

2018 LOCAL ELECTIONS HANDBOOK

Introduction

The Greater Vancouver Board of Trade has prepared this Handbook to highlight significant issues and advance the priorities of our Members in the October 20, 2018 General Local Elections around the Greater Vancouver region. Our organization has a proud 130-year history of evidence-based, non-partisan advocacy on behalf of our region's business community.

This Handbook is the framework within which we will be providing commentary and analysis throughout the election campaign. The four categories within which we discuss the campaign issues are: Housing; Transit and Transportation; Regional Coordination and Governance; and Addressing the Fiscal Setting.

The issues and recommendations outlined in this Handbook draw on the priorities of our Members and on research conducted by our organization. Two of the important elements used to formulate this document include the Local Elections Member Survey (September 2018) and the *Greater Vancouver Economic Scorecard 2018* (May 2018).



HOUSING

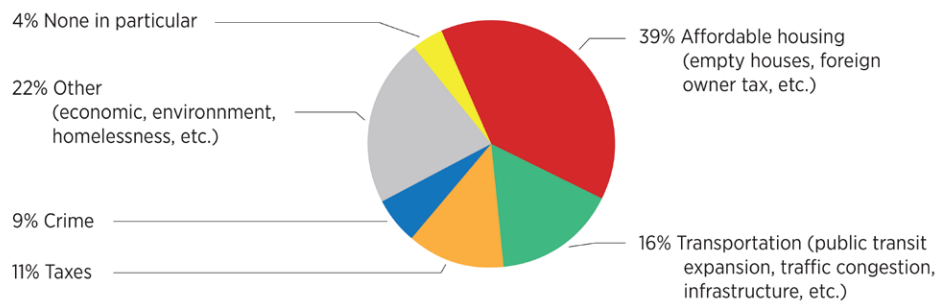
By almost all measures, the Greater Vancouver region is experiencing a housing affordability crisis. It is impacting the quality of life and the availability of human capital in the region, which risks compromising economic growth and our ability to hire and retain top talent. In our *Greater Vancouver Economic Scorecard 2018*, analysis by the Conference Board of Canada revealed that the region is “severely unaffordable,” with a median housing cost to median income ratio of 12.6. Any value above 5 is considered unaffordable.^{1,2}

All levels of government must play a role in addressing housing affordability. However, the *Local Government Act* and the *Vancouver Charter* grant direct authority over land-use planning and approval for housing developments to local governments, putting them on the front lines of the housing crisis.

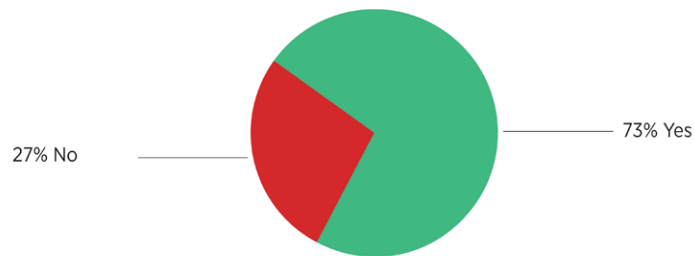
Scorecard 2018 has five indicators that highlight Greater Vancouver’s affordability issues:

Indicator	Description	Ranking, Score (2018)	Ranking, Score (2016)
Housing affordability	Housing affordability is a particularly important factor when deciding where to live. However, high income levels may compensate for high house prices. Regions with affordable housing receive the best grades.	C 13/15 Ratio of 12.6	D 15/17 Ratio of 10.6
Housing affordability change (2012-2016)	Metro areas showing an improvement in affordability are more attractive to people than those showing a deterioration in affordability.	C 12/15	N/A
Population aged 25-34	This age cohort is highly mobile and tends to be well educated. A metro area with a large proportion of this age grouping will be attractive to other young adults and will be better positioned for the future.	B 9/19 15.1% of population	D 7/19 18.7% of population
Disposable income/capita	Metro regions with high average income are likely to draw in more people.	D 12/20 \$25,435	C 13/20 \$24,578
Income inequality	The higher the income inequality, the lower the ranking a metro area receives. A score of 0 represents perfect income equality (every person in the society has the same income). A score of 1 represents perfect inequality (one person has all the income and the rest of the society has none).	B 8/20 0.41	C 11/20 0.44

