



An update on CHBA BC's government relations activities

October 2017 | Issue 16

News from the Provincial Legislature

CEO Neil Moody presents to the Select Standing Committee on Finance and Government Services

The next provincial budget will be delivered in February 2018. The all-party Select Standing Committee on Finance and Government Services traveled around B.C. in October 2017 as part of the pre-budget hearings. CHBA CEO Neil Moody presented at the October 11 hearing by teleconference. [Click here](#) to read the Hansard transcript. Neil discussed the importance of a renovation tax credit for energy-efficiency and restructuring the property transfer tax (PTT) to decrease the tax paid by home buyers. Read the full CHBA BC submission to the committee [here](#).

Consultations

B.C. Cannabis Regulation Engagement

Throughout October, the provincial government accepted public and stakeholder feedback on implementing the federal *Cannabis Act* in B.C., which will come into force in July 2018. CHBA BC's submission identified potential policy gaps that will arise from the legislation if personal cultivation in homes is permitted. This includes a need for remediation standards, and creating public awareness of properties used for personal cultivation with the financing and insurance challenges it creates. CHBA BC looks forward to participating in further consultations to ensure these gaps are addressed. Read the submission [using this link](#).

Fair Wages Commission

The Fair Wages Commission is tasked with determining how British Columbia could transition to a \$15 minimum wage with increases that are predictable and measured. The Commission will also be tasked with looking at the discrepancies between the minimum wage and a living wage. Public feedback on this topic will be accepted until December 7 by 4p.m. [at this link](#). Regional meetings will also be taking place in November and December 2017.

B.C. Energy Step Code

As of November 1, eleven local governments have expressed intent to reference the Step Code in local bylaws. These notifications are all publicly listed online [here](#). Step Code discussions are taking place across B.C. in the coming months. CHBA BC staff recently attended the Capital Region builders' event and discussion held in Victoria on November 1.



National Updates

New changes to proposed small business tax rules

In October, Federal Finance Minister Bill Morneau and Prime Minister Justin Trudeau announced a number of changes to the proposed plans for the small business corporate tax system. This followed weeks of harsh criticism from many groups, including the Coalition for Small Business Tax Fairness that CHBA National is a member of.

The changes include:

- The Small Business Tax rate will be reduced to 10 per cent on Jan. 1, 2018, and then fall to 9 per cent on Jan. 1, 2019.
- Income sprinkling restrictions will continue with better definitions of what is contributing to the company.
- The government is introducing a \$50,000 threshold on passive income in a year (equivalent to \$1 million in savings, based on a nominal 5-per-cent rate of return).
- All past investments and the income earned from those investments will be protected;
- The government is reconsidering the plans to limit an owner's ability to convert regular income into capital gains;
- This move, combined with the pull back on changes to lifetime capital gains exemption rules, means the government is completely deferring its initial plans for intergenerational transfers.

There are still numerous details to be clarified and CHBA will continue to work on these issues on behalf of industry.

CHBA successfully advocates to grandfather existing contracts ahead of new OSFI mortgage rules

In response to Association concerns, the Office of the Superintendent of Finance Institutions (OSFI) has released transition guidance that should ensure buyers of new homes can complete the purchase under the mortgage rules in place at the time they signed the purchase contract, even after the new 'stress test' for conventional mortgages comes into effect on January 1, 2018. CHBA forecasted that without transition rules, over 11% of buyers could have failed the new stress test and breached their purchase contracts. OSFI is now advising financial institutions on the important changes, as a result of CHBA action. CHBA will continue to caution the federal government against further tightening of mortgage rules. However, these changes are an important success for buyers who would have been caught in the middle with serious financial implications.

