

From: Leslie Whittaker [mailto:lwhittaker@udi.org]
Sent: Tuesday, May 3, 2016 3:58 PM
To: OfficeofthePremier, Office PREM:EX
Cc: Minister, FIN FIN:EX; Sweeney, Neil PREM:EX; Menzies, Brian FIN:EX
Subject: UDI LETTER ON INCREASING HOUSING SUPPLY & TRANSIT IN METRO VANCOUVER

Good Afternoon Premier Clark

On behalf of Anne McMullin, President & CEO of the Urban Development Institute, attached please find a letter from us regarding Increasing Housing Supply & Transit in Metro Vancouver.

Regards

Leslie Whittaker



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

#200 – 602 West Hastings Street
Vancouver, British Columbia V6B 1P2 Canada
T. 604.669.9585 F. 604.689.8691
www.udl.bc.ca

May 3, 2016

Honourable Christy Clark, Premier
Office of the Premier
PO Box 9041 Stn Prov Govt
Victoria BC V8W 9E1

Dear Premier:

Re: Increasing Housing Supply & Transit in Metro Vancouver

Recently, there has been a lot of media and political discussion in B.C., particularly in Metro Vancouver, about the impacts of demand on housing prices. This includes discussions on foreign investment, vacant homes, and Airbnb. UDI believes that the root cause of the housing crisis in Metro Vancouver is related to a lack of housing supply not meeting the increasing demand for housing.

As you know, single-family housing is an almost impossible housing choice for most Metro Vancouver residents. The number of single family homes on our existing and finite land base, under the current zoning, cannot increase in most municipalities in the region. Thus, alternatives to single-family living, particularly for families, are needed. Metro Vancouver municipalities need to make substantial changes to their zoning by-laws to provide more housing options for a growing and diverse population. This includes more aggressive targets for apartment buildings – especially near rapid transit stations. Town-homes, row-homes, duplexes, triplexes, and other forms of multi-family housing should be allowed in single-family areas.

Transit investment from the Province is critical, particularly in large urban centres such as Metro Vancouver. However, funding transit is not enough. The Province must provide a framework to ensure that new transit investments are linked directly to municipal and regional land use planning – with specific density targets and pre-zoning at the rapid transit stations. Growth targets should be achieved within a 400 and 800 metre radius of each station. The Province and TransLink should secure these commitments prior to funding agreements for future transit lines. A percentage of the developer contributions attained through the allowance of higher densities near transit should be allocated to fund new transit infrastructure.

With Provincial oversight to require more housing around transit, municipalities will need adequate financial and staff resources to plan for this new growth. The Province should partner with municipalities to provide financial and staff resources to complete new neighbourhood planning initiatives near transit, contingent on reaching sufficient housing supply targets.

Increased housing supply in strategic locations along transit lines will help to improve housing affordability and provide TransLink with additional riders and associated increased revenues to fund additional infrastructure.

UDI would be pleased to work with your Government on these important matters. We believe that these initiatives will improve housing affordability as well as expand and better leverage the transit system in Metro Vancouver.

Yours truly,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a long horizontal flourish extending to the right.

Anne McMullin
President and CEO

S:\Public\Final UDI Copies\2015-2016\UDI Letter to Premier Clark May 05 2016.docx

From: Anne McMullin [mailto:AMcMullin@udi.org]
Sent: Monday, June 20, 2016 2:33 PM
To: OfficeofthePremier, Office PREM:EX; Minister, FIN FIN:EX; Menzies, Brian FIN:EX; Mentzelopoulos, Athana FIN:EX
Cc: Bhullar, Barinder PREM:EX
Subject: FW: UDI LETTER ON HOUSING AFFORDABILITY SOLUTIONS IN METRO VANCOUVER

Good Afternoon Premier Clark

Attached please find a letter from the Urban Development Institute (UDI) regarding Housing Affordability Solutions in Metro Vancouver.

Regards

Anne

Anne McMullin
President and Chief Executive Officer
Urban Development Institute
200-602 W. Hastings St.
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V6B 1P2

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June 20, 2016

The Honourable Christy Clark
Premier
Province of British Columbia
PO Box 9041, Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Clark:

Housing Affordability Solutions in Metro Vancouver

As you are aware housing prices in the Lower Mainland have always been high relative to the rest of British Columbia and the nation. However, in recent history (or the last few months), housing affordability in the Region has become a serious issue, worthy of government intervention.

We applaud your Government for introducing in the last budget a full exemption from the Property Transfer Tax (PTT) for purchases of newly built homes up to \$750,000 (when units are the buyer's principal residence). This measure will spur the building of moderately priced housing units. Provincial ministries are also discussing with the Urban Development Institute (UDI) and other stakeholders about additional measures that could be employed to resolve the issue.

