

For Immediate Release

Yes to More Affordable Housing, No to So-Called Speculation Tax

KELOWNA, B.C. – October 17, 2018. While the BC government is to be admired for attempting to tackle housing affordability, the approach taken via tabling a so-called speculation and vacancy tax neither addresses the affordability problem nor targets actual housing market speculators.

Taking aim at claims made by the NDP government about the benefits of the tax, tabled Bill 45 on Tuesday, Okanagan Mainline Real Estate Board (OMREB) President Marv Beer comments “I’ve not met anyone who disagrees that we need more affordable housing, but suggesting that this tax, as proposed, would somehow improve the situation is misleading to say the least.”

The tax, should it come into being, targets homes worth more than \$400,000 so even if these homes were rented or sold to avoid the tax the housing supply created would not be what is generally considered affordable.

Cautioning again about the potential harm that could come from introducing yet another tax on homeowners on which no economic impact studies have been conducted, Beer notes that the provincial government already has a homeowner tax in place that it could use to further housing affordability. It’s called the Property Transfer Tax and while only homeowners pay it, proceeds currently go into general revenue to benefit everyone. “If the government really wanted to make homes more affordable, it could exempt buyers of lower-cost homes from having to pay the Property Transfer Tax.”

Beer contends that the proposed tax doesn’t target the speculator, defined as someone who purchases and ‘flips’ properties within a relatively short time-frame for profit.

“Speculators, because they don’t hold a property for long, would be minimally affected by this tax. Instead, it would be the long-time home owner who would pay, year over year, for choosing to spend time and money in BC,” says Beer, adding “Ironically, it’s possible that the tax would encourage speculators to set their sights on homes under \$400,000, competing with legitimate buyers for lower cost homes. If the government really wanted to go after speculators, it could apply a levy to homes sold within a short time of being purchased.”

Beer notes the government’s claim that the legislation is aimed at foreigners and those from other provinces who don’t pay income taxes here. In fact, the minister responsible for this tax revealed in legislature that almost two-thirds of those who would pay the tax would be British Columbians, about 20,000 of 32,000 homes targeted.

“The good news is that the government has included a number of exemptions from the tax. The bad news is that the myriad of exemptions would create a costly administrative nightmare and still, housing affordability would not be enhanced nor speculators deterred. While measures to address both problems may be needed, this tax, as it is currently proposed, is not the answer.”



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For more information, please contact OMREB at media@omreb.com.

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