



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

the bulletin

Focused on BC's Housing Affordability

Because few purchases are as significant as the purchase of a home, housing affordability is an essential element of BCREA's focus. Looking back at 2010, the Association is proud of its numerous initiatives to help work towards housing attainability and home ownership as more than just a dream for British Columbians.

BC's ability to attract and retain working age population is being offset by the high cost of home ownership which in turn is being exacerbated by the highest Property Transfer Tax (PTT) in the country. The PTT on an average priced BC home at the end of 2009 was \$7,811, roughly 122 per cent more than on an average priced home in Ontario. As an increased burden, new residential construction is also subject to a 12 per cent Harmonized Sales Tax (HST). For these reasons, BCREA's government relations focus over the past year has largely been dominated by lobbying for improved housing affordability and lowered shelter taxes.

One of the important ways that BCREA supports this goal is through its Shelter Taxes Website. Focusing on the PTT and HST, the site includes recommendations to government regarding shelter taxes, overviews of how the PTT and HST affect housing affordability and includes a calculator to estimate the costs shelter taxes add to new home purchases.

In April, BCREA focused on shelter taxes during its Government Liaison Days Conference, an annual provincial lobbying event. In meetings with more than 70 of the province's 85 Members of the Legislative Assembly, REALTORS® brought forward recommendations to reduce the negative impact of shelter taxes through a

submission called *Shelter Taxes: Fairness for All British Columbians—Working Together for an Equitable Solution*.

On September 28, as part of the provincial budget consultation process, BCREA presented further recommendations to improve housing affordability for BC homebuyers. Because provincial shelter taxes, namely the PTT and the HST, place an unfair burden on homebuyers the Association made the following recommendations for inclusion in the provincial government's 2011/2012 budget:

- Increase the 1% PTT threshold from \$200,000 to \$525,000, with 2% applying to the remainder of the fair market value.
- Index the 1% PTT threshold of \$525,000 using Statistics Canada's New Housing Price Index, making annual adjustments.
- Index the HST new home rebate threshold—currently set at \$525,000—using the New Housing Price Index and make adjustments annually.

Maintaining its focus on this goal, BCREA was a planning partner for the first ever Housing Affordability Symposium (HAS), presented by the Canadian Home Builders' Association of BC's (CHBA BC) and BC Housing. Held on November 1 and 2, elected officials, construction industry leaders, members of government and others engaged in discussions about BC's critical issue of housing affordability and openly discussed barriers and possible solutions for the province. Most notably, the event focused on engaging attendees in an understanding of their key roles in the change required to provide market housing within the means of all British Columbians. Visit www.withinyourmeans.ca for a copy of the symposium's report and



recommendations.

BCREA looks forward to continuing to push its housing affordability focus and initiatives into 2011. The Association is determined to help build meaningful solutions to help make homeownership an equal opportunity for British Columbians.

For a better understanding of the effect that shelter taxes have on BC's housing affordability, visit www.bcrea.bc.ca/shelbertaxes.

To view BCREA's briefs and other government submissions, visit www.bcrea.bc.ca/govt/briefs.htm.

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President's Report

Leadership Takes All of Us

You and I, we are all leaders and it will take all of us to show the value of the REALTOR® symbol. Now that the agreement with the Competition Bureau has been approved, it is time to demonstrate our value to the consumers. Each of us has the responsibility to be ambassadors for our industry: to be professional and to demonstrate that to the public.

In our daily working lives, we interact with many customers and those relationships need to be positive. Nationally, there are more than 100,000 REALTORS® and in British Columbia, we have over 18,000. That's a lot of REALTORS® speaking with a lot of customers!

Do you believe we can change their perception? Do you believe we are responsible to do so? The leadership of organized real estate believes that and I'm sure we can all agree that we all want the public to believe – with confidence – that we are professionals.

I'm sure you are asking yourself how we are going to achieve this goal. My suggestion is by one customer at a time. That may seem simple, but sometimes simple is the best

way to start. By demonstrating our unique value to our customers, we can do it. It will not be easy and it will not happen overnight, but it can happen and we will work towards making it happen.

