

# Opinion: Housing is a struggle and governments about to make it worse

Four new rules – including one now in effect in B.C. – will be costly, complicated and do nothing to alleviate the low supply or high price of housing in Canada

Frank O'Brien Dec 9, 2022 11:32 AM



| Dominion Lending Centre

Despite headwinds, rental investments appear solid into 2023, due, ironically, to the high cost of homeownership that will keep more tenants renting. This, combined with a spike in immigration and low supply of rental apartments, means that rents will likely keep increasing and the value of multi-family rental property will also rise.

But a residential market that is already reeling from a series of seven interest rate hikes since the spring, is about to experience a new round of government “assistance” that will make the process of buying a home in Canada even more complicated and costly, especially in British Columbia.

The Land Owner Transparency Registry (LOTR) came into force in B.C. on November 30, 2022. The first of its kind, it was dreamed up four years ago when governments suspected real estate was being used to launder money. Now, it appears, everyone is considered guilty unless they prove they are not. Under LOTR, every residential land transfer application must declare everyone “*considered to have some meaningful relationship with the land or an indirect ownership interest in it.*” Failure to provide the transparency report can result in meaningful fine of up to \$50,000 for the homebuyer.

Vancouver lawyers say LORT has been a time-consuming and complicated registry to complete.

On January 1, 2023, the federal government will bring in a home sale flipping tax for two years, which was recently extended to include assignment sales of new homes.

The tax kicks in when home or assignment is bought and sold within one year, unless disqualified by divorce or death. Any profit on the flip would be taxed as business income and would not qualify for the 50 per cent capital gains exemption.

With home prices falling across Canada since the spring and the outlook for little recovery next year, short-term flipping has already vanished, but the regulations remain in place.

On New Year’s Day 2023, Ottawa will bring in a two-year ban on foreign home buyers, just as it tries to increase immigration to the highest levels the country has ever seen. The *Prohibition on the Purchase of Residential Property by Non-Canadians Act* will stop would-immigrants from purchasing a home before their families arrive in Canada, further complicating their efforts to become productive citizens.

B.C. and Ontario, the major destinations for immigrants, already have 20 per cent of value tax on foreign homebuyers.

Also on January 1 the B.C. government will bring a new rule that requires that consenting adults who agree to consummate a home sale must wait three days before the sale is legal. All this rule will do is delay possession dates and mess with the mortgage financing.

Advice to provincial and federal governments: please save us from any more government help with home buying. It is adding expense and delays to the process of simply owning a home.

- Frank O'Brien is the editor of *Western Investor*