

Urban Development Institute

Economic Analysis of the Removal of the PTT from New Home Sales



Final Report August 5, 2011



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EXECUTIVE SUMMARY

New home construction is a key sector of the British Columbia (BC) economy, as it creates a large amount of employment and contributes significantly to the provincial GDP and provincial tax revenues. Taxes collected by the Provincial Government as a result of new home construction include the Property Transfer Tax (PTT) and a range of additional taxes (including the provincial portion of the Harmonized Sales Tax (HST) and various forms of corporate and personal taxes).

In 2010, new home sales accounted for approximately 19.3% of total PTT, or \$138.3 million. We estimate that under the current tax regime (i.e., with the HST in place) this amount is equivalent to the Provincial and Municipal taxes generated from the construction and sale of roughly 1,900 to 2,200 new homes.

According to the Urban Development Institute (UDI) the production of an additional 1,900 to 2,200 new homes, stimulated by the removal of the PTT, is considered likely and achievable. The estimated economic and tax impacts resulting from the construction of 1,900 to 2,200 new homes are shown in the table below.

Economic Impact of Constructing 1,900 to 2,200 New Homes

Impact	Direct (\$)		Indirect & Induced (\$)		Total (\$)	
	Low	High	Low	High	Low	High
Output	656,750,808	759,674,253	466,293,073	539,368,719	1,123,043,881	1,299,042,972
GDP	229,862,783	265,885,988	223,295,275	258,289,246	453,158,057	524,175,234
Federal Taxes from Construction	18,389,023	21,270,879	22,986,278	26,588,599	41,375,301	47,859,478
Provincial & Municipal Taxes from Construction	35,464,544	41,022,410	22,986,278	26,588,599	58,450,822	67,611,008
HST (Provincial) on Sale of Homes (1)	NA	NA	N/A	N/A	68,615,900	79,369,100
Total Provincial & Municipal Tax	N/A	N/A	N/A	N/A	127,066,722	146,980,108
Impact	Direct (FTE)		Indirect & Induced (FTE)		Total (FTE)	
	Low	High	Low	High	Low	High
Employment	4,269	4,938	3,284	3,798	7,553	8,736

Note: These calculations assume PTT is eliminated.

(1) Calculations assume HST of 12%. If the rate were to be reduced, one would expect a corresponding reduction in HST.

(2) Due to lack of available data, we were not able to consider the HST rebate and have assumed that 7% of the HST on new home sales is collected by the provincial government. If one were to consider the HST rebate, the number of new homes required to be constructed would be higher.

The construction of an additional 2,200 homes is expected to:

- Generate approximately \$1.3 billion in economic output for the BC economy
- Lead to approximately \$524 million value-added production (GDP)
- Provide an additional \$48 million in Federal construction tax revenues
- Provide an additional \$147 million in Provincial and Municipal tax revenues
- Create an additional 8,700 full-time jobs
- Provide opportunities for BC businesses throughout the new home construction value chain

Not including the HST, we estimate that \$138.3 million is equivalent to the additional Provincial and Municipal taxes generated from the construction of roughly 4,400 to 4,700 new homes. The estimated economic and tax impacts resulting from the construction of 4,400 to 4,700 new homes are shown in the table below.

Economic Impact of Constructing 4,400 to 4,700 New Homes

Impact	Direct (\$)		Indirect & Induced (\$)		Total (\$)	
	Low	High	Low	High	Low	High
Output	1,531,905,744	1,634,829,189	1,087,653,078	1,160,728,724	2,619,558,822	2,795,557,914
GDP	536,167,011	564,190,217	520,847,952	555,841,925	1,057,014,963	1,128,032,140
Federal Taxes from Construction	42,893,361	45,775,218	53,616,701	57,219,021	96,510,062	102,994,239
Provincial & Municipal Taxes from Construction	82,722,910	88,280,775	53,616,701	57,219,021	136,339,611	145,499,796
HST (Provincial) on Sale of Homes	NA	NA	NA	NA	0	0
Total Provincial & Municipal Tax	NA	NA	NA	NA	136,339,611	145,681,798
Impact	Direct (FTE)		Indirect & Induced (FTE)		Total (FTE)	
	Low	High	Low	High	Low	High
Employment	9,907	10,573	7,710	8,228	17,617	18,800

Note: These calculations assume PTT is eliminated.

INTRODUCTION

BACKGROUND AND STUDY PURPOSE

The Urban Development Institute (UDI) has long advocated the removal of the Property Purchase Tax (PTT) on new homes as a means of stimulating residential development and increasing housing supply. To examine this, the UDI has engaged MNP to complete an economic impact assessment of the elimination of the PTT on new home sales.

The scope of this project has included determining the economic impacts that would be generated from different levels of increase in new home development as a result of the elimination of the PTT. This includes an examination of the amount of taxes generated through new home development that would be needed to replace the tax collected through the PTT on new homes sales.

DATA COLLECTION, AVAILABILITY AND RELIABILITY

Data for the economic impact modelling were obtained directly from Landcorp Data Corporation. Our work did not include evaluating the support for the data or the underlying assumptions. Accordingly, we do not express an opinion or any other form of assurance on the data or assumptions. Estimates of economic impacts were derived from the BC Stats input/output model. For the purposes of this study, we have used 2010 as a base year for measuring the economic impacts that would be generated as a result of the elimination of the PTT as all required data for that year have been reported. Our industry statistics were mainly sourced from Landcor Data Corporation and the BC Real Estate Association. Additional material was collected through the review of publically available statistics, articles and reports as well as from industry members.

REPORT LIMITATIONS

This report is not intended for general circulation, nor is it to be published in whole or in part without the prior written consent of Meyers Norris Penny LLP ("MNP"). The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from the UDI, Landcor Data Corporation and public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions expressed as accurate or complete and disclaim any liability to any party who relies upon them as such.

