

# SEEKING BOLD ACTION

HOUSING PRIORITIES FOR BUDGET 2018

BC **GREEN** CAUCUS



**THE PURPOSE OF HOUSING SHOULD BE TO  
PROVIDE HOMES FOR BRITISH COLUMBIANS  
— NOT A COMMODITY THAT IS WIDE OPEN  
TO INTERNATIONAL SPECULATION.**

**ANDREW WEAVER  
OCT. 3, 2017**



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# INTRODUCTION

In February the NDP Government will table their first full budget. They have a critical opportunity in front of them to take real action on housing affordability and protect the future for people of all ages and demographics in our cities.

Our communities should be vibrant, welcoming and affordable - they should be places where people from all walks of life can thrive.

Homes are the centre of community, and our homes should be places for people to live in; not treated like commodities to be bought, and sold, and traded exclusively for profit. Yet our real estate has turned into a playground for the wealthy: a place for speculators to park their capital and reap huge returns, while ordinary British Columbians struggle to find a suitable place to live.

The current crisis has a number of interconnected aspects, affecting British Columbians across the income spectrum.

The skyrocketing price of real estate is precluding young people and families from buying homes in our cities.

Sky-high rents and near 0% vacancy levels in several communities are forcing renters to contend with huge competition for units, to live in cramped accommodation, and to spend far too much of their income on rent.

As a result, young people are finding it increasingly difficult to see a future for themselves in our cities. As British Columbians priced out of Metro Vancouver migrate elsewhere in the province, communities from Vancouver Island, to the Okanagan, to the Kootenays are experiencing escalating house prices and severe rental shortages.

Small businesses in our cities are struggling to make rent, pay their property taxes and attract workers. We're hearing from many industries, especially our growing tech sector, that are struggling to attract talent due to the high cost of living.

And the most vulnerable in our society bear a huge impact of this crisis, as people are forced to live in unsuitable accommodation and levels of homelessness continue to escalate.

The provincial government has a significant role to play in tackling this crisis. As part of our agreement with the NDP, we are provided the opportunity through consultations to provide our perspective on what we want to see in the budget, and we've pushed for these objectives and policies in our meetings with government.



Our budget and legislative priorities include measures to:



### **Curb speculation and the impact of global capital**

Restrict the impact of global capital on our real estate market, and reduce all types of speculative activity. This is key to cooling the overheated real estate market and bringing house prices more in line with local incomes.



### **Increase the supply of affordable housing**

Free up existing supply and ensure that new supply meets the needs of average British Columbians, not wealthy speculators. This is key to ensuring that we have adequate rental supply and that properties are used by those who need them, rather than sitting empty.



### **Enhance financial stability for home-buyers and renters**

Deal with the impacts of the crisis on British Columbians in a responsible way that does not put further inflationary pressure on the market.