Whether you are a seller's agent or a buyer's agent, make sure you thoroughly discuss the value of our member to member MLS® system and the incredible value of www.REALTOR.ca. Let's not forget that only REALTORS® can list on MLS®. Our negotiation and appraisal skills, as well as our marketing experience are all values we bring to the table.

The leadership of organized real estate cannot do it without you. We need you to be ambassadors for our profession and to be industry leaders in your offices and communities. Be fearless in ensuring buyers and sellers view REALTORS® as the trusted resource for real estate transactions.

Leadership is in you.



President **Moss Moloney**

Moss Moloney
President



“They say that time changes things, but you actually have to change them yourself.”

–Andy Warhol

Board of Directors 2010-2011

Core Ideology	Officers	Regional Directors
<p>Core Purpose Ensuring the continued relevance of REALTORS® in BC.</p> <p>Core Values</p> <ul style="list-style-type: none"> • Member board vitality • REALTOR® success • REALTOR® professionalism • Quality of Life <ul style="list-style-type: none"> - Economic vitality - Housing opportunities - Environmental preservation - Property owner rights - Better communities • Public trust 	<p>President Moss Moloney 604.590.4888 mmoloney@axionet.com</p> <p>Vice President Rick Valouche 604.629.6100 rick@valouche.com</p> <p>Past President John Tillie 800.976.5566 john@johnillie.com</p> <p>Chief Executive Officer Robert Laing 604.742.2787 rlaing@bcrea.bc.ca</p>	<p>Region I Delores St. Amand 250.564.4488 delorespg@shaw.ca</p> <p>Region II Sharron Billey 250.426.3355 sharronbilley@cranbrookagencies.com Joe Pearson 250.549.4161 joe@okanaganhomes.com</p> <p>Region III Barbara Gallie 250.478.6530 bgallie@shaw.ca Jennifer Lynch 250.247.2088 lynch@discovergabriola.com</p> <p>Region IV Eugen Klein 604.684.8844 eugenklein@shawcable.com W. Dave Watt 604.926.6011 wdavewatt@telus.net Sandra Wyant 604.460.2831 sandrawyant@shaw.ca</p> <p>Region V Jim McCaughan 604.855.0800 jamesmccaughan@hotmail.com Hanne Selby 604.795.2955 hanne.selby007@gmail.com</p>

Armchair Analyst: Household Growth and New Home Construction

In the last instalment of the Armchair Analyst, we delved into population growth and its components. We learned that BC is a population growth leader in Canada and that 70 per cent of population growth in the province is attributable to immigration. In this issue we delve further into the impact of population growth in relation to the housing stock and new home construction activity.

Home building activity waxes and wanes with overall market conditions. The availability and cost of credit are important, as are the state of the economy, employment and consumer confidence. However, over the long and medium term, population growth and related household formation are key drivers of the level of residential construction activity. The Armchair Analyst would be wise to monitor the number of new homes being built in relation to population and growth in household formations.

An aging population and slowing birth rate is expected to reduce the average household size from 2.63 in 1990 to 2.39 by 2030. There are about 2.49 individuals per household in BC today. A good rule of

thumb is that for every 1,000 additional people in the province, approximately 400 new households will be formed. However, household size can vary from region to region as well as with the proportion and characteristics of recent and future migrants. Since each new household presumes an individual dwelling*, careful scrutiny of the proposed and existing supply of new homes can reveal if the housing stock is expanding too rapidly or not fast enough to satiate demand.

It is a tall order for home builders to accurately match their production with consumer demand. In the case of large multi-family developments, the interval between conception and completion of a project can take as long as three years. A short-term contraction in consumer demand, like during a recession, can quickly turn an undersupplied market into one that is vastly oversupplied. However, post-recession consumer demand can turn on a dime with cautious home builders unable to expand production quickly enough. This occurred between 2001 and 2003; home builders simply couldn't increase their capacity fast enough to meet a sharp



