

REALTORS® Ask City Budget Committee to Consider Impact of Land Transfer Tax

TORONTO, February 18, 2009 – With a deputation to the City of Toronto's Budget Committee today, Toronto's REALTORS® are asking Council to consider the impact of the Toronto Land Transfer Tax on the City's economy.

"The current state of the economy requires every level of government, including the City, to take action," said Maureen O'Neill, President of the Toronto Real Estate Board (TREB). "Not only does the City need to consider what it can do to help, but also what it is already doing that is hurting the economy. Clearly, the Toronto Land Transfer Tax is hurting the economy."

TREB is telling the City that the re-sale housing market is critical to Toronto's economy and that the best action the City can take for this sector is to roll back the Toronto Land Transfer Tax. A recent study conducted by the C.D. Howe Institute and Economics Professors from the University of Toronto determined that the Toronto Land Transfer Tax is having a significant impact on Toronto's real estate market, reducing housing sales by 16 per cent and values by 1.5 per cent in 2008 alone.

A separate recent study, conducted for the Canadian Real Estate Association, determined that every re-sale housing transaction in Ontario generates over \$33,000 in economic spin-off activity on things like renovations, furniture, and appliances. Based on these studies, TREB estimates that the Toronto Land Transfer Tax has already cost the City's economy about \$200 million in consumer spending. The Tax has also reduced Toronto home owners' net worth by \$3.5 billion in lost equity when selling their homes, with less credit available to them from equity lines of credit, thereby reducing spending and economic activity.

"Buying and selling homes is crucial to our economy; thousands of jobs depend on it," said O'Neill. "It was encouraging to see the City recognize this for new housing with its recent action on development charges, and we hope it will do the same for re-sale housing by reversing destructive tax policies, like the Toronto Land Transfer Tax."

According to the study conducted for the Canadian Real Estate Association, one out of every 100 jobs depends on spending associated with re-sale housing transactions. This means that approximately 14,000 jobs in Toronto and 30,000 jobs in the GTA depend on re-sale housing transactions. TREB believes that, by impacting the real estate market, the Toronto Land Transfer Tax is risking these jobs.

TREB is calling on the City to focus its efforts on options recommended by the Mayor's Fiscal Review Panel last year.

"The Mayor's Fiscal Review Panel made it clear that the City has choices other than taxes. According to the Panel, there are, literally, hundreds of millions of dollars in savings and innovative options available to the City," said O'Neill. "Toronto taxpayers deserve to know what actions have been taken to implement the recommendations of the Mayor's Fiscal Review Panel."

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