

NO: R010

COUNCIL DATE: January 30, 2023

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **January 24, 2023**

FROM: **General Manager, Investment & Intergovernmental Relations** FILE: **0430-01**
General Manager, Finance

SUBJECT: **Written Submission to the Pre-Budget Consultations in Advance of the Upcoming 2023 Federal Budget**

RECOMMENDATION

The Investment & Intergovernmental Relations Department and Finance Department recommend that Council:

1. Received this report for information; and
2. Endorse the City's written submission to the Federal Government as part of the Federal Government's consultations ahead of Budget 2023.

INTENT

The purpose of this report is to seek Council's endorsement of the City's written submission (included as Appendix "I") to be provided to the Federal Government as part of the pre-budget consultations for Budget 2023, before the submission deadline of February 10, 2023.

BACKGROUND

The Government of Canada has invited Canadians to share their ideas as part of the pre-budget consultations on how the Federal Government can support Canadians, Canadian businesses, and the Canadian economy. The Deputy Prime Minister and Minister of Finance, the Minister of Tourism and Associate Minister of Finance, and Parliamentary Secretaries have been hosting public meetings over the past few weeks.

Individuals, businesses, provinces, and cities have been invited to share their ideas by attending an event or by providing a written submission by February 10, 2023.

DISCUSSION

The City has prepared a written submission to the pre-budget consultations using the template and guidelines provided by the Federal Government. A summary of the recommendations contained in Surrey's written submission to the pre-budget consultations in advance of the 2023 budget is provided below.

Recommendation 1

That the Government convert the Rapid Housing Initiative (“RHI”) into a long-term program with predictable funding beyond 2024; that the Government liaise with Provinces to ensure each RHI unit has the operational funds for wrap-around supports; and that the Government launch the promised Housing Accelerator Fund without delay to help facilitate the rapid building of houses across the housing continuum.

Recommendation 2

That the Government provide funding to support the development and expansion of much needed civic infrastructure projects such as recreation centres and sports fields in cities.

Recommendation 3

That the Government rapidly scale up investment in resilient public infrastructure and commit to additional and long-term investment in the Disaster Mitigation and Adaptation Fund (“DMAF”).

Recommendation 4

That the Government expand the practice of providing direct funding to cities to include additional government funding programs.

Alignment with the Federation of Canadian Municipalities (“FCM”) and the Big City Mayors’ Caucus (“BCMC”)

The recommendations included in the City’s submission are supportive of and aligned with top advocacy issues of the FCM and the BCMC. Recommendation #1 through #3 on Housing, Civic Infrastructure, and Climate align with topics contained in the FCM written submission to the 2023 pre-budget consultations (included as Appendix “II”). These topics are also ongoing priority advocacy issues for BCMC. Recommendation #4, related to the provision of direct federal funding to cities, is a long-standing advocacy issue of the BCMC.

In addition to pursuing Federal funding opportunities, the City continues to pursue Provincial funding opportunities to support a range of projects and services to meet the needs of our diverse and growing City.

SUSTAINABILITY CONSIDERATIONS

Providing the Federal Government with a written submission to the pre-budget consultations in advance of Budget 2023 supports various objectives of the City’s Sustainability Charter 2.0. In particular, this work relates to the Sustainability Charter 2.0’s themes of Housing, Energy and Climate, and Wellness and Recreation. A written submission to the pre-budget consultations in advance of Budget 2023 supports the following Desired Outcomes (“DO”) and Strategic Directions (“SD”):

- DO13: Appropriate and affordable housing is available to meet the needs of all household in Surrey;
- SD9: Facilitate the development of shelter facilities and supportive housing as outlined in the Master Plan for Housing the Homeless in Surrey;

- DO6: The City anticipates changing weather patterns and sea level rise as a result of climate change, and implements appropriate infrastructure, land use planning and emergency response solutions that will be resilient over the long term;
- SD8: Address long-term sea level rise and related climate impacts in Surrey's lowlands and affected communities; and
- DO6: Residents participate in a wide range of recreation and leisure opportunities.

CONCLUSION

The Federal Government invited Canadians to share their ideas as part of the pre-budget consultations for the federal Budget 2023. The City has prepared a submission that generally aligns with topics included in the FCM's pre-budget consultation submission, and with ongoing BCMC advocacy issues. Recommendations included in Surrey's submission address issues related to housing, civic infrastructure, climate, and the desire for the Federal Government to provide funding direct to cities.

