



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION
#1100 – 1050 West Pender Street
Vancouver, British Columbia V6E 3S7 Canada
T. 604.669.9585 F. 604.689.8691

May 1, 2020

Honourable Michelle Mungall
Minister of Jobs, Economic Development and Competitiveness
Room 301, Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister:

Re: Building Sector’s Role in Economic Recovery Post-COVID-19

I would like to thank you for the discussion we had on May 20 regarding preparing the province for economic recovery when the pandemic subsides. As you know, the Urban Development Institute (UDI) and its members are well positioned to assist your government in this endeavor. However, we need the province and local governments to take substantive and immediate steps to enable our members to continue to employ British Columbians and build homes and office space. These steps include:

- A one-year suspension of any new requirements, fees, charges, taxes and amenity contributions that add costs/delays to projects;
- Applying the same property tax reductions and deadline extensions that were announced for commercial land owners to Class 1 residential building sites that are exempt from the Speculation and Vacancy Tax (SVT) and Purpose Built Rental (PBR) buildings;
- Applying the SVT exemptions for sites under development and PBR to the Additional School Tax for the next year;
- Remove development land and unsold inventory from the Empty Homes Tax for the next year;
- Permanently extending the timelines set out in Policy Statements 5 and 6 issued by the Superintendent of Real Estate (pursuant to the *Real Estate Development Marketing Act (REDMA)*) to allow for an early marketing period of 12 months and a 15-month period to obtain a building permit and satisfactory financing commitment before buyers can unilaterally terminate their pre-sale contracts.
- Ensuring that municipalities continue to implement innovative changes to the development application process that are already permitted, such as holding virtual public hearings, waiving public hearings for Official Community Plan-compliant projects, and establishing clear and reasonable timeframes for development approvals.

Although British Columbia has seemed to flatten the COVID-19 curve better than most jurisdictions, our economy has been as vulnerable to the repercussions of the pandemic as the rest of the world. The Canadian economy had the largest one-month decline in GDP (9%) from February to March 2020 and over 4 million Canadians have applied for the new Canada Economic Recovery Benefit. In B.C. alone, 132,000 jobs were lost in March. It is increasingly clear that the impact of COVID-19 on the economy has not been fully realized.

Our industry is a significant economic generator in British Columbia. Our sector contributes over 230,000 well-paying jobs to B.C., as well as billions of dollars in government revenues and economic activity. The property development industry is a component of the B.C. real estate and construction sector, which accounts for roughly 15 per cent of the provincial GDP.

In communities across British Columbia, our industry builds homes for families at all income levels as well as job spaces - offices, retail buildings and industrial. We also make significant contributions to local neighbourhoods such as parks and recreational facilities, schools, libraries, childcare spaces, affordable housing units and community buildings. We have always been committed to being partners in community building and sustainable development.

Unfortunately, all these contributions are at risk. Over the past few years, we have seen a dramatic escalation of government taxes, fees, charges, and requirements including:

- *Budget 2018* provincial taxes that apply to development lands, including the Additional School Tax and the "Luxury" Property Transfer Tax;
- New TransLink Development Cost Charges (DCCs) which came into effect on January 1, 2020;
- The Greater Vancouver Sewerage and Drainage District DCCs, which increased up to 200%;
- A proposed future Metro Vancouver water DCC;
- Substantial increases to local government DCC rates (as high as 700%) and amenity contributions; and
- The added costs associated with the new building code and site requirements.

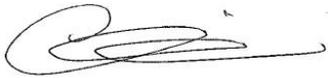
At a time when the federal and provincial governments are introducing massive stimulus packages to keep the economy going, and when industries and businesses, small and large, are doing their best to keep people employed, our industry is facing continuously escalating costs and regulatory requirements by municipalities and some provincial agencies.

Our sector is capable of being at the forefront of British Columbia's economic recovery. However, we need your help to enable our industry to keep the economy going, continue to employ British Columbians and build the housing and job spaces

we need. By working collaboratively, we can quickly recover from the impacts of the COVID-19 pandemic.

If you have any questions regarding our proposed measures, please do not hesitate to contact me. I look forward to working with you to stabilize the economy and keep British Columbians employed.

Sincerely,



Anne McMullin
President & CEO

CC:

Premier John Horgan

Minister of Finance, Carole James

Minister of Municipal Affairs and Housing, Selina Robinson

Deputy Minister of Jobs, Economic Development and Competitiveness, Fazil Mihar

Deputy Minister of Finance, Lori Wanamaker

Deputy Minister of Municipal Affairs and Housing, Kaye Krishna

Assistant Deputy Minister of Jobs, Economic Development and Competitiveness,

International Division, Tracy Campbell

Chief of Staff to the Premier, Geoff Meggs