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**Housing Accessibility and Supply:
A Pre-Budget Submission by Mortgage Professionals Canada**

Introduction

(for Background Only)

We commend the work that the British Columbia Government has done so far in playing a leadership role in addressing the national housing crisis. Premier Eby has made housing a top priority in British Columbia. This focus and commitment to greater affordability and supply is one we hope to see echoed throughout the rest of Canada as well.

Canada, as well as the Government of British Columbia, has supported and promoted homeownership as part of its overall housing policy for more than 85 years. The basic idea that homeownership is good for homeowners, communities, and the country has been the subject of a long-standing consensus. This principle is firmly rooted in extensive research from Canada, the United States, Europe, and elsewhere in the world. Homeownership is shown to contribute both financial and non-financial benefits to homeowners themselves and the broader society. The benefits are the most pronounced for low income and middle-income Canadians. In fact, housing is estimated to represent nearly 50% of the total net worth for Canadian households with incomes below \$56,495, according to the Canadian Real Estate Association. There are also a wide range of civic, educational, health, and socio-cultural benefits to home ownership.

New data shows that Canada has now one of the highest property tax revenues in the world, according to 2022 Global Property Tax Rankings from Altus Group. The study, based on an in-depth analysis of taxation revenues of 38 member countries across the world, shows Canada at the top of the list for property taxes as a percentage of gross domestic product (GDP).

Mortgage Professionals Canada (MPC) on behalf of its 15,000 members, is committed to improving housing affordability and bringing the dream of home ownership to life for Canadians across the country. Canadians are facing persistent affordability challenges due to inflationary pressures. With interest rates now at the highest levels in more than a decade, Canadians are also facing real challenges in the housing market. Things are particularly tough on young people considering whether they will be able to afford a home. A crucial component in Canada's economic recovery is a return to stability for Canadians. A significant component of this stability is Canadians being able to afford homes in which to live. With the right policies in place, we believe that all governments can have a role to play to ensure the dream of homeownership remains available to Canadians.

Recommendation 1:

Increase the threshold on the property transfer tax (PTT) rebate for first-time homebuyers, to bring it in line with the newly-build homes exemption, and index it to inflation.

We recommend the exemption threshold on resale homes be increased from the present limit of \$525,000 to \$750,000, to match the exemption available for newly-built homes. We would further recommend that the government remove any claw back of the rebate up to an acceptable limit, such as \$1,000,000 for example. Homebuyers should not be penalized if they purchase a home priced slightly above the recommended threshold, given the average cost of an apartment in the GVA was \$760,800 and \$1,083,000 for a townhouse according to MLS data.

The recommendation to increase the PTT threshold was also made by REBGV, who also put forward the proposals of indexing the thresholds to the Consumer Price Index (CPI) and to make adjustments annually for the 2% and 3% thresholds tied to BC Assessment values. We would also support other recommendations brought forward such as removing the PTT altogether on any home costing less than \$750,000 for both new and resale homes, and to exempt presale homes from the PTT.

The property tax transfer tax (PTT) in BC was first implemented in 1987. The threshold for was increased for newly built homes to \$750,000 in 2016 but not for first-time homebuyers buying existing homes. We feel this is a disadvantage to first-time home buyers looking to enter the housing market, particularly given the lower inventory of available housing. We commend the government for its leadership on the housing supply issue, however increasing housing supply will take time. The property transfer tax is a cost that cannot be rolled into a homebuyer's mortgage and is often an unexpected cost for homebuyers. As a result, many first-time homebuyers end up withdrawing from a line of credit to make up this additional cost of homeownership, resulting in higher debt and household costs.

Recommendation 2: The creation of a permanent national housing advisory roundtable to promote harmonization between federal, provincial and municipal housing policy.

We support the creation permanent roundtable on housing that brings First Nations, federal, provincial and municipal association stakeholders together to create a streamlined approach to housing policy and funding, with input from civil society organizations, including the home financing and real estate sectors. This has been a long-standing recommendation of the Canadian Real Estate Association (CREA) and other housing sector representatives.

One example of the benefits of a permanent housing roundtable would be greater partnership between all levels of government to expedite the use of surplus government land and buildings for housing development. It would also enable governments to address some the root causes behind the housing supply issue and to channel funding in more effective ways that also allows for greater transparency and accountability on the impact of federal housing initiatives.

C.D. Howe Institute recently released a study in May 2023 that shows between 2011 to the end of 2021, a single-detached home in Vancouver cost homebuyers nearly \$1.3 million more than what it would physically cost to build in a market without barriers to supply. The BC government has been taking a leadership role in the housing crisis by ambitious target setting and the elimination of barriers to housing supply, such as allowing up to four units on single-family zoned housing. However, we

believe that the current barriers to supply must be addressed with federal leadership as well. We have seen a failure on the part of federal housing policy to address the most pressing problems related to housing affordability, attainability and supply. The solutions to the national housing crisis rely upon a consistent and productive dialogue amongst governments of all levels. We encourage the government to work alongside our industry and to push the federal government for a national housing roundtable.

About Mortgage Professionals Canada

We are Canada’s mortgage industry association with over 15,000 members and more than 1,000 member firms. We are a non-profit association representing mortgage brokers and agents, as well as banks, lenders, insurers, and service providers, making up the largest network across the country. 45% of first-time home buyers in Canada choose brokers for their mortgage.

We are proud to be the industry that provides Canadians with choice when making the most important financial decision of their lives and help people achieve the dream of home ownership. You can find one of our licensed members on findmeabroker.ca.

