



BACKGROUND

Proposed UBCM Resolution: Unfarmed Land Tax

Proposed Resolution:

WHEREAS the purpose of the Agricultural Land Reserve (ALR) is to preserve much-needed land for farming to ensure local food security, and not real estate speculation;

AND WHEREAS speculation in the ALR can lead to increased land values and the underutilization of ALR land for farming;

THEREFORE BE IT RESOLVED that UBCM call upon the Province of BC to establish a targeted unfarmed land tax, to discourage speculation and encourage farming in the ALR.

The City of Pitt Meadows' recently-completed Agricultural Viability Strategy identifies farm property tax reform, including a targeted tax on unfarmed land, as a key action for stimulating a productive agricultural land base. In order to try to prevent valuable farmland from falling into the hands of speculators and developers, the proposed Unfarmed Land Tax is intended to be similar to the Speculation and Vacancy Tax introduced by the Province in 2018, to try to discourage housing speculation and people from leaving homes vacant in designated areas of BC.

The proposed Unfarmed Land Tax would tax land that is within the ALR that could be farmed, but that is not being farmed due to land speculation. It is intended to encourage farming in the ALR by providing a financial incentive to farm the land or lease it for farming.

The [2022 Farm Credit Canada Farmland Values Report](#) states that "the average cultivated farmland values in British Columbia increased by 8.0% in 2022. This followed an 18.1% increase in 2021 and an 8.0% increase in 2020. British Columbia is the only province to have recorded a single digit increase at 8.0%, but it is also a market where land values on a per-acre basis are the highest on average. Increasing demand and limited supply contributed to higher values throughout the province. Farmland near urban areas or within commuting distance saw increased competition for hobby farming, rural residences or investments." The land values are particularly high in the South Coast, Vancouver Island, and Okanagan regions.

This increase in land cost makes it nearly impossible for new, young farmers to enter the farming sector. Leasing land is now necessary to farm, as farmers are getting priced out of the market; however, farmers are less likely to invest in infrastructure and equipment

for leased land due to the uncertainty. Additionally, some land owners speculate that by not leasing the land for farming, they will be able to prove that the land is not viable for farming, in order to try to exclude it from the ALR and redevelop it for urban uses in the future.

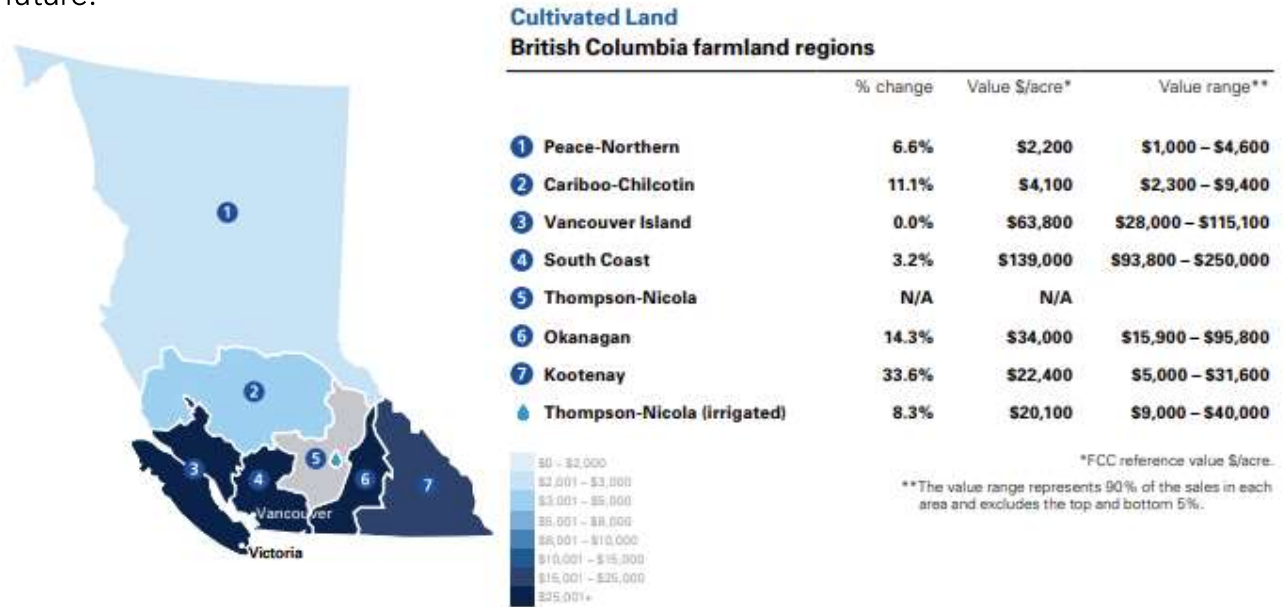


Figure 1 – BC Cultivated Land Value/Acre

Similarly, the BC Fruit Grower’s Association and the BC Tree Fruit Sector conducted an [ALR Review](#) in 2018, recommending an ALR luxury tax that would be applied to Non-residents on ALR land, that would be higher than the property tax on a similar large homes in an urban area, to prevent residential development in the ALR.

As recently reported in the media (see November 29, 2023 issue of [Country Life in BC](#)), an anti-speculation tax, or tax on unused farmland, is being considered by the Province and is supported by BC Young Farmers.