

BALDREY: Taming of hot housing market a divisive issue

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View from **THE LEDGE** Keith Baldrey



An unusual issue will likely be front and centre in the coming election campaign, but it's not entirely clear how — or even if — it will impact the eventual result.

I'm referring to the red-hot housing market in Metro Vancouver, which was probably the most talked about issue during the just-completed spring legislature session.

For now, at least, few issues so clearly illustrate the philosophical differences between the B.C. Liberals and the New Democratic Party as does the debate over what action the B.C. government should take when it comes to addressing the wildly expensive housing prices that have taken root in much of the Metro Vancouver area.

The housing market is just that: a market. And the free enterprise coalition that is the B.C. Liberal Party is loathe to push government into intervening to any great extent in a marketplace, lest such action lead to unintended consequences.

Whereas the NDP, long favourites of government intervention in the economy in all sorts of ways, is calling for a government-imposed speculation tax of two per cent, and a tax on vacant property.

NDP housing critic David Eby, who appears to be crafting his party's policies in this area all by himself, spent much of the recent legislative session sparring with Finance Minister Mike de Jong on what the government should or could be doing.

In fact, on the second-to-last day of the session last week, the two went at it during debate on the spending estimates for de Jong's ministry, which allows more time for both politicians to make their case than the theatrical forum of question period. Check out the recorded proceedings on Hansard, as it's a good summary of the positions the parties will put before the voters next spring.

Eby cites a few dozen economists' calls for some kind of tax on "international money" coming into the housing market and notes some have expressed fear that the insanely expensive housing prices means companies can't attract employees to live here, which can eventually have a big negative impact on the local economy.

In fact, Jock Finlayson of the B.C. Business Council worries that an inability to attract head offices could lead to "a

hollowing out of corporate Vancouver.”

Eby wants the government to take aggressive action against foreign purchasers who may not even be living here, and has accused de Jong and the B.C. Liberal government of essentially doing nothing on the file.

But de Jong points to steps taken to end so-called “shadow flipping” real estate transactions, and relaxing rules for when the property purchase tax kicks in.

However, de Jong’s main counterpunch is that there is a lack of firm data on just who exactly is buying property and where they originate from. He maintains without that hard information, it’s dangerous to conclude that foreign investors are solely to blame for escalating housing prices.

It’s easy to see how this issue could get a little ugly as time goes on, if there is a continuing emphasis on the downside of “foreigners” investing in property. Nevertheless, we’ll see what kind of data is collected to measure the true extent of those transactions.

De Jong also insists that increasing the supply of housing — rather than focusing on artificially driving down the price of it — is the key to solving the problem. And he’s dropping hints the government may enact other measures when the legislature reconvenes next February.

Will the voters give either party’s argument much support come next May’s vote? I suspect relatively few people think government — no matter which party wins power — can solve a lot of problems in a marketplace without creating brand new ones.

The NDP is clearly betting its demand for direct government intervention is an appealing message, but remember that older people (many of whom own homes and are now sitting on proverbial gold mines) tend to vote in far greater numbers than a younger crowd frustrated about not being able to get into the market.

Housing has never been a dominant issue in B.C. elections. We’ll find out in less than a year from now whether that still holds true.

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