

Housing affordability

High housing prices stimulate people's desires, but also make some people become house slaves. Ordinary wage earners chase market up and down, and at all costs to buy unaffordable houses, although they have a house, their burdens are extremely heavy.

They are full of fear of falling house prices and are full of expectations for rising house prices. At the same time, renters and young people cannot find suitable place to live and must bear the price of housing crisis.

This is abnormal and unsustainable.

Renters and other no-owners such as young people have no reason to be the bridesmaids of house speculators. Social ethics of the wealth pursuit should not base on forcing others to be poor.

Real estate speculators should not pass on high property taxes to homeowners who only use houses as a shelter and home. Homeowners should not pass on the high mortgages to tenants. The government needs to take action to curb speculation that is harmful to the economy and social stability. The government should not give speculators the chance to speculate.

To this end, I propose three different levels of plans, which are short term plan, medium term plan and long term plan. I hope these plans can help the housing market not only be on the normal track, minimize the damage caused by the housing crisis, but also create new opportunities.

The government needs a short term, visible solution, we cannot treat emergency as chronic diseases.

The government needs a medium term and long term plan, because the recuperation of the housing market involves almost all aspects of political and economic elements, it is a complicated process.

In my solution, the short term plan is to prevent further housing speculation, at the same time give subsidies to renters and homeowners who own only one home.

The medium term plan is to speed up the approval of rezoning and new housing construction, increase supply, and scientifically and rationally make urban planning in the long run.

The long term plan is to reform the housing system and establish a new mechanism to solve the housing crisis. I recommend the Singapore's scheme and the remote area immigration strategy.

Regarding the short term plan, unlike the simple taxation, I subdivide the homeowner and try to collect taxes only on speculators and Robert-kiyosaki-style investors.

For the medium term plan, I rely more on private sectors than government's subsidizing. Because the market mechanisms are more powerful than the government's limited manipulation. On the other hand, some strategic plans must be made to create the necessary external conditions for real estate development.

For the long term plan, I recommend Singapore's successful experience in housing policy, which requires the support of the provincial and federal governments, it is a long-term systematic project and real solution.

Short term plan

We need a healthy housing market.

The drop in house prices does not mean the rents will decrease automatically. While house prices are falling, real estate speculators can still be bargain hunters, therefore, we must restrain the real estate speculation, at the same time do not give buyers opportunity to irrationally chase the market.

Real estate speculators benefit when house prices rise, and real estate speculators can bargain when house prices fall. Renters, and one-home

homeowners who don't participate in this process get nothing. so we need a mechanism that blocks real estate speculation and at the same time return the collected taxes to renters and one-home homeowners, rather than simply lower house prices.

We cannot make an emergency appointment today but the doctor says the visiting date is unknown and indefinite.

It's not just the homeless, the low-income people, even the people who earn decent incomes cannot afford the down payment. Therefore, the scope of subsidies needs to be expanded to help as many people as possible.

My short term plan consists of four parts:

First, restrain the behaviour of chasing market, let people who are not actually very wealth quit the housing investment market. Impose more annual property tax on those who have two or more homes, and use this money to subsidize renters.

Second, link the number of transactions to new buyer's property tax. The more transactions in the past, the higher the tax rate on the property tax. This part of the tax is used to subsidize the home owners who own one home. This subsidies can be in the form of more home owner grant, or just simply deduct from annual property tax.

Third, charge birth tourists additional management fees , use this part of the money to subsidize the foreign talents in Richmond company, and let more talents from outside of metro Vancouver settle in Richmond and work for Richmond's companies.

Fourth, use city finance to subsidize small businesses that rent commercial properties and make measures to tackle speculation in commercial property.

'second home tax' and renter grant

Many people are actually not very wealthy, they use the second home to raise the house and transfer the burden to the tenant. This creates a lot of

conflicts between the tenant and the landlord. The landlord is also suffering because they need to repay huge amount of mortgages.

Only few people are real speculators, but they take advantage of the speculative attitude of most homeowners, so real estate speculators always can easily control the steering wheel.

For the housing crisis, most of the solutions are to build more affordable rental housing or increase supply. The question is that the construction of a large number of affordable housing does not absolutely reduce the rental price, because the rental price is directly linked to the landlord's mortgage and property tax. If the house price and property tax cannot be reduced, then the rent will not be reduced. Renting and buying are two separate and interrelated markets. If the house price can't be hit, then the price of renting is hard to come down.

