

## Hawkshaw, Steve FIN:EX

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Friday, March 4, 2016 11:51 AM  
**To:** Hawkshaw, Steve FIN:EX  
**Subject:** Media lines - Vancouver vacancy report - 3Mar16 - DRAFT  
**Attachments:** Media lines - Vancouver vacancy report - 3Mar16 - DRAFT.docx

Hi Steve,

Wondering if you could take a look at these preliminary lines and let me know if there's anything else that I should add at this point.

Is there anything else that we should/could include to be prepared? We won't know exactly what the response will be until we see the report of course!

Thanks,

Sonja

## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Friday, March 4, 2016 2:35 PM  
**To:** 'Douglass, Seymour'  
**Subject:** RE: BC Hydro data - vacancies

Thanks

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**From:** Douglass, Seymour [<mailto:Seymour.Douglass@bchydro.com>]  
**Sent:** Friday, March 4, 2016 2:32 PM  
**To:** Hawkshaw, Steve FIN:EX  
**Subject:** RE: BC Hydro data - vacancies

Hi Steve,

I'm not sure how the City of Vancouver is able to access our electricity consumption data. I recommend that you contact Scott Macdonald (our FOI & Privacy Team Lead). Scott can be reached at 604-623-3880 or [scott.macdonald@bchydro.com](mailto:scott.macdonald@bchydro.com)

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**Seymour Douglass** | Manager, Property Tax Department

BC Hydro  
333 Dunsmuir St, 13th floor  
Vancouver, BC V6B 5R3

**T** 604-623-3659  
**M** 604-220-3241  
**E** [seymour.douglass@bchydro.com](mailto:seymour.douglass@bchydro.com)

[bchydro.com](http://bchydro.com) Smart about power in all we do.

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**From:** Hawkshaw, Steve FIN:EX [<mailto:Steve.Hawkshaw@gov.bc.ca>]  
**Sent:** 2016, March 04 1:59 PM  
**To:** Douglass, Seymour  
**Subject:** BC Hydro data - vacancies

Hi Seymour

We've been getting news reports about BC Hydro data being used to calculate condo and house vacancy rates in Vancouver. I know this isn't exactly your department but do you know anything about it, or anyone who would know?

Thanks,

Steve Hawkshaw  
Tax Policy Branch  
Policy and Legislation Division  
Ministry of Finance

Phone: 250.387.7364

Fax: 250.387-9061

E-Mail: [Steve.Hawkshaw@gov.bc.ca](mailto:Steve.Hawkshaw@gov.bc.ca)

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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 10:23 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** City of Vancouver vacancy study

Vacancy rate has been flat / slightly reduced since 2002. Absolute number of vacant properties has increased from ~8400 to 10,000 as a result of increases in the overall amount of housing stock. The bulk of empty properties (90%+) are condos.

City of Vancouver wants tax changes or incentives to encourage renting out condos.

Apparently Vancouver staff have been working with BC Housing on this issue (they helped with the study and are consulting about tax measures). There is a big workshop on the 9<sup>th</sup> of March.S.13

Steve Hawkshaw  
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Policy and Legislation Division  
Ministry of Finance

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E-Mail: [Steve.Hawkshaw@gov.bc.ca](mailto:Steve.Hawkshaw@gov.bc.ca)

## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 10:29 AM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

s.16

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:27 AM  
**To:** Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** FYI - Vacant homes study

Summary slide from Vancouver vacant homes study. They also concluded there is no correlation between occupancy rates and housing prices.

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**Sonja Zoeller**  
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Ministry of Finance  
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Cell: 250-812-6844

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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 10:37 AM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

<http://council.vancouver.ca/20160308/documents/rr1presentation.pdf>

They've posted the report, just fyi

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:27 AM  
**To:** Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** FYI - Vacant homes study

Summary slide from Vancouver vacant homes study. They also concluded there is no correlation between occupancy rates and housing prices.

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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 11:23 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE: City of Vancouver vacancy rate study results

One more bullet:

Anecdotal stories about an increase in the number of vacant single family homes have not been born out. The absolute number of vacant single family homes has fallen since 2002.

