

Ginny Gemmell

From: Rupert Koyote <rupert@matraea.com>
Sent: Thursday, February 25, 2021 6:49 AM
To: Al Siebring; Council; Mayor; Jane Kilthei; board@cvrld.bc.ca; cmhacvb@cmha.bc.ca; john.horn@cowichanhousing.com
Cc: Beverly Suderman
Subject: Addressing Cowichan's housing shortage and step-escalation in Housing Prices

We've been overlooked! And short-changed!

Re: *Cowichan's Housing shortage and the Provincial tools to address it: the SVT and ATT*

Pressures on available housing in the Valley have increased. The CVRD notes this in their Regional Housing Needs Assessment Report with which I expect you are all familiar:

<https://www.cvrld.ca/DocumentCenter/View/99617/Regional-Housing-Needs-Assessment---1---Report>

Unfortunately, the report doesn't address what may be contributing to the *step increase* in pressures, or offer much in the way of analysis of *how to address* these pressures. Instead, it trots out growth that needs to be planned for to accommodate the increased demand. I argue that the tools to address some of these housing pressures exist, both in terms of housing supply and of housing demand--they simply appear to have been left in the box by the Provincial government where Cowichan is concerned.

Here are some questions to consider:

- 1. What is the role of multiple home ownership in aggravating the situation?*
- 2. What is the role of the speculation and vacancy tax in neighbouring jurisdictions in aggravating the situation in the Cowichan region?*
- 3. What role might the absence of a foreign buyer's tax in Cowichan have in exacerbating these issues and increasing the costs and the turn of real estate, and therefore the availability of housing stocks in our community?*

In posing these questions, I refer to the apparent mistake on the part of the Provincial Government in sandwiching the Cowichan Valley between "Taxable Regions" while failing to designate the Cowichan Valley equivalently, which, I argue, is creating the "external impacts" referenced in the CVRD document above, based on the differential application of taxes designed to reduce real estate speculation, and to address housing shortages. From a policy perspective, these externalities represent a positive externality if you are a real estate professional or a real estate speculator, however for young people and families entering the housing market, and arguably those dependent on the provision of non-market or accessible rental housing, they represent decidedly negative externalities. I am speaking specifically of the Speculation and Vacancy Tax (SVT) that the former provincial Minister of Housing and Municipal Affairs, now Minister of Finance, Selina Robinson, and her government have rolled out in recent years.

These taxes DO NOT apply to 99% of British Columbians, but rather only apply to those who own secondary homes that are vacant or non-resident. The revenue derived from taxing these homes (0.5% to 2% of Assessed Value annually) is redistributed in the community from which it originates-- FUNDING HOUSING PROJECTS in those communities, and thereby providing a means for wealthy secondary home-owners, who

effectively remove housing stock from the local market, to support the creation of new homes in the local housing market. (<https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax>)

There is a further dis-incentive to Real Estate speculation that is arguably having more significant impacts on Cowichan Valley Real Estate: the lack of a Foreign Buyer's Tax. Owing to the same provincial oversight, this tax, known as the Additional Transfer Tax, (ATT) does not apply to properties in the Cowichan Valley either. At 20% of the purchase price of a property, applied at the point of Property Transfer, you can see how immediately attractive our properties are relative to purchasing land or homes in Lantzville, Nanaimo, or the CRD...effectively discounted by \$200,000.00 on every million dollars of value. While this discrepancy continues to be the case, small wonder that tales of Cowichan Valley homes selling for \$80 to \$90 thousand dollars above list price are presently common...smart, speculative foreign buyers offering at those levels are still getting a discount of 10% or more on every purchase relative to neighbouring jurisdictions—driving up prices and development in our community.

Please consider these impacts and the potential opportunities that might be provided by the revenue that would be directed to affordable housing in our communities. I urge you to use your positions to ensure that the Provincial government levels the playing field and includes Cowichan among the other *Taxable Regions*, which include Kelowna, the whole of the Fraser Valley from Metro Vancouver to Chilliwack, and the South Island...excepting us! Our children's ability to afford homes, and our ALR farmland's future productivity- and therefore our food security--is at stake.

Please escalate this to our MLA, sonia.furstenau.mla@leg.bc.ca

and contact Minister Selina Robinson here: FIN.Minister@gov.bc.ca

FYI: See also BC Government's 30 Point Plan for a Fairer Housing Market

https://www.bcbudget.gov.bc.ca/2018/homesbc/2018_homes_for_bc.pdf

Sincerely;

Rupert Koyote
Director and Managing Partner
The Matraea Centre
Lead farmer: Shawl Farm