

CLARK FINALLY FEELING HEAT ON HOUSING PRICES

Premier promises more action with vote less than a year away

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Premier Christy Clark signalled this week that the government has been seized with a greater sense of urgency to improve housing affordability for middle-class British Columbians.

"We have a lot more to do," Clark acknowledged Monday in a speech to B.C. Liberal party supporters. "In the coming weeks, you will see our plan to do everything we can to make sure the dream of home ownership remains in the reach of those in the middle class — especially in the Lower Mainland and South Island."

The event was the leader's dinner, showpiece fundraiser of the year for the B.C. Liberal party and one of the few open to the news media. It also marked a year (less a month) to go before the May 2017 election. The premier's promise of more action "in the coming weeks" tends to confirm that her own supporters are increasingly discontent with the leisurely pace the Liberals have set on this file. It has been over a year since Clark acknowledged the need for government action.

"Stay tuned," the premier assured the legislature when pressed by Opposition Leader John Horgan.

"Affordability in the Lower Mainland and across the province is a central issue for us. People understandably want to come here from all over the world. But many people who grew up in Vancouver and have made it their home all their lives would like to be able to stay there.

"That's a question of affordability, and it's something we are very much seized with," the premier continued. "We are giving that some very serious thought and putting some hard work into working our way through that." That was May 27, 2015. Since then, the Liberals have, as Clark underscored Monday, "begun to take that action."

They brought in luxury tax on properties that sell for more than \$2 million and used it to finance an exemption for new homes selling for \$750,000 or less. There's been a crackdown on shadow flipping and bare trusts, two of the more notorious abuses in real estate transactions. The February budget announced \$355 million in capital funding to expand social housing.

Starting Friday, the government will for the first time in almost 20 years begin collecting data on the citizenship (Canadian or otherwise) and residency of property buyers.

The Finance Ministry has also begun to assemble data on the amount of housing "in the pipeline," meaning proposed by developers but stalled or otherwise delayed by a local government.

Still, the pace of change on the housing file has been dominated by Mike de Jong, in his dual capacity as finance minister and government house leader, putting him in charge of both tax policy and the legislative agenda.

In announcing the first round of changes in the February budget, de Jong indicated the Liberals were proceeding with caution so as to leave something for the pre-election budget to be tabled next year.

“We’re certainly going to review this on an ongoing basis,” he told a reporter. “I want you to come back next year.”

There he was again last month, when he announced the restoration of disclosure provisions for foreign and/or non-residential buyers of real estate.

“The objective here is to get beyond the theory, get beyond the conjecture and the speculation and actually have hard data that allows us to say definitively,” he told reporters. But with the data collection not scheduled to begin until June 10, it would take at least six months to assemble anything definitive.

“So that takes us toward the end of the calendar year,” he told reporters, sounding as if the need were anything but pressing.

I gather that other members of the government are not inclined to wait to the end of the year for further action.

Rather, the intention is to springboard off the information the Finance Ministry has been assembling on the housing supply, perhaps combined with de Jong’s call for increased housing density around the stations on proposed new transit lines in Vancouver and Surrey.

Clark hinted as much in her speech to the party dinner about the action to be taken in the coming weeks.

“As long as the supply of housing isn’t keeping up with demand we are going to see prices going up. ... We can’t do it alone. ... We need municipal governments in partnership in this as well.”

That still leaves the question of whether government should also take action to curb demand by trying to rein in foreign buyers. Notwithstanding de Jong’s insistence on gathering the necessary data — and the old joke about data not being the plural of anecdote — some Liberals have heard enough stories about the soaring impact of overseas dollars on the real estate market and want the government to do something right now. But what? It is one thing for the Liberals to seek partnerships with other levels of government, attach conditions to provincial funding, change regulations and otherwise apply pressure to increase the supply of housing. Quite another to bring in a tax to collect a piece of the action from foreign buyers and real estate speculators.

Tax changes need legislation, which in turn needs a session of the legislature. But when the spring session wrapped up last month, de Jong told reporters there probably wouldn’t be any need to call back the house before next year.



So there is another area where his sense of caution would need to be overridden if the Liberals are serious about tackling the crisis in housing affordability.