



# Index GST New Home Rebate to Today's Prices

Canada's Deputy Prime Minister Chrystia Freeland recently said, "One of the things that I am most concerned about as someone who — it shocks me to say this — is 53 years old, is the intergenerational injustice. We had a better shot at buying a home and starting a family than young people today, and we cannot have a Canada where the rising generation is shut out of the dream of home ownership."

Yet only three years ago, Freeland's previous CEO of Canada Mortgage and Housing said, "Our 'dream of home ownership' is static and regressive. We need to call out the glorification of home ownership for the regressive canard that it is."

These contradictory statements from senior officials exemplify Canada's dysfunctional housing predicament. Housing has become political posturing and a cash machine for government. Freeland had "a better shot at buying a home" thirty years ago because three levels of government weren't using homebuyers' mortgages as a big source of revenue.

There was no GST, today adding \$50,000 to the cost of an average new home in BC. Freeland declined to index the GST New Home Rebate to today's prices, first promised when the GST was introduced in 1991.

Instead, Freeland and other governments continue collecting billions of dollars

from housing. The BC government charges Property Transfer Tax up to three times on the development of one home. Their revenue for last year is \$3 billion, up from \$2 billion.

In 2021, Saanich's building permit fee surplus approached \$2 million, higher than 2017 when 40% more homes were constructed. Sooke reports revenue of \$904,623, an 81% increase over their projected budget of \$500,000, not including revenue from rezoning, development permits, subdivision fees and plumbing permits.

The reason is building permit fees are based on cost of construction including rising prices of materials like lumber as well as labour and other factors with no relationship to the cost of inspections.

While government coffers overflow, permit approvals slow to a snail's pace. Elected officials promise improvement but the process only gets worse as more regulatory hurdles are added.

Governments bemoan the lack of housing supply and affordability, while raking in massive revenues at the expense of homebuyers.

To reduce "intergenerational injustice," Freeland should index the GST New Home rebate to inflation and today's real prices as promised.

Otherwise, it's just crocodile tears.



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