



**URBAN DEVELOPMENT INSTITUTE- OKANAGAN CHAPTER**

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September 22, 2020

City of West Kelowna  
2760 Cameron Road  
West Kelowna, BC, V1Z 2T6

**Attention: Mayor Milsom, City of West Kelowna**

**Subject: Speculation Tax Has Negative Impact on BC Municipalities**

UDI Okanagan remains fundamentally opposed to the Speculation and Vacancy Tax (SVT) on residential property that applies to the Metro Vancouver, Fraser Valley, Nanaimo and Capital region districts as well as to Kelowna and West Kelowna. All of the reasons for our opposition to this tax that we have outlined previously in our letter from September 6, 2019 remain relevant today yet now there is also a compounding effect with the economic uncertainty that has been caused by the current COVID-19 pandemic.

Our central reason for opposing this tax is that it will not lead to long-term housing affordability yet at the same time has a negative impact on the real estate development industry. As we noted in our previous letter, since its inception, this tax has created uncertainty in the market that has led to the cancellation and/or postponement of some residential real estate development projects. Although the SVT was put in place as a measure to help encourage affordable housing, it is very difficult for housing costs to decline over a medium to long-term horizon with less units and a growing population.

Locally, we are still hearing anecdotally from our members that the SVT is a big issue that comes up often from potential buyers that are coming from Vancouver and from other provinces within Canada. It discourages those people from purchasing who are looking at settling in Kelowna or West Kelowna eventually but are not wanting to have their permanent home here for another 2-5 years. Also, for those land owners who own large parcels of land who for various reasons are not planning to or are unable to build on the property right away, the SVT represents an additional burden that does not seem fair and that discourages investment.

In our previous letter we noted that the SVT is compounded by other levels of policy decision that have artificially dampened our economy. While this continues to be true, we now also have the ongoing COVID-19 pandemic which further increases market uncertainty and poses serious risks to many local businesses, our tourism industry and our overall economy.

The SVT is not only an additional burden placed onto many individual home owners, but it is also a burden placed on land owners who own vacant land with a residential classification. This discourages investors from purchasing pieces of land which take a few years to get through a process to come up with a development plan, thus discouraging the type of investment that is needed to ultimately provide more housing.

Thank you for your consideration.

Sincerely,

**URBAN DEVELOPMENT INSTITUTE OKANAGAN CHAPTER**

Per: Jennifer Dixon, Executive Director of UDI Okanagan

Per: Luke Turri, Chair of UDI Okanagan