### **Improve transparency and data**

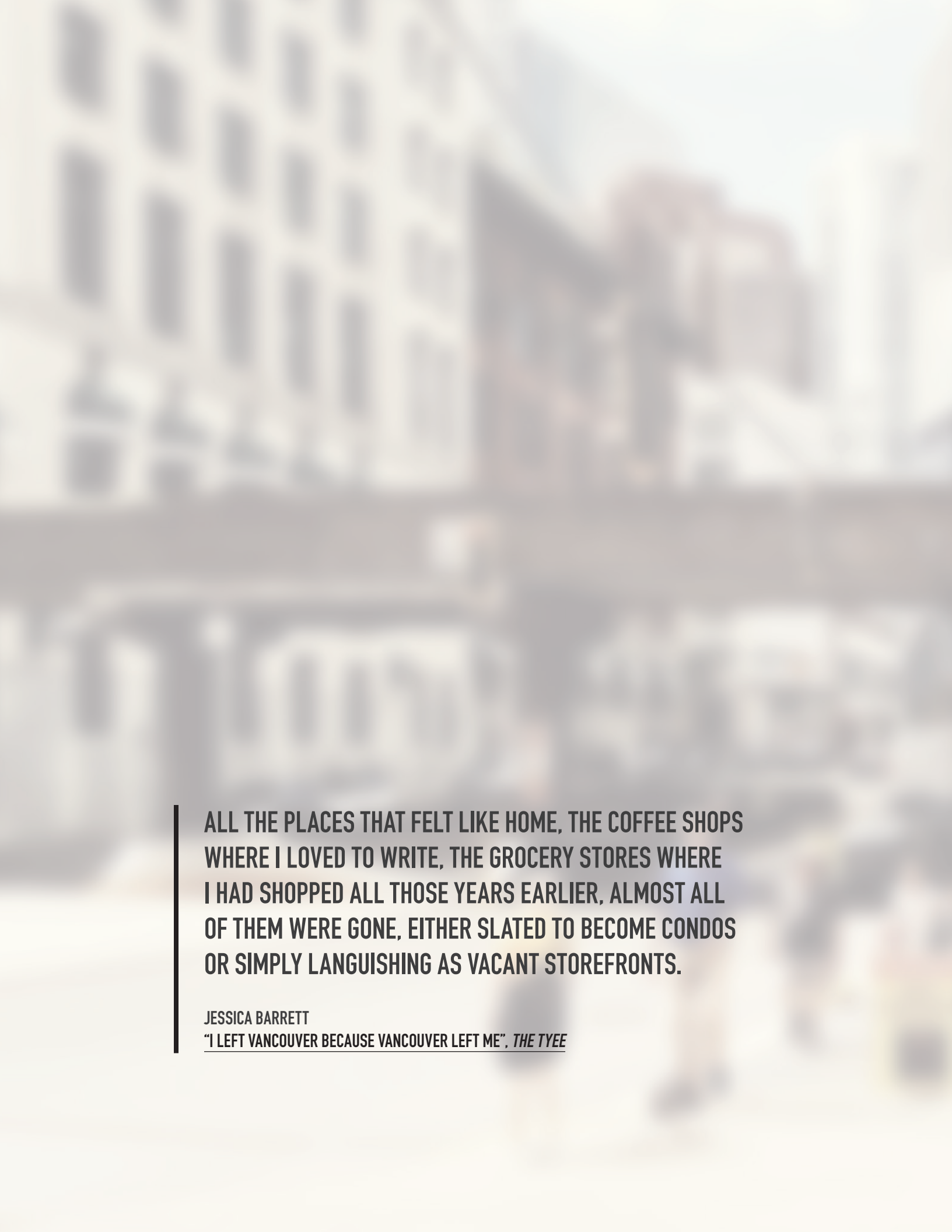
Collect and disseminate key data to support decision-making and to crack down on tax evasion and fraud.

The scale of this crisis requires bold, decisive action if we are to make our cities livable and affordable. Our cities should be places where people can afford to live where they work, where small businesses can thrive, and where neighbourhoods are vibrant, welcoming, and full of life. This is the kind of society we should be building. We will continue to hold government's feet to the fire to deliver.

**THE QUESTION IN B.C. NOW IS, WILL THE NEW  
NDP GOVERNMENT HAVE THE COURAGE TO  
TAKE REAL ACTION ON THIS FRONT[?]**

GARY MASON

**"THE HOUSING QUESTION MUST ALWAYS BE: WHAT'S BEST  
FOR THE COMMUNITY?"; THE GLOBE AND MAIL**



ALL THE PLACES THAT FELT LIKE HOME, THE COFFEE SHOPS WHERE I LOVED TO WRITE, THE GROCERY STORES WHERE I HAD SHOPPED ALL THOSE YEARS EARLIER, ALMOST ALL OF THEM WERE GONE, EITHER SLATED TO BECOME CONDOS OR SIMPLY LANGUISHING AS VACANT STOREFRONTS.

JESSICA BARRETT

"I LEFT VANCOUVER BECAUSE VANCOUVER LEFT ME", *THE TYEE*







# SPECULATION

## CURB SPECULATION AND THE IMPACT OF GLOBAL CAPITAL

Global capital is having a significant impact on our housing market, driving up prices for those who live and work in BC well beyond what the average resident can afford. In addition, both international and domestic speculators are treating our houses as commodities to be bought, sold, and traded exclusively for profit, pricing out people with average incomes who live and work in our cities. This situation also has a knock-on effect on the rental market, increasing demand for rental accommodation as more people are priced out of home ownership, and resulting in increased rents as landlords seek to cover their purchase costs.

If government is serious about fixing this crisis, they must restrict the flow of foreign capital into our real estate, and curb all types of speculative activity.





## 1. Restrict foreign purchasing of property in BC

We must restrict the influence of global capital in our housing market and ensure that homes are accessible and affordable to people who live and work in BC.

To do this, we should follow the lead of numerous other countries across the world and restrict foreign purchasing of property in BC.

