

Apartment taxes to stay 1.7 times more

Less would raise rates on
other homes: committee

BY NECO COCKBURN

Property tax rates on apartments should stay much higher than those on single-family homes, the audit, budget and finance committee decided Monday, disappointing some people who say renters are taxed unfairly.

The committee approved a staff recommendation giving multi-residential properties — anything with more than six units under one roof — a tax rate that's 1.7 times more than regular residential properties, the same ratio as 2009.

The tax rate on multi-residential housing units used to be much higher, until council decided years ago that it was unfair to tenants, discouraged high-density construction, and drove up rents by limiting the supply of apartments.

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Taxes: Homeowners fed up with increases

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Besides creating a special lower tax rate for newly built multi-residential units starting in 2001, council has steadily pushed down the tax ratio for older buildings from 2.3359 times the regular residential rate in 2000 to 1.7 in 2009.

And that's enough for now, said Barrhaven Councillor Jan Harder, saying homeowners are tired of anything that smacks of a tax increase. Any time the ratio is lowered, it's primarily up to homeowners to make up the shortfall in tax revenue.

"We have stepped up to the plate every year, and it's not small what we've been doing," said Harder. But "the taxpayers in our city have had it."

The tax rate on such units is higher — but on the flip side, multi-residential units get the benefit of a lower assessed value because they're in a different class of property, according to a staff report. The median property tax on a multi-residential unit is now \$1,260 a year, the report says; that's about equal to the taxes on a condo unit at the bottom 10 per cent among condominiums.

The committee rejected bids by Bay Councillor Alex Cullen and Somerset Councillor Diane Holmes to further lower the multi-residential ratio in 2010.

Cullen said it's unfair for renters to pay a higher share of taxes than homeowners, especially since the average renter's income is less than half of what an average homeowner makes.

"Here we have something that's in our own hands that council in the past recognized and understood was not fair. To maintain the status quo is to maintain that unfairness," he said.

Landlord, property management and tenant representatives also called for a lower ratio.

"Tenants have been paying more than their fair (share) of taxes for

many years," said Geoff Youngusband of Tenants and Landlords for Fair Taxation.

The decrease in the ratio since 2000 meant the average homeowner paid \$86 more in 2009 than if the multi-residential rate had stayed where it was. Once the ratio is brought down, provincial rules make it impossible for council to raise it.

Cullen wanted to lower the ratio to 1.6, which would add about \$15 to the average homeowner's 2010 tax bill. A smaller reduction to 1.65 would lead to a tax bill increase for homeowners that's less than cost of a rental DVD, Cullen said.

But, like Harder, some councillors said homeowners are fed up with tax increases, regardless of the size.

Gloucester-Southgate Councillor Diane Deans said there's enough evidence to support arguments on both sides of the issue, but the city has "come a long way in trying to be fair to all of our tax classes."

Deans said the problem "really lies with the complex, inexact, antiquated provincial assessment system that needs changing."

The city's finance staff said the city has done a good job of lowering the tax burden on multi-residential properties. Staff said the city's multi-residential ratio is the lowest of any large or small urban centre in Ontario, apart from York Region, which has a "minimal" number of multi-residential units in the first place. In Hamilton, according to their report, it's 2.74 times the rate for regular residential units.

"Council has decreased it 27 per cent since amalgamation, and we've seen a lot of indications that council has been very effective in reducing the tax burden on 'multi-res,'" said deputy city treasurer Ken Hughes.

The committee's recommendation goes before council on April 14.

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