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# THE HOUSE TAX SHUFFLE

This week’s B.C. budget is expected to tackle housing affordability. So where would tax changes most benefit first-time homebuyers and hit luxury property owners the hardest? The numbers tell an interesting story depending on how new tax levels are set.

*So, if de Jong does increase the exemption, how will he cover off the loss of revenue in this budget? It appear she will do so by introducing a luxury tax, payable when highend homes are sold.*

The finance minister has hinted Tuesday’s provincial budget will increase the tax-exempt threshold for first-time homebuyers, and at the same time create a new luxury tax for high- end homes.

**Where would people benefit the most if the first-time home buyers’ exemption was increased from the current \$475,000 to \$600,000 or \$800,000 or \$1 million?**

Region	% properties worth less than \$475,000	%properties worth less than \$600,00	% properties worth less than \$800,000	% properties worth less than \$1 million
West Van.	0	0	0	1
Vancouver	0	0	0	9
North Van.	0	0	2	20
District				
Burnaby	0	0	3	21
North Van. City	0	0	4	29
Richmond	0	1	8	37
White Rock	0	4	31	59
Port Moody	0	1	28	67
Coquitlam	1	4	32	76
New West.	1	10	48	84
Surrey	7	36	75	87
Langley	13	35	76	89
Delta	1	34	76	94
Pitt Meadows	11	67	96	98
Maple Ridge	40	74	94	98
Port Coquitlam	4	31	90	98

Source: Data supplied by Landor Data Corporation

Mike de Jong has said these changes would not just take effect in Metro Vancouver, where a housing affordability crisis is brewing, but right across B.C.

So, where would first- time homebuyers benefit the most, and where would the owners of expensive homes be hit the hardest by any potential changes in the budget?

The Sun asked Landcor Data Corp., a Vancouver analytics firm with a massive database of real estate facts and figures, to crunch the numbers.

Currently, the first-time homebuyers' program exempts the paying of property transfer taxes on most purchases under \$475,000.

That exemption was helpful in more than 180 of the 230 B.C. municipal areas analyzed by Landcor, because at least half of their detached homes had a 2016 assessed value of under \$475,000. A home of that value incurs a property transfer tax of about \$7,500 anytime changes are made to a property's title, according to the province.

But in the remaining 50 municipalities, including all of Metro Vancouver, the exemption was virtually useless because of skyhigh prices.

De Jong would not reveal any numbers before budget day, but what would happen if he raised the first-time homeowner exemption to \$600,000 (a savings of up to \$10,000 per transfer)? That would boost the number of homes accessible to first-time buyers, including at least half the detached homes in 200 of the municipalities analyzed — but again, most of those are outside Metro Vancouver.

Still, an increase to \$600,000 would push the number of transfer-tax-exempt homes in Saanich and Port Coquitlam from roughly five per cent to around 30 per cent, and in Surrey and Delta from single digits to about 35 per cent.

What if de Jong were to raise the exemption to \$800,000 (up to \$14,000 in savings)? All but 17 of the 230 municipalities in B.C. would have at least half of their homes under that cut-off.

Most of those 17 are in the Lower Mainland, but within that group there are some cities that would start to see benefits: Houses in places such as Port Moody, White Rock and Coquitlam jump from none under the current exemption rate to roughly one-third under this hypothetical increase.

Finally, a boost to \$1 million (\$18,000 saved per transfer) would help first-time homebuyers own a majority of homes in every municipality except a few — such as Vancouver, the North Shore, Burnaby, and Whistler — where the vast majority of homes are well over this price tag.

Readers can go online to [vancouversun.com](http://vancouversun.com) to see interactive maps that show how each of these changes in the exemption rate would affect their city, for both the purchase of houses as well as condominiums and attached homes.

So, if de Jong does increase the exemption, how will he cover off the loss of revenue in this budget?

It appears he will do so by introducing a luxury tax, payable when high-end homes are sold.

Again, The Sun asked Landcor to analyze three different rates to see where they would hit sellers the hardest.

If a luxury tax is imposed on all properties over \$1.5 million, then de Jong would be collecting fees from a variety of places across B.C.: There are 27 municipalities with more than 100 houses worth at least \$1.5 million (for reference, as of now each would carry transfer taxes of at least \$28,000), including Invermere, Sechelt, and Victoria.

If the luxury tax was set at \$1.75 million (\$ 33,000 in current transfer taxes), it

would impact 20 municipalities with more than 100 homes worth at least that amount, including Anmore, Saanich and Port Moody. Even imposing a \$2-million luxury tax would hit more than 100 homeowners in 16 municipalities, mainly in Metro Vancouver, Whistler and Kelowna.

Of course, the most amount of government revenue would be generated from places like Vancouver where there are more than 23,000 houses and 2,300 condos/attached homes worth at least \$2 million (and that now carry a transfer tax of at least \$38,000). And in West Vancouver, with 7,000 homes and 325 condos/attached homes with that hefty price tag.

De Jong's tax collectors would also be busy in North Vancouver, Richmond and Surrey, all with more than 1,000 homes priced higher than \$2 million.

Readers can go online to [vancouversun.com](http://vancouversun.com) to see the number of million-dollar-plus homes in their city.

De Jong has said he wants the budget to make it easier for some people to buy a home, most likely through changes to the property transfer tax.



Which British Columbians will benefit, and which will pay more, as a result of any changes won't become clear until he shares his fiscal plans on Tuesday.

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