

# 2020 NB Election

New Brunswick Real Estate Association



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## About NBREA

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The New Brunswick Real Estate Association (NBREA) is a provincial association of REALTORS® working together to strengthen and promote standards of professionalism. The NBREA was incorporated in 1958 and today represents over 950 agents, salespeople and affiliate members throughout the province.

## WHAT WE DO

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New Brunswick REALTORS® are trusted advisors who help consumers make some of the largest purchases of their lives. Our members are in the business of supporting communities – not just selling homes. REALTORS® value quality schools and parks, safe neighborhoods, a strong economy and efficient transportation choices.

Home buyers and sellers trust REALTORS® for their insights every day. New Brunswick REALTORS® assisted with 9,432 home sales in 2019, as recorded through the MLS® systems in the province. As REALTORS® we likely visit more homes to talk with people about their hopes and dreams than individuals in any other profession. We learn from our clients the things they value, and what their concerns are.

## WHAT WE DO- CONTINUED

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Together we work hard to promote public policy in a shared belief in a quality of life in New Brunswick. That Quality of Life philosophy is based on five principles important to REALTORS® in building better communities. Over the years we have applied these principles to our volunteer work, fundraising, and advocacy for changes in provincial laws.

- **Ensuring Economic Vitality.** Quality of life starts with a good job. The key to our quality of life is a strong economy.
- **Preserving our Environment.** REALTORS® recognize that one of the most important elements of our quality of life is clean air and water, parks and open space.
- **Protecting Property Owners.** A strong economy depends on preserving the investment people have made in their homes and protecting the ability to freely own, use, buy and sell property.
- **Building Better Communities.** Communities with good schools, safe neighborhoods, reliable public services and transportation, beautiful parks and open space are healthy communities. Better communities are created when governments are our partners and sufficiently fund schools and infrastructure systems which are essential for a community's quality of life.
- **Providing Housing Opportunities.** Quality of life means having a roof over your head. We all want a safe, decent, and affordable home near where we work, shop, and play. A community needs a choice of affordable housing with a range of design, costs, and locations.

Real estate plays an integral role in our economy. Residential real estate provides housing for families. It's often the greatest source of wealth and savings for many of them.

# THIS ELECTION SHOULD PROVIDE NEW BRUNSWICK WITH THE LEADERSHIP IT NEEDS TO GET BEYOND THE COVID-19 PANDEMIC

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There are both short and long term challenges facing New Brunswick that will require strong leadership, and a cooperative approach among all members of the legislature. This does not mean the elimination of party policies or platforms; rather it requires adaptation to generate action that will benefit all residents of New Brunswick.

There is no doubt that most short-term challenges evolve around COVID-19. Our province has an enviable record in handling public safety and economic issues that were ignited by the pandemic. It was the co-operative nature of the legislature that brought the province through the crisis with an enviable record compared to most other provinces. The challenges now evolve around the vision of what comes next, and what is required to provide New Brunswick with the economic motors and social policies for a future beyond the pandemic.

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## HOUSING IS THE KEY TO NEW BRUNSWICK'S FUTURE

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REALTORS® in New Brunswick believe some of the answers lie in housing issues. Population growth through increased immigration means we need affordable family housing to help new arrivals stay in the province. The housing market, including new construction, adds millions of dollars to the provincial economy annually. Research shows each transaction that involves existing housing generates more than \$34,000 in economic spin-offs.

Also important is the impact COVID-19 restrictions have had on housing expectations. Five months into Canada's first pandemic, a new-found importance of "home" has taken hold. Home is no longer merely where you live; it is also a sanctuary from COVID-19 infection, and from future epidemics that scientists are warning of. For many, it has also become the centre of remote work and remote learning.

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## HOUSING IS THE KEY TO NEW BRUNSWICK'S FUTURE- CONTINUED

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New Brunswick's real estate market continued to shake off the expected cooling impact of COVID-19 in July 2020, as existing home sales set another record. Buyers set those record numbers by taking advantage of more new listings.

The number of homes sold through the MLS® Systems of real estate Boards in New Brunswick totaled 1,263 units in July 2020. This was an increase of 14.3% from July 2019. This was also a new sales record for the month of July and was the highest level for any month in history. At the local level home sales activity posted a year-over-year increase in July in all regions of the province.

The average price of homes sold in New Brunswick was a record \$203,173 in July 2020, rising 12.1% from July 2019. This was the first time average price levels for the province had ever surpassed \$200,000. The more comprehensive year-to-date average price was \$192,374, up 7.4% from the first seven months of 2019.

There were 1,573 new residential listings added to the MLS® Systems of real estate Boards in New Brunswick in July 2020. This edged up 3.2% on a year-over-year basis. This was the largest number of new listings added in the month of July in five years, an important factor as overall supply has trended lower over the last five years and is now dropping sharply. Active residential listings numbered 3,931 units at the end of July. This was a large decline of 33.8% from the end of July 2019.

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# THE GOVERNMENT OF NEW BRUNSWICK NEEDS TO PAY ATTENTION TO UNFAIR PROPERTY TAX ISSUES.

