



June 9, 2020

To: The House of Commons Standing Committee on Industry, Science and Technology

Re: Evidence concerning matters related to the government's response to the COVID-19 pandemic

Thank you for the opportunity to provide a submission regarding the Federal government's response to the COVID-19 pandemic. First, I would like to thank the federal government for the significant investments made and programs set up to support Canadians through this difficult time.

This brief focuses on three areas in which I see people falling through the cracks of existing COVID-19 support programs and where Federal attention and investment could make a significant impact: housing, small business and the tourism sector. Finally, I emphasize the role of cities in economic recovery and endorse the Federation of Canadian Municipalities (FCM) call for emergency operating funding for municipalities.

I have four primary recommendations for how the Federal government can maximize the impact of its response to COVID-19 for Victoria and our residents. The full context and rationale for those recommendations, including how they would help Victoria's residents, businesses, and communities, is detailed below, but in sum we believe that the Federal government must:

1. Support the Government of British Columbia's developing capital strategy to house the homeless during the COVID-19 pandemic *and* afterwards by purchasing motels and developing permanent modular housing. We believe that 50-100% of capital funds for that priority issue should be provided by the Federal government.
2. Create a program or mechanism to provide rent relief to businesses that are unable to reach an agreement with their landlord or are ineligible for CECRA.
3. Extend the CEWS well into winter 2020 or spring 2021 – an essential measure for helping Victoria's tourism sector remain solvent until the next tourism season.
4. Increase Federal funding to municipalities and grant municipal governments flexibility in spending that funding, in order to help maintain core services.

HOUSING – CAPITAL INVESTMENT TO SUPPORT PROVINCIAL PROGRAM

In Victoria, we are seeing unprecedented cooperation between the City, the Province, BC Housing, Island Health and service providers to move people experiencing homelessness indoors into temporary sheltering options in the wake of COVID-19. Many of the over 400 people who have moved inside are vulnerable and require extensive medical and mental health and addictions supports. The Province has provided these at each sheltering site.

The Province has also committed that no one who has been temporarily sheltered during this period will be turned back out on the street once the pandemic has passed. This will require significant capital investment in housing. The Province is currently developing a capital strategy to purchase some of the motels that people are living in as well as developing permanent housing using modular construction. Modular apartments can be developed quickly and generate less waste than regular construction.

The Province has made significant operational commitments and is prepared to continue medical, mental health and addictions supports as well as operating dollars to run all the facilities. What is needed from the Federal government is 100% (or 50% at the least) capital funds allocated to Provincial governments to purchase motels (which are also good redevelopment sites in the long term) and to develop modular housing. This does not need to be new Federal money. The Federal government could unlock some of the \$40 billion allocated to the National Housing Strategy in budget 2018.

COMMERCIAL RENT ASSISTANCE – SMALL BUSINESS

In a broad way, many of the Federal programs to support businesses and workers are effective and our residents and business owners have expressed gratitude to the Federal government for acting, and for acting quickly. However, we see significant gaps when it comes to the CECRA, which will have devastating effects on both our small businesses and our already hard-hit visitor economy. We request that the government figure out a mechanism to provide rent relief for businesses that are unable to reach an agreement with their landlord or are ineligible for CECRA.

It is unclear how affected parties will work together to apply for this assistance should they be at an impasse. This lack of clarity is creating uncertainty for both commercial property owners as well as tenants. This uncertainty makes it difficult for tenants and landlords to work together to come up with appropriate solutions.

We have heard from countless small business owners and non-profits in our community on this matter. It is crucial for the Federal program to be rolled out in such a way to allow commercial property owners and businesses to work together, as well as to ensure that no one falls through the cracks.

In addition, some restaurant and retail operators have expressed a need for more flexibility within the rent relief options being provided to small businesses. Considerations include: Landlords who are uninterested in pursuing the CECRA and situations where either the business or their landlord do not meet the criteria of CECRA. Greater clarity and flexibility around rent relief options will allow more small businesses to survive these challenging times and continue to contribute to the local economy, and the vibrancy and cohesiveness of our communities.

VISITOR ECONOMY

Tourism is Victoria's second largest private sector industry after high tech. And, importantly and in alignment with the Federal government's climate action plans, Victoria has been leading a national conversation about sustainable tourism through an annual Impact Sustainable Tourism Conference. Yet, with the borders currently closed and travel restrictions in place, our tourism operators, hoteliers, and businesses that rely on tourism have been very hard hit. Simply put, COVID-19 has decimated the tourism industry in British Columbia.

No business can sustain months of virtually zero revenue. We are now in June and about 11 to 12 weeks into a period where travel has been actively discouraged, if not banned outright. Any restart over the coming weeks will be extremely slow, with critical sources of revenue eliminated. In Victoria, vital tourism links such as the Victoria Clipper and MV Coho have been cut off, the cruise-ship season is cancelled entirely, all conventions and sports tourism are cancelled, and flights to YYJ have been reduced from 100 per day to 8 per day.

