Vancouver lawyer Zool Suleman says we can't call immigrant money "foreign"

by Carlito Pablo *on April 28th, 2021 at 8:02 AM*

2

Vancouver immigration lawyer Zool Suleman says that people's capital moves with them.

Zool Suleman is not impressed with people who say that funds brought by newcomers to Canada are foreign money.

The Vancouver immigration lawyer looks at that kind of thinking as not particularly smart.

"When you have an aggressive immigration program, which Canada does, I think it's naive to assume that people will come and they will not be accompanied by capital," Suleman told the *Straight* in a phone interview.

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Suleman said that this is a "naive assumption" because "one has to understand, of course, that people who do have wealth often move with their wealth".

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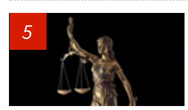
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In addition to his legal work on immigration, refugees, and Canadian citizenship, Suleman has been involved in the country's culture and arts.

For instance, the Dalhousie law school–educated solicitor cofounded the Rungh Cultural Society and edits the nonprofit's magazine dedicated to the arts and multiculturalism and diversity issues.

"There's been a lot of writing and speculation around the housing markets in Vancouver and across certain metro centres in Canada," Suleman observed when reached for his comments on the expected rebound of immigration this year and what this means for the real-estate market.

Immigration to Canada dropped in 2020 because of the COVID-19 pandemic. And though arrivals of people approved for permanent residency, which is a path to eventual Canadian citizenship, and purchases of homes by nonresidents and non-Canadians declined, the country's real-estate market last year posted record sales and price increases.

Low interest rates, huge household savings, limited supply, and high local demand combined to fuel market activity. By 2021, a number of economists and analysts started calling for government intervention to cool down the market.

Reports show big run-up in sales

On April 15 this year, RBC Economics released a report indicating that Canadian immigration is showing signs of a rebound.

The report, by bank senior economist Andrew Agopsowicz, noted that the "pace of immigration picked up significantly in the first two months of 2021".

It added that this suggests that Canada is "on track" to exceed an RBC Economics forecast last February that only 275,000 new permanent residents may arrive in 2021, which may fall way short of the country's 401,000 target this year.

The report said that Canada admitted 25,000 new permanent residents in January and 23,000 in February, "nearly matching levels seen in the first two months of 2020".

Meanwhile, Dexter Realty, a Vancouver-based agency, released a report on April 6 suggesting that immigration may serve as a "wild card" in the Lower Mainland's housing market.

This means that the expected arrival of more permanent residents could further invigorate real-estate activity.

"We believe there is one wild card yet to be played and it could shift the housing market into hyperdrive later this year," the report stated.

Dexter Realty stated that this is the "potential rebound of international buyers and

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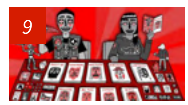
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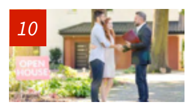
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immigration, which were credited for sparking high home sales in the mid-1980s and in 2016-18".

The Guinness brewing family's purchase of 1,616 hectares in West Vancouver in 1931 did not generate any howls in the media over foreign, illicit capital.

THE ARCHIVE TEAM

Applicants must show financial self-sufficiency

People approved for permanent residency in Canada do not come penniless. Canada's immigration rules require new permanent residents to bring a minimum amount of money, representing their settlement funds.

This rule ensures that newcomers have the resources to start their new lives in their adopted country and will not depend on the government.

For example, a family of four needs to prove that it has a minimum of $24,083 that will come with them.

Suleman noted that immigrants typically bring much more than just the minimum amounts set by the government for their settlement funds. It is often the case that new immigrants empty out their lifetime savings in their native countries and sell their properties as part of their journey.

Suleman also said that home purchases by immigrants can be seen on different levels. One is that it's a manifestation of their commitment to Canada.

On March 18, 2021, Statistics Canada released a report indicating that in 2019, almost half of homeowners in Metro Vancouver (47.1 percent) and more than half of those in the Greater Toronto Area (54.3 percent) were immigrants.

Moreover, immigrants accounted for about one-third of homeowners in Ontario and British Columbia.

Suleman emphasized that money brought by immigrants is "not foreign in the sense that global capital has no citizenship".

"Global capital keeps moving around all over the world, and no money is foreign," he explained.

"There's just the denomination," Suleman continued, "and then there's a banking address and a bank account. So the word foreign doesn't make sense when you're talking about money moving across the world."

Joshua Gordon is an assistant professor at SFU's school of public policy. He has a paper that is included in the exhibits of the ongoing Commission of Inquiry into Money Laundering in B.C. Austin Cullen, a B.C. Supreme Court justice, leads the inquiry.

Gordon argues that foreign money has decoupled Canadian housing prices from local incomes.

The academic asserts that foreign money includes funds brought over by permanent residents, because these were earned outside Canada and were not subject to Canadian taxation.

"If housing is purchased with non-local incomes, then the housing market can become decoupled from local incomes, generating affordability problems for local buyers: housing prices will cease to merely reflect local incomes or fundamentals and will reflect the prices that wealthy non-local buyers are willing to pay," Gordon wrote.

Gordon also noted that "although foreign citizenship is usually a safe proxy for foreign money, it is not the whole story because permanent residents and Canadian citizens can use foreign money, too".

Told about Gordon's paper, Suleman said that he has not read the document.

However, he asserted that "one has to be careful about how one speaks about cash and capital flows across the world".

"It is true that we do need to have categories of money so that we can track cash flows; I'm not naive about that," Suleman said, in reference to the laundering of money from criminal activity.

"But one does need to be careful that the term foreign doesn't become a way by which to stigmatize one type of capital from another type of capital," he added.

When German billionaire Klaus-Michael Kuehne bought Vancouver's Royal Centre, nobody raised concerns about foreign money purchasing a prime parcel in downtown Vancouver.

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To explain, Suleman said that people need to review history.

"When you look at West Vancouver and the Guinness family in the early history of Vancouver, that money from the Guinness family was not seen as foreign, illicit capital," Suleman said. "It was just seen as money."

Suleman was referring to the purchase in 1931 by the Guinness brewing family of 4,000 acres (1,618 hectares) in West Vancouver. The land is now the prestigious and exclusive British Properties.

Citing another example, Suleman said: "When you look at large portions of Downtown Vancouver, and investment funds that own those high-rises and those investment properties, these investment funds have addresses all over the world, but this doesn't seem to capture the attention of certain kinds of media that this is 'foreign money'.

"So it almost feels like the decoupling of money flows is between commercial and residential property," he continued, "that whatever happens in the commercial domain, unless it's a very sizable transaction, gets very little attention."

However, he added, "whatever happens in the residential market seems to capture a great deal of negative attention".

"Maybe that has to do with how news is consumed and...created in the media, because it feels like...when you talk about a house, it is a story that all Canadians can touch," he said. "So when you're talking about a 50-storey office building, it's not a property that every Canadian can touch."

"So it's almost like that which is acquirable by the 'normal Canadian, average Canadian', becomes a relevant news story, but larger capital flows which actually might have more detrimental impact on the market don't get captured, because it's not seen as a story that the average Canadian is interested in," he said.

Suleman maintained that one has to wonder why certain capital flows, particularly money brought over by new immigrants, are "fetishized".

"You know, there's a kind of fetish in covering that money over other capital flows, which are normalized. Why does that happen? And I think those are bigger questions," Suleman said.

Suleman suggested that it is devious to talk about "how certain communities have good money, [and] certain other communities have bad money".

"Capital doesn't work that way, and we have to be careful about stigmatizing every legitimate desire to own property," Suleman said.

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