



**Rethinking the PTT price thresholds**  
**Real Estate Board of Greater Vancouver Pre-Budget Submission, June 13, 2022**

First-time home buyers who buy a resale home priced up to \$500,000 or a new home priced up to \$750,000 may qualify for a Property Transfer Tax (PTT) exemption under the provincial [First-time home buyers' program](#) (FTHB).

But, REALTORS® throughout the Real Estate Board of Greater Vancouver area continue to hear the same desperate concerns: their clients are unable to access this FTHB program because there are so few resale or new homes that qualify. Even the media has [reported](#) this trend.

In 2021, only 164 resale townhouses priced at less than \$500,000 sold on the Multiple Listing Service® (MLS®) in more than 20 communities within the Board's boundaries.

In contrast, in 2017, the last time the FTHB price threshold was raised (to \$500,000), 765 resale townhomes sold in the Board area for less than \$500,000.

Even purchasers of condominium apartments won't necessarily qualify for a rebate. The current benchmark price for a typical condominium unit in our board area is \$779,700.

**First-time buyers are important to the housing market**

First-time buyers are important to the health of the housing market because they typically buy entry-level, lower priced resale homes, enabling existing home owners to trade up to larger homes or down to smaller homes, if they're empty nesters.

Home sales are a key economic driver in communities and neighbourhoods. In 2021, 43,999 homes changed hands in the Board's area, generating \$2.98 billion in economic spin-off activity and an estimated 20,942 jobs.

**The PTT resale price threshold is out of date**

Today, a modest resale townhouse in Maple Ridge, the most affordable community in the region, costs a home buyer \$859,400, an increase of 99.3% since May 2017, when the same townhouse sold for \$431,200.

The PTT on this \$859,400 townhouse will cost the home buyer an unaffordable \$15,188. The annual household income required to service the mortgage for this townhouse is \$179,779.

**Buying a Maple Ridge townhouse**

Benchmark price	Property Transfer Tax	Total price	Down payment	Total loan	Mortgage rate	Monthly Principal & Interest	Annual gross household income required
\$859,400	\$15,188	\$874,588	\$128,910	\$743,400	5.4%	\$4,497.47	\$179,779

Figures are current to May 31, 2022. Benchmark for a townhouse 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.

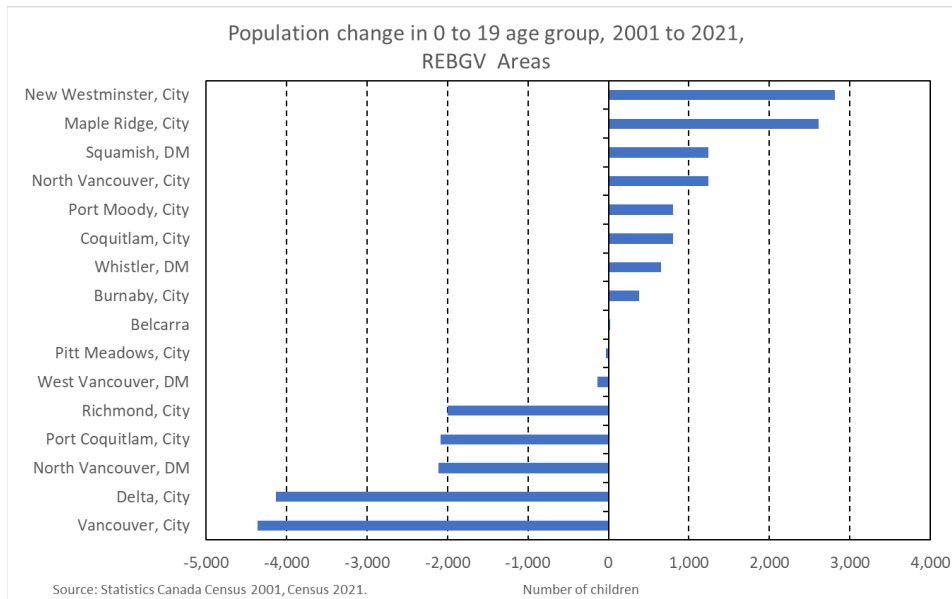
**First-time buyers are important to neighbourhoods**

Families looking for an affordable townhouse, typically move further and further until they find a home they can afford. They may be forced to leave support networks of family and friends, schools and communities they love. This changes neighbourhoods, often dramatically.

