



LOCUS

BRENDON OGMUNDSON | 06

Requiem for failed policies of the 2010s

VOTERS SOUND OFF | 16

FV survey on leadership, housing and the precarious future

A photograph of two individuals, a man and a woman, sitting side-by-side. The man on the left has grey hair, wears glasses, a blue patterned shirt, and a dark blue blazer. The woman on the right has brown hair, wears a white top and a dark blazer. They are both smiling at the camera. The background is a dark, geometric pattern.

THE CONTENDERS

Heading into the election home stretch, the challengers are down to two candidates whose approaches to housing solutions couldn't be more different

PLUS

THE ZONING EFFECT

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CONTENTS

The Contenders | 08



John Rustad & Sonia Furstenau

Challenges to the NDP have seen a swift rise in John Rustad's Conservatives. And while BC United has thrown in the towel, Sonia Furstenau and the Greens are in it on principle and for the long haul.

Sounding Off in the Valley | 16

In the lead-up to the election Fraser Valley voters shared pointed opinions about municipal and provincial leadership, housing issues and uncertainty about the future.

PacificWest 2024 – Innovate, Integrate, Inspire | 20

Gearing up for the largest real estate conference in Western Canada.

INSIGHT | 06

Brendon Ogmundson on failed housing policies of the '10s.

ADVOCACY | 22

Shafiq Jamal on why a home flipping tax might backfire.

BOARD UPDATE | 24

FV REALTORS® Charitable Foundation launches a bursary program.

LAST WORD | 26

Nathan Zemp on the huge impact of zoning on house prices.

LOCUS

From Latin, "locus" refers to a place, a spot; a specific location – from which we derive the present-day mantra of REALTORS®. LOCUS is the Fraser Valley Real Estate Board's flagship publication, giving public voice to its perspective on housing and real estate issues.

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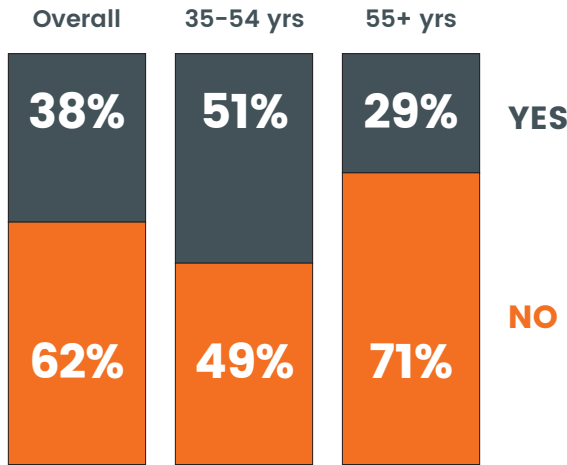
ONLINE



POLL

CONSIDERED MOVING AWAY IN THE PAST YEAR?

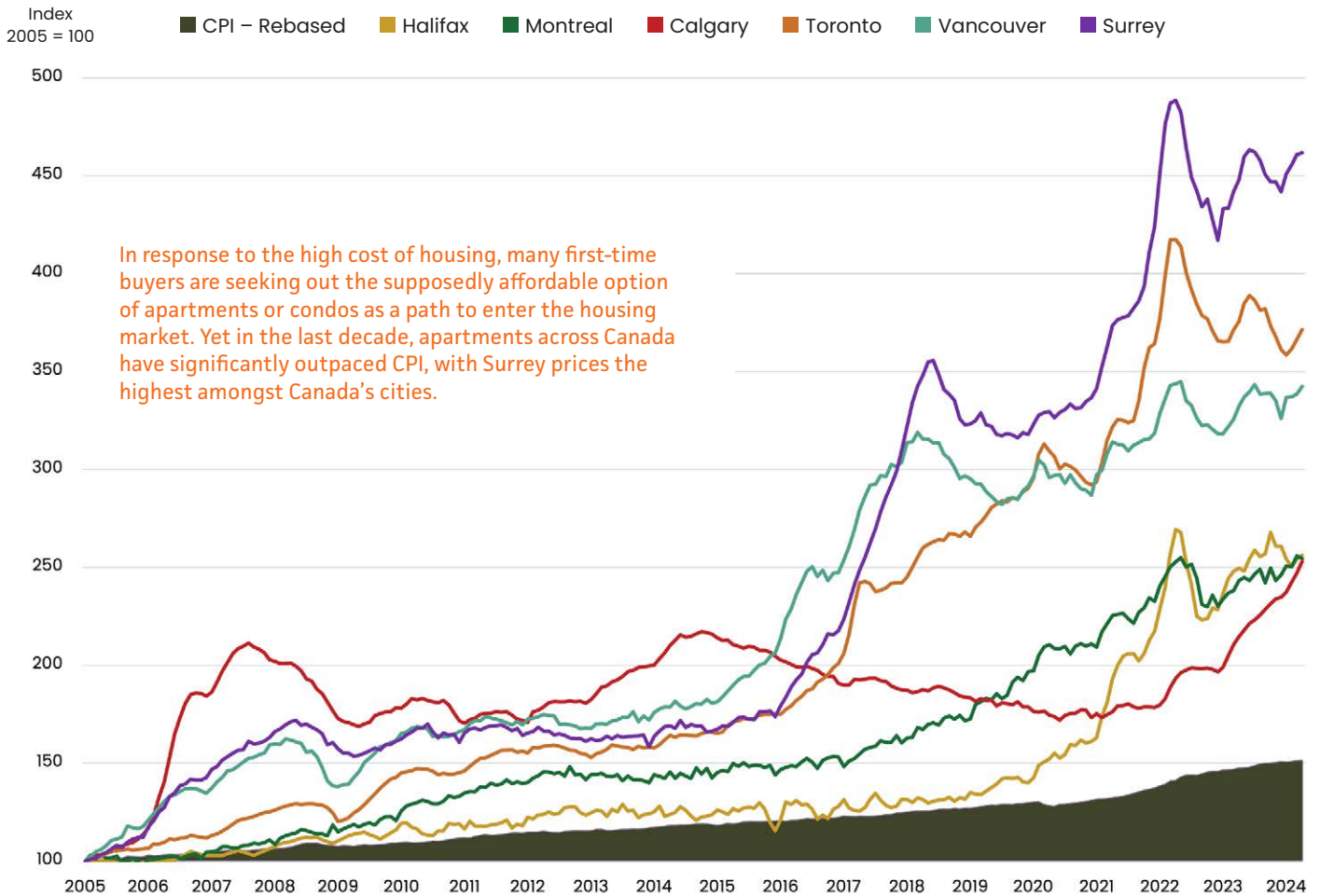
A recent FVREB poll reveals challenges facing Fraser Valley voters. For some, the cost of living and house prices is enough to make them consider moving elsewhere.



More poll results on page 16.

FOR FIRST-TIME BUYERS, THE APARTMENT OPTION IS INCREASINGLY “HIGH-RISE”

APARTMENT PRICE GROWTH VS CPI



Source: MLS® Home Price Index; Statistics Canada

A Place to Live, Work and Raise a Family



By Baldev Gill

In this first post-pandemic provincial election, the challenging new landscape has pressurized the lives of British Columbians on everything from healthcare to safety to cost of living. Housing costs in particular are among top challenges for all three main parties in the race. Legislation introduced by the NDP last year focused on building up inventory by increasing density around transit hubs and allowing for upzoning on single family properties. In this issue of LOCUS we asked the opposition leaders for their views on housing policy, how they might agree and differ from the NDP strategies. Unsurprisingly, their views diverge somewhat, however it is clear that all three parties recognize the crisis we are in and consider housing, along with cost of living, to be a central component of their strategy to move the province forward (read the full interviews on p. 8—Note: the NDP office did not respond to our interview request by press time).

