

TORONTO REAL ESTATE BOARD CALLS FOR FAIR PROPERTY AND LAND TRANSFER TAXES

TORONTO, January 12, 2016 — In a presentation to the City’s Budget Committee today, The Toronto Real Estate Board will be presenting its views, on the City’s proposed 2016 Operating Budget, focusing on two key homeowner issues, fair property taxes and inflationary adjustments to the Municipal Land Transfer Tax (MLTT), while respecting Mayor Tory’s MLTT election mandate and commending his leadership to ensure equity for taxpayers.

“Between annual property taxes and the MLTT, City Hall has a huge impact on the cost of home ownership. With that said, the proposed budget demonstrates Mayor Tory’s determined leadership by ensuring equity for taxpayers, specifically through bold, yet fair, property tax increases,” said Mark McLean, TREB President.

For years, REALTORS(R) have noted that the City’s property tax base is a much more fair revenue stream than the MLTT because it applies more broadly to all homeowners, instead of disproportionately targeting just a select number of homeowners each year, as the MLTT does.

“Like everyone, REALTORS® want to see City costs on homeowners minimized. We believe this budget does that with a fair proposed inflationary property tax increase. REALTORS also understand the benefits of City building, and believe that revenue, for this, should be collected in the fairest possible way. Property taxes are much fairer than the MLTT. Mayor Tory’s proposed dedicated property tax levy is a fair way to raise revenue for City building projects,” said McLean.

TREB continues to believe that the MLTT should be eliminated, and is noting that the proposed MLTT administration fee, on top of the thousands of dollars in MLTT that home buyers already pay, sends the wrong message. Nevertheless, out of respect and acknowledgement of Mayor Tory’s mandate, TREB is focusing on the need for pragmatic and achievable inflationary adjustments to MLTT relief measures, which have continued to erode as house prices have increased.

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When this tax was first approved, City Council purposefully set the maximum allowed rebate for first-time buyers so that it matched the LTT payable on an average-priced home, then \$400,000. City Council also set the MLTT tax rates so that its highest tax rate would not be applied unless purchasing a home over \$400,000, then the average price. Unfortunately, these relief measures have never been adjusted, even though the current average home price now sits at \$659,000, 40% higher than when the MLTT was approved. At present, the purchaser of an average-priced home pays close to \$9,000 in MLTT.

“TREB’s concerns about the MLTT have been validated by recent events, including the provincial government’s announcement that it would not grant LTT authority to other municipalities, and the City Manager’s repeated warnings about over-reliance on this unpredictable revenue stream,” said Von Palmer, TREB’s Chief Communications and Government Affairs Officer.

“We continue to believe that the LTT is a flawed tax, but we respect and acknowledge Mayor Tory’s election mandate. As such, although we continue to believe that this tax should be eliminated, our focus, today, is on stopping the erosion of existing relief measures, which has resulted in this tax hurting the very people that City Council intended to protect: first-time buyers and those purchasing below-average price homes,” added Palmer.

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