



March 9, 2018

The Honourable Carole James, MLA  
Minister of Finance and Deputy Premier  
Room 153 Parliament Buildings  
Victoria, BC V8V 1X4

carole.james.MLA@leg.bc.ca

Dear Minister:

We are writing this joint letter to you today on behalf of our close to 2,000 members representing more than 25,000 employees in the Central Okanagan, asking that your government step back from implementing the "Speculation Tax" on homes in Kelowna and West Kelowna until the mechanics of how it would be implemented, to whom it will be applied, and how the tax is expected to make housing more attainable in our cities, is better defined and understood.

In the meantime, we encourage you to consult with community leaders, developers and construction trades officials in the cities and regions that have been specifically targeted for this proposed tax. On that point we would be pleased to host you for a roundtable discussion on this issue if you have an interest in coming to Kelowna. We understand that you have already conducted similar roundtables in Prince George, Nanaimo and elsewhere.

Since you first announced the proposed speculation tax, we have been inundated with calls, letters and emails from our members and business leaders in the Okanagan and elsewhere in British Columbia who are extremely concerned about the direct and indirect economic impact of this proposed tax. They are equally concerned about the total lack of consultation on this proposed tax. We are already hearing from developers who have customers who are canceling contracts and/or looking to re-evaluate intended investments. The outcome is less economic activity, less employment, and ironically, less supply for the housing market. We cannot see how the proposed speculation tax will help to increase affordable housing in the Okanagan and in fact, we believe it may achieve just the opposite.

We are also hearing from seniors in Alberta and elsewhere who were in the midst of transitioning to the Okanagan as part of their retirement plans, and now fear they will face unexpected and substantial taxes. This is "taxation without representation" which makes this a truly anti-Canadian tariff. The

uncertainty around this proposed tax is already forcing many to rethink their retirement plans. Surely taking money out of the hands of seniors isn't the intent of the proposed tax?

Some of these individuals have owned homes locally for fifteen years and longer, paying property taxes to the local government as well as contributing to the local economy through the goods and services they purchase while here. They do not understand why they are the target for this punitive tax.

The mere mention of this proposed tax has already damaged BC's brand in Alberta and that is of concern to many of our members who rely on our neighbours to the east to drive our tourism economy.

Given the modest number of property holders moving from Alberta, Saskatchewan and Ontario compared to a much larger number from the lower mainland, we would suggest it is those moving from elsewhere in BC that are having far more influence on rising house prices than foreign buyers or those who hail from another part of Canada.

These homeowners from outside BC also contribute a significant amount to the local economies of Kelowna and West Kelowna. Many of these homeowners spend an average of four to six months in the Okanagan, with monthly trips, and extended summer holidays – that amounts to a lot of groceries, home improvements, recreational spends, fuel purchases, and entertainment. Business owners here are concerned about losing this lucrative influx of cash to their businesses.

If the government is truly trying to go after speculators who are negatively influencing the housing market, we suggest an excise tax at the time when the property is sold – if it is “flipped” within a specific time period – as that approach would be more direct and transparent.

In closing, we ask that you:

1. Postpone implementation of this proposed tax until at least 2019, when there is better data to show that the new tax will actually achieve its desired outcome of making housing more affordable.
2. Work with city officials to examine the situation in the cities of Kelowna and West Kelowna to better understand what is impacting housing attainability, and monitor supply-demand over the next year to see if the significant amount of housing that is poised to come on the market soon improves the availability of attainable housing.

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If you do decide to proceed, we would ask that you:

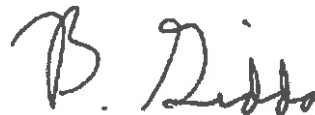
1. Exempt the City of Kelowna and the City of West Kelowna from the targeted areas where the speculation tax would be applied as you have done with Whistler, where in fact there is greater influence from “outside” speculators on housing availability.
2. Provide immediate clarity to those in the market that they will be grandfathered from any such speculation tax.

We appreciate your consideration of the above points in this very serious matter and look forward to your response. As always, we are ready and eager to engage in a productive, solutions-based discussion to address our short - and long-term housing needs.

Sincerely,



Tom Dyas, President  
Kelowna Chamber of Commerce



Bobby Gidda, Chair  
Greater Westside Board of Trade

Cc: Mayor Basran & Council, City of Kelowna  
Mayor Findlater & Council, City of West Kelowna  
MLA Ben Stewart  
MLA Steve Thomson  
MLA Norm Letnick  
MLA Andrew Weaver, Leader of the Third Party  
MP Dan Albas  
MP Stephen Fuhr  
CEO Val Litwin, BC Chamber  
Board Chair Karen Hawes, BC Chamber  
President Tanis Read, Okanagan Mainline Real Estate Board  
Chapter President Kevin Edgecombe, Urban Development Institute, Kelowna

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