We agree with the assessment in last Provincial Budget that *"Any long-term mitigation of housing prices and housing affordability in the Lower Mainland must address adequate supply of affordable new construction, particularly multi-family housing."*

UDI strongly believes that the B.C. Government has a role to play in ensuring municipalities provide adequate zoning capacity for new housing. For too long, municipalities have limited the supply of housing through zoning and unreasonably long approval processes. In fact, many municipalities are not living up to their own Regional Growth Strategy targets. All of this is at odds with the Provincial Government's stated goal of increasing housing supply - especially multi-family housing - particularly near transit lines. With tens of thousands of people moving here every year, we will not be able to begin to address affordability without increasing the number of homes we build.

To increase this supply, the Province is going to have to be more directly involved in directing land use planning goals. Specifically, we suggest the Government:

- 1) Require municipalities to loosen planning rules to speed up their development review processes;
- 2) Mandate higher densities and pre-zoning areas across communities – but particularly in town centres and near transit stations; and
- 3) Tie transit funding to municipalities meeting higher density objectives.

Some are suggesting that senior governments introduce demand side measures such as taxes on non-Canadians, luxury homes, speculation and vacant units to improve affordability. We doubt the efficacy and impact of such measures on improving affordability – especially in isolation of any supply-side solutions being introduced.

Taxes will not improve affordability if the number of housing units remains constrained. In fact, increasing them may severely undermine the value of people's homes – perhaps even destabilizing our industry, which represents 25% of British Columbia's economy.

If the Province does proceed with taxes, it is imperative that they be implemented in conjunction with provincial mandates on municipalities to increase housing supply (see above). We also ask that the industry be consulted to avoid and mitigate any unintended consequences. Any tax that would be introduced, should be phased in over time, so the market can absorb the impact. It would also be important that all the revenues from any tax be directed to affordable housing initiatives (e.g. low-income housing and new/expanded homebuyer grant programs).

One demand side measure that could be explored is improving the enforcement of our current federal income tax regime. Concerns have been raised that those who purchase the rights to buy a housing unit and then reassign those rights for a profit are not paying the income taxes on those profits. The Canada Revenue Agency (CRA) should consider stepping up their enforcement to ensure that these taxes are being collected. We would also support measures that would require developers to inform the CRA when the person who purchased a presale unit is not the person who closed on the sale of that unit.

UDI agrees that government action is needed to resolve the housing affordability problems in the Lower Mainland, and we are very prepared to work with governments and all stakeholders to resolve this complex issue.

Yours sincerely,



Anne McMullin
President and CEO

S:\Public\Affordable Housing\UDI Ltr Premier Clark June 20 2016 Housing Affordability Metro
Vancouver.Doc

From: Bob de Wit [mailto:bob@gvhba.org]
Sent: Tuesday, July 26, 2016 2:12 PM
To: Cadario, Michele PREM:EX; Minister, FIN FIN:EX
Cc: Minister, CSCD CSCD:EX; Minister, MNGD MNGD:EX; Philip Hochstein; Anne McMullin; Neil Moody
Subject: RE: Property Transfer Tax Treatment of Foreign Interests
Importance: High

Dear Madam Premier and Minister de Jong:

The attached letter outlines the serious concerns of BC's construction industry regarding yesterday's announced changes to the Property Transfer Tax.

The response from our members and their clients has been swift, with news of contract cancellations already occurring.

Before the legislation becomes entrenched, we urgently request that you consider our concerns outlined in the attached letter. We believe that a quick response can hopefully forestall a broader adverse economic reaction to this policy change.

I look forward to your response.

Regards,

Robert (Bob) de Wit | CEO
Greater Vancouver Home Builders' Association
The Voice of the residential construction industry
T 604.916.3434
@rdewit

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Check out what's happening:
gvhba.org/eventcalendar



Urban Development Institute
Pacific Region



CANADIAN
HOME BUILDERS' ASSOCIATION
BRITISH COLUMBIA

July 26, 2016

Premier Christy Clark
West Annex, Parliament Buildings
Victoria, BC V8V 1X4

Dear Premier Clark,

We are writing to you as construction industry associations with respect to the proposed changes to the property transfer tax announced yesterday in the Legislature. The residential construction industry represents 137,000 jobs in new home construction, renovation, and repair – one of the largest employers in British Columbia.

