

REAL ESTATE OPTIONS IN BC

AUG 14, 2017

PRESENTERS:

JARED MELVIN, HARP SANDHU, PAUL FINCH



AGENDA



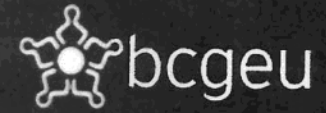
About Us	5 minutes
Situation	5 minutes
Opportunities	5 minutes
Solutions	30 minutes
Crown Advantages	5 minutes
Implementation	10 minutes

ABOUT JARED



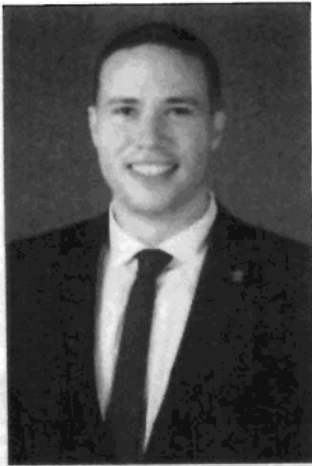
Jared has been with BC Assessment for over 12 years as an Information Analyst and now Business Consultant. He is also the Vice President for CUPE 1767 (five years) and has been integral in developing innovative relationships with our employer via joint committees. In many cases, he created and modified policy for BCA executive for more efficient results.

ABOUT HARP



Harp has been with BC Assessment for nine years as an appraiser and with the Union Executive for seven years. He also serves as a Trustee on the Public Service Pension Plan Board. His work as an Appraiser has included a broad range property types within a relatively short period of time (Residential, Multi-Family, Development Land, Strata and Industrial). His experience also includes major high level property appeals.

ABOUT PAUL



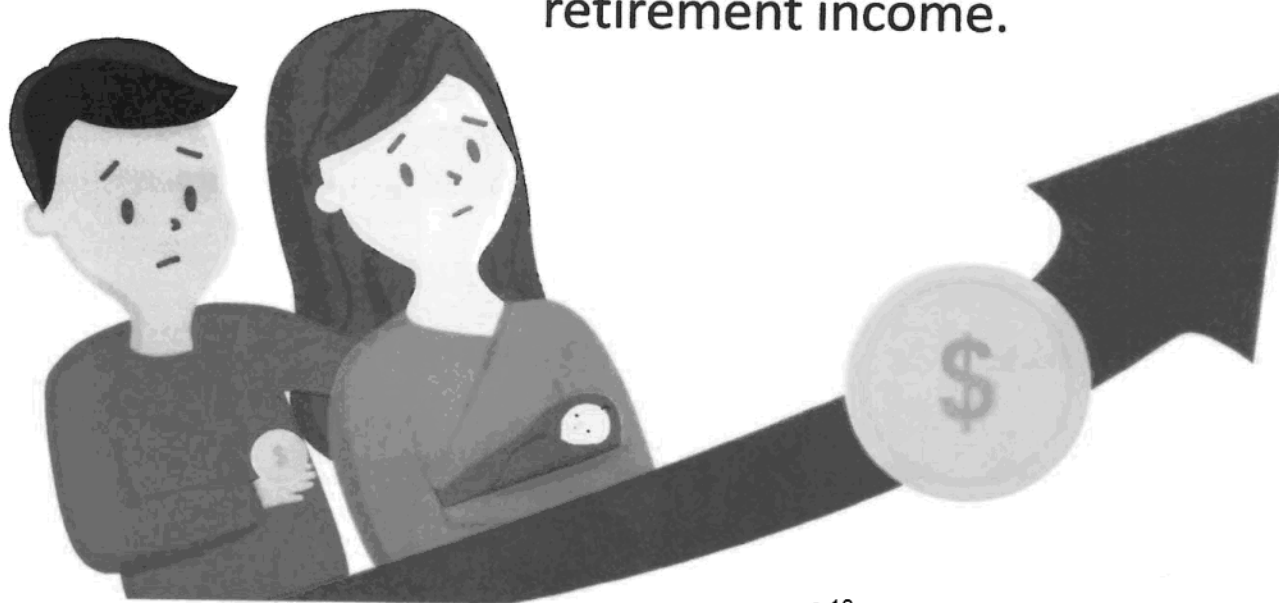
Paul is the Treasurer (Chief Financial and Administrative Officer) of the BC Government and Service Employees' Union. Before being elected Executive Vice President of the BCGEU in 2011, and then Treasurer in 2014, he worked in Real Estate Project Management and IT Project Management at Accommodation and Real Estate Services and Shared Services BC.

He sits on numerous boards, and is the Plan Partner for the Public Service and College Pension Plans, as well as being a trustee for the former. He is a trustee and Chair of the BC Target Benefit Pension Plan board of directors.

SITUATION



For those who do not own real estate, there is a real concern that our long-term ability to pay, and negatively impact their retirement income.



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HOW IT WORKS



Foreign money is flooding in to BC's real estate market because it is relatively **untaxed** and **unregulated**.



HOW IT WORKS

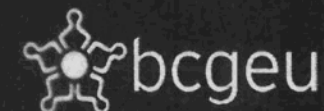


Cities and the province tax development and build amenities, which increases the cost of real estate.

Financial institutions lend larger amounts on mortgages, which increases business and residential rents.

By changing the paradigm and taxing land and regulating real estate, we can decrease the cost of development and rents, and generate revenue.

HOW IT WORKS



The end consumer pays the “tax” of interest on the loan, the owner hopes to make money off the appreciation of the real estate, while the Financial institution collects the productive value of the real estate (residential or commercial)

HOW IT WORKS



Without regulation, Financial institutions will keep pushing up the price of real estate, to collect more “taxes” in the form of compound interest on real estate loans. This will in turn drive up rents for residential home owners and businesses.

By swiftly and properly regulating and taxing the industry, the government can generate massive revenues while appealing to homeowners, renters and business owners.

OPPORTUNITIES



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1. Speculators are distorting the market s.13
2. ^{s.13} Tax avoidance – Fraud
3. To date limited effort from government to make change
4. Missed opportunity to generate large amounts of revenue s.13
5. Lack of a long term provincial plan (utilize Recommendation #7 BCA Crown Review)

SOLUTIONS



The solution to these problems is for the government to regulate and tax real estate, preventing a “boom and bust” scenario for existing home owners, securing affordable overhead for increasingly squeezed businesses, while stabilizing rental rates and building new “below market” housing.



