

July 29, 2025

Honourable Brenda Bailey
Minister of Finance
Parliament Buildings
Victoria, BC V8V 1X4

***Re: Amendment Required to Enable Effectiveness of Property Transfer Tax
Exemption for Purpose-Built Rental Housing***

Dear Minister Bailey,

In Budget 2024, the Government of British Columbia introduced a full exemption from the Property Transfer Tax (PTT) for new purpose-built rental (PBR) buildings acquired between January 1, 2025, and December 31, 2030. This policy was intended to improve project feasibility and accelerate the supply of new rental housing.

However, a key provision in the *Property Transfer Tax Act* unintentionally renders the exemption ineffective by excluding buildings that have begun leasing prior to sale. Section 10.2(1)(a)(ii) of the Act states that the exemption only applies if "...on the registration date, [the residential improvement] has not been used as a dwelling since the construction of the residential improvement began..."

The standard practice among merchant developers is to lease and stabilize a building before selling it to an institutional investor. This is necessary because buyers, such as pension funds, rely on verified Net Operating Income (NOI) to determine a building's value. NOI cannot be confirmed until a building is leased. With thousands of new units coming to market in a softening rental environment, this requirement becomes even more problematic. Buyers will not proceed with acquisitions unless they can validate income and operating performance.

The Metro Vancouver region is experiencing record-high rental completions and rising vacancy risk. In these conditions, institutional buyers require confidence in future cash flow. Acquiring an unleased building is considered speculative and often fails to meet underwriting standards.

We strongly urge the Ministry to amend the exemption **to provide for a 24-month window following issuance of the occupancy permit to allow for building stabilization**. Without this change, the exemption will remain largely unused, and its

policy intent, removing tax friction to incentivize new rental construction, will not be achieved.

We would welcome the opportunity to meet with your office to discuss this issue in more detail and help you meet the objectives set out in your mandate letter, including to “[s]upport the construction of new purpose-built rental housing.”

Thank you for your attention to this matter and for your continued leadership on housing.

Sincerely,



Anne McMullin
President & CEO
Urban Development Institute

Copy: Honourable Christine Boyle, Minister of Housing and Municipal Affairs