

### **GREATER TORONTO REALTORS® URGE CITY OF TORONTO TO MAKE HOUSING ISSUES A PRIORITY**

**TORONTO, ONTARIO, January 14, 2021** – The Toronto Regional Real Estate Board (TRREB) is calling on Toronto City Councillors to ensure key housing issues take precedence as the City’s Budget Committee formally launches its 2021 budget setting process today.

“The past year has been one like no other and has presented numerous challenges to our City, not the least of which are the impact on the City’s finances and economy. With this in mind, TRREB has provided strategic recommendations on key housing concerns, which we believe should be considered of the greatest importance during the City’s upcoming budget deliberations,” said Lisa Patel, TRREB President.

TRREB’s formal input to City Council, made by written submission, focuses on three essential housing matters, including:

- The City’s review and implementation of a Vacant Home Tax,
- City finance initiatives that impact the supply of housing, and
- Adjustments to the Municipal Land Transfer Tax (MLTT) first-time buyer rebate and rate thresholds.

Regarding the City’s Implementation of a Vacant Home Tax, TRREB is questioning the effectiveness of the tax, and is calling for careful consideration of implementation details, such as exemptions which are necessary as a matter of fairness. Exemptions such as principal residences, owners who are unable to rent the property due to market conditions, snowbirds, legal matters pertaining to court orders prohibiting occupancy, properties undergoing renovations or ownership changes during the calendar year, owner or other occupant undergoing medical or supportive care, and if the owner is deceased and grant of probate or administration pending.

“TRREB is not opposed to a Vacant Home Tax, and we understand the rationale behind it. However, it is unclear whether it will achieve the policy objectives to add rental housing that is affordable or affordable homeownership supply to the market at this time,” said Patel. “TRREB welcomes an opportunity to participate in a potential advisory group established by the City to provide further advice and guidance on implementation details, including potential exemptions.”

With regard to housing supply, TRREB is urging City Council to closely examine budget initiatives that could help encourage the creation of more mid-density housing.

“The best long-term solution to housing affordability is to increase the supply of available housing and to encourage a more balanced mix of housing types. TRREB commends the City for initiating the process of expanding housing options in neighbourhoods currently limited to single and semi-detached housing. We recommend City Council recognize all aspects of this issue, including those related to the City’s budget, such as City fees and costs that may be impeding the creation of missing middle housing,” added Patel.

When it comes to the Municipal Land Transfer Tax (MLTT), TRREB is pointing out that the rebate provided for first-time buyers has not kept pace with inflation, and because the MLTT rates have not been adjusted since 2008, the tax has become regressive by charging the highest tax rates even for purchasers of below-average priced properties. Currently, a first-time buyer of an average priced property in Toronto pays \$11,720 in MLTT, on top of about \$12,195 of provincial Land Transfer Tax (PLTT), for a total of just under \$24,000 in land transfer taxes, which must be paid up-front on closing of the real estate transaction. Furthermore, because the MLTT rate structure is such that the highest rates kick in starting on homes priced at only \$400,000, which is 59% below the 2020 Toronto average price of \$986,000, the City is forcing even people who purchase properties well below the City's average price, to pay the highest MLTT rates.

“The MLTT has a significant impact on housing affordability, especially for first-time buyers, which is why TRREB strongly supports adjustments to the first-time buyer rebate to ensure it provides the relief that was intended for first-time buyers, and adjustments to home price thresholds at which MLTT rates apply to ensure that this tax is implemented in a progressive manner,” stressed Patel.

TRREB will be monitoring the City's 2021 budget process and looks forward to participating in future consultations.

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Media Inquiries:

Genevieve Grant, Public Affairs Specialist [ggrant@trebnet.net](mailto:ggrant@trebnet.net) 416-443-8159

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