What can be done immediately

- Share Transfers avoid PPTX (R)
- PPTX – increasing progressively (R)
- Eliminate Opaque Ownership - Holding companies, trusts, nominees^{s.13}
- Review Exemptions – Community interest review
- Home Owner Grant - review levels, rewards wealthy landowners
- Property Tax Deferment Program - rate is too low
- SAPs, AirBnB and Vacation Rentals, Hotels – Levelling the field (R)
- Expand foreign ownership beyond metro-Vancouver (R)
- Real Estate Industry Independent Review (June 2016) - Implement Recommendations (FICOM was unable to execute due to lack of staffing)

(R) - Revenue

Excess Land = Sustainable Model

- Old schools are built with excess land. We can use this land to build affordable housing, child care and family care centres at low cost.
- Maximizes the use of land, creates a sustainable model moving forward.
- Additionally schools could provide access to amenities to seniors or those in social housing outside of school hours - better utilization of buildings
- Ensures that communities with aging schools will stay open as the community and children can access services.
- This use of public funds provides a high return on investment.

Leveling the Playing field

- Short-term Rental Tax: Hotels are in competition with AirBnB, Short term Overnight Properties, and vacation rentals
- Revenue generator: most if not all AirBnB and SAPs are not taxed.
- Lower the current Hotel tax and apply the same rate for all.(option)
- Implement McGill study recommendations
- Encourage business development by providing a lower overhead environment that recognizes the existence and engages with the sharing economy.

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Bare Land

- Ensure quick redevelopment of Vacant parcels of land
- Keep land in class 06 until the development is at least 50% complete
- Deals with the concern of land hoarding or deferring of development
- Ban Farm Class in Downtown Cores. Developers planting trees on site for lowest tax rate
- Exempt Rental/Social Housing from such changes
- Class 06-Business and other rate usually 4 times the rate of Class 01-Residential
- Major Point: Local & Foreign investors are purchasing property for holding values - speculation of land increases rather than immediate redevelopment

Share Transfers - Opaque Ownership

- Hold information on beneficial owners of property: holding companies, trusts, nominees s.13
- AdvantageBC investigation s.13
- Share Transfers avoid PPTX (R)
- Real estate professionals adopt recommendations by Financial oversight committee - clean up real estate profession to assist in fight against money laundering (independently regulated since 2005) s. 13
- Shadow flipping still occurring, no major penalties or ways for the public to complain

Housing Research Opportunities – Mid Term

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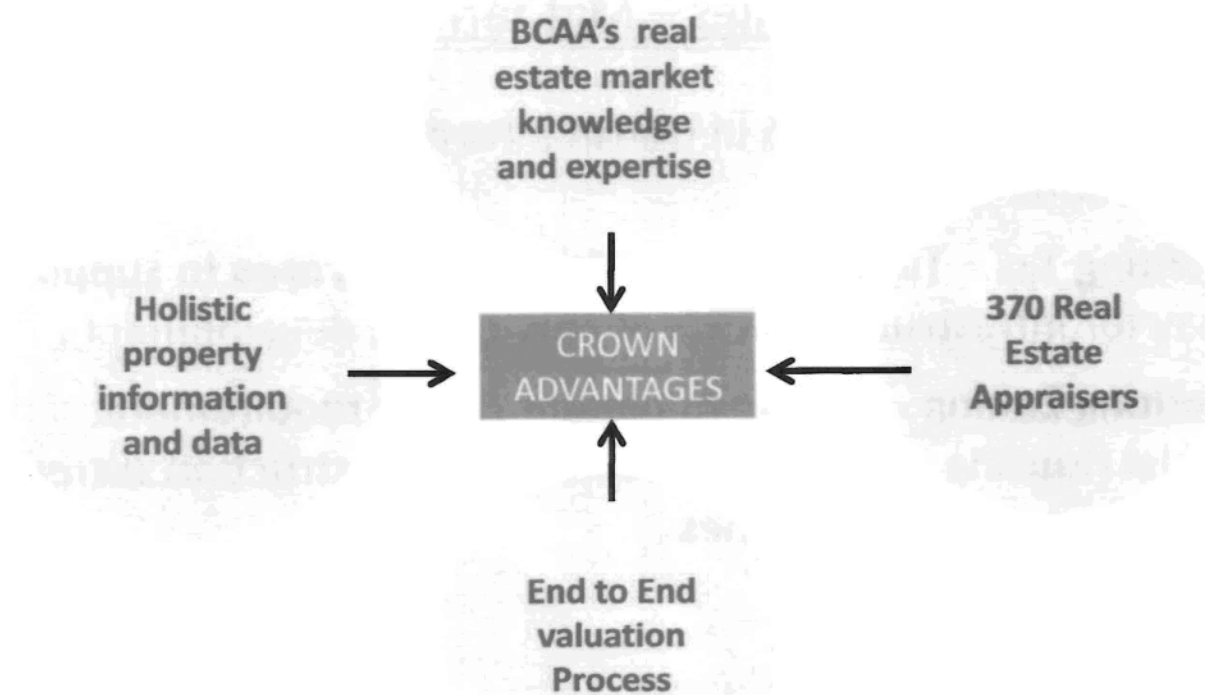
- Land Windfall Tax (5%): All property in BC or limited to Metro Vancouver/Victoria excludes Primary Residence. Offsets by any rental development value (Section 19.8 exemptions)
- Rental registry created and annually inspected by BCA to offset any new taxes
- BC Housing/Non-Profits - Operate Rental units of split-zoned buildings.
- Fast track Social Housing via Incentives (lower borrowing costs, land classification changes, Land Windfall Tax exemptions)
- Earmark NMC Funds – negotiation tool with municipalities

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Transit Area Research Opportunities – Mid Term

- Key Point: Government invests in transit infrastructure, increase land value in surrounding area
- Area Benefiting Tax – Tiered tax rate within defined area to support bond issue to pay for infrastructure costs of new transit developments
- Area Benefiting Zoning - Impose minimum zoning requirement Rental/Social Housing, with all new residential construction surrounding new and existing mass transit lines

CROWN ADVANTAGE



IMPLEMENTATION



- The BC Housing Affordability crisis is unique in the world, and requires different thinking, perspectives and resources to solve.

