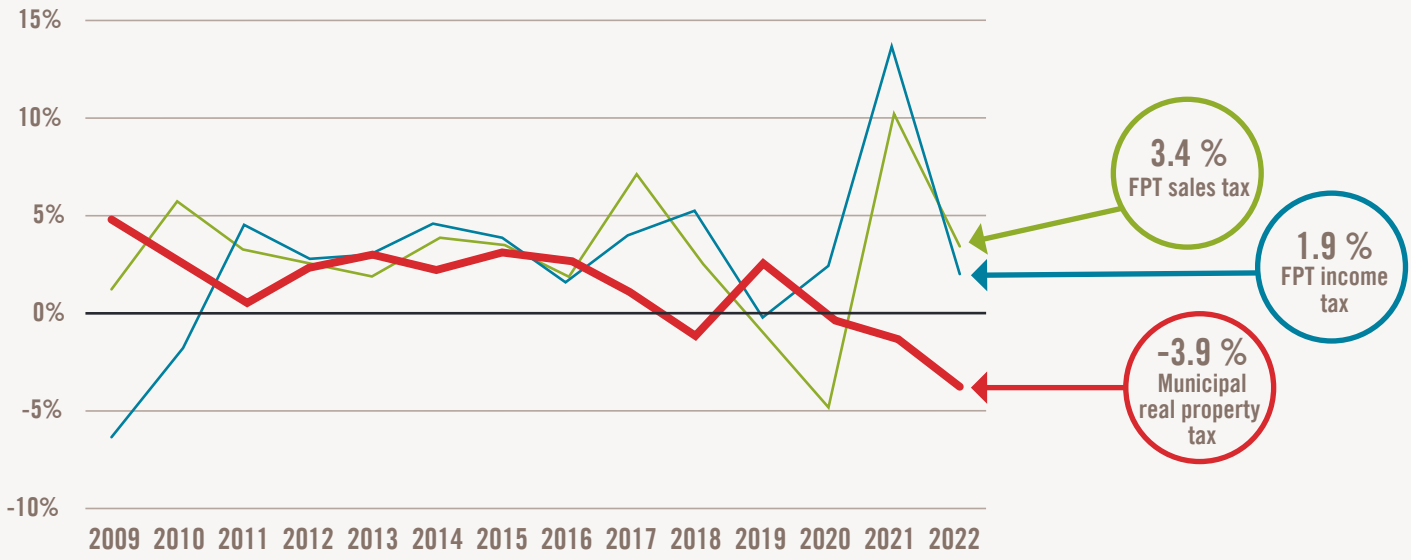
Note: From Statistics Canada (Table: 36-10-0450-01) Provincial and municipal property taxes in Nova Scotia are collected by individual municipalities on behalf of the province and then later remitted to the provincial government. Based on a sample property tax bill, the provincial share of property taxes collected in the Halifax Regional Municipality in 2022 was approximately 28 percent.

The other main issue with the property tax is that it does not grow directly with the economy. As demonstrated in Figure 4, the inflation-adjusted percent growth in municipal real property tax revenue has been either stagnant or negative. This could be due to several factors including prolonged/delayed residential property assessment cycles, council-adjusted rates and volatility in the non-residential property sector. Conversely, other orders of government have seen revenues increase since the pandemic as a result of collecting taxes that grow alongside the economy, such as taxes on incomes, capital gains and goods and services.

The over-dependence on property taxes and the lack of growth-oriented revenue sources mean local governments have been receiving an ever-decreasing share of the Canadian tax dollar since 1990. This also means that municipalities often do not directly or immediately benefit from the actions they take to stimulate local and regional economic development. Since the pandemic, municipal budgets have been squeezed by the impact of inflation, especially on infrastructure projects, while municipal revenue has been stagnant.

As part of the 2024 municipal budget cycle, municipalities across the country debated and approved property tax increases that were higher than the rate of inflation or economic growth. In the absence of alternatives, making significant increases to property taxes and development charges alike risks contributing to higher shelter costs at a time when Canadians are struggling to find affordable housing.[10]

Figure 4: Year-over-year change in revenue from selected revenue sources, adjusted for inflation, 2009 to 2022



Note: From Statistics Canada (Table: 36-10-0477-01 and 18-10-0004-01).

Development charges are fees that municipalities collect from developers to help pay for the cost of the infrastructure required to enable new development, such as roads, transit, water and sewer infrastructure, community centres and emergency service facilities. While municipalities have been increasingly turning to development charges to help fund new growth, overall, they remain a small share of municipal own-source revenue at the national level. Development charges only represent around 6 percent of municipal own-source revenue, but the role they play varies by province. In Quebec, development charges account for less than 1 percent of local government own-source revenue, while they account for around 8 percent of local own-source revenue in Ontario and 11 percent in British Columbia.[11]

10 Bueckert, K. Municipalities can't solve homelessness without more federal and provincial aid, experts say. 2023: cbc.ca/news/canada/kitchener-waterloo/homelessness-reports-waterloo-region-guelph-municipalities-fix-1.6968280

11 Statistics Canada. *General governments, provincial and territorial economic accounts*. 2023. Table: 36-10-0450-01. Please note, these figures were adjusted for inflation using annual Consumer Price Index data (see Table: 18-10-0005-01)

There are advantages and disadvantages to development charges. One advantage is that that they reflect a "growth pays for growth" approach where the cost of infrastructure for new development does not fall entirely on existing taxpayers. Another advantage is that they are generally earmarked for public works that support a specific project or development.[12]

The downside is that, at a time of acute housing shortages, development charges can potentially add to the overall cost of development and to the cost of purchasing or renting some types of housing, resulting in municipalities coming under increased pressure from the federal government and some provinces to freeze or limit the scope of development charges.[13] However, these charges remain a critical source of revenue for municipalities in some provinces and are needed to build the underlying infrastructure that supports growth. Faced with rapid population growth, municipalities must choose between a limited set of revenue tools (primarily property taxes and development charges) to pay for the infrastructure that growth requires. Without alternatives, municipalities will be forced to raise property taxes to pay for the cost of growth at a time when most families can least afford it.

FCM is calling on federal, provincial and territorial governments to come to the table to develop a sustainable funding model that will enable the housing development that is needed.

Recently, municipalities have been under increased pressure from the federal government and some provinces to freeze or limit the scope of development charges. The debate over development charges and how to pay for growth is a prime example of the need for a formal conversation between all orders of government on a Municipal Growth Framework.

12 Found, A. *Development Charges and Housing Affordability: A False Dichotomy?* 2021: tspace.library.utoronto.ca/bitstream/1807/108068/1/imfgpaper_no56_developmentcharges_adamfound_november_9_2021.pdf

13 Sancton, A. *Reassessing the Case for Development Charges in Canadian Municipalities*. 2021: ir.lib.uwo.ca/urbancentre-reports/8/

What does an outdated fiscal framework mean for Canadians?

As outlined in the previous section, the current municipal fiscal framework is outdated and ineffective.

An outdated fiscal framework means that municipalities are providing more public services to growing Canadian communities with less public funding. This makes municipalities more reliant on federal and PT transfers to advance community projects and address today's national challenges, which include housing supply, infrastructure deficits, public safety and climate change.

What municipalities need to effectively address these issues is **predictable funding sources** that sustain and improve long-term planning.

Overall, Canada's communities, big and small, simply cannot address today's challenges with a revenue system designed in the 1800s.

MUNICIPAL RESOURCES SPENT APPLYING FOR FUNDING

In Kamloops, BC, for example, the city has determined that for every $3 in funding applications submitted, the city receives about $1 in actual funding. Most recently, with skyrocketing inflation since 2020, many municipalities are now facing difficult decisions because projects that were costed two or three years ago and awarded funding are no longer financially viable due to inflated construction material and labour costs. In these instances, municipalities must either change the scope of the project, find the funds elsewhere in their budget or cancel the project altogether.

In Windsor, ON, a 2018 application to the federal Disaster Mitigation and Adaptation Fund (DMAF) for flood mitigation projects was approved. However, the original cost has nearly doubled in 2023 due to unforeseen inflationary pressures. Without additional funding, the project will have to be spread out over a longer period, putting residents at greater risk of flooding.



"As the largest owner of core public infrastructure in Canada, the municipal order of government is responsible for maintaining, upgrading and acquiring the majority of public assets that support a good quality of life for Canadians."

Part 2: Public policy impacts and opportunities

The way we fund cities and municipal governments today is severely limiting our ability to address the most pressing public policy challenges we are currently facing as a country, such as:

- Housing and infrastructure
- Homelessness
- Public safety
- Climate change
- Public transit
- Supporting our rural, northern and remote communities

The following sections provide a high-level overview of the impact of the current municipal fiscal framework on the ability of local governments to make progress in tackling these national challenges, and how a new Municipal Growth Framework could create opportunities for improvement.

Housing and Infrastructure

Policy challenge:
Canada's housing challenge is also an infrastructure challenge.

As our country grows rapidly, housing affordability and chronic homelessness are becoming increasingly urgent concerns. To restore housing affordability to levels that were last observed in 2004 and to support future population growth, the Canada Mortgage and Housing Corporation (CMHC) has estimated that we need to build 5.8 million new housing units by 2030—3.5 million above the 2.3 million units projected based on current rates of construction.[14]

14 Canada Mortgage and Housing Corporation. *Canada's Housing Supply Shortages: Estimating what is needed to solve Canada's housing affordability crisis by 2030*. 2022: cmhc-schl.gc.ca/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030

The challenge is that for every home built, there is a corresponding infrastructure need that must be met. All new housing is dependent on municipal infrastructure like roads, water and wastewater facilities, community amenities, public transit and more. Some assets have the capacity to support growth, but investments are needed to both build and maintain infrastructure that can enable the housing Canada needs.

However, municipalities are already contending with the serious pressure of maintaining existing infrastructure assets under the current fiscal framework. According to Statistics Canada's 2020 Core Public Infrastructure Survey,[15] 14 percent of municipal waste and water infrastructure and 14 percent of municipal transportation assets are currently in "poor" or "very poor" condition and require immediate repair or replacement. Data from the CCPI survey highlights that the cost of renewing or rehabilitating all municipal assets currently in "poor" and "very poor" condition was in the range of $170 billion in 2020.

Understanding the true cost of municipal infrastructure

To build an additional 5.8 million housing units, old infrastructure will need to be renewed and additional infrastructure will need to be built.

At a local level, the cost of providing infrastructure to support a new housing unit depends on many factors, including the type of dwelling unit (e.g., single-detached, row, or apartment unit) and whether the development is taking place in an existing neighbourhood or a new community (infill or greenfield development). It also depends on local factors such as geography and construction costs, with municipal infrastructure costs in rural regions being nearly double those in urban regions on a household basis.

In 2023, FCM conducted research to determine the level of investment in municipal infrastructure that could be required to unlock 5.8 million new housing units. **FCM determined that a housing unit requires an average investment of around $107,000 in municipally owned capital assets.**

This average cost of infrastructure per dwelling unit was calculated by dividing the total replacement value of municipally-owned infrastructure (see Table 1) from Statistics Canada's 2020 Core Public Infrastructure (CCPI) Survey by the number of private dwelling units in Q2 2020 (16,107,003 units, according to Statistics Canada GDP data). This average unit cost was then indexed to 2023 construction prices based on the non-residential Building Construction Price Index. If we assume that the 5.8 million net new housing units will be built to the same standard as today's existing housing stock, we can therefore estimate that the level of investment in new and existing local infrastructure to support those units is equivalent to about $600 billion.

15 Infrastructure Canada. *Canada's Core Public Infrastructure Survey*. 2022: infrastructure.gc.ca/plan/ccpi-ipec-eng.html

Table 1: Infrastructure Replacement Cost by Asset Category

Asset class	Total replacement value of municipally-owned core public infrastructure
Road assets	$439,505,400,000
Bridge and tunnel assets	$45,258,200,000
Public transit assets	$33,564,000,000
Active transportation	$29,972,900,000
Potable water assets	$226,373,900,000
Wastewater assets	$256,925,000,000
Stormwater assets	$181,694,300,000
Solid waste assets	$7,504,400,000
Culture, rec, sports assets	$107,729,600,000
Total replacement cost of municipally owned core public infrastructure, 2020	**$1,328,527,700,000**
Total adjusted for construction cost inflation, Q3 2023	**$1,724,428,955,000**
Replacement cost in 2023, per dwelling (16.1 million dwelling units)	**$107,061**

Note: From Statistics Canada (Tables: 34-10-0284-01, 18-10-0276-01 and 36-10-0688-01).

The estimated cost per dwelling unit does not factor in several critical aspects of a complete community in the 21st century. For instance, the costs to adapt local infrastructure to the impacts of climate change are not included. FCM has previously estimated the cost to adapt local infrastructure to be about $5.3 billion annually until at least 2030. Further analysis of the per-unit cost may be able to account for the variability of capacity utilization rates, the additional costs related to operations and maintenance, and the replacement values for municipally owned assets not currently publicized by Infrastructure Canada.

Municipalities bearing the load, federal programs fully subscribed

Municipalities own and operate 60 percent of all public infrastructure assets.

In 2022, municipalities were responsible for nearly 45 percent of all public sector expenditure on housing and community assets, recreation and cultural services. Most local spending on these assets has focused on recreation, water infrastructure and services relating to development.[16]

As the largest owner of core public infrastructure in Canada, the municipal order of government is responsible for maintaining, upgrading and acquiring the majority of public assets that support a good quality of life for Canadians.

However, as outlined in Part 1, municipalities do not have the fiscal capacity to support the level of infrastructure investment required to address the housing affordability challenge on their own. They are unable to raise additional revenue to cover major infrastructure projects that are needed to serve a growing population and economy. As a result, local governments are increasingly reliant on federal, provincial and territorial grants and transfers.

Together, municipalities and federal, provincial and territorial governments are making progress on reducing the infrastructure deficit. Recent federal infrastructure funding programs have been instrumental in supporting community growth. Funding programs such as the Canada Housing Infrastructure Fund, the Canada Infrastructure Bank's Infrastructure for Housing Initiative, and the recently-announced Canada's Housing Plan can and are delivering housing-enabling infrastructure that is badly needed.

However, in the absence of a comprehensive, long-term federal-provincial/territorial-municipal infrastructure plan, and without the support of a Municipal Growth Framework that provides municipalities with diverse and predictable revenue, our communities do not have the resources required to meet the scale of anticipated population growth and to effectively plan for the capital projects many communities need.

EXAMPLE: NIAGARA REGION

In Ontario, the Regional Municipality of Niagara is planning to introduce a South Niagara Wastewater Treatment Solutions Project, which will support flexibility in development servicing, enable economic growth along the Queen Elizabeth Way and provide servicing for a forthcoming South Niagara Hospital. This new treatment plant represents one of the most significant capital investments ever made in this region. Once finalized the project will introduce a new wastewater treatment plant as well as upgrades to existing Regional infrastructure, resulting in increased servicing capacity that has the potential to support 115,950 new housing units and 9,200 new jobs. However, without a one-third investment from each of the federal and provincial governments it cannot move forward.

16 Statistics Canada. *Canadian classification of functions of government, by general government component*. 2023. Table: 10-10-0024-01.

Municipalities: making the changes needed to zoning rules

Unlocking the housing supply that Canada needs means reforming land-use rules.

Municipalities across the country are taking steps to increase housing supply, lower infrastructure servicing costs and encourage sustainable land use practices by increasing density and allowing for more types of housing in residential and mixed-use areas. Some notable examples include:

- The city of Kelowna, BC's Infill Challenge aimed to promote and encourage new forms of infill development on laneway access urban lots. When the pilot program was launched in 2017, 800 single-detached use properties were rezoned. Since then, 20 percent of those initial lots have been redeveloped resulting in 400 new housing units previously not permitted. The city is now expanding the project to a much larger area. The impact of the Challenge allowed for the initiative to be identified as an example of a municipal best practice by the Canadian Home Builders' Association in 2022.
- In March 2022, Yellowknife, NWT's city council passed a new zoning bylaw which allowed for multi-family units on all residential lots, with the majority of lots now permitting up to six units to be built on residentially zoned parcels of land.
- In May 2023, Toronto, ON's city council approved multiplexes city-wide, thereby allowing up to four units on any residential lot.
- In October 2023, Edmonton, AB's city council approved a new Zoning Bylaw which allows a variety of housing types up to three storeys in height in the small-scale residential zones, including small apartments, row housing, cluster housing and semi-detached housing.

MUNICIPAL ACTION ON RE-ZONING

The Government of Canada and the City of Summerside, PEI will invest nearly $5.8 million to fast-track 132 housing units in Summerside communities over the next three years.[17] Summerside's Action Plan commits to fourteen initiatives that will implement zoning changes for increased density such as allowing four units per residential lot as-of-right, reducing barriers for accessory dwelling units, incentivizing multi-unit and missing middle development, and establishing a new east-west growth node.

17 City of Summerside. *Accelerated Housing in Summerside*. 2024: summerside.ca/news/what_s_new/accelerated_housing_in_summerside

The Government of Canada and the City of Winnipeg, MB have reached an agreement on $122 million in funding to fast-track the development of over 3,100 new housing units over the next three years, including over 900 affordable housing units.[18] The funding will support seven specific housing initiatives intended to modernize zoning rules, increase density near major transit and transportation routes and incentivize the construction of more housing, with a focus on affordable housing and projects to help residents experiencing homelessness.

18 City of Winnipeg. *Government of Canada and City of Winnipeg reach agreement on $122 million for new housing as part of Housing Accelerator Fund*. 2023: winnipeg.ca/news/2023-12-20-government-canada-and-city-winnipeg-reach-agreement-122-million-new-housing-part-housing-accelerator

Almost 200 communities have partnered with the federal government through the Housing Accelerator Fund (HAF) to increase the pace of housing development and build local capacity for growth. HAF funding is supporting municipalities to modernize land-use regulations, improve planning and approval processes and upgrade/expand infrastructure to unlock new housing supply. The $400 million top-up to HAF announced in Budget 2024 will allow more communities to partner with the federal government on building more homes faster.

While funding programs such as the Housing Accelerator Fund are providing investments in municipalities that reform land-use planning and address this capacity limitation, the pace of growth across Canadian communities points to a scale of need that is far greater than any single program. Changes to zoning laws are a step in the right direction but more needs to be done to meet the historic level of demand being placed on Canadian housing and infrastructure.

Housing and infrastructure: what a modernized Municipal Growth Framework can deliver

As municipalities push ahead with land-use reforms to support the delivery of more housing, it remains clear that there is an imbalance between the public services that municipalities provide and the share of public revenue that all three orders of government collect.

A properly formulated Municipal Growth Framework would help to equip municipalities with that crucial infrastructure funding so that homes are built with the service backbone that Canadians rightfully expect and need in the 21st century. By ensuring that investments into housing-enabling infrastructure are geared to more sustainable land use practices, communities can achieve reductions in both infrastructure servicing costs and greenhouse gas emissions.[19]

The successful upward growth of Canadian communities hinges on infrastructure keeping pace with housing and economic growth. Unlocking that challenge will deeply influence the capability of Canadians in those communities to thrive and take their place in a more prosperous nation.

There must also be a rebalancing of existing fiscal tools. As previously discussed, property taxes are a stable and predictable source of revenue to support local public services, but they cannot pay for the scale of new development required to support a growing and changing population facing critical challenges.

Increasingly, there is a recognition that investing in infrastructure and housing is crucial both to tackling the issue of housing and homelessness and essential to the successful growth of this country.

19 Smart Prosperity Institute. *Less is More: Where We Build 5.8 Million Homes Matters*. 2023: placecentre.smartprosperity.ca/wp-content/uploads/2023/11/Less-is-More-Where-We-Build-5.8-Million-Homes-Matters-1.pdf

FCM will continue to advocate consistently for the federal government to convene with provinces, territories and municipalities to negotiate a modernized permanent funding model, which would empower our growing communities to deliver the quality of life Canadians need and deserve.

Homelessness

In the face of a lack of affordable housing supply, as well as rapid inflation and the lingering impact of the COVID-19 pandemic, homelessness is a critical and urgent issue across Canada and is on the rise:

Policy challenge:
Homelessness requires upstream investment, not downstream response.

- Data from the Canadian Alliance to End Homelessness showed that in a sample of 14 communities, 79% saw an increase in homelessness since 2020 at an average rate of a 34%.[20]
- Quebec has experienced a 44% surge in homelessness since 2018, with over 60% concentrated in Montreal, QC.[21]
- London, ON's homeless population doubled from 1000 to 2000 during the COVID-19 pandemic.[22]
- In Halifax, NS, between 2018 and 2022, the number of unhoused people has doubled, and the number of people forced to shelter outside, mostly in municipal parks, has increased by 500%.[23]

The causes of homelessness, and particularly these significant increases, are complex and varied. However, at the core of the issue is a lack of safe, deeply affordable and appropriate housing—in particular, non-market rental and supportive housing options. For instance, a recent report examining Canada's housing supply shortages with a population and needs-based lens concluded that there is a deficit of at least three million homes that are affordable to very low- and low-income households.[24]

20 Canadian Alliance to End Homelessness. *Budget 2023 ignores Canada's worsening housing and homelessness crises, fails to support those in greatest need*. 2023: caeh.ca/budget-2023-ignores-canadas-worsening-housing-and-homelessness-crises-fails-to-support-those-in-greatest-need/

21 Canadian Press. *Homelessness up 44 per cent in Quebec since 2018*. 2023: montreal.citynews.ca/2023/09/14/homelessness-up-44-per-cent-in-quebec-since-2018/

22 Butler, C. *London's Homeless Winter Response Was Well Used but Need Has Doubled, Says City Hall Report*. 2023: cbc.ca/news/canada/london/london-ontairo-homeless-winter-response-1.6847731

23 Halifax Regional Municipality. *Framework for Addressing Homelessness*. 2023: cdn.halifax.ca/sites/default/files/documents/city-hall/regional-council/230221rc1515.pdf

24 Whitzman, C. *A Human Rights-Based Calculation of Canada's Housing Supply Shortages*. 2023: https://www.homelesshub.ca/sites/default/files/attachments/Whitzman-Human_Rights_Based_Supply_Report-EN_1.pdf



"In the face of rapid inflation, rising rental costs, the effects of the COVID-19 pandemic, a lack of affordable housing supply, and an absence of government coordination, homelessness is a crisis impacting people across the country."

Canada's current non-market, affordable and social housing stock makes up only 3.5% of the country's overall supply – only about half of the OECD average.[25] For those experiencing chronic homelessness[26] and/or those with complex needs, deeply affordable rent and wraparound supports in the form of supportive housing are proven solutions.

Unfortunately, the way we are responding to homelessness currently is to spend considerably more on downstream responses to the consequences of homelessness, rather than making more cost-effective upstream investments in non-market and supportive housing. In the context of constrained financial resources as outlined in Part 1 of this document, municipalities have limited bandwidth to invest in those upstream solutions and are currently allocating limited resources towards frontline services to manage the homelessness crisis.

"...homelessness disproportionately affects marginalized populations, especially Indigenous people living in municipalities across Canada."

Research has demonstrated the positive impact and cost-effectiveness of supportive housing. The BC Housing Research Centre showed that the cost of providing supportive housing based on a Housing First approach is less than the cost of providing health and public safety services for homeless populations. Their report concluded that a person with addictions and/or mental health issues experiencing homelessness costs $55,000 per year in healthcare and/or corrections services, while a similar person in supportive housing used $37,000 per year in similar services, to a total cost savings of $18,000 per year per individual.[27] According to BC Housing, every dollar invested in supportive housing generates up to $5 in social and economic value and 94% of supportive housing residents remained housed after six months.[28]

25 Young, R. Canadian Housing Affordability Hurts. 2023: scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html Whitzman-Human_Rights_Based_Supply_Report-EN_1.pdf

26 Chronic homelessness is defined as having experienced at least six months (180 days) of homelessness over the past year or having recurrent experiences of homelessness over the past three years, with a cumulative duration of at least 18 months (546 days).

27 Patterson M. et al. Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia. 2008; sfu.ca/content/dam/sfu/carmha/resources/hsami/Housing-SAMI-BC-FINAL-PD.pdf

28 BC Housing Research Centre. *Community Benefits of Supportive Housing*. 2020: toronto.ca/wp-content/uploads/2020/06/8fa9-BC-Community-Benefits-Supportive-Housing.pdf

CRITICAL CONSIDERATIONS IN ADDRESSING CHRONIC HOMELESSNESS

Rural and Remote Homelessness

Homelessness is not limited to large urban centres. Rural and remote communities face distinct homelessness challenges across the country. These challenges require rural and remote-specific solutions that consider the limited visibility, lack of social infrastructure, large geographical areas and limited availability of homelessness data.

Indigenous Homelessness

Homelessness disproportionately affects marginalized populations, especially Indigenous People living in municipalities across Canada. Research has shown that Indigenous People make up 20-50% of the homeless population in many major urban areas in Canada. In some Canadian cities, Indigenous People make up 90% of the homeless population. In Toronto, Indigenous People make up 23% of those experiencing homelessness, even though they make up 0.8% of the total population in the city.[29] Similarly, Indigenous People make up a sizeable percentage of rural homeless populations.[30]

The disproportionate impact of the housing crisis on Indigenous People can be traced back to historical structures and policies that have continually disenfranchised Indigenous Peoples in Canada. Any homelessness strategy must consider this reality through dedicated and targeted investments in Indigenous housing in municipalities across Canada and investment in dedicated culture-based supports for Indigenous residents in supportive and transitional housing. Investments in Indigenous housing and homelessness should also be 'For-Indigenous-By-Indigenous,' and led by Indigenous housing providers and social service organizations who are already taking up the responsibility to directly address Indigenous community needs.

Governments' role in tackling homelessness

Municipalities play a pivotal role in responding to homelessness and are on the front lines of responding to the needs of the homeless population.

However, the efficacy of municipal initiatives aimed at mitigating homelessness is limited by the current lack of federal and provincial leadership, including dedicated long-term funding for non-market and supportive housing, as well as the lack of a coordinated plan where each order of government's respective roles and responsibilities are outlined. All orders of government have a role to play and need to contribute within their own capacities: working together to change how they advance homelessness prevention and services.

29 Homeless Hub. *Indigenous Peoples*. 2012: homelesshub.ca/about-homelessness/population-specific/indigenous-peoples

30 Two Row Times. *Rural Indigenous People More Likely to Be Homeless than Urban Indigenous Populations*. 2023: tworowtimes.com/news/local/rural-indigenous-people-more-likely-to-be-homeless-than-urban-indigenous-populations

Federal

In response to the current homelessness crisis, the federal government has made important strides toward addressing homelessness across Canada through the National Housing Strategy (NHS). This includes doubling the funding for the Reaching Home program in 2021 amid the COVID-19 pandemic and further investments in Reaching Home in Budget 2024, including funding earmarked for encampment response. It also includes the creation and implementation of the Rapid Housing Initiative, which saw municipalities empowered to rapidly build new units of permanent affordable housing for the most vulnerable populations in Canada. To build on this success, in Budget 2024, an additional $1 billion was announced for a Rapid Housing stream of the NHS's Affordable Housing Fund. Additionally, the federal government has created the Office of the Federal Housing Advocate, an independent nonpartisan body driving meaningful advocacy to address the housing and homelessness crises in Canada.

These initiatives have had a positive impact on communities across Canada and should continue to be leveraged as key tools for all orders of government to tackle homelessness.

A growing problem demands action and a new model for coordination between orders of government

However, as demonstrated by the marked increase in homelessness rates in cities across Canada, more still needs to be done urgently.

The federal government needs to take a leadership role to bring together all orders of government to develop and lead a long-term plan to address this crisis. Critically, this plan must ensure there is an adequate supply of affordable, non-market housing. Political leadership from the federal government is also necessary to empower municipalities to address the root causes of homelessness in an environment where public opinion on visible encampments and public safety puts massive pressure on municipal governments. Most importantly, the federal government, in partnership with the provinces and territories, needs to fund the creation and operation of non-market, deeply affordable and supportive housing options for homeless communities and people transitioning out of homelessness looking for permanent housing.

Provincial and territorial

The provinces and territories have an integral role to play in homelessness prevention. Any comprehensive plan to end chronic homelessness in Canada must recognize the role of the provinces/territories in providing the housing, health and social services people require to transition out of homelessness into permanent, accessible housing. It should prevent the flow of individuals out of PT institutions (e.g. healthcare and criminal justice) into homelessness; ensure income security programs provide sufficient benefits to enable marginalized communities to afford adequate housing; and preserve the affordability of Canada's limited rental housing by regulating rental increases and protecting tenants' rights.

Municipal

Outside of Ontario, municipalities do not typically have a legislated mandate to deliver social housing or health and social services. However, many local governments are quickly responding to homeless community needs in the absence of adequate provincial and federal support. Given the lack of municipal fiscal capacity to provide housing and services, municipalities need more support from provincial/territorial and federal counterparts to continue implementing solutions and to address the upstream causes of homelessness.

Municipal Growth Framework: facilitating action on homelessness by moving beyond an outdated fiscal system

Despite increased federal funding for affordable housing through 2017's National Housing Strategy, homelessness is on the rise, and we are not on track to meet the federal government's goal of reducing chronic homelessness by 50 percent by 2027–28.

More so than in any area of public policy, municipalities are being called upon to take responsibility in their communities to address homelessness. The rise in homelessness is putting increasing pressure on municipal finances. Additionally, municipalities are under immense pressure from their residents as a result of public opinion towards unhoused community members and homeless encampments as well as equity and human rights considerations.

As part of a Municipal Growth Framework, FCM is calling for a comprehensive federal-provincial/territorial-municipal plan to end chronic homelessness. By clearly identifying roles and responsibilities, this plan will lead to better outcomes for Canadians, reduce overall public spending on homelessness and reduce financial pressure on municipal governments.

Through a new Municipal Growth Framework, the federal government, provinces and territories and municipalities would work more closely together to reverse the alarming rise in homelessness and, in the long term, end chronic homelessness. This new framework would clearly identify roles and responsibilities for each order of government through a coordinated approach. Significant investments in affordable non-market housing, interventions to prevent the flow of individuals into homelessness and supportive housing to support chronically homeless individuals are all required. As a foundation for a comprehensive plan to end chronic homelessness, FCM is calling for significant new federal-provincial/territorial (FPT) investment in a Housing First-based approach, cost-shared between federal, provincial and territorial governments.

Costing an FPT Investment in Housing First

With a new Municipal Growth Framework in place, communities would be better empowered to make the most of effective upstream investment in Housing First initiatives. In this section, FCM outlines the costing, the key factors to be considered, as well as the dollar savings that investing in this kind of supportive housing can deliver.

Need

Chronically homeless populations are in the most acute need of supportive housing with wraparound supports to meet and address their complex needs. According to Infrastructure Canada, in 2021, an estimated 28,631 people (30.6 percent of the total homeless population) experienced chronic homelessness, as measured through shelter use patterns.[31]

This is likely a conservative estimate because it excludes experiences of homelessness outside of the shelter system, such as in encampments and "hidden homelessness" settings.

However, any investment in supportive housing based on numbers from the shelter system, even if underestimated, will still relieve tremendous pressure on municipal shelter systems and significantly free up municipal resources to address chronic homelessness outside the shelter system.

Capital Costs

To better understand the capital cost per unit of supportive housing required, FCM considered the total investment by the federal government in the Rapid Housing Initiative (RHI) and the subsequent total number of units created. RHI has demonstrated success in rapidly allocating funding and creating deeply affordable and supportive units directly to homeless populations across Canada. Additionally, the federal government has, through RHI, demonstrated the commitment to a delivery model that directly empowers municipalities to create and build housing that reflects and meets their community's homelessness needs.

To understand the average cost per unit for a supportive housing program, FCM considered the RHI costs per unit in 10 municipalities across Canada. This includes funding from the federal RHI program and further top-ups by provincial, territorial and municipal orders of government. FCM has found that units built through the RHI program have ranged between approximately $350,000 to $500,000. FCM considered this range in subsequent calculations of the capital required to build the supportive housing needed to reduce chronic homelessness in Canada.

31 Infrastructure Canada. *Homelessness data snapshot: Analysis of chronic homelessness among shelter users in Canada 2017 – 2021*. 2023: infrastructure.gc.ca/homelessness-sans-abri/reports-rapports/chronic-homelessness-2017-2021-litinerance-chronique-eng.html

Operational Costs

To provide the basis of FCM's estimates on supportive housing operating costs and savings, FCM used the findings from a 2017 report based on the 2008 At Home/Chez Soi pilot project[32] which compared almost 1,000 individuals receiving Housing First to those receiving "treatment as usual" (shelters, hospitalization, etc.). Without a Housing First model, expenses included court appearances, municipal detention cells, police arrests, ER visits, ambulance transport, psychiatric in-hospital care and physical in-hospital care. Aggregated and averaged across the study's five municipalities, the cost through a Housing First supportive housing model averaged $14,599 per person, while "treatment as usual" cost $23,849 per person. High system users (who often overlapped with people who are chronically homeless) cost $30,216 with Housing First support compared to $56,431 with "treatment as usual". The result is a significant return on investment—for every $1 invested in a Housing First operational approach, there is $1.54 in savings equating to 54% cost savings simply by providing wraparound services for homeless populations.

Total Costs Required

Under a Housing First model for chronically homeless populations, the cost to develop one unit of supportive housing ranges between $350,000 and $500,000 per unit, while the cost of providing wraparound supports for one program user is $14,599 per year, and up to $30,216 per person per year for high system users, who often overlap with people who are chronically homeless. Adjusting for inflation using the change in Consumer Price Index between 2016 (the year the study adjusts their costing to) and 2023,[33] the cost of providing wraparound supports for one program user today ranges between $17,904 and $36,969 based on the acuity and level of need.

FCM estimates that to create 28,000 permanently supportive housing units would require an investment, cost-shared between federal, provincial and territorial governments, in the range of:

> ***"All orders of government have a role to play and need to contribute in their own capacities: working together to change how they advance homelessness prevention and services."***



- **Between $10 and $14 billion in federal investment to build 28,000 new permanently supportive housing units.**
- **Between $800 million and $1 billion per year in ongoing funding from provincial and territorial governments for the wraparound health and social services these units require.**

32 Mental Health Commission of Canada. *At Home/Chez Soi Interim Report*. 2012: mentalhealthcommission.ca/wp-content/uploads/drupal/Housing_At_Home_Interim_Report_ENG_0.pdf

33 Statistics Canada. Consumer Price Index, annual average, not seasonally adjusted. 2023. Table: 18-10-0005-01.

Savings

The 2017 At Home/Chez Soi study found that every $1 invested in wraparound services through a Housing First approach results in a $1.54 return on investment and the costs of a Housing First approach to wraparound services are offset by an average of 54 percent in cost savings for governments and taxpayers. Based on this return on investment, FCM's recommended $800 million to $1 billion per year investment in wraparound health and social services can be expected to result in between **$432 and $540 million in cost savings per year**. This further highlights the need to step away from a model of responding to homelessness that invests in the downstream effects of homelessness, towards a Housing First supportive housing model that secures residents with the wraparound health and social services they need to thrive.

Climate change adaptation

In recent years, Canadians have been confronted with record-breaking heatwaves, flooding, hurricanes and wildfires that have severely damaged homes, businesses and communities.

In 2022 alone, insured losses from extreme weather and climate change-related disasters have amounted to $3.1 billion, making it the third worst year for insured losses in Canadian history.[34] Average annual losses in this country now regularly exceed $5 billion. By early August of 2023, Canada had already experienced the most extreme wildfire season ever recorded with over 5,500 fires and more than 13.4 million acres burned. These fires have released more than 1 billion tons of carbon dioxide emissions into the atmosphere, equivalent to the annual emissions of the global airline industry. In 2025, Canada is expected to experience $25 billion in losses relative to a stable climate scenario, which is equal to 50 percent of that year's projected GDP growth.[35] Municipalities are facing the climate challenge on two fronts. On one front, they are dealing with the chronic impacts of climate change (e.g., the increased cost of maintaining existing infrastructure) and on the other, they are protecting Canadians from more frequent and intense climate disasters (e.g., flooding, wildfires, extreme heat). The challenge is that municipalities do not have the financial capacity to address either the impacts that climate change is having on municipal infrastructure or the climate change-related disasters that are putting Canadians at risk. In 2022, municipalities were responsible for nearly a third of all public sector expenditure on environmental protection, with most local spending being directed to the management of water and wastewater and the protection of biodiversity and habitats.[36]

34 Insurance Bureau of Canada. *Severe Weather in 2022 Caused $3.1 Billion in Insured Damage -- making it the 3rd Worst Year for Insured Damage in Canadian History*. 2023: ibc.ca/news-insights/news/severe-weather-in-2022-caused-3-1-billion-in-insured-damage-making-it-the-3rd-worst-year-for-insured-damage-in-canadian-history

35 Government of Canada. *Adaptation Action Plan*. 2023: publications.gc.ca/collections/collection_2023/eccc/En4-529-2023-eng.pdf

36 Statistics Canada. *Canadian classification of functions of government, by general government component*. 2023. Table: 10-10-0024-01.



In 2020, FCM estimated that it would cost approximately $5.3 billion per year across all orders of government to adapt local infrastructure to the impacts of climate change. The Financial Accountability Office of Ontario also recently estimated that climate change will add $4.1 billion per year on average to the cost of maintaining Ontario's $708 billion public asset portfolio, where municipalities bear the majority of those costs.[37]

Federal programs such as the **Disaster Mitigation and Adaptation Fund (DMAF)** and the **Disaster Financial Assistance Arrangements (DFAA)** program are critical to protecting Canada's communities and fighting climate change. However, they fall short of the full investment needed to tackle the climate crisis. As of February 2024, $2.4 billion of the $2.5 billion DMAF pool of funding had been assigned, with more requests submitted than there was funding available. Furthermore, DFAA claims are growing at an unsustainable pace. Since the DFAA program was established in 1970, the Government of Canada has contributed over $7.9 billion in post-disaster assistance to help provinces and territories with the costs of response and of returning infrastructure and personal property to pre-disaster condition. 73 percent of this total was paid out over the last 10 years alone.

The National Adaptation Strategy (NAS), finalized in June 2023, sets a foundation for a more resilient future. The NAS included a federal investment of $530 million in FCM's Green Municipal Fund (GMF) to establish the Local Leadership in Climate Adaptation (LLCA) program. This new FCM program will provide funding and capacity development support to local governments to help them better assess and respond to local climate risks, including by integrating climate risk data into municipal asset management plans. LLCA's goal is to fund over 1,400 municipal activities by 2031, which will contribute to long-term climate resilience. However, municipalities will require adequate and predictable sources of revenue to be able to manage weather-related impacts on municipal infrastructure and invest in mitigation measures—including green and grey infrastructure—while protecting Canadians from the greatest impacts of climate change.

37 Fiscal Accountability Office of Ontario. *CIPI: Summary Report - Estimating the budgetary impacts of changing climate hazards on public infrastructure in Ontario*. 2023: fao-on.org/en/Blog/Publications/cipi-summary

Climate action

Local governments are also addressing climate change through efforts to reduce greenhouse gas emissions. Municipalities have influence over roughly 50 percent of greenhouse gas (GHG) emissions in Canada. About 5 percent of emissions are directly related to municipal operations – in solid waste, municipal buildings, fleet vehicles and land-use planning. Indirect emissions represent another 45 percent of Canadian emissions that can be attributed to things like housing and commercial buildings, personal vehicle emissions and energy generation.

By adopting practices that reduce, remove or avoid GHG emissions (including transit-oriented development) and pursuing meaningful ways to adapt to changing climate realities, municipalities can improve their residents' quality of life, increase community resiliency and help achieve national climate change targets. Most municipalities have demonstrated a desire to act on climate change, but face barriers when it comes to fully implementing their climate action plans. Over 70 percent of Canadians live in communities that have joined the Partners for Climate Protection (PCP) program, a joint initiative between ICLEI—Local Governments for Sustainability (ICLEI Canada) and the Federation of Canadian Municipalities. PCP has over 500 participating municipalities and 46 percent of Canadians live in PCP member municipalities that have set very ambitious GHG reduction targets of 80 percent or higher. Municipalities can have the greatest impact in reducing emissions in the transportation, buildings, electricity, land use and waste sectors.

Federal and provincial/territorial funding for climate action is typically spread across multiple departments that deal with these different sectors. Programs are typically short-term with unpredictable intake windows and complicated application processes.

Significant human resources are needed at the local level to submit applications, often with little to no assurances of an application being successful. Municipal decision-making is often shaped by which funding opportunities are available, not by which projects will result in the greatest greenhouse gas emission reductions or provide the greatest community benefits. Climate action in Canada will not be able to scale to the level needed to reach Canada's targets if every viable project needs to wait until federal funding is available and their project is selected. Local leaders need to be empowered with the appropriate financial tools to be able to advance climate action based on the opportunities available in their community.

CLIMATE ACTION CASE STUDY

10 rural Quebec municipalities received a grant from FCM's Municipalities for Climate Innovation Program to introduce one electric vehicle each into their respective fleet. On evenings and weekends, when not being used by municipal staff, the electric vehicles are available to community members through a new car-sharing system. The municipalities have set up charging stations, with the aim of creating a "green route" so that electric vehicles can travel longer distances and be charged at multiple stations along the route. The new car-sharing program provides access to an affordable form of transportation in communities underserved by public transit and taxis.[38]

38 Regional Electric Car-Sharing System: The SAUVér Project | Green Municipal Fund

Public transit

The transportation sector accounts for 22 percent of Canada's GHG emissions and over half of those emissions come from passenger cars and light trucks.[39] Canada's 2030 Emissions Reduction Plan commits to an 11 percent reduction in GHG emissions from the transportation sector from 2005 levels by 2030. This will be challenging, as transportation sector emissions continue to rise. Shifting commuting patterns to more sustainable modes of transportation (such as public and active transportation) will play a critical role in helping Canada reduce GHG emissions and achieve its national climate change targets. According to research by Environmental Defence, Équiterre and Dunsky Energy + Climate Advisors, Canada could see a 65 million tonne reduction in transport-related greenhouse gas emissions if transit ridership in Canada is doubled by 2035. To reach these outcomes, total public transit service levels across Canada must increase by 109 percent by 2035, requiring a total average operating cost of $7.4 billion annually until 2035, which could be cost-shared between all orders of government, in addition to existing public transit funding commitments.



"A new Municipal Growth Framework is needed to chart a new route and ensure that a modal shift in transportation can be achieved, delivering higher levels of service to all community members"

The COVID-19 pandemic highlighted the vulnerability of the current public transit financing model when the federal, provincial and territorial governments stepped in to provide emergency operating funds to keep the systems up and running due to a significant drop in passenger fare revenue. However, changes in how people work, and a growing population, have meant that transit revenue has still not recovered to pre-pandemic levels, making it difficult for municipalities to improve service delivery and expand services to growing communities because of their dependency on user fee revenue. Even before the pandemic, Canada's service levels were lagging with 1 in 4 Canadians not living within 500m of public transit.[40]

Funding public transit in Canada is mainly the responsibility of municipalities that are already working to transition to zero-emission vehicles, improve transit services and increase transit ridership. While ridership continues to recover from pandemic-induced shifts in transportation demand, investments in both capital and operational expenses are essential for transit to play a role in fighting climate change.

39 Government of Canada. *Greenhouse gas emissions*. 2023: www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.%20%20html#transport

40 Statistics Canada. *Convenient access to public transport by geography*. 2023. Table: 23-10-0309-01.

Operating costs for transit systems are generally covered by municipalities through user fees (passenger fares) and other municipal revenue, while provincial and federal contributions tend to cover capital expenses.[41] FCM has welcomed transit programs such as the Rural Transit Solutions Fund and the federal government's commitment to establish the Permanent Public Transit Fund.

The latter fund will provide $3 billion in annual federal funding starting in 2026, providing critical capital funding for municipal transit agencies, including funding to maintain and renew existing infrastructure and expand transit services. However, the Permanent Public Transit Fund is purely an infrastructure program, and does not, on its own, address the structural operating funding gap that municipal transit agencies are facing, nor does it address the service level increases required to achieve GHG emissions reductions as identified above.

Reliance on the existing funding model where passenger fares provide the majority of transit operating revenue is not working. Increasing transit service levels by increasing transit revenue from user fees means that current riders will bear those costs, creating an inequitable situation.

As an essential public service, mass transit and para-transit services provide low-cost transportation options for low-income people, people with disabilities, youth, students, seniors and other groups with limited income or mobility challenges. Additionally, the need for operating support is particularly acute in rural Canada where travel costs are higher, yet ridership is lower for this essential public service.[42] However, if transit revenues are not increased, service levels will have to be reduced and riders will choose alternative modes of transportation, creating a downward spiral in transit services and increased emissions. Shifting drivers to public transit and other sustainable transportation options will require a new model for operating funding to increase service levels.

A new Municipal Growth Framework is needed to chart a new route and ensure that a modal shift in transportation can be achieved by delivering higher levels of service to all community members, and ensuring that service cost burdens are shared more equitably.

41 Canadian Urban Transit Association. *Alternative funding for Canadian transit systems*. 2015: cutaactu.ca/wp-content/uploads/2021/01/cuta_alternative_funding_report_may_2015.pdf

42 Federation of Canadian Municipalities. Resolution: Rural Transit Operating Funding. 2023: fcmresolutions.powerappsportals.com/en-US/ResolutionDetails/?id=0763db57-d47c-ee11-8179-000d3a09ecaf&return=%2Fen-US%2FResolutions%2F%3Fkeyword%3Drural

Rural, northern and remote

From coast to coast to coast, rural and northern innovation and resiliency influences everything from the food on our tables to the materials that are used to build our homes.

Rural economies make significant contributions to Canada's GDP. In 2023, agriculture, fishing, utilities, resource and energy sectors contributed almost $200 billion to Canada's GDP or nine percent of all economic output last year.[43] Resource development and tourism in our northern communities help strengthen Canada's growth, resiliency and sovereignty.[44]

However, there is a problem. As noted previously, municipalities do not directly or immediately benefit from the actions they take to stimulate local and regional economic development. This is felt acutely in rural and northern communities where local economic activity results in tax revenue that is collected by the provincial and territorial capitals and Ottawa.

Given that nearly 50 percent of First Nations, Métis and Inuit (FNMI) individuals reside in non-urban areas[45], Indigenous Peoples are important contributors to rural and northern economies.[46] However, it is difficult to sustain and diversify economic activity, as well as advance economic reconciliation in partnership with Indigenous Peoples, when rural and northern communities struggle to provide essential services such as municipal roads, bridges and water infrastructure, broadband connectivity and transportation linkages between communities.

By supporting the ability of rural and northern communities to provide these essential services, municipalities will be better positioned to support and partner with others to provide greater equitable economic access for everyone. This is especially important for FNMI populations that historically and systemically have been disenfranchised from contributing to economic activity across Canada, but especially in rural and northern areas.

As outlined earlier, municipalities own and operate 60 percent of all public infrastructure assets. And it is these assets that create the foundation for supporting the social and economic growth of communities big and small. However, there are distinctions in rural and northern areas that need to be acknowledged so that a new Municipal Growth Framework can best support all communities going forward.

43 Statistics Canada. *Gross domestic product (GDP) at basic prices, by industry, annual average (x 1,000,000)*. 2024. Table: 36-10-0434-03.

44 Canadian Northern Economic Development Agency. *About the North*. 2020: cannor.gc.ca/eng/1368816431440/1368816444319

45 Statistics Canada. *Indigenous identity population by gender and age: Canada, provinces and territories, census metropolitan areas and census agglomerations*. 2023. Table: 98-10-0292-01

46 Krawchenko. T. *Supporting Rural and Remote Economies: What Canada Must Do Now*. 2023: thefutureeconomy.ca/op-eds/rural-remote-economies-tamara-krawchenko-university-victoria/

For example, while accounting for nearly a fifth of Canada's population, rural communities accounted for nearly one-third of the replacement value of municipally owned core public infrastructure.[47] One key infrastructure asset class for rural and northern communities is roads and highways. However, with small tax bases, these communities are unable to fully address the maintenance of these vital networks. In fact, roads were responsible for up to 58 percent of the total replacement value of core public infrastructure in rural communities in 2020. This was 22 percent in urban communities.

On top of this, rural, northern and remote municipalities are seeing pressures on their infrastructure assets due to climate change. With temperatures in northern Canada projected to rise at a faster rate than in southern Canada, the impact of permafrost thaw is a significant threat as it puts the structural integrity of buildings, basic infrastructure and other assets at risk. Without adaptation measures taken, total damage costs to buildings in northern Canada are projected to be between $30 to $38 million per year by the mid-century due to permafrost thaw.[48]

Our rural and northern communities are also at greater risk from extreme weather events such as wildfires and floods. The devastating fires in 2023 and previous years have numerous implications for communities such as mental and physical health effects[49], a rise in more catastrophic damage and a financial burden on communities that need to house evacuees. Adapting to the impacts of climate change requires significant investment in resilient infrastructure that is often beyond the scope of small community resources.

The population of rural and northern Canada is also changing. Rural Canada, for example, experienced positive population growth between 2018 and 2022, and in recent years, much of this growth has been due to intra-provincial and inter-provincial migration, with a jump in immigration in 2021/2022.[50] Additionally, two out of the three Territories have grown since the last census, with variation in what is driving changes in their population.[51] And to this last point, while we are seeing positive trends overall, the experiences in rural and northern communities are diverse. Growth rates differ and the factors influencing this change also vary. This will influence the types of services and assets that communities will need to provide.

47 Statistics Canada. *Canada's Core Public Infrastructure Survey: Replacement values*, 2020. 2023. statcan.gc.ca/n1/daily-quotidien/230320/dq230320a-eng.htm

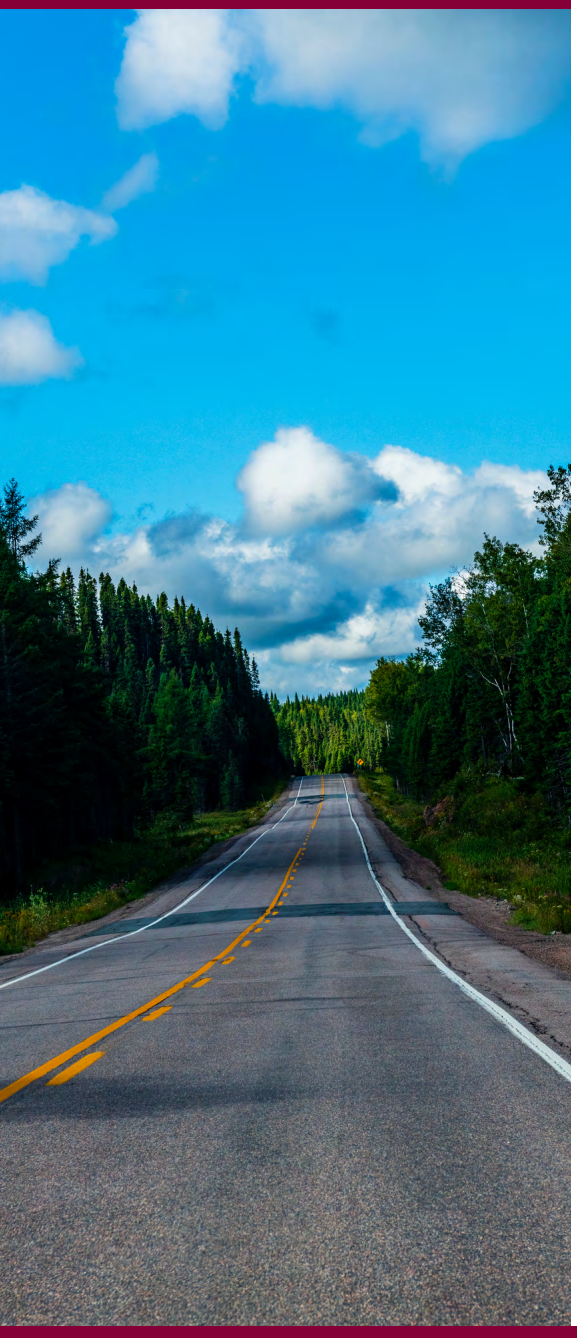
48 Canadian Climate Institute. *Due North: Facing the costs of climate change for northern infrastructure*. 2022: climateinstitute.ca/wp-content/uploads/2022/06/Due-North.pdf

49 Humphreys et al. *What can we do when the smoke rolls in? An exploratory qualitative analysis of the impacts of rural wildfire smoke on mental health and wellbeing, and opportunities for adaptation*. 2022: bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-021-12411-2

50 Statistics Canada. *Components of population change by census metropolitan area and census agglomeration, 2016 boundaries*. 2023. Table: 17-10-0136-01.

51 Statistics Canada. *Estimates of the components of demographic growth, annual.* 2023. Table: 17-10-0008-01.

"Adapting to the impacts of climate change requires significant investment in resilient infrastructure that is often beyond the scope of small community budgets."



However, with limited budgets and staff resources, rural, northern and remote communities are constrained in their ability to apply continually and effectively for federal or PT funding programs to support community growth and well-being. Previous FCM research has found that around 60 percent of Canada's 3,500 municipalities have five staff members or fewer.[52] And in a similar vein, there are also operational costs to consider. One clear illustration of this is in transit where smaller communities face challenges in their ability to provide adequate public transit services.[53] The economies of scale work against these communities in this respect.[54]

› **To ensure all communities are supported equitably, a Municipal Growth Framework must respect and account for rural and northern community realities**. Many of these communities have small tax bases but must maintain extensive and vital public infrastructure portfolios, which are often heavily used by industry. This underlines the importance of considering factors beyond simple population calculation. For example, when the new Local Government Fiscal Framework (LGFF) in Alberta was introduced, population accounted for 65 percent of the allocation formula. However, it was identified that overweighting this factor carries several risks, one of which is that it does not allow for equitable distribution of funds given that the drivers of infrastructure maintenance and construction costs differ across communities.[55]

52 Federation of Canadian Municipalities. *Rural challenges, national opportunity*. 2018: fcm.ca/sites/default/files/documents/resources/report/rural-challenges-national-opportunities.pdf

53 Institute for Research on Public Policy. *Rural Recognition: Affordable and Safe Transportation Options for Remote Communities*. 2024: irpp.org/research-studies/affordable-safe-transportation-options-remote-communities/

54 Breen, S. and Sutherland, C. *Not In Service: A Typology of Barriers Facing Rural Transit Systems*. 2022. ojs.library.queensu.ca/index.php/cpp/article/view/15783

55 Rural Municipalities of Alberta. *Local Government Fiscal Framework: RMA Allocation Formula Reaction*. 2024: rmalberta.com/wp-content/uploads/2024/01/01-19-24-RMA-Reaction-LGFF-Allocation-Formula.pdf.

- **Rural and northern municipalities make considerable economic contributions to Canada as a whole**. A new Municipal Growth Framework must be able to address the disconnect between municipal revenue generation and economic growth.

- **Municipalities are the governments of proximity and know the needs of their communities best. Flexibility should thus be built in any framework so that rural and northern municipalities can effectively direct investment into urgent local issues.** This is an important principle given the variations that exist between communities in rural, northern and urban Canada. Additionally, it should be noted that combining rural and northern under the same 'rural' umbrella risks creating a Framework that does not address the complexity and diversity of these communities.

Overall, a new Municipal Growth Framework can help rural, northern and remote communities address some of these challenges as well as the others that have been noted in this paper such as public safety, housing and homelessness—but municipal finance reforms must be developed by and for rural and northern municipalities to ensure that they meet their unique needs, capacity and pressures.

Public safety

Keeping Canadians safe is a top priority for municipalities. Municipally-funded police services and first responders face a growing list of public safety challenges. They work in communities that are dealing with demanding, often-growing issues, ranging from increasing rates of violent crime and property theft to the impacts of the opioid and mental health crises. Every new challenge strains already limited local resources, and with ballooning costs many communities are struggling to keep up.

In 2022, municipalities were responsible for over a third of all public sector expenditure on public order safety, with most local spending being directed to police and fire protection services. Policing is typically the largest operational cost for a city with a municipal police force. For example, in 2023 in the City of Calgary, 19.69% of property taxes were allocated to Bylaws and Public Safety. Policing alone accounts for 11.35% of property taxes in Calgary.[56]

And those costs are rising.

56 City of Calgary. *Municipal Fiscal Gap*. 2023: calgary.ca/content/dam/www/cfod/finance/documents/plans-budgets-and-financial-reports/Municipal-Fiscal-Gap-Report-2023.pdf

"A new Municipal Growth Framework can provide municipalities with the proper tools to plan for emergencies, respond quickly to incidents, and foster collaboration among orders of government to protect communities and keep Canadians safe."



A Municipal Growth Framework would help equip municipalities with the resources to fulfill their public safety mandate. This reality is nowhere clearer than with the police, whether it be municipal police forces or RCMP detachments that provide police services to municipalities on a contract basis. Between 2010-2021, police budgets increased an average of 24% in Canada's 20 most populous municipalities, ranging from 36% in Winnipeg, MB, 41% in York Region in Ontario, and 55% in Quebec City, QC.[57] Today, with inflationary pressures and a more complex post-pandemic social environment, costs have further increased. Yet police budgets come directly from municipal budgets, which are largely financed by property taxes, a limited revenue source. Between 2010-2021, revenue from property taxes across Canada grew by 16% in inflation-adjusted terms.[58]

Yearly increases in the cost of policing stem from multiple factors including inflation, population growth and negotiated salary increases for RCMP personnel linked to collective bargaining, all of which fall largely beyond the direct control of municipalities. A continuous pipeline of equipment expenses, including procurement, maintenance, and modernization of items such as firearms, tactical gear, body-worn cameras, vehicles and emerging technologies, also significantly impacts costs.

57 Seabrook, S. et al. *Police Funding and Crime Rates in 20 of Canada's Largest Municipalities: A Longitudinal Study*. 2023. utpjournals.press/doi/full/10.3138/cpp.2022-050?journalCode=cpp

58 Statistics Canada. *General governments, provincial and territorial economic accounts*. 2023. Table: 36-10-0450-01.

Pressure on policing is acute in rural, northern and urban municipalities alike. In urban municipalities, police are increasingly tasked with managing complex social issues without the tools to make change. Municipal police are increasingly responding to calls that involve residents who are experiencing a mental health crisis or drug overdose. For example, the Saint John Police Force saw a 40% increase in calls related to mental health between 2018 and 2023; more dramatically, mental health calls to the Charlottetown Police Services in Prince Edward Island increased 95%. These incidents require specialized interventions. The root causes of these health and social issues are beyond the capacity of the police, or municipalities, to address on their own.

Compounded by population growth, police resources are being stretched thin, increasing response times, which has an overall impact on public safety. Similarly, federal, provincial and territorial policies and the administration of the criminal justice system can also strain police resources, impacting the return on investment for municipalities. For example, when repeat offenders are released back into communities, this can consume valuable police resources as officers are forced to spend a disproportionate amount of time on repeat cases rather than addressing broader community needs.

In rural municipalities, which, outside of Ontario and Quebec, are typically policed by the RCMP, issues follow similar but distinct patterns. Due to large geographical sizes, rural populations frequently wait long periods for emergency responses to property crime as well as violent incidents. Likewise, the high cost of policing these areas, along with recruitment and retention difficulties, means that rural residents are often under-policed compared to their urban counterparts. More recently, entire property tax increases in some rural areas have been implemented just to keep up with costs related to RCMP contracts. This is of particular concern for RCMP-policed municipalities, as municipalities have limited input into contract negotiations between the federal government and the RCMP yet must bear the costs of the resulting decisions. Therefore, giving municipalities a seat at the table and ensuring that they are meaningfully consulted prior to negotiations is essential. Consequently, overall, little can be allocated for other pressing priorities due to skyrocketing policing costs, for which municipalities largely foot the bill.

Ultimately, the issue is not that municipalities lack the expertise or ambition to address new and complex public safety challenges. Rather, municipalities lack the fiscal framework to tackle these challenges with adequately resourced responses. The result is stretched budgets, exhausted front-line workers and costly equipment upgrades passed onto the level of government with the fewest resources.

A new Municipal Growth Framework can provide municipalities with the proper tools to plan for emergencies, respond quickly to incidents and foster collaboration among orders of government to protect communities and keep Canadians safe.



"The advocacy currently taking place at the provincial level demonstrates the kind of progress that can be made when the municipal sector partners with other orders of government to improve quality of life for their residents."

Part 3: Building the foundation for a Municipal Growth Framework

The call for a modernized fiscal framework is not new—municipalities in Canada have been grappling with an outdated system for decades and work has been ongoing in many provinces and territories to better match municipal service responsibilities with revenue options. What is new is the rate of population growth that the country is experiencing and the resulting pressure that municipalities are under. The following section outlines how a new Municipal Growth Framework can be built on the shoulders of previous strong partnerships with the federal government and recent 'best practice' work being undertaken by provinces and territories.

Building on previous federal partnerships

A strengthened model of direct, flexible transfers tied to growth

The federal government has been a strong infrastructure funding partner to municipalities, provinces and territories, and this partnership is helping to reduce the infrastructure deficit and build more resilient, sustainable, prosperous and equitable communities. Recent federal infrastructure funding programs include the 2007 Building Canada Fund, the 2018 Investing in Canada Infrastructure Program (ICIP) and the $2.4 billion per year Canada Community-Building Fund (CCBF). Funding programs such as the Canada Housing Infrastructure Fund, the Canada Infrastructure Bank's Infrastructure for Housing Initiative, and the recently-announced Canada's Housing Plan can and are delivering housing-enabling infrastructure that is badly needed. The Permanent Public Transit Fund is set to begin in 2026, providing $3 billion per year in capital funding for municipal transit systems.

These federally led programs represent a strong funding commitment from the federal government.

However, for many municipalities, especially small, rural, remote and northern communities that have limited staff resources, the application process associated with government grants and transfers is often a significant barrier to applying for funding.

Allocation-based programs, like the CCBF, offer a model of intergovernmental transfers to municipalities based on permanent, predictable and flexible funding. Although the CCBF could be improved by increasing the total volume of the fund and the annual indexation rate, and by modernizing how program partners report on the outcomes the program is achieving for Canadians, the fund offers a strong proof of concept for how different orders of government can approach transfers as part of a larger suite of municipal fiscal reforms.

Building on this strong partnership, a new Municipal Growth Framework would increase direct transfer amounts over and above current budgeted programs, including a new 10-year CCBF agreement and the PPTF, with an additional $2.6 billion a year. Municipal revenue would be tied to both population and economic growth through an index linked to GDP. To enable local governments to take action where it's needed most, the new framework would be flexible to enable both operations and capital spending.

While most Canadian taxpayers don't distinguish which order of government provides which services, they do want all governments to be accountable for how they are spending their hard-earned tax dollars. To that end, a Municipal Growth Framework must include clear outcomes with accountability mechanisms to ensure that outcomes are being achieved.

Models for potential emulation

The following sections outline recent work by provinces and territories across Canada, largely by provincial and territorial associations (PTAs), including "best practice" municipal finance models in place in Saskatchewan and Quebec.

Quebec: Sales Tax revenue sharing and Bill 39

Over the past few years, the municipal sector in Quebec has made progress in diversifying municipal revenue sources and reducing their dependence on property taxes.

In September 2023, the Mayor of Montreal, Valérie Plante, hosted a summit with the Union des municipalités du Québec (UMQ)'s *Caucus des grandes villes du Québec*, to call for a new fiscal pact to review municipal taxation in Quebec. Montreal's advocacy emphasized the increasing costs that cities are facing to adapt to climate change, expand public transit service, improve housing affordability and respond to an increasingly complex homelessness crisis.

On December 13, 2023, the Quebec government signed a new fiscal deal with La Fédération québécoise des municipalités (FQM), l'UMQ and individual Quebec municipalities that will provide access to hundreds of millions of dollars to help pay for local services. The National Assembly unanimously passed Bill 39, which enacts certain provisions of the agreement into legislation and creates additional revenue options for Quebec municipalities.

Most significantly, Bill 39 legislates a consolidated dedicated share of the annual growth in the Quebec Sales Tax (QST) as a direct transfer to municipalities. In 2023, the amount transferred to Quebec municipalities reached a total of $135 million. This value is expected to grow to $1 billion by 2029. Bill 39 also enables municipalities to levy different residential property tax rates, grants municipalities new powers to tax vacant dwellings and, in municipalities with public transit systems, grants them the ability to tax vehicle registrations.

