

## The Housing Crisis; “How do we get out of this mess?”

A pertinent question asked by a host of a local radio show recently regarding the housing crisis in BC was, “How do we get out of this mess?” Perhaps to better understand the shortage and unaffordable housing crisis, we need to look at how we got into this mess. Had the housing market in BC grown more organically, prices and growth would have increased more moderately. Instead, the federal immigration policy of providing special entry to wealthy foreign investors over a condensed period brought rapid change.

The real estate market in BC during the [Kristy Clark government](#) saw housing prices skyrocket and uncensored opportunities for foreign buyers of real estate to purchase in bulk. All the while, the government played dumb about the impact this was having on real estate prices. Much of the housing purchased sat empty, while rental supply remained scarce. High-rise construction intensified. Money laundering activity, suspected to be in the billions of dollars in BC *alone*, continued unabated for years, further affecting real estate prices and affordability. The BC government and the construction industry were supportive of each other and mutually benefited. Tens of millions of dollars were raised by the real estate, construction, and marketing industries to help re-elect the BC Liberals to power. And all the while, the Liberals refused to limit or reform campaign donations.

Then and since, housing prices kept escalating. The new reality of homeownership for citizens, if real estate is even within reach, isn't a house. It's a strata in a high-rise and in a price range that a single family home with a backyard would have cost not so long ago. The population leaving the lower mainland is not leaving because they can't afford a strata unit in a high-rise. They are leaving because they can't afford a house. A home on the ground with trees and a lawn. They want to be in a neighbourhood where they can hear birds, not vehicle horns. They want to open their windows during the day and go to bed at night without smelling vehicle exhaust. They want privacy and space.



Image: McMUN

In BC and Canada, it's well reported we have a shortage of homes for sale. But just because it's reported as such, is it true? A recent [survey](#) conducted in mid June 2021, conducted across all provinces, concluded that the majority (75%) of Canadians who want a home can't afford to purchase one. Still, developers insist there isn't enough product to keep up with demand. So who is creating this demand? Every developer has a coveted list of VIPs they have amassed over the years who are eagerly awaiting more buying opportunities, and more VIPs to

come. It's why you'll hear spokespeople for developers repeatedly emphasize one main talking point: the need for less red tape so they can construct more high-rises faster. However, a developer's urgency to build more doesn't resolve the prohibitive cost of providing affordable housing for locals. To a surgeon, every problem can be solved with a knife. To real estate developers, the solution to every problem is to build more. We can't blame them; it's what they do. They weren't voted in to work for us; they work for themselves. It's their own welfare and interests they are serving.

At this moment, the Liberal Party is 'renewing' and revving up for another go. Their spokespeople, along with those in the construction industry supporting them, are making the rounds in the media to solicit faster building permits and less red tape; they claim it's to combat housing shortages. We've been there, done that. We're living it. It's the current state of affairs that brought forth the question, "So how do we get out of this mess?" Building more won't address unaffordable housing, record high rental rates, local resentment, low wages, homelessness, or young families living in unhealthy and nature deprived environments. People without family wealth to come to their rescue are hurting. It's difficult to be hopeful for real change when the same faces and family names that created a crisis in the first place keep showing up, decade after decade.

The British Columbia Real Estate Association (BCREA) is also on board with the 'build more, faster' phenomenon. The CEO of the BCREA, Darlene Hyde, stated in a radio interview that immigration is coming back and we need more housing. She proposed the provincial government withhold money from municipalities for critical infrastructure and transit unless the municipality goes along with building more density, whether they want it or not. She also said, out loud, such a tactic could be used by the municipality as cover to turn a deaf ear to taxpayers when they express opposition to projects in their neighbourhoods. What could be more advantageous for developers than more power over a municipality's building decisions than the municipal government has over itself? The bonus would be to wipe out any pushback from citizens who want a say in what gets built in their communities.

Ms. Hyde also stated during the interview she didn't appreciate the government's proposed legislation for a '[cooling off period](#)' that would allow real estate buyers time to back out of an offer, without facing legal ramifications. The presumed intent of the 'cooling off period' is to counter the brisk, hot market that forces buyers to compete for houses with 'no subject' offers and without time to do their due diligence. Ms. Hyde says it wouldn't work. It's simply an escape that would allow buyers to make multiple offers on different homes while tying them up until they choose the one they want. She further stated it did nothing to address affordability, and by delaying acceptance of offers time was provided for more bids to come in.

