



News Release / Communiqué

The Canadian Real Estate Association
L'Association canadienne de l'immeuble

344 rue Slater Street, Suite 1600, Ottawa, Ontario K1R 7Y3 613-237-7111 Fax: 613-234-2567

REALTORS® take key messages to Parliament Hill

Home Buyers' Plan adjustment; capital gains are top issues

FOR IMMEDIATE RELEASE

OTTAWA – March 26, 2007 – Over 200 REALTORS® and representatives of more than 100 real estate Boards and Associations from across Canada will visit their Members of Parliament on March 26th and 27th to discuss two key federal issues impacting Canada's real estate industry.

The first REALTOR® proposal is to raise the maximum amount Canadians can withdraw from their RRSPs under the Home Buyers' Plan from \$20,000 to \$25,000 per individual. The increase is needed to account for the 27 per cent increase in consumer price inflation since the plan was established in 1992.

"The lack of inflation adjustment is an obvious oversight in the design of the national Home Buyers' Plan," noted Beauchamp. "The maximum loan limit under the Home Buyers' Plan has been losing ground as a percentage of rising average resale home prices for more than a decade. Plan users are being forced to finance bigger mortgages, causing their debt burden to rise even as interest rates remain low."

"The Home Buyers' Plan is a very successful federal program that has helped over 1.5 million first-time home buyers to purchase more than 790,000 homes over the past 15 years," said CREA CEO Pierre Beauchamp. "The plan also encourages Canadians to start retirement savings earlier, since owning a principal residence represents the foundation of an overall financial and retirement plan."

"The REALTOR® proposal addresses the lack of inflation adjustment, and would help ensure the Home Buyers' Plan is better able to meet the needs of first-time home buyers," added Beauchamp.

REALTORS® have also developed a detailed proposal to encourage reinvestment in real property. The current capital gains regulations suppress the opportunity to reinvest in real property because investors are deterred by a lock-in effect. This means lost opportunities for Canadians.

The REALTOR® proposal allow the deferral of capital gains tax and recaptured capital costs when an investment property is sold, and the proceeds of the sale are invested in another investment property within one year. REALTORS® have been calling on the federal government to make such changes to the capital gains tax for several years now. The proposal would provide several economic benefits, including a boost in Canada's productivity, expansion of rental housing, and encouragement of urban regeneration.

“Small investors are holding onto their real property investments because of the tax consequences associated with selling and reinvesting, and this is unduly influencing typical market activity,” said CREA Chief Executive Officer Pierre Beauchamp.

“Despite our disappointment that capital gains were not addressed in the 2007 Federal Budget, CREA remains committed to working with the federal government to develop a policy that will encourage investment in real property. These meetings with our elected officials are an important part of this process,” added Beauchamp.

The full package of 2007 REALTOR® federal government proposals can be found at www.crea.ca under the Federal Affairs/Issues tab.

About The Canadian Real Estate Association

The Canadian Real Estate Association is one of Canada’s largest single-industry trade Associations, and represents more than 88,000 REALTORS® across Canada. CREA’s primary mission is to represent its members at the federal level of government and to act as a watchdog on national legislation affecting or impacting the real estate industry. CREA also works to defend the public’s right to own and enjoy property.

A March 2007 report prepared by Altus Clayton for The Canadian Real Estate Association estimates that the average MLS® home transaction generates a total of \$32,200 in ancillary spending above and beyond the purchase price. That’s more than a \$14.8 billion annual contribution to the Canadian economy. The report also estimates some 153,400 jobs are directly and indirectly generated by MLS® home sales each year.

For further information, please contact:

Bob Linney

Communications Director

The Canadian Real Estate Association

Office: 613-237-7111

Cell: 613-795-4346