



Making market housing more affordable and increasing supply
Real Estate Board of Greater Vancouver Pre-Budget Submission, September 30, 2021

During the next decade (2019-2029), there will [be 861,000 job openings](#) in BC, according to the [British Columbia Labour Market Outlook](#).

- 69 per cent of these future job openings will be to replace workers leaving the labour force.
- 598,000 job openings will be due to retiring workers will need to be replaced.
- 31 per cent of the 10-year total job openings will be new jobs created through economic growth.

To help provide employers with workers, the federal government is welcoming more than [400,000 immigrants](#) this year alone, as well as in subsequent years. The government also expects in-migration from other provinces and territories.

Where will newcomers live?

Many of these newcomers will be millennial-age (those born 1980-2000), professional, technical and service workers. Four in five (80 per cent) will want to buy homes.ⁱ Most will have difficulty finding a home they can afford.

A key way to increase affordability is to increase supply. “Failure to ensure an adequate supply of housing undermines our social and economic future.”ⁱⁱ

But throughout Greater Vancouver, supply dwindles and the housing affordability crisis continues to worsen.ⁱⁱⁱ

Even just five years ago, anyone eager to buy an affordable townhouse was in luck in many Greater Vancouver neighbourhoods.

Today, a modest townhouse In Maple Ridge, the most affordable area in the region, will cost a home buyer \$688,000, an increase of 67 per cent since July 2016, when the same townhouse sold for \$411,600.

The property transfer tax (PTT) is significant when it comes to raising the price of home ownership, adding \$11,776. The annual household income required to service the mortgage is \$143,841.

Buying a Maple Ridge townhouse

Benchmark price	Property Transfer Tax	Total price	Down payment	Total Loan	Mortgage rate	Monthly Principal & Interest	Annual Household Income required
\$688,000	\$11,776	\$699,760	\$104,964	\$594,796	5.4%	\$3,596.04	\$141,841

Figures are current to [July 31, 2021](#) – benchmark for a townhome in Maple Ridge. Down payment 15%. Note: Mortgage rate for a 5-year, conventional mortgage at 5.4%. PTT calculated at 1% on first \$200,000; 2% on remainder up to \$3 million.

If this same millennial wants to live closer in, for example, anywhere in East Vancouver, they will pay \$994,900 for an ordinary townhouse, a price that has increased 28 per cent since July 2016 when the cost was \$778,600. The PTT on this \$994,900 townhome will be an astronomical \$17,898 and the annual household income required is \$208,189.

Buying an East Vancouver townhouse

Benchmark price	Property Transfer Tax	Total price	Down payment	Total Loan	Mortgage rate	Monthly Principal & Interest	Annual Household Income required
\$994,900	\$17,898	\$1,012,798	\$151,920	\$860,878	5.4%	\$5,204.72	\$208,289

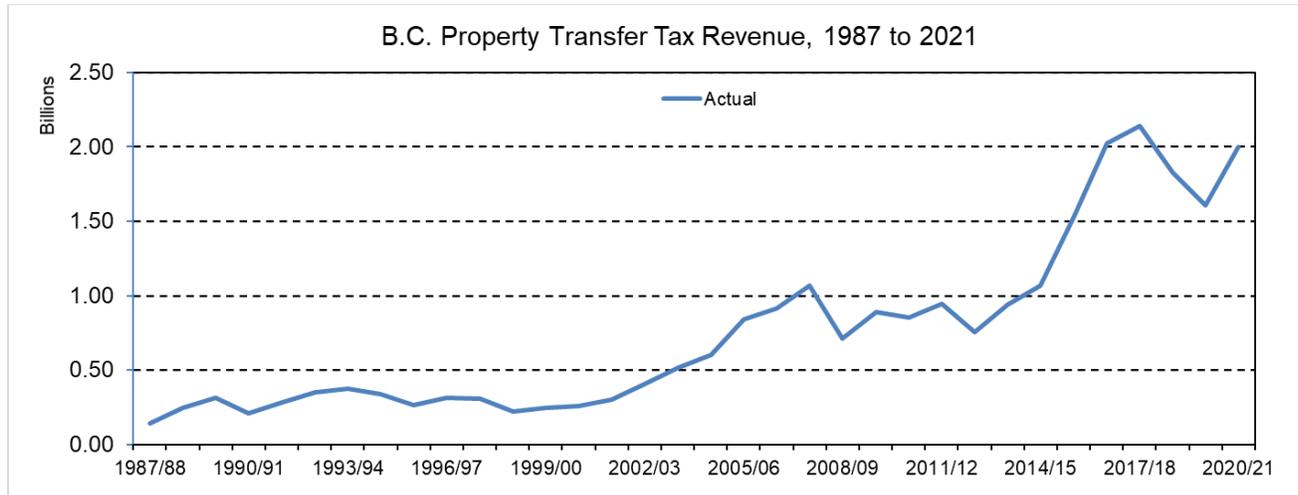
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If home prices continue on this trend, the average Vancouver resale price [will reach will reach \\$2.1 million](#) by 2030. Right now affordable housing is seen to be the [most important issue](#) for British Columbians.