Housing is among the top concerns for voters too. It ranks among the most important issues facing municipalities according to a recent poll conducted by the FVREB among voters in the Fraser Valley. Yet despite other key concerns such as crime, safety, and cost of living, roughly two-thirds of residents still feel a “strong” or “very strong” sense of community where they live. And when asked which level of government they believe is most responsible for solving the housing crisis, nearly half said all three: local, provincial and federal (see more insights on page 16).

Regardless of how British Columbians vote, we all share the same aspiration: to build a British Columbia where we can all live, work and raise a family.

Baldev Gill is CEO of the Fraser Valley Real Estate Board

A handwritten signature in black ink, appearing to read 'Baldev Gill'.

Supply-Side Affordability



By Jeff Chadha

As REALTORS® we see clients grapple with affordability every day. Sure, home prices have come down substantially from their highs of a couple of years ago, but they’re still about 40% higher than they were in pre-pandemic 2018.

Affordability problems aren’t new. Governments of different stripes have tried over the years to implement a variety of tools and policy efforts to contain price growth. As Brendon Ogmundson writes in this issue (p. 6) these policies were less than effectual. The impacts of the *Foreign Buyer Tax* (2016), the *Speculation and Vacancy Tax* (2018), and other measures like them were short-lived at best and prices continued to rise. Ogmundson points out that these policies were aimed largely at influencing the demand side of the equation. Government’s current strategy, with its focus on increasing density, is now squarely focussed on the supply side with strategies like upzoning, for example, which allows duplexes, fourplexes or more to be built on single family lots. According to Nathan Zemp (see p.26) this approach could bear fruit that would eventually see costs come down. Zemp’s research shows that between 2018 and 2021, 40% to 70% of the price appreciation in properties in the Fraser Valley was attributable to the Zoning Effect, a term he coined to describe the collective impact of restrictive zoning practices such as height limits, parking requirements, administrative delays, among numerous other factors.

With policies aimed at reducing zoning’s impact, combined with potential reductions in red tape and permitting obstacles, perhaps we’ll start to see a sustained improvement in affordability. And although it may take time, it’s encouraging news for families throughout the province.

Jeff Chadha is Chair of the Fraser Valley Real Estate Board

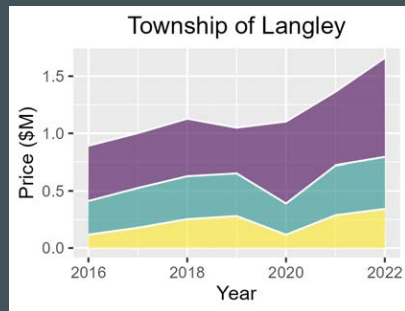
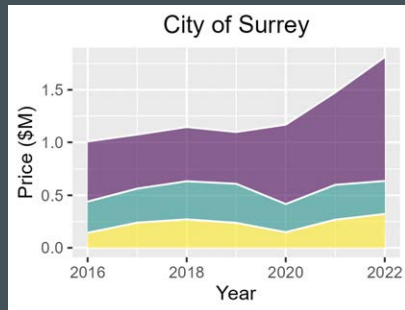
A handwritten signature in black ink, appearing to read 'Jeff Chadha'.

The Zoning Effect

The “zoning effect” refers to the amount that zoning increases housing prices. It includes all policies that control building form in specific areas of municipalities, such as height limits, minimum lot sizes, and off-street parking requirements. It also includes the cost of the delays that result from the administration of these policies.

In the Fraser Valley, the zoning effect increased the cost of detached homes by between \$470,000 and \$950,000 in 2021, accounting for anywhere from 40 per cent to more than 70 per cent of the cost of purchasing a detached home.

- Zoning Effect
- Improvement Value
- Land Value



Requiem for the Failed Housing Policies of the 2010s

By Brendon Ogmundson



Government of all levels and all political stripes spent the previous decade going about housing policy all wrong. Despite obvious demand pressures that would only intensify with strong population growth and the inevitable aging of the Millennial generation into their household forming years, government policy was entirely directed at rationing demand and targeting a sliver of non-resident property ownership rather than creating abundant supply.

Ground zero

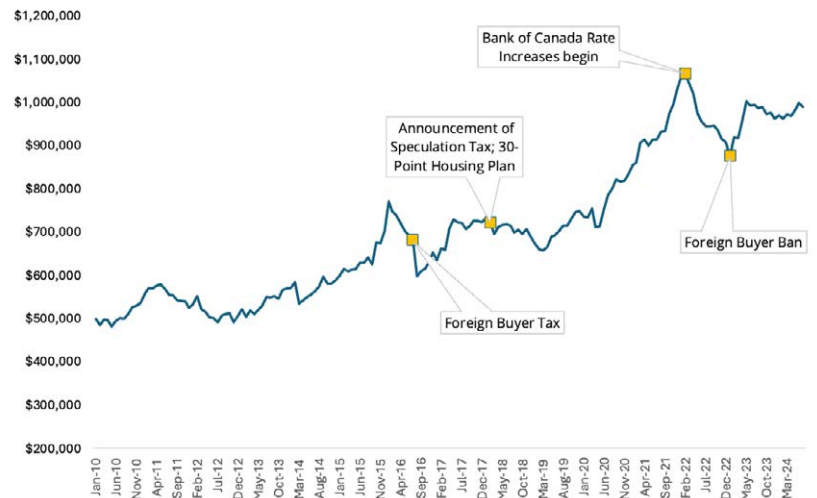
Patient zero for the myopic focus of government policy was of course the *Foreign Buyer Tax* of 2016. A dominant media narrative combined

with insufficient data collection convinced government and public alike that rising home prices were solely due to too much foreign investment, mistaking a symptom for a cause. The impact of the foreign buyer tax was immediate, but ultimately short-lived and prices quickly returned to pre-tax levels.

Cold Fusion

The next prescription was yet another tax, the *Speculation and Vacancy Tax* (SVT), this time targeting not only non-residents but also British Columbians and other Canadians who owned second properties in the province or who earn the majority of their income outside of Canada. Oddly, this

BC MLS® AVERAGE PRICE



Source: BCREA

policy was sold to the public as impacting fewer than 1 per cent of households, and yet also having enormous positives for housing affordability. Essentially the cold-fusion equivalent of housing policy. Notably, the SVT was implemented at the same time as the mortgage stress test and coincident with the Bank of Canada raising interest rates, making the impact somewhat difficult to isolate. Regardless, after a brief dip, home prices were once again marching higher by early 2019.

The final straw

The most definitive nail-in-the-coffin for this narrow approach to housing policy was the COVID-19 pandemic. The pandemic shut-down cross border flows of people and money for close to two years. Yet, without non-resident investment, and with only a trickle of immigration, home prices across the entire province rocketed higher, fueled by emergency levels of interest rates and amped-up domestic housing demand.

The (hopefully!) last gasp of the failed policy approach of the 2010s was the two-year foreign buyer ban implemented by the Federal Government and recently extended to 2027. If you've read this far you can probably guess that prices have risen higher since the ban came into effect.

“...the average home price in BC has risen more than 40 per cent and affordability in the province has reached crisis levels.”

Indeed, since these policies were introduced, the average home price in BC has risen more than 40 per cent and affordability in the province has reached crisis levels. Perhaps the most charitable thing to be said about provincial housing policy over the past decade is that

without these taxes and restrictions, prices would be even higher. That is a counterfactual argument I would listen to, but cold comfort for British Columbians struggling with housing affordability. Will this be the end of policies aimed at a source of demand that accounts for about 1 to 3 per cent of transactions? Maybe not, considering that 70 per cent of British Columbians surveyed still believe that limiting foreign buyers will help reduce home prices.

