

# VANCOUVER RETURNS UNFAIRLY CHARGED TAX TO DEVELOPERS



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There are interesting new housing policies emerging in Vancouver since last year's municipal election.

Vancouver Mayor Ken Sim promised to improve housing and appears to be proceeding on that path.

This is a promise made by many council candidates at election time, and often quickly forgotten when faced with vocal anti-development groups at public hearings.

Last week, Vancouver council rezoned a large portion of the Cambie Corridor, allowing townhouses and rowhouses, and avoiding costly rezoning processes, including lengthy public hearings.

This enables projects to go directly to the development permit stage.

In addition, council voted to return the empty homes tax to developers whose 60 unsold new condos sat empty due to a slowing market from rising interest rates.

A five-year fixed mortgage was 2.39% in January 2022 and increases during the year resulted in a November rate of 4.69%.

The mortgage stress test, the rate at which most homebuyers qualify, is an additional 2% over the average 5-year fixed rate or the contracted

rate, whichever is higher.

This fast increase significantly slowed the market, both in terms of sales and the construction of new housing, especially for first-time homebuyers.

Rarely does a municipal council consider these market changes and the inherent risk of being a builder.

However, the slowed market was recognized by the new Vancouver council resulting in returned taxes unfairly charged to developers.

BC's Speculation Tax and other "empty homes" taxes only add risk and costs to new housing and are just another revenue source for government, already receiving billions of dollars in revenue from Property Transfer Tax, GST, DCC's, CAC's, permit fees, etc.

BC has the highest average housing prices in Canada due to high fees and municipal obstruction of supply including costly rezonings often denied due to nimbyism.

Vancouver appears to be taking steps to change their reputation as BC's most challenging municipality in which to build new housing.

Councils in the CRD should take note and consider the impact of their high fees and lengthy rezonings on local housing affordability.



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