IMPLEMENTATION



- Implement short term solutions in the coming budget to increase revenue and show the government is taking action on the affordable housing crisis
- Use the Environment and Land Use committee to hire/second staff to draft and model regulations and legislative changes
- Better utilize BC Assessment to maximize real estate knowledge and expertise (from Crown Review)
- Lift the three year freeze on the BC Assessment levy, and earmark increased funds for front line staffing to address current and potential workloads

Hawkshaw, Steve FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Monday, August 14, 2017 1:57 PM
To: Hawkshaw, Steve FIN:EX
Subject: FW: meeting this morning
Attachments: real_estate_option_PPT_FINAL 13 Aug 2017.pptx

From: Spilker, Robyn PREM:EX
Sent: Monday, August 14, 2017 1:53 PM
To: Flanagan, Paul FIN:EX
Subject: RE: meeting this morning

Here's the electronic version. Hope that's helpful.

Thanks,
Robyn

From: Flanagan, Paul FIN:EX
Sent: Monday, August 14, 2017 1:49 PM
To: Spilker, Robyn PREM:EX
Subject: meeting this morning

Robyn. Do you have an electronic version of the slides we got this morning I can have?

I cant' read all the words in the printed version.

Thanks.

Paul

Ministry of Finance
BRIEFING DOCUMENT

To: Lori Wanamaker
Deputy Minister

Date Requested: N/A
Date Required: N/A

Initiated by: S. Hawkshaw
Director, Tax Policy Branch

Date Prepared: August 15, 2017

Ministry
Contact: Director, Income Tax
Tax Policy Branch

Phone Number: 250-387-
Email: steve.hawkshaw@gov.bc.ca

Cliff #:

TITLE:

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PURPOSE:

(X) FOR INFORMATION

DATE PREPARED: August 15, 2017

TITLE: ^{s.13}

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Page 26 to/à Page 29

Withheld pursuant to/removed as

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Excess Land = Sustainable Model

- Old schools are built with excess land. We can use this land to build affordable housing, child care and family care centres at low cost.
- Maximizes the use of land, creates a sustainable model moving forward.
- Additionally schools could provide access to amenities to seniors or those in social housing outside of school hours - better utilization of buildings
- Ensures that communities with aging schools will stay open as the community and children can access services.
- This use of public funds provides a high return on investment.

Built on the idea older schools have excess land. Also it allows us to talk about maximizing the use of land better. More amenities or offerings at one location. Family-Care Centres are part of the Minister of Health's mandate letter. This would ensure public resources are melded together for the good of society.

Leveling the Playing field

- Short-term Rental Tax: Hotels are in competition with AirBnB, Short term Overnight Properties, and vacation rentals
- Revenue generator: most if not all AirBnB and SAPs are not taxed.
- Lower the current Hotel tax and apply the same rate for all.(option)
- Implement McGill study recommendations
- Encourage business development by providing a lower overhead environment that recognizes the existence and engages with the sharing economy.

Here we will demonstrate we like people using their homes and we display our desire to work with the business community in a fair and equitable way.

Bare Land

- Ensure quick redevelopment of Vacant parcels of land
- Keep land in class 06 until the development is at least 50% complete
- Deals with the concern of land hoarding or deferring of development
- Ban Farm Class in Downtown Cores. Developers planting trees on site for lowest tax rate
- Exempt Rental/Social Housing from such changes
- Class 06-Business and other rate usually 4 times the rate of Class 01-Residential
- Major Point: Local & Foreign investors are purchasing property for holding values - speculation of land increases rather than immediate redevelopment

Class 01 is Residential; Class 06 is Business.

Here we will demonstrate we like people using their homes and we display our desire to work with the business community in a fair and equitable way.

Share Transfers - Opaque Ownership

- Hold information on beneficial owners of property: holding companies, trusts, nominees
- AdvantageBC investigation
- Share Transfers avoid PPTX (R)
- Real estate professionals adopt recommendations by Financial oversight committee - clean up real estate profession to assist in fight against money laundering (independently regulated since 2005)
- Shadow flipping still occurring, no major penalties or ways for the public to complain

from the canadian bar article: <https://www.cbabc.org/Sections-and-Community/Business-Law/Business-Law-Quarterly/Q2-Current-Issues-in-Anti-Corruption-and-Money-Lau/On-our-doorsteps-Money-laundering-in-Canadian-real> Three factors make Canadian real estate particularly attractive for money laundering: **First**, Canadian land title offices do not hold information about beneficial owners of property, effectively granting them anonymity. **Second**, though the bar for AML compliance is set lower for real estate professionals than it is for most other reporting entities and individuals, the industry is still notoriously poor at complying with fulfilling its duties under Canada's AML laws. And **third**, the enforcement of those AML laws is so lax that there is little deterrent for those looking to launder money through Canadian property.

Housing Research Opportunities – Mid Term

- Land Windfall Tax (5%): All property in BC or limited to Metro Vancouver/Victoria excludes Primary Residence. Offsets by any rental development value (Section 19.8 exemptions)
- Rental registry created and annually inspected by BCA to offset any new taxes
- BC Housing/Non-Profits - Operate Rental units of split-zoned buildings.
- Fast track Social Housing via Incentives (lower borrowing costs, land classification changes, Land Windfall Tax exemptions)
- Earmark NMC Funds – negotiation tool with municipalities

LWT - Increase in Land value. Flat tax to avoid land hoarding. Major investors have stated their intentions to hoard land for appreciation.

Incentivising redevelopment by implementing higher LWT but with reductions if building Rental/Social Housing. Set the rules and let cities negotiate the terms. Could apply to redevelopment of single family detached with suites, rental suite portion would offset LWT. Thus promoting more rental stock in SFD. Might need zoning change to make it work.

Redefining primary residence – It isn't your primary residence until you have lived there for 2 years as an example. This needs to be studied.

Enforcing partial rental buildings near transit hubs would encourage the market luxury apartments to subsidize the rental portion and developers would be discounted the LWT on rental portion. Partial rental already exists, can be operated by BC Housing or other provincial Non-Profit.

Homelessness – a social challenge

Vacant development sites – social solution as well as the economic one. Circus tent over head, social services there.

