



Bob Aaron bob@aaron.ca

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## City's gouging home buyers with hefty fee hike

In a blatant cash grab last month, the City of Toronto instituted a 30 per cent fee increase for its tax certificates from \$50 to \$65 without any notice to the real estate bar.

For home purchasers, this fee for a worthless and qualified tax certificate is in addition to the \$100 charged for a computer printout purportedly stating whether or not there are any zoning bylaw violations. This makes home buyers wonder why it costs so much for disbursements on a typical home purchase, and whether they are getting any value for their money from the city.

Why do we need tax certificates? In property transactions, it is important for the purchaser to know what the current year's taxes are, in order to be able to confirm the proper division of taxes between buyer and seller to the day of closing. And it is vital for the buyer to verify that the taxes are in good standing, so that he or she won't get stuck with the vendor's tax arrears for the current or past years.

The vendor's lawyer also needs to know what the taxes are and how much of the bill has been paid, in order to prepare the proper adjustment of the account between the parties.

Until June, all that was required to determine the tax status for any property was a call to the city tax department, and a long wait on hold. The information was free and the operators were courteous. Without charge, lawyers for purchasers could verify that there were no arrears, and lawyers for vendors could get the information they needed to adjust taxes if clients couldn't find tax bills.

Purchasers and lawyers could either rely on the verbal information and hope it was accurate, or protect themselves with a title insurance policy from the possibility that the phone information was wrong.

All this changed June 1. The free phone service ended and there is no more free information for vendors, purchasers or lawyers. This is not an increase of \$15 to \$65. This is a \$65 hike based on the old free phone call response.

Even buyers who have been phoning the city after closing to find out what taxes to pay are more often than not told to send in \$65 to get the details. What do you get for \$65? The city sends a certificate showing the year's total taxes, the previous year's taxes, any arrears and future outstanding payments. There's also a coupon to fill out and return to notify the city of the ownership change.

In terms of value for money, the \$65 certificate is almost worthless. It fails to advise on charges that might be added to the tax bill for past arrears of hydro water and sewer charges, or charges owing for work order or zoning violations. It does not show pending local improvement charges for neighbourhood-sponsored improvements. And, if the owner's last cheque bounces, the certificate will not protect a purchaser from the arrears. No indication is given of when the last cheque was received by the city.

Section 415 of the Municipal Act authorizes a city treasurer to impose an administrative charge for a certified statement of arrears, but prohibits any charge to a person who "forthwith pays the taxes."

Over the course of many transactions, I have never heard of the city waiving the tax certificate charge for a person who immediately wants to pay the taxes. An even worse insult to those buying real estate is the ridiculous response the city provides to a request (accompanied by a \$100 fee) to determine whether there are any building and zoning bylaw violations, or any active files or permit applications.

For your \$100, the city sends back a computer printout stating the contents of "the computer records of the department." Never mind that the inspector might be walking around with a thick file of bylaw violations. If they're not on the computer, they won't show up on your \$100 search. The work order certificate shows whether or not there are active permit applications or inspection files entered in the computer. If they haven't yet been turned into electronic impulses, they won't show up, and the printed report is highly misleading.

Under city bylaws in effect since 1953 in Toronto and later in the other Toronto municipalities, houses can't be built closer to the property boundaries than a certain minimum "setback." Purchasers and lenders want to know if the building is too close to the lot lines, and lawyers frequently send in surveys along with the \$100 fee so the city can advise whether the building complies with the lot setback requirements. The City of Toronto refuses to review surveys sent in with work order requests.

Prior to amalgamation, Scarborough routinely examined and commented on surveys, but discontinued this valuable service to "rationalize" its policy with the rest of Toronto.

Why is it that Toronto Hydro and Enbridge Consumers Gas only charge \$15 each for arrears searches (and apparently make money on those fees) but the City of Toronto gouges consumers with charges of \$65 and \$100 for computer printouts? Even these fees pale in comparison to the outrageous fees charged by the City of Toronto Committee of Adjustment to sanction minor zoning breaches and to allow large lots to be divided up to allow two or more houses to be built on the same parcel.

Two years ago the city doubled and tripled fees for Committee of Adjustment applications. It now costs between \$325 and \$970 for an application for a minor zoning variance, and \$1,505 to divide one house lot into two new lots, plus a further \$970 for each additional lot.

Mayor Mel Lastman says the city is "open for business," but city policy appears to differ from his words. It is charging more than most municipalities and far more than industry charges for responses to inquiry letters.

At the same time, charging \$1,505 to builders who want to put two houses where one existed before to provide more needed housing for Torontonians, is an unfair fee grab.

Perhaps the City's new motto should be "open for business - at a price."