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# Homebuilders, real estate experts thrown by province's tax plan for housing

Andrew A. Duffy - Feb 19, 2026



*A residential construction project on Dallas Road on Wednesday. The chief economist with the B.C. Real Estate Association says the province appears to have doubled down with taxes on construction even while it says it's trying to address a housing crisis. DARREN STONE, TIMES COLONIST*

If the provincial government is intent on addressing what it believes is a housing crisis, it has a funny way of showing it, according to homebuilders and real estate experts.

The provincial budget delivered this week included an expansion of the provincial sales tax to a suite of professional services, and increased taxes on land speculators and the school tax on higher-end properties.

“We’re faced with a development sector that is really going to slow down, largely because we’re facing a cost-of-delivery crisis,” said Brendon Ogmundson, chief economist with the B.C. Real Estate Association.

Ogmundson said there is already a lot of standing inventory, most of it in Vancouver, that’s causing other projects to be delayed or cancelled.

Despite that, Ogmundson said, the province appears to have “doubled down with taxes on housing.”

The budget included an expansion of the PST to professional services ranging from accounting and bookkeeping to architectural and engineering services.

Xeniya Vins, co-founder of Victoria-based Xquimalt Developments, said the decision to apply PST to professional services risks further undermining housing attainability. “Measures intended to increase supply should not simultaneously make it more expensive to deliver that supply,” said Vins, an architect.

Vins said professional services on a Victoria six-plex development would be about \$157,000 for architectural services, geotechnical engineering, structural, mechanical and electrical engineering, code consulting, landscape architecture and energy modelling.

The PST on those services would be about \$11,000, with the tax on legal and accounting fees bringing that number to \$12,000, meaning each new unit is about \$2,000 more expensive.

“That amount is then subject to GST at the point of sale. Ultimately, the buyer absorbs these costs through higher purchase prices on housing the province says it wants built,” Vins said. “If affordability is truly the goal, governments should be reducing taxes on new housing, not layering on new ones.”

Other tax measures in the budget included increasing the speculation and vacancy tax to 4% from the current 3% and increasing the additional school tax rate to 0.3% from 0.2% for property values between \$3 million and \$4 million and up to 0.6% for properties valued at more than \$4 million.

Ogmundson said that means a higher tax on those holding land to develop. “It’s just ultimately going to be self-defeating.”

He said either the costs get passed onto the home buyer, or some projects will no longer make financial sense, which means lower supply and higher prices in the

future. “So I’m pretty concerned about the trajectories for new construction over the next five years and what it might mean for prices five years from now.”

Casey Edge, executive director of the Victoria Residential Builders’ Association, said he can’t understand why Finance Minister Brenda Bailey would note in her budget speech that the housing market has cooled, and still increase the speculation and vacancy tax and the school tax on homes.

“The speculation tax is not about creating housing — it’s about compensating for record government deficits and a lack of fiscal restraint,” said Edge, adding the tax measures will only serve to further cool the industry.

Ogmundson said the speculation and vacancy tax has never been shown to have any positive impact on affordability.

The tax, introduced in the 2018 budget, was meant to help address the province’s shortage of affordable housing by encouraging owners of vacant units to turn them into long-term rentals or sell them.

Less than one per cent of B.C. residents have to pay the tax, as it applies largely to foreign owners, satellite families — where the majority of their worldwide income is not declared on a Canadian tax return — and Canadians from outside B.C.

The tax rate was 3% of a property's assessed value for foreign owners and satellite families and 1% for Canadian citizens or permanent residents, but starting this year, it will be 4% for foreign owners.