Policies on Non-resident Property Ownership:

A review of residential policies from around the world

January 2017

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Policies on Non-resident Property Ownership: A Review of Residential Policies from Around the World can be accessed on the websites of REIBC and the CDI.

www.reibc.org/research.html
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Overview

This report provides a review of policies and approaches from around the world aimed at limiting non-resident ownership of residential property. Information provided has been gathered and triangulated from a variety of sources and wherever possible validated by government agencies. The intent of the review is not to evaluate the success or relative effectiveness of these different approaches, but rather to provide insight into the array of mechanisms and policies that have been established in other jurisdictions to address the challenges that are being faced currently with respect to foreign investment in BC.

The review examined policies from jurisdictions in North America, South America, Asia, Europe, and Oceania, to ascertain not just whether restrictions existed, but how the limitations were applied, which regulatory bodies were involved, and what processes were in place for prospective investors. It included several nations with longstanding and extensive controls surrounding foreign investment as well as several which have just recently imposed mechanisms to deter or limit such investment.

The review also looked at several countries, such as France, Germany, and Nicaragua, and states, such as Arizona, Massachusetts, and Nevada, known for having highly desirable real estate—but found jurisdictions completely open to non-resident investment in residential real estate.

Contrary to several recent condemnations of BC being "behind the curve" in controlling non-resident purchases of real estate, this review found this to be the case with many of the world's leading cities, including Paris, Tokyo, New York, Los Angeles, Berlin, and Stockholm. At the same time, there are many jurisdictions that have policy frameworks in place to limit and/or guide non-resident ownership; some restrict while other just impede.

Jurisdictions examined by the study apply essentially four approaches to non-resident buyers of residential real estate:

1. The Restrictors and Leviers: Those with the most extensive policy frameworks that restrict foreign owners and make it more expensive for foreign owners;

2. The Restrictors: Those that just impose limits or restrictions on the types of residential property that could be bought and owned by foreigners;

3. The Leviers: Those that do not restrict foreign owners from owning a home, but make it more expensive for non-resident buyers; and

4. Open Doors: Those that grant foreigners exactly the same rights and obligations as citizens and residents with respect to acquiring and owning residential real estate.

APPROACH TO NON-RESIDENT BUYERS	DEFINITION	JURISDICTION
Restrictors and Leviers	Jurisdictions that restrict foreign owners and make it more expensive for foreign owners	Australia, China, Hong Kong, Singapore
Restrictors	Jurisdictions that impose limits or restrictions on the types of residential property that could be bought and owned by foreigners	Switzerland, Denmark, New Zealand, Mexico, Costa Rica
Leviers	Jurisdictions that make it more expensive for non-resident buyers	United States, United Kingdom
Open Doors	Jurisdictions that grant foreigners exactly the same rights and obligations as citizens and residents with respect to acquiring and owning residential real estate	Japan, Nicaragua, France

1 Introduction

Housing affordability was a leading issue of concern in 2016 throughout British Columbia. The skyrocketing house prices in Metro Vancouver figured prominently in the media. However, Fort St. John, Kitimat, and Terrace have all seen double-digit increases in their average residential selling prices in recent years. As a result, policy makers, planners, and real estate professionals across the province are grappling to understand the drivers behind the increases and design solutions that will effectively stabilize the real estate market and increase housing affordability for local residents without affecting a plunge in equity values or driving away foreign investment.

Work is now underway in the province to trace and quantify the various factors influencing the residential market in BC. While the extent of influence is still not known, there is a high level of certainty that foreign investment has to some extent played a role in the housing price increases in this province.

Data on housing sales showed that foreign nationals invested more than $1 billion in BC property between June 10 and July 16, 2016, more than 85% of which was in the Lower Mainland.[1] As a result, the Province legislated a 15% property transfer tax to be applied to foreign nationals or foreign-controlled corporations purchasing residential properties in Metro Vancouver.

The new tax received mixed reviews from the BC real estate community and stimulated a significant amount of discussion on the issue of non-resident buyers. In the interest of informing this debate and broadening understanding about not just this response, but the breadth of policy approaches available, the Real Estate Institute of BC approached the Community Development Institute at the University of Northern British Columbia to conduct a comparative review of policies and approaches from jurisdictions around the world aimed at limiting non-resident ownership of residential property.