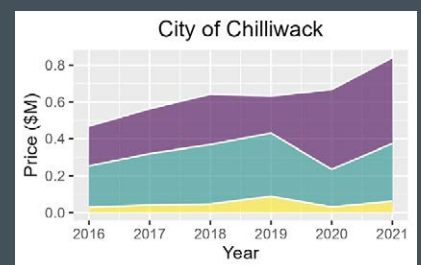
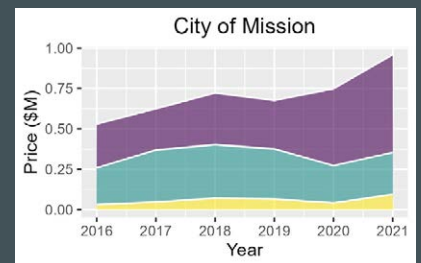
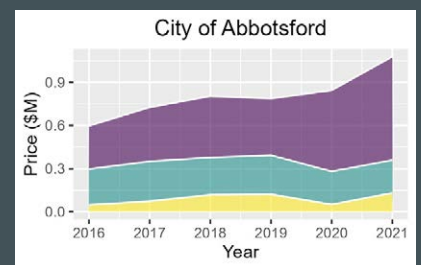
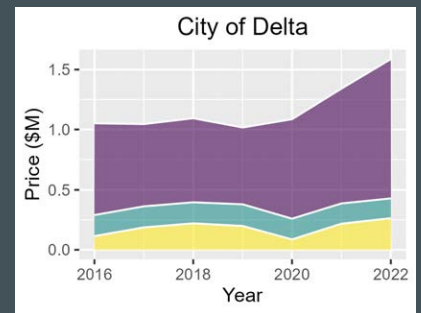
Back on course?

Fortunately, outside of a few recent missteps, policymakers have seemingly found a common playbook and are now advocating ambitious targets for housing supply. Both federal and provincial governments are providing previously recalcitrant municipalities with both the carrot of low-cost loans and funding as well as the stick of lost control over zoning policy.

If successful, the Province is hoping that the huge increase in allowable density that anchors its *Homes for People* Plan will help to create hundreds of thousands of new homes across BC and finally reverse a decade long deterioration in housing affordability.

Our economic modelling at BCREA has shown that a huge expansion of supply would certainly bend affordability back toward pre-pandemic levels, but after so many years of neglecting needed supply reforms, change will not happen overnight and will require unprecedented investment by the private and public sector. That said, while uncertain, there is no viable alternative to fixing housing affordability in the province and a supply-oriented approach has a much better chance of succeeding than the narrow and ineffective policies of the past decade. 🇨🇦

Brendon Ogmundson is Chief Economist at the British Columbia Real Estate Association.



Source: "Housing Prices in British Columbia: Quantifying the Zoning Effect" by Nathan Zemp

Researcher Nathan Zemp, elaborates on the causes and impacts of the Zoning Effect in this issue's Last Word column on p. 26

The Contenders

An interview with opposition party Leaders, Sonia Furstenau of the BC Greens and John Rustad of the BC Conservatives

British Columbians will head to the polls in October capping off one of the more invigorating election seasons seen in some time. When we interviewed opposition leaders for this issue of LOCUS, there were still three parties in contention—Kevin Falcon’s BC United, Sonia Furstenau’s BC Greens, and John Rustad’s BC Conservatives. Having run feature interviews in our previous two issues with key NDP ministers on the housing strategy—Housing Minister, Ravi Kahlon, and Transportation & Infrastructure Minister, Rob Fleming—we felt it important to give equal time to challengers’ views. Since then, the landscape has been redrawn. On August 28, BC United suspended its campaign, with leader Kevin Falcon urging his party to support the Conservatives, adding fuel to BCC’s growing momentum. Our interviews with the remaining opposition leaders reveal two fundamentally different visions for voters seeking a change.





Furstenuau at the City of Victoria's Pride Parade.
Credit: Julie Luna/BC Greens

“Our orientation is to people. We are not beholden to industry or a kind of corporate view...government doesn’t just represent the people, it serves them”



SONIA FURSTENAU
BC GREEN PARTY LEADER

RIDING
Cowichan Valley

ELECTED TO THE LEGISLATURE
2017

ELECTED LEADER
2020

BC GREEN CANDIDATES
81 of 93 ridings

BC GREEN PARTY FOUNDED IN 1983 –
FIRST GREEN PARTY IN NORTH AMERICA

FVREB: *The NDP housing strategy is built on measures designed to bring greater supply into the market more quickly. Is it enough to solve the crisis?*

SONIA FURSTENAU: I can understand the allure of the idea that if we just build more, we solve the problem of there being enough housing. But I think that what we demonstrated in the debate around Bill 44, pushing back on that narrative and the [Housing] Minister himself, revealed that affordability was not going to be solved with this approach. And we see that in cities around the world, including Vancouver, that have produced some of the biggest increases in housing supply, they

are the most expensive cities in the world. It’s a story that, of course, we want to believe, given the crisis that we’re in but the reality is it’s more complicated than that. This is a government that in 2018 promised 100,000 affordable homes and we have gotten to maybe 10 per cent. It’s now six years later and they don’t talk about it anymore. I’ve been critical of the NDP government since 2020 and have seen again and again that it’s not until it’s a five-alarm fire, do they seem to wake up and start to react. They would argue, look at all this legislation we put forward. The legislation is not addressing the moment of emergency that the people in BC are experiencing right now.



Furstenau in conversation with a local resident.
Credit: Julie Luna/BC Greens

FVREB: *What do you see as the fundamental flaw with their approach?*

SF: Much of the legislation around housing seems to have been driven very much by the housing and development industry. Naturally, their job is to maximize the return on investment and to create a product that serves those objectives. But government’s job is to be that buffer between private sector, profit-driven interests and the interests of the public. And after four decades of government abandoning the building of not-for-profit, co-op and social housing, we find ourselves in the current housing

“Housing is not the same as a barrel of oil or a banana—it is a human right. We cannot expect people to be fully functioning members of society without a place to live.”

crisis. We’re at a place where if left only to the market, the financialization of housing is going to lead to a huge amount of no-fault evictions and the raising of rents between tenancies because they’re unfettered and unabated by any policies, as well

as an increase in the overall cost of housing and the value of the land on which the housing sits. This government is more focused on making announcements than they are in ensuring that what they are announcing actually happens.

It’s a recurring pattern. Some responsibilities of government should transcend politics—health care, public education, a right to

housing, transit, infrastructure. We should be able to count on governments of whatever stripe to understand that they are the caretaker of an endless long-term project and their job is not to privatize this or commodify that. I do not support the use of public land for private, for-profit housing. It should be used for affordable public housing; it is a public good. Non-market, social, affordable housing has not only been neglected—it was promised but not delivered.

FVREB: *The magnitude of the housing challenges here and across the country require all stakeholders to work together to find solutions. Given that part of the Green Party’s drive to create greater social equity is to reduce the profit motive, what role should the private sector play?*

SF: Housing is and has been financialized, commodified. But housing is not the same as a barrel



of oil or a banana—it is a human right. We cannot expect people to be fully functioning members of society without a place to live. Growing up, it never occurred to me that being homeless was something that could happen in Canada. I mean, you had to work really hard to be homeless—it was not by accident. Today we now see a deepening and incredibly distressing crisis of homelessness in all of our communities across this province and across the country, and building supply that is affordable to only a very few people is not going to solve the crisis. There are a number of policy tools we propose to engage the private sector. For example, rezoning provides benefits and incentives to developers, and in return they provide these public goods. This has always been how we've been able to deliver private housing for profit, as well as public housing. The problem with

the current suite of legislation is that we're undermining even that level of delivery of public good in housing because the rezoning process has been basically excised from local government's control.

FVREB: Yes, and municipalities have been critical of the government's lack of engagement and collaboration with communities to help solve housing issues. Would you envision giving that control back to the municipalities?

SF: Local governments are operating with a fraction of the budgets that provincial government has, and they are having to fill in the ever-growing gaps from the province not holding up their end, whether it comes to transit or childcare or health care or infrastructure. They are on the ground trying their best to serve their constituents, working way outside of their jurisdiction, and then along comes the province, which says we're going to put you on the naughty list. It's not just offensive; it's a weird kind of paternalism that undermines the essential relationship of trust that should exist between the two levels of government. I've heard directly from mayors, and one in particular who has demonstrated with data that they have met their quota—so it's not the municipality which has not held up their side of the bargain.

