

Minister touts housing measures

Budget 2016: De Jong says creating new supply crucial to improving real estate affordability

MICHAEL DE JONG

Each and every day, British Columbians make tough choices about how to spend their hard-earned money to take care of themselves and their families. So it's not surprising that B.C. taxpayers expect government to make good decisions when it comes to their tax dollars. In *Balanced Budget 2016*, the government's prudent forecasting, careful spending and commitment to reducing operational debt is paying dividends to British Columbians.

Not only has this government posted a fourth-consecutive surplus, but over the course of the fiscal plan we're providing \$1.6 billion in new and increased spending on core services, in addition to an annual three per cent increase in the Ministry of Health budget. Better yet, \$500 million of this new funding is money saved in interest payments from paying down operational debt to the tune of \$2.2 billion since getting back to balanced budgets.

Among our priority investments is addressing the cost of housing. Relatively high housing prices in B.C., particularly in the Lower Mainland, are being driven by increased demand and thanks to B.C.'s economic and population growth, along with constrained geography and a lack of available land. That's why creating new housing supply is critical to improving affordability in the real estate market, and government is acting to help the housing market supply more homes.

Budget 2016 provides immediate measures to help bring the dream of home ownership within reach, including a full exemption from the property transfer tax on newly constructed homes up to \$750,000. This includes condominiums and townhouses. The



B.C. Finance Minister Michael de Jong prepares to deliver the provincial government's budget at the legislative assembly in Victoria on Tuesday.

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new exemption will save purchasers up to \$13,000 on a new home and is expected to benefit owners of about 22,000 new homes in 2016, many in the Vancouver area. We're also working to increase supply and improve affordability for those with low to moderate incomes by investing \$355 million over the next five years to build and renovate more than 2,000 units of affordable housing.

Housing affordability is a complex issue and more information is needed to better understand what's driving increasing values, particularly in the Lower Mainland. Starting this summer,

the province will resume collecting data that specifically identifies foreign purchasers — government stopped collecting this information in 1998. Generating new data will allow government to monitor the volume of foreign investment and the use of bare trusts and assess what, if any, effect they have on pricing. BC Housing is also conducting a study on key factors affecting housing affordability in B.C.

This budget also makes changes to Medical Services Plan premiums, including enhanced premium assistance to help lower-income families, individuals and seniors with the cost of living.

Premiums will no longer be charged for children, and this is a particular benefit for 70,000 single-parent families who will now pay for only the adult. These changes to MSP premiums mean that 45,000 people will no longer pay premiums at all and an additional 335,000 people will see their premiums reduced. Once the changes have been implemented, nearly two million British Columbians, or more than 40 per cent of the population, will pay no premiums at all.

While our social safety net benefits all British Columbians, it's a reality that some children, individuals and families need extra

Budget ignores unaffordability

Paul Kershaw, founder of Generation Squeeze and a policy professor in the UBC School of Population and Public Health, says the B.C. budget fails to address the unaffordability problem plaguing generations X, Y and their kids. See vancouver.sun.com/opinion

help to overcome life's hardest challenges. Budget 2016 provides an additional \$673 million over three years for children, families and individuals in need, with \$217 million going to help vulnerable children and their families and \$456 million to help other individuals in need, including an increase in monthly disability income assistance rates — up to \$77 per month.

The budget also uses today's fiscal strength to ensure a portion of surpluses are set aside to benefit future generations. The B.C. Prosperity Fund, which begins with an inaugural commitment of \$100 million of the forecast 2015-16 surplus, is being established to:

- Help eliminate the province's debt over time;
- Invest in health care, education, transportation, family supports and other priorities;
- Preserve a share of today's prosperity for future generations.

By showing discipline in tough fiscal times, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them. Budget 2016 continues this province on the path to success, meeting today's needs while working toward a bright future for this province.

Michael de Jong is
B.C.'s minister of finance.

\$180,000/unit seems excessive to make difference between market and non-market housing. At \$90,000/unit 4,000 could be built/renovated. - cjk