



MAYOR'S OFFICE

NOV 04 2016

VICTORIA, B.C.

November 1, 2016

Ref: 168443

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

Dear Mayor Helps:

I apologize for the delay in responding to your letters, addressed to the Honourable Michael de Jong, Minister of Finance, and me, regarding recent measures by the Province of British Columbia in response to housing affordability concerns, and in particular, highlighting rental housing availability concerns in the City of Victoria. As Minister responsible for local government, I am pleased to respond and also on behalf of Minister de Jong.

As you note in your letter, the Legislative Assembly was reconvened on July 25 to consider Bill 28, *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016*, which included amendments to the *Vancouver Charter* to enable the City of Vancouver to impose a vacancy tax on vacant residential properties within the jurisdiction of the City of Vancouver. Bill 28 was passed without amendment or opposition, receiving royal assent on July 28, 2016.

You specifically raised the issue of extending similar authority to other municipalities to impose a vacancy tax through a proposed change to the *Community Charter*. As you are aware, Bill 28 contained amendments to the *Vancouver Charter* that empowered Vancouver, at its request, to design and implement a new tax, unprecedented in Canada. I appreciate your point that other communities also have similar concerns regarding low vacancy rates and housing affordability; at the same time, it is important to keep in mind that Bill 28's authority was crafted to meet Vancouver's unique legislative framework and its specific purposes on this issue. Vancouver has yet to confirm the final details and administration of its tax within that authority. On that basis, I encourage other communities to first learn from Vancouver's approach which could include issues relating to implementation and whether the tax has the desired effect. After that, if there is general interest from other municipalities, the Province is open to further discussing legislative changes that would authorize a similar tool more broadly.

To date, some locally elected officials have expressed mixed views regarding the vacancy tax legislation. The variety of responses and interests indicates there is need for further discussion before considering legislation that would apply beyond the City of Vancouver.

.../2

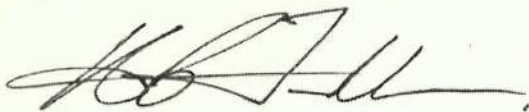
While enabling legislation is not required to be used, it has to be usable – and under the *Community Charter*, that means usable in a whole range of communities throughout British Columbia. Therefore, understanding the purposes for which such legislation is sought and how particular communities see using it would be an important part of any conversation on this issue.

With regard to the issue of rising house prices, we are taking a cautious approach by applying the additional property transfer tax of 15 percent on residential property transfers to foreign entities in the Metro Vancouver region, where demand appears to be running strongest. For now, the clearest need for this response is in the Metro Vancouver region. Bill 28 contains regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to make changes quickly.

The Province is also working on additional measures to address the complex causes of rising housing prices in Metro Vancouver, as well as other regions of the province. This work focuses on ensuring the dream of home ownership remains within the reach of the middle class, increasing housing supply, smart transit expansion, supporting first-time home buyers, strengthening consumer protection and increasing rental supply.

I encourage the City of Victoria and other municipalities to take a look at Vancouver's experience as it designs the details of the tax and its administration, and then moves to implementation. If there is a shared view emerging among other municipalities, I would be pleased to have further discussions regarding those interests.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Fassbender', with a stylized, flowing script.

Peter Fassbender
Minister

pc: The Honourable Christy Clark
Premier

The Honourable Mike de Jong
Minister of Finance

The Honourable Rich Coleman
Minister of Natural Gas Development and Minister Responsible for Housing