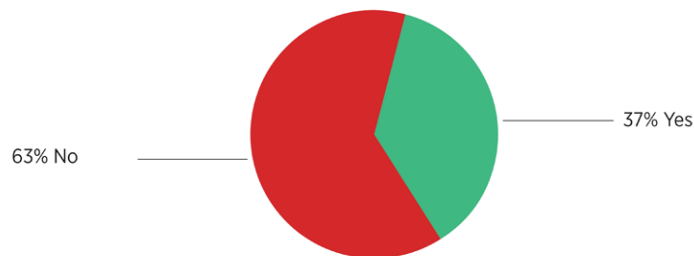
SURVEY: What is the most important issue facing your municipality that city hall should consider its highest priority?



SURVEY: Has your business' ability to recruit or retain employees been affected by the cost of housing?



SURVEY: Have you recently considered relocating away from the Metro Vancouver region due to affordability concerns?



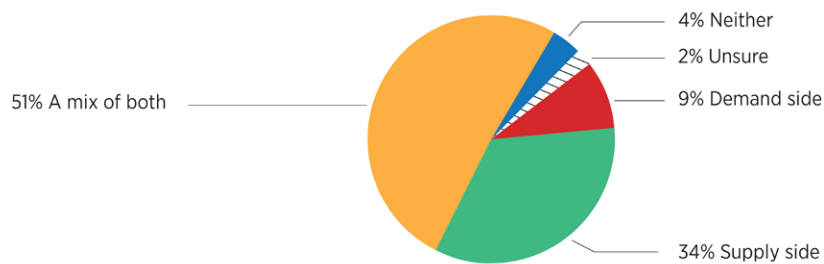
Density

Greater Vancouver's unique geography requires creative housing solutions that balance density with livability. Despite our constrained geography, inefficient land use continues to exacerbate the region's housing affordability challenges. 63% of residential zoned land is occupied by detached single-family homes, housing a small minority of our total population. This state is unsustainable over the longer term.

The *Greater Vancouver Economic Scorecard 2016* noted the inextricable linkage between housing affordability and public transit.³ Policies that allow for higher density in conjunction with transit development would serve to link transit and development in a way that would increase housing supply, improve affordability, and ensure ridership for transit.

Density bonus zoning is another mechanism to increase housing density, as it can allow developers, where appropriate, to increase density beyond what is listed in a zoning bylaw. In exchange for defined tiers of increased density zoning, developers would agree to contribute certain amenities, affordable housing, or other specified conditions.

SURVEY: Should local governments prioritize supply side policies (creation of additional housing supply, etc.) or demand side policies (empty homes tax, speculation tax, foreign buyers tax, etc.) to combat the region's housing affordability crisis?



Recommendations

1. Pre-zone for transit-oriented development during the planning process for new rapid transit investments and increase density around existing regional transit systems where possible and appropriate; and
2. Use density bonus zoning wherever possible and appropriate.

Diversity

The lack of availability of housing types that can support families is of significant concern. Greater Vancouver struggles to attract people between the ages of 25 and 34, a highly desirable and productive demographic, that is also the demographic that tends to start families. Increasing the number of housing units that can support families should be a high priority for local governments.

In order to make more efficient use of our land, the region should construct housing that may be defined as “The Missing Middle”.⁴ The Missing Middle can include, but isn’t limited to, laneway housing and secondary suites in single-family home zones, townhouses, and apartment multiplexes.

Diversity in housing tenure (ownership, rental, co-op housing, co-housing, etc.) is also essential to ensure that suitable, stable, and affordable housing options are available for younger demographics and lower income earners. The Greater Vancouver region’s low grade in income inequality (8th out of 20 comparator cities) and proportion of population aged 25-34 (9th out of 19) in *Scorecard 2018* are indicative of certain demographics that may need to look to affordable rental accommodation.

Recommendations

1. Prioritize diversity in housing supply when considering applications, with a focus on the Missing Middle, such as: laneway housing and secondary suites in single-family home zones, townhouses, and apartment multiplexes;
2. Increase the number of housing units that can support families while also contributing to density; and
3. Use tools at the disposal of local governments to create a smart regulatory environment that encourages the addition of more supply and greater diversity in housing form and tenure.



