Beau Jarvis · Following
President and CEO at Wesgroup Properties
1mo · Edited ·

I received this email from government…

"Good afternoon,
On behalf of the Select Standing Committee on Finance and Government Services, we are writing to share information about the Budget Consultation.
About the Consultation:
As you may know, the Committee is comprised of both government and opposition MLAs and is tasked by the Legislative Assembly to undertake an annual public consultation on the next provincial budget, and to make recommendations based on those consultations."

So, I naturally submitted a request to present my thoughts. Pursuant to the email I received, there were MLAs from across parties and from various parts of the province. I was told I had 5 mins for my presentation and there would be 5 mins allotted for questions and comments. This is what I said…when I was finished…crickets.

Ravi Kahlon Christine Boyle David Eby Gregor Robertson Scott Aitchison Pierre Poilievre Mark Carney ICBA | Independent Contractors and Businesses Association Urban Development Institute Anne McMullin Chris Gardner Pascal Chan Mike Moffatt, PhD Business Council of British Columbia David Williams Laura Jones Linda HEPNER The Fraser Institute

My Provincial Budget Submission · 4 pages

Thank you. I'm here today to offer a measured but urgent critique of the 2025 BC Budget, particularly as it pertains to the housing sector and the broader economic environment that supports it.

First – Housing is a Capital-Starved Sector

Despite a rapidly emerging capital crisis, Budget 2025 fails to unlock capital at the scale required to meaningfully address supply. Homebuilders across BC are contending with financing constraints driven by higher interest rates, soaring input costs…including taxes, and increasingly volatile demand. The budget makes no significant provision for ways to attract the required capital to stimulate housing delivery. The Fraser Institute recently reported that if we are to meet CMHC's housing targets by 2031, Canada will require $1.6 to $1.8 trillion of new capital…$300 billion per year of capital that is currently not in the system.

Housing delivery remains fragmented, and this budget offers no true provincial commitment to catalyzing the scale of construction we need.

Secondly - Over-Taxation and a Weakening Investment Climate

BC's cumulative tax burden on new housing remains among the highest in Canada. The continuing application of various taxes on new housing, on top of Development Cost Charges, and Community Amenity Charges, are contributing to a cost-of-delivery crisis that undermines the viability of new supply.

Add to this a mounting payroll tax load and one of the highest marginal personal tax rates in North America... we are losing tax competitiveness just as the capital market turns defensive. When institutional and private capital, as well as talent are mobile, BC cannot afford to be indifferent.

To restore investor confidence, the Province must signal that it understands the housing sector not just as a social good, but as a capital-intensive economic engine, making up directly and indirectly 28% of the province's GDP

Lastly - Real Estate Taxation

The budget includes a tax measure to increase the film-tax credit, which ironically seems to be offset by an increase to taxes on real estate (the speculation and vacancy tax rates)

The Budget projects a 24% increase in property transfer tax revenue between the 24/25 forecast and 27/28 budget plan.

Revenue from property transfer tax is equivalent to between 75 and 86% of the revenue generated by the Province from the entire natural resource sector. Combined revenue from property is the 4th highest revenue source for the province, after Personal Income Tax, Sales Tax and Corporate Income.

Personal income tax is the largest single revenue source in the budget, and the Province's fiscal health is tied closely to wage growth and employment levels, making this budget sensitive to economic downturns. One of the largest industries, real estate and construction, is rapidly descending into a historically bad downtown, which will have severe impacts on employment

An estimated 230,000 individuals in BC are employed in Construction, another 18,000 are employed in real estate sales and leasing. A 10% contraction in our sector could mean 24,000 job losses, $1.8 billion in wages, meaning over $270 million in lost personal income tax revenue.

<u>In conclusion</u>

Budget 2025 does not meet the urgency of the housing crisis, nor does it send the right signals to private-sector partners who are willing to build if conditions are stable and predictable.

We need targeted capital solutions, tax reforms that prioritize housing affordability, and fiscal restraint that rebuilds trust in the Province's ability to manage a balanced growth agenda.

Absent these shifts, BC risks compounding its housing deficit and losing the economic engine that underpins our communities.

<u>I will leave you with one recommendation related to housing...</u>

BC needs to treat home building as a long-term investment, not just a tax and revenue opportunity.

The Province invests heavily in Film, Gaming, mining, and transit to drive future growth, but one of BC's biggest economic engines, real estate, gets none of that support. Instead, it's taxed at every stage.

From 2014 to 2021, property transfer tax (PTT) revenue nearly tripled from $1.06B to $3.0B...a windfall built directly on housing and commercial activity. Imagine if even a portion of that was

reinvested into local infrastructure like water, sewers, and parks. Municipalities could reduce DCCs, making new homes more viable. That's not a subsidy...it's smarter use of existing taxes to unlock supply, jobs, and future revenues. To be clear I am not suggesting you increase PTT...because it should be decreased, I am recommending you dedicate some of the revenue already collected.

High taxes and high housing costs are choking innovation. There's no capital left for risk, talent recruitment is stalled, and households are stuck. If BC wants affordability and economic resilience, it must treat housing like the critical infrastructure investment it is.