Our members have expressed concern with the legislation, specifically the clause that indicates that the tax will apply to all applicable transfers registered on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

In the home building industry, deposits and contracts to purchase are agreed upon months and years in advance of the closing dates and land transfers. These contracts are based in good faith on full disclosure of costs and tax structures at that time. To unilaterally apply this new tax to all purchases will directly penalize those who purchased in pre-sales and will take possession thereafter.

We must honour the contracts that were previously signed and grandfather them in. If the legislation stands as is, this is an unfair and punitive approach to the contracts in place. We need investment of all types in this province, and cannot harm investor confidence in British Columbia. This decision could create longer-term risks to the industry and the economy at large without this important amendment.

There is still time before this legislation takes effect to rectify this. We strongly encourage you to consider amending the legislation to apply only to all contracts *signed after August 2, 2016*.

Thank you for your time and consideration of this important request.

Yours sincerely,

Anne McMullin, President & CEO
Urban Development Institute Pacific Region

Bob de Wit, CEO
Greater Vancouver Home Builders' Association

Phillip Hochstein, President
Independent Contractors & Businesses Assn. of B.C.

Neil Moody, CEO
Canadian Home Builders' Association of B.C.

Cc: The Hon. Rich Coleman, Deputy Premier, Minister of Energy and Mines, Minister Responsible for Housing
The Hon. Peter Fassbender, Minister of Community, Sport and Cultural Development and Minister Responsible for TransLink
The Hon. Michael de Jong, Minister of Finance and House Leader

Just a note to confirm we have received your email and Minister de Jong is aware of your letter as well. We do appreciate your coming forward with your feedback about this important legislation.

From: Bob de Wit

From: Briana Mussatto [mailto:bmussatto@udi.org]
Sent: Tuesday, July 26, 2016 3:42 PM
To: OfficeofthePremier, Office PREM:EX
Subject: Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

Dear Premier Clark,

Please see the attached letter regarding Bill 28.

Thank you,

Briana Mussatto | Policy and Communications Coordinator

Urban Development Institute
bmussatto@udi.org Direct: 604.661.3035
udi.bc.ca



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July 26, 2016

The Honourable Christy Clark
Premier
Province of British Columbia
PO BOX 9041 STN PROV GOVT
Victoria BC V8W 9E1

Dear Premier Clark:

Re: Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

The Urban Development Institute (UDI) has long urged and worked with all levels of government on initiatives that will improve housing affordability. We believe, as you and your government have stated in the past, that increasing supply is the best way to accomplish this. Unfortunately, the focus of Bill 28 is on demand side measures – a significant 15% tax on foreign investors and a vacancy tax.

We are very concerned about the impact of these taxes on the market and our industry – especially since there appears to be no pre-sale grandfathering provisions being considered by the government. This is particularly troubling for the tax on foreign investment because there was no warning to consumers or the industry about it.

In meetings with provincial officials, UDI has recommended supply side solutions. We have stated that should any demand side measure be introduced, it should be done carefully. It is important that we not destabilize the housing market. Unfortunately, the 15% tax on foreign investment is surprisingly high and is not being phased in over time. We are concerned about what impact this will have on the market, which is already demonstrating signs of fatigue. This is critical given the impact the real estate industry has on the economy, jobs and government revenues.

Worse, under Bill 28, consumers who have legally pre-purchased homes are not receiving any grandfathering protection from this substantial tax. People with pre-sale contracts will be facing unexpected tax bills of tens and hundreds of thousands of dollars more than they anticipated. Many may not be able to complete on their purchases and projects may be put into jeopardy. British Columbia's reputation as a safe and stable place to invest is being undermined. **We strongly urge your government to grandfather pre-sale contracts that are in place as of August 2, 2016 from the tax on foreign investment.**

This new tax seems also to apply to non-resident developers of residential property who could easily be developing rental, seniors, social and other types of housing currently being encouraged by government. If this is the case we ask that these developers be exempt from the tax.

We also urge your government to now focus on supply side solutions. In the last budget, a 3% luxury tax was incorporated into the Property Transfer Tax. Now a vacancy and foreign tax have been introduced. Little has been done to increase supply and provincial leadership is needed ensure that local governments appropriately zone land for housing and speed up processing times.

One initiative that the Government is exploring is the new *Housing Priority Initiatives Fund* for provincial housing and rental programs. UDI would like to be involved in the development of this *Fund*. **We recommend that all the money from the 15% foreign tax be allocated to it, and that it be used to incentivize local governments to increase the supply of social, rental and ownership housing.**

UDI and its members are very interested in working with your government, municipalities and stakeholders on supply side measures to improve affordability.

