

TRREB WELCOMES COUNCIL DECISION TO REQUEST A REPORT TO STUDY FIRST TIME HOME BUYER LAND TRANSFER TAX REBATE

TORONTO, ONTARIO, September 13, 2023 – The Toronto Regional Real Estate Board (TRREB) welcomes the City of Toronto’s much anticipated [revenue tools report’s](#) consideration of a multi-year approach to property tax rates. Property tax is a more equitable, stable and appropriate means of taxation for the city, rather than increasing the reliance on an unpredictable revenue source such as the Municipal Land Transfer Tax (MLTT).

The MLTT first-time buyer rebate was designed to ensure that it reflected the average price for residential properties in Toronto, which was \$400,000 at the time of its conception, meaning that first-time buyers were almost completely exempt from paying any MLTT. The City has yet to revisit this threshold since its introduction in 2008, and with the year-to-date average price for all housing types in the City of Toronto at \$1.2 million and condos at \$750,000, the rebate’s value to first-time buyers is now woefully inadequate.

“Our position has always been that the concept of a Land Transfer Tax doesn’t benefit homebuyers, due to the unfair nature of the tax which has to be paid upfront. With the City raising MLTT rates for the higher-end housing market as a revenue tool, it must also consider helping first-time home buyers who are struggling to buy a property,” said TRREB President Paul Baron. “Council’s decision to approve a graduated increase of the MLTT on properties over \$3 million may impact our housing challenges and supply shortage in a negative way by deterring move-up buyers from freeing up supply,” continued Baron.

“Council’s decision to approve motions initiated by Councillors Bradford and Carroll, directing city staff to report back on an increase to the MLTT rebate threshold from \$400,000 to \$750,000 where first-time homebuyers receive a tax rebate, will certainly assist with housing affordability for those struggling to enter the ownership market,” said TRREB CEO John DiMichele. “For too long, the City of Toronto has used the MLTT to attempt to balance their budget and TRREB reiterates that this is not a viable long-term solution due to the unpredictability of the tax revenue,” continued DiMichele.

City staff have also been asked to review the feasibility of an increase to the land transfer tax for buyers of residential resale property where the purchaser owns more than one property within the City of Toronto, with yet to be defined exemptions. Small scale ‘mom and pop’ property owners have been responsible for bringing rental units onto the market in the last couple of decades, that otherwise would not have been built. The introduction of an additional land transfer tax on these properties will deter those purchases or simply lead to higher rents, worsening the unaffordability crisis in the rental market.

Housing affordability continues to be a priority for TRREB, along with greater diversity in the housing stock, something we hope the City of Toronto keeps top of mind for all decision making. We need to ensure that Toronto continues to welcome everyone, and that efforts are made to avoid unintended negative consequences that artificially distort the housing market or create bottlenecks along the housing continuum.

As we work together with the City of Toronto to navigate the issue of housing supply, demand, and pricing, first time home buyers and their needs should be considered.

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