IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – April 2022

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CANADA OPEN TO MORE MEASURES TO CURB HOUSING SPECULATION, MINISTER SAYS

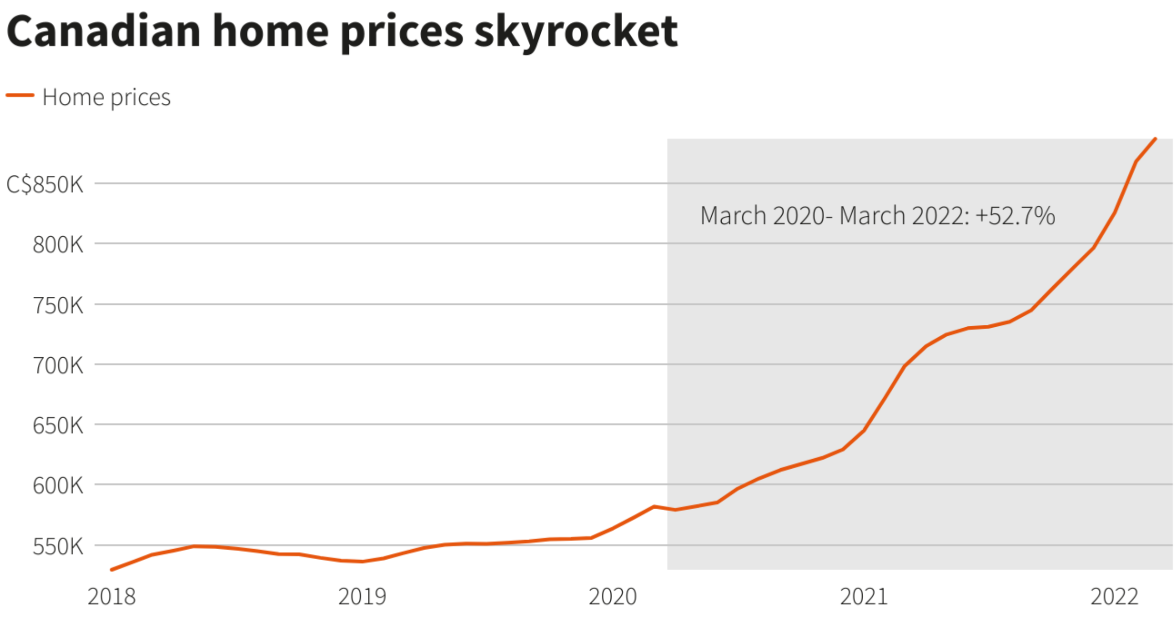
Canada's ruling Liberals are eyeing more measures to curb housing speculation after introducing a foreign buyer ban and heftier taxes on property flippers in their budget earlier this month, the housing minister said on Thursday.

Minister Ahmed Hussen, asked about imposing further measures to slow investor activity such as requiring larger down-payments for second, third or subsequent homes, did not rule out the option.

"We are curbing speculation by doing a number of things ... but also we haven't closed the door to further measures," Hussen told Reuters in an interview. He noted that Canada's tax and real estate systems are complex, which complicates the process.

"We have to study further and really examine closely what further measures we can take to deal with issues around speculation," he said.

Housing prices have surged more than 50% in the last two years, driven by low interest rates, a desire for more space and speculative activity. The Bank of Canada found investors now buy one in every five homes.



Note: Composite benchmark price, housing price index
Source: Canadian Real Estate Association

Hot housing helped drive Canada's inflation rate to a 31-year high in March. Price and sales growth are expected to stay elevated this year, but moderate by late 2023 or early 2024, Canada's national housing agency said Thursday. read more

To curb speculation, the government is putting in place a temporary ban on foreign buyers and a new measure to more fully tax properties resold within a year of purchase. read more

Under the current tax system, a home buyer who leaves property empty only to sell it a few months later is taxed the same as the one who owns a property and rents it out for decades, before selling.

"Right now our tax system treats two scenarios the same, and we have to change that," said Hussen.

The minister was confident that the ban on foreign buyers, which will be in effect for at least two years, will "certainly create more homes for Canadians."

Foreign owners hold a relatively small share of Canadian homes, but have an outsized role in certain markets - like freshly built urban condos - helping drive price escalation, experts say. read more

But critics say more should also be done to curb domestic speculation, including requiring larger down-payments for investment properties.

Canadians can buy a principal residence with just 5% down, provided they qualify for mortgage insurance. For second and subsequent properties, a 20% down payment is required, though buyers can tap their home-equity lines of credit to pay it.

Canada's financial regulator on Thursday highlighted a housing market downturn as one of the risks facing the country's financial system.

HIGGINS CALLS FOR CONTINUED DISCUSSIONS ON CANADA'S PROPOSED PROPERTY TAX ON AMERICANS

Higgins also releases statement on Canada's testing policy change

During a U.S. House of Representatives Ways and Means Committee hearing, Congressman Brian Higgins, D-NY-26, asked U.S. Trade Representative Ambassador Katherine Tai to continue discussions related to Canada's proposed 1% tax on United States citizens owning property in Canada.

Higgins said, in part, "Canadian government proposed a 1% tax on property owners that are not Canadian citizens. … I would just ask respectfully that you bring these issues up with your counterpart in Canada. The United States and Canada are friends, we're trading partners. Both countries took a major hit over the past 24 months, and we don't need to be imposing additional restrictions on the purchase and enjoyment of properties on both sides of the border."

This is the latest of several efforts made by Higgins to encourage Canada to hold U.S. property owners harmless. Higgins, who serves as co-chair of the Canada-U.S. Interparliamentary Group, objected to the tax in letters to President Joe Biden and Canada's ambassador to the U.S. He raised his concerns with Prime Minister Justin Trudeau directly during the visit to Capitol Hill, spoke about it on the House floor, and suggested the measure could prompt a reciprocal tax on Canadians owning property in the U.S. – while hoping it doesn't reach that point.

• Higgins also released the following statement on Canada ending its border-crossing testing requirement for those who are fully vaccinated: "For the people of Western New York and Southern Ontario, crossing the border has long been as comfortable as crossing the street. That changed two years ago, cutting off families, friends and the free economic exchange that benefits our binational economies. We still take calls every day in our office about the border. People are confused and frustrated by the disjointed rules that remain. Removing the testing requirement is a good move, but we need to get back to where we were prior to the pandemic."

ALBERTA

Calgary property tax data provides window into foreign homeownership

Calgary mailed tax assessments to 1,185 addresses outside Canada, representing 0.2 per cent of Calgary's residential properties.

Data from the City of Calgary suggests foreign homeownership makes up only a tiny percentage of the overall housing stock, although exact numbers are difficult to pin down.

With a red-hot housing market and the announcement of a federal ban on foreign home buyers, Postmedia set out to find data on non-resident and foreign residential property ownership within Calgary.

The City of Calgary does not keep tabs on where property owners live or what their nationality is.

However, city officials were able to provide data about where residential property tax assessments are being mailed, in cases where they are going to an address outside the city. The information provided shows the country, U.S. state or Canadian province where the bill is being mailed.

The numbers, which are accurate up to Jan. 5 of this year, are not a perfect representation of property owners who live outside the city. For instance, a Calgary homeowner who spends the majority of the year living here could choose to have their assessment sent to their winter home in Texas. Assessments could also be going to Calgary residents who are temporarily working in another country.

This data would also not show property owners living outside the city, but choosing to have their property tax documents sent to a local property management firm.

Of 531,956 residential properties, the City of Calgary sent tax assessments to 19,756 addresses outside Calgary city limits. That amounts to 3.7 per cent of all residential properties, including homes, duplexes, townhomes, condos and vacant land zoned for residential builds.

Roughly 8,500 were sent to Alberta addresses, with 10,052 assessments going to Canadian addresses in the other 12 provinces and territories.

Of the provinces, B.C. received the highest number of assessments for 5,370 properties. Ontario was next with 2,322.

Calgary mailed assessments to 1,185 addresses outside Canada, representing 0.2 per cent of Calgary’s residential properties. The U.S. made up a slight majority of these, with 656 assessments going to American addresses. The most common states appearing on the list were California (255), Texas (148), and Washington (41).

That leaves only 529 assessments going to non-U.S. international addresses, including 114 listed simply as “other.” The most common countries included Australia (94), Hong Kong (80), the U.K. (67), and Saudi Arabia (59). There were no assessments mailed to Russia, according to the data.

Realtors in Calgary have told Postmedia they are getting more interested homebuyers from Ontario and B.C., with some looking to move here and others simply hoping to rent out the properties they buy.

Jamie Palmer, president of Calgary-based property management firm Power Properties, said his business has been fielding calls from prospective property investors in Ontario but they aren’t necessarily turning into purchases.

He said since the middle of February, about half of his calls have been from out-of-province customers, especially from Ontario.

“It’s interesting,” said Palmer. “They love Calgary prices (…) but they kind of expect Toronto rents. When we bring them back to reality and say, “No, that will rent for $2,000 a month” or whatever it may be, all of a sudden the equation looks a lot less appealing.”

He said there has been an increase in the number of people who have bought property — generally new construction — that they’re typically looking to have managed. That’s a change from what he’s used to seeing.

“About half our clients are non-resident, but they are typically Calgarians who have taken a job in Dubai or Abu Dhabi — someplace like that — and they’re hiring us to rent out their house,” said Palmer.

As for the two-year ban on foreign homebuyers, Palmer doesn’t believe it will do much to affect Calgary’s market.

“I can’t see it having any significant impact whatsoever,” he said. “There’s such a small percentage of buyers in our experience in Calgary. Unless you’re paying cash, it’s fairly difficult for a non-resident in Canada to get a mortgage in Canada for a rental property.”

Calgary city council to explore how to use extra revenue from fees on utility bills

Calgary city councillors are trying to determine what to do with an extra $47 million in revenue from fees on power and gas bills in 2021.

According to city officials, the unexpected revenue jump was due to a spike in utility rates last year.

The fee is applied as a percentage on electricity and gas bills from Enmax and Atco, and it's based on the regulated or floating rate.

In 2021, the fee brought in $241 million to the city, an increase from $194 million in 2020.

The figures were included in annual financial statements presented to Calgary city council at a special meeting on Monday.

According to city officials, $39.7 million of the extra revenue is a surplus and some city councillors want to see the money used for financial relief for Calgarians struggling to pay their utility bills.

"We know it's been a very difficult time for everybody, and we're working actively to make sure that Enmax understands the dire situation that many people are in," Calgary Mayor Jyoti Gondek said.

Utility rates began to rise late last year and many Calgarians, like Leola Handel, saw major spikes to their monthly bills.

According to Handel, her power bill tripled between December 2021 and February 2022.

"We're all trying to stay within a budget, and when your budget has gone up triple in just the utility department, something has to change," Handel said.

The Trellis Society, which provides support for families in financial instability or at risk of homelessness, said demand for services has grown with costs continuing to rise and that Calgarians are struggling to pay their utility bills.

"We've definitely seen an increase in calls," Trellis Society program director Jocelyn Adamo said. "We were contracted to serve 85 families a year and there were months where we were getting 130, 140 calls a month from families that were experiencing rental, utility arrears or were at risk of homelessness."

According to Adamo, many families trying to access support through the Trellis Society are doing so for the first time and haven't had to rely on those services in the past.

Ward 11 Coun. Kourtney Penner said she'd like council to discuss how to support Calgarians through the recent rise in utility rates.

"I think we're really keen on providing some great choices for Calgarians in terms of programs that they may be able to access," Penner said. "There is work that we need to do in order to provide some relief and some compassion and care to those who are struggling."

But how city council can use the money is still up for discussion.

According to city officials, the surplus of $39.7 million has been placed in a reserve to be used to fund future capital projects, and city council doesn't have decision making power over that money just yet.

Ward 10 Coun. Andre Chabot said he feels the surplus money from the utility fee should be used for capital projects.

"The fact that we're benefitting from it is actually good for Calgarians because it means we can then build stuff for them," Chabot said. "The idea of reducing the rates… it's not going to benefit anyone; the best option for people is go to a fixed (rate) contract."