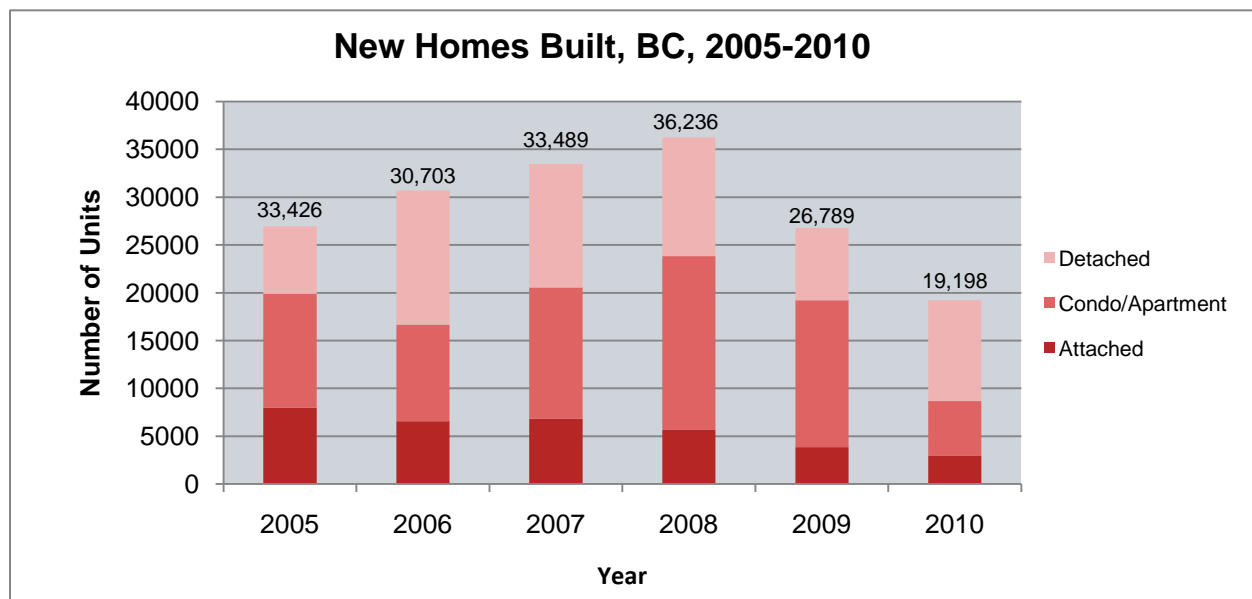
Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation, and are subject to change without notice. MNP is under no obligation to advise of any change brought to its attention which would alter those findings or opinions.

Finally, the reader must understand that our analysis is based upon projections, founded on past events giving an expectation of certain future events. Future events are not guaranteed to follow past patterns and results may vary, even significantly. Accordingly, we express no assurance as to whether the projections underlying the economic and financial analysis will be achieved.

OVERVIEW OF THE PROPERTY DEVELOPMENT INDUSTRY

INDUSTRY OVERVIEW

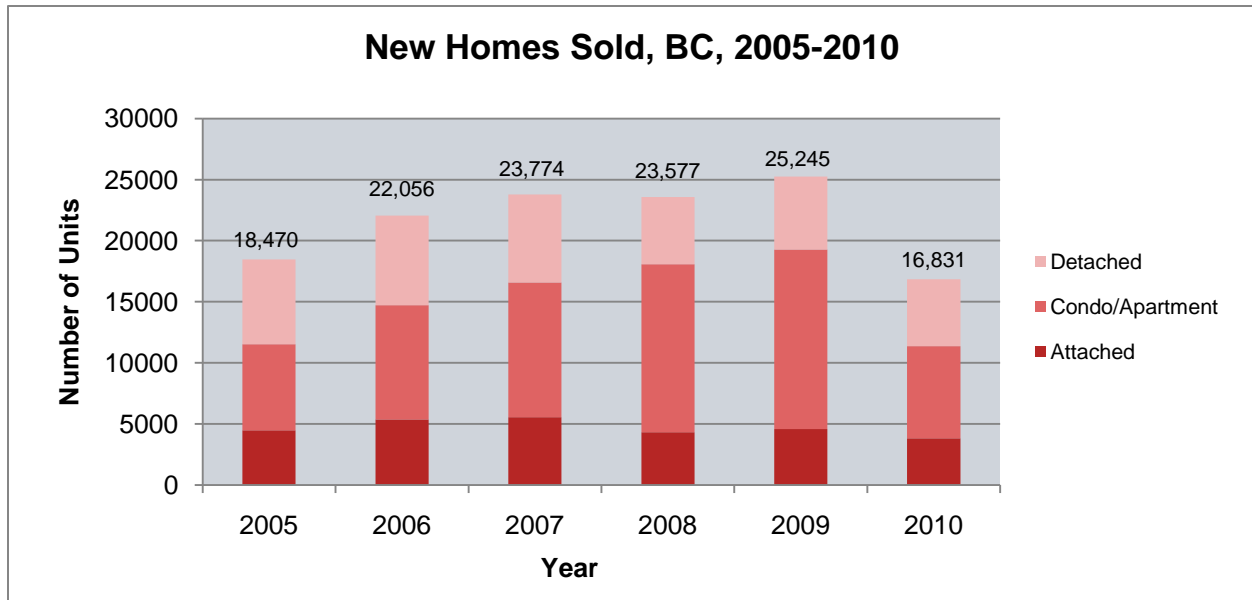
The number of new homes built in BC has fluctuated over the years. As indicated in the chart below, new home construction peaked in 2008 and declined in 2009. Over the period from 2005 to 2010, the number of new homes constructed per year averaged 23,970. The number of homes constructed in 2010 was 28.3% less than the previous year. This decline in new home construction over the years is attributable to a number of factors, including weak consumer demand, rising inventories of complete and unsold homes, and tighter credit conditions.¹



