Plenty of blame to go round in real estate crisis

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History will not be kind to the political leadership in this country that has mostly watched, hands in pockets, as the hyperinflation we are witnessing in Metro Vancouver's real estate market destroys the home-ownership dreams of more and more of the young and middle class.

Until recently, the British Columbia government refused to recognize there was even a problem. Any suggestion that foreign investors, mainly from China, were fuelling the unconscionable rise in house prices was dismissed as data-less hyperbole. And if you didn't believe it, the government urged skeptics to ask the B.C. Real Estate Board, whose mantra throughout the recent head-shaking rise in house values could best be summed up as: No Story Here.

Suddenly, there has been a dramatic reversal on the issue. It's almost as if the B.C. government, and the new federal Liberal authority in Ottawa, realize that housing affordability is no longer merely an irritant but a genuine crisis.

Greater Vancouver's average price for single-family detached houses sold last month was more than $1.8-million. For the city of Vancouver, the average price for single-family detached houses sold recently was just under $3-million. Median annual incomes in the region are a tiny, tiny fraction of those amounts.

The B.C. government recently vowed to crack down on real estate agents involved in nefarious practices such as shadow flipping that help to drive up prices. But this is a small measure that will do absolutely nothing to improve affordability. Its primary purpose is to improve optics: Look, everyone, Premier Christy Clark is finally doing something about this mess. The Premier also asked B.C. Housing to look at the impact of foreign investment in the market.

In this week's federal budget, meanwhile, $500,000 was set aside to help Statistics Canada determine the best way to collect data on international buyers.

It would be comical if it weren't so sad.

Others, meanwhile, aren't waiting. This week, two economists from the National Bank produced a study showing as many as one-third of house purchasers in Metro Vancouver last year were from China. But perhaps the most interesting numbers to be revealed lately concern the impact that the immigrant-investor program – both the one run for years by Ottawa (and terminated in 2014) and another that still exists in Quebec – has had on the real estate madness we are witnessing.

Under the program, immigrants can come to Canada in exchange for $800,000, up front, that serves as a five-year loan to the government. The report, brought to light by Ian Young of the South China Morning Post, reveals how completely porous and unaccountable the immigrant-investor system has been. Truly awful might be another way to describe it.

For example, after 10 years the average annual income tax paid by these millionaire migrant investors is $1,400. That compares with $7,500 for the average Canadian. The report notes that after five years, many of these investors have secured Canadian citizenship and returned to their home country.

Quebec accepts about 1,750 such applications annually. After handing over their $800,000, most move to Vancouver and buy real estate. The vast majority of all who have taken advantage of these programs over the years have ended up in British Columbia (by one estimate, nearly 200,000).

Those who have come to Canada acknowledged to federal researchers that their primary motivation for obtaining citizenship was as a hedge against political or economic upheaval occurring in their home country.

The federal government has known about the impact the investor pipeline was having on things such as real estate and didn't care. It was more than pleased to sell Canadian citizenship to the wealthy. The B.C. government, meanwhile, is only too happy to take rich immigrants through the investor back door that continues to be provided by Quebec. It doesn't care that it isn't seeing any of the loan money that immigrant investors have to pay; it is making tens of millions from the insane escalation in real estate prices these immigrants have set off.

Canadians should be furious that their governments allowed this to happen. Now all that these same governments can do is introduce lame measures that will have no meaningful impact on housing prices, but rather are designed to show that government is on the problem!

Except they're not. And never have been. And hopefully history will judge them harshly for that.

Bob Ransford **https://www.facebook.com/bob.ransford.3/posts/10154099439422112**

Strong words from my friend Gary Mason. What Gary outlines is mostly factual.

Sadly, during this period of hyper-demand, partly fuelled by buyers flocking to the Metro Vancouver market from elsewhere, our municipalities are dragging their feet in approving new housing supply.

The Metro Vancouver Regional Growth Strategy, formulated more than six years ago and adopted in July 2011, projected annual housing supply numbers to meet just the typical demand that was based on historical population growth trends and demographic change. In each of 2012, 2013 and 2014, less than one quarter of Metro Vancouver's municipalities met or exceeded those projections in their approval of permits for new housing.

We are severely restricting housing supply during a time when demand is at record levels. It makes no sense! Politicians are yielding to those who say "not in my backyard" when it comes to more new housing and increased density. These very same people argue housing prices are too high. Ironically, they are the same people who don't want to see THEIR house prices drop because they are counting on selling and cashing out, reaping the benefits of an equity gain that most in other markets could hardly dream of realizing.

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Canadian governments know the immigrant-investor pipeline is having an impact on the price of houses, but do they really care?