Ms. Hyde and the BCREA's counter to the government's proposed 'cooling off period' is to implement a 'five day pre-offer period.' The intent is for sellers and their realtors to hold off accepting offers for a minimum of five days from the date the home is listed. The presumed intent is to give buyers time to get their affairs in order and arrange a

home inspection. Essentially, to take the panic out of the buying process. Neither the 'cooling off period' nor the 'five day pre-offer period' does anything to address affordability or housing supply. Oddly, both proposals create more competition. Both recommendations suggest waiting periods that would allow more time for offers to be presented. A waiting period before offers are accepted is a strategy realtors have been using, on their own volition, for years (with the seller's permission) because it encourages multiple offer situations - something the BCREA would be well aware of. Neither proposal neutralizes the extreme wealth most locals are up against. Unless a law is enacted that permits only citizens to purchase real estate, locals will continue to be [outbid](#).

A tactic that can help minimize frantic [bidding](#) is to implement a rule that in multiple offer situations the highest offer must be revealed to all bidders. That way bidders can get a handle on what they're up against. Polls have shown both realtors and the public welcome [more transparency](#). To further ensure fairness and protection, all offers should be in writing, signed, and in the hands of the seller's realtor before presented as legitimate offers. A record of the presented offers should be kept by the brokerage for verification, in case later verification is required. Another way to ensure the public is treated fairly is to disallow double-ending of commissions, ensuring realtors present all offers impartially and fairly. These few changes alone could take much of the anxiety out of offer situations. However, there are a few scenarios where the party with the most money won't win. Wealthy millionaire immigrants can afford single family homes, commercial, and investment properties. That's why new legislation is necessary to limit or restrict foreign buying. This limitation should be in effect for at least five years to make a difference.

The [BCREA's 'Better Way Home Recommendations'](#) intended to strengthen consumer protections in real estate, don't propose concrete solutions; instead they suggest more study, evaluation, and analysis be done. Some of the recommendations include 'raise qualifications for new licensees,' consider the impacts on a seller's market compared to a buyer's market' or 'ensure that measures don't negatively impact affordability.' These are activities we expect they would have been diligently engaging in for decades. Including the recommendation to '...establish a permanent National Housing



Image: ITPro

Roundtable to bring together all stakeholders of the housing market to help address its challenges with an inclusive, holistic, and innovative approach.' It's cringeworthy when businesses bandy around words like 'inclusive' and 'holistic.' It sounds artful.

Additional filler recommendations the BCREA proposes to enhance consumer protection in real estate are, "documents related to strata

transactions should be made available with the listing.” This is a simple common-sense step most conscientious realtors already follow. One curious recommendation that causes pause is the BCREA’s recommendation **not** to implement anti-money laundering measures until the Cullen

Commission inquiry is complete. Surely, anti-money laundering measures would be welcomed under any circumstances. The real estate industry and construction industry are “for profit” businesses. But it’s our government's obligation to serve the people. Effective improvements in providing citizens affordable housing are best accomplished when outside self-interests can’t pressure and dominate government decisions.

Then some choose to blame existing homeowners for the unaffordable crisis. Those blaming long time homeowners as greedy and wanting too much money for their homes are blaming the blameless. Decades long homeowners spent much of their adult lives skimping and scraping to save a down payment and many more decades paying off the mortgage. They deserve and need to get the most money they can for their homes. It is the only way to ensure they can afford another place to live and support themselves in today’s economy.

The root of what has shaped the Canadian housing market must be looked at with honesty and transparency. The federal government’s 2005 [Immigration Investor Program](#), which fast-tracked tens of thousands of (b)millionaires, and inadvertently [criminals](#), into Canada ahead of the line, ignited the real estate boom. In a 2018 [exclusive article](#) by Frédéric Zalac, Francis Plourde of Radio-Canada reported officials were pressured into ignoring red flags, which allowed questionable applicants entry into Canada.

