

[REDACTED]

From: Rob Young [REDACTED]
Sent: April 11, 2022 5:30 PM
To: Office of the Legislative Counsel
Subject: FW: Legislation - for review
Attachments: Premier of Nova Scotia - Young, April 4, 2022.pdf; Premier of NS - Healthcare, Real Estate - Non-resident Tax Apr 6 2022.pdf

Importance: High

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To: Law Amendments Committee (LAC)
From: Rob Young, Hermans Island
Subject: Non-resident legislation

Please consider my email response below, to the Honourable Susan Corkum-Greek, and attached letters sent to the Premier's office last week.

Sincerely,

Rob Young

[REDACTED]

From: Rob Young
Sent: Friday, April 8, 2022 3:46 PM
To: susan.corkumgreek@yahoo.ca
Subject: FW: In response to your communication re: punitive tax of non-residents

From: Rob Young
Sent: Friday, April 8, 2022 3:42 PM
To: susan.corkumgreek@yahoo.com; premier@novascotia.ca; FinanceMinister@novascotia.ca; Susan Corkum-Greek <Susancorkumgreekmla@gmail.com>
Subject: In response to your communication re: punitive tax of non-residents

To: The Honourable Susan Corkum-Greek,

Thank you for your response (below) to the non-resident tax discussion. As a non-resident of 20+ years, a Nova Scotian, Canadian citizen, I agree 100% with your focus on a sustainable and advantageous climate of growth for Nova Scotia. Your comments bring to light, transitioning from the status quo. A few comments to the topics you raise:

Cooling an overheated housing market:

A non-resident tax penalty is not a solution, nor will it do anything to abate an overheated housing and inflationary market. The Bank of Canada's monetary policy is already showing signs of cooling inflation, and will certainly slow demand, cyclical, with more to come.

Housing is obviously not the only inflation recipient of limited supply and high demand. The economic impact includes trades, materials, supplies, professional services and capital equipment investment that are a significant influence on real estate and housing affordability. With this in mind, a non-resident property tax levy is misguided. We would love to pay less for all of these recurring costs to maintain our homes and properties.

Ottawa's announcement of a two-year ban on foreign home buying will directly address speculative real estate investing from foreigners, a dead stop to foreign investment. There's no need to penalize existing non-residents who have been contributing the economic GDP and social well being of Nova Scotia communities for years, generational. The demographic and economic data of these non-residents deserves further analysis.

Reduce speculative investment:

Nova Scotia proposes to exempt a non-resident who rents their residence/units for 12 months of the year (because they are providing residence to others). This has the opposite effect, it only fuels speculative investing from out of province, rewarding or welcoming investors and penalizing a non-resident who is not an investor. It also contributes to inflating rents and house prices. Investors for rental revenue are far advantaged over the middle-class families or first-time home buyers in purchasing a home (my prior letter). They're not a net positive to increasing housing supply or affordability.

Secondly the idea that the tax may motivate a non-resident to rent their home for 12 months is seriously flawed. Our homes are not rentable for any number reasons, geographical location, price, lived in, etc. Our homes are not intended or purposed for renting. Lower priced homes in urban Halifax, owned by non-resident investors, yes, implement a one-time tax on the speculative investor, (higher, 15% - 20%) with clarity. Generalizing non-residents is too broad to achieve the intended results. Local Nova Scotia or non-resident investors have the same objective, ROI. They contribute to inflationary house prices and escalating rents.

Seasonal Non-Residents are negative to Nova Scotia population / other growth:

We object to being characterized as seasonal. We live full time, 24x7 in Nova Scotia for 6 months of the year, and purchase goods and services 12 months of the year, and we contribute to local community organizations and initiatives all year long.

Non-residents are not a healthcare burden to the province. We are not eligible for MSI insurance benefits. For example, a non-resident who lives in Ontario, and receives medical attention in Nova Scotia, via the Health Act, portability/access, Nova Scotia is reimbursed by Ontario. Foreign residents, U.S.A and other, pay for their insurance through private plans in their domain. The reality is they return to their domain for ongoing chronic health needs or specialty medical needs. They pay for NS medical services, if an emergency, through their private plans or private pay, not paid for by Nova Scotia's healthcare budget.

