

Reassessment to hit renters where it hurts

Carly Weeks

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Ottawa multi-residential assessments will jump more than 30 per cent and will likely result in significant rent increases for apartment tenants.

"It's just bad news for tenants," said Bob Jarrett, general manager of the property management division for CLV Group. "It's a step backwards."

Multi-residential properties increased in assessed value by an average 30 per cent, according to city staff briefing notes on the new assessment obtained by the Citizen. Assessment notices were mailed yesterday. The multi-residential class faces the largest increase: 30.22 per cent. Commercial assessment has gone up by 7.34 per cent; residential assessment has gone up 11.84 per cent.

Property assessments are to be discussed today at the city's corporate services meeting.

When all property classes experience a similar assessment increase, the effect is revenue-neutral. But when one class has a higher increase than another, it means that group will experience a jump in taxes.

"A significant increase in the multi-residential assessment means that they're going to be hit with a property tax increase in their rent. We can expect a spate of rent increases as a result of the higher assessment," Councillor Alex Cullen said.

Provincial regulations restrict rent increases landlords can pass on to tenants. For 2005, the rent increase guideline is 1.5 per cent. But if landlords face a jump in municipal taxes, they can apply to the Ontario Rental Housing Tribunal to increase rents more.

The result could be Ottawa apartment dwellers facing rent increases of about two per cent, starting in 2007, said John Dickie, chairman of the Eastern Ontario Landlord Association. That would translate into an extra \$192 a year for people who pay \$800 a month in rent.

"It's quite bad," Mr. Dickie said. "Tenants typically have half the income of homeowners. They typically have one-tenth the wealth of homeowners. They are typically paying four to five per cent of their incomes in property taxes, where homeowners are typically paying about three per cent."

Any new tax increases will only add to the burden that multi-residential tenants have been carrying for years, said Roger Greenberg, chairman and chief executive officer of Minto Developments Inc.

"Tenants are already paying over twice the amount that they should be paying," Mr. Greenberg said yesterday. "If this assessment is going to shift even more taxes to the multi-residential sector, I think all that does is make the

current inequity even worse."

Multi-residential units have a tax ratio of 2.15 to one. Single-family homeowners and condominium owners are charged a base tax rate of one to one.

Mayor Bob Chiarelli sent a letter to Premier Dalton McGuinty yesterday, stating that property owners in Ottawa believe the current assessment system is "drastically broken" and urges the province to come up with reforms.

The mayor sent the letter in response to the premier's announcement last week that Ottawa would not be granted any new taxing powers.

Mr. Chiarelli said the city has been trying to get the province to fix the problems with the assessment system for years. "We've been going to the wall on this issue for the last three or four years, since we started to get this unpredicted increases in assessment, and we've been calling for and demanding that the provincial government fix this problem," he said.

During the last reassessment in 2003, values increased nearly 24 per cent. However, condominiums had assessment increases of close to 35 per cent, although in trendier parts of the city the increase was even higher.

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