

Wharf, Sandy PREM:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 2:14 PM
To: Cadario, Michele PREM:EX
Cc: Sweeney, Neil PREM:EX; Mentzelopoulos, Athana FIN:EX; Henderson, Kim N PREM:EX
Subject: FW: New Foreigners Tax

Early response from UDI

From: Jon Stovell [<mailto:jons@relianceproperties.ca>]
Sent: Monday, July 25, 2016 2:00 PM
To: Chrystal, Neil
Cc: Menzies, Brian FIN:EX; Anne McMullin
Subject: Re: New Foreigners Tax

Thanks Niel.

Brian

UDI officially concurs with every aspect of Niel's letter below.

This is ill advised in the extreme and your governments failure to exempt pre-sales is a betrayal to our non residents willing to participate in good faith in our economy in what has been both a legal and arguably encouraged through other government policy.

Your consultations with industry as recently as last week when this was not even mentioned also have limited credibility at this point.

Kind regards.

Jon Stovell
UDI Chair.

Sent from my iPhone

On Jul 25, 2016, at 11:31 AM, Chrystal, Neil <nchrystal@polyhomes.com> wrote:

Brian,

Good morning Brian!

Neil Chrystal here from Polygon Homes. We met last week at the meeting we had with Minister de Jong and UDI.

I thought I would send you a quick note (personally, not as a member of UDI) to let you know how disappointed I am in the new tax on foreign buyers and I was hoping you might share my thoughts with Minister de Jong.

The new tax is wrong on two fronts;

- 1) The tax of 15% is excessive and a sure fire way to halt sales to foreign buyers in a market that was already slowing signs of fatigue and;
- 2) The fact that you did not provide a grandfathering provision for buyers of pre-sales homes is outrageous and sure to cause the new home industry a lot of issues moving forward.

While I was at first appreciative of the consultation meeting we had last week I feel that our industry has been somewhat blind-sided by the announcement of this new tax, given how extreme it is. I actually find it hard to believe that something so drastic wasn't discussed further with our industry and that our meeting was a bit of a waste of time, given that the policy was likely already determined.

I am sure that UDI will be consulting you with a formal industry position on the new tax but wanted to let you know how personally disappointed I am with the tax rate and rules applied to purchasers.

Anyhow, not meaning to dump on you but I am writing this email in a frustrated state of mind and your card happened to be sitting on my desk!

If you want to talk, I am happy to chat with you.

Regards,

Neil



POLYGON polyhomes.com
900 - 1333 West Broadway,
Vancouver, BC V6H 4C2

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NO INTRODUCTION

ACKNOWLEDGE: Mike de Jong

We are taking action today, to make sure home ownership remains within reach of the middle class...

Our actions are supported by legislation we tabled in the House today:

First, an additional 15 per cent property transfer tax for foreign buyers of property in Greater Vancouver.

Second, an investment of \$75 million into a new Housing Priority Initiatives Fund.

Third, amending the Real Estate Services Act to protect consumers. We are ending self-regulation, and implementing the recommendations of the Independent Advisory Group's report.

And fourth, changing the Vancouver Charter so the city can implement and administer a vacancy tax...to increase rental supply.

B.C. is number one in the country when it comes to jobs and the economy.

Today's announcements are part of our plan to put British Columbians first.

Whether it is in skills training, or investments in vital services and infrastructure, or in housing.

Today's actions build on steps we have already taken:

- actions to end shadow flipping,
- to implement a luxury tax on high-priced homes,
- and giving families a break on the property transfer tax when they buy a newly constructed home of up to 750,000 dollars.

Today's actions on housing are neither the first, nor the last.

There's more to come, based on 6 principles I have outlined:

- Increase housing supply
- Link communities together with smart transit investments
- Support first-time home buyers
- Protect consumers from shady practices
- Increase rental supply
- And most of all, keep the dream of home ownership within the reach of BC's middle class.

Mike de Jong is here to go over the legislative changes in more detail.

And we'll be happy to take your questions afterwards.
Mike?

Carr, Steve PREM:EX

From: Mentzelopoulos, Athana FIN:EX
Sent: Tuesday, July 26, 2016 7:14 AM
To: Cadario, Michele PREM:EX; Menzies, Brian FIN:EX
Cc: Carr, Steve PREM:EX
Subject: RE: material for today
Attachments: PPP_Housing data update - draft.pdf

I understood as of Thursday last week – and this was as a result of input from PO – that the new data would be referenced in the second-reading speech and then would be presented. There were no plans for a news release.

Have those plans changed?

athana

From: Cadario, Michele PREM:EX
Sent: Tuesday, July 26, 2016 7:12 AM
To: Mentzelopoulos, Athana FIN:EX; Menzies, Brian FIN:EX
Cc: Carr, Steve PREM:EX
Subject: material for today

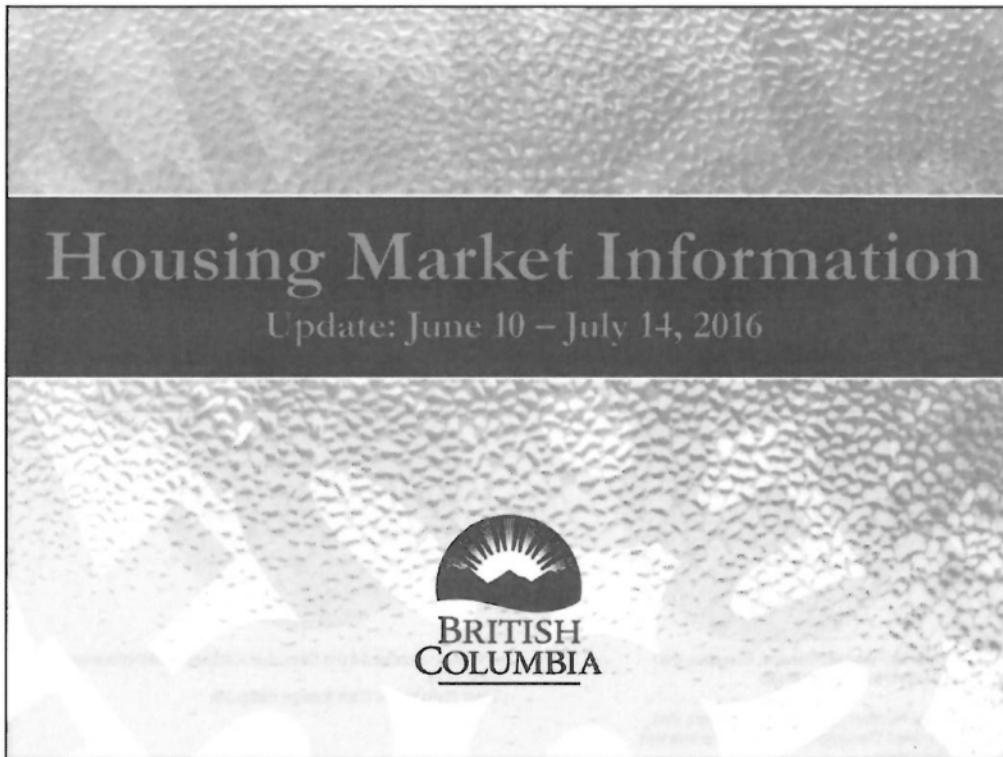
We don't have all of the comms material for MMDJ's newser today beyond the powerpoint –

We need to prepare in advance –

Could someone please send all material right away please?