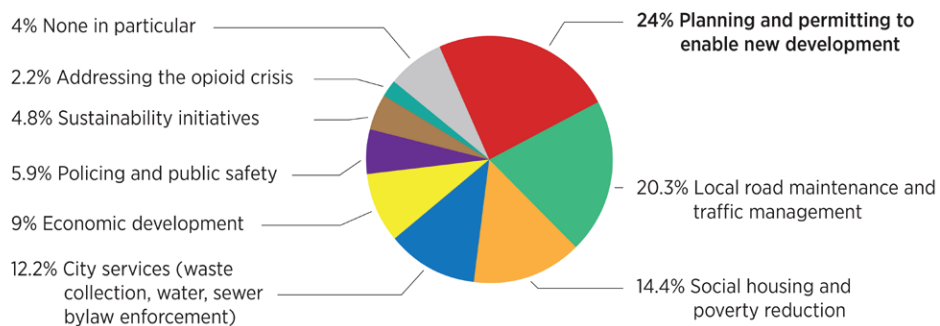
Permitting and Community Amenity Contributions

Greater Vancouver's housing market is experiencing what economists label a market failure. In simple terms, while demand for housing has been rapidly growing, the overall supply of housing has not kept pace, leading to a rapid rise in prices. One important step to alleviate pressure in the market is to allow more for more supply.

Development timelines become much shorter when the development process is simplified and streamlined according to a set of clearly defined desirable outcomes. Developers can invest quickly and with certainty when the timelines are shorter and the expectations are clearly laid out. This allows greater diversity and supply to be added to the market at a rate which keeps better pace with the region's growing demand. Concurrent permitting and approval processes can reduce development timelines and improve efficiency and predictability for both developers and local governments.

The requirement to provide Community Amenity Contributions (CACs) is a significant factor in extending project timelines and can therefore present a barrier to the introduction of new housing supply, particularly when municipalities use "project-by-project" negotiation as the preferred method of securing CACs.⁵ While these contributions provide important amenities that support quality of life in neighbourhoods, they often unnecessarily create project uncertainty and elevate costs. While amenities still need to be provided for communities, the CAC process should be clear, fair and transparent.

SURVEY: In terms of municipal government spending, what do you believe is the top priority for investment?



Recommendations

1. Work to meaningfully reduce development timelines through concurrent reviews of different stages (e.g. rezoning and permitting) of the development application;
2. Set predictable fees and levies, including standardized community access charges;
3. Increase the certainty and transparency in Community Amenity Contribution (CAC) negotiations. End the practice of negotiating CACs on a project-by-project basis or waive or give credits towards CACs for developments that include purpose-built rental and other diverse forms of housing;
4. Empower municipal staff to solve site-specific challenges and shepherd specific projects through the municipal permitting process and interpret policy along the way; and
5. Improve websites of local jurisdictions, which should include complete, accurate and up-to-date information.

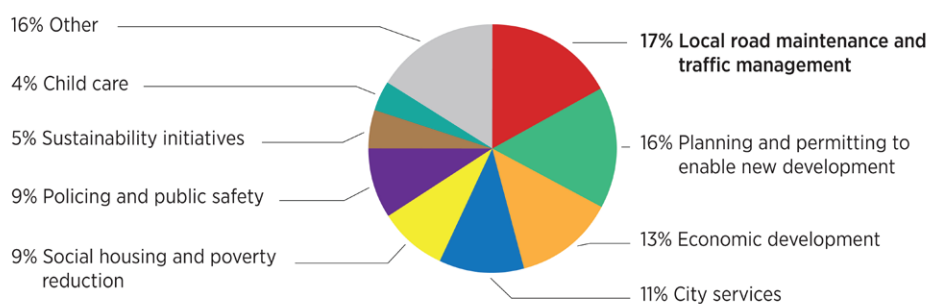
TRANSIT AND TRANSPORTATION

In the Greater Vancouver region, transit and transportation shape how people live and influence our patterns of commercial activity. Like many growing metropolitan areas, Greater Vancouver must find ways to efficiently and sustainably move people and goods through a changing urban environment. This is a central component of quality of life, cost of living, and economic growth.

