

Information sheet:

SECONDARY (BASEMENT) Suites

"Legalizing suites shifts the tax burden to owners without suites"

Cities all over Canada are facing the reality that the vast majority of homeowners do not register their suites when cities make it legal to have one. What this means is that having more legal suites does not mean that the city will automatically generate more revenue.

This is because homeowners often fear having their suites shut down due to non-compliance with regulations, or because they feel that taxes and licensing will be too costly.

The reality about secondary suites is:

- The city would require more revenue to support the population increase.
- The nuisance potential amongst neighbours is greatly increased.
- Legalization means an increase in unregulated suites.
- Costly administration and enforcement is required.
- On-street or off, parking will contribute to suite-generated traffic congestion.
- Absentee landlord regulations are not enforceable.
- Limitation on the number of suite residents is not possible.

BC municipalities have found that the only way to get the owners of existing, unregistered basement and garage suites to register voluntarily would be to:

- Not charge any registration nor inspection fee.
- Reduce safety requirements - no longer require sprinklers, firewalls, secondary exits etc. (adding a stove doubles the risk of the # 1 cause of house fires).
- New assessments would not result enough revenue to cover the costs of services and infrastructure, even if safety requirements were reduced.
- Not tax the suite - (current municipal policy in Oak Bay).

What would be the consequences of legalizing secondary suites?

- Municipal tax revenue would be inadequate to fund associated services.

- There would be no tax revenue to fund, maintain and upgrade the required off-site infrastructure.
- The single-family home - now a duplex, as well as surrounding houses, have become much more susceptible to fire.
- Unsafe suites that cannot be upgraded to meet fire safety regulations will remain illegal and unsafe.
- There will be more illegal suites as it will be difficult and expensive to enforce their closure.
- Suites will be created to permit more people to buy in Oak Bay. Opening up the housing market in this manner would mean that houses now would be required to have suites, as a condition to cover mortgage costs. Housing speculation for profit will intensify
- Property taxes could well rise because houses with suites would elevate the benchmark to recognize suite potential elsewhere as the basis for BC Assessment Authority's evaluation.
- The tax base will shift significantly onto single-family homeowner without a suite. Oak Bay already has the highest CRD property taxes.
- By way of their taxes, existing homeowner without suites will bear all the costs of the regulation of legal suites and the enforcement of illegal suites.
- Although suite revenue will help some homeowners, the majority who for practical and personal reasons do not have suites, will see their taxes increased and may well experience hardship. The tipping point would see them relocate from Oak Bay. This would be the result of basement-suite owners being untaxed or insufficiently taxed.

"It is easy to understand how providing a significant tax benefit for some can negatively affect the taxes of others !"

The spin off impact is that the Development Industry now "campaigns" to get first time home-buyers to enter the "more affordable housing market". Many of those targeted are basement suite dwellers now being enticed into wood-frame, row and townhouse sub-divisions. Many of these are poorly built (for maximum profit) and adjoined or in close proximity. Then, when suites are then allowed in these "squeezed-together-accommodation blocks", the probability of a fire is greatly increased: when this occurs the whole block is severely damaged or destroyed. Besides the loss of life and injury, the taxpayer covers the re-housing costs in a variety of ways: emergency housing, medical costs, new housing assistance and the subsequent increased home insurance premiums.

"Not the best way to promote affordable housing"

In most of Canada's university neighbourhoods and some cities as well (e.g. Vancouver), there has been an illegal suite "explosion" after legalization. The reality is that the above information flies in the face of the Development Industry's sophisticated message, "Legalize infill and suites: it will solve the housing problem".

It most definitely has not. It has made the problem much worse and significantly impacted liveability, health and safety. By adding an annual 250,000 people who can only afford "Rabbit Hutch" accommodation, and by the Federal and Provincial governments dramatically cutting social housing programs, there is no shortage of basement dwellers. Suite accommodation and infill drive up assessments for everyone and thus the pressure on homeowners to have a suite intensifies. The real estate and development industries profit, while those without a suite and those who live in basements suffer the adverse effects.

(Fall, 2015)