The construction of affordable housing lasts for a long time and is costly. Only very limited people can benefit. Now, young people and working-class are also affected by housing crisis. So, subsidizing renters is the most direct and only effective way to solve this problem.

The source of funding for this subsidy is from those who own second home.

The detailed method is as follows:

If there is only one home, then it doesn't matter if the homeowner lives in this home or not, it is always considered a reasonable investment and is not subject to taxation.

If a homeowner has two homes, there are two scenarios:

A, one home is in Richmond, the another one outside Richmond, but still in Metro Vancouver.

B, both are in Richmond.

Depending on whether or not the homeowner actually live in this home,, these two scenarios can continue to be subdivided into five situations:

A1, the homeowner does not live in these two homes;

A2, the homeowner lives in a Richmond home;

A3, the homeowner lives in a home outside of Richmond, but that home is still in metro Vancouver;

B1, the homeowner does not live in these two homes;
B2, the homeowner lives in one of Richmond's homes;

For A1, it is considered speculative and a tax of 0.45% of assessed value is imposed;

For A2, it is considered a reasonable investment, no tax;

For A3, it is considered a lite version speculation and a 0.2% tax is imposed;

For B1, it is considered speculative and a tax of 0.35% is imposed;

For B2, it is regarded as speculation, the tax is not collected from the home that homeowner lives, and the another home is subject to a tax of 0.1%;

If there are three or more homes, it can be subdivided into two cases:

C1, the homeowner lives in a home outside of Richmond;

C2, the homeowner lives in one of Richmond's homes;

For C1, it is considered speculative and a tax of 0.55% is imposed;

For C2, it is considered speculative, there is no tax on home that owner lives, and for other homes in Richmond, a tax of 0.3% is imposed.

Exemptions:

The above does not apply to the home that was purchased before 2008. in another word, these homes bought before 2008 will be exempted.

Regarding family size, for families with more than 3 children under the age of 19, B2 can be waived;

For those who have parents and parents are citizens or permanent residents and live separately, parents do not own a home and can be exempt from B2.

for multi generation family, three generations of the family have more than six people and live together, the second home can be exempt.

The above applies to Canadian citizens and permanent residents.

For homeowners who are non-citizens or non-permanent:

D, whether it is one home or multiple rooms, and whether or not the owner lives in it, all the tax rate is 1%.

All funds are used to subsidize the renters that families' annual income is less than 80,000.

The exact amount of subsidies depends on the amount of tax collected.

The eligibility for the application is the renter must have lived in Richmond for more than one year. The signature of landlord is required.

For newly moved to Richmond, you must be working in Richmond to be eligible to apply.

'third-time buyer tax' and home owner grant

If house prices fall, buyers including speculators must rush into the market again, it will not take long before a new round of housing crisis and housing price will skyrocket again. The so-called real estate speculation, an important feature is the number of transactions, so to avoid real estate speculation back and forth again, the number of transactions must be limited. The purpose of the house is first to live. For the whole society, the living, not investment should be No 1 priority.

Therefore, the government must impose tax based on the number of transactions .The specific measures could be as follows:

If the new home transaction takes place in Richmond, and it's the third-time buying transaction in the last 8 years. Regardless of whether the current homeowner owns one home or multiple homes, the 'third-time buyer tax' will be levied according to the number of transactions. The transaction of pre-sale condo is also regarded as real 'transaction'.

For non-presale-condo, the tax rate is based on the assessment value of the home. For presale condo, the tax rate is based on capital gain.

Whether it is pre-sale condo or not, a progressive tax system is adopted. In other words, the more the number of transactions, the higher the tax rate will be.

The third transaction refers to the third purchase behaviour in last 8 years. If it is the third purchase of non-presale-condo, then the tax rate is 1%; If it is the fourth purchase in 8 years, then the tax rate is 2%. The fifth time is 3%, and so on.

If it is the third purchase of presale condo in 8 years, the tax rate is 10%; The fourth purchase of presale condo in 8 years, the tax rate is 20%, and so on.

Although the number of transactions is self-declared, it will be severely punished if it is not declared or falsely declared.