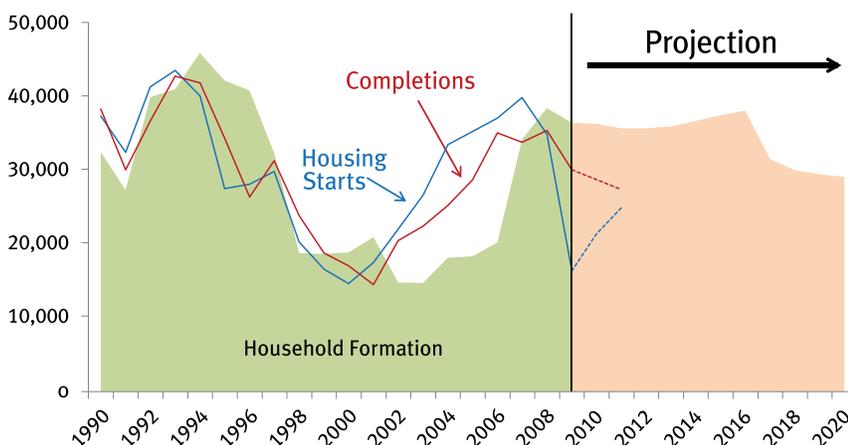
BCREA Chief Economist
Cameron Muir

upturn in demand. This led to projects selling out in hours, competing bids on homes and rapidly rising prices.

In the long run, the housing stock typically expands proportionally to household growth. The current level of BC housing starts will remain relatively low compared to household growth over the next year as the inventory of newly completed and unoccupied units first needs to be drawn down. After that, home builders will once again need to ramp up production in the face of a growing population. The Armchair Analyst should note that the lag between rising consumer demand and the ability of home builders to expand the housing stock with completed units can potentially trigger escalating home prices.

Household Formation: British Columbia

Source: CMHC, BC Stats, BCREA Economics



**A region popular with recreation and second home buyers may experience greater demand than household growth suggests. In addition, household growth can also be accommodated by slack in the rental market and the conversion of existing housing, such as the addition of basement suites and carriage homes.*

Describing Parking Stalls and Storage Lockers on Listings

By Adrienne Murray, Adrienne Murray Law Corporation



Determining how to describe parking stalls and storage lockers when listing a strata lot for sale can be difficult. Simply because the seller has the use of parking stalls or storage lockers does not necessarily mean that they are available for the purchaser. Unless it is confirmed that the stall or locker will be available for use, it should not be on a listing.

Property on a strata plan is designated as either a strata lot or common property (CP), which can be further designated as limited common property (LCP). Both CP and LCP are owned by all owners within a strata corporation; individuals exclusively own their strata lots.

Strata Lot or Part of a Strata Lot

Strata plans can designate parking stalls/storage lockers as part of a strata lot, in which case the new purchaser will automatically have the use of the area and the listing can identify the stall or locker number. Alternatively, the stalls or lockers would be part of separate strata lots. If the seller is selling both the lot and the parking strata lot, both must be listed for sale and separately transferred to the buyer.

Limited Common Property

LCP is common property that is designated for the exclusive use, not ownership, of a particular strata lot owner and is shown on the strata plan. Where a parking stall/storage locker has been designated as LCP for the use of a strata lot, it should be indicated as LCP on a listing. The listing can include the specific stall or locker numbers.

Common Property

If a parking stall/storage locker is designated as CP, it is within the control of the Strata Council, unless there is a developer's lease. The Strata Council has the authority to grant an owner or a tenant exclusive use under the *Strata Property Act*. When listing a strata lot where the parking stall/storage locker is CP, entitlement of use cannot be included, unless there is a developer's lease or unless the Strata Council has confirmed the use of the stall/locker.

When CP has no lease or sublease and the Strata Council confirms the parking stall/storage locker numbers that the buyer would use, they can be referenced on the listing with "subject to the provisions of the *Strata Property Act*." If no stall or locker numbers are confirmed, they cannot be referenced in a listing.

Developer's Leases

Developers can enter into leases of CP parking stalls/storage lockers to either themselves or to related companies. They then often enter into agreements with purchasers to sublease one or more parking stalls/storage lockers to each purchaser.

One parking stall is often assigned to each purchaser who is either charged for only the additional stall or locker or for all subleases. Generally, the sub-lease provides that the owner must assign the sub-lease to a new purchaser at the time the strata lot is sold and the listing can

reference the stall or locker numbers.

If a seller sub-leased a parking stall/storage locker from the developer, they can reference the stall or locker when listing the strata lot for sale, indicating that the area in question is CP but subject to a sub-lease. The stall or locker number can be shown on the listing.