You state that you would like us to live in Nova Scotia 12 months of year. Those who are 65 to 70 years old, retiring, will add to Nova Scotia's healthcare burden, a higher spend for an aging population. Today, these non-residents do not add cost to Nova Scotia's annual healthcare spend. They also contribute indirectly to payroll / income tax revenue through demand purchasing.

Attracting talent, innovation and healthy businesses:

This is big, extremely important to a prosperous future for our beloved province of Nova Scotia. I think you are correct in stating that for decades young and aspiring talent left the province for opportunity, very true, both my wife's parents

and my parents did back in the early 50's. We are not speculators or investors. We will be penalized for returning to our homeland.

Attracting businesses and producing financially healthy economic growth has many elements to it. I want to address the people side of it, to your point.

Those who left are returning. No, not just retiring, not just seasonal. Many non-residents are returning, professionals in all sectors, including medical, IT, financial, engineering, research, education, etc. It should not be an on/off switch, return or not, live here full time or not. Further outbound migration may occur.

One huge influence is the digital transformation, enhancing workforce flexibility, competing for talent, and the rapid change in delivery of professional services. I urge you to look more closely at this economic and social impact. It's an opportunity for Nova Scotia to embrace and realize the changes you want to see.

I know many professionals that you would consider non-residents, but in fact they bring business and professional services to Nova Scotia's economy. Some wish to expand their financial, medical, IT, tele education, services, etc. in Nova Scotia. They are creating their own transition path, self-empowered talent. These are innovators, specialists, doctors, medical personnel, other industry professionals, etc., the very people you want in the province. The tax levy only deters them from a transitional path to return.

Others, I'm sure you know some, wish to transition, maybe retire in 5 to 10 years in Nova Scotia. The non-resident can't afford, or it just doesn't make financial sense to pay an extra \$250,000 over the next 10 years in tax penalties. I'm hearing it every day. They bring ideas, real prosperity, and GDP growth to Nova Scotia now. The penalty will force Nova Scotians to sell, not wait 10 years. You may think a good thing. This is wrong, it will not provide more housing supply to local residents where geographically needed, and not at the housing price tiers to accommodate the highest impact need. it's a net dollar loss to the province, businesses and communities.

Think about the increasing PRN jobs in Canada. Nova Scotia is terrific for this opportunity, both for the employee seeking PRN, and attracting talent to the province, more inbound migration, maybe starting with a non-residence purchase in Nova Scotia.

My point is, it's not a hard red/green light path to bringing those you want to Nova Scotia. Don't penalize invested non-residents already here in Nova Scotia. Younger talent will not leave as these experienced mentors groom the up and comers, both through local organizational development, businesses, services and community participation.

I would suggest, your statement "non-residents are squeezing out our own" may in fact cause divide versus collective participation in our communities and the economic results you strive for.

Thank you for the opportunity to address your concerns and objectives. I hope the key elements of this message will be seriously considered further.

Sincerely,

Rob Young
Rob@RJYHoldings.com

From: Susan Corkum-Greek <susan.corkumgreek@yahoo.ca>
Date: April 6, 2022 at 6:50:29 PM ADT

Subject: Re: Punitive tax of non residents

Thank you for reaching out to share your greetings and your feedback on the Non-Resident Provincial Deed Transfer Tax and the Nova Scotia Non-Resident Property Tax.

These measures are aimed at cooling the overheated housing market in Nova Scotia that has pushed home ownership beyond the reach of most Nova Scotians, including the future workers we need to grow our economy, even the doctors and nurses we are recruiting to strengthen our health care.

So respectfully, I must disagree with the notion that this is a national or even international crisis that we are not in a position to influence or fix.

The fact is we do expect this legislation will reduce the number of non-Nova Scotians buying houses, particularly for investment and speculative purposes. At the same time, it may encourage properties owned by non-residents to be offered for rent, providing additional housing options.

