BRITISH
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June 4, 2015

His Worship Gregor Robertson
Mayor, City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Dear Mayor Robertson: Gregor

Thank you for your letter regarding the challenges with the cost of housing in Vancouver. This is a concern I share, especially for first-time homebuyers, and an issue that we are actively looking at in the Provincial government.

It's important that we consider any actions carefully to make sure we are helping first-time homebuyers get into the market while protecting the equity of existing homeowners – not just simply raising more taxes for government.

I am attaching some analysis to this letter done by the Ministry of Finance as well as the BC Real Estate Association. In particular, I want to draw your attention to a few points from the analysis:

First, industry experts estimate that most of the real estate speculation taking place in the region is being done by local investors. Those experts estimate that local investors are 3 to 4 times more active in the region's housing market than foreign investors. For many individuals and small businesses, this is a source of investment income.

Second, using any method of new taxation with the goal of driving down the price of housing could have the unintended effect of hurting current homeowners across the region. Driving down the cost of housing by just 10% would mean a family with a home currently worth $800,000, could lose $80,000 in equity in their home. That could put some homeowners with large mortgages into negative equity.

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Third, you have asked the province to consider levers at its disposal, and we are. But, the City should also consider what it can do to address housing affordability. In a report last year, the Urban Development Institute estimated that Vancouver's civic fees and levies add $76,144 to the price of a new condo unit worth roughly $450,000.

Finally, beyond any new taxes to curb demand, there is also the option of increasing supply through better land-use planning.

Again, I want to thank you for your thoughts on this important issue. I look forward to working with you, sharing our information, and examining the various options available to the City and the Province to make housing more affordable in Vancouver, especially for first-time buyers.

Sincerely,

Christy Clark
Premier

enclosure