

B.C. Green Party Affordable Homes Strategy Highlights

On April 11, the B.C. Green Party released its Affordable Homes Strategy. It is the boldest housing plan released by a political party in this election.

Since then, we have been inundated with questions about the plan. What follows is more detailed information about our strategy to ensure that all British Columbians can afford a home in our province.

Context

We are in the midst of an affordability crisis with a growing housing bubble. As speculation drives up housing prices, many British Columbians can no longer afford to live in the cities they grew up in. Those who have bought into the market at the peak of the bubble are at risk of losing their livelihoods should the bubble burst.

Many British Columbians are spending more than half their incomes on accommodation. And we have growing numbers of housing insecure and homeless people.

The B.C. Liberals have failed British Columbians when it comes to housing affordability. They have allowed our homes to be turned into commodities in a speculative real estate market for the very wealthy, as ordinary British Columbians are shackled with unmanageable debt - and even forced to leave their families and the cities they grew up in because they can't afford to live here.

Solving the affordability crisis and ensuring that British Columbians can afford to live in our cities requires bold action.

Our Affordable Homes Strategy recognizes that the primary purpose of housing must be to provide homes. It is based on evidence, and it will tackle the root causes of the problems we face.

Our top priority is to stop speculation in the real estate market and keep housing affordable so that British Columbians can prosper. Each element of the strategy is geared towards this goal. Our strategy is based on 4 key areas of action:

- Cool the market for residential real estate
- Increase supply of affordable accommodation
- Protect tenants and landlords
- Maintain and enhance housing support programs

Cooling the market for residential real estate

We need to cut down on speculation if we are going to ensure B.C. is affordable for all British Columbians.

Property Transfer Tax

The property transfer tax applies when you purchase a property, and is payable according to the property's value.

Currently, the property transfer tax starts at 1% on the first \$200,000 of property value, 2% between \$200,000 and \$2 million, and 3% on the portion of the fair market value greater than \$2 million.

A Green Government will enhance the progressive nature of the property transfer tax (PTT) by introducing a sliding scale of rates, from 0% on properties under \$200,000, to 12% on properties over \$3.0 million.

This progressive property transfer tax will cut down on dangerous speculation and cool the Vancouver housing market. For buyers purchasing houses under \$1 million, their property transfer tax will go down under our plan.

We will also introduce a "speculation" PTT to discourage flipping of property.

Please note there was a small clerical error in the background information provided in the media release and on the B.C. Green Party website with regards to the party’s commitment to enhance the progressive nature of the Property Transfer Tax (PTT).

The initial release mistakenly quoted the sliding scale as being:

- 3% on the proportion of the fair market value of the home between \$500,001 and \$1.0 million
- 5% on the proportion of the fair market value of the home between \$1.0 million and \$2.0 million.

The correct rate structure is:

Proposed PTT Changes		
<i>Range</i>	<i>Current PTT rate</i>	<i>Proposed PTT rate</i>
0 to \$200,000	1%	0%
\$200,001 to \$500,000	2%	2%
\$500,001 to \$1.0 million	2%	2%
\$1.0 million to \$2.0 million	2%	6%
\$2.0 million to 3.0 million	3%	10%
\$3.0 million+	3%	12%

The initial background material offered the following comparative examples that remain unchanged:

Examples of impact on tax paid					
	Property Value	PTT Current		PTT Proposed	
<i>Home type</i>	<i>Median March 2017¹</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>

¹ <http://www.rebgv.org/sites/default/files/2017-01- March-Stats- -Package.pdf> and <http://www.vreb.org/pdf/VREBNewsReleaseFull.pdf>

<i>Victoria condo</i>	\$354,500.00	\$5,090.00	1.4	\$3,090.00	0.9
<i>VI single family</i>	\$728,500.00	\$12,570.00	1.7	\$10,570.00	1.5
<i>N Van townhouse</i>	\$979,500.00	\$17,590.00	1.8	\$15,590.00	1.6
<i>N Van single family</i>	\$1,725,000.00	\$32,500.00	1.9	\$59,500.00	3.4
<i>W Van single family</i>	\$3,500,000.00	\$83,000.00	2.4	\$236,000.00	6.7

Foreign Buyers Tax

A Green Government will increase the foreign buyers tax to 30% and extend it across BC.

This policy will target speculation by foreign buyers, ensuring that British Columbians can afford to live in the cities they grew up in.

Through increasing the foreign buyer tax, our strategy will further reduce foreign speculation in Vancouver. Extending the foreign buyers tax across BC from Metro Vancouver is designed to ensure that other housing markets, in Victoria and elsewhere, are not targeted for speculation in order to avoid the tax.