Saskatchewan: Municipal Revenue Sharing

Municipal Revenue Sharing (MRS) began in Saskatchewan in 1978 as a yearly unconditional operating grant to municipalities set by the province. In 1978, the fund was $34 million. Between 1978 and 2008, the fund varied from a high in the 1980s at $67 million to a low of $27 million in 1997.

While an important financial tool for municipalities in Saskatchewan, the original MRS did not grow with the economy and municipalities felt that the agreement could be strengthened. Following a few years of significant research and collaboration alongside provincial staff, a new Municipal Operating Grant was announced at the 2009 Saskatchewan Urban Municipalities Association (SUMA) Convention. Through this grant, Saskatchewan's municipalities would receive revenue sharing equivalent to one point of the PST. The MRS is distributed by pools (per capita), based on municipal status as follows: nearly half the fund is distributed to cities while towns and villages receive 16.2 percent, rural municipalities receive 28.5 percent, and northern communities receive 7.4 percent.

Since 2009, the grant has been curtailed. In the 2010-11 fiscal year, revenue sharing was frozen at 2009-10 levels, even though it was expected to grow that year from $167 million to $221 million. The fund was also reduced in 2017 to 75 percent of one point of PST. Although this change coincided with the introduction of additional PST exemptions, the removal of the construction labour exemption in 2017 has cost municipalities approximately $29 million annually.

Efforts underway in other jurisdictions

City of Toronto

- In September 2023, after an 8-month analysis of all available revenue options, Toronto City Council debated and approved increases to the land transfer tax on luxury homes and parking fees, and further called on the provincial government to provide access to revenue tools which grow with the economy.
- On November 27, 2023, Toronto and the Ontario government signed a "New Deal" that will help the city achieve long-term financial sustainability, where Ontario has agreed to provide the city with up to $1.2 billion in provincial operating support over three years and significant capital relief.[59] As part of the deal, Toronto also agreed to meet or exceed the province's housing targets, identify and make available surplus city lands for building homes, increase density near transit and find efficiencies in service delivery and procurement.

Federation of Prince Edward Island Municipalities (FPEIM)

- While speaking before the PEI Legislature's Standing Committee on Education and Economic Growth in October 2023, the Federation of Prince Edward Island Municipalities (FPEIM) pointed out that PEI municipal taxes only account for 2 cents of every tax dollar. FPEIM has advocated for an increased municipal share, emphasizing the elevated cost of supporting and providing services to a growing population. During the 2023 provincial election, FPEIM recommended that the province "substantially reduce the provincial non-commercial property tax rate within municipalities to provide tax room for municipal governments, and provide a half-percent property transfer tax."

Alberta Municipalities

- Alberta Municipalities has embarked on a multi-year project on the Future of Municipal Government that includes research on topics such as municipal finance, infrastructure transfers, growth and collaboration. The first phase of the project involved academic researchers associated with the University of Calgary's School of Public Policy.

Rural Municipalities of Alberta (RMA)

- In 2022, the RMA developed an Allocation Formula Proposal for municipalities ahead of that province's Local Government Fiscal Framework that would begin to take effect in 2024/25. RMA's allocation approach included components such as municipal asset management plan data, the use of a funding minimum and a fiscal capacity modifier, which considers the different fiscal capacities of municipalities in the region. RMA also proposed formula factors intended to capture the costs of non-residential growth, which often drive capital costs in rural municipalities, to better balance the use of population as a proxy of residential growth pressures.

59 Government of Ontario. *Ontario and Toronto Reach a New Deal*. 2023. news.ontario.ca/en/release/1003888/ontario-and-toronto-reach-a-new-deal

Association of Municipalities of Ontario (AMO)

AMO has released its 2024 pre-budget submission Social and Economic Prosperity Review, calling on the Ontario government to work together with municipalities on a joint review of municipal finance, including a detailed analysis of Ontario's infrastructure investment and service delivery needs. The pre-budget submission builds on the ongoing discussions AMO has been leading across the province around the stability and sustainability of municipal finances.

Union of the Municipalities of New Brunswick (UMNB) / Association francophone des municipalités du Nouveau-Brunswick (AFMNB)

- UMNB and AMFNB are urging the government to act on a much-needed fiscal reform following the publication of a report from the Minister of Local Government on the state of municipal finances after the restructuring that took place in 2023. The report concluded that the current framework is not sustainable and that the provincial government must establish alternate sources of financing to support municipalities.

Union of BC Municipalities (UBCM)

- In January 2022, the Province of BC and the UBCM signed a Memorandum of Understanding (MOU) on Local Government Financial Resiliency, committing to work together to review the local government finance system in BC. The implementation of the MOU included the formation of the Local Government Financial Review Working Group, represented by the Ministry of Finance, Ministry of Municipal Affairs and UBCM, and the development of a 3-year work plan to address the 20 recommendations outlined in the 2021 report: Local Government Finance Resiliency—Today's Recovery and Tomorrow's New Economy.

The Association of Yukon Communities (AYC)

- The AYC is encouraging the Government of Yukon to improve the Comprehensive Municipal Grant (CMG). The CMG was created in 1991 and is an unconditional block of funding for municipalities. It has been revised twice since then. In 2013, the CMG switched from a fixed sum to an open sum formula, which utilized municipal statistics. The intent was that the funding for a community would be a reflection of how much their population grew or declined. In 2017, some of the factors were revised as the grant was not fully capturing community activity and growth. Overall, while the CMG has increased since 2013, issues remain, with AYC's 2023 report noting that "increasing demands and inability to connect all the pieces together creates a disconnect in the grant."
- In AYC's 2023 report on the CMG, they identified several areas that are impacting municipal finances: "peripheral users, increasing government regulations, core program service provision, additional service provision and impacts from climate change." The report also includes recommendations such as increasing the asset maintenance factor percentage of the CMG formula to better reflect the cost of aging infrastructure and new capital projects as well as better alignment with the CPI over time. Additionally, it recommended adjusting the base funding towards being reflective of municipal size and active participation in discussions with FCM and the Yukon Government on the Municipal Growth Framework.



Summary

The advocacy currently taking place at the provincial and territorial level demonstrates the kind of progress that can be made when the municipal sector partners with other orders of government to improve the quality of life for their residents.

What is clear is that the need for a new fiscal framework is an issue for municipalities across the country, and so a solution is required that is similarly ambitious in its scale. A Municipal Growth Framework would weave these disparate efforts at municipal finance reform into a pan-Canadian approach. Designed with the input of all orders of government, this new framework will contribute to the financial sustainability of all Canadian communities regardless of size or location.

Part 4: Municipal Growth Framework Summary of recommendations

This report has outlined how municipalities are providing more and more public services for a growing population without a corresponding growth in revenue.

Municipalities are not currently able to meet their full potential to contribute to Canada's growth and prosperity. In particular, they have limited options to raise revenue to cover the cost of the infrastructure required to build new housing, increase transit service to help meet climate goals, ensure that infrastructure is resilient to the impacts of climate change and address the alarming increase in homelessness.

That is why FCM is calling for a Municipal Growth Framework. A new fiscal framework for municipalities is not a single tool nor is it a single commitment from one order of government. It is an acknowledgement that the delivery of public services and the distribution of public funds need to evolve to meet today's challenges, through a partnership between orders of government.

Guiding objectives

The first step is for the federal government to convene provinces, territories and municipalities to negotiate a "Municipal Growth Framework" that results in an accord between the three orders of government to enable Canada's long-term growth. A federal-provincial/territorial-municipal (FPTM) negotiation should be guided by the following objectives:

- **Municipal revenue is linked to national population and economic growth.**
- **Municipalities have diverse, adequate and predictable sources of revenue that increase their autonomy** and enable them to respond to priority public policy challenges, including housing affordability, homelessness, public safety and climate change.
- Municipalities have revenue tools that support the full range of services they provide **including capital and operating costs.**
- **Existing tax revenue is more evenly redistributed between orders of government** relative to expenditures and service delivery.
- **Rural, northern and remote community needs** are considered in the redistribution of existing tax revenue to ensure all communities are supported equitably.
- **Anti-racism, equity and inclusion** objectives are considered in the design of the framework.

As part of the collaboration on a Municipal Growth Framework, FCM is calling on federal, provincial and territorial governments to reform municipal finance so that it better conforms to the six objectives listed above, including the commitment to a long-term FPTM partnership toward ending chronic homelessness through investments in nonmarket affordable and supportive housing.

Targeted recommendations

1. Municipal finance reform

FCM is calling on the **federal government** to modernize municipal funding by:

- Increasing direct annual transfers to municipalities by $2.6 billion. Paired with the existing Canada Community-Building Fund allocations, this would bring total annual federal transfers to $5 billion.[60]
- Linking federal transfers to economic growth by indexing them to Gross Domestic Product (GDP).[61]
- Broadening eligible expenses under federal transfers to include operating costs as well as capital (infrastructure) to enable municipalities to direct funding toward local priorities that enable population growth and economic development—recognizing that municipalities are in the best position to identify and respond to local needs.

Under the Municipal Growth Framework, **provincial and territorial governments (PTs)** would agree to match the level of funding provided to municipalities by the federal government, providing an equivalent of $5 billion per year in new PT funding, tax room or taxation power to municipalities at the national level.

- PTs could choose to meet their contribution by reforming municipal finance in their jurisdiction. Examples include:
  - Allocating a portion of provincial sales or income taxes to municipalities (for example, following the models in place in Saskatchewan and Quebec where the provincial governments allocate a portion of the annual growth of the provincial sales tax to municipalities – see pages 43-44).
  - Reassessing municipal responsibilities and committing, in partnership with municipalities, to either a) upload certain responsibilities back to provincial governments, or b) agree to a new funding model to adequately resource municipalities to deliver provincially-mandated services.
  - Modernizing municipal taxation, including property taxes, development charges and user fees. For example, allowing municipalities to set indexed property tax rates so that they can establish higher rates for higher-value homes, thereby establishing a more progressive property tax rate structure.

60 $5 billion represents a doubling of the Canada Community-Building Fund in 2025-26 or approximately half a point of the federal Goods and Services Tax (GST) revenue generated annually since 2021. According to the 2023 Fall Economic Statement, table A1.5, GST revenues are forecast to generate between $52 and $61 billion per year over the 2023-24 to 2028-29 period. See: Annex 1 - Details of Economic and Fiscal Projections, 2023 Fall Economic Statement: budget.canada.ca/fes-eea/2023/report-rapport/anx1-en.html

61 FCM recommends the formula used to determine the Canada Health Transfer (CHT). Since 2017-18, total CHT funding has been legislated to grow in line with a three-year moving average of nominal gross domestic product (GDP), with total funding guaranteed to increase by at least 3 percent per year. See: canada.ca/en/department-finance/programs/federal-transfers/canada-health-transfer.html

- » Creating more property taxation room for municipalities by reducing some or all of the provincial (e.g., education) portion of the property tax.
- » Granting municipalities new powers to levy new taxes or user fees.

Provincial and territorial governments could choose to increase municipal funding by cost-matching the Canada Community-Building Fund (CCBF).

Reforms at the provincial level would take place through negotiations between each provincial and territorial government and their municipalities. It is expected that municipal finance reforms, while complying with a set of criteria established through a Municipal Growth Framework accord, will look different in each province and territory in recognition of the different fiscal capacity of each PT as well as recent commitments by some PT governments, including the Government of Quebec, to increase municipal funding.

By reforming municipal taxation, provinces and territories can provide municipalities with a greater degree of autonomy and long-term financial sustainability, reducing municipalities' reliance on transfers from federal and PT governments and enabling municipalities to better meet residents' needs by adjusting revenue tools over which they have control.

2. Comprehensive plan to end chronic homelessness

The second element of the Municipal Growth Framework is a comprehensive FPTM plan to end chronic homelessness, including:

- › Identification of roles and responsibilities for each order of government through a coordinated approach.
- › A timeline with clear milestones and measurable objectives to achieve our shared goal of ending chronic homelessness.
- › Coordinated investment and policy measures to increase the supply of non-market housing and prevent the flow of individuals into homelessness.
- › New investment in supportive housing through a Housing First-based approach cost-shared between federal, provincial and territorial governments.

Conclusion: A new partnership for growth

Canada's population surpassed 41 million people. This historic growth brings with it both immense opportunity and pressing challenges.

Every day, Canadian workers, families and businesses rely on municipalities to support the core pillars of a good quality of life. Municipalities maintain our roads, bridges, transit services, water and wastewater infrastructure and provide our policing, emergency services, recreational and cultural facilities, public events and much more. Municipalities continue to manage and maintain more than 60 percent of Canada's public infrastructure yet receive only between 8 and 10 cents on each tax dollar collected.

Canadians are looking to local leaders to rise to the challenge and address pressing on-the-ground issues, including homelessness, housing, mental health and addiction, adapting to the impacts of climate change and setting their communities on a path to reducing GHG emissions.

Municipalities are facing these challenges with leadership and innovation but are constrained by a nineteenth-century framework never designed for the realities of the twenty-first century. The status quo is just not working.

Canadians need all orders of government to work together—no matter the circumstances or jurisdiction—to address modern challenges and protect the quality of life for citizens.

There is room to innovate, whether it's through enhancing proven funding tools like the Canada Community-Building Fund, reforming existing forms of municipal taxation or through tripartite agreements between orders of government on specific policy priorities such as affordable housing.

Our country's successful growth is intrinsically linked with our cities, towns and communities. That's why Canada's municipalities, through FCM, are calling for a new Municipal Growth Framework that empowers local governments with revenue tools that grow with Canada's national population and economy.

This framework would ensure a future where Canadians see their communities growing confidently, with scale and ambition that delivers what Canadians need now: more affordable housing, support for the most vulnerable, core infrastructure that can support generations of residents and reliable, efficient transit we can rely on into the future.

A new fiscal framework is essential to ensuring that municipalities can keep supporting Canada's continued growth and prosperity.

Ensuring Local Government Financial Resiliency

Today's Recovery and Tomorrow's New Economy



August 2021

UBCM

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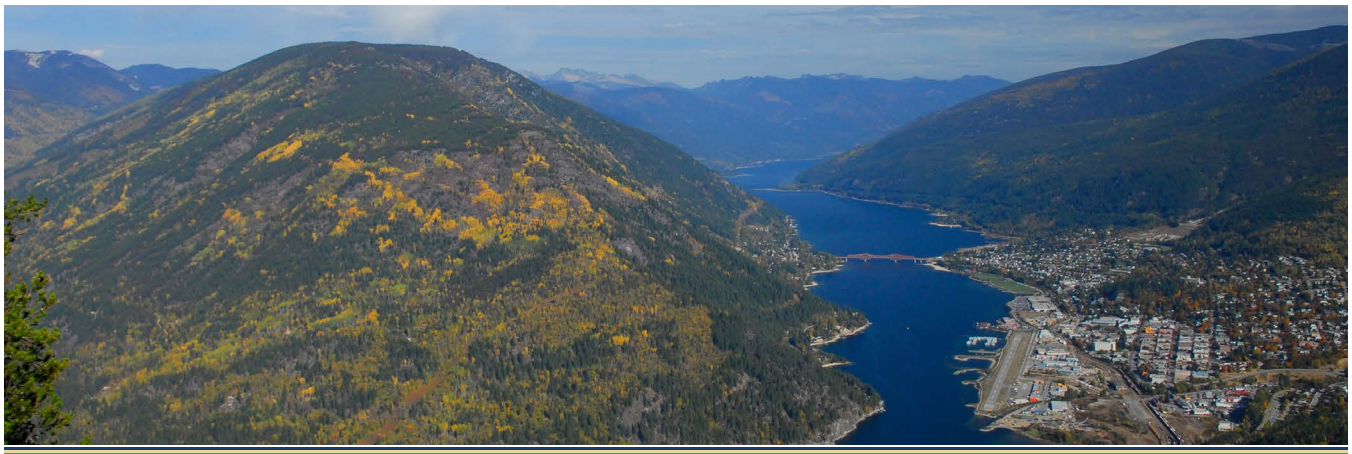
1. MESSAGE FROM THE COMMITTEE

The *Select Committee on Local Government Finance* first met on December 17, 2019. At that time, little did we know of the challenging times ahead. Our March 2020 meeting was cancelled and direction came from UBCM Executive that the work of the Select Committee would be put on hold. We re-convened in January 2021, with an aggressive schedule in order to complete our work and present to the UBCM membership at the September 2021 UBCM Annual Convention.

Very early in our work, there was agreement to focus on the cost-drivers for three key areas: Attainable Housing; Community Safety; and Climate Change. We felt that not only were we addressing the three biggest cost-drivers for local governments, we were identifying potential solutions to priority issues that were common to both local governments and the Province.

We realized that to be successful, our work must be anchored in shared provincial/local government goals and objectives, creating the opportunity for 'win-win' outcomes. We recognized the importance of being solution focused, and that led to recommendations that not only identify potential new revenue sources for local governments, but also propose legislative and policy changes; implementation of best practices; and uploading of services traditionally delivered by the provincial government. We also wanted to focus on solutions where local governments can help achieve the outcomes more effectively than the Province.

In retrospect, living through the pandemic and having the nine month 'lay-off' from Select Committee work provided an opportunity to reflect on local government financial challenges. The pandemic experience identified some strengths and weaknesses in the financial system, but it also provided a preview of the 'New' or emerging economy and its potential impacts to local and provincial government revenues. While this was not considered early in our deliberations, as a committee, we quickly realized how the New Economy has the potential to magnify the current challenges faced by the local government finance system.



We were very pleased when the Province offered to actively participate in the Committee. We hope that this is an indication of their interest and commitment to continue the work. As is noted in the report, in order to address these common challenges, and ultimately address local government financial challenges, solutions can only be achieved through an effective partnership with the provincial government.

The financial sustainability of BC local governments continues to be a priority issue. In particular, the expansion of services, often the result of services being downloaded by the provincial and federal governments, has placed an increased pressure on a local government financial system that is already stressed. We see the release of this report as a critical opportunity to establish a working partnership with the Province. Working together, we will find solutions that will help achieve our mandates while also strengthening the local government finance system.

UBCM is prepared to work with the Province. There is much work to do.



Lyn Hall, Mayor,
City of Prince George
(Committee Co-Chair)



Al Richmond, Director,
Cariboo Regional District
(Committee Co-Chair)

Malcolm Brodie, Mayor,
City of Richmond

Noreen Kassam, Director of Finance,
City of Burnaby (committee member in 2021)

Mike Buda, Executive Director,
TransLink/Mayors' Council

Blair Lekstrom, Councillor,
City of Dawson Creek
(committee member in 2019-2020)

Genelle Davidson, Divisional Director,
Finance Services, City of Kelowna

Leanne McCarthy, CAO,
City of North Vancouver

Brian Frenkel, Councillor,
District of Vanderhoof

Maja Tait, Mayor,
District of Sooke

Rob Gay, Chair,
East Kootenay Regional District

2. EXECUTIVE SUMMARY

2013 Strong Fiscal Futures Report

*The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System*1 (SFF) was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.



The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and necessitated a partnership between the Province and local government to grow the economy. It focused on five key directions – Resiliency, Value, Responsiveness, Fairness, and Excellence. It also identified initial priorities, which included addressing cost-drivers.

> ***Local governments want to be part of the solution, and we need to engage in meaningful dialogue with the Province in relation to expenditure pressures that are largely outside of our direct control, as well as drive change from within by highlighting excellence, and by developing tools and resources to enhance the local decision making framework.***
>
> ***– SFF 2013***

Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely unimplemented.

UBCM Select Committee on Local Government Finance (2019-21)

The UBCM Executive and UBCM membership continued to strongly support the principles, goals and objectives captured in the SFF. This was highlighted at the 2019 UBCM Annual Convention where Resolution B21 – Strong Fiscal Futures was endorsed by the membership, and stated:



> ***Therefore be it resolved that the Province commit to pursuing the Strong Fiscal Futures report as a flexible blueprint for a diversified local government finance system that is both fairer and more sustainable.***

In 2019, the UBCM Executive provided direction to review and 'refresh' the SFF, re-establishing the UBCM Select Committee on Local Government Finance (Select Committee) with a renewed Terms of Reference[2]. The Select Committee began its work in December 2019. Unfortunately, with the onset of the pandemic, the Select Committee's work was put on hold, re-starting in January 2021.

Early in the Select Committee's deliberations, two key strategic decisions were made:

1. Do not revise the 2013 SFF report. It remains a relevant/viable document, reflecting the challenges within the local government financial system and continues to represent a blueprint for change.
2. New work will focus on addressing local government cost-drivers.

In addition, the Select Committee established strategic goals and objectives to guide the work which included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.

Finally, the Select Committee's approach was inclusive to all local governments; urban and rural, large and small, municipal and regional district, identifying issues, challenges and solutions that impact all local governments in BC.

The New Economy

The Select Committee placed a lens on the impacts of the pandemic on both provincial and local governments, and the impacts that the new (emerging) economy will have on government taxation and finance. As identified by BC's Emerging Economy Task Force[3], the new economy will have the following characteristics: rapidly evolving; innovation-driven; diverse and inclusive; and low carbon, circular and sustainable.

There will be a continued shift from tangible to intangible assets. There are several implications on local government finance including increasing pressures on residential property tax. This trend re-emphasizes the need to review the local government property tax system to make it fairer, sustainable, and adaptable to the changing economy.

Addressing Cost-Drivers

The focus of the Select Committee and this report is on addressing local government cost-drivers. Three key areas are identified that all have strong alignment with both provincial and local government priorities as highlighted by provincial and UBCM strategy reports, policy and minister mandate letters.

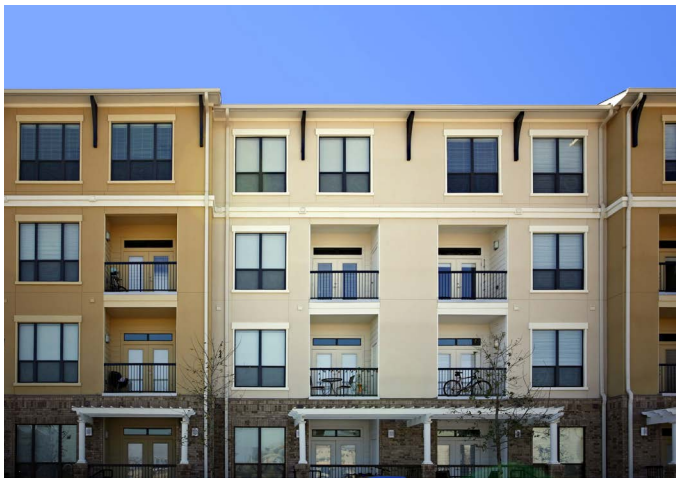
The report describes the cost-drivers for each key area, and highlights their financial impacts and challenges. Additional analysis will be needed to quantify these impacts on a regional or provincial level.



The three key areas are:

Attainable Housing

There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.



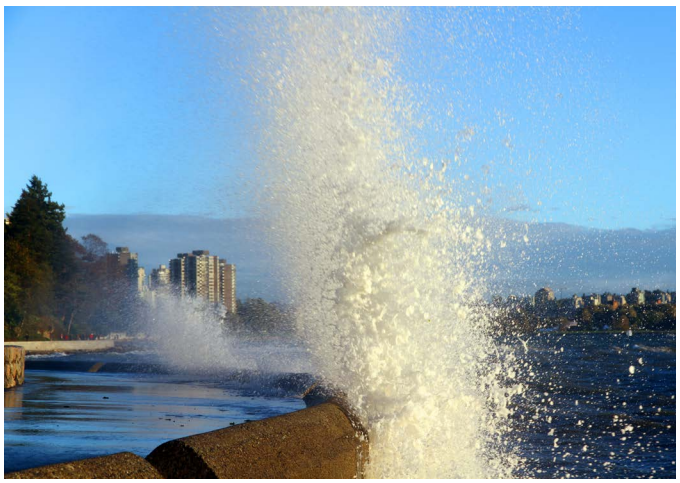


Community Safety

There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change

Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.



Recommendations

The recommendations outlined in this report are solution-focused, with the understanding that solutions to these issues may include both financial and non-financial tools, including legislation, regulation, policy and/or best practices. By being solution focused, the recommendations provide an opportunity to achieve positive outcomes for both provincial and local government.

Finally, this report and its recommendations acknowledge that in order to achieve outcomes, it is essential for the Province to commit to work with UBCM – not only in addressing these key priority areas, but establishing a provincial commitment to partner and have an open dialogue about fiscal sustainability for local governments in BC.



3. COPING WITH THE PANDEMIC & PREPARING FOR THE NEW ECONOMY

Financial Impacts of the Pandemic

Before the COVID-19 pandemic, BC's economy was among the strongest in the country.

In 2019, in BC:

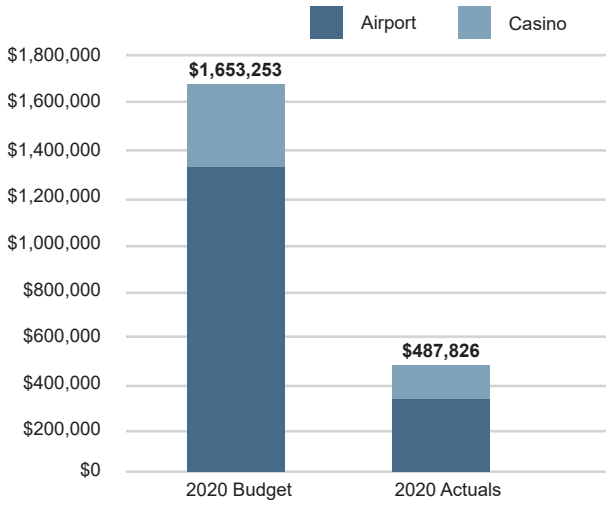
- **Real GDP growth was 2.8%, better than the Canadian average of 1.7%**
- **The unemployment rate was 4.7% – the best in Canada**
- **Employment grew by 2.6%, with an increase of 65,400 net new jobs**
- **Wages and salaries grew by 5.6%, following growth of 6.0% in 2018, well above the long-term historical average of 4.7%**

However, in 2020, the pandemic caused major impacts to both provincial and local government finances. The Province, in its response to the pandemic, provided supports to various sectors negatively impacted – health care, education, business, local governments, and individuals. The Stronger BC for Everyone – BC's Economic Recovery Plan[4] included $4.1 billion in recovery and safe restart allocations.

The provincial financial impact is captured in the 2021/22 BC Provincial Budget, where a $8.1 billion deficit is projected[5]. This is lower than previous projections, but the projections include deficit budgets for at least the following two years. Provincial 2021/22 revenues are expected to be below 2020/21 levels, before increasing in future years[6].

Local governments were also significantly impacted by the pandemic. Many traditional revenue sources and services were suspended. The impacts varied from local government to local government, but were felt by most. Many local governments were forced to slash budgets[7]. This resulted in service reductions, service elimination, deferral of capital projects, reducing/ eliminating tax increases, depletion of reserves, and other negative impacts. The full impact of this is likely to be felt in future years. Unlike the Province, local governments, by legislation, are not permitted to have a deficit budget.

The City of Cranbrook relies heavily on 2 major revenue sources – their regional airport and casino revenue through their Gaming Center Host Agreement. 2020 budget identified revenues of $1,305,850 (Airport) and $347,403 (Casino). Actual 2020 revenues were $387,403 (Airport) and $100,423 (Casino) for a total 2020 revenue loss of $1,288,024. To put it in context for the City, the 2020 $1,288,024 loss in revenues is equivalent to a 16% property tax loss (across all tax classes).



Financial Impacts of the New Economy

As global, national and regional economies rebound from the pandemic, the post pandemic economy will continue to shift from a base of tangible assets to intangible assets. Arguably, the pandemic, and government response to the pandemic, has accelerated this shift.



In 1975, 83% of the assets in the Standard & Poor's 500 Index were tangible. Today that percentage has dropped to only 9%, with 91% of the Index's value now represented by intangible assets.

BC's Emerging Economy Task Force gave the new economy the following characteristics:

- **Rapidly Evolving:** The economy of the future will experience regular disruption and uncertainty, creating a need for nimble, adaptive and flexible business practices and policy, as well as continuous learning in order to remain globally relevant and competitive.
- **Innovation-driven:** The economy of the future, where people increasingly trade in ideas and services, will be progressively information-based and underpinned by digital technology, with ingenuity required for developing and harnessing intangible capital, intellectual property and to enhance productivity.
- **Diverse and Inclusive:** The economy of the future will be one that embraces diversity and inclusion, recognizing the value of social capital, creativity and problem-solving, enabling purpose-based leadership and harnessing the full economic potential of people in this province through increased workforce participation.

- **Low-carbon, Circular and Sustainable:** The economy of the future is one where society exists within its ecological means, avoiding the excessive depletion of natural resources while extracting their maximum value and minimizing pollution and environmental degradation in all its forms[8].

Overarching global economic trends will impact all levels of government in Canada. There will likely be growing tension between globalization, rising international competition, and supply-chain security. Innovation will be driven by both technology change and the need to reduce climate change, as well as strong growth out of Asia Pacific economies.

Population movement (immigation) will likely increase due to ongoing global economic inequality, the impacts of climate change, as well as a decreased in birthrates in richer countries. There will also be a continued expansion in urbanization. A continuing challenge will be managing post-COVID debt in the context of continuing economic and social challenges[9].

What does this mean for government finance? Post-COVID debt will drive a search for new revenues. National governments will be constrained by the relative competitiveness of their economies and will likely focus on global entities and allocation of corporate income. In the short-term, carbon taxes will likely form a larger portion of revenue, but this will decline as carbon emissions decline.

In BC, forestry and mining (which generated over half of the 2020 export value) will continue to be important, but these industries will have to adapt to the changing economy. A significant factor for BC will be the transition from fossil fuels to electric fuelled transportation.

> ***Impacts of climate change are affecting communities throughout BC and having major impacts on local economies, whether it be from timber die-off due to pine beetle infestations, increasing damage from forest fires, extreme weather events, or coastal erosion from spring tides and sea level rise. The BC Ministry of Environment and Climate Change Strategy released the Preliminary Strategic Climate Risk Assessment for British Columbia in July 2019, an important tool to monitor and prepare for the risk impacts of climate change now and in the years ahead. Other impacts of climate change include the global shift to a low-carbon economy, driving new government regulations, changing capital allocations, evolving customer expectations and emerging technologies.***
>
> ***– Emerging Economy Task Force***

From a business perspective, commerce will increasingly be conducted using digital technology. The same trend will be seen at the workplace, where work-from-home and satellite office options will increase. This technology driven trend will result in the rethinking of building and space requirements. There will be added stress on income inequality as the new economy will require high paying knowledge jobs and lower paying service jobs. This will hollow out the middle class. The demand for housing will continue to increase, as well as the need for attainable housing.

The implications for local government finance include:

- commercial property value will fall relative to residential, flattening commercial property tax growth;
- high housing prices and resulting high mortgage costs will constrain residential property tax room;
- revenues from gasoline taxes will fall over time with electrification of vehicles, requiring a rethink of transit finance;
- inter-jurisdictional competitiveness, post-COVID debt, and demands to address issues such as seniors care and child care will constrain senior governments' capacity to share revenue; and
- for local governments, a status quo policy most likely means substantial and increasing pressure on residential property taxes.

The way in which municipal governments collect revenues, particularly for non-residential property taxes and development charges, is based on a set of assumptions around physical space required for employment. However, as the nature of work changes and thus the physical space required transforms, these assumptions will be challenged.[10]

Options to consider include:

- improve the local government property tax system and user fees/charges by making them fair and sustainable;
- consider new revenue tools to strengthen the transit funding model;
- examine province-wide revenue sharing focused on income and consumption taxation (an example of regional revenue sharing is the Columbia Basin Trust);
- build inter-local government collaboration to reduce costs and increase efficiency (regional dispatch, centralized specialized police services, standardized on-line permitting, and standardized process for development approvals); and
- uploading of services through a review of historical, current and future jurisdictional responsibilities.

RECOMMENDATION 1

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

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



4. BUILDING ON SFF & PARTNERING ON PRIORITIES

Strong Fiscal Futures – Moving Forward

The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.

The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and a partnership between the Province and local government to grow the economy. It focused on five key directions:

1. Resiliency – *Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. Value – *Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. Responsiveness – *Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. Fairness – *Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. Excellence – *Building the Local Government Partnership.*

Key weaknesses of the property tax are:

- ***a base that is slow to respond to economic growth;***
- ***a distribution that tends to decline as income grows, placing an unfair amount of the tax on lower- and middle-income groups; and***
- ***only modest tracking of the consumption of local government services.***

– SFF 2013

Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely un-implemented.

In recognizing that the 2013 Strong Fiscal Futures Report continues to be relevant and supported by UBCM membership, the Select Committee recommends the following:

RECOMMENDATION 2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION 3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax Fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION 4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.

Common Challenges and Priorities

The focus of the Select Committee and this report is addressing priority issues that represent significant financial challenges for all local governments – small and large; rural and urban, municipalities and regional districts. These fiscal challenges, or cost-drivers, impact the ability of local governments to effectively resolve these priority issues. The three key cost-drivers identified in this report have strong alignment with both provincial and local government priorities. They are:

Attainable Housing
There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.

Community Safety
There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change
Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.

The Select Committee, recognizing that a solution-focused approach would lead to effective outcomes, established strategic goals and objectives to guide their work that included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.

The three key areas reflect common challenges and shared priorities between the Province and local governments. From a provincial perspective, this can be illustrated through the 2020 Minister Mandate Letters.

Lead government's efforts to address homelessness by implementing a homelessness strategy
– Attorney General

Support the work of the Attorney General and Minister responsible for Housing to address the needs of people experiencing homelessness, including those living in encampments
– Minister of Finance

Accelerate the move toward a net-zero emission bus fleet powered by electrification, hydrogen fuel cell technologies, and other zero-emissions technologies, including supporting TransLink's "aggressive" level plan
– Minister of Environment and Climate Change Strategy

Support the work of the Minister of Municipal Affairs to bring down the cost of housing for people by streamlining and modernizing housing construction and approvals
– Minister of Finance

Complete and coordinate implementation of a provincial Climate Preparedness and Adaptation Strategy
– Minister of Environment and Climate Change Strategy

Work with UBCM and local government elected leaders to support their communities through the COVID-19 pandemic response and recovery
– Minister of Municipal Affairs

Recent reports from both the Province and UBCM identify commonality in priorities and mandates. In 2018, UBCM published A *Home for Everyone: A Housing Strategy for British Columbians*[11]. The same year, the provincial government released *Homes for BC: A 30-Point Plan for Housing Affordability in British Columbia*[12]. In both, recommendations are strongly aligned. Another example of alignment is seen with the *CleanBC: Our Nature. Our Power. Our Future*[13] report and the recent recommendations coming from UBCM's Special Committee on Climate Action[14].

Through the UBCM resolution process, local governments continue to identify these three key issues as priorities.

Resolution B30 (2019) Property Transfer Tax Redistribution for Affordable Housing

Therefore be it resolved the UBCM petition the Province of British Columbia to provide an annual redistribution of the Property Transfer Tax to local governments across the Province for the specific purpose of addressing affordable housing.

Resolution SR1 (2020) New Emergency Management Legislation

Therefore be it resolved that the provincial government, as part of the process to modernize BC's emergency management legislation, implement the following measures:

- *Develop an ongoing sustainable funding framework for local governments to address emergency management responsibilities;*
- *Confirm adequate provincial support services for local governments to address emergency management capacity issues; and,*
- *Consult with UBCM and local governments in the development of these and other necessary measures to address challenges resulting from new emergency management legislation.*

Resolution SR8 (2020) Mental Health, Addictions and Poisoned Drug Supply

Therefore be it resolved that UBCM urge the provincial government to introduce a comprehensive strategy for the provision of protective and health services that includes:

- *Ongoing, sustained funding to address the overdose public health emergency;*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards;*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues; and*
- *Introducing additional long-term care beds to deal specifically with mental illness cases.*

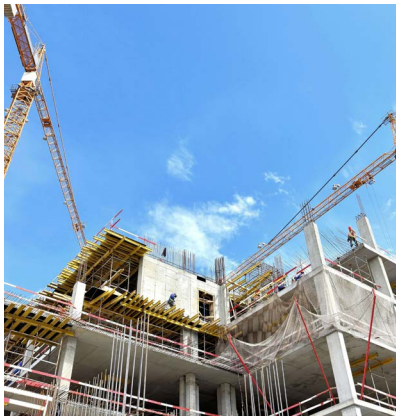
5. ADDRESSING COST-DRIVERS FOR KEY FOCUS AREAS

The Select Committee formed sub-committees to review each of the three focus areas. For each area, the Select Committee identified the cost-drivers and highlighted the financial impacts and challenges. This section of the report provides a brief issue description, highlights some local government examples, and identifies the accompanying recommendation(s). A more fulsome description of each focus area's cost-drivers and detailed policy options to address the issues can be found in the appendices to this report.

It is recognized that additional analysis will be needed to quantify these impacts on a regional or provincial level, a task that should be done in collaboration with the Province.

Focus Area: ATTAINABLE HOUSING

Local Government Funding of Attainable Housing



Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province[15]. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- ***Land contributions*** **–** granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.

> ***The City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as $30 million.***

- ***Servicing costs –*** higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the "growth to pay for growth" principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- ***DCC exemptions, waivers or reductions, and property tax exemptions –*** there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

The City of Vancouver's total investment in affordability and the housing crisis for 2021 is approximately $69 million. This represents specific initiatives and their associated costs (capital investments, operating and empty homes tax funded) as part of the Draft 2021 Budget that are directly aligned to this priority, including land acquisition costs, maintenance of non-market housing and grants for rental protection and relocation.[16]

RECOMMENDATION 5

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

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

RECOMMENDATION 6

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

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

New Provincial Requirements for Planning Approvals

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review.[17]

RECOMMENDATION 7

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

Costs of Homelessness



Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of the Province. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified homeless individuals in:

Comox Valley	132
Cranbrook	63
Fort St. John	76
Quesnel	121

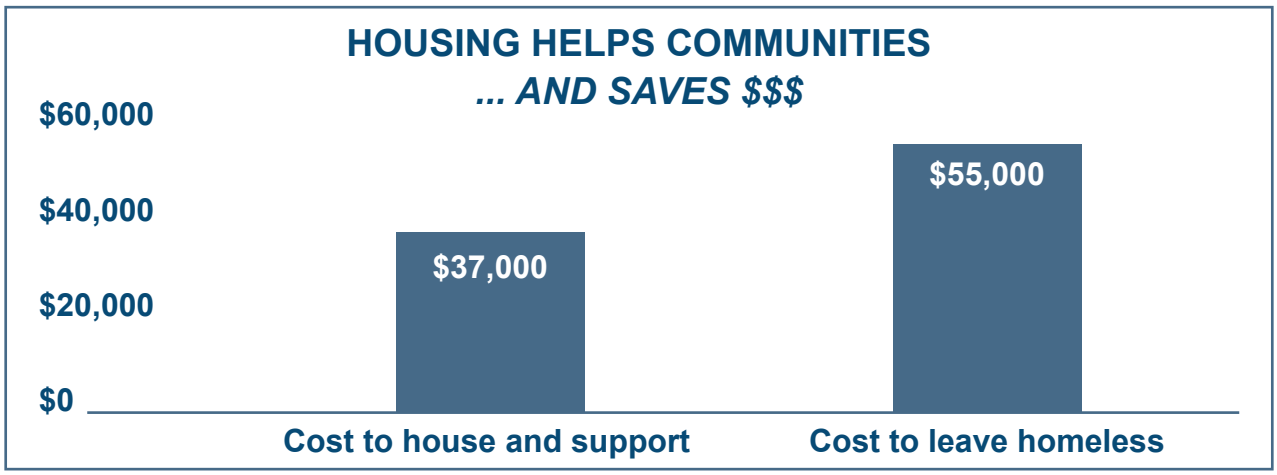
A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs or social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.



The Oppenheimer Park tent city cost the City of Vancouver upwards of $3.5 million over an 18-month period including policing costs, decampment efforts and park restoration costs.[18]

Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs $55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of $37,000.[19]

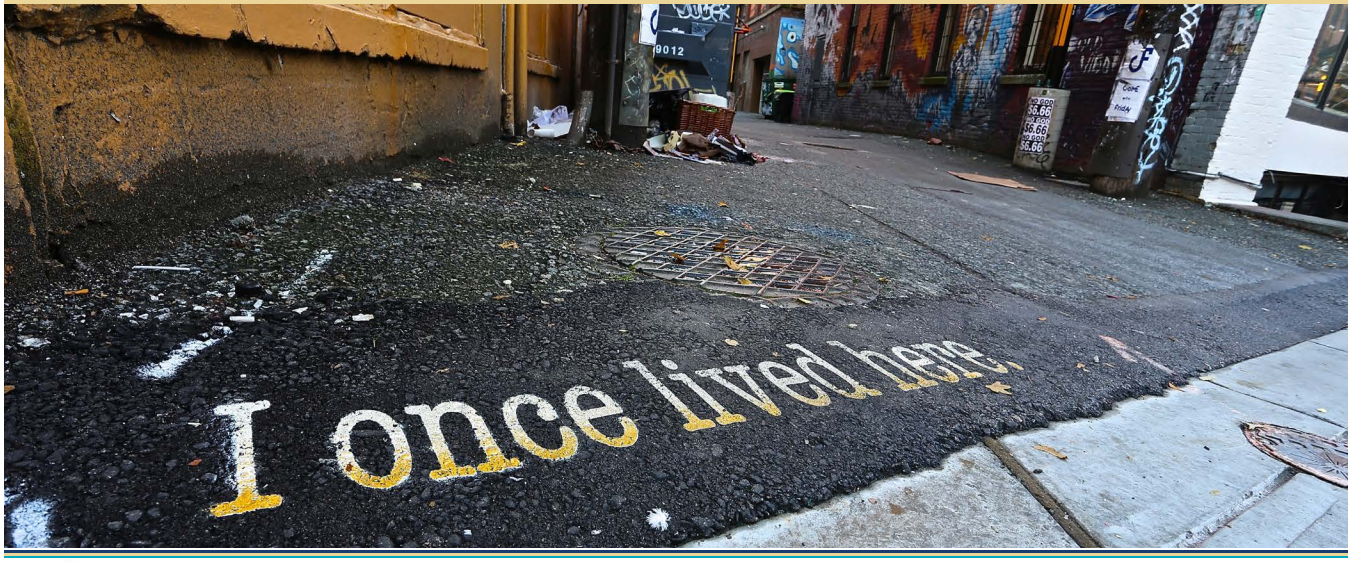


For local governments specifically, costs are highly context specific, but for example:

The City of Victoria estimates that in 2020, it spent $1.4 million managing encampments.[20]

RECOMMENDATION 8

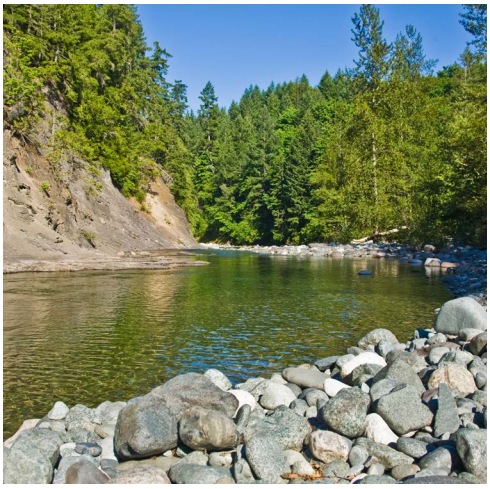
The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.



Focus Area: COMMUNITY SAFETY

Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.







As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.

While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

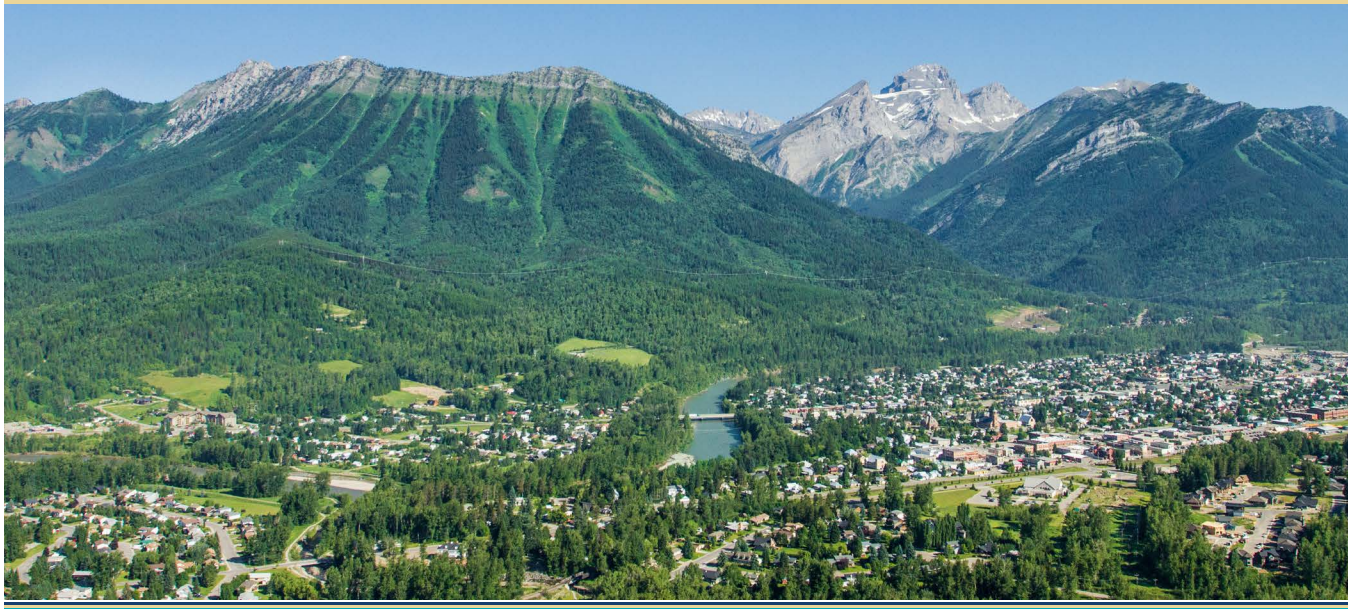
- Impacts related to climate change, including:
  - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
  - The relation between increased flooding and slope stability;
  - Floodplain issues; and
  - Higher diking costs.
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g., finding volunteers to manage emergency support services).

The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province works to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing numerous recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.[21]

In 2020, the East Kootenay Regional District spent $905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses ($66,565), the total cost represents more than was spent during the previous three years combined ($827,862).

RECOMMENDATION 9

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.



Protective Services – Cost-Drivers Related to Policing and Justice



Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over $1.35 billion.[22]

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;
- Gang violence;

- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the annual police budget. This is one of many factors that has contributed to the City's annual RCMP budget increasing from $18.1 million in 2010 to $37.5 million for the current year.

RECOMMENDATION 10

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



Protective Services – Cost-Drivers Related to Fire and Ambulance Services



In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout the Province. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.[23]

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Special Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.



UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs. The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.

At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately $75,000 per year.

RECOMMENDATION 11

Seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.



Cannabis Legalization – Associated Costs and Responsibilities



In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.[24]

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis. It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development). Findings from UBCM's 2019 cannabis cost survey provide a clear example of this challenge.

Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).[25]

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of $15.2 million (covering 44% of the BC population) equated to $34.6 million for an average of approximately $11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

RECOMMENDATION 12

Seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue.

Cybercrime – Protection and Response

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

The City of Richmond spent approximately $750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional $305,000 per year.

RECOMMENDATION 13

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.

Focus Area: CLIMATE CHANGE

Carbon Tax



In 2008, British Columbia implemented North America's first broad-based carbon tax of $10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately $1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from $40 to $45 per tonne of carbon dioxide. It is scheduled to increase to $50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter.

Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with other orders of government.

In May 2021, the Province announced that it would end the $8.4 million CARIP program. A new one-time allocation of $11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

The Province estimates that the carbon tax will generate:	***$1.64 billion***	***2020/21***
The revenue is projected to increase to:	***$1.99 billion***	***2021/22***
	$2.21 billion	***2022/23***
	$2.11 billion	***2023/24***

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program.

Based on current year revenues, every one (1) percent of the carbon tax (on an annual basis) yields $16.4 million.



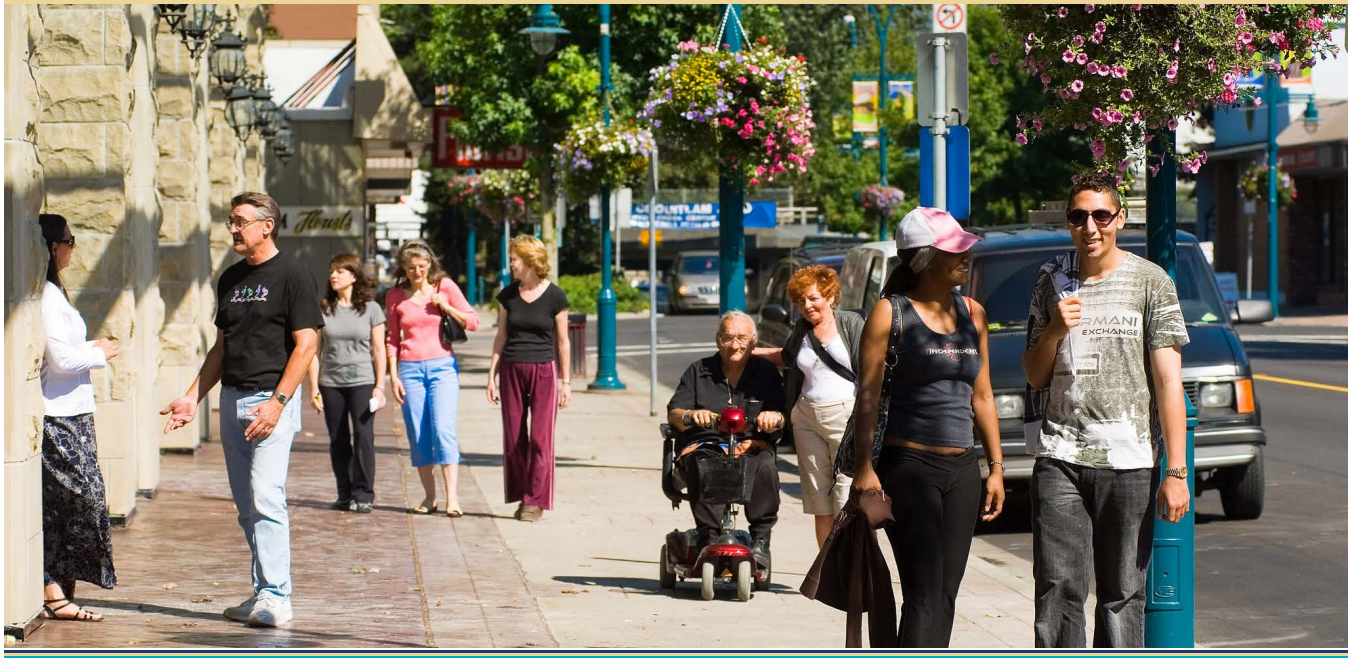
A portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, which rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above $30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated $96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.

RECOMMENDATION 14

UBCM request the Province to direct a percentage of the Carbon Tax, on an annual basis, to local governments, to support mitigation and adaptation actions.



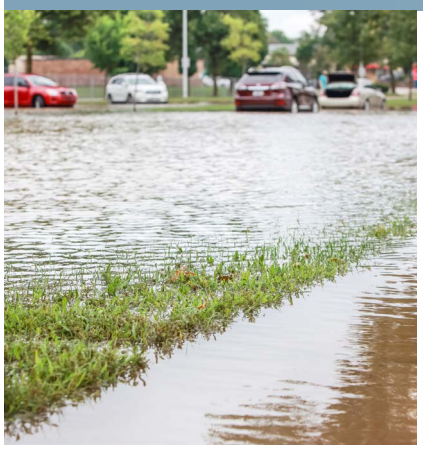
Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options to that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

The Select Committee on Local Government Finance identified a series of costs drivers associated with reducing emissions and creating weather resilient communities. These costs include:

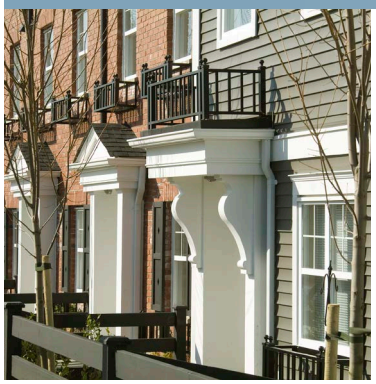
Adaptation Infrastructure & Emergency Management



The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change which includes operational response costs and mitigating infrastructure costs. It is estimated that an average annual investment in municipal infrastructure adaptation measures of $5.3 billion is needed to adapt to climate change in Canada.[26]

The Regional District of East Kootenay has spent $1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies.

Housing & Buildings



The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades.

The City of Campbell River tops up the provincial incentive for home energy evaluations by $150 and the $3,000 central source heat pump incentive by $350 to support energy efficiency upgrades.

Transportation



The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement.

The electrification of TransLink's fleet in Metro Vancouver is projected to cost $473 million more than baseline costs, or an average of $15.8 million more per year over the next thirty years.

Solid Waste



Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees).

The Regional District of Nanaimo's organic waste diversion strategy required a $5.5 million dollar upgrade to its transfer station to handle food waste.

The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers. These include:

RECOMMENDATION 15

Consistent with the UBCM Climate Action Committee recommendations on Buildings, call for new provincial building retrofit incentive programs.

RECOMMENDATION 16

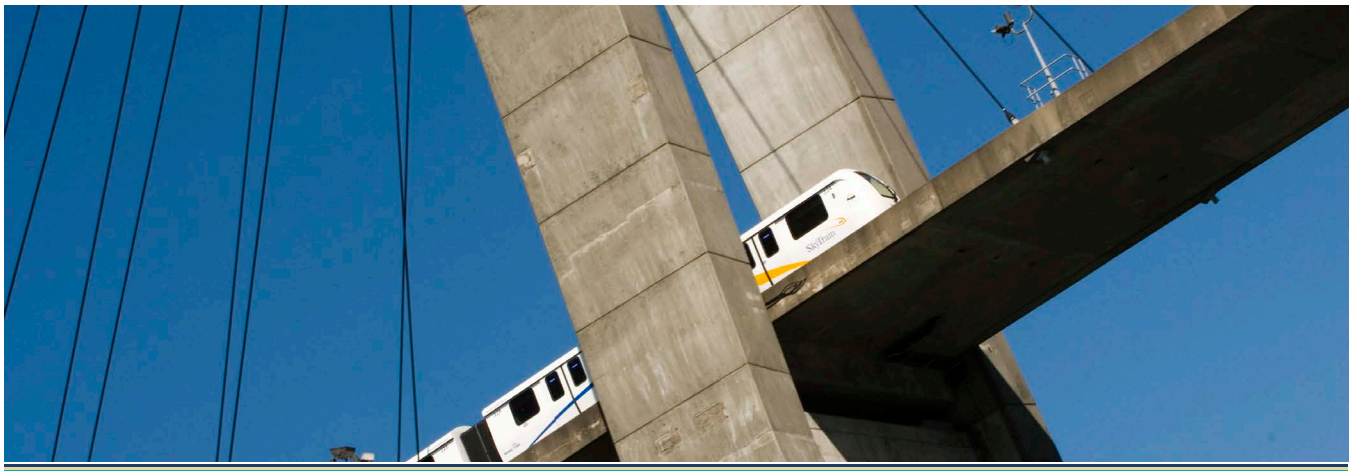
Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for new provincial funding for active transportation infrastructure – which supports the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.

RECOMMENDATION 17

Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for investments in green fleet conversions for local government and community fleets.

RECOMMENDATION 18

Consistent with the UBCM Climate Action Committee recommendations on Transportation, create new revenue tools for local governments to strengthen the transit funding model and reduce reliance on transit fares.



RECOMMENDATION 19

Consistent with the UBCM Climate Action Committee recommendations on Solid Waste Management, call for new investments in solid waste management initiatives – including organics diversion, extended producer responsibility programs, and deriving energy from waste products.

RECOMMENDATION 20

Consistent with the UBCM Climate Action Committee recommendations on Resiliency, call for a provincial funding stream dedicated to supporting the development and implementation of local adaptation plans.



6. SUMMARY OF RECOMMENDATIONS

Moving Forward: Building on Strong Fiscal Futures and Preparing for the New Economy

RECOMMENDATION 1

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

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

RECOMMENDATION 2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION 3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION 4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.

Addressing Cost-Drivers

Attainable Housing

RECOMMENDATION 5

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

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

RECOMMENDATION 6

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

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

RECOMMENDATION 7

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

RECOMMENDATION 8

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

Community Safety

RECOMMENDATION 9

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.

RECOMMENDATION 10

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

RECOMMENDATION 11

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RECOMMENDATION 13

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.

Climate Change

RECOMMENDATION 14

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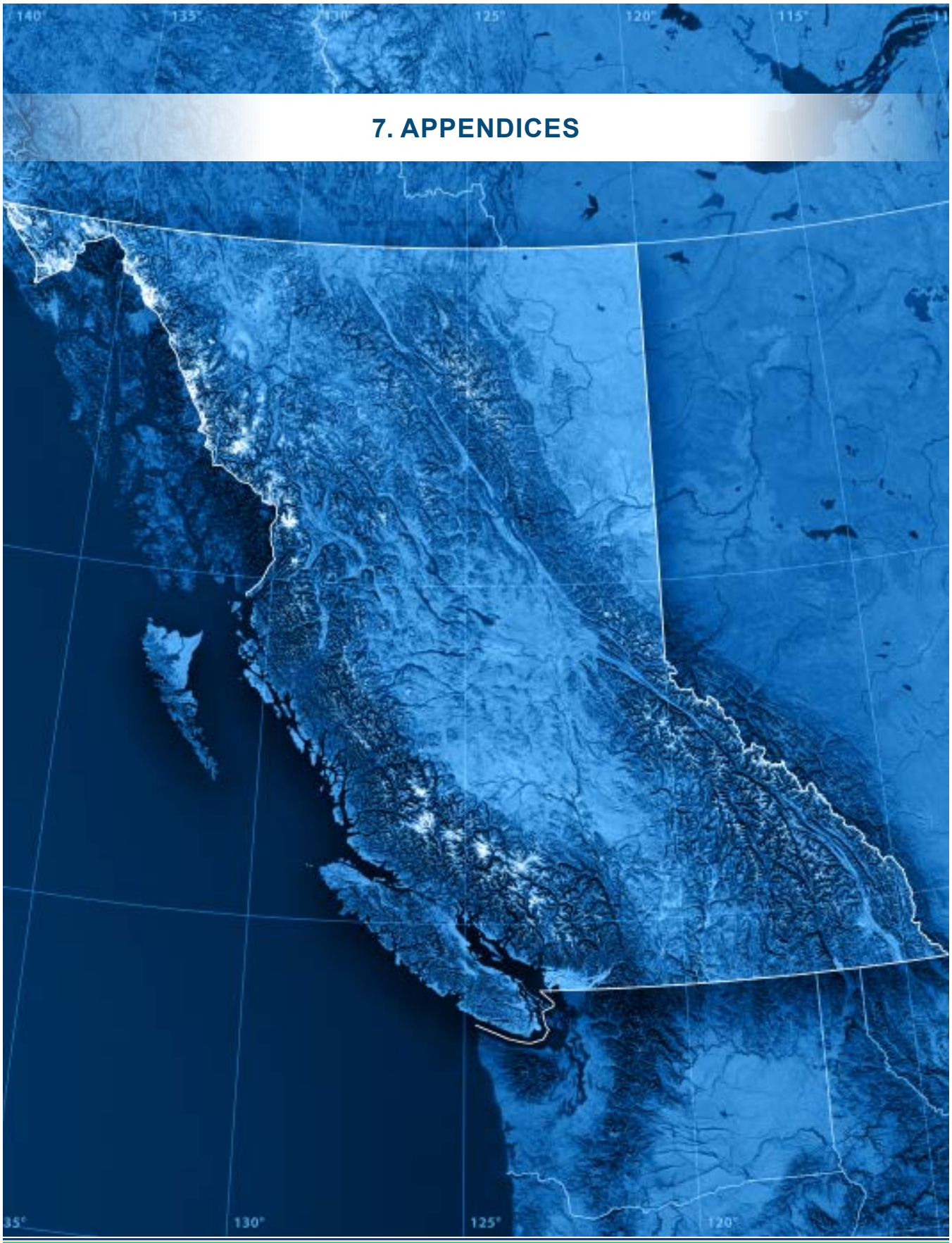
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RECOMMENDATION 20

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7. APPENDICES



APPENDIX A
ATTAINABLE HOUSING - EXPANDED POLICY OPTIONS AND EXAMPLES

FOCUS AREA: Attainable Housing

ISSUE: Local Government Funding of Attainable Housing

CATEGORY: Downloaded

BACKGROUND:

Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province[1]. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- ***Land contributions –*** granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.
- ***Servicing costs –*** higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the "growth to pay for growth" principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- ***DCC exemptions, waivers or reductions, and property tax exemptions –*** there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

1 E.g.: http://www.urbancentre.utoronto.ca/pdfs/researchbulletins/CUCSRB38Hulchanski.pdf

For example, the City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as $30 million.

OPTIONS:

Option 1: Development Finance Reform

Development Cost Charges, which are designed to help pay for the cost of off-site infrastructure required to deliver community services that are needed to accommodate growth, are currently restricted by the *Local Government Act* to areas of sewage, water, drainage, roads and parks. Current Development Cost Charge structure does not support the flexibility local governments require to make effective off-site infrastructure investments to deliver community services needed to accommodate growth, or reflect other important infrastructure services delivered by local governments impacted by growth.

A comprehensive review of existing funding mechanisms for financing growth-related infrastructure services, including Development Cost Charges and Amenity Agreements, should be undertaken to identify approaches to:

- Capture growth related capital costs, including, but not limited to infrastructure needed to support: emergency services, solid waste, cultural services, transit, recreation, affordable housing and the expansion of sport-related park services;
- Provide local government with the flexibility to ensure that financing growth-related infrastructure services better reflects community circumstances and community objectives; and
- Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.

Such a review is supported by UBCM policy (resolution 2019-SR2) and was addressed in UBCM's 2018 Housing Strategy, 'A Home for Everyone'. This strategy specifically noted that a broadening of DCCs to support additional growth-related costs would replace the uncertainty associated with re-zoning and a range of negotiated agreements with a clear, certain process that is regulated by the Province while also providing local governments a legislated way to pay for the cost of growth.

Modernizing development financing has been a longstanding interest of local governments and the 2013 Strong Fiscal Futures Report also identified the need to achieve greater flexibility in design of development cost charges including greater scope for use of funds for parkland development. Following endorsement of resolution 2019-SR2, the Province acknowledged that a review of development finance tools is a key component of improving the entire development approvals system, and indicated that a Development Finance review would be considered.

Option 2: New Revenue Sources

UBCM membership has identified a range of potential revenue sources that may both increase funding available for attainable housing and incentivize the use of residential property for housing. These include:

- *New taxation powers to be granted to local governments for use at their discretion:* Potential options include vacancy taxation and brownfield taxation. The City of Vancouver is currently the only local government with the ability to levy a vacancy tax, through the Vancouver Charter. UBCM resolutions have sought local government authority to impose a vacancy tax on taxable residential properties, to encourage occupancy and use of vacant land for housing with the requirement that funds collected be invested in non-market housing. Brownfield taxation has similar aims in that it is intended to spur development of unused properties. UBCM membership has called for the ability to tax brownfields in a separate property class.

- *Modifications to the property transfer tax:* Options including scaling the PTT to penalize rapid re-sale, making it more progressive and dedicating the revenue towards affordable housing. UBCM's housing strategy recommends that the Province consider scaling the property transfer tax to penalize rapid speculative re-sale ('flipping'). Such a modification would see a declining tax rate over time so as not to negatively impact long term residents selling their property. UBCM's housing strategy also suggests that the Property Transfer Tax could be reviewed to make it more progressive, by approximately maintaining current revenue levels from the tax while introducing a sliding scale of rates according to transaction cost. Finally, the strategy recommends dedicating revenues from the tax towards affordable housing.

- *Short-term rental taxation:* UBCM policy calls for property classification of short-term rentals that reflects their commercial use (2017-B20, 2019-B34).