A decision on how the money will be used is expected in November, when city council will deliberate over the next four year budget cycle.

Council finalizes 3.61 per cent property tax hike for 2022

Residential tax changes mean a $172 tax increase for a median-priced single-detached home of $485,000 in Calgary — about $14 per month

Calgary city council voted Wednesday to approve a 3.61 per cent increase to property tax rates for 2022.

Residential tax changes mean a $172 increase — or about $14 per month — for a median-priced single-detached home valued at $485,000.

Calgarians whose property value increased by more than six per cent this year can expect to see their property taxes rise, while those whose property value increased by less than that amount can expect to pay less.

Coun. Sonya Sharp said she doesn't expect the tax hike to go over well with Calgarians. She voted against the increase, alongside council colleagues Sean Chu and Dan McLean.

"City of Calgary citizens expected a zero per cent increase. We increased it nearly four per cent in November in our budget through add-ons from council, so it had nothing to do with inflation," Sharp said. The Ward 1 councillor served as deputy mayor Wednesday with Mayor Jyoti Gondek in Vancouver attending a climate conference.

"(Then) fast-forward to what's happening today, with what the province added on . . . which is outside of our control. I don't feel that citizens are going to be happy with this at all.

"They couldn't afford it, I would say, a year ago. They definitely can't afford it right now."

The finalized numbers come after council approved a 3.87 per cent tax increase in November. That number was adjusted after factoring in the provincial government's education property tax requisition, which rose by 1.7 per cent for Calgary in Alberta's Budget 2022.

The fall decision to increase property taxes was done to boost spending in several areas, including downtown revitalization, climate action and the fire department.

The average condo and highrise owner will see property taxes decrease by 3.37 per cent and 4.23 per cent, respectively.

On the non-residential side, retail businesses in neighbourhood shopping centres will pay 6.04 per cent more in taxes, and a typical industrial warehouse will pay 4.18 per cent more.

Hotels will save with a nearly 13 per cent tax decrease across the sector; the industry has sought tax relief while recovering from the effects of the COVID-19 pandemic.

Elsewhere Wednesday, council unanimously approved a motion to bring back a tax deferral program to give further relief to city hotel and motel owners, allowing those who have not paid their 2022 property taxes to defer some payments until the end of 2023 without penalty. It's similar to a program approved by council the previous year.

The motion also includes a $300,000 grant to Tourism Calgary to support a tourism campaign for the city's hospitality industry, and directs Gondek to write a letter to the province requesting additional financial support for the sector.

Calgary residents will receive their property tax bills in the mail later this spring. Taxes are due by the end of June for all landowners who aren't on a monthly payment plan.

Coun. Peter Demong called on the city to adjust its messaging to residents on property taxes. The 12-year council veteran said he receives calls every year from constituents confused and upset about how their taxes break down.

"This is kind of complicated because people will start getting confused with the assessment value increase versus the property tax increase, which is why they've always done it separately before," Demong said.

“I believe we could put it on the same notice, separate it completely and let people know, ‘your property tax is going up this much because of what city council has done, and it’s going up or it’s going down this much because of what happened in your assessment value.”

The volatility of Calgary’s housing market in recent years and large swings in property assessments contribute to the confusion, Demong said.

“It does get very complicated very quickly.”

BRITISH COLUMBIA

City of Vancouver ends trend of shifting property taxes from businesses to residents

A longstanding trend of shifting more of the share of the City of Vancouver’s property tax from businesses to residents will come to a technical halt in 2022.

Vancouver City Council approved the measure on Tuesday evening, which will now decrease the residential share slightly to 57% and increase the non-residential share nominally to 43%.

According to the city, the 0.1% shift from residential to non-residential between 2021 and 2022 is the result of “new construction, class transfers, and other non-market changes.”

This is an outlier shift from the ratios of:

2021: 57.1% for residential and 42.9% for non-residential
2020: 56.8% for residential and 43.2% for non-residential
2019: 54.9% for residential and 45.1% for non-residential
2018: 54.7% for residential and 45.3% for non-residential
2017: 54.2% for residential and 45.8% for non-residential
2016: 53.8% for residential and 46.2% for non-residential

Between 1994 and 2011, the business tax share was lowered from 60% to 48%, while the residential tax share over the same period was increased from 40% to 52%.

The previous trend of shifting more of the property tax burden from residential to non-residential has been a decades-long process to address Vancouver’s once hostile property tax environment for businesses.

“It is important to note that the business tax rate ratio is impacted by market forces that are beyond Council’s control. Assuming no Council-directed tax shift, if the value of residential property appreciates faster than commercial property, the tax rate ratio will naturally increase even though the business tax share remains the same,” states a City staff report.

“Conversely, if the value of commercial property appreciates faster than residential property, the tax rate ratio will naturally decrease. As such, relying on just the tax rate ratio to gauge tax equity among property classes without considering other complementary metrics could be misleading.”

The City states that as a result of the reductions over the past decade, Vancouver’s business tax rate is now the lowest amongst comparable Metro Vancouver municipalities, and the increase in business taxes per capita is in line with comparable jurisdictions.

But the years-long reset towards a more balanced property tax share regime for businesses is increasingly being neutralized by factors such as skyrocketing property values. Even before the pandemic, a spate of Vancouver’s small business closures — retail and restaurants — were associated with soaring property values pushing up property taxes, which are passed from landlords to commercial tenants, specifically triple-net leases. Property taxes escalated in areas that saw new community plans or major rezonings, which add a non-existent tax burden on businesses based on the developable air space above their buildings.

Businesses have, of course, also faced immense pandemic-time hardships, especially within Vancouver, where public safety and street disorder issues have added to the challenges.

In addition to approving 2022’s property tax ratio on Tuesday day evening, Vancouver City Council also directed the mayor to request the provincial government to pursue a split-tax assessment to reduce the pace of property taxes for businesses, and explore an Empty Stores Tax to reduce storefront vacancies.

Late last year, City Council approved a 6.35% property tax hike in 2022, in advance of much larger budgetary pressures for more significant increases in the years ahead. To cover growing costs, city staff previously warned a 10% property tax increase is possible in 2023, and an annual average of 7% for the five-year period between 2022 and 2026.

Vancouver hikes empty homes tax to 5% of assessed value

Vancouver is raising the tax that prods owners of empty homes to rent their vacant properties in order to help ease the city's low vacancy rate.

Councillors have unanimously backed a motion from Mayor Kennedy Stewart to hike the empty homes tax to five per cent of a property's assessed value, effective next year.

In a social media message posted after the motion was approved late Wednesday, Stewart says boosting the tax from three per cent is a "big blow to housing speculators."

The motion also doubles the number of annual compliance audits to 20,000 and Stewart says it includes measures to improve fairness, ensuring the tax is not assessed on homes that legitimately qualify for an exemption.

The tax was introduced in 2017 as a one-per cent levy designed to return empty and underutilized properties to the market as long-term rental homes in an effort to raise the city's vacancy rate of barely one per cent, the lowest in Canada.

The tax was raised to three per cent last year and Stewart has said the increase has brought in about $32 million for affordable housing and "returned" more than 4,000 homes to locals.

Further increases are possible and Stewart has described the tax as an important step in tackling Vancouver's housing affordability crisis.

Vancouver homeowners are required to submit a declaration each year to determine if their property is subject to the assessment, but the city's website says most homes are exempt because the tax does not apply to principal residences or homes rented for at least six months of the year.

Vancouver mayor proposes empty store tax as vacancy rates surge

Kennedy Stewart said the idea is to target speculators and developers who buy up commercial property and leave it vacant while waiting for land values to rise or redevelopment to happen

Vancouver Mayor Kennedy Stewart is calling for a vacancy tax that would penalize landlords who leave storefronts empty.

On Tuesday, council gave the green light for Stewart to pursue the idea of an empty stores tax with the provincial government. Similar to the empty homes tax implemented in 2018, the city needs the province to introduce legislation to change the Vancouver Charter before it can impose an empty stores tax.

Stewart said some neighbourhoods in the city are grappling with business vacancy rates of 20 per cent or more. Boarded up storefronts decrease the vibrancy and safety of a neighbourhood, he said.

The tax would go after speculators who buy commercial properties and let them sit vacant, banking on an increase in property values, then later flipping them. A tax, if done right, would stop speculation, boost supply of commercial spaces, and possibly even drop rental rates, he said.

“We’ve got to end this kind of speculation. If we do this right, it would mean lower rents for small businesses.”

Stewart said the vast majority of commercial property owners are good owners who are actively seeking to fill the property. They're not the target of the tax, he said.

"The good ones don't have to worry. They have to tick a few boxes every year … say 'here's my lease, here are my ads, I've been trying to fill this space.'"

A 2020 report by city staff found that the proportion of vacant storefronts in four out of six Vancouver neighbourhoods has grown past 10 per cent.

Across six neighbourhoods, the number of owner-occupied businesses decreased by 16 per cent from 2012 to 2019, while the number of storefronts owned by numbered corporations increased by 41 per cent and the number owned by developers increased by 71 per cent.

Stewart cannot say what proportion of properties are being held by speculators, but said there's spaces across the city that remain bafflingly empty for years, even on busy commercial streets, and even with a high demand for office, retail and artist spaces.

He acknowledged some of the empty storefronts could be caused by a pandemic-induced downturn. It could also be explained by high rents businesses can't afford, but noted that the tax might nudge commercial landlords into lowering their rents to get the space filled.

"Not only does this open the possibility of more supply, but it also has the added benefit of lowered rents," he said.

San Francisco and New York have recently enacted similar measures. San Francisco's tax, which took effect at the start of the year, charges landlords a rate starting at $250 a linear foot of storefront for spaces that are empty more than 182 days in a year.

But many Vancouver businesspeople are skeptical of the effectiveness of a tax in addressing high vacancy rates.

Lorraine Lowe, executive director of the Sun Yat-sen Classical Garden in Chinatown, said the tax would be the last straw for the beleaguered neighbourhood struggling with high vacancy rates, frequent graffiti and vandalism, and the downturn in foot traffic due to lack of tourism during the pandemic.

"This is just a slap in the face," said Lowe. "This is going to kill us. We are already hanging by a thread."

Lowe is concerned a tax would force desperate building owners to rent spaces to businesses that could dilute the cultural heritage of the area, contrary to the community's plan to seek out a UNESCO heritage designation.

Instead of taxes, the city should work to improve public safety in Chinatown, she said.

Jordan Eng, president of the Chinatown Business Improvement Association, said he doesn't think speculation is an issue in Chinatown.

He notes that the Chinatown Parkade Plaza, which is struggling with a 73 per cent vacancy rate and has spaces that have been vacant for more than a decade, is owned by the city.

Eng said Chinatown, Gastown, Strathcona and the Downtown Eastside would be the most affected by an empty stores tax as the neighbourhoods are the centre of the opioid crisis and property owners are already struggling to find tenants to operate viable businesses in a challenging environment.

"The city should be encouraging new businesses and providing carrots rather than raising the hammer," he said.

Nolan Marshall III, president and CEO of the Downtown Vancouver Business Improvement Association, said he's disappointed by the lack of consultation on the proposed tax. He also disagrees this is the way to help businesses recover. "It's very difficult to imagine a scenario where you're going to successfully tax yourself to economic recovery."

The city should instead eliminate red tape, cut lengthy waiting times for permits to open businesses and improve public safety, said Marshall.

Councillors Rebecca Bligh, Lisa Dominato and Sarah Kirby-Yung voted against the amendment Tuesday. The trio recently joined A Better City Party led by mayoral candidate Ken Sim.

On Wednesday, Bligh said there has been no push from businesses or BIAs for an empty stores tax.

"Other than a small handful of bad apples sitting on empty commercial spaces… the majority of empty store fronts are not that by design," said Bligh, citing COVID-19, permitting issues, and skyrocketing rent as more relevant factors.

