

Date: 29/4/2017

## **Proposal to Mayor and Councillors regarding Vacancy Tax bylaw No.11674**

Dear Mayor and Council

We are a group of concerned citizens residing throughout British Columbia: the Sunshine Coast, the Squamish-Pemberton Corridor, Vancouver Island, Gulf Islands, and the Okanagan. The recently enacted bylaw commonly referred to as the "Empty Homes Tax", places owners of secondary properties in Vancouver with very punitive penalties. With the general confusion, anger and concern regarding the wording of this bylaw, inevitably these concerns of individuals will coalesce into groups, and coalitions. We accept the need for action by City Council to resolve the crisis for many Vancouverites who are unable to find rental housing. If the income generated from this bylaw is directed toward subsidizing and encouraging new rental housing construction, it is a positive step. However, it is unproven that enacting a bylaw directed at secondary residential properties will translate into a substantial increase in affordable rental availability.

Our group is suggesting amendments to the bylaw as currently written. Significant professional expertise contributed to the proposed amendments we bring before you, to clarify and mitigate against it's most negative effects.

### **Amendments: Vacancy Tax Bylaw**

**Recommend additions to Section 1.2 by adding;**

- **Designated person means an individual, or the spouse of such individual who is a permanent resident of Canada and has filed a Canadian income tax return for the calendar year immediately preceding the vacancy reference period.**
- **Immediate family means a child, grandchild, parent or grandparent or a spouse of such person.**

**Recommend changes to section 2.3;**

- **Renumbering the section to 2.3.1**
- **Placing "and" at the end of 2.3.1 (b)**
- **Adding clause (c) it is not an exempt property nor a seasonal property pursuant to section 2.3.2**

**Recommend adding section 2.3.2**

- **2.3.2**

- (a) An exempt property is a residential property that is both legally and beneficially owned by a designated person and the property is maintained primarily for the exclusive use of the designated person and the immediate family of such designated person and is occupied for at least 60 days during the vacancy reference period,**
- (b) A seasonal property is a residential property that is beneficially owned by a non-resident of Canada where the non-resident and the immediate family occupy the residential property for more than 120 days during the vacancy period**

### **Commentary:**

The bylaw wording in its present format, has serious and in some cases devastating consequences. Group members each own a secondary residential property in Vancouver, often for many years. Our case is not dissimilar to that of many British Columbians owning a secondary property, particularly those who once worked in Vancouver and relocated elsewhere. For a variety of reasons, maintaining a small footprint in the city is important. By doing so, some keep their ties to family members and close friends. Others keep a footprint for important work-related part-time, professional or academic commitments. All are far removed from real-estate speculation.

The Bylaw as adopted, could force part-time users, many of them retirees and some quite elderly, to sell their secondary residence they have owned sometimes for decades, and rent accommodation when visiting. This is extremely disruptive for the elderly. We believe it was not the intended result of the Bylaw. The alternative, becoming landlords, has complex implications.

The following sets out some of the reasons for a need for a Vancouver secondary residence;

- Young families residing in Vancouver who do not have the ability to accommodate visiting parents or grandparents, but would like them to participate with them in a variety of events
- Medical issues requiring early or late appointments with specialists not available locally.
- Extended medical requirements of residents or their spouses for such things as chemotherapy and pre or post-operative surgery
- Illness and supportive care for family in Vancouver such as aging parents, and the need for local respite from such intense responsibility.
- Pets are regularly taken along. Most hotels do not allow pets. If so, not left unattended.
- Other business interests, pursuits or academic responsibilities that require regular part-time presence in Vancouver

- Pursuit of advanced continuing education in Vancouver
- Continuing involvement with non-profit organizations in Vancouver
- Members without a fixed link to the lower mainland. BC Ferries cannot always provide adequate early arrival and late departure services that meet their needs. Their alternative is to maintain secondary residences in Vancouver.
- Entertainment and social events in Vancouver that continue to be important links for the individuals that are in the late afternoon or evenings where the ferry schedules conflict with their enjoyment.
- The underlying knowledge that for many seniors they may ultimately have to return to Vancouver and be closer to family supports to live out their lives. Facilities for aging in place outside of metropolitan Vancouver remain limited. They sense a need to retain a residence in Vancouver for that eventuality, for example where one spouse requires confinement to a nursing home while the other has a need to be close-by.

**In conclusion:**

By introducing the new definitions “designated person” , “immediate family” and “exempt property” within sections 1 & 2, the suggested bylaw amendments simply try to differentiate between an empty residence held for investment, and one owned by a permanent resident of British Columbia who technically occupies that property for the entire year by keeping personal effects including clothing and foodstuffs, in the property at all times. Used periodically and sometimes regularly, it is otherwise not sufficient to obtain the 50% occupancy margin. Flexibility in use is essential to them.

Secondly, the suggested amendments retain the concept of a progressive property tax for foreign seasonal users. Many non-residents treat Vancouver as a summer getaway, much the same way as Canadian “snowbird”s treat the southern US in winter. Though neither working or paying Canadian taxes, they contribute significantly to Vancouver’s and BC’s economy for a considerable number of months. Further, some Canadians from within the BC interior or other provinces will spend winter months in Vancouver, away from the harshest effects of the season. For these reasons, we suggest city council grant owners of seasonal properties an easement of the minimum residency requirement to 120 rather than 160 days, and more in line with other large cities having similar taxes.

We hope the city will view our suggestions as intended, as a positive contribution. We also hope this is brought to council in May, to allow affected individuals time to make whatever arrangements they need prior to the July first deadline.

Sincerely :

Rainer Borkenhagen MD FCFP (spokesperson )