Transportation is also identified as one of our region's major economic clusters.⁶ Given our status as Canada's Gateway to the Asia-Pacific region, Greater Vancouver's port, airport, and major roadways are of local, provincial, and national importance.

Indicator	Description	Ranking (2018)	Ranking (2016)
Travelled to Work, Public Transit, Biking, Walking (Proportion of Working Population)	This indicator looks at the proportion of the population that does not drive to work.	C 8/18	C 8/17
Average Travel Time to Work (Minutes)	This is the average commute time (to and from) work.	B 9/19	C 10/19
Public Transit Railway Network Length (km)	This indicator is the total length of the public transit railway network in km.	D 14/20	N/A

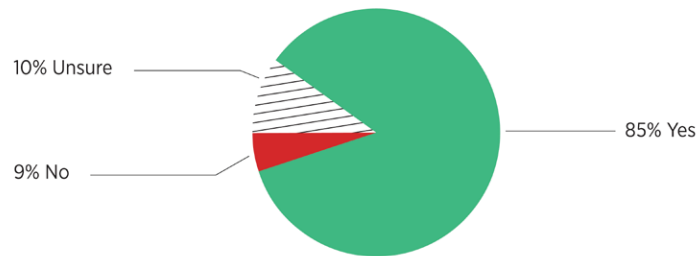
SURVEY: In terms of municipal government spending, what do you believe are the top 3 priorities for investment?



Ridesharing

In 2016, the Greater Vancouver Board of Trade released a report entitled *Innovative Transportation Options for Metro Vancouver*.⁷ It provides the B.C. government and local governments a framework for the balanced introduction of ridesharing and taxi modernization. In 2018, the Greater Vancouver Board of Trade released an updated report *Ridesharing and Taxi Modernization: An achievable balance*, highlighting the successful implementation of ridesharing across Canada.⁸ The GVBOT's recommendations emphasize the creation of a more competitive, safe and innovative passenger transportation industry, as has been done in jurisdictions around the world. Greater Vancouver remains the largest city-region in North America without ridesharing services. Continued delays unnecessarily hurt local residents, our economy, and our reputation with international visitors. If done correctly, ridesharing can complement and enhance public transit coverage by providing "first mile – last mile" transportation options.

SURVEY: Should local governments work with the provincial government to allow ridesharing (e.g. Uber or Lyft)?



Recommendations

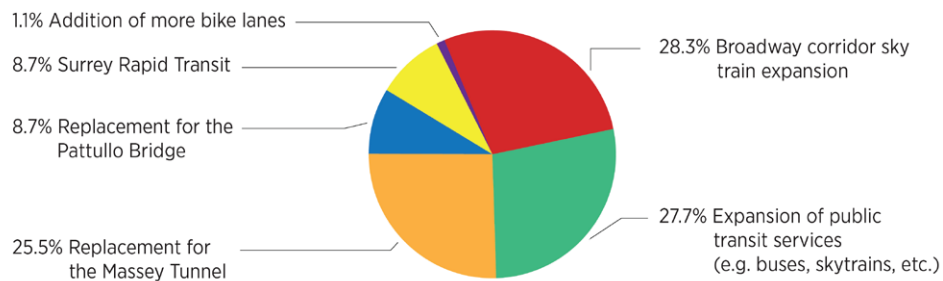
1. Establish a new provincial regulatory framework which introduces ridesharing and provides residents with greater access to safe and reliable passenger transportation options.
2. Review and update taxi regulations to enable the industry to effectively compete against new services and provide consumers with the benefits of a more competitive ride-for-hire market.
3. Modernize and harmonize municipal regulations to remove unnecessary red tape and establish a regulatory regime which fosters innovation and competition, while safeguarding public transit.



Investments in Roads and Transit

In the coming years, an adequate public transit system will be critical to ensuring a high quality of life and strong economy within the Greater Vancouver region. The GVBOT is encouraged by the recent progress on public transit expansion and improvement, particularly the announcement of Phase 2 funding of the 10-Year Vision for Metro Vancouver Transportation.⁹ However, the GVBOT remains concerned that the quality of life for families, and the economic setting for businesses, will be adversely affected should governments waver in their dedication to meaningful, timely transit and transportation investments.

