

Real estate speculators driving up prices to be target of reforms, Sousa says

By Rob Ferguson and Robert Benzie
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Real estate speculators — not ordinary buyers and sellers — will be a target of the province's efforts to calm the housing market, says Finance Minister Charles Sousa.

Signalling that the Liberal government would not take steps to stop bidding wars now taking place, he acknowledged they are leaving buyers frustrated.

“People are pissed that they can't win bidding wars,” Sousa told reporters Wednesday at Queen's Park hours before Premier Kathleen Wynne huddled with Greater Toronto and Hamilton Area mayors and regional chairs to discuss housing affordability.

While Wynne was more temperate in her remarks to municipal leaders — including Toronto Mayor John Tory — she emphasized the province would be taking action with a suite of real estate and rental measures.

“Whether you're renting or whether you're looking to buy, the cost of housing is putting people in very precarious situations and it's stressful. There's a frenzy that's going on right now,” the premier said, indicating the government would also help builders clear the hurdles needed to expedite construction of new homes.

“I understand that there are supply and demand pressures — this is not just one or the other,” Wynne told the mayors and chairs.

“We're looking at a number of different kinds of policy instruments from land-use planning to regulation to financial tools. There are many options that are being put forward,” she said.

“In order to deal with this overheated market in the most rational way, we need to protect the value in people's homes, we need to work to

increase the supply of new units, and we need to work in partnership with all of you.”

Wynne noted only 20 per cent of the land set aside for new development in the province's 2006 growth plan for the region has been built on.

“What's going on there? What is it that's keeping that land from being developed? We have land — now we need to make it easier and quicker to build on if we're going to deal with the supply issue.”

Tory stressed the need for a balanced approach that tackles supply.

“I've also indicated a very strong and abiding commitment to addressing the supply problem — especially the supply of affordable rental housing — but once again, we will need the partnership of the province of Ontario,” the mayor said.

Sousa cautioned that going after average families buying and selling homes or the system of real estate agents taking bids is not the answer.

“We don't want to interfere terribly in these matters . . . this is a free market after all,” said the treasurer, whose measures will come in a budget expected as early as April 27.

“The seller of a home has a right to maximize their value in the sale of their home . . . how they achieve it, that's something that's in the market. I do not want to put anyone in harm's way.”

He said the root of the problem is a shortage of housing and high demand driven by a strong economy and an influx of new residents, made worse by “scalpers” who snatch up multiple homes in proposed new developments reselling

them later for big profits as prices continue rising sharply.

Bank of Canada governor Stephen Poloz in a speech Wednesday also blamed the rapid increase in house prices — as much as 33 per cent over the last 12 months — on speculators, warning that is not sustainable and that prices could fall from current levels.

Ontario Real Estate Association CEO Tim Hudak urged the province to enable more housing to be built by allowing municipalities to speed up the permit approval process for builders, putting more supply on the market faster.

“It can take over 18 months to get municipal approvals for standard, single-family and multiple-dwelling projects that may require rezoning,” he said.

Rents have also been soaring — with some condo tenants reporting steep increases. To help, Housing Minister Chris Ballard is suggesting rent controls could be expanded to include buildings constructed after 1991.

As well, Queen’s Park is considering a British Columbia-style foreign buyers’ levy of around 15 per cent, and tax changes to discourage investors and speculators from sitting on vacant properties.

Progressive Conservative Leader Patrick Brown said “there’s no one silver bullet here, but increasing supply, cutting back red tape are all positive steps that the province can take.”

New Democrat MPP Peter Tabuns (Toronto-Danforth), meanwhile, is pushing a private member’s bill to make all buildings, not just those built before 1991, subject to rent control immediately.