Donna Jones
General Manager,
Investment & Intergovernmental Relations

Kam Grewal
General Manager,
Finance

Appendix "I" – The City of Surrey's Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2023 Federal Budget

Appendix "II" – FCM Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2023 Federal Budget

**Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming 2023 Federal Budget**

By: The City of Surrey

Recommendations

Recommendation 1

That the Government convert the Rapid Housing Initiative (RHI) into a long-term program, with predictable funding beyond 2024; that the Government ensure each RHI unit has funding for wrap-around supports; and that the Government launch the promised Housing Accelerator Fund without delay to help facilitate the rapid building of houses across the housing continuum.

Recommendation 2

That the Government provide funding to support the development and expansion of much needed civic infrastructure projects such as recreation centres and sports fields in cities.

Recommendation 3

That the Government rapidly scale up investment in resilient public infrastructure and commit to additional and long-term investment in the Disaster Mitigation and Adaptation Fund (DMAF).

Recommendation 4

That the Government expand the practice of providing direct funding to cities to include additional government funding programs.

Recommendation 1

That the Government convert the Rapid Housing Initiative (RHI) into a long-term program, with predictable funding beyond 2024; that the Government liaise with Provinces to ensure each RHI unit has the operational funds for wrap-around supports; and that the Government launch the promised Housing Accelerator Fund without delay to help facilitate the rapid building of houses across the housing continuum.

Regional data on housing completions highlight the key role the City plays in the provision of new housing supply in Metro Vancouver. Over the past decade, Surrey has created an average of 4,000 new housing units annually. In the next ten years, the City is projected to supply an additional 41,200 new units.

Over the past five years, new supportive housing has been developed in Surrey to address homelessness, but there are still significant gaps. This includes a need for supportive housing that addresses the unique needs of special populations including Indigenous people, women and youth, and homeless people with complex care (mental health and addictions) needs. This also includes the need to replace 314 temporary, substandard shelter style units in short term leased facilities developed as a crisis response into permanent supportive housing units.

In 2020, the Metro Vancouver Homeless Count identified 644 individuals experiencing homelessness in Surrey, including 471 who were sheltered and 173 who were unsheltered. Almost a third (31%) of Surrey's homeless population identified as Indigenous. An additional 2,254 people in Surrey are estimated to be 'hidden homeless', couch surfing, or living in cars.

Surrey is grateful for the funding received through the Government's highly successful Rapid Housing Initiative (RHI) program. The first round of RHI funding provided Surrey with \$16.3 million to build a 44-unit modular housing project to support women and children. RHI Round 2 provided Surrey with \$13.8 million to build a 30-unit modular housing project for youth. Surrey has been identified for RHI Round 3 funding of \$11.37 million to create a minimum of 23 units of new permanent affordable housing. The City is also grateful that RHI funding is distributed directly to cities by the Federal Government, eliminating unnecessary delays that could occur if the funds flowed through the Provinces.

Surrey requests that the Government convert RHI into a long-term program with predictable funding beyond 2024, and that the Government ensure each RHI unit has funding for wrap-around supports and permanent operating funding. Surrey needs clear federal commitments and timelines to address homelessness, starting with scaling up the proven Rapid Housing Initiative.

The City also looks forward to benefitting from the promised \$4 billion Housing Accelerator Fund and encourages the Government to open the application window as quickly as possible.

Recommendation 2

That the Government provide funding to support the development and expansion of much needed civic infrastructure projects such as recreation centres and sports fields in cities.

Surrey is growing steadily with between 10,000 and 12,000 new residents moving into Surrey each year over the past 10 years, and new business growth averaging 2,000 businesses each year. This growth requires new infrastructure and facilities to maintain an acceptable level of service for residents and businesses. Below is a list of civic infrastructure projects that we request financial support for from the Federal Government:

1. New Artificial Turf Field – Soccer + Two Diamonds at Cloverdale Athletic Park

This project envisions a large new artificial turf field encompassing the areas of ball diamonds #1 and #2 and expanded parking at Cloverdale Athletic Park. The final layout, scope and configuration of the proposed new artificial turf field requires further stakeholder consultation with all user groups at the site including soccer, softball, field lacrosse, and football.

Total estimated cost: \$10.5 million

2. New Cover Over Existing Lacrosse Box at Cloverdale Athletic Park

This project envisions a new cover over the existing lacrosse box located at Cloverdale Athletic Park. This project will support the Cloverdale Community Multi Sport Group who has been advocating for funding from other levels of government.

