



Media Release
For Immediate Release
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Canadian Chamber Supports Rental Incentives

Kelowna, BC – A resolution titled “Improving Rental Incentives through Tax Reform” that the Kelowna Chamber of Commerce submitted to the Canadian Chamber of Commerce for approval at the 2010 Canadian Chamber of Commerce Annual General Meeting (AGM) has been approved. The AGM took place in Gatineau, Quebec from September 22 to 28.

The outlook on rental units is a significant concern to the Kelowna Chamber. The availability of affordable housing/rental accommodation has economic implications since there is a direct impact on the ability of businesses to retain current employees who have difficulty in meeting their housing needs, and the ability to recruit new employees into the region due to high housing costs.

In major cities, renters are paying substantially more than they can afford on rent. It is noted in a 2004 Price Waterhouse Coopers report for the Greater Vancouver Regional District (GVRD), *Forecast Demand for Affordable Housing in Greater Vancouver*, that in 2001, 43% of renters in the GVRD spent over 30% of their income on rent, and 22% of renters spent more than 50% of their income. The problem has worsened in the Region since the study was undertaken.

According to a 2007 report by the Urban Development Institute titled *A New Agenda for Canada's Urban Environment*, one critical cause for the reduction in the provision of rental housing has been changes in federal income tax policy. Kelowna Chamber President, Wesley Shields states, “we have identified the need for a pragmatic and fiscally responsible approach to the difficult and challenging obstacles facing the business community and believe that our resolution accomplishes that objective”.

The resolution that was put forth by the Kelowna Chamber encourages the federal government to reduce some costs for investors and homebuyers by re-introducing federal tax policies that successfully encouraged the development of rental housing in the past. The federal government is urged to:

- Offer a rebate of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) on new rental housing.
- Offer deferral of capital gains tax and recaptured Capital Cost Allowance (CCA) upon sale of a property and re-investment in new rental housing within a reasonable amount of time (two years).
- Increase CCA for new rental housing to line up with the true economic life of the relevant asset.
- Restore soft cost deductibility in the year the costs are incurred for new rental housing.

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Connection Value Influence