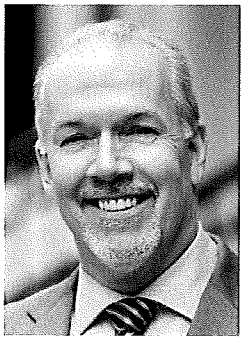
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Province of
British Columbia
Legislative Assembly



John Horgan, MLA
(Juan de Fuca)

September 7, 2016

Premier Christy Clark
West Annex
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Victoria, BC V8V 1X4

Dear Premier Clark:

Your Government stood idly by and allowed our housing market to overheat. It is now clear that you chose to allow the real estate market to escalate unsustainably to serve the interests of your political donors at the expense of ordinary British Columbians.

Once it became apparent that the dream of home ownership had vanished for many residents, your government rushed in ill-considered legislation without fully considering the consequences. While action was obviously needed and badly overdue, your measure does not achieve the balance and precision that one would expect from a more thoughtful approach to tax policy.

The Official Opposition has been raising concerns about the distorting effects that international capital is having on the BC real estate market for more than two years, but your government ignored the impending crisis.

During that time, you insisted that those who could not afford to live in the Lower Mainland should move to Northern British Columbia. Your colleague, Finance Minister Michael de Jong, insisted that price increases in BC real estate were limited to the west side of Vancouver and Housing Minister, Rich Coleman suggested that Vancouver was actually quite affordable.

Unfortunately while you and your colleagues were denying the very existence of a problem in the Lower Mainland real estate market, conditions worsened. Moreover, in the month since your government passed the hastily written Bill 28, we have seen numerous reports about the many ways in which your tax on foreign nationals is both failing to address the real problems facing Lower Mainland residents and creating significant unintended consequences.

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During debate on Bill 28, my colleague David Eby proposed several amendments to the tax that we believe will have a meaningful impact on affordability in the Lower Mainland. While you rejected those amendments out of hand, subsequent developments have both validated those concerns and underscored the need for significant improvements.

First, we proposed amending Section 3 of the bill to define "foreign national" as an individual who has not paid his or her worldwide income tax in British Columbia for the most recent complete taxation year. It is now clear that such a change would significantly extend the reach of the tax to individuals who may have residency status in British Columbia, but who derive their primary income from foreign jurisdictions. This amendment would make the tax more effective and ensure that its effect was focused on individuals' income sources rather than on their nationalities.

Second, we proposed that the Bill be amended in section 3 by redefining "foreign national" to exempt individuals who hold federal or provincial work permits. It is now clear that your tax on foreign nationals has effectively penalized individuals who are working and paying taxes in British Columbia but who continue to hold foreign passports. This measure is both discriminatory and counterproductive in that it effectively punishes people with unique skills such as visiting university professors and international researchers who are critical to building an educated workforce. Worse still, your Bill makes it even harder for growing BC companies to recruit international talent to the Lower Mainland.

Third, we proposed that the Bill be amended in section 3 to remove the loophole that allows foreign capital to use bare trusts to avoid the current or amended property transfer tax. We can only assume that you chose to leave this well-known loophole in place in an effort to encourage the sale of commercial and multi-unit residential properties to international buyers. However given the crisis in the Lower Mainland rental market, this measure makes little sense and creates an uneven playing field for those who have the financial wherewithal to establish and administer bare trusts.

Your inaction over the past two years has created a crisis in the Lower Mainland real estate market. Your inaction has made it nearly impossible for average British Columbians to find a home to buy or rent in the Lower Mainland. I also share the concern of many people that your narrow geographic focus with the new tax may now drive the problem to other areas of the province. On August 7 you publicly described the Metro Vancouver housing market as a "bubble" and finally admitted "there's a real affordability crisis" for the people of British Columbia, but your government's policies have done nothing to make housing more affordable.

With that in mind, I strongly encourage you to take steps to remedy the shortcomings in Bill 28 during the scheduled fall sitting of the legislature.

Sincerely,

John J. Horgan

John Horgan, Leader
New Democrat Official Opposition