2 The Restrictors and Leviers

2.1 Australia

Australia has among the most robust and focused policy frameworks pertaining to non-resident residential property ownership. The Government of Australia has a policy to channel foreign investment into new dwellings as a means of increasing the housing stock, creating employment in the construction industry, fueling economic growth, and growing government revenues, in the form of stamp duties[i] and other taxes. In most parts of the country, foreigners also face higher costs when it comes to selling or transferring residential property.

As established by its foreign investment framework, all non-residents are required to apply for approval in order to purchase residential real estate in Australia. These applications are submitted to the Foreign Investment Review Board (FIRB), a non-statutory, advisory board of the Treasury. Different factors apply in the review of applications depending on whether the type of property being acquired will increase the housing stock or whether it is an established dwelling. The most stringent restrictions exist for established dwellings.

As a general rule, foreign non-residents are not permitted to purchase established dwellings for residential, vacation, or rental homes. Exceptions are made for foreigners who operate a substantial Australian business and are purchasing established dwellings to house their Australia-based employees, subject to several conditions, including that the dwelling be sold if it is expected to remain vacant for more than six months.

Applications for foreign purchases of other types of residential property depend on their capacity to genuinely increase the housing stock. Therefore, proposals to develop vacant land and those to redevelop and construct new, additional dwellings are all normally approved provided they are not rented out prior to demolition/redevelopment and that they are occupied within four years.

There are typically no conditions placed on non-residents seeking to purchase new dwellings[ii] that will be, are being, or have been built on residential land. There is also no limit on the number of new dwellings a non-resident may purchase, but approval is generally required prior to each acquisition.[2]

AUSTRALIA

The Government of Australia has a policy to channel foreign investment into new dwellings as a means of increasing the housing stock, creating employment in the construction industry, fueling economic growth, and growing government revenues, in the form of stamp duties and other taxes.

i A stamp duty is a tax placed on the legal documents pertaining to the transfer of assets or property. When a stamp duty is in place, the transfer of documents is only legally enforceable once they are stamped, to show the amount of tax paid.

ii New dwellings do not include established residential property that has been refurbished or renovated or a dwelling built to replace one or more demolished established dwellings.

While all non-resident applications for residential real estate are submitted to the FIRB, compliance and enforcement of the foreign investment rules are the responsibility of the Australian Treasury Office. This split of responsibilities, implemented by the Coalition government in 2015, has enabled more active investigations and actions targeting illegitimate purchases.

The Coalition Government also imposed more severe penalties such that non-residents caught making illegal real estate purchases now attract criminal penalties of $135,000 or three years' imprisonment, or both for individuals, and up to $675,000 for companies. Capital gains made on illegal investments are also forfeited. Between 2013 when the Coalition government came into power and January 2016, 27 Australian residential properties ranging from $200,000 to over $5 million were held in breach of the foreign investment framework and were divested by foreign nationals.[3]

In addition to the restrictions placed on foreign ownership, it is also more expensive for non-residents to dispose of property in much of Australia. In 2016, three states in Australia (Queensland, New South Wales, and Victoria) introduced additional stamp duties for foreigners purchasing/transferring residential property.

The State of Victoria also has a new absentee-owner surcharge that applies to all dwellings owned by non-permanent residents/Australian citizens and left vacant for more than six months of the year. In January 2017, this surcharge was increased from 0.5 to 1.5%.[4]

2.2 China

China is another example of a jurisdiction that restricts foreign ownership of residential real estate and makes it more expensive for non-residents.

China has a complex set of laws and policies governing property and real estate. The state also has a history of intervening to employ measures to stabilize the real estate market.

According to the Constitution and land laws, no individual (citizen or foreigner) is entitled to privately own land in China; however, people can privately own residential houses and apartments on the land. Real estate sales in China, therefore, involve a transfer of right to use land. To obtain land use rights, the land user must sign a land-grant contract with the local land authority and pay a land-grant fee up front. Land-grant contracts for residential property generally provide for 70 years of residential use only.

Foreigners have been able to buy homes in China and since 2015; restrictions on this ownership have been relaxed significantly in many parts of the country. Until recently, foreign individuals across China were allowed to purchase only one property for their own personal use, if they could prove that they had spent at least one year working or studying in the country. With the slowdown of the

CHINA

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Chinese economy, the Chinese government reversed these rules on property sales to foreigners. However, local governments in several major or "first tier" cities, such as Shanghai, Beijing, Zhengzhou, and Wuhan, where the real estate markets have remained strong have retained regulations restricting non-locals' home purchases. Some, such as Shanghai, went further in 2016 to tighten restrictions for foreigners. Non-local residents in Shanghai are now required to prove that they have been employed by a local firm for at least five years—up from the previous two-year period, and a 70% down payment is also required of foreigners seeking to buy a second home larger than 144 square metres or costing more than 4.5 million yuan (CAD $860,000).

