

Nine-in-ten support tax on foreign buyers of Metro Vancouver homes; doubts over effectiveness linger

Vast majority say government should have stepped in sooner to cool the market

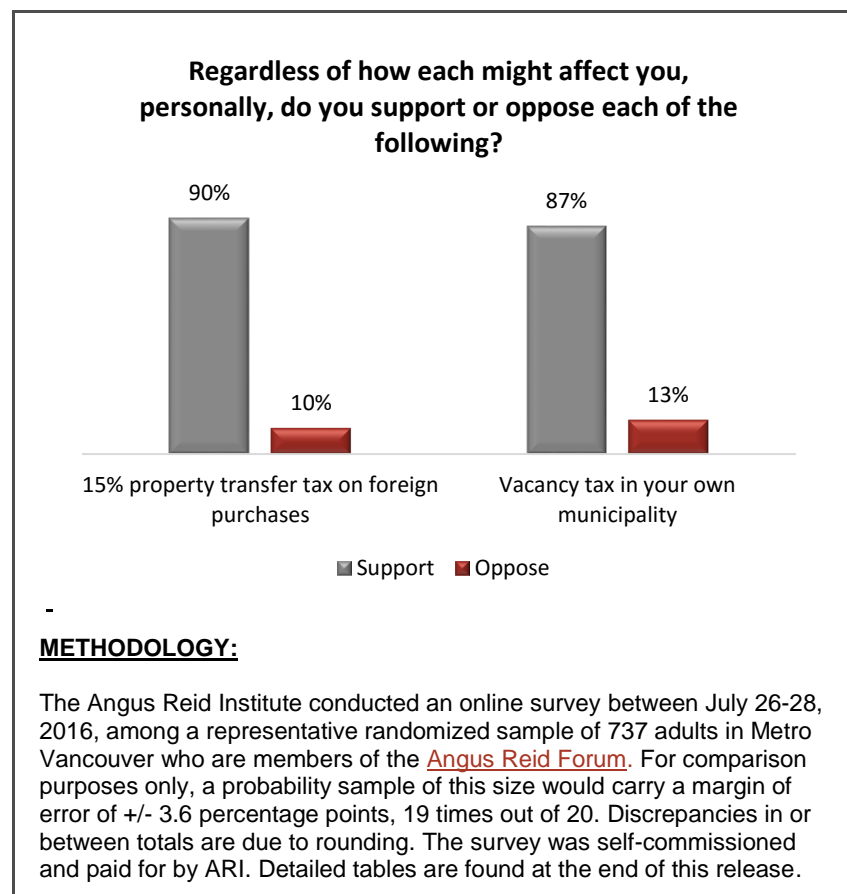
July 29, 2016 – Under increasing pressure from people living in Canada's most expensive real estate market, Premier Christy Clark's government announced this week that it will begin taxing foreign buyers of Metro Vancouver residential properties. The move is being met with overwhelming approval in that region, but also with doubts over whether this and other policy changes will do much to bring housing prices down.

A new, additional property transfer tax of 15 per cent on homebuyers who are neither Canadian citizens nor permanent residents will take effect Aug. 2. Another measure will allow the City of Vancouver to tax vacant homes in its jurisdiction.

The latest public opinion poll from the Angus Reid Institute finds Metro Vancouver residents are very supportive of these efforts – and view them as a step in the right direction – even as they remain dissatisfied with the way both local and provincial governments have responded to soaring housing prices.

Key Findings:

- Nine-in-ten residents of Greater Vancouver (90%) support the new tax on foreign buyers, and a similar number (87%) would support their local government asking for the power to tax vacant homes



- Seven-in-ten (71%) say affected buyers will find loopholes enabling them to get around the new tax, while relatively few say either measure will be “highly effective” at bringing prices down or opening up more housing inventory
- Fully eight-in-ten (82%) say the provincial government should have intervened in the housing market sooner, including three-quarters of those who voted for the B.C. Liberal Party in 2013

Hoping for a crash?

When the Angus Reid Institute first asked Metro Vancouver residents to weigh in on home prices [in June 2015](#), 87 per cent feared the next generation wouldn’t be able to afford a home in the area. ([Read the full report from last year here.](#))

Today, seven-in-ten (72%) say housing prices, affordability, and real estate, collectively, make up one of the most important issues facing the region today.

