

news release

FOR IMMEDIATE RELEASE

REALTORS to Tell Province "Home-buying Tax" will Worsen Urban Sprawl, Hurt Economy

TORONTO, April 26, 2006 – The Toronto Real Estate Board will be telling a provincial committee today that Bill 53 could lead to a Toronto "home-buying tax", which could cause more urban sprawl and hurt Toronto's economy.

Under Bill 53, Stronger City of Toronto for a Stronger Ontario Act, the City of Toronto would be given authority to levy new taxes, with certain limitations. Land transfer tax is not included as one of those limitations, meaning that this option would be open to Toronto City Council if the legislation is passed.

Homebuyers already face a substantial provincial land transfer tax when they purchase a home. This tax is calculated as a percentage of the purchase price of a property and is payable in full by the homebuyer when they take possession of the property. The current provincial land transfer tax on an average Toronto home is approximately \$4,000.

"Land transfer tax is a home-buying tax. It can be a significant cost that impacts the decisions for many homebuyers, especially first time buyers. If they have to pay an extra land transfer tax in Toronto, then they will be forced to move farther out, which means more commuting, more pollution and an overall decrease in the quality of life," said John Meehan, President of the Toronto Real Estate Board.

TREB has told the Province that, if Toronto housing is made less affordable relative to surrounding areas, it will be more difficult to achieve the objectives of the provincial government's proposed Growth Plan for the Greater Golden Horseshoe, which attempts to prevent urban sprawl by concentrating employment and population growth in designated priority areas. Five of these priority areas are in Toronto.

"Clearly, the intention is that Toronto should be a main focus for population growth in the GTA, but it will be more difficult to encourage people to live here if a new Toronto home-buying tax makes it more affordable for them to live outside of the City," said Meehan.

TREB is also concerned about the impact of a Toronto land transfer tax on businesses and the economy. Land transfer taxes normally apply to all types of property, including businesses.

"The City's high business property taxes, and the Province's unfair Toronto business education property taxes, already overburden Toronto businesses. Allowing a new local land transfer tax will send the wrong message, making it more difficult to attract business to the City," said Meehan.

TREB representatives are scheduled to appear before the provincial Standing Committee on General Government at Queen's Park on April 26th, 2006 at 4:30 p.m.

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