People who don't live, work, and pay taxes here should be prohibited from purchasing existing property here. Exemptions should be designed for people who live and work in BC, including permanent residents and those in immigration programs like the Provincial Nominee Program. Exemptions could also be explored to enable international investment in new developments in order to increase supply, as the government of New Zealand has done.

We are in an emergency: the scope and urgency of the affordability crisis mean that a prohibition on foreign purchasing is an appropriate response. Government should undertake a regular review of the state of affordability in BC, and this policy can and should be adapted if conditions change and the affordability crisis eases.

## 2. Implement a speculators tax

We believe it is critical to implement a tax regime that targets those who speculate in our real estate. This policy could take the form of an annual property tax surcharge, targeted at absentee owners who own property in BC but do not pay adequate income taxes here. This tax must be structured in a way that discourages speculative investment in property, exerts downward pressure on prices, and increases affordability for people who live and work here - it should not just provide a revenue windfall for government. This policy would ensure that people who invest in property here pay their fair share of taxes. Through design specifics and exemptions, government can ensure that people who live, work and pay their taxes in BC are not affected.

This policy should be implemented alongside foreign buyer restrictions: it would target capital that already exists in the market, and it would cover domestic speculators, such as residents of other provinces who own property in BC. However, if government chooses not to pursue restrictions on foreign ownership, it is even more critical that a speculators tax is included in the budget.

### 3. Implement a tax on flipping

Government should take steps to discourage short-term flipping. As speculators buy and sell properties within a short time frame, they often reap significant profits and drive up the prices of real estate well beyond the reaches of people with average incomes.

To curb this activity, government should impose an additional “flipping” tax on the profits gained by buying and selling properties within a short time-frame. The tax should be levied on a sliding scale with the highest rate imposed on properties sold within a year, reducing to zero over a given number of years.

### 4. Close the bare trust loophole

By creating “bare trusts” and transferring beneficial ownership of a property without changing the title with the Land Title Office, individuals and corporations are able to avoid paying property transfer tax. This loophole is costing the government massive sums of money in lost tax revenue and is enabling large-scale tax avoidance. Government must close this loophole by applying property transfer tax to the transfer of beneficial ownership.

**WE ARE ENDURING A TSUNAMI OF INTERNATIONAL CAPITAL WHICH IS BEING USED TO CREATE SPECULATIVE REAL ESTATE VALUES THAT ARE ROBBING US OF THE COMMUNITY WE HAVE COLLECTIVELY CREATED.**

**PATRICK CONDON**  
**“TAX LAND TO HOUSE VANCOUVER’S FLEEING MIDDLE CLASS”, *THE TYEE***



## **5. Close loopholes in the foreign buyers tax**

There are holes in the foreign buyers tax that severely limit its effectiveness and allow many people to avoid paying the tax altogether. For example, it does not apply to pre-sales of condos, partnerships, or purchases of ALR land. These loopholes must be fixed. Furthermore, the tax should not be solely restricted to Vancouver; local governments should be given the ability to opt-in to the foreign buyers tax. These changes should be made if government chooses not to pursue broader restrictions on foreign ownership.

## **6. Protect the ALR from speculation**

One particularly harmful aspect of our housing crisis is the impact it is having on our agricultural land. Speculation has spilled over onto ALR land, driving up prices well beyond the reach of local farmers and resulting in mega-mansions being built on prime farmland. Action is needed to protect our food security and the ability of farmers to purchase farmland.

If the province does not restrict the foreign purchase of property altogether, government should prohibit foreign individuals and corporations from purchasing ALR land over a certain small number of acres, as is done in many other provinces across Canada. Government should also work with local governments to restrict allowable house size on all ALR land, including establishing enforceable house size regulations if needed.

# SUPPLY

## INCREASE THE SUPPLY OF AFFORDABLE HOUSING

In addition to the demand-side measures outlined above, government should take action to enable better use of our existing housing supply and to build new supply that meets the needs of average British Columbians. The NDP has already publicly committed to building a large number of new units to ease supply-side constraints. In meeting these commitments, it is crucial that government builds new supply for people who live and work here - we do not need more luxury units for wealthy speculators. In increasing supply, the province should work with and empower local governments to respond to the crisis in ways appropriate to local communities.

The demand-side measures we outline will generate extra revenue that can be directed towards affordable housing measures, including building rental, non-market, and supportive housing.

Investments should also be made for retrofitting older buildings, particularly older affordable housing units. In addition to preserving existing affordable housing stock, retrofitting will reduce greenhouse gas emissions - over half of Vancouver's greenhouse gas emissions come from buildings.



