



March 8, 2023

The Honourable Chrystia Freeland, M.P.
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RE: Request for amendments to the regulations of the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* to minimize unintended consequences and target housing speculation

Dear Ministers:

On behalf of the more than 160,000 REALTOR® members of the Canadian Real Estate Association (CREA), we wish to bring forward our significant concerns with the regulations for the Prohibition on the Purchase of Residential Property by Non-Canadians Act (or foreign buyers' ban). We believe they fail to achieve the intended purpose of targeting speculation in the housing market.

For several years REALTORS® have advocated in support of drastically increasing the supply of housing available to Canadians across the entire housing spectrum. We have focused on initiatives that acknowledge the scale of the housing crisis, specifically by leveraging the federal government's convening power on a national scale through a national housing roundtable, and the use of federal infrastructure dollars to incentivize the creation of net new housing units. In our view, this is where significant progress can be made.

Canada has an excellent reputation as a welcoming and multicultural nation. As currently proposed, the Prohibition on the Purchase of Residential Property by Non-Canadians Act has created detrimental and unintended consequences that damage our national "brand".



While the legislation and regulations are flawed, the consultation process was even worse. Yes, a public consultation for the policy elements to be included in the regulations was conducted, but it was rushed, and relevant provincial counterparts were not consulted. Despite the short consultation period, more than 200 submissions were made by stakeholders. The consultation implied feedback would inform the development of regulations to implement the final details of the prohibition, however few changes were made. And of the few changes, they were trivial: for example, the minimum days an international student is required to be physically present in Canada dropped from 275 (in consultation paper) to 244 (in the Regulations) (s.5(a)(ii) of the Regulations).

In discussions with the Housing Minister's office and other impacted departments, it has become clear that important recommendations were completely ignored. For example, the regulatory impact analysis states that many stakeholder groups were looking for a clarification on the definitions of "vacation" and "recreational" properties and yet the regulations do not provide them. This has already led to speculation in the U.S. of reciprocal measures. Moreover, the lack of precision in the regulations has resulted in individuals having to seek guidance from the court (such as The Quebec Superior Court ruling) to provide clarity to its residents as it pertains to the Act. This use of taxpayers' money and resources could have been avoided if more information and consultation was included from the very beginning.

The stated intent of the foreign buyers' ban was to target foreign speculators who drive up housing prices while exempting immigrants who are essential to the Canadian economy. However, the implementation does not match the intent. The exemption criteria is unreasonable, essentially banning exempted individuals from purchasing property in Canada. For example, a health care worker with a work permit who has worked in Canada full time for two years and part time for half a year because of reduction in hours as a result of the pandemic, will not be able to purchase a property in Canada. Similarly, an international student who has been studying technological innovation for the last four years and wants to settle here will not be able to purchase a property in Canada. The housing relocation industry has been completely ignored, which will have long-term negative repercussions for Canada and its ability to compete for knowledge and skilled workers. The regulation in its current state disincentivizes foreign workers and international students who are essential to the Canadian economy.



This is a serious issue both for our REALTOR® members, who play an integral role in helping people on their path to homeownership, and the Canadian economy. I hope you are willing to take a serious look at this matter. While the sunset in two years may be seem short, the immediate implications for Canada are deep and significant.

As always, we would welcome the opportunity to further discuss this matter with you.

Sincerely,

Michael Bourque
Chief Executive Officer
The Canadian Real Estate Association