Source: Landcor Data

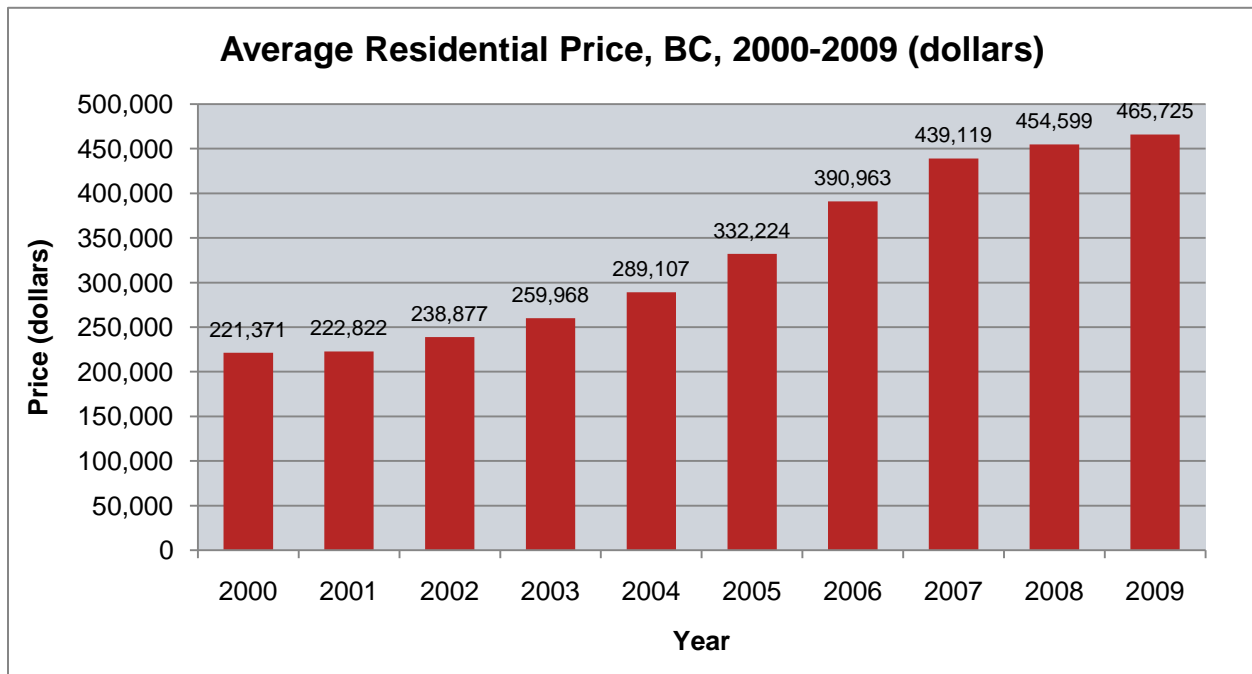
The number of new homes purchased in BC increased between 2005 and 2009 (with the exception of 2008, in which there was a slight decrease in the number of homes purchased), as indicated in the chart below. Over the period from 2005 to 2010, the number of new homes purchased averaged 21,660. Sales of condos and apartments fluctuated more than any other type of property over the 2005-2010 period; sales of these units doubled between 2005 and 2009 and then declined by almost one-half in the following year.

¹ Housing Forecast, Spring 2009, BC Real Estate Association



Source: Landcor Data

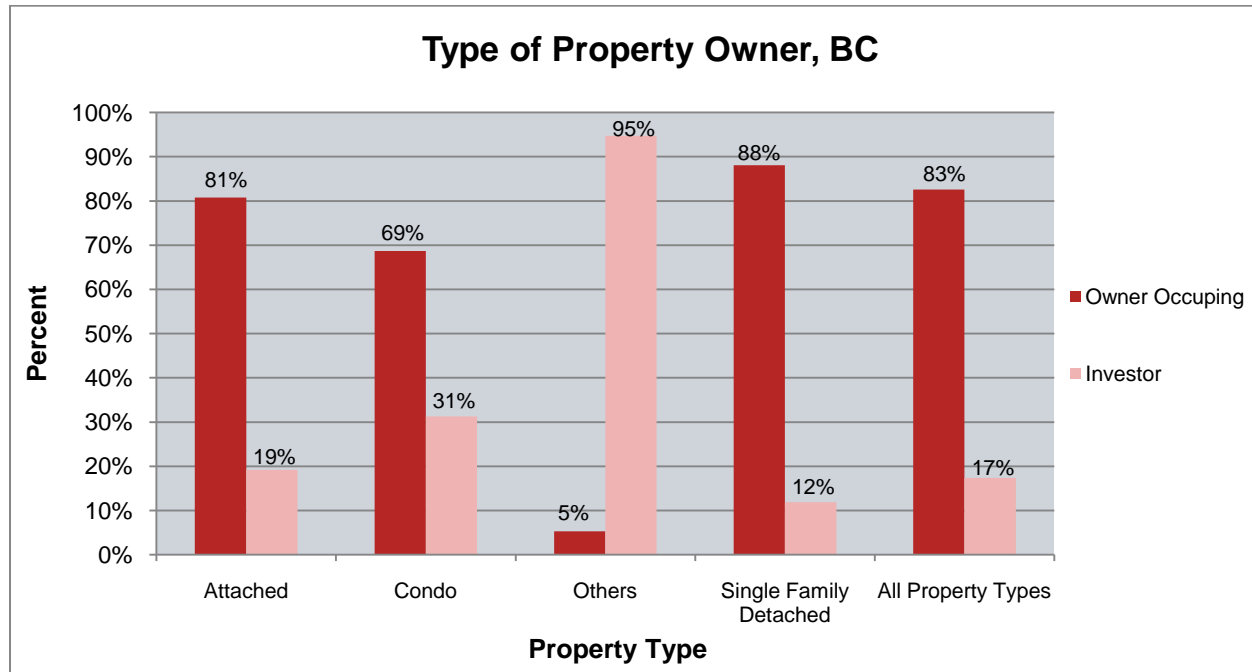
The average residential price in BC has been on the rise for the past decade, as indicated in the chart below. Between 2000 and 2009, the average price of a home in the province increased by approximately 110.4%. The increase in home prices has been more pronounced in certain metropolitan areas. Vancouver was reported to have the third-highest housing costs among English-speaking cities worldwide in 2010.²



Source: CMHC

² Canada's Frontier Centre for Public Policy

Less than one-fifth of property owners in British Columbia are investors; the majority (82.6%) of property owners in the province occupy the unit they own. As indicated in the chart below, condos and other type of properties are more likely to be investment properties than attached units and single family detached homes.



Source: Landcor Data

PROPERTY TRANSFER TAX

In British Columbia, the Property Transfer Tax (PTT) has been levied on all real estate transactions since 1987. The amount of tax due depends on the fair market value of the property and is calculated as follows:

- If the fair market value is \$200,000 or less, the tax is 1% of the fair market value.
- If the fair market value is greater than \$200,000, the tax is 1% of the fair market value up to \$200,000, plus 2% on the portion of the fair market value that is greater than \$200,000.

There are a number of exemptions that may apply to the transfer of property, exempting all or a portion of the transfer from PTT. One exemption is the First Time Home Buyer's Program which was introduced in 1994. Under the program, eligible purchasers can claim an exemption from the PTT if the fair market value of the home is less than the threshold amount. For registration on, or after, February, 20, 2008, the fair market value threshold for eligible residential property is \$425,000. A proportional exemption is provided for eligible residences with a fair market value of up to \$25,000 above the threshold (i.e. up to \$450,000).

