

TO: MAYOR & COUNCILLORS
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: **SPECULATION AND VACANCY TAX**
PURPOSE: To convey information regarding the status and achievements of the Speculation and Vacancy Tax and to propose feedback to be provided to the Province.

RECOMMENDATION

THAT the report titled “Speculation and Vacancy Tax”, dated January 28, 2025, be received for information; and

THAT the proposed response to the Province (Attachment 1) be submitted.

EXECUTIVE SUMMARY

On December 16th, 2024, the City received a briefing from the Province (Attachment 2) providing data and commentary over the status and achievements of the Speculation and Vacancy Tax (SVT). Additionally, a letter provided alongside the report from the Provincial Minister of Finance formally invites Mayor Mike Hurley to participate, through written correspondence, in the sixth annual consultation on the SVT. This report will summarize the Provinces’ own report and introduce proposed feedback for the Province.

1.0 POLICY SECTION

The Speculation and Vacancy Tax is authorized by British Columbia’s Speculation and Vacancy Tax Act.

2.0 BACKGROUND

The SVT is a tax applied to properties within the Metro Vancouver Regional District, the Capital Regional District, and various cities throughout the Province. Property owners are required to complete an annual declaration that is used to obtain an exemption to the tax if the property is being utilized as a principal residence, occupied by a tenant, or not occupied for other appropriate reasons such as being recently acquired or inherited.

Since 2019, the tax rate has been equal to 0.5% of a property’s assessed value or 2% for foreign owners and satellite families. The SVT is distinct from Vancouver’s empty homes tax which is applied against Vancouver properties in addition to the SVT.

3.0 GENERAL INFORMATION

3.1 Report Highlights

The 2023 technical briefing reveals that approximately 99.7% of British Columbians are exempt from the tax with the majority 82% of revenues coming from non-BC residents.

During 2023, the SVT collectively generated \$75.2 million in revenue of which \$51.6 million (69%) is associated with properties located within Metro Vancouver. This is a decrease from the \$81.9 million total generated in 2022. It should be noted that these amounts are subject to a degree of change due to a portion of property owners remaining undeclared and the fact that property owners may amend their declarations for up to three years.

The distribution of taxpayers for properties within Burnaby is as follows:

Foreign Owners & Satellite Families who pay the SVT for properties in Burnaby	BC Residents who pay the SVT for properties in Burnaby
178	298

The total SVT collected within Burnaby amounted to \$3.6M during 2023, all of which is directed into a Provincial Housing Priority Initiatives Special Account (HPI) for use in funding affordable housing programs, shelters, and rental initiatives within the regional districts that are taxed. The recipient of these funds is BC Housing who invested \$97.3M into Burnaby housing projects during the 2023/2024 year as detailed below.

Project Name	Development & Construction Expenditures
The Connection Redevelopment	\$41.8M
The Steller Redevelopment	\$29.3M
Little Bevan	\$18.7M
Various Assorted Projects	\$7.5M
Total	\$97.3M

3.2 Changes to the Program

Following the first five annual SVT consultations, the Province has made the necessary legislative and regulatory changes to:

- Transfer the SVT responsibility from fee simple owners to registered leaseholders of a residential leasehold property
- Extend the time the SVT administrator has to review late declarations and issue an assessment of these cases

In addition, effective January 2024, the SVT has been expanded to the following cities whose residential property owners will declare exemptions for the first time in 2025:

- Vernon
- Coldstream
- Penticton
- Summerland
- Lake Country
- Peachland
- Courtenay
- Comox
- Cumberland
- Parksville
- Qualicum Beach
- Salmon Arm
- Kamloops

3.3 Advocacy to the Province

Previously, the City has advocated to the Province for a new funding model where Speculation and Vacancy taxes collected are distributed not only to BC Housing, but also directly to the municipalities in an amount proportionate to what was contributed. Receiving funding directly would help Burnaby to implement locally-appropriate housing solutions as opposed to relying solely on BC Housing. In addition, the City has also advocated for additional powers that would permit it to implement its own Empty Home’s Tax, similar to Vancouver.

At the time of writing, the above proposals by Burnaby have not been implemented by the Province. Should Council wish to reiterate this feedback to the Province, a proposed response has been drafted within Attachment 1.

3.4 Other Provincial Measures to Address Housing Affordability

While the average Multiple Listing Service (MLS) residential price decreased 2.6% since the previous year, housing affordability is noted as remaining a top priority for the Province where additional measures beyond the Speculation and Vacancy Tax are required. Over ten years, \$7 billion will be invested to increase housing supply within the Province and meet the targets established by the four pillars of the Province’s *Homes for People* housing plan, specifically:

- Speed up the delivery of new homes
- Increase the supply of attainable, small-scale, multi-unit housing
- Helping those who need it most, and
- Fighting speculation and profiteering

Additional steps being taken by the province include:

- Implementing legislation to further regulate short-term rentals;
- Amending zoning bylaws to deliver more housing for middle-class earners through the small-scale, multi-unit housing legislation;
- Creating designs for small-scale, multi-unit homes through the new Standardized Housing Design Project;
- Offering forgivable loans to homeowners to build and rent secondary suites to increase the affordable rental supply faster;
- Building thousands of new student housing beds;
- Buying land near transit developments to build more homes for people;
- Protecting renters by tying the annual allowable rent increases to inflation;
- Providing extra support to renters through the renter's tax credit;
- Enacting legislation to authorize the Province to set housing targets in municipalities with the greatest need and highest projected population growth. To date, 30 municipalities have received housing target orders;
- Speeding up permitting to reduce costs and expedite building approvals;
- Providing more homes and supports for people experiencing or at risk of homelessness through the Belonging in BC Plan;
- Launching BC Builds – a program that leverages government, community, and non-profit owned land with \$2 billion in low-cost financing and a commitment of \$950 million;
- Further expanding the SVT to 13 additional communities in 2024, following the expansion to six new communities in 2023, for a total of 59 SVT specified areas;
- Introducing the BC Home flipping tax, which will take effect January 1, 2025, to discourage short-term housing speculation that drives up home prices;
- Exempting new, purpose-built rental buildings from the further 2% property transfer tax (PTT) in 2024 to encourage rental construction. Starting in 2025, through 2030, these properties will also be exempt from the general PTT.
- Making more people eligible for the first time home buyers' PTT exemption by increasing the threshold from \$500,000 to \$835,000, with the first \$500,000 completely exempt from the PTT; and
- Increasing the threshold of the newly built PTT exemption to \$1.1 million to encourage more construction of new homes.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Not Applicable.

5.0 FINANCIAL CONSIDERATIONS

Monies collected through the Speculation and Vacancy Tax are not collected, administered, or retained by the City of Burnaby, as such there is no direct financial impact to the City. However, BC Housing projects undertaken in Burnaby that use SVT funds could indirectly offset City costs that may otherwise have been spent on housing projects.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

Attachment 1 – Letter to the Province from the Mayor

Attachment 2 – 2023 SVT Technical Briefing

REPORT CONTRIBUTORS

This report was prepared by Geoff Mooney, Finance Functional Lead, and reviewed by Ratan Grewal, Deputy General Manager Finance.