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ABBOTSFORD

WHAT PROVINCIAL BILL 7 MEANS FOR LANDLORDS AND HOUSING AFFORDABILITY

Thursday, June 10, 2021

Paul Penner, Realtor, RE/MAX Little Oak Realty

Housing Affordability - one of the hottest topics in the pre pandemic world. Public outcry has drawn government intervention in hopes of bringing down the cost of home ownership and residential tenancies.

One of the underlying principles of economics, as I learned in my eleventh grade Basic Economics class is the concept of "supply and demand". The concept is simple if there are people that want something and less is available prices go up. Bring more product to the market and prices go down. The cost of housing is not an exception to this rule.

The Lower Mainland is an attractive place to live. We are blessed with the Pacific Ocean on our western shores surrounded by majestic mountains to the north and east, the valleys below have some of the most productive soil in North America and we benefit from direct access to the world's largest economy at our southern doorstep. Who wouldn't want to live here? BC is "the best place on earth". Remember that slogan? You're not the only one. Each year the population of BC grows by 50-75,000 people, most of that growth is in the Lower Mainland. Clearly demand is strong.

Our strength is also our weaknesses. The ocean, the mountains and the US border limit opportunities for geographic expansion of our communities. That productive farmland we all love, it's in the Agricultural Land Reserve. Most of the undeveloped land in the Lower Mainland is protected by the ALR and is not available for development. The supply of development land, particularly ground oriented development land is low.

Not everyone can or even wants to own a house. Rental housing is a more affordable option for many. Residential housing vacancy rates in the region are among the nation's lowest and accordingly (supply and

demand) the costs are among the highest. Recent legislative changes have sought to help address this by giving tenants more protection. The unintended consequences of some of these changes have actually had opposite results.

More cumbersome, time consuming and costly procedures have made it more difficult for landlords to evict bad tenants. Controls and a freeze during COVID have made it impossible for landlords to obtain a reasonable return on the value of their investment. The introduction of Bill 7 will only serve to compound the issue.

Bill 7 imposes more regulation (red tape) on landlords. Landlords that have given their tenants a break on their rent over years by not raising their rents have no way of catching up. I recently spoke with a client that owns a small rental building over the years they fell behind on their rent increases. As a landlord I can relate to this from time to time tenants, like all of us face challenges including financial hardship. As the saying goes "there but for the glory of God go I". So you give them a break and forego the yearly increase or even reduce the rent. Over time my clients rents fell further and further behind.

Paul what's my building worth?

Show me the rent roll.

This is where another principal of economics takes over "risk versus reward". An investor's willingness to invest will be tied to the amount of reward in relation to the level of risk in said investment. High risk demands high reward. Being a landlord is high risk. I've had tenants try to start a marijuana grow op, I've had tenants leave without paying the rent, I've had to spend \$10's of thousands fixing a home after a bad tenant. I've even had tenants threaten my life. The high level of risk in relation to the below market rents means that the property has to be sold at a

discount to attract a buyer. In my clients case the property will likely be sold to a developer that will demolish the building and build a commercial development. If the rents were at market or if the new landlord could bring the rents to current rates the rental unit would likely remain.

The reality for residents of the region is that it's not cheap to live in paradise and no amount of heavy handed government intervention is going to make it cheaper but it could make it more expensive. I am not arguing for no regulation, I'm suggesting we need balance. Let's find a way to attract investment in rental housing while protecting good tenants.



Paul Penner – Is a Board Director of the Abbotsford Chamber of Commerce and a member of the Government Affairs Committee. He has studied Urban Land Economics at the University of British Columbia and an instructor within the real estate industry. He is a licensed Realtor and works at RE/MAX Little Oak Realty.

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EXECUTIVE DIRECTOR'S MESSAGE

POLICIES PASSED AT BC CHAMBER AGM WILL HELP BUSINESSES COMPETE, INNOVATE AND BE INCLUSIVE IN POST-PANDEMIC ERA

On May 28-29, 2021, Chambers of Commerce and Boards of Trade from across the province gathered online at the 69th Annual General Meeting and Conference of the BC Chamber of Commerce. The event included the annual policy sessions where 70 policy resolutions, submitted by 24 Chambers of Commerce and Boards of Trade, were tabled, debated and voted upon. Sixty resolutions were approved and will be included in the BC Chamber's 2021 Policy & Positions Manual, four were not approved and six were referred to the BC Chamber of Commerce Board of Directors for consideration.

Key Policy Areas for 2021

Let's Compete

Small business recovery hinges on "a BC-built-to-compete" framework.

This year the Chamber network passed several policies, bold in nature, that will help boost the competitiveness of BC businesses. For example, the need to introduce a made-in-Canada tax policy process that is efficient, measurable, and inclusive for all; to increase the base payroll exemption threshold of the Employer Health Tax to allow more small businesses to be exempt from the tax; to acknowledge the critical role that the natural resource sector plays in BC's economic recovery as it creates much-needed economic opportunities and growth for remote, northern, and Indigenous communities and well-paying jobs that support families and communities in BC and across Canada.

