



SERVING GREATER TORONTO REALTORS®

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Larry Carqua

December 1st, 2016**President-Elect**

Tim Syranos

His Worship John Tory,
Office of the Mayor
City Hall, 2nd Floor
100 Queen St. W.
Toronto, ON
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Dear Mayor Tory;

On behalf of the 47,000 Members of the Toronto Real Estate Board, I would like to inform you of our views on the changes to the City of Toronto Land Transfer Tax being proposed by City staff for consideration during the upcoming 2017 budget process. In short, we strongly believe that the changes, as proposed, will worsen housing affordability at a time when this is a major concern for many Torontonians, and will particularly hurt those who can least afford it: first-time buyers.

Proposal Details and Impact

As you know, City staff are recommending that the Executive Committee direct the City's Budget Committee to consider the following:

- Increasing the LTT rates by adding a new additional LTT rate on the portion of a property valued from \$250,000 - \$400,000, which would result in a \$750 INCREASE for home-buyers of average-priced homes.
- Harmonizing the LTT rebate for first-time buyers with the provincial LTT rebate, which, in combination with the above-noted additional tax bracket, would result in a \$475 INCREASE (7% increase) for first-time buyers of average-priced homes (note: staff report contemplates increasing rebate threshold above the provincial level to \$4,475, but even at this level, first-time home-buyers would not see any benefit and would only maintain the status quo.)
- Eliminating the first-time buyer rebate entirely for home buyers purchasing a home above a particular price to be determined by City Council, possibly \$700,000 (significantly below the City's current average price)
- Increasing the LTT rate on the value of a home over \$2 million from 2% to 2.5%.

**Chief Executive
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Proposal Worsens Housing Affordability

This proposal comes at a time when housing affordability in Toronto is a serious concern for many. A purchaser of an average-priced home already pays over \$11,000 in Land Transfer Tax to the City. As mentioned and detailed below, the proposed changes, mean that home buyers would pay an additional \$750 in land transfer tax to City Hall – a seven percent increase.

Average Home Buyer	Existing Rules	Proposed Changes
Purchase Price:	\$770,480	\$770,480
Provincial Land Transfer Tax	\$11,884	\$11,884
Toronto Land Transfer Tax	\$11,134	\$11,884
Total Land Transfer Tax Paid	\$23,018	\$23,768
	Additional Tax	\$750

Even more concerning are the proposal's impact on those who can least afford this tax: first-time buyers. As detailed below, a first-time buyer in Toronto would pay an extra \$475 to City Hall because the proposed rebate increase does not offset the new LTT rate for the portion of the property valued from \$250,000 - \$400,000.

First-Time Buyer	Existing Rules	Proposed Changes
Purchase Price:	\$600,000	\$600,000
Provincial Land Transfer Tax (After Rebate)	\$4,475	\$4,475
Toronto Land Transfer Tax	\$7,725	\$8,475
Toronto Land Transfer Tax Rebate	\$3,725	\$4,000
Total Land Transfer Tax Paid	\$8,475	\$8,950
	Additional Tax	\$475

City Council Should Focus on Providing MORE Relief for First-Time Buyers, NOT LESS

Toronto's Land Transfer Tax rebate has not increased since 2008 when an average home cost \$379,000. Today, the average home price in Toronto has doubled to over \$770,000. It is important to note that, when this tax was first approved, City Council amended the staff recommendations to INCREASE the proposed rebate up to a maximum of \$3,725, which equated to the tax payable on a \$400,000 property (which was then ABOVE the average priced home). Clearly, Council's intention was to effectively exempt first-time buyers who purchased up to the average price home. Furthermore, Council made amendments to ELIMINATE the additional tax rate for the \$55,000 - \$250,000 bracket to provide additional relief to first-time buyers and ALL buyers purchasing lower-priced properties. The current proposals would REVERSE both of these measures that City Council had intended for the benefit of those who can least afford this tax.

Conclusion:

In summary, we call on the Executive Committee to stop the proposed Land Transfer Tax increases and to protect housing affordability in Toronto, especially for first-time home buyers.

Thank-you for the opportunity to present our views. If you, or your staff, have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry Cerqua".

Larry Cerqua
President
Toronto Real Estate Board

Cc: Toronto City Council