FVREB: Increasing the number of homes requires the adequate skilled and unskilled labour to build them. Have we done enough in this respect regarding the people we're bringing in?

SF: The BC building trades is saying they are going to have a massive shortage of construction workers to build the housing we need. If we aren't more proactive, we're going to see over 50,000 empty spots in the construction trades by 2032. The long-term horizon view of immigration and immigration policy has to be one which recognizes that we have a negative birth rate, so without immigration we'd have a shrinking population, which is not good for the economy. We need to stop siloing policies and decisions—we need a clear plan for things like infrastructure and immigration in conjunction with housing policy. Governments are meant to look at the horizon, 25, 50 years out, and then work back from that place to ensure that we're putting in place the investments and the policies that will get us to that vision. And unfortunately, in our political system the horizon is four years. Housing policy is one of the victims of short-term political thinking and if you are more focused on the benefit of political wins than the burden of public service you'll forget that the horizon has to include actions and outcomes that occur after you're out of office.

FVREB: *Although the focus is on increasing supply, research has shown that it doesn't necessarily equate to greater affordability. How do we ensure that BC remains a viable option for people who want to live here and raise a family?*

SF: The disconnect that exists between the wages people earn and the cost of housing has created the conditions of despair for a lot of people in this province and in this country because for so many, there is no attainable housing. Look at the rental situation. The precarity of being a renter in BC right now is undermining the fundamental well-being of people in this province. We need to put in controls about how much rent can increase because we are creating the conditions where people are saying, "I have to leave," which means losing educated people, talented people, people who are part of our communities, people who have families here and we are starting to fray the fabric of our communities and our society. And this to me, is an emergency. In 2020 we proposed a program that supports the people who are paying above 30 per cent of their income towards rent, recognizing that there is a growing crisis for people who are spending more than they can afford on basic housing necessities. I am more and more deeply committed to the position that the most important affordable housing is the affordable housing that exists right now, and we need to protect that.

FVREB: *What sets the Greens apart from the other parties in this election?*

SF: The difference between us and all the other parties is that our orientation is to people. We are not beholden to industry or a kind of corporate view. We embrace the notion that government doesn't just represent the people, it serves them and this is central to who we are. The BC Greens were the first to talk about climate change and insist that it be on the political agenda. We were the first and only party to really talk about protection of biodiversity. We have proposed solutions to the social and economic crises that no other party has, like establishing community health centers as a way to save and protect our publicly funded health care system—for \$10 million, we could have 100 community health centers funded and up and running. We don't look to see which positions poll "most popular" but instead arrive at them based on a deep understanding of the crises we face, and importantly, the solutions that we could put in place to actually solve them.





Rustad celebrating Canada Day with local residents in Richmond, BC.



JOHN RUSTAD

BC CONSERVATIVE PARTY LEADER

RIDING

Nechako Lakes

ELECTED TO THE LEGISLATURE
2005 (BC Liberals)

JOINED BCC
2023

ELECTED LEADER
2023

BC CONSERVATIVE CANDIDATES
93 of 93 ridings

BC CONSERVATIVE PARTY FOUNDED
1903

LAST BCC GOVERNMENT
1923

“If we form the government we intend to repeal Bill 44. The province should not be making decisions that should be made by local governments.”

FVREB: *The NDP government housing strategy is focused on increasing supply and density built primarily on three pillars: transit-oriented development, residential “upzoning”, and municipal quotas. They’ve committed to having over 100,000 new homes open or under construction by 2028. Do you believe the goal is realistic?*

JOHN RUSTAD: What we’re seeing from the NDP, quite frankly, is a lot of virtue signaling. Regardless of the bills passed last year, there’s no real plan in place or any real engagement with the municipalities. The reality is that there’s lots of existing housing that’s being built, but new starts are falling off a cliff. When I talk to industry, they’re looking at working in other jurisdictions, not in British Columbia, because it’s just too difficult to get anything done here—there’s too much red tape and there’s too much cost

built into it from government. They had a target of 125,000 homes in ten years, which they built, what, 15,000 or something like that.

FVREB: *What should government’s role be when it comes to housing?*

JR: We need to ask ourselves, should the government be building housing, like the old Soviet Union’s approach? Or should we work with the private sector to make sure [non-market] housing is included in their projects? Because you know, government just isn’t very efficient at doing certain things. For example, up in my riding there was a project that was originally supposed to be built out at \$300,000 to \$400,000 a unit. By the time BC Housing was finished building up the project, it came in around \$1.2 million per unit. How is that now affordable?



Rustad on the campaign trail.

FVREB: *Knowing that the wheels are already set in motion, what aspects of the housing strategy need to change?*

JR: The private sector, not government should be building those homes. But we have to solve a few things first to incentivize developers, like some of the labour issues, which means we have to solve the immigration issues. And we have to come to the table with money for municipalities for things like water, sewer, parking, parks—the basics—to try to bring down development costs. We need to work with municipalities on “pre-zoning” as part of their official community plan so that when projects do come forward, they don’t need to go through a zoning process because it’s already in the plan. Single project, single permit so you don’t have these multiple layers of permitting and bureaucracy to go through. The role of government is to create a better environment to reduce cost structures, in which time is a critical component. If we form the government we intend to repeal Bill 44. The province should not be making decisions that should be made by local governments. Local governments do the business licenses, they do the zoning, and so they should be the ones making a decision as to how their communities handle tourism as well as housing.

FVREB: *Would you include Bill 47 [Transit-Oriented Development Act] in that assessment?*

JR: I fully support the idea of densification around transit. That’s something municipalities need to be on board with, and if they’re resistant, then maybe there’s a role for government to step in. But more importantly, municipalities need to be responsible for their own official community plans. If they want densification or to build significantly more housing, then that should be pre-zoned in an official community plan and a plan from the city for the required services, so when a developer comes forward with a project, the zoning is already in place.

FVREB: *What about Bill 35 [short-term rentals]?*

JR: We will also repeal Bill 35. These components I just mentioned need to be done by municipalities and the same goes for short-term rentals. Take a look at Downtown Vancouver. Before the change in short-term rental policy, hotel rates last spring were about \$250 to \$280 a night. Today, it’s \$450 and up per night and that’s clearly a direct impact from these policies. We desperately need to build out rental stock. We haven’t been building out any significant

rental stock for many, many years. Back in the 60s and 70s, when we were building rental stock, it was successful because we allowed companies to write off capital and get to profitability faster. Ultimately, the whole issue I see with short-term rentals is that the government is pointing the finger at municipalities, but they should be pointing at themselves because they are the ones creating this problem in our housing market.

FVREB: *Increasing supply is one thing—how do we ensure it improves affordability?*

JR: No single set of policies is going to dramatically bring down housing prices. Given the right environment, the market will take care of that based on supply and demand. For example, right now, sales are down significantly, and supply has started to increase. That’s going to have a natural correction, eventually, in terms of prices. But if you were to try to force them to come down significantly, you’d have all kinds of unintended consequences in your economy. We need to be working on people’s ability to be able to buy in order to address the affordability. Supply, of course, is a big part of that, because that can help stabilize prices from going up any further.

FVREB: Yes, and one of the factors driving demand is the high levels of immigration.

JR: I sometimes joke about immigration from the perspective of, “Welcome to British Columbia—your first task is to build your own home!” It’s not that far off the reality. Look, if we’re going to be able to build additional stock, we’re going to need people that have the skill sets and the ability to do that. As a province, we need to take ownership of our own immigration issues; how we work with people coming in from other jurisdictions, making sure that they’re pre-qualified, etc. That way they can go directly to work and make sure that we’re bringing in the skill sets our economy needs—everything from truck drivers to doctors. We need to take control of our own coasts and immigration. We shouldn’t have a government 3,000 miles away making those decisions for British Columbians.