Transit Area Research Opportunities – Mid Term

- Key Point: Government invests in transit infrastructure, increase land value in surrounding area
- Area Benefiting Tax – Tiered tax rate within defined area to support bond issue to pay for infrastructure costs of new transit developments
- Area Benefiting Zoning - Impose minimum zoning requirement Rental/Social Housing, with all new residential construction surrounding new and existing mass transit lines

Area Benefitting Tax - Translink report mentions it:

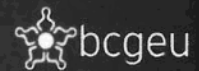
[https://www.translink.ca/~media/Documents/plans_and_projects/regional transportation strategy/Backgrounders/Transportation Funding Backgrounder.ashx](https://www.translink.ca/~media/Documents/plans_and_projects/regional_transportation_strategy/Backgrounders/Transportation_Funding_Backgrounder.ashx)

Fassbender already conducted meetings:

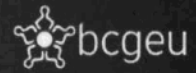
<https://www.theglobeandmail.com/news/british-columbia/bc-minister-peter-fassbender-proposes-transit-supporting-levy/article33977492/>

Area Benefiting Zoning changed to more Rental, reduces land values/costs. Rental zoning portion is exempt from Area Benefiting Tax.

CROWN ADVANTAGE



IMPLEMENTATION



- The BC Housing Affordability crisis is unique in the world, and requires different thinking, perspectives and resources to solve.

IMPLEMENTATION



- Implement short term solutions in the coming budget to increase revenue and show the government is taking action on the affordable housing crisis
- Use the Environment and Land Use committee to hire/second staff to draft and model regulations and legislative changes
- Better utilize BC Assessment to maximize real estate knowledge and expertise (from Crown Review)
- Lift the three year freeze on the BC Assessment levy, and earmark increased funds for front line staffing to address current and potential workloads

From: [Wood, Heather FIN:EX](#)
To: [Stonnell, Jennifer FIN:EX](#)
Cc: [Nicholson, Riley FIN:EX](#); [Morgan, Melissa FIN:EX](#)
Subject: RE: proposal for meeting on affordability crisis
Date: Tuesday, August 1, 2017 10:48:13 AM

I'll attend this one as it seems to cover both regulation of the real estate industry and taxation of it (although the information below does not really provide a lot of detail).

Heather

From: Stonnell, Jennifer FIN:EX
Sent: Tuesday, August 1, 2017 10:35 AM
To: Wood, Heather FIN:EX
Cc: Nicholson, Riley FIN:EX; Morgan, Melissa FIN:EX
Subject: FW: proposal for meeting on affordability crisis

Hi Heather –

Please see below request for staff to attend upcoming Minister meeting. Lori has requested either yourself or someone from PLD – please advise.

We have requested to see the proposal in advance of the meeting and I can send on when we receive it.

Jenn

From: Marquis, Yvette FIN:EX
Sent: Monday, July 31, 2017 4:21 PM
To: Stonnell, Jennifer FIN:EX
Cc: Nicholson, Riley FIN:EX
Subject: FW: proposal for meeting on affordability crisis

Hi there,

MCJ will be hosting a joint meeting with Minister Robinson and Paul Finch of the BCGEU re: housing affordability crisis.

The meeting is taking place on Monday, August 14th at 9AM here in our office. Can we please have appropriate Ministry staff attend – seems like maybe someone from tax policy would be appropriate and DM? Will wait to hear.

Thanks!

From: Finch, Paul [<mailto:Paul.Finch@bcgeu.ca>]

Sent: July-23-17 9:22 AM

To: Dean, Jeff <Jeff.Dean@leg.bc.ca>

Cc: Harpinder Sandhu s.22 ; JaredM s.22 >; Rudek, Amber <Amber.Rudek@bcgeu.ca>

Subject: proposal for meeting on affordability crisis

Jeff,

Here is our pitch for the proposed meeting with the Ministers of Finance and Housing:

This meeting is to follow up on a proposal for a comprehensive policy and legislative approach to dealing with the major affordability crisis across BC.

The team that has assembled this presentation has extensive knowledge of the inner workings of BC real estate assessment and economics.

The first draft of this proposal was given at the legislature to NDP Caucus staff on June 28, 2017. In it, we outlined how a relatively unregulated real estate industry could be regulated to provide revenue for the province and protect citizens from the dangers of rising rental and real estate prices, without disadvantaging homeowners.

The proposed meeting would reiterate and expand upon the initial presentation, to show how a new and expanded approach to taxation and regulation of the real estate industry could dramatically increase provincial revenue, reduce rents, create a sustainable funding model for new infrastructure and investment, and preserve existing value for homeowners.

We would also propose concrete steps to engage in the necessary economic modeling, assessment and drafting of legislation, and drafting requirements to effectively accomplish this task.

Paul Finch

Treasurer

B.C. Government and Service Employees' Union

4911 Canada Way

Burnaby, BC CANADA V5G 3W3

Phone: 1-800-663-1674

Email: Paul.Finch@bcgeu.ca

Website: www.bcgeu.ca

From: Stonnell, Jennifer FIN:EX on behalf of Wanamaker, Lori FIN:EX
To: Wood, Heather FIN:EX
Subject: Minister Meeting: MCJ, Minister Robinson, Paul Finch of BCGEU, Heather

Re: Housing Affordability

From: [Stonnell, Jennifer FIN:EX](#)
To: [Marquis, Yvette FIN:EX](#)
Cc: [Nicholson, Riley FIN:EX](#)
Subject: FW: proposal for meeting on affordability crisis
Date: Tuesday, August 1, 2017 10:51:00 AM

Hi Yvette,
Lori and Heather Wood will attend.
Lori has asked to see the below referenced proposal in advance of the meeting. Are you able to provide that?
Thanks
Jenn

From: Wanamaker, Lori FIN:EX
Sent: Monday, July 31, 2017 7:41 PM
To: Stonnell, Jennifer FIN:EX
Cc: Nicholson, Riley FIN:EX
Subject: Re: proposal for meeting on affordability crisis
Either Heather or someone from her office. I would like to see the proposal in advance of the meeting. Thx.

On Jul 31, 2017, at 4:41 PM, Stonnell, Jennifer FIN:EX <Jennifer.Stonnell@gov.bc.ca> wrote:

Hi Lori – please see below meeting request - it works for your schedule. Please advise if you'd like to attend and staff you'd like invited. Thx.