SURVEY: Which of the following transit and transportation projects do you think should be prioritized?



Recommendations

Build on the momentum created by recent Phase 2 transit funding with continued investment in road and transit expansion and improvements, with projects such as:

1. Rapid transit expansion in Surrey and to Langley
2. Broadway Millennium Line extension to the University of British Columbia
3. 10-lane bridge to replace the Massey Tunnel
4. Region-wide bus service expansion
5. More frequent Seabus service

Gateway Competitiveness

Given the significance of our region's role as Canada's Gateway to the Asia-Pacific, developing the necessary infrastructure will be critical to our local, provincial, and national economic competitiveness.

Yet, growth cannot continue in our Gateway without addressing the capacity and resilience of our trade-enabling infrastructure, such as the Massey Tunnel.¹⁰ Trade-enabling infrastructure is of national economic significance, and requires all levels of government to work together to build long-term, sustainable capacity in our air, sea, land, and rail connections. Further, depletion of industrial lands could cut capacity at Canada's largest port, with adverse implications for the nation's economy.

Recommendations

1. Support Greater Vancouver's position as Canada's Pacific Gateway by making strategic and appropriate investments in trade-enabling infrastructure; and
2. Support the immediate inventory of industrial land in the region, and the development of a region-wide land use strategy which includes protection of industrial land within an overall economic strategy.



REGIONAL COORDINATION AND GOVERNANCE

Since the last civic elections in 2014, the *Greater Vancouver Economic Scorecard 2016* and *Greater Vancouver Economic Scorecard 2018* identified several significant challenges facing our region.^{11,12} These include poor housing affordability, lacklustre attraction of head offices, under-investment in public transit and road infrastructure, and dwindling of industrial land. An important step in addressing these important issues is for Greater Vancouver’s local leaders to align their efforts and improve regional coordination.

Improving coordination among the local jurisdictions is not only essential for successfully addressing our region’s most pressing challenges but also for improving competitiveness on a global scale.

	Yes	No
<p>Regional economic agency</p> <p>A regional economic agency is key to promoting a region’s economic growth and indicates coordination and inclusivity of the municipalities within a metro area.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>Regional transit agency</p> <p>Strategic decision-making and implementation is more efficient when the decision-making body is a regional transit agency rather than multiple local transit agencies coordinating across municipal borders.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Stock of Greater Vancouver Industrial Land, Q2, 2018

Municipality (2017)	Developed (ft2)	Vacant (ft2)	Total Inventory (ft2)	Vacancy Rate
Surrey	34,919,724	430,882	35,350,606	1.2%
Richmond	34,083,896	546,259	34,630,155	1.6%
Delta	27,730,195	490,469	28,220,664	1.7%
Burnaby-New Westminster	25,957,004	391,822	26,348,826	1.5%
Vancouver	20,043,056	296,441	20,339,497	1.5%
Langley	19,161,048	277,380	19,438,428	1.4%
Tri-Cities	14,842,275	261,964	15,104,239	1.2%
North Vancouver	4,696,271	51,120	4,747,391	1.1%
Maple Ridge-Pitt Meadows	3,764,695	14,831	3,779,526	0.4%
Greater Vancouver Total	185,198,164	2,761,168	187,959,332	1.3%

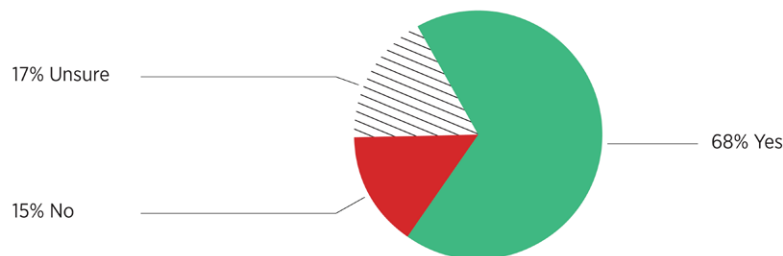
Source: Colliers Canada. Commercial Property Research. Metro Vancouver Industrial Market Report Statistics Q2 2018.

