

There has been a BIA (Business Improvement Area) initiated in your area.

**YOUR TAXES WILL GO UP**  
**if you do not take action immediately.**

**Remember:**

Once a BIA is formed it is exponentially more difficult to dismantle it.

**The BIA *process* is Rigged**

The BIA is undemocratic, it does not use a petition, nor a vote in order to get passed. It uses a method akin to **Negative Option Billing** in order to be implemented. Negative Option Billing is illegal in Ontario and all of Canada, but at least Negative Option Billing gives you the opportunity to **OPT** out. Once a BIA is implemented there is no opting out, you're stuck paying higher taxes forever.

When a BIA is initiated the landlords receive a letter notifying them that BIA has been voted in by council for their area. **This letter does not provide any information about what a BIA is and it doesn't notify the landlord that his/her taxes will rise because of it.** The letter instructs the landlord that he/she has the right to object to it, but most landlords likely won't as he/she is not informed of a BIA's consequences. The name "Business Improvement Area" has a positive connotation to it, it's **sounds** like a good thing, and that's why a lot of people never object.

Furthermore, **a merchant who is opposed to forming the BIA may not have an ability to object.** Unless they are the owners of their property or their landlord has written to city hall permitting them to vote, merchants who are opposed do not have a say in the formation of the BIA. Which is unfortunate because higher property taxes always mean higher rents.

If you are reading this and are **a merchant opposed to the BIA**, be aware that if your landlord has not written into city hall and permitted you to vote by November 10th, 2014 then you cannot vote. Your only hope at this stage is to **convince your landlord to vote on your behalf** by December 10th, 2014. For questions on how to vote, feel free to contact me at [markczar@me.com](mailto:markczar@me.com) or call me @ 905-630-0446

**So what is a BIA?**

On paper, a BIA appears to be a good thing, it promises to improve the physical appearance of your area as well as promote it. Some of us have received the letter from the city of Hamilton briefly outlining these well-intentioned goals but the letter has completely omitted one important fact:

**your taxes will go up!**

**Why it matters?**

Hamilton already has unusually high property taxes. When comparing it to our neighbouring city Burlington, Hamilton's property taxes are almost twice as high!

	Burlington	Hamilton	Difference
Residential	0.91%	1.39%	<b>52.74%</b>
Multi- Residential	1.8%	3.45%	<b>91.66%</b>
Commercial	1.95%	3.65%	<b>87.17%</b>

### Side note

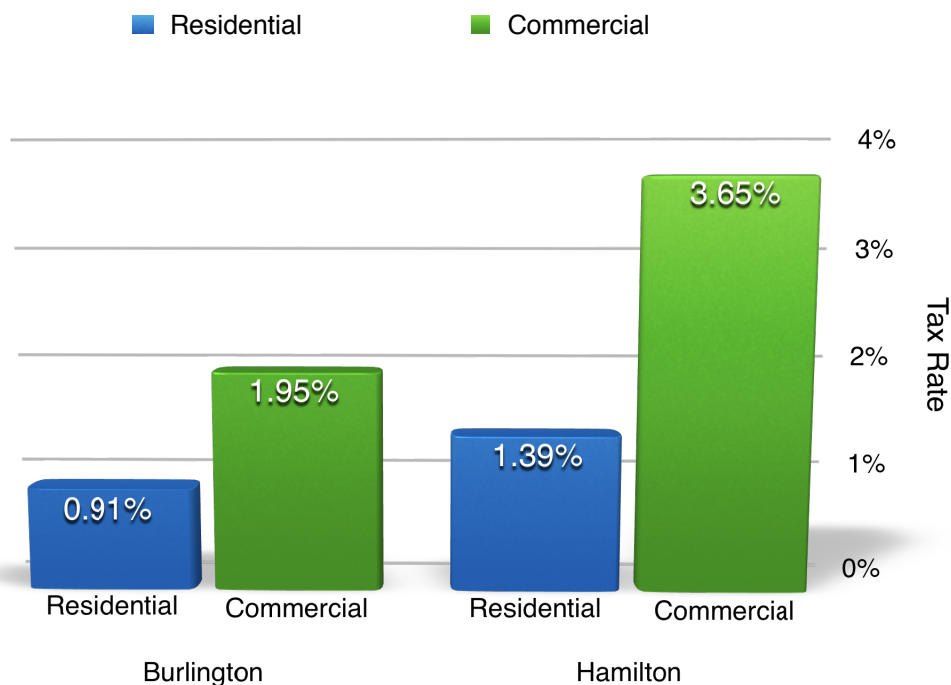
A common justification for this is that property values are higher in Burlington. However, as a business owner and/or landlord, your property value or business value is determined on how profitable your business or building is. More specifically for buildings, Capitalization Rates are used to determine value which take the difference of your rents received and your expenses payed. Rent rates in hamilton are increasing slower than inflation so by having unfairly higher tax rates in hamilton, buildings in Hamilton sell for lower values compared to their neighbouring cities with lower property taxes.