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 11:21 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** City of Vancouver vacancy rate study results

The City of Vancouver has released its report on residential unit vacancy rates. The study used anonymized smart metre data from BC Hydro to identify residential units that were left vacant. The data spanned 12 years from 2002 to 2014.

The report concluded that:

- The overall residential non-occupancy rate in the City of Vancouver is 4.8%
  - Apartments (rental and condos) 7-8% (9750 units)
  - Condos only: 12.5%
  - Rowhouses: 1.2% (125 units)
  - Single family and duplexes: 1% (950 units)
  - For comparison purposes there are 225,000 residential units in Vancouver.
  - 90% of the vacant units in Vancouver are apartments.
- The vacancy rate has been flat since 2002.
- The vacancy rate is in line with other major cities in Canada.
- There is no correlation between increased home prices and the vacancy rate in Vancouver.
- City of Vancouver staff suggest that the next step should be to encourage vacant apartments to be put on the rental market through tax and other financial incentives.

The results of this report do not support the imposition of a special vacancy tax as there does not appear to be a vacancy crisis in the City of Vancouver. The vacancy rate has been flat for over a decade. The higher vacancy rate for condominiums may be the result of rental restrictions which are common in Vancouver. A vacancy tax would not put these units on the market.

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E-Mail: [Steve.Hawkshaw@gov.bc.ca](mailto:Steve.Hawkshaw@gov.bc.ca)

## **Hawkshaw, Steve FIN:EX**

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 12:03 PM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Councillor asked what percentage of single family homes included in the study were vacant because of renovations.

Response from staff was that they have started tracking this and about 70% of single family homes that are flagged as vacant actually have a development permit.

Happened at about 10:48 am I think.

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:50 AM  
**To:** Hawkshaw, Steve FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Good point Steve, thanks.

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 10:46 AM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Talking point:

Higher rate of condo vacancy – condos frequently restrict the number of rental units, may not be able to rent out vacant units.

---

**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:27 AM  
**To:** Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** FYI - Vacant homes study

Summary slide from Vancouver vacant homes study. They also concluded there is no correlation between occupancy rates and housing prices.

**Sonja Zoeller**

Public Affairs Officer  
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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 12:21 PM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Around 11:08, city councillor suggest the problem with condos is rental restrictions as well.

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:50 AM  
**To:** Hawkshaw, Steve FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Good point Steve, thanks.

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**Sent:** Tuesday, March 8, 2016 10:46 AM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

Talking point:

Higher rate of condo vacancy – condos frequently restrict the number of rental units, may not be able to rent out vacant units.

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:27 AM  
**To:** Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** FYI - Vacant homes study

Summary slide from Vancouver vacant homes study. They also concluded there is no correlation between occupancy rates and housing prices.

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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 1:31 PM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** RE: FYI - Vacant homes study

12% condo vacancy rate talking point.

The city of Vancouver estimates that between 9 and 15% of condos cannot be rented (2009)

<http://vancouver.ca/docs/policy/housing-role-rented-condo-stock.pdf>

Between 9% and 15% of the apartment condominium stock cannot be rented, representing 6,000 to 10,000 units. Of the remaining stock that allows rentals, more than half of the units had partial restrictions in place. On average, these buildings allowed 15% to 17% of their units to be rented, based on the review of strata bylaws and survey of strata councils. None of the strata buildings had bylaws that

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, March 8, 2016 10:27 AM  
**To:** Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX  
**Cc:** McLachlin, Jessica GCPE:EX  
**Subject:** FYI - Vacant homes study

Summary slide from Vancouver vacant homes study. They also concluded there is no correlation between occupancy rates and housing prices.