From: Marquis, Yvette FIN:EX
Sent: Monday, July 31, 2017 4:21 PM
To: Stonnell, Jennifer FIN:EX
Cc: Nicholson, Riley FIN:EX
Subject: FW: proposal for meeting on affordability crisis
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Thanks!

From: Finch, Paul [<mailto:Paul.Finch@bcgeu.ca>]
Sent: July-23-17 9:22 AM
To: Dean, Jeff <Jeff.Dean@leg.bc.ca>
Cc: Harpinder Sandhu <s.22>; JaredM <s.22>;
Rudek, Amber <Amber.Rudek@bcgeu.ca>
Subject: proposal for meeting on affordability crisis

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Paul Finch

Treasurer

B.C. Government and Service Employees' Union

4911 Canada Way

Burnaby, BC CANADA V5G 3W3

Phone: [1-800-663-1674](tel:1-800-663-1674)

Email: Paul.Finch@bcgeu.ca

Website: www.bcgeu.ca

From: Marquis, Yvette FIN:EX
To: [Nicholson, Riley FIN:EX](#); [Stonnell, Jennifer FIN:EX](#)
Subject: FW: proposal for meeting on affordability crisis
Date: Wednesday, August 9, 2017 4:30:30 PM
Attachments: [image001.png](#)
[CUPE 1767 Presentation to NDP.pptx](#)
[Briefing Note for British Columbia Minister of Finance and Minister of H....docx](#)

Hi there,

I believe Lori wanted to see this proposal. I've also attached the bn they just sent. This is for the meeting on Monday.

From: Rudek, Amber [<mailto:Amber.Rudek@bcgeu.ca>]
Sent: Wednesday, August 9, 2017 4:28 PM
To: Marquis, Yvette FIN:EX
Subject: RE: proposal for meeting on affordability crisis

Hi Yvette,

Please see attached.

Thanks,

Amber

From: Marquis, Yvette FIN:EX [<mailto:Yvette.Marquis@gov.bc.ca>]
Sent: Wednesday, August 9, 2017 4:18 PM
To: Rudek, Amber <Amber.Rudek@bcgeu.ca>
Subject: FW: proposal for meeting on affordability crisis

Hi there,

Thanks so much for sending the briefing note for the meeting on Monday.

Are you able to send me a copy of the original proposal that is mentioned in the email below?

Thank you!

From: Marquis, Yvette FIN:EX
Sent: Tuesday, August 1, 2017 12:55 PM
To: 'Rudek, Amber'
Subject: RE: proposal for meeting on affordability crisis

Hi Amber,

In the original request below, there is a reference to a proposal. Can you please send me that proposal? Thank you!

From: Rudek, Amber [<mailto:Amber.Rudek@bcgeu.ca>]
Sent: Monday, July 31, 2017 3:17 PM
To: Marquis, Yvette FIN:EX
Subject: RE: proposal for meeting on affordability crisis
That's great. Thank you Yvette! Paul, Jared and Harpinder will be there.

From: Marquis, Yvette FIN:EX [<mailto:Yvette.Marquis@gov.bc.ca>]
Sent: Monday, July 31, 2017 3:16 PM
To: Rudek, Amber <Amber.Rudek@bcgeu.ca>
Subject: RE: proposal for meeting on affordability crisis

Hi there,

The meeting on Monday, August 14 at 9AM in the s.15 at the
Legislature has now been confirmed in both Minister James' schedule and Minister Robinson's
schedule.

Please feel free to contact me should you have any questions. Thank you.

| Yvette Marquis



*Administrative Coordinator
to the Honourable Carole James
Minister of Finance and Deputy Premier
Province of British Columbia
Office: (250) 387-3751
Fax: (250) 387-5794*

From: Rudek, Amber [<mailto:Amber.Rudek@bcgeu.ca>]

Sent: Friday, July 28, 2017 4:31 PM

To: Marquis, Yvette FIN:EX

Subject: RE: proposal for meeting on affordability crisis

Thank you Yvette. We will hold this date.

Attending with Paul will be Harpinder Sandhu and Jared Melvin.

Kind regards,

Amber

From: Marquis, Yvette FIN:EX [<mailto:Yvette.Marquis@gov.bc.ca>]

Sent: Friday, July 28, 2017 3:18 PM

To: Rudek, Amber <Amber.Rudek@bcgeu.ca>

Subject: RE: proposal for meeting on affordability crisis

Hi there,

Can you please hold Monday Aug 14 at 9AM here in Victoria for this joint meeting with Minister James and Minister Robinson?

Also, will Mr. Finch be bringing anyone along with him?

Thank you!

From: Rudek, Amber [<mailto:Amber.Rudek@bcgeu.ca>]

Sent: Friday, July 28, 2017 11:15 AM

To: Marquis, Yvette FIN:EX

Subject: FW: proposal for meeting on affordability crisis

Hi Yvette,

Just wanted to note that the week of August 14th works well on our end.

Kind regards,

Amber Rudek

Executive Assistant to the Treasurer

BC Government and Service Employees' Union

(604) 343-1751

amber.rudek@bcgeu.ca

From: Rudek, Amber

Sent: Thursday, July 27, 2017 10:27 AM

To: 'Marquis, Yvette FIN:EX' <Yvette.Marquis@gov.bc.ca>

Subject: RE: proposal for meeting on affordability crisis

Sounds great. Thank you!

From: Marquis, Yvette FIN:EX [<mailto:Yvette.Marquis@gov.bc.ca>]

Sent: Thursday, July 27, 2017 10:27 AM

To: Rudek, Amber <Amber.Rudek@bcgeu.ca>

Subject: RE: proposal for meeting on affordability crisis

Hi there,

I need to speak to Selina Robinson's office first to see how we can coordinate the two Ministers schedules as I understand this will be a joint meeting with Ministers James and Robinson.

I will get back to you as soon as possible.

Thanks!



*Yvette Marquis
Administrative Coordinator
to the Honourable Carole James
Minister of Finance and Deputy Premier
Province of British Columbia
Office: (250) 387-3751
Fax: (250) 387-5794*

From: Rudek, Amber [<mailto:Amber.Rudek@bcgeu.ca>]

Sent: Thursday, July 27, 2017 10:18 AM

To: Marquis, Yvette FIN:EX

Subject: FW: proposal for meeting on affordability crisis

Hi Yvette,

Would you like to propose a few dates/times for this presentation and I can check our calendars?