FVREB: Beyond housing, people are struggling. How do we help them make a life here?

JR: As you are probably aware, recent polls have shown that 1 in 3 people are thinking about leaving BC. In many ways, I think that’s David Eby’s approach to solving both traffic and housing issues—if people move away, then you don’t have to worry about it. I jest, but only a little because I do wonder if that is part of their strategy. I mean, when you see them building a new four-lane bridge to replace an existing four-lane bridge, they’re obviously not planning for any additional traffic. The way to deal with it is you

have to get the economy going, and David Eby has driven our economy into the ground. If you take out immigration and you take out the growth in government spending, we basically would be stagnant as an economy. And if you take out the major projects that were started before he came along, like LNG Canada, Site C, and Trans Mountain, we would actually have had negative GDP growth. Nobody wants to invest in this province, and we need to

“We need to take control of our own coasts and immigration. We shouldn’t have a government 3,000 miles away making those decisions for British Columbians.”

change that. We need to make sure that we can drive the investment that’s needed in British Columbia to create jobs, but more importantly, to create wage growth because it’s one of the most important pieces in solving affordability.

When you look at GDP per capita in Canada and in BC, we’ve been stagnant eight years while the rest of the world has advanced—our quality of life, our affordability has been in decline over that whole period of time, and that is a clear signal that the approaches taken by this government has been an utter failure.

FVREB: Why should voters choose the BC Conservatives?

JR: The reality is pretty simple. It doesn’t matter what you look at, we’re in a crisis under an NDP government. And what has been missing over the decades, even from the government that I was part of, you know, 10 years ago, is a concise vision for actually advancing the province and getting things done. The big difference between the Conservative Party and the other parties is that we aren’t putting our finger up in the wind and trying to figure out where people are, and then try to get in

front of it. We’re just putting our principles out there to show what we stand for: fighting for what’s right, fighting for the average everyday person, bringing common sense back, getting back to the basics. What we’re trying to build here isn’t so much what people would think of as a stereotypical Conservative party but rather a party that wants to stand for what’s right. Which is why we’ve got NDP, and Greens like Andrew Weaver, supporting what we’re doing. That’s why we’ve got federal Liberals and federal Conservatives. We’ve got people from across the spectrum that are coming in because it’s not about an ideology, but instead about standing for what’s right.

FVREB: Is it a coincidence that the Conservative momentum here is gaining strength at the same time we see it happening at the federal level?

JR: There are things that they’re doing which we’re doing, and then there are things that we’re doing that they’re adopting as well. It’s actually really funny to see some of our language and messaging being used two months later by Pierre Pollièvre. I really enjoy that because everyone says, “you’re just riding a coattails,” but in many ways, we’re the tip of the spear, pushing for things on certain agendas and they’re more cautious. But having said that, you know, there are differences between us. There are places where I’m going to be taking on the federal government, regardless of whether it’s the federal Liberals or federal Conservatives, because we need to fight for what we need to do in British Columbia. **L**

What's on Voters' Minds in the Fraser Valley?



By Evi Mustel

The provincial election is just around the corner and voters are paying close attention to the promises and commitments by the candidates. With housing issues front and centre, are voters confident their concerns are being heard? Are they satisfied with current leadership or is a change in the offing? Do they see light at the end of affordability tunnel?

The Fraser Valley Real Estate Board commissioned opinion research among voters in its jurisdiction to identify the key issues on voters' minds, provide insight into housing issues that matter most, and to understand the public's perspective on solutions to the current situation. The research was conducted by Mustel Group online during late June/early July among a representative sample of 600 adult residents of the cities of Surrey, Langley, White Rock, Delta, Abbotsford, and Mission.

The results underscore the stress many British Columbians have been under for some years now—and the need for stronger leadership to help them through it.

Strong Sense of Community... But for How Long?

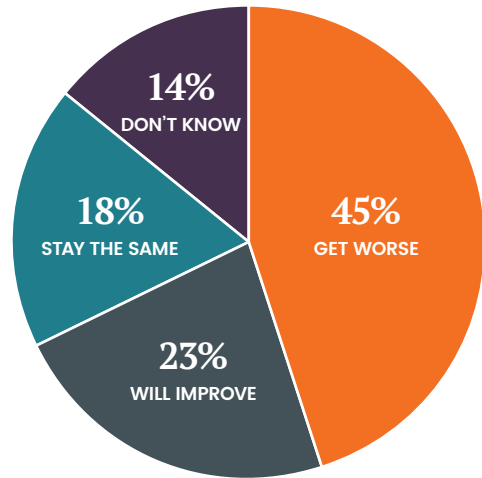
Overall, residents tend to have a strong sense of community or belonging in their municipality, with two-thirds (64%) describing it as strong in contrast to one-third (30%) who find it weak. Those of South Asian origins as well as respondents from the City of Delta reported the strongest sense of community (73% and 81%, respectively).

But residents are not particularly optimistic about the future quality of life for British Columbians, with 45% believing it will get worse in the next five years, in contrast to 23% believing it will get better.

In fact, more than one-third of area residents (38%), reported having considered moving away from the province in the past year.

At the municipal level, there are serious concerns about housing affordability and safety (i.e., crime/drugs/policing). Other issues of local importance include homelessness/poverty, transportation (such as traffic, roads, Massey tunnel replacement), overdevelopment/associated lack of infrastructure, and cost of living/affordability.

QUALITY OF LIFE IN 5 YEARS

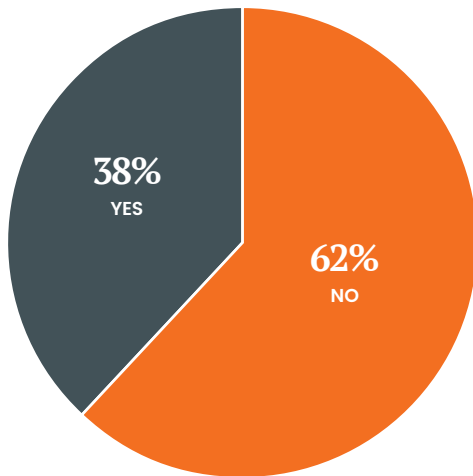


Pessimism Prevails ...

When asked, “How do you feel about the future quality of life for British Columbians?” nearly half of respondents felt it would be worse in five years.

Males were more optimistic than females-29% versus 18% said it would improve. And nearly twice as many younger (18-34 yrs) voters as older (55+ yrs) thought life would improve (38% versus 19%).

