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LILLEY: Chow's budget means some renters are more equal than others

Mayor Chow promises to protect renters but in reality, only some renters.

Brian Lilley || January 30, 2024



Toronto Mayor Olivia Chow arrives to West Block of Parliament Hill in Ottawa on Sept. 27, 2023. (The Canadian Press)

In a city known for great theatre, Olivia Chow's budget show might be the best one running at the moment. It has drama, intrigue, sleight of hand and even a little comedy when you think of how ridiculous it is.

On Thursday, Mayor Chow will lift the curtain on her “official budget,” but she’s been willing to tease out some aspects that will leave many taxpayers feeling like second class citizens.

“Tenants will not have to pay more rent because of this budget,” Chow said on Tuesday.

“I am lowering the multi-residential rate so that it is below 3.75%, because that is the threshold where landlords go to the tribunal and ask for more rent increase.”

The property tax hike on purpose built multi-residential buildings is usually about half of what homeowners will pay. And while Chow has said that she wants to protect renters, that doesn’t mean all renters will be saved from the big tax hike.

About half of the residents of Toronto are renters and the other half homeowners, but not all renters are created equal.

Politicians of all stripes and at all levels have spent the last few years talking about the need for more purpose-built rental buildings in Toronto. That essentially means more buildings that are 100% rental units in a standard apartment building.

Over the last 20 years, there haven’t been many of these types of units built, with most new rentals coming into the system as condos rented out by individual owners or basement suites added to an existing home. None of those units will be spared this tax hike, just those who live in buildings made up solely of rental apartments.

Which means, an awful lot of renters in Toronto will be getting a rent increase due to Chow’s massive tax hike.

Then we have the question about whether the tax hike will be 10.5% for homeowners — or 16.5%. The official property tax hike is 9%, followed by a 1.5% hike for capital projects and then the threat of an additional 6% hike, called the “Federal Impact Levy.”

That’s what Chow’s budget chief, Councillor Shelly Carroll, dubbed the threatened tax hike that Chow will apply if the feds don’t pony up. Chow, and Carroll — let’s not pretend they aren’t working together on this budget — threatened to add an extra 6% unless the feds handed over \$250 million for the housing and other costs of asylum seekers.

Let’s be clear: This is a federal responsibility, and they should pay up. But Chow’s tactics have pushed a lot of Liberal noses out of joint.

It also has not gone unnoticed that Chow played nice with Ontario Premier Doug Ford in order to get a deal, then essentially threatened the federal Liberals, rather than working cooperatively.

There will be some money coming down the road; there was speculation it could come this week, but that is now likely off as details with various jurisdictions across the country are worked out. Suffice to say, few Liberals are in a rush to help out Chow before her budget announcement on Thursday.

Which leaves the question: What will Chow do if the feds come up with part of the funds – say between \$150-200 million – but not the full cost? Will she still bring in a federal levy or eat the difference?

What about the cost of lowering the tax rate for purpose-built rentals? Will she boost the tax hike for homeowners in a class warfare move, or try to look moderate?

Here's a prediction.

Chow will use the tools at her disposal to appear moderate, to try to show she can listen to the people. Expect that the overall tax rate will be lower than 10.5%, but still too high, but enough for her to say she listened.

We might even see programs like windrows, the driveway snow clearing program, saved as a sign she is not a radical.

But don't expect a change in the police budget; on that front, Chow likes the drama and her base enjoys the show.