Other Options:

UBCM membership has also identified several policies that would assist with local government provision of attainable housing by either lowering costs for local governments or creating incentives for the private sector to develop affordable rental market housing. These include:

- *Review of rezoning / public hearing requirements:* Streamlining development approvals was both identified in mandate letters for Finance and Municipal Affairs and recommended in UBCM Housing Report. A review of public hearing requirements could potentially reduce local government administration and housing costs by enabling local governments to expedite applications for attainable housing.

- *Reducing GST on rental housing:* Reducing GST on rental housing could strongly incentivize private investment in the supply of affordable rental housing stock. This is supported by UBCM Policy (2007-A7), and noted in UBCM's 2020 Submission to the Expert Panel on Housing Supply and Affordability as an approach that is broadly supported in the real estate sector[2].

- *Tools to assist with short-term rental regulation:* UBCM's Housing Report also calls for 'platform accountability', whereby the Province would negotiate a province-wide agreement with Airbnb and other regionally-active short-term rental platforms to assist local governments with compliance checks. This would substantially lower the regulatory costs for local governments. The Province and UBCM convened a joint advisory group on short-term rentals that has also considered such approaches.

- *Additional funding for affordable housing:* The UBCM Housing Report supports the Province's goal of building 114,000 units of affordable housing. This was originally introduced as part of the Province's 30-point plan to address housing, and is currently referenced in the Minister of Housing's mandate letter. UBCM further supports funding for new zero emissions housing and low carbon retrofits. This overlaps with recommendations of the climate change sub-committee; is consistent with mandate letters for Housing as well as Energy, Mines and Low Carbon Innovation; and was identified in UBCM's Housing Report and Special Committee on Climate Action recommendations. Finally, UBCM supports the promotion/funding of mass-timber and other low-cost wood frame developments: consistent with Forests, Lands, Natural Resource Operations and Rural Development mandate letter. This is supported by UBCM's Housing Report and Special Committee on Climate Action recommendations.

2 https://www.bcrea.bc.ca/wp-content/uploads/2019-10-02-BC-Real-Estate-Sector-Urges-Federal-Parties-to-Act-on-Affordability-Recommendations.pdf

FOCUS AREA: Attainable Housing

ISSUE: New Provincial Requirements for Planning Approvals

CATEGORY: New, Emerging

BACKGROUND:

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review (DAPR)[3]. For example, the September 2019 final DAPR report noted the need for a Provincial review of policy for building code changes including opportunities to provide in-stream protection, provision of earlier notice of upcoming changes, and increased education on upcoming changes.

OPTIONS:

The Select Committee recommends that the Province provide additional resources to support communities with Energy Step Code implementation in an equitable way by working with communities to address barriers. In order to ensure that housing costs are not unduly impacted, the Committee also recommends that the Province:

- assess regional financial disparities,
- provide greater flexibility in building code requirements by providing incentives rather than punitive or prescriptive measures, and
- provide earlier notice of upcoming changes and increased education to accompany changes.

3 https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf Table 6, Topic 6.6

FOCUS AREA: Attainable Housing

ISSUE: Costs of Homelessness

CATEGORY: Emerging

BACKGROUND:

Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of BC. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified: 76 homeless individuals in Fort St. John, 121 in Quesnel, 63 in Cranbrook, and 132 in the Comox Valley. A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs/social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.

Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs $55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of $37,000[4]. For local governments specifically, costs are highly context specific, but for example:

- The Oppenheimer Park tent city cost the City of Vancouver upwards of $3.5 million over an 18-month period including policing costs, decampment costs and park restoration costs[5].
- The City of Victoria estimates that in 2020, it spent $1.4 million managing encampments[6].

4 Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Michelle Patterson, Julian M. Somers, Karen McIntosh, Alan Shiell, Charles James Frankish; Centre For Applied Research in Mental Health and Addiction, Faculty of Health Sciences, Simon Fraser University, 2008

5 https://globalnews.ca/news/7846922/vancouver-taxpayers-on-hook-for-at-least-3-5m-for-oppenheimer-park-tent-city/

6 https://vancouverisland.ctvnews.ca/victoria-to-move-all-homeless-inside-end-all-day-camping-by-march-2021-1.5181219

OPTIONS:

The Select Committee has not identified specific funding mechanisms to address the costs of homelessness, but notes that funding solutions to homelessness has been identified in the Minister of Housing's mandate letter and is also supported in the UBCM Housing Strategy and resolutions calling on the Province to fund costs related to homelessness, including supportive housing for complex needs (e.g., 2020-EB80, 2019-B183). It is further anticipated that new revenue sources and other supports for attainable housing will help to reduce the costs of homelessness for local governments by reducing the number of people who are made homeless as a result of high housing costs.

APPENDIX B
COMMUNITY SAFETY - EXPANDED POLICY OPTIONS AND EXAMPLES

FOCUS AREA: Community Safety

ISSUE: Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.

CATEGORY: Emerging, Downloaded

BACKGROUND:

As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.

While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

- Impacts related to climate change, including:
  - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
  - The relation between increased flooding and slope stability;
  - Floodplain issues;
  - Higher diking costs;
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g. finding volunteers to manage emergency support services).

The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province seeks to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing more than 60 recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and

made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.

RISKS / CHALLENGES:

- Vast field, difficult to narrow down the list of concerns and solutions.
- Due to climate change and the resulting increase in frequency and intensity of disasters, the Province and local governments are likely to assume greater responsibility as part of an all-of-society approach to disaster risk reduction.
- Province has already committed to examining support to assist local governments in addressing new legislative responsibilities, but the level of support that will be provided is still unknown.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2020, the East Kootenay Regional District spent $905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses ($66,565), the total cost ($827,862) represents more than was spent during the previous three years combined.

EXISTING OPTIONS:

The UBCM membership has endorsed numerous resolutions seeking support and ongoing funding to address costs and responsibilities (e.g., climate change mitigation) from new emergency management legislation; and, for other orders of government to discontinue the practice of downloading emergency management costs and responsibilities onto local governments.

Other resolutions related to issues raised by the Select Committee include requesting:

- That the Province increase efforts to mitigate wildfire risk.
- Incentives for property owners to carry out mitigation activities.
- That provincial and federal governments discontinue the practice of downloading wildfire mitigation costs and responsibilities onto local governments, and take responsibility for mitigation costs on Crown lands.

- That the Province allocate funding to support proactive risk management of geo-hazards; more specifically, members have also called for the Province to commit resources to slope stabilization projects across BC.
- Provincial funding for dike upgrades.
- Clarity regarding the roles and responsibilities of local governments in relation to dike upgrades and climate change.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has discussed the need for sales tax exemptions for infrastructure projects, fire protection equipment and supplies, and other life-saving equipment. This option is supported by UBCM policy.

Additionally, revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) emergency management costs and responsibilities.

RECOMMENDED OPTION:

The recommended option is to work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs. This option is supported by UBCM policy, Select Committee on Local Government Finance discussion, and local government feedback to the 2019 EMBC discussion paper, Modernizing BC's Emergency Management Legislation. UBCM members have previously suggested moving away from grant-based funding models to a more reliable and sustainable funding model.

PROS:

- Given the number of new and ongoing/downloaded emergency management costs and responsibilities, a broad sustainable funding framework could ensure that many cost-drivers are captured under one umbrella.
- The Province has acknowledged that funding and support for local governments is a necessary component of the process to introduce new emergency management legislation.

- Solutions have not yet been finalized.
- BC local governments will need funding and support to effectively implement new provincial emergency management legislation.

- BC includes a large, diverse geographic area, where the emergency management needs of one region can differ significantly from the needs of another. A broad framework can help address each region's unique costs and responsibilities.
  - Some of the other policy solutions are aimed at specific aspects of emergency management that may not be priorities in all regions of BC.
- Research suggests that investments into mitigation and preparedness can provide a better cost-benefit return for all stakeholders, notably the provincial government, rather than increased funding towards recovery and response activities.

CONS:

- A broad funding and support framework could make addressing climate change seem like less of an urgent need/priority.

REFERENCES:

UBCM Overview of Local Government Feedback to the EMBC Discussion Paper: Modernizing BC's Emergency Management Legislation
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Emergency~Program~Act~Review/2020-02-18%20UBCM%20Overview%20of%20LG%20Feedback%20Re%20EPA%20Modernization%20FINAL.pdf

FOCUS AREA: Community Safety

ISSUE: Protective Services – Cost-Drivers Related to Policing and Justice

CATEGORY: New, Emerging and Downloaded

BACKGROUND:

Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over $1.35 billion.

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;

- Gang violence;
- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and,
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

RISKS / CHALLENGES:

- Another vast field, with many different concerns, cost-drivers and challenges.
- Many of the new cost-drivers have still not been finalized (e.g., RCMP salary increases, cost of body worn cameras, impacts of the Surrey Police Transition).
- Cost-base for RCMP-policed local governments is formalized through the Municipal Police Unit Agreement, which is not up for re-negotiation until 2032.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the City's annual police budget. This is one of many factors that has contributed to Kelowna's annual RCMP budget increasing from $18.1 million in 2010 to $37.5 million for the current year.

UBCM has conducted work regarding impacts of several high-profile cost-drivers:

- Police salaries (RCMP): UBCM has examined available data regarding police salaries throughout British Columbia and Canada in anticipation of increased RCMP police officer salaries. Key findings include:

- The starting salary at most of the police agencies included in the review was greater than $70,000 per year, which is over 30% more than what is initially offered by the RCMP ($53,144 for the first 6 months of service);
- The salary for a first class constable at most of the police agencies included in the review was greater than $100,000 per year, which is over 15% more than what is offered by the RCMP ($86,110).

- Provincial policing resources: UBCM has found that over the past 15 years where data is available (2004-2019), BC local governments have added 1,029 front-line policing positions, while the Province has only added 67. Provincial representatives have verbally acknowledged that the Province has not sufficiently invested in front-line policing.
- Body worn cameras: According to the federal government's 2020 fall economic statement, the initial cost will be approximately $238.5 million over six years to support the implementation of body worn cameras. An additional $50 million per year is earmarked to maintain the new system. Costs will be phased in for the first two years after implementation, after which local governments will be expected to assume all costs.
- Surrey policing transition: Through work with the Local Government Contract Management Committee, UBCM has identified potential local government cost-drivers associated with the City of Surrey's transition to an independent police agency:
  - Financial liabilities (e.g., retroactive pay, ongoing investigations/court cases, training, E-Division headquarters building costs);
  - Shared services (e.g., integrated teams, divisional administration and national programs);
  - Additional considerations (e.g., vacancies/recruitment, future costs such as unused vacation and overtime, governance, and emergency management);

EXISTING OPTIONS:

UBCM members have consistently endorsed resolutions related to this category, including those that seek a comprehensive strategy to address mental health patients; additional provincial policing resources (e.g., front-line officers); and funding to address key cost-drivers (e.g., restorative justice, police-based victim services).

UBCM's recommendations to the Special Committee on Reforming the Police Act largely request that the Special Committee conduct additional research and analysis of key aspects of policing impacting local governments (e.g. preventative and proactive investments; coordination and availability of resources in key service areas; accountability through improved data, oversight and consultation; responsibility and resourcing for services; governance; efficiency and effectiveness in service delivery; and consultation with local governments).

The Strong Fiscal Futures report raises the need for ongoing dialogue between UBCM and the Province to better manage shared services such as policing, and to ensure that the framework is providing value for money.

NEW / OTHER OPTIONS:

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) policing costs and responsibilities. In particular, the Strong Fiscal Futures report suggests the suitability of local governments receiving a portion of liquor revenue, as liquor consumption and availability impact policing costs.

Another option raised by the Select Committee is the recovery of civil forfeiture revenue. Significant local policing resources are often used for large-scale police cases, and any resulting forfeitures are not shared with local governments (outside of a small grant program).

The Strong Fiscal Futures report proposes that traffic fine revenue be defined as a local revenue source to remove payments from the Province.

RECOMMENDED OPTION:

The recommended option is to work with the Province, recognizing each level of government's jurisdictional responsibility, and other stakeholders as needed, to develop a comprehensive strategy to address mental health and addictions patients. A starting point for this strategy is found in endorsed resolution 2020-SR8, Mental Health, Addictions and Poisoned Drug Supply, which suggests including the following components:

- *Ongoing, sustained funding to address the overdose public health emergency.*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards.*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues.*

- *Introducing additional long-term care beds to deal specifically with mental illness cases.*

This proposed strategy is consistent with UBCM's Police Act submission, which recommends that the Province ensure necessary resources are available in all relevant service areas (e.g., policing, healthcare, housing, etc.) to address mental health and policing issues.

PROS:

- Prioritized in provincial mandate letters.
- An area under examination by the Special Committee on Reforming the Police Act.
- Has been a long-standing UBCM priority.
- Widely acknowledged that a new approach is needed to manage mental health and addictions issues.
- Prioritizing this issue could serve to address multiple key issues at once (e.g., policing resources, healthcare, housing, opioid crisis, etc.).

CONS:

- There are other key cost-drivers that may be overlooked (e.g., police salaries, the need for more front-line policing resources, new operational costs).

REFERENCES:

UBCM submission to the Special Committee on Reforming the Police Act
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/1-UBCM%20Police%20Act%20Submission%20-%20Jan%202021.pdf

UBCM Compass Article – Anticipating RCMP Unionization Costs
https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/anticipating-rcmp-unionization-costs.html#:~:text=The%20starting%20salary%20at%20most,6%20months%20of%20service)%3B

UBCM to Minister Mike Farnworth re: Policing Transition Evaluation Framework
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/2019-08-22%20UBCM%20to%20Min.%20Farnworth%20Re%20Transition%20Evaluation%20Framework.pdf

FOCUS AREA: Community Safety

ISSUE: Protective Services – Cost-Drivers Related to Fire and Ambulance Services

CATEGORY: Emerging, Downloaded

BACKGROUND:

In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout BC. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Select Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

RISKS / CHALLENGES:

- The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.
- The controversial 2018 Clinical Response Model for dispatching first responders has led to fewer calls to volunteer fire departments and subsequent local government concerns regarding access to emergency services.
- Additional funding and support for emergency services, including fire protection, is a long-standing request that remains unaddressed to a sufficient level.
    - The Province has recently contributed funding to the Community Emergency Preparedness Fund to address training and equipment.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

> ***In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.***

> ***At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately $75,000 per year.***

EXISTING OPTIONS:

UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs.

The Strong Fiscal Futures report has outlined the need to "negotiate an improved protocol with the provincial government to govern the provision of first response emergency paramedical services" as a means to improve taxpayer value for money.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has identified two related options:

- 911 Call Answer Levy: UBCM's members have consistently endorsed resolutions requesting that the Province introduce legislation that would provide for the implementation of a province-wide cellular phone levy to contribute to the costs of delivering the 911 emergency service. The UBCM Executive has formally conveyed support for enabling legislation to create a new 911 CAL for cellular devices, as well as the establishment of an independent body to manage revenue. This is also viewed as a potential new revenue source for local governments, and an opportunity to fund necessary public safety costs and upgrades (e.g., 911 infrastructure). This Province has previously expressed support for this framework.

- Sales Tax Exemptions: The UBCM membership has previously endorsed resolutions seeking a PST exemption for the purchase of fire protection equipment and supplies (e.g., trucks) and other life-saving equipment, as well as local government infrastructure projects. UBCM has also called on the Province to provide full sales tax rebates for all purchases, without any reduction in other revenue sharing programs.

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could also be used to offset fire services and local first responder costs.

RECOMMENDED OPTION:

The recommended option is to seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.

PROS:

- Consistent with UBCM policy seeking agreements for the provision of first responder services.

CONS:

- May not be as easy to negotiate and implement as other options, such as a 911 call answer levy on cellular devices.
- Legislation may be required to enable particular approaches.

FOCUS AREA: Community Safety

ISSUE: Cannabis Legalization – Associated Costs and Responsibilities

CATEGORY: New

BACKGROUND:

In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis.

Federal legislation came into force on October 17, 2018.

RISKS / CHALLENGES:

- It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development).
- Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).
- Taxation derived from similar products (e.g., liquor) has not historically been shared with BC local governments.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of $15.2 million (covering 44% of the BC population) equated to $34.6 million for an average of approximately $11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

EXISTING OPTIONS:

The two-year Federal-Provincial-Territorial Agreement on Cannabis Taxation (FPTACT) sees the federal government retain 25% of excise tax revenue (up to $100 million per year), with 75% or more going to provinces and territories. This reflects a federal share that was reduced by 25% in recognition of the costs and responsibilities assumed by local governments. The federal government declined to directly provide local governments a share of excise tax revenue, leaving that responsibility to provinces. The Province of British Columbia has thus far declined to share taxation revenue. Furthermore, the FPTACT is up for renewal and stronger language may be considered regarding the sharing of excise tax revenue with local governments.

UBCM has historically sought for the Province to share cannabis taxation revenue, including federal excise tax revenue and a 15% provincial mark-up charged towards the landed cost of cannabis. In 2018, UBCM's members unanimously endorsed a resolution seeking short- and long-term strategies for cannabis excise tax revenue in British Columbia. Based on this resolution, UBCM has sought a cannabis revenue sharing framework that, among other things, would see the Province provide local governments with 40% of projected provincial cannabis excise tax revenue. This strategy is supported by the results of UBCM's 2019 cannabis cost survey, and is based in part on an existing revenue sharing agreement concluded in Ontario.

This type of targeted consumption tax is consistent with options referenced in the Strong Fiscal Futures report.

NEW / OTHER OPTIONS:

Given that the provincial cannabis framework is new, and that many of the new responsibilities (e.g., control over retail operations) were requested by local governments, there is difficulty in finding non-financial solutions. Other solutions, as identified by the Community Safety Sub-Committee, that could be used to address cannabis costs and responsibilities include a liquor tax, lottery tax, and/or e-commerce tax.

RECOMMENDED OPTION:

The recommended option is to seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue. In 2018, UBCM members endorsed a framework for a cannabis taxation revenue sharing agreement that included the following components:

- 40% of the projected provincial excise tax revenue to be distributed to BC local governments as a short-term solution;
- 50% of the local share to be provided up-front upon formalization of an agreement;
- Any revenue in excess of provincial projected revenue to be shared 50-50 between the Province and BC local governments;
- The inability for revenue to be clawed back by the Province;
- Revenue to be distributed to BC local governments on a per-capita basis, with a minimum of $10,000 to each municipality and regional district; and,
- Development of a long-term solution that either maintained the above framework or provided a portion of provincial sales tax on cannabis to local governments.

PROS:

- Meets the intent of the federal government's decision to reduce its share of excise tax revenue from 50% to 25% that reflects the financial impact on local governments.
- Provides incentive for local governments to help the Province in its duties (e.g., enforcement) and grow the provincial cannabis framework, which is still relatively new.
- Province has often said it could not share cannabis taxation revenue due to costs exceeding revenue. Information received by UBCM suggests that revenue will soon exceed costs by a fair margin.

- Consistent with the cannabis taxation sharing framework implemented in Ontario.
- Administration would be fairly simple.
- Provides stable revenue source for local governments (as long as the FPTACT remains).
- Addresses all new costs.

CONS:

- Provincial government (general) revenues will be reduced, in a fiscal environment where other revenue sources have, or are being reduced.
- May reduce ability for Province to conduct other cannabis-related activities that assist local governments (e.g., enforcement through Community Safety Unit).

REFERENCES:

Backgrounder: Federal-Provincial-Territorial Agreement on Cannabis Taxation, Department of Finance, Canada.
https://www.canada.ca/en/department-finance/news/2017/12/backgrounder_federal-provincial-territorialagreementoncannabista.html

Cannabis Legalization in Your Community- A Primer for BC Local Governments, UBCM, November 2018
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2018-10-17%20Cannabis%20Legalization%20in%20Your%20Community.pdf

Cannabis Taxation Revenue in British Columbia – Findings with Regard to Local Government Costs, UBCM, October 2019
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2019-09-20%20UBCM%20Report%20to%20Minister%20James%20Re%20Cannabis%20Tax%20Revenue.pdf

Endorsed Resolution 2018-SR1 (includes proposed taxation revenue sharing framework)
https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/01-SR1%20FINAL%20Aug%207.pdf

FOCUS AREA: Community Safety

ISSUE: Cybercrime – Protection and Response

CATEGORY: Emerging

BACKGROUND:

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

RISKS / CHALLENGES:

- Unclear whether all local governments share the same level of concern.
- A constantly evolving/changing cost-driver – costs and challenges can be impacted by the ability of criminals to adapt and create new cybercrime strategies.
- Lack of fulsome information regarding current challenges and solutions for provincial, federal and local governments.
    - Likely a patchwork of solutions being implemented by local governments.
    - Some local governments preferring to keep ransom/attack information private.
- No widely accepted protocols for dealing with cyberattacks.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

The City of Richmond spent approximately $750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional $305,000 per year.

The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.

EXISTING OPTIONS:

UBCM's membership has called on the Province to establish a program that supports local governments through providing grants for information technology security audits and system upgrades. In 2019, the Province indicated a desire to work with UBCM and local governments to assess these concerns and examine options.

The Strong Fiscal Futures report identifies expenditure management/shared services as a potential solution; this option may be suitable for this particular situation, where all local and provincial governments are likely dealing with similar cyber threats.

NEW / OTHER OPTIONS:

Other solutions, as identified by the Community Safety Sub-Committee, that could be applied to address cybersecurity costs include a liquor tax, lottery tax, and/or e-commerce tax. Sales tax exemptions could also be used for certain IT-related costs.

RECOMMENDED OPTION:

The recommended option is to seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.

PROS:

- Likely a lower cost to the Province to share its existing software, systems, etc. than a grant program.
    - Savings and efficiencies will be achieved in comparison to a system where all local governments are on their own.
- A provincial shared service structure could facilitate the development of high efficiency systems through contracts with top end service providers.
- Reduces cost and risk for local governments, especially smaller local governments with financial constraints.

CONS:

- Reduction in local control over cybersecurity.
- Legislation may be required to enable particular approaches.

APPENDIX C
CLIMATE CHANGE - EXPANDED POLICY OPTIONS AND EXAMPLES

FOCUS AREA: Climate Change

ISSUE: Carbon Tax

CATEGORY: New, Emerging

BACKGROUND:

In 2008, British Columbia implemented North America's first broad-based carbon tax of $10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately $1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from $40 to $45 per tonne of carbon dioxide. It is scheduled to increase to $50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter. Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with the senior orders of government.

In May 2021, the Province announced that it would end the $8.4 million CARIP program. A new one-time allocation of $11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

DISCUSSION:

The Province estimates that the carbon tax will generate $1.64 billion in 2020/21. The revenue is projected to increase to $1.99 billion in 2021/22; $2.21 billion in 2022/23 and $2.11 billion in 2023/24.

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program. Requesting one (1) percent of the carbon tax on an annual basis would yield $16.4 million in the current year, nearly double the funding that local governments receive(d) through the CARIP program.

Alternatively, a portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, that rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above $30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated $96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need, and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.

PROS:

- Sustainable revenue stream in the short to medium term, only declining once the full impact of provincial clean energy initiatives is accounted for in years ahead.
- Provides flexibility for local governments to invest in climate action options that meet the unique needs of their community.

CONS:

- Potential claw back or displacement of CleanBC funding targeting initiatives benefitting communities.

FOCUS AREA: Climate Action

ISSUE: Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste

CATEGORY: New, Emerging

BACKGROUND:

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

DISCUSSION:

The Select Committee on Local Government Finance identified a series of cost-drivers associated with reducing emissions and creating weather resilient communities. These costs include:

Adaptation Infrastructure & Emergency Management

The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change that includes operational response costs and mitigating infrastructure costs. For instance, the Regional District of East Kootenay has spent $1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies. It is estimated that an average annual investment in municipal infrastructure adaptation measures of $5.3 billion is needed to adapt to climate change in Canada[1].

Housing & Buildings

The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades. For example, the City of Campbell River tops up the provincial incentive for home energy evaluations by $150 and the $3,000 central source heat pump incentive by $350 to support energy efficiency upgrades.

Transportation

The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement. For example, the electrification of TransLink's fleet in Metro Vancouver is projected to cost $473 million more than baseline costs, or an average of $15.8 million more per year over the next thirty years.

Solid Waste

Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees). For example, the Regional District of Nanaimo's organic waste diversion strategy required a $5.5 million dollar upgrade to its transfer station to handle food waste.

FINANCIAL OPTIONS:

The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers.

Adaptation (Resiliency)

- Develop regional climate risk assessment.
- Create a dedicated funding stream to support the development and implementation of adaptation plans.

Buildings

- Create new provincial building retrofit incentive programs.
- Develop a low carbon building retrofit step code that sets standards for low carbon buildings.

1 The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020.

- Partner to create 100,000 zero emission, wood-constructed new housing units and 500,000 low carbon building retrofits over the next ten years.

Transportation

- Invest in green fleet conversions for local government and community fleets.
- Provide new funding for active infrastructure – that support the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.
- Develop new revenue tools for local governments to strengthen the transit funding model and reduce the reliance on transit fares.

Solid Waste

- New investments in solid waste management initiatives including organics diversion, extended producer responsibility programs, and deriving energy from waste products.
- Collaboration on best practices for deriving both energy and value from waste products through converting landfill gas, drawing heat from sewerage, and creating energy from biosolids.

PROS:

- The recommendations strongly align with the Province's climate action strategy, CleanBC, with CleanBC already funding a number of solutions.
- The recommendations can address the spectrum of mitigation and adaptation costs incurred by local governments.

CONS:

- The recommendations focus on provincial funding, policy, and capacity building tools rather than specific new revenue streams.

REFERENCES:

The full list of Climate Action Committee recommendations with signature initiatives and supporting actions can be found at:

https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Environment/SCCA%20Recommendations%20Nov%202020%20FV.pdf

UBCM Select Committee on Local Government Finance
Terms of Reference

Background:

The Strong Fiscal Futures report (SFF) was released at the 2013 UBCM Convention and advocacy continued in 2014. It is considered an excellent thought piece on local government finance and revenues. The purpose of the SFF was to set out a realistic, practical agenda for reforming British Columbia's system of local government finance. The SFF identified 5 key directions:

1. Resiliency - *Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. Value - *Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. Responsiveness - *Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. Fairness - *Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. Excellence - *Build the Local Government Partnership.*

Despite the strength of the SFF, it received little to no traction from the government of the time. However, UBCM membership has repeatedly and continuously supported continued advocacy in this area.

Purpose:

The Select Committee will undertake a comprehensive review of the SFF. Within the Select Committee's comprehensive review, it is expected that the review will include, but not be limited to, the following:

- local government services, including service benefits and cost-drivers;
- existing and potential local government own source revenues, including fees and charges, and property and other taxes;

- existing and potential inter-governmental transfers, including grants and sharing of revenues, as well as considerations relating to methods of delivery and distribution;
- the degree of alignment between local government revenues and servicing responsibilities and demands; and
- local government and taxpayer capacity, including economic, fiscal or other circumstances which may affect that capacity.

Further, it is anticipated that the Select Committee, through the comprehensive review of the SFF, will:

- Review all of the Options captured in the SFF;
- Develop a 'short-list' of Options that best represent current issues/challenges and can be supported by a practical/realistic implementation strategy;
- Build on the 'short-listed' Options, as applicable, developing additional documentation and rational for their support; and
- Utilize the 'short-listed' Options as the basis for a committee report that identifies renewed priority Options recommended for future advocacy and ultimate implementation.

Members and Support:

- UBCM Executive will appoint Select Committee members composed of:
  - One (1) member from the UBCM Executive;
  - Two (2) members from the BC Mayor's Caucus;
  - At least 2 other members from amongst local government elected officials, who may or may not be members of the UBCM Executive or the Mayor's Caucus;
  - Up to 5 other members, who may or may not be elected officials, but who are either partners in the local government system or possess specific relevant expertise;
- UBCM Executive will appoint two of the members as the Co-Chairs; and
- UBCM staff will support the Select Committee.

Products/Deliverables:

The Select Committee will prepare a report of its findings for the UBCM Executive, and may prepare interim reports as it considers appropriate. The final report will be provided by June 30, 2021, unless the term of the committee is extended.

If the term of the Select Committee is extended, it shall provide an interim (update) report to UBCM Executive by June 30 in each year of its mandate.

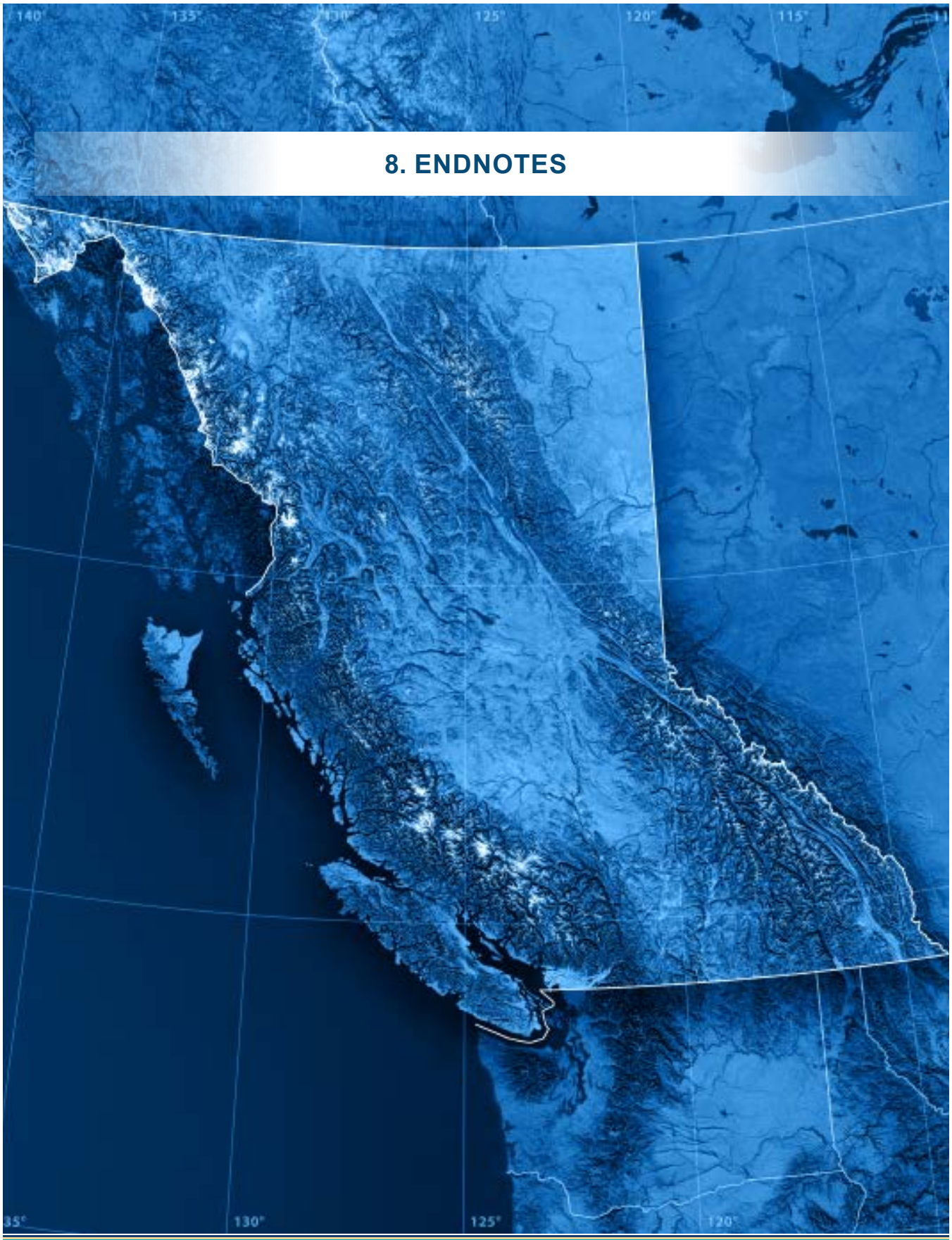
Resources:

UBCM will pay costs of the Select Committee, up to the maximum budget allocation, including:

- travel and per diem expenses for committee members at the same rates as UBCM Executive policies;
- meeting and other operating expenses of the committee;
- consultant fees and expenses;
- any other expenses specifically approved, in advance, by the Executive Director.

Term:

The Select Committee will meet from October, 2019 through to June 30, 2021, at the call of the Chair. It is anticipated that there will monthly meetings. The UBCM Executive may consider extensions to this term on an annual basis.



8. ENDNOTES

8. ENDNOTES

1. Strong Fiscal Futures – A Blueprint for Strengthening BC Local Governments' Finance System (2013), Union of BC Municipalities
2. Terms of Reference – UBCM Select Committee on Local Government Finance (2020)
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4. Stronger BC for Everyone: BC's Economic Recovery Plan (2020), Government of BC
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19. Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Michelle Patterson, Julian M. Somers, Karen McIntosh, Alan Shiell, Charles James Frankish; Centre For Applied Research in Mental Health and Addiction, Faculty of Health Sciences, Simon Fraser University, 2008
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22. Police Resources in British Columbia, 2019. https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/statistics/police-resources.pdf
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24. Cannabis Act https://laws-lois.justice.gc.ca/PDF/C-24.5.pdf
25. Backgrounder: Federal-Provincial-Territorial Agreement on Cannabis Taxation. https://www.canada.ca/en/department-finance/news/2017/12/backgrounder_federal-provincial-territorialagreementoncannabista.html
26. The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020. https://data.fcm.ca/documents/reports/investing-in-canadas-future-the-cost-of-climate-adaptation.pdf

UNION OF BC MUNICIPALITIES

The Voice of B.C. Local Government

Ensuring Local Government Financial Resiliency - Today's Recovery and Tomorrow's New Economy

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Council Report

penticton.ca

Date: July 16, 2024
To: Anthony Haddad, City Manager
From: Kristen Dixon, GM Infrastructure

Subject: **BC Transit 2024/2025 Annual Operating Agreement**

Staff Recommendation

THAT Council authorize the Chief Financial Officer and Corporate Officer to execute the 2024 - 2025 Annual Operating Agreement Conventional and Custom Transit as contained in Attachment "A".

Strategic priority objective

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Background

Each year the City enters into an agreement with BC Transit for the provision of Transit Services. The agreement sets out how BC Transit and the City of Penticton will work together to provide Conventional and Custom Transit services to the citizens of Penticton for the remainder of 2024 and the first quarter of 2025 (BC Transit operates on a March to March fiscal, rather than an annual fiscal like the City).

The highlights of the agreement are as follows:

1) The Agreement reflects service levels, revenues and costs for BC Transits fiscal, April 2024 to March 2025;
2) Should the municipality make any changes to service, the Annual Operating Agreement will be amended to reflect the new service level;
3) BC Transit will apply the use of all available operating reserves to assist in mitigating fare revenue shortfalls;
4) Either party to the agreement can terminate it with 180 days' notice;
5) Dispute Resolution includes mediation, then arbitration;
6) Eligible Expenses include operating costs, lease costs and municipal administration costs;
7) The agreement maintains the current fare structure - these are consistent with Fees and Charges Bylaw 2014-07;
8) Confirmation of annual service hours for Conventional and Custom Transit Annual Service Hours and exception days;
9) Confirmation of total costs for Conventional and Custom Transit Budgets

Analysis

Entering into the Annual Operating Agreement with BC Transit will ensure that the public is provided with the same level of transit service as 2023/2024, with the addition of the expanded custom transit that was approved earlier this year.

The changes from the previous year's costs to provide the proposed levels of service are as follows:

	BC Transit Prior Year 2023/2024	BC Transit 2024/2025
Conventional:		
Total Transit Costs	$3,515,934	$3,671,969
Revenue	$607,980	$632,001
Net Penticton Share	$1,342,868	**$1,460,253**
Custom:		
Total Transit Cost	$475,244	$555,617
Revenue	$27,697	$36,182
Net Penticton Share	$142,692	**$162,105**

Primary cost drivers are inflationary increases to standard operating items such as service costs and marketing, the adjustment of fleet maintenance forecasts, the addition of Umo for fare payments, and an increase in vehicle lease fees. Increases in the Custom Transit budget are directly related to expansion of the Taxi Supplement Program and increased forecast use of the Taxi Saver Programs. Revenue is projected to increase by 5%, but will be offset by reductions in revenue from the Free Transit for Youth 13 – 24 program which will be supplemented through the Federal Building Safer Communities Grant Funding.

While not directly connected to the annual operating agreement, it is also worth noting a number of changes that have occurred, or are in the works, on the transit front in Penticton. First, BC Transit successfully launched UMO (the electronic fare collection system), in the South Okanagan Similkameen System. The City was also successful in receiving transit expansion funding this year for custom HandyDART service, which allowed for the service to be expanded to Saturdays, as well as more trips through the week via the taxi supplement program. The City launched its "Free Transit Under 24 Program" in collaboration with the Social Development department and a number of the City's not for profit partners through funding provided by the Federal Building Safer Communities Fund, and has seen significant uptake on that program since it's launch (a more fulsome update will be provided by the Social Development team at a later date). And finally, the City recently adopted three "Transit Oriented Development Areas" in to the zoning bylaw, in alignment with the Provincial Housing changes introduced this year.

A separate report on the City's three-year expansion plans outlining how the City aims to grow transit service to support the above initiatives, as well as the City's housing and climate action goals, is also included in this agenda package.

The detailed agreement was reviewed by the General Manager of Infrastructure and is now ready for the consideration of Council.

Financial implication

The Annual Operating Agreement amount of $1,460,253 for the Net Local Government Share for Conventional Transit is generally aligned with the City's budget for this service, recognizing the different fiscal periods. The City's budget will be monitored, and will be adjusted along with other City budgets, through the variance process.

The Annual Operating Agreement amount of $162,105 for the Net Local Government Share for Custom Transit also aligns with the City's budgeted amount for this service.

Climate Impact

54% of our community emissions are created by vehicles. In addition to electrification, in order to achieve the targets in the Community Climate Action Plan relating to vehicle emissions, the City is striving to reduce vehicle kilometres travelled by 13%. The City plans to do this by:

- Eliminating approximately a quarter of the kilometers travelled by better land use planning (locating housing close to services/commercial)
- Converting almost half of the kilometers travelled to active transportation (biking, walking, scooters etc)
- Converting the remaining quarter to transit trips

In addition, the community will have to ensure that these efforts are not offset by new trips as the community grows.

This report aligns with "Shift 3: Promote transit ridership," as outlined in the City's Community Climate Action Plan and the third bullet above.

For the previous fiscal, Conventional transit provided almost 430,000 trips (up from roughly 390,000). Custom transit was similar to the previous year at roughly 15,650 trips, and will grow with the recently expanded service.

Alternate recommendations

THAT Council instruct staff to explore cost or service level changes with BC Transit.

Attachments

Attachment A – 2024/2025 Annual Operating Agreement Conventional and Custom Transit

Respectfully submitted,

Kristen Dixon, P.Eng, MBA
GM of Infrastructure

Concurrence

Director of Finance and Administration	City Manager
AMC	

ANNUAL OPERATING AGREEMENT

between

City of Penticton

and

British Columbia Transit

Effective
April 1, 2024

Information contained in Schedule ‘C’ Budget is subject to the *Freedom of Information & Protection of Privacy Act*. Consult with BC Transit prior to releasing information in these schedules to individuals or companies other than those who are party to this agreement.

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ANNUAL OPERATING AGREEMENT

April 1, 2024 – March 31, 2025

BETWEEN: **City of Penticton**
(the "Municipality")

AND: **British Columbia Transit**
(the "Authority")

WHEREAS the Authority is authorized to contract for transit services for the purpose of providing and maintaining those services and facilities necessary for the establishment, maintenance and operation of a public passenger transportation system in the Transit Service Area;

WHEREAS the Municipality is authorized to enter into one or more agreements with the Authority for transit services in the Transit Service Area;

WHEREAS the parties hereto have entered into a Transit Service Agreement which sets out the general rights and responsibilities of the parties hereto;

WHEREAS the Municipality and the Authority are authorized to share in the costs for the provision of a Public Passenger Transportation System pursuant to the *British Columbia Transit Act*;

AND WHEREAS the parties hereto wish to enter into an Annual Operating Agreement which sets out, together with the Transit Service Agreement, the specific terms and conditions for the Public Passenger Transportation System for the upcoming term.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the covenants hereinafter contained, the parties covenant and agree with each other as follows:

SECTION 1: DEFINITIONS

Unless agreed to otherwise in the Annual Operating Agreement, the definitions set out in the Transit Service Agreement shall apply to this Annual Operating Agreement including:

a) *"Annual Operating Agreement"* shall mean this Annual Operating Agreement and any Annual Operating Agreement Amendments negotiated and entered into by the parties subsequent hereto;

b) *"Transit Service Agreement"* shall mean the Transit Service Agreement between the parties to this Annual Operating Agreement, including any amendments made thereto;

c) *"Incurred"* means an event or transaction has taken place for which an obligation to pay exists, even if an invoice has not been received, such that the underlying evidence indicates there is little or no discretion to avoid the obligation. The value of the obligation is to be calculated in accordance with recognized Canadian accounting standards.

SECTION 2: INCORPORATION OF SCHEDULES

All schedules to this agreement are incorporated into the agreement, and form part of the agreement.

SECTION 3: INCORPORATION OF TRANSIT SERVICE AGREEMENT

Upon execution, this Annual Operating Agreement shall be deemed integrated into the Transit Service Agreement and thereafter, the Transit Service Agreement and Annual Operating Agreement shall be read together as a single integrated document and shall be deemed to be the Annual Operating Agreement for the purposes of the *British Columbia Transit Act*, as amended from time to time.

SECTION 4: TERM AND RENEWAL

a) The parties agree that the effective date of this agreement is to be April 1, 2024, whether or not the agreements have been fully executed by the necessary parties. Once this agreement and the associated Transit Service Agreement are duly executed, this agreement will replace all provisions in the existing Transit Service Agreement and Master Operating Agreement with respect to the rights and obligations as between the Authority and the Municipality.

b) Upon commencement in accordance with Section 4(a) of this agreement, the term of this agreement shall be to March 31, 2025, except as otherwise provided herein. It is acknowledged by the parties that in the event of termination or non-renewal of the Annual Operating Agreement, the Transit Service Agreement shall likewise be so terminated or not renewed, as the case may be.

c) Either party may terminate this agreement as follows:

   i. Cancellation by the Authority: In the event that the Authority decides to terminate this Agreement for any reason whatsoever, the Authority shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 10.

   ii. Cancellation by the Municipality: In the event that the Municipality decides to terminate this Transit Service Agreement for any reason whatsoever, and by extension, the Annual Operating Agreement, the Municipality shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 12.

SECTION 5: FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

This Agreement and the parties hereto are subject to the provisions of the *Freedom of Information and Protection of Privacy Act* (FOIPPA). Any information developed in the performance of this Agreement, or any personal information obtained, collected, or stored pursuant to this Agreement, including database information, shall be deemed confidential and subject to the provisions of FOIPPA, including the handling, storage, access and security of such information. Confidential information shall not be disclosed to any third party except as expressly permitted by the Authority or pursuant to the requirements of FOIPPA.

SECTION 6: SETTLEMENT OF DISPUTES

In the event of any dispute arising between or among the parties as to their respective rights and obligations under this Agreement, or in the event of a breach of this Agreement, the parties agree to use their best efforts to find resolution through a mediated settlement. However, in the event that mediation is not successful in finding a resolution satisfactory to all parties involved, any party shall be entitled to give to the other notice of such dispute and to request arbitration thereof; and the parties may, with respect to the particular matter then in dispute, agree to submit the same to a single arbitrator in accordance with the applicable statutes of the Province of British Columbia.

SECTION 7: MISCELLANEOUS PROVISIONS

a) Amendment: This agreement may only be amended in writing as signed by the Municipality and the Authority and specifying the effective date of the amendment.

b) Assignment: This Agreement shall not be assignable without prior written consent of the parties.

c) Enurement: This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors.

d) The parties agree that this agreement is in substantial compliance with all relevant legislative requirements to establish the rights and obligations of the parties as set out in the *British Columbia Transit Act*.

SECTION 8: LOCAL CONTRIBUTIONS AND RESERVES

British Columbia Transit service is provided using a cost-sharing model. Where any transit-related contributions are received and/or third-party revenues are earned that are in excess of expenses, the Authority is required to hold these excess funds in a reserve account for use against transit-related expenditures in future years. When unanticipated expenditures occur that were not included in the budget and cannot be covered by reserves, the Authority will seek to recover these based on the cost-sharing ratios between the Municipality and the Authority.

Eligible Operating Expenses

The Authority will invoice the Municipality and collect on monthly invoices based on incurred eligible operating expenses to provide Transit Service. Eligible operating expenses are comprised of the following costs of providing Public Passenger Transportation Systems:

a) For *Conventional Transit Service:*
   i. the operating costs for providing Conventional Transit Service excluding interest and amortization;
   ii. the amount of any operating lease costs of BC Transit for Conventional Transit Services;
   iii. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement;
   iv. an amount of the annual operating costs of the authority not exceeding those costs payable under an Annual Operating Agreement.

b) For *Custom and Paratransit Transit Service:*
   i. the operating costs for providing Custom Transit Service excluding interest and amortization, but including the amount paid by the Authority to redeem taxi saver coupons issued under the Taxi Saver Program after deducting from that amount the amount realized from the sale of those coupons;
   ii. the amount of any operating lease costs of the Authority for Custom Transit Service;
   iii. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement; and
   iv. an amount of the annual operating costs of the authority not exceeding those costs payable under an Annual Operating Agreement.

c) Eligible operating expenses exclude the costs of providing third-party 100%-funded services.

d) Annual operating costs of the Authority are operations, maintenance and administration costs that are for the shared benefit of all transit systems operated by the Authority. These costs are allocated to each transit system on a pro rata basis, based on the nature of the costs.

Lease Fees

The Authority will invoice the Municipality and collect on monthly invoices for lease fees on tangible capital assets owned by the Authority that are used in the provision of transit service. Lease fees are comprised of the following:

a) The Municipality's fee for use of the asset, including for the costs of acquisition, construction, development and betterment of the asset and the costs of installing the asset at the location and condition necessary for its intended use;

b) Debt financing and risk-related charges or costs payable on assets;

c) Payment into a reserve fund for preventative maintenance and major repair of assets owned or leased by the authority;

d) Amounts sufficient for the Authority to recover all other costs relating to the asset, including, but not limited to taxes and administrative charges.

Where lease fees are received that exceed actual asset-related expenses in any given period, these will be placed in a pooled reserve. This reserve will be used to offset against future lease fees as outlined above.

Reserve Funds

The Authority will establish the following for each transit system to record the contributions that have been received but not yet earned as follows:

a) **Local Transit Fund:** Contributions by the Municipality towards eligible operating expenses that have been received but not matched with a Provincial share contribution will be deferred in the Local Transit Fund.
   i. Any expenditure of monies from the Local Transit Fund will:
      1. only be credited towards the Municipality's share of expenses for the transit system for which it was collected.
      2. be applied to reduce Municipal invoices at the discretion of the Municipality as agreed to under the Annual Operating Agreement or amendments as required.
   ii. The Local Transit Fund may be used towards lease fees.
   iii. The Authority will provide a quarterly statement of account of the Local Transit Fund balance including contributions, amounts utilized and interest earned.

SECTION 9: SAFE RESTART CONTRIBUTION

Under the Safe Restart Program, the federal and provincial governments provided joint, non-recurring contributions to transit systems in British Columbia (the "Safe Restart Contribution") in 2020/21 and 2021/22.

The Authority applied the Safe Restart Contributions as follows:

a) As an allocation towards the Municipality's share of eligible operating expenses in the fiscal year of the contribution;

b) After applying the allocation of Safe Restart Contribution, any excess contributions received from the Municipality were deferred to the Local Transit Fund;

c) The Authority will apply the remaining Local Transit Fund balance to reduce 2022/23 and future municipal invoices at the discretion of the Municipality as agreed to under an Annual Operating Agreement or amendments as required.

It is expected that by receiving the Safe Restart contribution, the Municipality will work with the Authority to maintain targeted essential transit service levels by not reducing transit service below existing planned service levels and maintain affordability by limiting annual fare increases to an average of 2.3% from April 1, 2020 through March 31, 2025.

SECTION 10: GOVERNING LAW

This agreement is governed by, and shall be construed in accordance with, the laws of the Province of British Columbia, with respect to those matters within provincial jurisdiction, and in accordance with the laws of Canada with respect to those matters within the jurisdiction of the Government of Canada.

SECTION 11: COUNTERPARTS

This contract and any amendment hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which shall be considered to be one and the same contract. A signed facsimile or PDF copy of this contract, or any amendment, shall be effective and valid proof of execution and delivery.

SECTION 12: NOTICES AND COMMUNICATIONS

All notices, claims and communications required or permitted to be given hereunder shall be in writing and shall be sufficiently given if personally delivered to a designated officer of the parties hereto to whom it is addressed where an electronic signed document is emailed to the parties or if mailed by prepaid registered mail to the Authority at:

British Columbia Transit
c/o Executive Assistant, Strategy and Public Affairs
PO Box 9861
520 Gorge Road East
Victoria, BC V8W 9T5

and to the Municipality at:

City of Penticton
171 Main Street
Penticton, BC V2A 5A9

and, if so mailed, shall be deemed to have been received five (5) days following the date of such mailing.

IN WITNESS WHEREOF, the parties have hereunto set their hand this _____ day of _____, 2024.

City of Penticton

_____

_____

British Columbia Transit

_____
Vice President, Strategy and Public Affairs

_____
Vice President, Finance and Chief Financial Officer

SCHEDULE A: TARIFF AND FARES

CONVENTIONAL
Effective as of September 1, 2021

	Local*	**Regional****
a) **Cash:**		
All Fares	$2.25	$4.00
b) **Tickets (10):**		
i) All Fares	$20.25	$36.00
c) **30 Day / Monthly Bus Pass**:		
i) Adult	$45.00	$60.00
ii) Senior/Students**	$35.00	$40.00
d) **DayPASS**	$4.50	$8.00
e) **Child**, 12 and under	Free	Free

f) **BC Bus Pass** valid for the current calendar year and available through the Government of British Columbia BC Bus Pass Program.

g) **CNIB** Identification Card available from the local office of the CNIB.

h) **BC Transit Employee** Bus Pass

* Local refers to trips within the community
** Regional refers to trips between larger communities. Route numbers end in “0”
** Discounted Fares apply to: Seniors over 65 years of age with valid ID, Students 20 or under in full-time attendance to Grade 12 with valid ID, Post-Secondary with proof of attendance. Post-Secondary institution refers to universities, vocational universities, community colleges, liberal arts colleges, institutes of technology and other collegiate level institution, such as vocational schools and career colleges that award academic degrees or professional certifications.

CUSTOM

Effective as of September 1, 2021

i) Registered User $2.25
ii) Registered User – Children 12 and under - Free
ii) Companion accompanying registered user $2.25
iii) Attendant accompanying registered user Free

SCHEDULE B: SERVICE SPECIFICATIONS

Conventional Transit Service

Transit Service Area: The boundaries of the Penticton Transit Service Area shall be the municipal boundaries of the Corporation of the City of Penticton.

Annual Service Level: for City of Penticton shall be **23,000** Revenue Service Hours

Exception Days recognized annually for City of Penticton are:

Exception Days	**Service Level**
Good Friday	Sunday Service
Easter Monday	Regular Service
Victoria Day	Sunday Service
Canada Day	Sunday Service
BC Day	Sunday Service
Labour Day	Sunday Service
Truth and Reconciliation Day	Regular Service
Thanksgiving Day	Sunday Service
Remembrance Day	Sunday Service
Christmas Day	No Service
Boxing Day	Sunday Service
New Year's Day	Sunday Service
Family Day	Sunday Service

Custom Transit Service

Transit Service Area: The boundaries of the Penticton Transit Service Area shall be the municipal boundaries of the Corporation of the City of Penticton.

Annual Service Level: for the City of Penticton shall be **4,000** Revenue Service Hours

Exception Days recognized annually for the City of Penticton are:

Exception Days	**Service Level**
Good Friday	No Service
Easter Monday	Regular Service
Victoria Day	No Service
Canada Day	No Service
BC Day	No Service
Labour Day	No Service
Truth and Reconciliation Day	Regular Service
Thanksgiving Day	No Service
Remembrance Day	No Service
Christmas Day	No Service
Boxing Day	No Service
New Year's Day	No Service
Family Day	No Service

SCHEDULE C: BUDGET

PENTICTON CONVENTIONAL

	OFFICIAL AOA 2024/25
TOTAL REVENUE	632,001
TOTAL OPERATING COSTS	3,473,190
TOTAL COSTS (including Local Government Share of Lease Fees)	3,761,969
NET LOCAL GOVERNMENT SHARE OF COSTS	**1,460,253**

PENTICTON CUSTOM

	Official AOA 2024/25
TOTAL REVENUE	36,182
TOTAL OPERATING COSTS	530,229
TOTAL COSTS (including Local Government Share of Lease Fees)	555,617
NET LOCAL GOVERNMENT SHARE OF COSTS	**162,105**

Council Report

penticton.ca

Date: July 16, 2024
To: Anthony Haddad, City Manager
From: Kristen Dixon, GM Infrastructure

Subject: **BC Transit Three Year Expansion Plans MOU**

Staff Recommendation

THAT Council support the following Transit Service Additions as part of the City's Three-Year Transit Expansion Plan:

- Conventional Transit System
  - 2025/2026 - Phase 1 of network restructure plan – modify routing and introduce 15-min service on route 5 Main Street;
  - 2026/2027 – Introduce evening service on all local routes, replacing the route 15 Night Route;
  - 2027/2028 – Phase 2 of network restructure plan – modify routes 1, 2, 3 and 4 and increase frequency Monday through Saturday.

AND THAT the financial costs associated with the service additions be incorporated into the 2025-2029 Financial Plan with funding to be determined through the budget process;

AND THAT BC Transit be advised that the City would consider alterations to the 2025/2026 expansions plans, within the same order of financial magnitude, should BC Transit have expansion service hours available in the interim while fleet procurement processes are completed (such as introducing evening service on all local routes and replacing the route 15 night route, currently proposed for 2026/2027).

Strategic priority objective

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Organizational Excellence: The City of Penticton will support a culture of service excellence built on good governance, leadership and sound financial decisions.

Background

Each year, the City is provided with opportunities to support Transit Expansion on a three year rolling basis. This allows BC Transit sufficient time to plan for any resource increases, including purchase of fleet and to align the required matching provincial funding. Not every request that is supported by the City is

implemented however, if there is not adequate provincial funding, or if appropriate equipment cannot be procured. Currently, the delays in fleet procurement are the limiting factor for expansions.

In order to evaluate and prioritize municipal requests, of which there are sometimes more than matching provincial dollars, BC Transit follows an expansion evaluation process. It considers a variety of factors through a performance based multiple account evaluation, using a mixture of qualitative and quantitative criteria.

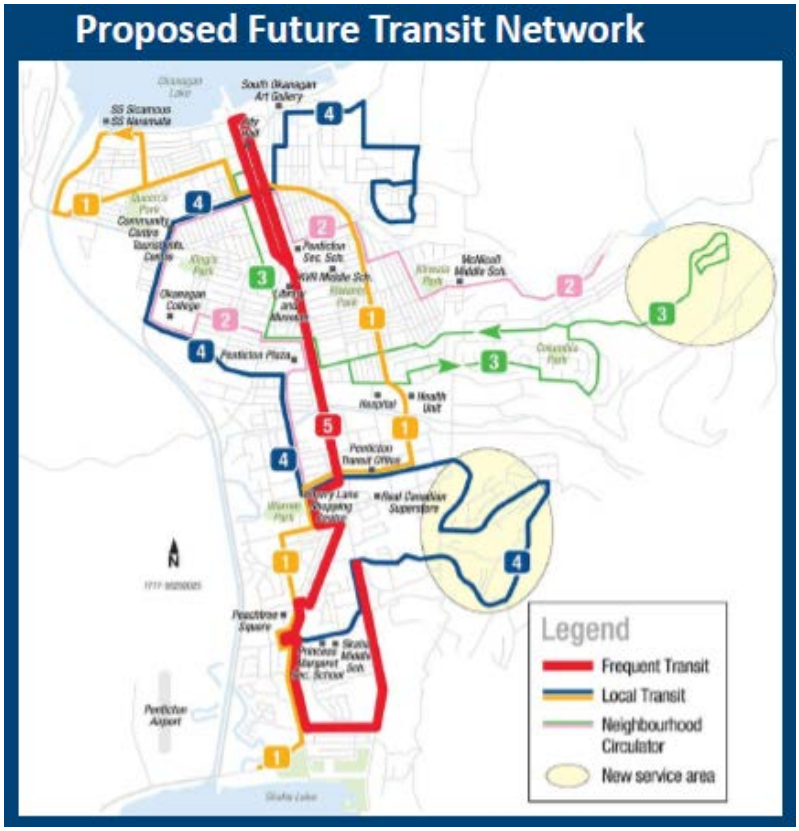
Last year, the City and BC Transit completed two key documents to shape the future of Transit in Penticton and the South Okanagan, the Transit Future Action Plan and the Penticton Network Restructure Plan. The later is a more specific tactical service plan that sets out specific frequency and route alignments for the City (fully included for reference as Attachment B), and the proposed service expansion phasing to support these changes was proposed as follows:

Phase 1: Restructure route 5 and increase frequencies to 15 minutes during the week to solidify the route as the spine of the network and Penticton's Frequent Transit Route.

Phase 2a: Restructure routes 1,2,3 and 4 to their new routes, with improved frequencies (30 min) for routes 1 and 4.

Phase 2b: Add night and Sunday service to routes 1,2,3,4 and 5.

Since adoption of the Network Restructure Plan there have already been minor changes made to the proposed routes, and the routes will continue to be refined as they approach implementation. In addition, the City has recently adopted changes to the zoning bylaw that resulted in three new Transit Oriented Development Areas. These TOD's are well supported by the proposed future transit network.



Analysis

As noted above, the recently completed Network Restructure Plan set out the framework for transit in the City of Penticton for the future to support the goals and objectives of the Official Community Plan, the Master Transportation Plan, and the Community Climate Action Plan. Implementation of the Network Restructure Plan was split in to three implementation phases in order to spread the financial impact and phase in the procurement and planning processes and proposed to start in the 2025/2026 BC Transit fiscal, with the other two phases to follow.

The ability to move forward with these plans will be contingent on approval of these expansion plans by the City, new funding from the Province, and prioritization by BC Transit. Expansion plans, once signed off on in

the MOU for the immediate fiscal (2025/2026) are considered commitments from the City by BC Transit, while the following two years are for planning and prioritization purposes only.

Given the potential challenges with procurement of fleet, BC Transit has provided the City with two options for expansion for the upcoming fiscal, as shown in Attachment A. The City may choose to support one of the options and defer the other to a subsequent fiscal, or may wish to approve both. The first option aligns with the priorities as set out in the Network Restructure Plan, and would see the implementation of Phase 1, and the Route 5 frequency increased to 15min frequency. This will require two additional buses, and roughly 6,800 service hours, at an annual cost to the City of roughly $472k. The second option is early implementation of a portion of Phase 2 that would introduce evening service on all routes and eliminate the current route 15. This option was specifically crafted as it requires only one new bus, and would cost the City roughly $375k annually.

Given the financial burden of approving both options (roughly $850k) and the other financial pressures the City is facing, staff are recommending that only one of the options is supported, and both staff and BC Transit agree the priority should be for Phase 1 of the Network Restructure Plan. However, in the event that BC Transit can not undertake this larger expansion, staff are recommending that the City advise BC Transit that the alternative expansion proposal for 2025/2026 would also be supported. Essentially, the goal is to communicate to BC Transit that the City wishes to see transit service expanded in alignment with the Network Restructure Plan, in whatever capacity BC Transit is able to support in the upcoming year, noting our preference for the Phase 1 changes.

Council may wish to instead support both expansion plans at the combined annual cost of roughly $850k. This is an estimated 1.8% property tax increase that would be spread over 2025 and 2026. Given the likely delay in fleet procurement, the majority of the financial impact would likely be incurred in 2026, however the City could use the financial stabilization reserve if the expansions were implemented faster than expected, if required, and would put the City in the firm "queue" for all three additional buses and service expansions.

While Council also has the option of advising BC Transit that the City does not wish to pursue any expansion for 2025/2026, this option is not recommended. In order for transit to become a viable and preferred mode of transportation to meet our climate and transportation goals, and to support our growing community and the associated housing targets, the City needs to continue to invest in Transit.

At this time, the focus for expansion has been on the conventional service to support the Network Restructure Plan. However, it is noted that a future review of custom transit is also required to determine the future needs for the HandyDART program as well.

Financial implication

The financial implication of the recommended three-year expansion plans are included in the table below.

	Service Expansion Implementation Date	Estimated Annual Municipal Share*
Conventional:		
Phase 1 – Network Restructure Plan	2025/2026	$471,914
Portion of Phase 2B*	2026/2027	$347,266
Phase 2 – Network Restructure Plan	2027/2028	$1,054,525

*Note an alternate recommendation has been included should Council wish to approve both of the options costed by BC Transit for 2025/2026

Climate Impact

The City endorsed its Community Climate Action Plan on Nov. 16, 2021, with a goal of reducing emissions by a projected 40 per cent below 2007 levels by 2030. The plan identified that approximately 54% of our community emissions are from vehicles, and in order to reach the emissions targets, outlined six areas of focus. One of these six is to "Shift Beyond the Car" by encouraging active transportation and transit.

Specific to this goal, the City is striving to reduce total vehicle kilometres travelled by 13% over the next twenty years, by:

- Eliminating approximately a quarter of the kilometers travelled by better land use planning (locating housing close to services/commercial, reducing or eliminating parking requirements, other land use tools/incentives to reduce car dependency)
- Converting almost half of the kilometers travelled to active transportation (biking, walking, scooters etc)
- Converting the remaining quarter to transit trips

It is important to note that these targets will need to adjust to account for growth over the same the time period. The proposed expansion plans flowing from the Penticton Network Restructure Plan support the above goals.

Alternate recommendations

Should Council wish to support both the proposed expansion options for 2025/2026, Council could pass the following resolution:

THAT Council support the following Transit Service Additions as part of the City's Three-Year Transit Expansion Plan:

- Conventional Transit System
    - 2025/2026 - Phase 1 of network restructure plan – modify routing and introduce 15-min service on route 5 Main Street;
    - 2025/2026 – Introduce evening service on all local routes, replacing the route 15 Night Route;
    - 2027/2028 – Phase 2 of network restructure plan – modify routes 1, 2, 3 and 4 and increase frequency Monday through Saturday.

Alternatively, should Council not wish to pursue any expansion plans at this time, Council could pass the following resolution:

THAT the City advise BC Transit that we will not be pursuing any expansion for the 2025/2026 fiscal.

Attachments

Attachment A – Proposed Expansion Plans

Attachment B – Network Restructure Plan (for reference)

Respectfully submitted,

Kristen Dixon, P.Eng, MBA
GM of Infrastructure

Concurrence

Director of Finance and Administration	City Manager
AMC	

Attachment A

PROPOSED CONVENTIONAL EXPANSION INITIATIVES – YEAR 1 (2025/26)						
AOA Period	**Estimated In Service**	**Annual Hours**	**Vehicle Requirements**	**Estimated Annual Revenue**	**Estimated Annual Total Costs**	**Estimated Annual Net Municipal Share**
2025/26	January	6,800	2	103,894	1,018,885	471,914
		Description	Phase 1 of network restructure: Modify routing and introduce 15-minute service on route 5 Main Street.			
2025/26	January	5,300	1	80,976	776,101	347,266
		Description	Introduce evening service on all local routes, replacing route 15 Night Route.			

PROPOSED CONVENTIONAL EXPANSION INITIATIVES – YEARS 2 & 3 (2026/27 & 2027/28)						
AOA Period	**Estimated In Service**	**Annual Hours**	**Vehicle Requirements**	**Estimated Annual Revenue**	**Estimated Annual Total Costs**	**Estimated Annual Net Municipal Share**
2027/28	September	13,000	4	212,407	2,241,532	1,054,525
		Description	Phase 2 of network restructure: Modify routes 1, 2, 3 and 4 and increase frequency Monday through Saturday.			

TRANSIT *future*

Network Restructure plan

Penticton

2023



Territorial Acknowledgement

We acknowledge with respect that BC Transit carries out its work on the traditional territories of Indigenous Nations throughout British Columbia.