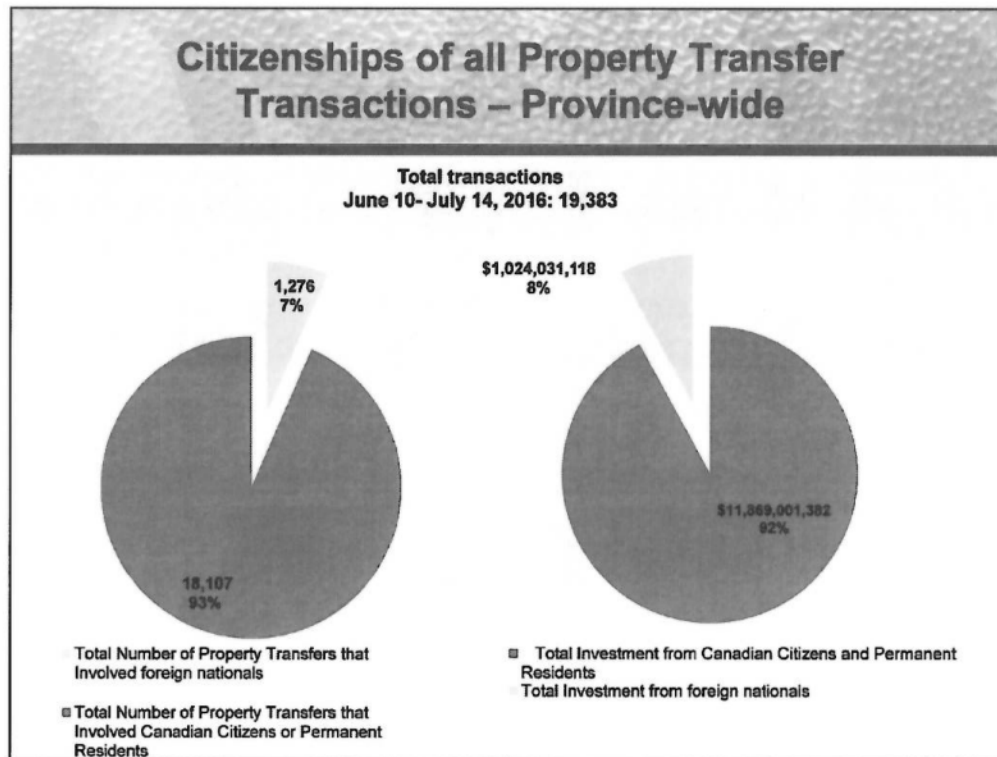
Michele

Michele Cadario
Deputy Chief of Staff to Premier Christy Clark



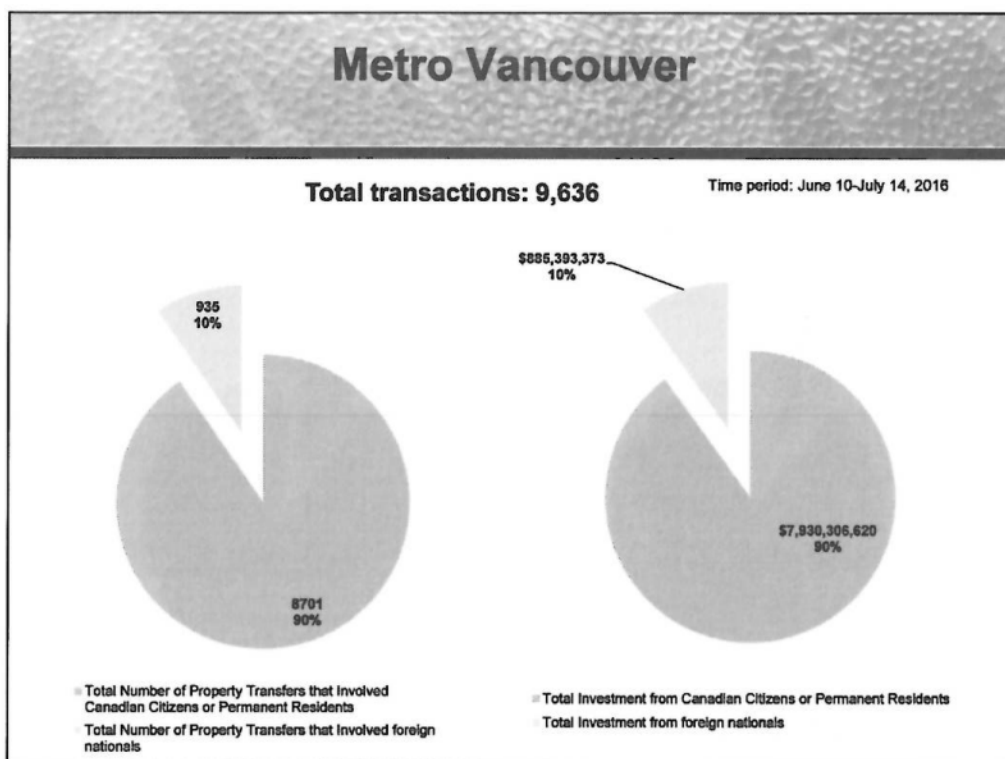
Four main topics:

1. I announced in budget that we would re-start the collection of data on foreign purchasers – a practice that was stopped in 1998. Since June 10, the Province has been collecting data on foreign purchasers through the Property Transfer Tax Form. We have data available through to July 14 and we are able to disclose the information we have thus far.
2. We have some updated information on the measures introduced in Budget 2016 that exempted the purchase of a newly built home up to \$750,000 from the property transfer tax – a saving of up to \$13,000 for that home-buyer.