The scope for this project includes cover structure and association foundations and roofing, resurfacing of the sports surface, new boards, backstops and players benches/timekeeper box, new lighting and upgraded servicing including hydro, new spectator bleachers, and parking lot expansion.

Total estimated cost: \$5.05 million

3. Cloverdale Arena – Third Sheet of Ice

This project envisions a third sheet of ice in addition to the two ice sheets being constructed as part of the new Cloverdale Sport & Ice Complex Project.

Staff are actively working with the design team and the City's contractor to initiate preliminary design to inform a more accurate project cost estimate.

Early estimate: \$40 million to \$50 million

4. Bridgeview Park Spray Park Upgrade

This project envisions lifecycle replacement of the existing spray park at Bridgeview Park. The project would upgrade the spray park to include water recirculation and reuse as important sustainability initiatives.

Early estimate: \$4 million

Recommendation 3

That the Government rapidly scale up investment in resilient public infrastructure and commit to additional and long-term investment in the Disaster Mitigation and Adaptation Fund (DMAF).

As the climate changes, coastal areas can expect more frequent and severe flooding from storm surges and sea levels rising. Surrey, in partnership with government, has been taking proactive measures to address and prepare for this change and is grateful for the \$76.6 million in funding received in 2019 from the Disaster Mitigation and Adaptation Fund (DMAF). This is a good start, but more funding is required to address this global issue. With the pending 2022 round of DMAF funding, Surrey anxiously awaits an opportunity to seek additional funding from the DMAF program.

The City expects to see new investments in the Federal Budget 2023 that are commensurate with the risks presented by climate change. That includes an immediate overall \$2 billion increase to DMAF and at least \$1 billion per year in ongoing funding for disaster mitigation infrastructure across Canada.

Dyke Upgrades

One third of City of Surrey is within a floodplain and is bordered by the Fraser River to the north and the Salish Sea to the southwest. A large portion of the dyking system in the floodplain is already vulnerable to flooding and the increased rainfall events that has been experienced as a result of climate change has heightened our dykes vulnerability. During the recent atmospheric rain event in November 2021, the City experienced flooding and closures of major regional roads. The frequencies of this type of events are predicted to increase in the coming years and, as such, there is an urgent need for federal funding to support upgrading this infrastructure.

Early estimate: \$150 million to \$300 million

Sewer Inflow and Infiltration Reduction in North Surrey

The City applied to the Investing in Canada Infrastructure Program (ICIP) Green Infrastructure – Environmental Quality Sub-Stream for funding to increase the capacity, treat and/or manage wastewater, stormwater, and potable water, the environmental effects of solid waste and soil, and air pollution. The atmospheric river event that occurred in November 2021 overwhelmed sanitary sewer systems to the point that sewage was overflowing onto the surfaces of the roads.

Total funding requested: \$22.5 million

Recommendation 4: Direct Funding to Cities

That the Government expand the practice of providing direct funding to cities to include additional government funding programs.

The speed at which cities receive federal funding, paired with certainty on the amount of funding that will be received, is critical to ensuring cities can rapidly deliver projects to meet the needs of citizens and demonstrate to citizens the benefits of federal government investments.

When the Federal Government puts dollars directly into the hands of cities rather than flowing funding through the Provinces, cities can deliver projects faster and with confidence that the full funding amount the Federal Government intended cities to receive will be received.

We thank the Government for choosing to provide Surrey, and other cities, with direct funding from programs including the Rapid Housing Initiative program, Disaster Mitigation and Adaptation Fund, National Crime Prevention Strategy, and the Building Safer Communities Fund. These direct investments have allowed Surrey's citizens to benefit from the full amount of the Government's investments and without unnecessary delays.

**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming 2023 Federal Budget**

By: The Federation of Canadian Municipalities

Recommendations:

- **Recommendation 1:** That the government partner with municipalities to build resilient communities by rapidly scaling up local climate mitigation and adaptation efforts and building municipal capacity to assess and respond to climate risks.
- **Recommendation 2:** That the government work with municipalities to promote a better quality of life for Canadians by addressing housing affordability, building the right kind of housing supply, and taking the critical steps needed to achieve our shared goal of ending chronic homelessness in Canada.
- **Recommendation 3:** That the government partner with municipalities and work directly with FCM to design and deliver the next generation of infrastructure in Canada, with a focus on local delivery that meets the needs of Canadians directly in their communities, no matter the size or location.
- **Recommendation 4:** That the government work with municipalities to ensure critical community services, by absorbing all retroactive costs associated with the latest RCMP bargaining agreement, and scaling up access to local safe supply programs, alongside other harm reduction and treatment strategies.