Purchased Parking Stalls/Storage Lockers

In many cases, sellers of strata lots insist that the listing should include the parking stall/storage locker because the seller bought it from the developer.

If the area in question is designated as CP, unless there is a lease/sublease arrangement or the Strata Council has confirmed what parking stall/storage locker the buyer will be entitled to use, the stall or locker should not be included on the listing even though it was paid for. Unfortunately, developers can charge purchasers for an *additional* parking stall or storage locker without designating the area as LCP or entering into a lease/sublease arrangement and the area remains CP which cannot be "bought."

If there was no lease and no designation of LCP, although the developer may have charged the buyer to allocate a parking stall/storage locker, the buyer may not have realized that the developer was acting as the Strata Council who can technically only grant the buyer the use of CP for a one year maximum.

If that is the case, the seller could obtain written confirmation from the Strata Council that the same stall or locker would be allocated to the new purchaser. The listing could then reference the stall or locker number and include that it is "subject to the provisions of the *Strata Property Act*." Without confirmation from the Strata Council, the listing should not reference the stall or locker number.

Practical Points

(continued from page 4)

Recommendations to the Provincial Government

BCREA recently submitted recommendations to the provincial government regarding the *Strata Property Act* addressing, among other issues, the challenges around describing parking stalls and storage lockers when listing a strata lot for sale. To view the full BCREA *Strata Property Act* brief, visit www.bcrea.bc.ca/govt/2010-09StrataPropertyAct.pdf.

Prior to the conveyance of a strata lot, the strata council, strata corporation accountant or strata property management company fills out a Form B Information Certificate (usually ordered by the REALTOR® on behalf

of the seller). Based on extensive consultation and feedback from member boards, BCREA noted that potential buyers of strata properties need more and better information as the Form B Information Certificate does not address critical information.

In particular, BCREA recommended that the government add new provisions to section 59(3) of the Act to require strata corporations to disclose information about the designation of parking as either CP, LCP, part of the strata lot or subject to a lease with the developer; if the parking and storage is designated as CP, the strata corporation should indicate how it will be allocated to a new buyer and what stall

numbers and storage lockers will be assigned to the buyer.

For further information about describing parking stalls and storage lockers on listings, check out the *Practice Standards Manual* on the Real Estate Council of BC's website.

Thank you to the Real Estate Council for permission to reprint portions of this article that originally appeared in the Report from Council, April 2009.

Real Estate Sector

2011 Banff Western Connection Conference

Looking for the opportunity to explore new technologies, network, expand your knowledge and learn new sales techniques? Well, REALTORS® can take advantage of the occasion to do so by attending the upcoming 2011 Banff Western Connection Conference.

The Western Provinces Conference will take place January 27 to 29 at the Fairmont Banff Springs Resort in Alberta. This destination real estate conference has taken place since 1994 and is hosted in partnership between BCREA, the Association of Saskatchewan REALTORS® and the Alberta, Manitoba and Canadian Real Estate Associations.

The 2011 event will carry the theme of "What makes a REALTOR® SMART?", highlighting the "SMART" acronym which represents: **S**ocial networking, **M**arketing, **A**dvisor, **R**elationship and **T**echnology. This theme is focused on REALTORS® honing in on, maintaining and constantly improving the services that they provide.

This year's event will be comprised of presentations including leadership training, legal risk management and dealing with the media, as well as a commercial program. Roughly 60 exhibitors will also provide participants with access to valuable industry related resources.

Successful real estate professionals are always on the lookout for new ways to stay out in front of the competition and the 2011 Banff Western Connection Conference will offer them the opportunity to access new technologies, contacts and knowledge to help enable them to do so.

Register online for this 2011 conference before the deadline of December 31, 2010 and save \$100 on delegate registration fees. Don't miss out and register now, by visiting www.banffwesternconnection.com.



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Current as of October 21, 2010. Check with your local board office for last-minute changes. The complete **cpe** catalogue is available on BCREA's REALTOR Link® homepage (www.realtorlink.ca).

Note: this is a schedule of BCREA **cpe** courses only and does not reflect all PDP-accredited courses. Each course on this schedule is assigned 6 PDP credits, unless otherwise indicated, and all courses that are also REP accredited are full-day courses and have been marked with an asterisks (*).