Yours sincerely,



Anne McMullin
President and CEO



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June 14, 2016

Honorable Christy Clark, Premier
Province of British Columbia
PO Box 9041, Stn Prov Govt
Victoria BC V8W 9E1

Dear Premier Clark:

The Urban Development Institute (UDI) was honored to have you address our membership in 2012. We would like to formally invite you to join us again to be the keynote speaker at our year-end Luncheon on **Thursday, November 17, 2016** in downtown Vancouver (hotel to be confirmed).

UDI is a non-profit, non-partisan association of the development industry, with a mandate to promote wise and efficient land use, good planning and progressive development practices. We are committed to fostering effective communication between our industry, government and the public, as well as improving housing affordability and job opportunities for all British Columbians.

The Institute concentrates its activities in three primary areas: government relations, professional development and education, and research. The Professional Development Program is a vital part of the organization. Currently we have more than 650 corporate members. UDI serves as the public voice of the real estate development industry.

In 2012, over 600 guests attended your address and we anticipate the same attendance in November. The Luncheon starts at 12:00PM, with your address beginning at approximately 12:45PM and lasting up to 30 minutes. The entire event is over at 1:30PM.

We would also like to invite you to join the UDI Board of Directors' meeting at 11:00AM (just prior to the Luncheon, in the same hotel) to meet and address our Board and perhaps answer any questions.

If this date is not available, please kindly provide us other potential dates to accommodate your schedule.

I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne McMullin", written over a horizontal line.

Anne McMullin
President and CEO

Page 02 to/à Page 04

Withheld pursuant to/removed as

DUPLICATE

Bhullar, Barinder PREM:EX

From: Bhullar, Barinder PREM:EX
Sent: Monday, September 19, 2016 3:19 PM
To: 'Anne McMullin (amcmullin@udi.org)'
Subject: FW: B.C. makes largest housing investment ever in province's history

Hi Anne,

Nice to see you today, sorry I was on a call and couldn't chat. FYI – here is the news release on today's announcement.

Cheers,
Barinder

From: Government of British Columbia [mailto:GCPE.News@gov.bc.ca]
Sent: Monday, September 19, 2016 2:40 PM
To: Bhullar, Barinder PREM:EX
Subject: B.C. makes largest housing investment ever in province's history

For Immediate Release
2016PREM0109-001734
Sept. 19, 2016

Office of the Premier
Ministry of Natural Gas Development and Responsible for Housing

NEWS RELEASE

B.C. makes largest housing investment ever in province's history

BURNABY – The Government of B.C. is committing \$500 million to ensure more British Columbian families have access to affordable rental housing, the largest housing investment in a single year by any province in Canada.

A total of 2,900 rental units will be created, in partnership with non-profit societies, local governments, government agencies, community organizations and the private sector.

This is in addition to \$355 million announced earlier this year in February to create 2,000 additional new units of affordable rental housing throughout B.C., bringing the Province's total investment announced this year to \$855 million.

"This is another significant step towards helping more people find an affordable place to live," said Premier Christy Clark. "Thanks to our growing, diverse economy, we're able to make the largest affordable housing investment in one year by any province in Canadian history, and we will continue to work with community partners and all levels of government to keep putting British Columbians first."

A mix of new housing will be developed to meet the needs of a wide variety of people in communities throughout the province, including

low-to moderate-income renters, seniors, youth, students, adults with developmental disabilities, Aboriginal people and women and children.

Funding for these projects will be provided from the government's newly-created Housing Priority Initiatives Special Account, and projects will include a combination of acquisition of existing units from the private market as well as new construction.

"We are taking meaningful steps to address housing affordability challenges in B.C.," said Rich Coleman, Minister of Natural Gas Development and Responsible for Housing. "The purchase of existing units from the private market helps provide an immediate housing solution while the construction of new housing will ensure that the developments are predesigned to meet the specific needs of individuals and families."

Funding allocations will be determined on a project specific basis. The Province has already identified several projects and announcements will be made upon approval in the coming months. All projects will be identified and approved by March 2017. Newly constructed housing will be completed over the next 24 to 36 months.

Today's announcement builds on the other housing affordability actions recently taken by the Province, including:

- * Implementing a 15% additional property transfer tax that applies to foreign purchasers of residential real estate in Metro Vancouver;
- * Strengthening consumer protection in B.C.'s real estate market through increased oversight and accountability of real estate licensees;
- * Introducing a new luxury tax on properties that sell for more than \$2 million; and
- * Introducing a Newly Built Homes exemption, which has helped nearly 5,500 families save an average of \$7,600 on their newly built homes.

