

## **A PROPOSAL TO SPUR THE CONSTRUCTION OF ENVIRONMENTAL FRIENDLY LIVING**

Many western Canadian cities have been rendered inefficient by urban sprawl. We need better integration of mass transit and urban planning. We need to tailor housing and commercial forms towards mid-to-high density development. Urban sprawl includes increased personal expense, wasted time for individuals, as well as substantial negative impact on the natural environment. The environmental benefits of densification are known to include lower greenhouse emissions and fuel cost savings. Furthermore, the health benefits of densification include more physical activity as people replace walking or transit for their automobiles in compact communities.

A proposal that will encourage densification is to amend the respective current Provincial Property Purchase Tax regimes across Canada to stimulate the construction of high density housing. Each province in Canada has the equivalent of such a tax ranging up to two percent (with the exception of Alberta and parts of Saskatchewan). For instance, in Manitoba it is the Land Transfer Tax. Each province has certain exemptions that include first time home purchase. I am therefore proposing the additional exemptions and/or reductions based on density and the promotion of public transit usage:

- Within 1 km from RapidBus or Rapid Transit Line: 0.25% of the first \$200,000 and 0.25% of the balance of the value/purchase (this will enhance adherence to the required density along RapidBus and Rapid Transit Lines) **or**
- Sliding scale (based on density )
  - 1% of the first \$200,000 and 2% of the balance of the value/purchase price (Low Density Interface)
  - 0.5% of the first \$200,000 and 0.5% of the balance of the value/purchase price (Medium Density Interface)
  - 0.25% of the first \$200,000 and 0.25% of the balance of the value/purchase price (High Density Interface)

This proposal could work just as well by using zoning categories as the determining factor (sliding scale).

Not only will such a concept encourage densification it will be more equitable. If we must tax, at least it should be equitable and perform some social or economic objective and not deter economic development. This can be achieved at each level of government using their respective taxation tools. In fact, it is possible that the proposal will actually stimulate economic development as it spurs the construction of medium and high density residential housing. The proposal could provide further incentives for first time buyers: potential easier re-sale for high density and medium density housing.

Economic and environmental objectives are not mutually exclusive. Young growing families who want to upgrade into larger accommodations and need to raise the upfront money for the tax will now be better positioned to get into the market, while at the same time moving into environmentally friendly living (larger condominiums, row houses, brownstones, townhouses rather than single family dwellings). Similarly, with the anticipated increase in the number of empty-nesters of the baby boom generation this proposal will benefit this segment of society who may be entering a phase of fixed income. More specifically, seniors would benefit from the ability to retain more of their wealth when they move into smaller accommodation. For instance, a 1% difference on a \$400,000 townhouse is a \$4,000 upfront cost to a young family or retired couple.

It is also possible that in the long term the decrease in the rate will be more than offset by the density, such that this initiative may be a net generator of revenue to the respective provinces. More specifically, since economics deals with incremental changes, an avoided sale is still 2% of nothing rather than 1% of a lower housing cost multiplied by a larger volume of sales transactions.

