



Provincial Budget Important for Homebuyers and Owners

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

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Property taxes are significant costs that home owners have to budget for. With this in mind, REALTORS® and the Toronto Real Estate Board were encouraged that the provincial budget took some action to reduce tax costs for seniors. Specifically, the budget provided for a property tax grant for low and middle income seniors of \$250, starting in 2009, and then increasing to \$500 in 2010 and subsequent years.

While relief for seniors is important, property taxes are significant for all home owners. Under the current property assessment system, property owners can experience considerable property tax increases if their property's assessed value increases more than the average increase in their municipality. To address this, the provincial government's previous budget allowed for such increases to be phased-in over four years. This year's provincial budget builds on that by committing to change the property assessment appeal system to make it more fair. Under this change, when assessments are appealed, the Municipal Property Assessment Corporation would be required to prove that the assessment is accurate instead of forcing the property owner to prove that it is inaccurate. A small, but important, change.

What the budget didn't do for homebuyers is equally important. Nowhere is this truer than the provincial land transfer tax. Like the Toronto Land Transfer Tax, the provincial version is paid by a homebuyer when they purchase a home; it is calculated on the purchase price of the property using a sliding scale from 0.5 percent to two percent. For years, REALTORS® have been calling on the provincial government to scrap this tax because it is

unfair and burdens consumers when they can least afford it, but the recent budget left it intact.

The provincial government did take a positive step on this tax last year when it expanded its land transfer tax rebate program for first-time buyers to include re-sale housing. However, an equally important step, which was not taken with the recent budget, would have been to increase the maximum allowable rebate. The current maximum rebate is \$2,000, which is equal to the tax payable on a home purchased for \$227,500. For much of the province, especially the Greater Toronto Area, this maximum does not reflect average housing prices. Interestingly, the City of Toronto's maximum rebate for first-time buyers is \$3,725, which is equal to the tax payable on a home purchased for \$400,000.

There are a wide variety of issues for homebuyers to consider when house-hunting. Property taxes and provincial taxes or policies, can be just as important as specific property issues.

Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 27,000 REALTORS® in the Greater Toronto Area.