

# Kelowna Chamber OF COMMERCE



*Helping grow the people who power Kelowna.*

# KELOWNA CHAMBER OF COMMERCE

Representing over 1,000 local business members

## **Presentation to Canada/BC Expert Panel on the Future of Housing Supply & Affordability**

June 2020 Kelowna

*Answering four questions posed by the panel*

# Background statistics on residential construction in Kelowna/West Kelowna

- > Some background on positive impact on local economy from housing construction
- > Impact on economy from policies such as Speculation Tax
- > Data collected by MNP detailing government regulations and impact to price of housing. (Costs levied by all levels of government that are passed onto consumer)

# Economy and Jobs - Residential Construction

## KELOWNA 2018

- > 11,548 jobs
- > \$701 Million in wages

## KELOWNA 2017

- > 14,743 jobs
- > \$882 Million in wages

# Economy and Jobs - Residential Construction

## WEST KELOWNA 2018

- > 1,705 jobs
- > \$103 Million in wages

## WEST KELOWNA 2017

- > 2,058 jobs
- > \$103 Million in wages

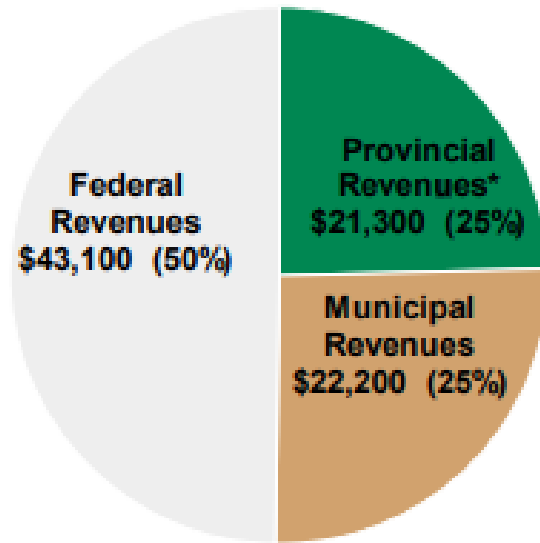
# Economy and Jobs - Residential Construction

- > 20 per cent loss in Okanagan jobs market partially influenced by policy introduction of spec tax.
- > Kamloops and other cities show there is the potential for 35 per cent growth.
- > New construction employs 60+ different trades for every project and there are 1,200 businesses in Kelowna alone tied to the construction industry

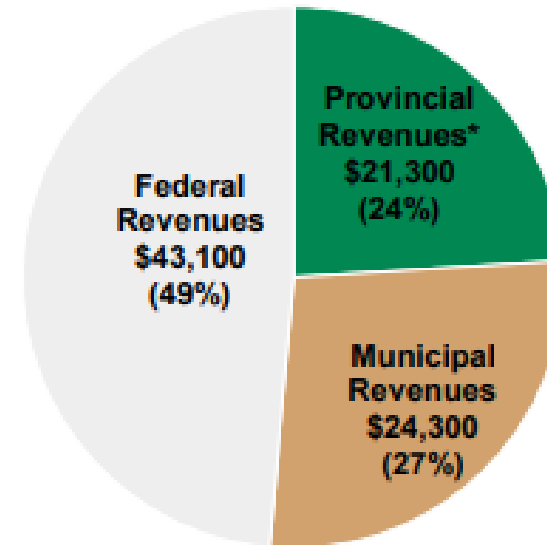
# MNP 2019 Report

## Average Fees and Taxes Levied on Construction of a Single-Family Home (Basic & Additional Charges Scenario)

**Kelowna, Mission, Nanaimo  
Squamish  
\$86,600**



**Kelowna, Mission, Nanaimo  
Squamish  
\$88,700**



Sales and income tax rates are set at the provincial and federal level and do not vary by community.

Additional Government Revenues  
(Single-Family Home)

	Provincial	Federal
<b>Sales Taxes (Materials)</b>	\$3,800	Included in GST on final sale
<b>Income Taxes</b>	\$10,600	\$27,700
<b>Total</b>	<b>\$14,400</b>	<b>\$27,700</b>



# 1. What job creation & staffing challenges does the Chamber associate with housing costs?

- > Local staff have challenges finding rental/purchase properties within their price point.
- > Building Trades face challenges as construction jobs can be seasonal.
- > Construction companies have cut down from several to one employee due to high housing costs – harder to hire temps, contract workers – jobs take longer to complete, contributing to rising housing costs.

## 2. What programs do employers consider to offset employee housing costs?

- > Some offer 'staff housing rates' at vacant condos rented out to avoid paying spec tax.
- > Some offer other support perks to assist with transportation & benefits.
- > No substantive programs (or awareness) at present in Okanagan.

### 3. The Okanagan has several municipalities: is that a barrier to addressing housing issues?

- > This is a significant problem, and we need a regional approach.
- > Transit is a major component of housing.
- > Amenities provided by one community constantly create competition with others: i.e., DCCs (Development Cost Charges).
- > When the cost-of-living goes up in Kelowna, then West Kelowna & Lake Country look more attractive.
- > What does this do to these communities? Are they forced to grow faster than they can handle?
- > “Move-outs” do not contribute to Kelowna tax base, although they use roads & other city amenities.

## 4. What broader collective or government measures do you think would be helpful to address housing concerns?

- > Examine contributing costs from government regulations with aim of reducing to assist in making housing more affordable
  - > By continuing to use housing as a revenue stream for government at all levels – 3 level govt costs total \$88K – housing ownership (and rental) is pushed out of reach for many Canadians.
- > Delay implementation of STEP Code past Part #3
- > Current costs to get to Step #4 and #5 are NOT within reach of an average consumer.
- > Not everyone needs a Tesla.

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