

Barbara Yaffe: Is it time to restrict foreign property buyers?

BY BARBAR YAFFE, VANCOUVER SUN COLUMNIST MAY 4, 2015



A 2012 Vancouver Foundation survey by Sents Market Research revealed that 52 per cent of people think there is "too much foreign ownership of real estate here".

Photograph by: Ian Smith, Vancouver Sun

As housing becomes pricier, Vancouverites are growing more sensitive about foreign influences, wanting to know what their politicians are doing to protect local interests.

The answer, to date, is pretty much nothing.

This, even as Australia's prime minister has just announced plans to jail foreigners who purchase homes in contravention of that country's stiff foreign investment rules on property purchases.

Closer to home, former B.C. cabinet minister and co-chair of Vancouver Mayor Gregor Robertson's 2012 task force on affordable housing, Olga Ilich, says local politicians may not be able to act — even if they wanted to.

(The mixed feelings about action derive from the fact that many of their constituents benefit from and favour foreign property buying.)

Says Ilich: "I don't think the city can do much without the help of the provincial or federal government, and I don't think they will step into this willingly, for what they will see as a very localized problem.

"I also don't think too many politicians want to be accused of racism, which also comes up from time to time."

During last fall's municipal election, the idea of taxing vacant properties was raised but subsequently dismissed by Non-Partisan Association mayoral candidate Kirk LaPointe, who said such a strategy would be impossible to enforce.

The city's Affordable Housing Agency is now "in the early stages" of studying the extent of the problem, says city spokesman Jason Watson.

Bank of Canada Governor Stephen Poloz, during a 2013 visit to Vancouver, told The Vancouver Sun's editorial board that nothing can be done about foreign ownership; Canada is an open market governed

by forces of supply and demand.

The Charter of Rights also may restrict action to limit foreign house buying since coverage extends to anyone stepping on Canadian soil.

Meanwhile, the Charter does nothing to protect rights of locals denied a chance to purchase certain properties marketed exclusively to foreigners.

This happened recently in a sale of \$30 million worth of Vancouver property, handled by CBRE Group, a commercial industrial and retail property marketer.

The company announced the sale, noting, "the owners had stipulated to not expose the portfolio to the local Canadian market; as such, we arranged an international marketing campaign and brought the portfolio on the road show."

The portfolio, says CBRE Group, sold to a foreigner who paid \$5 million above market price.

Of course, such stories only increase local anxiety about offshore buyers inflating local property prices.

A 2012 Vancouver Foundation survey by Sentis Market Research revealed that 52 per cent of people think there is "too much foreign ownership of real estate here".

Among young people, aged 25 to 34 — big first-time homebuyers — 61 per cent held that view.

Among all respondents, 54 per cent agreed that "Vancouver is becoming a resort town for the wealthy".

I have personally noticed people growing grumpier as prices continue to escalate.

A friend last month buying a Vancouver condominium was annoyed to confront, at the last moment, a competing foreign bidder. As a result, she had to boost her offer by \$25,000.

Another friend, living in a detached home in Point Grey, had stern words for a realtor who left him a flyer about strong demand for older homes like his. He wrote the realtor: "I am appalled and disgusted by a marketing tactic that can only add to the toll of destruction in Vancouver's obscene housing market."

Directly opposite my Kitsilano property is a neglected-looking vacant lot with an unsightly front yard covered in gravel.

Vancouverites lately have heard about all sorts of property restrictions and taxes being imposed by governments in other hot residential markets, such as Australia's.

Singapore, Sydney and London have imposed foreign buying restrictions. So, why not here?

It is time for a Vancouver task force to:

- Document the extent of foreign influence here;
- examine the effectiveness of limitations imposed elsewhere;
- and explore Canada's options for action.

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