The consequence of this lack of affordability

Employers will be unable to attract and retain skilled, in-demand labour at all levels.



Source: B.C. Ministry of Finance. Budget 2021, Financial and Economic Review 2021. Note: the number for 2020/21 is an estimate.

Recommendations

It's worth repeating: British Columbians rank [affordable housing their number one concern](#).

The Real Estate Board of Greater Vancouver has recommendations that would make market housing much more affordable and would increase housing supply.

1. Use the PTT revenue

Use a percentage of PTT revenue from this year to fund:

- local infrastructure to reduce cost burdens charged by local governments;
- rental projects to help stabilize rents and support renters saving to become buyers; or
- insure construction mortgages for higher risk projects that push the boundaries of what the market is developing, for example, multi-family in a single-family neighborhood.

2. Improve the Property Transfer Tax (PTT)

The PTT, unlike mortgage insurance, cannot be financed with the mortgage and acts identically to the down payment as a barrier to buying a home. A household making \$120,000 per year diligently saving 10 per cent of their income to purchase a \$700,000 home would be able to buy a home a full year earlier without the PTT.

Buyers of a modest townhome in Coquitlam, a suburb seen as affordable, face a [benchmark price of \\$847,300](#) which comes with a PTT price tag of \$14,946 given that the price exceeds the \$525,000 threshold for the buyers to qualify for [the first-time home buyers' exemption](#).

- Increase the First-time Home Buyers' Program PTT exemption threshold to \$750,000 from \$525,000. This would minimally impact PTT revenue.
- Increase the 1% PTT threshold to \$750,000 from \$200,000 for all home buyers.
- Index the PTT thresholds to move with the assessed values of residential (class 1) and make annual adjustments for the First-time Home Buyers' Program exemption threshold and Newly Built Home Exemption threshold.



3. Increase affordable housing market supply

Mandate inclusionary zoning by amending the [Local Government Act](#) and the [Vancouver Charter](#) to require local governments to:

- establish affordable market housing targets in official community plans and zoning bylaws. Developers can develop market housing only if they include, for example, 20 per cent denser affordable market housing in the development; and
- pre-zone land and infrastructure for higher-density missing middle market homes including small-lot townhouses and row houses with basement suites and laneway homes.

About us

The Real Estate Board of Greater Vancouver represents 14,000 licensed residential and commercial REALTORS® and their clients – property buyers, sellers and owners – in Greater Vancouver.

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ⁱ Abacus Research, [Rented Dreams: the truth behind millennial home ownership](#), May 6, 2019

ⁱⁱ [Opening doors: Final report of the Canada-British Columbia Expert Panel on the Future of Housing Supply and Affordability](#), June 2021, page 12

ⁱⁱⁱ Dr. James Tansey, [Growing Pains: Density, economic growth, sustainability and economic wellbeing in Metro Vancouver](#), UBC Sauder School of Business, Centre for Social Innovation and Impact Investing, May 2018