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## **4-per-cent tax hike expected for Toronto homeowners**

### **Miller scheduled to unveil city efforts to ease access to services for residents, businesses during economic downturn**

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A likely 4-per-cent property-tax hike for Toronto homeowners, a smattering of new services and some new user fees are among the measures expected in the 2009 city budget to be unveiled tomorrow.

With residents rattled about the sagging economy, rising unemployment and plummeting home sales, the spotlight now turns to city budget actions by Mayor David Miller and his council to blunt the recession.

"It's a new order, a new reality and a new set of circumstances," said Toronto Board of Trade president Carol Wilding of the task facing city hall. "So it's not business as usual and a budget can't be built that way."

Today, as a prelude to tomorrow's rollout of the estimated \$8.6-billion budget for day-to-day operations, Mr. Miller is scheduled to announce city efforts to give residents and businesses easier access to programs and services to help them weather the downturn.

In the run-up to this week's announcements, city officials and the mayor's allies were extraordinarily tight-lipped on details. Even budget chief Shelley Carroll (Ward 33, Don Valley East) directed inquiries to the mayor's office.

"Complete lockdown" is how Councillor Denzil Minnan-Wong (Ward 34, Don Valley East) described the secrecy shrouding the budget. He said he would not be surprised if the mayor, who had earlier suggested a possible tax increase of between 2 and 4 per cent, goes for the higher number. "Based on every other budget, the mayor has come in on the high side," Mr. Minnan-Wong said.

A 4-per-cent residential rate would translate into a 1.3-per-cent hike for the corporate sector, as part of an ongoing effort to more fairly share the tax load carried by businesses. Each 1-per-cent rise in property taxes on homeowners and businesses generates a total of \$20.7-million for city coffers, according to officials.

Last week, with Mr. Miller returning from a mayors climate-change conference in Europe, executive assistant Bruce Scott said the budget "will not only describe the [economic] context, but show how the city is responding to it."

For the second year in a row, Mr. Miller has pledged to introduce a balanced budget at the start of the process, not when council votes on the package in early April. Since municipalities cannot run deficits, he avoids the embarrassment of past years when the city had to publicly beg Queen's Park for one-time funds to fill a multimillion-dollar hole. The negotiations, though still needed, now take place quietly behind closed doors before the introduction of the budget.

The mayor has already promised to freeze transit fares, but city sources suggest there may be some increase in user fees that could raise up to \$6-million more in revenue in 2009. Such an increase would

not be as high as in past years. Sources also suggest the potential for a modest amount of new spending of about \$20-million for the mayor's priorities, such as help for poor neighbourhoods.

Though the mayor's 2008 fiscal review panel urged cuts of \$150-million this year, the budget is believed to call for \$40-million in savings.

The mayor's allies were reluctant to speak, but others spelled out top budget wishes. The Toronto Real Estate Board wants the city to suspend - and ultimately repeal - its land-transfer tax on the purchase of a home.

"Right now there is an economic slowdown and the land-transfer tax is not helping," said TREB spokesman Von Palmer. Last week the board reported 1,106 January home sales in the city, down from 2,128 in January, 2008.

But the cash-strapped city is not about to relinquish a new province-approved tool that was expected to raise about \$155-million last year and \$240-million by 2010.

City projections of future revenues were made before the economy turned sour. TD Economics senior economist Derek Burleton said his bank forecasts a rise in unemployment in Toronto to 9 per cent this year, up from the current 7.8 per cent.

That puts financial pressure on the city, which currently pays 20 per cent (the province pays 80 per cent) of social assistance benefits. In January, the city's caseload of Ontario Works recipients rose to 81,067 from 74,726 in January, 2008, a jump of 8.5 per cent.

"It's a new pressure and adds to a list of spending challenges," Mr. Burleton said. The city also has to set aside funds for new labour contracts in 2009.

Meanwhile, the board of trade is keen for the city to tap new infrastructure funds in the federal budget. "The city will have to find matching funds, but we don't know where they are going to come from," Ms. Wilding said.