In Zhengzhou, the capital of Henan Province, residents without local hukou (household registration) are required to pay at least two years' income tax or social security contributions before purchasing a home.

2.3 Hong Kong

While part of China, Hong Kong (HK) operates under a different real estate regime. Consistently listed among the most expensive cities in the world to purchase property, the HK government has established several mechanisms to curb residential ownership by foreigners. Until recently, their approach centered around a series of stamp duties which considerably raised the price of ownership by foreigners.

Non-permanent residents are charged a Buyer's Stamp Duty of 15% on the stated consideration or the market value of a property (whichever is the higher). On top of the Buyer's Stamp Duty, foreigners are subject to an Ad Volorem Stamp Duty (AVD) on residential purchases that, as of November 2016, is an extra 15%. In addition, to prevent against the flipping of properties, a Special Stamp Duty of 10%–20% is levied on anyone that sells a property less than three years after purchasing.[5]

On top of these levies administered and enforced by the HK Inland Revenue Agency, in 2012 the Chief Executive established the "Hong Kong Property for Hong Kong People" policy under which certain areas of the city and new residential developments have limited sales to only permanent residents of Hong Kong for the next 30 years.[6] The program was launched with the objective of meeting Hong Kong people's needs for home purchase, but has also had the effect of curbing residential investments by non-residents.

HONG KONG

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2.4 Singapore

Singapore has long-established restrictions on foreign ownership of residential property.

Under the Residential Property Act, the transfer, purchase, and acquisition of landed residential property by foreigners is forbidden, meaning that non-

residents are prohibited from having title on residential property, including vacant residential land, terrace and semi-detached houses, bungalow/detached houses, and townhouses (not within an approved condominium development). There are no limits, however, placed on foreign ownership of private apartments and condominiums in Singapore.

In the case of executive condominiums, foreigners are only permitted to purchase ten years after completion.

Foreigners seeking to purchase "restricted" landed residential property are required to seek approval from the government, through application to the Land Dealings Approval Unit of the Singapore Land Authority. The ownership of such properties by foreigners is restricted to permanent residents of Singapore and those who make "adequate economic contribution" to Singapore. Residential properties located on the luxury enclave of Sentosa Cove have a distinct application and approval process.

In addition to restricting the types of residential property open to foreign acquisition, non-residents are subject to a 15% Additional Buyer's Stamp Duty (on top of the standard Buyer's Stamp Duty) when purchasing any type of residential property. The Inland Revenue Authority of Singapore also imposes a Seller's Stamp Duty on residential properties sold in less than four years.[7]

In an effort to curb the practice of property flipping, Seller's Stamp duty rates in Singapore have increased progressively and now stand at 16% on properties sold within a year of purchase, decreasing to 12% after one year, 8% after two years and 4% after three.[8]

SINGAPORE

Foreigners seeking to purchase "restricted" landed residential property are required to seek approval from the government, through application to the Land Dealings Approval Unit of the Singapore Land Authority. The ownership of such properties by foreigners is restricted to permanent residents of Singapore and those who make "adequate economic contribution" to Singapore.

3 The Restrictors

A second group of jurisdictions, labelled here as the "restrictors," was found to place restrictions on who, what, and/or where foreigners can own residential property, but do not have additional levies for those foreigners that are approved to own land.

3.1 Switzerland

Switzerland first introduced legislation to restrict the sale of real estate to foreigners in 1961. While amendments have been made to relax these restrictions over the years, the Federal Act,[iii] commonly known as the "Lex Koller" or "Koller's Law," has been in place since 1997. The Act places various limits on the types and locations of residential real estate that can be purchased by foreigners.[iv] Responsibility for enforcing the Act lies with the local authorities, or cantons.

As a basic rule, the Act essentially prohibits foreigners from purchasing single-family dwellings, apartments buildings, owner-occupied flats, and building land (destined to contain buildings of this kind) without special authorization from relevant authorities. However, the Act also contains several exemptions to this rule. For example, real estate that is serving as a permanent business establishment for exercise of economic activity (i.e., industrial production, trading, and service activities) is typically permitted for purchase.