The structure of the PTT has not changed since the tax was introduced in 1987, despite significant changes in the housing market. When introduced, the 2% portion of the PTT was expected to apply to only 5% of homes sold. At that time, the average home price was \$101,916. In 2009, however, the

average price of a home in BC was \$465,725, and the 2% portion was levied on about 86% of homes sold.³

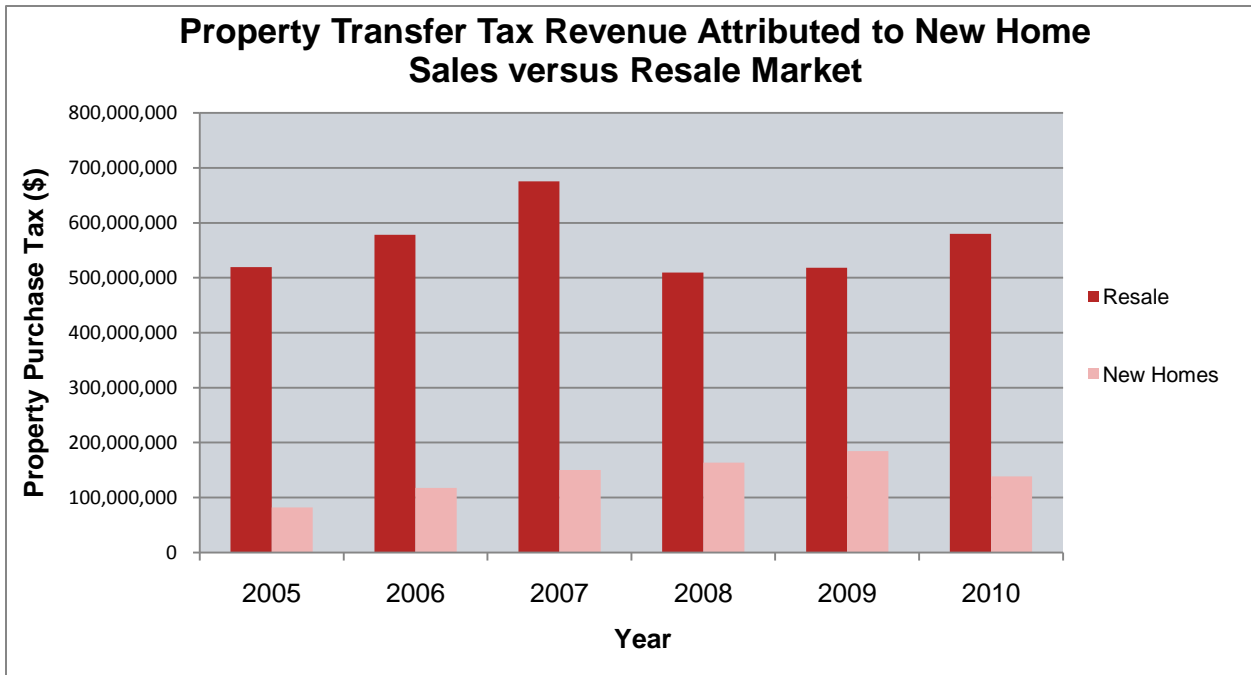
In 2009/2010, the PTT generated \$887 million in tax revenues for the province. Shown in the table below is the amount of revenue that the Province has collected from the PTT in the past years.

Year	Total Taxation Revenue (\$mil.)	PTT Revenue (\$ mill.)	Proportion of Taxation Revenue from PTT (%)
1997/1998	13,103	310	2.37
1998/1999	13,134	223	1.70
1999/2000	13,387	245	1.83
2000/2001	13,894	262	1.89
2001/2002	14,090	303	2.15
2002/2003	12,365	392	3.17
2003/2004	18,830	517	3.74
2004/2005	14,917	604	4.05
2005/2006	16,429	843	5.13
2006/2007	18,017	914	5.07
2007/2008	19,406	1,068	5.50
2008/2009	18,197	715	3.93
2009/2010	17,102	887	5.19

Source: BC Ministry of Finance

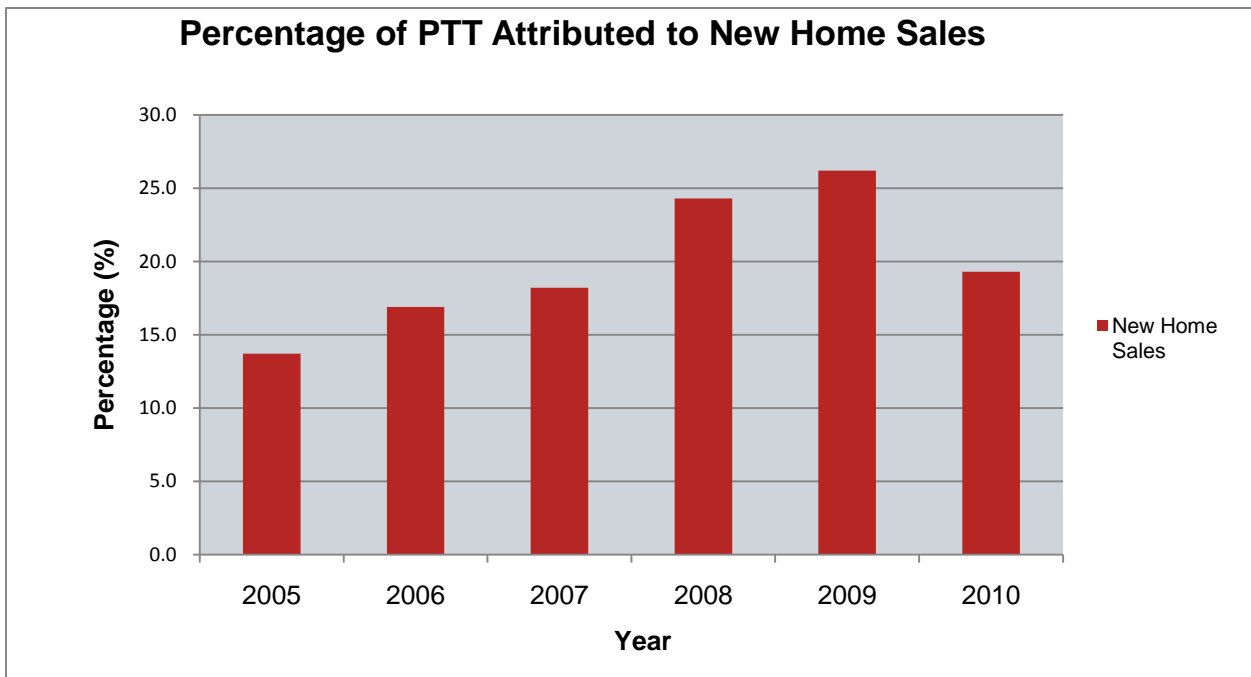
The majority of PTT collected by the provincial government is attributed to the sales of established homes, based on data provided by Landcor Data and indicated in the chart below. On average, resale home sales have made up approximately 80% of PTT residential sector revenue over the 2005-2010 period. Based on data provided by Landcor, sales of new homes have made up roughly 20% of PTT residential sector revenue, on average.

