



## **News Release / Communiqué**

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

#### **REALTORS® applaud budget initiative to help home buyers**

**Ottawa – February 2<sup>nd</sup>, 2009** – The Chief Executive Officer of the Canadian Real Estate Association (CREA), Pierre Beauchamp, and Jean-Pierre Blackburn, the Minister of National Revenue, today announced how changes to the Home Buyers' Plan outlined in the federal budget will help stimulate the housing sector and make it easier for first time home buyers to realize their dream of home ownership.

“We would like to thank the federal government for recognizing of the importance of the housing industry in our economy,” said CREA CEO Pierre Beauchamp, during a formal announcement ceremony with National Revenue Minister Jean-Pierre Blackburn. “There were several incentives in the federal budget designed to address the issue of affordability. This may prove to be one of the most important for generating economic activity.”

Introduced in 1992 by a Conservative government and made permanent by a Liberal government in 1994, the Home Buyers' Plan (HBP) has broad political and consumer support. It now allows first time homebuyers to withdraw up to \$25,000 from their RRSP to be used in a down payment on a residential property. From the day the Plan was launched until today, the maximum withdrawal was \$20,000.

This meant the HBP has not kept pace with inflation or home prices and as a result, the Plan did not have the same impact and relevance it did 16 years ago. In 1992, \$20,000 represented 13.3 per cent of the average house price, versus about 6.5 per cent today.

“That is important because the size of the down payment a home buyer can make is one of the most important factors in determining affordability,” said Beauchamp. “A plan that helps home buyers increase the down payment can mean lower financing costs, and that is a major factor to home affordability.”

The Home Buyers' Plan helps Canadians buy their first home and save for retirement at the same time. Since home ownership is the cornerstone of retirement for the vast majority of Canadians, they should not have to choose one or the other. The Home Buyers' Plan accomplishes that, by allowing Canadians to save for retirement and providing the option to use those RRSP resources at a later date to buy a home.

Research conducted for CREA by the Altus Group also shows that each residential real estate transaction in Canada generates \$32,200 in ancillary consumer spending. The study also reported that 94,700 full time direct jobs were generated annually by that ancillary or spin-off activity. The study is posted on the [www.crea.ca](http://www.crea.ca) website.

In 2007, the last year statistics are available for, 52,380 Canadians used the Home Buyers' Plan. Those transactions generated \$1.7 billion in ancillary economic spending.

"That economic activity was generated by a plan that did not cost taxpayers a penny," Beauchamp added, "which is why government action now to adjust the plan to keep it relevant is important for the overall Canadian economy."

### **About CREA**

The Canadian Real Estate Association represents more than 96,000 REALTORS® and 100 local real estate Boards and Associations. To demonstrate the commitment REALTORS® have to improving Quality of Life in their communities, CREA supports growth that encourages economic vitality, provides housing opportunities, respects the environment and builds communities with good schools and safe neighbourhoods.

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### **For additional information, please contact:**

Bob Linney  
Communications Director,  
The Canadian Real Estate Association  
Cellular: 613-301-2219