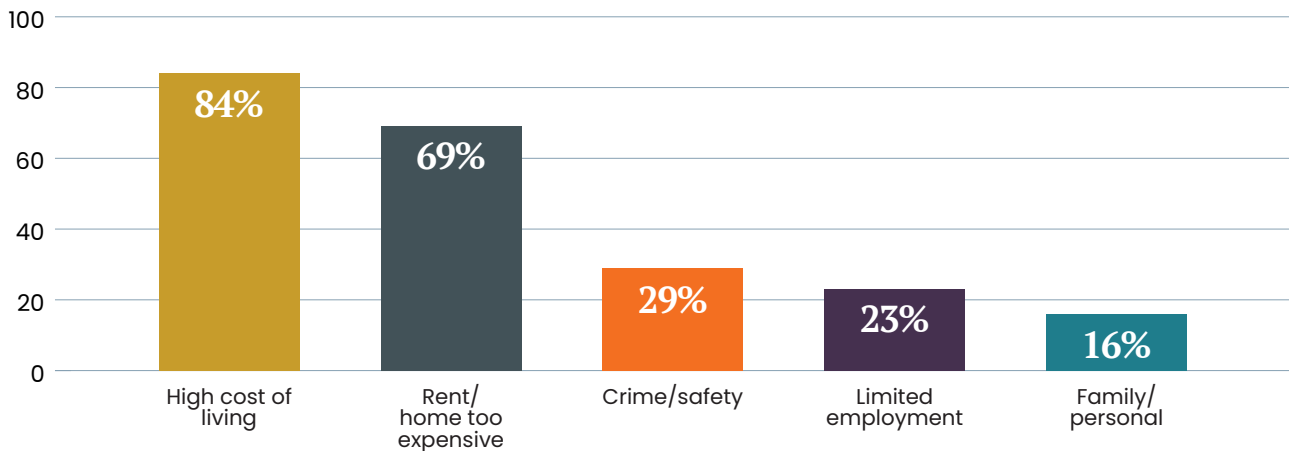
CONSIDERED MOVING AWAY IN THE PAST YEAR



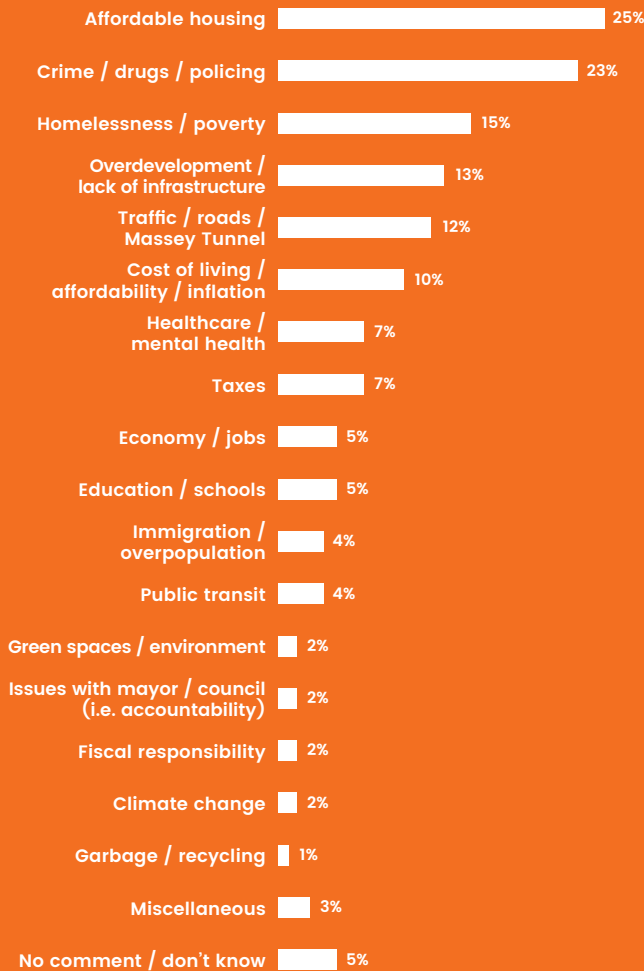
Moving on?

Nearly four in ten respondents said they had considered moving away from the province in the past year.

TOP 5 REASONS FOR MOVING AWAY



Most Important Local Issues Facing Municipalities



Top three provincial issues

28% COST OF LIVING

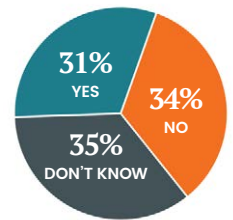
24% HOUSING AFFORDABILITY

17% HEALTHCARE

Grading Leadership

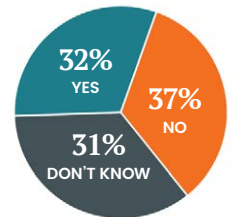
Opinions are mixed as to whether mayor and council, and the provincial government are taking the municipality/province in the right or wrong direction. Overall, about one-third of residents believe the two levels of government are headed in the right direction; however roughly the same number believe they are going in the wrong direction (the remaining third have no opinion or are undecided).

MAYOR AND COUNCIL TAKING MUNICIPALITY IN RIGHT DIRECTION?



Forty per cent of younger residents (18 to 34) thought their mayor & council were taking the municipality in the right direction compared to approximately 25% of older residents (35 and up).

BC NDP TAKING PROVINCE IN RIGHT DIRECTION?



On a municipal level, the most common reasons for believing their mayor and council are headed in the wrong direction are related to:

- » Lack of accountability
- » Not providing more affordable housing
- » Belief that a change of mayor and/or council is needed
- » Overdevelopment/ lack of infrastructure
- » Fiscal responsibility/ spending
- » Crime/drug use/policing

Younger respondents (18-34) were more likely to vote Conservative versus NDP (46% and 28%, respectively), while for older respondents (55+) NDP edged out Conservatives (46% and 35%, respectively).

Where the Housing Buck Stops

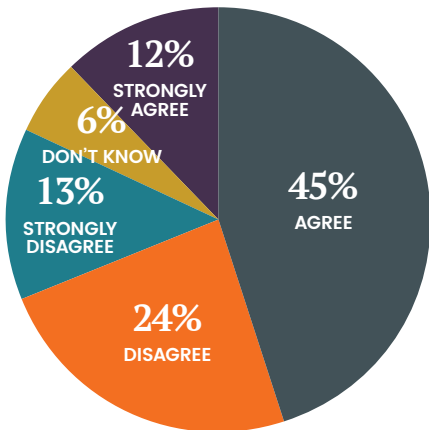
With respect to the issue of housing, residents tend to believe all levels of government are responsible for housing, but if one level has more responsibility than another, the public tends to point the finger to the provincial government first (26%), followed by federal (18%) then municipal (7%).

In terms of solutions to improve housing affordability, the top solutions viewed by the public are (in descending order):

- » Make it easier to build/faster permitting
- » Limit immigration
- » Improve labour wages and salaries
- » Increase transportation/transit infrastructure
- » Increase density by adding more smaller units

Moreover, while the majority (56%) agree that increasing housing density and supply will make housing more affordable (i.e., adding more units to existing lots, building more mid- and high-rise buildings, increasing density around transit), 37% disagree with this approach. Opinions are more divided in Langley, South Surrey/White Rock.

WILL INCREASED DENSITY IMPROVE AFFORDABILITY?



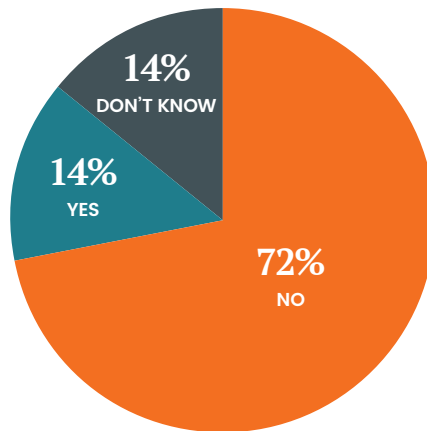
But 59% disagree that their mayor and council are providing adequate affordable housing options in their municipality. Abbotsford/Mission and South Surrey/White Rock residents in particular are critical (67% and 63% disagreement, respectively).

Suggestions were made to:

- » Set limits on real estate prices or rents
- » Reduce red tape/development costs
- » Build more low-cost rentals/co-ops
- » Change zoning to create more density (i.e., smaller lots, laneway houses, mixed usage)

The survey concluded by asking if they think the government is adequately planning for the infrastructure and community services required to meet the needs of a growing population. A resounding 72% responded no, with only 14% believing infrastructure is keeping up.

ADEQUATE INFRASTRUCTURE?



Come this fall, politicians will have a range of issues to address in their campaign pitches, but one thing is certain: housing will be a key concern to many voters. **L**

Evi Mustel is co-Founder and President of the Mustel Group.

Ed. Note: At the time this survey was conducted, the BC United had not yet dropped out of the provincial election race. Voter intentions at that time were: BC NDP 39%, BC Conservatives 37%, BC United 15%, BC Greens 8%, Other 1%.

