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In recent weeks, one of the larger landlord associations in Toronto has been publicly promoting a position on a particular issue of property taxation. Through the distribution of a decidedly lopsided little flyer, they point out that, as a group, tenants are subject to higher property tax rates than homeowners. That can't be fair to tenants, they argue, and requires remedy.

On its face, of course, this is an oddity. Landlords advocating reduced tax rates for tenants? One would think that something is amiss. And it is.

First, the facts. There are two classes of property we are dealing with. The first is the Multi-Residential Class – rental buildings with 7 or more units that are not registered as condominiums. Buildings in this class are assessed by the Ontario Government partially on their value and partially on their rental income. In 2001, these Toronto buildings had a total assessment of \$17.7 Billion.

The second is the Residential Class – primarily single family dwellings, condominiums and small rental buildings. The Government of Ontario assesses buildings in this class on the basis of their current market value. In 2001, these Toronto buildings had a total assessment of \$144.3 Billion.

When we compare the municipal tax rates for these two classes, the Multi-Residential is clearly higher. It stands at 2.92 percent, while the Residential is set at 0.70 per cent. That means that the landlords are right – tenants are subject to a much higher rate of property taxation than homeowners are.

But the actual dollar taxation of the two classes tells a different story.

When we compare the taxes levied for an average building in each of these classes, the dollar amounts are almost the same. That is, the actual taxes paid are almost equal. When we add in the education portion of the property tax, the result is that the average Multi-Residential tax is lower. In 2001, the average Multi-Residential building unit was charged \$1943, while the average Residential building unit was charged \$2576.

So while the rate of tax is higher for units in large apartment buildings than it is for single family dwellings and condos, the actual taxes for those apartment buildings is lower.

And the landlord interest? They suggest that it would be good public policy to equalize the tax rates for both Classes on the basis of their market value, and that does have a ring of fairness to it. But it would be anything but fair. It would have two key impacts:

First, the average Residential Class unit – single family dwellings and condos – that now pays \$633 more than the average Multi-Residential Class unit, would pay \$2373, or almost 4 times more. While it is true that homeowner incomes are higher than tenant incomes overall, we have to remember that the property tax is not an income tax -- as many families and seniors struggling to hold onto their homes are painfully aware.

Second, landlords of large apartment buildings would receive a tax reduction. And there's the rub. Chances are, they will get to keep it.

While an affected tenant is entitled to such a reduction, he or she would get it only if the landlord volunteered it, or if the tenant had the time and the persistence to go through the administrative hoops of the Ontario Rental Housing Tribunal. And each tenant would have to go it alone. In the great majority of cases, the tax reduction would go straight to the pocket of the landlord.

In practical terms, this shift in property tax rates is really a direct benefit to landlords, who would continue to reap more windfalls as existing tenants moved and rents were raised.

The answer to tenant property tax inequities in Toronto does not lie in penalizing homeowners. They already pay more than their proportional share, and, thanks to provincial law, must unfairly shoulder the full weight of any property tax increase in Toronto.

Instead, the answer lies in replacing market value assessment with a more equitable assessment system; and in replacing Ontario's rental vacancy decontrol legislation with real and effective rent control.

Stealing from Peter to pay Paul rarely amounts to good public policy, especially when the landlord has his hand in Paul's pocket. Tenants are well advised to be wary of landlord prophets bearing the false gift of fairness in taxation: it will only serve the prophet.

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Councillor