³ BC Real Estate Association



Source: Landcor Data

The proportion of PTT attributed to new home sales has generally increased over time, as indicated in the chart below. Over the period from 2005 to 2010, the proportion of PTT attributed to new home sales averaged 19.8%.



The proportion of PTT attributed to new homes sales varies depending on the dwelling type. Indicated in the table below is the estimated PTT collected on the sale of various type of homes in 2010. Overall, new condo and apartments sales generate more PTT than sales of other new property types.

Property Type	PTT Attributed to New Homes	% of PTT Attributed to New Homes	PTT Attributed to Resold Homes	% of PTT Attributed to Resold Homes
Attached	\$24,765,803	25.35%	\$72,942,272	74.65%
Condo/Apartment	\$57,900,100	35.03%	\$107,372,399	64.97%
Detached	\$55,657,130	12.23%	\$399,374,621	87.77%

Source: Landcor Data

HOUSING AFFORDABILITY IN BC

All regions of Canada are experiencing deterioration in affordability; however, the problem is most severe in British Columbia. According to the BC Real Estate Association, accessibility to affordable housing not only impacts the quality of lives in British Columbia but also significantly impacts the ability of the Province to attract and retain a skilled workforce needed to ensure future economic growth.⁴

Housing affordability is a function of housing cost and household income. Households are considered to have affordability problems if more than 30% of their household income is spent on housing. According to this criterion, 29.1% of BC households had affordability problems in 2006, up slightly from 28.6% in 2001. British Columbia's housing affordability position relative to other regions within the country is indicated in the table below. As indicated, compared to the rest of Canada, homeowners in BC with mortgages had the highest proportion of housing costs relative to incomes - a key measure of housing affordability.⁵

⁴ http://www.bcrea.bc.ca/news_room/2010-04-26Shelter_Taxes.pdf

⁵ 2006 Census Fast Facts: Housing Affordability in British Columbia

Percent of Households Spending 30% or More of Household Income on Shelter, 2008

Region	Owned with Mortgage	Owned without Mortgage	Rented
Canada	25.7	6.9	40.3
British Columbia	34.4	6.9	43.7
Newfoundland and Labrador	19.9	6.4	42.8
Prince Edward Island	20.7	6.4	41.7
Nova Scotia	20.6	6.6	45.1
New Brunswick	19.0	5.5	39.2
Quebec	19.6	5.8	35.6
Ontario	29.5	8.2	44.6
Manitoba	16.5	5.4	35.5
Saskatchewan	18.9	7.5	39.8
Alberta	23.2	5.9	37.2
Yukon Territory	18.6	5.8	28.8
Northwest Territories	12.1	6.2	20.0
Nunavut	15.6	5.9	8.6

According to the BC Real Estate Association, BC ranks worst in Canada in terms of burden of land transfer taxes on homeowners. As indicated in the table below, residents of British Columbia pay 222% more in land transfer taxes per transaction than the average Canadian. Furthermore, the provincial government levies a PTT rate that is 129% higher than the average for Canadian provinces.⁶

⁶ BC Real Estate Association

Land Transfer Tax Burdens in Canada					
Province	Q4 Average MLS Price	Transfer Tax Paid to Government	Average Tax Rate	Estimated Household Income	Transfer Tax to Income Ratio
British Columbia	\$452,198	\$7,044	1.6%	\$69,250	10.2%
Alberta	\$354,332	\$0	0.0%	\$90,100	0.0%
Saskatchewan	\$194,267	\$0	0.0%	\$66,850	0.0%
Manitoba	\$172,364	\$1,235	0.7%	\$64,450	1.9%
Ontario	\$313,757	\$3,181	1.0%	\$79,800	4.0%
Quebec	\$216,806	\$1,918	0.9%	\$60,100	3.2%
New Brunswick	\$132,884	\$332	0.2%	\$57,600	0.6%
Nova Scotia	\$173,617	\$2,604	1.5%	\$61,900	4.2%
Prince Edward Island	\$137,650	\$1,367	1.0%	\$58,300	2.4%
Newfoundland & Labrador	\$152,160	\$0	0.0%	\$61,500	0.0%
Canadian Averages	\$312,411	\$2,187	0.7%	\$72,100	3.0%

Source: Select Standing Committee on Finance and Government Services, October 16, 2008

Contributing further to the issue of housing affordability in the Province is the harmonization of the provincial sales tax (PST) with the GST that was implemented on July 1, 2010. The Harmonized Sales Tax (HST) is levied on the purchase of new housing, which encompasses newly constructed or substantially renovated housing. This additional shelter tax is a burden on homebuyers, homeowners and landlords in the province. The HST is not applied to established property and therefore creates disparity in cost between existing and new homes. Illustrated in the following table is the effect of shelter taxes on the average price of a new single detached house in the Vancouver Metropolitan area both before and after the implementation of the HST.

Before July 1, 2010		After July 1, 2010	
			12%
Purchase Price	\$905,011	Purchase Price, less 2% embedded PST	\$886,911
GST (5%)	45,251	HST	106,429
PTT	16,100	PTT	15,738
		HST Rebate	(26,250)
Total Cost	\$966,362	Total Cost	\$982,828

Source: BC Real Estate Association

Note: If the HST were to be lowered to 11%, we estimate the HST payable would drop to \$97,560. Similarly, if the HST were to be lowered to 10% we estimate the HST payable would drop to \$88,691.

ECONOMIC IMPACT ANALYSIS

ECONOMIC IMPACT ANALYSIS METHODOLOGY

To estimate the economic impacts that would be generated from different levels of increase in new home development, MNP followed an input-output methodology using economic multipliers published by BC Stats. Input-output modeling is a widely-used and widely-accepted approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different projects and facilities.