There were 19,383 residential property transactions in British Columbia

1,276 transactions involved foreign nationals, a rate of 6.6%

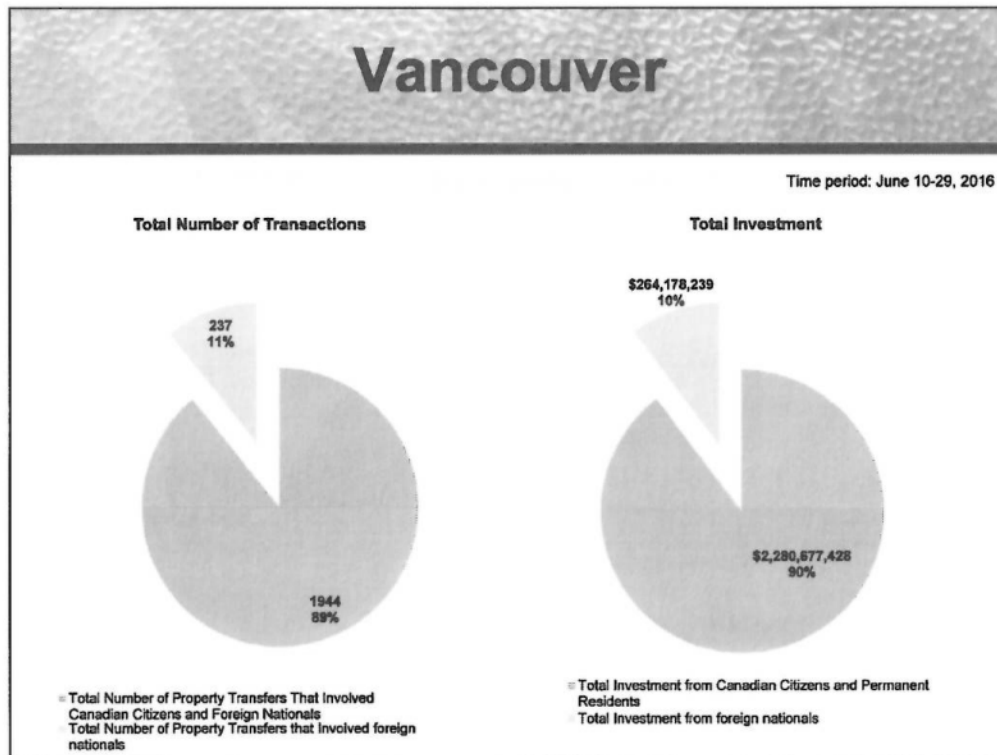


Metro Vancouver accounted for 49.7% of the real estate transactions, and 73.3% of transactions by foreign buyers

By value, Metro Vancouver accounted for a total \$8,815,699,993 worth of transactions; foreign purchasers accounted for \$885,393,373.

The average investment by non-foreign buyers in Metro Vancouver was \$911,425, while the average investment by a foreign buyer was \$946,945.

- 49.7% of all Transactions in BC were in Metro Vancouver
- 68.4% of all Investment in BC was in Metro Vancouver
- 73.3% all Transactions that involved foreign nationals in BC were in Metro Vancouver
- 86.5% of all Investment that involved foreign nationals in BC was in Metro Vancouver



Nearly 60% of Metro Vancouver's transactions and investment were in the four cities of Vancouver, Richmond, Surrey and Burnaby.

And about 70% of the transactions and investment that involved foreign purchasers were in those four cities.

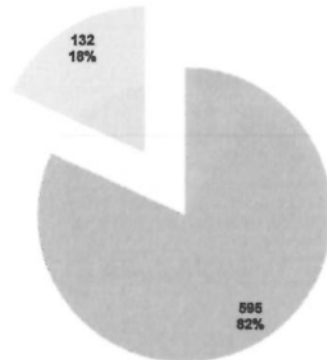
Looking more closely at specific cities there were 1944 transactions registered in Vancouver by Canadian citizens and permanent residents – 237 by foreign nationals.

Nearly \$2.3 billion spent by domestic buyers, \$264 million spent by foreign nationals.

Richmond

Time period: June 10-29, 2016

Total Number of Transactions



■ Total Number of Property Transfers That Involved Canadian Citizens and Foreign Nationals
 ■ Total Number of Property Transfers that Involved foreign nationals

Total Investment



■ Total Investment from Canadian Citizens and Permanent Residents
 ■ Total Investment from foreign nationals

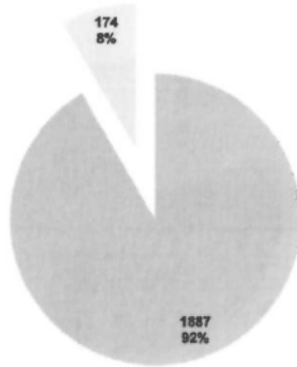
In Richmond we see the highest proportion among the four cities we looked at more closely – 132 purchases by foreign nationals, representing 18% of transactions and 19% of the value.

This is a good place to remind you of the caution – this is just over one month's worth of data, and at the city level it's a very small sample size. In the case of Richmond, we're talking about 727 transactions in total.

Surrey

Time period: June 10-July 14, 2016

Total Transactions



Total Investment



■ Total Number of Property Transfers That Involved Canadian Citizens and Foreign Nationals
 ■ Total Number of Property Transfers that Involved foreign nationals

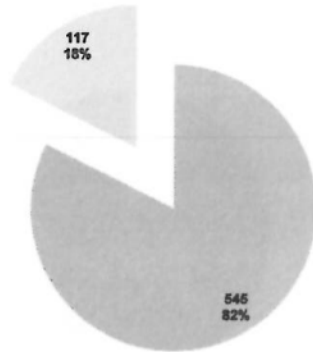
■ Total Investment from Canadian Citizens and Permanent Residents
 ■ Total Investment from foreign nationals

In Surrey we see 2,061 transactions, 92% by Canadian Citizens and permanent residents, representing \$1.3 billion in value.