Kind regards,

Amber Rudek

Executive Assistant to the Treasurer

BC Government and Service Employees' Union

(604) 343-1751

amber.rudek@bcgeu.ca

From: Finch, Paul

Sent: Thursday, July 27, 2017 10:06 AM

To: Spilker, Robyn PREM:EX <Robyn.Spilker@gov.bc.ca>

Cc: Rudek, Amber <Amber.Rudek@bcgeu.ca>; Marquis, Yvette FIN:EX <Yvette.Marquis@gov.bc.ca>

Subject: Re: proposal for meeting on affordability crisis

Great, thanks

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: "Spilker, Robyn PREM:EX" <Robyn.Spilker@gov.bc.ca>

Date: 2017-07-27 10:05 (GMT-08:00)

To: "Finch, Paul" <Paul.Finch@bcgeu.ca>

Cc: "Rudek, Amber" <Amber.Rudek@bcgeu.ca>, "Marquis, Yvette FIN:EX"

<Yvette.Marquis@gov.bc.ca>

Subject: FW: proposal for meeting on affordability crisis

Hi Paul,

Jeff forwarded the request below. I'm hoping that your office can work with our Administrative Coordinator Yvette Marquis to start arranging a meeting time.

Thanks,

Robyn

Robyn Spilker

Transitional Ministerial Assistant

to the Honourable Carole James

Minister of Finance and Deputy Premier

Province of British Columbia

250-387-3751

From: Dean, Jeff [<mailto:Jeff.Dean@leg.bc.ca>]
Sent: Wednesday, July 26, 2017 1:15 PM
To: Spilker, Robyn PREM:EX
Subject: RE: proposal for meeting on affordability crisis
Yes, contact Paul. He said his administrative coordinator Amber Rudek (amber.rudek@bcgeu.ca) would help coordinate the meeting, so include her too.
Thanks Robyn!

From: Spilker, Robyn PREM:EX [<mailto:Robyn.Spilker@gov.bc.ca>]
Sent: July-26-17 12:33 PM
To: Dean, Jeff <Jeff.Dean@leg.bc.ca>
Subject: RE: proposal for meeting on affordability crisis
Hi Jeff,
MCJ is wanting to move forward on a meeting. Our Administrative Coordinator will arrange the details. Should we contact Paul Finch's office to set it up?
Thanks,
Robyn

From: Dean, Jeff [<mailto:Jeff.Dean@leg.bc.ca>]
Sent: Wednesday, July 26, 2017 8:58 AM
To: Spilker, Robyn PREM:EX; Minister, FIN FIN:EX
Subject: FW: proposal for meeting on affordability crisis
Hi Robyn et al. This is a message for Carole, could you please pass it along?
Last Tuesday at a reception, she and I were talking with Jared Melvin, who is part of a group of people from BC Assessment, along with Paul Finch of BCGEU. Carole asked that I pass on this meeting request.

s.13

Below is the pitch from Paul Finch.
Thank you and let me know if there's anything I can do to help facilitate the meeting.
Jeff Dean
Caucus Services Officer
BC NDP Caucus

From: Finch, Paul [<mailto:Paul.Finch@bcgeu.ca>]
Sent: July-23-17 9:22 AM
To: Dean, Jeff <Jeff.Dean@leg.bc.ca>
Cc: Harpinder Sandhu <s.22>; JaredM <s.22>; Rudek, Amber <Amber.Rudek@bcgeu.ca>
Subject: proposal for meeting on affordability crisis
Jeff,

Here is our pitch for the proposed meeting with the Ministers of Finance and Housing:
This meeting is to follow up on a proposal for a comprehensive policy and legislative approach to dealing with the major affordability crisis across BC.
The team that has assembled this presentation has extensive knowledge of the inner workings of BC real estate assessment and economics.
The first draft of this proposal was given at the legislature to NDP Caucus staff on June 28, 2017. In

it, we outlined how a relatively unregulated real estate industry could be regulated to provide revenue for the province and protect citizens from the dangers of rising rental and real estate prices, without disadvantaging homeowners.

The proposed meeting would reiterate and expand upon the initial presentation, to show how a new and expanded approach to taxation and regulation of the real estate industry could dramatically increase provincial revenue, reduce rents, create a sustainable funding model for new infrastructure and investment, and preserve existing value for homeowners.

We would also propose concrete steps to engage in the necessary economic modeling, assessment and drafting of legislation, and drafting requirements to effectively accomplish this task.

