



**URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION**

#1100 – 1050 West Pender Street  
Vancouver, British Columbia V6E 3S7 Canada  
T. 604.669.9585 F. 604.689.8691  
[www.udi.bc.ca](http://www.udi.bc.ca)

March 26, 2020

Dear Richard,

**RE: Property Owners & Landlords Choosing Wages & Mortgage Payments  
over Taxes & Government Charges**

As you know, our sector contributes over 230,000 jobs to our province, as well as substantial government revenues and economic activity.

On Monday March 23rd, the BC Government announced that no one will be evicted due to COVID-19. Although well intentioned, this inadvertently sent signals to the commercial tenancy market. Now, massive rent relief is being requested by retail, office, and industrial tenants. This sentiment was reinforced in the March 25th announcement - specifically for purpose-built rental buildings, where we are seeing a significant surge in notices of rent deferral. The failure to recover rent from commercial, industrial and residential properties will cripple our already failing economy, resulting in further job losses and significantly undermining our ability to recover when the pandemic is finally over.

Cash flow is needed to maintain buildings, meet financial obligations and keep people employed. To this end, like all businesses, we must make choices. **Our property owners are choosing wages and mortgage payments over taxes.** We are left with no other options.

If tenants are not paying rents, and this becomes a sizable number, landlords will be unable to maintain water and heating systems, electricity, cleaning, and repairs and maintenance, therefore creating an environment for de facto evictions as the buildings become unlivable. Costs were becoming unmanageable with property taxes and rising insurance, and now continue to escalate due to enhanced hygiene and health and safety protocols needed in buildings during this crisis.

Contrary to the Premier's remarks on March 25th - calling on banks and institutions to work together to overcome this - the reality is that banks simply cannot forgive the mortgages, even if rents are not paid. Banks have obligations to their employees, clients, and shareholders. Our industry is negotiating with banks to maintain their current credit and no additional credit is being made available. But if a tenant doesn't pay for even a few months, there is no mechanism in the residential sector outside of evictions, for owners to recoup rent. Moreover, because most tenants live month-to-month, the

likelihood of collecting any deferred rent is extremely low. With this said, rental providers will still have to pay back the mortgages plus interest and as of March 25th, evictions are now illegal in the residential sector. This is creating an environment for a significant breakdown of the system. Rent money is absolutely fundamental to the stability of our economy.

Our members are also builders of new homes, and use their existing buildings to finance new projects. If financial institutions cannot trust key revenues will be collected, they will be reluctant to allow future projects to proceed - stunting any future economic recovery. Construction projects will not proceed, lumber will not be purchased from mills that employ forestry workers, materials will not be ordered and arrive at ports moved by longshoremen, supplies will not be delivered by truck drivers to job sites. The ripple effect of these economic linkages is extensive.

If the provincial government lowers taxes, our members may be able to keep people employed longer and pay some taxes. As such our recommendations to help alleviate this financial burden are as follows:

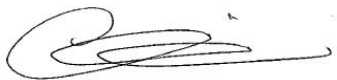
- **Introduce a 50% school tax exemption applied to Class 1;**
- **Rescind Additional School Tax;**
- **Extend the due date for property tax bills to September 30th;**
- **Remove development land and unsold inventory from Empty Homes Tax; and**
- **Remove Speculation & Vacancy Tax from development land.**

Now more than ever, there needs to be a holistic approach to tax changes, abatements and deferrals. Only easing the burden on tenants, renters and employees and not employers and landowners will undoubtedly undermine any future recovery.

As discussed today, enclosed are notices from commercial and residential tenants regarding their intention not to pay their rents. We will continue to forward more information of this nature as they come in.

I look forward to working with you to resolve these issues.

Yours Sincerely,



Anne McMullin  
President & CEO