

## 2017 Election Recommendations

When British Columbians head to the polls on May 9, housing will be a top-of-mind issue for many voters. In an Insights West poll, three-in-ten residents (29%) think housing, poverty, and homelessness is the most pressing concern in the province. This is ahead of health care, the economy, and jobs.

As part of its ongoing advocacy efforts, the Canadian Home Builders' Association of British Columbia (CHBA BC) has compiled its recommendations on housing for political parties who desire to form government in May. CHBA BC advocates for homeowners and new home buyers – and the key industry sector that supports them: home builders, developers, and renovators that live and work in British Columbia's communities, big and small.

Strong consultation and collaboration between government and industry is one of the best ways to determine effective policies on housing for all British Columbians.

These recommendations primarily address housing affordability in market housing. Approximately 96% of residents live in market-provided homes across Canada, whether owned or rented. Protecting housing affordability, and ensuring that homes are within the financial reach of residents, will reduce pressures on social housing so that available units are there to serve those in most urgent need.

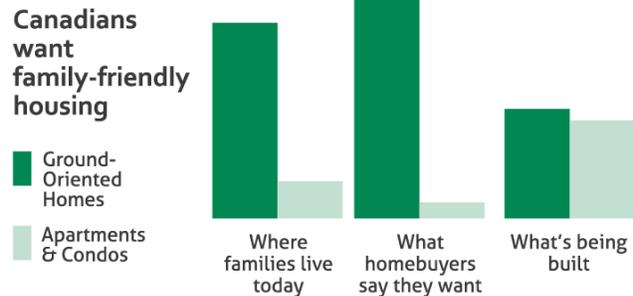
## About CHBA BC

The Canadian Home Builders' Association of British Columbia (CHBA BC) represents 1,700 members across the province, including builders, renovators, suppliers, product manufacturers, and others. Residential construction is a key driver of B.C.'s economy, creating 137,500 jobs, \$19 billion in investment value and \$7.9 billion in wages.



## 1. Increase supply

British Columbia is a desirable place to live and work. In the 2016 Census data, the municipality of Vancouver was listed as the highest population density in Canada with more than 5,400 people per square kilometre. The number of people living in British Columbia also increased 5.6% from 2011 to 2016, which is above the national average. These statistics are just one snapshot of a growing population in many urban areas of British Columbia.



To accommodate this growth, a significant focus on working with municipalities on increasing the supply of housing of all types is required by government. It shouldn't take years to get from concept to ground-breaking. However, it also can't be just apartments and condominiums. Research indicates that 94% of Canadians want ground-oriented, low-rise housing. Without an adequate supply of alternatives, including townhouses, row houses, and single-family homes, the competition for low-rise housing will continue to be strong and keep prices high.

### Recommendations

- Collaborate with municipalities and industry to remove barriers to development, including fees, land-use policies and approval processes, so that more housing can be built faster, and with lower carrying costs.
- Collaborate with municipalities and industry to encourage diversity in housing stock, more family-friendly housing alternatives, and increased density around transit areas.

## 2. Amend the Property Transfer Tax

Home prices have increased over the years. With the decades-old provincial property transfer tax (PTT) structures, so has the tax paid by buyers. In the 2016-17 first quarterly report, the revenues from the PTT increased by almost one billion dollars over expectations in Budget 2016. While some of this revenue has been transferred into affordable housing initiatives, it doesn't impact the affordability for purchasers of market housing who have to pay the provincial taxes on their purchase price.

The province also collects the tax multiple times throughout the development life cycle; first on the sale of land to build, and once again on the price paid by the home buyers.

The Canadian Home Builders' Association of British Columbia applauds recent changes to the PTT including the Newly Built Home Exemption for purchases up to \$750,000, and the recent increase to the First-Time Home Buyers Exemption for purchases up to \$500,000. However, the structure of the tax for all other purchases that do not fall within these exceptions could be amended, and will benefit all home buyers.

Currently, the tax is charged as 1% on the value up to \$200,000, 2% on the fair market value greater than \$200,000 and up to \$2 million dollars, and 3% on the portion greater than \$2 million. However, when the tax was designed in the 1980s, it was possible to purchase under the \$200,000 threshold. Now, with rising land values many condominiums and apartment buildings cost well over the \$200,000 threshold.