Paul Finch

Treasurer

B.C. Government and Service Employees' Union

4911 Canada Way

Burnaby, BC CANADA V5G 3W3

Phone: 1-800-663-1674

Email: Paul.Finch@bcgeu.ca

Website: www.bcgeu.ca



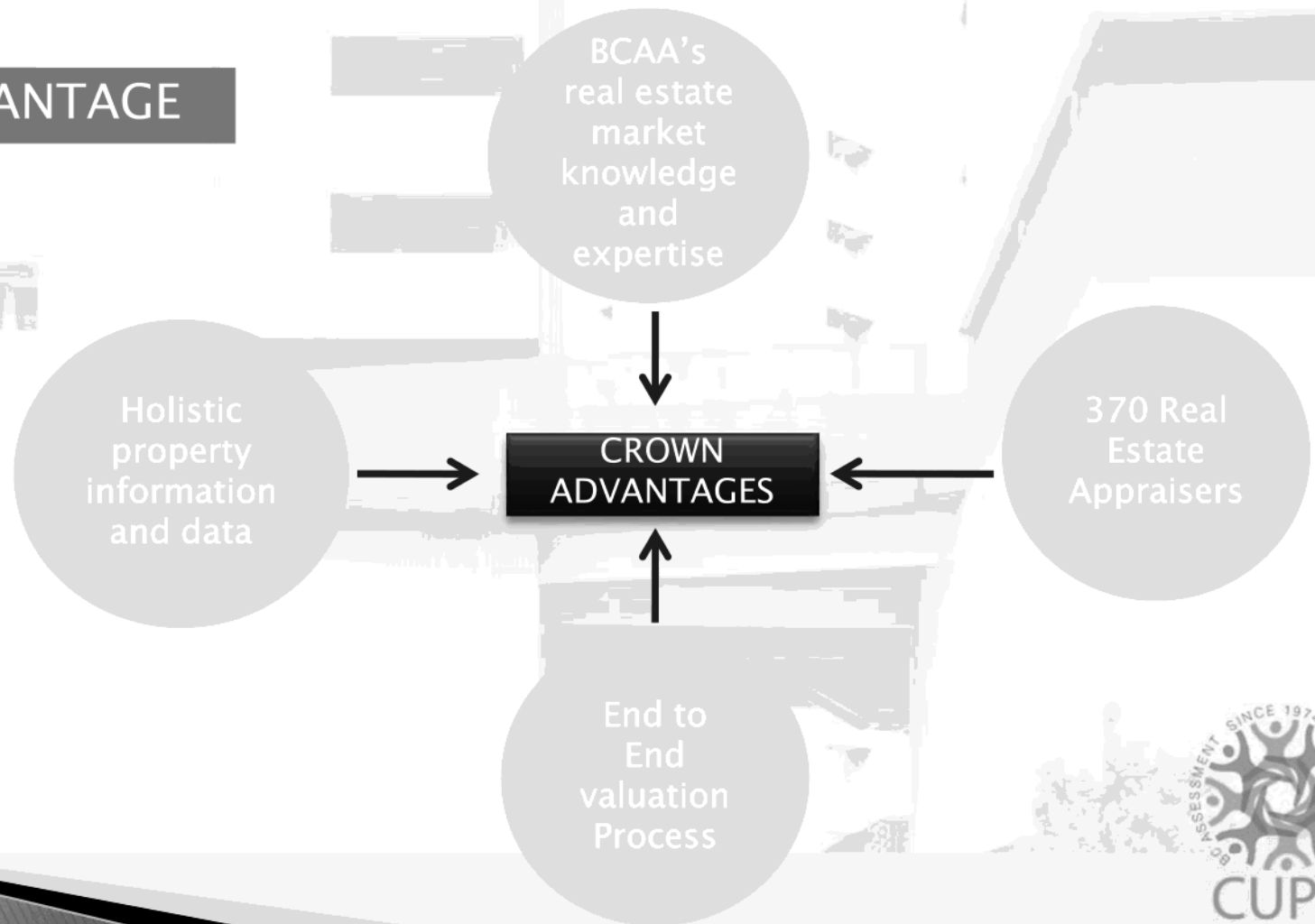
AGENDA

About us
Crown Advantages
Opportunities
Recommendations

5 minutes
10 minutes
40 minutes
5 minutes



CROWN ADVANTAGE



OPPORTUNITIES

BC has tremendous underutilized revenue streams and policies that need to be implemented to make permanent positive changes in our province for the people of BC. We need a real estate economy that works for everyone.



PROBLEMS

1. Real Estate is not affordable for most in BC
2. Speculators in the market place distorting the market
3. Tax avoidance
4. To date limited effort from government to make change
5. Missed opportunity to generate large amounts of revenue
6. Relationship between Min of Finance and BC Assessment
7. Lack of a long term provincial plan



SOLUTIONS

Quick Wins

- Share Transfers (R)
- PPTX – increasing progressively. (R)
- Remove 37,500 for first time home buyers
- Corporate boards disclosure– Property ownership
- Review Exemptions – Community interest
- SAPs, AirBnB and Vacation Rentals – Legislation clean up
- Create a hotline for real estate fraud
- Expand foreign ownership to the entire province (R)
- Add progressive interest rate increase for loans over 1 million (R)
- Elevate BC Assessment to advisory role with senior government and treasury board
- Full disclosure on AdvantageBC and the shady property dealings
- Bare land stays in class 06 until development



SOLUTIONS

Mid Term

- All property excluding Primary Residence: Land Windfall Tax = 25%
- Primary Residence if flipped within 2yrs: Land Windfall Tax = 25% OR Double PPTX?
- Transit Adjacent Property (6 block radius):
 - Land Windfall Tax Rates
 - Fee Simple/Strata = 50%
 - Rental Zoned = 0%
 - Social Housing = 0%
- Encourage (mandate) 25% of all new developments to be social housing
- Mandate letter to schools with excess land
- Fast track Social Housing via Incentives (lower borrowing costs, land classification changes)
- Municipal Election Finance Reform



SOLUTIONS

Long Term

- Rental Zoning – included in OCP, makes raw land cheaper than Multi-Family Zoning
- Land Value Capture, also know as Area Benefiting Tax – rezoning surrounding key transit hubs, ALR
- NMC – \$20B in 2016, \$25B in 2017. Could earmark some funds to social housing initiatives



RECOMMENDATIONS

- Establish specialized working group reporting to Premiers Office and Treasury Board to model and begin working on regulatory changes and legislation to enact policy
- Secondment of few BCA staff to work with Economists to model proposed changes
- Assign a communications team to begin working on public messaging



Briefing Note for British Columbia Minister of Finance and Minister of Housing

British Columbia's Affordability Crisis: Solutions to restoring the imbalance

Purpose:

The purpose of this briefing note is to present options to remedy the current housing affordability crisis in BC, generate revenue, the efficient delivery of social housing and make specific recommendations towards executing a feasible plan.

Background:

Over the past 14 years the real estate market in BC has continued its relentless increase in value beyond the ability of most British Columbians wages. The problem is not limited to BC but is particularly unique in Greater Vancouver and more recently in Greater Victoria where it has become one of the most unaffordable places to live in the world.

The reasons for this are found in vast amounts of foreign capital entering the real estate market, relatively cheap money through low lending rates and speculation. Banks are lending increasing amounts of money to investors which coupled with lax regulation of real estate professionals and taxation loopholes have made the situation worse.

Remedies to deal with the unique situation in Vancouver require new and unique approaches from a broader field of practice. The market should be stabilized and regulated without incurring a major drop in housing prices which could trigger widespread defaults from homeowners.

Current Situation:

Currently, there are limited regulations to prevent investors speculating in the Real Estate Market thus inflating the value beyond any local measure of affordability. The value of land increases based on two major factors: demand and zoning. Demand is being artificially fuelled by foreign capital, local speculation, low interest rates. Zoning density is continually being increased by municipalities.