The City of Penticton lies within the ancestral and unceded traditional territory of the Confederated Tribes of the Colville Reservation and the Nłeʔkepmx Tmíxʷ, Cayuse, Umatilla, Walla Walla and Syilx peoples.

BC Transit in Victoria is located on the lands of the Lekwungen People, also known as the Songhees and Esquimalt First Nations communities.

We thank them for allowing us to live, work, and play on their lands.

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12 What We Heard

13 Proposed Network Restructure

14 Phasing

15 Routing Changes

16 Infrastructure Changes

17 Moving Forward

18 Acknowledgements

01 Shaping Your Transit Future

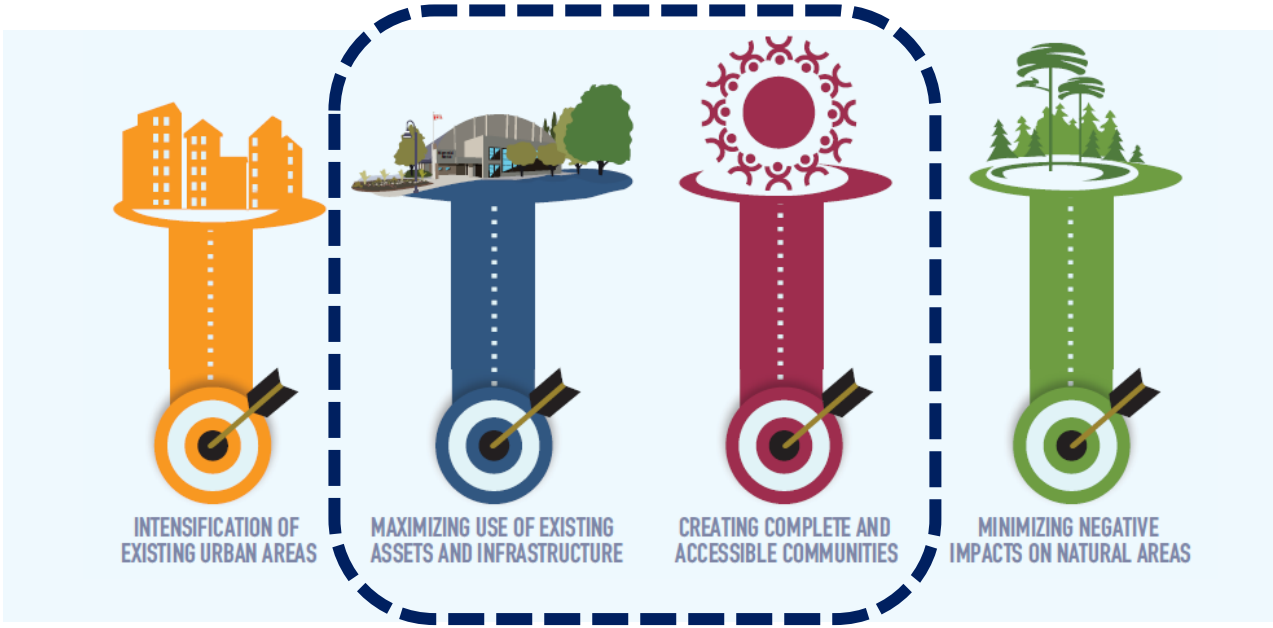
The Penticton Transit Network Restructure Plan (TNRP) aims to:

Build on the South Okanagan-Similkameen Transit Future Action Plan (TFAP) while supporting the goals of Penticton's Official Community Plan (OCP) and the objectives of Penticton's Transportation Master Plan (TMP) of improving community mobility in Penticton.

Coordinate future transit and land use and **consider** key changes, challenges and opportunities that may shape transit service and/or impact other modes of transportation.

Restructure the network to make transit more convenient, predictable, easy to use and understandable in the short- and long-term.

Engage with the community and reflect their feedback in the restructure of the network.



02 Project Process

Guided by a project working group, the following step-by-step process was used to complete the Penticton Transit Network Restructure Plan (TNRP).

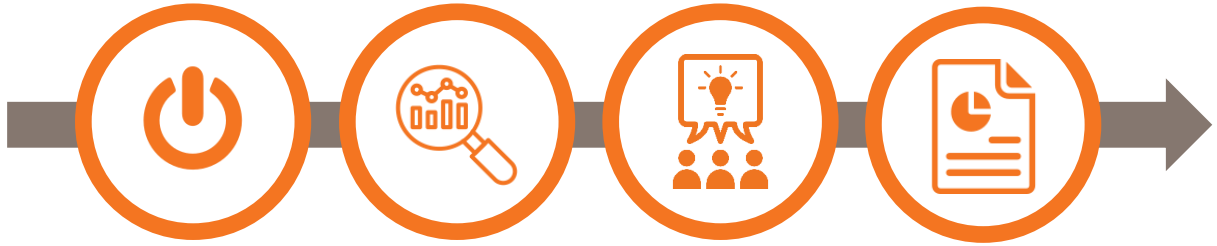
Understand the community, the socio-economic, planning, transportation and demographic contexts.

Analyze existing ridership to better understand the transit system, its usage, issues and opportunities to shape the restructure of the system.

Engage the community and stakeholders to document perceived issues and opportunities at the community-level.

Draft a TNRP based on input from all the above steps, to make transit more responsive to the current and future mobility needs of the community.

Penticton Transit Network Restructure Plan Process



03 Community Context

Penticton is a uniquely beautiful lakefront city.

Nestled between two pristine lakes, Penticton is the largest community in the Regional District of the Okanagan-Similkameen. Offering lifestyle, business, investment and retirement opportunities in a location that has all the amenities of the larger urban centers, Penticton maintains the tranquility and social connections of a smaller community.

Penticton has a compact and efficient footprint that makes it easy to get around, especially if you drive or live in a neighbourhood close to where you work, shop or play. Nevertheless, investment in active modes of transportation such as public transit bring significant social, environmental, economic and health benefits and is thus a goal for the City of Penticton.

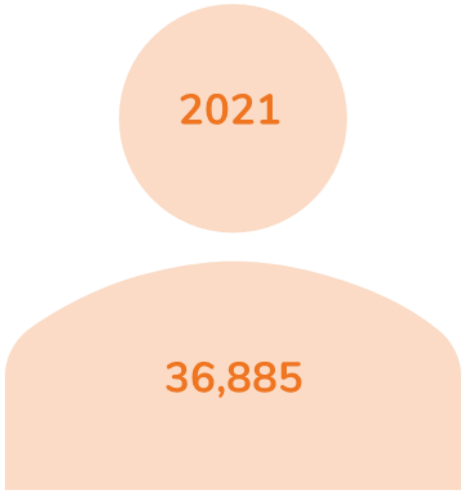


Source: Statistics Canada, 2021 Census of Population; Census Profile Table, Penticton British Columbia census agglomeration

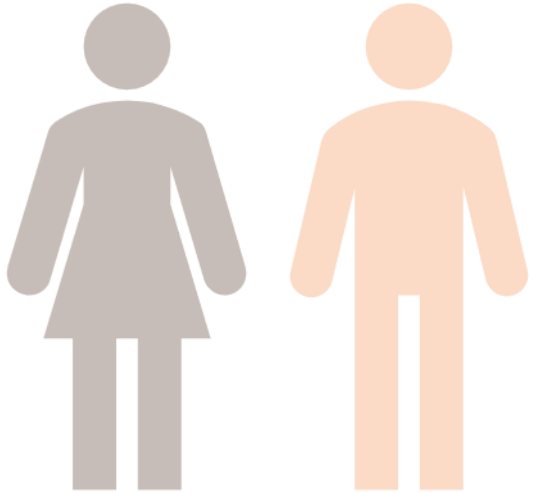
03 Community Context: Demographics

By 2046, Penticton is expecting a population of 41,900 which will include 4,450 new households and 5,100 people.

Population



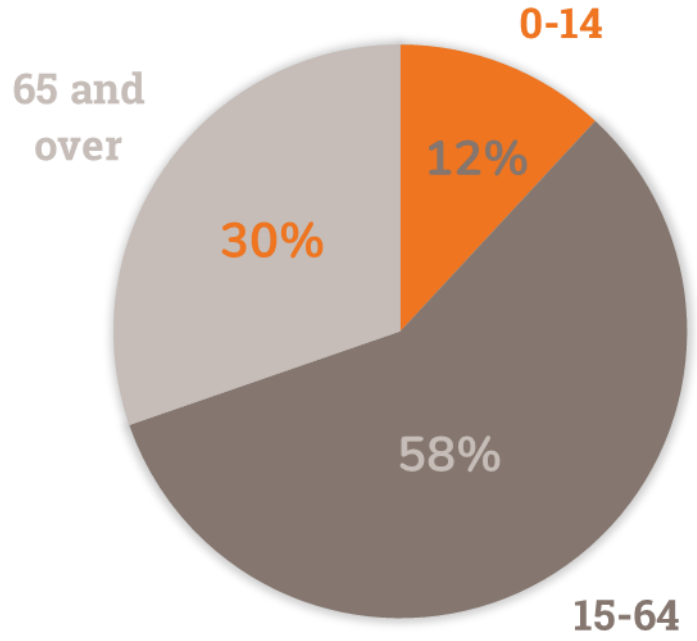
Gender Distribution



53% 47%

*Those who identify as non-binary or other are missing from population data

Age Distribution



Source: Statistics Canada, 2021 Census of Population; Census Profile Table, Penticton, City (CY) British Columbia census subdivision
Source: City of Penticton, Official Community Plan Bylaw No. 2019-08; Section 3, p. 34.

04 Policy Context

Okanagan- Similkameen Transit Future Plan (2015)

The Transit Future Plan envisions what a community's transit network should look like 25 years from now, informing local governments and the Province about the transit investments and changes we will work toward, and the order that those changes will happen. Included in this are the investments, ridership targets, networks, and infrastructure needed to achieve the plan's vision.

Okanagan-Similkameen Regional District Regional Growth Strategy (RGS) (2017)

The RGS provides the South Okanagan and its communities with a high-level regional framework for future decision-making and land use, with the aim of preserving the region's high quality of life and unique environmental features over the strategy's 20-year period. At the core of this RGS is a commitment to broad-based, long-term sustainable development, which includes supporting efficient and effective infrastructure services and an accessible multi-modal transportation network.

The City of Penticton's Official Community Plan (2019)

The purpose of the Official Community Plan is to provide a framework of goals and policies to guide planning and land use decisions within Penticton's boundaries. Regarding transit, the plan seeks to create and manage a safe transportation system that supports all ages, abilities, and modes of mobility, helps meet environmental objectives, and uses infrastructure responsibly.

Penticton Transportation Master Plan (2021)

The City of Penticton Transportation Master Plan's goal is to provide direction on how the City can invest in future infrastructure in an efficient way that aligns with objectives of critical policy documents.



04 Policy Context

Transportation Safety Policy (2016)

The Transportation Safety Policy outlines the process to identify transportation safety issues on any City road and implement appropriate solutions. It also seeks to identify, prepare, prioritize and implement traffic calming plans on local residential through roads. Overall, this policy standardizes the approach for addressing traffic concerns in Penticton and has implications on transit routing.

Lake to Lake Bike Route (2019)

In 2012, a report highlighting a need for a safe and convenient cycling route connecting Okanagan and Skaha Lakes was finalised. Following this, Council adopted an updated Bike and Cycling Network map into the 2019 Official Community Plan and identified a route that would serve as a spine in the City's cycling network. The protected bike route is a key part of the City's shift to a complete transportation system.

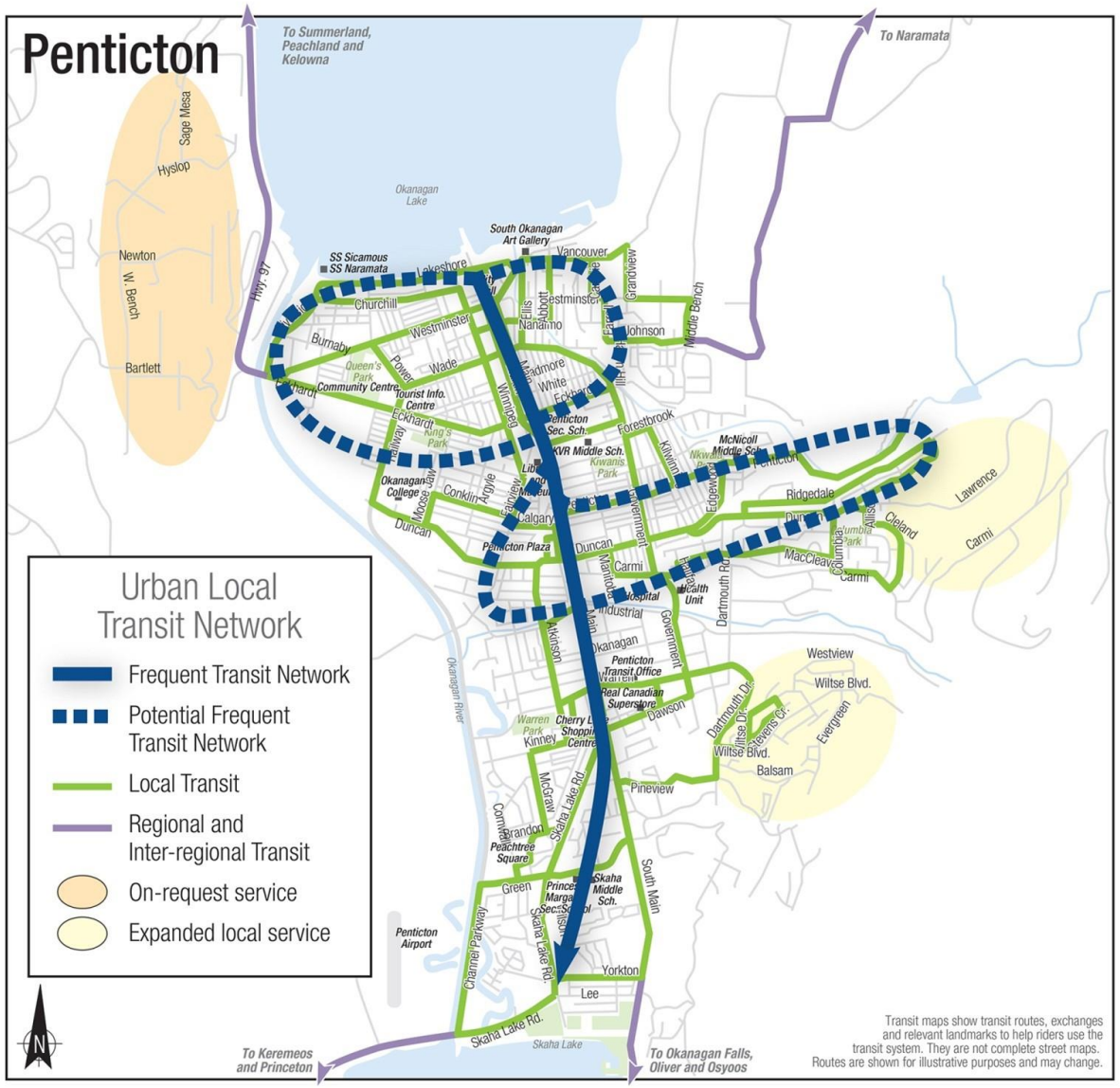
Northern Gateway Redevelopment and Investment Strategy (2022)

This strategy is to ensure a coordinated approach can be taken to land use, infrastructure needs and economic investment opportunities within this urban village at the northwestern corner of Penticton. Proposed land use and roadway changes in this area will impact the transit network.

South Okanagan Similkameen Transit Future Action Plan (2023)

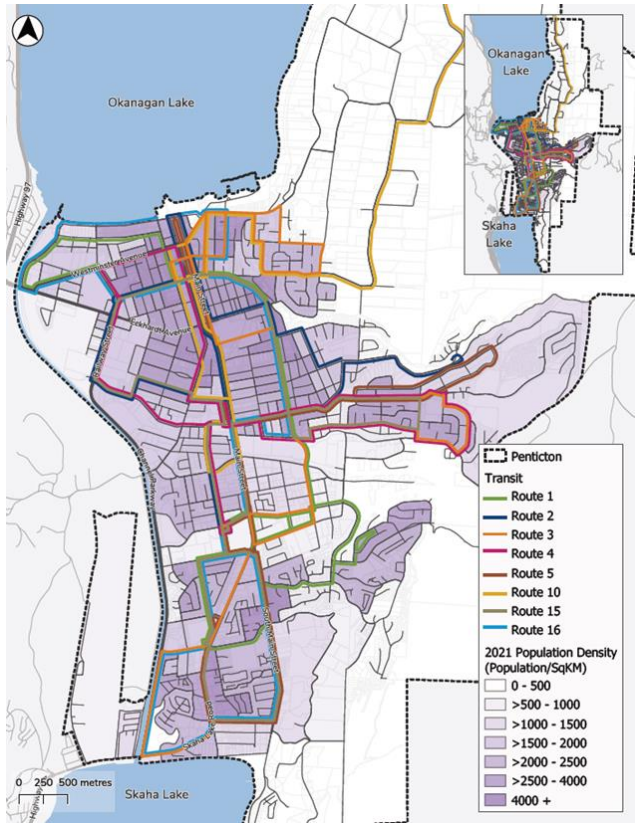
This plan builds on the 2015 TFP and adds service and infrastructure priorities and a range of objectives and actions that will create a strong transit network for the regional community for the future.

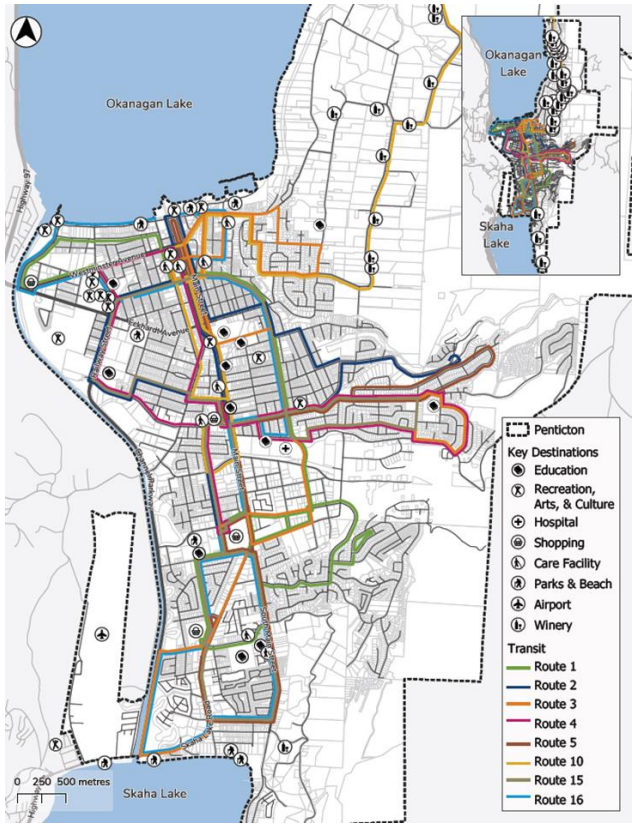
Penticton: 25 year Network Vision

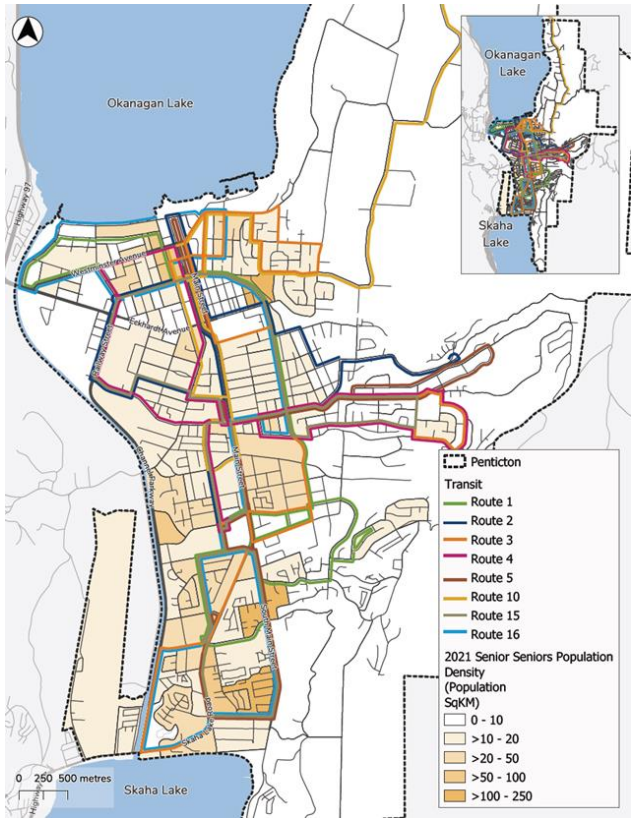


05 Land Use and Demographics

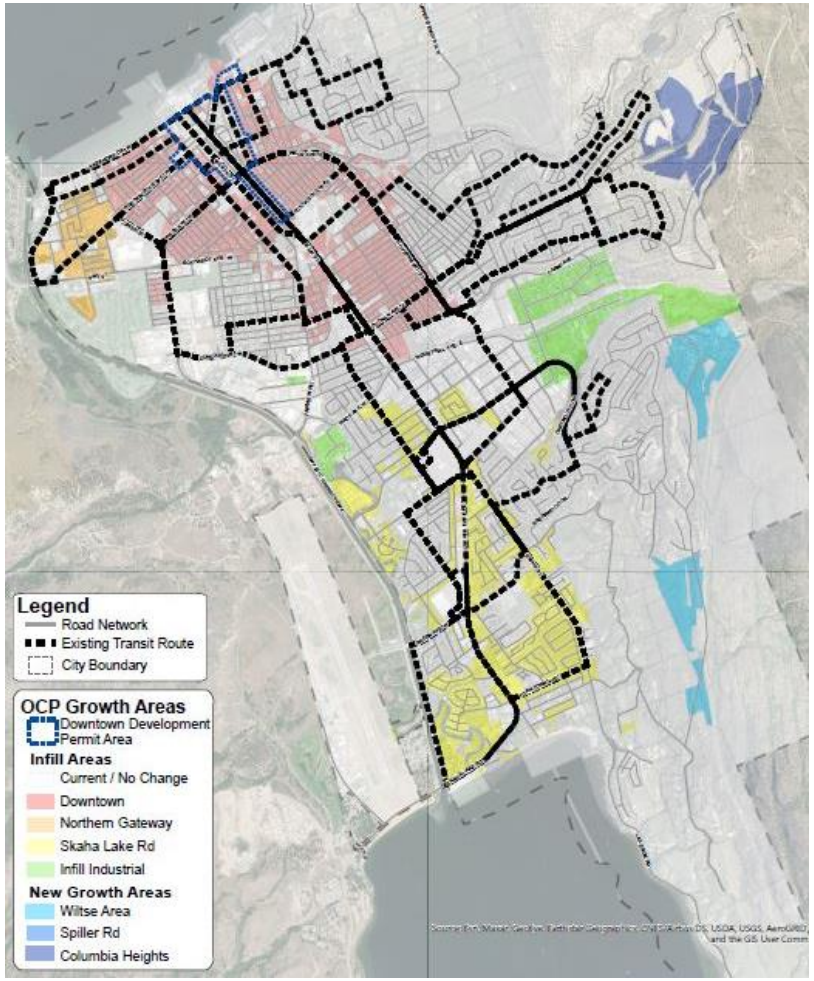
The City of Penticton is a compact city, characterized by higher residential density than is typical for similar sized cities. The City is growing to the east and comprised of low density, single family residential towards the edges and denser, multi-family, high rise development in the core. The population is older, with 30 per cent in the 65 and older age group. This is changing, with younger families moving to Penticton, given its affordability. Driving distances are short, with a trip from Okanagan to Skaha Lake taking approximately 20 minutes. While this short driving distance currently encourages car ridership, it also presents an opportunity to provide quick transit trips that can compete with driving trip times.



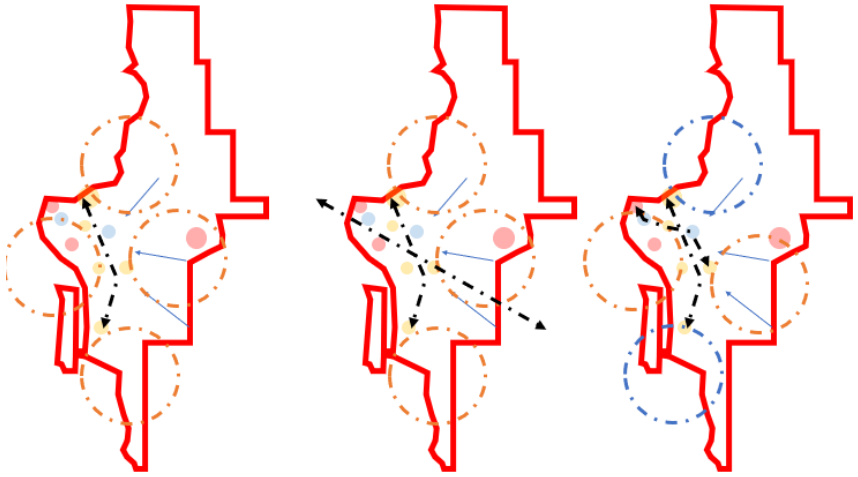


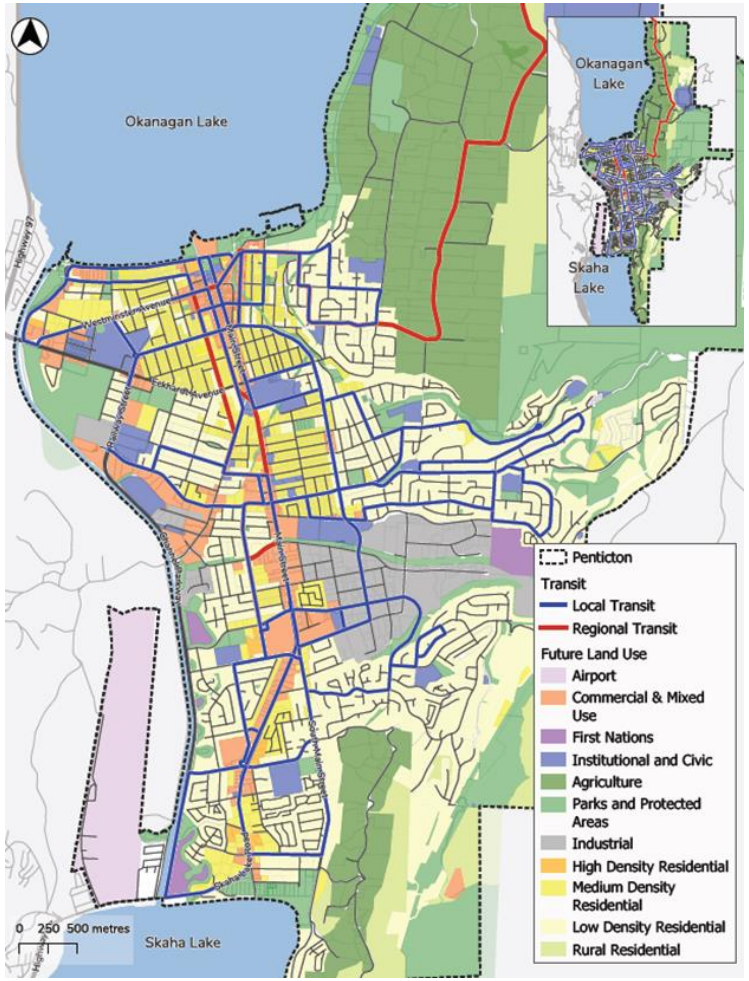


06 Future Land Use Analysis



Analysis results of Penticton's future land uses and future areas of growth, in combination with current land uses, shaped early conceptual sketches of restructure options that would meet the needs of a changing community.





07 Transit Today

Penticton Transit Network

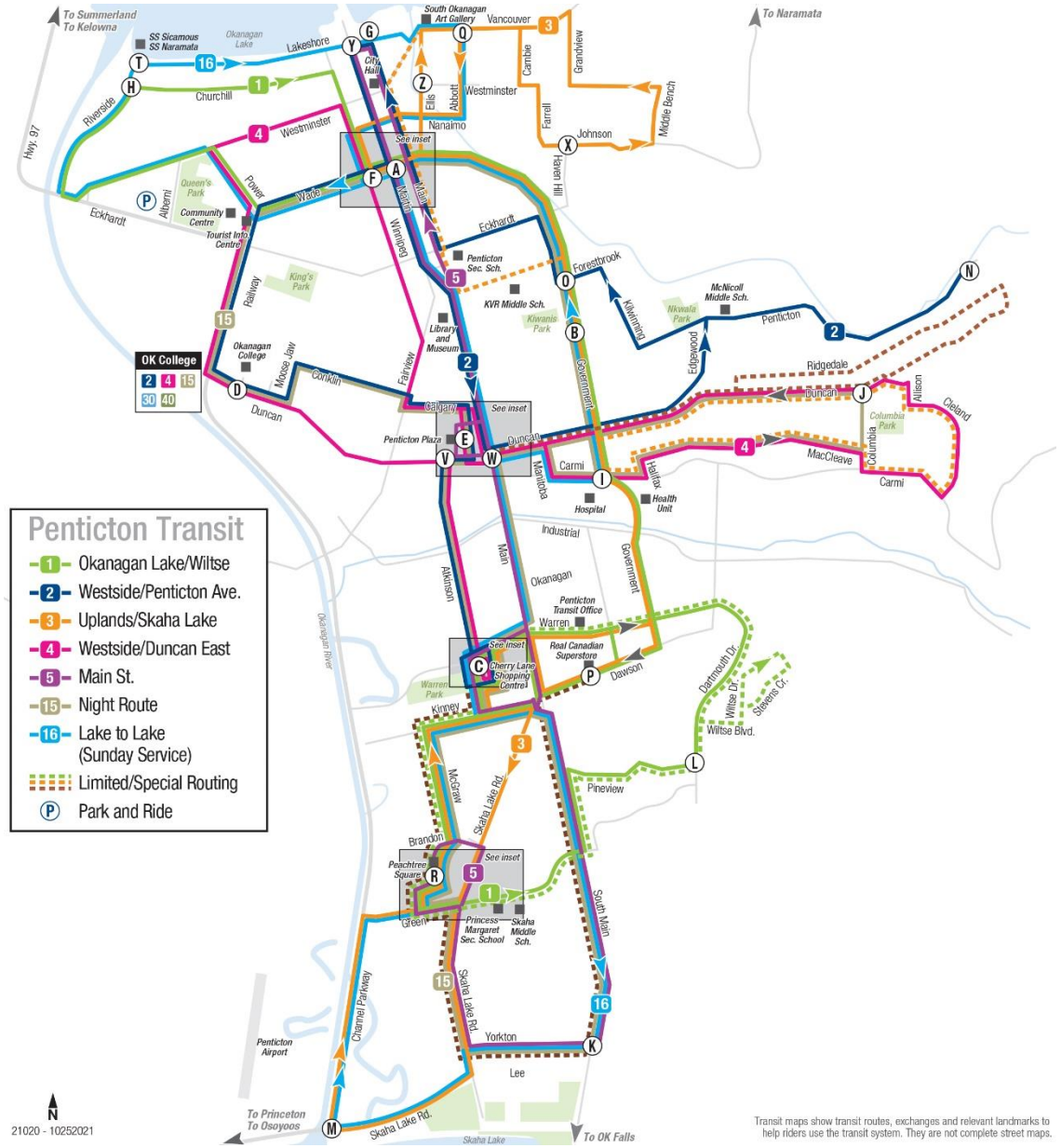
The Penticton Transit network is currently made up of five primary bus routes and two additional routes that provide coverage at night and on Sundays respectively. These primary routes consist of a variety of service patterns and serve both residential and commercial areas from Monday to Saturday. Service for primary routes runs from 6:30 a.m. until 6 p.m. on an hourly frequency. From Monday to Saturday, evening service is provided on **Route 15**, from 6:50 p.m. to 10 p.m.

On Sunday, service is provided across the city via Route 16. Service is offered from 9 a.m. to 6 p.m. Route 5 supplements this Sunday service at an hourly frequency from 12:40 p.m. to 4:15 p.m.

Many routes consist of long, one-way loops, with different patterns at different times of the day. The system can be difficult to understand, unless one is very familiar with it.

Routes

Route 1: Okanagan Lake/Wiltse
Route 2: Westside/Penticton Ave.
Route 3: Uplands/Skaha Lake
Route 4: Westside/Duncan East
Route 5: Main St.
Route 15: Night Route
Route 16: Lake to Lake (Sunday Service)

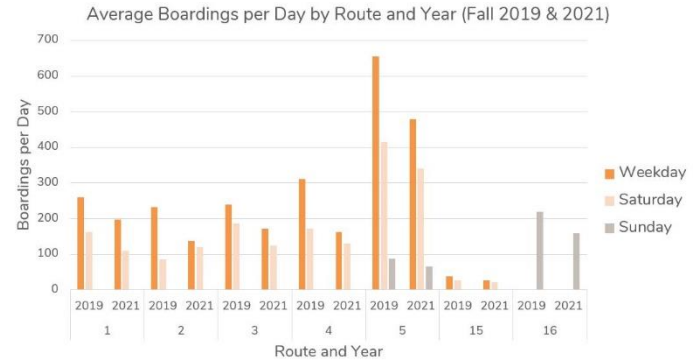


08 System Performance

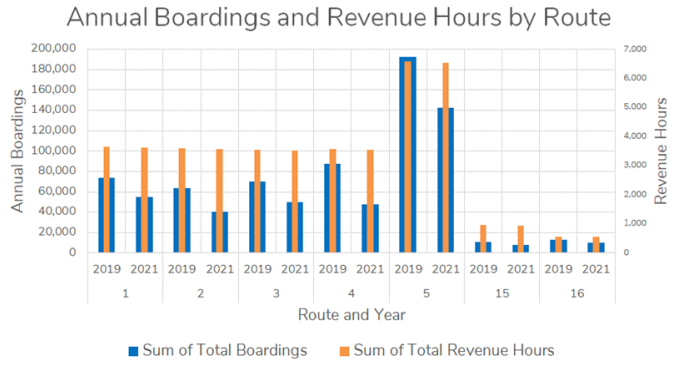
The Penticton Transit System performs well, with upwards of 400,000 annual boardings pre-2020. Similar to many systems across Canada and the world, COVID-19 has had a negative impact on system ridership, with 2021 dipping below the 400,000 mark. Since that low point, ridership has been recovering.

Highlights of system performance:

- Route 5 is the workhorse of the system. Annual boardings on this route are almost 40 % of the boardings of the entire system. Ridership is a function of the route's frequency (20 minutes during peaks/30 minutes off-peak), its directness and the higher number of revenue hours invested in this route compared to others.
- In 2019, the system saw an average of 21 boardings per revenue hour. As of 2021, this was reduced to 15 boardings/hour, indicating fairly robust usage even during the pandemic.
- Stroller and mobility aid usage is high in this system, indicating that accessibility is a key consideration.
- Since 2018, total operating costs have risen gradually each year, as has the cost per revenue hour. COVID-19 has not helped this situation. As a result, the immediate focus of the system should be to invest in increasing system ridership, thereby improving its efficiency.
- Routes 1 and 4 are the other high ridership routes in the system. These routes run on major corridors in the city (Government Street and Duncan Street) with a peak frequency of 30 minutes.







09 Issues & Opportunities

Consistency: Compared to service during the day, which is provided by five different routes, night service is provided by one route. Similarly, on Sundays, a completely different route (Route 16) provides coverage service. This can be hard to understand, unless one is familiar with the system.

Legibility: The Penticton Transit Network map does not provide a visual classification of routes, which means one cannot easily differentiate between high and low frequency routes.

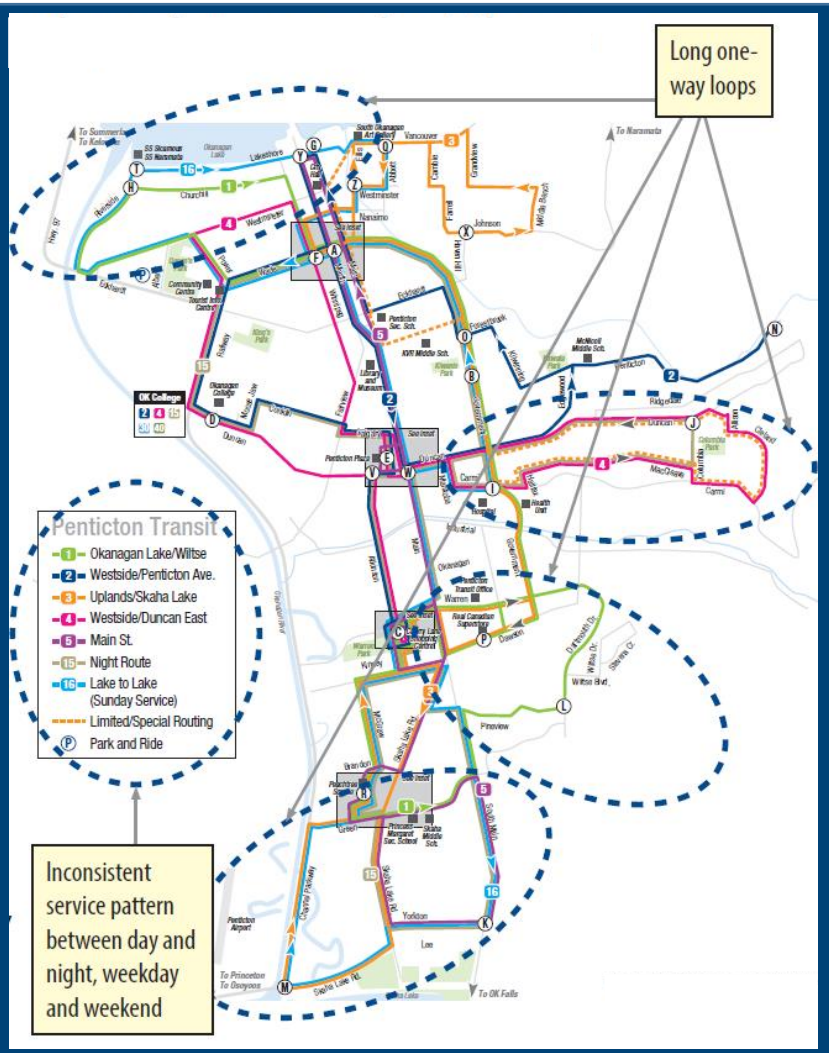
Directness: The system is also characterized by long one-way loops that are confusing to understand and indirect, with long travel times.

Frequency: The Penticton transit system has hourly service on most routes except for Route 5, which means missing a trip means a long wait for the next bus.

Alignment: A resilient transit system is typically aligned with growth and change in the community. The Penticton transit network has remained largely unchanged for the past 40 years.

Congestion and Increased Travel Time: Traffic congestion affects transit by lengthening run times. Penticton traffic has increased, especially in the afternoons, which means more buses are being delayed. This has a cascading effect on all trips.

Operator Well-being: It is important to design a system that will work for frontline staff and their basic well-being. In the current system, transit operators do not have time between trips for a break.



10 Engagement

How we engaged with the Penticton community

As part of BC Transit's commitment to public engagement, outreach was carried out to identify draft service restructuring through open houses, conversations with key stakeholders, and other outreach methods.

Public engagement was launched online from January 23, 2023 to February 12, 2023. Marketing to the community was facilitated through a variety of tools including a project website, paper surveys, and social media.

Two restructure options were presented to the community during engagement, and they were asked to choose the one that would most meet their mobility needs. While the recommendation to develop the Route 5 into a Frequent Transit route was common to both options, they differed in their approach to servicing the neighbourhoods through Local Transit and Neighbourhood Circulators.

The Penticton Indian Band was invited to participate in the process. BC Transit will continue to work towards building relationships with First Nations communities to understand transit needs in each community and provide the best possible solution.

313 Survey Respondents

493 Total Comments

4 Open Houses

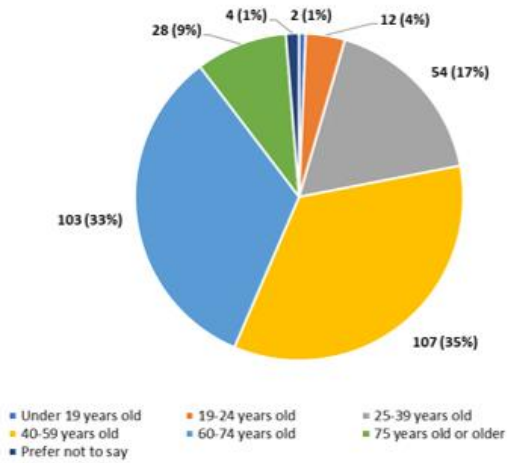


11 Who We Heard From

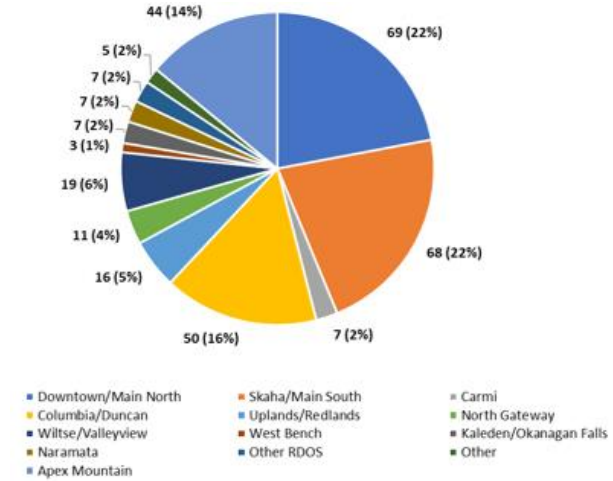
Over 300 respondents completed the online survey

- Nearly half of all respondents live in Skaha, Main St. or Downtown.
- Most respondents use transit for shopping & errands, medical & dental appointments or work.
- Although respondents have generally reduced their transit use since the start of COVID-19, **11 per cent of respondents still use transit 5+ days per week.**
- Almost 30 per cent of respondents come from equity-seeking groups such as people living with a disability, racialized groups and the 2SLGBTQIA+ community.
- More than half of respondents were between the ages of 25 and 59.

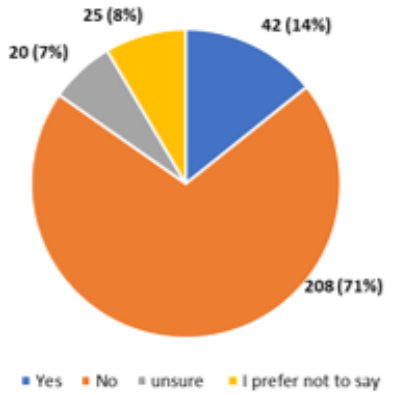
Age of Survey Respondents



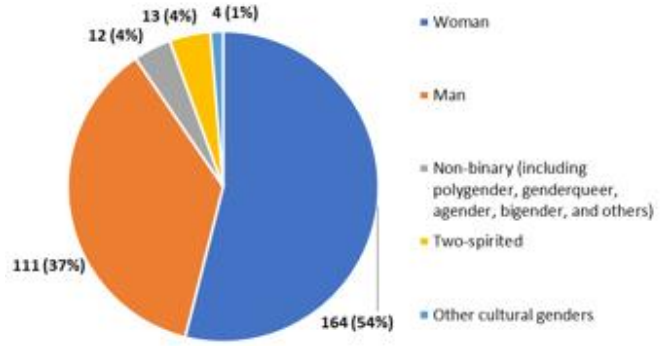
Geographic Representation



Equity-seeking Groups



Gender of Respondents



12 What We Heard

Key Themes

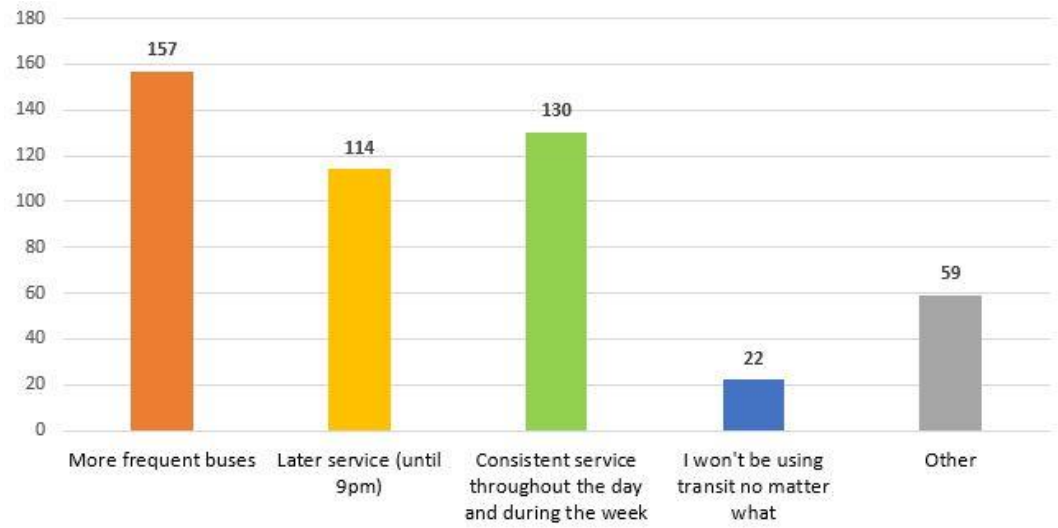
Consistency: Respondents wished to see more consistent service throughout the day and during the week.

Extending and Improving Service Hours: Respondents showed interest in existing routes serving more areas later in the evening.

Frequency: Respondents desired more frequency and increased service span on existing routes.

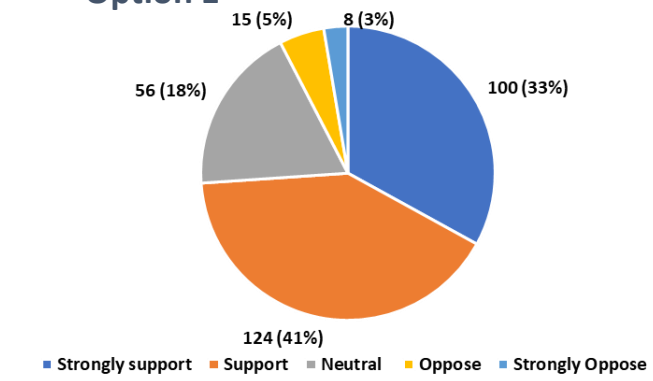
Of the two network restructure proposals presented, Option 1 was the preferred option, receiving support from 74 per cent of respondents. From those respondents who were opposed (8 per cent), there were no specific comments about the design of the network, but more so concerns over the need and cost of public transit in Penticton in general. The remaining 18 per cent were neutral about the proposed restructure.

Changes that might increase use of transit

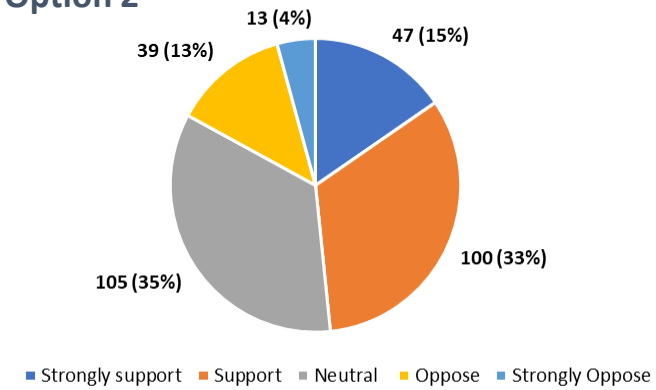


Support for Proposed Network Restructure

Option 1



Option 2



13 Proposed Network Restructure

Based on engagement results, Option 1 is the recommended option for restructuring the Penticton Transit Network. Highlights of this restructure include:

Frequent Transit Route

Route 5 is envisioned as the spine of the system, connecting the north and south ends of the city. It will link all major destinations using 40’ buses, and will provide 15-minute service from Monday to Sunday.

Local Transit Routes

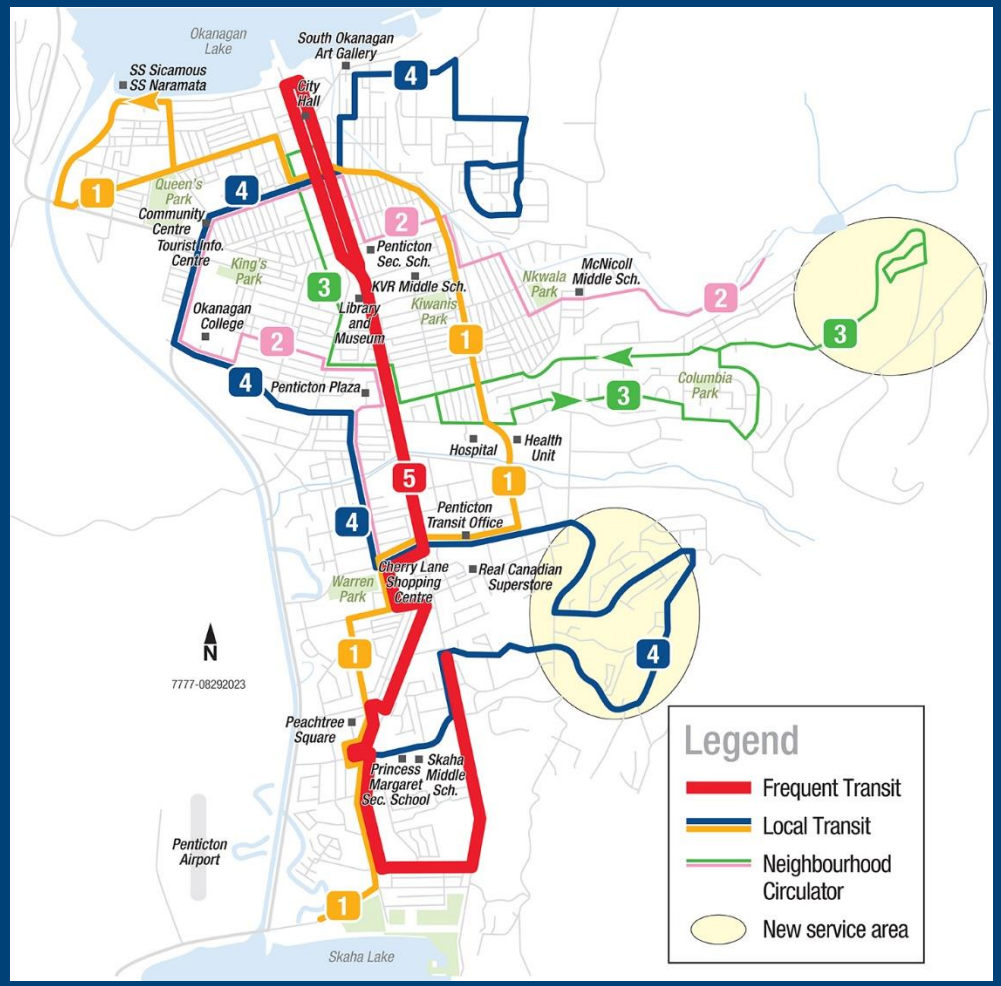
Routes 1 and 4 will supplement Route 5 by providing both east-west and north-south connectivity in the city. These routes will connect residential and commercial areas within Penticton and will run every 30 minutes.

Neighbourhood Circulators

Routes 2 and 3 will connect residential neighbourhoods to the Frequent and Local Transit Network routes. Route 3 will provide new service to Sendero Canyon. Both routes will operate hourly and will use 30’ or 35’ buses.

The above changes are proposed over three phases described in the next sections and include infrastructure improvements.

Proposed Future Transit Network



14 Phase 1 Service & Infrastructure Priorities

Phase 1 changes are proposed in the short-term and are specific to route 5 only. No changes to other routes are proposed as part of this phase.

Service Priority	Description	Expansion Resources
Route 5 restructure	1. Frequency increased to 15 minutes during the week 2. Routing changes based on the construction of a roundabout at Galt Avenue and Pineview Road 3. Due to duplication with school bus service in Columbia Heights, morning school trips reassigned	**6,800 hours** **3 buses***

Infrastructure Priority	Description	Expansion Resources
Route 5 restructure	1. Construction of roundabout at Galt Avenue and Pineview Road 2. Stops evenly spaced at approximately 300 m	**Integrated into City of Penticton Capital Improvement Plan and budget**

*additional vehicles may be required to maintain proper vehicle spare ratios.

14 Phase 2A Service & Infrastructure Priorities

Phase 2A changes are proposed for the medium-term and will completely restructure the current system. In this phase, changes are proposed to all routes except routes 5, 15 and 16.

Service Priority	Description	Expansion Resources
Changes to routes 1, 2, 3 and 4 to form new routes	1. Routing changes: • Current routes 1 and 3 restructured to form new route 1, connecting Northern Gateway to Wiltse neighbourhoods, and new route 4, connecting Uplands to Skaha Lake • Current route 2 restructured to be bi-directional • Current route 4 restructured to create new route 3, serving Sendero Canyon and downtown Penticton 2. Frequency improvements for new routes 1 and 4 3. School trips on reconfigured routes reassigned as needed	**13,000 hours** **3 buses***

Infrastructure Priority	Description	Expansion Resources
Changes to routes 1, 2, 3 and 4 to form new routes	1. New turnaround proposed at South Beach Drive 2. Improved facilities for on-street exchange at Wade Street and Martin Street 3. Reassignment of existing stops to new routes and the creation of new stops added as needed. Some stops may be closed as a result of these route changes.	**Integrated into City of Penticton Capital Improvement Plan and budget**

*additional vehicles may be required to maintain proper vehicle spare ratios.

14 Phase 2B Service & Infrastructure Priorities

Phase 2B changes are proposed for the long-term and will add night and Sunday service on routes 1, 2, 3 and 4. Hours from routes 15 & 16 will be reassigned as part of this phase.

Service Priority	Description	Expansion Resources
Night and Sunday service added to Routes 1, 2, 3 and 4. Night and Sunday service extended on route 5.	1. Evening service on all routes, route 5 evening service extended 2. Sunday service on all routes, route 5 Sunday service extended	**10,800 hours** **0 buses***

Infrastructure Priority	Description	Expansion Resources
Night and Sunday service added to routes 1, 2, 3 and 4. Night and Sunday service extended on route 5.	1. New transit exchange at Cherry Lane Mall 2. Implementation of signal improvements for better running times	**Integrated into City of Penticton Capital Improvement Plan and budget**

*additional vehicles may be required to maintain proper vehicle spare ratios.

15 Route 5 changes

Route 5 is envisioned as the spine of the system

It is designed to connect the north and south ends of the city via Main Street.

Routing changes are aligned with changes proposed to roadways in the South Main area.

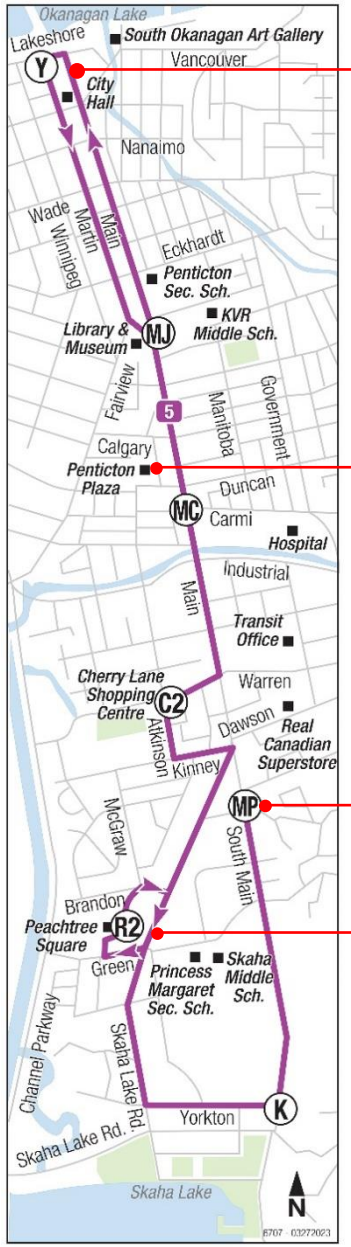
Service will operate every 15-minutes all day, Monday to Friday, and every 30-minutes on weekends.

Route 5 will eventually provide service from 6 a.m. to 11 p.m. from Monday to Saturday, and from 7 a.m. to 9 p.m. on Sunday.

It will not directly serve Penticton Plaza but will instead stop on-street in both directions.

Heavy duty buses are recommended on this route due to its 15-minute frequency, classification as a Frequent Transit route and because it serves the main commercial corridor in Penticton.

Route 5



Routing within Downtown Penticton remains unchanged.

On-street service to Penticton Plaza speeds up the route.

New proposed roundabout at Galt Avenue and Pineview Road, will facilitate route end and turnaround in the South Main neighbourhood.

Route 5 serves Peachtree Square on-street in the southbound direction and in the northbound direction, accesses the Square.

15 Routing changes: routes 1 and 4

Current route 1 and parts of routes 3 and 4 will be restructured to form new routes 1 and 4.

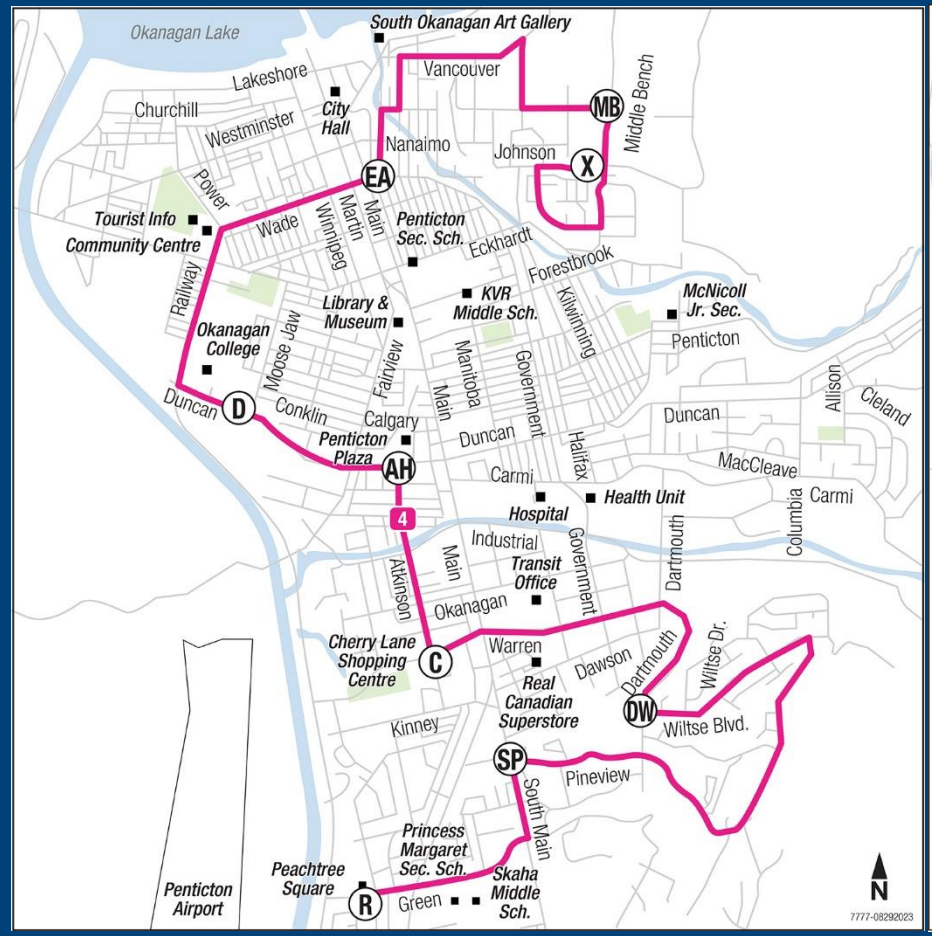
Routes 1 and 4 create diagonal connections across each corner of the city, meeting at Cherry Lane Mall.

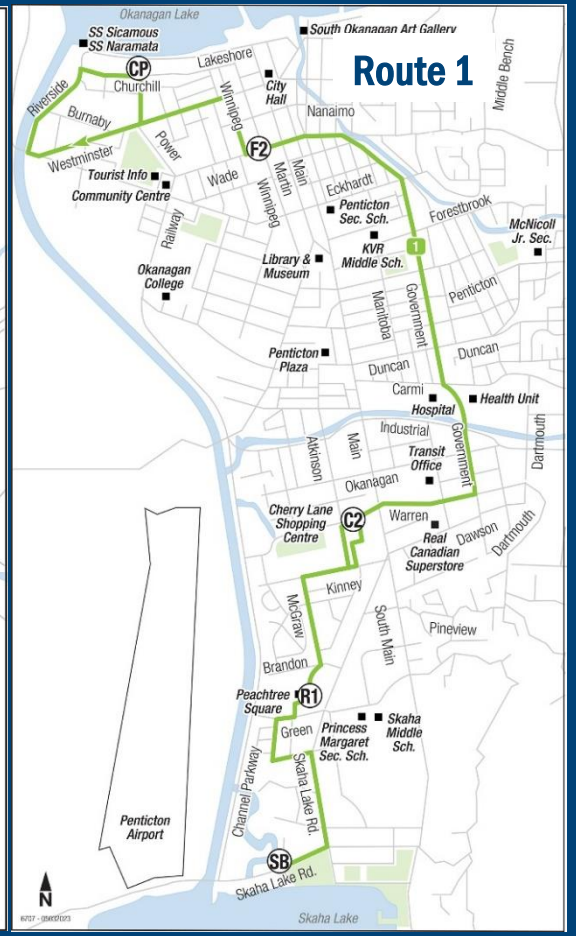
Both routes connect to the Route 5 at Peachtree Square, Cherry Lane Mall and at the on-street exchange at Wade and Martin.

These routes will run every 30-minutes from Monday to Friday, and every 60-minutes on the weekend.

Service span on both routes is from 6 a.m. to 9 p.m. Monday to Saturday, and 7 a.m. to 9 p.m. on Sunday.

These routes serve major corridors in the City: Government Street and Duncan Street. Ridership increases are anticipated with consistent half-hourly frequency.





Heavy duty buses are recommended on these routes due to their 30-minute frequency, their classification as Urban Local Transit/ridership routes and because they primarily serve major corridors in Penticton.

15 Routing changes: routes 2 and 3

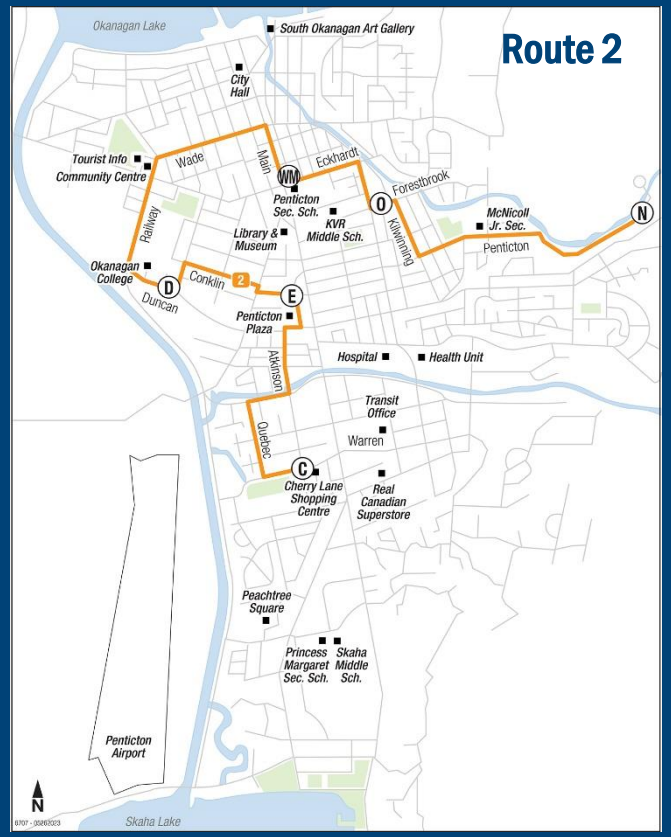
Current Route 2 and parts of Routes 3 and 4 are restructured to form new route 2 and 3.