## Recommendation

- Raise the property transfer tax threshold to better reflect rising home prices. Raising the first tier, so that 1% is charged on the first \$525,000 will give a necessary tax break to new-home buyers.
- Ensure real estate transactions underway are exempt from any new changes to the PTT.

## 3. Cut red tape

The amount of red tape and approvals required to take a house from design to completion continues to increase, and so does the fees. All of the fees charged by the provincial government and municipalities are put into the final sale price of the home. While many fees can be attributed to municipalities, there are a number of provincial fees and processes that could also be reviewed.

A great example of red tape at the provincial level is the **Reconstruction Loan Program**. This fee, introduced to provide financial assistance to homeowners to repair building envelope failures, was first established in 1998. Since 2009, no new applications have been accepted. However, for the past 8 years, a fee of \$750 is still charged on each new multi-family housing unit in the coastal climate zone for a program no longer accepting applications. As of November 23, 2016, over \$77 million dollars has been paid into the program since 2009/2010. The sum of the remaining liabilities for the Reconstruction Loan program is over \$92 million dollars. Why should new home buyers continue to pay off bad debt for a program that no longer exists?

The provincial government can also lead by example when it comes to the provincial building code. A cost-benefit analysis should take place for any new processes or requirements to fully understand the impact to affordability.

## Recommendations

- The provincial government should end the Reconstruction Loan Program, and end the unnecessary fee charged on all new housing units in the coastal climate zone.
- Consider the impact to affordability with any new changes to the building code or bylaws.

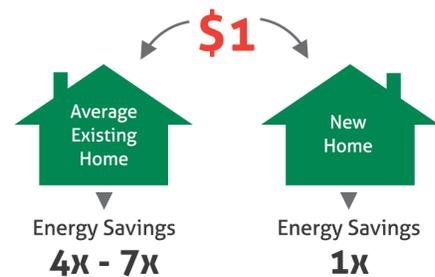
sidewalk rental      sprinkler fee  
community amenity contributions (CACs)  
fuel tax      tree removal permit  
official development plan fee  
advertising charge  
public art contribution      affordable housing contribution  
demolition permit      inspection fee  
parking meter rental  
fireline inspection fee      special inspection fee  
site profit review fee  
air space permit fee      after hours fee  
public hearing fee      removal permit  
...and more

## 4. Energy retrofits

While sufficient attention to British Columbia's climate change efforts is warranted, there is a missed opportunity to make significant gains in the housing sector by addressing the existing housing stock. It is easier for governments to add regulations onto new housing, but the additional costs will impact affordability without significant incentives or economies of scale. The real opportunity is energy-efficiency retrofits.

Homes built before 1985 use double the energy as homes built since. This can be attributed to many factors, including building envelope, insulation, and older appliances. Research also indicates that every dollar investment in an existing home yields 4 to 7 times the energy savings than one dollar into a new home.

What's missing is the incentives for home owners to participate, especially in a province with a high housing prices and cost of living. Significant incentives, such as a tax credit, will encourage more homeowners to participate, and will dissuade consumers from working with underground economy operators as they will require receipts.



### Recommendation

- Re-introduce incentives for energy-efficiency upgrades, such as a home-renovation tax credit.

## 5. Link communities

Shortfalls in infrastructure funding by provincial and federal governments have delayed development and increased municipal development taxes. These taxes, like all fees, are incorporated into the final price paid by new home buyers. New home buyers shouldn't have to fund services such as transit that everyone in the region will take advantage of.

The federal government has committed to increasing its share of transit funding up to 50% from the traditional one-third per government formula. The provincial government should do the same, which should decrease the burden on municipal governments, and new home buyers.

In order to fully maximize the investment, the provincial government can work with the associated municipal governments to ensure increased density around transit stations. This doesn't just mean tall apartment buildings. The zoning can include greater density for all types of family-friendly housing, including townhouses and rowhouses.

### Recommendations

- Commit to funding more than the 30 per cent required in the traditional funding formula for infrastructure projects, to decrease the amount required by municipal governments.
- As a result of increased funding, tie the investment to required density and zoning targets that must be achieved so British Columbians will fully benefit from the investment.