### 1. Regulate and restrict short-term rentals

Government should encourage and support local governments to take action to restrict and regulate short-term rentals, as the City of Vancouver has done. In our extremely tight rental markets, with near 0% vacancy rates, short-term rentals like Airbnb are taking many units out of long-term rental supply. The Province should work with local governments to acquire better information and tracking ability of short-term rentals and to encourage property owners to return units to the long-term rental supply.

### 2. Give all local governments the ability to tax empty homes

Government should enable all local governments to tax vacant homes, as they have done for the City of Vancouver through recent enabling legislative changes made to the *Vancouver Charter*. This would further discourage absentee ownership and raise revenues at the local level for affordable housing initiatives.

### 3. Rethink zoning to increase the right kind of supply

The province should work with local governments to rethink zoning, especially along transit lines. The province should enable local governments to create rental-only zoning, to incentivize the development of rental accommodation and to dampen land values. As part of encouraging greater densification, government should provide additional transit investments to local governments.

**EMPTY HOMES REPRESENT SPECULATIVE BUYING BY MYSTERY BUYERS WHO OFTEN HAVE NO OTHER CONNECTION TO THE CITY THAN REAL ESTATE. LOCAL INCOMES CAN'T COMPETE. UNTIL GOVERNMENT GETS TOUGH ON FOREIGN MONEY, THE EMPTY HOME WILL REMAIN WHAT IT IS – A SYMBOL OF AN EMPTY PROMISE TO MEANINGFULLY DO SOMETHING.**

KERRY GOLD  
"CRITICS UPSET ABOUT VANCOUVER'S 'ABSURD'  
EMPTY HOMES TAX", *THE GLOBE AND MAIL*



# ADDITIONAL POLICIES

## ENHANCE FINANCIAL STABILITY FOR HOME-BUYERS AND RENTERS

Measures to support British Columbians in dealing with the impacts of this crisis should be effective and targeted at those in the greatest need, while avoiding adverse consequences, such as inflationary pressures on rents and property prices.

### **1. Eliminate the BC HOME partnership**

The BC HOME partnership is an irresponsible policy introduced by the previous government. This policy, which provides first time home-buyers with loans for their down payments, encourages British Columbians to take on more debt than they can afford in order to get into the real estate market. This is a particularly reckless incentive when interest rates are rising. Furthermore, it further inflates demand for our real estate, which simply adds to the problem. Government should eliminate this loan program.

### **2. Provide means-tested support**

The NDP campaigned on a universal \$400 rebate, to go to all renter households. This policy is an inefficient way to spend government resources. It does not provide enough support for those who really need it, while it gives money to those with high incomes.

Instead, government should target financial assistance programs to those who need it most. For example, it should target those who may be at the edge of homelessness due to rising rents and utility costs, or those who are low income and are forced to spend a disproportionate amount of income on rent. Existing programs, like Shelter Aid for Elderly Renters (SAFER), the Rental Assistance Program (RAP), and the income assistance shelter allowance, are good targets for expanded eligibility and increased supports. Building on existing programs will also allow smoother integration with the recently-announced Canada Housing Benefit rent supplement for low-income tenants that could begin in 2020.

# IMPROVE TRANSPARENCY AND DATA

As the housing crisis has escalated, effective government action, at all levels, has been undermined by a lack of data about the state of the market and the drivers of the crisis. Improving data and transparency are critical to better understanding the crisis and enabling targeted and effective policy responses.

Furthermore, tax evasion and money laundering have become all too commonplace, as some investors shield their identities and avoid paying their fair share of taxes in BC. The use of shell companies, trusts, and proxy ownership structures have obscured who really owns property here, undermining efforts at data gathering and analysis and allowing for large-scale tax evasion. A Transparency International Report found that governments can't identify the owners of almost half of Metro Vancouver's most expensive homes. Government must collect better data and close loopholes that allow buyers keep their identities and locations a secret. Existing regulations and laws must be followed, and government must ensure that officials tasked with compliance and enforcement have the tools needed to do their job.

Government should:

- Eliminate the ability of buyers to hide their identities through shell companies, numbered companies, and trusts;
- Improve transparency in the land title registry and corporate registry by requiring the disclosure of beneficial ownership;
- Work with the Canada Revenue Agency to map land titles to income tax paid;
- Require developers to release data regarding buyers and sellers of pre-sales, to protect against tax evasion; and
- Make existing and new data more regularly and freely accessible to researchers and the public.





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