

## HUMBER BAY SHORES CONDOMINIUM ASSOCIATION

### SUMMARY

#### MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS JULY 16, 2009

The purpose of the meeting was to provide a venue for the board to present its concerns with respect to the province's proposed harmonization of the provincial sales tax with the federal goods and services tax. The board invited Laurel Broten, MPP for Etocicoke-Lakeshore, to attend the meeting. Wayne Arthurs, MPP, Pickering-Scarborough; Parliamentary Assistant to the Minister of Finance also attended the meeting, at Laurel Broten's invitation, to provide additional information.

Ms Broten stated that the primary intent of the proposed tax was to stimulate the provincial economy by reducing paperwork for Ontario businesses, lessen government-staffing requirements, and cut costs, with the ultimate goal of job creation. She stated that the tax has been generally well received by the business community. However, she is not directly involved in the discussions of the tax and, therefore, not aware of the implications for the condominium industry.

Judi Richter-Jacobs summarized the memorandum forwarded to Ms Broten prior to the meeting. The memorandum presented the key issues of concern to condominium corporations, that is, the immediate increase by approximately 13.6% in the operating costs, in addition to general inflationary increases.

The directors then stated their concerns and questions, as follows:

- the HST comes at a time of steep increases in fees charged for services provided by the city and the province, i.e., trash pickup, electricity and other utilities;
- the effect of the tax on the affordability and property values of condominiums, because of the increases in the common elements fees;
- unlike commercial businesses, condominium corporations are not able to off-set the taxes through input credits;
- the possibility of special assessments being imposed on residents to bring reserve funds into compliance with the requirements of the *Condominium Act* (1998), which is of particular concern to the new condominiums;
- the reduction in the collective buying power of the corporations on services they have to provide to accommodate the tax increase without major increases in common elements fees;
- about half of the housing stock in Ontario is comprised of condominium residences; a large number of condominium residents live on fixed incomes for whom it will be difficult to not only pay the increased fees, but also the general cost of living increases engendered by the tax, and the one-time tax credit will provide little if any benefit to residents.

Ms Broten stated that she is not involved in direct discussions of the tax, but as chair of the City of Toronto caucus, she will bring these concerns to members' attention. Mr. Arthurs stated that he is unaware of any lobbying by the condominium industry to obtain the concessions obtained regarding new house purchases, and suggested that HBSCA work with the industry representatives to see if similar arrangements can be made to provide some relief. Both Ms Broten and Mr. Arthurs suggested that it might be possible to make changes to the reserve fund requirements by reviewing the *Condominium Act*.

In addition to trying to open the *Condominium Act* for review, board members, Ms Broten and Mr. Arthurs then discussed various other strategies through which some benefit could be obtained, including

- focusing efforts on the reserve fund requirements;
- exempting utilities from the tax, as is the practice in jurisdictions that have value added taxes; and
- exempting capital costs for "green" projects, such as those undertaken to enhance energy efficiencies.

Ms Broten stated that, in addition to leading discussions with the Toronto caucus, she will forward HBSCA's memorandum to the Minister of Finance together with a personal letter summarizing the concerns expressed at the meeting.