Policies focused on boosting business competitiveness include but are not limited to:

1. Renew the COVID school tax cut and employer health tax deferrals
2. Made in Canada – Inclusive tax policy process (ITPP)
3. Encourage hiring by amending the

- Employer Health Tax
4. Resource industries – A critical ingredient in the post-pandemic recipe
5. Supporting a globally competitive LNG industry in BC

Let's Innovate

The Chamber network understands that economic diversification, that includes the support of emerging economies, is essential to sustained economic recovery. Several policies were passed that will focus on this, such as the need to leverage BC's international reputation as a leader in the delivery of sustainable, renewable energy solutions and a clean technology economy; support the tourism and hospitality sectors and their critical need for a springboard in their economic restart; encourage the continued expansion of the Mobile Business License program initiative across the province, with the goal of eventually establishing a single, province-wide licensing program for all businesses.

Policies focused on boosting innovation include but are not limited to:

1. Clean technology and the renewable, sustainable energy sector in BC
2. Focused support for the local tourism and hospitality sectors in the economic restart
3. Enhanced push for intermunicipal mobile business licenses
4. Promoting innovation in regional solid waste management

Let's Be Inclusive

BC's recovery must include systemic changes that advance economic reconciliation and create equitable opportunities for all British Columbians. Many of the social and economic inequities that persist in our communities today will be addressed through policies that shine a light on those inequities. Of note is a ground-breaking policy that calls



Katerina Anastasiadis
Executive Director

for actionable steps to move forward BC's Declaration on the Rights of Indigenous Peoples Act legislation and another that proposes legislation to recognize National Indigenous Peoples Day as a statutory holiday. Other policies include supporting regional and remote air access for all British Columbians by treating air service to remote and rural communities as an integrated public and private service and supporting regional airlines through grants or subsidies; highlighting the need for more inclusive veteran workforce planning and communication around the value of hiring veterans; creating province-wide equitable access to medical services – no matter the location.

Policies focused on boosting inclusiveness include but are not limited to:

1. Creating a comprehensive action plan to build a sustainable business relationship with Indigenous Peoples
2. Support for a recognized National Indigenous Peoples Day holiday
3. Regional and remote air access for British Columbians
4. Veterans: An asset to any workforce
5. Emergency medical services for British Columbians

The final 2021 Policy & Positions Manual of the BC Chamber of Commerce will be available in early July. www.bcchamber.org

NEW BUSINESS: Ridgetek Communications Inc. 604-302-2152

UPCOMING EVENTS:

Thursday, June 17
New Member Orientation
11:30am – 12:30pm

Thursday, June 24
Summer Update and Q&A with MP Brad Vis
11:30am – 12:30pm

Friday, September 10
34th Annual Golf Tournament
11:00am – 6:00pm

For more information on our upcoming events, please go to our website www.abbotsfordchamber.com.



THE ABBOTSFORD CHAMBER OF COMMERCE'S POPULAR AGRICULTURE TOUR HAS GONE VIRTUAL IN 2021!

This year's virtual tour from June 7th - 11th showcases the industry through an "Agriculture, A Backstage Pass". We explore three different agriculture sector businesses with video access to those farms or agriculture facilities that are not typically accessible due to biosecurity or the size of the group. This is a unique opportunity to showcase the diversity of agriculture in our community and see the economic impact that agriculture has on Abbotsford and the Fraser Valley.

Thank you to our videography sponsor RBC Royal Bank and tour sponsors BC Egg Marketing Board, Community Futures South Fraser and FCC.



Stops on this year's tour include:



Siemens Farms

Mark Siemens is a third-generation farmer and currently takes care of the day-to-day operations of his family's egg farm in Abbotsford. He is also the president of the BC Egg Producers Association, an organization of farmers who discuss important operational issues such as animal welfare, disease prevention, and the latest agricultural developments.

Mark is a BC Egg Ambassador and, pre-pandemic, has volunteered at many public outreach events such as the PNE and Ask an Egg Farmer events at Save On Foods stores. He loves showing groups around his farm and takes pride in the novel aviary system he uses to house his hens.



Arendsdale Dairy Farm

Derek Arends is a third-generation dairy farmer. He runs Arends Dale Dairy Farm with his parents Ben and Sandra and his wife Amanda. Recent expansion to their farm includes new dairy facilities, a 40 cow rotary parlor, and new bunker silo to allow for increased storage capacity.

They manage 380 acres of arable farmland in corn and grass production. 618 kgs CDQ Dairy Quota. 470 Milking cow herd. 500 +/- young stock.



Lakeland Flowers

In 1974, Peter Warmerdam and his family purchased land in the Sumas Prairie Flats in Abbotsford where the farm currently stands.

Peter chose the Sumas area because the sandy soil made harvesting bulbs easier and the steady winds kept foliar diseases at bay. The

ownership in the business eventually transferred to his sons and he became fully retired from working on the farm at 87 years of age.

In its 47 years in Abbotsford, the farm has expanded from a small operation to a company of nearly 100 employees. Today, Peter's son Nick owns and operates Lakeland Flowers which continues to grow millions of beautiful daffodils, tulips, peonies, and sunflowers each year.

All the videos can be viewed on the Chamber's website www.abbotsfordchamber.com/events



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