Similarly, restrictions are relaxed for foreigners acquiring secondary vacation homes in designated tourist areas. As of 2016, there were 17 cantons across Switzerland in which foreigners could purchase holiday homes without special authorization. A total of 1,500 permits were issued annually to foreigners seeking to purchase such properties. The number of permits available differs by canton, and in many locations there are additional provisions limiting property size and investments, letting, etc.[9]

A special exemption from the Act has been established for foreigners purchasing property in the Andermatt Swiss Alps Project. Similar to the exceptions made by Singapore for Sentosa Cove, the Andermatt Swiss Alps Project is a luxury Alpine resort development located approximately one hour from Zurich being targeted to foreign investors.

SWITZERLAND

Foreigners seeking to acquire residential real estate in Switzerland often have no other choice but to obtain a residence permit. This can be done by either establishing a business in Switzerland or by negotiating a lump sum tax with the local canton, both of which are complex and costly endeavours.

iii Full name of the legislation is Swiss Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents.

iv This includes those living abroad and residents of Switzerland who are neither citizens of a country part of either the European Union (EU) or the European Free Trade Agreement (EFTA) and lack a valid permanent residence permit.

Outside of the Andermatt Project, foreigners seeking to acquire residential real estate in Switzerland often have no other choice but to obtain a residence permit. This can be done by either establishing a business in Switzerland or by negotiating a lump sum tax with the local canton, both of which are complex and costly endeavours. One international real estate advisory firm indicated on their website that the minimum amount cantons expect for residence permits is CHF 150,000 (equivalent to just under CAD $200,000) yearly.[10]

3.2 Denmark

Denmark also has very strict rules governing who can purchase and own property in this country. The general rule is that permission of the Minister of Justice is required for anyone acquiring real property in Denmark unless they have a permanent address in Denmark or have been a resident in Demark for at least five years. Even Danish citizens who do not meet these criteria can't acquire real property in Denmark. The rule covers all types of residential property including houses suitable for use throughout the year, shared ownership property, and vacation homes.

Foreigners seeking permission to purchase an all-year dwelling in Denmark are required to make an application to the Minister of Justice. Permission is granted on the condition that the applicant has lawful residence in Denmark and uses the property as his/her all-year dwelling.[11]

As a member of the European Union (EU), Demark is required to secure free movement of labour; therefore an exception is made for nationals of a country that is a Member State of the EU or nationals of a country that has acceded to the Agreement on the European Economic Area (EEA). Provided EU and EEA nationals have a permanent residence in the EU and intend to get a job in Denmark, they are generally permitted to acquire an all-year dwelling in Denmark without obtaining permission from the Ministry of Justice.

While an exception is made for EU and EEA nationals acquiring permanent homes, the same concession does not apply to secondary or vacation homes. All foreigners irrespective of their nationality are required to obtain permission from the Ministry of Justice to acquire a secondary dwelling in Denmark. Such permission is conditional on the applicant having "special ties" to Denmark, as determined by numerous previous stays in Denmark, special family ties to Denmark, and special linguistic or cultural ties to Denmark. In principle the Ministry will only grant permission for the acquisition of one secondary dwelling.[12]

DENMARK

Foreigners seeking permission to purchase an all-year dwelling in Denmark are required to make an application to the Minister of Justice. Permission is granted on the condition that the applicant has lawful residence in Denmark and uses the property as his/her all-year dwelling. An exception is made for nationals of a country that is a Member State of the EU or nationals of a country that has acceded to the Agreement on the European Economic Area.

3.3 New Zealand

New Zealand tracks the rate of foreign ownership by requiring that non-resident buyers of real estate in New Zealand register with the Department of Inland Revenue. However, there are no restrictions on foreigners purchasing residential

property in New Zealand, unless the property is on land considered to be "sensitive," as defined by the country's overseas investment legislation. The intent of the legislation is to protect New Zealand's environmental, cultural, and historical assets. Sensitive land therefore includes land with specific characteristics that exceeds a particular area threshold (i.e., land that exceeds 0.2 hectares and adjoins foreshore or non-urban land which exceeds five hectares). Land which adjoins sensitive land may also be qualified as sensitive.[13]

Foreigners interested in investing in such land are required to apply to the Overseas Investment Office. Applications are evaluated using several criteria including whether the transaction will benefit New Zealand and if the investor is intending to reside indefinitely in the country. Each application is assessed on a case-by-case basis.