In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, GDP, government tax revenue and employment:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer. This is the broadest measure of economic activity.
- **Gross Domestic Product (GDP)**, or value added refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GDP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labour or mechanical processing. Total GDP is a more meaningful measure of economic impact, as it avoids double counting during each round of impacts.
- **Government Tax Revenues** arise from personal income taxes, indirect taxes less subsidies (e.g. PST and GST), corporate income taxes and natural resource royalties.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTE).

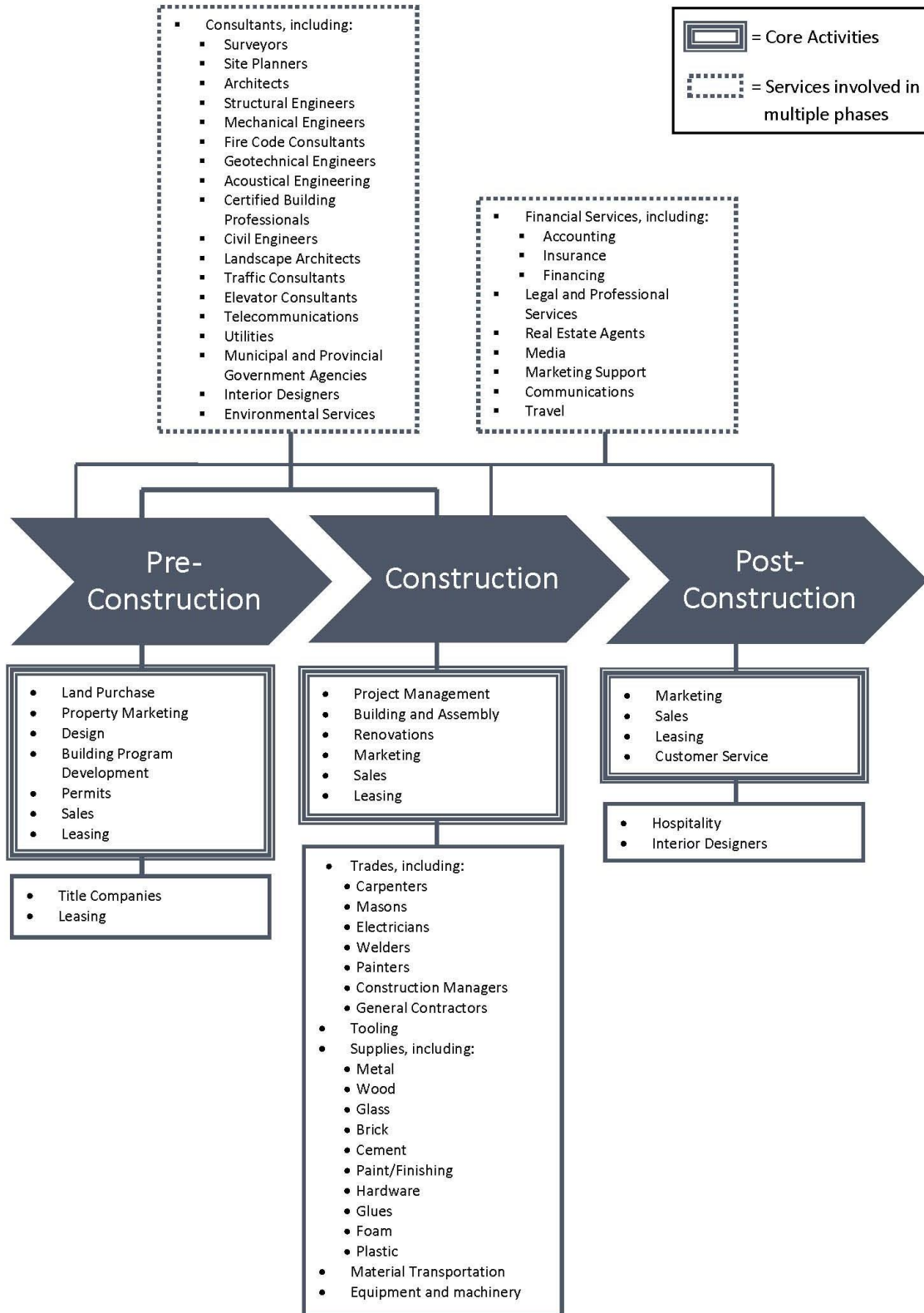
Economic impacts may be estimated at the direct, indirect, and induced levels.

- **Direct impacts** are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility.
- **Indirect impacts** arise from changes in activity for suppliers of the “front-end” businesses.
- **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

LINKAGES TO OTHER INDUSTRIES

For new home construction, direct impacts arise from the construction activity itself while the indirect and induced impacts arise from the linkages that exist with suppliers and other sectors. Such linkages are often displayed through a value chain that illustrates the components of the sector and the individuals and organizations with which it interacts. The value chain for new home construction is shown on the following page.

