

# Housing crisis needs 'real action'

## Critics blast government plan for more study of soaring prices

If you ask any Vancouverite if foreign demand is playing a meaningful role in the affordability crisis, they'll answer yes.

The Trudeau government OT TAWA was accused Wednesday of footdragging after Finance Minister Bill Morneau said his department is still weighing evidence on the role of foreign buying in Vancouver's housing affordability crisis.



*EDUARDO LIMA/THE CANADIAN PRESS* Finance Minister Bill Morneau, right, speaks as moderator Matthew Bishop of The Economist looks on at the Canada Summit: Disrupting the Status Quo, held in Toronto on Wednesday. Morneau asked for more time to study the cause of soaring house prices

"If you are in Vancouver today, it's challenging for people to think about how they can get into the market and how their children can get into the market," an empathetic Morneau acknowledged at a Toronto conference.

But he said his officials are still in the process of doing a "deep dive" as they study the role of foreign investors in the skyrocketing prices.

"As we get at the challenge of around whether there are foreign ownership issues, we need to consider the evidence," he said.

"We are going to remain focused on this, using real evidence to think about what are the measures that we can do in order to ensure that this market stays healthy for Canadians."

Morneau's position was questioned by critics who said it's obvious offshore buying is playing a key role in bringing the average Metro Vancouver detached home to more than \$1.5 million last month.

"Mr. Speaker, we don't need another study to prove that water is wet," New Democratic Party MP Don Davies said in Question Period.

He said Morneau, who boasted again Wednesday that he's already taken action by bringing in tougher down-payment rules in December, actually hurt aspiring Canadian middle class homeowners with that move.

Those changes "target the wrong buyers," said the MP for Vancouver Kingsway.

"This is a crisis. Where is the real action from this government?"

Davies suggested in a subsequent interview that the minister could discover the answer in any Vancouver coffee shop or supermarket lineup.

"If you ask any Vancouverite if foreign demand is playing a meaningful role in the affordability crisis, they'll answer yes. There are studies backing that up already."

Mayor Gregor Robertson, here this week to lobby the federal government on both the housing and Kinder Morgan pipeline issues, has blamed the problem on "unregulated, speculative global capital flowing into Metro Vancouver's real estate."

In an interview Wednesday he gently urged the federal government, as well as B.C.'s, to move more quickly from studying trends to taking action.

"It's been a slow response from both the federal and B.C. governments to intervene at the higher end of the market," he said.

"It's frustrating to not see more deliberate actions when there are examples in Hong Kong and Australia and in Europe where governments did intervene to address rampant price escalation."

He has called on Victoria to bring in a speculation or luxury tax, and wants Ottawa to more strictly enforce tax laws to ensure that buyers aren't dodging capital gains taxes.

Robertson said it's more than just "challenging" — as Morneau put it — for young families to get into the market. In fact, Robertson said it is likely too late for the vast majority of young families to dream about living in a detached home in Vancouver.

"Single-family homes are out of reach to low- to middle-income families ... and now it extends into upper-middle incomes," he said.

Instead, he said he has stressed in his discussions with federal officials the importance of getting more support to build more rental housing.

He wants the Liberals, for instance, to fulfil the party's campaign pledge to give a goods and services tax break to boost rental housing construction.

The Liberals took office on a promise to "consider all policy tools that could keep home ownership within reach for more Canadians." Since the election, the price for detached homes in Metro Vancouver have soared a staggering 26 per cent.

Bank of Canada Governor Stephen Poloz is expected to address the soaring housing prices in Toronto and especially Vancouver on Thursday when he releases his regular review of the risks facing Canada's financial system.