

Loss of grants sharpens tax sting

Homeowners see little relief

Metro Vancouver's blistering property market has finally hit Kirk Tougas' home in east Vancouver, pushing the assessed value to \$1.2 million.



JASON PAYNE/FILES Homeowners across Metro Vancouver are feeling pinched as property taxes and assessments continue to rise.

The assessment, up 20 per cent from 2014, means Tougas, a retired freelance filmmaker, can no longer access the homeowner's or senior's grants, which saved him hundreds of dollars each year.

With the help of the two grants, Tougas paid \$3,725 in 2010 and \$4,368 in 2014. This year, his tax bill is \$6,122.

Tougas recently retired from a job in the film industry and has lived in his 1910 home for 26 years.

"I'm not sure what it will be valued at next year, probably at least \$1.4 million because of this craziness," he said. "So I'm going to pay more in regular taxes and there's going to be no grants."

Tougas is one of scores of homeowners across Metro Vancouver who are feeling increasingly pinched as property taxes and assessments continue to rise across the region. But local councils and the provincial government say they have no plans to ease the tax burden. Local councils and the provincial government note their focus is instead on trying to provide more affordable homes across the region.

“The bad news is they have a tax bill, but the good news is they have a home in this market, which a lot of people never will,” Vancouver Coun. Geoff Meggs said. “We can’t change their assessment. As long as the market is allowed to run off like this, there will be this impact. There’s no doubt about it. They’re chasing the ball downhill right now because the market is so hot.”

The B.C. government, meanwhile, maintains homeowners have the option to defer all or part of their taxes if they can’t afford to pay them right away. For the fiscal year ending in March, nearly 40,000 people in B.C. opted not to pay their taxes, with 1,500 of those being families with children living at home. That is an increase of about 5,000 households since 2013. The average deferral is about \$3,000 per year.

The province sells the scheme as a way to use the equity in a home to avoid paying taxes, for a “modest” increase in interest, while the taxes only have to be paid once a homeowner dies or the property is sold or inherited.

“It allows them to lean on the value of their property, which is rising,” said Jamie Edwardson, spokesman for the finance ministry. “I’m not sure the \$570 grant is the tipping point for these people who live in \$1.2-million houses.”

Adrian Mastracci, a financial adviser with KCM Wealth Management Inc., said he expects many homeowners aren’t aware of the tax-deferral program. The move is a good option for those who have restricted cash flow, he said, noting it is similar to getting a loan from the bank.

The interest rate for seniors (55 and older) and people with disabilities is 0.7 per cent, while the rate is 2.7 per cent for parents of children under the age of 18. Homeowners who don’t fit into those categories are not eligible to defer their property taxes.

“For some, (tax deferral) makes a lot of sense,” he said, but added: “If you’ve got the cash, just pay it because you’re going to have to pay the tax at some point. At least consider it and if it fits the bill, then do it.”

Tougas said he wasn’t aware of the tax deferral, but will look into it. “I’ll just have to see. Right now, I’m making do,” he said, but added he will seriously consider the move “if things get completely out of control and continue to be this way.”

He argues the provincial government should adjust the cap on the homeowner’s deduction to reflect the reality of Vancouver property values. “The idea when the homeowner’s grant was put in was that 95 per cent of homes in B.C. would receive it as a way of identifying ordinary people versus the wealthy establishment,” he said. “Somebody in Prince George is still well under the cap, but in Vancouver, it’s not being adjusted in any way. It’s a huge tax grab.”

NDP MLA David Eby, opposition housing critic, said he doubts the province will do anything to adjust the threshold for grants, noting their disappearance for many homeowners is a “windfall” for provincial coffers. And while homeowners can defer their taxes, he said, they will eventually have to pay them back and could face further problems if their property values fall in the meantime.

As a result, he said, people have no choice but to tighten their belts and stay put. “People are house rich but have no intention of selling or moving,” Eby said. “A lot of families have mortgaged everything they had to get real estate. I have trouble seeing much of a solution for these folks.”