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**Hawkshaw, Steve FIN:EX**

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**From:** Flanagan, Paul FIN:EX  
**Sent:** Tuesday, March 8, 2016 2:05 PM  
**To:** Wood, Heather FIN:EX; Hawkshaw, Steve FIN:EX  
**Subject:** FW: CKNW: Robertson/Latif - vacant homes in Vancouver

s.16

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**From:** Edwardson, Jamie GCPE:EX  
**Sent:** Tuesday, March 8, 2016 2:00 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** FW: CKNW: Robertson/Latif - vacant homes in Vancouver

**From:** [tno@gov.bc.ca](mailto:tno@gov.bc.ca) [<mailto:tno@gov.bc.ca>]  
**Sent:** Tuesday, March 8, 2016 1:11 PM  
**Subject:** CKNW: Robertson/Latif - vacant homes in Vancouver

CKNW (Vancouver)

08-Mar-2016 12:30

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## Hawkshaw, Steve FIN:EX

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**From:** Gisborne, Carolyn OHCS:EX  
**Sent:** Tuesday, March 8, 2016 2:22 PM  
**To:** Hawkshaw, Steve FIN:EX  
**Subject:** RE: Estimates note re: new housing exemption

Hi Steve,

No one tracks that as far as we know. Rental restriction bylaws would need to be filed in the Land Title Office, so it would be possible (though labour intensive) for a researcher to pull a sample of strata corporations and see if they had restrictions. Even if they did, a number of specific exemptions apply (grandfathering, family members, hardship, etc.).

Let me know if I can provide further info.

Carolyn

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 8, 2016 1:17 PM  
**To:** Gisborne, Carolyn OHCS:EX  
**Subject:** RE: Estimates note re: new housing exemption

Does housing policy branch track the number of condos that have rental restrictions by any chance?

Thanks,  
Steve

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**From:** Gisborne, Carolyn OHCS:EX  
**Sent:** Tuesday, March 8, 2016 9:42 AM  
**To:** Hawkshaw, Steve FIN:EX  
**Subject:** Estimates note re: new housing exemption

Hi Steve,

I'm a senior policy analyst with the Housing Policy Branch and am drafting an estimates note on housing affordability in which we reference the new housing exemption. Can you scan the attached and make sure the messaging aligns with the Ministry of Finance's messaging? Alternatively you can send me any estimates/briefing notes on this topic and I will ensure alignment.

Best regards,

Carolyn Gisborne | Senior Policy Analyst

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Housing Policy Branch | Office of Housing and Construction Standards  
Ministry of Natural Gas Development and Minister Responsible for Housing  
Phone: 778 679-9651  
Email: [carolyn.gisborne@gov.bc.ca](mailto:carolyn.gisborne@gov.bc.ca)

## Hawkshaw, Steve FIN:EX

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**From:** Page, Doug OHCS:EX  
**Sent:** Wednesday, March 9, 2016 11:00 AM  
**To:** Platts, Robin GCPE:EX  
**Cc:** Holden, Virginia OHCS:EX; Jillings, Duncan FIN:EX; Hawkshaw, Steve FIN:EX; Gisborne, Carolyn OHCS:EX  
**Subject:** FW: Urgent - question re start bylaws

No one tracks that on an ongoing basis as far as we know. Rental restriction bylaws would need to be filed in the Land Title Office, so it would be possible (though labour intensive) for a researcher to pull a sample of strata corporations and see if they had restrictions.

A 2008 CMHC study found that 27% of Vancouver's apartment condominium stock was rented. (There's also this newer one, but I haven't had time to look at it.)

A 2009 study for the City of Vancouver found as follows:

The impact of the prevailing rental restrictions on the potential of the condominium rental market to be rented has been significant. Three data sources were used to estimate the impact of rental restrictions on the apartment condominium market — Multiple Listing Service (MLS) sales data; a review of a sample of strata bylaws; and survey of strata council representatives and members of the Condo Homeowners' Association.

- Using realtor-based reporting in the MLS database of sales listings, it is estimated that 88% of all buildings in Vancouver allow rentals and 12% have rental bylaws that completely prohibit rentals. These figures are based on a sample of 592 buildings, representing 39% of buildings in Vancouver. The data on partial restrictions was not considered reliable and was excluded.

- A review of a sample of 94 strata corporation bylaws provided additional figures on rental restrictions. The sample of strata bylaws found that 9% of the strata corporations had bylaws that prohibited rentals, 50% had partial restrictions on rental and 41% allowed rentals with no restrictions.

