



# Treat first-time buyers fairly

Richard Silver

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

July 8, 2011

I am excited to begin my term as President of the Toronto Real Estate Board, and so for my first column I would like to take the opportunity to discuss with you the issue of home ownership.

The first time home buyer land transfer tax (LTT) rebate is out of date. Due to increasing home prices, the rebate no longer covers the average LTT bill for first time home buyers. Instead, they pay almost \$1,500 in LTT after receiving the rebate.

The provincial LTT is a significant tax: it costs the average Toronto home buyer almost \$7,000, and when added to the Toronto Land Transfer Tax, average Toronto homebuyers face almost \$14,000 in land transfer taxes.

REALTORS® believe that the first time buyers of today should not have to bear a heavier tax burden than previous generations. We believe that affordable home ownership is as important in 2011 as it was in 1996 when the LTT rebate program was first introduced.

From 1996 to 2010, the average price of a resale home in Ontario went up 120 per cent from \$155,725 to \$ 342,245. During the same period, the provincial government increased the LTT rebate by \$275 or just 16 per cent. As a result, a first time home buyer today in Ontario pays \$1,500 in LTT more than the previous generation on an average priced home after receiving the rebate.

REALTORS® are therefore urging all candidates running in the 2011 Ontario Election to support increasing the LTT rebate for first time home buyers from \$2,000 to \$3,500. This would return fairness to the LTT rebate program and allow present day first time home buyers to enjoy the same tax savings as buyers in previous years.

The Ontario LTT is paid on top of other closing costs such as legal fees, moving expenses, home inspection fees and mortgage insurance. Together, these closing costs eat away at a purchaser's down payment, increasing the size of their mortgage principal.

The tax punishes young first time home buyers in particular because they pay the majority of their closing costs out of their own pocket, not from the proceeds of a previous home sale. As a result, closing costs, such as LTT, prevent some first time home buyers from entering the market altogether.

As a working REALTOR® I know the dream of home ownership among young Ontarians is as strong as it has ever been. Returning fairness to the LTT rebate program will go a long way towards ensuring that dream continues to flourish.

I look forward to providing knowledge and insight on important real estate subject throughout my term.

*Richard Silver is President of the Toronto Real Estate Board, a professional association that represents 31,000 REALTORS® in the Greater Toronto Area.*

**Follow TREB on [www.twitter.com/TREB\\_Official](http://www.twitter.com/TREB_Official), [www.facebook.com/TorontoRealEstateBoard](http://www.facebook.com/TorontoRealEstateBoard) and [www.youtube.com/TREBChannel](http://www.youtube.com/TREBChannel)**