



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

January 30, 2017

Honourable Mike de Jong, MLA
Minister of Finance and Government House Leader
Room 153, Parliament Buildings
Victoria, BC V8V 1X4

Sent by email: fin.minister@gov.bc.ca; citizenengagement@gov.bc.ca

Dear Minister,

RE: Market Housing Affordability

The British Columbia Real Estate Association (BCREA) appreciates the opportunity to contribute feedback to the 2017 BC Budget through this engagement process. We further appreciate the focus on market housing affordability as a discussion point in this consultation.

BCREA supports the recent introduction of the BC HOME Partnership to assist first-time homebuyers achieve their down-payments, as well as the increase in the Home Owner Grant threshold. Along with the government's investment in affordable rental housing, these actions demonstrate an understanding of the need to ensure that the housing continuum operates effectively and confidence in the housing market is maintained. BCREA supports a focus on initiatives that will increase the supply of housing options so that supply equals demand.

As an immediate, achievable priority that aligns with recent affordability measures taken by your government, we urge you to increase the First-Time Home Buyers' Program Property Transfer Tax (PTT) exemption threshold to \$750,000 from \$475,000. To the best of our ability, using data from 2015 and 2016, we estimate that this initiative would cost the government \$26.6 million. The value of this change is significant, though, as it will allow first-time buyers of homes valued up to \$750,000 to benefit, whether they choose new or existing homes.

In addition, we offer recommendations for several of the examples listed in the consultation materials, to assist a wider array of British Columbians.

Incentives that support expanding supply of housing, rental and other shelter

- Increase the supply of smaller, market homes in neighbourhoods using PTT revenue to create gentle density in low density neighbourhoods. For example, the province could provide financial incentives to municipalities to permit the sale of laneway homes and the stratification of secondary suites, where the home permits it. Funds could be used to update zoning and to create a system for stratifying suites.

1420 – 701 Georgia Street W, PO Box 10123, Pacific Centre, Vancouver, BC V7Y 1C6

President Deanna Horn | President-Elect Jim Stewart | bcrea@bcrea.bc.ca | 604.683.7702 (tel)
Past President Scott Russell | Chief Executive Officer Robert Laing | www.bcrea.bc.ca | 604.683.8601 (fax)



- Counter “Not-in-My-Backyard” opposition to development through public education via a “new neighbours” campaign to increase acceptance of new developments geared to first-time homebuyers and purpose-built rental developments.
- Ensure local governments levy development cost charges and community amenity contributions appropriate to the impact of development.
- Encourage the federal government to:
 - o Create more housing stock by allowing sellers of investment real estate to defer the recapture of previously-claimed depreciation (Capital Cost Allowance) on investment property when the proceeds are reinvested in another investment property.
 - o Amend the *Income Tax Act* to enable a deferral of both the capital gains tax and the capital cost allowance recovery for all real property investments when an investment property is sold and the proceeds are invested in another real property within a specified time period.

Incentives that support access to expanded supply

- Use the new Housing Priority Initiatives Fund to increase the 2% PTT threshold from \$200,000 to \$525,000. Using 2015 data, we estimate that this measure would cost about \$214 million, and help consumers all around the province, whether they purchase residential or commercial real estate, new or existing homes.
- Index the following PTT thresholds using the Consumer Price Index, and make adjustments annually:
 - o 2% and 3% thresholds,
 - o First-Time Home Buyers’ Program exemption threshold, and
 - o Newly Built Home Exemption threshold.Indexing would cost the government about \$5.8 million in the short term, rising to \$29.3 million in five years, assuming the price-distribution of buyers remains relatively constant.
- For any future changes to the PTT, ensure that real estate transactions already underway are exempt.

Smart transit expansion

- Increase the supply of affordable, market, ground-oriented, family (three-bedroom) homes along transit corridors in lower density neighbourhoods using PTT revenue. For example, the province could provide financial incentives to municipalities fast tracking medium-density projects—townhomes, co-housing and cooperatives—to help defray the costs of accelerated planning and rezoning.

Incent or lead streamlined and faster housing and rental development approval processes at all levels of government

- Encourage improvements in the municipal development application process, such as reduced turnaround times for obtaining construction permits.

Hon. Mike de Jong

Page 3

January 30, 2017

If BCREA can assist in any way, please contact me directly (rlaing@bcrea.bc.ca; 604.742.2787).

As you know, BCREA is the professional association for more than 21,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

Sincerely,

A handwritten signature in black ink that reads "Robert Laing". The signature is written in a cursive, flowing style.

Robert Laing
Chief Executive Officer

Copy: David Eby, MLA – Vancouver-Point Grey (david.eby.mla@leg.bc.ca)