- The third data set is based on a survey of Condo Homeowners' Association (CHOA) members that represent strata councils in Vancouver. Of the 52 completed surveys, one third of the strata corporations were reported to allow rentals, just over half had partial restrictions and 15% did not allow any rentals. The survey may have captured townhouse condominiums in the sample; it also under-represented Downtown units and was skewed towards a stock of older and generally smaller buildings.

- Overall, the three data sets present a picture of rental restrictions in Vancouver (summarized in Table S1). Between 9% and 15% of the apartment condominium stock cannot be rented, representing 6,000 to 10,000 units. Of the remaining stock that allows rentals, more than half of the units had partial restrictions in place. On average, these buildings allowed 15% to 17% of their units to be rented, based on the review of strata bylaws and survey of strata councils. None of the strata buildings had bylaws that permitted more than 50% of their units to be rented. By extrapolation, we roughly estimate that an additional 20,000 to 25,000 units have been excluded from the rental market as a result of partial rental restrictions.

s.13

Government (at Minister Coleman's instigation) also made a change in 2009 to increase strata rentals. See [https://archive.news.gov.bc.ca/releases/news\\_releases\\_2009-2013/2009HSD0047-000374.htm](https://archive.news.gov.bc.ca/releases/news_releases_2009-2013/2009HSD0047-000374.htm) . It's a bit

technical, but has the effect of exempting more new units from rental restriction bylaws. See "Rentals Allowed by the Form J" on our web page at <http://www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/operating-a-strata/bylaws-and-rules/rental-restriction-bylaws#by> for an explanation.

s.13

It takes 75%

owner approval to pass a rental restriction bylaw.

Doug Page, RI(BC)  
Director of Legislation

Housing Policy Branch, Office of Housing and Construction Standards  
Ministry of Natural Gas Development and Minister Responsible for Housing  
Cell: 250.380.8696  
Email: [doug.page@gov.bc.ca](mailto:doug.page@gov.bc.ca)



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**From:** Platts, Robin GCPE:EX  
**Sent:** Wednesday, March 9, 2016 10:12 AM  
**To:** Holden, Virginia OHCS:EX; Page, Doug OHCS:EX  
**Subject:** Urgent - question re statra bylaws

Media clip below reports that, in light of Vancouver vacant homes report, some people are claiming that stratas that have bylaws restricting rentals are contributing to the vacancy rate. Tony Gioventu says that's not the case, but do we have any numbers, stats or info around this?

s.13

Robin Platts  
Government Communications and Public Engagement  
Ministry of Natural Gas Development and Responsible for Housing  
250-387-1373  
Jamie / Paul,

Any idea how we can get the numbers behind this? May be helpful in dealing with the current call for changes to the strata act.

- The executive director of the Condominium Home Owners Association of BC says there is no difference in vacancy rate between buildings affected by rental bylaws and ones that are not.

Thanks,  
Nick

**From:** [tno@gov.bc.ca](mailto:tno@gov.bc.ca) [mailto:[tno@gov.bc.ca](mailto:tno@gov.bc.ca)]

**Sent:** Wednesday, March 9, 2016 9:47 AM

**Subject:** Global News: BC 1: Gioventu - vacant home report

Global News: BC 1 (Vancouver)

09-Mar-2016 09:05

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## Hawkshaw, Steve FIN:EX

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Thursday, March 10, 2016 8:59 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** Density

[http://news.nationalpost.com/news/canada/radical-proposal-to-fix-vancouvers-real-estate-crisis-build-high-really-really-high?google\\_editors\\_picks=true](http://news.nationalpost.com/news/canada/radical-proposal-to-fix-vancouvers-real-estate-crisis-build-high-really-really-high?google_editors_picks=true)

Stovell refers to the “horseshoe” of single family houses that surrounds Vancouver’s downtown core. It occupies 70 per cent of the city’s land mass, yet only 30 per cent of the population lives within the area. s.13

**Hawkshaw, Steve FIN:EX**

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**From:** Hawkshaw, Steve FIN:EX  
**Sent:** Tuesday, March 29, 2016 4:23 PM  
**To:** Nicholson, Riley FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Wood, Heather FIN:EX  
**Subject:** Housing affordability materials  
**Attachments:** vancouver vacancy bc hydro data presentation.pdf; Housing myths June 2015.pdf; milburn-helmut-pastrick-letter.pdf

Hi Riley,

Paul asked me to send over some background material for Athana, in addition to the speculation tax slide deck.

