

Mark McLean
President, Toronto Real Estate Board
Remarks to City of Toronto Budget Committee
January 12, 2016
[Check Against Delivery]

Thank-you. My name is Mark McLean and I am the President of the Toronto Real Estate Board.

I would like to begin my remarks today by commending Mayor Tory for his determined leadership to ensure equity for taxpayers, specifically through bold, yet fair, property tax increases.

For years, TREB has noted that, if the City needs more revenue, it should be making use of its property tax base, which fairly distributes the burden across everyone who benefits. In this regard, Mayor Tory's proposed dedicated property tax levy is a fair way to raise revenue for City building initiatives.

In contrast, the City's Municipal Land Transfer Tax is extremely unfair because it disproportionately targets a select number of home owners each year. In this regard, TREB continues to believe that the Municipal Land Transfer Tax is flawed and that Toronto would be better off without it. In fact, TREB's concerns have been validated by recent events, including the provincial government's announcement that it would NOT grant LTT authority to other municipalities, and the City Manager's repeated warnings about over-reliance on this unpredictable revenue stream. With this in mind, this budget's proposed introduction of a MLTT administration fee, on top of the thousands of dollars in MLTT that home buyers already pay, sends the wrong message.

With that said, we respect that Mayor Tory's election mandate did NOT include a repeal of the Land Transfer Tax. As such, although we continue to believe that this tax should be eliminated, our focus, today, is on stopping the erosion of existing relief measures, which has resulted in this tax hurting the very people that City Council intended to protect.

When this tax was first approved, City Council decided to increase the allowed rebate for first-time buyers so that it matched the LTT payable on an average-priced home, then \$400,000. Unfortunately, this limit has never been adjusted. As such, Council's objective of exempting most first-time buyers has been achieved less and less each year, as house prices have increased. With the current average price for a Toronto home sitting at \$659,000, equating to \$9,000 in MLTT, the City's rebate for first-time buyers is not providing the relief that Council intended.

A second relief measure taken by City Council, was to make adjustments to the proposed tax rates, with the highest rate of 2% kicking in on homes priced at or above \$400,000, then the average home price. These thresholds have never been adjusted, meaning that, currently, purchasers of BELOW average priced homes are paying the HIGHEST LTT rate.

Given these realities, we respectfully recommend that the maximum LTT rebate for first-time buyers and the tax rate thresholds be adjusted upwards to account for inflation since this tax was approved.

Thank-you for this opportunity to present our views. We are happy to answer any questions.