The tax would penalize property owners over a complex issue that needs a more robust plan, she said. "Slapping a tax isn't going to help, and is only going to harm the situation."

City of Victoria approves voluntary property tax benefiting First Nations

Starting in 2022, property owners in the City of Victoria will be given the option to pay an additional property tax that goes towards the municipality's two local First Nations.

Moving forward, the annual property tax mail-out package will include information on how residential and business property tax owners can make a voluntary tax contribution, such as an amount equal to 5% or 10% of their property taxes.

For example, based on a 10% rate, the voluntary contribution from the property owner of an average assessed single-family house in Victoria — valued at $1.07 million, according to BC Assessment — would be about $550 annually to the First Nations. The revenue collected by the city would completely go towards the Songhees First Nation, and the Esquimalt First Nations.

In a 6-1 vote in late March, Victoria City Council supported the voluntary First Nations tax proposed by Mayor Lisa Helps. The lone vote of opposition came from councillor Stephen Andrew, who was elected in the by-election of late 2020.

"The two nations on whose land the city sits, they are not a charity or cause. They are sovereign nations. And through the process of decolonization, they have been removed from the heart of the territory, and those of us who now live in the heart of the territory benefit from the wealth of their lands," said Helps during the meeting.

"This proposal is really to recognize the principle of reciprocity and responsibility to the Indigenous nations."

Comments and concerns made by councillor Charlayne Thornton-Joe led to a greater emphasis in ensuring this is made clear to be a voluntary contribution. She says this comes at a time when businesses and residents are voicing they are emerging out of a difficult period.

"We don't want to pressure people, we want it to come from people's hearts, which is why it is entirely voluntarily, and why it is tied to property taxes, because we generate from lands that aren't ours," said Helps, who also acknowledged growing inflation and cost of living issues.

But the policy was sharply rebuked by Andrew, who asserted the process for the proposal lacked transparency, and that this is beyond the jurisdiction of a municipal government.

"This is not our jurisdiction, this is not our place, and for these reasons I don't believe we should be doing it. I support reconciliation efforts, however, this motion is yet another foray by this council in what is plainly federal and provincial jurisdiction," said Andrew, before quipping that "to me, this is straight virtue signalling."

"If council wants to weigh in on issues of federal and provincial jurisdiction, and that is their interest, my suggestion is they work in those areas, and they get elected in those areas. My interest is keeping the City of Victoria within its jurisdictional boundaries, and that's providing good governance to our citizens, and engage in meaningful reconciliation. For these reasons, I can't support this motion."

In February 2022, city council also approved an annual $200,000 reconciliation grant to the First Nations. The grant was approved in a 6-2 vote, with Andrew and councillor Geoff Young opposed.

Vancouver mayor proposes hiking Empty Homes Tax to 5% of property value

In a bid to further reduce housing speculation and push more homeowners to rent out their under-utilized homes, Mayor Kennedy Stewart is proposing a significant hike of the City of Vancouver's Empty Homes Tax (EHT) to 5%.

This is up from the 2021 rate of 3%, which was also an increased rate first proposed by Stewart. When the EHT was first introduced by the previous Vancouver City Council in 2017, the rate was 1%.

At a rate of 5%, based on BC Assessment's latest average assessed values for homes within Vancouver's jurisdiction, there would be a $100,000 EHT tax on a vacant single-family house worth an average of $2 million, and a $38,000 EHT tax on a vacant strata condominium or townhouse worth an average of $760,000. And this does not include potential additional penalties from the provincial government's separate Speculation and Vacancy Tax.

In his announcement today, Stewart said the hiked rate would also generate more revenue for the city towards funding affordable housing projects, which is what EHT revenues have been dedicated to since the inception of the tax. As of the end of 2021, city staff reported the EHT generated an estimated $106 million in revenue over its history.

Stewart suggested the previous major hike — from 1.25% in 2020 to 3% in 2022 — resulted in a further decline in the number of vacant properties and a doubling of EHT revenue on declared properties, rising from the interim revenue total of $15 million in 2020 to an estimated $32 million in 2021, based on the preliminary figures by city staff he released earlier this week.

Without rate increases, EHT revenues would be on a downward trend due to growing compliance with each passing tax year, but some of the revenue decreases would also have been offset by the growth in assessed property values.

In addition to hiking the tax rate, Stewart is also proposing to direct city staff to increase audits and inspections. Stewart says city staff performed 892 compliance audits in 2019 and 722 in 2020, with 5.5% found to be in non-compliance in 2019.

"We still have hundreds of homes declared vacant, and thousands more empty homes claiming exemptions," said Stewart.

"By further strengthening the tax rate to 5% and doubling the number of audits, we will make it tougher for speculators and make sure housing in Vancouver works for all of us – not just the few. I expect unanimous support from council on this important step, as we must use every tool we have in our municipal toolkit to tackle our housing affordability crisis."

Stewart will introduce a member motion proposing the EHT changes at the end of this month.

It should be noted that city staff opposed the previous EHT rate increases. They warned that an increase in the tax rate beyond 1% might have unintended consequences on both the administration and the effectiveness of EHT and on future revenue. City staff previously stated they wanted more analysis on how a higher EHT would find its place with the provincial government's separate speculation and vacancy tax and other interventionist policies on demand.

Earlier this month, the federal government also banned foreign buyers from Canada's housing market for two years, with some exceptions for certain groups who are able to prove they will use the properties like homes, not investments. This includes students, foreign workers, permanent residents, and foreigners buying their primary residence in Canada. It was previously assumed a segment of the vacancies were due to foreign buyers, but foreign buying during the pandemic has decreased to under 1% of total sales. Much of the market activity is driven by domestic buyers, fuelled by reasons that include low interest rates.

Property tax increase for Vancouverites in 2022 drops from 6.35 to 5.7 per cent

News announced during council debate to reinstate $5.7 million to Vancouver police budget

Vancouver council heard from city staff Tuesday that a property tax increase of 6.35 per cent approved in December to balance the 2022 operating budget will now be reduced to 5.7 per cent this year.

The reduction was made possible because the city has collected $6 million in unanticipated additional revenue via new construction since council's vote in December, according to Patrice Impey, the city's chief financial officer.

"Which is a much larger number than we would normally have at this time," said Impey, noting final approval on the tax rate will go before council in May.

Impey shared the news with council during debate related to the Vancouver Police Department and a recent provincial government-ordered ruling to reinstate $5.7 million to the department's budget.

At issue was how council would cover the cost.

'Extraordinary removal of democracy'

A majority of council agreed to reinstate the funds via reserves but was not happy about it, with Mayor Kennedy Stewart calling the legal requirement under the Police Act "an extraordinary removal of democracy."

Stewart was referring to the decision made in March by Wayne Rideout, B.C.'s director of police services, who ruled that $5.7 million requested as part of the VPD's operating budget for 2021 shouldn't have been rejected by council.

"There is really no discretion by councils to disagree or adjust even in the most dire circumstances — like in the middle of a pandemic, where we've laid off hundreds and hundreds of employees and cut all other departments," said the mayor, referring to the December 2020 decision by council to freeze the VPD's operating budget because of pandemic-triggered losses to the city.

The Vancouver Police Board later appealed council's decision, which resulted in Rideout's review and ruling that rendered council's December 2020 vote irrelevant. Stewart was among the original cast of council members who opposed the $5.7 million.

He and five other councillors voted Tuesday to disagree in principle with the retroactive increase to the police department. At the same time, Stewart and a majority of councillors abided by the legal requirement to reinstate the $5.7 million.

'A strong message'

In doing so, council approved a series of amendments that called on the provincial government to clarify whether municipalities have a role in overseeing police budgets paid for by taxpayers.

Council also agreed to have wording added to the inserts a taxpayer receives with their tax notice to explain reasons for the 5.7 per cent increase, a large portion of it related to policing costs.

Coun. Jean Swanson tried unsuccessfully to have council outright reject Rideout's decision and direct staff to investigate options for not paying the $5.7 million, including a judicial review. Christine Boyle was the only councillor to support Swanson's amendment.

“We can send a strong message to the provincial government that we don't like them making all the policing decisions about our city,” said Swanson, who noted during the meeting the number of successful motions in the last term directed at community-led safety services.

“And we need proper funding for that, especially when they are downloading all these costs around mental health and homelessness.”

'Sound decision'

Coun. Pete Fry referred back to council’s December 2020 decision not to add the $5.7 million to the VPD’s 2021 operating budget in his remarks during the debate. Fry said the reason not to fully fund the police budget was not connected to the “defund police” movement.

“We were making cuts across the board to all of our departments in order to stave off some pretty significant financial impacts of the pandemic on our city,” he said.

“So that decision was a sound decision. It was not inspired by the sort of ‘defund’ notion… I think it was a reflection of the reality of the time.”

At the same time, Fry added, Rideout’s ruling in favour of the VPD showed “we are literally just here to sign the cheques, and that is problematic.”

Coun. Lisa Dominato attempted to get council’s support in December 2020 for a fully funded police operating budget that included the $5.7 million.

Dominato noted Tuesday that council was warned by staff in the most recent budget discussion that an appeal ruling was coming and could affect this year’s finances.

“When we had this discussion at the time in December [2021], we did not have a plan and the result was the VPD was not able to hire an additional 61 recruits,” said Dominato, who has frequently sided with councillors Melissa De Genova, Sarah Kirby-Yung, Rebecca Bligh and Colleen Hardwick to support police.

In December 2021, council approved the VPD’s budget request and was obligated to add $15.7 million in arbitrated wage increases for officers, bringing the total gross dollar amount to $366.9 million, before expenditures.

That amount didn’t include the $5.7 million reinstated Tuesday, which was covered by reserves.

Because the sum will be fixed in future budgets, it will have to be covered by property taxes in the 2023 budget.

Should Vancouver adopt a 'mansion tax?' Here's what one councillor proposes

A Vancouver councillor is pushing for the city to adopt what she's calling a "mansion tax."

Jean Swanson has a motion coming up before council that will call on the province to change the city charter. If her motion is approved on the municipal level and then in Victoria, it would give the City of Vancouver the ability to levy a progressive tax.

Under the current system, the city can only charge one rate for property taxes, meaning whether you own a studio condo or a $70-million mansion, you're paying the same rate in property taxes, she said.

Obviously the dollar amount is different, but Swanson proposed a change to the percentage as well.

She said her theory is similar to that in place with income taxes, where different brackets pay different rates each year.

Exactly what it would look like is yet to be determined, she said, but gave an example in an interview with CTV News Monday.

"We figured, if you tax people with houses worth over $5 million one per cent extra, and over $10 million two per cent extra, we could get about $225 million extra a year," Swanson said in a video call.

"The vast, vast majority of homeowners wouldn't be affected at all."

Swanson said the mansion tax would be a way to fight homelessness, and to fund more modular housing for the city's most vulnerable residents.

Additionally, she said, the money could be used for other things "that the city desperately needs, like… dealing with climate change, dealing with Indigenous land rights, things like that."

She claimed the money raised by such a tax would be enough to end homelessness in three or four years.

The motion – which will likely face criticism from homeowners and potentially those in the real estate and investment industries, among others – goes before council next week.

"I'm thinking it has a chance of passing," she said.

"The problem would be getting the province to do it, but the first step in getting anything done is to ask for what you really need, and what cities need is the ability to tax progressively."

MANITOBA

How Manitoba is changing residential & farm property tax

The province will raise the rebate, on the education tax on residential and farm property, to 37.5% this year and 50% next year

Manitoba's Progressive Conservative government is planning to move more slowly on a promised tax cut, reduce a handful of other levies and inject some money into a health-care system battered by Covid-19.

Tuesday's budget was the first under Premier Heather Stefanson, who took over after Brian Pallister retired last fall.

The fiscal plan still includes the intention to phase out the province's education tax on residential and farm property via rebates, but at a slower pace than Pallister had promised in last year's budget.

"We chose not to accelerate it at the pace that it was before, and we did that for a reason, because we're still in very difficult times," Stefanson said.