The Province will continue to work on additional measures in the coming months to address housing affordability and supply challenges. These actions will align with our 6 Principles of Housing Affordability:

1. Ensuring the dream of home ownership remains within the reach of the middle class
2. Increasing housing supply
3. Smart transit expansion
4. Supporting first-time home buyers
5. Ensuring consumer protection
6. Increasing rental supply

Learn More:

To learn more about the Province's actions on housing affordability, visit: <http://housingaffordability.gov.bc.ca/>

For information on housing affordability programs and services in B.C., visit:
<http://housingaffordability.gov.bc.ca/categories/housing-affordability-programs-and-services/>

A backgrounder follows.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Lindsay Byers
Ministry of Natural Gas Development and Responsible for Housing
250 952-0617

Laura Mathews
BC Housing
604 454-5426

BACKGROUND

Projects to be funded from \$500 million investment

The Province will fund a wide range of affordable housing projects throughout B.C. Below are some examples of the types of housing that will be created.

Affordable Rental Projects

Purchase of existing units from the private market or in new developments for low-to moderate-income renters.

Specialty Housing

Purchase and construction of units that can be designed for high functioning adults with developmental disabilities and youth aging out of care (18+).

Rural Seniors Housing

Modular construction of affordable seniors' rental housing developments in rural areas of the province.

Non-Rural Seniors Housing

Purchase and construction of units for affordable senior's rental housing in non-rural areas of the province.

Student Housing

Through partnerships with post-secondary institutions, construction of new student housing.

Youth Transition Housing

Purchase and renovation of homes across the province that can be repurposed into youth transition housing.

Aboriginal People

Through partnerships with the Aboriginal housing sector as well as First Nations, construction of new rental housing both on and off reserve.

Women and Children

Construction of new housing targeted to low-to moderate-income single women and children who are fleeing abuse.

Acquisitions

Strategic acquisitions of sites to protect the supply of affordable rental housing.

Media Contacts:

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250 952-0617

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BC Housing
604 454-5426

Connect with the Province of B.C. at: www.gov.bc.ca/connect

Bhullar, Barinder PREM:EX

From: Bhullar, Barinder PREM:EX
Sent: Monday, July 25, 2016 10:32 AM
To: 'Anne McMullin (amcmullin@udi.org)'
Subject: FW: Action on foreign investment, consumer protection and vacancy puts British Columbians first

Hi Anne... Here is the New Release.

--

Barinder S. Bhullar | Director of Policy
Office of the Premier
Province of British Columbia

s.17 | E: barinder.bhullar@gov.bc.ca

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If you received this e-mail message in error, please delete the e-mail and any attachments and notify the sender.*

From: Government of British Columbia [mailto:GCPE.News@gov.bc.ca]
Sent: Monday, July 25, 2016 10:24 AM
To: Bhullar, Barinder PREM:EX
Subject: Action on foreign investment, consumer protection and vacancy puts British Columbians first

For Immediate Release
2016PREM0080-001346
July 25, 2016

Office of the Premier
Ministry of Finance

NEWS RELEASE

Action on foreign investment, consumer protection and vacancy puts
British Columbians first

VICTORIA - Legislation introduced 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.

Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016, was introduced in the legislature today.

"Owning a home should be accessible to middle-class families, and those who are in a position to rent should be able to find a suitable home," Premier Christy Clark said. "These changes are about helping to make sure that British Columbians can continue to live, work and raise their families in our vibrant communities."

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 Metro Vancouver, excluding the treaty lands of the Tsawwassen First Nation.

For mixed-use property, the additional tax would apply on the residential component of the foreign interest in a property. For example, the additional tax on the purchase of a home valued at \$2 million will amount to \$300,000.

"The data we started collecting earlier this summer is showing that foreign nationals invested more than \$1 billion into B.C. property between June 10 and July 14, more than 86% of it in the Lower Mainland," said Finance Minister Michael de Jong. "While investment from outside Canada is only one factor driving price increases, it represents an additional source of pressure on a market struggling to build enough new homes to keep up. This additional tax on foreign purchases will help manage foreign demand while new homes are built to meet local needs."

Second, the government is creating a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future. The fund will receive an initial investment of \$75 million. It will receive a portion of revenues from the property transfer tax, including revenues from the new additional tax on foreign buyers.

Third, the Province is amending 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. Government has accepted all the recommendations in the report. These changes will increase significantly the superintendent of real estate's authority and oversight.

The power to make the rules that apply to the conduct of licensees will rest with the new superintendent of real estate instead of with council. The new superintendent will also have the authority to direct and oversee council operations, including requiring council to investigate a particular matter, issue a notice of a disciplinary hearing, and provide reports on the operations and activities of council to the superintendent. As well, the chair, vice-chair and all other members of the council will be appointed by government.

"We need to ensure that when people are ready to make such an important investment, the proper protections and oversight are in place," said de Jong. "Consumers must be confident their interests are held above all else."