Dear Finance Committee Members,

The Federation of Canadian Municipalities (FCM) unites and convenes 2,100 municipalities across Canada, representing more than 90 percent of Canadians. Our membership consists of urban, rural, northern, and remote communities of all sizes. On behalf of our membership, I am pleased to share this overview of local priorities ahead of Budget 2023.

We have all seen the strength of Canadians and what we are capable of when we work together to recover from a global pandemic, from economic shocks, from the ongoing effects of extreme weather due to climate change, and more. Municipal governments are on the frontlines of these challenges – our communities are where Canadians see and feel it first.

Now in 2022, as Canadians seek to turn a corner from the pandemic to a brighter future, the focus for every order of government must be on building up Canadians' quality of life so they can look confidently ahead for themselves and their communities.

A resilient quality of life

In September of this year, eastern Canada was devastated by a generational storm. Hurricane Fiona ripped through the region and left a trail of destruction that is anticipated to cost as much as \$700 million in insurance claims, and more to the broader economy and household savings as Canadians work to recover.

This is just the latest disaster in a now annual onslaught of what previously were once-in-a-generation events: wildfires, drought seasons, floods and storms of historic proportions. The extreme weather events of the past are being made to feel less extreme – but no less destructive – by their regularity, and yet Canada is dangerously behind when it comes to shielding our communities from this trend.

This summer, FCM submitted our recommendations for the National Adaptation Strategy. Among the 24 recommendations, we are calling on the federal government to rapidly scale up investment in resilient public infrastructure and nature-based solutions for communities of all sizes, and to invest in climate data and local and regional climate risk and vulnerability assessments. It is also critical to build up local capacity for planning, studies, pilots and capital projects that will ensure municipalities of all sizes can better generate local solutions that mitigate extreme weather, and ease adaptation to this new reality.

Now is the time to act, and municipalities are expecting to see new investments in Budget 2023 that are commensurate with the risks presented by climate change. That includes an immediate \$2 billion increase to the Disaster Mitigation and Adaptation Fund (DMAF) and at least \$1 billion per year in ongoing funding for disaster mitigation infrastructure.

These are not small considerations, but they are not optional, either. If all orders of government are going to better protect Canadians from extreme weather that shuts small businesses, destroys homes, and disrupts major industries, we need aggressive targets and we need action by the 2023 federal budget.

An affordable quality of life

Canadians are facing a wave of affordability concerns as the lingering effects of the global pandemic and pressures from widespread inflation have caused the cost of living to skyrocket. And the challenge most top of mind for Canadians right now is finding an affordable place to live.

Canada's housing crisis is affecting everyone from young families looking for their first home, older couples wanting to downsize, to students struggling to land a rental within their means. And for the most vulnerable among us, the challenge is more than simply affordability – it is a dire search for housing that protects them from succumbing to chronic homelessness.

Access to housing one can afford is not just critical to improving quality of life – for some Canadians, it is the key to a better future. And yet, market dynamics, inflation and rising costs are squeezing Canadians' wallets tighter than ever before, and are also causing delays and jeopardizing major construction projects – including important affordable housing projects.

Municipalities have a critical role to play here, from zoning to planning and permitting. Local governments are on the frontlines and are key to making housing projects move. Like so many national policy challenges of our time, Canada's housing crisis requires local governments to dedicate more resources than ever before to deliver solutions that vary greatly across the country.

But no order of government can do it alone.

In the last federal budget, the federal government committed \$4 billion to a new Housing Accelerator Fund (HAF). Through direct and flexible investments, the HAF can deliver transformative progress and help get housing built faster. This critical program will allow municipalities to tackle the most serious local barriers to supply like access to financing, the availability and cost of land, and the regulatory context and systems in place to review and approve development applications.

FCM recommends a predictable up-front allocation-based model that will allow municipalities of all sizes to begin unlocking supply immediately and create the fiscal space and flexibility for concrete action.

Municipalities are prepared to take action and to lead the housing charge in bold new directions that see all orders of government working together. Local leaders are prepared to ensure the success of a collaborative HAF by enabling more housing options for Canadians and doing so in alignment with our shared federal-municipal priorities on affordability, equity, low carbon intensification, transit-oriented development, inclusionary zoning and climate resilience.