While emergency measures such as wage subsidies and commercial rent relief are appreciated and have been accessed by those businesses that qualify, the critical question and shortfall is revenue. Most, if not all, businesses that are operating are bravely doing so at significant losses. Being open and operating does not equate to covering costs, being profitable or remaining viable. Most businesses are going ever deeper into shrinking credit facilities while waiting for approval to restart.

The situation is dire now and will become completely untenable when the Canada Emergency Wage Subsidy (CEWS) ends. Many of the initial solutions or measures provided were at commercial lending rates and required personal guarantees. These are also very damaging to balance sheets, forcing difficult decisions such as it is worth it to continue operating.

Because of this convergence of conditions, we are facing a mass failure of businesses across the industry within a matter of weeks or months. Pivoting to domestic tourism is not a realistic solution at this time. In short, to survive, tourism needs the extension of the CEWS well into winter 2020 or spring 2021. The desired outcome of any program is to provide mechanisms to ensure sufficient solvency for previously viable businesses, so that they can remain intact until the tourism season in 2021, when we hope that prospects will improve.

CITIES

Cities are often at the frontline of crises of all kinds – and COVID-19 has been no different. Residents look to us for guidance and leadership, yet our revenues have suffered significantly due to COVID-19. I would like to request increased Federal funding and flexibility in spending such funding. Better yet, coming out of this crisis it would be good for the Federal government to convene a conversation among cities, provinces and the Federal government about the roles, responsibilities, revenue-raising opportunities and sphere of authority for cities. The roles and responsibilities of Canadian cities have changed substantially since 1867, however, our place in Canadian Federalism has not. (Please see attached as Appendix A comments I made at roundtable hosted by Minister Morneau and the Urban Economy Forum in this regard.)

I also strongly reiterate FCM's call for an emergency operating fund for municipalities: "Deliver at least \$10 billion in targeted emergency operating funding to all local governments as direct allocations – with a new hybrid formula modelled on both the proven Federal Gas Tax Fund (GTF) and a ridership-based allocation for municipalities that operate transit systems." Such funding would allow us to support innovative made-in-Victoria recovery solutions that meet the needs of our residents. We appreciate that the full gas tax amount will be allocated early. What is needed is for the Federal government to work with and urge Provincial governments to augment that funding.

In closing, I ask that you consider the above requests and would be happy to discuss any of these issues in greater depth.

Respectfully submitted,



Lisa Helps
Mayor of Victoria

Appendix A

A New Fiscal Framework will lead to stronger, more inclusive urban economies

Urban Economy Forum, June 5 2020

Mayor Helps, Victoria BC

I'd like to begin by acknowledging the homelands of the Lekwungen speaking peoples where the City of Victoria is located.

- One of the key things that COVID-19 has highlighted for me, is that Canada needs a new governance and finance arrangement that puts cities at the centre, establishing on-the-ground programs and services that we can then be held accountable for delivering
- The current structure of Canadian federalism puts urban residents and urban economies at risk
- All eyes are on cities to deliver – housing, childcare, transit, poverty reduction – yet cities have little to no direct or predictable revenue to deliver these quality of life necessities
- This inadequacy has been exacerbated during COVID-19
- Coming out of the pandemic is a perfect moment to make fundamental shifts in federal, provincial, and municipal relationships and also a shift in how all of these orders of government work with First Nations
- The federal government can be a catalyst and broker and can work together with the provinces to establish clearer expectations for municipal service delivery and create new, direct sources of revenue that flow from both the provincial and federal governments to municipalities
- COVID-19 has made abundantly clear that the fiscal framework set up in 1867 – which sees local governments in Canada reliant primarily on property taxes – is wholly inadequate to meet the challenges and opportunities of cities in the 21st century

A new fiscal framework could include:

Quality of Life

- The Prime Minister has asked Minister Fortier to develop a framework for measuring well being. This is exciting! Invest directly in cities to improve quality of life and measure our progress and deliverables against the framework that Minister Fortier is creating.

Climate Change

- Invest directly in cities based on emissions reduction plans and the implementation of these plans. The only way that the federal government will meet its goal of low carbon prosperity is to treat cities as delivery partners in reducing emissions, innovating, and creating jobs.

Fiscal Power and Revenue Raising

Align the powers and revenue raising opportunities of Canadian cities with similar fiscal arrangements to ones that are permitting cities around the world to flourish, such as but not limited to:

- Congestion pricing
- Municipal sales tax
- Other progressive taxation and revenue raising opportunities

City leaders have been on the front lines of responding to COVID. *Respecting Canada's constitutional framework doesn't mean we can't innovate within it.* We must, or we put at risk the opportunity of creating inclusive, equitable urban economies and good jobs. And we lose the chance to build back better.

Thank you.