Fourth, amendments to the Vancouver Charter provide the legislative authority for the city to implement and administer a tax on vacant homes. The City of Vancouver will design the framework of the vacancy tax, including details like the tax rate, when it will apply and any necessary exemptions.

"The issue of housing supply and affordability is impacting British Columbians and the livability of our Province, especially the Metro Vancouver region," said Minister Peter Fassbender. "The City of Vancouver has identified the need for a vacancy tax in order to meet rental supply issues. We are taking action by introducing legislation today that enables them to do this work."

The Province is working on additional measures to address the complex causes of rising housing prices in Metro Vancouver, as well as other regions of the province. This work focuses on ensuring the dream of

home ownership remains within the reach of the middle class, increasing housing supply, smart transit expansion, supporting first-time home buyers, strengthening consumer protection and increasing rental supply.

Learn More:

Learn more about the proposed changes to the property transfer tax:
<http://www2.gov.bc.ca/assets/download/EF32791C743F418FA754D619308FC2CE>

Two backgrounders follow.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

BACKGROUND 1

Additional property transfer tax for foreign entities

Effective Aug. 2, 2016, foreign nationals, taxable trustees and foreign-controlled corporations registering their purchase of residential property in Metro Vancouver will pay an additional 15% tax on the residential component of the foreign interest in a property. The tax does not apply within the treaty lands of the Tsawwassen First Nation.

The additional tax presently only applies in the Metro Vancouver, but government can prescribe in regulation other areas where the additional tax would apply. The Province continues to monitor data on foreign investment and foreign ownership in B.C.'s real estate market.

Application:

A trustee will be subject to the additional tax if the trustee is a foreign entity, or if at least one beneficiary of the trust is a foreign entity. Similarly, a corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

The additional tax will only apply to the portion of a property's value that is for residential use. For example, if a foreign corporation purchases a mixed-use development that combines residential space with commercial space, the additional 15% tax will apply only to the portion of the property's value that is for residential use.

Enforcement:

Audit measures already in place for the property transfer tax will be extended to encompass the additional tax. Additional auditors will be required and the process is underway to begin recruitment to ensure the additional tax is paid by those required to do so under the legislation.

The amendments extend the limitation period for audit and enforcement

of the additional tax to six years. The existing limitation period for the regular tax is one year. The property transfer tax return form will be updated to require a Social Insurance Number from all transferees who are Canadian Citizens or permanent residents. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Avoidance Rules:

The amendments include anti-avoidance rules designed to capture transactions that are specifically structured to avoid the tax. For example, a transferee who would otherwise be taxable cannot hide behind a local trustee. The legislation is structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not foreign.

Increased Penalties:

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

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

BACKGROUNDER 2

Strengthening consumer protection and restoring consumer confidence

The independent advisory group 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 report made 28 primary recommendations to enhance governance, oversight, transparency and accountability to consumers. The Province accepted the report's recommendations, and is taking the additional steps of ending self-regulation of the industry and dramatically increasing the superintendent of real estate's oversight and authority.

The following amendments are proposed to the Real Estate Services Act in response to the recommendations of the independent advisory group:

- * Increase maximum disciplinary and administrative penalties (recommendation #16).

- * Allow for commissions from licensees and brokerages engaging in misconduct to be taken back to the Real Estate Council. (recommendation #17).

* Require all members of council to be appointed by government (expansion of recommendation #19).

* Significantly increase the superintendent's oversight of council (recommendation #21).

* Allow owners to train and supervise licensees only if owners are themselves licensees (response to recommendation #23).

The amendments provide the superintendent of real estate with the exclusive rule-making powers that previously rested with the Real Estate Council.

The superintendent of real estate has been given explicit authority in the following areas, to address the recommendations of the IAG:

* Establish a Code of Ethics (recommendation #1).

* Prohibit licensees from offering dual agency and require licensees to provide information to unrepresented parties (recommendation #2).

* Establish standards of conduct and business practices for licensees (response to recommendations #3, #4, #9, #11).

* Establish conditions and restrictions on a licensee acquiring an interest in trade (recommendation #7, #8).

* Strengthen requirements for managing brokers to have active and direct oversight over licensees (recommendation #22).

* Require licensees to keep records and report information to Council (recommendation #24).

The recommendations respecting authority over unlicensed activity, which remains with the superintendent of real estate, and the extension of contract assignment rules to transactions not involving licensees require further analysis by government, the superintendent and the Real Estate Council of B.C. (recommendations #6, #20).

Other recommendations do not require any additional authority and plans for their implementation are underway (recommendations #5, #10, #12, #13, #14, #15, #18, #25, #26, #27, #28).