Recent census data indicates that many of our closer-in neighbourhoods have been losing children, which may be the leading edge of a cascading change that we need to be watching:

For example, from 2001 to 2021:

- Vancouver’s child population plummeted by 4,365 children (4.3%).
- Delta’s child population plunged by 4,130 children (15%).
- North Vancouver District’s child population tumbled by 2,110 children (9.4%).
- Port Coquitlam’s child population fell by 2,090 children (14%).
- Richmond’s child population decreased by 1,995 children (5%).



### Price threshold for resale

In 2017, if the price threshold for resale homes had also been raised to \$750,000 instead of \$500,000, a total of 7,685 more townhomes would have been eligible for the PTT exemption between 2017 and 2021.

- In 2021: 1,427 townhomes (sold between \$500,000 and \$750,000).
- In 2020: 1,690 townhomes (sold between \$500,000 and \$750,000).
- In 2019: 1,522 townhomes (sold between \$500,000 and \$750,000).
- In 2018: 1,258 townhomes (sold between \$500,000 and \$750,000).
- In 2017: 1,788 townhomes (sold between \$500,000 and \$750,000).
- **Total:** 7,685 townhomes.

### How is the PTT calculated?

The PTT is calculated at a rate of 1% on first \$200,000 of the sales prices; 2% on the remainder up to \$2 million, 3% on residential property over \$2 million and an additional 2% on residential property worth more than \$3 million. Foreign buyers must also pay the [additional property transfer tax](#) of 20% in Metro Vancouver and other areas.

### Housing is already unaffordable. The PTT makes this situation worse.

The PTT, unlike mortgage insurance, can’t be financed with the mortgage. It must be paid up-front with the down payment. A household earning \$120,000 annually managing to save 10% of their income to buy a modest \$859,400 townhome would be able to buy the townhome a full year earlier, if the PTT was exempted. This is a significant saving over the life of the mortgage.

## Recommendations

The Real Estate Board of Greater Vancouver makes these recommendations:

### 1. Commit to a broad-based review of the PTT

Since the PTT was introduced in 1987, there hasn't been a large-scale review of the tax. PTT has not been adjusted to reflect housing market changes. It's time.

### 2. Raise the PTT price thresholds

- The FTHB Program PTT exemption threshold for resale homes should be raised to \$750,000 from \$500,000 to match the threshold for buyers of new homes. 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:

- Pre-zone land and infrastructure for missing middle market homes including smaller-lot townhouses, row houses with basement suites, laneway homes, duplexes, triplexes and fourplexes. [Newly created supply coming onto the market increases the number of resale listings](#) and moderates the sales-to-active listings ratio, ultimately reducing price pressure when new and existing home owners buy new homes.
- Encourage local governments to amend zoning bylaws include the ability to stratify coach houses, laneway houses, small backyard cottages, accessory dwelling units and secondary suites. The current practice among Lower Mainland local governments is that these units can only be rented out. The ability to stratify or outright sell the units would make these investments more attractive to the property owners to create more homes in their neighbourhoods.

## About us

The Real Estate Board of Greater Vancouver represents over 14,800 licensed residential and commercial REALTORS® and their clients – property buyers, sellers and owners – in Greater Vancouver.

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### Areas covered by the Real Estate Board of Greater Vancouver include:

Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Gibsons, Ladner, Lions Bay, Maple Ridge, New Westminister, North Vancouver City; North Vancouver District, Pemberton, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Sechelt, Squamish, Tsawwassen, Vancouver, West Vancouver, and Whistler.