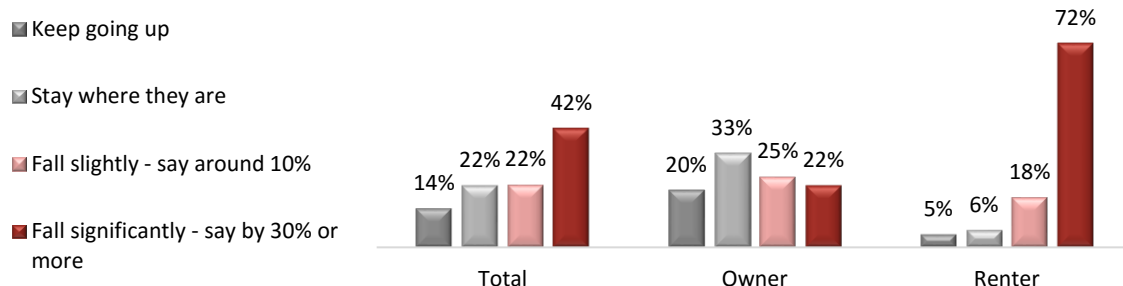
Respondents are also nearly three times as likely to say real estate prices are hurting them (49%) as benefitting them (18%). Large majorities also say the market today is a net negative for their local communities (72%) and for the metro region as a whole (84%).

Indeed, many living in Metro Vancouver are openly hoping for a significant market correction. Some two-thirds (64%) say they would like to see real estate prices in the region fall by at least 10 per cent. The bulk of that group – four-in-ten metro residents (42%) overall – would like to see prices “fall significantly,” meaning by 30 per cent or more.

A key driver of opinion on these issues is each respondent’s personal housing situation. Among those who currently rent their homes, for example, seven-in-ten (72%) are hoping for a crash.

Homeowners, on the other hand, are more divided on the issue. The majority say they hope prices either stay where they are (33%) or keep going up (20%), though it should be noted a significant number of them are hoping prices fall, as seen in the following graph:

What do you hope to see happen to the real estate market here in Metro Vancouver over the next few years? Would you say you personally hope housing prices:

