



The Gammer Report

BUSINESS VANCOUVER

PTT: Stop the Billion Dollar Home Buyer Heist

In 2007/08 the provincial government collected over \$1 billion from home buyers in Property Transfer Tax (PTT). That is more revenue than the government collects from ICBC, BC Hydro, and even more than the BC Lottery Corporation.

The revenue collected from home buyers in the last ten years has risen from \$310 million in 1997/8 to over \$1 billion in 2007/8. The PTT has been an unmitigated tax boom for the provincial government.

When looking at the tax burden on home buyers in BC in comparison to other provinces the picture is bleak. In BC home buyers pay on average 1.6% PTT on the purchase of a home, while the national average is 0.7%. This translates into an average land transfer cost in BC of \$7,000, which is 4 times higher than the national average \$1,770, with three provinces, including Alberta, having no PTT at all. The figures are even worse when you look at the ratio of PTT to incomes: in BC it is 10.2%, while the national average is: 2.65%.

The actual cost of that Property Transfer Tax to the average home buyer in BC is not 'merely' an additional \$7,000, or \$20,000 in Vancouver. It is added on to the home buyer's mortgage and in 25 years ends up costing the home buyer an additional \$70,000 on the purchase price of a home.

In historical terms, if an average home in British Columbia sold back in 1982 for \$90,000 and has sold on average once every 5 years since then, and then sells today for \$450,000; the government would have collected \$16,000 in PTT from home buyers on that one house in the last 25 years. Think of how much PTT has been collected on the average detached home in Vancouver, which currently sits at \$1.1 million.

In May of this year when the BC Real Estate Association met with Members of the Legislature, every single person was sympathetic to the burden of the PTT on home buyers save three people: the Minister of Housing, the Minister of Finance, and the Premier. One of the key note speakers was Min. Rich Coleman who smugly told realtors, "Don't talk with me about the PTT, because I've heard it all before, and it ain't gonna change. Now do you want to talk about anything else?"

With the newly expanded Ministry of Housing and Social Development, the Premier has clearly rewarded him for not listening to the industry that brings more than a \$1 billion in revenue into the province and represents not only 12,000 realtors but over 100,000 annual home buyers across the province.

The provincial government talks a good game about affordable housing when it buys a few run down hotels in Vancouver to turn into social housing, however it is the home buyers in Prince George, Abbotsford, and Vancouver that are having a difficult time finding affordable housing in their local markets.

If the government was serious about making a positive impact to the affordability of housing it would make significant changes to the Property Transfer Tax and not the token tinkering of the last 5 years.

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