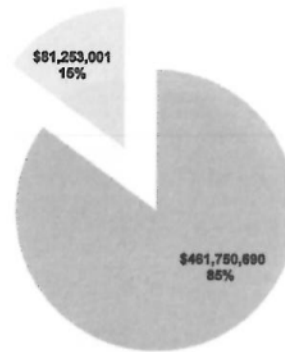
Burnaby

Time period: June 10-July 14, 2016

Total Transactions



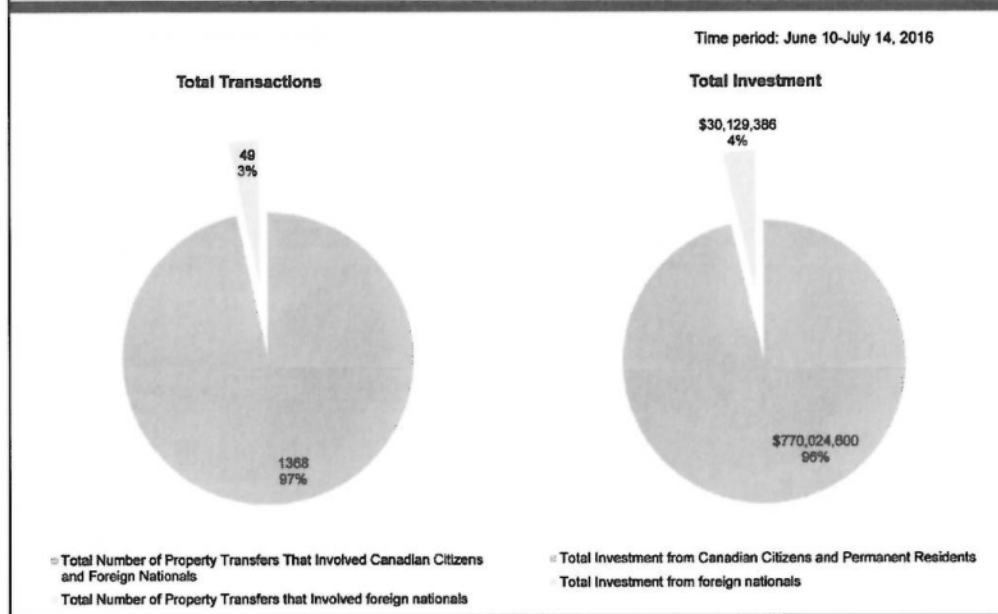
Total Investment



- Total Number of Property Transfers That Involved Canadian Citizens and Foreign Nationals
- Total Investment from Canadian Citizens and Permanent Residents
- Total Number of Property Transfers that Involved foreign nationals
- Total Investment from foreign nationals

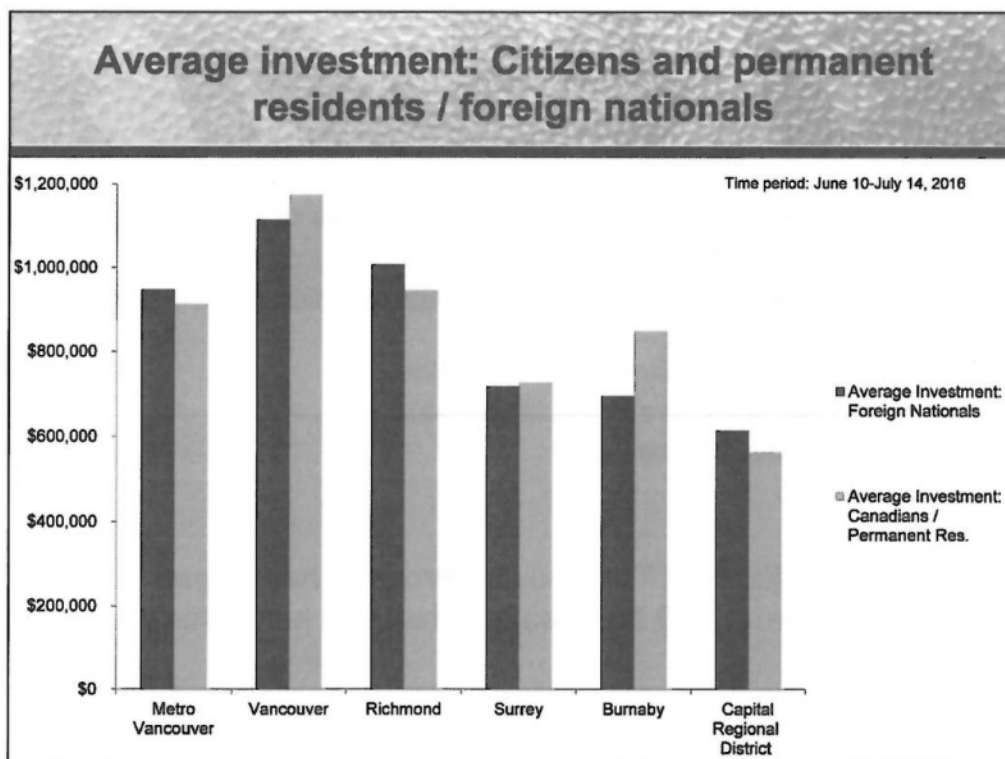
Just like in the case of Richmond, foreign national investment shares are higher in Burnaby. There were 662 transactions, of which 82% involved Canadian Citizens and Permanent Residents, representing 85% of the value of investment.

Capital Region



In the Capital region – a much different story. 97% of transactions were conducted by Canadian Citizens, representing 96% of the value.

These are numbers we will watch closely to see if there is any significant displacement of Foreign investment away from Metro Vancouver and into the CRD area.



Average investment -

The average investment across the whole of Metro Vancouver – average foreign investment (\$946,000) was roughly \$35,000 higher by foreign nationals than by Canadian Citizens/Permanent Residents (\$911,000).

Slightly higher investment by domestic purchasers compared to foreign nationals purchasers was seen in Richmond and the Capital Region.

Metro Vancouver – difference : - 4%

Cdns and Perm Residents – \$911,425

Foreign Nationals - \$946,945

Vancouver City – difference: +5%

Cdns and Perm Residents - \$1,173,188

Foreign Nationals - \$1,114,676

Richmond – difference: -6%

Cdns and Perm Residents - \$945,376

Foreign Nationals – \$1,006,931

Surrey – difference: +1%

Cdns and Perm Residents - \$726,622

Foreign Nationals - \$718,429

Burnaby – difference: +22%

Cdns and Perm Residents - \$847,249

Foreign Nationals - \$694,885

Capital Region – difference: -8%

Cdns and Perm Residents - \$562,883

Foreign Nationals - \$614,885

More than 15,000 families have saved money on their new homes this year

- **Between Feb. 17 and July 14, because of the newly built home exemption:**
 - **4,027 families** have saved an average of \$7,698 on their newly built homes.
 - Total savings to families: **\$31,770,029**
 - **191 per week** on average (21 weeks)
 - **27 per day** on average.
- The existing First Time Buyers Program has helped more than **11,000 families** buy their first home this year.

Newly built Home Exemption

Budget 2016 introduced the Newly Built Home Exemption, which can save purchasers up to \$13,000 in property transfer tax when purchasing a newly constructed or subdivided home worth up to \$750,000.

A partial exemption is available for qualifying homes valued up to \$800,000.

