



For Immediate Release

Homeowners Receive Boost From Budget, Still Bear Heavy Tax Burden

Vancouver, BC – February 23, 2006. There was good news for homeowners in Tuesday's provincial budget, as \$309 million was injected into the Home Owner Grant Program. A 22 per cent boost in the amount of the basic grant available, now \$570 per qualifying homeowner, was the centerpiece of the announcement.

"This marks the first time in 13 years that the amount of the basic grant has been increased," notes British Columbia Real Estate Association (BCREA) President Dave Barclay. "The impact of this is significant when you consider the government's announcement that it plans to raise the grant qualifying threshold to \$780,000." The change will need to be included later this spring in the *Budget Implementation Act*.

At least 27,000 additional homeowners are expected to qualify for the basic grant under the changes. The grant for seniors, disabled people and veterans was also increased to \$845 from \$745.

"The strain on housing affordability requires considerably more attention," explains Barclay, who suggests changes to the notorious Property Transfer Tax (PTT) would have meaningful results for first-time, middle and low-income homebuyers.

The PTT is a registration tax an individual must pay when purchasing or acquiring an interest in property. The amount payable depends on a property's fair market value, and is charged as one per cent on the first \$200,000, plus two per cent on the remainder.

The government's revised projections suggest PTT revenues could hit \$800 million this fiscal year. "We all realize this revenue is very important to the government, but it's time that purchasers were given some relief from the tax," suggests Barclay. "A portion of the revenues could also be allocated to assist social housing needs across BC."

According to the budget forecast and figures on the Ministry of Community Services website (*Total Taxes and Charges for All Property Types*, schedule 703) the overall tax burden on property owners could exceed \$6.1 billion, when the *School Tax* and *Rural Tax* are counted. This is comparable to royalties received from natural resource operations in the province, including the forest and oil and gas sectors.

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.

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