Pallister aimed to increase the rebate this year to 50% per cent from 25%. Tuesday's 2022 budget looks to raise the rebate to 37.5% and to delay the 50% target until next year. The increase would still save the average homeowner $196, the government said.

A similar tax credit for renters is to be expanded to more recipients, including people in social housing who were previously ineligible.

The government is also planning to cut annual registration fees for most non-commercial vehicles by another $10, following two similar cuts in recent years.

Some companies are to get a break as the province increases the threshold at which employers pay a tax on their payroll to $2 million from $1.75 million in total remuneration.

Finance Minister Cameron Friesen said the government can cut taxes at a time when health care is stressed and deficits are ongoing.

"We simply think it's not correct to make Manitobans wait. We think that they need relief now. They need affordability now," he said, pointing to rising inflation.

In health care, the province is promising $9 million to expand intensive care unit capacity. Manitoba's shortage of ICU beds was so severe during the worst of the Covid-19 pandemic that at one point dozens of patients were sent to other provinces in an attempt to free up beds.

The government is also promising $110 million to reduce a backlog of surgeries and diagnostic tests that were postponed during the pandemic, although it has not set a target date for eliminating the backlog.

There is also more than $600 million set aside for contingencies that could range from an influx into the province of people fleeing Ukraine to more waves of the pandemic.

With expected economic growth and a rise in federal transfer payments, the government is forecasting a deficit of $548 million, down from $1.4 billion in the last fiscal year. With the exception of a small surplus in 2020, Manitoba has not achieved a balanced budget since 2008 and is not expecting to see another until 2028.

A political analyst said the government, which has sunk in opinion polls since the pandemic's second wave, appears to be trying to regain public favour with a middle-of-the-road approach before the election slated for October of next year.

"I think they've had enough excitement and enough explosions and backlashes from various segments of Manitoba society," said Paul Thomas, professor emeritus of political studies at the University of Manitoba.

The Opposition New Democrats said the tax cuts are coming at the expense of proper funding for front-line services.

"Instead of setting herself apart from Brian Pallister, (Stefanson) repeated his mistakes by underfunding health care and schools," NDP Leader Wab Kinew said.

The Manitoba Nurses Union said that while the budget mentions increased training for future nurses, it offers little hope to those facing overwhelming workloads during the pandemic.

"What I'm hearing from nurses is they need relief right now … and we're not seeing that," union president Darlene Jackson said.

NEW BRUNSWICK

Property taxes on homeowners in N.B. cities surge after year of record real estate sales

Robert Caverly moved from McAdam to Moncton last fall and was burned in the city's sizzling housing market.

He ended up paying $235,000 for a house on Fifth Street assessed to be worth barely half of that amount. That was painful enough, but when Caverly's property tax bill arrived this month he was stunned by the $3,186 charge, an $1,100 increase over what the house was billed last year.

"I pay more. I understand that. But there's been absolutely no renovations done on the house," said Caverly. "There's no difference in the house.

"We're basically paying an extra hundred bucks a month just for taxes."

Caverly's experience is extreme, but property taxes are up for tens of thousands of homeowners this year, and assessment increases driven by rising property values have been doing all the lifting.

The biggest tax jumps on average have been in Fredericton, where records compiled by the website propertize.ca for CBC News show the median tax bill on owner-occupied single-family houses in the city this year have risen $213, to $3,206.

Last November, Fredericton council voted to reduce the municipality's tax rate 1.6 per cent, but assessment increases on homes throughout the city averaged eight per cent and higher. That meant higher bills for homeowners this spring, despite the tax rate reduction.

In November, Ward 12 councillor and finance committee chair Henri Mallet told CBC News that local political leaders were torn on how high the tax-rate cut should be, given how much property assessments were escalating.

"Some people wanted a bit more, some might have wanted a bit less, so we could reinvest in our community, so it was kind of a happy medium for council," Mallet said about the 1.6 per cent reduction.

Fredericton has the lowest tax rate among New Brunswick's three largest cities, but homeowners pay the highest property tax bills because Fredericton has the highest property assessments.

It is the exact opposite in Saint John.

It has the highest tax rate among the three cities but this year, the median property tax bill on owner-occupied single family houses in Saint John is the lowest of the group, at $2,815, according to the propertize.ca data.

Property tax bills in Saint John also grew the least from last year, thanks to a 4.2 per cent tax-rate cut passed by the city.

Saint John Mayor Donna Reardon is frustrated people don't view Saint John as a low tax jurisdiction because of the city's still high tax rate. Low and slow-growing assessments in Saint John have kept individual tax bills down, but Reardon believes few people focus on that

"It's only the one narrative, and it's that you have a high tax rate," she said.

"The narrative that your assessment is lower isn't on the radar at all. You're never going to hear anyone talking about that."

Reardon has been critical of Service New Brunswick for several years, accusing it of undervaluing properties in Saint John. That, she said, has restricted efforts to lower the tax rate further.

"You're paying less taxes here, but it's sad," she said. "The only narrative that goes out, unfortunately, to the public is the rate. If the assessments were more equitable, then we could drop the rate."

Saint John experienced the same run on real estate in 2021 as other New Brunswick cities, but that did not appear to trigger assessment increases in the same way, even in neighbourhoods where properties were attracting record prices.

While most of what Robert Caverly paid for his house in Moncton was immediately reflected in an elevated assessment, in Saint John there were plenty of examples of that not happening.

On Rocky Terrace, the sale of a home and lot that sold for $550,000 in June, 53 per cent over its assessed value, triggered an assessment increase of just 4.5 per cent.

Caverly paid 90 per cent above his home's assessed value, and his assessment immediately jumped 65 per cent.

In Saint John's Anchorage Estates, a waterfront home that sold for $1 million in June, 53 percent above its assessed value, had its assessment increase 11.6 per cent to $731,300.

Multiple building lots in the same Anchorage neighbourhood that sold for $200,000 and above in 2021 — more than double their assessed values — received no increase at all in their 2022 assessments.

Reardon blames valuations like that for the city not being able to get its tax rate lower.

"If you're not being assessed fairly and equitably in relation to these other two big cities, then how do you compete?"

Assessments are up the most in Moncton this year, but a 6.2 per cent tax cut by the city, and provincial rules requiring large assessment increases to be implemented over multiple years, has kept most bills from escalating significantly.

For 2022, the median property tax bill on owner-occupied single-family houses in Moncton is $2,906, a $95 increase from last year and firmly in between the two other cities. The amount is $91 higher than the median property tax bill in Saint John but $300 less than in Fredericton.

Hundreds of Moncton homes had assessment increases above 20 per cent this year, but provincial "anti-spike protection" rules only allow 10 per cent assessment increases per year, unless a property has been renovated or, in Caverly's case, is newly purchased.

That will spread out tax increases in Moncton over multiple years for most homeowners, a provision Caverly believes should apply to him as well.

"They have rent increase limits of 3.8 per cent this year," Caverly said. "Surely with everything else going up as high as it goes, they can they can do something to help homeowners [like me]."

Industrial plants, commercial buildings big winners as N.B. property tax bills go out

Over 400,000 bills are being mailed starting today

More than 400,000 property tax bills for 2022 are being mailed out across New Brunswick beginning Friday and while many homeowners will see increases from last year in what they are charged, the province's largest commercial and industrial properties will mostly be getting reductions.

In some cases reductions are in excess of $100,000.

"One word: egregious," said Saint John city councillor Brent Harris, who has been calling for an acceleration of promised changes to provincial property tax rules that are contributing to the billing disparity.

"What I'd say to our residents is now is the time to pay attention."

On Saint John's Driftwood Lane, all 35 townhouses will be receiving tax increases of between $200 and $500 over last year when bills from the Department of Finance begin arriving this week and next.

That's because Saint John's heated housing market caused assessment increases of 16 per cent and above on the townhouses. That was substantially more than a tax rate reduction of 4.2 per cent the city adopted in its municipal budget.

Business properties in the city also received that 4.2 per cent tax rate cut even though they did not have similar increases in their assessments.

Then last week the province announced its own tax rate cut on business properties, doubling their discounts.

In Saint John the municipal and provincial property tax cuts plus a minimal assessment increase at NB Power's Coleson Cove generating station will combine to lower its tax bill this year by $163,000.

Also paying less will be Irving Oil Ltd.'s refinery ($154,000) and its King Square headquarters building ($126,000).

JD Irving Ltd will pay fewer property taxes on its east side paper mill ($51,000) and wallboard plant ($15,000) while industrial infrastructure in the city will also be charged less, including the natural gas pipeline that serves the LNG terminal ($57,000).

And it is not just in Saint John.

In Moncton, property taxes are going down on major retailers like Costco on Granite Drive ($26,000) and on office buildings like the privately owned Moncton Law Courts ($165,000). Meanwhile homeowners on streets like Candice Lane face $400 tax increases and above.

In Dieppe, those owning homes on Doreen Crescent will see tax bills rising $200 and more while nearby the Majesta tissue plant and related warehouse, offices and truck yards are charged a combined $150,000 less than last year.

Municipalities blame property tax rules imposed on them by the province for some of what's happening.

"The city did our best to lower rates this year but the province increased the overall bill," said Harris. "That's out of our control."

Current provincial rules require municipal property tax reductions to be universal and there is nothing local governments can do to steer savings among different property groups, even if assessments on some are rising much faster than others.

Harris says if cities are not allowed to set rates separately for homeowners and businesses, their tax bills will continue to move in opposite directions.

"This is all going to have major implications for next year's budget, and unless we get that separation sooner than later it isn't looking good," said Harris.

Flexibility coming

The province has promised to give local governments some flexibility next year to raise and/or lower residential and business tax rates independently of each other. Rates for homeowners will be able to be lowered as much as 12 per cent without requiring any discount to business properties.

That would have allowed municipalities to avoid a lot of the lop-sided tax increases homeowners are being hit with this year had it been in place earlier.

Alternatively municipalities will be allowed to raise tax rates on business from current levels up to 13 per cent without having to increase residential rates.

The province says more reforms are coming but that counts as a reasonable start.

"The provincial government committed to property tax reform," said Department of Local Government spokesperson Vicky Lutes in an email

"We know people want a property tax and assessment process that is more fair, clear, and transparent."

NOVA SCOTIA

Halifax councillors pass 4.6% increase to average property tax bill, including 3% for climate action

Halifax regional councillors have finalized the municipal budget with a 4.6% increase to the average property tax bill, including 3% for climate action.

During their virtual budget committee meeting on Tuesday, councillors voted 14-3 in favour of the 2022-2023 budget. Councillors David Hendsbee, Trish Purdy, and Paul Russell voted no.

Councillors all but finalized the budget last month, when they voted to add millions from its budget adjustment list. That included funding for the new Art Gallery of Nova Scotia, more city planning staff, and free transit this summer to help Haligonians "get back out there," as Premier Tim Houston and his communicators might put it.

The approved budget will see the municipal portion of the average residential property tax bill, based on the average taxable assessment of $270,000, rise from $2,050 to $2,144 — $94, or 4.6%. That increase accounts for rising property values; the residential tax rate will actually fall from $0.813 per $100 of taxable value to $0.794.

The average commercial tax bill, based on the average assessment of $1,462,000, will rise from $43,406 to $45,395 — $1,989, also 4.6%. Unlike the residential rate, the commercial rate is rising from $2.953 per $100 of taxable value to $3.105.

The approved operating budget is about $1.1 billion, including $925.7 million in municipal spending, and the capital budget is about $319 million.

Included in the spending is millions for climate action, in line with HRM's plan, HalifACT 2050, like electric buses and fleet vehicles and building retrofits. Those projects are funded by a 3% increase to the average property bill, $0.023 on the rate.

It was originally part of a 5.9% recommended increase to the average tax bill, and councillors debated whether it should be broken out separately, as recommended by staff. They ultimately decided to move forward with the plan to list that $0.023 separately on tax bills, much like transit taxes.

But the climate action tax was the sticking point for Purdy, who has previously argued HRM is powerless to effect climate change. On Tuesday, she argued residents can't afford the 3%.

