

Ian Ballam

Burnaby, BC |

November 28, 2019

To the attention of The Mayor and Counsellors of Burnaby,
Subject: House Rental Business License

Dear Sirs and Madame,

I am writing this letter in regards to the House Rental Business License.

I do not understand what the purpose of the House Rental Business License is, other than to generate new income for City Hall. However, I believe that you have not considered an unexpected consequence of this license and its sizable fee, which is the probable REDUCTION of rental stock in Burnaby. One of the cornerstones of Mayor Hurley's campaign was to protect and enhance rental options in our city. Further, a great deal of time and effort was recently spent on the Mayor's Task Force on Community Housing, chaired by Councilman Calendino. Therefore, I cannot believe Council will find this consequence desirable.

Please let me explain my concern.

My wife and I own a duplex and we will be subject to the License Fee. This large unexpected cost may contribute to a decision to sell the duplex. This duplex houses two families with children and they are paying very affordable rents. Our duplex is 50 years old and when it is sold it will certainly be torn down and a new duplex or monster house will be built. Our tenants will not be able to afford the rent in the new duplex. At the rent that our tenants are currently paying it is doubtful that they will be able to afford anything in Burnaby other than a two-bedroom apartment. I think they would much prefer to stay in a duplex with a yard for their children and pets. Does Council want to be partly responsible for forcing two families to move from a duplex to an apartment, or worse, to have to move out of Burnaby?

I believe there are many "Mom and Pop" landlords in Burnaby who are in exactly the same position as we are and therefore their tenants are in the same perilous position as ours.

I will give you a short summary of the finances of our property to justify my claim that we may want to sell it.

In 2018 our taxable revenue from the property was \$27,773.96. (Yes, we declare this as income and pay federal and provincial income tax on this revenue). If we have to purchase the Rental License this will cost us \$260.00 (\$130.00/side). This is equal to 1% of our before tax revenue. This would be the same as the Federal or Provincial government suddenly raising income tax 1%. This is not something any government would or should do lightly.

Note that the revenue I sighted above is arrived at by adding up the rent and then deducting our expenses. These expenses include city tax, insurance, mortgage interest and minor

Copied to:

City Manager

Dir. Corporate Services

Dir. Planning and Building

Dir. Public Safety & Community Services

Dir. Finance

Referred to:

Financial Management
Committee (2019.12.11)

maintenance. These expenses do not include major (capital) costs, such as buying a new appliance (and we have to buy one new appliance nearly every year) or doing big repairs/renovations (two years ago we spent \$9,036.00 to renovate a rotting bathroom). These capital expenses are deferred and we will only realize a benefit from these expenses when we sell the duplex and use them to reduce our capital gain. So for now all they do is reduce our net after tax income which means that your License fee is much more than 1% of our actual revenue.

Maybe \$27,800.00 less \$260.00 still sounds like a good investment and we should keep the duplex. Well, if we sell the duplex, after we have paid realty fees and capital gains tax, we will net a minimum of \$1,450,000.00. Right now there are several credit unions that would pay us at least 2.1% on this which is \$30,450.00/year. This is \$3,000.00 more than our rental income and comes with the added bonus of never getting a phone call like: "Ian, the roof's leaking." or "Helen, the fridge won't stay cold."

So why wouldn't we sell? Why don't we sell? Because we are responsible citizens and landlords who recognize that our tenants are good people who need a home and we don't want to disrupt their lives.

Does The Mayor and Council of Burnaby also regard them as good people who need a home? Would you prefer to not disrupt their lives?

In the most recent edition of CityConnect, it says the Mayor's Task Force on Community Housing talked to, among others, "housing providers". If this means landlords then I assume you heard that there are many things that discourage people from being landlords. The House Rental Business License is just one more impediment.

And if landlords are discouraged who is negatively affected? Tenants!

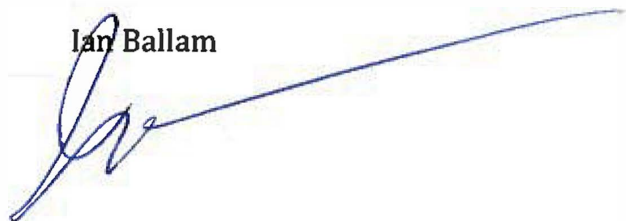
The income being generated from this tax will be used for what purpose? Will it benefit the average City Taxpayer? Probably not.

We urge you to eliminate the House Rental Business License. It is doubtful that this fee will benefit City Taxpayers. It is almost certain that this fee will have negative consequences for landlords and tenants and for the rental market in Burnaby.

Quoting from CityConnect's article about the Task Force: "Residents have made it clear that they want Burnaby to be a city where everyone has a place to live." Does this include the tenants of "Mom and Pop" landlords like us?

Thank you for your time in considering this matter, yours truly,

Ian Ballam

A handwritten signature in blue ink, appearing to read 'Ian Ballam', with a long horizontal stroke extending to the right.