

Subject: British Columbia Budget 2026 Update

~Message en français à suivre~

Dear Members,

On February 17, 2026, the B.C. government released Budget 2026, emphasizing a more cautious fiscal approach in response to heightened economic uncertainty, including rising construction costs and broader pressures on the Province’s long-term financial outlook. A central feature of the budget is a “re-pacing” of the provincial capital plan (including housing and major infrastructure), described as a shift in the timing of some investments to better manage cost escalation and maintain fiscal sustainability over the long term.

BC Budget 2026 Summary

Area	What’s in Budget 2026	Note
Housing Spending	\$1.4B in housing investments re-paced; \$900M reinvested into existing programs	Slower rollout of some projects, but core programs remain funded
Rental Supports	Higher income limits for RAP and SAFER	More households qualify for monthly rental assistance
Tax Relief	New renter’s tax credit (up to \$400/year) and expanded PTT exemptions	Direct cost relief for renters for renters and first-time buyers
Construction Outlook	Housing starts expected to moderate in 2026-2027	Reflects high costs, economic uncertainty and slower population growth
Market Prices	Modest price increases	Continued affordability pressures, but slower growth

Housing Investments & Program Funding

Budget 2026 confirms the Province is reallocating nearly \$1.4 billion across the fiscal plan by adjusting the pace of some housing investments. Of this, over \$900 million is being reinvested into existing programs intended to support demand. Key items include:

- **Attainable Housing Initiative:** Continued support for below-market homes through partnerships, including work with the Musqueam, Squamish, and Tsleil-Waututh Nations.
- **Rental Assistance Program (RAP):** Income cap increased to \$60,000; average benefit approximately \$700/month.
- **Shelter Aid for Elderly Renters (SAFER):** Income cap increased to \$40,000; average benefit approximately \$337/month.

- **Support Services:** Increased funding for non-profit housing operators and assisted-living supports for seniors and people with disabilities.
- **Student Housing:** Post-secondary institutions plan \$4.4 billion in total capital spending over the next three years, including the provincial student housing program.

Tax Changes & Financial Relief

Budget 2026 uses tax policy to address affordability and influence housing market behaviour:

- **Renter’s Tax Credit:** An annual income-tested tax credit of up to \$400 per year.
- **Property Transfer Tax (PTT) Exemptions:** Increased exemptions for first-time home buyers (threshold raised to \$835,000) and newly built homes (threshold raised to \$1.1 million).
- **Purpose-Built Rental Exemption:** PTT exemptions expanded to include buildings leased for up to 24 months before the first taxable transaction.
- **Speculation and Vacancy Tax:** Rate for foreign owners and untaxed worldwide earners will increase to 4% for the 2027 tax year (up from 3%).
- **Anti-Speculation Impact:** The government estimates that various housing measures, including speculation taxes, have delivered or are developing approximately 95,000 homes.

Housing Construction & Market Outlook

The Province forecasts that housing activity will moderate following record highs in 2021–2023.

- **Housing Starts Forecast**
 - **2026:** 44,210 units
 - **2027:** 45,920 units
 - **2028–2030:** Average 48,900 units/year
- **Other indicators highlighted in the budget materials include:**
 - **Residential building permits:** Value up 13.5% yeartodate to November 2025, driven by multiunit dwellings.
 - **Market prices:** Average home sale price expected to rise 3.2% in 2026 and 2.3% in 2027.

Key Construction Indicators (as of Dec 2025)

Region	HPI Benchmark Price (Dec 2025)
Greater Vancouver Single Family	\$1,887,800
Greater Vancouver Townhouse	\$1,056,600
Greater Vancouver Apartment	\$710,000

The near-term outlook for homebuilding is impacted by economic uncertainty, high construction costs, and lower population growth resulting from reduced federal immigration targets. The government's "re-pacing" is a specific response to these fiscal pressures and the need to ensure the capital plan remains sustainable for the long term.

Best Regards,

The NICH I Team

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