PacificWest 2024

Innovate, Integrate, Inspire

On October 1 and 2, REALTORS® from across the Lower Mainland will convene at the largest real estate conference and trade show in Western Canada and the second-largest, nationwide.

Now in its second year, PacificWest is a collaboration between BC's two largest real estate Boards, the Greater Vancouver REALTORS® (GVR) and the Fraser Valley Real Estate Board (FVREB), which together represent nearly 20,000 of the province's 26,000-plus real estate professionals. The impetus behind the undertaking was to create an event that reflects the breadth and scope of the environment within which the province's REALTORS® operate and to provide a setting for exchange of knowledge, ideas and education.

"The reality is that today's housing market is increasingly more interconnected than it was even 10 years ago," said Jeff King, GVR's CEO. "Our members regularly consult and collaborate with myriad stakeholders—construction, legal, financial, as well as provincial and local officials and councils, all in service of the home buying and selling public. PacificWest offers a unique opportunity to stay abreast of current issues and ahead of future trends."

Like many regions across the country, BC's housing crisis has meant that all stakeholders, including organized real estate, are being called upon to play a role in finding lasting solutions. For FVREB CEO, Baldev

Gill, this presents a significant opportunity for the sector.

"In the midst of major shifts in housing policy and with affordability issues being more acute than ever, the public is seeking more than mere representation from our members," said Gill. "They're looking for guidance and advocacy on the most consequential financial decision they will likely ever make. We want to reinforce the value our profession brings to the table in the quest for housing solutions and stress the need for partnering across all sectors—public and private, profit and non-profit."

Jam-packed Agenda

From innovation to policy to marketing and technology, PacificWest 2024 will host dozens of local, national and international experts across more than 50 panels, seminars and keynotes that explore all corners of the BC real estate ecosystem.

Day one kicks off with New York Times best-selling author and innovation consultant Diane Kander, whose first book, *All In Startup*, is used in innovation courses by over 100 universities. Her keynote, *Go Big or Go Home*, draws unlikely connections between organizational



culture, innovation, Snoop Dogg, brand relevance and longevity—and sets the stage for a jam-packed two days.

ARTIFICIAL INTELLIGENCE

Like the rest of the economy, AI is rapidly reshaping the way REALTORS® conduct business. That's probably why there are no fewer than four sessions for PacificWest attendees to explore the tool in depth, including *Demystifying AI: Unmasking the Opportunities for REALTORS®*, *Hyper-Local Video Marketing with AI Integration*, and *Mastering AI Prompts for Real Estate*. Those seeking to go even deeper, will want to attend global leadership expert and bestselling author of *Rethink Work*, Eric Termuende's eye-opening keynote session, *Leadership and AI: Building High-performing Teams in the New World of Work* to learn how to be a better leader and build resilient, trusting, and engaged teams both because of and despite of AI.

GROWING YOUR BUSINESS

There is no shortage of sessions designed to help REALTORS® build a real estate practice with the long run in mind. Some, like *Enhance Your Digital Presence*, *Become a Listing Magnet*, *How to Build a Niche Market*, and *Are you Missing 50% of the Market?*, focus on marketing. Some are aimed at specific growth strategies like *CAP Rates - Introduction to Valuation of Cashflow Properties*, *A Practical Guide to*



Land Assembly, and How Charity Programs Help Your Business. Others provide valuable insight into risk-mitigation strategies: *Selling Tenanted Property – What You Need to Know*, *Cyber Security Strategies for Managing Brokers*, and *AML Compliance Excellence: Enhancing Suspicious Transaction Reporting and Mitigating Risks*.

POLICY...

Staying current amid the flurry of changes to housing policy and legislation over the past year is a challenge at the best of times. PacificWest explores some of the key developments that directly impact REALTORS® and their clients, including: *Review of New Laws Affecting Strata and Rental Properties*, *Small Scale Multi-Unit Housing Legislation from Concept to Implementation*, *Short-term Rentals in BC: Regulation and Trends*, and *Metro Vancouver Real Estate - The Latest Policy, Valuation & ESG Trends*.

...& POLITICS

Two political panels are sure to draw great attention. First, with the pressure on municipalities to deliver on the government’s new density and quota legislation, the Mayors’

Panel on Day 1 of the conference will provide a window into how the municipalities are working – or not – to make it happen. And with an election just around the corner, the Media Panel Panel on Day 2, offers a chance to hear from the pundits about the parties’ respective positions and platforms.


Broker Focus

Newly added in 2024 is BCREA’s Managing Brokers conference. The formerly standalone event now has a new home at PacificWest, adding tremendous value with sessions aimed at supporting strategy and growth for leaders within the real estate industry.

“Bringing our annual Managing Brokers Conference under the PacificWest umbrella, creates a win-win for the sector,” said BCREA CEO, Trevor Koot. “Brokers are a cornerstone of the real estate sector and, importantly, they provide leadership, guidance and wisdom to the generation of REALTORS® who will succeed them.”

The conference closes out on Day 2 on a high note with speaker, Duncan Wardle, former Head of Innovation and Creativity at Disney where he helped Lucasfilm, Marvel, Pixar and others innovate and create

magical experiences for consumers around the globe. Today, he teaches innovation master classes at Harvard and Yale, contributes to *Fast Company* and *Harvard Business Review*—and is on a mission to embed a culture of innovation into every company’s DNA.

To register for PacificWest 2024 and for more details about all the sessions, the trade show—and the legendary opening night event—visit www.pacificwest.ca. 



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ADVOCACY

To Flip or Not to Flip?



by Shafiq Jamal

As part of its aggressive action plan to address the housing crisis, the BC government introduced the *Residential Property (Short-term Holding) Profit Tax Act* in its 2024 Budget.

The Act, which takes effect on Jan. 1, 2025, will apply to owners who sell their residential property less than 730 days after purchasing it. A 20-percent tax (yes, you read that right!) will apply to income earned from the sale within a year of its purchase, and that rate gradually decreases to zero percent by the 730th day, effectively after 2 years.

More commonly referred to as the Home Flipping Tax, the move is aimed at discouraging investors from buying properties only to turn a quick profit by, yes, flipping it. As a further clampdown by the government, income from residential property resold within two years will be subject to the tax.

Within a year, approximately 4,000 properties are expected to be

subject to the tax. The government says that all revenue from the tax will go directly into strengthening housing programs and building new homes in BC.

There are some exceptions permitted. People who face unavoidable life changes, including divorce, death, illness, relocation for work, job loss or a change in household membership, will be exempt from the tax.

Builders will also be eligible for exemptions if they are adding to the housing supply, including building housing on residential property with no existing housing, or adding an additional suite or housing unit to a property that has an existing home.

According to Mark Lewis, co-head of the commercial real estate practice at Bennett Jones LLP, the province's plan includes measures restricting short-term rentals, enforceable housing targets for municipalities, and greater power for the province to override municipalities to spur housing development.

As is always the case with any legislation, the potential exists





“The home flipping tax is seen by many as a move that would disincentivize investment and merely delay the flipping potential without any real impact on either affordability or supply.”

for what we call, the “law of unintended consequences”. With this in mind we ran a quick, short and pointed survey of FVREB members to gauge their anecdotal reactions to the proposed, and although not necessarily statistically significant, the prevailing sentiments quite likely reflects the general view of the real estate sector towards the proposed legislation. In general:

- » The tax is seen by many as a move that would disincentivize investment and merely delay the flipping potential without any real impact on either affordability or supply;
- » Overwhelmingly, more than 80 per cent of the respondents did not feel that this tax will help solve the housing crisis in the province;
- » The tax is perceived as yet another action that will slow the market down, with negative repercussions on the rental market;

- » While some respondents acknowledged the benefits of potentially reduced speculation, the majority of our FVREB members saw no positive impact as a result of the tax; and,
- » When asked if there were better alternatives, a consensus emerged around the need to ease rental regulations, as well as reducing tax burdens rather than increasing them, including reducing the capital gains tax, and on finding solutions that will motivate the private sector to continue building properties especially if we really want to see an increase in housing supply.