Service Delivery

Local fragmentation hinders the effective delivery of services and undermines Greater Vancouver's economic competitiveness. Diverging interests among local governments tend to increase friction and complicate the coordination of services.

Certain local responsibilities should be coordinated within a metropolitan area, given that the political borders of individual local governments rarely coincide with a region's effective economic boundaries. The mismatch between political and economic boundaries, which is reflected in a growing number of cross-municipality commuters, often leads to a misalignment between where people pay taxes and where they benefit from local government services and infrastructure. For instance, individuals living in Surrey and commuting to downtown Vancouver pay property taxes only to the City of Surrey despite consuming local public services and infrastructure in Vancouver. Similar situations are repeated every day across Greater Vancouver, and this growing economic integration suggests that some form of municipal services coordination is warranted.

SURVEY: Do you support some degree of amalgamation of Local Governments within the Greater Vancouver region?



Recommendations

1. Explore innovative ways to deliver local government services in a more efficient and cost-competitive manner. Promote the centralization of services, inter-municipal cooperation agreements, or private sector participation in service delivery whenever appropriate.
2. Use private-sector outsourcing and private-public partnerships, but only when there is sufficient competition among potential service delivery contractors to generate cost savings and efficiency.

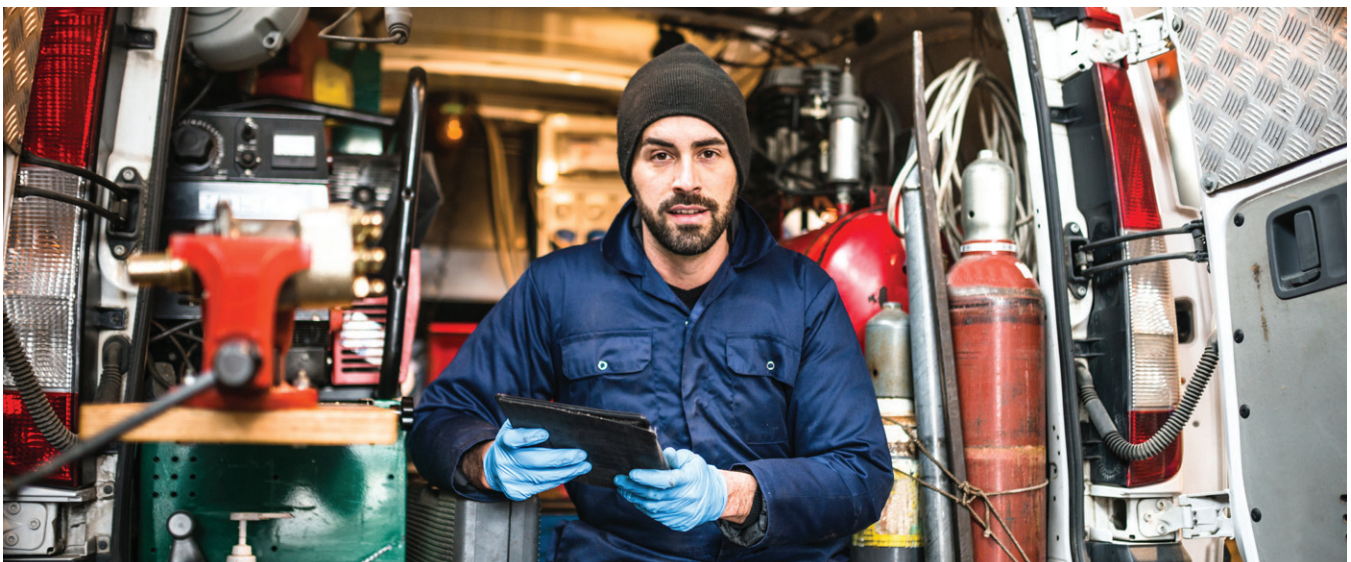
Business Licences and Permitting

A higher level of integration across the Greater Vancouver region would reduce red tape for already burdened businesses. Creating single programs across the region to streamline the application process for licences and permits will reduce costs and uncertainty for businesses, save time, and foster greater commercial activity. Often, a business is required to obtain a different licence for every jurisdiction in which it conducts business. This leads to inefficiencies and costs, and encourages non-compliance. Fortunately, the Government of B.C. has enacted enabling legislation for the creation of a mobile business licence program to streamline the licensing process in the province.¹³ The program takes the form of agreements that allow mobile businesses to operate across multiple jurisdictions under a single licence. However, to date, only 15 mobile business licence agreements exist in the province, with none of them encompassing all of Greater Vancouver. Instead, four separate agreements, signed between 2012-13, cover most of the region.