This part of the tax will be used to subsidize homeowners who own one home only, and family annual income is less than \$100,000. Because a lot of homeowners really use the house as a place for living, due to the high assessment value, they have to pay for the huge amount of mortgage and/or property taxes. Subsidies can be in the form of a home owner grant or directly deducted from property taxes.

birth tourism surcharge and talent allowance

The development of Richmond is inseparable from talent. It's hard to imagine that Silicon Valley could rise without the influx of top talent.

Richmond should welcome outside talent, even if they are not permanent residents or citizens. On the other hand, Richmond is beset by birth tourism. If the federal government has no intention to change the country's fundamental law for only one or two cities, then the municipal government and the provincial government cannot wait, they should not shirk responsibility just because of the federal government's 'inaction'. Some passport baby's parents left Canada without paying Richmond hospital, at least Richmond City government should take measures to tackle this issue.

My approach here is that Richmond City imposes administrative fees on birth tourists who give birth at Richmond hospital, and future 'passport baby's mother must pay a certain deposit first. The administrative fee

collected by city is \$10,000 each child. Use this money to set up a special fund to subsidize extraneous talents who hired by Richmond company, regardless of this talent is from a city outside Metro Vancouver, or from other provinces, or from overseas.

Companies in Richmond can apply for subsidies for these foreign talents to help them pay rent, and the city conducts assessments to ensure that Richmond's companies are competitive in terms of talent competition.

Small business renter subsidies

Not only do tenants in residential homes suffer from housing crises, but also tenants in commercial properties are under pressure from rising rents, which is extremely detrimental to business development.

To protect Richmond's small business, in the context of the current housing crisis, subsidies are necessary. The city can temporarily allocate some money from the finances to subsidize the small business to pay rent for shop or office.

Unlike residential subsidies, subsidies for small business are based on the area or price of the lease, so a larger lease area will receive more subsidies.

At the same time, the city need take special measures to curb the speculation of commercial properties, block the speculative loopholes.

Medium term plan

The emergency requires urgent measures, but this does not mean that the rehabilitation of the disease does not need treatment and recuperation. The same is true for solving housing crisis. The subsidy is an urgent measures, and addressing the relationship between supply and demand is treatment and recuperation. Therefore, solving housing crisis must increase supply. Not only the supply of overall housing quantity, but also the supply of rental market.

Supply means land. There are only two ways to acquire more lands: either increase the amount of land or increase the density. If there is no new land, it must increase the density; if it cannot increase the density, it must have new land. As more and more new immigrants come to Richmond, it is necessary to either increase the density or acquire more new land .

Since Richmond is close to airport and flight route, and the geological conditions are very special, it is impossible to build a skyscraper, so seeking new land becomes an inevitable choice.

On the supply aspect, I propose four measures:

First, a more rational urban planning and rezoning;

Second, rely on developers and utilize market mechanisms;

Third, negotiate with the provincial government, allow a small number of ALRs to exclude from agricultural use.

Fourth, again apply to ALC to convert garden city land to non-agricultural use, increasing the supply of government housing.

City planning

For urban planning, I have four points:

First, build a shopping mall in No 4 rd to shift the city's center of gravity eastward, this shopping mall will also help reduce traffic congestion.

Second, the current CF Richmond center expansion plan has a huge security risk and the plan needs to be updated. This expansion plan will last seven years, that means the Richmond center will be a big construction site in the next few years. A large two-story parking lot will be built under the Richmond center, if the earthquake occurs during the day time and eventually the Richmond center collapses, it will cause a huge disaster. Richmond downtown need high density, but congestions and lack of various supporting facilities will cause problems, especially the shortage of school and residential parking space. The Richmond center will be

surrounded by high-rise buildings. From the perspective of the Chinese feng shui, this type of design is not auspicious.

Third, establish a second downtown in Steveston, dominated by high-end communities, it will help divert the population of Richmond, at the same time, Richmond may build more beautiful waterfront.

Fourth, encourage more people to use bicycles, repair some bicycle lanes, and protect the safety of cyclists.

Although TransLink has already adjusted the future bus routes, there is still much room for improvement, and re-planning of bus routes can help people travel more easily.

Private sector

The supply of housing is mainly dependent on private sectors, not the government itself to build low-rent housing. Because the demand for housing is not only from low-income people, but more importantly, the influx of new immigrants, this part of the population needs to use market mechanisms to digest.

