

Statement of support for Motion EX29.8, Home Speculation Tax

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I am writing in support of Motion EX29.8, put forward by Councillor Mike Colle and seconded by Councillor John Filion, which calls on the Government of Ontario to introduce a Home Speculation and Home Flipping Tax to help stop the extreme increases in home prices driven by land speculators and home flippers in the City of Toronto.

I am a Canada Research Chair in Cities and have spent more than fifteen years studying housing in several different countries. Confronting the role of speculation in the housing market through direct and proactive measures to discourage house flipping, property speculation and vacant properties is an important solution that is required in order to make housing more affordable, particularly for households on low- and middle-incomes.

As I have recently articulated¹, the crux of the housing problem is that housing is seen as both a home/basic human right, and a speculative commodity from which to extract wealth. Housing has a dual purpose as both a use value (a place to live), and an exchange value as an investment to be bought and sold.

For low-income residents, housing has been in a state of crisis for decades, if not centuries. However, today, there are millions of relatively well-off households who never would have dreamed that they would be victims of a housing crisis that now struggle to find adequate shelter.

A major contributing factor to this is the growing role of speculators and investors in Canada's housing market. Investors now make up a quarter of all home buyers in Ontario, an increase from 16% a decade ago². In the GTA, 20% of homeowners under 35 own multiple properties³. The pace of investor growth within the housing market has only increased during the pandemic⁴.

Reducing this speculator demand is a key piece of the puzzle in dealing with this crisis and will help reorient housing away from being bought and sold as commodities, towards housing that

¹ Brian Doucet (2021) [Housing is both a human right and a profitable asset, and that's the problem](#) *The Conversation*. 14 December.

² Ferrah Merali (2021) [Investors now make up more than 25% of Ontario homebuyers, pushing prices higher, experts warn](#) *CBC News*. 23 November.

³ Irelyne Lavery (2021) [Nearly 20 per cent of GTA homeowners under 35 own more than one property, survey finds](#) *Toronto Star*. 28 July

⁴ Rachele Younglai (2021) [Average home costs are up 30% since before the pandemic, a spike CMHC links to speculative investors](#) *Globe and Mail*. 24 November

is more focused on shelter and the needs of local communities. In addition to the role that small-scale speculators are playing, we are increasingly seeing large, institutionalized and financialized landlords acquire housing stock across Canada; this is leading to the erosion of housing that is already affordable to those on low- and moderate-incomes⁵. Left unregulated, investors will keep acquiring more and more of the housing stock within our cities, leaving fewer affordable options for many households.

There is no one magic bullet that will solve the housing problem. However, until we confront housing dual, and conflicting role in our society, we will be in a state of perpetual crisis that will negatively impact a growing share of the population. As has been found in other jurisdictions, measures that tax speculation and investment are an important piece of the puzzle⁶.

There is a large and extensive body of research that places the root cause of the housing problem squarely at the role speculation and investment⁷. It has also long been known that speculation is a significant contributor to gentrification and displacement⁸. While this creates wealth and profit for some, it leaves many others struggling to find adequate and affordable housing.

Taxing speculation, house flipping and those who treat houses purely as an investment, rather than their home, is an important and proactive step that the provincial government should take. I wholeheartedly support the motion brought forward by Councillors Colle and Filion to call on the provincial government to enact these measures.

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⁵ August, M. (2020). [The financialization of Canadian multi-family rental housing: From trailer to tower](#). *Journal of Urban Affairs*, 42(7), 975-997; August, M., & Walks, A. (2018). [Gentrification, suburban decline, and the financialization of multi-family rental housing: The case of Toronto](#). *Geoforum*, 89, 124-136; Doucet, B. (2021). [The 'hidden'sides of transit-induced gentrification and displacement along Waterloo Region's LRT corridor](#). *Geoforum*, 125, 37-46; Colin Butler (2021) ['Very frightening' plan by developer to buy \\$1B in homes will price renters out: anti-poverty group](#), *CBC News*. 16 June

⁶ See: <https://vancouver.ca/home-property-development/empty-homes-tax.aspx>;
<https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax>

⁷ David Madden and Peter Marcuse (2016) *In Defence of Housing*. Verso; Sam Stein (2019) *Capital City: Gentrification and the real estate state*. Verso; Tom Slater (2021) *Shaking up the City: Ignorance, inequality and the urban question*. University of California Press.

⁸ Loretta Lees, Tom Slater, Elvin Wyly (2008) *Gentrification*. Routledge; Smith, N. (1979). Toward a theory of gentrification a back to the city movement by capital, not people. *Journal of the American planning association*, 45(4), 538-548.