



Remember to Budget for City's Budget

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

March 7, 2008

Anyone looking to buy a home knows the importance of a budget and of living within it. With this in mind, the Toronto Real Estate Board (TREB) hopes that the City of Toronto controls its budget, because if it doesn't it will make it more difficult for homebuyers to live within theirs.

The most direct impact of the City's budget on homebuyers is the Toronto land transfer tax. This new tax, which took effect on February 1, 2008, is paid by homebuyers when they finalize (close) their home purchase. The tax is calculated as a percentage of the home's purchase price, based on a sliding scale from 0.5 percent to two per cent. You can determine what the tax will cost you by using a calculator on www.NoHomeBuyingTax.com. For the average Toronto homebuyer, this tax means an extra cost of about \$4,000. REALTORS® understand how significant this can be, which is why TREB led the charge against this tax last year. TREB's fight against this unfair tax is not over. We will continue to speak on behalf of homebuyers.

To add insult to injury, the City's new land transfer tax is being collected, even as they consider a 3.75 per cent residential property tax increase. This increase would be on top of any assessment-related property tax increase that a homeowner would pay (over four years) if their property's value has gone up by more than the City's average increase in the last three years. While nobody likes to pay taxes, reasonable property tax increases can be understood, and, Mayor Miller acknowledged this in his 2006 election platform when he said that he would keep property tax increases "in-line with inflation". Unfortunately, Toronto's average 2007 inflation rate was 1.9 percent, meaning the City's proposed increase is double the rate of inflation.

If this isn't enough, the City's proposed 2008 budget includes numerous fees that will impact homeowners' bottom line. For example, a new garbage fee means that a family that puts out four bags of garbage every two weeks will have to pay close to \$200 per year. Getting water from the tap will also cost more because of a nine per cent increase in water rates. The list goes on.

TREB believes that home buyers and owners have had enough. They can't keep being hit with extra costs from their City government. As was recently recommended by the Mayor's Fiscal Review Panel, a group of business experts that studied the City's books, it is time for the City to start focusing on delivering core services as efficiently as possible, instead of letting its budget get bigger and bigger, as taxes go higher and higher. Home buyers and owners simply can't afford it. Enough already.

Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area. For more information please visit www.TorontoRealEstateBoard.com.