## It gets worse!

### Commercial tax rates are disproportionately higher in Hamilton than they are in Burlington.

Everybody knows commercial tax rates are always higher than residential rates, but in Burlington, Commercial tax rates are only **2.14 times higher** than residential tax rates, while in Hamilton the Commercial tax rate is **2.63 times higher** than residential. Meaning to say commercial properties in hamilton are already unfairly overburdened with taxes.

Comercial tax rates in Hamilton & Burlington compared to local Residential Rates



## Downtown Areas already pay more taxes!

For two reasons:

1. Downtown areas like ours are mainly comprised of commercial, multi residential, and office space. Which pay a much higher tax levy than residential. More then 2.5 times higher than residential areas.
2. Because higher population density, Downtown areas like ours have much bigger structures, like high-rise apartment complexes, condos, and multiple storied commercial properties. Because of this the property values are much higher and the tax levy's collected are higher.

With that taken into consideration, the higher valued structures matched with higher tax levies means that **per square foot of land, city hall collects more taxes from downtown areas** than any residential area. Therefore, the city should already be beautifying our areas with the higher taxes we

continue to pay. The burden should not be put on us AGAIN to pay even higher taxes to improve the area.

Consider condos as an example which have the same tax levy as a residential home. Because condos have multiple stories and are filled with hundred of units, the amount of taxes collected from the land that a condo occupies is multiples higher than the same amount of land comprised of detached homes. Special consideration should be given to areas like ours so that the services provided by our city hall should be representative of how many taxes are collected in our area.

## So how high can you expect your taxes to go up?

Every BIA budget is different and the exact levy is not published in Hamilton. But it is published in Burlington. Currently in Burlington the levy is as high as 0.44%. Doesn't sound like much?

**On a building valued at \$1,000,000 that's an annual levy of \$4400.**

## BIA's Don't Close after they reach their mandate.

Assuming that the goal of the BIA is to beautify the area, historically speaking, the BIA's continue to stay in existence even after they have made the capital improvements. Even worse, after spending money on expensive capital improvements like benches, the BIA levy remains high and the extra funds are then filled with by higher people for permanent positions.

The city will argue that BIA's mandates are not to *beautify areas* but to *promote business*. If that is the case ask yourself: *why is the creation of BIA's overseen by the city's **Urban Renewal Department**?*

This sheds more light on why the Urban Renewal Department has shown absolutely no interests in making sure the BIA process is done fairly. When I expressed to Glen Norton, head of the Urban Renewal Department, that many of us had concerns that the steering committee did not inform everyone properly and had misrepresented the interests of our community, Glen Norton dismissed all of our concerns. Of course he did, it is in the best interest for his department that BIA's are formed not dismantled.

## What will these additional BIA taxes be spent on?

**The short answer is, they will be spent things that should already be covered by your tax dollars!** Below you will see numbers taken from the 2014 budgets of various Hamilton BIA's.

