



# Edmonton Apartment Association

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## News Release

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(For Immediate Release)

### **Council Flip Flops – Renters Pay**

The Edmonton Apartment Association (EAA) is extremely disappointed with the decision of Edmonton's City Council to reverse their 2005 decision to phase out the Split Mill Rate. This decision by City Council will ensure that apartment buildings in the Edmonton area will be taxed 15% higher than other residential properties in 2006.

"Council's decision will reduce rental supply and cost renters in the long run", says Clarence Rusnell, President of the EAA. By taxing apartments at a higher rate than owner occupied homes, Council maintains a regressive tax that over-burdens renters, when on average renters have substantially lower incomes and much less wealth than homeowners.

Council appears to have taken a very short sighted view of the issue. In the short term, the apartment rents are driven primarily by changes in the demand for apartments. It is Alberta's surging economy and the influx of new workers to Edmonton which has resulted in rent increases in the short term.

In the long term, it is the cost structure of an industry that determines the price of its product, in this case, the rent of apartments. The decision by the City to reverse the phase out of the Split Mill Rate means that the owners of apartment buildings will face increasing operating costs for their properties. In the long term those costs will determine market rents.

In maintaining the Split Mill Rate, Edmonton is out of step with all other major cities in Western Canada. A 2005 study by PricewaterhouseCoopers LLP found that Edmonton is the only major Western Canadian City that continued to use a Split Mill Rate. The cities of Calgary, Vancouver, Winnipeg, Regina and Saskatoon have eliminated their Split Mill Rate, or are phasing it out.

"Council's decision to retain the Split Mill Rate is a slap in the face of renters, and a bitter blow to the process of consultation that led to last year's decision to phase out the Split Mill Rate. The EAA looks forward to Council looking again at this issue, so that Alberta's economic growth does not derail the move to equality for tenants," says Clarence Rusnell, President of the EAA.

The EAA embraces the philosophy that the taxation for rental apartment properties and all other types of residential properties (single family, condominiums, etc) must be focused on fairness, equity, and competitiveness. The reversal of the phase out of the Split Mill Rate is a move away from fairness, equity, and competitiveness.

For more comment, contact Clarence Rusnell, President, Edmonton Apartment Association at 780 413-9773.

Founded in 1994, the **Edmonton Apartment Association** is a non-profit organization dedicated to strengthening and preserving the health of the apartment industry by uniting owners, property managers and operators of multi-family buildings. EAA members rent to more than 55,000 renter households in the City of Edmonton.