The new exemption will provide an estimated \$75 million in property transfer tax relief for new construction in 2016-17 and is expected to benefit owners of about 22,000 new homes, many of which will be in the Vancouver area.

The New Housing Exemption will be funded by increasing the property transfer tax rate to 3% from 2% on the portion of fair market value over \$2 million.

Like the First Time Home Buyers' Program, applicants must be Canadian Citizens or permanent residents of Canada.

However, this program is available to buyers regardless of how long they have lived in British Columbia, meaning those who move to B.C. to take jobs, start companies and build their lives here may also benefit.

The exemption is available to first-time buyers and previous property owners alike.

As at July 14, 2016:

The Newly Built Home exemption (threshold \$750,000) was introduced in February and has already benefitted **4,027 homebuyers**. (Feb 17 to July 14), saving them a total of **\$31.7 million so far**

191 per week on average (21 weeks)

27 per day on average.

Average saving: **\$7,698**

Average house value (based on the saving): **\$484,900**

Carr, Steve PREM:EX

From: Cadario, Michele PREM:EX
Sent: Sunday, July 24, 2016 8:39 PM
To: Carr, Steve PREM:EX
Subject: Fw: Comms materials - all
Attachments: 1st Reading - FINAL.docx; ATT00001.htm; 2ND Reading Notes - DRAFT 3.docx; ATT00002.htm; IAG Recommendations that are not Implemented.docx; ATT00003.htm; Information Sheet 2016-006 Additional PTT on Residential Property Transfers to Foreign Entities in Vancouver.docx; ATT00004.htm; MLA KMs and QAs Housing Bill_22Jul16_DRAFT.docx; ATT00005.htm; Monday Media Avail.docx; ATT00006.htm; NR_Housing Bill_24July16_FINAL DRAFT.docx; ATT00007.htm; QAs_Housing Bill_24July16_DRAFT2.docx; ATT00008.htm

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Mentzelopoulos, Athana FIN:EX <Athana.Mentzelopoulos@gov.bc.ca>
Sent: Sunday, July 24, 2016 8:26 PM
To: Cadario, Michele PREM:EX; Henderson, Kim N PREM:EX
Subject: Fwd: Comms materials - all

Sent from my iPad

Begin forwarded message:

From: "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>
To: "Mentzelopoulos, Athana FIN:EX" <Athana.Mentzelopoulos@gov.bc.ca>, "Chandler, Penelope E FIN:EX" <Penelope.Chandler@gov.bc.ca>, "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>, "Keirstead, Zoe FIN:EX" <Zoe.Keirstead@gov.bc.ca>, "McLachlin, Jessica GCPE:EX" <Jessica.McLachlin@gov.bc.ca>, "Menzies, Brian FIN:EX" <Brian.Menzies@gov.bc.ca>, "Miniaci, Mario FIN:EX" <Mario.Miniaci@gov.bc.ca>, "Snider, Marty C FIN:EX" <Marty.Snider@gov.bc.ca>
Cc: "MacLean, Shelley FIN:EX" <Shelley.MacLean@gov.bc.ca>
Subject: Comms materials - all

Here's the full suite of materials as they stand

Jamie Edwardson
Communications Director | Ministry of Finance | Province of British Columbia
P: (250) 356-2821 | M: (250) 888-0021 | jamie.edwardson@gov.bc.ca

FIRST READING SPEAKING NOTES

Bill 28 – 2016

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

Honourable Speaker, I have the honour to present a message from her Honour the Lieutenant Governor.

You give the message to the Page.

Sit down

[Page takes message to the Speaker.]

[The Speaker reads the message.]

[The Speaker will acknowledge you.]

You, Minister of Finance, rise and state:

I move that the Bill be introduced and read a first time now.

Keep Standing

[The Speaker puts the question.]

[The Speaker will acknowledge you.]

Honourable Speaker, I am pleased to introduce the *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016*.

Madam Speaker, this Bill amends the ***Vancouver Charter*** to enable the City of Vancouver to impose a municipal vacancy tax on owners of vacant residential property.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to impose a vacancy tax, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

Second, this bill amends the ***Real Estate Services Act*** to substantially implement the key recommendations of the Independent Advisory Group report, and to end self-regulation of the real estate industry.

All members of the Real Estate Council of British Columbia will be appointed by the Lieutenant Governor in Council, and the

amendments provide the superintendent of real estate with broad new rule-making and oversight powers.

The amendments also strengthen the regulatory regime and deter and punish the worst behaviour in the marketplace. Measures allow for substantial increases in monetary fines, the forfeiture of any commissions earned, and the ability to fine licensees for each contravention of the Act, regulation, or rules.

Third, the *Act* amends the ***Special Accounts Appropriation and Control Act*** to establish a new Housing Priority Initiatives special account within the Consolidated Revenue Fund.

The new Housing Priority Initiatives special account is intended to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply; access and support programs. It is intended to be complementary to the proposed amendments to the *Property Transfer Tax Act*. The special account will be effective on Royal Assent of the Bill.

And finally, Madam Speaker, Bill 28 amends the ***Property Transfer Tax Act*** to impose an additional tax of 15 per cent on transfers of residential properties where the transferee is a foreign national, as well as certain corporations or trusts involving foreign nationals.

For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

This additional tax will be effective August 2, 2016, and will apply to property transfers located in the Greater Vancouver Regional District excluding the lands of the Tsawwassen First Nation.

Honourable Speaker, I move that the Bill amendments be placed on the Orders of the Day for second reading at the next sitting of the House after today.

[The Speaker puts the question.]

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s.13

Ministry of Finance

Tax Information Sheet



ISSUED: July 2016

Information Sheet 2016-006

gov.bc.ca/propertytransfertax

Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District

Property Transfer Tax Act

Effective August 2, 2016, an additional property transfer tax applies to residential property transfers to foreign entities in the Greater Vancouver Regional District.

The Greater Vancouver Regional District includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and Township, Lion's Bay, Maple Ridge, New Westminister, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A. The additional tax does not apply to properties located on Tsawwassen First Nation lands.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

Foreign Entities

Foreign entities are transferees that are foreign nationals, foreign corporations or taxable trustees.

Foreign nationals are transferees who are not Canadian citizens or permanent residents, including stateless persons.

Foreign corporations are transferees that are corporations:

- not incorporated in Canada or
- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation.

Applying the Additional Tax

The additional tax on property transfers to foreign entities is 15% of the fair market value of the foreign entity's proportionate share of a residential property located in whole or in part in the Greater Vancouver Regional District, excluding Tsawwassen First Nation lands. This tax applies in addition to the general property transfer tax.