1. Most BIA's spend additional taxes on beautifying the area with capital expenditures like new lamp posts, fancy garbage bins, decorations, flowers and of course the expense of maintaining all of these things.
  - Concession BIA spent **\$16,100** for their spring flowers!
  - Ancaster BIA spend **\$13,000** last year **just to water** their new planters.
2. Most BIA's spend a significant amount of money on cleaning and maintaining the area with street cleaning and more frequent garbage pickup. These are issues stemming from unsatisfactory municipal services and should not be something you should be taxed again for!
3. Most BIA's eventually get bogged down in Bureaucracy when they start hiring staff. The older the BIA the more bloated their budget gets with the majority of it being spent on **salaries**.
  - International Village BIA spent **\$56,400** on salaries.
  - Ottawa Street BIA spent **\$86,600**
  - Downtown BIA spent a whopping **\$114,000** last year on salaries and benefits.
4. And don't forget, BIA staff needs a place to work.
  - **\$19,500** for Rent - Downtown BIA

- **\$22,800** for office facilities - Ottawa street BIA
  - **\$11,500** For Rent - International village BIA
5. Assuming you do form a BIA which can remain frugal and not have an overly inflated Budget. Then you are still rewarded with some unescapable fees
- **Mandatory Liability insurance**
    - **\$3814** - Insurance - Locke Street BIA
    - **\$8500** - Insurance - Downtown Hamilton BIA
    - **\$3500** - Insurance - Dundas BIA
  - **An annual mandatory Municipal audit that the city sends you the bill for.**
    - Lock street BIA got nailed with a **\$1,428.57** audit bill.

## Ok, so my taxes will go up, but is there ANY benefit?

BIA's claim that the return on your investment will be increased foot traffic. But this has yet to be proven. BIA's currently exist in some vibrant business areas in Hamilton, the question is are these areas successful because of the BIA? or would they be just as successful with out it?

To determine that you'd have to find an example of an area that has previously been unsuccessful, and only became prosperous **after** the BIA has been formed. **The fact is, not one single example of this exists in Hamilton.**

BIA enthusiast will mention their success stories in Dundas Village, Locke Street, Ottawa street, and Ancaster. But every single one of these areas were already prominent well before any BIA was formed.

If you really want to see an example of how fruitless the efforts are of BIA, look no further than **Barton Village BIA**. After taxing the local property owners for well over a decade, the area is still in constant decline. The BIA is so unsuccessful that local councillor Sam Murella's latest strategy to improve the area is to expropriate the properties from their owners. How nice. First they'll tax you and when that doesn't work then they'll take your building away!

Let Barton Village BIA be the clearest example that no matter how many expensive lamps post, benches, posters, and boulevards you put into an area, the only thing that brings people to an area are the local businesses.

### So what is the Answer?

The city should use a carrot and not a stick.

If you want to improve the look of an area, the property owner should be given an **INCENTIVE**. Currently, if a landlord improves the facade of his building he is almost immediately **punished** by a higher property assessment and forced to pay higher property taxes.

### Instead, lets form a Merchant and Business Association (MBA)

James Street north is an excellent example of what an MBA can do, it uses volunteers, is more effective than a BIA and their taxes don't go up.

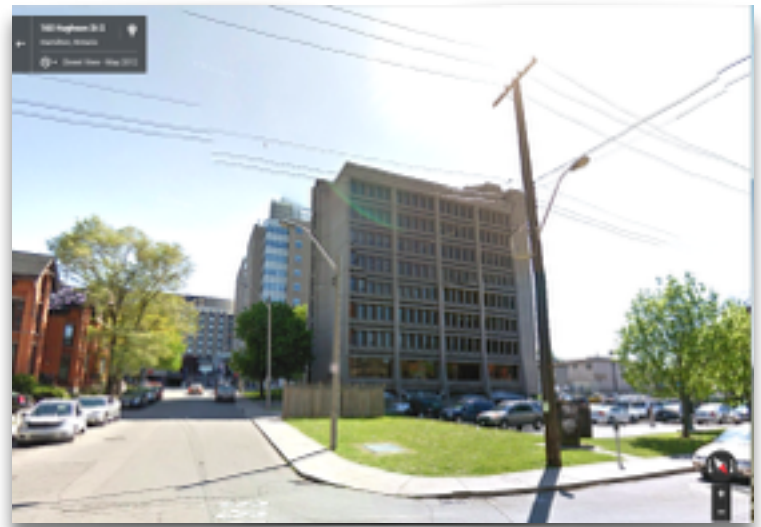
## Is a BIA appropriate for our area?