And to kickstart housing solutions across the entire spectrum, the National Housing Strategy also needs urgent and overdue optimization to better reflect the needs of housing-hopeful Canadians on the ground. This is not an optional step—it is critical that the gains made by the NHS so far be scaled up to meet the current challenges in the housing sector, as a complement to the potential that HAF represents. The federal commitment to optimize existing federal housing programs is welcome—FCM is ready

to work with the government to improve NHS programs. This includes the National Housing Co-Investment Fund and Rental Construction Financing Initiative, which are crucial to creating more affordable rental supply.

Municipalities will also continue to work closely with the federal government to achieve our shared goal of ending chronic homelessness. We must build on proven successes: that means scaling up the Rapid Housing Initiative and Reaching Home. We must also ensure the sustainability of new permanent supportive housing by working with provinces and territories to ensure long-term funding for the wraparound supports that people living in these homes require. Creating supportive housing designed as a comprehensive, serviced pathway out of homelessness for Canadians facing substance use, mental health and other significant challenges is critical.

A growing quality of life

Canadian towns and cities are growing quickly. That's a good thing. Canada's reputation for offering a world class quality of life continues to draw in people from across the globe.

Investing in public infrastructure is a pre-requisite to growth. To build more of what Canadians need in their communities, municipalities need to first lay the foundation for tomorrow's Canada. To increase the construction of new housing units, municipalities must invest in water and sewer pipes. To grow our economy, municipalities need to ensure people can move via reliable transit and transportation infrastructure. To build a sense of community and belonging, municipalities need to keep community amenities like libraries and recreation centres in good repair. To keep a country as vast as Canada connected, we need to deliver high-speed internet and improved intercommunity bus services to rural and remote communities.

And while the need for investment in public infrastructure is greater than ever, all federal infrastructure programs are either oversubscribed, ending this year, or up for renewal next year. That is why FCM wants to further work with the federal government to shape the next generation of infrastructure in Canada. This crucial next phase must be matched by a willingness to partner together, and the ambition to see it through.

In the near-term, FCM is looking to Budget 2023 to leverage proven models like the Canada Community Building Fund to renew core infrastructure, to establish a new federal program for water infrastructure, and to advance the Permanent Public Transit Fund. And we must ensure that critical infrastructure projects already approved aren't derailed by construction price inflation. These investments will unlock new housing supply and improve the quality of life for current and future generations.

Infrastructure investments are also key to setting cities and communities on a path to net zero, whether it's through a transition that supports local economies or growing the scale of proven emissions-reduction projects. Investments in public transit, active transportation, municipal building retrofits, zero-emission municipal fleet vehicles and capturing methane from municipal landfills will all help Canada meet its 2030 GHG reduction target.

And a new approach to federal infrastructure funding needs to be tailored to communities of all sizes. It's often in rural and remote communities where the need is most acute, but the attention is often missing. Let's work together to recommit to bolster rural and northern infrastructure for the next decade, adding a needs-based stream to the Universal Broadband Fund, and investing in the rural water infrastructure, roads and bridges, ports and airports that are positioned to serve the communities that need them most. We must also work across governments to close the Indigenous infrastructure gap that is a real barrier to improving quality of life for Indigenous communities. By meaningfully working with Indigenous communities to support a full range of core infrastructure renewal, prioritizing safe drinking water, and developing a robust Indigenous Housing Strategy, Canada and Indigenous communities can thrive in real partnership.

Investments in infrastructure are ultimately investments in people—and if we do this in collaboration, Canadians will benefit for years to come.

A secure quality of life

There are critical steps the federal and municipal orders of government can take together to ensure Canadians have the community services they expect us to deliver.

Ensuring the safety of our communities through effective police services is a top priority for local governments across the country. To prevent serious repercussions on community services, the federal government must absorb all retroactive costs associated with the signing of the new RCMP bargaining agreement.

We must also work together to tackle the opioid crisis and save lives by scaling up access to local safe supply programs, alongside other harm reduction and treatment strategies. This can include building on emergency funding through Health Canada's Substance Use and Addictions Program and supporting access to pharmaceutical alternatives to the illegal drug supply.

Conclusion

Municipalities are the order of government closest to Canadians. We see their challenges up close, and we know how to improve quality of life for Canadians and their communities. It starts with giving people the confidence of a community that can weather even the worst storms, ensuring a safe and secure place to call home for more Canadians, and building Canada from the ground up.

Sincerely,



Taneen Rudyk

FCM President & Councillor, Town of Vegreville, Alberta