We do realize that no one likes to pay more, and so cannot express surprise at the reaction of seasonal residents to these measures. I count many such people among my friends and have said more than once that it is not a case where we don't want you. In fact, we'd like you to live here 12 months of the year.

Because from an economic point of view what Nova Scotia truly needs is to grow our population. We need to fill our labour shortages so that business and industry can seize opportunities for new product development, new export markets, growth and sustainability driven by innovation, and a desire to reduce our environmental impacts and collective carbon footprint.

While not diminishing the value of home renovations, landscaping, dining and retail spending by our seasonal residents, this does not a healthy economy make. Too much of the impact resides in a narrow band of time. Too many of the jobs supported are low wage (though I will acknowledge such is not true for the construction trades).

Moreover, the clamour for a seasonal home by the sea for summers or future retirements has had the effect of squeezing out our own, at a time when young Nova Scotians, as well as working-age people from other areas of the country and abroad, are finally seeing opportunities here for good jobs and a great life.

This is a significant shift in a province where for too long we collectively bought in to the idea that you had to leave Nova Scotia to prove your mettle, be that your intelligence, professional acumen or business idea. We lost generations to this idea, and the efforts of those individuals — their accomplishments, innovations, jobs or wealth created - were lost to our province.

Neither is this a repeat of the former Liberal government's cancellation of the film tax credit, which was ill-considered with devastating impact. This is something that has been thoughtfully developed, including full consideration of the economic and social impacts, by a Progressive Conservative government.

That said, I continue to encourage those who feel strongly about the proposed bill to take advantage of the Law Amendments process. Unique to Nova Scotia, this is a process whereby members of the public have the opportunity to speak to all bills following second reading in the House. Comments may be submitted in writing, delivered in person or via a virtual link.

At this point, the bill has not yet been introduced so I can't yet provide a date as to when the matter will appear before the all-party Law Amendments Committee. However if you would like to contact my constituency assistant Ashlee Feener, she can place your name on a notification list.

My very best regards,

Susan

Hon. Susan Corkum-Greek
Minister of Economic Development
and MLA for Lunenburg

Robert and Susan Young
Hermans Island
Lunenburg, NS [REDACTED]
[REDACTED]

U.S.A. Residence
Smyrna, GA [REDACTED]

April 4, 2022

Honourable Tim Houston
Premier of Nova Scotia
1700 Granville Street
Halifax NS B3J 1X5

Dear Mr. Houston,

In reviewing your biography, I would like to share with you our love for Nova Scotia, its people, communities, and heritage. My wife, Susan was born in Yarmouth (Wedgeport). Susan's father, Elson Boudreau was one of eight and Susan's mother, Eva LeBlanc was one of twelve, from Wedgeport.

Elson served in the Royal Canadian Navy, graduating from Université St. Anne, Church Point, N.S. The fishing industry was not a career path for Elson. While managing the Wedgeport Tuna Club, hosting International Tuna Tournaments, he was offered a position in Mobile, Alabama. At the age of 37 Elson relocated his family to Mobile for opportunity, returning yearly to N.S. My dad, Reginald Young, from Indian Point and Halifax, served in the Royal Canadian Air Force for over 30 years.

Susan and I just turned 70 years of age, and we have been traveling to N.S. our entire lives, never missing a year. After 49 years of full-time careers, we retired in December 2021. We had hoped to spend 5 to 6 months a year at our home on Hermans Island, beginning this summer.

As a distinguished FCPA recipient, I know that you not only understand budget planning and fiscal responsibility, but you are able to link performance and actual results to the analysis.

I can assert, as non-residents of Nova Scotia, that we contribute more dollars to the annual GDP of Nova Scotia as compared to resident per capita contribution.

Annual spend for maintenance, services, products and living cost are significantly higher for us as non-residents, versus resident per capita spend. We are net positive contributors. Additionally, non-resident capital purchases in Nova Scotia tend to be a higher than average, contributing increased dollars to the province. Our consumer dollars support local businesses, trade, church, communities, and government.