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The economic impact of the housing market is why NBREA is again calling on the New Brunswick government to make the removal of the inequity of double taxation on non-resident occupied residential properties a priority. The issue was first addressed eight years ago when a government white paper on Property Tax issues announced a phased-in reduction of the tax, beginning in the 2013 fiscal year. The adjustments ended in 2016.

In March of 2020, New Brunswick Finance Minister Ernie Steeves announced a 50 percent reduction in provincial non-owner-occupied property residential tax over a four-year period starting in the 2021 taxation year. Thrown into deficit by the economic turmoil unleashed by the COVID-19 virus, the Finance Minister announced that more than \$20 million in property tax cuts unveiled in his budget would be cancelled. REALTORS® recommend it be re-launched as soon as possible.

According to the New Brunswick Apartment Owners Association, property taxes for apartments in New Brunswick are nearly twice as high as those in the rest of the Maritimes and more than 2.5 times higher than those in the rest of Canada. Approximately 250,000 people in New Brunswick rent their home, which means through their rent they are paying the double property tax imposed on non-owner occupied residential buildings.

REALTORS® also recognize the financial realities facing the province and expect the government to address this issue as a priority when the province's financial situation improves. As Finance Minister Ernie Steeves said in a budget update in May, the projected surplus for 2020-2021 turned into a deficit in a heartbeat because of COVID-19.

## **THE GOVERNMENT OF NEW BRUNSWICK NEEDS TO PAY ATTENTION TO UNFAIR PROPERTY TAX ISSUES- CONTINUED**

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How New Brunswick applies the Land Transfer Tax is also unfair. The current policy of using EITHER purchase price OR assessed value (whichever is higher) to calculate the tax on the transfer of property is unfair. With other commodities consumers are taxed on the actual price. The current policy also cannot reflect real market conditions for the property involved.

According to MLS® statistics provided by the real estate boards, 67 percent of the assessments of 9,104 houses sold across the province in 2019 didn't come to within 10 percent of matching the actual market value of the property.

## **NEW BRUNSWICK GOVERNMENTS HAVE BEEN STUDYING MUNICIPAL FINANCING AND PROPERTY TAX REFORM FOR MORE THAN 35 YEARS. THEY KEEP IGNORING THEIR OWN ADVICE**

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New Brunswick requires a comprehensive review of the province's entire property tax structure to ensure that New Brunswick follows best practices and is competitive in a global marketplace with a fair and equitable tax system.

This can be done through the creation of a Task Force, with a mandate to investigate deficiencies and unfair aspects of the current property tax regime and make recommendations on how they can be resolved. The Task Force would have the benefit of the previous comprehensive studies and reports prepared for the government of New Brunswick, dealing with the same issues.

# NEW BRUNSWICK GOVERNMENTS HAVE STUDIED MUNICIPAL FINANCING AND PROPERTY TAX REFORM FOR MORE THAN 35 YEARS. THEY KEEP IGNORING THEIR OWN ADVICE-CONTINUED

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As early as 1975, problems with the civic structure and property tax revenues in New Brunswick were acknowledged by the provincial government. The recommendations in the report were implemented.

The McKenna government did follow through with some town amalgamations and some reforms with different types of service commissions, but did not address the larger problems associated with the unincorporated communities.

Premier Camille Thériault then created the Municipality Act Review Panel, but lost the 1999 provincial election.

The Rural Community Incorporation and Restructuring Regulation under the Municipality Act was finally adopted in 2005 to encourage amalgamation. It recommended a voluntary approach permitting the creation of “rural communities”. In 2017, the provincial government set the requirement that a new entity should have a population of at least 3,000 or a \$200 million tax base.

In 2008, the Graham government established the Commission on Local Governance under Commissioner Jean-Guy Finn to address the issue of ineffective local governance and to investigate the idea of a “self-sufficiency” program for the province. The Finn report included more than 90 recommendations, including one to re-structure the province into 53 municipalities and 12 regional service districts and boards. The Graham government was defeated after one mandate, so no action was taken on the recommendations.

# OUR GOVERNMENT HAS STUDIED MUNICIPAL FINANCING AND PROPERTY TAX REFORM FOR MORE THAN 35 YEARS. THEY KEEP IGNORING THEIR OWN ADVICE-CONTINUED

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While Commissioner Finn was addressing the issue of municipal organization, in 2008 the government also established The Select Committee on Tax Review, an all-party committee of the Legislative Assembly that was charged with examining taxation in New Brunswick, including income tax and the harmonized sales tax. Twelve years ago, that report identified several issues in the provincial property tax system – issues, we note, that have still not been resolved.

The Finn Report noted at that time that work done previously had been ignored, but was still valid. That's why REALTORS® are recommending a Task Force with a mandate to review all the work that's been done, update recommendations where required (technology has evolved in the 12 years since the Finn Report), and lay out a road map for proposed implementation. It's a long-range challenge essential for the future of New Brunswick.

## CONTACT

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