In 2015, New Zealand established a new stamp duty which is levied on properties sold within two years; however, this is applied to residents and non-residents equally.

NEW ZEALAND

There are no restrictions on foreigners purchasing residential property in New Zealand, unless the property is on land considered to be "sensitive," as defined by the country's overseas investment legislation.

3.4 Mexico

Foreigners are able to purchase and own residential property in Mexico, although there are special requirements for land located along Mexican borders and coastlines. Originally, foreigners were prohibited under the Mexican Constitution from owning land anywhere within 100 km of a border and 50 km of the coast. However, in 1993, the Foreign Investment Act established a system of land trusts whereby foreigners are now able to purchase up to 2,000 square metres of real estate in these areas if done so through a trust agreement with a Mexican bank (i.e., a fideicomiso).

Under the fideicomiso system, the bank holds the legal title to the property while the foreign purchaser (the trust beneficiary) retains all rights, responsibilities, and privileges of ownership, including the right to sell, lease, mortgage, and pass the property on to heirs.

Fideicomisos have 50-year terms and are perpetually renewable as well as transferrable.[14] Owners pay annual fees to the bank; in turn, the bank is authorized by the Ministry of Foreign Affairs to hold fiduciary duties over the land.

MEXICO

Foreigners are able to purchase and own residential property in Mexico, although there are special requirements for land located along Mexican borders and coastlines.

3.5 Costa Rica

Foreigners are afforded the same rights as residents when owning, purchasing, and selling residential real estate in Costa Rica. The one exception is with beachfront properties restricted by the Maritime Zone Law (ley de la zona marítima). Costa Ricans and foreigners alike are prohibited from owning property or building on any beach lands that lie within the first 50 metres of the maritime zone unless government permission is granted. Use of land between the 50-metre mark and

COSTA RICA

Foreigners are afforded the same rights as residents in Costa Rica. The one exception is with beachfront properties.

the 200-metre mark is also restricted by the maritime zone law. In some areas, citizens and legal residents of Costa Rica (for at least five years) are able to lease this land from the government for up to 20 years; this right is not available to foreigners.[15]

4 The Leviers

Distinct from the "restrictors," there are jurisdictions that do not restrict non-residents from acquiring or owning real estate, but have made their markets less attractive to foreign investors by imposing taxes or fees on non-resident buyers/owners. These we have labeled as the "leviers."

4.1 United States

The United States (US) presents a mix of models. Federally, it does not have any blanket federal prohibitions on the acquisition and ownership of residential real estate, although there are various laws that can impact or impose monetary requirements on foreign investors. For example, there are laws, enforced by the Committee on Foreign Investment in the US (CFIUS), that allow certain foreign investment transactions to be blocked where they might impact on US national security. Under the Patriot Act, prospective buyers may be required to make certain disclosures.

Most significantly, however, through the Foreign Investment in Real Property Tax Act (FIRPTA), the US makes it more expensive for foreigners to sell property. Whenever a property in the US is sold, exchanged, gifted, transferred, or liquidated by a foreigner, 15% of the selling price is withheld by the Internal Revenue Service.[v][16] In many states, additional withholding obligations apply. California, Colorado, Georgia, Hawaii, Maine, Maryland, Mississippi, New Jersey, New York, North Carolina, Oregon, Rhode Island, South Carolina, West Virginia, and Vermont all impose withholding requirements on foreigners, ranging from 2% to 8.8% on top of the FIRPTA tax.[17]

In addition, while federally the US is open to foreign investment in the residential real estate market, individual states have the power to unilaterally impose additional statutory restrictions on foreigners—legally often referred to as "aliens"—acquiring or owning property. These vary widely in their scope and application. The state of Kentucky, for example, permits foreigners to purchase property on the condition that they intend to become citizens. If, after eight years, an alien has not either become a citizen or sold the property to a citizen, Kentucky has escheatment legislation which enables the state to take back the property.

In Oklahoma, a non-citizen cannot own property for more than five years unless the non-citizen becomes a state resident (there are twelve states that have such a residency requirement).[18]

In Hawaii, approximately 810 square kilometres are held in trust for Native Hawaiians under the Hawaiian Homes Commission Act.[19]

UNITED STATES

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v An exception is made for property with a sales price less than/equal to $300,000 and acquired for use as a residence.

