

From the Lower Mainland LGA 2019 Annual Report

<http://www.lmlga.ca/media/2019%20AGM/2019%20Annual%20Report.pdf>

Pg. 56 TAXATION

R25 Extension of Vacancy Taxation Authority to Local Government

Port Moody

Whereas the Province of British Columbia responded to a housing affordability crisis in 2016 with legislation empowering the City of Vancouver to introduce a surtax on vacant residential properties, resulting in \$38 million in revenues for that community in 2018 and creating a strong disincentive to leaving properties vacant;

And whereas communities across British Columbia face housing affordability pressures, while a portion of the housing supply in all communities remains vacant;

Therefore be it resolved that the UBCM call on the Province of British Columbia to extend the authority to introduce a surtax on vacant residential properties to local governments across British Columbia, providing communities with the discretion to decide whether to introduce an additional tax to discourage vacant and derelict buildings, and encourage the occupancy, maintenance, and improvement of buildings to address housing affordability and public safety.

Comments:

The Resolutions Committee notes that the UBCM membership has endorsed a similar resolution (2017-B91) asking the Province to extend authority to other local governments to introduce a surtax on vacant properties to encourage occupancy, maintenance, affordability and public safety. In addition, membership has endorsed resolution 2018-A3, which requested local government authority to collect a levy on vacant residential properties, with the requirement that local governments imposing such a levy invest the revenues in non-market housing.

The Committee also notes that membership has passed other resolutions requesting alternate mechanisms to support additional taxation of vacant properties (2017-B14, 2016-B13).

Recommendation: Endorse

Conference Decision: Carried on Consent Agenda

From UBCM Resolutions Database

Year

2018

Number

A3

Resolution Title

Modify Speculation Tax: Local Government Vacancy Levy

Sponsor

Oak Bay

Resolution Text

Whereas vacant residential properties are not in the best interests of BC communities;

And whereas local governments are best placed to determine the nature and extent of the adverse impacts of vacant residential properties and to administer exemptions based on local needs;

And whereas a levy administered and retained by local government on vacant residential properties can be a way to encourage the availability of more rental accommodations;

And whereas revenues from such a levy on vacant residential properties would assist a local government directly or through regional pooling to create and encourage non-market housing;

Therefore be it resolved that UBCM urge the Province to replace the approach in the current proposed Speculation Tax with a provision to empower local governments to collect a levy on vacant residential properties and to require local governments that choose to impose such a levy to invest the revenues in non-market housing.

Provincial Response

Ministry of Finance and Ministry of Municipal Affairs and Housing

B.C.'s housing crisis has spiralled out of control, hurting people, businesses and communities. As a government, we have a responsibility to tackle housing affordability so that families, renters, students, seniors and others have an affordable place to live. Government created a 30-point housing plan to help people find a home where they work.

One part of that plan is a speculation tax that targets foreign owners, satellite families, and those with homes that sit empty. It is focused on the largest urban centres, facing the most serious housing affordability crises, and addresses the issue of property owners who do not pay taxes here and take housing stock out of the market.

The speculation tax is best administered at the provincial level as the Province has the most appropriate audit and compliance tools for administering the tax. This is especially important when it comes to the satellite family and foreign owner components of the tax. Revenue from the speculation tax will help to fund important housing affordability initiatives in B.C.

The Province will monitor the speculation tax closely to ensure it meets the needs of British Columbians and will make adjustments as necessary.

Convention Decision

Endorsed as Amended

Year

2017

Number

B91

Resolution Title

Tax on Vacant & Derelict Residential Properties

Sponsor

Nelson

Resolution Text

Whereas the Government of British Columbia and Legislative Assembly responded to a housing affordability crisis by proceeding with legislation that empowered the City of Vancouver to introduce a surtax on vacant residential properties;

And whereas communities across British Columbia face housing affordability pressures while a portion of the housing supply in all communities remains vacant, including properties that have remained derelict for years and, these derelict vacant buildings pose substantial risks in terms of public safety as well as liveability and desirability for adjoining/nearby neighbourhoods and properties;

Therefore be it resolved that UBCM request the Province of British Columbia to extend the authority to introduce a surtax on vacant and derelict residential properties to local governments across British Columbia and encourage the occupancy, maintenance and improvement of buildings to address housing affordability and public safety.

Provincial Response

Ministry of Municipal Affairs & Housing

One of the Province's top priorities is supporting our local governments in addressing housing affordability for British Columbians (both renters and buyers). To help address this goal, the Minister of Municipal Affairs and

Housing, has met with several mayors to discuss comprehensive housing solutions. The Ministry has received UBCM's Housing Strategy and looks forward to continuing to work together on recommendations included in the report.

In addition, ministry staff worked with the federal government, and other provinces and territories to help develop a new National Housing Strategy. This includes possible ways to promote affordability through increasing housing stock.

Regarding a surtax on derelict properties, the Province has reservations about creating this authority for municipalities as they already have the authority to regulate, prohibit, and impose requirements on unsightly premises. Included in this authority is the ability to establish a fine for violation of municipal bylaws and impose fees for municipal works done on the property.

Convention Decision

Endorsed

Year

2016

Number

B13

Resolution Title

Vacant Land Taxation

Sponsor

Penticton

Resolution Text

Whereas vacant lands detract from the vibrancy of communities;

And whereas vacant lands contribute less property tax and utility billing revenues, no employment or other value to their community:

Therefore be it resolved that UBCM advocate on behalf of all local governments for an amendment to the Prescribed Classes of Property Regulation 438/81 to include prescribed classes for vacant land and vacant contaminated land that allows for a higher tax rate and/or flat taxes.

Provincial Response

Ministry of Community, Sport and Cultural Development

The prescribed classes of property for the BC assessment and tax system are based on the distinct use and assessment methodology applied to properties in each class (e.g. residential, business, industrial, utilities, and farmland). Vacant property does not yet have a distinct use, and by default is assigned to Class 6 (Business and Other) until the potential use of the property can be refined through the municipal planning and zoning process.

It is important to remember that Class 6 (Business and Other) properties are taxed at a higher rate than Class 1 (Residential) properties. Also, vacant land is assessed based on its highest and best potential use. Thus, there is significant tax already levied on vacant land.

To create a vacant class for the specific intent of levying a higher rate of taxation would be inequitable because the municipality would be using the assessment and tax system to essentially levy a vacancy penalty. The Province is not prepared to do that.

Instead, the Province recommends that municipalities consider incentives to expedite development, such as the revitalization tax exemption in section 226 of the Community Charter

Convention Decision

Endorsed

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