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Service New Brunswick not hunting for properties stung by tax scandal

Homeowners hit with inflated bills still emerging more than a year after tax hike

More than a year after New Brunswick's new property tax system issued inflated bills to thousands of homeowners, those affected are still coming forward — although it's likely many of the properties caught up in the scandal remain unidentified, in part because no one is looking for them.

"I was very annoyed. We're retirees and I just thought, 'Oh my,'" said Hazel Robichaud, who was hit with a \$296 tax increase on her Chartersville Road home in Dieppe last year that was only recently dealt with by Service New Brunswick.

Property assessments on Chartersville Road last year were a mess. At least 40 property owners filed objections to their tax bills and 80 per cent of those were successful.

But not Robichaud.

It took 15 months for her and her husband to win a retraction of most of their increase.

Service New Brunswick did not have a record of them objecting to the tax hike — and was doing nothing to find people like them who it had overcharged, but who were seemingly not objecting.

"My husband did [try to] appeal last year but didn't press the [submit] button on the computer. We didn't realize it didn't go through," said Robichaud in explaining how they didn't catch Service New Brunswick's attention until this year.

But with dozens of confirmed assessment and tax mistakes among her neighbours on Chartersville, Robichaud asks why Service New Brunswick wasn't hunting for people like her on its own — looking to fix the mistake it had to know it made on her home, whether she objected or not.

"Once they've had a significant amount of appeals then maybe they should look at the whole street," said Robichaud.

"I feel they all should have been reassessed and everyone treated fairly."

Several dozen properties on Chartersville Road received tax increases above 10 per cent last year and a large percentage of those did not file an objection to the increase.

'Pockets' of problem areas

Service New Brunswick did not respond Monday to questions about what steps it has been taking to identify properties hit with excessive tax increases last year, but whose owners have not yet come forward.

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However, in March the agency acknowledged it knows where most of the problem areas are, since low quality property assessments that generated inflated tax bills last year were often clustered in certain neighbourhoods, like on the Chartersville Road.

"The bottom line is, yes, there were pockets last year. That is not normal," said Stephen Ward, Service New Brunswick's director of assessment.

Property owners are still emerging from those pockets of bad assessments on their own.

Glenna Greene and her husband own a house on Saunders Street in Fredericton — another problem area — and recently won a reduction of their property tax bill after coming forward a year late.

"It was quite a good drop," said Greene of the \$360 tax reduction.

Auditor general called for changes

Still, although the assessment errors may originate with Service New Brunswick, the onus to have them fixed rests with property owners.

And if property owners are not aware of what happened or are nervous about challenging a government body over a tax issue, little effort is made on their behalf.

Last fall, Auditor General Kim MacPherson criticized Service New Brunswick for relying too heavily on property owners to report mistakes and called on the agency to develop quality controls that would turn up errors in a different way.

"In [the] AGNB's view, it is inappropriate to rely on request for review submissions [from property owners] as the only mechanism of quality assurance for billing accuracy," said MacPherson in her report.

Property tax hikes the best route for B.C. right now

With Vancouver having the lowest property tax rates nationwide, it's high time for the provincial government to impose higher real estate taxes to offset outsized price growth, according to a leading economist.

In a recent thought piece for the *Vancouver Sun*, CCPA-BC public finance policy analyst Alex Hemingway noted that not even the recently implemented provincial school tax on high-end properties worth over \$3 million is sufficient to offset the negative effects of the currently lax regime.

"The annual residential property tax rate in Vancouver — including municipal, regional and provincial portions — is a quarter of 1% of assessed value. That's less than half the rate in Toronto and the eight other major Canadian cities compared in a recent report by Altus Group. Rates in Vancouver suburbs are also lower than in these cities," Hemingway wrote.

"In concrete terms, property taxes on a \$1-million property in Toronto were approximately \$4,673 in 2017, while in Vancouver they were \$2,555. After you factor in B.C.'s generous Home Owner Grant, the bill in Vancouver falls to \$1,985."

An expanded tax is an untapped war chest that the provincial government is still sitting on, Hemingway argued.

"With additional revenue, the city or province could budget for the creation of hundreds or even thousands of new social and co-op housing units each year. Adding more affordable units would put downward pressure on the price of other units in the broader market," the economist stated.

