

operating expense [Vancouver Kiwanis Senior Citizens Housing Society]. A quick search of records of arbitrations did not provide much information about previous decisions on this issue, beyond confirming that many factors are taken into account by arbitrators.

I am confident that a small scale landlord of a garden or basement suite that has been owned for some time and thus does not have major mortgage interest costs would find it difficult to justify even going through the process involved in obtaining a rent increase beyond the legislated amount, and larger landlords would find the process highly uncertain.

There are also restrictions on the sum of rental increases if both capital costs and other costs have increased, and as we saw during COVID the Province may restrict overall rental increases while imposing no such restriction on property tax increases.

Potential Solutions:

Commercial rental arrangements quite commonly contain provisions for a pass through of taxes as well as other costs such as water and sewer that are not billed directly to consumers. If units within a building are not separately assessed leases must provide for allocation of the property tax bill. Thus business owners are typically sensitive to local tax rates.

The situation is different for residential renters, and the taxable values of individual units will not be available for multiple unit properties. While it would be possible to require that the Assessment Authority assess each rentable dwelling unit separately, or that building owners allocate the property tax burden on multiple unit residential rental buildings, this would be costly and slow. I suggest that a simple solution would be for the Province to determine the average ratio of property tax cost to total rental and then set the permissible rent increase for each municipality based on this. Thus if it is determined that property taxes represent 10 percent of rent costs, the Province sets its permissible rent increase at 2 percent, and the municipality sets its tax increase at 3 percent, then the allowable rent increase for that municipality would be $90\% \times 2\%$ plus $10\% \times 3\%$, or 2.1 percent.

The tax bill an owner occupier or landlord faces is based on decisions by regional governments and school boards as well as by various provincial agencies (Assessment Authority, MFA etc.). These decisions can be passed through in the same way as municipal taxes, with the allowable increase again calculated for each area. The allowable increase for each municipality would require only a single calculation that would apply for the year following the issuing of tax bills (unless different school districts within a single municipality impose different rates).

Respectfully submitted,



Councillor Young