A higher level of integration across the Greater Vancouver region would reduce the amount of red tape and facilitate business activity.

Recommendations

1. Work on establishing a region-wide mobile business licence to ease doing business across Greater Vancouver;
2. Streamline the permitting and licensing process for businesses across Lower Mainland municipalities; and
3. Ensure transparent timelines and reduce unnecessary delays.

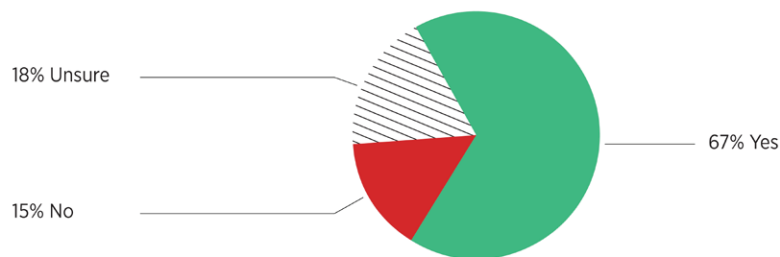


Regional Economic Development Agency

Presently, 10 or more individual economic development agencies around Greater Vancouver pursue mandates to attract inbound investment and promote their municipality to the exclusion of neighbouring municipalities and the overall region. Results include duplication of effort, unnecessary rivalry, and confusion about the region's brand in target markets overseas. These micro-mandates ignore the positive spillover benefits of investments into neighbouring jurisdictions, such as potential property tax revenue from new residents.

Establishing a single-purpose body responsible for economic development and/or investment promotion would reduce some of these drawbacks. While previous efforts to launch regional economic development initiatives — like the Greater Vancouver Economic Partnership and the Economic Leadership Council — have failed for a variety of reasons, the case for such an agency has never been greater. Metro Vancouver's Regional Prosperity Initiative (RPI), a group of local public and private stakeholders with the objective of promoting the region for mutual benefit, is a significant step in the right direction.¹⁴ The establishment of a single regional economic development agency, such as envisioned by the RPI, was one of the Conference Board of Canada's key recommendations in *Scorecard 2018*.¹⁵

SURVEY: Do you support the creation of a single economic development agency for the Greater Vancouver region?



Recommendations

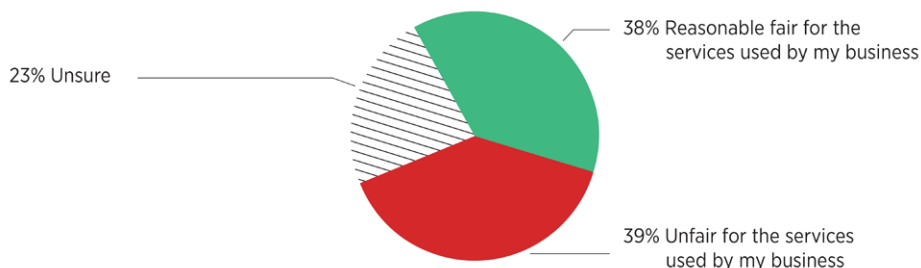
1. If the RPI becomes a stand-alone entity, ensure that its mandate includes harmonizing or centralizing efforts to promote Greater Vancouver as a single economic unit abroad for inward investment; and
2. Ensure the RPI is established with sound governance structures and has the resources necessary to effectively act in the best interests of the region.

ADDRESSING THE FISCAL SETTING

Balancing the public accounts is desirable at any level of government, and is a legislated requirement for municipalities in British Columbia. They have limited means to raise revenues, and therefore must practice fiscal prudence. The pressures of providing infrastructure and services for a growing city-region are substantial challenges with which local governments have to grapple. However, when costs exceed revenues, and when councils expand budgets, businesses and residents are burdened with higher tax bills to cover expenditures. When aggregated over time and around the municipalities making up Greater Vancouver, it adds to the region’s reputation as a high-cost place in which to live and do business.