"This is not the right time. I remember back in November feeling that this proposed tax increase was tone deaf to the needs of many of our residents and small business owners. If that was even remotely true then, it is certainly even more so now," Purdy said.

"I am quite honestly surprised that I seem to be the only one who's really concerned about the timing of this. It seems as if we are moving full steam ahead as if we were business as usual. I have spent this whole budget season agonizing. It makes me sick to my stomach. I've lost sleep … I have listened to the arguments for this tax. I admire the intelligence of the voices who have contributed to this discussion. However, when I step outside of this bubble, like to the grocery store or to the gas station, I do not see business as usual. We are not business as usual."

Coun. Sam Austin responded to Purdy's comments.

"It's business as usual as a civilization that has gotten us ourselves into this awful mess in the first place," he said of the climate crisis.

"We opted to press the snooze button over and over and over on this issue. And now the science is screaming loud and clear."

Acknowledging that other councillors wouldn't support a cut to the climate tax, Purdy made an attempt to cut elsewhere, from items added from the budget adjustment list.

Purdy proposed to cut $250,000 in funding for Halifax Public Libraries' programming to help people following the ongoing pandemic and $924,700 to hire more planning staff, and she proposed to cut the funding for the new art gallery from $7 million over 10 years to $3 million.

Those cuts would've reduced the average tax bill hike from 4.6% to 4.4%, but the move would've required a vote against the main budget. Purdy's colleagues showed no appetite to follow along, and the main motion passed.

Councillors did explore another option to bring the average tax bill increase down to 4.4%. When it announced nine special planning areas last month, the provincial government also gave the municipality $2.3 million to study those areas. That money more than offsets $1.25 million added to the budget for the same purpose.

Municipal staff recommended simply leaving the money in the budget as a contingency, but told councillors they could use the money to lower the tax rate. It wasn't recommended, as the city's finance staff always urge councillors not to use one-time cash for ongoing expenses.

Mayor Mike Savage argued that because the money came in after council had finalized the budget adjustment list, it should be used to partially offset the tax hike.

"That money came to us since we last met, and it is for something already in the budget, I think it should go to reduce the tax rate by the small amount it does," he said.

Savage would've had to convince his colleagues to defeat the overall budget to pass the reduction, and he opted instead to vote for the 4.6% average increase.

Nova Scotia property tax bill moves through public hearing process without changes

Public hearings involving two new taxes targeting non-resident property owners in Nova Scotia concluded Tuesday without amendments to their accompanying legislation.

The all-party law amendments committee forwarded legislation authorizing the taxes - imposed to increase the housing supply in the province - to the legislature for further consideration and a third and final reading.

The legislation passed the public hearing stage after the Progressive Conservative majority on the nine-member committee voted down a proposed NDP amendment that would have committed the tax revenue for use in affordable housing programs only. The government estimates it will take in $81 million from the new taxes in fiscal 2022-23.

"Since it (legislation) is being put forward as something to address the housing crisis ? we are asking the government to actually be clear with that proposal," NDP committee member Claudia Chender said Tuesday ahead of the vote. "This would accomplish what the government says it is setting out to accomplish."

Finance Minister Allan MacMaster has said the tax measures are necessary to help Nova Scotians gain access to housing at a time when vacancy rates are extremely low. The taxes are designed to encourage non-resident property owners to sell their homes to locals and to discourage other non-residents from buying residential properties in the province.

However, MacMaster has also admitted that it won't be known if the taxes will help tackle the housing problem until they are implemented.

One of the new taxes included in the recent budget forces non-residents who buy property and do not move to the province within six months of the closing date to pay a transfer tax of five per cent of the property's value. The second tax requires non-resident owners to pay an annual fee of $2 per $100 of assessed value of their residential properties.

Forty-six presentations were made before the committee over two days of hearings that began last week, although the committee heard from 90 people who wanted to speak. Committee chairman Brad Johns, who is also the province's justice minister, said those who didn't get to make an oral presentation have been asked for written submissions.

A majority of the presenters called on the government to reconsider the taxes, calling them unfair and discriminatory against people who live outside the province.

The Finance Department has said there are about 27,000 properties in Nova Scotia that are owned by non-residents, more than half of whom come from Ontario.

Critics upset with new Nova Scotia property taxes for non-residents

Some out-of-province property owners in Nova Scotia are frustrated they are the target of new taxes unveiled in the recent provincial budget.

Under the tax measures, which took effect April 1, non-residents who buy property and do not move to the province within six months of the closing date have to pay a transfer tax of five per cent of the property's value.

And a property tax of $2 per $100 of assessed value of residential properties owned by non-residents is also being levied. The tax doesn't apply to buildings with more than three units or to those rented to Nova Scotia residents year-round.

The province is justifying the move as a way to make housing more affordable and attainable for Nova Scotians.

“I understand it’s stirred up a lot of emotions,” said Premier Tim Houston. “And as I say, nobody likes to pay more tax so we’re sympathetic to that, but we have obligations to provide services to Nova Scotians.”

Realtor Piers Baker calls it un-Canadian, and believes a better solution is to increase taxes on property owners who have more than one property.

“Because a small portion of owners own a large portion of properties,” said Baker.

He says he’s already been getting calls from seasonal homeowners looking to sell.

“Now we’re going to have a surge of properties come on the market which means that everybody’s properties is going to go down in value, which means the assessments are going to go down, which mean the tax collected is going to go down.”

The province says the tax hike would apply to 27,000 properties and take in about $81 million.

MODG comes out strongly against non-resident property tax: Sends letter to premier voicing concerns

On April 8, Nova Scotia’s Finance Minister, Allan MacMaster, tabled the Finance Measures Act, which levied a provincial tax of $2 per $100 of assessed value on non-resident property owners effective April 1, 2022.

Reaction from part-time residents was swift and negative. Many reported that they might have to sell their homes in Nova Scotia under the new tax regime which would more than triple their yearly tax bills in some locations, notably those owning property in the Municipality of the District of Guysborough (MODG), which has a residential tax rate of 77 cents per $100 dollars of assessment.

Expecting that the new tax will negatively impact rural areas, MODG Warden Vernon Pitts sent a letter to the Premier's office, dated April 11, outlining the municipality's many concerns about the new tax and its aftermath.

In the letter, Pitts highlights five key points, the first being that deed transfer and property taxes are tools to create revenue for municipal government, not provincial government. The second point notes that MODG taxes are low to attract people and businesses to the area; the provincial tax will counteract that effort. The letter goes on to say that the tax is unfair, unexpected, exorbitant and not what people signed up for when they bought properties in the MODG.

The fourth point in the Warden's letter details the contributions that non-resident property owners make in rural areas: the goods and services they buy, the volunteer work they do, and the business opportunities they create.

And finally, the letter states, MODG knows the housing issues at play in their area. Councillors don't believe the new provincial tax will do anything to alleviate those issues in rural areas such as the MODG.

On Tuesday morning, April 19, The Journal spoke with Warden Pitts about the provincial tax announcement. He said, "The thing about this was, there was absolutely no consultation with the municipal units, which is not right, it's not fair. We're supposed to be a partner of the province and they're turning around and now they are going to tax property. That's a municipal jurisdiction, that's not provincial. To quote a former warden of the municipality, Lloyd Hines, one of his favourite sayings was, 'Stay in your own lane.' The province has their own jurisdiction, we have ours. And we should each stay in our own lanes."

Pitts said a blanket policy, such as the new provincial tax, does not address the variety of situations pertaining to housing across the province; issues in rural areas are different from those in larger centres such as Halifax and Sydney, "one size does not fit all."

How Halifax plans to use property tax hike to tackle climate change

In order to tackle the impacts of climate change and transition to net-zero emissions, Halifax will be allocating three percentage points of a 4.6 per cent property tax hike toward a climate plan.

Shannon Miedema, the municipality's director of environment and climate change, spoke with CBC Information Morning Halifax host Portia Clark about how it plans to use the new revenue.

According to Miedema, $18 million a year will be put into a reserve for climate action and $9.6 million will be spent in the capital plan.

She will be moderating a session on how communities can deal with consequences of climate change and achieve their climate goals at an Emera-sponsored smart energy conference in Halifax on Tuesday.

Like all the other panellists at the two day event, Miedema said she will be addressing the five Ws: Who's leading the way? What are the outcomes? When do we start? Where do we find solutions. Why are we waiting?

How will a property tax increase pay for HRM's climate plan?

Property owners in HRM will see a tax hike to pay for the municipality's climate plan. But how will that money be spent? We ask HRM's director of environment and climate change Shannon Miedema. Plus, find out about her participation in Emera's Smart Energy Event this week. 8:17

There seem to be three main initiatives on your radar for each year. Let's start with electric vehicles. What's the plan there?

We had our electric vehicle strategy approved by council late last year ... and that means putting in public charging infrastructure all over HRM so that we have a connected network. That [way] everyone feels comfortable with the idea of purchasing an electric vehicle that they'll always be able to charge when they need to. And also converting our corporate fleet, we have over 300 vehicles that we manage, over to electric.

Does that include our public transportation?

That was part of the three per cent tax — to electrify transit buses as well. They are preparing for their first 30 buses and then they get another 30 the following year.

It's for 2023. They're about to award the tender and they're going through the design process now.

What is another of the three main areas that this money will go toward?

The other one is on HRM's municipal buildings.

We own about 300 buildings. One of our targets in the plan is to reduce energy by at least half on average on all of our buildings and put renewables on where it makes sense to, solar typically. And also to look at resilience to climate impacts.

That's kind of a long-term initiative and it has a good payback, but there's an upfront investment that's required.

The third prong is adaptation. What does that mean in a Halifax context?

We talk a lot about preparing for the impacts that we are seeing now and that are predicted to worsen over time.

One of the things that we really need to start looking at is our critical infrastructure and making sure that it's resilient to impacts. This means putting some money aside to do some large capital investment.

If you think about things like eroding or flooding coastal shore roads, for example.

It's also things like food security, telecommunications, shelters. There's a pretty broad definition of critical infrastructure by the federal government.

That's an area of work that we really want to get going on.

And can you tap into some federal dollars for that, too?

There is a lot of federal money and we have applied for a really interesting new fund. It's a natural infrastructure fund. It's looking at a piece of infrastructure and thinking about green solutions for it. Looking at things like plantings and oyster beds off the shore to kind of minimize wave action and things like that.

There was a vote on this, whether to do this tax increase and devote it to climate change. Council vote was 13 to 3, I believe. Are there people who don't support this tax hike? What do you say to them?

The property tax hike was required regardless of funding climate. But really we don't have an option on whether or not we're going to spend on climate.

It's whether we control how we're going to spend it and ideally spend less of it now. Or if we wait and have to spend a pile of money dealing with the implications of not acting down the road.

It's trying to be preventative, it's trying to be urgent because our window of time is really narrowing.

If we don't drive our emissions down collectively by 2030, we're going to have much worse impacts.

Nova Scotia eyes higher taxes for non-residents to take edge off housing crisis

Nova Scotia is proposing to squeeze out-of-province property owners with two taxes that the government says will help to take the edge off of its burgeoning housing crisis by freeing up units for the province’s residents.

The province says it is responding to the housing crunch sparked by a surge in population since the onset of the pandemic, particularly in Halifax. However, critics of the measure contend that it not only unfairly targets Canadians from outside of Nova Scotia with soaring property tax bills, but will also ultimately prove to be an ineffective bit of political theatre.

Under legislation being debated, non-residents would face two levies. There would be an annual 2-per-cent provincial property tax, on top of existing property taxes. The second is a deed-transfer tax paid at the time of sale, with 5 per cent levied on the higher of the purchase price or the assessed value of the property.

It’s the annual property tax that has generated the most controversy, particularly since it is being implemented during a run-up in housing prices. Non-resident property owners were already facing steep increases in taxes since increases in their annual property-value assessments are not capped, unlike those for resident Nova Scotians. The new measure will magnify that tax hike for the 27,000 properties held by out-of-province owners.