The fees charged by the city from the developer need to be reduced to help developers build houses better. The city can increase revenue by letting developers to build more houses, rather than raising the threshold for developers. The city government needs to speed up the approval of the applications to adapt to the market demand for housing.

ALR

Compared to the vast agricultural land of rural BC, Richmond's agricultural land reserve is only a small part of BC's agricultural land. But the unique location of Richmond gives Richmond's ALR a special value.

When a big fire occurs, you can't say 'you can't use water'. At present, the housing crisis in the Greater Vancouver is a big fire, and the land is water.

Richmond needs to build the competitive edge. This ALR is the best resource to build this advantage, and we have no reason to find a more difficult ineffective solution.

So the City of Richmond needs to urge the provincial government to allow the use of a small portion of ALR as non-agriculture use, including industrial use, currently the rents of industrial land are soaring and land supply in the logistics industry is also facing the shortage. The ALR is not absolutely untouchable unless it is a famous scenic spot or historical site.

Garden city land

Garden city land is owned by the Richmond city. It is also a part of agricultural land reserve.

This land is very close to Richmond downtown, its excellent location gives this land different value. In the context of the current housing crisis, the best use of this land is to build low-cost rental housing to tackle the shortage of rental housing .

It's a very bad idea to use this land if there were no housing crisis, but it's critical when current measures give little impact, don't forget that a large new immigrant force is marching to Richmond.

The urgency and necessity of establishing an agricultural park is far less than the urgency of increasing the supply of rental housing. When your living place is uncomfortable, you will not be able to feel the beauty of the scenery far away, outdoor pleasure will not make up for the lack of indoor space. Garden city land needs to play a role in increasing the supply of rental housing, unless there is a better solution.

Long term plan

There was a strong human manipulation behind the 1997 Asian financial crisis, but it also exposed the serious weaknesses of the Southeast Asian financial system. Today we are facing the housing crisis, No one denies the

existence of Canada's George Soros. What we always ignore is the problem of the housing policy system itself.

House sales and rentals are two distinct and closely connected markets. The rise in house prices will inevitably have a huge impact on the rental market. Our current housing assistance is mainly for the rental market, whether it is rental housing, rental assistance, social housing, all are facing renters. Meanwhile, subsidies and help are mainly targeted at mental health, disability, homeless, senior, addiction, and the recipients are extremely limited. The impact of rising house prices is extremely wide, even the people who have high-paid job cannot afford to buy a new house.

The government lacks measures to control housing prices. Once housing prices rise, more and more people will need help, and the government doesn't have enough resources to give support. Current housing system has many problems and need to be fixed.

Singapore had also faced serious housing crisis and homeless issue. Today, most Singaporeans have their own house, Singapore's experience is worth learning.

In brief, learning Singapore's experience, the three levels of government may take the following measures to fundamentally change the housing policy system:

First, establish a public housing market , the government funds the construction of public housing, this public housing is not for renters, people may own the property rights.

Second, establish a housing provident fund system, an employment based savings scheme with employers and employees contributing a mandated amount to the Fund. The funds in the provident fund account can only be used for down payment. If it is not used, it can only be taken out after the age of 55.

Third, set different application requirements based on income. For example, very low income people can rent first and buy later. If your salary exceed a certain level, you are not eligible to buy public housing, and so on.

Fourth, establish a secondary market for public housing flats, Each person can only apply for a maximum of two flats in their lifetime. Selling public housing flats must meet certain conditions.

Fifth, when both parents and children apply for public housing, adjacent locations will be arranged, the government also gives certain discounts , multi generations living together will be helpful for different generations to take care of each other.

Sixth, implement the quota system when allocating public housing flats, and different ethnic groups and different backgrounds are given corresponding quotas to promote ethnic integration.

The establishment of the public housing market can greatly ease the pressure on the rental market, and the government can reduce the high cost in the construction of rental housing. In another word, the fundamental concept should be that everyone can afford to buy a house instead of focusing on a few people renting a house.

Singapore does not have a large number of rental housing, social housing, but there are no homeless people in Singapore. Singapore's experience can also succeed in Canada.

In addition, in view of the facts that Canada has vast territory, and most of new immigrants like to settle in high density cities, the federal government and the provincial government need to make or revise the corresponding immigration policies , so that more new immigrants can settle outside of major metropolitan area. From the perspective of the external environment, this is the cure.