



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

For immediate release

BC Real Estate Association Encourages Housing Affordability: Urges Government to Reduce Shelter Taxes

Victoria, BC – April 26, 2010. The British Columbia Real Estate Association (BCREA) is in Victoria this week to highlight to the Government of British Columbia that, with the highest home ownership costs in the country, BC is at a competitive disadvantage to attract skilled labour and professionals to the province.

“The availability of affordable housing not only dramatically impacts one’s quality of life, it also significantly impacts the ability of the province to attract the labour and talent we need to ensure future economic growth,” says BCREA President, John Tillie. “BCREA is committed to working with the provincial government to find solutions to make the purchase of a home in British Columbia as affordable as possible.”

BCREA is asking the Government of British Columbia to examine shelter taxes and take measures to encourage housing affordability and tax fairness for British Columbians. This is necessary in order to attract much-needed skilled workers to the province. Although BC ranks as one of the four most competitive provinces in terms of sales tax, fuel tax and net property tax, high shelter taxes and housing costs serve as a deterrent for workers and companies considering relocation to BC.

Shelter taxes significantly contribute to the cost of a home purchase. A growing proportion of British Columbians have been subject the Property Transfer Tax (PTT) – originally intended as a luxury tax on high-priced homes – since its introduction in 1987. BC families pay 12 per cent of their annual income in PTT when buying a home, a heavy burden on households. For example, a couple earning \$40,000 each in taxable income pays almost three times their annual BC income tax for the privilege of buying a home, \$2,880 versus \$7,811. The implementation of the new Harmonized Sales Tax (HST) will add an additional tax burden on BC homebuyers, homeowners and landlords.

The government has taken some steps to lessen the tax burden on British Columbians, including competitive personal and corporate tax rates, and increasing the threshold for HST rebates for house purchases. However, the total tax burden in BC is still a heavy one – British Columbians pay at least 122 per cent more in property transfer taxes than the average buyer in Ontario, for example. With additional shelter taxes, attainable housing is becoming increasingly unrealistic for many.

Specifically, BCREA is asking government to implement the following measures:

1. Recognize significant differences in home prices across the province and implement regional rebate thresholds for new housing, which will be indexed annually
2. Index the HST rebate threshold to maintain the current percentage of tax exempt buyers – unless the threshold is indexed, as new home prices rise over time, a higher proportion of buyers will have to pay HST on new homes

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3. Adjust the PTT to help restore fairness by implementing a three-year phase-out of the PTT, including increasing the one per cent tax threshold (from \$200,000 to \$500,000) starting on July 1, 2010

“Through implementing our recommended measures to enhance shelter tax equity, the provincial government can make great strides in improving housing affordability in British Columbia,” added Tillie. “BCREA encourages British Columbians to get educated and advocate for housing affordability in their community – together we can work to improve housing attainability.”

For more information about HST and how it will affect British Columbians, visit <http://www.bcrea.bc.ca/shelbertaxes/>.

About BCREA

BCREA represents 12 member real estate boards and their approximately 17,500 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education (**cpe**).

To demonstrate the profession’s commitment to improving Quality of Life in BC communities, BCREA supports growth that encourages economic vitality, provides housing opportunities, respects the environment and builds communities with good schools and safe neighbourhoods.

For detailed statistical information, contact your local real estate board. MLS® is a cooperative marketing system used only by Canada’s real estate boards to ensure maximum exposure of properties listed for sale.

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