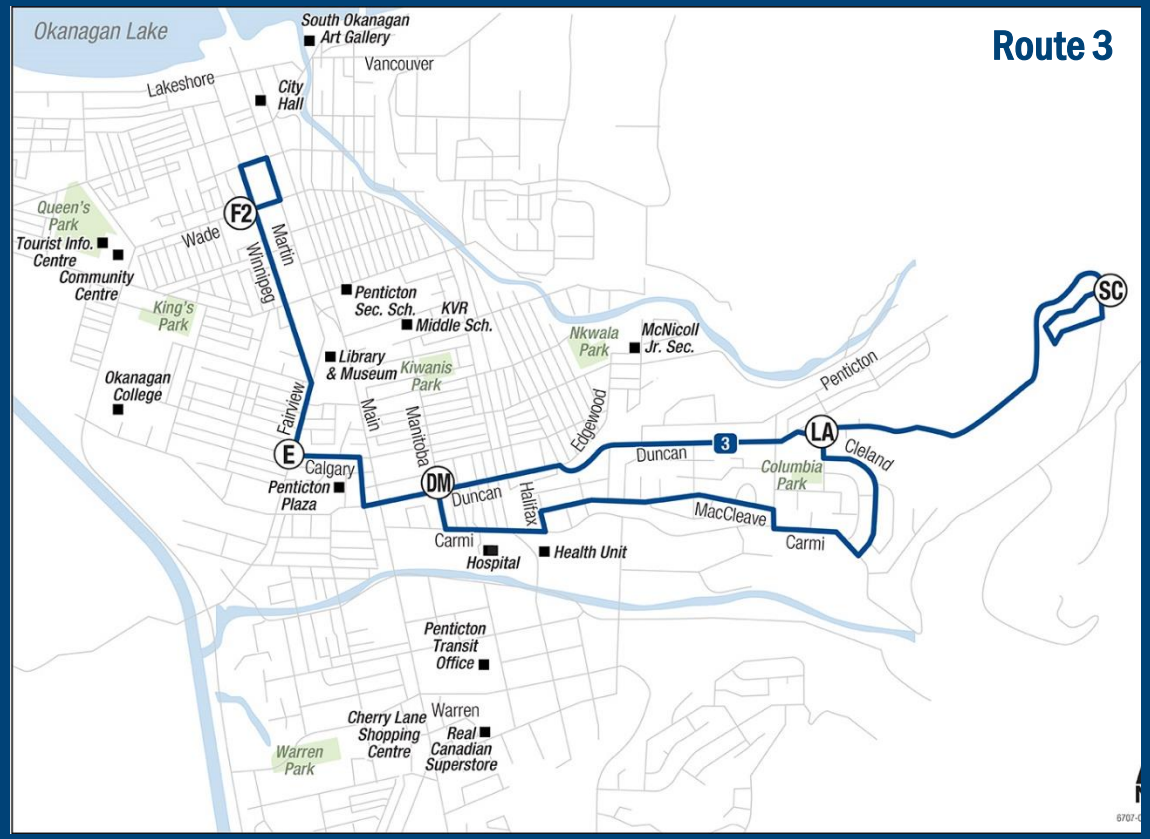
Routes 2 and 3 serve the residential neighbourhoods in the Columbia Heights and Penticton Avenue.

Route 2 connects to the Route 5 and other routes at Cherry Lane Mall.

Route 3 makes its connection with the route 5, in downtown, and at Main Street and Duncan Avenue.

Both routes will run every 60-minutes Monday to Sunday. Service will operate from 6 a.m. to 9 p.m. on all days except Sunday (7 a.m. to 9 p.m.).





Medium duty buses are recommended on these routes due to their hourly frequency, their classification as Urban Local Transit/coverage routes and because they primarily serve residential neighbourhoods.

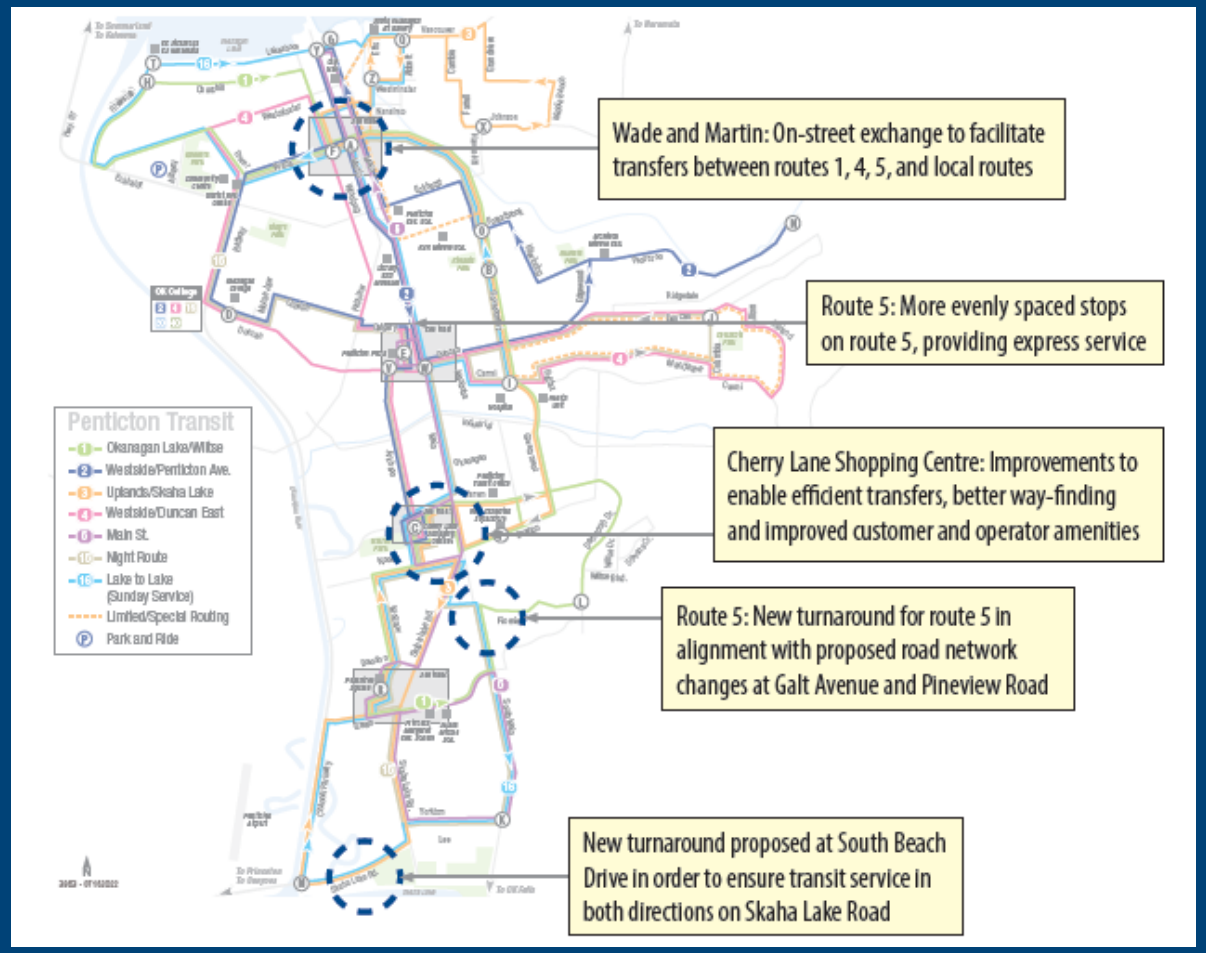
16 Infrastructure changes

Several primary and secondary infrastructure changes have been outlined in support of the service improvement recommendations described in the preceding sections.

Primary changes refer to infrastructure changes that are required to facilitate service change,
Secondary changes are upgrades that improve service speed, reliability and the customer experience.

Primary Changes	Secondary Routing Changes

• A new roundabout at Galt Avenue and Pineview Road
• A new roundabout at South Beach Drive
	• Improvements to on-street exchange at Wade and Martin Streets
	• Evenly spaced stops on the Route 5
	• Left turn signals at the following intersections:
	  ○ Eastbound Warren Avenue to northbound Main Street
	  ○ Northbound Skaha Lake Road to westbound Green Avenue
	  ○ Southbound Atkinson Avenue to eastbound Warren Avenue
	  ○ Southbound Winnipeg Street to Wade Avenue
	  ○ Eastbound Wade Avenue



16 Infrastructure changes

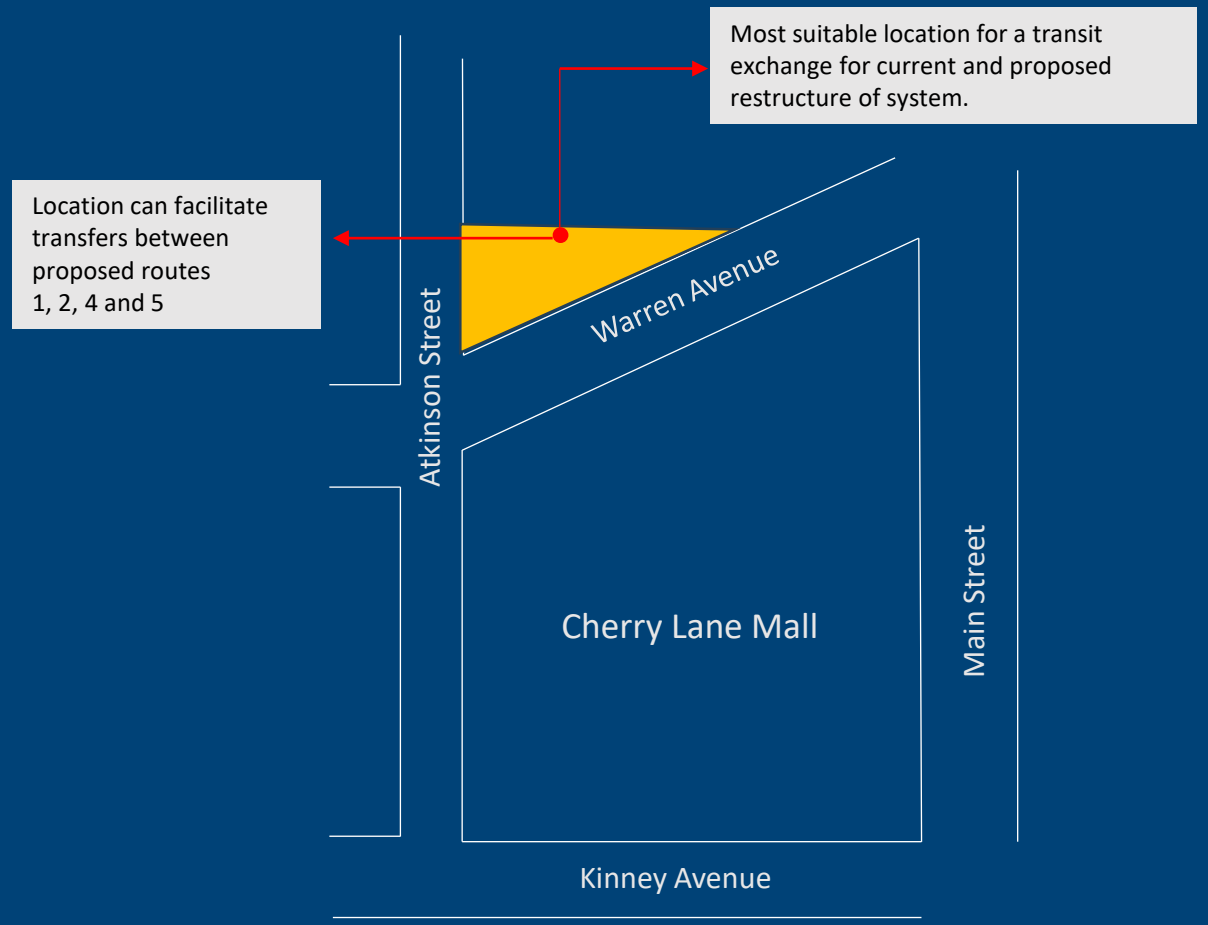
Cherry Lane Mall

Lastly, one of the major longer-term changes proposed for this system that will support both operations and customer comfort and convenience is a new transit exchange at Cherry Lane Mall.

There are a few locations in the Mall parking lot that are potentially feasible for citing a transit exchange. Following an analysis of several factors, including access, topography and hospitable pedestrian realm, the northeast corner of Atkinson Street and Warren Avenue has been identified as the optimal location for this exchange.

This location is currently an underutilized parking area for the mall and is ideally located to support transfers, passenger waiting and an operator rest stop. This location supports the proposed restructure of the network in the most ideal manner, but further work is required to determine the site's feasibility.

BC Transit and the City of Penticton will continue collaborating on a new transit exchange location at Cherry Lane as the proposed restructure gets implemented.



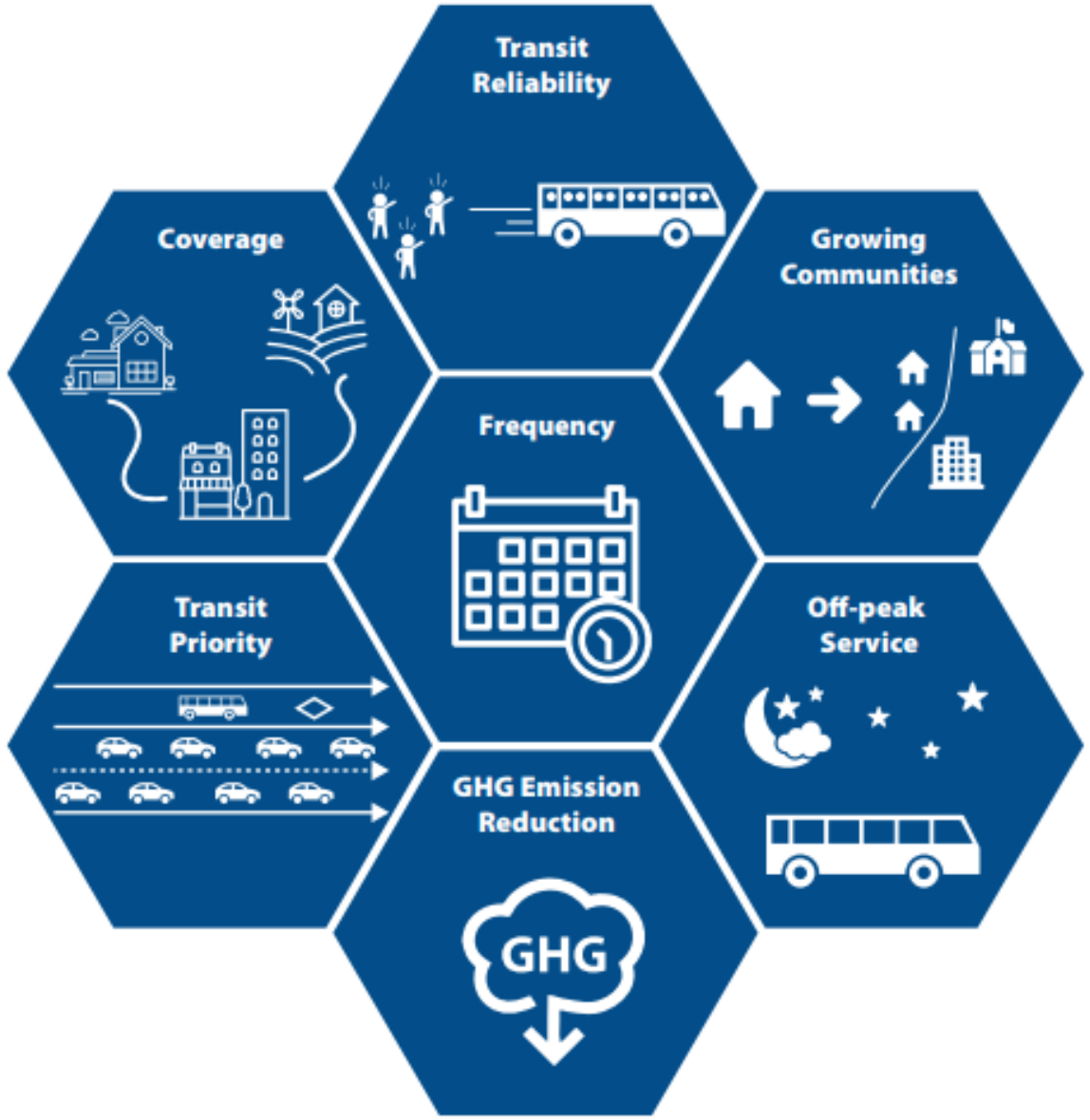
17 Moving Forward

Monitoring and Implementation

Service improvements will be integrated into the Three-Year Transit Improvement Process (TIPs), which is updated on an annual basis. Priorities are subject to shift from year to year based on available resources. Infrastructure improvements will be incorporated into the City of Penticton's and BC Transit's Capital Plans. Prior to implementation of service changes, BC Transit planning staff will work with staff at the City of Penticton to ensure service improvements appropriately reflect local needs. Additional targeted engagement may be conducted to ensure priorities in future years are supported by the public at that time.

The resources identified in this plan will be reviewed by BC Transit Planning and Scheduling staff prior to seeking financial commitment from the City of Penticton. It is possible that additional vehicles and/or hours will be required in the future to maintain on-time performance and spare ratio requirements.

Upon implementation, service changes will be monitored to ensure that schedules and routes meet the needs of passengers and the expectations for improvement in areas such as those identified in the right-side graphic. If any changes are required, they will be made as part of subsequent seasonal service changes.



18 Acknowledgments

Thank you!

BC Transit would like to thank the many individuals, community organizers, local government staff, and businesses who assisted in this consultation process.

Thank you to the all members of the public, riders and non-riders alike, who contributed to the plan's development as a key stakeholder, by taking a survey, attending an open house, or submitting written or verbal comment.

Your support in working to better transit in our community is appreciated.



Council Report

penticton.ca

Date: July 16, 2024 File No: RMS/877 Westminster Ave W
To: Anthony Haddad, City Manager
From: Blake Laven, Director of Development Services
Address: 813, 825, 877 Westminster Avenue West

Subject: **Official Community Plan Amendment Bylaw No. 2024-23 and Zoning Amendment Bylaw No. 2024-24**

Staff Recommendation

1. THAT Council, prior to consideration of "Official Community Plan Amendment Bylaw No. 2024-23" and in accordance with Section 475 of the *Local Government Act*, consider whether early and on-going consultation, in addition to the required Public Hearing, is necessary with:

1. One or more persons, organizations or authorities;
2. The Regional District of Okanagan Similkameen;
3. Local First Nations;
4. School District #67;
5. The provincial or federal government and their agencies;

AND THAT Council determines that the Public Engagement Period carried out from May 31, 2024 to June 23, 2024 is sufficient;

AND THAT Council give first reading to "Official Community Plan Amendment Bylaw 2024-23", for,

1. Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891;
2. Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891; and
3. Lot 1 District Lot 2 Group 7 Similkameen (Formerly Yale-Lytton) Division Yale District Plan 15658,

Located at 813, 825 and 877 Westminster Avenue West, a bylaw that changes the OCP future land use designation of the subject properties from "High Density Residential" to "Tourist Commercial" and includes a site specific provision in the Tourist Commercial section of the land use designations table stating: "In the case of the consolidated properties of 877, 825 and 813 Westminster Avenue long term residential uses are permitted."

AND THAT "Official Community Plan Amendment Bylaw No. 2024-23" be forwarded to the August 6, Public Hearing.

2. THAT Council give first reading to "Zoning Amendment Bylaw 2024-24", a bylaw that amends the zoning for 877 Westminster Avenue West from CT1 and C7 to CT1 entirely and for 825 Westminster Avenue West from C8 to CT1 and adds site-specific language to the CT1 zone for the consolidated properties, permitting

long term residential units, increasing the maximum permitted density, adjusting parking requirements, increasing the permitted height, increasing the permitted site coverage and adjusting side yard setbacks.

AND THAT "Zoning Amendment Bylaw No. 2024-24" be forwarded to the August 6, Public Hearing.

AND THAT Council, prior to adoption of "Zoning Amendment Bylaw No. 2024-24", require the following condition be met:

- The three lots are consolidated, with the consolidation plan registered with the Land Title Office and
- A 2.5m wide road dedication along the eastern property line (Power Street) and an 8.5m x 8.5m southeast corner cut at the intersection of Westminster Avenue West and Power Street is registered with the Land Title Office;

AND THAT Council direct staff to enter into a development agreement with the developer prior to the adoption of "Zoning Amendment Bylaw No. 2024-24", to provide the following infrastructure as part of the development of the site:

- Higher standard for the Westminster Avenue West and Power Street frontages than the current Subdivision and Development Bylaw requires, to be constructed at the developer's cost, to be designed in alignment with the vision of the North Gateway Redevelopment and Investment Strategy, including the installation of appropriate pedestrian and cyclists' facilities along both frontages, and the protection of the existing American Elm trees along Westminster Avenue.

Strategic Priority Objective

Livable and Accessible: Proactively plan for deliberate growth; focused on an inclusive, healthy, safe and desirable place to live.

Proposal

The City has received a revised development proposal for a mixed-use development at 813, 825, 877 Westminster Avenue West (the 'subject properties'), consisting of buildings facilitating 300+ dwelling units dedicated for tourist accommodation (strata hotel) uses as well as long term residential. The percentage of



Figure 1 – Conceptual Rendering of Proposed Development

units dedicated to tourist accommodation and long-term residency will be determined based on market conditions as the various phases are added.

The original application (2021) was similar in scale, density, form and character but had more of a focus on long term residential with the ability for short term rentals. With the recent provincial changes to require principal residency to operate short term rentals, the developer is now looking at a project that is more focussed on tourist accommodation offerings and has applied to amend the OCP to achieve that vision.

The proposed change to the OCP will see full development site changed back from High Density Residential to their previous designation of Tourist Commercial. The property is also being proposed to be rezoned from a mix of CT1 (Tourist Commercial), C7 (Service Commercial) and C8 (Service Station) all to CT1, with some site specific provisions in the CT1 zone specific to the lands dealing with density, height and parking, site coverage and setbacks.

The applicants intend to apply for Development Permits and other approvals following consideration of the OCP and zoning changes. The development permit process will result in more detailed plans and technical focus and will also require Council approval.

Background

Property information

The subject site consists of three separate properties 813, 825 and 877 Westminster Ave West (referred to as 877 Westminster Ave W or the subject site) - totaling approximately 4.8 acres (1.9 ha) in size and currently contains the El Rancho Motor Hotel as well as some minor vacant retail spaces.

The site is located at the intersection of Westminster Ave West and Power Street, across Westminster Avenue from the Penticton Trade and Convention Centre (PTCC) and within the North Gateway Plan area. The surrounding neighbourhood contains a diverse mix of zones including commercial uses in the nearby Riverside Plaza, motor vehicle sales and service along the Westminster Ave corridor, motels and hotels and several parks and public assembly uses. The residential zones in the area range from R4-S (Small-Scale Multi Unit Residential – Small Lot) to RM4 (High Density Multiple Housing) and includes a diverse mix of single-family homes, carriage homes, duplexes, fourplexes, apartments and townhouses.



Figure 1: Property location map

Current OCP and Zoning

The OCP future land use designation on the subject property is 'High Density Residential' (Attachment A). The High Density Residential designation supports higher density 3-6 storey apartments in higher-amenity areas.

The lands are currently zoned CT1 (Tourist Commercial), C7 (Service Commercial) and C8 (Vehicle Service Station). Only the part of the property currently zoned CT1 would support the uses envisioned by the owner (Attachment B).

Previous applications

In June 2020, an OCP Amendment application was received for the subject properties. The application proposed to amend the OCP future land use designation on the property from 'Tourist Commercial' to 'Urban Residential', with the intent of having a resort residential style development that both accommodated long-term residents, but also allowed short-term rentals and strata hotel-style development. The application was presented to Council and public engagement took place to understand whether the community supported the proposed land use change.

First reading of the proposed land use change was eventually defeated at Council (September 15, 2020). The applicants then, in 2021, made minor revisions to the plans adding some commercial components and resubmitted their application for consideration. Council eventually adopted the OCP amendment bylaw (September 7, 2021) putting in place the current 'Urban Residential' designation.

A zoning amendment bylaw supporting the same vision through a comprehensive development zone was supported by Council in 2022 but did not move past third reading as the property owner was still working through the conditions of adoption (road dedications, tree protection covenant) when the province implemented a principal residence requirement for operation of short term rentals. The changes to the short term rental rules have made the proposed development unfeasible from the developers perspective, as the short term rental component was important to ensure the project was financially viable. The property owner feels that changing the OCP designation and zoning to a tourist accommodation zone that allows residential uses as ancillary uses, will better align the vision of the project with the new provincial rules, without substantially changing what was previously shared with the public and approved by Council.

North Gateway Plan area

During the OCP and zoning applications the City was also in the process of creating the North Gateway Plan, an area plan specifically focused on land uses in the neighbourhood around the PTCC and SOEC. The plans that the developer of 877 Westminster Avenue was working on were incorporated into the North Gateway planning process. The North Gateway plan envisions tourist accommodation uses as well as long term residential uses to support the SOEC and PTCC. While the north side of Westminster Avenue was mostly designated as residential by the North Gateway Plan, that was more a reflection of the developer's plans than a final policy decision on where tourist commercial uses should be located. The plan calls for up to 350 new tourist accommodation rooms as well as 25k – 35k square feet of new commercial floor area and 2000 new residential units in the plan area. This proposed development aligns with the North Gateway Plan by providing more tourist accommodation and residential units to contribute to the plan's targets.

Existing and Proposed Zoning Comparison

The following table shows a comparison of the current CT1 zone regulations, proposed site-specific regulations for this site, and the CD9 zone regulations to which Council gave 3rd reading:

	Zone Requirement for CT1 (Tourist Commercial) zone	Proposed CT1 zone with site specific conditions	Previously proposed comprehensive development (CD) zone
Minimum Lot Width*:	20 m	20 m	43.0 m
Minimum Lot Area*:	930 m^2	930 m^2	8,200 m2
Maximum Lot Coverage:	40 %	40% or 90% with parkade	40% or 90% with parkade
Maximum Density:	1.2 Floor Area Ratio (FAR)	2.1 Floor Area Ratio (FAR)	2.1 FAR
Maximum Height:	12.0 m	24.0 m	21.0 m
Vehicle Parking:	Total Vehicle Spaces Required: 1 vehicle parking stall per sleeping room *Commercial*: 1 space per 50 m 2 of commercial floor area	*Tourist Accommodation:* 0.7 parking spaces per rental unit and 0.2 visitor parking spaces per rental unit *Dwelling Units:* 0.7 parking spaces per dwelling unit and 0.2 visitor per dwelling unit *Commercial*: 1 space per 50 m 2 of commercial floor area	*Dwelling units or short term rental unit:* 1 per dwelling unit plus 0.2 for visitor parking per unit *Commercial:* 1 space per 50 m 2 of commercial floor area
Bicycle Parking:	*Restaurant:* 1 Class I per 150 NFA and 1 Class II per 400m2 *Commercial:* 1 Class I per 300 NFA (max 25) and 1 Class II per 300 m2 (max 30)	*Restaurant:* 1 Class I per 150 NFA and 1 Class II per 400m2 *Commercial:* 1 Class I per 300 NFA (max 25) and 1 Class II per 300 m2 (max 30) *Dwelling units:* 0.5 Class I per dwelling unit and 0.1 Class II per dwelling unit	*Restaurant:* 1 Class I per 150 NFA and 1 Class II per 400m2 *Commercial:* 1 Class I per 300 NFA (max 25) and 1 Class II per 300 m2 (max 30) *Dwelling units:* 0.5 Class I per dwelling unit and 0.1 Class II per dwelling unit

Required Setbacks Front Yard: Side Yard (interior): Side Yard (exterior): Rear Yard (lane):	 3.0 m 3.0 m 0 and 4.5 m 4.5 m	 3.0 m 3.0 m 3.0 m 4.5 m	 3.0 m 4.5m 3.0m 4.5m
Amenity space requirement	N/A	20 m2 per unit	20 m2 per unit
Other Information:	*Lot width and lot area are only applicable at the time of subdivision.		

Summary of Engagement

Council at the May 5, 2024 meeting endorsed the engagement program for the OCP change as per the Community Engagement for OCP Amendments policy. Engagement ran from May 31, 2024 through June 23, 2024 and opportunities for public participation were provided as follows:

1. Project page on www.shapeyourcitypenticton.ca - central location to share information and gather feedback, including an email blast to the Shape Your City Penticton database advising of the engagement beginning,
2. Notices mailed to neighbours within a 100m buffer of the properties,
3. Notice sign posted on the subject properties,
4. Short video presentation on proposed development to be included on shape your city portal,
5. Consult with targeted agencies and interest groups (i.e. Penticton Indian Band, Ministry of Transportation, BC Transit etc.),
6. Media releases issued,
7. Newspaper advertisements.

In total 235 feedback forms were received. Staff have also relied on public submissions from previous applications to inform the recommendations herein.

Results of the engagement are attached as Attachment D. A summary of the results include:

- Concerns over traffic and parking increases with the amount of density proposed
- Concerns over the number of units proposed on site
- Desire for more residential to address housing affordability in the community
- Desire to see development be done in a sustainable manner
- Desire for high amenity development (green space, landscaping, play structures, shared amenities
- Concern for the existing residents residing on the properties
- Concern over height and design of the buildings

In summary, 43.3% of respondents supported the proposed land use change and another 18.3% supported the proposed change with conditions – largely related to parking considerations, affordability, and determining a set ratio of tourist offerings to long term residential. 37.2% were strongly opposed to the change in OCP designation.

Technical Review

This application has been reviewed by the City's Technical Planning Committee, a group of internal city staff who review development applications. Staff have provided high-level comments regarding servicing upgrades, tree protection, road widening, and future building requirements to the applicant. As the plans are similar from a development perspective as the previous application, much of the previous review work is still valid, despite the proposed change in OCP designation. Further technical review will occur as more detailed plans are prepared and submitted as part of the development permit and building permit processes.

The previous zoning change review highlighted the need for road widening along Power Street and for a corner cut on the corner of Westminster Avenue and Power Street. Staff are recommending that these required road dedications be required prior to adoption of the zoning amendment bylaw.

The previous review also highlighted the need for an enhanced frontage improvement along Westminster Avenue and Power Street to meet the vision outlined in the North Gateway planning work. The North Gateway Plan envisions a treed multi-use pathway leading from the PTCC to Okanagan Lake which will run along the frontage of the subject lands. While that is the vision identified in the North Gateway Plan, the actual design of Power Street has not been done yet and may differ from that vision based on the existing Power Street design (separated bicycle lane) and consultation with the developer and the larger community. Nevertheless, additional street width is required and the aesthetic look of this important corridor connecting the PTCC with Okanagan Lake will be greatly improved through the development.

Frontage improvements are required by the City's Subdivision and Development Bylaw. In this case, given the scale of the proposed project, staff consider that a higher level of frontage improvement is appropriate.

There are 4 large American Elm boulevard trees fronting the subject property along Westminster Ave W. The trees are listed on Penticton's Heritage/Significant Trees list within the Municipal Properties Tree Bylaw No. 2001-26 and are integral to the character of Westminster Avenue. The City has engaged an arborist to comment on how development will impact the trees and have shared the information with the development. As the development plans move further along the design process, it will be integral to ensure the trees are protected and that their growing conditions are improved throughout the construction period and afterwards.

Staff are recommending that Council require an agreement between the City and the developer to be entered into prior to adoption of the zoning amendment bylaw. The agreement will outline the developer's contributions to the frontage improvements and create requirements and a technical plan for the protection of the American Elm Trees along the frontage of the property.

Climate Action Plan Concurrence

The Climate Action Plan was adopted in 2021. The proposed development is consistent with the following aspects of the CCAP:

- **Shift Beyond the Car:** Encourage active & accessible transportation and transit
    - The location of the development is in close proximity to many services to support living, including being within walking distance of the downtown commercial district and the main

shopping area of the North Gateway with grocery and other daily needs, within easy walking distance.
    - The zone is proposing a reduction in parking spaces than would typically be seen in a residential development, encouraging residents and tourist staying within the development to use alternative means of travel.
    - The location of the development has various transit stops nearby on Westminster Ave, Power Street, and Churchill Ave.
    - Bicycle parking will be required as per the Zoning Bylaw for both residents and tourists staying within the development – these need to be provided in secure storage - and for guests visiting in the form of bike racks and other accessible bike parking facilities
- **Electrify Passenger Transportation:** Accelerate the adoption of zero-emissions vehicles
    - The development will be required to include infrastructure for EV ready for all of the required parking.
- **Step Up New Buildings:** Buildings built within the next two years will be required to meet Step 2 of the BC Energy Step Code. Step 2 requires new builds to be at minimum 10% more efficient than the base 2018 BC Building Code. Additional steps are planned to occur in 2027 with the goal of all new buildings being Net Zero Ready for new construction by 2032. Any buildings built in 2024 or 2025 will also have to meet L1 on the Zero Carbon Step Code. The City is planning for the next level on the zero carbon step code for 2026, so it is likely that higher standards will be required as the project moves into later phases.

Financial Implication

All development fees are the responsibility of the applicant.

Analysis

OCP Amendment

The applicant is proposing to change the OCP future land use designation on the subject property from 'High Density Residential' to 'Tourist Commercial'.

High Density Residential Designation (Current designation)

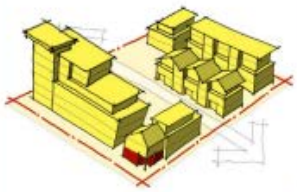
Land Use	Description	Building Type(s)	Uses	Height / Density
High Density Residential 	Higher-density multifamily residential neighbourhoods consisting of townhouses and apartments in higher-amenity areas	• Cluster housing • Townhouses • Low-rise and mid-rise apartment buildings • Small-scale neighbourhood commercial building (e.g., corner store, coffee shop, childcare)	• Residential • Limited retail/ service	• Up to 6 storeys
	Site-Specific High Density Residential Policy Statement: 556 to 736 Lakeshore Drive West: Development up to a maximum of four storeys can be considered subject to assessment of urban design impacts on Lakeshore Drive and the waterfront, Lakawanna Park and neighbourhing properties on Churchill Avenue.			

Figure 2: OCP Land use table - High density residential

The High Density Residential land use designation is described in the OCP as higher density 3-6 storey apartment neighbourhoods in higher-amenity areas where building construction is primarily wood frame. This designation supports a variety of residential uses, and limited retail/services (Figure 2).

Tourist Commercial Use Designation (Proposed designation)

The question for the community and Council to consider is whether the 'Tourist Commercial' land use designation represents what the community wants to see at this location in the future. This change in land use designation would allow for the rezoning of the lands in support of a strata hotel development with some residential components. This designation supports areas that serve both visitors and residents, providing accommodation, entertainment, and food and beverage, with buildings generally up to 6 storeys in height (Figure 3). In this case, the developer is also asking that residential uses be permitted as well as tourist commercial uses.

The Bylaw adds the following language to the table: "In the case of the consolidated properties of 877, 825 and 813 Westminster Avenue long term residential uses are permitted."

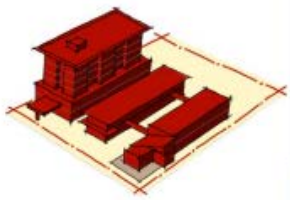
Land Use	Description	Building Type(s)	Uses	Height / Density
Tourist Commercial 	Areas that serve both visitors and residents, providing accommodation, entertainment, and food and beverage, as well as resort residential uses.	• Hotels • Motels • Restaurants • Resort residential	• Tourist Accommodation • Restaurant, entertainment, service • Retail • Ancillary residential and office uses	• Generally up to 6 storeys, subject to contextual design and adherence to DP guidelines
	Site-Specific Tourist Commercial Policy Statement: 3228 Evergreen Drive (Wiltse South Block) - tourist accommodation resort with a maximum of 20 units and a maximum floor area of 1850m2			

Figure 3: OCP Land use table - Tourist Commercial

After review of the application package, North Gateway Plan and public feedback staff are recommending approval of the OCP change for the following reasons:

1. The development plans have not fundamentally changed from what was supported by the City in 2021 and 2022. The main change being the change the focus on tourist accommodation rather than long-term residential. The proposed built form of the development remains unchanged.
2. The location of the development is within walking distance of various amenities and Okanagan College. The location is within walking distance of Okanagan Lake Beach, Lakawanna Park, the Trade and Convention Centre, Community Centre, and Riverside Plaza and tourist commercial uses would support other City initiatives around the North Gateway.
3. The vision of the project is aligned with the North Gateway Plan targets for new tourist accommodation and residential uses. Development of the site will add vibrancy to an area that is central to the North Gateway area and will contribute to streetscape improvements.

Zoning Bylaw Analysis

In addition to recommending support for the OCP amendment, staff are also recommending that Council support the proposed change in zoning of the property from a mix of CT1, C7 and C8 zones completely to CT1, with some site specific amendments.

Staff consider the proposal and the approach to the zoning amendments to be aligned with the following OCP policies:

4.1.1.1 Encourage new housing to be built in close proximity to the downtown, shopping centres, schools, parks, bus exchanges and along transit corridors. Specifically direct new housing in the downtown, North Gateway, South Gateway, near the college, hospital, and within designated transit-oriented areas

4.1.3.6 Require amenity areas in all multifamily and mixed-use projects through regulations in the Zoning Bylaw.

4.1.3.8 Be fl exible and adapt to innovative forms of housing including co-housing and units that support multi-generational living to meet the needs of the community.4.1.4.1 Work with the development community – architects, designers and builders – to create new residential developments that are attractive, high-quality, energy efficient, appropriately scaled and respectful of their context.

4.1.4.2 Ensure that housing – both owner-occupied and rental – is well-managed and meets community expectations for standards of maintenance, upkeep and cleanliness.

4.1.4.3 Continue to ensure that new residential developments meet or exceed energy efficiency requirements. The City may explore incentive programs to encourage higher levels of energy efficiency

The site specific amendments include allowing for long term residential uses in a zone that is designed for strictly tourist accommodation and associated commercial uses. The site specific changes to the development regulations largely align with the development regulations previously negotiated for the Comprehensive Development Zone (CD9) for the previous development proposal and increase the height and density of permitted development above what would normally by permitted in a CT1 zoned property. The additional height and density however are aligned with other permitted heights and densities in the immediate area (i.e. approximately 6 storeys). The bylaw will also include an amenity space requirement per unit. This is not a requirement in the CT1 zone currently. Amenity space will be required at the rate of 20m2 per unit created.

Given the above, staff are recommending that the Zoning Bylaw Amendment be given first reading and be sent to the August 6, 2024 Public Hearing. Staff are recommending that adoption of the bylaw not occur until the road dedications are registered with the Land Title Office and the City and the developer have entered into an agreement on off site contributions and tree protection.

Alternate Recommendations

Council may consider that changing the OCP designation back to Tourist Commercial is not in the City's interest at this time, given the need for long term housing in the community. If that is the case, Council can decide to not support readings of the two bylaws. Staff consider that even though the OCP and zoning will have a tourist commercial focus, supporting the bylaws will lead to additional housing being built on the site and a greater chance that the development will proceed in the near future.

1. THAT Council not support readings of “OCP Amendment Bylaw 2024-23” and “Zoning Amendment Bylaw 2024-24”.

Attachments

Attachment A – Official Community Plan Map
Attachment B – Zoning Map
Attachment C – Letter of Intent with preliminary plans
Attachment D – Engagement Summary Report
Attachment E – Official Community Plan Amendment Bylaw No. 2024-23
Attachment F – Zoning Amendment Bylaw No. 2024-24

Respectfully submitted,

Blake Laven
Director of Development Services

Concurrence

Director of finance and Administration	General Manager of Infrastructure	City Manager
AMC	KD	SH

Attachment A – Official Community Plan Map



Attachment B – Official Community Plan Map

813, 825, 877 Westminster Ave W

Zoning Map



Legend

- Subject Parcel
- R2 - Small Lot Residential
- RSM - Mobile Home Park Housing
- RD2 - Duplex Housing: Lane
- RM2 - Low Density Multiple Housing
- RM3 - Medium Density Multiple Housing
- RM4 - High Density Multiple Housing
- C7 - Service Commercial
- C8 - Vehicle Service Station
- CT1 - Tourist Commercial
- P1 - Public Assembly
- P2 - Parks and Recreation
- CD8 - Comprehensive Development (795 Westminster Ave W)

N

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penticton.ca

Attachment C – Letter of Intent

EL Rancho Development Proposal
813, 825 & 877 Westminster Ave. West

January 30, 2024

Mayor & Council, City of Penticton
171 Main Street
Penticton, BC V2A 5A9

RE: OCP Amendment to Tourism Commercial

Dear Mayor & Council,

We would like to request the Council reverse the 2021 OCP Amendment to return the OCP for 813, 825 & 877 Westminster to its original Tourist Commercial Designation.

The OCP Amendment Bylaw No.2021-25 was presented to council on August 17, 2021, to revise the OCP for 813,825 & 877 Westminster Ave from Tourism Commercial to Urban Residential. This was to allow the site to diversify what was to be built to include both tourist accommodations and residential. The project was to be a Strata owned condo rental and a Strata condo residential project.

The project plan included a strata owner rental component similar to Pan Pacific Whistler Village, Pan Pacific Whistler Mountainside, Watermark Beach and Walnut Beach Resort in Osoyoos and Stonegate & Stonebridge Resorts at Big White which I developed. The property, with a Rental Management Agreement, whereby the owners may offer their property for short term rentals centrally managed from an on-site reservation center and will include resort amenities such as a fitness center, café lounge, bike rentals and outdoor resort style pool facilities.

Originally, we felt that the change in designation to Urban Residential would enhance the opportunity to support the "North Gateway" vision and still provide residential housing that was much needed.

Given the recent changes to the provincial government's short term rental restrictions and legislation as well as ongoing concern for more punitive legislation in the future, we believe the only way to safeguard both our vision and the North Gate Vision is to amend the OCP back to Tourism Commercial so we can then keep our current Tourism Commercial zoning which allows for a hotel strata resort and will meet the provincial guidelines for short term rentals. With the loss of approximately half the current Short Term rental standalone licenses this coming year, the need for condo style short term rentals will be imperative to host the many Events held in Penticton.

This revision will align with the City's emerging vision for the new "North Gateway Plan", fronting the Trade and Convention Centre across Westminster Avenue and allow us to continue with the original concept plan.

Best regards,

Dennis Skuter, President
Lindenhome Corporation

Lindenhome Corporation
2565 Whitworth Road,
West Kelowna, BC V4T 2K5
Tel 250-470-8000 Fax 250-768-2525
ds@mspiwest.com

January 31, 2024

Mayor & Council – City of Penticton
171 Main Street
Penticton, BC V2A 5A9

Dear Mayor & Council,

RE: **Current Zoning Amendment to Tourist Commercial Zoning**
Site ID: 9826 813, 825, 877 Westminster Ave West, Penticton, BC V2A 1L1
El Rancho Motel Project

We request to amend the current zoning at 813, 825 & 877 Westminster Ave W., Penticton, BC. The new BC Short-Term Rental Accommodation Regulation has determined the need to maintain the current Tourism Commercial Zoning with an Amended Clause that would allow residential occupancy to the tourist accommodations as per attached proposed CT1 Zoning Amendment Schedule.

This would allow us to continue with our development as designed and offer the short-term rentals the City originally requested, within a Strata Titled Corporation, while also allowing residential condos within a separate Strata Titled Corporation.

Our proposal retains the existing Tourist Commercial Zoning to provide a comprehensive solution allowing strata hotel short term rentals & residential use. A separate Strata for each different use would provide compliance with the Provincial mandate.

See provincial requirement "**Accommodation Types Exempt from Principal Residence requirement:**

- Strata titled hotel or motel if the owner may not use the property as a principal residence

due to mandatory provisions in a rental pool or rental management agreement."

We ask that the City support such a change so we can move forward without delay.

Best regards,

Dennis Skuter, President
Lindenhome Corporation

813, 825, 877 Westminster Ave W (El Rancho Motel) Engagement Report

July 12, 2024

1.0 Overview
2.0 Community Participation
3.0 Feedback Form Results
4.0 Conclusions

Appendix A– Engagement Timeline

1.0 Overview

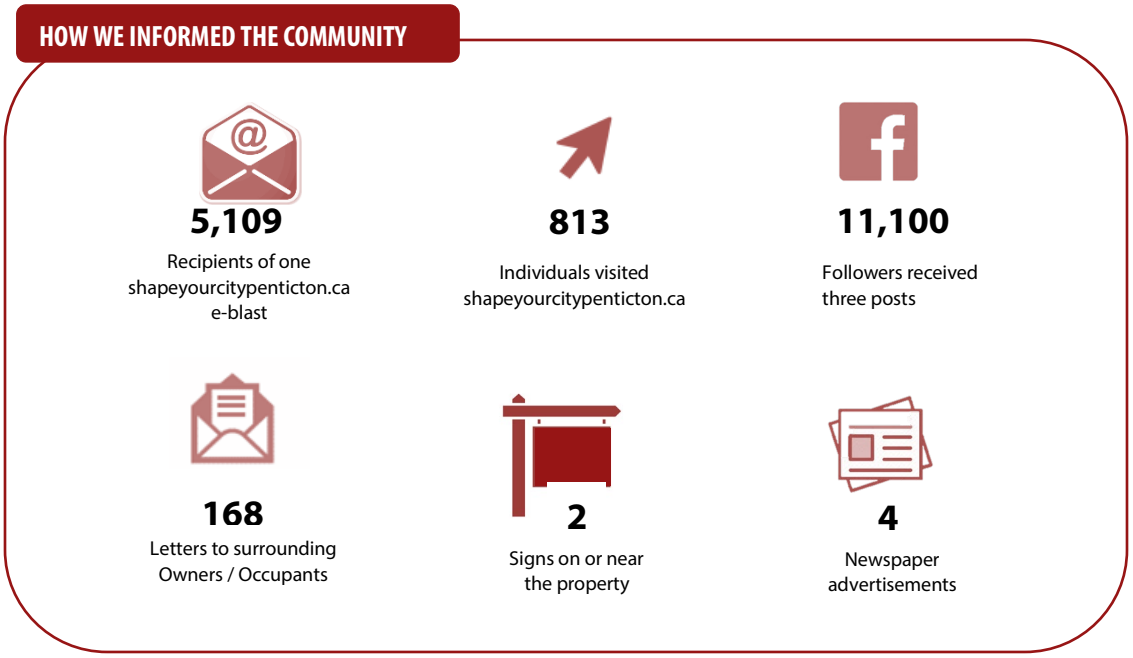
The City has received an application to amend the Official Community Plan (OCP) future land use designation for 813, 825 and 877 Westminster Ave W, (El Rancho motel) from High Density Residential to Tourist Commercial.

The proposal is for a mixed-use development, consisting of residential buildings and buildings dedicated for tourist accommodation. Initial plans have been submitted and are presented as potential concept plans for development as well as a potential site plan, that could be built under the proposed OCP designation and proposed zoning for the site.

Before considering the amendments, Council directed staff to gather feedback from the community about changing the 'future land use' of this property. The following document summarizes the activities completed and the findings from the process.

2.0 Community Participation

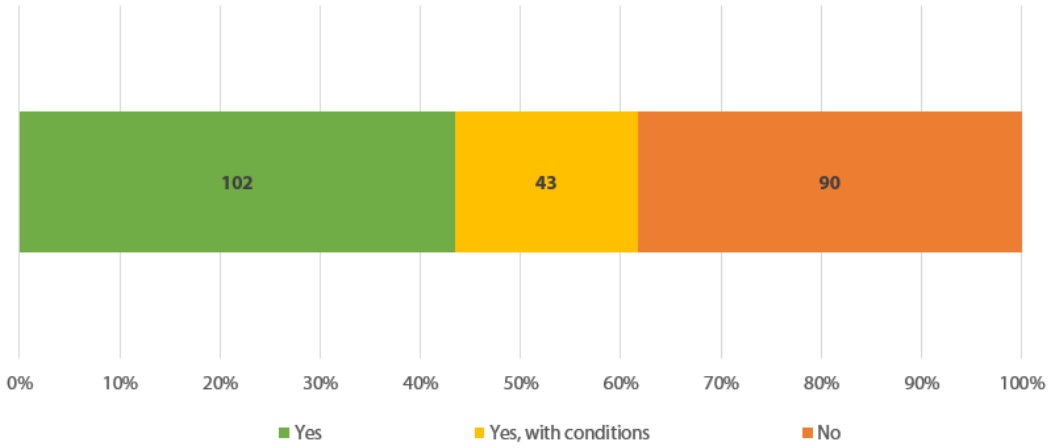
Staff followed the *Community Engagement Procedure for OCP Amendments* to ensure adequate and meaningful consultation with the community. The engagement program was conducted between May 31 and June 23. The following diagram summarizes participation. A detailed timeline of engagement activities is provided in Appendix A.



3.0 Feedback Form Results

One of the primary ways the City gathers formal feedback is through the use of feedback forms. The focus of the feedback form was to gather feedback on the proposed change to the future land use. Residents were invited to review the information about the proposal and complete a feedback form before Sunday, June 23. In total, **235 feedback forms** were received. Please note that the key findings from the feedback forms are presented in this report. Complete results including full comments, are available at shapeyourcitypenticton.ca.

1. Do you agree with changing the land use on this site from Urban Residential to Tourist Commercial?



Participants who answered 'Yes, with conditions' were invited to explain their response. A summary of the themes/comments is provided below:

Traffic and parking

- Concerns whether enough spaces will be provided for long-term residents and their guests, staff working in the commercial areas of the development and parking for patrons of the commercial units
- Concern that tenants will park on the street
- Inadequate parking for events at arenas, convention centre and SOEC may lead to attendees parking in this development area
- Improved traffic control at Westminster/Power intersection to alleviate congestion

Density of development

- Concern there are too many units proposed and the area cannot handle the increased density
- Preference to limit building heights to three storeys

Affordability

- Preference for long-term residential for seniors and families be affordable
- Desire to know that affordable housing options are found for current tenants

Climate action/Green spaces

- Desire to see plans include plants, trees and playground areas
- Desire for more outdoor space, amenities like play structures and pickleball courts are strained as population increases

Other conditions

- Preference to see long-term residential buildings build first
- Desire for transit, safe bike lanes, wide sidewalks and controlled crosswalks

- Desire for clarity of management presence on site and alignment with hotel requirements, do not want this to circumvent current short-term rental requirements.
- Desire for clear ratio or percentage of residential vs. tourist accommodations, with majority being residential

Participants who answered 'No' were invited to explain their response. A summary of the themes/comments is provided below:

Desire to keep property as Urban Residential

- Concerns that housing is needed for those that live and work here and that this provides too many units for visitors only
- Concern that too much land is being offered as tourist commercial
- Desire to provide long-term housing over short-term rentals

Impacts of Tourism

- Concern for neighbouring residences that short-term rentals will contribute to existing noise concerns that already arise after events in the area

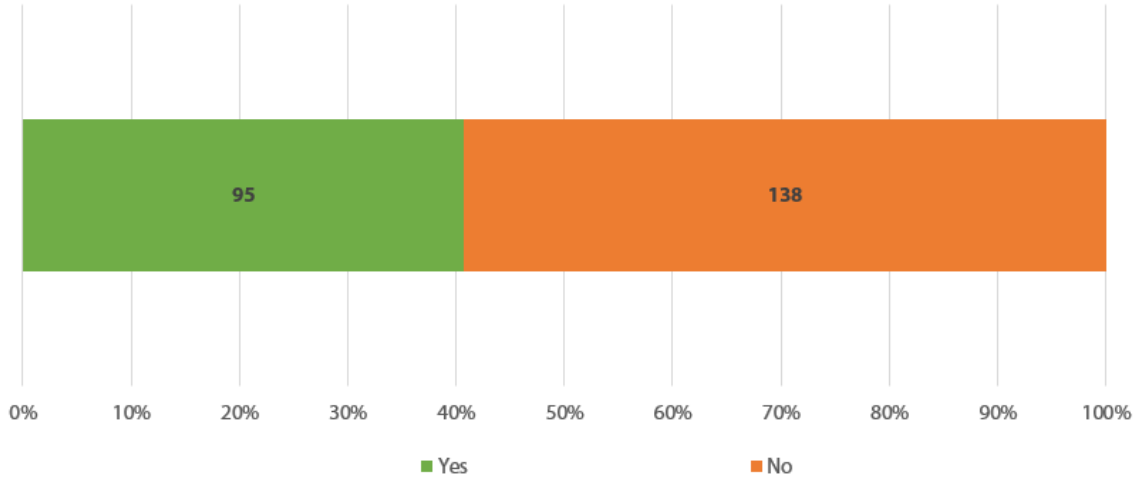
Traffic and Infrastructure

- Concern for increased congestion in the area

Affordability

- Concern long-term units will not be affordable
- Comment that affordable housing needs outweigh tourism needs

2. Based on the information provided, would you have any concerns about the scale and form of what is being considered for this site?

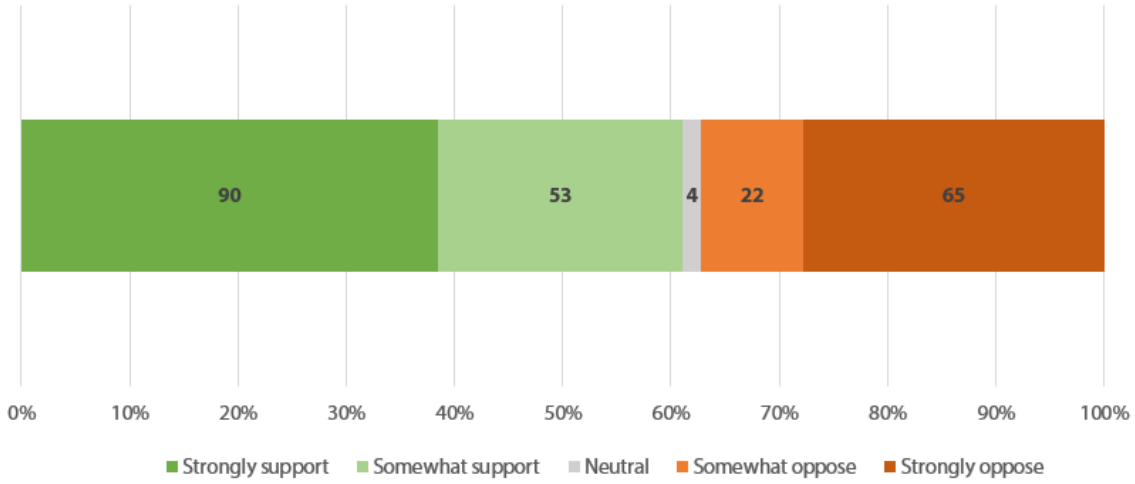


Participants who said 'yes' were invited to explain their concerns. A summary of the themes/comments is provided below:

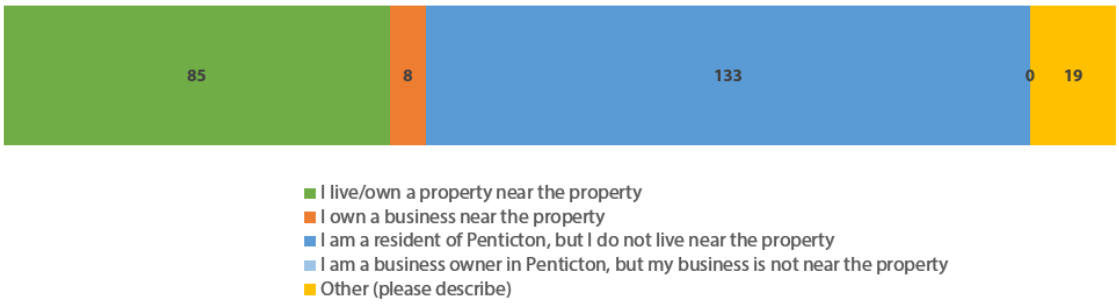
- Concern for size of development – too high, too large in scale
- Concern that no green space or park areas is included in the plans
- Concern that development does not provide a mix of housing, only small apartment units

- Concern for increased traffic congestion
- Concern for percentage of short-term vs. long-term units and the lack of concern from tourists about being respectful neighbours
- Concern that 6 storeys is too high
- Concern for lack of parking stalls for all users (commercial, residential, short-term)
- Strata hotels do not leave money in the community the same way short-term rentals did
- Desire to see social housing units included in the proposal
- Desire to see sustainable, green/climate action initiatives included in building designs

3. Rate your level of support for the development that is being proposed for this site.



4. Which best describes your interest in providing feedback?



Some comments from 'Other (please describe)' are provided here, full responses are available at shapeyourcitypenticton.ca

- Resident of the subject property
- Respondents live outside city boundaries but use many Penticton services and amenities
- Respondent is a former business owner near the subject property
- Respondent owns multiple properties and business owner in Penticton
- Respondents are from out of town but interested in buying property in Penticton

4.0 Conclusions

The main goal of this process was to gather feedback on the proposed amendment to the future land use designation for this property in the Official Community Plan and to understand if the proposed development aligns with the community's vision for the area.

Through this process, staff learned that 43.4% of respondents support the land use change from Urban Residential to Tourist Commercial. Another 18.3% support the change with conditions largely related to parking availability, determining a set ratio of residential to tourist accommodations, affordability of residential units, and traffic congestion mitigation. Respondents that disagree with changing the land use were 38.3%.

Respondents indicated 61.1% strongly or support the development proposed for the site, with 37.2% strongly opposed or opposed to it. Remaining responses are 1.7% as neutral.

Next Steps

The feedback gathered through the engagement program is to be provided to the applicant to consider and determine how they would like to proceed. It will also be shared with Council and the community-at-large.

Appendix A - Engagement Timeline

In accordance with the *Community Engagement for OCP Amendments Procedure* and *Community Engagement Policy and Framework* the following list summarizes the main methods that were used to raise awareness about the application and the opportunities for residents to provide feedback through the community engagement period that took place between May 31 and June 23, 2024.

Date	Activity
May 7	Report to Council
May 31	Project information and feedback form on www.shapeyourcitypenticton.ca
May 31	Press Release
May 31	Letters to surrounding owners/occupants
June 4	Signs posted on property
June 5	Social media post
June 5	Eblast
June 7	Newspaper ad – Western
June 12	Newspaper ad – Herald
June 14	Newspaper ad - Western

June 19	Newspaper ad – Herald
June 20	Social media post
June 23	Deadline for feedback forms

The Corporation of the City of Penticton

Bylaw No. 2024-23

A Bylaw to Amend Official Community Plan Bylaw No. 2019-08

WHEREAS the Council of the City of Penticton has adopted an Official Community Plan Bylaw pursuant to the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend "Official Community Bylaw No. 2019-08";

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Official Community Plan Amendment Bylaw No. 2024-23."

2. **Amendment:**

"Official Community Plan Bylaw No. 2019-08" is hereby amended as follows:

2.1 Amend Map 1: Future Land Use by changing the future land use designation for Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan13891, located at 825 Westminster Avenue West, Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891, located at 813 Westminster Avenue West, and Lot 1 District Lot 2 Group 7 Similkameen (Formerly Yale-Lytton) Division Yale District Plan 15658, located at 877 Westminster Avenue West, from 'High Density Residential' to 'Tourist Commercial' as shown on Schedule 'A'.

2.2 Add the following site-specific policy statement to Land Use Designations, Tourist Commercial:

Site-Specific Tourist Commercial Policy Statement:
Consolidated properties of 877, 825 and 813 Westminster Avenue West: Long term residential uses are permitted.

2.3 Schedule 'A' attached hereto forms part of this bylaw.

READ A FIRST time this	day of	, 2024
A PUBLIC HEARING was held this	day of	, 2024
READ A SECOND time this	day of	, 2024
READ A THIRD time this	day of	, 2024
ADOPTED this	day of	, 2024

Notice of intention to proceed with this bylaw was published on the __ day of ____, 2024 and the ____ day of _____, 2024 in an online news source and the newspaper, pursuant to Section 94.2 of the *Community Charter*.

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer



City of Penticton – Schedule 'A'

Official Community Plan Amendment Bylaw No. 2024-23

Date: _____ Corporate Officer: _____

The Corporation of the City of Penticton

Bylaw No. 2024-24

A Bylaw to Amend Zoning Bylaw 2024-22

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw No. 2024-22;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2024-24".

2. **Amendment:**

Zoning Bylaw No. 2024-22 is hereby amended as follows:

2.1 Rezone Lot 1 District Lot 2 Group 7 Similkameen (Formerly Yale-Lytton) Division Yale District Plan 15658, located at 877 Westminster Avenue West, from CT1 (Tourist Commercial) and C7 (Service Commercial) to CT1 (Tourist Commercial) as shown on Schedule 'A'.

2.2 Rezone Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891, located at 825 Westminster Avenue West, from C8 (Vehicle Service Station) to CT1 (Tourist Commercial) as shown on Schedule 'A'.

2.3 Add the following site specific provisions to section 11.10.4 .3 "In the case of consolidated Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan13891, located at 825 Westminster Avenue West, Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Plan 13891, located at 813 Westminster Avenue West, and Lot 1 District Lot 2 Group 7 Similkameen (Formerly Yale-Lytton) Division Yale District Plan 15658, located at 877 Westminster Avenue West, the following shall apply:

.a Permitted Uses

These permitted uses are in addition to the permitted uses regulations of Section 11.10.1:

- Apartment
- Short term rentals

.b Subdivision and Development Regulations

Notwithstanding the subdivision and development regulations of Section 11.10.2:

- Maximum density is 2.1 FAR
- Maximum height is 24.0 m
- Minimum exterior side yard is 3.0 m
- Maximum lot coverage 40% or 90% with parkade

.c Notwithstanding Section 6.5 Parking Requirements, residential parking for apartment uses shall be 0.7 parking spaces per dwelling unit and 0.2 visitor parking spaces per dwelling unit and parking spaces for Tourist Accommodation shall be 0.7 parking spaces per short term rental unit and 0.2 visitor parking spaces per short term rental unit

.d Amenity space shall be provided at the rate of $20m^2$ per dwelling unit or short term rental unit.

e. Bicycle parking for short term rental units shall be provided at the same rate as residential uses as shown on Table 6.4 Bicycle Parking Requirements.

2.4 Schedule 'A' attached hereto forms part of this bylaw.

READ A FIRST time this	day of	, 2024
A PUBLIC HEARING was held this	day of	, 2024
READ A SECOND time this	day of	, 2024
READ A THIRD time this	day of	, 2024
RECEIVED the approval of the Ministry of Transportation on the	day of	, 2024
ADOPTED this	day of	, 2024

Notice of intention to proceed with this bylaw was published on the ___ day of ___, 2024 and the ___ day of ___, 2024 in an online news source and the newspaper, pursuant to Section 94.2 of the *Community Charter*.

Approved pursuant to section 52(3)(a) of the *Transportation Act*
this _____ day of _____, 2024

_____
for Minister of Transportation & Infrastructure

_____
Julius Bloomfield, Mayor

_____
Angie Collison, Corporate Officer



City of Penticton – Schedule 'A'

Zoning Amendment Bylaw No. 2024-24

Date: _____ **Corporate Officer:** _____

Council Report

penticton.ca

Date: July 16, 2024 File No: RMS/1704 Government St
To: Anthony Haddad, City Manager
From: Steven Collyer, Housing and Policy Initiatives Manager
Address: 1704 Government Street

Subject: **Zoning Amendment Bylaw No. 2024-05**

Staff Recommendation

THAT Council rescind third reading and give third reading as amended (updated to match new zoning bylaw number) to "Zoning Amendment Bylaw No. 2024-05";

AND THAT Council adopt "Zoning Amendment Bylaw No. 2024-05".

Proposal

The applicant is proposing a high-density, mixed-use development on the subject property. Following the adoption of an Official Community Plan amendment in October 2023, this Zoning Amendment Bylaw would rezone the site to the customized CD9 (Comprehensive Development – 1704 Government St) zone to facilitate the development. Future approvals include subdivision and development permit prior to building permit and construction commencing on-site.

Background

On March 5, 2024, Council gave first, second and third readings to "Zoning Amendment Bylaw No. 2024-05". Adoption was subject to two conditions being met:

1. Registration of a 1.0m wide road dedication along Government Street with the Land Title Office; and
2. City and developer enter into a legal agreement to provide offsite infrastructure projects at appropriate phases of the development.

Both conditions have now been met, and staff are recommending that Council rescind third reading, give third reading as amended (update to match the new Zoning Bylaw number) and adopt "Zoning Amendment Bylaw No. 2024-05".