One respondent, who represented the majority of what we heard from others, summarized the concerns as follows: “Tax those who regularly buy and sell, aka “flip”, [as] this should be seen as business income if it’s a regular activity. As someone who works full time in real estate, I see very few people who are treating real estate as a

business [in this way], so why tax the majority—90% or more—on something very few are doing? People who purchase investment properties do so [because] they consider them to be a more safe (sic) investment vs stocks/mutual funds, etc.”

The “windfall” for the BC government from this tax is estimated at \$43 million in 2025. Time will tell if that actually materializes, especially as developers, investors, and homebuyers, especially those in pre-sales, may decide to sit this one out. Never before has the term, “Waiting for Godot” taken on such significance as it may do so here in BC in 2025. 🟡

Shafiq Jamal is Stakeholder & Government Affairs Facilitator at the Fraser Valley Real Estate Board.

FVRCF Adds Bursary Program to Charitable Giving

In just two short years since launching, the Fraser Valley REALTORS® Charitable Foundation (FVRCF) has granted \$530,000 to charities that support at-risk and vulnerable youth throughout the Fraser Valley region. Earlier this year, the Foundation granted an additional \$55,000 through a newly established school bursary program.

The bursary program was piloted in 2024 among high schools, learning centres and alternative schools throughout school districts in Surrey, Delta, Langley, Abbotsford, and Mission. The program provided a \$1,000 bursary for each participating public secondary school, to be awarded to a graduating student, identified by with each school's guidance counsellor as being vulnerable, at-risk and/or marginalized and who demonstrated financial need.

"Education is a transformative tool, and we believe that every young person, regardless of their circumstances, deserves the opportunity to pursue higher education and achieve their full potential," said FVRCF Chair, John Barbisan. "Through this program, we seek to empower these students to overcome financial hardships and pursue their educational goals with confidence."

Education Inspires Belief

In total 55 students from the Class of 2024 received a bursary, including 28 Surrey schools, 11 in Langley, 8 in Abbotsford, 6 in North Delta, and 2 in Mission. To offset costs, the FVRCF called on REALTORS® from the Fraser Valley Real Estate Board to 'sponsor' a bursary at a school of their choice in exchange for their \$1,000 donation to the Foundation, raising \$28,000 for the program from individual REALTORS®.

"These bursaries can make all the difference, providing vulnerable students with opportunities that they may not otherwise have thought were possible," said Laurie Larsen, Chair of the Surrey Board of Education. "The funds help close the gap so that students who are looking to pursue post-secondary education or training can do so, allowing them to follow their dreams and aspirations."

"This bursary is not just a financial aid, but a beacon of hope and



encouragement for students who often face unique challenges in pursuing their education,” said Tom Nguyen, Principal of Fraserview Learning Centre in Mission. “The FVRCF’s belief in their potential and dedication to investing in their future is truly inspiring. This bursary represents a lifeline – a

“This bursary is not just a financial aid, but a beacon of hope and encouragement for students who often face unique challenges in pursuing their education”

chance for youth to break barriers, overcome obstacles, and strive for excellence. It also reaffirms their belief in themselves and reminds everyone that with hard work and support, anything is possible.”

To donate to the Fraser Valley REALTORS® Charitable Foundation or to learn more about the Bursary Program, visit www.fvrcf.ca.

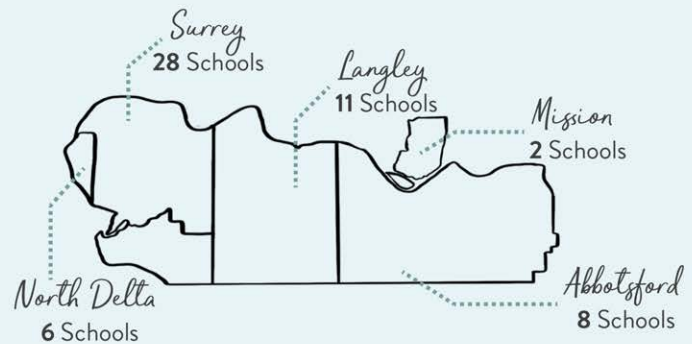
FVRCF by the numbers

2023	\$190,000 in grants
2024	\$340,000 in grants
2024	\$55,000 in bursaries
2025	\$400,000 in grants (projected)



In just two years, FVRCF granted **\$530,000** to charities supporting at-risk youth.

New **\$55,000** Bursary Program Supports graduating students in financial need



55 STUDENTS received bursaries.



Each bursary sponsored with **\$1,000** donation.



\$28,000 raised from REALTOR® sponsorships.

Support the FVRCF Bursary Program

Donate at **WWW.FVRCF.CA.**

The Zoning Effect

By Nathan Zemp



Zoning requirements increase Fraser Valley home prices by hundreds of thousands of dollars. Small-scale, multi-unit housing reforms are just the start of what’s needed to restore affordability.

Although BC’s soaring housing costs have been on everyone’s minds, until recently there were no precise measurements of any of the proximate causes. That is no longer the case.

At SFU’s REM Planning program, I sought to isolate the effect of zoning on housing prices in BC as one potential cause of the housing crisis. In doing so, I aimed to provide clarity on whether supply-side housing reforms would be effective at reducing prices.

The “zoning effect” refers to the amount that zoning increases housing prices. It includes all policies that control building form in specific areas of municipalities, such as height limits, minimum lot sizes, and off-street parking requirements. It also includes the cost of the delays that result from the administration of these policies.

“...the zoning effect [...] has grown more rapidly here since 2016 than anywhere else in the province”

The zoning effect is an aggregate effect; therefore, it does not refer to the “land lift” that accrues to a single property when it is upzoned and allowable density is increased. Rather, it represents how much housing costs are increased across the board due to blanket limitations on housing supply.

Using a dataset of housing sale prices and assessed values from BC Assessment, I found that zoning increased the cost of detached homes by between \$470,000 and \$950,000 in the Fraser Valley in 2021, accounting for anywhere from 40 per cent to more than 70% of the cost of purchasing a detached home.

While the zoning effect may not be as high in the Fraser Valley as it is in Metro Vancouver (\$1,000,000), it has grown more rapidly here since 2016 than anywhere else in the province.

ZONING EFFECT ON DETACHED HOME PRICES IN SELECTED FVREB MUNICIPALITIES

City	Avg. home sale price in 2021	Zoning effect in 2021	Zoning effect % of sale price
Abbotsford	\$1,100,000	\$720,000	67%
Chilliwack	\$840,000	\$470,000	55%
Delta	\$1,300,000	\$950,000	71%
Langley Township	\$1,400,000	\$640,000	47%
Mission	\$960,000	\$610,000	63%
Surrey	\$1,500,000	\$880,000	59%

High property values may be desirable when they reflect the inherent worth of the land, however a high zoning effect simply indicates an artificial scarcity of housing that should be remedied. The fact that the zoning effect is so high shows that zoning imposes a binding constraint on housing supply—and that high construction costs alone are not to blame for high prices.

The zoning effect in the Fraser Valley is largely due to spillover demand from Metro Vancouver, and zoning modernization is most urgently needed in neighbourhoods adjacent to the urban core. However, all municipalities can and should make a difference by reducing the restrictiveness of their zoning bylaws. Small-scale multi-unit housing (SSMUH) established by Bill 44 will be a starting point, but until cost-effective low-rise apartment buildings are allowed over a large enough area to meet regional housing needs, the zoning effect will remain a prohibitive barrier to young people and newcomers seeking to enter the real estate market. [L](#)

Nathan Zemp is a Canadian Institute of Planners student member and graduate of Simon Fraser University’s Resource and Environmental Management (REM) Planning program. His thesis, Housing Prices in British Columbia: Quantifying the Zoning Effect, is pending publication in the academic journal Canadian Planning and Policy.



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