Mike Sullivan, an Ottawa resident, says his property taxes are set to nearly triple on the summer home in rural Mahone Bay, N.S., that he and his wife built on a vacant lot in 2014. That summer retreat isn’t a cramped cabin, at 3,000 square feet and two storeys. But it’s no 1-percenter compound either, he says.

“It’s not a mansion, we don’t own an island,” the 62-year-old retiree adds.

In the short term, his annual property taxes will jump to $15,000 from $5,500. But he’s worried the bill could get much bigger as property values continue to rise, with his back-of-the envelope projections indicating his annual levy could hit $30,000 within a few years. Ironically, Mr. Sullivan was born in Halifax, and his mother still lives in the province. But that’s not enough for him to be able to claim the tax-exempt status of a resident Nova Scotian.

Mr. Sullivan could avoid the pinch of the new tax if he rents out his house to a resident Nova Scotian for the entire year. But that would negate the point of having a summer retreat.

He says he and his wife will likely end up selling the property because of the higher taxes – adding that he would never have purchased his lot and built a house if the tax had been in place. “No one in their right mind is going to pay three times as much tax as their next-door neighbours.”

But any sale could get snared by the other targeted tax planned by the Nova Scotia government, which would require buyers to pay a 5-per-cent levy at the time of purchase. Sellers don't pay that tax, at least directly. But that tax, along with the annual levy, will make such summer homes less financially attractive to out-of-province buyers.

In a statement, the Nova Scotia government said the province's population is growing at the fastest pace in decades, and that it is moving to ensure that homes remain affordable, adding that the price crunch is no longer limited to large urban centres. The government said it expects the two tax measures will increase the supply of housing available to Nova Scotians, as well as generating the revenue. (The provincial budget forecasts the two levies taking in $81-million in the current fiscal year.)

However, the Nova Scotia Association of Realtors says the tax's weight will fall on properties far distant from the areas where the province's housing crunch is most acute. Paige Hoveling, a spokesperson for the association, said her organization applauds the intention to increase the stock of affordable housing.

But the group says many of the summer homes caught up in the tax aren't suitable for year-round habitation. And in many cases, they are too far away from cities and large towns to be feasible options for Nova Scotians who are scrambling to find affordable accommodation. That caveat certainly applies to Mr. Sullivan's rural property, which is more than a 45-minute drive from Halifax.

Lars Osberg, professor of economics at Dalhousie University, echoed that point, saying he does not believe the proposed tax measures will have much of an effect, particularly since population growth has been concentrated in Halifax.

The statement from the Nova Scotia government also asserts that other provinces have introduced similar measures. It doesn't note that neighbouring New Brunswick is headed in the opposite direction, with a plan to slash in half the property tax rates for non-owner-occupied housing – including those owned by out-of-province residents.

However, other provinces, including British Columbia, have introduced taxes on homes that aren't principal residences. But B.C.'s version is structured much differently, most notably in that it applies to B.C. residents as well as non-residents. Still, overlapping exemptions and credits mean that virtually all B.C. residents are exempt from the tax, with just 1 per cent paying the province's levy.

Prof. Osberg said the rationale for the tax is less about economics and far more about a political calculation "to give the appearance of action." And there is not much political downside to taxing those who can't vote in provincial elections, he notes.

Mr. Sullivan has his own view, born of his personal history in the Maritimes. The tax taps into a parochial streak in the province, a subtle resentment of those whose local roots don't extend back generations. "The expression is, 'Come from away,'" he said.

Halifax council approves budget with $925.7M in municipal expenditures, 4.6% property tax increase

Halifax regional council approved a $1.1 billion 2022-23 municipal budget on Tuesday, which includes $925.7 million in total municipal expenditures, $180.2 million in provincial mandatory contributions and a $318.9-million capital plan.

The average residential and commercial property tax bill will increase by 4.6 per cent, the municipality said in a release.

This means the average single-family home tax bill will increase by $94 to $2,144, and the average commercial property tax bill will increase by $1,989 to $45,395.

Three per cent of the increase will go toward the Climate Action Tax, which will fund HalifACT, the municipality's long-term climate action plan.

The tax will fund projects like electric vehicles and buses, net-zero buildings, the installation of electric vehicle chargers, and improving the resiliency of communities and infrastructure against climate change.

The remaining 1.6 per cent of the increase will go toward ongoing operations, public safety, maintenance and service improvements like the provincial road transfer. It will also go toward strategic capital investments, the release said.

As well, municipal tax-supported debt will "remain stable" at around $246 million this tax year. Debt servicing costs will be under five per cent of revenues, "well below" provincial guidelines for debt management, the release said.

"As our community and our economy continue to recover in the wake of the COVID-19 pandemic, Regional Council is looking to build on our success, as well as anticipate and act on future challenges, such as climate change," said Mayor Mike Savage in the release.

Savage said the HalifACT climate change requires investment, but there will be "many paybacks" for the work done today.

"With every budget, our goal is to find a balance between managing tax rates to service our growing population, while investing in important initiatives to serve and improve life for our residents," he said.

Residents can apply for property tax exemptions, rebates or deferrals through the municipality’s Property Tax Exemption and Deferral Program.

The release said the municipality’s population has “increased significantly” since 2015/16, and the municipality’s fiscal approach “must continue to adjust to both population growth and other financial realities.”

“That said, as the municipality’s overall fiscal position is still very strong, the municipality is well positioned to withstand economic pressures, such those resulting from the pandemic these past two years,” the release said.

Halifax councillors pass 4.6% increase to average property tax bill, including 3% for climate action

Halifax regional councillors have finalized the municipal budget with a 4.6% increase to the average property tax bill, including 3% for climate action.

During their virtual budget committee meeting on Tuesday, councillors voted 14-3 in favour of the 2022-2023 budget. Councillors David Hendsbee, Trish Purdy, and Paul Russell voted no.

Councillors all but finalized the budget last month, when they voted to add millions from its budget adjustment list. That included funding for the new Art Gallery of Nova Scotia, more city planning staff, and free transit this summer to help Haligonians “get back out there,” as Premier Tim Houston and his communicators might put it.

The approved budget will see the municipal portion of the average residential property tax bill, based on the average taxable assessment of $270,000, rise from $2,050 to $2,144 — $94, or 4.6%. That increase accounts for rising property values; the residential tax rate will actually fall from $0.813 per $100 of taxable value to $0.794.

The average commercial tax bill, based on the average assessment of $1,462,000, will rise from $43,406 to $45,395 — $1,989, also 4.6%. Unlike the residential rate, the commercial rate is rising from $2.953 per $100 of taxable value to $3.105.

The approved operating budget is about $1.1 billion, including $925.7 million in municipal spending, and the capital budget is about $319 million.

Included in the spending is millions for climate action, in line with HRM’s plan, HalifACT 2050, like electric buses and fleet vehicles and building retrofits. Those projects are funded by a 3% increase to the average property bill, $0.023 on the rate.

It was originally part of a 5.9% recommended increase to the average tax bill, and councillors debated whether it should be broken out separately, as recommended by staff. They ultimately decided to move forward with the plan to list that $0.023 separately on tax bills, much like transit taxes.

But the climate action tax was the sticking point for Purdy, who has previously argued HRM is powerless to effect climate change. On Tuesday, she argued residents can’t afford the 3%.

“This is not the right time. I remember back in November feeling that this proposed tax increase was tone deaf to the needs of many of our residents and small business owners. If that was even remotely true then, it is certainly even more so now,” Purdy said.

“I am quite honestly surprised that I seem to be the only one who’s really concerned about the timing of this. It seems as if we are moving full steam ahead as if we were business as usual. I have spent this whole budget season agonizing. It makes me sick to my stomach. I’ve lost sleep … I have listened to the arguments for this tax. I admire the intelligence of the voices who have contributed to this discussion. However, when I step outside of this bubble, like to the grocery store or to the gas station, I do not see business as usual. We are not business as usual.”

Coun. Sam Austin responded to Purdy’s comments.

“It’s business as usual as a civilization that has gotten us ourselves into this awful mess in the first place,” he said of the climate crisis.

“We opted to press the snooze button over and over and over on this issue. And now the science is screaming loud and clear.”

Acknowledging that other councillors wouldn’t support a cut to the climate tax, Purdy made an attempt to cut elsewhere, from items added from the budget adjustment list.

Purdy proposed to cut $250,000 in funding for Halifax Public Libraries’ programming to help people following the ongoing pandemic and $924,700 to hire more planning staff, and she proposed to cut the funding for the new art gallery from $7 million over 10 years to $3 million.

Those cuts would’ve reduced the average tax bill hike from 4.6% to 4.4%, but the move would’ve required a vote against the main budget. Purdy’s colleagues showed no appetite to follow along, and the main motion passed.

Councillors did explore another option to bring the average tax bill increase down to 4.4%. When it announced nine special planning areas last month, the provincial government also gave the municipality $2.3 million to study those areas. That money more than offsets $1.25 million added to the budget for the same purpose.

Municipal staff recommended simply leaving the money in the budget as a contingency, but told councillors they could use the money to lower the tax rate. It wasn't recommended, as the city's finance staff always urge councillors not to use one-time cash for ongoing expenses.

Mayor Mike Savage argued that because the money came in after council had finalized the budget adjustment list, it should be used to partially offset the tax hike.

"That money came to us since we last met, and it is for something already in the budget, I think it should go to reduce the tax rate by the small amount it does," he said.

Savage would've had to convince his colleagues to defeat the overall budget to pass the reduction, and he opted instead to vote for the 4.6% average increase.

New property tax hits non-residents hard

Non-resident owners of properties in Guysborough County say sharply higher taxes imposed by the province earlier this month have left them feeling perplexed and even stymied about their immediate and long-term futures "down home."

The legislation, which came into effect April 1, levies an additional $2 for every $100 of assessed value and imposes a five per cent deed transfer tax on the purchase prices or assessed values – whichever is higher – on local properties owned by people whose primary residences are outside the province.

In a letter sent to municipalities on April 6, the Department of Municipal Affairs and Housing said the measures will "improve our workforce, economy, and housing" as part of the 2022-23 provincial budget. According to a separate government statement the same day, the new taxes contained in the Financial Measures Act (2022) will apply to approximately 27,000 properties in the province and should generate $81 million in revenue for the fiscal year to "address our housing crisis" caused by a lack of affordable places to live.

But non-resident owners of properties in the Municipality of the District of Guysborough (MODG) and St. Mary's who spoke to The Journal said the moves, which took them by surprise, will double or triple their tax bills overnight – forcing at least one to consider his housing and spending plans in Nova Scotia as early as this year.

"I am disappointed," said David Ridgeway, who lives in Alberta but owns a cottage near Guysborough. "My taxes will be over double [the previous year's amount], and that's payable in June. That's with practically no warning. It's doable this year. But, do I even go there this year? This is money that's just not going to be [available] to spend when we're there, and there is only so much money, after all."

Ridgeway, 67, was born in Halifax and has been living and working in Alberta since he was 22. Now retired, he acquired the family land and cottage near Manchester, Guysborough County, a few years ago. Since then, he said, he and his son have spent time and money getting the multi-acre spot into shape.

"We renovated the whole thing, we built a foundation," he said. "Last summer, I even managed to get my grandchildren down, and we bought a little boat to take them out … Over the past five or six years, we're talking tens of thousands of dollars."

He noted: "The tax thing is a one-shot deal. But, when we're in Nova Scotia, one dollar of spending goes around 10 times."

Nova Scotia's finance minister defends two new taxes on non-resident property owners

Two new taxes targeting non-resident property owners are necessary to help Nova Scotians gain access to housing at a time when vacancy rates are extremely low, Finance Minister Allan MacMaster said Friday.

But it's still an open question, he admitted, whether the deed transfer and property taxes will result in non-resident property owners selling to local interests and making more housing supply available. It's also unclear whether the new taxes -- included in the recent provincial budget -- will help ease skyrocketing house prices, he added.

"That remains to be seen," MacMaster told reporters via video link. "There is no way to concretely know for sure until this is implemented."