We are not utilizing Nova Scotia healthcare services, a significant cost savings to Nova Scotia's budget. Given our age, yes, we have recurring healthcare needs, which we bring into the province and pay for. We do not add \$1.00 of burden to the Nova Scotia healthcare spend, but we contribute to the provincial healthcare revenue sources. It is not necessarily a good thing to motivate retired elderly people to become full time residents, adding to an aging population healthcare burden.

We currently pay approximately \$11,000 per year in annual property taxes. With a new non-resident tax policy, this will increase our property taxes to over \$36,000 per year (227% increase), provincial and county. Unfortunately, our budget cannot support this. We have lived very conservatively and built a modest level of assets over a lifetime.

A 2% penalty tax is not a net revenue positive for the province. Indirectly, forcing us to sell our home will reduce net revenue contribution to the province, as it will for most non-residents in similar situations.

Penalizing non-residents, Canadian citizens, who spend 5 to 6 months year at their residence in Nova Scotia is not a financial solution to the achieving the fiscal goals and objectives of the province.

For consideration:

- If new buyers/market cycles are viewed as negative, don't penalize those who pay now
- Grandfathering in Canadian citizens who currently own residence in Nova Scotia
- Tiered based on length of property/home ownership in Nova Scotia (we are 24 years of property/home ownership in N.S.)
- Tiered based, declining periods (e.g. Year-1: 2%, Year-4: 1%, Year-7 0%)
- First time buyer, a non-resident entry fee/tax, percentage on purchase price
- Evidence of spend dollars per year
- Evidence of time spent in N.S. per year
- Home price or property tax tiers
- Consider Canadian citizens versus non-citizens

Respectfully,

Rob and Susan Young

cc: Honourable Allan MacMaster, Minister of Finance and Treasury Board
Honourable Susan Corkum-Greek, Minister of Economic Development

Robert and Susan Young
Hermans Island

NS
[REDACTED]

U.S.A. Residence
Smyrna, GA [REDACTED]

April 6, 2022

Honourable Tim Houston
Premier of Nova Scotia
1700 Granville Street
Halifax NS B3J 1X5

Subject: **HEALTHCARE, HOUSING COST** Impact of Non-resident property tax

Sent via e-mail:

The Honourable Tim Houston, Premier of Nova Scotia
The Honourable Allan MacMaster, Deputy Premier, Minister of Finance and Treasury Board
The Honourable Susan Corkum-Greek, Minister of Economic Development, MLA for Lunenburg

Dear Mr. Houston,

Following up on my letter dated April 4, 2022, I would like to address two key subjects as it relates to achieving the goals and objectives of the non-resident tax.

HEALTHCARE

Non-residents, 27,000 families, are not eligible for NS (MSI) insurance benefits. As result, any medical services rendered in NS are paid for from other sources, not a burden to NS. Much of the ongoing healthcare needs of non-residents is sourced in their primary residence location.

For example, as non-residents, and property/homeowner's 20+ years, our personal healthcare / medical needs, while in NS are 100% paid for by our private U.S. insurance carrier, personal premiums, and private pay.

Similarly, the fiscal spend results are the same for NS non-residents who live in Ontario and receive medical treatment/services in Nova Scotia. Under CHA access / portability, Ontario reimburses Nova Scotia.

27,000 non-resident families represent a 41% net savings (\$171m saved this year) per capita healthcare spend on the proposed \$413.3m increase to the healthcare budget, using NS population at large. You could argue that the actual cost savings is higher if you segment the healthcare spend by age demographics for non-residents.

A 3x tax increase will influence some people to retire full time to NS. At 65 or 70+ years old, they will be in the top tier for increasing medical needs and potentially long-term care, becoming an added healthcare burden to NS, as opposed to a cost savings.

Asset transfer 3x tax rates will force a percentage of non-residents to sell. Unfortunately, we will lose precious generational asset transfer, negatively impacting future family growth and business migration to NS, especially in the areas that gain the most from social and community development.