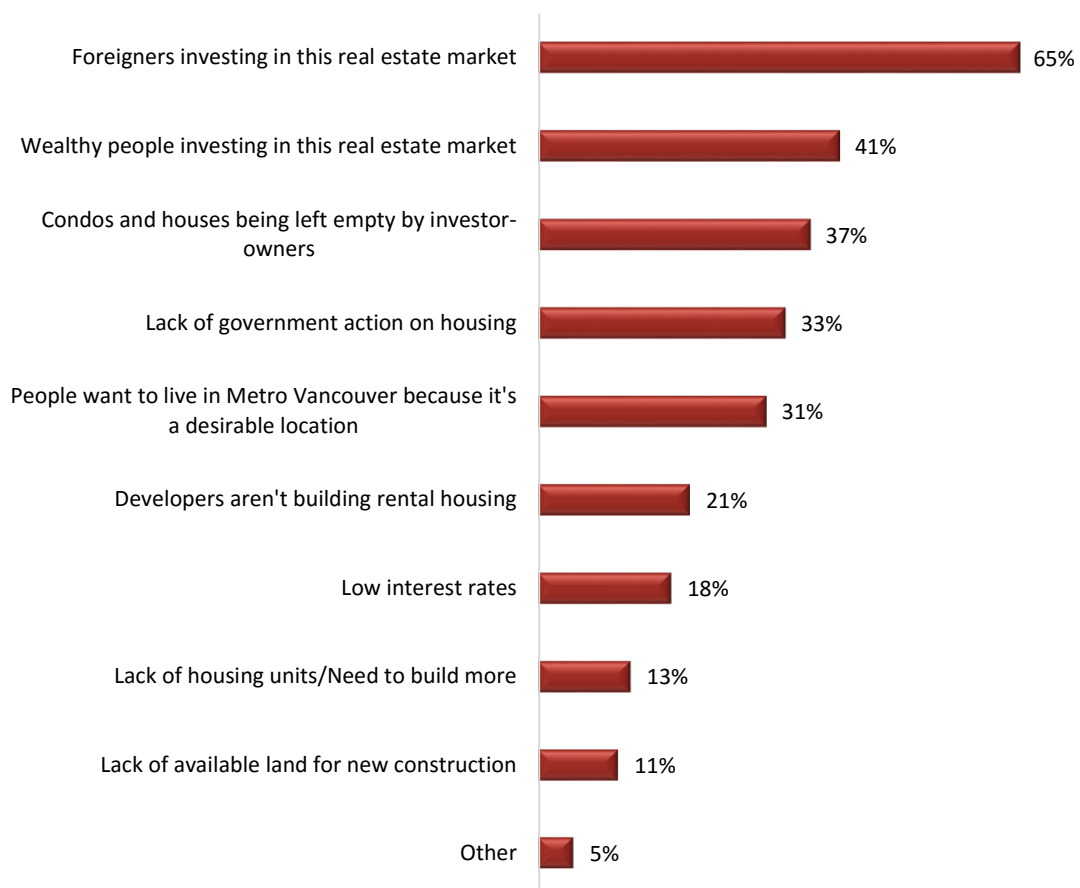


The foreign buyer factor

What's driving housing misery? For two-in-three respondents (65%), "foreigners investing in this real estate market" are a main cause of high prices.

Other top choices include "wealthy people investing in this real estate market," (41%) "condos and houses being left empty by investor-owners" (37%), and "lack of government action on housing" (33%), as seen in the following graph:

Which of the following factors do you think are the main causes of high housing prices in Vancouver?



Awareness of these issues among Metro Vancouverites is very high, with eight-in-ten respondents (81%) saying they've been seeing "some" or "a lot of" news and commentary – significantly more engagement than [ARI typically records](#) when asking this question about other issues in the news.

Strong support for new taxes on foreign buyers, vacant properties

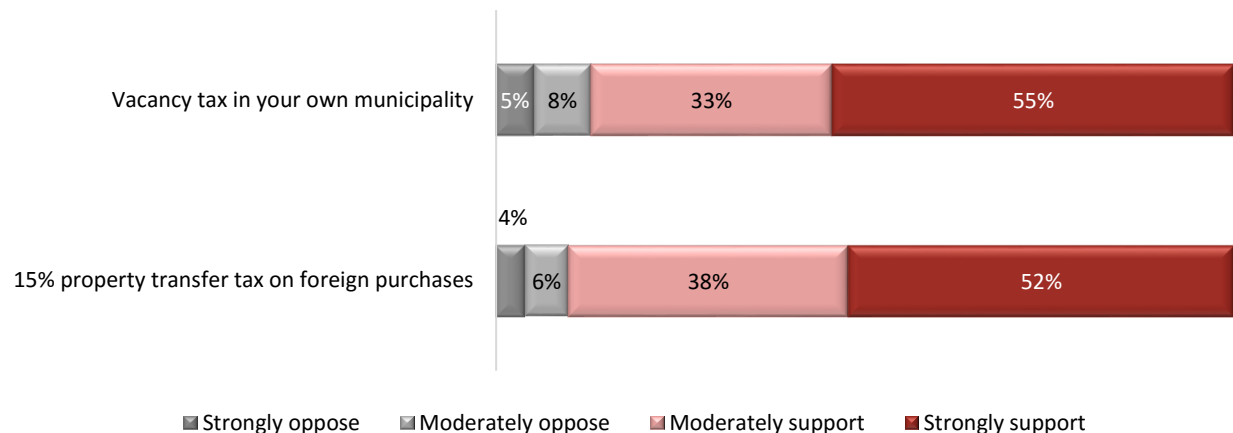
As to what they think of the changes – as previously mentioned – support is very high, with few significant differences in support between young and old, those own or rent, those who live in the city or the suburbs, those carrying mortgages or living in fully paid-for homes.

Overall, nine-in-ten (90%) say they support the new 15 per cent property transfer tax that will apply to foreign buyers of Metro Vancouver real estate. A full majority (52%) do so strongly.

Further, legislation introduced this week empowers only the City of Vancouver to implement a tax on vacant properties, but the BC government has expressed an openness to making the same change for other municipalities that request it.

