



Making a difference...together

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The Honourable Katrine Conroy  
Ministry of Finance  
PO Box 9048 Stn Prov Govt  
Victoria BC, V8W 9E2  
Via email: [FIN.Minister@gov.bc.ca](mailto:FIN.Minister@gov.bc.ca)

Dear Minister Conroy:

**RE: APPLICATION OF THE SPECULATION AND VACANCY TAX (SVT) TO THE SALT SPRING ISLAND ELECTORAL AREA**

Adam Olsen, MLA Saanich North and the Islands shared your letter of July 26, 2023, responding to the request of the CRD Board for application of the Speculation and Vacancy Tax (SVT) to the Salt Spring Island Electoral Area. Your letter indicated several factors that the province takes into consideration in determining future SVT expansion. We are writing to outline how such factors apply to Salt Spring Island and to further explain the urgent request for inclusion in the SVT area.

We believe the rationale for the SVT on Salt Spring Island is as strong. Salt Spring's housing crisis is dire. Affordable rentals are scarce and deluged with inquiries if placed on the market. Businesses and government agencies (including our local hospital) struggle to find employees. Property values have exploded. The rapid increase in assessed values on Salt Spring Island is a clear warning sign, supported by anecdotal evidence from real estate agents, that speculative investment capital is flowing to our island, in part because the SVT does not apply.

SVT as stated in the Provincial Homes for BC plan, is one tool that can help by incentivizing use of dwellings as housing rather than visitor accommodation, reducing the impact of speculative investment on the Salt Spring Island housing market, and generating additional revenue for affordable housing.

**Request for Inclusion**

At its July 13, 2022, meeting, the CRD Board supported the request of Salt Spring Island CRD Director, Gary Holman for inclusion of Salt Spring in the SVT area. This resolution specifically excluded other electoral areas within the CRD and was subsequently forwarded to the Minister of Finance by letter.

**Population**

The 2021 Census estimated Salt Spring's population at 11,635, a 10.2% increase since 2016. This compares to 8.4% growth in the region. Salt Spring's population is greater than two of the thirteen municipalities (Metchosin, Highlands), and only slightly smaller than three municipalities (Sooke, Sidney, North Saanich) in the CRD to which the SVT already applies. Note also that Salt Spring's population is higher than for three of the six municipalities most recently included in the SVT area (Lake Cowichan, Lantzville, Ladysmith).

## **Assessed Values of Residential Property**

The 2023 assessed value of the ‘average’ residential property on Salt Spring Island is \$1.1 million, comparable to many municipalities in the region and even higher than for some Vancouver Island municipalities already subject to the SVT. This compares to an average residential assessed value on Salt Spring Island of \$479,000 in 2016 and represents an increase of almost 130% in just a few short years. This compares to an increase in assessed values for the average residential property in the region of about 107% over the same period.

## **Proximity to Other SVT Specified Areas**

All 13 municipalities in the CRD, five of which have similar or smaller populations than Salt Spring Island, are part of the SVT taxed area. There are also several nearby southern Vancouver Island municipalities such as Nanaimo and Lantzville, and more recently North Cowichan, Lake Cowichan, Duncan, and Ladysmith, to which the SVT applies. Investment capital is very mobile, and it appears that the rapid increase in property values on Salt Spring Island can be at least partly explained by the fact that it is not covered by the SVT.

## **Salt Spring Island as a Vacation Area**

Salt Spring Island is a vacation destination, like other communities in BC that are included in the SVT area. The 2021 Census indicates that about 84% of Salt Spring’s private dwellings are occupied by usual residents, unlike the Southern Gulf Islands where about 62% of the housing stock is resident-occupied, and in Whistler with about 56%.

Salt Spring Island has a well-established commercial accommodation sector comprised of hotels, motels, resorts, guest houses, legal commercial vacation rentals, and B&Bs. In other words, there is already considerable commercial accommodation capacity on Salt Spring Island without the need for diverting more of the island’s housing stock to visitors. Of course, applying the SVT does not necessarily preclude visitor use since homeowner occupancy, or rental of a suite or cottage on the property for at least six months is exempt from the SVT.

It is also important to understand that Salt Spring’s Official Community Plan and Land Use Bylaw has for decades specifically prohibited short term vacation rentals (STVRs) on residential properties. This restriction was put in place and supported by the public over the years to better ensure availability of Salt Spring’s housing stock for permanent residents and employees. Currently, the Islands Trust is pursuing bylaw enforcement or litigation against 128 STVRS.

Salt Spring’s economy and service sector is commensurate with this population, including three elementary schools and a high a school, hospital, a range of local government and recreation services, a large construction sector, home port to three ferry terminals, two major grocery outlets, three financial institutions, and several smaller businesses. Most of these employers are experiencing staffing challenges that are in large part related to the lack of affordable housing.

BC Ferries reports that Salt Spring Island is the worst in its entire system for housing availability for staff.



In addition to commercial accommodation, visitor spending is an important source of revenue for some private service sector businesses during peak tourism season, but Census and economic dependency data from BC Stats indicates that non-employment incomes (including pensions and investment income), the public sector (education, health, local government, ferries), and construction are far more important of income and employment on Salt Spring Island than tourism.

In conclusion, thank you again for your letter which summarized the Provincial criteria for expansion of the Speculation and Vacancy Tax. As outlined above, Salt Spring Island meets all these criteria, and we urge inclusion of this island community in the SVT taxed area as soon as possible.

Sincerely,



Colin Plant  
Chair, Capital Regional District Board

cc: CRD Board  
Adam Olsen, MLA, North Saanich and the Islands  
Gary Holman, Director, Salt Spring Island Electoral Area, CRD  
Earl Rook, Chair, Local Community Commission, Salt Spring Island Electoral Area, CRD  
Ted Robbins, Chief Administrative Officer, CRD  
Karla Campbell, Senior Manager, Salt Spring Island Administration, CRD