Chilliwack and District Real Estate Board

JANUARY 26, CHILLIWACK, Real Estate E&O Insurance Legal Update 2010*

Fraser Valley Real Estate Board

DECEMBER 8, SURREY, Selling Tenant-Occupied Properties (STOP)*

DECEMBER 10, SURREY, Negotiating and Presenting Offers

DECEMBER 17, SURREY, Real Estate E&O Insurance Legal Update 2010*

JANUARY 13, SURREY, Risk Management for REALTORS®*

JANUARY 20, SURREY, Electronic Title Searching*

JANUARY 20, SURREY, Real Estate E&O Insurance Legal Update 2011*

Real Estate Board of Greater Vancouver

(all courses held at REBGV)

Real Estate E&O Insurance Legal Update 2010*

NOVEMBER 29, DECEMBER 7, DECEMBER 15

CONDO 202: Advanced Strata Law for REALTORS®*

NOVEMBER 30, JANUARY 27, FEBRUARY 23

What Brokerages and REALTORS® Need to Know About Agency*

DECEMBER 1, DECEMBER 16, JANUARY 13, FEBRUARY 24

CONDO 101: Strata Law for REALTORS®*

DECEMBER 2, JANUARY 6, FEBRUARY 3

Negotiating and Presenting Offers
DECEMBER 6, FEBRUARY 28

Foreclosures and Court Ordered Sales*
DECEMBER 8, JANUARY 19, FEBRUARY 9

Selling Tenant-Occupied Properties (STOP)*
DECEMBER 10, FEBRUARY 17

Electronic Title Searching*
DECEMBER 13, JANUARY 11, FEBRUARY 21

Contracts: Keep on Top of Changes*
DECEMBER 14, JANUARY 28, FEBRUARY 22

JANUARY 12, Real Estate E&O Insurance Commercial Legal Update*

JANUARY 18, Representing Buyers in the Sale of New Homes
and Condominiums*

JANUARY 24, Disclosure Issues & Risks*

FEBRUARY 8, Know Your Product

FEBRUARY 11, Tax Tips for Selling Real Estate

Vancouver Island Real Estate Board

DECEMBER 1, NANAIMO, Real Estate E&O Insurance Legal Update 2010*

DECEMBER 2, NANAIMO, Representing Buyers in the Sale of New Homes
and Condominiums*

DECEMBER 6, NANAIMO, Ethics: Unlocking the REALTOR® Code

DECEMBER 15, PARKSVILLE, Foreclosures and Court Ordered Sales*

Victoria Real Estate Board

(all courses held at VREB unless indicated)

Ethics: Unlocking the REALTOR® Code

DECEMBER 2, FEBRUARY 4 – 11 (EDUCATION ON VACATION CRUISE)

DECEMBER 6, Foreclosures and Court Ordered Sales*

FEBRUARY 4 – 11 (EDUCATION ON VACATION CRUISE), Real Estate E&O Insurance
Legal Update 2011*

FEBRUARY 4 – 11 (EDUCATION ON VACATION CRUISE), Selling Tenant-Occupied
Properties (STOP)*

REALTOR® Education: Staying In the Know

BCREA strives to constantly improve its educational offering for REALTORS® to ensure the highest levels of professionalism in the province. The Association is currently in the process of revising the following continuing professional education (**cpe**) courses which will be available in 2011:

- CONDO 101: Strata Law for REALTORS®
- CONDO 202: Advanced Strata Law for REALTORS®
- Contracts: Keep on Top of Changes

• Foreclosure and Court Ordered Sales
The following new courses will also be available in 2011:

- Senior Real Estate Specialist (SRES®) Designation
- Competition Law and REALTORS®: What You Say and Do Matters
- Real Estate E&O Insurance Legal Update 2011

In addition, the Legal Update course continues to be available online for the convenience of REALTORS® across the province.

Keep an eye open for BCREA's 2011 course catalogue for course summaries, applicable Professional Development Program (PDP) accreditations and a complete list of BCREA's **cpe** courses. The 2011 catalogue will be distributed to BC member boards and available on REALTOR Link® in January 2011. To view the 2010 **cpe** catalogue, visit BCREA's REALTOR Link® homepage (www.realtorlink.ca).