The Angus Reid Institute asked respondents across Metro Vancouver about the possibility of a tax on empty homes in their own municipalities, and found enthusiasm for the idea:

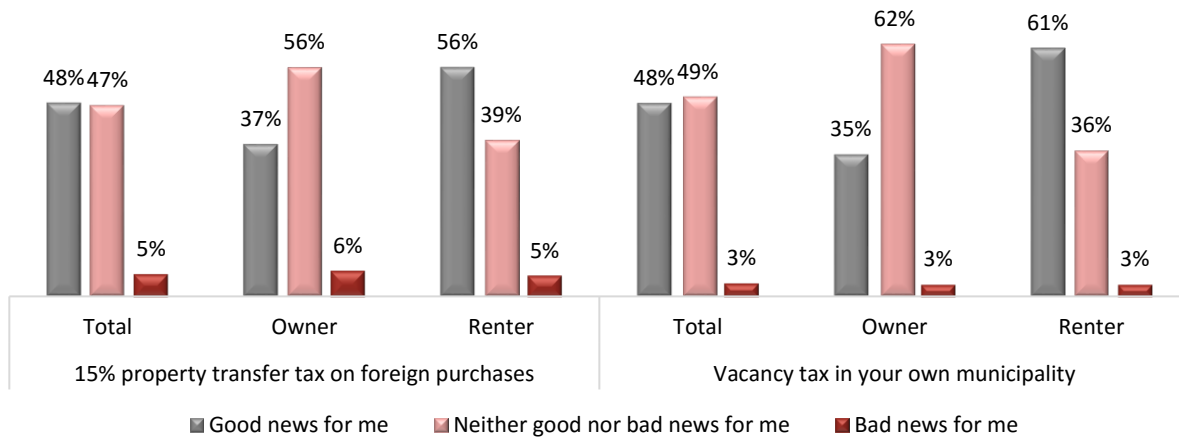
Regardless of how each might affect you, personally, do you support or oppose each of the following?



Remarkably – given the BC Liberal government's [reticence in the past](#) to implement market-cooling measures because of concerns over the impact on those already holding equity in their homes, this survey indicates very few people in Metro Vancouver anticipate either of these changes having an adverse effect on them, personally, as seen in the graph that follows.

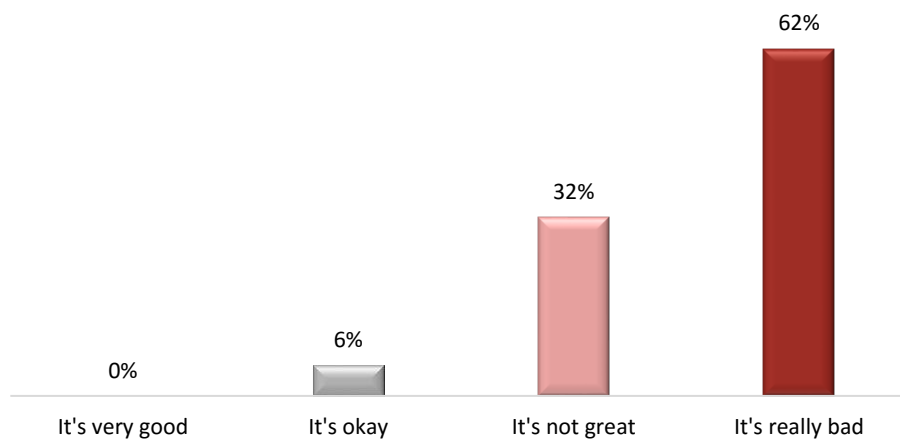
Of note, renters are more likely than owners to say the City of Vancouver's vacancy tax proposal is good news for them, and to say the same of the tax on foreign purchasers:

How do you think each of these policies will affect you personally? Would you say each one is:



A possible driver of these feelings: rental vacancy rates that have [reached “crisis” levels](#) in the City of Vancouver, and has been [falling throughout the whole region](#) in recent years. Asked how they would rate the availability of places to rent in Metro Vancouver, six-in-ten renters (62%) say “it’s really bad,” and no one says it’s better than “okay”:

How would you rate the availability of places to rent in Metro Vancouver right now?



On one hand, these survey results may reflect a more muted backlash – at least for now - among those with homes for sale or with equity tied up in their homes.

On the other hand, however, the results also reflect that while these measures are popular – Metro Vancouverites do not necessarily see such changes necessarily improving their own prospects of an easier, more affordable experience with housing.