On June 18, 2024, Council adopted a new Zoning Bylaw No. 2024-22 and repealed Zoning Bylaw No. 2023-08. Zoning Amendment Bylaw No. 2024-05 has been updated (changes in red) to reflect the new Zoning Bylaw now in effect and upon adoption will amend the current Zoning Bylaw.

Attachments

Attachment A - Zoning Amendment Bylaw No. 2024-05

Respectfully submitted,

Steven Collyer, RPP, MCIP
Housing and Policy Initiatives Manager

Concurrence

Director of Development Services	City Manager
BL	*AH*

The Corporation of the City of Penticton

Bylaw No. 2024-05

A Bylaw to Amend Zoning Bylaw No. ~~2023-08~~ 2024-22

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw No. ~~2023-08~~ 2024-22;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

   This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2024-05".

2. **Amendment:**

   Zoning Bylaw No. ~~2023-08~~ 2024-22 is hereby amended as follows:

   2.1 Update the Table of Contents and add the following to Chapter 14 – Comprehensive Development:

14.9 CD9 – Comprehensive Development (1704 Government Street)

14.9.1 PURPOSE

This ***zone*** provides for the comprehensive development of a high density, mixed use development site on *Lot A, District Lot 3429S, SIMILKAMEEN DIVISION YALE DISTRICT, PLAN 23195 EXCEPT PLAN 37288*, located at 1704 Government Street.

14.9.2 PERMITTED USES

The ***permitted uses*** in this ***zone*** are:

.1 ***accessory use, building*** or ***structure***
.2 ***animal clinic***
.3 ***apartment***
.4 ***artisan crafts***
.5 ***assembly***
.6 ***bakery***
.7 ***business support service***
.8 ***cannabis retail store***
.9 ***commercial school***
.10 ***convenience store***
.11 ***craft brewery/distillery***
.12 ***congregate housing***
.13 ***day care centre, major***
.14 ***day care centre, minor***
.15 ***dwelling unit***

.16 ***extended care residence***
.17 ***financial service***
.18 ***flex unit*** (subject to accessory suite regulation 8.4)
.19 ***general industrial use*** (subject to the regulations in Section 14.9.5)
.20 ***grocery store***
.21 ***health service***
.22 ***high technology service***
.23 ***hospital and patient care service***
.24 ***household repair service***
.25 ***indoor amusement, entertainment and recreation***
.26 ***indoor animal daycare and grooming***
.27 ***liquor primary licensed premise***
.28 ***live work unit*** (subject to specific use regulation 7.8)
.29 ***minor home occupation*** (subject to specific use regulation 7.3)
.30 ***office***
.31 ***outdoor market***
.32 ***personal service establishment***
.33 ***public park***
    a. ***community garden***
    b. ***outdoor amusement, entertainment and recreation***
    c. ***outdoor market***
.34 ***recreation equipment sale, service and rentals***
.35 ***resort residential*** (subject to the regulations in Section 14.9.5)
.36 ***restaurant***
.37 ***retail store***
.38 ***tourist accommodation*** (subject to the regulations in Section 14.9.5)
.39 ~~***vacation rental***~~ *short term rental* (subject to specific use regulation 7.6)

14.9.3 SUBDIVISION AND DEVELOPMENT REGULATIONS

.1 Minimum ***lot width***: 25.0 m
.2 Minimum ***lot area***: 2,200.0 m^2
.3 Maximum ***lot coverage***: 65%
.4 Maximum ***density***: 3.4 ***FAR*** (subject to the regulations in Section 14.9.8)
.5 Maximum ***height***:
Sub Area A: 29.0 m (8 ***storeys*** above ***approved grade***)
Sub Area B: 29.0 m (8 ***storeys*** above ***approved grade***)
Sub Area C: 43.0 m (12 ***storeys*** above ***approved grade***)

Sub Area D: 24.0 m (6 ***storeys*** above ***approved grade***)

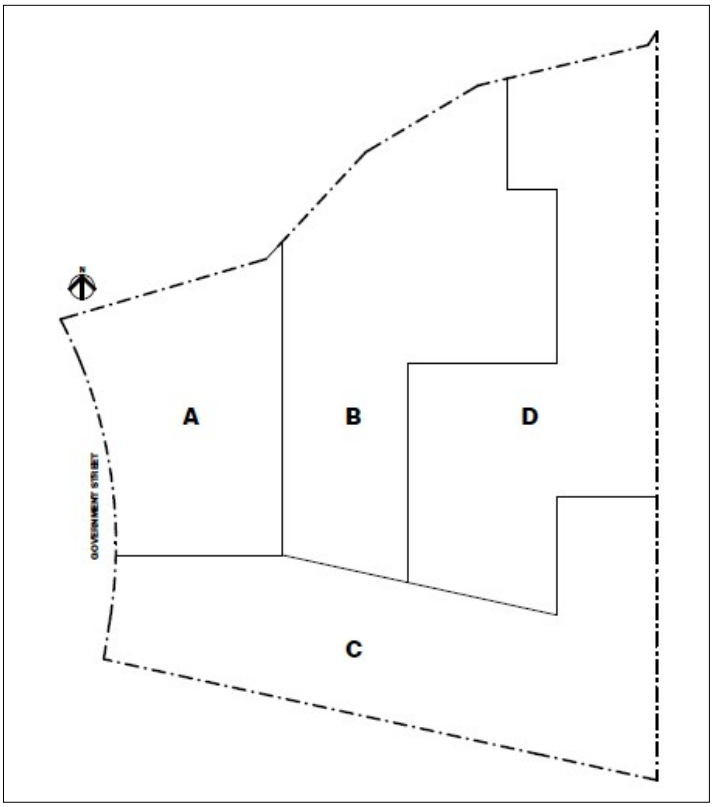


Figure 17 - Maximum Height Sub Areas – 1704 Government Street

.6 Minimum ***front yard***: 3.0 m
   a. Except when a commercial use ***abuts*** an interior ***street***: 0.0 m
.7 Minimum ***interior side yard***: 1.5 m
.8 Minimum ***exterior side yard:*** 1.5 m
   a. Except when a commercial use ***abuts*** an interior ***street***: 0.0 m
.9 Minimum ***rear yard***: 4.0 m
   a. Except when ***abutting*** an industrial ***zone***: 6.0 m

14.9.4 AMENITY SPACE

.1 ***Amenity space*** shall be provided at the rate of 5.0 m^2 for each ***dwelling unit.***

14.9.5 OTHER REGULATIONS

.1 Any ***buildings*** or ***structures*** exceeding 413 metres above sea level shall require approval by Interior Health and the City of Penticton in order to ensure no conflicts with the Penticton Regional Hospital helipad approach.
.2 A minimum area of 2,046 m^2 shall be provided for ***public park use***.
.3 ***General industrial*** uses shall not exceed 8,175 m^2 ***gross floor area***.
.4 ***General industrial*** uses shall be limited to indoor use only or screened from view where abutting a public street or residential use.
.5 ***Tourist accommodation*** uses on the site shall not exceed 53,220 m^2.
.6 ***Resort residential*** uses on the site shall not exceed 49% total residential ***gross floor area***.
.7 Commercial uses (excluding ***tourist accommodation***) will be limited to the following maximum ***gross floor area*** in each phase as follows:

Table 14.3 – Maximum Commercial Area by Phase	
Phase	**Maximum Commercial *Gross Floor Area* (m^2)**
1	7,776
2	0
3	0
4	1,157
5	0
6	705
7	1,400

14.9.6 ALLOWABLE PROJECTIONS

.1 In addition to the projections permitted in Table 4.9 of this Bylaw, the following projections are permitted:

Table 14.4 – CD9 Projections	
Feature	**Maximum Projection into Required Yards**
Covered or uncovered balcony, porch and deck	2.0 m ***front yard***
Fire escapes, open stairways, landings, steps, ramps, and patios	3.0 m ***front yard***

14.9.7 PARKING REGULATIONS

.1 Notwithstanding Table 6.6 of this Bylaw, residential vehicle parking requirements are as follows:

Table 14.5 – CD9 Parking Regulations	
Use	**Parking Ratio**
Strata Residential	
- Studio	0.5 stalls per ***dwelling unit***
- 1 Bed	1 stall per ***dwelling unit***
- 2 Bed	1 stall per ***dwelling unit***
- 3 Bed	1.25 stalls per ***dwelling unit***
- ***Flex Unit***	0.0 stalls per ***dwelling unit***
- Visitor	0.1 stalls per ***dwelling unit*** (excluding ***flex units***)
Rental Residential	
- Studio	0.5 stalls per ***dwelling unit***
- 1 Bed	0.5 stalls per ***dwelling unit***
- 2 Bed	1 stalls per ***dwelling unit***
- 3 Bed	1 stalls per ***dwelling unit***
- ***Flex Unit***	0.0 stalls per ***dwelling unit***
- Visitor	0.1 stalls per ***dwelling unit*** (excluding ***flex units***)

.2 Cash-in-lieu: in lieu of providing the required number of off-street vehicular ***parking spaces***, the property owner may provide the City with a sum of money equal to the number of ***parking spaces*** not provided multiplied by the applicable cash-in-lieu amount as identified in Table 6.1 of this Bylaw. The

sum of money will be deposited in the Off-Street Parking Reserve and Alternative Transportation Infrastructure Reserve at the rate of 75% to the Off-Street Parking Reserve and 25% to the Alternative Transportation Infrastructure Reserve.

.3 Notwithstanding Table 6.4 of this Bylaw, residential bicycle parking requirements are as follows:

Table 14.6 – CD9 Bicycle Parking Regulations		
Use	**Class 1**	**Class 2**
Residential	0.75 per ***dwelling unit***	No additional requirement

.4 A bicycle maintenance facility shall be provided in each residential building in a designated, secure area within the building with sufficient work space and provision of maintenance tools, wash station, and power outlet.

14.9.8 DENSITY BONUS

.1 Notwithstanding section 14.9.3.4 of this Bylaw, the maximum ***density*** may be increased to 6.4 ***FAR*** provided that a minimum 25% of all ***dwelling units*** gained through the bonus ***density*** within the ***building(s)*** benefitting from the bonus ***density*** are provided as affordable ***dwelling units***.

.2 The affordable ***dwelling units*** secured through the ***density*** bonus provision outlined in Section 14.9.8.1 shall meet the Canada Mortgage and Housing Corporation (CMHC) definitions of affordable housing, as amended from time to time, and shall be secured through a housing agreement under section 483 of the *Local Government Act*, as amended from time to time. The housing agreement shall be registered on title of the affected ***lot(s)*** prior to building permit issuance for the ***building(s)*** benefitting from the bonus ***density***.

2.2 Rezone Lot A District Lot 3429S Similkameen Division Yale District Plan 23195 Except Plan 37288, located at 1704 Government Street, from M1 (General Industrial) and C4 (General Commercial) to CD9 (Comprehensive Development – 1704 Government Street).

2.3 Schedule 'A' attached hereto forms part of this bylaw.

READ A FIRST time this	5	day of	March, 2024
READ A SECOND time this	5	day of	March, 2024
READ A THIRD time this	5	day of	March, 2024
RESCIND THIRD reading and give THIRD READING as amended		day of	, 2024
ADOPTED this		day of	, 2024

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer



City of Penticton – Schedule 'A'

Zoning Amendment Bylaw No. 2024-05

Date: _____ **Corporate Officer:** _____

Council Report

penticton.ca

Date: July 16, 2024 File No: RMS/394 Vancouver Ave
To: Anthony Haddad, City Manager
From: Yvonne Mitchell, Planner II
Address: 394 Vancouver Avenue

Subject: **Covenant Discharge – CI21293**

Staff Recommendation

THAT Council approve the discharge of covenant #KL37544 from Strata Lot 1, District Lot 202, Similkameen Division Yale District, Strata Plan KAS1914, together with an interest in the common property in proportion to the unit entitlement of the strata lot, as shown on Form 1 (101-394 Vancouver Avenue), and Strata Lot 2, District Lot 202, Similkameen Division Yale District, Strata Plan KAS1914, together with an interest in the common property in proportion to the unit entitlement of the strata lot, as shown on Form 1 (102-394 Vancouver Avenue);

AND THAT Council direct staff to file the release of the covenant with the Land Title and Survey Authority of British Columbia.

Strategic Priority Objective

Livable and Accessible: Proactively plan for deliberate growth; focused on an inclusive, healthy, safe and desirable place to live.

Proposal

This application is to discharge a restrictive covenant (#KL37544) on 394 Vancouver Avenue. The covenant restricts the number of kitchens in the existing duplex to two. The applicant has submitted a letter of intent (Attachment 'D').

Background

Site Context

The subject property is located on the south side of Vancouver Avenue between Abbott Street and Cambie Street. The property is 566 m2 in size and contains a duplex.



Figure 1 - Property Location Map

The property is surrounded by low density residential development across Vancouver Avenue to the north, a single detached dwelling to the east, "The Bench Market" to the west, and an apartment building across the rear laneway to the south.

History

In 1992, Council adopted a policy encouraging owners of duplex properties to register covenants requiring building in accordance with the plans submitted and limiting the building to two dwellings.

In 1997, a development variance permit application was considered for the height and setback of the now constructed duplex on the property. Council approved the permit subject to registration of the restrictive covenant in accordance with the then Council policy on duplex development restricting the number of kitchens permitted.

In 2019, the BC Building Code was amended to allow secondary suites in more types of housing, including duplexes.

Today, the Zoning Bylaw permits secondary suites in duplexes.

Financial Implication

The applicant is paying all costs to discharge the covenant. Should the covenant be discharged, and the applicant applies for building permits for secondary suites in the existing duplex, the applicant would be responsible for all development costs, including any service upgrades to help offset the added demand on City services from the proposed development.

Climate Impact

Council adopted the Community Climate Action Plan (CCAP) in 2021. The proposed development is consistent with the following aspects of the CCAP:

- **Shift Beyond the Car:** Optimize policies and bylaws for compact growth
    - Discharge of the restrictive covenant would allow the existing zoning bylaw, which permits a duplex with suites, to be utilized.

Technical Review

Staff are aware that suites may be present in the existing duplex. Should the covenant discharge be approved, the applicant must contact the Building Department to legalize the suites or decommission them.

Analysis

Official Community Plan

The subject property is designated 'Low Density Residential' within the Official Community Plan (OCP) Future Land Use Map. The Low Density Residential designation is described as "lower-density residential areas with new housing types compatible with single detached houses in character and scale but providing more units per lot."

Land Use	Description	Building Type(s)	Uses	Height / Density
Low Density Residential 	Lower-density residential areas with new housing types compatible with single-detached houses in character and scale but providing more units per lot	• Single detached houses with or without secondary suites and/or carriage houses • Duplexes with or without suites and/or carriage houses • Cluster housing • Townhouses • Bareland stratas • Small-scale neighbourhood commercial building (e.g., corner store, coffee shop, childcare)	• Residential • Limited retail/ service	• 1 to 4 units per lot • Up to 6 units subject to contextual design and adherence to DP guidelines • Additional units may be considered where lot consolidation occurs (e.g. consolidation of two lots could support twice as many units per lot) • Generally up to 3 storeys
	Site-Specific Detached Residential Policy Statement: 375 Smythe Drive: a maximum of 27 detached single-family houses are permitted on this site. Houses may include secondary suites but not carriage houses.			

The OCP also includes the following policies, which are directly applicable to the covenant discharge:

OCP Policy 4.1.1.1.	Encourage new housing to be built in close proximity to the downtown, shopping centres, schools, parks, bus exchanges and along transit corridors. Specifically direct new housing in the downtown, North Gateway, South Gateway, near the college, hospital, and within designated transit-oriented areas.
Staff Comment	The property is located within walking distance of downtown, Vancouver Avenue Park to the east, and is serviced by Bus Route 3: Uplands/Skaha Lake.

Discharge of the covenant will allow for the intent of the OCP designation to be fully realized.

Zoning Bylaw

The subject property is zoned "R4-L - Small-Scale Multi-Unit Residential: Large Lot" in the Zoning Bylaw. The R4-L zone permits a variety of small-scale multi-unit residential developments, up to four units, including a duplex with suites.

Support Covenant Discharge

Discharging the restrictive covenant would align with the Low Density Residential Land Use Designation in the Official Community Plan, and would allow the property owner to develop the property with small-scale multi-unit residential development permitted in the R4-L Zone, by adding secondary suites to the existing duplex. As such, staff recommend that Council approve the covenant discharge.

Alternate Recommendations

Council may choose the alternate recommendation.

1. THAT Council deny the discharge of covenant #KL37544.

Attachments

Attachment A – Zoning Map
Attachment B – Official Community Plan Map
Attachment C – Photos of Property
Attachment D – Letter of Intent

Respectfully submitted,

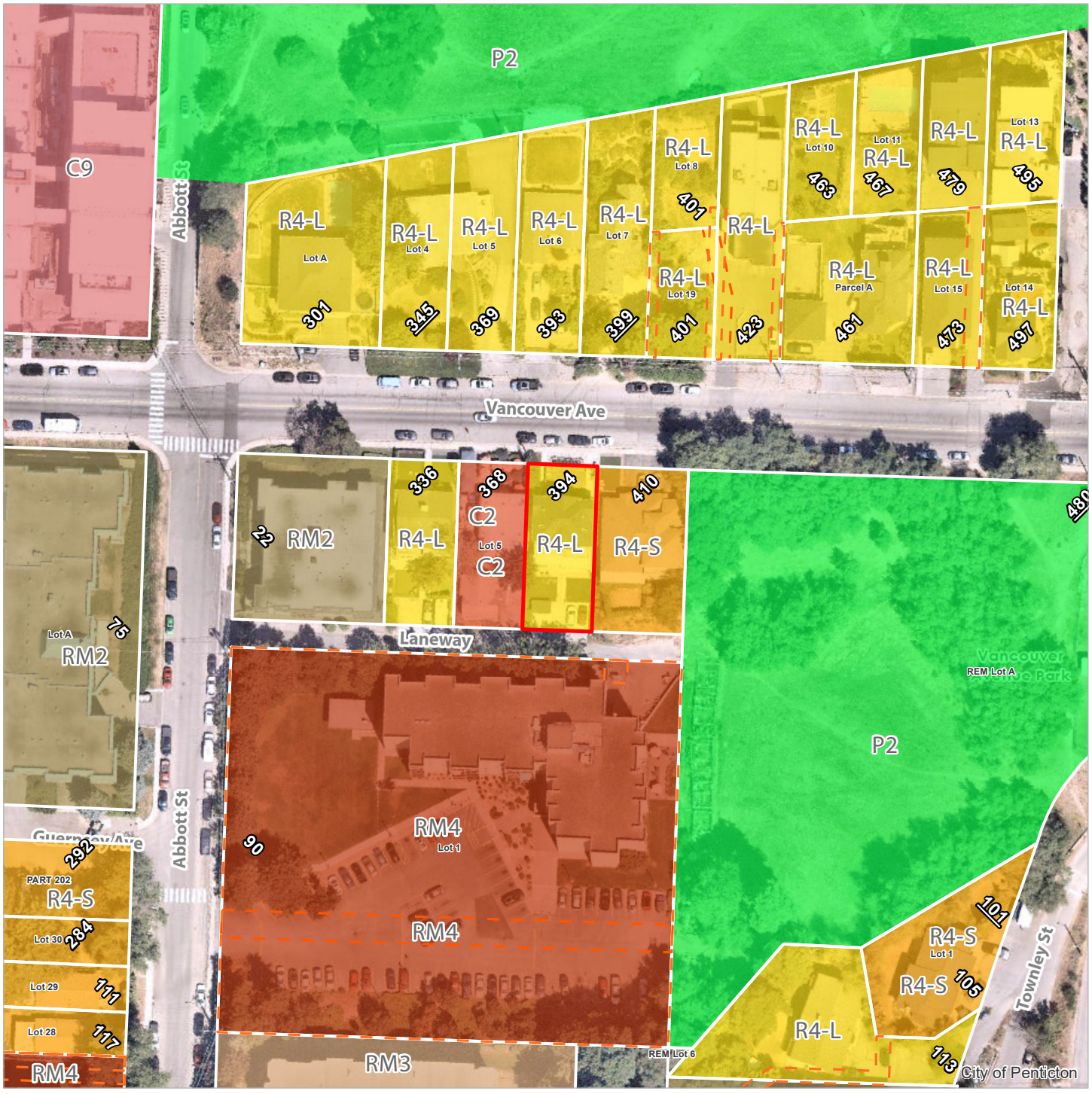
Yvonne Mitchell
Planner II

Concurrence

Director of Development Services	City Manager
BL	*AH*

Zoning Bylaw Map

394 Vancouver Avenue



Subject Parcel

Site Specific Zoning

Zoning Bylaw No. 2024-22

R4-S - Small-Scale Multi-Unit Residential - Small Lot

R4-L - Small-Scale Multi-Unit Residential - Large Lot

RM2 - Low Density Multiple Housing

RM3 - Medium Density Multiple Housing

RM4 - High Density Multiple Housing

C2 - Neighborhood Commercial

C9 - Marina Way Commercial

P2 - Parks and Recreation

0 25 50
Meters
1:1,250

N

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Date: 7/4/2024

Official Community Plan Map

394 Vancouver Avenue



Subject Parcel

Official Community Plan - Future Land Use

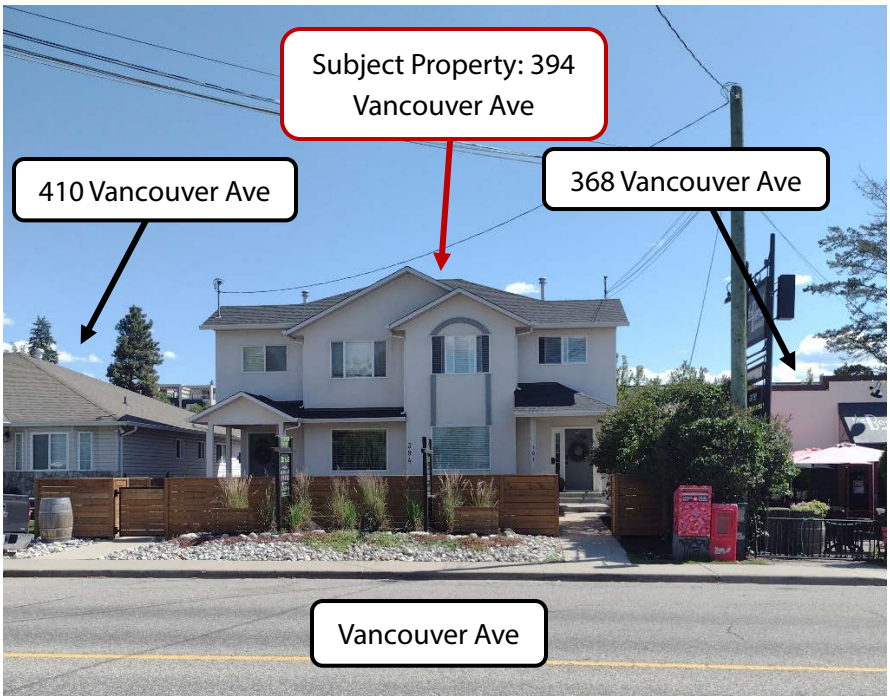
- Downtown Mixed Use
- High Density Residential
- Low Density Residential
- Natural and Conservation Areas
- Parks

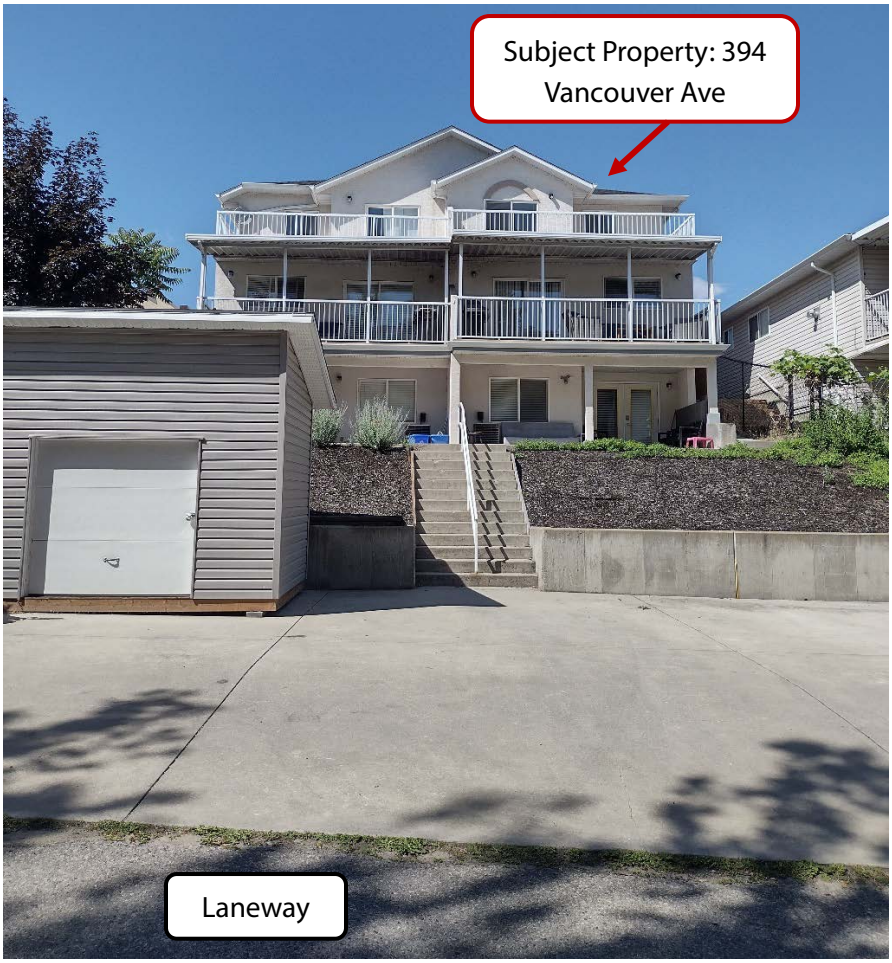
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Terms of Use : The City of Penticton is a depository of public information in both printed and digital form. The source, accuracy and completeness of this information varies. As a result, the City does not warrant in any way the mapping information including the accuracy or suitability thereof. The user of this information does so at their own risk and should not rely upon the information without independent verification as to the accuracy or suitability thereof.
Date: 7/4/2024

Attachment C – Photos of Property





Date: June 24, 2024

To: Mayor Bloomfield and Council

From: Lynn and Greg Koturbash, Tyson Chillog

RE: Application to Remove Restrictive Covenant on 394 Vancouver Avenue, Penticton

We are the owners of 101 and 102 - 394 Vancouver Avenue and are selling the property. We have received an accepted offer contingent upon successfully removing the restrictive covenant on the title. The purchaser understandably prefers an unencumbered title, similar to other comparable properties in Penticton. Therefore, we are applying for the removal of this restrictive covenant.

We understand only two council meetings are scheduled this summer, and we recognize that both meetings will likely be very full. We are eager to finalize the sale of the property and would be very grateful if our application could be added to the July meeting agenda. Given the Planning Department's support for our application, we do not anticipate it requiring much time.

Please do not hesitate to contact us if you require any additional information.

We appreciate your consideration of this matter.

Council Report

penticton.ca

Date: July 16, 2024 **File No:** RMS/332 & 336 Sudbury Ave.
To: Anthony Haddad, City Manager
From: Audrey Tanguay, Planning Manager
Address: 332 & 336 Sudbury Avenue

Subject: **Development Variance Permit PL2024-9556**

Staff Recommendation

THAT Council approve "Development Variance Permit PL2024-9556 for Lot 19 and Lot 20, District Lot 189, Similkameen Division Yale District, Plan 996, located at 332 Sudbury Avenue and 336 Sudbury Avenue, a permit to vary the following sections of Zoning Bylaw 2024-22:

- Section 10.1.2 .3: to increase the lot coverage from 40% to 52.5%
- Section 10.1.2 .6: to reduce the minimum front yard from 4.5m to 3m

AND THAT Council direct staff to issue "Development Variance Permit PL2024-9556".

Strategic Priority Objective

Livable and Accessible: Proactively plan for deliberate growth; focused on an inclusive, healthy, safe and desirable place to live.

Proposal

The subject properties are located on the south side of Sudbury Avenue, with frontage onto Skaha Lake. The applicants are intending to renovate the existing single-family dwelling. The existing house straddles both lots (Figure 1). In order for the renovation to occur, the two lots are required to be consolidated into one lot.



Figure 1 – Property Location Map

To accommodate the renovation, a variance has been requested to reduce the front yard setback from 4.5m to 3.0m to allow the addition of a garage.

A variance to site coverage from 40% to 52.5% has also been requested.

Background

The subject properties are currently zoned R4L (Small-scale Multi Unit Residential: Large Lot) and are designated as 'Low Density Residential' by the Official Community Plan (OCP). The properties currently contain a single-family dwelling constructed in 1959 and an accessory building. The surrounding area is primarily single family residential and is also near Skaha Park. Most of the property is located in the Riparian Development Permit Area, and a Riparian Development Permit will be required before construction can occur.

As part of the development approval, lot consolidation of the two lots will need to happen prior to building permit issuance. Additionally, as required by the Crown, once the lot consolidation plan is prepared, a portion of the property below the present natural boundary of Skaha Lake will need to be returned to the crown.

Technical Review

This application was reviewed by the City's Technical Planning Committee (TPC). Typical servicing requirements have been identified for the Building Permit stage of the project. These items have been communicated to the applicant.

Development Statistics

The following table outlines the proposed development statistics on the plans submitted with the development application:

	R4L **Zone Requirement**	**Provided on Plans**
Minimum Lot Width*:	16 m	18 m (Once consolidated)
Minimum Lot Area*:	560m^2	663.8 m^2
Maximum Lot Coverage:	40%	52.5% - variance requested
Maximum Height:	10.5 m	8.08m
Vehicle Parking:	Total Required: 1 per dwelling unit	**Total Provided: 2 spaces**
Required Setbacks Front Yard (Sudbury): Interior Side Yard (east): Interior Side Yard (west): Rear Yard :	 4.5 m 1.5 m 1.5 m 6.0 m	 3.0 m – variance requested 1.5 m 1.5 m 9.8 m
Other Information:	*Lot width and lot area are only applicable at the time of subdivision.	

Analysis

Development Variance Permit

When considering a variance to a City bylaw, staff encourage Council to consider whether approval of the variance would have a negative impact on neighbouring properties, and if the variance request is reasonable.

Staff have reviewed the requested variance to reduce the front yard setback from 4.5m to 3.0m and the site coverage from 40% to 52.5% and are recommending support for the following reasons:

1. *Location of the subject property*

   The requested variance is to reduce the front yard setback from 4.5m to 3.0m. The applicant has requested this variance to allow an addition to the front of the building. Most of the property is in the Riparian Development Permit Area which constrains redevelopment along Skaha Lake. By reducing the front yard setback to 3.0m, it will allow the addition of a garage to the existing dwelling unit. Staff do not anticipate negative impacts from the reduced setback.

2. *Lot consolidation*

   As required by the Crown, a portion of the property will need to be return to the Crown and will substantially reduce the lot area of the property once the two properties are consolidated. If the properties did not have to be consolidated, the proposal would meet the required 40% site coverage as stated in the Zoning bylaw. Staff consider the lot consolidation an undue hardship and therefore support the variance request to allow an increase in the site coverage to 52.5%.

Given the above Staff are recommending this Council approve the two variances and give staff direction to issue the permits.

Alternate Recommendations

1. THAT Council deny Development Variance Permit PL2024-9556.

Attachments

Attachment A – Zoning Map
Attachment B – Official Community Plan Map
Attachment C – Photos of Property
Attachment D – Letter of Intent (applicant)
Attachment E – Draft Development Variance Permit PL2024-9752

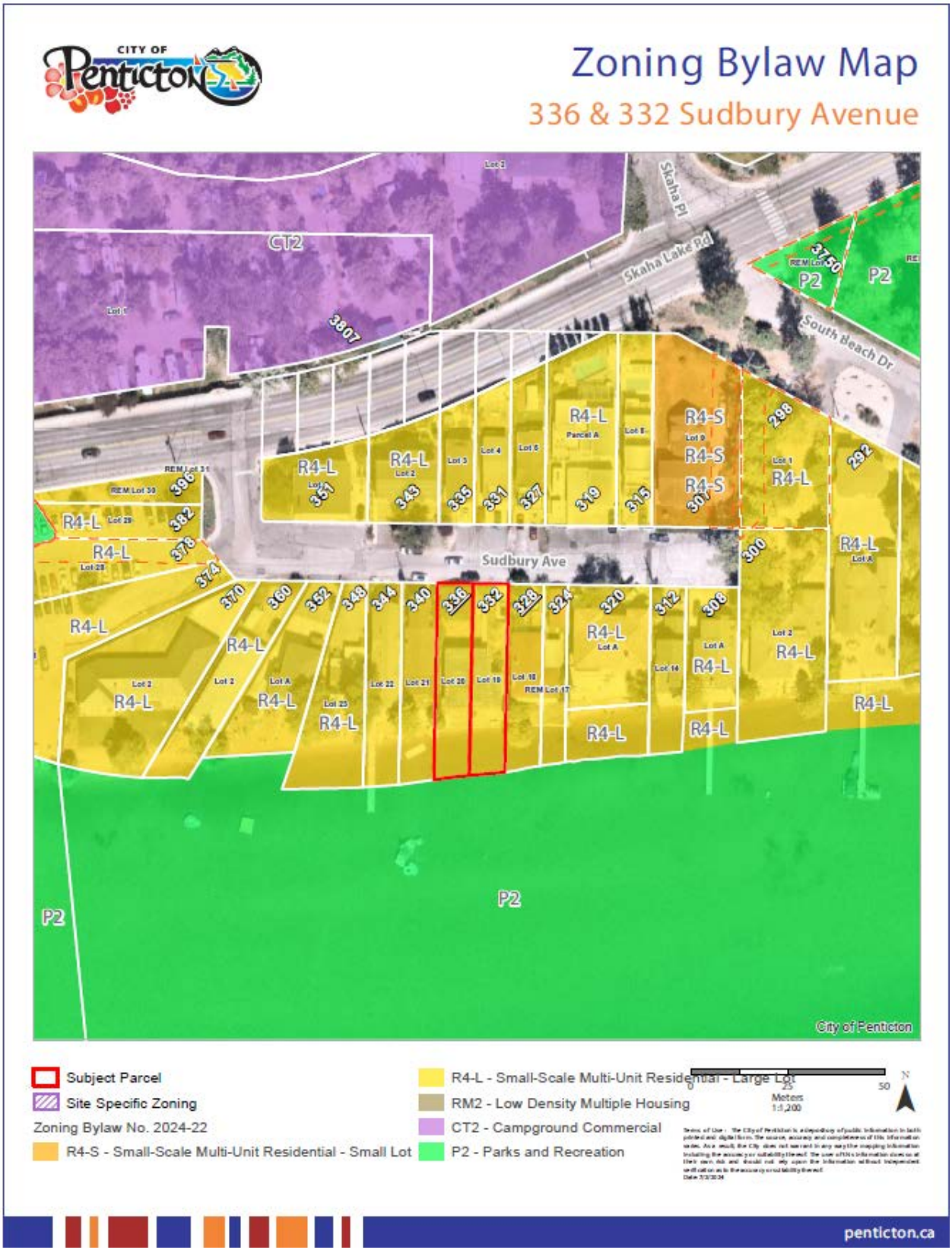
Respectfully submitted,

Audrey Tanguay
Planning and Licensing Manager

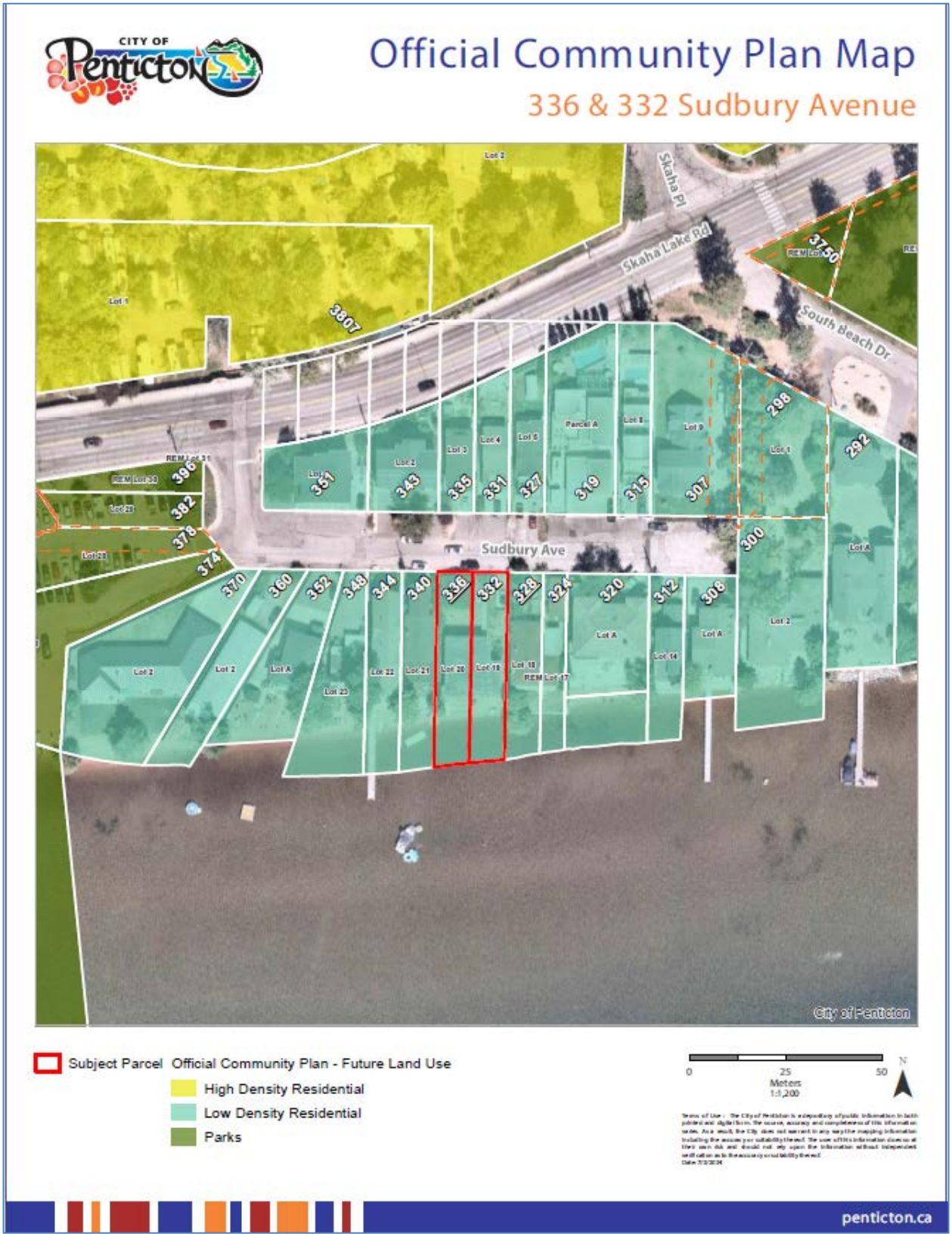
Concurrence

Director of Development Services	City Manager
BL	*AH*

Attachment A – Zoning Map



Attachment B – Official Community Plan Map



Attachment C – Photos of Property



Figure 4: View of the house towards Skaha Lake



Figure 5: View of existing garage looking north

Attachment D – Letter of Intent

DEANTHOMAS
DESIGN GROUP

1109 OLYMPIC WAY SE | CALGARY, ALBERTA | T2G 1B9
403.719.6641

336 Sudbury Ave Design Rationale

Lots 19 & 20
District Lot 189
Plan 996
Lot 19 PID 011-888-695
Lot 20 PID 011-888-709

336 Sudbury Ave is in the R1 Large Lot Residential Zone and is subject to the Riparian Development Permit Area Environmental Assessment.

According to the Zoning Bylaw, the maximum allowable lot coverage is 40%. However, we are seeking relaxation on this regulation, proposing a maximum lot coverage of 52.30%.

Our request for relaxation stems from the lot consolidation process. As part of this process, we have committed to returning 240.5m2 of lot area to crown land. Prior to consolidation, the lot coverage stands at 38.39%, fully compliant with zoning regulations. We kindly request that the authorities consider the lot coverage prior to consolidation in their evaluation.

It's important to note that while the consolidation has not yet been formally submitted, our client prefers to await the outcome of the variance request before proceeding. This matter has been discussed with Audrey Tanquay, and we understand that submission of the consolidation is necessary before a building permit can be issued.

This home designed for a family of 5 was designed as a two-storey development with the communal areas at grade level and private bedroom spaces on the second floor. The at grade level includes a rear covered outdoor living area of 40.65m2 with a flat roof to minimize the massing in the rear. To further reduce the overall massing of the home the second storey has been setback from the rear envelope wall by 16'-0" (4.88m). So, after consolidation this home would exceed max lot coverage the overall massing has been reduced through design to fit within the context of the block and avoids large 2 storey masses.

Thank you for considering our request. We appreciate your attention to this matter.

-Chad Mizera
Code Compliance Coordinator
Dean Thomas Desing Group.

City of Penticton
171 Main St. | Penticton B.C. | V2A 5A9
www.penticton.ca | ask@penticton.ca

Development Variance Permit

Permit Number: DVP PL2023-9556

Owner Name
Owner Address

Conditions of Permit

1. This permit is issued subject to compliance with all of the bylaws of the City, except as specifically varied or supplemented by this Permit.

2. This permit applies to:

   Legal: Lot 19 and Lot 20, District Lot 189, Similkameen Division Yale District, Plan 996

   Civic: 332 and 336 Sudbury Avenue

   PID: 011-888-695, 011-888-709

3. This permit has been issued in accordance with Section 498 of the *Local Government Act*, to vary the following sections of Zoning Bylaw 2024-22 to allow for the renovation of a house :
   - Section 10.1.2 .3: to increase the lot coverage from 40% to 52.5%
   - Section 10.1.2 .6: to reduce the minimum front yard from 4.5m to 3m

General Conditions

4. In accordance with Section 501 of the *Local Government Act*, the lands subject to this permit shall be developed in general accordance with this permit.

5. In accordance with Section 504 of the *Local Government Act,* if the holder of this permit does not commence the development authorized by this permit within 2 years of the date of this permit, this permit shall lapse.

6. **This permit is not a building permit. In order to proceed with this development, the holder of this permit must hold a valid building permit issued by the Building Inspection Department.**

7. This permit does not constitute any other municipal, provincial or federal approval. The holder of this permit is responsible to obtain any additional municipal, federal, or provincial approvals prior to commencing the development authorized by this permit.

8. This permit does not include off-site infrastructure costs that may be required at the building permit stage, such as Development Cost Charges (DCC's), road improvements and electrical servicing. There may be substantial infrastructure and servicing costs payable at a later date. For more information on servicing and infrastructure requirements please contact the Development Engineering Department at (250) 490-2501. For more information on electrical servicing costs, please contact the Electric Utility at (250) 490-2535.

Authorized by City Council, the Day day of Month, Year.

Issued this Day day of Month, Year.

_____

Angela Collison
Corporate Officer

LATE SUBMISSION - Regular Agenda Item 8.7
Development Variance Permit PL2024-9556
re 332 & 336 Sudbury Avenue

RECEIVED
JUL 15 2024

Attn: Corporate Officer, City of Penticton, BC V2A 5A9

Email: corpadmin@penticton.ca

Subject: 332/336 Sudbury Ave.

Response to Request for Variance

We are a group of households on the same short street and block as applicants. For the reasons set out below we believe the approval of the requested variance would have a negative effect on the one-block long neighbourhood, and therefore oppose the granting of the requested setback variance.

Introduction:

This property is located on a unique street block along the north shore of Skaha Lake. There are a total of 19 Houses on this, the only block of Sudbury Avenue, which is essentially an island of residences nestled between Greater Skaha Park on the east and Sudbury Beach on the west. The homes on the south side of the street are all Lakefront. A few years ago, the City dedicated and installed a walkway through property purchased from the Coburn Family, which easily connects the City parklands to the east and west along almost the entire northern water and beach front of Skaha Lake. This walkway is extremely popular for many Penticton residents and other park and beach visitors, and is heavily used by pedestrians in all seasons. It has become something of a Promenade, and it is not unusual to see several hundred people on a nice day traversing the beaches, walking their dogs, or getting their exercise walking the length of the waterfront. They are families, kids, residents of the Regency Southwood Retirement Village, roller skaters, scooters, all manner of folks drawn by the sun and fresh breezes to the lake. It has recently been enhanced by the addition of sidewalk, landscaping, and disability access at Sudbury Beach. One could say that the efforts to improve and link the parks have been very successful. We enjoy it as well, as it gives us easy access to the remarkable Skaha Park. So thank you Penticton Council and Public Works!

While Sudbury Avenue admits traffic from the west, it is a dead-end street with very limited public parking. Of the 19 houses on this block, 7 are full time residents of Penticton, 9 are non-local seasonal residents, 3 are short term rentals or vacant. The applicant and family are non-resident owners who own 3 properties on the block, including the one that is the subject of this application. They are frequently here in Penticton, and they and their kids and dog are well known on the block. As their intended family residence, this new build would not be expected to add to affordable housing for Pentictonites and there is no imperative to maximize the size of the structure for that purpose. This opposition is no reflection on how we feel about the applicants as neighbours, but perhaps our concerns might have been reduced if they had talked to us before moving ahead with this application, a process to which we are still open. This letter of opposition to the requested variance is prepared and signed by the 7 full-time resident households on the block, the people who live here full-time.

The Variance Request: The requested variance would allow a reduction in the setback from the street from 4.5 to 3 meters, and an increase of permissible lot coverage from 40% to 52.5%

Basis of our Objection to this Variance:

1. This Consolidated Double Lot may be too small for the intended structure: We are advised that current plans for this lakeside property call for a 2-story home including garage that would measure 44'x75' (3300 sq ft on each floor) with a rear covered outdoor Open Living area of an additional approximate 540 sq ft. We believe that this is too large a development for a designated Riparian protected property in this comparatively 'small lot' residential neighbourhood. Staff and the applicant's design professional seem convinced that, even without the required environmental assessment having yet been done, this sized structure will not fit on this plot without the necessity of a front setback variance. The bare minimum Riparian setback is at least 30 feet from the Lake edge. Usually the recommended setback in riparian situations is somewhere between 45-60 feet. Once this expected setback is deducted from the lot length (after consolidation) of 31.514 m or 116.5 feet, there will clearly NOT be enough room for a home 75' deep extending from the road to the Lake.

   The designer then shifts to a percentage of coverage argument. Pertinent R4L Zoning requirements allow a maximum of 40% coverage, and the proposed plans would yield 52.5% building coverage on the consolidated lot, which is an overall increase of 31.5% of what is allowed under our Penticton Zoning regulation. That is almost a THIRD more of the maximum coverage allowed by zoning, a heavy load to be put on this environmentally sensitive parcel.

   The designer goes on to say, it would have been only 40% of the combined lot area, if the underwater lakeside portion was not being ceded back to the Crown. This is a fallacy and irrelevant. 60 years before this applicant acquired this property, the Province enacted the BC Land Act which provided that the Crown owned virtually all lakes and watercourses, and privately-held property ended at the water's natural boundary, as a matter of law.

   As the city is well aware: The original plat maps were drafted at the time the property was subdivided, probably seventy to a hundred years ago. At that time the lake level was both lower and had greater variation of high and low water levels. The old plat maps described the southern lot limit as the Water Boundary of that time. These lines still appear on record even though ***almost 25%*** of this described lot is literally underwater. The BC Land Act of 1961 provided that lakes and watercourses are owned by the Province, stating that "no part of the bed or shore of the body of water **below its natural boundary passes or is deemed to have passed** to the person acquiring the land, and the Crown grant must be construed accordingly."

Therefore, the underwater section of the described plot on record has never belonged to this applicant, they are not "returning 240.5m2 of the lot area to crown land" as asserted by the Albertan designer, who may not be aware of the vagaries of BC law. This is not a hardship situation, they are not being forced to cede this portion of property which they have never owned; the Land Title Records are merely being corrected as old titles are coming up for recording, such as here, where the original two small lake cottage lots are being consolidated. Therefore this mischaracterized "lot calculation for arguments sake" must be discarded, and not considered by the Council.

2. <u>Other Concerns about the overall size of the building relative to the site.</u>

There are many good reasons for zoning regulations such as setbacks and size limits, including the preservation of air and light corridors, traffic and other sightlines, access to open sky, allowance of adequate parking etc. This new building will dwarf and completely block the sun to the neighboring property to the east, now owned by the octogenarian daughter of the original owners and builders of the small house in which she resides. (There would be ways to ameliorate this effect with a larger side offset on that side, which the owners may be considering. We just don't know because we have not been allowed to see the plans. It would make sense if the applicant was intending a side driveway to access the lake with his boat, that the east side of the property might be a better placement for that than the west. If the home and garage are 44' wide, that would allow for 16' to be allotted for both sides, where only a minimum of 1.5m (~ 4.92ft) is required. This leaves 11 feet to be distributed.)

We have learned the impacts of very large buildings which cut off sunlight and winter warmth when a large home (though smaller than this proposed home and with a conforming street setback) was recently reconstructed on the block, which has now created a persistent and hazardous ice field on the street in front of it during winter when the low sun never crests the building to reach the street.

The mass and volume of this proposed building on the street side would be expected to cause a similar problem, which would only be worsened if the street setback is reduced to only 3 meters. The variance application itself makes it sound like they are just adding a garage, and need the reduced setback for that purpose; but hearing about the plans, and the size of the intended structure, it seems much more than just adding a garage. Are they intending to leave the existing structure and foundation of the existing building? Without seeing the plans, which we were not allowed to review, it is not clear. But when we hear the dimensions of the intended home, and we know that the applicant is a highly qualified and respected construction contractor, we assume it will be an entirely new structure, built to current standards.

If this variance is approved it will move closer to the street a wall 44 feet wide and 26.5 feet tall, where it will tower over pedestrians on the Sudbury Promenade, block the sunlight, and obscure sightlines, light and air corridors for several houses on the other side of the street, every inch closer makes a difference in these matters.

No other homes on the block have received a street setback variance as large as this. There is a much smaller building next door at 340 that was allowed a setback variance in 2019 to increase a small cabin with extra sleeping space for an enlarged family. It is two stories, but comparatively small and unobtrusive, and still allows light and air to circulate onto the street and houses across the way. The only other 2 buildings on this entire street on either side that do not comply with the street setback are a small one-story garage built 70 years ago on a property that still has the original cottage, and a 1 story nonconforming garage on applicant's property, which we assume will be removed to build this new home with garage.

3. Traffic Safety and Parking are a concern.

The proposed shorter setback from the street leaves less room for onsite parking for the owners and their guests. As it is, there are very few public parking places on the street, often taken up by beachgoers, other visitors, and renters. The current renters at the property have multiple vehicles that often block sightlines for traffic on the street. Backing out of neighbouring driveways, particularly 328 Sudbury, can be hazardous, and there have been some close calls with both normal street traffic, and increased numbers of bicyclists and pedestrians using the street as a promenade. Keeping the normal street setback would make for safer traffic management and make it easier to have parking that would not block the view of the street or the street itself.

4. The standard R4L setback requirements are especially appropriate in this instance, and should be enforced.

The current regulations for setbacks from street, sides, and riparian areas have been thoughtfully enacted and adapted to allow for light and air corridors, safety, neighbourhood preservation and environmental health. This is especially true on this unique promenade avenue with comparatively small lots on or near Riparian protected areas. We are not contesting the right of the owner to build a nice house on a beautiful lakefront lot, but those of us who live on the street strongly wish to preserve the normal setback protections, and do not see a compelling reason to change them in this case.

Conclusion

As stated above we oppose the granting of a variance with this application. There is inadequate justification for the variance other than the desire to build a big house on the lake. In some cases that is OK, but here the consolidated lots are still too small to support a house of the proposed size on environmentally protected lakeshore land. The proposed variance will worsen an already bad parking problem on the street, exacerbate a hazardous traffic situation for the elderly owner of 328, and create a huge visual and light encroachment on the street side of a building 44 feet wide and 26.5 feet tall that would be too close to the street.

We also believe the question of the necessity and size of a setback variance is not yet ripe until applicant has completed the Environmental Assessment and has a clear idea what the lakeside setback will be and what other structural or landscape elements might be required by that separate process. We support the Environmental Assessment procedure. What we all have in common in this neighbourhood is our love for Skaha Lake and our continuing enjoyment of our own proximity to it. We are encouraged that the applicant is taking all proper steps, and know that they will ultimately build a beautiful home that will enhance the neighbourhood. Surely there are solutions that will respect the existing setback and zoning requirements and preserve the enjoyment of this unique area for all of us.

We, the residents of the street, all agree that this variance request for a decreased street setback is a bad idea for Sudbury Avenue. We request that you deny the variance as it stands. There is further work to be done to ensure that the new home is a welcome addition to the neighbourhood for all.

Thank you!

Signatories with street addresses on Sudbury Avenue follow on next two pages.

Attn: Corporate Officer, City of Penticton, BC V2A 5A9

Email: corpadmin@penticton.ca

Subject: 332/336 Sudbury Ave.

Response to Request for Variance
Signature Page 1

We agree with the statements and positions of the attached **Response to Request for Variance** and oppose the request for variance submitted by the owners of 332/336 Sudbury

Penticton Resident Homeowners on Sudbury Avenue

307	Pieter Koster	
	Susan Koster	
312	Robert Richert	
	Susan Richert	
319	Rod Mc Comb	
	Pam McComb	
327	Brad Heintz	
	Margot Heintz	
328	Lana Bent	
331	Doug Alward	
343	Khati Hendry	
	Sally Kilburg	

Attn: Corporate Officer, City of Penticton, BC V2A 5A9

Email: corpadmin@penticton.ca

Subject: 332/336 Sudbury Ave.

Response to Request for Variance
Signature Page 2

We agree with the statements and positions of the attached **Response to Request for Variance** and oppose the request for variance submitted by the owners of 332/336 Sudbury

Other homeowners on Sudbury Avenue

315	Randy Smith	Randy Smith
	Suzanne Smith	Suzanne Smith
335	Mike Beaupit	
	Leann Beaupit	

From: Suzanne Smith
Subject: Re: 332/336 Sudbury Ave request for variance
Date: Jul 14, 2024 at 9:14:48 PM
To: corpadmin@penticton.ca

We both agree with the statement and positions in the response to request for variance and oppose the request for variant submitted by the owner of 332/336 Sudbury Ave.

Randy & Suzanne Smith
315 Sudbury Ave

Subject: 332/336 Sudbury Ave.
Traffic hazard of vehicle with inadequate space to park offstreet, jutting out & blocking view of oncoming traffic or pedestrians for white car backing out of driveway. Driver must back out all the way into the street before she can see.







Subject: 332/336 Sudbury Ave.
Photos showing typical volume of parked vehicles on Sudbury Ave







Council Report

penticton.ca

Date: July 16, 2024
To: Anthony Haddad, City Manager
From: Gabe Tamminga, Planner I
Address: 2564 South Main Street

File No: RMS/2564 South Main St

Subject: **Zoning Amendment Bylaw No. 2024-25**
Development Variance Permit PL2024-9775
Development Permit PL2024-9776

Staff Recommendation

THAT Council give first, second, and third reading to "Zoning Amendment Bylaw No. 2024-25", for Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116, Except Plan M13062, located at 2564 South Main Street, a bylaw to rezone the subject property from R4-L (Small-Scale Multi-Unit Residential: Large Lot) to RM2 (Low Density Multiple Housing);

AND THAT Council adopt "Zoning Amendment Bylaw No. 2024-25";

AND THAT Council, subject to adoption of "Zoning Amendment Bylaw No. 2024-25", consider "Development Variance Permit PL2024-9775" for Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062, located at 2564 South Main Street, a permit to vary Section 10.1.2.9.a of the Zoning Bylaw to permit a reduced rear yard setback regulation from 6.0m to 3.0m;

AND THAT Council subject to adoption of "Zoning Amendment Bylaw No. 2024-25", approve "Development Permit PL2024-9776" for Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062, located at 2564 South Main Street, a permit to approve the form and character of two 3-unit townhouses (6 dwelling units);

AND THAT Council require a 5.0m x 5.0m corner cut to be completed prior to issuance of Occupancy Permit.

Strategic Priority Objective

Vibrant and Connected: Support vibrant and diverse activities creating opportunities for connection in community.

Proposal

The applicant is proposing to construct two 3-unit townhouses (6 dwelling units in total), in line with the property's Official Community Plan future land use designation of 'High Density Residential' (Figure 1). In order to proceed, the applicant has requested the subject property to be rezoned from R4-L (Small-Scale Multi-Unit Residential: Large Lot) to RM2 (Low Density Multiple Housing). Further, the applicant requires a development variance permit to reduce the rear yard setback from 6.0m to 3.0m, and a Development Permit approval for the form and character of the buildings, which have been included for Council's consideration.



Figure 1 - Proposed Development Rendering

Background

The subject property is 1,233m^2 in area and is located on the east side of South Main Street with Pineview Road to the north (Figure 2). The property currently contains one single-family dwelling and a small accessory building in the rear of the property, next to the laneway. All of the buildings that currently sit on the property will be required to be removed for this development. The surrounding area has a variety of housing types with single-family dwellings and townhomes located in close proximity to commercial properties and services.



Figure 2 - Property Location Map

Climate Impact

The development proposes 6 townhouse units on this lot, which is increasing density in an area that is in close proximity to services, schools and transportation. The subject property currently has a bus stop in front, providing residents with a place to access alternative forms of transportation within walking distance of the proposed development. This stop is on the route for the BC Transit Bus 'Route 1 – Okanagan Lake/Wiltse' and 'Route 5 – Main Street' that provides stops along major services such as schools, grocery stores, the Cherry Lane Mall, downtown and the hospital.

According to Zoning Bylaw 2024-22, a Level 2 Electric Vehicle ready space must be provided for each dwelling unit (6 total), creating additional options of sustainable forms of transportation.

The applicant has provided six Class 1 bicycle parking spaces (1 per dwelling unit) and one Class 2 bicycle parking stalls, this is beyond the Zoning Bylaw requirements. This promotes sustainable forms of transportation within this development, as residents are provided with options to store bicycles in a secure way.

This development will be required to follow the 2024 BC Building Code. The buildings will have to meet Step 3 of the BC Energy Step Code. Step 3 requires new buildings to be a minimum 20% more efficient than standard (2018 BCBC baseline).

Technical Review

The application was reviewed by the City's Technical Planning Committee (TPC). Typical frontage and servicing requirements have been identified for the building permit process. These items have been communicated to the applicant.

During TPC review, a 5m x 5m corner cut was identified as required at the intersection of the two laneways fronting the property. The applicant made the required changes to their submitted plans in order to reflect the comments that were provided to them.

Financial Implication

During the technical review of the application, estimated costs for futures stages were identified for the applicant's knowledge. The applicant is responsible for all development costs, including any service upgrades and the payment of Development Cost Charges (DCC's) to help offset the added demand on City services from the proposed development.

Development Statistics

The following table outlines the proposed development statistics on the plans submitted with the development application:

	Zone Requirement (RM2 – Low Density Multiple Housing)	Provided on Plans
Minimum Lot Width*:	18 m	18.29 m
Minimum Lot Area*:	540 m^2	1,232.82 m^2
Maximum Lot Coverage:	40%	27.5%
Maximum Density:	0.8 Floor Area Ratio (FAR)	0.69 Floor Area Ration (FAR)
Vehicle Parking:	Total Vehicle Spaces Required: 1 vehicle parking stall per dwelling unit (6 vehicle parking spaces total) 0.2 visitor parking stalls per dwelling unit (1 visitor parking stall total)	Total Vehicle Spaces Provided: 12 vehicle parking stalls (2 per dwelling unit) 1 visitor parking stall (0.2 per dwelling unit)
Level 2 Electric Vehicle (EV) Ready Stalls:	Total EV Ready Required: 1 per dwelling unit (6 EV Ready total)	Total EV Ready Provided: 6 EV Ready Stalls (1 per dwelling unit)
Bicycle Parking:	Total Class 1 Spaces Required: 0.5 per dwelling unit (Class 1) Total Class 2 Spaces Required:	Total Class 1 Provided: 6 spaces Total Class 2 Provided: 1 space

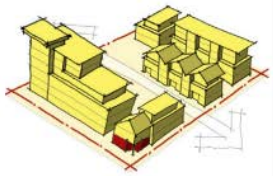
	0.1 per dwelling unit (Class 2)	
Required Setbacks Front Yard: Side Yard (north): Side Yard (south): Rear Yard (lane):	 3.0 m 3.0 m 3.0 m 6.0 m	3.8 m 3.0 m 4.89 m 3.0 m *Variance has been requested for the rear setback
Landscape Buffer (south)	Required Landscape Buffer: 3.0 m wide buffer 1 tree for every 10.0 linear metres 1 shrub for every linear metre	Provided on Plans: 3.0 m wide buffer 6 trees 56 shrubs
Maximum Building Height	12 m	10.11 m
Other Information:	*Lot width and lot area are only applicable at the time of subdivision.	

Analysis

Zoning Amendment

The Official Community Plan (OCP) land use designation for this property is 'High Density Residential', which supports a variety of housing types in higher-density multi-family neighborhoods consisting of townhouses and apartments in higher-amenity areas (Table 1). The applicant is proposing to construct two 3-unit townhouses (six dwelling units) on the property. The development and density proposed on the property are aligned with the vision of the properties designated within the "High Density Residential' designation in the Official Community Plan.

Table 1 - OCP Land Use Designation

High Density Residential 	Higher-density multifamily residential neighbourhoods consisting of townhouses and apartments in higher-amenity areas	• Cluster housing • Townhouses • Low-rise and mid-rise apartment buildings • Small-scale neighbourhood commercial building (e.g., corner store, coffee shop, childcare)	• Residential • Limited retail/ service	• Up to 6 storeys
Site-Specific High Density Residential Policy Statement: 556 to 736 Lakeshore Drive West: Development up to a maximum of four storeys can be considered subject to assessment of urban design impacts on Lakeshore Drive and the waterfront, Lakawanna Park and neighbourhing properties on Churchill Avenue.				

Staff consider that the proposed zoning amendment will allow for development that is supported through the following OCP Goals and Policies:

OCP Policy 4.1.1.1 Focus new residential development in or adjacent to existing developed areas.

OCP Policy 4.1.3.5	Ensure through the use of zoning that more-intensive forms of residential development are located close to transit and amenities, such as parks, schools and shopping.
OCP Policy 4.1.4.1	Work with the development community – architects, designers and builders – to create new residential developments that are attractive, high-quality, energy efficient, appropriately scaled and respectful of their context.
OCP Policy 4.1.5.1	Recognize that some traditionally single-family neighbourhoods will see intensification as the city grows, but ensure that new forms of residential development are compatible with the neighbourhood in scale and design, and are appropriately located (e.g., greater density closer to collector roads, services and amenities).
OCP Policy 4.1.6.1	Ensure all residential neighbourhoods in Penticton provide a range of appropriately scaled housing types and tenures, employment opportunities such as home-based businesses, transportation options like walking and cycling, social supports such as childcare facilities, and access to green space and parks.
OCP Policy 4.2.5.2	Encourage land use planning that results in neighbourhoods that can be easily serviced by transit.

The proposed rezoning to RM2: Low Density Multiple Housing, to allow townhouse units on the subject property is consistent with the increased density and building forms envisioned by the 'High Density Residential' designation.

The OCP policies encourage development in areas close to services and shops to encourage walkability and active transportation. Staff note this property is within walking distance of bus stops, bike lanes, schools and parks.

Given that there is adequate policy through the OCP to support the proposal, staff recommend Council give first, second, third reading and adopt "Zoning Bylaw Amendment Bylaw No. 2024-25".

Development Variance Permit

When considering a variance to a City bylaw, staff encourage Council to consider whether approval of the variance would cause a negative impact on neighbouring properties, and if the variance request is reasonable. The applicant has requested this variance to accommodate the number of units proposed with this unique lot. The rear line has divided the property, making it challenging to fit everything that is proposed without impeding into the setbacks and meeting the other Zoning Bylaw regulations.

