



## Toronto Land Transfer Tax Costs City's Economy \$170 million

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

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Anyone who has ever bought a home knows that the spending doesn't stop when the keys are handed over. In fact, usually, that's when it just begins on things like renovations, new furniture, and new appliances. This is one of the main reasons why the housing sector is so important to the economy, and why governments at all levels should be very cautious with any policies that can impact home sales.

With this in mind, a recent study conducted by economists from the C.D. Howe Institute and the University of Toronto demonstrates that the City of Toronto should re-think its recently imposed Land Transfer Tax, which is hurting Toronto's economy.

The Toronto Land Transfer Tax is an up-front cost paid, in-full, by home buyers when they purchase a home. For the average Toronto homebuyer, this tax amounts to about \$4,000, on top of a provincial land transfer tax of about the same amount, meaning that the average Toronto homebuyer pays approximately \$8,000 in land transfer taxes.

When the implementation of this unfair tax was being considered by Toronto City Council, Greater Toronto REALTORS® strongly opposed it, in part because of concerns about its impact on homebuyers, the real estate market and the economy. Unfortunately, these concerns have been validated by the recent study conducted by respected economists from the C.D. Howe Institute and University of Toronto. The study undertook a detailed analysis of the impact of the Toronto Land Transfer Tax and conclusively determined that this tax is responsible for reducing sales of re-sale single-family homes (condominiums not included in study) by 16 per cent, which means approximately 3,500 lost re-sale transactions in the first year of the tax.

If condominiums are included, Greater Toronto REALTORS® estimate that the impact could be in excess of 5,000 lost re-sale transactions in the first year of the tax.

Any City policy that impacts housing sales has a direct impact on the City's economy and jobs. A separate recent study, conducted for the Canadian Real Estate Association shows this. That study determined that every re-sale housing transaction in Ontario generates approximately \$33,425 in economic spin-off activity. This means that losing 5,000 re-sale housing transactions because of the Toronto Land Transfer Tax costs the City's economy approximately \$170 million in consumer spending. Thousands of Toronto jobs depend on this spending.

Greater Toronto REALTORS® have been clear that we believe that the Toronto Land Transfer Tax is unfair and now a study by respected economists is validating that view. Not only is this tax unfair to home buyers and sellers, but also to the thousands of people whose jobs depend on the housing sector. City Council can, and should, show leadership by rolling back the Toronto Land Transfer Tax.

The Toronto Real Estate Board will continue to lobby governments for lower taxation to help home buyers achieve the dream of affordable homeownership.

*Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.*