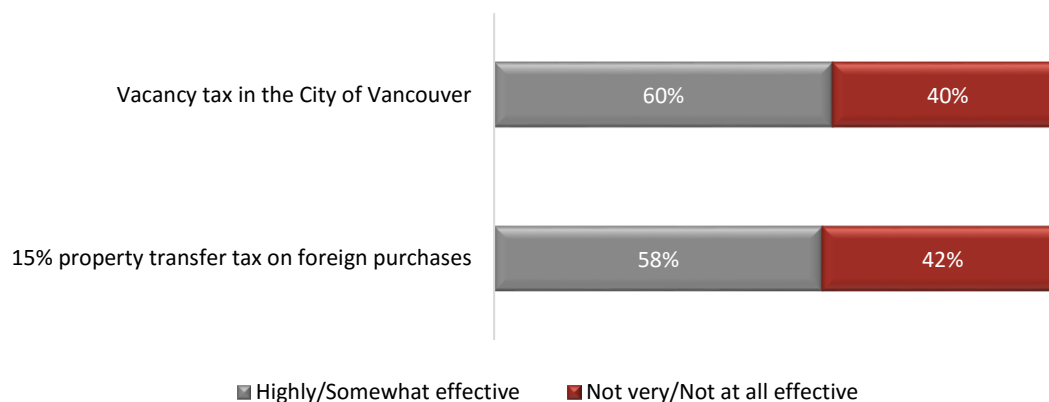
Will these new measures be effective?

Further, seven-in-ten respondents (71%) express concern that too many people will find loopholes allowing them to get around the new tax, while fewer than one-in-ten (8%) say they're confident the tax will be applied as intended (the rest are unsure, [see comprehensive tables for greater detail](#)).

As with the impact on them personally, it appears relatively few people in Metro Vancouver are especially confident that these efforts will pan out.

At a broad level, more than half say they expect each initiative to be successful in cooling overheated housing costs:

How effective do you think these changes will be in improving access to the real estate market for local buyers and increasing housing vacancies for renters in Metro Vancouver?

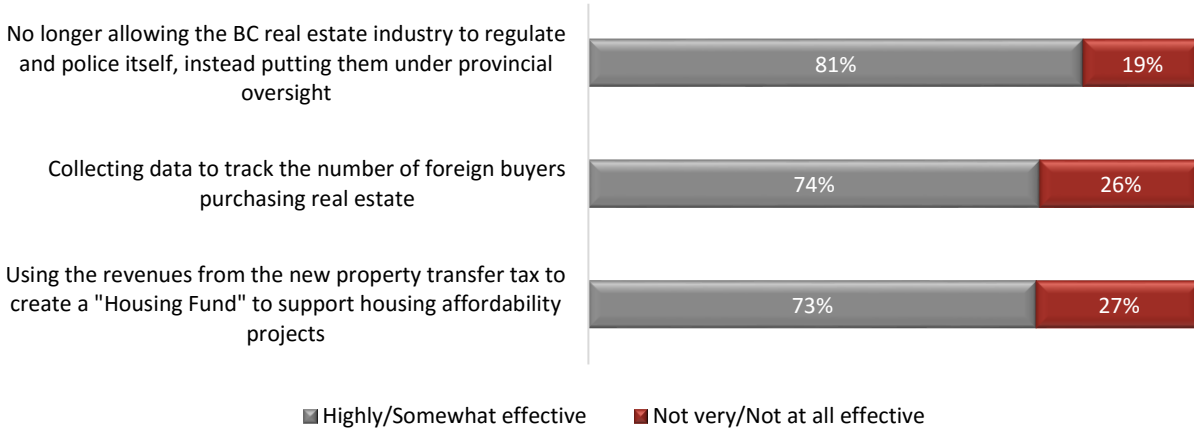


But on closer inspection, just one-in-ten (11%) say they think a vacancy tax in the City of Vancouver would be “highly effective.” Most (48%) say the measure will be “somewhat effective.”

Similarly, although most respondents think the additional property transfer tax on foreign buyers will be effective, just six per cent expect it to be “highly” so.

As the following graph shows, other recently announced initiatives are more likely to be seen as useful, though the percentage who say each one will be “highly effective” remains lower than the total who say “somewhat effective” ([see comprehensive tables](#)):

Please indicate whether you think each of the following will be effective or ineffective:

