

Stephen Wiseman: How the NDP's school tax hurts us all

• By Stephen Wiseman

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Much has been said lately about the NDP's proposed additional school tax — the measure that will immediately require B.C. homeowners whose annual assessment notices exceed \$3 million to pay far more in property tax.

This proposal is highly distressing to many, as it will result in local families literally taxed out of their homes. An assessment notice doesn't mean you have \$3 million in the bank, or in fact anything in the bank. It does not mean you can now afford to buy the house you own, versus 10 or 20 years ago when it was purchased. It doesn't mean you don't have a substantial mortgage, or kids in university, or a sick mother, and doesn't imply anything whatsoever about your income and ability to pay.

In my case, my total property-tax bill will nearly double overnight, and approach \$30,000 per year — this after first paying office overhead and then income taxes. As a physician who doesn't qualify for a deferral, I just don't make the money needed to pay for this, and find myself at a loss as to what to do.

Putting aside the understandable fear and anger in affected homeowners, we need to look at what this proposal means for everyone else too — and just how destructive it really is:

1. This is the first tax of its sort in Canada. It isn't a property tax mediated by a mill rate and tied to the needs of a municipality; it's a hard tax solely on paper wealth. There is no reason why, when the government becomes dependent on its annual revenues, it will not be modified to suit requirements, i.e. adjusted down to \$2 million, or \$1 million, or even expanded to include personal savings. There has never been a pure wealth tax in Canada, and we must all work hard to keep this door closed for everyone.

2. There is no clearly stated purpose for this tax, and this simply erodes the trust in government competence and benevolence for all of us. It has been called a school tax, but such taxes go to general revenue. Attorney General David Eby tells me it's to cover the ICBC debacle. Finance Minister Carole James asserts it's one of a suite of measures to address the housing crisis. Now we hear about "seismic upgrades," but still this runs through general revenue. The social contract is damaged by having such a divisive and intrusive tax without any clear purpose.

3. There is no fundamental legitimacy to this, in that the NDP didn't campaign on a wealth tax, and Eby would likely haven't been elected in Vancouver-Point Grey had it done so. To turn around and do this, with barely a one-seat coalition advantage, makes a farce out of our democratic process. Eby would lose his seat right now if there was a byelection, and the government would likely fall. The NDP doesn't have a mandate to ram through this tax.

4. Thirty-eight per cent of all Point Grey households are rental households. Almost one-quarter of all Vancouver rentals are in "single-family-home areas," suggesting that many of the large and expensive homes impacted by the tax are already full of renters. So, what happens to rents when the property tax on these houses doubles overnight?

5. Many have argued that if you can't afford the new tax, just cash out and move elsewhere. Let's think about this for a second. What happens to these established neighbourhoods when long-term and committed families are forced to sell out and move? Isn't the hollowing-out of our precious neighbourhoods one of the very symptoms of the housing crisis that has been affecting us all?

6. How is telling me to just pick up and move any different, morally, than me telling a struggling renter or a hard-working young family to likewise just get out of Vancouver if they can't afford to stay? Such ideas and rhetoric are fundamentally destructive, to everyone, and deny our collective humanity, as well as the hopes, dreams, connections and contributions we all share in our vibrant city.

7. Speaking of having to move, where will the current owners of \$3-million homes move when they're taxed out? Not a difficult question — they will move

down-market, into more affordable homes that aren't subject to the new tax. And with increased demand, what then happens to prices in this part of the market? Upward pressure, of course, coming from displaced families with cash in hand; is this an example of making the market more affordable for all? This is NDP voodoo economics, trickle-down style!

8. Well, you can just defer your taxes — as Eby's website beseeches us to do in Vancouver-Point Grey. But let's dig a little deeper here. The purpose of the government-subsidized deferral program, surely, has been to assist in the relatively few cases where an elderly or disabled person wishes to remain at home and simply can't afford the basic property tax. This program was never intended for mass adoption by high-income professionals who now find themselves in the same boat of needing help to make their payments. Does it help society to tax working doctors, lawyers and business people so hard that they must apply for subsidies? As a public policy, this is absurd.

9. Deferral is also highly questionable on a larger economic basis. If increasingly more of us have to defer, what does that do to government tax revenue? For me, if I decide to stay, I will need to start deferring in two years when I can qualify — such that for the next 20 years the government will not see a dime of property tax from me. So, how again will this help with schools? Seismic upgrades? ICBC?

10. Worst of all is this tax's ugly divisiveness — its ability to corrode society's bonds, and to set citizens in opposition to one another across social, economic and even racial or ethnic lines. We all have been impacted by the housing crisis in B.C. and rightfully we should all be able to come together to address it and use our collective strength to move forward. In my case, there are huge, new, empty houses on either side of mine — where friends and neighbours once lived in modest older homes. Our favourite restaurants are gone. We are losing our go-to Safeway. There seem to be fewer and fewer children around.

No citizen living in a \$3-million or a \$6-million house on paper is unaware of, or indifferent to, the difficulty of finding affordable rental accommodation or breaking in to the housing market as a young family. We all know that we must remove the criminal and speculative elements from the real-estate industry, and

we all know that the current bubble prices must soften and deflate — meaning all of our homes will lose paper value. We accept these things for the greater good, and many of us are prepared to work to help things along.

But what now? Instead of focusing on my compassion for others first and foremost, and looking for opportunities to participate in a collective effort to improve things for all, I have to fight to somehow keep the home I've lived in and loved for 20 years. Can I afford to stay? Should we sell? Is anything selling now? Is it reasonable to borrow and pay interest just to meet a regular, recurring bill?

Everyone is affected by this divisive, cynical tax proposal that pits citizen against citizen and foments conflict, envy and disrespect when the opposites are needed more than ever. Some of the NDP's efforts to curb the housing crisis are commendable, or at least possibly workable. The additional school tax, however, is in an entirely different category, and is as harmful and ineffective today as it was in 1993 when it was proposed and defeated before. Shame on Premier John Horgan and his government for bringing us all to this point one more time.

Stephen Wiseman is a working doctor and long-term homeowner in Point Grey.