

**REGIONAL DISTRICT OF NANAIMO**

**ELECTORAL AREA PLANNING COMMITTEE  
TUESDAY, MARCH 14, 2006**

**A D D E N D U M**

**PAGES**

**DELEGATION (Requires motion)**

- 2-6                    **Casey Timmermans, re Manufactured Home Park Re-Development.**
- 7                      **Richard Dean, re Development Variance Permit 90605 -- Oceanside Storage  
Ltd. - 1270 Alberni Highway - Area F.**

**Pearse, Maureen**

---

**From:** Casey Timmermans [caseytimmermans@shaw.ca]  
**Sent:** March 13, 2006 9:10 AM  
**To:** Pearse, Maureen  
**Subject:** Letter to municipalities re Tenant claim for value.pdf  
**Attachments:** Letter to municipalities re Tenant claim for value.pdf

Maureen Pearce:

I would like to make a request to address the meeting tomorrow relating to the manufactured home park re-development question and the question this board is asking in real terms.

Casey Timmermans

*Tenant groups are approaching all municipalities asking them to pass bylaws giving them the right to hold up the developers to ransom. They want a larger cash payout and benefits other than what they are now entitled to under the provincial act:*

Regional and municipal governments must recognize the importance of a neutral rule of law. They must not attribute unfair privileges in law that has already been assessed, considering all the stakeholders involved. Our rule of law attributes rights and implied rights to legal conditions of original intent. This is the reason why levels of local governance must recognize and uphold legislated rights and privileges given under senior levels of government. For secondary levels of government to try to undo what a senior level of government has put in place is the same to creating chaos, within our rule of law. It is this defined law of property ownership that has made our western economies a Mecca, for peoples from around the world.

The municipality of Langford has already dealt with this issue fairly and has not put any further financial obligation on landlords who already have an uphill struggle. Discrimination of affordable rental housing stocks is clearly outlined in the attached addendum dealing with federal and provincial regimes' in place. The question of sustainable investment must be of interest to all of us here if we all are to benefit from a reasonable and fair rule of law.

**This subject is dealt with in more detail in the final addendum addressing Federal and provincial regulation.**

**Question:**

What really are the tenants really asking for here? I'm going to put this into a context, so that this RDN Board can understand the question in graphic terms!

1. You have decided to sell your house to upgrade and buy the home you've been dreaming about for years. Without the equity of the home you are living in you would never be able to realize this. This was the reason you made those personal sacrifices of land ownership.
2. Real estate values in B.C. have risen in the last five years but this something you never would have benefited from, if you hadn't bought. You are renting a basement suite in your home to a tenant and you give your tenants notice to move because you have sold "your home". Your tenant isn't happy because new rents anywhere else are higher or they just liked the old location! That is a natural reaction but to lay any greater financial obligation on the landowner is unreasonable when such obligations under the Tenancy Act have already been assessed as fair. (Addendum\*)
3. But the Tenant comes back to demand a portion of the fair market value of the home when it is sold. Is this fair and equitable under the legal commitments made originally? They didn't want to buy the house or assume the obligations of owning a home, and they didn't! Why should they benefit from something they never committed too? No sacrifice, no commitment was given, to the privileges of

land ownership! But when you sell, they want a share of rights and privileges. Is this fair? When our rule isn't fair, people and investment go elsewhere.

4. What they are asking for is unreasonable and if legislated nothing more than theft of other people's property.
5. Nobody will buy or invest in the creation of affordable housing in this country if more of this kind of thinking is to become formalized in law. We already have a problem for three decades, where investment in affordable rental housing is almost non-existent. This undermines all the tenets of property ownership and our human motivation to make such investments with these kinds of sacrifices and commitments given to buying land or starting a business. If these rights in the accrued value of the land are taken away, nobody will do it.
6. This undermines the fundamentals driving our western economies and why people from around the world want to live here. If you undermine these principles of property ownership it will be devastating to our economy and our way of life and extinguish the reason why so many in the world find our western economies such a desirable place to build their lives and work.

\* In apartments or homes you have to give your tenant one month's free rent for moving expenses because the tenancy act mandates you to do so, where as in the mobile home industry the park owner must give one year's rent, as noted in the letter from the Minister Rich Coleman.

#### **Addendum highlighting Federal and provincial issue impacting on this question:**

##### **Manufactured Home Land-Lease industry in British Columbia:**

For the Manufactured Home Land-Lease industry in British Columbia, except for some minor nuances of law our problem isn't much different than Manitoba's. We in B.C. are losing properties to redevelopment because of discriminatory regulation separating us from the rest of the residential rental industry.

Under B.C.'s current rent control regulation, implementing a flow through for capital improvements is next to impossible unless you subject yourself to a lengthy and onerous bureaucratic process. This process applies even for straight forward items such as: increases in property taxes, increases in municipal water rates or Cable increases, something for which any tenant can simply make a phone call to verify the validity of the increase. Incredibly landlords still need to go through this burdensome process, involving a residential tenancy arbitrator. This flies in the face of impartiality of our rule of law that is supposed to deliver justice and fairness for all.