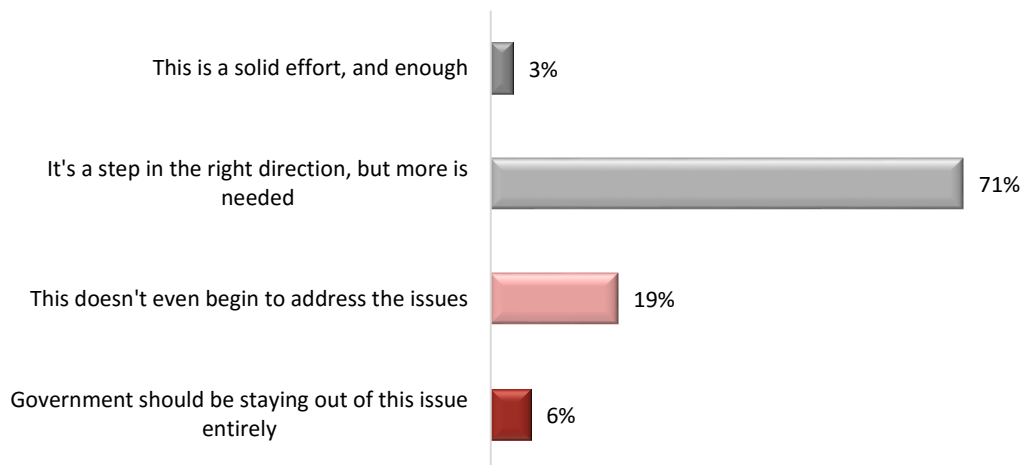


A step in the right direction, or too little, too late?

The overwhelming support for these newly announced policies may be related to a sense that while the provincial government is taking action on this issue, more may still be needed.

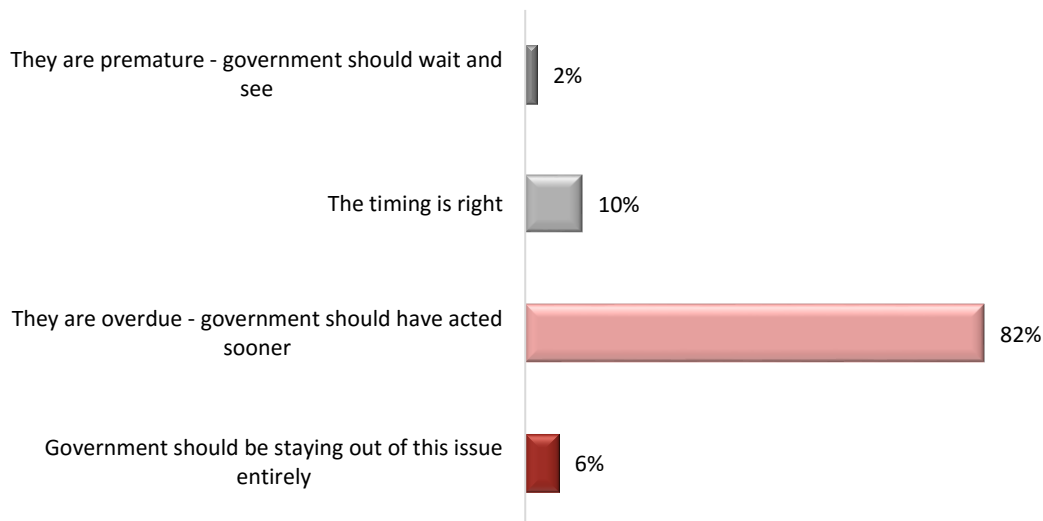
Seven-in-ten Metro Vancouverites (71%) say the government's new measures are "a step in the right direction, but more is needed," while one-in-five (19%) say the changes "don't even begin to address" housing issues in the region. Only three per cent say the government's plans are "enough:"

Views on the provincial government's recent real estate changes:



Moreover, more than eight-in-ten (82%) say government waited too long to take action:

Views on the provincial government's recent real estate changes:



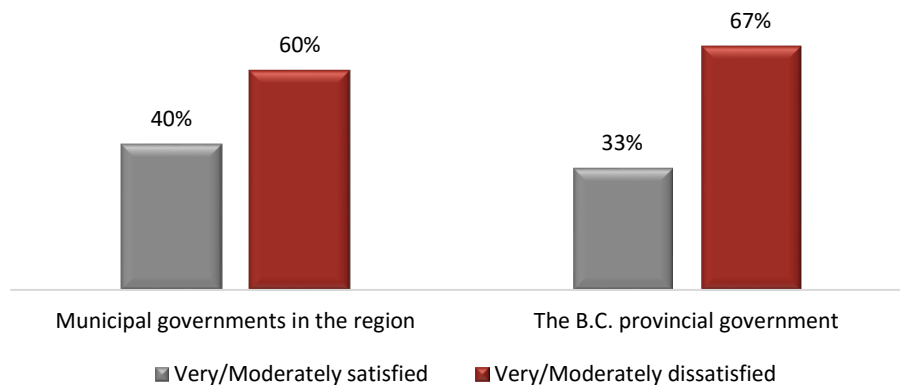
As might be expected, those who voted for the B.C. New Democratic Party in the 2013 provincial election are more likely to say the government's efforts "don't even begin to address the issues" (26% do, compared to 17% of 2013 B.C. Liberal voters).