The additional tax does not apply to non-residential property. The value of the residential portion of a transfer is calculated in the same way as for the property transfer tax.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes transactions such as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

The additional tax does not apply to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.

Filing and Paying the Additional Tax

Filing the Return

Foreign entities registering a transfer, or their legal representative, must file an *Additional Property Transfer Tax Return (FIN 532)*. The return must be filed at the time the property transfer is registered with the Land Title Office. Filing instruction can be found on the return, or at gov.bc.ca/propertytransfertax on the **File Your Taxes** page.

Paying the Additional Tax

The additional tax must be paid with the general property transfer tax at the time the property transfer is registered with the Land Title Office.

Each transferee is jointly and severally liable for the additional tax payable. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

Tax Avoidance

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Where transactions involve Canadian citizens, the Canadian citizen's social insurance number must be collected and their identification verified against official government issued identification such as a Canadian passport. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information may result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison. The penalties apply to anyone who participates in tax avoidance.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

Further Information

Online: gov.bc.ca/propertytransfertax

Toll free in BC: 1 888 355-2700

Email: pttenq@gov.bc.ca

Subscribe to our **What's New** page to receive email updates when information changes.

The information in this notice is for your convenience and guidance and is not a replacement for the legislation.

SECOND READING SPEAKING NOTES

Bill 28

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

[The House Leader calls for second reading of Bill 28
Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016]

[The Speaker calls upon the Minister]

The Minister rises and moves:

...

MADAM SPEAKER,

I move that Bill 28 be read a second time now.

Madam Speaker

For quite a number of months now, there has been growing surprise, concern, and consternation about the rapid rise in the price of homes in certain regions of the province – primarily in Metro Vancouver, but also in the Capital Region and other cities.

There has been speculation – some of it informed, some of it less so – about the various factors underlying the continued and sustained rise in prices—particularly centred in Metro Vancouver.

Metro Vancouver is large and has a diverse economy – a regional GDP of more than \$100 billion. It is home to a diverse, educated and growing population – currently estimated at more than 2.5 million people and forecast to grow to almost 3 million in the next ten years.

In asking the reasonable question – what is driving the price of residential real estate ever higher? – we have been confronted with many further questions, both economic and social.

What is the role of demand ... the role of supply?...

Questions of correlation – did this happen and that happen at the same time?

Questions of causation – did this happen because of that?

The role of the flow of capital from outside our provincial and national borders?...

... whether and to what extent this flow of foreign capital is sufficient to drive a market as broad and diverse as that of Greater Vancouver?...

... are the recent price rises sustainable, and if not, what could the consequences be to families that borrowed to enter into this rapidly rising market?

We have also been confronted with questions that tend to challenge our notion of ourselves as a tolerant, welcoming people who value our interconnectedness and openness to the world, who respect the privacy of our neighbours and others, and who embrace a free-flowing, wide ranging modern society and dynamic economy.

Our province, our country, is increasingly connected through trade agreements and trade flows to the rest of the world.

Thirty years ago, our province and the city of Vancouver—we put ourselves on the world stage with Expo 86. We invited the world, and they came, they saw, and many probably fell in love with this place we call home – just as we did once.

Our government has worked since 2001 to build on our social, cultural and economic ties with the world that came to know us in that year and those that followed.

We have encouraged twinning relationships with communities across the Pacific; we have launched trade missions that created new opportunities and jobs; we have opened up new markets particularly for our forestry products, maritime, aerospace, and financial sectors; we made the world aware of us as Canada's Pacific Gateway, and through that we connected ourselves to the flow of global trade.

We further established our province as a green gem in the world's imagination with the drama and success of the 2010 Winter Olympic Games, at a time when so many economies around the world were beginning to flag and falter.

This is part of the story that saw B.C.'s economy stand as a safe harbour for investment through the tempests of the global economic slowdown, and helped us emerge from that economic crisis with now four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and with an economy that is forecast to lead growth among provinces both this year and the next.

Since 2001, economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

Yes, we have a strong economy, we have strong migration numbers, people are moving here. Our population is growing. And a growing population looks for homes to live in. This, then, speaks to the problem of demand.

On the other side, in the face of economic growth and rising demand for homes, we have issues of supply.

But what is that supply? Sometimes when I talk to people about this, I feel they think almost entirely of single family homes, with a nice yard, maybe a garden, lots of space outside for kids to play, and lots of space inside too—because sometimes it rains in Vancouver.

And nobody can blame them for that. In the vast majority of cases, that's the experience they had growing up. And as good, hardworking parents, they want the same or better for their kids. That's fair – it's a common, human dream.

Yet one fact struck me early on in this entire discussion – there were in 2011 about one thousand **fewer** single-family homes in the Vancouver area than there were in 1991.

And since 1991, the population has risen by almost one million new people (from 1.6 million to 2.5 million in 2015).

Where do those one million new people live? Townhouses, condos, other styles of housing. The number of multi-family units doubled in the same period that single family homes fell by 1,000.

In the late-1980s, more than half the housing starts in the Vancouver area were single-detached homes. By 2015, only 22% of housing starts were single-detached homes. And so far this year, 19% of housing starts are single detached.

Based on the current trends, forecasters anticipate the next 10 years could see a further half-million people or more move to Metro Vancouver.

If we want to provide long term stability and affordability in the real estate market and help current and future local residents realize the dream of home ownership in our communities...

... we need to bring more homes to market, more quickly, in livable communities that are supported by efficient, and cost-effective, rapid-transit networks.

That's one of the reasons that with Budget 2016 we exempted newly built homes priced up to \$750,000 from the Property Transfer Tax. To create an incentive for builders to start homes at affordable prices.

So far, [July 14, 2016]

- 4,027 families have saved an average of \$7,698 on their newly built homes.
- Total savings to families: \$31,770,029
- 191 per week on average (21 weeks)
- 27 per day on average.

The existing First Time Buyers Program has helped more than 11,000 families buy their first home this year. [to July 14, 2016]

The cursory review of permitting and approvals that I released two weeks ago showed that an estimated 108,000 units of housing are currently somewhere in the development planning and approvals process of just six lower mainland local governments.

Even though housing starts are currently trending strongly above the historical average, there's more supply available if local governments can get those homes through their processes and onto the market.

There are steps that the Province can take to help with that, and we are willing and anxious to work with local governments to help speed that process.

But however much we want to get new homes onto the market, there are legitimate and appropriate local governance processes that need time, and local residents have a legitimate say.

