



Budget 2024 Submission

SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

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Introduction

It is with pleasure that BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, and the Aboriginal Housing Management Association submit our Budget 2024 consultation paper. We recommend the Select Standing Committee on Finance and Government Services consider the following proposals to strengthen housing affordability in BC:

1. **Support AHMA’s Urban Rural and Northern Indigenous Housing Strategy**, allocating funding for the planning and implementation stages of the key actions dedicated to addressing Indigenous housing across the province.
2. **Dedicate \$24M to offset the Property Transfer Tax of coop lease renewals and Rental Protection Fund transactions**, including \$10M to compensate PTT payments resulting from transactions by non-profits supported by the RPF before Budget 2024 enters into effect.
3. **Allocate \$60M to exempt non-profit housing providers from paying Property Tax** by updating the classification of non-profit housing properties from BC Assessment to benefit them from the preferential property tax rates currently exclusive to Class 3- Supportive Housing.

Taken together, these proposals will ensure that British Columbians have increased access to affordable housing and that their housing is affordable, safe, and in a livable state of repair.

About Housing Central

Housing Central is a strategic alliance between BC Non-Profit Housing Association (BCNPHA) and the Co-operative Housing Federation of BC (CHF BC). Our mission is to strengthen and grow the community housing sector so all British Columbians have a safe, secure home they can afford.

BC Non-Profit Housing Association

BC Non-Profit Housing Association (BCNPHA) has been the provincial umbrella organization for the non-profit housing sector for nearly 30 years. We serve more than 500 members, including non-profit housing societies, businesses, individuals, partners and stakeholders, with education and professional development opportunities, research and advocacy, and asset management services. BC’s non-profit housing societies manage more than 70,000 units of long-term, affordable housing in over 2,500 buildings across the province.

The Co-Operative Housing Federation of BC

The Co-operative Housing Federation of BC (CHF BC) represents more than 260 housing co-ops and almost 15,000 co-op homes in British Columbia. CHF BC’s mission for more than 40 years has been to unite, represent and serve its members in a thriving co-operative housing movement. The Federation’s education, advocacy, group buying, asset management and long-term planning services provide a strong foundation for sound management, good governance and principled leadership in co-op communities across the province.

The Aboriginal Housing Management Association

The Aboriginal Housing Management Association (AHMA) was established in 1996 with a mission to “lead and advance housing rights for ALL Indigenous Peoples in British Columbia”. It is comprised of 55 Indigenous housing and service providers located all across BC, managing more than 95% of all Indigenous housing units in urban, rural, and northern areas of the province (off reserve). AHMA administers funds – in

partnership with BC Housing – for almost 7,597 existing and upcoming units that house First Nations, Métis, Inuit, and self-identified Indigenous families living in urban, rural, and northern parts of the province.

1. Support AHMA’s Urban, Rural, and Northern Indigenous Housing Strategy

Allocate funding for the planning and implementation stages of the key actions dedicated to addressing Indigenous housing across the province. This includes the introduction of an Indigenous-led stream of the Supportive Housing Fund and appropriate wraparound health and cultural supports.

Context

In 2022, AHMA released its Urban, Rural, and Northern Indigenous Housing Strategy, outlining a 10-year plan to address housing needs of off-reserve Indigenous people in BC.

According to the latest data, Indigenous people in BC are disproportionately represented in many negative indicators including lower average incomes, higher unemployment rates, higher rate (47%) of core housing need in lone-parent families, and overrepresentation in homelessness.

The strategy identifies 12 gaps in existing programs/services contributing to these indicators, including lack of resources, programs not Indigenous-specific, penalization of revenue generation, and limited funding for housing-related supports (including health supports and cultural supports).

Solution

To address the need of the 29,983 Indigenous households needing affordable housing, the strategy has the following targets:

- Rent/affordability assistance: 10,350 units
- Supportive housing: 5,400 units
- Affordable home ownership: 1,400 units
- Independent subsidized housing: 12,850 units

The strategy states that the provincial government is expected to play an important role to advance these solutions. To do so, we expect Budget 2024 to:

1. **\$40M to establish a new Indigenous Co-op Housing program**, designed by AHMA in partnership with CHFBC – four projects at \$10 million per project. This recognizes that home ownership was noted as the biggest priority among AHMA members in 2023.