Other states restrict alien property rights based on the type of property, but these typically pertain to agricultural or environmentally sensitive lands or those with mining interests, for example, as opposed to residential real estate.[20]

In California, for example, one must be a citizen in order to purchase inland lakes, unsegregated swamps, or overflowed lands.[21]

4.2 United Kingdom

The issue of foreign ownership has been a hot issue in the United Kingdom (UK) for many years, particularly in cities such as London in which the local demand for housing far outstrips the supply, and middle- and lower-income earners are increasingly stretched to find and purchase a home. The "buy-to-leave" phenomenon, which sees foreign investors purchasing residential property in London and letting it sit vacant, has also attracted much attention, just has it has in Vancouver.

In 2013, the British Property Federation reported that 15% of new homes in London, including 49% of those in prime Central London, were purchased by overseas buyers.[22]

While several political leaders have advanced different approaches to the issue, there remains no federal restrictions on foreigners purchasing or owning residential property in the UK.

In 2015, the British government revised its tax code to require that non-resident homebuyers pay up to 28% in capital gains tax upon selling property in the UK.[23] Camden, in north London, has also established a 50% surcharge on local council tax for homes left empty for more than two years in an effort to curb the rate of absentee ownership (a substantial proportion of which are foreigners) and invoke owners to place their properties into the rental pool. This surcharge is a tool that is available to other boroughs. However, while this policy is reported to have had the intended effect of reducing the number of vacant properties in Camden, to date it has not been implemented elsewhere.

Britain has established several other stamp duty taxes, aimed at enhancing housing affordability, which are levied on higher-value residential properties; however, these charges are applied to domestic and foreign owners equally.

UNITED KINGDOM

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5 Open Doors

Finally, there are a large number of jurisdictions that do not impose restrictions on foreign real estate investors, although they may require non-resident purchasers to register with the state for information purposes.

5.1 Japan

In Japan, there are no restrictions placed on non-residents purchasing or owning residential property/buildings. Foreigners regardless of their visa status may purchase property. In Japan, the acquisition of real estate by a non-resident is considered a "capital transaction" under the Foreign Exchange and Foreign Trade Control Act. Therefore, within 20 days of the real estate acquisition, foreigners are required to notify the Minister of Finance (via the Bank of Japan) of their full name and acquisition cost. For foreigners, however, this requirement of notification is waived when a non-resident acquires the property for their own residence or for their family or employees, or when a non-resident acquires the property from another non-resident or intends to use the space as a place of business.[24]

JAPAN

Foreigners regardless of their visa status may purchase property. In Japan, the acquisition of real estate by a non-resident is considered a "capital transaction" under the Foreign Exchange and Foreign Trade Control Act.

5.2 Nicaragua

In Nicaragua, Foreign Investment Law 344 establishes equal treatment of foreign and domestic investment. There are no restrictions on the way in which foreign capital can enter the country; foreigners have equal rights under the law to own and use property without limitation.[25]

NICARAGUA

Foreigners have equal rights under the law to own and use property without limitation.

5.3 France

France has a complex tax regime for property ownership in France, which includes rules around succession, heirship and wealth, and capital gains taxes.[26] However, France does not presently have restrictions for foreigners purchasing residential real estate.

FRANCE

France does not presently have restrictions for foreigners purchasing residential real estate.

In the past, non-EU residents were subject to a higher capital gains tax upon selling secondary homes in France, but this differential rate was abolished in 2015.

Up until 2015, the French government also imposed social charges on the investment income, property income, and capital gains of non-Europeans. However, both the French courts and the European Court of Justice ruled it illegal for the government to levy social contributions on the income of a non-resident who is not affiliated to the social security system in France. The French Constitutional Council has yet to determine whether the ruling applies only to EEA nationals or all non-residents. In the meantime, the French government has

been obliged to reimburse tens of thousands of social charges illegally imposed on foreigners.[27]