At the current prices and levels of demand, there's more that needs to be done while we work to bring forward new supply if we are to help people afford to buy in the current market.

In short, there needs to be a short term answer on the demand side of the equation, while housing supply has a chance to catch up.

That brings us to the specific changes this government proposes in this bill.

Bill 28 creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

First, to the Property Transfer Tax Act.

In Budget 2016, responding to the questions the public was asking about foreign ownership of residential property, I announced government would begin collecting data to identify foreign purchasers, and better understand whether—and to what extent—foreign capital was having an effect on residential real estate prices.

That data—still very early results—is showing some interesting figures. We now have 20 days' worth of data – From June 10 through to June 30.

For the period we could capture, there were:

- There were 19,383 residential property transactions in British Columbia
- 1,276 transactions involved foreign nationals, a rate of 6.6%
- The total investment by foreign nationals was \$1,024,031,118 representing 7.9% of the total investment
- Metro Vancouver accounted for 49.7% of the real estate transactions, and 73.3% of transactions by foreign buyers
- By value, Metro Vancouver accounted for a total \$8,815,699,993 worth of transactions; foreign purchasers accounted for \$885,393,373.

- The average investment by non-foreign buyers in Metro Vancouver was \$911,425, while the average investment by a foreign buyer was \$946,945.

This is not, from what we can tell, inconsistent with Toronto, for example, or many other major, world-class cities.

But the volume of capital, in the face of our economy's ability to meet that demand, appears to need further measures to help our local residents afford to realize their dream of owning a home.

Accordingly, Bill 28, proposes amendments to the Property Transfer Tax Act, that, effective August 2, 2016, impose an additional tax on residential properties where the transferee is a foreign purchaser.

The foreign purchaser is defined as foreign national, a trust where the trustee or a beneficiary is a foreign national, as well as certain corporations that are transferees.

The additional tax will be 15 per cent of the fair market value of the foreign entity's proportionate share of the residential property. For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

We chose this rate in part as it reflects the rate other jurisdictions faced with similar circumstances have chosen. Singapore, for example, and Hong Kong, both apply a rate of 15% to residential property bought by foreign nationals.

The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation.

This flexibility will allow government to adjust the tax rate depending on the needs of the market.

The additional tax will initially apply to property transfers located in the Greater Vancouver Regional District, excluding the lands of the Tsawwassen First Nation.

The amendments also allow for expanding or reducing the areas in which the tax applies, should that prove necessary.

Some will doubtless seek to probe loopholes in these provisions, and our provisions to prevent that can be explored in committee-stage debate.

For now, let me say that the amendments are backed up by a specific anti-avoidance rule. Transactions structured to avoid the tax, will be caught by the anti-avoidance rule and will be subject to the tax.

We are also establishing broad, six-year provisions for audit, additional penalties for those who seek to evade the tax, and the government's intent is to ensure sufficient new audit staff to enforce the tax.

Furthermore, we are proposing fines payable as a result of offences with respect to the additional tax as the amount of unpaid tax, with interest, plus \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

Housing Priority Initiatives Fund

Madam speaker, as a second measure, the government is establishing a new Housing Priority Initiatives Fund for provincial housing, rental and shelter priority initiatives and programs. The fund will primarily receive a portion of revenues from the Property Transfer Tax.

Proposed amendments under the ***Special Accounts Appropriation and Control Act*** establish the new Housing Priority Initiatives special account within the Consolidated Revenue Fund, along with its operating rules and oversight.

The purpose of the Housing Priority Initiatives Fund is to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply, and access and support programs and activities.

The fund is established with a starting balance of \$75 million, and it will primarily receive periodic transfers of Property Transfer Tax revenues as approved by Treasury Board.

This account is under the responsibility of the Minister of Finance. It has the authority to fund operating expenditures, capital investments, and loans and loan-guarantees related to supply of housing and rental housing, or other shelter, access and support programs and initiatives, subject to the specific prior approval of Treasury Board.

Real Estate Services Act Amendments

Madam Speaker, it's clearly important that we British Columbians should have the help they need to enter the market to buy homes. And when they're doing so, they need to know that the process will be fair, respectful, and that if they choose to engage professional support, that person will act in **the client's** best interests, not the best interests of the agent.

We saw earlier this year that, in the face of an extraordinarily strong real estate market, some licensees took the opportunity to put their own gain ahead of their clients', and sought to profit at the expense of regular, vulnerable people.

Some in the industry saw what was happening, but regrettably, they were too busy selling homes to act in the broader interest of their profession.

That, Madam Speaker, is the inherent challenge of self-regulation. And that is why the government has chosen to go beyond the recommendations of the independent report, and end self-regulation for real estate licensees.

Madame Speaker, under these changes, the government will appoint all members of the Real Estate Council board to ensure a focus on consumer protection for British Columbians.

Furthermore, the superintendent of real estate will assume all rule-making powers that were formerly held by the Real Estate Council. The Superintendent is also provided with broad powers, including the ability to oversee and direct the council.

Finally, the amendments implement recommendations to address the necessary improvements to the regulatory regime as identified by the Independent Advisory Group.

The amendments we are proposing would also substantially increase the fines for licensee misconduct from \$10,000 to \$250,000 for licensees, and from \$20,000 to \$500,000 for brokerages. This measure will ensure there is a serious deterrent to misconduct, particularly considering the value of commissions derived from the current market.

Licensees that contravene the Act, regulations, or rules will also be subject to the forfeiture of any commissions earned, and may be penalized for each contravention.

The vast majority of real estate licensees are honest, hardworking people who have had their reputations tarnished by a few unscrupulous actors.

These amendments will help protect consumers by providing an effective deterrence to misconduct and will adequately penalize those licensees that put their own interests ahead the interests of their clients.

Vancouver Charter

Finally, we come to the amendments that will enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.

Vancouver is facing a record-low vacancy rate of 0.6%, which City Council feels is putting upward pressure on housing stock and contributing to unprecedented affordability issues.

This amendment seeks to respond to a lack of supply through interim measures that will give time for new supply to come on to the market.

When I met with Mayor Robertson two weeks ago, he spoke to both the need to take measures that create an incentive for new supply, while the longer term issues of encouraging development of rental accommodation could be addressed.

Vancouver's intent in applying a vacancy tax is to seek to increase the rental housing stock on the market

A recent City of Vancouver study suggested that there are nearly 11,000 empty homes in the city, 9,700 of which are condominiums and apartments.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to do so, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

The legislation balances flexibility in enabling Vancouver, while also providing enough certainty for the taxing authority to be legally valid.

In brief, the authority to tax applies only to residential land and improvements, and will not apply to properties otherwise exempt from property taxation.