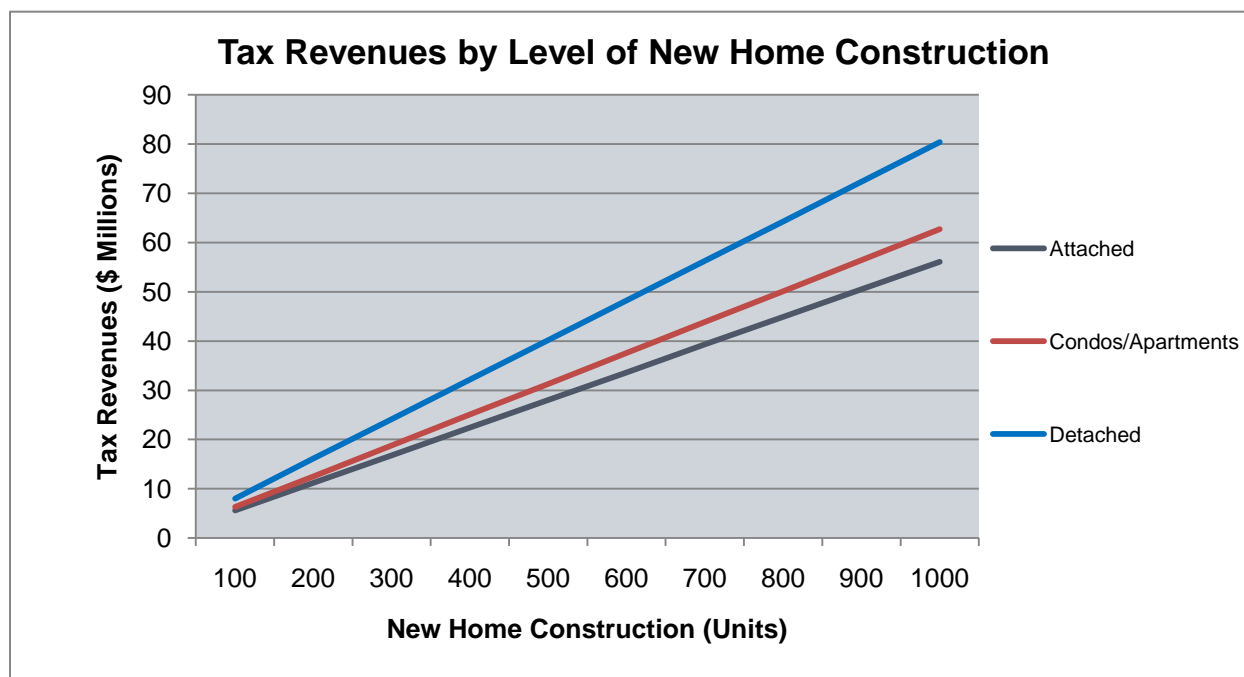
Property Development Value Chain



IMPACT OF NEW HOME CONSTRUCTION

We have used data provided by Landcorp Data Corporation as well as estimates on construction costs⁷ used by R.A. Malatest & Associates Ltd. to determine the amount of new home construction that would be required to offset the loss in PTT revenue should the PTT be removed on the sale of new homes. The first scenario examines the amount of new home construction that would be required to offset the loss in PTT revenue with the current provincial tax regime (i.e. with the HST).

In 2010, new home sales accounted for approximately 19.3% of total PTT, or \$138.3 million. The tax revenues generated by different levels of attached, condo/apartment and detached unit construction (assuming these units are sold and HST⁸ is collected on these sales) is presented in the chart below. As indicated, the taxes generated from the construction and sale of 400 to 500 attached units would roughly offset \$24.8 million in PTT revenue should it be removed on new homes sales. Similarly, 900 to 1,000 condo/apartment units would roughly offset \$57.9 million in PTT revenue. Finally, approximately 600 to 700 detached units would roughly offset \$55.7 million in PTT revenue from the sales of these types of homes.



Consequently, our analysis suggests that approximately 1,900 to 2,200 additional new homes, sold at the average price and without attracting PTT, would produce about the same amount of Provincial tax revenues as is currently realized from the PTT on new home sales. Over the past 5 years, housing starts have averaged 29,500 per year.⁹ Based on this average, 1,900 to 2,200 additional new homes would equate to a required increase of roughly 7% in annual new home construction.

⁷ R.A. Malatest & Associates Ltd. assumed 67% of a new house price is building based on Statistics Canada's New House Price index survey in their study entitled "Economic Impact of the Property Transfer Tax" prepared for the British Columbia Real State Association in 2005.

⁸ Due to lack of available data, we were not able to consider the HST rebate and have assumed that 7% of the HST on new home sales is collected by the provincial government. If one were to consider the HST rebate, the number of new homes required to be constructed would be higher.

⁹ CMHC

The impacts of constructing 1,900 to 2,200 new homes are indicated in the table below.

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Impact	Direct (\$)		Indirect & Induced (\$)		Total (\$)	
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Output	656,750,808	759,674,253	466,293,073	539,368,719	1,123,043,881	1,299,042,972
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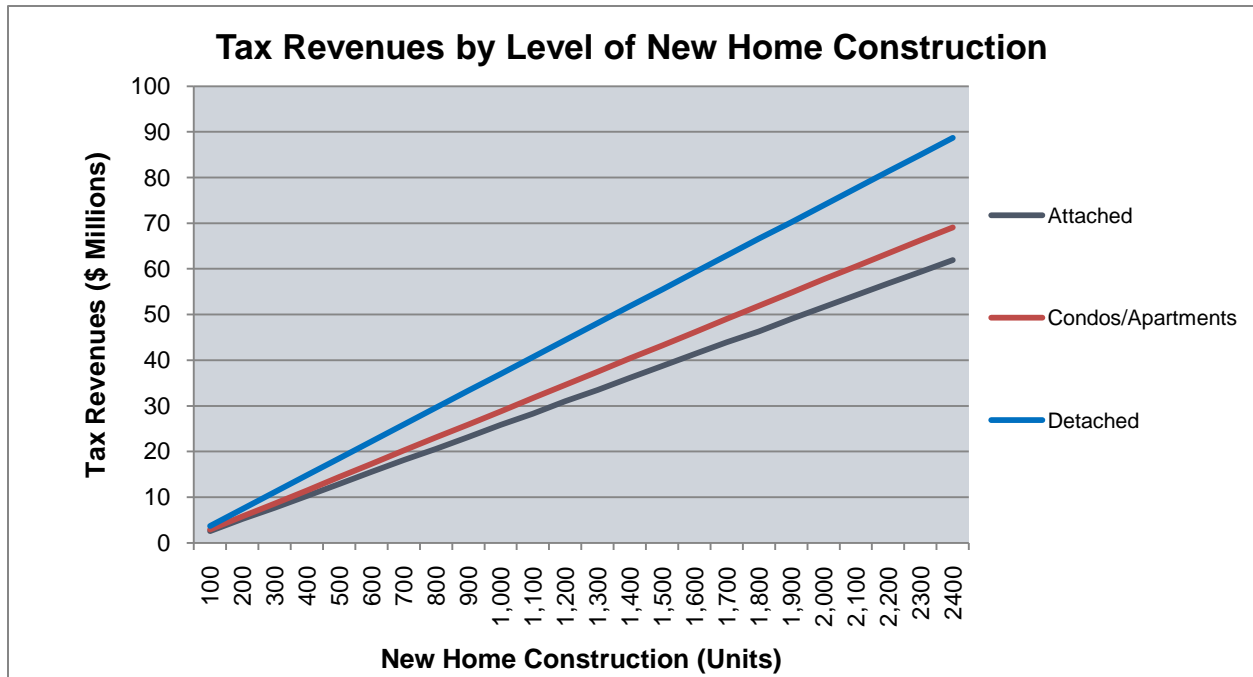
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(2) Due to lack of available data, we were not able to consider the HST rebate and have assumed that 7% of the HST on new home sales is collected by the provincial government. If one were to consider the HST rebate, the number of new homes required to be constructed would be higher.