Investors anticipating the aging demographic of retiring Canadians moving to B.C.'s coastal marine climate purchased residentially zoned land because of this predictable future market demand. These investors invested as a defense against the undeclared inflation, which predominately is made up of taxation and government user fee increases, way beyond the government's published cost of living index. The CPI supposedly reflects the total level of inflation of everything except for, uncontrolled increases of taxation and government fees. Prime Minister Martin's proposed tax cuts are resonating with Canadians because there is a real problem with taxes! Example: taxation and service levies on residential rental properties throughout B.C.'s municipalities, have increased on an average of 400% to 600%, over the last fifteen years where the majority of residential homes haven't even seen a doubling of their taxes. (See \*Addendum # 1)

The rental housing industry is subjected to the federal inactive business classification that in general denies equal treatment with all other Canadian businesses. (See **\*\*Addendum # 2)**

Many investors out of frustration and emotional burnout have sold or simply redeveloped to get out from under these inequitable, regulation and taxation policies. Is this what justice is all about? Vilifying the rental housing industry for political gain? This is simple political opportunism by choosing an easy scapegoat. Rental Housing? You will simply get less of it and the statistical trends show that this has been the case for three consecutive decades. Why do you think there is this cry, for affordable rental housing? The current rent assistance proposed for low-income people is where tax dollars should be spent, helping those who can't afford to pay their rent. This is good public policy but its vote-buying motivation is government's true purpose, rather than its real desire to deal with the primary cause for a rental housing shortage. **Let me reiterate, rent subsidization is a true enactment of our social conscience and should be done for those in need.**

Biased public policy regulating and taxing the residential rental industry frustrates investment and in due course harms people who need affordable housing. When public policy interferes in an economy for partisan electoral purposes, it usually triggers a market response frustrating the desired end result. This also violates our innate human desire for an impartial rule of law, along with our uncontested acceptance of natural economic forces when no partisan political interference has been enacted to favor one over the other. The manufacturing side of the Manufactured Housing industry has been harmed by this kind of inequitable policy; we in B.C. have in the past lost jobs to Alberta because of this kind of regulation introduced under the Harcourt NDP government and will again if this legislative damage still in place isn't undone and fixed.

**\*Addendum #1:**

**General Problem with the primary process of assessment for municipal taxable values.** B.C. Assessment's Act uses as its primary measure, the income approach

Year	Net income	Cap rate	Resulting Assessed value for municipal taxes
1990	\$10,000	10%	\$100,000
2001	\$10,000	5%	\$200,000
If net income increased			
2001	\$20,000	5%	\$400,000

If there has been no change in net income over eleven years but because expectation on investment dropped, dropping cap rates inflated market values and logically, values for municipal tax purposes. As illustrated in the table above! This added tax burden is borne by low-income tenants, because if these increased costs aren't passed on in the rents, landlords will eventually go broke.

**\*\*Addendum #2:**

On disposition (Sale or death) landlords are subjected to unfair levels of capital gains that other small Canadian businesses aren't. So some evenhandedness and balance needs to be achieved, because this ultimately lays an unfair burden on tenants. Governments have imposed levels of taxation on the rental housing industry disproportionate to other Canadian businesses? It's generally the federal government's discriminatory tax regime that slowed or stopped investment nationally along with rent control using the rental housing industry for votes that has impacted investment in those provinces where enacted.

**General: Federal tax penalties embedded in the inactive business classification where other penalties aren't illustrated; I'm only highlighting the primary points.**

Business classification	Tax rate	Roll over of shares on sale. Value available for roll over to your new business or available for you to retire on.
Active (most small Canadian businesses)	6%	\$400,000.00
Inactive (predominately the residential rental industry)	50%	None

On the operational side our industry carries a tax burden, three times that of other small Canadian businesses, in addition it also carries an unfair tax burden on disposition. This prevents or severely hampers small operators from moving and starting up a new business elsewhere because the capital has been taxed away where all others have a capital rollover provision denied our industry (this industry is comprised of a lot of mom and pop companies). This alone would help in the creation of more affordable rental housing because people with expertise already in the industry would now have capital to re-invest.

**What I would like to see:** Small landlord businesses would have a complete rollover of capital gains if re-invested into more rental housing. If the principle share holders retires he or she would have the current exemption of \$400,000.00 on disposition of shares and a forward averaging provision for all other capital gains, because many of these small business owners do not have pension plans nor did they have the ability to purchase RRSP's because they were reinvesting their disposable income and struggling financially just to keep their economic heads above water. In many cases this has been the accumulation of their life's work and no recognition is given for the sacrifices made, which many times enhanced their communities with jobs and infrastructure improvements.

Pearse, Maureen

---

From: RICHARD DEAN [rddean@shaw.ca]  
Sent: March 14, 2006 9:17 AM  
To: Pearse, Maureen  
Subject: Request for Delegation at EAPC Meeting March 14

Good Morning Maureen:

I wish to speak to the EAPC tonight regarding DP 90605 Variance Application - storage project on Alberni Highway Area F.  
Please place this request on the agenda.

Thank you, Richard Dean (RDN resident)  
530 Meadow Drive,  
Qualicum Beach, BC V9K 2T1  
Phone/Fax 250 752 0872