



# LTT action can offset HST

BY TOM LEBOUR

**W**ith the long winter soon behind us, I'm certain many are dreaming of summer weather, backyard barbecues and long weekends. For many Canadians, Canada Day is always the start of the summer season. Unfortunately, this year, Canada Day is also the start of something a little less inspiring: the provincial government's new Harmonized Sales Tax (HST) – not exactly a nice way to celebrate our nation's birthday.

What does the HST mean for you? In a nutshell, this tax will expand the eight-percent Provincial Sales Tax (PST) to apply, as of July 1, 2010, to the things that are currently applicable to the federal Goods and Services Tax (GST). This means that homebuyers will have to pay PST on numerous purchases where the PST currently does not apply, including home inspection fees, legal fees, moving costs, home appraisals, and real estate service fees or commissions. For the average homebuyer in the GTA, the HST will mean about \$2,000 in new taxes.

Fortunately, however, there is still action that the provincial government can, and should, take to soften the HST's blow – particularly for homebuyers. Most importantly, the provincial government should take a serious look at its current Land Transfer Tax (LTT) which, if left as-is, would mean that homebuyers are paying not two sales taxes (provincial and federal), but three!

The provincial LTT is calculated as a percentage of the purchase price of a home. For the average GTA homebuyer, the provincial LTT costs about \$4,000, up front. That's a pretty hefty sales tax. To make things worse, if you're buying a home in the City of Toronto, you also have to pay a Municipal Land Transfer Tax of about the same amount.

Realtors have always voiced concern about land transfer taxes. Simply put, these are unfair taxes that target homebuyers. Furthermore, land transfer taxes are bad policy because they make home ownership more difficult to achieve.

When the provincial government first proposed the HST, provincial politicians said that the HST was not intended to generate more revenue for the Province and that, in fact, it

would be revenue-neutral because of the credits that businesses would be able to claim under the new system. Well, Realtors strongly believe that the government should also take action to ensure that the taxes charged to homebuyers also remain neutral. With the HST heading toward implementation, the best way for the government to offset its impact on homebuyers would be to take action on its unfair Land Transfer Tax. For months, the provincial government has been going to great effort to convince Ontarians that the HST is not a tax grab but simply a re-design of the tax system to improve efficiency and economic competitiveness. Whether or not that is true is debatable, but it's clear to Realtors that, by taking action on its Land Transfer Tax to offset the HST on homebuyers, the government has a clear opportunity to put its money where its mouth is. ►



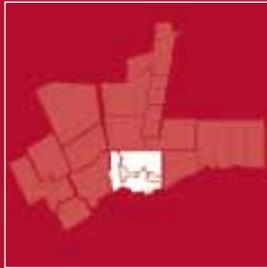
Tom Lebour is president of the Toronto Real Estate Board, a professional association that represents 29,000 Realtors in the Greater Toronto Area.

# market commentary

## WHAT'S AVAILABLE AND WHAT IT COSTS

### central region

TORONTO, NORTH YORK, YORK, EAST YORK AND ETOBICOKE



Similar to other GTA districts, both sales and average price in the central districts were up substantially in the first half of February compared to 2009, with sales almost double last year's result at 708 and average price up by 13 per cent to \$556,000. According to Jason Mercer, senior manager of Market Analysis for the Toronto Real Estate Board (TREB), "The central districts contain a diverse array of housing, including all low-rise housing types like singles, semis and towns, not to mention the growing share of condominium apartments for sale. Sales and prices have increased across property types in central [areas]." The central districts also saw the greatest annual increase in new listings during the first two weeks of February. The number of homes listed increased by 26 per cent compared to last year. "We will see new listings in the GTA increasing annually in 2010 as homeowners react favorably to the strong sales and price growth we have experienced since the middle of 2009," continues Mercer. "A better-supplied market will result in less upward pressure on prices, but it is important to note that average prices will continue to grow this year."

CENTRAL DISTRICTS (C1-C15)	ACTIVE LISTINGS	NEW	SALES	AVG. PRICE	AVG. DAYS ON MARKET	AVG. % LIST PRICE
JANUARY 2009	3,426	1745	450	\$444,661	44	95
JANUARY 2010	2,018	1,895	882	\$517,846	23	101
% CHANGE	-41	9	96	16	-47	6