Vancouver is limited to using monies received under this 'vacancy tax' for initiatives respecting affordable housing and administration of the tax.

Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

The proposed legislation enables a self-declaration approach; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence as to whether it is vacant or occupied – and if such information is not provided, Vancouver has recourse, including considering the property to be vacant and taxable.

These changes to the Vancouver Charter are intended to help address housing affordability by enabling the City of Vancouver to implement a vacancy tax, should the City choose to do so.

There is still a great deal of work to be done for the city to establish the necessary means to levy, collect, administer and enforce this tax.

I know that other local governments that have similar concerns are looking with interest at Vancouver's approach.

I hope they will have the opportunity to learn from Vancouver's experience, and accordingly decide whether it's something they also wish to pursue.

Conclusion

Madam Speaker, the legislation today creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

Owning a home should be accessible to families of middle-class British Columbians. And when they seek to purchase that home, they should be treated fairly and respectfully. And finally, those who seek to rent should also be able to find a suitable home.

The changes we are proposing today are about making sure that British Columbians can continue to live, work and raise their families in our communities.

MADAME SPEAKER, I MOVE SECOND READING OF BILL 28.

[THE MINISTER SITS]

[Bill is Debated]

[The Speaker Puts Motion and Announces The Result]

[Bill Read a Second Time]

[THE MINISTER RISES AND STATES:]

Madame Speaker, I move that the bill be referred to a committee of the whole house for consideration at the next sitting after today.

[THE MINISTER SITS]

[Speaker Puts Motion]

Feedback received from

- Steve H
- Sadaf M
-

MLA Key Messages
Questions and Answers
Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

General:

- As a government, we recognize home ownership can be challenging in B.C., particularly in Vancouver.
- Budget 2016 introduced a number of measures designed to stimulate supply of new housing, assist purchasers, invest in affordable housing and improve our understanding of what drives growth in B.C.'s real estate market.
- Today, the Province is taking further steps to help keep the dream of home ownership within reach of middle-class families, and ensure that those who are in a position to rent are able to find a suitable home.
- This bill creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.
- These are complex issues that will require a number of different solutions. There will be more to come in the weeks and months ahead.

Additional Property Transfer Tax

- An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations.
- The additional tax will take effect Aug. 2, 2016, and will apply to foreign entities registering their purchase of residential property in the Greater Vancouver Regional District, excluding the treaty lands of the Tsawwassen First Nation.
- This tax will help manage ongoing demand in residential real estate while the housing market responds by building new homes to meet local needs.
- Placing barriers to the foreign investment in the GVRD real estate can help manage rising prices while supply catches up.

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in the GVRD and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. How will you enforce the tax?

Property transfer tax audit measures are already in place and will be extended to encompass the additional tax to ensure it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is already underway to begin recruitment.

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

3. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

4. Will tax revenues be earmarked for government housing programs?

No, the additional tax will not be earmarked to a specific purpose.

However, the government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. Subject to approval by Treasury Board, the fund can receive a portion of revenues from the property transfer tax in the future.

5. Why only in the GVRD?

For now, the clearest need for this response is in GVRD. The Bill contains regulatory powers that would allow the government to apply the additional tax in other areas. 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 respond by making changes quickly.

Housing Priority Initiatives Fund

- The Province is investing \$75 million into a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future.
- The fund can receive a portion of revenues from the property transfer tax.

6. What is the Housing Priority Initiatives Fund?

The Housing Priority Initiatives Fund is a new strategic and flexible central fund to implement priority initiatives related to supply of housing, rental housing, or other shelter, and access and support programs and initiatives.

7. What can the money be spent on?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for

low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

Vacancy Tax

- Vancouver's city council feels that a record-low vacancy rate of 0.6% puts upward pressure on housing stock and contributes to unprecedented affordability issues.
- We are proposing amendments to the Vancouver Charter to enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.
- The legislation enables, but does not require, Vancouver to impose a vacancy tax and sets out key elements of the tax, but does not prescribe the design details.
- The City of Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

8. Why are you making these changes?

The Province is enabling Vancouver to implement a tax on vacant residential property in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.

9. What is the goal of a vacancy tax?

Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

10. Is vacancy a problem in Vancouver?

A study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

11. Why is the Province allowing Vancouver to design and implement the tax?

It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.

While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

12. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to have the opportunity to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.

After that, if there is general interest from other municipalities, legislative change could be discussed further.

Consumer Protection

- The Independent Advisory Group (IAG) established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016.
- The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.
- The amendments that are proposed to the Real Estate Services Act are intended to restore consumer confidence by increasing transparency and fairness in the real estate sector.
- These changes will help protect British Columbians when they are making the one of the largest investments of their lives – purchasing a home.
- The Province is ending self-regulation of the real estate industry and substantially implementing the key recommendations of the Independent Advisory Group's report.
- The amendments also significantly increase the Superintendent of Real Estate's authority and oversight.

13. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

14. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

15. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

16. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

Monday Media Avail at the Leg

Back Lawns of the Legislature, West of Water Fountain.
Victoria, B.C.

Date:	July 25th, 2016	Arrival Time:	10:40 AM
Podium:	Yes – Action on Affordable Housing British Columbians First	Dress:	Business – Sturdy shoes as the event is on the grass

Event Summary: Premier and Minister De Jong to host a media avail following QP
Action/Visual: Premier and Minister speaking with the media
Venue Audience: Premier, Minister De Jong, Parliamentary Media and Media on the line
MLAs attending: Hon. Mike De Jong, Minister of Finance
Additional VIP's:
Media Relations: Ben Chin / Stephen Smart / Karen Van Marum

Time	Event Itinerary
10:40 AM	Premier and Minister De Jong are met at West Annex by Anish Dwivedi and provided a briefing
10:43 AM	Premier and Minister proceed to the event site. (Back of the legislature, West of the fountain in between the two large trees)
10:45 AM	Premier delivers brief remarks and calls Minister De Jong to the podium
10:48 AM	Minister De Jong provides his remarks
10:50 AM	Moderator via moderator mic calls the Premier back to the podium and opens up Qs & As
10:51 AM	Q & A Note: Minister to step in as required. Dial in information below.
11:00 AM	Q & A concludes.
11:01 AM	Premier and Minister make their way back to West Annex.

Contacts

Anish Dwivedi, BC Government, ^{s.17}

Dial in information:

Dial in #: 604-681-0260 or 1-877-353-9184

Speakers Pass Code: ^{s.15} **(ONLY TO BE USED BY AV)**

Participants pass code: ^{s.15}