



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

Conservative Platform Can Impact Real Estate

January 27, 2006 – Several planks included in the federal Conservative Party platform could have an impact on real estate and encourage real estate as an option for small investors in Canada, according to the British Columbia Real Estate Association (BCREA). The Association is ready to work with The Canadian Real Estate Association (CREA) and the new government on several public policy priorities during the next session of Parliament.

Real estate is a major contributor to the Canadian economy. A study prepared by Clayton Research for CREA shows that, between 2002 and 2004, residential sales made through the Multiple Listing Service® generated \$10.8 billion in ancillary consumer spending annually.

GST adjustment

The Conservative proposal to reduce the Goods and Services Tax (GST) will reduce the cost of new homes, and the cost of services associated with a real estate transaction. The proposed first-phase reduction in GST would save a homeowner \$1,000 on every \$100,000 of market value on a new home. Setting the GST rate at five per cent, as the Conservatives propose, would restore the effective rate of federal sales taxes on new homes to the level that applied prior to the introduction of the GST in 1991, when the new rate is combined with the new housing rebate.

“This kind of creative thinking on the part of the government helps keep housing affordable,” says BCREA President Dave Barclay.

Capital gains

The Conservative Party platform also calls for the elimination of capital gains tax for individuals who reinvest profits earned from selling real estate or financial investments within six months. The move would apply to physical and financial assets, potentially benefiting people who sell stocks and bonds, or properties such as cottages and family businesses.

Currently, Canadians who have financial assets or property other than a principal residence must pay tax on the capital gains resulting from the sale of a financial asset or property.

According to CREA’s National Commercial Council, small-scale investors are often unable to grow their real estate investments because of the tax consequences when selling a small asset to buy a larger one.

“A capital gains rollover provision for small-scale investors, which realtors have been proposing for several years, would introduce greater flexibility into the small-scale residential rental investment sector,” added Barclay. “If this tax change is implemented effectively, it will encourage more Canadians to look at real estate investment opportunities, especially with small- and medium-sized income opportunities.”

Real property rights

The Conservative Party platform proposes the protection of property rights, including amending the Constitution to include the right to own property, and enacting legislation to ensure that full, just and timely compensation be paid to all persons who are deprived of personal or private property as a result of any federal government initiative, policy, process, regulation or legislation.

“Property owners often take their real property rights for granted, but all levels of government enact countless rules and regulations that restrict property rights,” says Barclay. “Realtors support the protection of property owners, including fair compensation when property is expropriated. The profession believes real property rights should have the same legislative status as other rights in Canada, such as equality, mobility and democratic rights.”

CREA has also surveyed Canadians about property rights issues. In the 2005 survey conducted by Pollara Research, the majority of Canadians polled (88 per cent) said it was important or very important that compensation be paid to a property owner when restrictions are placed on the use of their land. More than 90 per cent of respondents said it was important or very important that compensation be paid when property was expropriated.

About the British Columbia Real Estate Association

BCREA represents 12 member real estate boards and their more than 15,000 realtors on all provincial issues, providing an extensive communications network, standard forms, government relations, required post-licensing courses and continuing education. To demonstrate the profession’s commitment to improving Quality of Life in BC communities, BCREA supports growth that encourages economic vitality, provides housing opportunities and builds communities with good schools and safe neighbourhoods.

About The Canadian Real Estate Association

The Canadian Real Estate Association (CREA) is one of Canada’s largest single-industry trade Associations, and represents more than 83,000 realtors across Canada. CREA’s primary mission is to represent its members at the federal level of government and to act as a watchdog on national legislation affecting or impacting the real estate industry.

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