



MAY 10 2019

Ref: 244996

Her Worship Mayor Lisa Helps
City of Victoria
1 Centennial Sq
Victoria BC V8W 1P6

Dear Mayor Helps:

Lisa,

Thank you for your letter addressed to the Honourable John Horgan, Premier, requesting support for the City of Victoria's recent resolution regarding the extension of a vacancy taxation authority to all local governments. As Minister responsible for local government, I am pleased to respond, and I apologize for the delay.

One of the Province of British Columbia's top priorities is supporting local governments in addressing housing affordability for British Columbians, both renters and buyers. In your letter, you specifically ask the Province to provide other local governments with similar authority to Vancouver's vacancy tax authority so that local governments can design and implement a tax on vacant and derelict properties. You note that other communities in British Columbia, such as Victoria, have similar concerns to Vancouver regarding affordable housing and vacant properties.

Since Vancouver was provided with the vacancy tax authority in 2016, the Province has implemented several measures to increase access to affordable housing in British Columbia. In February 2018, the Province released a comprehensive 30-point affordable housing plan. As part of this plan, the Province implemented the speculation and vacancy tax on homes in some areas, targeting speculators and vacant homes that are driving up housing costs. The tax is designed to encourage owners of vacant homes to add them to the rental inventory, rather than pay the tax, and raise revenue that will directly support affordable housing across the province. In addition, the foreign buyer's tax rate was increased to 20 percent, and has been expanded to areas outside of Metro Vancouver. The Province is also working closely with local governments to eliminate barriers to affordable housing, and has provided new tools such as rental zoning that empower local governments to support the development of affordable housing.

Designing an authority for a vacancy tax for local governments would require amendments to the *Community Charter*. There are varied interests for this measure among local governments across British Columbia, indicating a need for further discussion before considering legislation that would apply beyond the City of Vancouver. While enabling legislation does not need to be used by every community, it has to be usable—and under the *Community Charter*, that means usable across the range of communities throughout the province.

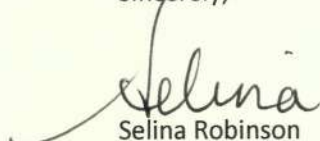
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Vancouver is currently assessing the implementation and impact of its tax and has made a number of adjustments to address administrative and compliance concerns. The Province will continue to monitor the effectiveness of Vancouver's tax and listen to the views of local governments across British Columbia on this matter. If there is demonstrated support from other local governments, further consideration could be given to legislative changes to extend similar authority to other communities. Any such work would also need to consider the more recent addition of the provincial speculation tax in some areas.

Vancouver's vacancy tax responded to Vancouver's unprecedented low rental vacancy and escalating home prices. The tax was intended by Vancouver to increase rental supply and reduce cost pressures. To extend this surtax to derelict properties would add another purpose to the tax that affects the scope of authority, increases the challenge in developing appropriate legislation, and ultimately would increase complexity of administration. Additionally, the Province has reservations about creating this authority for municipalities as they already have the authority to regulate, prohibit, and impose requirements on unsightly premises. Included in this authority are the abilities to establish a fine for violation of municipal bylaws and impose fees for municipal works done on the property.

Thank you again for writing to advise Government of the City of Victoria's resolution in this regard.

Sincerely,



Selina Robinson
Minister

pc: Honourable John Horgan, Premier
Honourable Carole James, Minister of Finance