Attached please find:

- 1) The vacancy report recently prepared by the City of Vancouver.
- 2) A letter and a slide deck prepared by the Helmut Pastrick, the chief economist of Central 1 Credit Union. Helmut is also a member of B.C.'s Economic Forecast Council. These were sent to DM Milburn last June.

Regards,

Steve Hawkshaw  
Tax Policy Branch  
Policy and Legislation Division  
Ministry of Finance

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E-Mail: [Steve.Hawkshaw@gov.bc.ca](mailto:Steve.Hawkshaw@gov.bc.ca)

**Key Messages**  
**Vancouver Report on Vacancies**  
**March 3, 2016**

**Issue: The City of Vancouver is presenting a report to council Tuesday, March 8. The report uses BC Hydro smart meter data to approximate the number of vacant homes.**

- The Province welcomes all efforts to gather new information that helps inform our collective understanding of the factors that influence housing prices in Vancouver. We will certainly take a look at the findings of this study.
- Through Budget 2016, the Province announced new data collection measures that will also contribute to greater understanding of what drives growth in B.C.'s real estate market. Among other types of information, we will be collecting citizenship information from buyers when they register properties at the land title office.
- As a government, we recognize home ownership can be challenging in B.C., particularly in Vancouver. The Lower Mainland has historically been an expensive market, primarily driven by economic activity, rising population due to in-migration, and a constrained geography.
- Our focus continues to be on helping British Columbians access housing at a price they can afford – whether that is through ownership or renting.
- Budget 2016 introduced a number of measures designed to stimulate supply of new housing, assist purchasers, invest in affordable housing and improve our collective understanding of what drives growth in B.C.'s real estate market.
- A key aspect to improving housing affordability over the long-term in Metro Vancouver is creating new supply. Government is acting to help the market respond to increasing demand for homes.
- Governments at all levels need to work together to ensure there is an adequate supply of affordable new construction, particularly multi-family housing. In a city as desirable and land-constrained as Vancouver, an essential way to promote appropriate housing options for income earners at all levels is to encourage densification.
- The Province urges municipal leaders and regional directors, who are responsible for planning, zoning and development regulation, to use the tools at their disposal to support the Province's efforts and further the creation of new housing supply.

**Secondary:**

- Vancouver is consistently recognized as one of the most desirable places to live in the world. According to BC Stats, the population of Metro Vancouver is expected to grow by about 185,000 people over the next five years.
- B.C.'s economy is stable and is forecast to lead Canadian provinces in economic growth this year. On average, private sector forecasters expect BC's economic growth to rank first among provinces in 2016 and tie for first in 2017 (with Ontario).
- It's critical that residential construction keeps pace with the growing demand for housing in B.C.'s metropolitan areas, particularly Vancouver. There were around 20,900 housing starts in

Metro Vancouver in 2015 – an 8.6% increase over 2014.

- The B.C. government's focus is on policies that encourage the continuation of these trends, such as the New Housing Exemption which provides up to \$13,000 in property transfer tax relief to buyers of newly-constructed housing used as a principal residence.

**Background information on study:**

- The vacancy rate has been flat since 2002. There are no acute spikes or dips in the vacancy rate – this suggests that there has been no sudden influx of investors.
- The vacancy rate is in line with other major cities in Canada.
- The report found no correlation between vacancy rates and average home prices.
- The report found that while the overall number of vacant housing units is increasing, the percentage of vacant housing units has remained stagnant. This simply reflects overall growth in the city's total housing stock.
- s.13 City staff noted that about 70% of single family homes that are flagged as vacant actually have a development permit.
- The majority of vacant housing units identified in the report are condos.
- The higher rate of vacancy in condo units compared to other forms of housing is not surprising - many condominium stratas have bylaws that restrict renting to non-owners.
  - A 2009 study by the City of Vancouver ("Vancouver Condominium Rental Study") found that between 9% and 15% of the apartment condominium stock cannot be rented, representing 6,000 to 10,000 units. Of the remaining stock that allows rentals, more than half of the units had partial restrictions in place. On average, these buildings allowed 15% to 17% of their units to be rented, based on the review of strata bylaws and survey of strata councils.