The housing shortage is especially acute in the Halifax area, where the vacancy rate for residential buildings fell to one per cent in October of last year, according to data from the Canada Mortgage and Housing Corporation.

MacMaster said that while he understands some out-of-province property owners may feel frustrated, the government believes it needs to do what it can to increase the housing stock.

"Some people will feel that way (unwelcome), but I guess we're trying to be mindful of Nova Scotians," he said.

According to the Finance Department, there are about 27,000 properties in Nova Scotia that are owned by non-residents, more than half of whom come from Ontario.

The government estimates the new taxes will generate $81 million in revenue in the 2022-23 fiscal year.

Under the tax measures, which took effect April 1, non-residents who buy property and do not move to the province within six months of the closing date have to pay a transfer tax of five per cent of the property's value.

A property tax of $2 per $100 of assessed value of residential properties owned by non-residents is also being levied. The tax doesn't apply to buildings with more than three units or to those rented to Nova Scotia residents year-round.

MacMaster said the housing shortage has a knock-on effect for businesses looking to expand, because it's hard for companies to grow when potential workers can't find accommodations.

"If people don't have a place to live and can't find a place to live, it's holding back our economy," MacMaster said.

The minister made the comments after tabling the Financial Measures Act in the legislature. The Act provides the legislative authority to implement tax measures contained in the budget, which was introduced last week.

Other tax changes in the budget and covered by the act include a $500 refundable tax credit for children's sports and arts-based activities, retroactive to Jan. 1. As well, the act would return the personal provincial income tax paid on the first $50,000 earned by those under 30 who work in skilled trades.

Meanwhile, MacMaster said he conducted Friday's briefing remotely because he and his family are recovering from COVID-19. He said that he had contracted a mild case of the disease and began experiencing symptoms on Monday.

Nova Scotia’s non-resident property tax won’t help housing crunch, realtors say

In an effort to ease the unprecedented pressure on its housing market, Nova Scotia is trying something few provinces have done before: increasing taxes for all residential property owners who don’t live in the province full-time.

In last week’s budget, Nova Scotia introduced two controversial tax measures: a 5-per-cent deed transfer tax on homes bought by non-residents and a 2-per-cent tax on properties owned by people who normally reside outside the province. The government says the new fees, which will triple the property taxes for a seasonal property, could generate $81-million in the coming fiscal year and help make more housing available for Nova Scotians.

The new taxes won't affect buyers who are moving to Nova Scotia permanently; they only target those who maintain a primary address elsewhere. Out-of-province property buyers will have six months after their closing date to become residents and avoid the new transfer tax.

While several provinces have introduced foreign buyers taxes in recent years, most don't have special property levies that affect other Canadians. British Columbia applies a 0.5 per cent Speculation and Vacancy Tax on out-of-province property owners, but no other province has gone this far. About half the 27,000 properties in Nova Scotia owned by non-residents belong to people who reside for most of the year in Ontario.

Nova Scotia realtors, and the province's real estate association, say the new taxes target the wrong people and do nothing to deter speculators, who are helping drive up the prices of homes in cities such as Halifax. They say the policy will hurt rural communities and won't ease the province's housing crunch.

"It's discriminatory," said John Duckworth, a real estate broker in Kingsburg, N.S., a small coastal community on the South Shore, where about half the residents are seasonal. "I don't see any other province treating their non-residents this badly. It leaves the impression that people from outside the province aren't welcome, and I think that's a huge problem."

Nova Scotia's population has ballooned during the pandemic, passing one million for the first time, and Premier Tim Houston's government has been under pressure to address a crippling housing shortage. In Halifax, the residential vacancy rate is just 1 per cent, among the lowest in Canada. The city's downtown is the fastest-growing urban core in the country, surging more than 26 per cent from 2016 to 2021, according to Statistics Canada.

About 4 per cent of all properties in Nova Scotia are owned by non-residents, according to Statistics Canada. That's higher than both Ontario (2.2 per cent) and British Columbia (3.2 per cent), where foreign buyers taxes were introduced in 2016 and 2018.

"It's incredibly difficult to find housing, whether it's affordable housing or even attainable housing … so we're hopeful this measure will help people who are struggling to find a place to live," Finance Minister Allan MacMaster told reporters.

Mr. Duckworth argues that non-residents have injected millions into the rural economy by building new homes and renovating older properties, often in places that were in decline for years. When he bought a one-room schoolhouse by the beach in Kingsburg in 1972, the community was full of crumbling, neglected buildings. Today, the former fishing village has been rejuvenated into a retirement and vacation destination, he said.

Many seasonal properties in the province are rented out when their owners aren't there, generating tourism revenue, Mr. Duckworth said. He warns that some of these homes may be sold as a result of the new levies and worries they will have an impact on new home construction in rural areas.

Seasonal property owners aren't a drain on government services, Mr. Duckworth says, because their children don't attend local schools and their home provinces reimburse Nova Scotia's health care system for any costs. Instead, they're being unfairly penalized because they're seen as non-voters who can afford more than one home, he said.

"It's like a wealth tax – I think that's how they see it," he said. "But most of these people aren't wealthy."

Mark and Linda Northwood of Toronto are among the thousands of non-residents facing steep increases in their property tax bills. The couple bought land in the Kingsburg area sight unseen a year ago and planned to build a retirement home on the property.

Now they're having second thoughts.

"If we had known this was coming a year ago, we would never have bought that property," said Mr. Northwood, a 63-year-old private investigator. "We intend to be residents when we retire. But we'd like to retire on our terms, not the government's."

Mr. Northwood said he sympathizes with first-time homebuyers who are struggling to get into the housing market, but doesn't see how a "tax on rural communities" will help. He said he and his wife are also reluctant to give up their access to Ontario's health care system by becoming permanent residents of Nova Scotia, which has a well-publicized shortage of doctors.

"We love the people of Nova Scotia and we're still attracted to the province," he said. "But the government is a completely different story. We don't see the logic in any of this."

New property tax complicating N.S. seasonal residents' retirement plans

Some property owners are considering selling their seasonal homes

Some people who live in Nova Scotia seasonally say they're considering selling their homes in the province because of a new property tax.

The non-resident property tax was included in the Progressive Conservatives' provincial budget released last week. It charges $2 per $100 of assessed value to "non-resident" homeowners — those who principally live elsewhere — and it took effect Friday.

The tax has been billed as a measure to improve housing availability in Nova Scotia, and the PCs expect it to generate about $65.5 million in revenue to help fund programs to respond to the pressing needs of the province's growing population, including health care and education.

Vivian Lyons, who is from Virginia, expects her property tax bill to triple this year, totalling an estimated $27,000. She and her husband own a house in Kingsburg, located on Nova Scotia's South Shore, where they live for about six months every year.

Lyons called the new tax confiscatory and said she's doubtful it will solve the problem it was created to fix. She said about half of her neighbours in Kingsburg are seasonal residents.

"Real estate is simply a game of supply and demand and the supply in Nova Scotia simply is not meeting the demand," said Lyons, who was a realtor for 30 years. "Taxing people in rural areas is not going to encourage construction in urban areas."

The provincial government said there are about 27,000 properties owned by non-residents in the province.

A spokesperson for the Finance Department said there is housing scarcity across Nova Scotia and non-resident-owned residential properties are found across the province.

Bob Camozzi, who owns a home in Cape George in Antigonish County, said uncapped property assessments, which effectively result in a premium on property for non-residents, already work well to balance the market in rural areas.

"People are never going to be happy with a surcharge or a tax," said Camozzi, who lives in Oshawa, Ont., but typically spends May to October in Nova Scotia. "But we pay them because we know they're needed for local services that benefit our neighbors and our friends."

Like Lyons, Camozzi expects his tax bill to increase threefold, to about $12,000. He said he understands the government needs revenue but the decision to increase taxes on seasonal residents will only turn people away.

Community ties

He said seasonal residents in Cape George have strong ties to the community and make a big contribution to the local community through volunteering and supporting local businesses.

"I would say 55 to 60 percent of what I'll call non-residents were actually born and raised in Antigonish County," Camozzi said.

"What it's not is kind of an ultra-rich community where you just kind of buy these places and go once or twice a year. It's people that come and spend a significant amount of time."

Camozzi said selling his property would be a "last resort" because he and his wife have talked about living there permanently one day and eventually passing it on to their children.

Nicola Hubbard said she and her husband are considering selling their house in Chester. She expects an additional $18,000 on her tax bill this year.

"It was our intention to spend a good portion of each retirement year [there], to leave it to our daughter who thought, 'Oh, I'll get married there. That would be a beautiful place,'" Hubbard said. "None of that seems possible anymore."

Impact on tourism, local economies

Hubbard said the new tax ignores the contributions seasonal residents make to the community.

"When you've got people there for months, you're already collecting a lot of HST," said Hubbard who grew up in Nova Scotia and now lives in Texas as a dual citizen.

She added that friends often visit in the summer months and she expects if seasonal residents start selling their houses, it will have a big impact on tourism in the province.

"I've got three or four people from Texas who want to come up and visit Nova Scotia," she said. "Trust me, they're not coming to Nova Scotia if they can't be visiting us."

Hubbard said she hopes the tax is amended to include exemptions for Canadian citizens to encourage people not to cut ties with the province.

The finance department spokesperson said non-residents are subject to many taxes and fees such as motive fuel taxes and HST.

"Individuals will have an opportunity to express any concerns they have when the bill goes before law amendments," the spokesperson said.

Nova Scotia Realtors question whether tax on non-residents will ease housing shortage

HALIFAX - New tax measures aimed at non-resident property owners announced in Tuesday's Nova Scotia budget are sending the wrong message, Realtors in the province say. As of Friday, non-residents who buy a property and do not move to the province within six months of the closing date have to pay a transfer tax of five per cent of the property's value. The province will also levy a property tax of $2 per $100 of assessed value of residential properties owned by non-residents, though this won't apply to buildings with more than three units or those rented to Nova Scotians year-round.

John MacKay, owner of MacKay Real Estate in Wolfville, N.S., said he thinks the messaging to out-of-province buyers is wrong, especially considering it wasn't long ago that the province was "desperate" to attract people, and the last two years have seen a surge in interest in Nova Scotia properties.

"It's sort of upsetting to see the government really trying to pour cold water on all the progress that it's made to encourage people to come to Nova Scotia," MacKay said in an interview Friday. "I think Nova Scotia is in a very, very fortunate spot now where we're actually seeing some real interest and desire to be here, so how do we handle it?"

Finance Minister Allan MacMaster said Tuesday the taxes will bring in $81 million in the coming fiscal year and help make housing more available to Nova Scotians.

"It's incredibly difficult to find housing, whether it's affordable housing or even attainable housing so we're hopeful this measure will help people who are struggling to find a place to live," MacMaster said.

Currently, there are about 27,000 properties in Nova Scotia owned by non-residents -- more than half of them from Ontario -- according to the province. Data from the Canada Mortgage and Housing Corporation offers a glimpse of the scarcity of housing, as vacancy rates in Halifax's residential buildings fell to one per cent in October 2021.

Though the new taxes are meant to bring in revenue and ease pressure on an already-strained housing market, Jacqui Rostek Holder with Royal LePage Atlantic said she doesn't think they will have the desired impact.

"I don't know (the taxes) will stop anyone that would be planning to move here anyway," Holder said in an interview Friday. "I'm not quite sure if it's going to be a big deterrent, even if there is a small extra fee, so I guess I'm skeptical."

Some of her skepticism comes from a lack of information about who will have to pay the taxes, she added, as the government has yet to clarify how it plans to define "resident" and how it will keep track of when buyers become residents.

The sentiment was shared by Matthew Honsberger, president of Royal LePage Atlantic, who said he doesn't believe the tax will do much to cool the real estate market or address housing scarcity in the province.

"It's always challenging, balancing the needs of people who are here in the province and attracting new people to the province, but I'm concerned that we might have missed the mark on the messaging around this one," he said in an interview Thursday.

Do New, Non-Resident Property Taxes 'Close The Door' To Nova Scotia?