BC assessment's Crown review recommendation #7 found that the BC Government should utilize the knowledge and expertise of this organization. The employees largely made up of CUPE 1767 members, are very proficient in all aspects of property valuation, market analysis and understand the impacts of real estate legislation on property owners and municipalities.

Options:

The options to solve this problem are broken down into three categories:

Quick Wins - Actions that can be taken relatively quickly via legislation, enacting recommendations from independent reports, and eliminating loopholes.

Execute on 4 specific plans - Excess Land on Public Schools, Short-term Rental Policy, Redevelopment of Bare Land, and Removal of Opaque Ownership. Discussion is required on Property Purchase Transfer Tax amendments.

Land Windfall Tax (LWT) - A form of taxation that only targets land appreciation of non-primary residences and incentivizes redevelopment. The focus should be on Greater Vancouver and Victoria but may include the entire province. The BC Assessment land value at time of purchase versus the land value at time of sale would determine the approximate windfall upon which a flat tax would apply. An additional form of LWT could apply to property along transit corridors that benefit from government investment in rapid transit lines.

Recommendations:

Review the "Quick Wins" recommendations and take swift action to deliver early results for the public.

Second professionals with unique perspectives from outside core government to help develop and model solutions, potentially through the Environment and Land Use committee, and use this expertise to implement legislation in a careful and measured fashion that will not collapse the market.

Contact:

Harpinder Sandhu – Phone: s.22	Email: s.22
Jared Melvin – Phone: s.22	Email: s.22
Paul Finch – Phone: s.22	Email: s.22

From: [Stonnell, Jennifer FIN:EX](#)
To: [Dawes, Jacquie MAH:EX](#)
Cc: [Wanamaker, Lori FIN:EX](#)
Subject: Housing Affordability Material
Date: Monday, August 14, 2017 1:19:00 PM
Attachments: [CUPE 1767 Presentation to NDP.pptx](#)
[BN Affordability Crisis20170809.pdf](#)

Hi Jacquie,

Lori has requested that I send you the attached material from the meeting she attended this morning with Paul Finch, BCGEU.

Thanks,

Jennifer Stonnell

A/Director, Executive Operations and Strategic Initiatives | Ministry of Finance
Tel. 250-356-6696 | Email: Jennifer.Stonnell@gov.bc.ca

From: [Stonnell, Jennifer FIN:EX](#)
To: [Nicholson, Riley FIN:EX](#)
Subject: FW: Meeting with Minister James and Minister Robinson
Date: Monday, August 21, 2017 11:00:00 AM

FYI – the meeting is in the calendar.

From: Wanamaker, Lori FIN:EX
Sent: Monday, August 21, 2017 10:59 AM
To: Stonnell, Jennifer FIN:EX
Subject: RE: Meeting with Minister James and Minister Robinson
No thanks.

From: Stonnell, Jennifer FIN:EX
Sent: Monday, August 21, 2017 10:57 AM
To: Wanamaker, Lori FIN:EX
Subject: FW: Meeting with Minister James and Minister Robinson
Lori – this meeting has been confirmed for Wednesday, August 23rd 1pm – 2pm. Do you need material in advance?
Thanks
Jenn

From: Marquis, Yvette FIN:EX
Sent: Friday, August 18, 2017 2:42 PM
To: Stonnell, Jennifer FIN:EX
Subject: FW: Meeting with Minister James and Minister Robinson
Jennifer,

Christine just called me – we have moved this meeting back to Wed the 23rd at 1PM (Cabinet was just shortened).
Thanks.

On Aug 18, 2017, at 1:22 PM, Marquis, Yvette FIN:EX <Yvette.Marquis@gov.bc.ca> wrote:

Hi there,
I've been asked to schedule a meeting with our Ministers and DMs re: Housing
Does Wed at 9AM on Wed Aug 23 or 4PM/4:30PM work? The meeting would be 30 minutes in duration and will take place in our office.
Will wait to hear what time works best for you. If Wed doesn't work give me a call and we can find another day that does. Thanks!

*Yvette Marquis
Administrative Coordinator
to the Honourable Carole James
Minister of Finance and Deputy Premier
Province of British Columbia
Office: (250) 387-3751
Fax: (250) 387-5794*

Spilker, Robyn FIN:EX

From: Harpinder Sandhu <s.22
Sent: Tuesday, August 15, 2017 5:28 PM
To: Spilker, Robyn PREM:EX
Cc: Jared Melvin; Finch, Paul
Subject: Presentation Follow up

Hi Robyn,

I appreciate the opportunity to meet yesterday, please send our thanks to Carole and Selina. We understand it's a very busy time for all of you.

Hopefully our ideas + options to begin implementing incremental change in the housing situation was well received. Acting as representatives of our union local, Jared and I had limited time and resources to fully research our solutions. If invited back in another temporary capacity we could formulate our ideas with greater detail.

Our presentation was crafted to fit the 1 hour time slot. Be aware there are other feasible options omitted in the interest of time.

Including but not limited to:

- BC Housing - administrator for rental portion of luxury condo developments
- Foreign Buyers Tax - currently not applicable to pre-sale condos.
- Land Windfall Tax - if applied to all residential property, then primary residences exempt if repurchasing within 1 year.
- LWT Residential Class: offset by value of Rental/Social Housing portion (includes single-family homes with registered rental suites, rental zoning, etc)
- Rental Registry, owners apply to (BCA) Provincial Government for tracking/rebates
- Non Market Change Revenue, as a negotiation tool with cities
- Interest Rate surtax on mortgage amount above \$1M.
- Private Mortgage lenders, largely unregulated. Needs attention.

Guessing there will be some debate surrounding the presentation, if there are any questions let us know.

Take care,

Harp
s.22

Spilker, Robyn FIN:EX

Subject: Meeting with Minister Robinson and Paul Finch of BCGEU, Harpinder Sandhu and Jared Melvin, Lori and Heather
Location: s.15
Start: Mon 2017-08-14 9:00 AM
End: Mon 2017-08-14 9:45 AM
Recurrence: (none)
Organizer: MINCAL, FIN FIN:EX
Categories: Gov

Re: Housing Affordability

Contact: Amber Rudek(604) 343-1751

YM – July 28