The document that went to council explicitly explains that the goal of the BIA is to “**promote the area as a business or shopping area**”.

First of all, it's yet to be proven that a BIA can do any of those things.

Secondly, Take a good look around and ask yourself, **is our area shopping area?** could it be?

Look at these photos taken from google inside our proposed BIA and decide for yourself. **Does it look like a market place, or shopping area?**

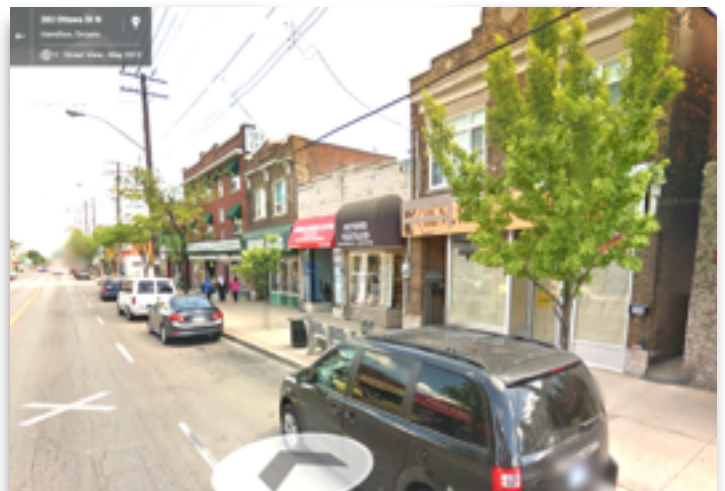


The fact is that our area is not a shopping area! It is first and foremost **residential!** Look at all the high rise apparent buildings. Most of our commercial space caters to the **medical community, and professional community.** We have one of the city's largest primary care facilities, St Joseph's hospital. And as long as the hospital is in our area then we will have the large Medical community that comes a long with it. The majority of commercial space is occupied by

- Medical clinics
- Various Healthcare facilities
- Emergency care centres
- Medical walk-in clinics
- Doctor's offices
- Old age care centres
- Pharmacies
- And of course several parking lots to accommodate these types of facilities

We also have lots of lawyer's offices, auto mechanics and body shops, none of which benefit from any additional foot traffic. Sure we have some great restaurants and the occasional retail shop and even a couple of hair salons but these types of businesses are in the minority and are few and far between. Consider Augusta street, which has the highest concentration of bars and eateries . If you calculate the distance from John street south to James street south, **less than 20%** is occupied by retail or service businesses!

Contrast that with areas like Ottawa street and Locke street, these are genuinely more of the "street market" variety, where almost 100% of **BOTH** sides of the streets are commercial and are either shops, stores or restaurants. Meaning to say that in those areas, almost everybody is hit with the tax burden and almost everybody benefits. (Locke street on the left, Ottawa street on the right)



## How did we get here?

In order to initiate a BIA two things have to happen.

1. Our "steering committee" is required by law to hold meetings and invite **everybody** that is to be part of the proposed BIA, both landlords and merchants.
2. In order to proceed, there must be "**significant interest**" by the merchants/landlords to form a BIA. How do you gauge significant interest?

