

From: Minister, FIN FIN:EX <FIN.Minister@gov.bc.ca>
Sent: Tuesday, April 17, 2018 9:25 AM
To: Jas Chonk
Subject: FW: Letter from Islands Trust Council Chair re proposed speculation tax
Attachments: 1804 Letter to Minister James re proposed speculation tax.pdf

Thank you for your message regarding the speculation tax announced in Budget 2018.

British Columbia is facing a serious housing crisis. Dramatic rises in housing prices and near zero vacancy rates in our cities are limiting people's ability to find a home. These challenges are also restricting businesses' ability to attract and retain employees.

The government of B.C. is committed to taking action to deal with the housing affordability crisis. This is why we have developed a 30-point housing plan that invests over \$6 billion to increase housing supply and boost rental assistance programs, and introduces a number of measures to improve affordability and moderate demand.

One part of the plan to address the housing crisis is a speculation tax on residential property. The tax targets foreign and domestic owners who are holding their properties vacant and taking housing stock out of the rental pool in urban areas. The tax also targets satellite families who do not pay their share of income taxes in our province, but enjoy B.C.'s services and high quality of life.

Over 99 per cent of British Columbians will not pay the tax.

The government recently announced a number of implementation details of the speculation tax, including:

- Geographic description of the areas where the tax will apply:
 - Metro Vancouver (**excluding** Bowen Island and Electoral Area A, except the part of the electoral area that is the UBC and University Endowment Lands), the Capital Regional District (**excluding** the Gulf Islands and Juan de Fuca), Kelowna, West Kelowna, Nanaimo-Lantzville (**excluding** Protection Island), Abbotsford, Chilliwack (**excluding** Cultus Lake), and Mission. Most islands are excluded.
- Exemptions for British Columbians' primary residences.
- Exemptions for British Columbians' vacant second homes up to a value of \$400,000.
- Exemptions for qualifying long-term rentals, defined as:
 - In 2018, a property that is rented out for three months of that year in increments of 30 days.
 - In 2019 and beyond, a long-term rental is a property that is rented out for at least six months out of the calendar year in increments of at least 30 consecutive days.
- The tax rate in 2018 is set at 0.5% of a taxable property's value. In 2019 and subsequent years, the tax rates will be as follows:
 - 2% for foreign investors and satellite families;
 - 1% for Canadian citizens and permanent residents who do not live in British Columbia; and
 - 0.5% for British Columbians who are Canadian citizens or permanent residents (and not members of a satellite family).

Full legislation for the speculation tax will be introduced in the fall of 2018.

Our government has a responsibility to take action on the housing crisis, and we are working to ensure people who live, work and pay taxes in our communities can find an affordable place to live.

Thank you again for your message.

From: Jas Chonk [<mailto:jchonk@islandstrust.bc.ca>]
Sent: Friday, March 23, 2018 2:27 PM
To: Minister, FIN FIN:EX
Subject: Letter from Islands Trust Council Chair re proposed speculation tax

Hello,

Please find attached a letter from Islands Trust Council Chair Peter Luckham re Proposed Speculation Tax.

Thank you.

Jas Chonk
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Preserving Island communities, culture and environment since 1974