**Key Messages**  
**Vancouver Report on Vacancies**  
**March 8, 2016**

**Issue:** The City of Vancouver presented a report to council Tuesday, March 8. The report uses BC Hydro smart meter data to approximate the number of vacant homes.

**Primary responses:**

- The Province welcomes all efforts to gather new information that helps inform our collective understanding of the factors that influence housing prices in Vancouver. We will certainly take a look at the findings of this study.
- As a government, we recognize home ownership can be challenging in B.C., particularly in Vancouver. The Lower Mainland has historically been an expensive market, primarily driven by economic activity, rising population due to in-migration, and a constrained geography.
- Through Budget 2016, the Province announced new data collection measures that will also contribute to greater understanding of what drives growth in B.C.'s real estate market. Among other types of information, we will be collecting citizenship information from buyers when they register properties at the land title office. Budget 2016 also introduced a number of measures designed to stimulate supply of new housing, assist purchasers and invest in affordable housing.
- A key aspect to improving housing affordability over the long-term in Metro Vancouver is creating new supply. Government is acting to help the market respond to increasing demand for homes.
- Governments at all levels need to work together to ensure there is an adequate supply of affordable new construction, particularly multi-family housing. In a city as desirable and land-constrained as Vancouver, an essential way to promote appropriate housing options for income earners at all levels is to encourage densification. The Province urges municipal leaders and regional directors, who are responsible for planning, zoning and development regulation, to use the tools at their disposal to support the Province's efforts and further the creation of new housing supply.

## Secondary responses:

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- B.C.'s economy is stable and is forecast to lead Canadian provinces in economic growth this year. On average, private sector forecasters expect BC's economic growth to rank first among provinces in 2016 and tie for first in 2017 (with Ontario).
- It's critical that residential construction keeps pace with the growing demand for housing in B.C.'s metropolitan areas, particularly Vancouver. There were around 20,900 housing starts in Metro Vancouver in 2015 – an 8.6% increase over 2014.
- The B.C. government's focus is on policies that encourage the continuation of these trends, such as the New Housing Exemption which provides up to \$13,000 in property transfer tax relief to buyers of newly-constructed housing used as a principal residence.

## Background information on study:

- The vacancy rate has been flat since 2002. There are no acute spikes or dips in the vacancy rate – this suggests that there has been no sudden influx of investors.
- The vacancy rate is in line with other major cities in Canada.
- The report found no correlation between vacancy rates and average home prices.
- The report found that while the overall number of vacant housing units is increasing, the percentage of vacant housing units has remained stagnant. This simply reflects overall growth in the city's total housing stock.
- s.13 City staff noted that about 70% of single family homes that are flagged as vacant actually have a development permit.
- The majority of vacant housing units identified in the report are condos.
- The higher rate of vacancy in condo units compared to other forms of housing is not surprising - many condominium stratas have bylaws that restrict renting to non-owners.
  - A 2009 study by the City of Vancouver ("Vancouver Condominium Rental Study") found that between 9% and 15% of the apartment condominium stock cannot be rented, representing 6,000 to 10,000 units. Of the remaining stock that allows rentals, more than half of the units had partial restrictions in place. On average, these buildings allowed 15% to 17% of

their units to be rented, based on the review of strata bylaws and survey of strata councils.

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Michael de Jong, Q.C. **Date Requested:** February 23 2016  
Minister of Finance

**Initiated by:** Paul Flanagan  
Executive Director

**Date Prepared:** March 3 2016

**Ministry Contact:** Steve Hawkshaw  
Tax Policy Analyst

**Phone Number:** 250 387 7364  
**Email:** Steve.Hawkshaw@gov.bc.ca

**Cliff #:** 349871

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**TITLE:** BC Housing Affordability Fund Proposal

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:** The province has received a proposal to introduce a new tax that would target property owners with limited economic or social ties to Canada and property owners who leave residential property vacant. The revenues would then be directed to a housing affordability fund.