Indicator	Description	Ranking (2018)	Ranking (2016)
KPMG Total Tax Index	The index is designed to compare the total tax burden faced by companies in each city. However, this indicator has not accounted for the relative impact of recent U.S. tax reforms and the Employer Health Tax in B.C.	A 4/14	A 3/12
Marginal Effective Rate of Tax	This is the tax rate on capital investment. A high marginal effective tax rate on capital investment makes a region less attractive to corporate investment, reducing economic growth.	D 17/17	C 10/17

SURVEY: How would you describe the local government tax burden for your business over the past four years?



Commercial and Residential Property Tax

A notable imbalance has persisted for decades between commercial and residential property taxes. Businesses operating around the Greater Vancouver region are wary of the increasing burden. In the City of Vancouver, the 2017 ratio for the relative tax burden between commercial and residential properties is 4.87. In 2016 the ratio was 4.38. This is an 11.2% increase. (The higher the ratio, the greater the local tax burden placed on businesses.) Despite property taxes in Vancouver having fallen between 2013 and 2017, the reduction in residential property taxes outpaces the reduction in business property taxes by 8%.

Municipality (2017)	Residential	Commercial	Ratio
City of Vancouver	\$2.55	\$12.44	4.87
City of Burnaby	\$2.99	\$13.60	4.55
City of Coquitlam	\$3.69	\$17.06	4.62
City of Richmond	\$3.01	\$11.72	3.89
City of Surrey	\$3.46	\$12.44	3.59
Average			4.30

Source: Government of British Columbia, Government Communications and Public Engagement, & Ministry of Community Sport. (2018, June 14). Local Government Tax Rates & Tax Burden <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics/tax-rates-tax-burden>

Recommendations

1. Deploy innovative tools to address the imbalance between municipalities' spending responsibilities and their ability to raise revenue, some of which are suggested in the *Greater Vancouver Economic Scorecard 2018*, in the Special Lens section of the Conference Board of Canada's full report;¹⁶
2. Establish a stepped approach to reducing the imbalance between residential and business property taxes.



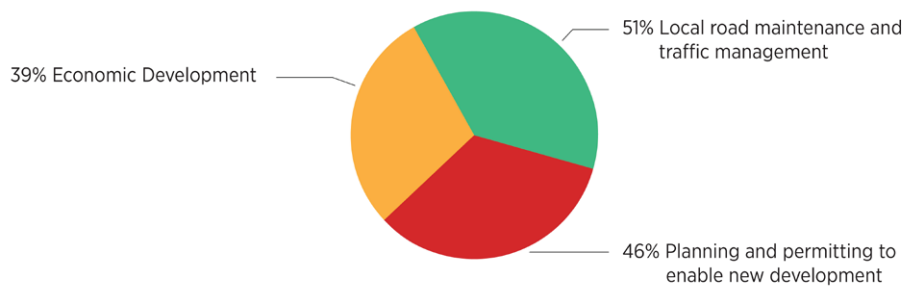
Responsible Spending by Local Governments

As a general guideline, municipalities should keep spending in line with inflation and population growth. Higher spending by municipalities requires increases in taxes and fees, which are disproportionately borne by businesses.

Per capita municipality taxes relative to inflation and population growth vary widely across the province. The City of Surrey — the second most populous municipality in B.C. — has the lowest municipal taxes across the province, whereas the District of West Vancouver has some of the highest taxes with a much smaller population.

Due to the diversity of municipalities across the region, per capita comparisons are limited. However, in some municipalities property taxes have outpaced inflation.¹⁷ As average incomes follow inflation closely, municipal property taxes are disproportionately affecting household incomes across the region.

SURVEY: In terms of municipal government spending, what do you believe are the top 3 priorities for investment?



Recommendation

1. Keep municipal tax increases in line with the rate of inflation and population growth.

End Notes

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13. Government of British Columbia. "Mobile Business Licence Program". <https://www2.gov.bc.ca/gov/content/employment-business/business/small-business/mobile-business-licence-program>.
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BOARD OF TRADE