*...”Some rich foreigners seeking Canadian residency under a special Quebec program for wealthy investors couldn't point to the province on a map, while others submitted fake documents or disguised their assets — yet many of them were still accepted for immigration, former civil servants say.”...*

The disruptive effect on Canadian communities will continue if the federal government doesn’t reassess immigration numbers and criteria. If the housing shortage is so dire, welcoming hundreds of thousands of newcomers every year is unwise. The housing crisis is too often framed as a shortage of housing, when in fact, it is a shortage of *affordable* housing for people who *already* live here. Canadian immigration needs to approve a reasonable number of balanced and diverse individuals who will strengthen Canadian communities. We need to welcome with open arms new immigrants who come from all walks of life, cultures, colours and religions. Those



Image: cottonbro Studios

given preference should be applicants who apply for humanitarian reasons. Many are highly experienced and skilled but are fleeing unrest. These people can bring stability and symmetry to Canada.

Building more, and faster, to quench the buying thirst of new wealthy investors is not serving the citizens. It's clear that more people mean more money for the Canadian economy. However, much of that money doesn't trickle down; it flows back into the pockets of the already wealthy. In cities, it means more high-rises, more density, and more pollution. Excessive building of high-rises will end the era of the traditional single family home for middle class Canadians. Single family homes will soon be reserved exclusively for the exceptionally wealthy. We are living longer, and the world's [population](#) is exploding. Jamming more of us together in tiny skyboxes does nothing to improve our health or the environment. The impact will take its toll on the planet.

The government must grab the reins and take charge, not hand over responsibility to 'for profit' developers to solve the housing crisis. The solution isn't to speed up permits and eliminate red tape for developers; it is to bring in new effective regulations. Regulations that will ramp up the construction of affordable housing and slow down the construction of exorbitantly priced condos. Municipalities are criticized for charging high permit fees yet this is money the municipality uses to provide services to their communities. Reduced permit fees will not likely be passed on to buyers; instead that money will go into the pockets of developers as increased profit.

What also has a significant impact on rentals is the large investment companies [controlling the housing stock](#), by buying the existing rental properties, and then fixing rental rates. This is a huge problem. If it is allowed to continue, it could be the most harmful contributor to the shortage of reasonably priced housing.

Developers are always on the lookout for cheap real estate in poorer neighbourhoods to revitalize...for profit. Why isn't our government doing this? Governments could assemble in-house construction crews to renovate existing buildings to accommodate low-income renters. Their crews could further be used to build more affordable new housing on under-utilized government lands. Build houses that even the construction



Image: gentooexpressions

crews can afford. Taking advantage of free generic blueprints featuring inexpensive designs would be a sensible way to bring thousands of [affordable family homes](#) to the market. Once crews were able to perfect the construction process, through repetition, building would move quickly and orderly. What bloats the cost of developer products, besides the sky-high profits they generate for themselves, are the grandiose presentation centers, bloated costs of marketing firms, sales staff, glitzy brochures, and media and print advertising. The government, however, could forego all of these nonessentials with one central website.

Locally, municipal governments could open up privately owned acreage to allow duplexes, fourplexes, low-rise garden apartments, or row houses by granting exemptions to zoning restrictions. For property owners with standard size lots, exemptions could be made to allow suites, lane houses, or modular homes. It's *imperative that* city planners have controls and checks in place to guarantee that any modifications to zoning by-laws in a neighbourhood preserve its livability and appeal while ensuring the infrastructure can support the additional housing. Further changes can be made by all levels of government to provide citizens relief by revising the tax system to include a [wealth tax](#) and ensuring balanced immigration and higher minimum wages.

Politicians routinely state the housing crisis is complicated. It remains complicated when the system is set up to allow corporations, big businesses, and the very wealthy to wield weight over government policies and decisions. Growth is portrayed as positive. But is it really? Bringing in more people each year than a country can humanely support, strains resources and causes spikes in traffic and other environmental impacts. The plague of growth at all costs, inequality, and unaffordable housing can be fixed by filling government positions with ethically tough people who can stand up to the Herculean resistance they will undoubtedly face.



Image: Thiago Oliverira

This is the perspective of a BC single family homeowner on how the housing crisis came to be in BC, over the last few decades.

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