Vancouver's Housing Affordability Crisis: Executive Summary
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This report brings together the key arguments and data from the debate over Vancouver’s real estate situation. The intention is to give citizens the information and arguments that will help them more confidently reject the excuses for inaction being offered by influential people in government and real estate-related industries. It is written in a casual tone and with a minimum of jargon.

The report looks at the causes of the affordability crisis, some of the major consequences and possible policy solutions. In regards to causes, it finds:

- The dominant explanation for the crisis in Vancouver is a large and continuous flow of foreign money into the region, especially from China, which has reached unprecedented levels in the past year. This factor accounts for most of the crisis, on its own.

- Of secondary importance have been low interest rates and geographic constraints on development. Low mortgage rates have allowed households to stretch themselves financially as they competed for housing with wealthy foreign buyers. Because other Canadian cities, with the exception of Toronto, do not have this same dynamic in relation to foreign money, low interest rates have not caused major price spikes elsewhere. Geographic constraints, such as mountains and water, have limited the number of single detached houses that can be built as population expands, and this has led to especially strong price gains in this segment of the market. However, evidence from the US suggests that this latter dynamic can only account for about 15-30 percent of the price surge in recent years.

- Other alleged causes, such as a ‘strong local economy’, Vancouver’s ‘desirability’, ‘strict zoning/regulations’ and ‘low social housing investment’ have played negligible roles in generating the crisis. The report backs these claims up with the relevant data.

In terms of consequences, the report finds four major drawbacks to the crisis that should motivate policy action: intergenerational inequity, dangerous debt levels (high ‘leveraging’), weakened communities, and stunted future economic viability for the Vancouver region. Debt levels are particularly worrisome, and regional economic viability is quickly becoming a central concern for Vancouver employers. The report argues that one of the alleged benefits of the real estate situation, home equity gains, is largely illusory for most Vancouverites. Problems in terms of unscrupulous real estate activities, money laundering, and tax inequity simply add to the case for action.

The report proposes four main types of policy solution. The first, a progressive property surtax deductible against income tax paid, is by far the most likely to solve the crisis. It places a surtax on foreign or non-resident owners without Canadian income. It serves a double purpose: it can generate significant revenue while discouraging both existing and prospective foreign investment. Other measures, such as better monitoring of foreign investment, specific restrictions on foreign ownership, and expanded affordable housing initiatives are also recommended in the short run.