More importantly, such a tax would lead to "a mix of additional government revenue and lower property prices because the increased carrying cost would make real estate a less attractive investment, decreasing demand. These are both desirable outcomes and would ensure a larger share of the 'land wealth rush' is captured for the public good, something that hasn't happened to date in Vancouver."

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To soften the blow to the market that such a tax expansion would inflict, Hemingway suggested implementation by gradations.

“Property tax rates should be structured progressively so that those at the highest end of the market pay the highest rate as the Canadian Centre for Policy Alternatives has recommended,” he explained. “The additional provincial school tax on properties over \$3 million is an important step in this direction, but the B.C. government should also allow cities to use progressive rate structures as the City of Vancouver has requested.”

BC poll shows high support for new real estate taxes despite protests from owners of expensive homes

VANCOUVER— On June 4, owners of multimillion-dollar Vancouver homes gave David Eby, their MLA, an earful — again — about a property tax increase they will have to pay. It’s one of several new taxes the NDP introduced in an effort to rein in British Columbia’s overheated real estate market.

But despite intense opposition to the tax increase on Vancouver’s Westside, a new poll suggests that a majority of British Columbians continue to support the new measures, especially policies targeted towards foreign buyers.

Mario Canseco, president of Research Co., has seen support for real estate speculation taxes remain high through polls conducted in February, April and now May. He wanted to see if recent protests against the school tax increase had “moved the needle.”

“The reality is, it hasn’t really happened,” Canseco said.

In an online survey of 800 British Columbians, Research Co. found 67 per cent of respondents support the 0.2 per cent school tax increase on property valued over \$3 million, or 0.4 per cent for the value over \$4 million.

The NDP also introduced a “speculation” tax of 2 per cent of a home’s assessed value for vacant homes, which owners can avoid paying if they rent the property out. The poll found that 62 per cent of respondents thought that tax was a good idea.

Three quarters of British Columbians (76 per cent) say they support the B.C. government’s decision to expand the foreign buyers tax to regions outside of Metro Vancouver, while 80 per cent support increasing the tax from 15 to 20 per cent.

The B.C. Liberals oppose the increased tax on homes over \$3 million, but the opposition party has tabled a new anti-speculation proposal of its own, suggesting the province tax capital gains on pre-sale condo flips.

That idea also saw wide support among poll respondents, with 65 per cent saying they thought it was a good idea.

Tom Davidoff, an economics professor at the University of British Columbia, recently did his own, admittedly “unscientific” Twitter poll on the issue. Just over 400 people took part in the survey, which asked respondents whether they owned an over-\$3 million house, and supported or opposed the new tax.

Four hundred and eight people took Davidoff’s Twitter poll; 17 per cent owned homes over \$3 million, while 83 per cent said they did not own a home worth over \$3 million. Of the respondents who said they owned an over-\$3 million home, 65 per cent said they supported the tax, while 35 per cent were opposed. Of the respondents who didn’t own a home over \$3 million, 78 per cent supported the tax, while 21 per cent were opposed.

Davidoff, who suggested a form of the 2 per cent speculation tax the NDP ended up adopting, [has become a lightning rod for opponents of the school tax](#): his name has appeared on protest signs and people affected by the tax started a letter-writing campaign to his employer, the University of British Columbia.

Some of those letter-writers came to vote at the Non-Partisan Association’s June 3 mayoral nomination meeting: Nancy and Paul Little said they had lived in the same house since 1963 and weren’t yet affected by the tax increase, but feared they would be in the future. While homeowners over age 55 can defer their taxes until the final sale of the house, many have said they would view deferring as going into debt.

“We’re not going to have that tax, said Nancy Little. “We’re going to make sure that doesn’t happen.”

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Paul Sullivan, a principal of appraisal firm Burgess Cawley Sullivan, said he was alarmed at the NDP's many new taxes on real estate. He said he was voting for a mayoral candidate who would provide some opposition to the provincial government.

"It's too many promises, too much spending, too much taxation," Sullivan said. "It's been proven time and again they're going to kill the economy."

Ken Sim, [the candidate who won Sunday's vote](#), said he was "saddened and kind of disgusted when I hear people can't afford to rent in this city.

"But it's also disgusting when people are being forced out of their homes, having lived in their homes for 20, or 30 or 40 or 50 years because they can't afford the property taxes."

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