Staff have reviewed the requested variance to reduce rear yard setback from 6.0m to 3.0m and are recommending support for the following reasons:

1. Side and Rear Laneway:

   The requested variance is to reduce the rear yard setback from 6.0m to 3.0m. There is a laneway that goes along the north side of the property and then around the rear side, providing an additional buffer between the development and any neighbours nearby.

2. Subject Parcel Shape:

   The subject property is unique in shape due to the placement of the laneway. The laneway goes through the rear side of the property but has created a remainder lot on the east side of the laneway that is still a part of the same parcel. This variance would allow the development to be situated closer to the laneway and still not impact a neighbour on the other side of the lane.

As such, staff recommend that Council consider approving the Development Variance Permit after the adoption of the Zoning Amendment Bylaw.

Development Permit

The proposed townhouse development is considered within the Multifamily Residential Development Permit Area per the OCP, which is established to manage form and character that strengthens livability, neighborliness, and visual interest.

The proposed development has been designed with the OCP design guidelines in mind. The development proposes a density that is aligned with the OCP designation and provides a design that meets the Zoning Bylaw regulations for setbacks and parking and is within the allowable building heights.

Staff have completed a development permit analysis (Attachment 'D') that shows how the development conforms to the applicable design guidelines. The applicant has also provided a letter of intent and development permit analysis with their submission (Attachment 'E'), which outlines the project and its conformance to the OCP design guidelines.

Staff consider this proposed development to be reasonable in scale in an area of the community that has been identified for increased residential density by the Official Community Plan. Additionally, staff believe that this proposed development will not have negative impacts on the neighbourhood due to the form and design of the buildings.

As such, staff recommend that Council consider approving the Development Permit after considering adoption of the Zoning Amendment Bylaw.

Alternate Recommendations

Council may consider that the proposed rezoning is not suitable for this site. If this is the case, Council should deny the bylaw amendment. Staff are not recommending this option, as the proposal is well aligned with the OCP designation for the property, gently increasing density in a high-amenity area of the City.

1. THAT Council deny first reading of "Zoning Amendment Bylaw No. 2024-25".

Council may also not support the reduction of the rear yard setback from 6.0m to 3.0m. If that is the case, Council may support the zoning bylaw but not support the variance permit. This would require the applicant to conform to the Zoning Bylaw regulation and adjust the proposed design accordingly.

2. THAT Council support first second and third reading and adoption of "Zoning Amendment Bylaw No 2024-25" but not support "Development Variance Permit PL2024-9775".

If Council were to support Alternative 2, staff would work with the applicant to adjust the development permit plans accordingly, prior to approval of the development permit.

Attachments

Attachment A – Zoning Bylaw Map
Attachment B – Official Community Plan Map
Attachment C – Photos of Property
Attachment D – Development Permit Analysis (staff)
Attachment E – Letter of Intent & Development Permit Analysis (applicant)
Attachment F – Draft Development Permit PL2024-9776
Attachment G – Draft Development Variance Permit PL2024-9775
Attachment H – Zoning Amendment Bylaw No. 2024-25

Respectfully submitted,

Gabe Tamminga
Planner I

Concurrence

Director of Development Services	GM of Infrastructure	City Manager
BL	*KD*	*AK*

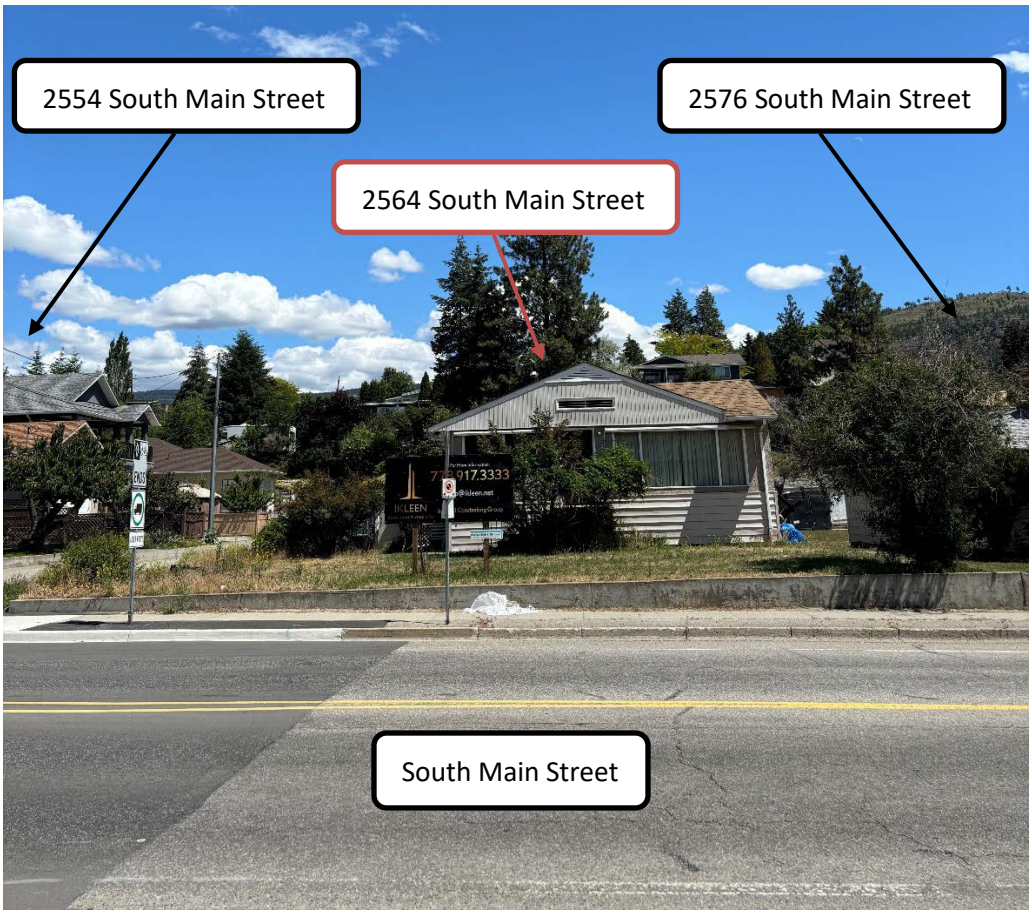
Attachment A – Zoning Bylaw Map



Attachment B – Official Community Plan Map



Attachment C – Photos of the Property






2564 South Main Street
2564 South Main Street
Laneway (Rear)


2564 South Main Street
(Rem. Lot)
50 Pineview Road
Laneway (Rear)

Attachment D – Development Permit Analysis (staff)

The proposed development is located within the Multifamily Residential Development Permit Area. The following analysis demonstrates how the proposal is aligned with the applicable design guidelines.

Guideline G1 *Prior to site design, analysis shall be undertaken to identify significant on-site and off-site opportunities and constraints, including built and natural elements (e.g., structures, slopes and drainage, significant landscape features, etc.).*

- The proposed development has taken into account the surrounding area and the buildings were designed with the Zoning Bylaw requirements and conforms to several OCP Design Guidelines.

Guideline G5 *Siting of buildings should support strong street definition by minimizing front yard setbacks while sensitively transitioning to neighbouring building setbacks.*

- The setbacks for the front yard are consistent with some of the other more recent developments in the neighbourhood. The applicant has provided sufficient space and has designed the buildings to ensure there is a sensitive transition with the neighbouring properties.

Guideline G11 *Barrier-free pedestrian walkways to primary building entrances must be provided from municipal sidewalks, parking areas, storage, garbage and amenity areas.*

- Sidewalks have been provided to ensure there is access from the driveways and parking stalls to front entrances.

Guideline G23 *Articulation of building mass should include horizontal (minor) setbacks and stepbacks (along upper storeys) to provide visual interest and enrich the pedestrian experience. Balconies and/or cantilever upper floors may be considered as a means to breaking up massing while promoting overlook and/or weather protection.*

- The buildings have been designed with cantilevered upper floor balconies that provide interesting architectural design and minimal overlook.

Guideline G26 *Building designs should minimize impacts on the privacy of adjacent dwellings, including private open spaces.*

- The proposed balconies are facing the laneway, providing privacy for adjacent properties.
- The windows facing the property at 2576 South Main Street have been designed for minimal overlook with the back yards along this side as well, providing additional buffer space.
- Entryways have been designed for access off of the laneway and are setback to maintain privacy between neighbours.

Guideline G35 Tree planting…

- Trees are proposed in the yards providing shade in amenity areas for residents.

- Automatic irrigation has been noted for landscaping and trees to ensure the longevity.

Guideline MF3 *Amenity spaces should incorporate vegetation for the purposes of active and passive recreation and/or visual interest, and incorporate safe play areas in interior courtyards.*

- The amenity space is at the rear of the building, along the interior side yard. All units have ground floor access at the front entrances and to the amenity space.
- Each amenity space has been landscaped in accordance with the Zoning Bylaw.
- The vegetation has been provided in a way that promotes outdoor recreation and visual interest for residents.

Guideline MF4 Visitor parking should be…

- Visitor parking has been provided off of the laneway, with the stall situated in the center of the proposed development. Thus, providing access to all units.

Attachment E – Letter of Intent & Development Permit Analysis (applicant)

GIROUX DESIGN GROUP
QUALITY HOME & BUILDING DESIGN SINCE 1950

March 22, 2024

Giroux Design Group Inc.

City of Penticton
171 Main Street
Penticton BC, V2A 5A9

Re: 2564 South Main Street Development Permit Application

To City of Penticton Planning Department,

We are proposing to redevelop the property at 2564 South Main St which would allow the construction of two triplexes for 6 dwelling units total. The application requires a development permit for the form and character of the proposed development, rezoning from 'R1 – Large Lot Residential' to 'RM2 – Low Density Multiple Housing', and a major variance to reduce the rear yard setback from 6.0 m to 3.0 m. The proposal falls within the 'Multifamily Residential Development Permit Area' of the Official Community Plan. This is a unique property with a 'hooked' lot across the east lane from the development. On this 'hooked' lot, no new construction is being proposed.

A variance is required to reduce the rear yard setback to keep uniformity of the triplexes and allow for 6 rather than 5 units. Reducing the rear yard setback from 6.0 m to 3.0 will have little to zero negative impact to neighbouring properties, as there is a lane on the east side of the property and the 'hooked' lot which is approximately 20 m in depth before the adjacent properties at Pineview Rd and Craig Dr. The lane and 'hooked' lot provide separation from the proposed development and neighbouring properties, greatly reducing any privacy concerns. The proposal meets all other Zoning Bylaw requirements, with no other variances requested.

The development will provide two triplexes, each with 3 bedrooms a den and a single car garage. The development provides an EV charger in each garage for every dwelling unit. Additionally, short and long-term storage of bicycles has been provided between each triplex. Landscaping is provided on the east, south, and west side of the property. Multiple trees, shrubs, and green space is provided for the residents of every dwelling unit, including the required landscape buffer on the south side of the property to provide separation and privacy between properties.

The property is near Princess Margaret Secondary School and Skaha Lake Middle School, and other amenity areas for recreational and employment opportunities. The property is on South Main St which provides transit, with two transit stops directly in front of the property, and the existing bike lane on South Main St.

We believe the project meets the intent of providing modest densification to an area of town that has a mix of townhouses, with a similar development approved and under construction to the south of this proposal. This development will provide much needed family housing in the area with private outdoor green areas and amenity space for families with children.

Thank you for considering our proposal.

Best regards,



Tony Giroux ASTTBC.CTech, RBD, BCABD
Owner/Registered Building Designer
Giroux Design Group Inc.

2564 SOUTH MAIN STREET: DEVELOPMENT PERMIT ANALYSIS

Site Planning

Designing in Context

Contextual designs feel better because they 'fit.' In light of Penticton's complex and unique landscape, views and urban patterns, it is important that designs reflect this character. Guidelines address site conditions and context, including: sensitivity to on-site features (e.g., terrain and sun angle), adjacencies (e.g., street interface and existing uses), potential impacts (e.g., overlook and shading) and other related opportunities (e.g., energy conservation).

G1. Prior to site design, analysis shall be undertaken to identify significant on-site and off-site opportunities and constraints, including built and natural elements (e.g., structures, slopes and drainage, significant landscape features, etc.)

A 0.8 m wide road dedication is required along the front property line and South Main St, which has been identified and shown on the site and landscape plans.

G3. Private and semi-private open spaces should be designed to optimize solar access (see Figure G3).

Each unit has a private fenced yard on the south side of the proposed development. This allows residents of every dwelling unit to enjoy sun throughout the warmer months. Having windows on the proposed buildings allows sunlight to enter the windows of each unit in the winter months of the year. Decks are proposed on the north side of each unit, overlooking the lane, which provides shade on hot summer days for residents.

G4. Views through to the mountains and the lakes should be carefully considered and incorporated into the design of new development.

Each row of units will have a view of the mountains either to the north, south or the west that can be enjoyed either from the private decks or via window view.

Framing Space

In consideration of Penticton's relatively low-scale urban form, future intensification and development should explore how buildings actively frame space(s) as a means to expand and enhance the public realm. The following guidelines aim to promote positive interactions with particular care and attention to transitions between private and public spaces.

G5. Siting of buildings should support strong street definition by minimizing front yard setbacks while sensitively transitioning to neighbouring building setbacks.

The proposed triplex closest to South Main Street has been designed at the minimum 3.0 m setback, not including the required 0.8 m road widening. This helps keep "eyes-on-the-street", while also providing easy pedestrian access to every dwelling unit from South Main Street. Landscaping and three trees have been provided at the front of the property to create a sensitive transition from the road and sidewalk to the proposed development.

G7. All designs shall consider Crime Prevention Through Environmental Design (CPTED) principles and balance the reduction of crime and nuisance opportunities with other objectives to maximize the enjoyment of the built environment.

The units are designed with one car garages to allow for secured storage and parking. Each unit will have it's own gated private yard for additional protected outdoor space. Additionally, gated and secure bicycle parking has been provided between each building which is out of view from the street and sidewalk.

Prioritizing Pedestrians

A high-quality pedestrian environment is a central quality of any welcoming neighbourhood. Penticton is fortunate to have an extensive neighbourhood street network that links distinct areas in a reasonable walking distance. The following guidelines aim to optimize the quality and connectivity of pedestrian infrastructure and reduce conflict between pedestrians and vehicles.

G9. Pedestrian connectivity to adjacent properties is encouraged. With the exception of private yards, open spaces shall be designed for public access and connectivity to adjacent public areas (and publicly-accessible private spaces).

The development is within a well-established area of the City of Penticton. Skaha Lake Road is within a short walking distance away, providing connectivity to amenity, and employment areas within the City. Princess Margaret Secondary and Skaha Lake Middle school are also within a short walking distance of the development. A sidewalk connecting the public sidewalk to private entrances has been provided from South Main St.

G12. Where feasible, indicate pedestrian ways with continuity of paving treatments/paving materials.

A 1.2 m wide sidewalk provides access to the units facing west, while the other units can be accessed from the paved drive aisle.

G13. Entry to ground-level residential units should be no more than 1.8m (6.0 ft.) above the grade of adjacent public sidewalks and walkways (see Figure G14).

Entrances to the buildings are either at the same level as the City street and sidewalk, and not more than 1.8 m in height.

Cars and Parking

The following guidelines are intended to reduce the impacts of automobile infrastructure – including access and parking – and to further support a high quality pedestrian realm. (see Figure 5-3 and Figure 5.4)

G16. Site and building access must prioritize pedestrian movement, minimize conflict between various modes of transportation and optimize use of space:
• Off-street parking and servicing access should be provided from the rear lane (where one exists) to free the street for uninterrupted pedestrian circulation and boulevard landscaping (see Figure 5-4).
• Where possible, shared automobile accesses should be considered to optimize land use, and to reduce impermeable surface coverage and sidewalk crossings.

Garages provided on the first floor of each unit reduce the need for additional hard surfacing needed for outdoor parking. One visitor parking space has been provided between each proposed building. A lane runs along the north and east side of the development. The existing north lane provides vehicle access to the development from South Main Street, without creating the need for additional vehicle access.

G17. On-site parking location and design should minimize visual impact and provide safe connections for pedestrians:
- Parking between the front of buildings and the street is not permitted.
- Parking should be located at the rear of buildings/sites.
- Shared parking (where varying uses have parking demands that peak at different times of the day) is encouraged to reduce parking requirements.
- Outdoor surface parking areas should incorporate pathways that provide safe, accessible and comfortable pedestrian connections to entries/destinations.

Parking for the development has been provided from the existing lane, no parking has been provided between the front of the buildings and the street. The guest parking space is conveniently placed in the middle of the units to allow for easy access to all units.

Architecture

Design for Our Climate

In response to Penticton's semi-arid climate, design buildings and landscape architecture that reflect a love for indoor/outdoor living resulting from low annual rainfall and hot summer temperatures.

G20. Designs should respond to Penticton's setting and climate through use of:
- passive solar strategies;
- optimized placement of windows to maximize natural light;
- energy-efficient building design;
- passive solar principles;
- landscape design and plantings that provide cooling through shade in summer months;
- selecting roof materials to minimize heat loading and increase reflectivity.; and,
- strategies for cross-ventilation.

The units have windows facing both north and south with the end units having windows also facing east and west, allowing for solar gain throughout the year. Each unit has it's own private yard as well as a covered decks on the second floor, and north facing, giving the option for indoor/outdoor living. The new trees are deciduous providing shade in the summer and sun in the winter. Buildings are designed to Step 3 of the Energy Code.

Friendly Faces, Friendly Neighbours (Orientation & Massing)

Massing (the three-dimensional form) and articulation (how the parts fit together) of architecture are tools that can reduce the apparent size of large buildings and help ensure the sensitive transition to adjacent buildings and open spaces. It can also provide visual interest for pedestrians. New development should consider the scale of its neighbours and avoid abrupt transitions in height and massing between adjacent buildings.

G21. Orientation of buildings should face public spaces (e.g., street and lane) with a preference for ground-oriented types (e.g., a front door for everyone or every business).

The end unit on the west side of the development has been oriented with the front door to face the existing sidewalk and South Main Street. The front door is at ground level, with a pathway provided to the City sidewalk for anyone to access the development. Landscaping has also been provided at the front of the property directly next to the sidewalk.

G23. Articulation of building mass should include horizontal (minor) setbacks and stepbacks (along upper storeys) to provide visual interest and enrich the pedestrian experience. Balconies and/or cantilevered upper floors may be considered as a means to breaking up massing while promoting overlook and/or weather protection.

Each side of the development has been well thought out to provide visual interest and different massing with a variety of colours. North facing covered decks have been provided on the second storey to break up massing while at the same time providing weather protection to residents while they enjoy the private outdoor amenity space and creating more living space per unit.

Eyes on the Street

Create active and safe shared spaces through orientation of primary building entrances, windows, porches/ balconies to the public realm, sidewalks and other shared open spaces.

G28. Entries should be visible and clearly identifiable from the fronting public street.

The entrances to each townhouse unit are at ground level, with a driveway for vehicle access running along the north side of the property. A sidewalk has been provided from the City sidewalk on South Main Street to the entrance of the western most unit. The drive aisle allows provides vehicle and pedestrian access to every unit.

G29. Development should orient windows, porches, balconies and patios toward the public realm, allowing for casual overlook of parks, open spaces, and parking areas (see Figure 5-7).

Windows on all levels of the street facing units provide for visual overlook onto South Main Street and the public realm. All units have windows looking over the driveway and over the amenity yard areas on all sides of the buildings.

Landscape Architecture

Enhance the Urban Forest

Urban forests are recognized for the economic, social, and environmental benefits they provide. In addition to considerations for form & character, enhancement of Penticton's urban forest will support health and well-being for all.

G35. Tree planting

- Where space permits, landscaped areas, boulevards and setback areas adjacent to streets should be planted with trees with appropriate soil volumes to ensure longevity.
- All areas with planted trees must be irrigated
- All development fronting a public street shall plant a landscaped area fronting the public road with regularly spaced street trees no further than 10 metres apart, and at least 2.5 meters tall at the time of

planting.
• The planting of additional trees is strongly encouraged, particularly if existing trees cannot be preserved, in order to maintain and expand the urban forest canopy.

Nine new trees are proposed to be planted on the property along the east, south, and west sides of property lines. These trees and other proposed landscaping provide buffering between the public realm and adjacent properties.

Utilities, Mechanical Services and Servicing

As essential components of the city's built infrastructure, these elements must be intentionally integrated in the overall design to mitigate impacts on form and character.

G54/55. Mechanical/Utility cabinets and transformer pads (units) shall be located at the rear of the property, behind the building. Where this is unachievable, units may be located at the edge of the front yard and must be incorporated into landscaped areas and screened from the street.

An electrical transformer is placed in the front yard on the north west side of the development and will be wrapped with vinyl decorative wrap. The water meters are placed in the front yard on the west side of the property and will be incorporated into the design of the western building.

G58. Garbage/recycling areas and other similar structures should be located out of public view in areas that mitigate noise impacts and which do not conflict with pedestrian traffic.

Waste and recycling containers are proposed to be stored within the garage of each dwelling unit during non-collection days. They will be placed in the lane in front of the garage doors facing along the lane for pickup on collection days.

G59. Garbage and recycling bins should be contained within screened enclosures that are coordinated with the overall design.

The storage of the waste and recycling containers has been provided with each garage. This provides screening, and out of view from each dwelling unit, the street, sidewalk and neighbouring properties.

G60. Clear access to refuse/recycling areas must be provided.

Each unit will have it's own waste and recycling containers, with collection available along the existing north lane.

Fences

Notwithstanding the fencing regulations in the Zoning Bylaw, fencing design should provide a level of privacy to the development but not present an unfriendly solid wall to the public street.

G63. All plans should show intended fencing.

Fencing is shown on the landscape plans. Fencing has been provided along the south property line, and between each unit's private amenity space. The fencing meets the Zoning Bylaw requirement, and is less than 1.2 m (4 ft) within the front yard setback, and is not greater than 1.8 m (6 ft) outside of the front yard setback.

MF1. All multifamily developments should incorporate community amenity spaces that provide opportunity for recreation and play and address the needs of all age groups likely to reside within the development.

Amenity space is provided with each unit having it's own private fenced yard and private covered deck on the second floor. In addition to the private amenity space there is a community amenity area at the east of the property with landscaping and a lawn suitable for play or relaxing.

MF3. Amenity spaces should incorporate vegetation for the purposes of active and passive recreation and/or visual interest, and incorporate safe play areas in interior courtyards.

The fenced private yards each have a landscaped section placed to maximize the usefulness of the yard as a play area for children or pets, or for outdoor enjoyment for all age groups. The lawn area at the east end of the property can be used for passive recreation and/or for visual interest, while also allowing for areas of play away from traffic on South Main Street.

MF4. Visitor parking should be:

- in public view,
- easily accessible near the main entry to the site, and
- clearly indicated by pavement markings and/or signs

Visitor parking is located in the centre of the property between the buildings and easily accessible to all units. The space will be clearly marked for visitors.

MF5. Electric vehicle charging stations should be provided in larger developments.

Each dwelling unit of the proposed development has been provided an electric vehicle charger in the garage space. This also complies with the EV charger requirements of the Zoning Bylaw.

City of Penticton
171 Main St. | Penticton B.C. | V2A 5A9
www.penticton.ca | ask@penticton.ca

Development Permit

Permit Number: DP PL2024-9776

Owner Name
Owner Address

Conditions of Permit

1. This permit is issued subject to compliance with all of the bylaws of the City, except as specifically varied or supplemented by this Permit.

2. This permit applies to:

Legal:	Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062
Civic:	2564 South Main Street
PID:	010-195-921

3. This permit has been issued in accordance with Section 489 of the *Local Government Act*, to permit the construction of a two 3-unit townhouses (6 dwelling units total) as shown in the plans attached in Schedule 'A'.

4. In accordance with Section 502 of the *Local Government Act* a deposit or irrevocable letter of credit, in the amount of $_____ must be deposited prior to beginning works authorized by this permit. The City may apply all or part of the above-noted security in accordance with Section 502 of the *Local Government Act*, to undertake works or other activities required to:
   a. correct an unsafe condition that has resulted from a contravention of this permit,
   b. satisfy the landscaping requirements of this permit as shown in Schedule 'A' or otherwise required by this permit, or
   c. repair damage to the natural environment that has resulted from a contravention of this permit.

5. The holder of this permit shall be eligible for a refund of the security described under Condition 4 only if:
   a. The permit has lapsed as described under Condition 8, or
   b. A completion certificate has been issued by the Building Inspection Department and the Director of Development Services is satisfied that the conditions of this permit have been met.

6. Upon completion of the development authorized by this permit, an application for release of securities (Landscape Inspection & Refund Request) must be submitted to the Planning Department. Staff may carry out inspections of the development to ensure the conditions of this permit have been met. Inspection fees may be withheld from the security in accordance with the City of Penticton Fees and Charges Bylaw (as amended from time to time).

DRAFT

General Conditions

7. In accordance with Section 501(2) of the *Local Government Act*, the lands subject to this permit shall be developed in general accordance with this permit and the plans attached as Schedule 'A'.

8. In accordance with Section 504 of the *Local Government Act*, if the holder of this permit does not commence the development authorized by this permit within 2 years of the date of this permit, this permit shall lapse.

9. **This permit is not a building permit. In order to proceed with this development, the holder of this permit must hold a valid building permit issued by the Building Inspection Department.**

10. This permit does not constitute any other municipal, provincial or federal approval. The holder of this permit is responsible to obtain any additional municipal, federal, or provincial approvals prior to commencing the development authorized by this permit.

11. This permit does not include off-site infrastructure costs that may be required at the building permit stage, such as Development Cost Charges (DCC's), road improvements and electrical servicing. There may be substantial infrastructure and servicing costs payable at a later date. For more information on servicing and infrastructure requirements please contact the Development Engineering Department at (250) 490-2501. For more information on electrical servicing costs, please contact the Electric Utility at (250) 490-2535.

Authorized by City Council, the _____ day of July, 2024.

Issued this _____ day of July, 2024.

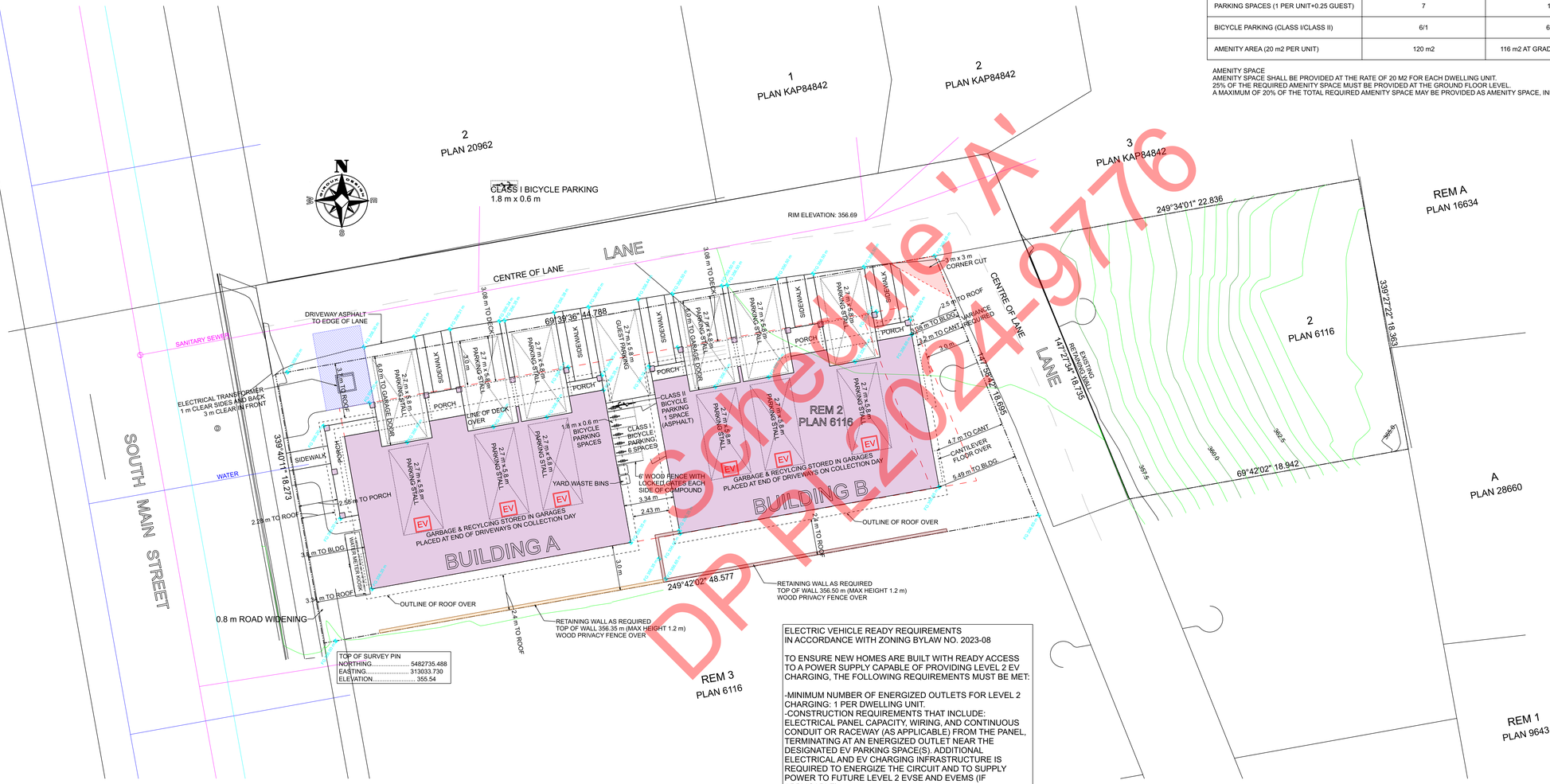
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Angela Collison
Corporate Officer

DRAFT

ZONING COMPLIANCE TABLE (PROPOSED ZONING RM2)			
REGULATION	REQUIRED/CURRENT	PROPOSED/PROVDIDED	VARIANCE REQUIRED
OCP DESIGNATION	GROUND ORIENTED RESIDENTIAL	GROUND ORIENTED RESIDENTIAL	NO
ZONING	R1	RM2	YES
LOT AREA (SUBDIVISION ONLY)	540 m2	1237 m2	N/A
MINIMUM LOT WIDTH (SUBDIVISION ONLY)	18.0 m	18.27 m	N/A
MAXIMUM LOT COVERAGE	40% (494.8 m2)	34% (415 m2)	NO
MAXIMUM DENSITY	0.80 FAR	0.68 FAR (847.1 m2)	NO
MAXIMUM HEIGHT	12 m	10.3 m	NO
MINIMUM FRONT YARD	3.0 m	3.0 m	NO
MINIMUM INTERIOR SIDE YARD	3.0 m	3.0 m	NO
MINIMUM EXTERIOR SIDE YARD	4.5 m	4.5 m	NO
MINIMUM REAR YARD	6.0 m	3.0 m	YES
PARKING SPACES (1 PER UNIT+0.25 GUEST)	7	13	NO
BICYCLE PARKING (CLASS I/CLASS II)	6/1	6/1	NO
AMENITY AREA (20 m2 PER UNIT)	120 m2	116 m2 AT GRADE/49 m2 DECKS	NO

AMENITY SPACE
AMENITY SPACE SHALL BE PROVIDED AT THE RATE OF 20 M2 FOR EACH DWELLING UNIT.
25% OF THE REQUIRED AMENITY SPACE MUST BE PROVIDED AT THE GROUND FLOOR LEVEL.
A MAXIMUM OF 20% OF THE TOTAL REQUIRED AMENITY SPACE MAY BE PROVIDED AS AMENITY SPACE, INDOOR.



SITE PLAN
SCALE: 1:150

CIVIC ADDRESS: 2564 SOUTH MAIN ST., PENTICTON, BC
PID: 010-195-921
PLAN: KAP6116, LOT 2, D.L. 251, S.D.Y.D., PL 6116 EXCEPT PL M13062

ELECTRIC VEHICLE READY REQUIREMENTS
IN ACCORDANCE WITH ZONING BYLAW NO. 2023-08

TO ENSURE NEW HOMES ARE BUILT WITH READY ACCESS TO A POWER SUPPLY CAPABLE OF PROVIDING LEVEL 2 EV CHARGING, THE FOLLOWING REQUIREMENTS MUST BE MET:

-MINIMUM NUMBER OF ENERGIZED OUTLETS FOR LEVEL 2 CHARGING: 1 PER DWELLING UNIT.
-CONSTRUCTION REQUIREMENTS THAT INCLUDE: ELECTRICAL PANEL CAPACITY, WIRING, AND CONTINUOUS CONDUIT OR RACEWAY (AS APPLICABLE) FROM THE PANEL, TERMINATING AT AN ENERGIZED OUTLET NEAR THE DESIGNATED EV PARKING SPACE(S). ADDITIONAL ELECTRICAL AND EV CHARGING INFRASTRUCTURE IS REQUIRED TO ENERGIZE THE CIRCUIT AND TO SUPPLY POWER TO FUTURE LEVEL 2 EVSE AND EVEMS (IF APPLICABLE).
-A POINT CONNECTED TO A SOURCE OF VOLTAGE IN AN ELECTRICAL WIRING INSTALLATION AT WHICH CURRENT IS TAKEN AND CAN BE CONNECTED TO SUPPLY UTILIZATION EQUIPMENT. AN OUTLET INCLUDES A COVERED TERMINATION BOX, NEMA 14-50R RECEPTACLE, OR NEMA 6-50R RECEPTACLE. ADDITIONAL TERMINATION MEANS MAY BE APPROVED BY THE CITY OF PENTICTON ELECTRIC UTILITY MANAGER.
-ELECTRIC VEHICLE CHARGING AT 208 V OR 240 V THROUGH SUPPLY UTILIZATION EQUIPMENT THAT MEETS THE DEFINITION OF LEVEL 2 BY THE STANDARD "SAE ELECTRIC VEHICLE AND PLUG IN HYBRID ELECTRIC VEHICLE CONDUCTIVE CHARGE COUPLER", J1772.

Schedule 'A'
DP PL2024-9776

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Site Plan

CONSTROKING HOLDINGS INC.
GURPREET SINGH
2564 SOUTH MAIN ST.
PENTICTON, BC

DESIGN BY: AJG
DRAWN BY: AJG
DATE: 2024-05-06
REVISED:

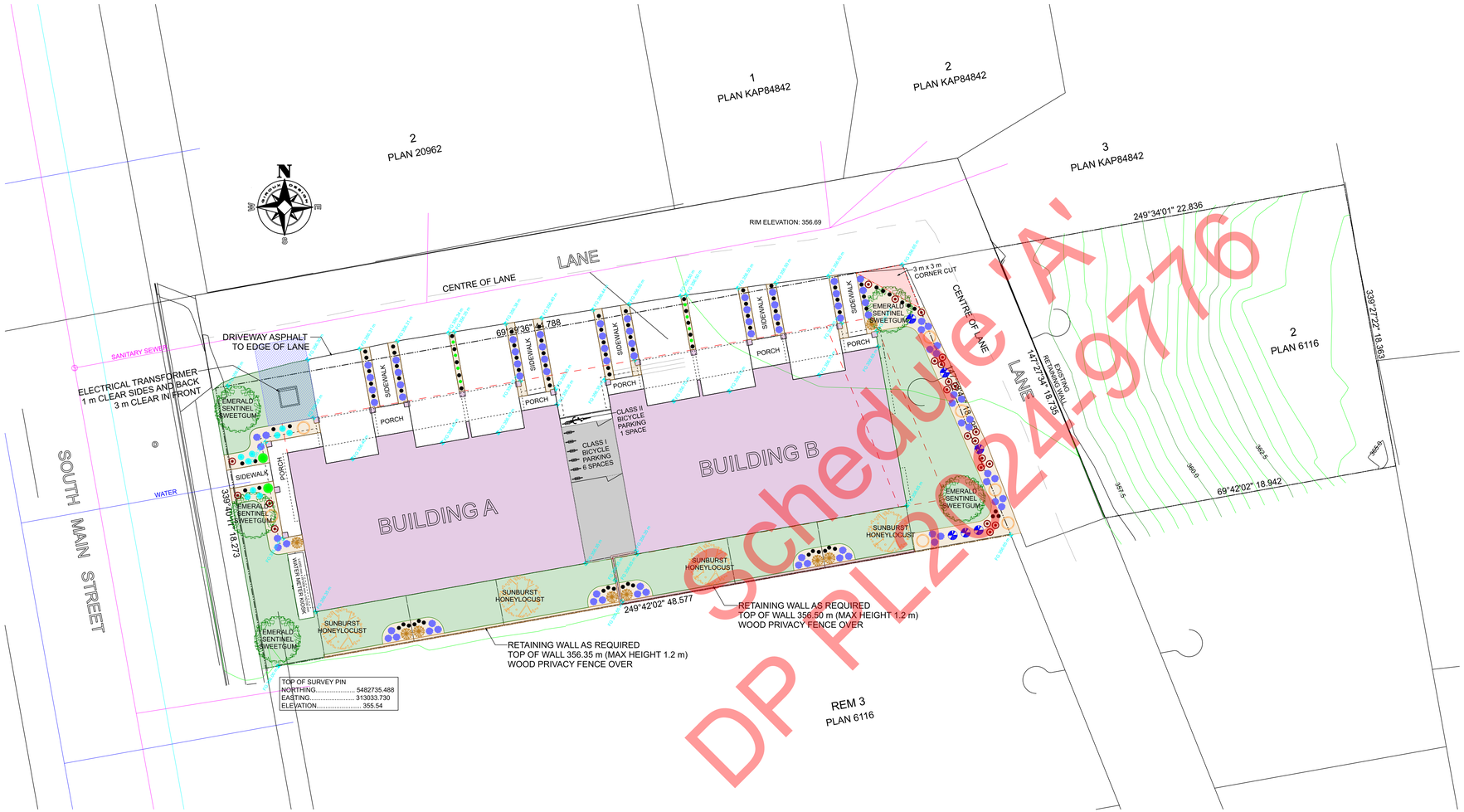
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Due to local codes, regulations and building practices and/or because of specific requirements of the owner, these drawings may not be complete with respect to the construction of a building or part thereof. Consequently, these drawings are not to be used as a guide for construction unless the builder has confirmed their suitability and completeness for such purpose in writing with Giroux Design Group. Additionally, Giroux Design Group is unable to accept any liability for the accuracy or overall integrity of these drawings in excess of their original purchase price. The builder is responsible for verifying all dimensions and details in these drawings and assume responsibility for the same.

GIROUX DESIGN GROUP
Custom Home and Building Design Since 1950.
Giroux Design Group Inc.
250-770-2273 e-mail: contact@girouxdesigngroup.com
web: www.girouxdesigngroup.com.

PLAN NO.
WP-5735
SLAB
SHEET NO.
A1

www.girouxdesigngroup.com - www.westhomeplanners.com



Scheduled
DP PL2024-9776

LANDSCAPE SCHEDULE

PLANTINGS:
Black Mondo Grass (Ophiopogon planiscapus 'Nigrescens') 87 qty.
Blue Cushion Lavender (Lavandula angustifolia 'Blue Cushion') 85 qty.
Blue Sedge (Carex flacca) 6 qty.
Bulbous Oat Grass (Arrhenatherum bulbosum 'Variegatum') 22 qty.
Dwarf Mondo Grass (Ophiopogon japonicus 'Nanus') 8 qty.
Elijah Blue Fescue (Festuca glauca 'Elijah Blue') 9 qty.
Hardy Pampas (Erianthus ravennae) 7 qty.
Japanese Forest Grass (Hakonechloa macra 'Fubuki') 2 qty.
Karl Foerster's Grass (Calamagrostis x acutiflora Karl Foerster) 8 qty.

TREES:
Emerald Sentinel Sweetgum (Liquidambar styraciflua 'Clydesform') 5 qty.
Sunburst Honeylocust (Gleditsia triacanthos 'Sunburst') 4 qty.

GARBAGE DISPOSAL:
Garbage Container 6 qty.
Recycling Container 6 qty.
Yard Waste Bin 2 qty.

GROUND COVER/HARD SURFACES:
Property Area (13,313 sq.ft.)
Asphalt (1704 sq.ft.)
Grass (2184 sq.ft.)
Planting Beds-Bark Mulch (977 sq.ft.)
River Rock-2" Rainbow (315 sq.ft.)
Landscape Fabric (1292 sq.ft.)
Sidewalks/Patios (304 sq.ft.)

FENCING:
4' High Wood Fence (12 lin.ft.)
6' High 'Good Neighbour' Privacy Fence (225 lin.ft.)

LANDSCAPE NOTES:

SHRUBS SHALL BE A MIN OF No.2 POT SHRUBS

ALL TREES ARE TO BE A MINIMUM CALIPER OF 60mm WITH A CLEAR STEM HEIGHT OF 1.5 m

NO TREES, FENCES OR STRUCTURES WITHIN ROAD DEDICATION

NO RETAINING WALLS OVER 1.2 m IN HEIGHT ARE PERMITTED WITHIN ANY SETBACK AREA

LANDSCAPED AREAS TO BE EQUIPPED WITH UNDERGROUND IRRIGATION SYSTEM COMPLETE WITH MOISTURE SENSORS & TIMERS.

LANDSCAPING AND IRRIGATION TO EXTEND TO EDGE OF CITY SIDEWALKS, CURBS, ASPHALT. (INCLUSIVE OF LANDSCAPING ON CITY BOULEVARD)

DRIVEWAY ASPHALT TO EXTEND TO STREET AND LANE ASPHALT.

LANDSCAPE PLAN
SCALE: 1:150

CIVIC ADDRESS: 2564 SOUTH MAIN ST., PENTICTON, BC
PID: 010-195-921
PLAN: KAP6116, LOT 2, D.L. 251, S.D.Y.D., PL 6116 EXCEPT PL M13062

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Landscape Plan

CONSTROKING HOLDINGS INC.
GUNPREET SINGH
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PENTICTON, BC

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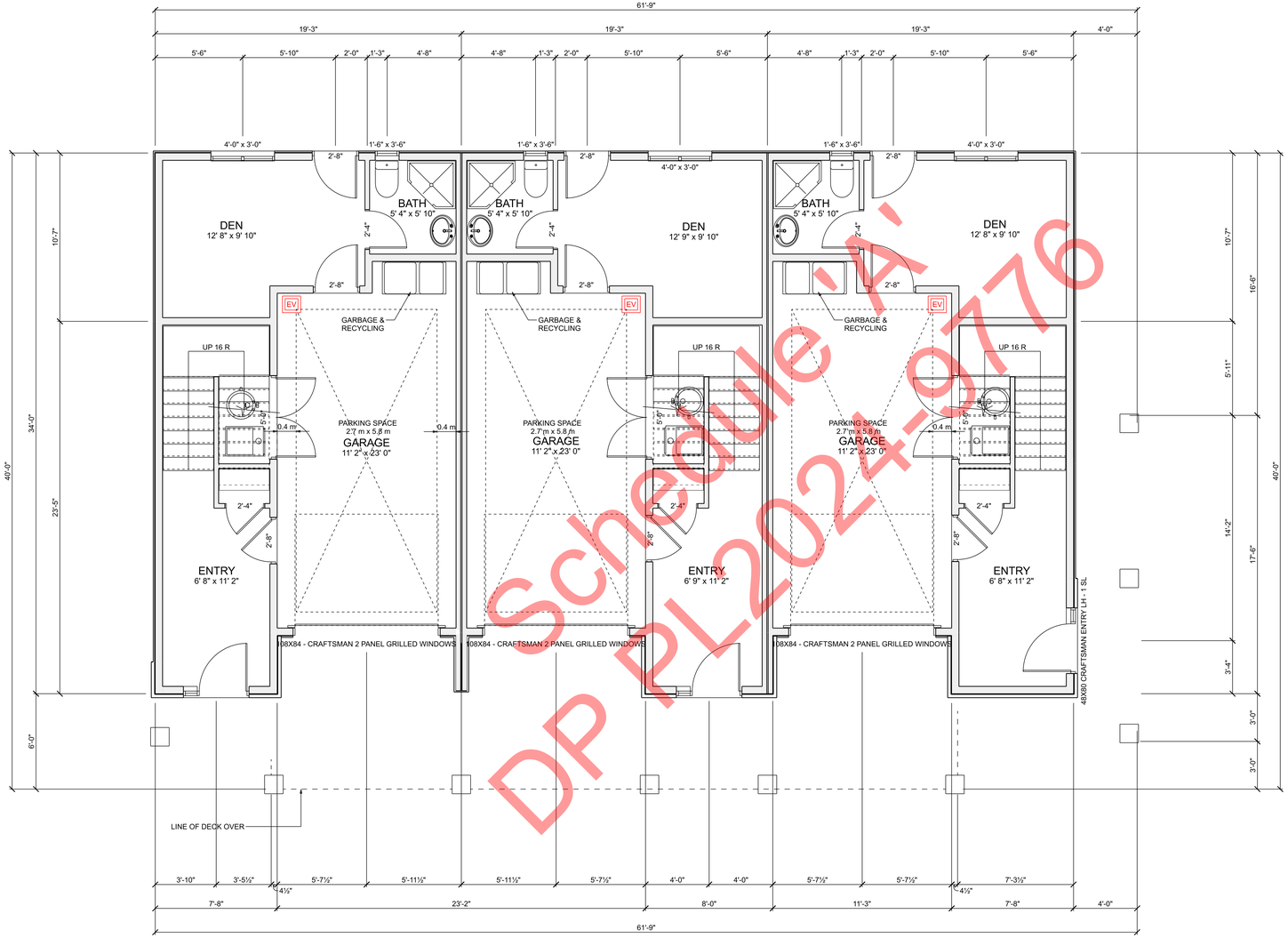
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PLAN NO.
WP-5735
SLAB

SHEET NO.
A2

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Scheduled
DP PL2024-9776

LOWER FLOOR PLAN

SCALE: 1/4" = 1'-0"
TOTAL LOWER FLOOR LIVING AREA: 968 sq ft.
TOTAL GARAGE & MECHANICAL AREA: 869 sq ft.

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Building A-Lower Floor Plan

CONSTROKING HOLDINGS INC.
GURPREET SINGH
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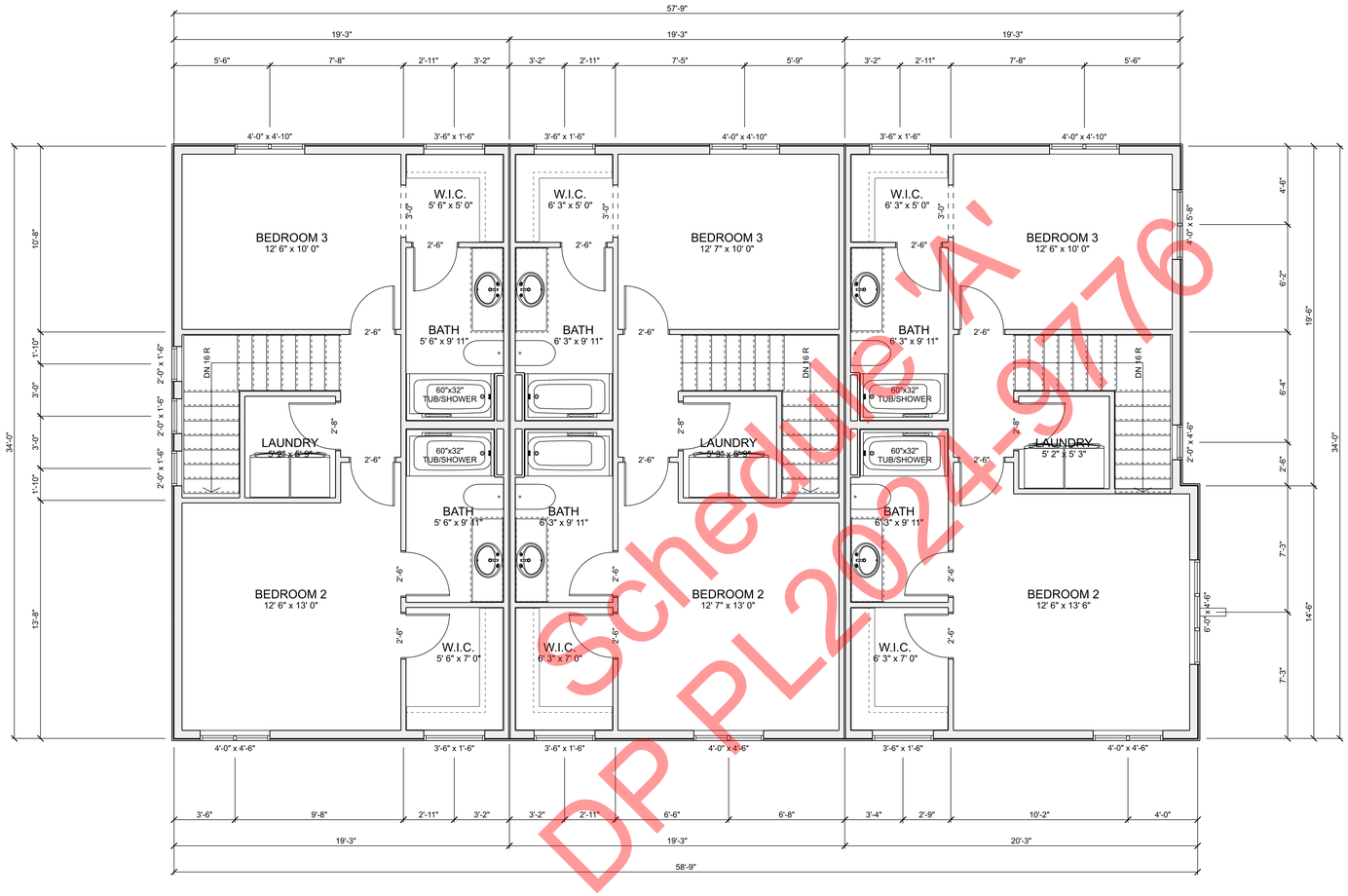
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Scheduled
DP PL2024-9776

UPPER FLOOR PLAN

SCALE: 1/4" = 1'-0"

TOTAL UPPER FLOOR LIVING AREA: 1817 sq ft.

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Building A-Upper Floor Plan

CONSTROKING HOLDINGS INC.
GUNPREET SINGH
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BUILDING A-NORTH ELEVATION
SCALE: 1/4" = 1'-0"



BUILDING A-WEST ELEVATION
SCALE: 1/4" = 1'-0"

Scheduled
DP PL20240976

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Building A-Exterior Elevations (West & North)

CONSTROKING HOLDINGS INC.
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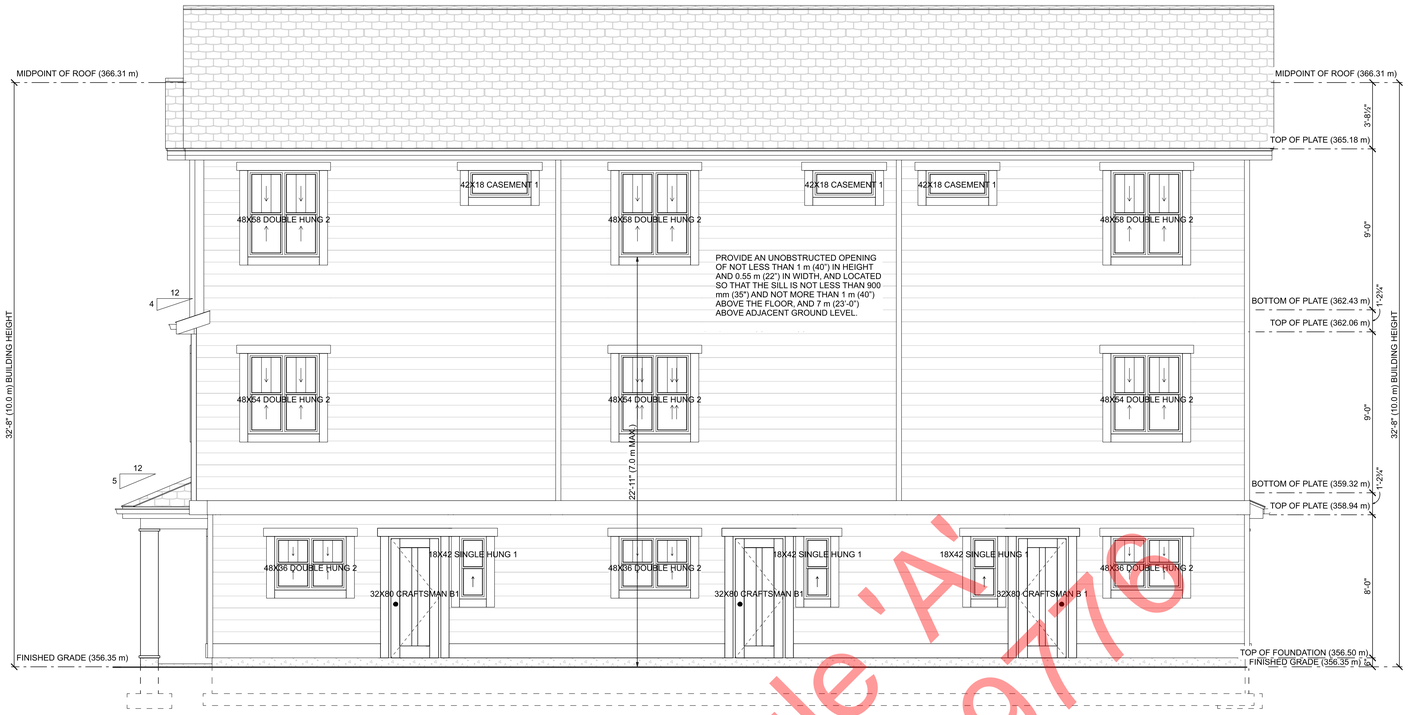
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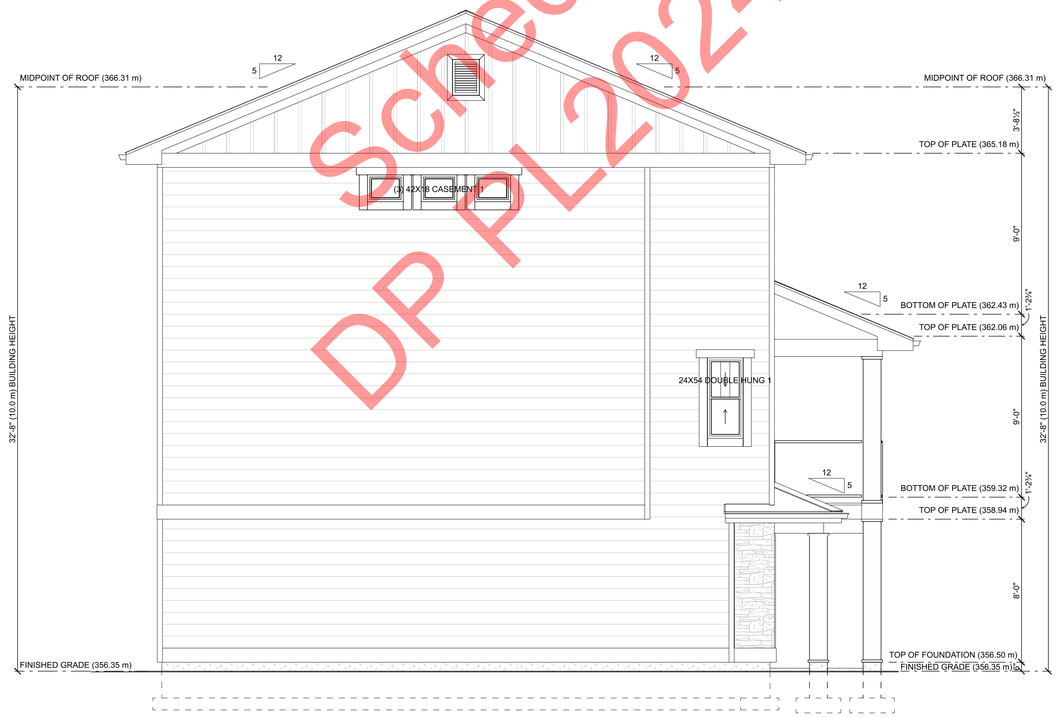
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SLAB

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A6

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BUILDING A-SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



BUILDING A-EAST ELEVATION
SCALE: 1/4" = 1'-0"

Schedule 'A'
DP PL2024-9776

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Building A-Exterior Elevations (East & South)

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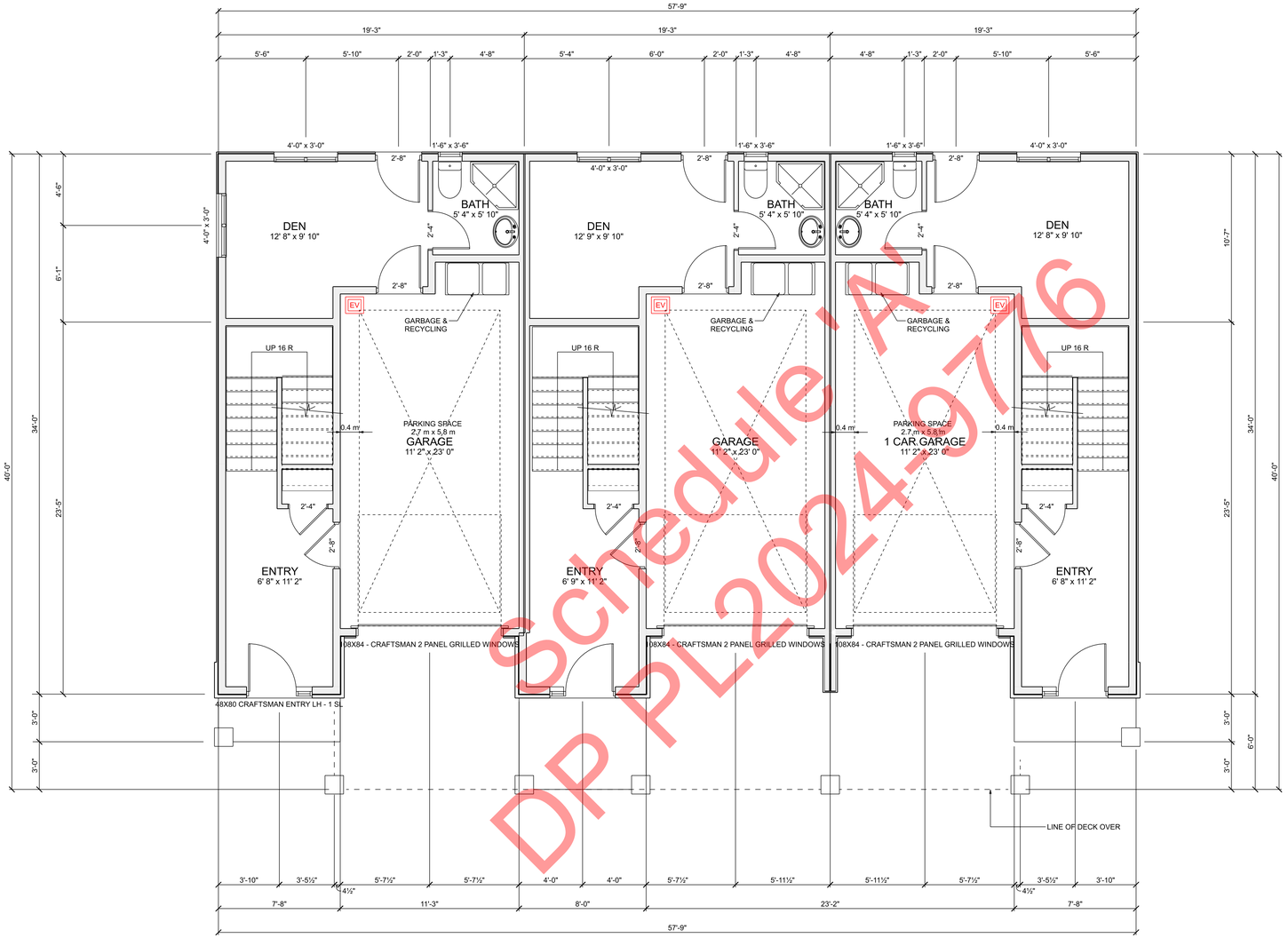
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WP-5735
SLAB

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LOWER FLOOR PLAN

SCALE: 1/4" = 1'-0"
TOTAL LOWER FLOOR LIVING AREA: 949 sq ft.
TOTAL GARAGE & MECHANICAL AREA: 886 sq ft.

Schedule 'A'
DP PL2024-9776

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Building B-Lower Floor Plan

CONSTROKING HOLDINGS INC.
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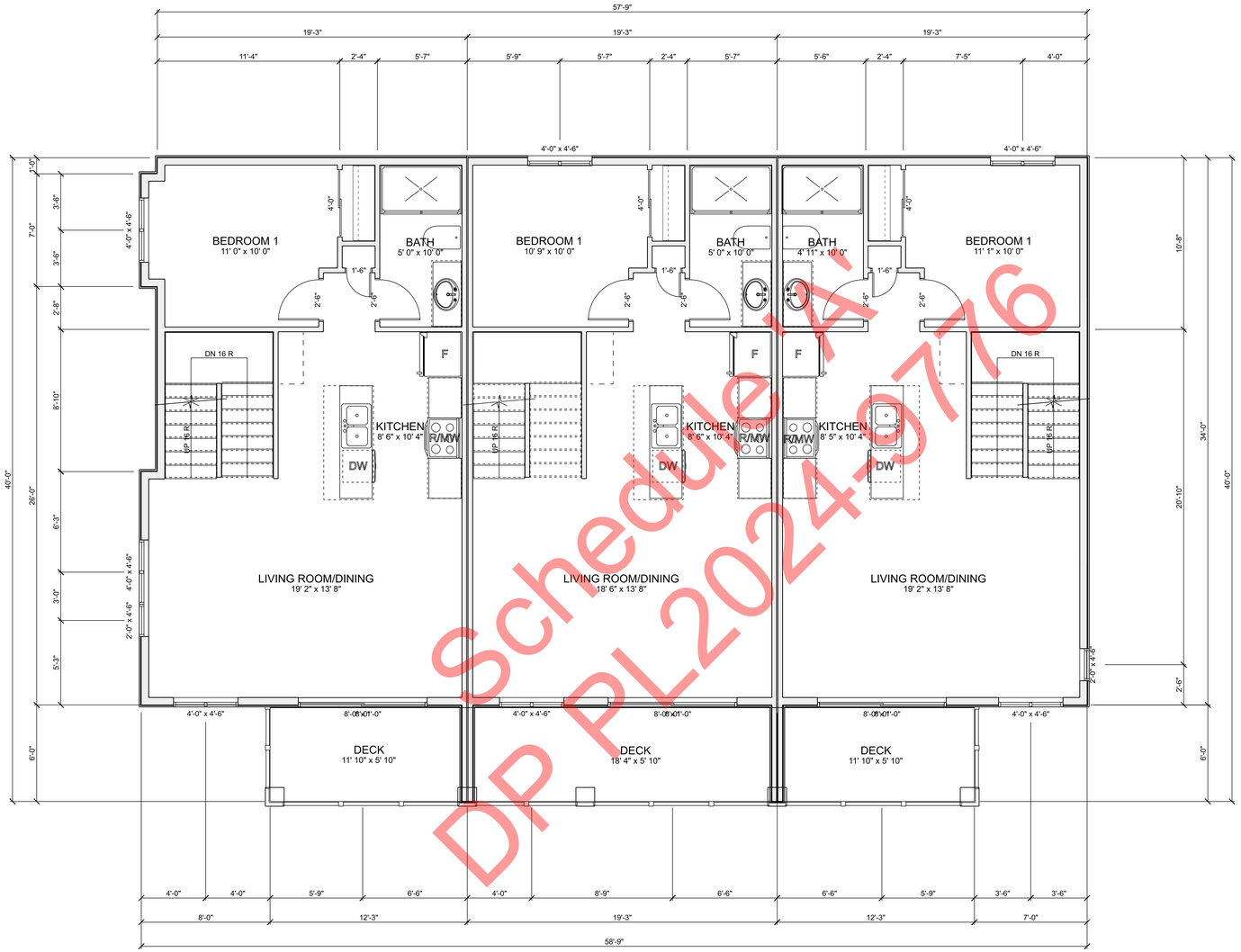
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MAIN FLOOR PLAN

SCALE: 1/4" = 1'-0"
TOTAL MAIN FLOOR LIVING AREA: 1784 sq ft.
DECK AREA: 262 sq ft.

