

Barbara Yaffe: Vancouver must explore options to ease housing affordability crisis

BY BARBARA YAFFE, VANCOUVER SUN COLUMNIST SEPTEMBER 24, 2014



As a growing number of global cities levy special taxes to cool overheated housing markets, some Vancouverites are wondering, why not here? The topic was the focus of spirited discussion recently at a downtown public gathering that was part of Simon Fraser University's City Conversations series.

Photograph by: Jason Payne Jason Payne, PNG

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The topic was the focus of spirited discussion recently at a downtown public gathering that was part of Simon Fraser University's City Conversations series.

The idea of taxing foreign buyers, property speculators, and/or owners who leave properties vacant — as COPE mayoral candidate Meena Wong recently advocated and the Greens support — has gained traction in a civic election campaign where housing affordability is a prominent issue. Green candidate Pete Fry also is floating the notion of a tax on buyers of homes selling for \$4 million plus.

The objective would be calming the market and perhaps generating revenue for affordable housing or transit, in ways that would be painless for the bulk of the local population.

The concept is not a bad one if you ascribe to the notion that government ought to tax things it wishes to discourage. And, increasingly it appears, cities around the world want to dissuade certain groups of buyers.

- San Franciscans vote next month on an "anti-speculation tax" ballot measure that, on a graduated scale, would tax investors selling within five years of buying an apartment building with 30 or fewer

units.

- In Singapore, a stamp tax paid on property purchases is minimal for permanent residents and citizens, but not for foreign buyers.
- Hong Kong imposes a 15-per-cent levy on buyers who are not permanent residents. It also has a stamp duty of up to 8.5 per cent on real estate properties that are not a buyer's primary home.
- Since 2012, London's equivalent of local city councils has been able to impose a much higher council tax on owners who keep their housing units vacant.
- Since 2010, Australia allows foreigners to buy only new property. Temporary residents, upon departing the country, must sell their properties.

But, in Vancouver, would voters agree to a plan that would discourage any group of buyers if it would depress housing prices and reduce returns for Vancouverites wanting to sell?

And, as Non-Partisan Association mayoral candidate Kirk LaPointe warns, enforcement would be tough. Wealthy tax targets are adept at circumventing levies.

Then there are accusations about racism that often accompany measures aimed solely at foreigners. This could especially be a problem in Vancouver where so many foreign buyers, and locals, are Asian. Any serious political candidate would reject such an initiative.

Potentially simpler ways to improve affordability might be for the province to ease its property transfer tax, a gratuitous levy discouraging the buying and selling of property — a counterproductive thing to do to an activity that generates so much additional business activity.

Charged as a percentage of a home's selling price, the transfer tax is outdated and based on housing values of years ago when the tax was first introduced.

Another way to address affordability would be to adjust remuneration for Vancouver-area realtors, also based on percentages of the selling price of a house. Those percentages made sense when homes were more affordable, but with prices becoming stratospheric, realty fees have also become stratospheric, and harder to justify.

Other possible ways of achieving affordability would involve new forms of densification — not always welcomed by neighbourhoods.

Recent suggestions for more affordable homes have come from the Urban Development Institute's Pacific Branch. It wants to see small homes built on smaller lots. Vancouver's network of lanes makes it possible to build houses at the rear of existing lots. Laneway houses, now rentals only, could be made available for sale, as could basement suites.

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