In this second scenario, we determine the amount of new homes that would have to be built to offset the loss in PTT revenue should the HST be removed on the sale of new homes. In this case, taxes are generated for the Provincial government through building activity.

The number of new homes required to produce roughly the same amount of Provincial tax revenues as was realized from the PTT on new homes sales (and without the HST) varies depending on the type of home. The tax revenues generated by different levels of attached, condo/apartment and detached unit construction are presented in the following chart. As indicated, the taxes generated from the construction of 900 to 1,000 attached units would roughly offset \$24.8 million in PTT revenue should it be removed on new homes sales. Similarly, 2,000 to 2,001 condo/apartment units would roughly offset \$57.9 million in PTT revenue. Finally, approximately 1,500 to 1,600 detached units would roughly offset \$55.7 million in PTT revenue from the sales of these types of homes.



Consequently, our analysis suggests that the construction of roughly 4,400 to 4,700 additional new homes would produce about the same amount of Provincial tax revenues as is currently realized from the PTT on new home sales. Over the past 5 years, new housing starts have averaged approximately 29,500 per year.¹⁰ Consequently, 4,400 to 4,700 additional new homes would equate to a required increase of roughly 15% annually in new home construction.

This level of residential construction is expected to impact the BC economy through direct expenditures on goods and services, the employment of workers and the generation of tax revenues for various levels of government. The impacts of building 4,400 to 4,700 new homes are presented in the following table.

¹⁰ CMHC

Economic Impact of Constructing 4,400 to 4,700 New Homes

Impact	Direct (\$)		Indirect & Induced (\$)		Total (\$)	
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	Low	High	Low	High	Low	High
Employment	9,907	10,573	7,710	8,228	17,617	18,800

Note: These calculations assume PTT is eliminated.

OTHER ECONOMIC AND SOCIAL BENEFITS

ATTRACTION AND RETENTION OF SKILLED WORKFORCE

High housing costs serve as a barrier to attracting and retaining a skilled workforce in the province. With the highest home ownership costs in the country, BC is at a competitive disadvantage to attract skilled labour and professionals to the province.¹¹ The housing affordability issues in BC create difficulties for people who are trying to get into the market as well as for businesses that cannot hire skilled human capital because of the high housing prices that prevent people from relocating.¹² The PTT contributes to this problem of housing affordability.

AREA REVITALIZATION

Improvements in housing affordability, through an elimination of the PTT on new home purchases, would provide a stimulus to the residential development sector. Development creates positive externalities which resonate beyond the scope of each project. Not only would residential development increase the availability of affordable housing for residents of the province but it would contribute to the revitalization of communities. Development can improve the aesthetics and character of urban neighbourhoods. Building property in areas that are underdeveloped creates mixed-income communities. Revitalization in these areas can attract investment in the form of new or improved amenities, such as school, parks and improved transit. Furthermore, revitalization can increase the number of local jobs and training for residents.¹³

CREATION OF BUSINESS PARTNERSHIPS

Partnerships have become increasingly common in both the private and public sectors as a way of extending limited resources and achieving strategic objectives. While housing development has always relied on partnerships among various stakeholders in the housing sector, the concept of partnership is of even greater importance in light of current housing affordability issues. Partnerships among organizations are an important aspect of modern approaches to delivering affordable housing. Involvement in a partnership can provide a mechanism for innovative financing and opportunities for investment as well as minimize risks shared by organizations. Furthermore, partnerships can enhance the credibility of participating groups and provide an opportunity for organizations to learn from one another.¹⁴

The success of a new downtown Richmond condominium development is largely attributable to the cooperation between developers, local government, and community organizations. The Remy/Alexandra Gate Project is an innovative solution for the housing affordability challenge which incorporates social housing, childcare facilities and alternative transportation choices.

¹¹ BC Real Estate Association

¹² "Vancouver homes more expensive than New York or London", Vancouver Sun, May 17, 2011

¹³ Toronto Housing Community

¹⁴ Research Highlights, Guide to Affordable Housing Partnerships, CMHC

OPPORTUNITIES FOR TRAINEES

Stimulating residential development through an elimination of the PTT on new home purchases would encourage people to train in various trades and industries, thereby increasing the skilled labour supply in the province. Training plays a key role in making British Columbia's industries prosperous and globally competitive through the development of a highly skilled and productive workforce.¹⁵

BUSINESS INVESTMENT

Although BC ranks as one of the top four competitive provinces in terms of sales tax, fuel tax and net property tax, the high housing costs (including high shelter taxes) deter companies from relocating to BC.¹⁶ Labour shortages, which can often be a direct result of high housing costs, can also contribute to higher construction costs, which may deter businesses from locating in the region.¹⁷

For many public and private sector employers located in the province, housing affordability makes it difficult to attract and retain qualified staff. This reduces their overall economic competitiveness and makes it more difficult for companies to grow and retain skilled staff.¹⁸

Housing affordability and the PTT make the province a less competitive place for business investment; elimination of the PTT on new home sales would contribute to improved business investment in the province.

¹⁵ Industry Training Authority

¹⁶ BC Real Estate Association

¹⁷ Regional Housing Affordability Strategy, Capital Regional District, March 2007

¹⁸ Fletcher, James and Doug McArthur. Local Prosperity: Options for Municipal Revenue Growth in British Columbia, November 2010

APPENDIX A - ABOUT MNP

MNP is the fastest growing chartered accountancy and business advisory firm in Canada. Founded in 1945, MNP has grown from a single office in Manitoba to more than 50 offices and 2,600 team members across Canada. In British Columbia MNP has more than 450 staff located in 15 offices across the province.

MNP is a member of Praxity AISBL, a global alliance of independent firms, which enables us to access a broad range of industry specific expertise worldwide.

At MNP, our professionals are the driving force behind our success. They continue to demonstrate our culture and values which is integral to the way we conduct business, both internally and externally. As such, MNP is proud to be recognized for the third year in a row as one of the *50 Best Employers in Canada* by *Maclean's* magazine.



MNP provides a wide range of accounting, finance and business advisory services to clients. These include:

- Assurance
- Corporate Finance
- Enterprise Risk Services
- Consulting
- Succession
- Taxation
- Mergers and Acquisitions
- Forensic Accounting
- Insolvency and Corporate Recovery
- Valuations and Litigation Support