

Renters pay double property tax as home owners

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Most renters would be surprised to know they pay property tax, let alone knowing that the rate could be double that of homeowners. That's just part of the battle that the Tenants and Landlords for Fair Taxation (TLFT) are facing in trying to get the city to change its tax ratios, according to TLFT co-chair Luigi Caparelli.

"Tenants don't realize it, but a big chunk of their rent goes to the city every month," Caparelli says.

Caparelli explains that TLFT started five or six years ago when the provincial government gave municipalities the authority to adjust property tax ratios. That means they can adjust the rates between classes of property taxes such as residential, commercial and farmlands. There are 12 tax classes including multi-residential which applies to buildings with seven or more residential rental units.

The base tax rate in 2004 for the residential class was 0.71696 per cent, whereas the base rate for multi-residential was 1.54288 per cent. The multi-residential rate was also higher to pay for specific items including conservation authorities, urban fire service and urban transit service. The education tax rates, which are set by the province, are the same for residential and multi-residential classes.

Ottawa's city council decided keep the same property tax ratios as 2004 at their May 11 meeting, but TLFT is encouraging residents to write their councillor to complain and send letters to the editor. Caparelli notes that the issue will come up again during the budget debate for 2006, which will begin

to be discussed in July. TLFT is also asking tenants to bring the topic up at community meetings to let city council know that it is important to them.

"They (councillors) say they can't do it, because there would be too much of a shift in taxes or it's not clear what the number should be. There are lots of excuses," Caparelli says.

Caparelli says comparing actual taxes paid between home owners and renters can be difficult because apartments typically are worth far less than houses.

"It's a complicated question, but on average tenants are paying \$75 to \$125 more a month based on value," Caparelli says. "We just think that's unfair."

Caparelli says councillors have generally been in favour of moving toward a more fair tax system and in fact, there has been some movement on the issue.

Landlords got involved in the issue because they would like to see lower property taxes on their rental units, which would allow them to lower the rent and have a more competitive product compared to home ownership or condos.

By provincial law, any property tax decrease (including by adjusting the tax ratios) past a certain threshold must be passed on to tenants in reduced rent.

TLFT has been trying to get the word out by putting signs up in buildings and through their website www.tlft.org. Most of the major landlords in Ottawa, including Minto, are on board for the project.

A full chart of the tax rates for the different classes of property is available online at ottawa.ca/city_services/proptaxes/new_rates/urban2004_en.pdf.