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**DATE PREPARED:** March 3, 2016

**TITLE:** BC Housing Affordability Fund Proposal

**ISSUE:** Whether to introduce a new property tax targeting property owners with limited economic or social ties to Canada and property owners who leave residential property vacant.

**BACKGROUND:**

The province has received a proposal to introduce a new tax that would target property owners with limited economic or social ties to Canada and property owners who leave residential property vacant. The goal of the new tax would be to:

“[make] British Columbia a better place to live and work, by making B.C. a less attractive target for investors who wish to avoid taxation or park cash in residential real estate.”

The authors of the proposal define “limited economic or social ties” to mean those who do not pay (or pay a modest amount) of Canadian and Provincial income tax.

The new tax would take the form of a 1.5 per cent property tax levied on all residential property in a given region or municipality. For comparison, the average annual property tax rate for residential property located in a municipality (including provincial and municipal levies) is approximately 0.5 per cent.

The application of the tax would then be narrowed by a series of offsets and exemptions in order to only apply to property owners who do not pay a sufficient amount of federal and provincial income tax, or property owners who fall into certain exempt categories.

The proposed offsets and exemptions are as follows:

1. A dollar for dollar offset would be provided for federal and provincial income taxes paid by all members of a household. The rationale for using income tax is that income taxes are a proxy for contributing to the “local economy”.
2. Veterans and those living with them would be exempt.
3. Disabled persons and those living with them would be exempt.
4. Canadian residents receiving CPP plan benefits or Old Age Security would be exempt.

5. Individuals who have resided in their *current* home for a significant number of years would be exempt from paying the tax on their current home, in order to protect long-time residents of a community. Additionally, they suggest that this could be a lifetime benefit, once an individual qualifies as a long term resident they would exempt in any home they occupy.
6. Occupied rental properties would also be exempted from the surcharge. The proposal suggests either using an offset based on gross rental revenue reported to the Canada Revenue Agency (CRA), or a complete exemption, provided some minimum amount of rental income is reported to the CRA. An income averaging mechanism is suggested to deal with temporary vacancies.

The goal of these offsets and exemptions would be to target owners of vacant properties, owners of multiple properties, and those who own property but do not pay a significant amount of income tax, such as so called satellite families.

Although not clear from the proposal, it is likely that the authors envision the program will be administered in a similar fashion as the home owner grant program. A taxpayer would receive their property tax notice and then apply online for an offset based on the amount of income tax they have paid, or indicate their eligibility for an exemption. Data would then be provided from the CRA to the Property Taxation Branch for audit and enforcement purposes.

Revenues from this tax would be distributed as lump-sum payments to all Canadian tax filers in a given region or municipality, or that they be used to reduce provincial tax rates. According to the proposal, this would help offset the cost of living in BC. The proposal estimates the tax on vacant properties in the City of Vancouver could raise approximately \$90 million.

## DISCUSSION:

s.13

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s.13

**Appendix:** s.13,s.16

s.13,s.16

- Ontario implemented two measures aimed at curbing house price inflation in the 1970s.
  - A 20 per cent transfer tax on non-residents of Canada s.13,s.16
  - An income tax on land speculation aimed at short term speculators (flippers).
  - The taxes were enacted in 1974 and repealed by 1978...
    - The 20 per cent rate for non-residents remained for the acquisition of certain land (farmland) until 1997.

**The 20 per cent land transfer tax on non-residents**

- This imposed a 20 per cent tax upon the acquisition of property in Ontario by non-residents of Canada.

s.13,s.16

- The land speculation tax was imposed at a rate of 20 per cent (initially 50 per cent) of the excess of proceeds of disposition over the adjusted cost of acquisition, if property was sold before ten years.

s.13,s.16

s.13,s.16

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s.16;s.13

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