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

Connect with the Province of B.C. at: www.gov.bc.ca/connect

Bhullar, Barinder PREM:EX

From: Bhullar, Barinder PREM:EX
Sent: Wednesday, May 25, 2016 2:51 PM
To: Anne McMullin (amcmullin@udi.org)
Cc: Bremner, Virginia PREM:EX
Subject: Connect

Hi Anne,

How are you? Hope things are well.

I was wanting to connect with you – been a while since we last chatted. Do you have time to meet over the next few weeks?

Virginia can confirm a time on my end. Happy to grab a coffee or lunch also.

Cheers,
Barinder

--

Barinder S. Bhullar | Director of Policy
Office of the Premier
Province of British Columbia

s.17 | E: barinder.bhullar@gov.bc.ca

This e-mail message may contain privileged or confidential information.

If you received this e-mail message in error, please delete the e-mail and any attachments and notify the sender.

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Monday, June 20, 2016 4:11 PM
To: Fraser, John Paul GCPE:EX
Subject: FW: UDI LETTER ON HOUSING AFFORDABILITY SOLUTIONS IN METRO VANCOUVER
Attachments: UDI-1inch[4].png; ATT00001.htm; UDI Ltr Premier Clark June 20 2016 Housing Affordability Metro Vancouver.pdf; ATT00002.htm

s.13

From: Menzies, Brian FIN:EX
Sent: Monday, June 20, 2016 3:09 PM
To: Henderson, Kim N PREM:EX
Subject: Fwd: UDI LETTER ON HOUSING AFFORDABILITY SOLUTIONS IN METRO VANCOUVER

FYI

From: Anne McMullin <AMcMullin@udi.org>
Date: June 20, 2016 at 2:33:27 PM PDT
To: "PREMIER@gov.bc.ca" <PREMIER@gov.bc.ca>, "FIN.minister@gov.bc.ca" <FIN.minister@gov.bc.ca>, "Menzies, Brian FIN:EX" <Brian.Menzies@gov.bc.ca>, "Athana.Mentzelopoulos@gov.bc.ca" <Athana.Mentzelopoulos@gov.bc.ca>
Cc: "barinder.bhullar@gov.bc.ca" <barinder.bhullar@gov.bc.ca>
Subject: FW: UDI LETTER ON HOUSING AFFORDABILITY SOLUTIONS IN METRO VANCOUVER

Good Afternoon Premier Clark

Attached please find a letter from the Urban Development Institute (UDI) regarding Housing Affordability Solutions in Metro Vancouver.

Regards

Anne

Anne McMullin
President and Chief Executive Officer
Urban Development Institute
200-602 W. Hastings St.
Vancouver, BC
V6B 1P2

main: 604 669 9585
direct: 604 661 3030
mobile: 778 938 0408
email: amcmullin@udi.org

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Monday, June 20, 2016 4:37 PM
To: Olson, Alisha PREM:EX
Subject: FW: UDI LETTER ON HOUSING AFFORDABILITY SOLUTIONS IN METRO VANCOUVER
Attachments: UDI-1inch[4].png; ATT00001.htm; UDI Ltr Premier Clark June 20 2016 Housing Affordability Metro Vancouver.pdf; ATT00002.htm

Please print the PDF

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June 20, 2016

The Honourable Christy Clark
Premier
Province of British Columbia
PO Box 9041, Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Clark:

Housing Affordability Solutions in Metro Vancouver

As you are aware housing prices in the Lower Mainland have always been high relative to the rest of British Columbia and the nation. However, in recent history (or the last few months), housing affordability in the Region has become a serious issue, worthy of government intervention.

We applaud your Government for introducing in the last budget a full exemption from the Property Transfer Tax (PTT) for purchases of newly built homes up to \$750,000 (when units are the buyer's principal residence). This measure will spur the building of moderately priced housing units. Provincial ministries are also discussing with the Urban Development Institute (UDI) and other stakeholders about additional measures that could be employed to resolve the issue.

We agree with the assessment in last Provincial Budget that *"Any long-term mitigation of housing prices and housing affordability in the Lower Mainland must address adequate supply of affordable new construction, particularly multi-family housing."*

UDI strongly believes that the B.C. Government has a role to play in ensuring municipalities provide adequate zoning capacity for new housing. For too long, municipalities have limited the supply of housing through zoning and unreasonably long approval processes. In fact, many municipalities are not living up to their own Regional Growth Strategy targets. All of this is at odds with the Provincial Government's stated goal of increasing housing supply - especially multi-family housing - particularly near transit lines. With tens of thousands of people moving here every year, we will not be able to begin to address affordability without increasing the number of homes we build.

