



Public Wants Toronto Land Transfer Tax Repealed

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

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It is no secret that REALTORS® are strongly opposed to the Toronto Land Transfer Tax, but a recent public opinion poll shows that we are not the only ones that feel that way. In fact, the poll shows that a strong majority of the public also remains opposed to this tax.

The poll, which was conducted by the Environics Research Group, made it clear how the public feels about the Toronto Land Transfer Tax. Some of its key findings were:

- 65 per cent of Torontonians want this tax repealed;
- 70 per cent believe that this tax is not a fair way for the City to deal with its budget needs, up from 62 per cent prior to implementation of the tax; and,
- 60 per cent believe that the City of Toronto is not being run as efficiently as possible.

REALTORS® have always understood the flaws of the Toronto Land Transfer Tax, so it is no surprise to us that the public feels this way. For the average homebuyer, this tax adds about \$4,000 in upfront costs when purchasing a home, and it rises considerably with the price of the home. Furthermore, this cost is on top of an almost equal amount for the provincial land transfer tax.

There are many reasons for opposing this tax, not the least of which is that it is hurting Toronto's economy. A recent study conducted by the C.D. Howe Institute and Economics Professors from the University of Toronto shows that, in 2008, this tax reduced re-sale housing sales by 16 per cent and Toronto house values by 1.5 per cent.

An active real estate market is critical for a healthy economy. Research, conducted for the Canadian Real Estate Association, has shown that every re-sale housing transaction generates about \$33,000 in spin-off spending on things like renovations, furniture, and appliances. This means that, by reducing sales and property values, the Toronto Land Transfer Tax has cost the City's economy at least \$200 million and has reduced homeowners' net worth by about \$3.5 billion in lost equity when selling their homes and reduced equity credit available to them.

While the flaws of the Toronto Land Transfer Tax are clear, it is also interesting that the poll shows that the public is questioning how efficiently the City of Toronto is being run. The public expects their tax dollars to be spent wisely, especially when they are being forced to pay additional taxes, like the Land Transfer Tax. This is why REALTORS® are continuing to call on the City to focus on fair options, like the recommendations made to Mayor Miller, about a year ago, by an independent panel of business and labour leaders. These recommendations included numerous ideas on things the City can do to run more efficiently and make better use of tax dollars.

Sometimes, even when you know you are right, it is encouraging to have others agree with you. REALTORS® are glad that the public agrees that the Toronto Land Transfer Tax should be scrapped, and we will keep on fighting on their behalf.

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