

Pillar #1: Ensure the PTT Reflects the Real Estate Market

British Columbia has the highest provincial land transfer tax in Canada, and these costs can add a considerable burden for homebuyers.

The PTT was first introduced in 1987, and its current structure is as follows:

1% charged	2% charged	3% charged
On the first \$200,000 of fair market value	On the portion between \$200,000 and \$2 million	On the remainder over \$2 million

This added cost can be a major burden for homebuyers. According to the Canadian Real Estate Association, the average price of a home in British Columbia as of August 2017 was \$678,152. For the Greater Vancouver Area, that average price jumps to over \$1 million. With such prices, PTT costs can add up significantly:

Housing Price	PTT	Total Added
\$678,152 (BC)	\$2,000 (1% threshold) + \$9,563 (2% on remainder)	\$11,563
\$1,029,700 (Greater Vancouver Area)	\$2,000 (1% threshold) + \$16,594 (2% on remainder)	\$18,594

In 2016 and 2017, the BC government implemented several changes to the PTT. These included the addition of the third tier over \$2 million, a 15% tax on foreign buyers in Metro Vancouver and various exemptions from the PTT for specific circumstances.

Unfortunately, none of the policy around the PTT has ever truly reflected the dynamic nature of the real estate market. Unless the thresholds are indexed and

automatically change as the economy changes, this tax will always be out of sync and unfairly burden British Columbians.

The BC Real Estate Association (BCREA) supports policies that help ensure British Columbians can achieve the dream of home ownership, as reflected in BCREA's Quality of Life approach. As such, we recommend several changes to the PTT to make home ownership more accessible.

Recommendations for the BC government:

- Use the new Housing Priority Initiatives Fund to increase the 2% PTT threshold to \$525,000 from \$200,000. This would help consumers all around the province, whether they purchase residential or commercial real estate, or new or existing homes.
- Increase the First-Time Home Buyers' Program PTT exemption threshold to \$750,000 from \$500,000. This would benefit a greater number of first-time buyers, and would also align with the exemption threshold for newly-built homes.
- Index the following PTT thresholds using the Consumer Price Index, and make adjustments annually:
 - 2% and 3% thresholds,
 - First-Time Home Buyers' Program exemption threshold, and
 - Newly Built Home Exemption threshold.
- For any future changes to the PTT, ensure that real estate transactions already underway are exempt.
- Expand the exemption for the 15% foreign buyers' PTT to include everyone with a work permit in BC, and do not increase this tax or expand it beyond its current geographical scope.