To increase this supply, the Province is going to have to be more directly involved in directing land use planning goals. Specifically, we suggest the Government:

- 1) Require municipalities to loosen planning rules to speed up their development review processes;
- 2) Mandate higher densities and pre-zoning areas across communities – but particularly in town centres and near transit stations; and
- 3) Tie transit funding to municipalities meeting higher density objectives.

Some are suggesting that senior governments introduce demand side measures such as taxes on non-Canadians, luxury homes, speculation and vacant units to improve affordability. We doubt the efficacy and impact of such measures on improving affordability – especially in isolation of any supply-side solutions being introduced.

Taxes will not improve affordability if the number of housing units remains constrained. In fact, increasing them may severely undermine the value of people's homes – perhaps even destabilizing our industry, which represents 25% of British Columbia's economy.

If the Province does proceed with taxes, it is imperative that they be implemented in conjunction with provincial mandates on municipalities to increase housing supply (see above). We also ask that the industry be consulted to avoid and mitigate any unintended consequences. Any tax that would be introduced, should be phased in over time, so the market can absorb the impact. It would also be important that all the revenues from any tax be directed to affordable housing initiatives (e.g. low-income housing and new/expanded homebuyer grant programs).

One demand side measure that could be explored is improving the enforcement of our current federal income tax regime. Concerns have been raised that those who purchase the rights to buy a housing unit and then reassign those rights for a profit are not paying the income taxes on those profits. The Canada Revenue Agency (CRA) should consider stepping up their enforcement to ensure that these taxes are being collected. We would also support measures that would require developers to inform the CRA when the person who purchased a presale unit is not the person who closed on the sale of that unit.

UDI agrees that government action is needed to resolve the housing affordability problems in the Lower Mainland, and we are very prepared to work with governments and all stakeholders to resolve this complex issue.

Yours sincerely,



Anne McMullin
President and CEO

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Wharf, Sandy PREM:EX

From: Patrick Santoro <PSantoro@udi.org>
Sent: Friday, February 19, 2016 5:04 PM
To: Minister, FIN FIN:EX; Henderson, Kim N FIN:EX; Menzies, Brian FIN:EX
Cc: Anne McMullin; Leslie Whittaker; Jeff Fisher
Subject: UDI Letter on Changes to PTT
Attachments: UDI Letter to Minister of Finance February 19 2016.pdf

Dear Minister de Jong,

On behalf of Anne McMullin, President and CEO of the Urban Development Institute (UDI), please find attached a letter regarding the recent changes to the PTT.

Should you have any questions about this letter, please contact Anne or myself.

Sincerely,

Patrick

Patrick Santoro | Policy Analyst

Urban Development Institute
#200 - 602 West Hastings Street
Vancouver BC V6B 1P2
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February 19, 2016

Honourable Michael de Jong
Minister of Finance and Government House Leader
PO BOX 9048, Stn Prov Govt
Victoria BC V8W 9E2

Dear Minister de Jong:

Re: Changes to the Property Transfer Tax (PTT)

UDI is pleased the government has introduced a substantial improvement to the Property Transfer Tax (PTT) to make homes more affordable for British Columbians. Many British Columbians will now have access to owning a home, as there is a substantial amount of new housing units being built under the new exemption threshold. In fact, in Metro Vancouver, 83% of new homes are priced under \$750,000.

However, we do have a recommendation on the implementation of the \$2 million threshold. Some of our members have raised concerns about the lack of grandfathering provisions related to this threshold. They have signed agreements in place for sites, but the land transactions are still pending. The change in the tax for some sites has led to an unanticipated cost of hundreds of thousands of dollars.

In other circumstances, governments (including the Province) have included grandfathering and transitional provisions when regulations or charges have changed or increased. Grandfathering helps to create a more certain investment environment, by ensuring that those who have already purchased land under a set of assumptions are not penalized.

We recommend that the Province grandfather (with regards of the 3% PTT charge) those agreements that were signed prior to the Budget being introduced. There should be a relatively small loss in revenue, especially when the tax is ongoing. The PTT is paid two to three times throughout the development process (e.g. land assembly, developer to homebuilder, and homebuilder to buyer), so any short term losses related to our request would be regained over the long term.

Thank you again for the changes to the PTT. We believe that these initiatives will help the Province improve affordability and economic development in British Columbia.

Yours truly,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a stylized flourish at the end.

Anne McMullin
President and CEO

S:\Public\PROVINCIAL\Min. Finance\Property Transfer Tax (PTT)\UDI Letter To Minister Of Finance February 19 2016.Docx