



## **MEDIA RELEASE**

September 17, 2019

### **City decision to add a new tax on future development does little to make housing more attainable for young families**

*Kelowna:* On Monday September 16, Kelowna City Council endorsed a staff recommendation to double the development cost charges on parks in the city effective January 1, 2020. Every new residential condo or home, regardless of size or design will now pay an additional \$7,180 towards a new parks development DCC. The Urban Development Institute Central Okanagan; Central Okanagan Chapter of the Canadian Home Builders Association, and the Kelowna Chamber of Commerce spoke out over the last three months in opposition to this increase.

Opposition to this issue isn't about parks. Parks are a benefit which we recognize, and we support the City's efforts to enhance parks and green space. The real issue is affordability of market housing in Kelowna. Our employers are already challenged to recruit employees who can afford to move to Kelowna and work because often they can't afford housing for themselves, and for their families.

Nikki Csek, President of the Kelowna Chamber says, "Everyone values our parks but we also want to live within our means. We need to find better ways to keep taxes and fees under control to make home ownership more attainable for young families. Last year, a millennial family had to increase their income by \$16,930 to afford the growth in price of a new home in Kelowna. [*Straddling the Gap*, Generation Squeeze Lab 2019] By endorsing this DCC increase, Council has ensured that millennial income must grow even more in 2020."

"This ultimately comes down to housing affordability," say Rich Threlfall, Chair of UDI Okanagan. "There are already many recently increased cost pressures on housing that make it hard for people to purchase their first home. Things like the mortgage stress tests, Speculation and Vacancy Tax, Step Code and other items ultimately push the dream of home ownership further away for potential first time home buyers. This increased cost will only further compound the problem", adds Threlfall.

The City of Kelowna has taken some useful steps in the past year around the issue of affordable non-market housing but attention also needs to be given to market-based housing and specifically to the costs that the city has direct control over such as DCCs that contribute to the high cost of housing.

Cassidy deVeer, President, CHBA Central Okanagan says, "Canadians have long considered owning a home as a life milestone and a key to future financial security. But a shift has happened in the last few years, and housing affordability has taken a hit. Homeownership is under threat, and Canadians – especially young Canadians – are feeling it. By increasing the cost of home ownership, we are making it that much harder for young professionals and young families to get into the housing market. With all the other pressures we are facing, now is not the time for this massive increase."

But by inflating the cost of a single-family dwelling by an average of another \$7,180, the City is pouring fuel on the fires of affordability when they could be seeking alternate solutions: a more equitable tax-based assist factor;

reducing the amount being spent to acquire and build out parks in favour of better utilizing existing green space and playing fields (installation of season-extending turf and lights); and stopping the rush to Kelowna becoming a city of well-heeled homeowners while young people and in-migrants are pushed to the edges, to other municipalities, and discouraged from moving here altogether.

**For more information:**

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