



Hamilton

*MUNICIPAL SERVICES &
PROPERTY TAXATION ON
CONDOMINIUM
PROPERTIES*

FCS12020 / PW12011

Audit, Finance & Administration Committee

April 10, 2012



Condominium's Claim

- Condos are taxed the same as single family homes but do not receive the same services
- Condos pay twice for certain services (through property taxes and condo fees) = double taxation
- Unfair treatment – compared to traditional non-condo housing, condos provide greater tax revenue to the City, with less cost to the City



Condominium's Concerns

- Services in question:
 - Garbage / Recycling Collection
 - Storm Sewer (catch basin) Cleaning
 - Fire Hydrant Testing
 - Parking / Signage
 - West Nile Control
 - Street Lighting



Condominium's Request

1. Municipalities to provide condos the same services as non-condo homes, or
 2. Municipality to provide condos with rebates for services not provided, or
 3. Allow city's contract prices for delivery of services to be used by condos, or
 4. Request Province to establish a new property class for condos, with a lower tax rate than non-condos
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- Condo Development
 - Infrastructure within condominium complex is private property
 - Some advantages in Planning process, when compared to non-condo homes
 - Ability to increase density
 - Buyer awareness of condo fees and service requirements



1. Municipalities to provide condos the same services as non-condo homes

Response:

- City provides services on public property
- City does not provide services on private property, regardless if condo or non-condo
- Responsibility lies on the property owner for maintenance within their private property
- Implications for other property classes (i.e. Multi-Residential, Commercial, Industrial)



2. Municipalities to provide condos with rebates for services not provided

Response:

- Property taxes are not a fee-for-service, instead of method of distributing the cost of public services/programs throughout the municipality
- Property taxes paid by both condo and non-condo properties go towards public services / programs
- Both condo and non-condo taxpayers benefit from municipal services



3. Allow city's contract prices for delivery of services to be used by condos

Response:

- Staff are recommending: *“That, in an effort to mitigate the cost of services undertaken by Condominium Corporations, City staff provide Condominium Corporations with a list of the City’s current contractors and their respective pricing.”*
 - Assists condos in their negotiations with contractors
 - CCI could also assist individual condos in their negotiations as additional leverage



4. Request Province to establish a new property class for condos, with a lower tax rate than non-condos

Response:

- According to AMO, the Province has no appetite for establishing any new property classes
- Marcel Beaubien¹ recommended that condos remain in the residential property class: “*The fundamental premise of our property tax system is that properties should be taxed on the basis of their market value, not on the basis of the relative use that property owners make of local services*”

¹ MPP, Special Advisor to the Minister of Finance: “Property Assessment & Classification Review” (2002)



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Services



Garbage / Recycling Collection

- City **does** provide garbage and recycling collection to condo properties – with the exception of properties with physical constraints
- Avoid physical constraints in new development through specific waste management design criteria (part of City's site plan guidelines)
 - Some reluctance by development industry if impacts on number of units / parking spaces
 - If developer chooses not to revise the plans (as it may result in the loss of unit yield), City staff require that the appropriate warning clauses be included at both the site plan stage and condominium approval stage warning future purchasers that the City of Hamilton will not be providing on-site garbage pick up



Storm Sewers (catch basin) Cleaning

- City is responsible for catch basin cleaning on public property only
- The cleaning of catch basins on private property, whether condominium or other (single family, commercial, industrial) is the responsibility of the property owner
- City does not have an inventory of catch basins on private property, nor any information on their state of repair
- Unknown cost exposure



Fire Hydrant Test

- City currently inspects approximately 12,500 fire hydrants on public property
- Costs are funded through water and sewer rates (not property taxes)
- Various property types have private hydrants including commercial and industrial
- City does not have an inventory of fire hydrants on private property, nor any information on their state of repair
- Estimated annual cost of providing service = \$125,000



- Any signage placed on private property is the responsibility of the property owner for purchase, installation, maintenance
- City enforcement enter private property at the request of the property owner(s)
- Ontario Building Code regulates when fire access routes are required – establishment of fire access routes (including sign location and installation) is regulated by City by-law
- Some resistance by condos due to cost and aesthetics of required number of signs
 - City and condos have worked together to come up with acceptable compromises



West Nile Control

- Encourage everyone to eliminate standing water
 - All properties (both public and private) within the Urban boundary (and rural settlement areas) must comply with the Standing Water by-law
 - City has a larviciding program
 - Larviciding is done seasonally when monitoring information shows that mosquito larvae are present
 - Done by licensed applicators and carried out under permit from Ministry of the Environment
 - City does not larvicide catch basins or surface waters on private lands
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- City installs street lighting on public roadways according to guidelines
- Annual energy costs = \$4 million
- Lighting on private property is dealt with through site plan approval and must meet the standards (this includes condominium, commercial, industrial)
- Unknown cost exposure



Halton / Burlington:

- Similar to Hamilton, both upper and lower tier are maintaining status quo = only service public property (infrastructure on private property is the responsibility of the property owner)

Markham:

- Condo working group recommended to Council that it request the Province to amend the legislation to create two new property classes for condos (apartment condos & town home condos)
– unanimously approved by City Council



Other Municipalities (cont'd)

Brantford:

- Since 2005, provides garbage and recycling collection, storm sewer cleaning and fire hydrant testing to condominium properties
- Commencing in 2012, will also inspect and clean stormceptors on condo properties (did not approve extending service to all Residential, Commercial and Industrial; costs would have been over 4 times higher)
- A liability agreement must be signed and a certificate of insurance must be submitted to City



Other Municipalities (cont'd)

Brantford (cont'd):

- Cost of providing services to condos is included in the annual budget
- Council did not support compensating private condos for energy costs to provide street lighting on their private property
- Council denied extending similar treatment for garbage collection (rebate program) to multi-residential properties



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Summary



- It is the responsibility of the property owner (both condo and non-condo) for maintenance within their private property
 - Property taxes are not a fee-for-service – fund public services / programs that both condo and non-condo benefit from
 - Significant liability issues (if assume responsibility for maintenance of private property)
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- Equity issues as it pertains to other types of private property (i.e. multi-residential, commercial, industrial)
- Would set a potential expensive precedent and much higher costs – to be borne by all taxpayers
- Buyers know their cost responsibilities before they buy their condo



Example – Equitable Treatment

- Two identical high-rise buildings:
 1. High-rise condo
 2. High-rise rental apartment
- Assuming no physical constraints, both receive the same waste collection
- Both are responsible for snow removal, catch basin cleaning, fire hydrant testing, fire route signage, etc. on their private property
- The City is responsible for snow removal, catch basin cleaning, fire hydrant testing, fire route signage, etc. on the public property surrounding both properties – which both benefit from
- High-rise condo pays the lower Residential tax rate (however potentially higher assessed value) while high-rise rental apartment pays higher Multi-Residential tax rate (however potentially lower assessed value)



- CCI states; “*We don’t want special treatment, just fair treatment*”
- In staff’s opinion (similar to Halton/ Burlington), the current service delivery and taxation of municipal services is in the most equitable manner available to **all** taxpayers
- It is the responsibility of **all** property owners for maintenance within their private property
- **All** taxpayers pay property taxes that support public services and programs, regardless if use service or not
- From a public policy perspective, incorrect to provide services / rebates to condos, but not to other types of private property (multi-residential, commercial, industrial)