



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

MAYOR'S AND COUNCILLORS' REPORT

From: Mayor Barbara Desjardins

Council Meeting: September 30, 2019

Subject: Updates from Mayor Desjardins

RECOMMENDATION:

That Council:

1. Receive the Mayor Councillors' Report by Mayor Desjardins, re: Speculation Tax Meeting with Minister Carol James and Provincial Mayor's; and
2. Approve Councillor Jane Vermeulen as Council Liaison for the Art of Reconciliation Project.

BACKGROUND:

- 1) Council provided support for this community project earlier this year. At the Council meeting councillors indicated their interest in the working group for this project. There was a request for council to provide a liaison to the working group. The above is my recommendation for appointment based on interest indicated.
- 2) Mayors of the Province were invited to attend a session with the Finance Minister Carole James regarding feedback on the Speculation Tax. Esquimalt did not take a position on this issue however it was interesting to hear about its affects in other communities in the province. Carole James spoke about the purpose of the Speculation tax. Year 2016 was the peak of the housing market prices in Vancouver, increases of 75% from 2011-2016 were seen. She indicated 'the tax was designed such that foreign owners and satellite families pay a fair share of taxes and that the tax is working as intended'.

There will be an increase to the tax percentage for the target group in 2021 and there is a mandatory review in 5 years. Mayors were asked to speak about what they are seeing in their communities. The municipalities of Vancouver, Victoria, West Vancouver and White Rock spoke favourably about the tax in that it has slowed the market down. Mayors from Oak Bay, Central Saanich, and North Saanich spoke questioning why some communities were under the tax while neighbouring communities were not. Waterfront properties most affected. Communities like Belcarra, Kelowna, Langley, Lantzville, North Vancouver, West Kelowna and Nanaimo spoke about their issues. Cabins (cottages) have been significantly affected and mayors indicated significantly decreased market confidence in that sector. Mayors spoke about concerns for equity, i.e. why some communities and not others.

Kelowna was seeing sprawl happening, development being pushed out to surrounding communities not affected by the tax. In Kelowna there has been a 22% drop in construction. Kamloops has seen an increase of 32%.

In Nanaimo Mayor Krog indicated this is working against the Regional Growth Strategy and against the city's own housing initiatives. There has been a 12% job loss in home builders industry while Courtney has seen a significant increase. Lantzville is a retirement area under the tax while Parksville and Qualicum are not, giving a sense of unfairness.

Mayors requested abilities to opt in or out, exempting other Canadians from the tax, provide better fairness through application of tax, review satellite families as well as this is challenging recruitment to communities. Mayors also strongly supported a revenue sharing of this tax for their communities. Market confidence was a significant concern.

The ministry will be reviewing this feedback and making improvements by the fall if they are needed.

Respectfully submitted,

Mayor Barbara Desjardins