**But there are some problems.... Already**

1. Paven Bratch of *Radius Cafe*, and Cameron Topp of *Saigon Soul Foods*, who have appointed themselves heads of the steering committee, **did not** notify everybody. Almost every merchant I speak to is not aware that a BIA is forming or what a BIA is for that matter. This is a dual problem:

- a. The First requirement of forming a BIA has clearly not been met.
- b. If the steering committee has not behaved with integrity when forming the BIA, it gives me the impression that it won't operate with integrity after it's formation. When the time will come to elect the board, and then later decide on the budget, and then how the budget is spent, what assurances do we have that we will be treated fairly?

*If you have not been made aware of the BIA meetings that were held by our steering committee, Please fill out the form at the back and return it to me, my contact info is at the end.*

2. The Urban Renewal department which oversees the creation of BIA's, cannot provide any proof that significant interest exists!

When I asked Glenn Norton, head of the Urban Renewal Department, how he determined that there was significant interest, he told me he relies on:

- a. **The attendance at meetings.** If you attended a meeting, Glen has taken the liberty to interpret your mere presence as being in favour of forming a BIA. A sign-in sheet was handed out at the meetings and everyone who was present was asked to sign in. Glen counted how many people showed up and decided it was an indication that people are interested in the BIA. In a correspondence I had with Glen through email, this is what he said when I asked how he determined if significant interest existed:

**“We can't release the names of those who attended [the meetings], but the number who attended would suggest that the topic has merit worthy of proceeding.”** - Glen Norton

- b. He later retracted that statement and then told me he gauges significant interest by **listening to the opinions** of the following 3 people:
  1. His staff, particularly Eilleen Maloney.
  2. The Executive Director of **The Downtown Hamilton BIA.**
  3. Jason Farr, our ward councillor.

All three of these people have indicated to Glen that they **feel** there is “significant interest” in the area to form a BIA. However, not a single one of them could provide a number, exact nor approximate of how many merchant/landlords were in favour.

If you feel that Jason Farr has misrepresented your wishes, feel free to let him know.

[jason.farr@hamilton.ca](mailto:jason.farr@hamilton.ca) or 905.546.2711

On a side note, why would Glen rely on the opinion of the Executive Director of a **completely different BIA**? I have since spoken to the Kathy Drewit, Director of the Downtown Hamilton BIA, and she confirmed to me that she has given no such recommendation to Glen Norton that our area has sufficient interest to form a BIA. She also advised me that in order to form a BIA, proper practice requires that **vote** be taken by the local landlords and business owners. Such a vote has never taken place in our area. Meaning to say that Paven Batch, Cameron Topp, Glen Norton have taken the liberty to initiate the undemocratic BIA process without any proof of sufficient interest.

## **We are being Mislead!**

At the most recent information meeting held in August, Paven & and Cameron told the attendees that Jason Farr would give the BIA upwards of \$200,000, but this was conditional on the BIA being formed. **This is completely untrue.** Jason Farr has indicated that the money is allocated to our area regardless of the BIA being formed.

**“Any commitments to proceed with funding I have made for the area were not contingent on whether a BIA is established.”** - Jason Farr

## So what's the Plan?

1. If you are a landlord fill out the Opposition form on the back and indicate that you do not support the formation of a BIA in your area.
2. If you are a merchant, you have to notify your landlord and urge him to vote on behalf of your entire building. Hopefully we will have enough votes to turn this thing over.
3. If you were not notified of the BIA information meetings that were held in the area, please fill out the appropriate form at the back. We will present a case that the first requirement of proper notice has not been met.

Thank you for taking the time to read this.

Hopefully I have convinced you to take action against the BIA. Attached are two forms. Please fill out whatever form you feel applies to you.

The first is a form that expresses that you were not notified of any meetings regarding the formation of a BIA. The second is a form that indicates that you are opposed to the formation of a BIA. After having filled them out please email them to [markczar@me.com](mailto:markczar@me.com) or call me at 905-630-0446 and I can make arrangements to pick them up.

If you have any questions please feel free to contact me.

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