Scheduled
DP PL2024-0776

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Building B-Main Floor Plan

CONSTROKING HOLDINGS INC.
GURPREET SINGH
2264 SOUTH MAIN ST.
PENTICTON, BC

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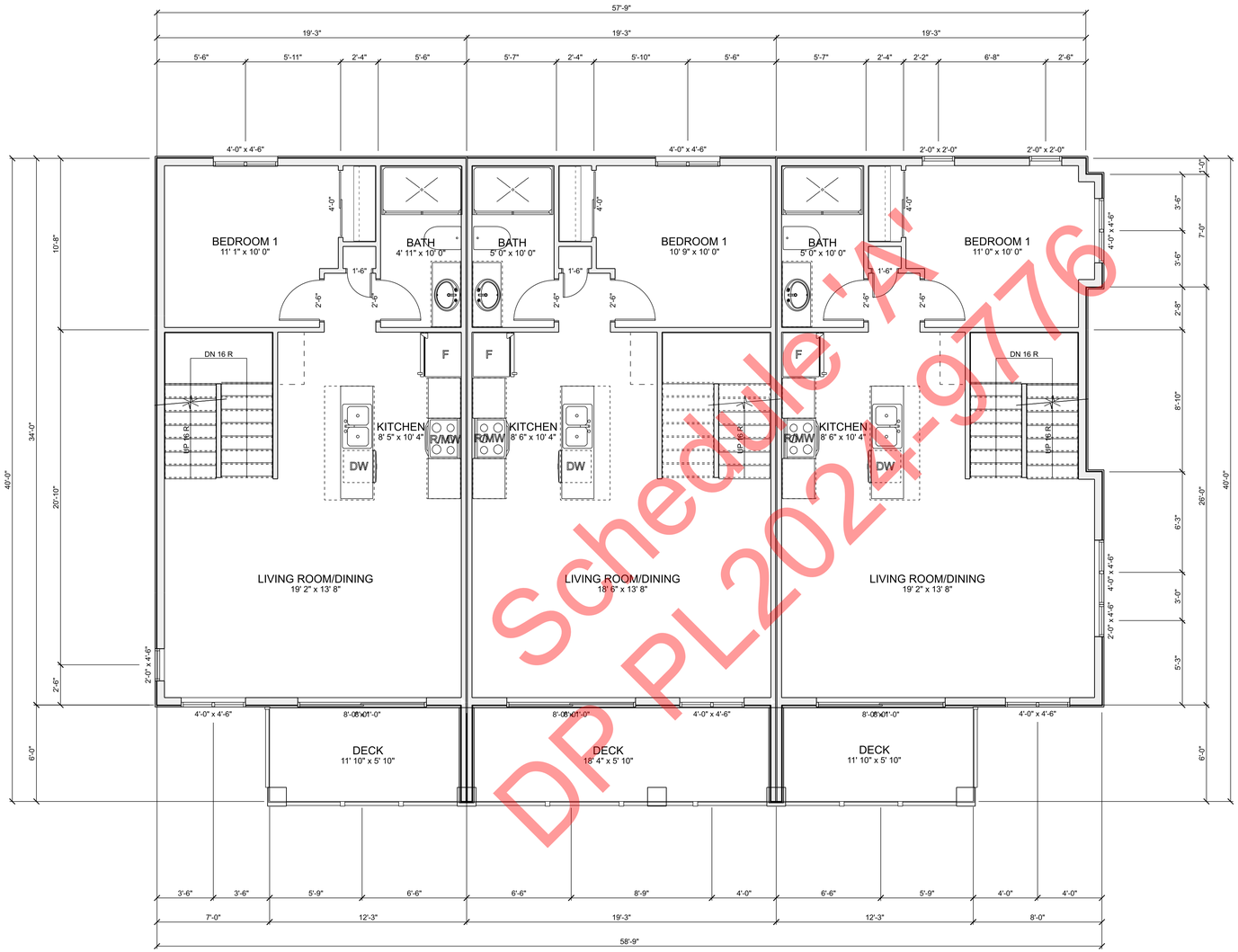
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PLAN NO.
WP-5735
SLAB

SHEET NO.
A9

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MAIN FLOOR PLAN

SCALE: 1/4" = 1'-0"
TOTAL MAIN FLOOR LIVING AREA: 1783 sq ft.
DECK AREA: 262 sq ft.

Schedule 'A'
DP PL2021-9776

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Building A-Main Floor Plan

CONSTROKING HOLDINGS INC.
GUNPREET SINGH
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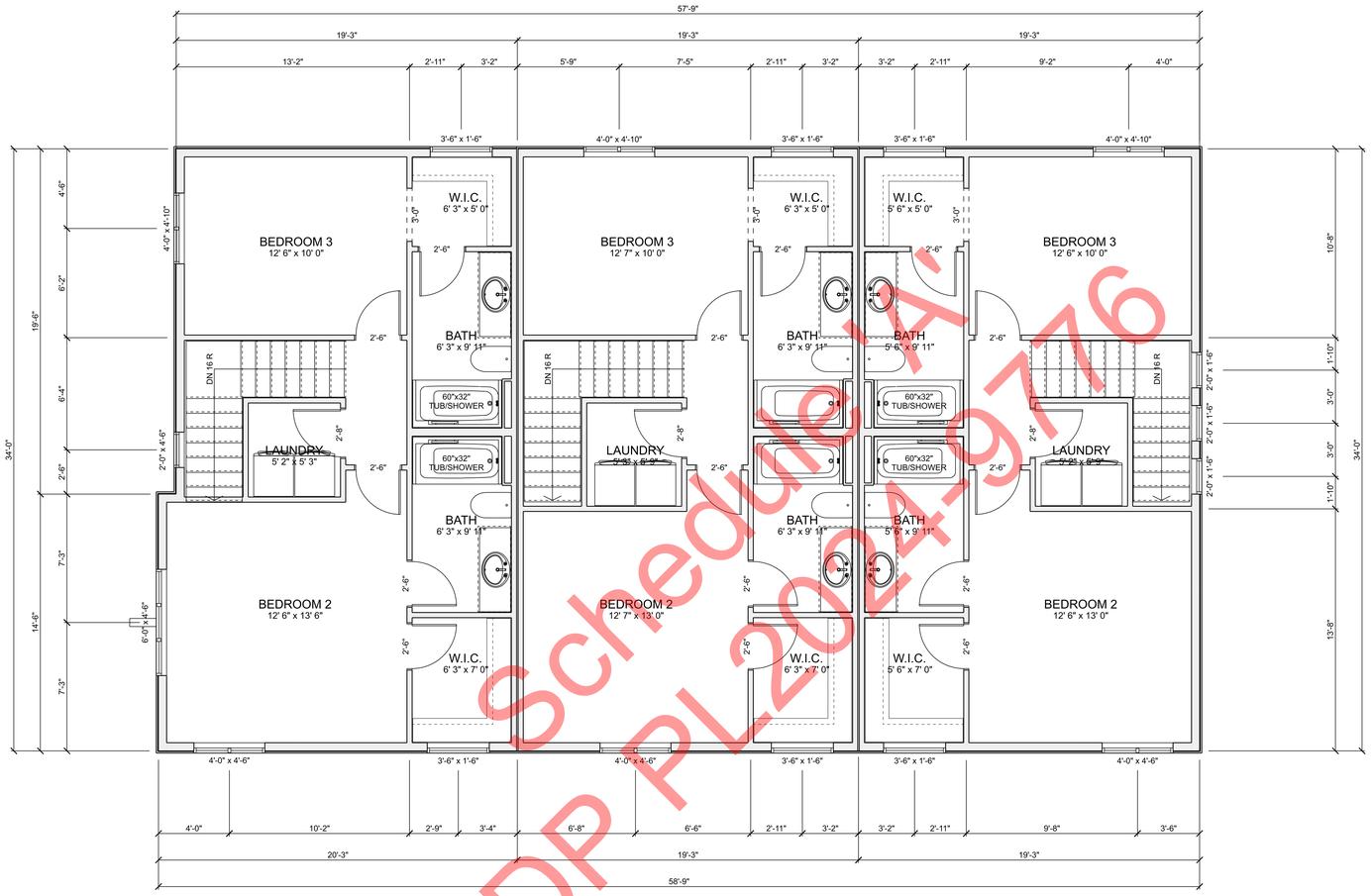
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UPPER FLOOR PLAN

SCALE: 1/4" = 1'-0"

TOTAL UPPER FLOOR LIVING AREA: 1817 sq ft.

Scheduled
DP PL2024-9776

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Building B-Upper Floor Plan

CONSTROKING HOLDINGS INC.
GURPREET SINGH
2264 SOUTH MAIN ST.
PENTICTON, BC

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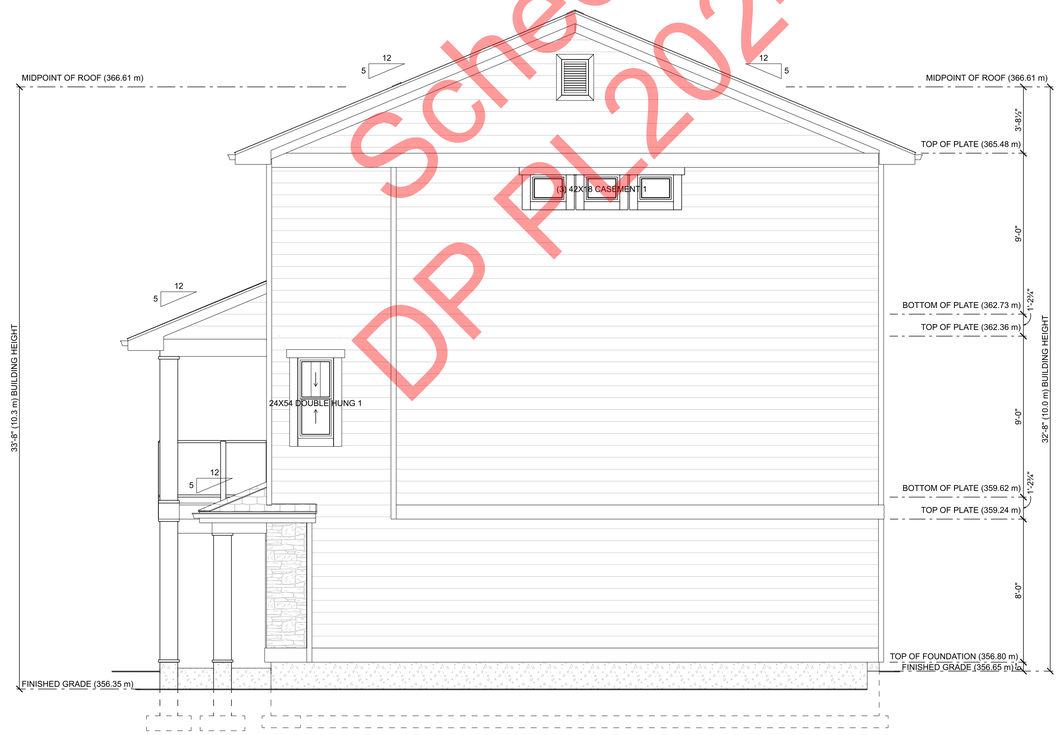
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BUILDING B-NORTH ELEVATION
SCALE: 1/4" = 1'-0"



BUILDING B-WEST ELEVATION
SCALE: 1/4" = 1'-0"

Schedule 'A'
DP PL2024-9776

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Building B-Exterior Elevations (West & North)

CONSTROKING HOLDINGS INC.
GUNPREET SINGH
2264 SOUTH MAIN ST.
PENTICTON, BC

DESIGN BY: AJG
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DATE: 2024-05-06
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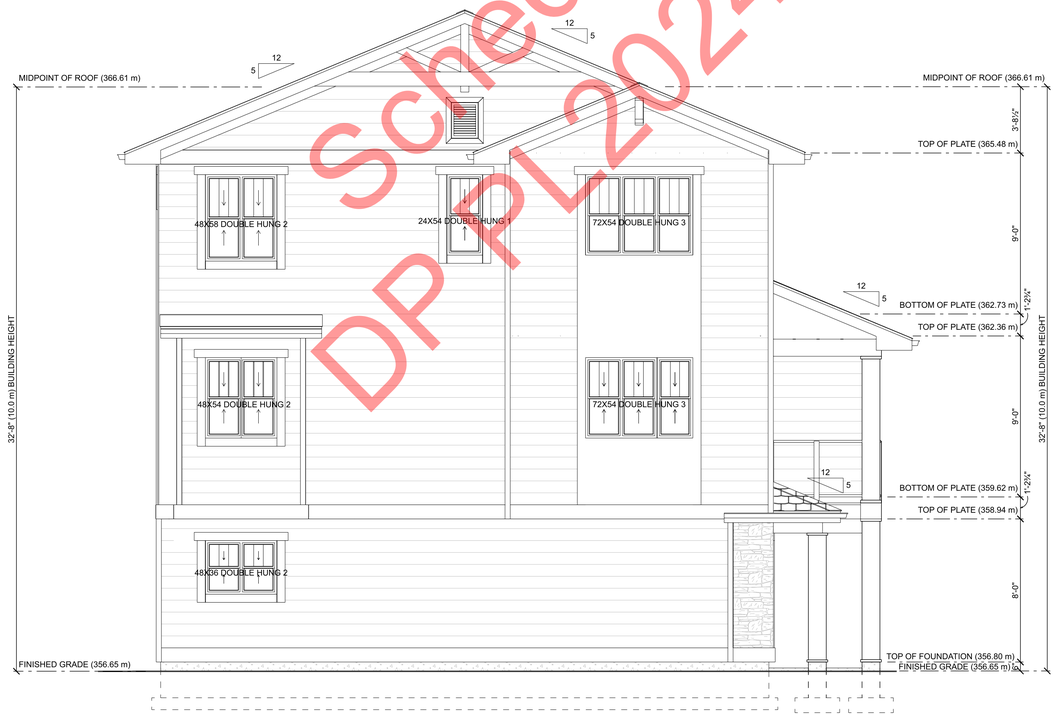
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BUILDING B-SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



BUILDING B-EAST ELEVATION
SCALE: 1/4" = 1'-0"

Scheduled
DP PL20240976

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Building B-Exterior Elevations (East & South)

CONSTROKING HOLDINGS INC.
GUNPREET SINGH
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WEST ELEVATION
SCALE: 3/16" = 1'-0"



EAST ELEVATION
SCALE: 3/16" = 1'-0"



NORTH ELEVATION
SCALE: 3/16" = 1'-0"





SOUTH ELEVATION
SCALE: 3/16" = 1'-0"



Schedule 'A'
DP PL2024-9776

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Colour Elevations

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PLAN NO.
WP-5735
SLAB

SHEET NO.
A13

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Scheduled
DP RL 2024-9776

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Renderings

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CONSTROKING HOLDINGS INC.
GURPREET SINGH
2264 SOUTH MAIN ST.
PENTICTON, BC

DESIGN BY: AJG	DATE: 2024-05-06
DRAWN BY: AJG	REVISED:

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City of Penticton
171 Main St. | Penticton B.C. | V2A 5A9
www.penticton.ca | ask@penticton.ca

Development Variance Permit

Permit Number: DVP PL2024-9775

Owner Name
Owner Address

Conditions of Permit

1. This permit is issued subject to compliance with all of the bylaws of the City, except as specifically varied or supplemented by this Permit.

2. This permit applies to:

Legal:	Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062
Civic:	2564 South Main Street
PID:	010-195-921

3. This permit has been issued in accordance with Section 498 of the *Local Government Act*, to vary the following sections of Zoning Bylaw 2024-22 to allow for the construction of two 3-unit townhouses (6 dwelling units total) as shown in the plans attached in Schedule 'A':

    a. Section 10.4.2.9 – Rear Yard Setback reduction from 6.0m to 3.0m.

General Conditions

4. In accordance with Section 501 of the *Local Government Act*, the lands subject to this permit shall be developed in general accordance with this permit and the plans attached as Schedule 'A'.

5. In accordance with Section 504 of the *Local Government Act*, if the holder of this permit does not commence the development authorized by this permit within 2 years of the date of this permit, this permit shall lapse.

6. **This permit is not a building permit. In order to proceed with this development, the holder of this permit must hold a valid building permit issued by the Building Inspection Department.**

7. This permit does not constitute any other municipal, provincial or federal approval. The holder of this permit is responsible to obtain any additional municipal, federal, or provincial approvals prior to commencing the development authorized by this permit.

8. This permit does not include off-site infrastructure costs that may be required at the building permit stage, such as Development Cost Charges (DCC's), road improvements and electrical servicing. There may be substantial infrastructure and servicing costs payable at a later date. For more information on servicing and infrastructure requirements please contact the Development Engineering Department at (250) 490-2501. For more information on electrical servicing costs, please contact the Electric Utility at (250) 490-2535.

DRAFT

Authorized by City Council, the _____ day of July, 2024.

Issued this _____ day of July, 2024.

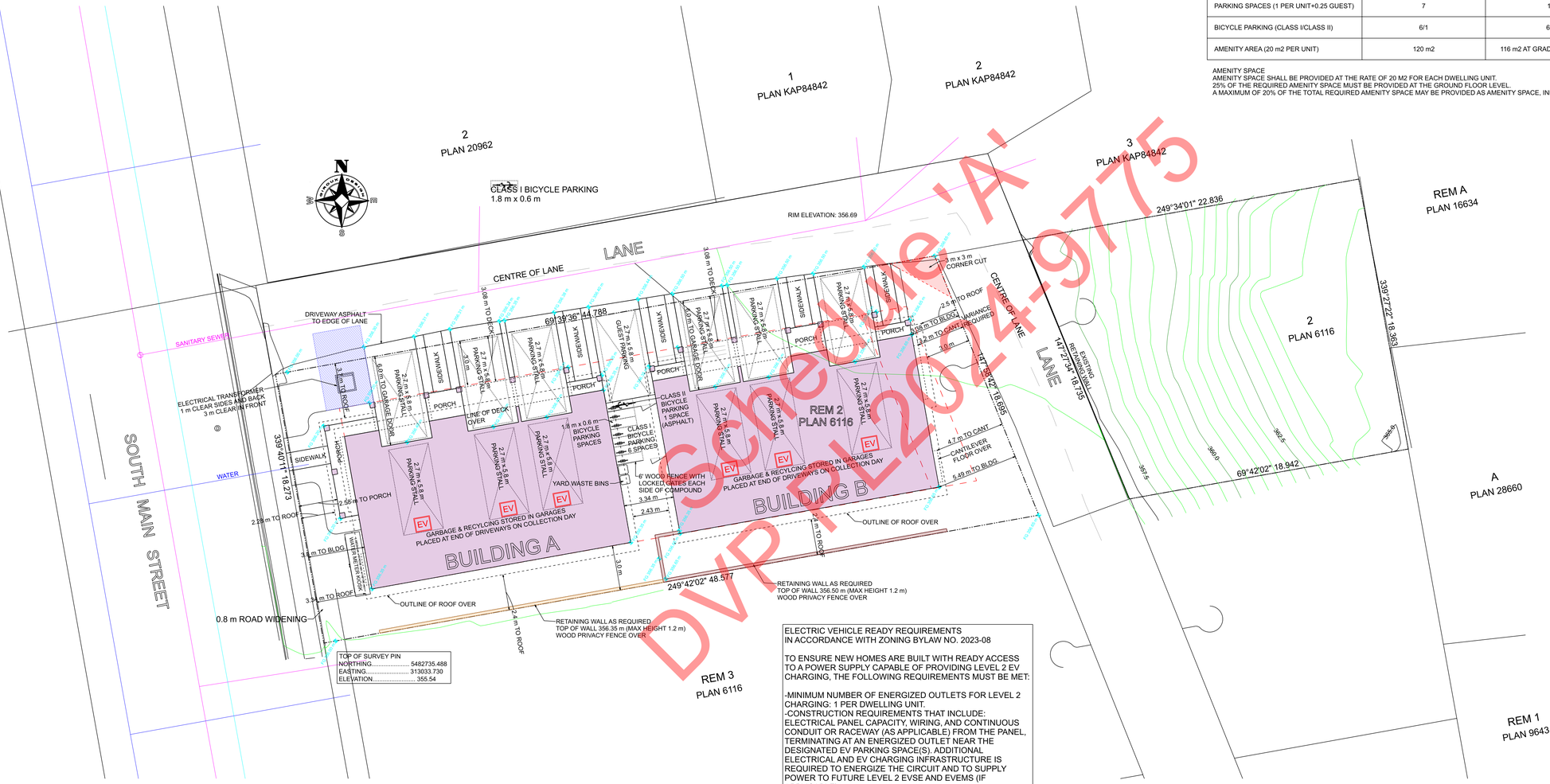
_____

Angela Collison
Corporate Officer

DRAFT

ZONING COMPLIANCE TABLE (PROPOSED ZONING RM2)			
REGULATION	REQUIRED/CURRENT	PROPOSED/PROVDIDED	VARIANCE REQUIRED
OCP DESIGNATION	GROUND ORIENTED RESIDENTIAL	GROUND ORIENTED RESIDENTIAL	NO
ZONING	R1	RM2	YES
LOT AREA (SUBDIVISION ONLY)	540 m2	1237 m2	N/A
MINIMUM LOT WIDTH (SUBDIVISION ONLY)	18.0 m	18.27 m	N/A
MAXIMUM LOT COVERAGE	40% (494.8 m2)	34% (415 m2)	NO
MAXIMUM DENSITY	0.80 FAR	0.68 FAR (847.1 m2)	NO
MAXIMUM HEIGHT	12 m	10.3 m	NO
MINIMUM FRONT YARD	3.0 m	3.0 m	NO
MINIMUM INTERIOR SIDE YARD	3.0 m	3.0 m	NO
MINIMUM EXTERIOR SIDE YARD	4.5 m	4.5 m	NO
MINIMUM REAR YARD	6.0 m	3.0 m	YES
PARKING SPACES (1 PER UNIT+0.25 GUEST)	7	13	NO
BICYCLE PARKING (CLASS I/CLASS II)	6/1	6/1	NO
AMENITY AREA (20 m2 PER UNIT)	120 m2	116 m2 AT GRADE/49 m2 DECKS	NO

AMENITY SPACE
AMENITY SPACE SHALL BE PROVIDED AT THE RATE OF 20 M2 FOR EACH DWELLING UNIT.
25% OF THE REQUIRED AMENITY SPACE MUST BE PROVIDED AT THE GROUND FLOOR LEVEL.
A MAXIMUM OF 20% OF THE TOTAL REQUIRED AMENITY SPACE MAY BE PROVIDED AS AMENITY SPACE, INDOOR.



ELECTRIC VEHICLE READY REQUIREMENTS
IN ACCORDANCE WITH ZONING BYLAW NO. 2023-08

TO ENSURE NEW HOMES ARE BUILT WITH READY ACCESS TO A POWER SUPPLY CAPABLE OF PROVIDING LEVEL 2 EV CHARGING, THE FOLLOWING REQUIREMENTS MUST BE MET:

-MINIMUM NUMBER OF ENERGIZED OUTLETS FOR LEVEL 2 CHARGING: 1 PER DWELLING UNIT.
-CONSTRUCTION REQUIREMENTS THAT INCLUDE: ELECTRICAL PANEL CAPACITY, WIRING, AND CONTINUOUS CONDUIT OR RACEWAY (AS APPLICABLE) FROM THE PANEL, TERMINATING AT AN ENERGIZED OUTLET NEAR THE DESIGNATED EV PARKING SPACE(S). ADDITIONAL ELECTRICAL AND EV CHARGING INFRASTRUCTURE IS REQUIRED TO ENERGIZE THE CIRCUIT AND TO SUPPLY POWER TO FUTURE LEVEL 2 EVSE AND EVEMS (IF APPLICABLE).
-A POINT CONNECTED TO A SOURCE OF VOLTAGE IN AN ELECTRICAL WIRING INSTALLATION AT WHICH CURRENT IS TAKEN AND CAN BE CONNECTED TO SUPPLY UTILIZATION EQUIPMENT. AN OUTLET INCLUDES A COVERED TERMINATION BOX, NEMA 14-50R RECEPTACLE, OR NEMA 6-50R RECEPTACLE. ADDITIONAL TERMINATION MEANS MAY BE APPROVED BY THE CITY OF PENTICTON ELECTRIC UTILITY MANAGER.
-ELECTRIC VEHICLE CHARGING AT 208 V OR 240 V THROUGH SUPPLY UTILIZATION EQUIPMENT THAT MEETS THE DEFINITION OF LEVEL 2 BY THE STANDARD "SAE ELECTRIC VEHICLE AND PLUG IN HYBRID ELECTRIC VEHICLE CONDUCTIVE CHARGE COUPLER", J1772.

SITE PLAN
SCALE: 1:150

CIVIC ADDRESS: 2564 SOUTH MAIN ST., PENTICTON, BC
PID: 010-195-921
PLAN: KAP6116, LOT 2, D.L. 251, S.D.Y.D., PL 6116 EXCEPT PL M13062

Schedule 'A'
DVP PL2024-9775

CONSTROKING HOLDINGS INC.
GURPREET SINGH
2564 SOUTH MAIN ST.
PENTICTON, BC

DESIGN BY: AJG
DRAWN BY: AJG
DATE: 2024-05-06
REVISED:

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Due to local codes, regulations and building practices and/or because of specific site conditions, these drawings may require modifications and/or adaptations before construction of a building will be permitted. Consequently, these drawings are not to be used as a guide for construction unless the builder has confirmed their suitability and adaptation requirements with the authorities having jurisdiction over the project. Additionally, Giroux Design Group is unable to accept any liability for the accuracy or overall integrity of these drawings in excess of their original purchase price. The builder is responsible for verifying the accuracy of all dimensions and details in these drawings and assume responsibility for the same.

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Site Plan

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The Corporation of the City of Penticton

Bylaw No. 2024-25

A Bylaw to Amend Zoning Bylaw 2024-22

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw No. 2024-22;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2024-25".

2. **Amendment:**

2.1 Zoning Bylaw No. 2024-22 is hereby amended as follows:

Rezone Lot 2 District Lot 251 Similkameen Division Yale District Plan 6116 Except Plan M13062, located at 2564 South Main Street, from R4-L (Small-Scale Multi-Unit Residential: Large Lot) to RM2 (Low Density Multiple Housing) as shown on Schedule 'A'.

2.2 Schedule 'A' attached hereto forms part of this bylaw.

READ A FIRST time this	day of	, 2024
READ A SECOND time this	day of	, 2024
READ A THIRD time this	day of	, 2024
ADOPTED this	day of	, 2024

Notice of intention to proceed with this bylaw was published on the 5th day of July, 2024 and the 12th day of July, 2024 in an online news source and the newspaper, pursuant to Section 94.2 of the *Community Charter*.

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer



City of Penticton – Schedule 'A'

Zoning Amendment Bylaw No. 2024-25

Date: _____ Corporate Officer: _____

Late Submission - Regular Agenda Item 8.8
Zoning Amendment Bylaw No. 2024-25
Development Variance Permit PL2024-9775, Development Permit PL2024-9776
re 2564 South Main Street

Dear Penticton City Council
c/o Corporate Officer, City of Penticton,

This letter is sent in response to the Public Notice we recently received regarding a proposed new development at 2564 South Main Street. We are seriously concerned that this development will have a negative impact on our lovely neighbourhood now and into the future, and we oppose the rezoning and variance application for a number of reasons (see below).

1. **Impact on Peace and Quality of Life:**
    - The new development would disturb the current peace and tranquility of the neighborhood, as the current focus on single-family lots transitions to 6 families on a single lot.
    - The increase to the noise, traffic, and density would negatively impact our daily life and enjoyment of our home, as the transition to a 3-story building next to us would also intrude upon our privacy.
2. **Changes to Neighborhood Vibe:**
    - The character and vibe of our neighborhood is peaceful and neighborly. This would be significantly altered by the introduction of a multi-unit dwelling.
    - The Wiltse neighborhood is promoted as one of the more beautiful areas of Penticton and was a unique feature that influenced our decision to recently move here only 6 months ago. Building multiple-level dwellings in this neighborhood would significantly change that character and we feel that preserving this is important for the reputation of the city and those who wish to move here.
3. **Zoning and Compatibility:**
    - The current zoning regulations exist to preserve the residential character and lifestyle of the area, and we feel that these regulations should be maintained.
    - Changing the zoning would be inconsistent with the surrounding residential properties and could set a precedent for further undesirable developments. The developer for this property mentioned some 'consistency' with the more recent development to the south of this lot, but those townhomes were only built to a height of 2 stories, which is more desirable than their current proposal.
4. **Alternative Solutions:**
    - It would be much more reasonable to have proposed developments north of Pineview, where community housing and other higher-density buildings already exist. The construction of the townhomes to the south of this lot are evidence that these buildings disturb the current vibe and feel of our neighborhood (see photo – attached). Creating more development in this area would further disrupt the peace and enjoyment of residents in this area.
5. **Request for Consideration:**
    - We request that the city council or planning commission consider our concerns seriously and weigh them against the developer's proposal. An alternate proposal that is only 2 stories in height or conforming with the current bylaws regarding the rear-yard setback, would be more reasonable considering what currently exists in this neighbourhood.

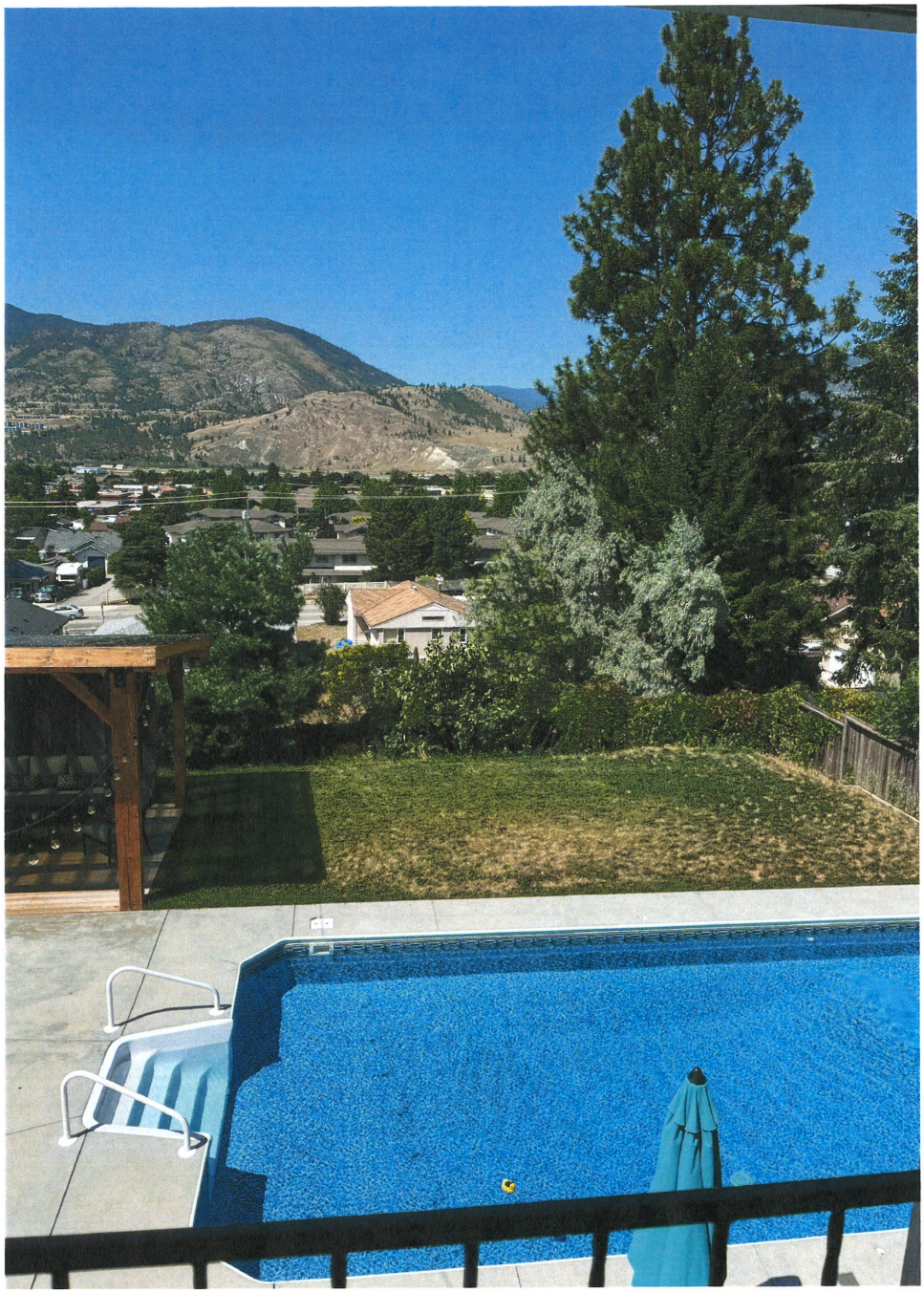
We urge the council to consider our arguments against the development of this lot along South Main, as it will considerably impact the existing residents in this peaceful and pleasurable neighbourhood. Increasing the height of the proposed new residential structures should be seriously considered for its significant negative impact, not only on existing residents, but for incoming potential new homeowners in the Wiltse neighbourhood.

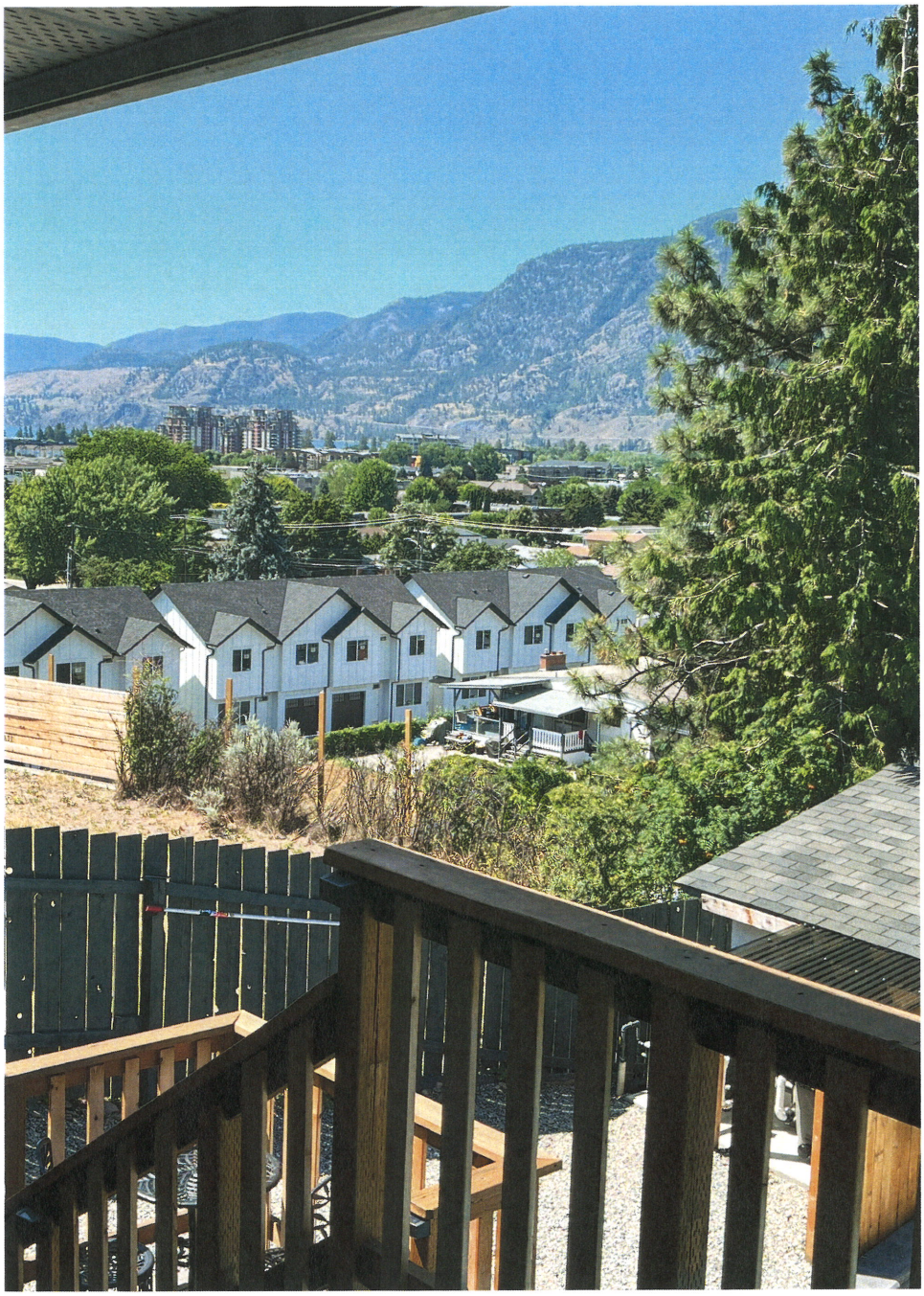
In addition, we have some concern for the parcel of land that exists to the west of our property line – who will be responsible for deciding what happens with that extension to the lot? Are there going to be any regulations that limit construction on that portion of the lot? Does the proposed new structure require a Strata Council to manage the property? These are all questions that we feel should be addressed before considering this proposed new development.

Sincerely,

Christian/Shelli Guenette

106 Craig Drive, Penticton BC, V2A 3R9





Late Submission - Regular Agenda Item 8.8
Zoning Amendment Bylaw No. 2024-25
Development Variance Permit PL2024-9775, Development Permit PL2024-9776
re 2564 South Main Street

July 14, 2024

Attention: Corporate Officer, City of Penticton

Major Bloomfield and Counsellors
City of Penticton
171 Main Street
Penticton, BC V2A 5A9

Subject: Zoning Amendment Bylaw No. 2024-25 for 2564 South Main Street
Variance Permit PL 2024-9775
Development Permit PL2024-9776

Dear Mayor and Council:

As the neighbouring property owners of 2564 South Main Street we are opposed to this application for rezoning from R4-L to RM2, as well as the variance permit and the proposed development. We request that council consider our comments.

Recently, Provincial legislation mandated municipalities to change zoning of R1 lots to R4-L (Small Scale Multi-Unit Residential: Large Lot). This change allows up to 4 units per lot.

Quote from David Eby……
"Constructing mostly high-rise condo towers or single-family homes means B.C. isn't building enough small-scale multi-unit homes that fit into existing neighbourhoods and give people more housing options that are within reach. That's why we're taking action to fix zoning problems and deliver more homes for people, faster."

This provincial mandate is geared to help create more certainty for community members and home builders and to help meet housing needs.

The majority of lots on this particular block of South Main Street aligns with the intent of the new provincial legislation for increased density to address the housing issue. As such, the City rezoned these lots from R1 to R4-L. The transition on this block from single family to up to four units would increase density while keeping with the scale and character of the neighbourhood.

An application is now being presented to Council for rezoning of 2564 South Main Street to RM2 (Low density Multiple Housing) in order to build a 6 unit 3-storey structure that does not jive with form and character of the neighborhood and does not fit the spirit of "fitting into existing neighbourhoods" quoted by David Eby.

It is important to note that the Proposed Development Statistics in report to council (page 3) indicates a total lot area of 1232.82 m2 for 2564 South Main Street. However, this figure includes a large section on "non-buildable area" to the east of the laneway. This is skewing the numbers in the report to council and gives the perception that the development is within R4-L and RM2 zoning. The new building is proposed to be placed within the section to the west of the laneway which is approximately 835m2. When the reduced lot area is used, the Maximum Lot Coverage and FAR calculations grossly exceeds R4-L and RM2 zoning. While technically the proposed calculations are correct and looks good on paper it is not reality. The proposed building is being jammed onto the smaller west section of land and will tower over the one and two-storey homes that surround it on all sides.

Equally important, the developer requires a "**major**" variance to reduce the rear yard setback from 6.0m to 3.0m. This variance request is not only unreasonable but it further proves that this lot does not support the footprint of this development.

The table below compares the proposed development at 2564 South Main Street to both R4-L and RM2 zoning using the reduced lot area (buildable area) which highlights non-conformance to the bylaw.

2564 South Main – RM2 vs PLANS			
	RM2 Zoning	**2564 S. Main**	
Min.Lot Area	540 m2	835 m2*	*area based on BUILDABLE LOT AREA. Land area EAST of laneway is non-buildable and if included skews all calculations.
Max.Lot Coverage	40%	**50%**	- current proposal **exceeds RM2 zoning** when the non-buildable lot area is removed from lot area calculation
Max.Density (FAR)	0.8	**1.01**	- current proposal **exceeds RM2 zoning FAR** when the non-buildable lot area is removed from lot area calculation.
Max.Building Height	12 m	10.11 m	

2564 South Main – R4-L vs PLANS			
	R4-L Zoning	**2564 S. Main**	
Min.Lot Area	560 m2	835 m2*	*area based on BUILDABLE LOT AREA. Land area EAST of laneway is non-buildable and if included skews all calculations.
Max.Lot Coverage	40%	**50%**	- current proposal **exceeds R4-L zoning** when the non-buildable lot area is removed from lot area calculation
Max.Density (FAR)	4 dwellings	**6 dwellings**	- current proposal **exceeds R4-L zoning FAR** when the non-buildable lot area is removed from lot area calculation.
Max.Building Height	11 m	10.11 m	

Another issue that is a cause of concern is the lack of green space for this development. The City's Communitree Project is bringing important attention to the need for increasing our urban canopy, especially in light of the increased temperatures we are experiencing each summer. While increasing density is also a concern, approving builds that leave little space for the planting of "trees that require substantial soil volumes to ensure longevity" seems to contradict the purpose of promoting an urban canopy.

This is not the first time a developer has sought to rezone a property on this block. In August 2020 , Mr. Giroux presented a proposed development at 2644 South Main Street for 8 units and 3-storeys which received strong opposition from neighbouring property owners and was declined by council due to excess building height, rear yard set-back and too high of density. A revised submission was made in 2021 which reduced density to 6 units, decreased height to 7.42m and eliminated the need for rear yard set-back variance. While still opposed by the neighbouring property owners, the revised proposal was ultimately approved by council. Unfortunately these units are still not completed and have not made it to market.

The diagram below shows the difference between the actual buildable lot size at 2564 South Main Street with that of the previous similar development at 2644 South Main Street. There is considerably less space to support a six-unit development.

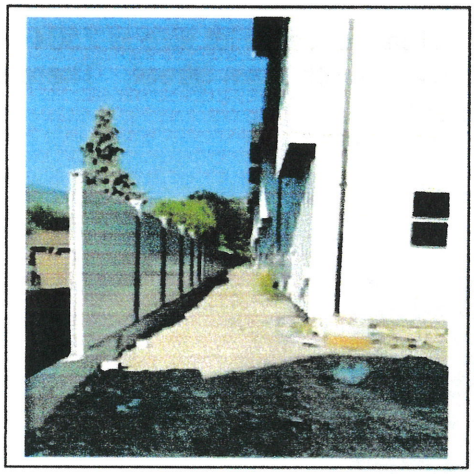


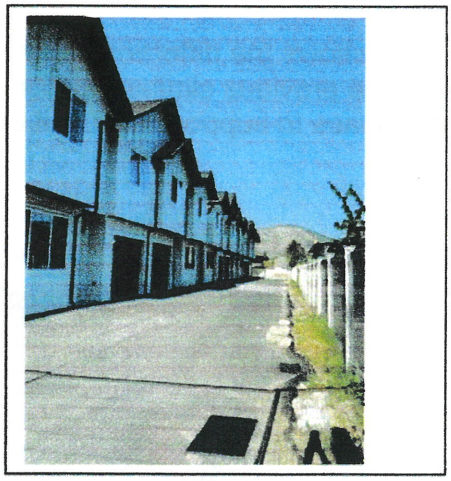
Following is a list of our objections in 2020 and 2021 which still apply to the current application.

1. Height. The majority of multi-family developments on South Main Street from Yorkton Avenue to Secrest Avenue include a mobile home park, single storey gated communities and two-storey townhomes. Each two-storey townhome is in keeping with the scale and character of their neighbourhoods.
2. Laneway infrastructure. Laneway access is essential to any development proposed on this block yet the existing laneway was not appropriately designed to accommodate increased traffic. It is not a two-way street. What is being done to improve the integrity of the lane? Width? Drainage? If the lane is to become a thoroughfare, will the city commit to upgrades and snow removal?
3. Garbage pickup. For some reason there is a repeated notion that garbage pickup is done in the laneway. This point was also brought up at the public hearings in 2020/2021. Garbage trucks do NOT come down the lane. Garbage bins must be placed on South Main Street.
4. Parking. Presently vehicle parking is not allowed on the east side of South Main Street due to the bike lane. Completion of the Lake to Lake bike lane will further limit off site parking on both sides of South Main Street.

5. Green space. The description of the proposed private space at the rear of each unit is deceiving. The previous developer at 2644 South Main Street also described similar ample space on the south side of each unit for outdoor living as well as trees on the north side bordering the driveway. I have attached photos of the rear private area for each unit (still unfinished after 4 years!) as well as the narrow strip of dirt alongside the paved driveway that is yet to be planted. Hardly room for any kind of adequate outdoor living space or play area for children, let alone trees that would grow to provide a substantial canopy.

2644 South Main Street





Allowing rezoning to RM2 and variances does not align with the provincial mandate. R4-L is much more appropriate for these lot sizes which is proven to work from a development standpoint. The newly built duplexes at 584 Forestbrook Avenue/Government Street are a prime example and a much more appropriate fit from a height and lot coverage standpoint. They fit into the existing neighbourhood and align with the provincial mandate to allow four units per lot.

584 Forestbrook Avenue

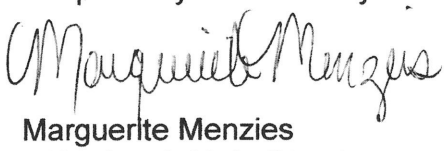




We were appreciative that previous council heard our voices In 2020/2021 and forced the scaled back development at 2644 South Main Street. We are now asking the current Mayor and council along with city planners to once again listen to the concerns of the residents who live, work and play in this neighbourhood and deny Zoning Amendment Bylaw 2024-25 that would rezone 2564 South Main Street from R4-L to RM2 AND Development Variance Permit PL2024-9775 AND rreject Development Permit PL2024-9776.

Thank you.

Respectfully submitted by



Marguerite Menzies
2606 South Main Street
Penticton, BC
V2A 5J3

AND

Neighbouring property owners (22 signatures attached)

We the undersigned are opposed to the following

Re: 2564 South Main Street
Zoning Amendement Bylaw No. 2024-25
Variance Permit PL 2024-9775
Development Permit PL2024-9776

NAME	ADDRESS	SIGNATURE
LAN NGUYEN	44 RINEVIEW ROAD PENTICTON	
VAN NGUYEN	44 RINEVIEW ROAD PENTICTON	
TOOR KULWINDERJIT	2653 South Main St PENTICTON	
SUKHMINDORJIT TOOR	2653 SOUTH MAIN PENTICTON ST	
Maninder Toor	2653 South main Street	
Tricia O'Bee	2647 South Main St	
BRAD PIERSONT	2647 SOUTH MAIN ST	
KAREN WIREN	2506 S. MAIN	
Craig Somers	102-162 Dauphin Pl	
Jennifer Somers	102-162 Dauphin Pl	
Monique Page	2662 southmain st	

We the undersigned are opposed to the following

Re: 2564 South Main Street
Zoning Amendement Bylaw No. 2024-25
Variance Permit PL 2024-9775
Development Permit PL2024-9776

NAME	ADDRESS	SIGNATURE
Pat Bergunder	50 Pineview Road Penticton	Pat Bergunder
CHESTER BERGUNDER	50 PINEVIEW RD PENTICTON	C Bergunder
GURSIMDER S. DHILLON	46 PINEVIEW RD PENTICTON	
NAVNEET DHILLON	46 PINEVIEW RD PENTICTON	
MILAN JANDRIC	2628 SOUTH MAIN ST.	
Ken Gallagher	2592-2 South Main St	KEN GALLAGHER
Pauline Gallagher	" "	
Steve Gallagher	#1-2592 South Main St	
Erica Gallagher	#1-2592 S. Main St	
LEN KRAFT	2576 SOUTH MAIN	
MARTA BEGEMANN	2684 South Main	

Council Report

penticton.ca

Date: July 16, 2024 File No: RMS/250 Marina Way
To: Anthony Haddad, City Manager
From: Gabe Tamminga, Planner I
Address: #101, #102 and #104 - 250 Marina Way

Subject: **Zoning Amendment Bylaw No. 2024-26**

Staff Recommendation

THAT Council give first reading to "Zoning Amendment Bylaw No. 2024-26", a bylaw to add the site-specific provision, within the C9 (Marina Way Commercial) zone as follows: "Section 11.9.4.2, In the case of Strata Lot 1, Strata Lot 2, and Strata Lot 4 District Lot 202 Similkameen Division Yale District Strata Plan KAS2971 Together with an Interest in the Common Property in Proportion to the Unit Entitlement of the Strata Lot as Shown on Form V, located at 250 Marina Way, Live Work Unit regulation Section 7.8.4 does not apply and the business operator at the location may be different than the person living in the dwelling unit portion of the live work unit.";

AND THAT Council forward "Zoning Amendment Bylaw No. 2024-26" to the August 6, 2024 Public Hearing.

Strategic Priority Objective

Vibrant and Connected: Support vibrant and diverse activities creating opportunities for connection in community.

Proposal

The applicant is proposing to change the requirements of the live work units in an existing building to allow the business operators to be different than the person living in the dwelling portion of the live work units (Figure 1). In order to proceed with the proposed change, the applicant has requested a site-specific zoning on the subject property so that the business operator at that location may be different that the person living in the dwelling unit portion of the live work unit as stated in Section 7.8.4 of the Zoning Bylaw.



Figure 1 - Property Location Map

Background

The subject property is located along the south side of Marina Way, across from Marina Way Beach and Marina Way Park fronting Okanagan Lake. The property is approximately 3,750m^2 in size with 50 strata lots within the buildings. The surrounding area is a mix of uses and includes multifamily developments, single family homes, parks, and commercial buildings. Construction began on the property in the early 2000's and the buildings were constructed over four phases of development. The proposed change would impact the three strata lots as indicated above, that are located on the ground floor along Marina Way.

The property is zoned C9 (Marina Way Commercial) by Zoning Bylaw 2024-22, which is a custom zone created for this area. It is designated in the Official Community Plan as Downtown Mixed Use, this is a land use designation that supports higher-density mixed-use buildings. Currently, the C9 zone permits live work units but follows the regulations set out in the Zoning Bylaw (Section 7.8.4) which requires that the operator of the business in a live-work unit must be owned and operated by a person living in the dwelling portion of the live work unit. The applicant has been actively working with the Strata through the process to ensure that they have approval from the Strata Council for this application.

The proposed changes were reviewed by staff at the site-specific level and a city-wide level to determine whether the Zoning Bylaw requirement for the live work units to have the business operator of the unit also be the person residing in the dwelling unit portion was necessary to have. After careful consideration, staff found that it was important to maintain this requirement for the live work units to protect this use for people that want this type of business and living arrangement. Live work units provide an opportunity to create entrepreneurial business structures that are not achievable in other arrangements. Therefore, removing this requirement at a larger scale would lead to the defeat of the desired outcome with Penticton having interconnected living and workspaces. Furthermore, some live work units are interconnected from the building code standpoint, providing minimal separation between the residential and commercial units (i.e. the exiting of the residential unit through the business space). This structure could create conflicts between users if the units are rented or leased to separate individuals. Live work units can contribute to a more vibrant and connected urban landscape through its unique structure and therefore the requirements should not be removed on a larger scale.

Public Hearing

A public hearing is required for this site-specific zoning, as the request does not propose any residential uses. The *Local Government Act* requires the City to mail public notices to nearby residents, public notice signs to be posted on the property, and post a public notice on the City's website that a Public Hearing is being held.

Analysis

Site Specific Zoning Amendment

The Official Community Plan (OCP) designation for the subject property is 'Downtown Mixed Use', which supports higher-density mixed-use buildings that have active retail, service or civic and cultural uses at ground level and multi-family residential and/or office uses (Figure 2).

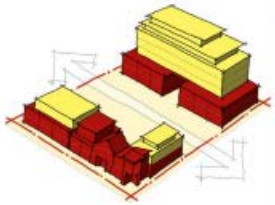
Downtown Mixed Use 	Downtown developments with active retail,service or civic and cultural uses at ground level and multi-family residential and/or office uses.	• Higher-density mixed-use buildings • Residential units limited to the second floor and above, or located behind the commercial frontage if at grade	• Commercial (retail, service, office) • Residential • Civic and cultural • Tourist commercial	• Up to 10 storeys • Up to 3 storeys on the 0-300 blocks of Main St and the 0-99 block of Front St • Up to 5 storeys on the 100-200 block of Front St, subject to contextual design and adherence to DP guidelines

Figure 2 - OCP Designation

The 'Downtown Mixed Use' designation supports the use of commercial units in high density areas to promote the economic development of the community and enhance the public realm. This site-specific change would allow more flexibility for future tenants and businesses to operate in this existing development going forward. Given that there is adequate policy through the OCP to support the proposed change, staff recommend that

Council give first reading to "Zoning Amendment Bylaw No. 2024-26", and forward the bylaw to the August 6, 2024 Public Hearing to gather comments and feedback from the public.

Alternate Recommendations

1. THAT Council deny first reading of "Zoning Amendment Bylaw No. 2024-26".

Attachments

Attachment A – Zoning Map
Attachment B – Official Community Plan Map
Attachment C – Photos of Property
Attachment D – Letter of Intent
Attachment F – Zoning Amendment Bylaw No. 2024-26

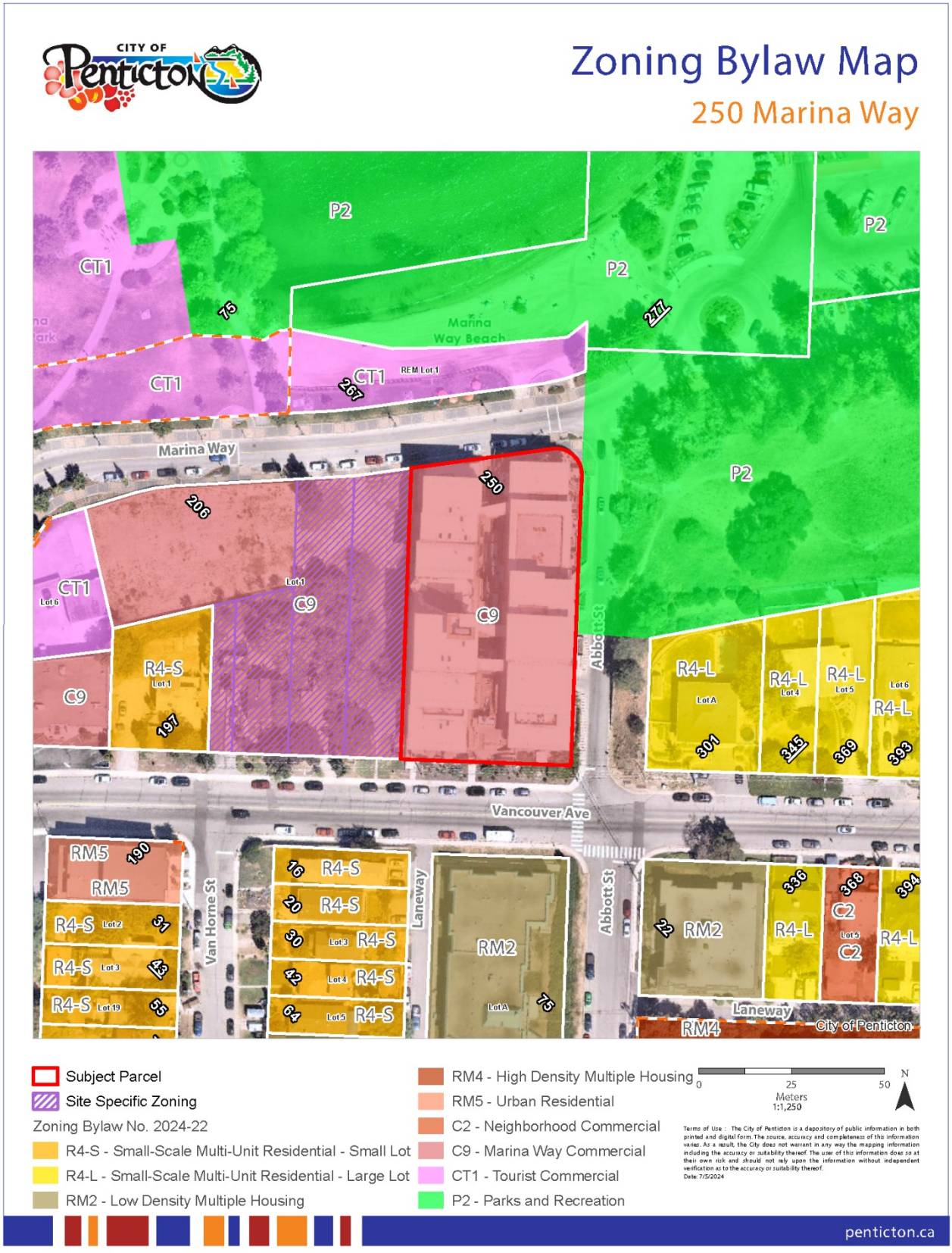
Respectfully submitted,

Gabe Tamminga
Planner I

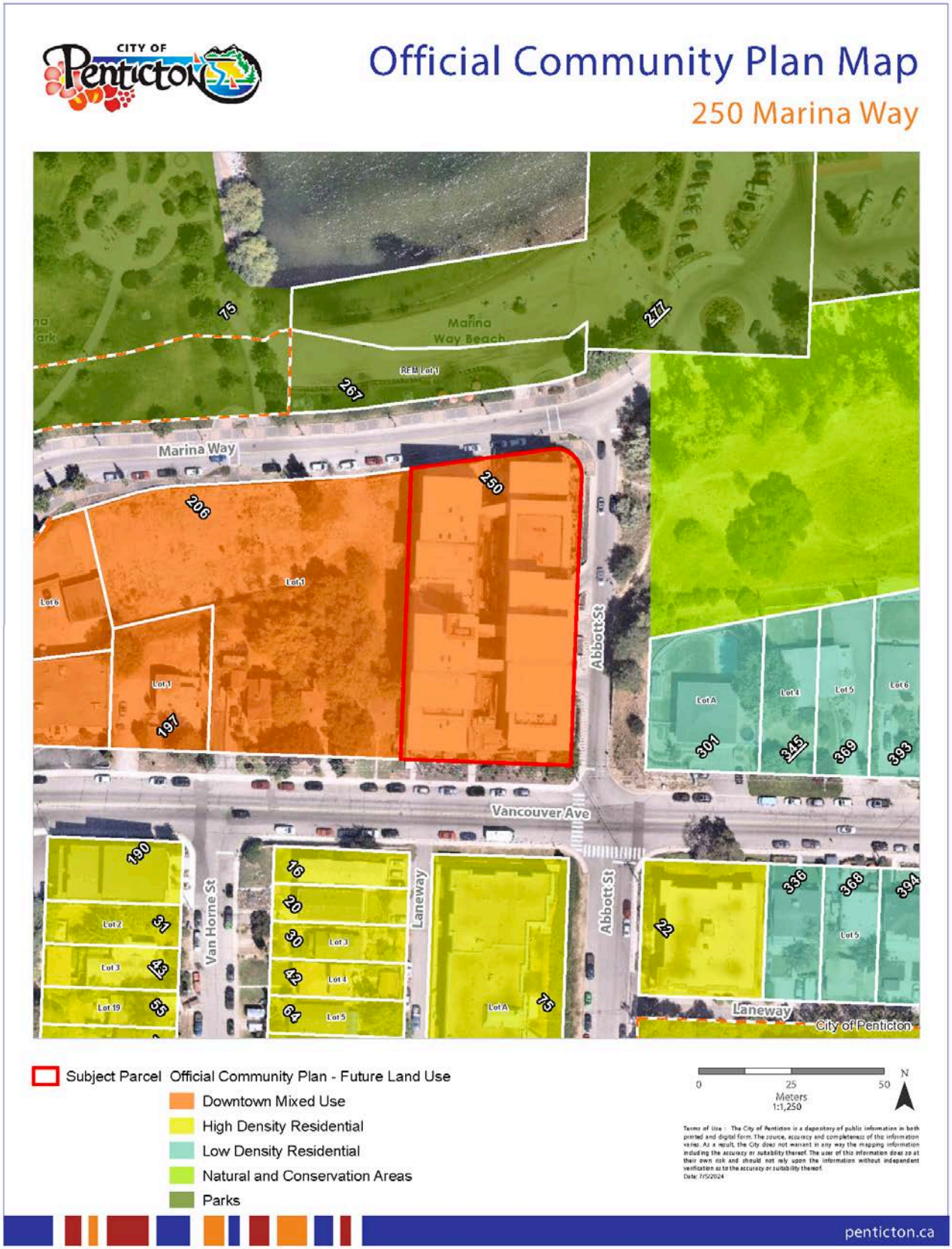
Concurrence

Director of Development Services	City Manager
BL	*AH*

Attachment A – Zoning Map



Attachment B – Official Community Plan Map



Attachment C – Photos of the Property






Unit 102
Unit 101
PRAGUE
Café
Marina Way

Attachment D – Letter of Intent

TEAM
CHAPMAN
Royal LePage Locations West
484 Main Street Penticton V2A 5C5

Planning Department
City of Penticton

171 Main Street
Penticton BC V2A 5A9
Phone: 250-490-2501

To Whom It May Concern,

Re: Letter of intent
Objective: To remove Zoning Bylaw 7.8.4 from affecting the subject units at 250 Marina Way

According to 7.8.4 "The business operated in a live-work unit must be owned and operated by a person living in the dwelling unit portion of the live work unit."

The intent of this site-specific zoning amendment is to allow the commercial and small residential portions of these live-work units to operate separately from each other. This will increase the City's opportunity for growth which drives us toward a healthier economy in the future.

This change will increase the viability of small businesses, such as a cafe or salon, by allowing them to succeed in high foot traffic areas without having to lease the residential portion as well.

When we initiated this process, we were specifically concerned with unit 102, as the potential Buyer had discovered the inconsistency with the City bylaws and how the unit was operating. We then discovered other unit owners were on board to do a joint application.

We have included a note from the potential Buyer of the Prague Cafe (sent to me by his agent) regarding the site-specific zoning amendment:

"I am seeking a change to the present zoning bylaw, restricting operators of businesses within a live/work situation, requiring them to live on premises, to eliminate this requirement of living within the building of which the business is located.

There will be no impact on the neighbouring properties at present. We will strive to keep the same quality of service and business habits as the existing owner. Whenever I have found non-conformity within an organic development of the business community, it has always been a positive to correct the nonconformity to one of conforming, of which I think will benefit the community at large."

Thank you for considering our request. We appreciate your time and attention.

Danielle Chapman
Agent for the owners of 101, 102 and 104 - 250 Marina way for application purposes

The Corporation of the City of Penticton

Bylaw No. 2024-26

A Bylaw to Amend Zoning Bylaw 2024-22

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw No. 2024-22;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2024-26".

2. **Amendment:**

2.1 Zoning Bylaw No. 2024-22 is hereby amended as follows:

Add Section 11.9.4.2: "In the case of Strata Lot 1, Strata Lot 2, and Strata Lot 4 District Lot 202 Similkameen Division Yale District Strata Plan KAS2971 Together with an Interest in the Common Property in Proportion to the Unit Entitlement of the Strata Lot as Shown on Form V, located at 250 Marina Way, Live Work Unit regulation Section 7.8.4 does not apply and the business operator at the location may be different than the person living in the dwelling unit portion of the live work unit."

2.2 Schedule 'A' attached hereto forms part of this bylaw.

READ A FIRST time this	day of	, 2024
A PUBLIC HEARING was held this	day of	, 2024
READ A SECOND time this	day of	, 2024
READ A THIRD time this	day of	, 2024
ADOPTED this	day of	, 2024

Notice of intention to proceed with this bylaw was published on the __ day of _____, 2024 and the __ day of _____, 2024 in an online news source and the newspaper, pursuant to Section 94.2 of the *Community Charter*.

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer



City of Penticton – Schedule 'A'

Zoning Amendment Bylaw No. 2024-26

Date: _____ Corporate Officer: _____