

Your Comprehensive Rental Guide

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Tax burden for tenants is always higher than that of homeowners

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CITIZEN ADVERTISING FEATURES

Source: DICKIE & LYMAN LLP,

who practice landlord/tenant law and other areas of law.

QUESTION:

I am a tenant in a high rise apartment in Ottawa. Recently I saw a flyer in my building from a group called the Tenants and Landlords for Fair Taxation. It said my rent might increase because of increased municipal property taxes. Can you explain how property taxes affect tenants, and what is the current situation with the City?

ANSWER:

Although landlords receive tax bills and send the money to the City, property taxes are really paid by the tenants. About 20 per cent of the rent on an apartment go to pay property taxes. The Tenant Protection Act provides for automatic rent reductions if the building's property taxes fall, and allow landlords to increase the rent when property taxes rise.

Property taxes are primarily determined by multiplying the assessed value of the property by the tax rate for that class of property. In Ottawa there are a number of different classes of property including residential, multi-residential (rental buildings of seven or more units), commercial, shopping centres, and others.

In 2005 Ottawa's municipal tax rate for residential property was about one per cent. Ottawa's multi-residential tax rate was about 2.2 per cent. In other words, apartments pay more than twice the tax rate as houses; the tax ratio of multi-residential to residential is 2.15. (The Provincial education tax rate is added in both cases, but that is equal for tenants and homeowners.)

For 2006 taxes, all properties in the Province were given new assessments. Most multi-residential buildings increased in assessment much higher than the average commercial or residential property. As a result of that assessment shift, if the

residential property. Instead of facing 10 per cent to 15 per cent tax increases, most apartment buildings will see small tax increases and many will benefit from tax decreases.

The Tenant Protection Act requires landlords to decrease the rent if the property taxes fall by at least 2.5 per cent. If that happens at your building, the City of Ottawa will send all the tenants in the building a notice in late Fall regarding the percentage tax decrease and rent reduction. It is common for your landlord to also notify you of the dollar amount of your rent reduction, which would then apply to your rent payments starting in January 2007. In addition, 13 of the largest local landlords in the City pledge to pass through all tax decreases to tenants even those below the 2.5 per cent threshold.

A small number of buildings will still face large tax increases. If this occurs at your building, the landlord is entitled to apply to increase your rent by more than the guideline. Just as the rent reduction would not take effect until 2007, the rent increase would not apply until sometime in 2007.

The lowering of the tax ratio to 1.8 is the largest single step taken by Ottawa City Council towards reaching an equal tax rate. Tenants will no longer be paying twice the tax rate of homeowners. However, tenants are still paying a tax rate that is 80 per cent higher than homeowners face.

If you would like to find out more information on how tenants and landlords are working together on promoting reduced property taxes for tenants you may want to visit their website at www.tlft.org

Send questions for rental experts or suggestions for

RENTAL PICK OF THE WEEK



Russell Gate Apartments
1971 & 1975 St. Laurent

Location shines at Russell Gate Apartments

If ever a pair of apartment buildings was ideally located, Russell Gate Apartments are it.

Russell Gate is conveniently situated directly across the street from the Elmvale Shopping Mall anchored by a major department store, a grocery store, a pharmacy and bank. The plaza also houses a branch of the public library, medical and dental clinic, a shoe and fashion shops, among other amenities. Schools, churches dot the area. Museums are nearby. Restaurants and a variety of fast food eateries are easily accessible. OC Transit is just steps from the front door.

Each of the 500 suites in the Russell Gate Apartments has a carpeted wall-to-wall. Both buildings have their own laundry facilities and secure locker rooms. In a few weeks – on June 1st – the outdoor swimming pool, complete with lifeguard, opens for the summer.

Hydro, heat, hot water, central air, fridge and stove are included in the rent. One-bedroom units start at \$649 and two-bedroom units at \$799. Parking is outdoor and extra.

Glenview Management maintains an on-site administrative office.

residential property. As a result of that assessment shift, if the City had maintained the same tax ratio, most apartments would face tax increases of more than 10 per cent.

Fortunately for apartment dwellers, on April 26, 2006 City Council decided to lower the tax ratio from 2.15 to 1.80. That resulted in the cancelling of the assessment shift towards multi-

topics to Rental Guide, c/o Pamela Eadie, Ottawa Citizen Advertising Features, 1101 Baxter Road, Ottawa, K2C 3M4 or by e-mail to peadie@thecitizen.canwest.com. Selected questions will be answered in future columns only. For immediate assistance call the Ontario Rental Housing Tribunal at 1-888-332-3234.

office, a superintendent in both buildings, and 24-hour service. Glenview invites you to view the fully furnished apartment.

For further information or an appointment to view 733-9135.