

May 30, 2023

Select Standing Committee on Finance and Government Services  
Room 224, Parliament Buildings  
Victoria, BC V8V 1X4  
Submitted via email: [FinanceCommittee@leg.bc.ca](mailto:FinanceCommittee@leg.bc.ca)

## Budget 2024 Consultation: Increasing housing supply

BC needs to increase its housing stock. Since 2012, BC housing prices have risen more than 50 per cent, causing increasing affordability concerns for many families, especially first-time buyers and lower-income families. While there is no silver-bullet solution to stabilizing housing prices, the provincial government has the most control over policy levers impacting housing supply. The total number of units available on the Multiple Listing Service® shows that markets across BC are woefully undersupplied. Tight market conditions are continuing to put upward pressure on home prices, with the average Multiple Listings Services® residential price in BC at \$995,000 in April 2023. The average home price in BC has risen for three months in a row, and is up 9.5 per cent since the beginning of 2023.

In the previous "[Report on the Budget 2023 Consultation](#)," the Committee noted that housing is the largest driver of unaffordability in BC, that the current time required to build a housing unit is untenable, and that something needs to be urgently done to expedite the construction of housing stock. All of those assertions continue to be true today. The current permitting and consultation process is long, complicated, and hindering development, and should be reviewed. Many British Columbians would like to own a home but are not able to. Market conditions across BC are beginning to tighten, with some communities experiencing a rise in multiple offers.

Overall, the BC Real Estate Association supports the government's "Homes for People" Action Plan. If effectively implemented with adequate sector consultation, many of the steps laid out within the plan will close the gap between housing supply and housing demand in BC. With a growing population, it is important that BC unlock more homes, faster, across the housing spectrum. This includes secondary suites, rental apartments,

duplexes, townhomes and gentle density along transit corridors. Below are recommendations centered around the government's "Homes for People" Action Plan.

**Recommendation: Provide adequate funding for BC Builds to deliver more middle-income homes and a permanent housing roundtable**

We support the objective of BC Builds, to deliver more middle-income homes for British Columbians. Significant funding is needed to achieve BC Builds' objectives of bringing together public lands, low-cost financing, faster provincial and local government approvals, and innovative tools to help more households with middle incomes find a home that fits their needs.

To ensure there is adequate sector consultation, BC Builds should include the implementation of a permanent housing roundtable. This roundtable should consist of federal, provincial, municipal and Indigenous government authorities, along with non-profit housing providers, organizations involved in the financing of homes or closing of home purchases, appraisers, boards of trade, REALTORS®, landlords and rental housing associations.

**Recommendation: increase infrastructure investments to local governments impacted by the changes in restrictive zoning**

We support the province's commitment to change municipalities' restrictive zoning approach and make it easier for people to build small-scale, multi-unit homes. Legislation allowing more units on traditional single-family detached lots with additional density permitted in areas well-served by transit will unlock more homes.

Allowing replacement of single-detached homes with Missing Middle housing such as duplexes, triplexes, quadplexes, as well as allowing accessory dwelling units such as secondary suites and laneway/coach houses can create a much-needed housing stock diversity. This gentle densification is especially important in neighbourhoods accessible to transit. However, this increase in density can create stress on local infrastructure. The BC Government can help local governments unlock additional housing options through linking infrastructure investments to OCPs, zoning bylaws and other local policies. This recommendation is also echoed by the Expert Panel on Housing Supply and Affordability.

**Recommendation: Assess whether a "Flipping Tax" would be an effective policy**

While we support much of the "Homes for People" Action Plan, a "flipping tax" is unlikely to have a meaningful impact. It is important that British Columbians and governments alike treat houses as homes first and foremost. To that end, a "flipping tax" could be a positive tool. However, a flipping tax already exists across Canada. As of January 1, 2023, if a

homeowner sells a residential or rental property that has been held for less than a year, the profits will be taxed as business income. It is important to assess policies such as a “flipping tax” prior to implementation, to understand their likely impacts within the current provincial and federal taxation frameworks. Housing taxes are likely to have inflationary impacts on home prices. Home flippers may incorporate the tax into the resale of the home, ultimately increasing the cost of homes for potential buyers.

It is also important that the BC Government recognize that the key driver of high prices in the housing market is lack of housing supply. Therefore, any policy measures such as a “flipping tax” should ensure that no new housing is blocked from becoming available. For example, it is important to note that property renovations and deep retrofits can help refurbish older uninhabitable homes and bring them back on the market, increasing both market and rental supply. During home renovations, individuals can choose to add a rental unit or a parent suite to their home, further helping housing supply problems across the spectrum by introducing more units. Therefore, if implemented, a “flipping tax” should exempt properties from the tax if they increase overall housing stock.

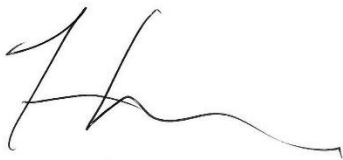
Another consideration if a “flipping tax” is implemented is to align environmental and housing goals. Government Programs through CleanBC provide energy efficiency grants and deep home retrofit tax credits to improve the energy efficiency of housing stock. A “flipping tax” could discourage homeowners from refurbishing older properties and further slow the process of making housing stock more energy efficient. If a “flipping tax” is implemented, the government should consider exempting renovation of any properties that are going to be renovated to substantially increase energy efficiency.

May 30, 2023

Thank you for the opportunity to provide input on the next provincial budget. We welcome all opportunities to work together to build a strong, sustainable future for our province. Please contact me any time we can be of assistance ([thargreaves@bcrea.bc.ca](mailto:thargreaves@bcrea.bc.ca); 604.742.2798).

BCREA is the professional association for about 26,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's eight real estate boards, BCREA provides professional development opportunities, advocacy, economic research, and standard forms to help REALTORS® provide value for their clients.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. Hargreaves', with a long horizontal flourish extending to the right.

Trevor Hargreaves

Senior VP, Government Relations, Marketing & Communications