Non-residents contribute significant dollars to the NS. Non-residents indirectly contribute to NS workforce payroll and income taxes through continuous demand purchasing. Being seasonal or partially remote, we typically have high operating cost to maintain our properties and residences. We purchase goods and services all year, supporting local businesses and a broad range of organizations and local communities. We invest/spend in local NS consumer capital purchases, generating revenue and taxes to NS. We pay for local professional services in our communities.

The majority of the 27,000 non-residents are integral participants in all aspects of NS communities, particularly rural or ancillary areas, a measurable asset to healthy and desirable growth.

HOUSING, INFLATION and AFFORDABLE HOUSING:

The non-resident tax is clearly a 100% negative, having the exact opposite effect to the stated objectives. This will fuel speculative real estate investing even further, especially during excessive inflationary periods, limited supply and high demand. Real estate investors love this climate. It will be all negative to home ownership, single and multi-family rental, and NS Affordable Housing initiatives.

For example, the non-resident tax levy is a penalty to the non-investor homeowner. Adversely, the non-resident investors are rewarded, exempt from the tax.

The non-resident investor is 100%, absolutely NOT providing affordable residency to a local Nova Scotians. In fact, they are eliminating families from being able to compete in purchasing homes.

Investors know how to easily beat out the middle-class family trying to purchase a home. Often investors are cash buyers, or they have significantly more creative ways to purchase. They will pay over appraisal, in cash, meeting lender loan requirements. They will eliminate inspection repair needs, other contingencies, less headache for the seller. Investors don't have to rely on real estate agents to create offers. Investors and their resources will beat out the local home buyer. Offers are more attractive to the seller. Investors will pay more for the property, close faster, exasperating the problems.

Real estate investors, small or large corporation love this inflationary and short supply climate. They will pay over market rate to get in, accelerate rent increases, flip properties in the short term, 1 to 3 years, inflation is a net happy to them

Secondly, investors look to diversify their portfolios during inflationary periods. Real estate has always been an alternative hedge for the prudent investor. NS real estate prices, while significantly higher, are still a bargain as compared to Toronto, Vancouver, San Francisco, Ft. Lauderdale, or Europe.

The tax exemption for 12-month rental sends a clear welcome message to the real estate speculative hunter.

I would apply a tax levy or similar fee to non-resident property investors who rent their properties / units. Do not reward the investor who actively participates in the problem.

Another solution, charge an incoming fee, higher to the investor, along with a general non-resident cap uplift (max 1.2% total, local property tax plus provincial non-resident). Or other criteria, Canadian versus non-citizen, or a one-time fee. I don't think the goal is to drive the non-resident, non-investor away or deter them from home ownership in NS. Maybe it is the intent, but the practical and dollar allocation of the non-resident tax is a net negative impact all the way around.

Additionally, on another affordable housing topic, promote cooperation between the real estate investors and the NS Affordable Housing initiatives. There are many fruitful ways to partner up with the private sector, or individual investors to provide affordable housing in new and existing single and multi-family communities. This applies throughout NS, not only urban areas.

OVERALL

I would encourage further detail analysis and scrutiny of the expected results from this tax penalty.

I currently pay \$11,000 in property taxes (\$35,000 with the tax levy), and we had planned to be in NS 5 to 6 months full time, starting June this year, just retired, 70 years of age. We have owned our property/home for 20 years. This is unaffordable, and it feels like a penalty. We are net positive dollar contributors to Nova Scotia, without a tax penalty.

My wife and I do not have children in schools, our community road is private, we pay for road maintenance, plowing, and other common area maintenance. This is all positive, contributing tax dollars to our local schools and services. Many of us non-residents are generational, we love to see our communities thrive, we want to attract families, services, businesses, and the like for the long term.

Respectfully,

Robert Young

cc: Honourable Allan MacMaster, Minister of Finance and Treasury Board
Honourable Susan Corkum-Greek, Minister of Economic Development