6 Summary

	COUNTRY	APPROACH TO NON-RESIDENT OWNERSHIP OF REAL ESTATE
RESTRICTORS AND LEVIERS	Australia	Foreign non-residents are generally not permitted to purchase established dwellings for residential, vacation, or rental homes, although consent may be granted if the property purchase will result in a genuine increase of the housing stock. Foreigners selling property in three states are subject to stamp duties. Victoria also imposes an absentee surcharge on non-resident-owned dwellings left vacant for more than six months.
	China	Foreigners in many parts of China are required to prove they have been residents and/or employees of a local company for a number of years in order to obtain the right to use the land. Different regions also impose financial duties on foreigners purchasing a home, such as requiring up-front payment of two years' income tax or social security contributions.
	Hong Kong	Non-permanent residents are charged various stamp duties on residential property acquisitions and on additional levies on properties sold within three years. In addition, under the "Hong Kong Property for Hong Kong People" policy, foreigners are prohibited from buying homes in certain areas of the city.
	Singapore	Foreigners are prohibited from owning landed residential property; however, there are no limits placed on foreign ownership of private apartments and condominiums. Special permission to purchase landed residential property may be granted to those that make "adequate economic contribution" to Singapore. Non-residents are subject to a 15% Additional Buyer's Stamp Duty when purchasing any type of residential property as well as a Sellers Stamp Duty on residential properties sold in less than four years.
RESTRICTORS	Switzerland	Foreigners are prohibited from purchasing residential real estate without special authorization from relevant authorities. A quota of permits is made available to foreigners purchasing secondary/vacation homes in designated tourist areas.
	Denmark	Anyone without a permanent address in Denmark or who has not been a resident for at least five years is required to seek permission of the Minister of Justice in order to acquire real property in Denmark as either a full-time residence or a secondary/vacation home.
	New Zealand	Foreigners are required to register all real estate acquisitions with the New Zealand government, but there are no restrictions on foreigners purchasing residential property unless the property is on land considered to be sensitive. Non-residents' applications to purchase such land, protected for environmental, cultural or historical reasons, are assessed on a case-by-case basis.
	Mexico	There are no restrictions on foreigners purchasing and owning residential property in Mexico, although there are special requirements for land located along Mexican borderers and coastlines. In these areas, non-residents are only able to purchase land by way of a 50-year renewal trust agreement with a Mexican bank (i.e., a fideicomiso) whereby the foreign purchaser retains all rights, responsibilities, and privileges of ownership, but the bank holds legal title to the land.
	Costa Rica	Foreigners have equal rights as residents to purchase, own and sell residential real estate in all areas except beachfront properties.

	Country	Policy
LEVIERS	United States	Properties sold, exchanged, gifted, transferred, or liquidated by a foreigner are subject to a withholding tax of 15% of the selling price. In many states, additional withholding obligations apply.
	United Kingdon	Non-resident homebuyers pay up to 28% in capital gains tax upon selling property in the UK. In some areas, absentee owners are subject to a 50% surcharge on local council tax for homes left empty for more than two years.
OPEN DOORS	Japan	There are no restrictions placed on non-residents purchasing or owning residential property/buildings. Unless they intend to use the property for a family/employee residence or as a place of business, foreigners are just required to notify the Minister of Finance of property acquisitions.
	Nicaragua	Foreigners have equal rights under the law to purchase, own and use property without limitation.
	France	There are no restrictions on foreigners acquiring residential real estate. Differential capital tax levies for foreigners have recently been abolished.

7 Conclusion

This review has revealed a variety of approaches to foreign buyers of residential property. The authors have not attempted to evaluate the relative effectiveness of the different tools and mechanism, as their success is dependent on the policy objectives of the respective jurisdictions, which also vary.

Some jurisdictions, such as Australia, have very specific goals related to growing their housing supply, and their approach to outside buyers is closely tied to this aim. Other jurisdictions, such as Mexico, New Zealand, and Costa Rica, have placed only territorial restrictions on foreign investment in line with goals around maintaining national security and/or the integrity of environmental and cultural assets. Jurisdictions such as the UK and the USA merely seek financial compensation from non-resident buyers—and in the case of the UK they target not foreigners seeking to invest in real estate, but rather those looking to sell their property.

These different approaches offer useful lessons and advantages. There is also a key message in the fact that all of the jurisdictions reviewed have identified their objectives related to foreign investors of residential real estate.

Here in British Columbia, while policy measures have already been implemented for Metro Vancouver, the precise issue(s) being addressed—and what may be achieved with respect to foreign investment in the residential real estate sector, not just in the Lower Mainland but throughout the province—has yet to be agreed upon. Defining these objectives would seem to be a good first step. Once this desired endpoint has been articulated, the lessons and experiences from other jurisdictions, as shown by this research, provide numerous examples that can be drawn upon to craft a strategic policy framework to achieve goals.

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