That said, the vast majority of supporters of both major B.C. parties agree that the government's actions are overdue. Among NDP voters, the total who feel this way reaches nine-in-ten (91%), but even among supporters of the governing Liberals, more than three-quarters (77%) say the government should have acted sooner.

Perhaps as a result of the perceived lateness – and incompleteness – of the government's action on the housing crisis, two-thirds of Metro Vancouver residents (67%) say they are dissatisfied with the provincial government's handling of this issue. Indeed, one-in-three (35%) say they are "very dissatisfied."

Municipal governments in the region don't fare much better, as seen in the following graph:

Overall, how satisfied are you with each of the following in terms of their overall approach to and handling of issues concerning the housing market in Metro Vancouver?



Satisfaction with municipal governments doesn't appear to be affected by which party respondents voted for in the last provincial election, but satisfaction with the B.C. government does break down along party lines.

Some four-in-five NDP voters (80%) say they are dissatisfied with the provincial government's handling of the housing market, including roughly half (51%) who say they are "very dissatisfied."

Past B.C. Liberal supporters are more divided, but it should be noted that even among this group who voted for the provincial government, a majority (55%) are dissatisfied.

What remains to be seen is whether these popular new measures turn out to be effective at stabilizing housing costs in the Lower Mainland, and whether that results in increased satisfaction with government handling of real estate issues in the future.

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research organization established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

Summary tables follow. For detailed results by sub-region, age, gender, and other demographics, [click here.](#)

And thinking about what you want for yourself and your family, what do you hope to see happen to the real estate market here in Metro Vancouver over the next few years? Would you say you personally hope housing prices:				
	Total (737)	Owner (407)	Renter (259)	Other (71)
Keep going up	14%	20%	5%	11%
Stay where they are	22%	33%	6%	18%
Fall slightly – say around 10%	22%	25%	18%	19%
Fall significantly – say by 30% or more	42%	22%	72%	52%

How do you think this new 15% property transfer tax applied to foreign buyers might affect you personally? Would you say this new policy is:				
	Total (737)	Owner (407)	Renter (259)	Other (71)
Really excellent news for me	8%	8%	7%	15%
Good news for me, but it won't have a big impact	39%	29%	49%	59%
Neither good nor bad news for me	47%	56%	39%	24%
Bad news for me, but it won't have a big impact	4%	5%	3%	2%
Disastrous news for me	1%	1%	2%	0%

How do you think a tax on vacant homes in the City of Vancouver might affect you personally?				
	Total (737)	Owner (407)	Renter (259)	Other (71)
Really excellent news for me	13%	10%	14%	32%
Good news for me, but it won't have a big impact	34%	25%	47%	39%
Neither good nor bad news for me	49%	62%	36%	23%
Bad news for me, but it won't have a big impact	2%	2%	2%	4%
Disastrous news for me	1%	1%	1%	2%

Thinking overall about all the policy changes we've asked you about, would you say:			
	Total (737)	Provincial Vote Last	
		BC Liberal Party (242)	BC NDP (229)
This is a solid effort, and enough	3%	4%	2%
It's a step in the right direction, but more is needed	71%	71%	69%
This doesn't even begin to address the issues	19%	17%	26%
Government should be staying out of this issue entirely	6%	8%	3%

And what about the timing of these new government policies? Would you say:

	Total (737)	Provincial Vote Last	
		BC Liberal Party (242)	BC NDP (229)
They are premature - government should wait and see	2%	3%	1%
The timing is right	10%	13%	6%
They are overdue - government should have acted sooner	82%	77%	91%
Government should be staying out of this issue entirely	6%	7%	2%

Overall, how satisfied are you with each of the following in terms of their overall approach to and handling of issues concerning the housing market in Metro Vancouver? - The B.C. provincial government.

	Total (737)	Provincial Vote Last	
		BC Liberal Party (242)	BC NDP (229)
Very satisfied	3%	5%	2%
Moderately satisfied	30%	39%	17%
Moderately dissatisfied	32%	31%	29%
Very dissatisfied	35%	24%	51%