

### TRREB CALLS FOR EVIDENCE-BASED DECISION ON TORONTO VACANT HOME TAX

**TORONTO, ONTARIO, December 10, 2020** - The City of Toronto's Executive Committee is considering moving forward with a new tax on vacant homes, and the Toronto Regional Real Estate Board (TRREB) is asking City Councillors to ensure that their decision is data driven and results-based.

"TRREB believes that all housing policy decisions, including whether or not to impose a tax on vacant homes in Toronto, should be evidence-based. As such, it is important to have a clear understanding of the intended purpose and policy objective of a municipal tax on vacant homes in Toronto. Given the current state of the Toronto rental market, the purpose of such a tax is not immediately clear at this time," said Lisa Patel, TRREB President.

In 2020, year-over-year growth in the number of condominium apartments listed for rent has far outstripped growth in the number of units rented. This trend began in the pre-COVID period and accelerated after the onset of the pandemic in March. The end result has been a dramatic increase in choice for would-be renters and marked year-over-year declines in average rents. Given that the market has already become better supplied and that average rents have adjusted as a result, it arguably may make sense to observe how market conditions unfold over the next year before turning to a non-market mechanism like a vacancy tax in an attempt to achieve more supply in the marketplace.

It is also important to point out that while a vacancy tax may prompt some investors to list their unit for rent, others may simply choose to list their unit for sale. This could especially be the case if they have owned their unit for a number of years, thereby benefitting from a significant gain in value. If this scenario played out en masse, the potential pool of available rental units could actually decline in the City of Toronto.

"TRREB is not opposed to a vacant homes tax and we understand the rationale behind it; however, it is unclear whether it will add rental housing that is affordable or affordable homeownership to the market, at this time," added Patel.

If the City's Executive Committee and City Council approve the current staff recommendations, additional work, and approval, of the tax details will be conducted during the first half of 2021. To assist with this, City staff are recommending studying the creation and governance of an external advisory team consisting of industry experts and academic institutions who can advise the City on monitoring, evaluation and implementation of a potential Vacant Home Tax.

"We note that City staff are recommending the potential creation of an advisory team consisting of industry experts. TRREB believes that such an advisory team would be of benefit and we would welcome the opportunity to participate and provide TRREB's unparalleled insight on real estate market conditions, and other important issues such as potential legitimate exemptions," said John DiMichele, TRREB CEO.

TRREB has worked closely with City Finance staff to assist with their analysis of the City's real estate and rental housing markets to help inform the need, or lack thereof, for such a tax. We look forward to continue providing input on this issue as City Council deliberates on whether or not to move forward with the proposed tax. **FOR TRREB's SUBMISSION TO CITY COUNCIL** [CLICK HERE](#)

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