2. **Prioritize investment in supportive housing directed at For Indigenous, By Indigenous organizations/models** across BC with a target of 5,000 Indigenous-led units OR Indigenous-led stream of the Supportive Housing Fund representing 40 percent of SHF funding.
3. **\$136.02M in funding for wraparound services for Indigenous-led organizations.** This includes \$67.02M over 3 years for 18,288 households for cultural supports and \$69M over 3 years for health supports for 700 people with complex needs outside of complex care housing (scattered site/subsidized/market housing) based on the recommended 5:1 client staff ratio and team of 6 clinicians and physician and psychiatrist.

2. Dedicate \$24M to offset the Property Transfer Tax of coop lease renewals and Rental Protection Fund Beneficiaries

Exempt non-profits purchasing buildings with support from the Rental Protection Fund and coops renewing long-term land leases from paying Property Transfer Tax.

Context

In January 2023, the provincial government made an historic investment of \$500 million to create a Rental Protection Fund (RPF), which will support the community housing sector acquiring older rental buildings to protect its affordability in perpetuity. It is expected that, outside its operating budget, \$150M of its total budget will be used in the upcoming fiscal year, with the remaining \$300M+ going to the next one.

To incentivize the purchase of purpose-built rentals, budget 2023 introduced a partial exemption of 2% which would apply for transactions of properties valued over \$3M made after January 1st, 2024. This effectively excludes a significant portion of the investments made with the initial \$150 million of the RPF.

Additionally, it is also expected that ten Coop housing properties will need to renew the long-term land leases between 2023 and 2028, and these transactions will be subject to property transfer tax of nearly \$3.5M a year.

Solutions

Using the same rationale that led to the implementation of an exemption of PTT for purchases of new rental homes in Budget 23, we urge the province to exempt non-profits purchasing old rental buildings with support from the RPF as well as housing cooperatives renewing long-term land leases from paying Property Transfer Tax on their transactions. To do so, we recommend an initial allocation of \$24M for the upcoming two fiscal years. This includes \$10M to compensate PTT payments resulting from transactions by non-

profits supported by the RPF before Budget 2024 enters into effect. By eliminating this financial burden non-profits and housing cooperatives will be better positioned to maintain the current level of affordability.

3. Allocate \$60M to exempt non-profit housing providers from paying Property Tax

Update the classification of properties from BC Assessment to benefit all non-profit housing providers from the preferential property tax rates currently exclusive to Class 3- Supportive Housing.

Context

Under the current classification, non-profit housing providers are subject to pay as much in property taxes as any other corporate landlord, despite not being driven by the same motives and fulfilling a different role in the community.

Using data from BCNPHA's internal census of non-profit societies' assets, we estimated that in 2022, the total amount paid in property taxes by all non-profit housing providers in BC was more than \$50M. At an average of \$15,500 per property, this value can be as high as \$220,000 for some societies and as low as \$700 for others.

In contrast, supportive housing properties are only required to pay a nominal amount in property taxes.

Solutions

Currently, the provincial government has provisions in place that exempt PTT for registered charities, acknowledging the crucial role non-profit housing providers play in advancing the right to safe and secure affordable housing. We believe the same rationale should apply for property taxes over non-profit housing properties, thus reducing the financial burden on non-profit housing societies.

We recommend that the provincial government update the Assessment Act to extend the provisions that are in place for Supportive Housing properties to all other registered charities that provide affordable housing. In the same way mixed-use properties are taxed at different rates based on the distribution of its activities, the residential component of a building could see different tax rates applied to its market and non-market components.

Understanding that this exemption would have an impact on municipal finances, we estimate that (based on current property tax rates) an allocation of approximately \$60 million a year would be needed to offset the loss in municipal revenue for local governments.