HALIFAX—LAST YEAR, TROY AND KAREN LOWMAN BOUGHT 68 ACRES OF LAND OUTSIDE DIGBY, NOVA SCOTIA. THE NEWLY RETIRED SOUTH CAROLINA COUPLE PLAN TO BUILD A HOME ON THE PROPERTY SO THEY CAN SPEND "AS MUCH TIME AS POSSIBLE" IN A PROVINCE THEY'VE COME TO LOVE.

When they do, they'll run up against a new tax that specifically targets people who buy property in Nova Scotia but don't intend to live in the province full-time.

Earlier this week, the provincial government introduced two new property taxes for non-residents. The government says the taxes are one more tool in its toolbox to help increase housing availability.

When he learned about the new tax, Troy had a blunt assessment.

"I understand it. I don't know if I like it, but I understand it," he told Huddle in a phone interview.

But while he and Karen worry about what the extra cost will mean for them, they say the new tax won't change their plans.

Their response would worry experts who are questioning how much practical effect the new taxes will have—and asking whether they are sending the wrong impression about investment in the province.

Taxes Target Non-Residents

The first of the taxes is a Non-Resident Deed Transfer Tax. It's a five percent tax on the value of property bought by a non-resident.

According to the Nova Scotia Association of Realtors, the average home in the province sold for $422,100 in February. So, under the new tax, a non-resident would face an additional, one-time payment of more than $21,000.

The province estimates the deed transfer tax will affect about 3,200 property purchases in Nova Scotia each year.

However, it won't apply to anyone who plans to move to Nova Scotia within six months of buying property here.

The second is a Non-Resident Property Tax. That's a yearly charge of two percent of the value of any residential property owned by a non-resident.

For the average property in the province, that's a tax of close to $8,500 each year.

The tax does come with exemptions for anyone who rents the property to a Nova Scotian on a full-time basis. It also doesn't apply to residential properties with more than three units.

The province says about 27,000 properties in Nova Scotia (about 6.7 percent) are owned by people with mailing addresses outside the province.

Together, the two taxes are expected to bring in about $80-million a year. The government claims the taxes are not meant to generate revenue.

On March 28, Finance Minister Allan MacMaster told reporters he hoped the new taxes "will help people that are struggling to find a place to live."

Charging extra tax to property owners that don't live here can encourage them to rent their properties to Nova Scotians.

Target Supply, Not Demand

Matt Honsberger is the president of Royal LePage Atlantic. He says it's a little too early to tell the full effect of the new taxes. But he doesn't think their impact will be huge.

Since there are exemptions built in for people planning to move to the province, Honsberger says the tax will only affect a small fraction of buyers.

He says he understands the province wants to help people who feel priced out of the housing market but questions if trying to chill demand is the answer.

"I think we've spent the better part of, I don't know, 100 years as a province trying to make ourselves attractive to the rest of the world," he says. "All of a sudden we've become attractive to the rest of the world and it seems like we're now trying to close the door."

Honsberger believes most of the pressure on Nova Scotia's housing market is coming from the lack of supply, so he was happy to see the province tackle supply issues in a big way.

"But if you're doing that and then also trying to tamp down demand a little bit, I think we have maybe overshot the mark a little," he says.

He says there's a good chance the new taxes will do little more than act as a "speedbump" for people already planning to buy seasonal properties here—making them feel less welcome while having little practical effect.

New Taxes 'Annoying' But Won't Change Plans

The Lowmans are the exact type of buyers the new taxes target. They plan to spend half of every year in Nova Scotia but don't want to give up their American citizenship because they would lose healthcare coverage and social security payments.

Troy says the new taxes will be a nuisance but likely won't push them to rent out their home.

"I don't think it will change anything we do, it will just cost us more money every year in taxes," he says. "I think it's just going to be more annoying. It won't affect me financially too much."

Both Troy and Karen say they understand charging extra tax to non-residents. They will be using services but not paying income tax in Nova Scotia so they feel like the extra tax is warranted (although that's not the government's intent with the taxes).

However, Karen admits another part of her feels unfairly targeted.

"I think there are so many ways to look at it. You can look at it like the government needs the money. Well, OK, but we're coming up there and we want to spend money. We're shopping there and we're building our house there, we'll be hiring people to do the work," she says.

"We plan on spending a lot of money in Nova Scotia… that might not have gotten spent otherwise."

ONTARIO

Toronto Venues to Get Permanent Property Tax Reduction

The pandemic tax relief program will become a fixture in the city's infrastructure to help keep local venues afloat

No, this is not a joke — there's actually been a win for local music venues.

And you can believe it, because it happened earlier this week: Toronto Mayor John Tory announced the city's plans to reduce property taxes for eligible venues on a permanent basis.

Over the course of the pandemic, the city's tax relief program reportedly helped 48 live music venues in 2020 and 58 in 2021 with an average savings of $18,995 for a collective total of $1.7 million annually. While the future of living with COVID-19 remains uncertain, the tax break for local bars, clubs and concert halls is set to become a continuing fixture in the City of Toronto's infrastructure.

"The assessment on some of those buildings was going up high because it was assumed they would all be turned into condos, which we don't want, but that caused the taxes to go up and that in turn made it almost impossible for a music venue to exist," Tory said [via CBC] at Monday's (March 28) press conference at one of said venues, Dundas Street West's the Baby G.

The mayor went on to note that, across the city, venues of all sizes and levels of renown have been opening or reopening. "They have expenses now — they always have," he said. "And they have musical acts on now. And they need people to buy the tickets, buy the drinks and be supportive."

Tory added: "We need to people to get out there and do that, starting now."

"It's the greatest thing that the City of Toronto has ever done for live music operators," Jeff Cohen — president and CEO of the Horseshoe Tavern and Lee's Palace, who appears among heroes of the local scene in Danny Alexander's No Tickets at the Door documentary — said of the tax break, which he estimates saved him $110,000 each year. "It's probably kept us alive."

In related news, City Councillor Joe Cressy recently announced that a new venue and performance space on Queen West is in the works.

SASKATCHEWAN

Important information for Commercial property owners: 2022 Amended Assessment Notices, Appeal dates

Over the next week, the City of Saskatoon will be mailing out Amended Assessment Notices to commercial property owners where an update to the assessed value of their property is required for a full year.

“We’ve had several longstanding commercial assessment appeal decisions ruled on by the Court of Appeal and these also affected the Board of Revision in 2021,” says Bryce Trew, City Assessor. “This has led to implications for retail, warehouse and office buildings greater than 5800 square feet.”

Property owners who receive an Amended Assessment Notice will have a 30-Day Assessment Review and Appeal period from the date an Amended or Supplementary Notice is mailed to them in which to file a formal appeal on their property's assessment.

“It's important to note that not all commercial property assessments changed as a result of the recently finalized appeal decisions,” adds Trew. “If an assessment changed in 2022, it could be because of physical alterations to the property such as new builds, additions, renovations, or demolitions, changes in tax status or ownership, and/or a Board of Revision decision.”

Currently, there are Board of Revision appeals from 2021 that are with the Saskatchewan Municipal Board. Appeals filed in 2022 are with the Board of Revision. If decisions from these appeals require further changes to assessment models, property owners will be issued amended notices.

Following the provincially legislated reassessment year in 2021, property owners who since January 1, 2021, had a change in the assessment, tax status, or ownership of their property would have received a 2022 Assessment Notice earlier this year. The 2022 Assessment Roll was open until February 4, 2022, also the deadline to file a commercial or residential 2022 appeal with the Board of Revision. The Province is on a four-year assessment cycle with current property assessments in place from 2021 to 2024.

City loses almost $400K in taxation due to successful property assessment appeals

'It’s people’s right to appeal. It’s the nature of assessment that people have that right. And if the assessments are wrong, we shouldn’t be charging those amounts'

City hall stands to lose nearly $400,000 in tax revenue based on the number of recent successful property assessment appeals, although it could recover that money in a few years.

A report from the board of revision presented during the recent city council meeting showed that of the 154 appeals from property owners last year, 15 were eventually successful because of confirmed errors.

The appeals were made because of re-valuations in the 2021 tax assessment roll. The Saskatchewan Assessment Management Agency (SAMA) reassesses Saskatchewan properties via a re-valuation every four years, resulting in an influx of appeals at the start of the re-valuation period.

Based on the successful appeals, the total change to the roll from regular appeals resulted in a decrease in property assessments of $30,841,710 compared to more than $40 million in 2017, the last re-valuation year.

During a recent media scrum, city manager Jim Puffalt confirmed that a decrease in assessments would result in city hall losing $380,000 in tax revenue.

“It’s people’s right to appeal. It’s the nature of assessment that people have that right. And if the assessments are wrong, we shouldn’t be charging those amounts,” he said. “That’s the process we go through every year, and … by the time they’re finally done, the last time, a number of them were overturned and came back to the city in property taxation.”

City hall will feel the economic pinch from these reassessments this year, Puffalt added, which means city administration will work through this issue before bringing forward the proposed 2023 budget in early December.

There is the possibility that the City of Moose Jaw will recover that funding if the past is any indicator.

During a July 2021 council meeting, finance director Brian Acker explained that city coffers saw a boost in municipal taxation in 2020 after SAMA provided city hall with money from the 2017, 2018 and 2019 property assessment appeals.

“Those decisions have been in the city’s favour and (resulted) in a significant increase in funding for 2020. For future years, there will be some benefit as well, although this can be tempered by future assessment appeal decisions,” Acker said.

Also, Acker said during a council meeting in December 2020 that city hall faces a regular struggle with property assessments because some residents appeal their assessed value every year, even when a provincial body rules in favour of the municipality.

So, while the first year of re-valuation cycles usually leads to taxation loss for city hall, SAMA, the board of revision and the Saskatchewan Municipal Board eventually rule in favour of the municipality, enabling it to recover some money.

The next regular council meeting is Monday, April 11.

SASKATCHEWAN

Prince Albert Council approves tax abatement for property owners hit hard by 2021 reassessment

Due to the unique housing market in Prince Albert, the 2021 revaluation led to middle value homes decreasing in value and caused fewer higher valued properties to carry a larger portion of the tax burden.

Prince Albert City Council approved a one-time property tax abatement during Monday's meeting for property owners impacted by an increase to their taxes greater than $700 last year.

The abatement is a one-time reduction to address the sudden increases in property taxes following the 2021 revaluation. Some properties in the city experienced as much as 30 per cent increases to their tax, ranging from $780 to $5,999 between homes.

The one-time tax relief will have a total cost of $111,775.94 to the City. Administration recommended that the abatement be funded from the Fiscal Stabilization Reserve since it was not included in the 2022 budget.

Municipalities in Saskatchewan must revalue properties every four years and update the assessed values. Due to the unique housing market in Prince Albert, the 2021 revaluation led to middle value homes decreasing in value and caused fewer higher valued properties to carry a larger portion of the tax burden.

"This abatement corrects an oversight at the time of implementation," Mayor Greg Dionne said. "It was not clear at the time that these homes would see such a dramatic increase and this offers some measure of relief to those impacted."

The abatement will provide 173 properties owners that experienced the most dramatic increases with a one-time tax relief. 29 properties out of the total 202 homes that saw an increase in property taxes of over $700 were removed from the list. Properties with substantial renovations in 2021 or those that saw an increase in tax due to a change in property classification were excluded.

"Last year, this Council as a whole approved a 0 per cent tax increase, so you could imagine the surprise on our faces when months later people's taxes increased by $1,000, by $2,000," Coun. Ted Zurakowski said during the meeting. "I can tell you this was not our intent. I think it's only right that we make our residents whole."

The one-time tax relief will be delivered to impacted property owners in one of two ways. Residents currently enrolled in the Tax Installment Payment Plan (TIPPS) will receive a cheque mailed for the amount they are entitled to. The abatement will be credited to the property tax account of those not currently enrolled in TIPPS.

Letters to impacted property owners are expected to arrive by May 13th, preceding the delivery of Property Tax Notices by a week.