In a prosperous society such as ours, families should be able to afford to buy a home, and not be priced out of the market by non-resident speculators.

Capital Gains Tax

A Green Government will introduce measures to tax lifetime capital gains on principal residences in excess of \$750,000. This policy is part of our strategy to reduce speculation.

The capital gains tax will not affect British Columbians whose homes rise in value year-on-year while they remain owners. It only comes into effect when a property is sold.

A home that has been owned and has served as a primary residence for 5 years or longer is exempt from the capital gains tax. Only profits from homes bought and sold within 5 years are subject to capital gains tax, if the profits exceed the exemption limit.

The purpose of this policy is to cut down on speculation and to ensure that homeowners are not negatively affected.

We will work with the Federal Government to ensure that only the Provincial portion of the tax is applied. When a gain of more than \$750,000 is made, and the home has not been a principal residence for 5 years or more, the gain is subject to a capital gains tax.

When a property is bought and sold within 5 years, the capital gain is added to the homeowner's lifetime capital gain. Once the home owner's lifetime capital gain exceeds \$750,000, excess gains will be subject to the capital gains tax.

The capital gain in excess of \$750,000 is then added to annual reported income, and 50% of that gain is taxable at the marginal provincial tax rate. Secondary properties are already subject to capital gains tax in Canada and other jurisdictions.

Examples of impact on tax paid²		
Lifetime Capital gain	Gain exceeding exemption limit ³	Capital Gain Tax Proposed
\$400,000	\$0	\$0
\$600,000	\$0	\$0
\$750,000	\$0	\$0
\$800,000	\$50,000	\$2,166
\$900,000	\$150,000	\$8,948
\$1,200,000	\$450,000	\$30,998

² Numbers are estimation according to simple calculation, assuming income of \$60,000, intended to provide orders of magnitude

³ Only applies if bought and sold within 5 years

Right now some British Columbians are buying homes at a time when the housing bubble is at all time high. The bubble could present a significant risk to their livelihoods. We need to ensure that as we cool the market, and deflate that bubble, we provide support to recent homebuyers so they are not adversely affected.

This is why a Green Government will work with financial institutions and the federal government to develop protections for recent homebuyers who are negatively affected by market cooling initiatives.

Increase the supply of affordable housing

At the same time as we cool the market, we will make significant investments into affordable housing, including:

- Developing and implementing a provincial housing plan to address the lack of affordable accommodation
- Investing up to \$750 million per year to construct approximately 4000 new units of affordable housing each year
- Working with federal and local governments to make land available for affordable housing
- Leading a comprehensive reform of zoning policies to increase the supply of more affordable accommodation

A B.C. Green Government will significantly increase the supply in affordable accommodation, making it easier for British Columbians across our province to find a good, affordable home.

Lack of a provincial housing plan has allowed our rental problem to grow unnecessarily. We will work with social housing agencies and federal and local governments to develop and implement a provincial housing plan to address deficiencies in the supply of affordable rental accommodation based on priority needs.

Zoning changes have the potential to substantially increase available affordable housing. That's why we will lead a comprehensive rethink of zoning to ensure that it is consistent with government objectives such as the provision of affordable housing. Issues for consideration include densification, especially along transit corridors; revitalizing neighbourhoods surrounding schools; cultural and social amenities; and complete communities.

In a civilized society, we cannot accept seeing children brought up in houses that are unfit to live in, or actually living on the streets. Decent accommodation is a human right, and is an important part of the well-being of British Columbians.

Protect tenants and landlords

As part of our affordable homes strategy, a B.C. Green government will increase protections for renters and landlords. We will enhance the provisions of the Residential Tenancy Act to control rent increases, and to protect tenants from tenure termination that will result in the loss of affordable accommodation.

To counter renovictions, tenants should be given first right of refusal to return upon completion of renovations, and landlords must apply to the residential tenancies branch for approval of rent increases with proof of actual costs incurred. Rent increases must be reasonable.

To counter demovictions, developers should reinstate a percentage of lost affordable housing in new developments and all prior tenants must be given first right of refusal for those suites. Rent prices must be monitored by the residential tenancies branch to ensure affordability.

Even with a fixed term lease, a landlord should have a valid reason for ending the term, such as owner occupation or extensive renovations. Tenants should be protected from fixed term leases that are used to drive up rental prices. Tenants should not be at risk of eviction at end of lease in favour of higher paying tenants, even if a fixed term lease is in place.

We will also work with B.C. Housing to enable the inclusion of private rental properties in their directly managed portfolio of affordable accommodation.

Maintain and enhance housing support programs

A B.C. Green government will maintain or enhance existing housing support programs in the context of the suite of initiatives to address income insecurity.

We will ensure that support for low income people is maintained as we reform the social security net.