

News Release



FOR IMMEDIATE RELEASE
October 16, 2006

Reducing Property Transfer Tax could increase housing affordability

VANCOUVER, BC –With Property Transfer Tax (PTT) revenues forecast to increase to \$900 million in 2007, the provincial government is in a position to make tax reductions that will allow first-time home buyers to enter the Greater Vancouver housing market.

The PTT is one of the contributing factors in the declining affordability of homes for first-time homebuyers.

“In our Board’s area, house prices continue to rise faster than incomes, and the situation is expected to get worse,” says Real Estate Board of Greater Vancouver president Rick Valouche. “What might surprise you is that it isn’t only the low and moderate income earners who can’t afford to buy a home. Even many professionals who are higher-income earners can no longer afford to buy a home in Greater Vancouver.”

Income Required to Buy a Home in Greater Vancouver			Who Can't Afford to Buy a Home in Greater Vancouver Neighborhoods?	
Property Type	Benchmark Price	Annual Income Required	Occupation	Average Annual Income
Single detached	\$653,616	\$168,000	Early Childhood Educator	\$32,760
Townhouse	\$406,676	\$104,500	Firefighter	\$57,540
Apartment	\$331,519	\$ 85,200	Nurse (Registered)	\$55,237
			B.C. MLA	\$75,400
			Police Officer	\$54,639
			REALTOR®	\$50,000
			School Teacher (Elementary)	\$53,222

The REBGV, which represents REALTORS® throughout Greater Vancouver, has delivered three recommendations to the provincial government that year-by-year over a three-year period would build towards the elimination of PTT. Recommendations include:

1. Raising the first-time buyer PTT exemption price threshold to \$375,000 from \$325,000 in the 2007/2008 Budget
2. Indexing the PTT exemption price threshold so it rises and falls with median home prices throughout each provincial development region in the 2008/2009 Budget
3. Removing the one per cent PTT on the first \$200,000 for all home buyers in the 2009/2010 Budget.

When the tax was introduced in 1987, the one per cent ceiling covered 95 per cent of properties in Greater Vancouver; now it covers eight per cent.

“What we’re seeing now in Greater Vancouver is a serious affordability squeeze that is pushing first-time buyers out of our market,” says Valouche. “If this decrease in first-time buyers continues, the future sustainability of the Greater Vancouver housing market is at stake.”

A reduction in the tax burden on home buyers would provide significant help to first-time buyers while causing only a modest reduction in PTT revenue. Rolling the PTT into a mortgage creates a long-term financial burden. Amortized over 25 years, a PTT of \$7,646 amounts to just over \$14,000.

“There is no question, implementing our recommendations would make home ownership more affordable for first-time buyers, as well as other buyers,” explains Valouche. “The government would continue to derive substantial revenue from the PTT, which would continue to be used for the benefit of all British Columbians.”

-30-

For more information, please contact:

Sean Horlor, External Communications Coordinator
Real Estate Board of Greater Vancouver
Phone: (604) 730-3091 Fax: (604) 730-3102
Email: shorlor@rebgv.org

Harriet Permut, Manager, Government Relations
Real Estate Board of Greater Vancouver
Phone: (604) 730-3029 Fax: (604) 730-3101
Email: hpermut@rebgv.org