### west region

MISSISSAUGA, BRAMPTON, OAKVILLE, MILTON, ORANGEVILLE

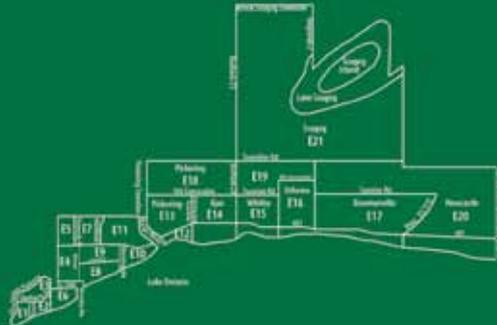
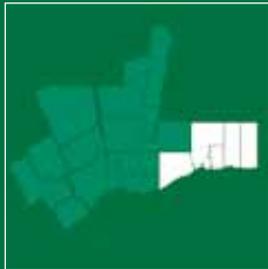


Sales rose strongly in the GTA's western districts – up 75 per cent compared to the first two weeks of February 2009. Along with strong sales growth came strong price growth, as the average selling price rose 23 per cent to slightly more than \$411,000 by mid-February. "While it is important to remember that we are still comparing sales and prices to the worst period of last year's housing market downturn, average price growth has also been driven by very tight market conditions in the GTA," says Jason Mercer, senior manager of Market Analysis for the Toronto Real Estate Board (TREB). "The tight market is evidenced by the steep drop-off in average days on the market, which has been halved in many parts of the TREB market area." In the western districts, average days on the market dipped to 22 days by mid-February, compared to 44 days during the same period in 2009. "As we experience more listings in 2010, average days on the market will likely increase as buyers experience more choice," continues Mercer. ▶

WEST DISTRICTS (W1-W29)	ACTIVE LISTINGS	NEW	SALES	AVG. PRICE	AVG. DAYS ON MARKET	AVG. % LIST PRICE
JANUARY 2009	7,737	4,014	1,027	\$327,636	51	96
JANUARY 2010	4,614	3,859	1,979	\$390,990	27	99
% CHANGE	-40	-4	93	19	-47	3

# east region

SCARBOROUGH, PICKERING, AJAX,  
OSHAWA, WHITBY AND NORTHUMBERLAND



The average home price for the GTA's eastern districts rose to \$320,000 by mid- February. The eastern districts generally experience the lowest average selling price. However, this does not mean that demand is low. Sales increased 55 per cent year-over-year in the first half of February. "In TREB's eastern districts, buyers have access to single-detached homes for prices that would be associated with condominium apartments or higherdensity low-rise housing types in other parts of the GTA," explains Jason Mercer, senior manager of Market Analysis for the Toronto Real Estate Board (TREB). "A household with the average GTA income can afford a diverse array of housing options in the eastern GTA." Similar to the GTA as a whole, market conditions have been tight in the eastern municipalities. On average, homeowners have been selling their homes for 100 per cent of the asking price – up from an average of 96 per cent last winter. "The fact that homeowners have been getting their asking price on average throughout the GTA suggests that we will see more listings in 2010 compared to last year. Homeowners who have been on the fence when it comes to listing their home will be encouraged by recent market activity," continues Mercer.

EAST DISTRICTS (E1-E21)	ACTIVE LISTINGS	NEW	SALES	AVG. PRICE	AVG. DAYS ON MARKET	AVG. % LIST PRICE
JANUARY 2009	4,333	2,388	722	\$277,872	46	96
JANUARY 2010	2,633	2,211	1,123	\$313,741	29	99
% CHANGE	-39	-7	56	13	-37	3

# north region

THORNHILL, RICHMOND HILL, VAUGHAN,  
WOODBRIIDGE, MARKHAM, STOUFFVILLE,  
UXBRIDGE, AURORA AND NEWMARKET



Similar to January, February mid-month sales in the north districts were well above last year's result. Sales in the first two weeks of February amounted to 724 versus 413 during the same period in 2009. "We are now into the recovery phase of the economic cycle versus the steep drop-off experienced this time last year," according to Jason Mercer, senior manager of Market Analysis for the Toronto Real Estate Board (TREB). "Since the spring of 2009, GTA households have become more and more confident in their ability to purchase and pay for a home over the long-term." The average price across all north districts was up 16 per cent to almost \$462,453 by mid-February, compared to the first two weeks of 2009 when the average price was just over \$400,000. Mercer further explains that "the level of sales relative to listings is much higher this year compared to 2009. With the demand for homes higher relative to supply, it is no surprise that there has been substantial upward pressure on average home prices in the north and throughout the rest of the GTA." ■

NORTH DISTRICTS (N01-N24)	ACTIVE LISTINGS	NEW	SALES	AVG. PRICE	AVG. DAYS ON MARKET	AVG. % LIST PRICE
JANUARY 2009	4,954	2,213	471	\$382,792	55	96
JANUARY 2010	2,787	2,056	1,001	\$455,973	33	99
% CHANGE	-44	-7	113	19	-40	3

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