

TRREB: HOUSING AFFORDABILITY SHOULD BE A PRIORITY OF THE 2023 CITY OF TORONTO BUDGET

TORONTO, ONTARIO, January 30, 2023 – The Toronto Regional Real Estate Board (TRREB) is calling on Toronto City Council to make housing affordability a priority of the City’s 2023 Operating Budget. The full City Council will be deliberating on the City’s budget in the coming weeks. With the new strong mayor powers, TRREB welcomes the Mayor’s dedicated focus on taking active and effective steps to deal with housing affordability across the City, and we are encouraged to see that the Mayor’s *2023 Housing Action Plan* has been put forward and supported by Council as part of the City’s overall \$2 billion commitment to housing initiatives.

“Housing affordability is arguably the most serious challenge facing Toronto. TRREB believes that this issue should be a priority consideration of all 2023 Operating Budget decisions, especially with regard to minimizing the impact of City costs on homebuyers and emphasizing the need to increase the supply of housing available to purchase or rent,” said TRREB President Paul Baron.

TRREB is calling on City Council to:

- Continue implementing initiatives intended to increase the supply of homes.
- Avoid any increases to the Municipal Land Transfer Tax (MLTT).
- Adjust the MLTT first-time buyer rebate and rate thresholds for inflation.
- Implement fair and reasonable property tax increases.

“TRREB has always supported reasonable property tax increases, specifically because this form of taxation is the most equitable option available to the City. With this in mind, when taking into account current inflationary pressures and the City’s historically low residential property tax rates, TRREB believes that the currently proposed residential property tax increase of 5.5 per cent is reasonable and fair,” said Baron.

With regard to the MLTT, TRREB is pointing out that any increase in the MLTT will impact housing affordability, and is calling for revisions to the tax to adjust for inflation.

“TRREB continues to disagree with the MLTT in principle, and strongly believes that prudent budgeting means that the City should be relying less on this revenue, not more, to guard against potential volatility in expected revenue,” added Baron.

Council should be wary of any policy move that could interrupt households’ regular progression through the housing market over time, and reduce the supply of homes for sale, which is Toronto’s biggest housing affordability challenge. Specifically, TRREB is opposing any potential increases to the MLTT, including the option to target an increase of this tax on properties priced over a set “luxury” threshold, such as \$2 million. This is not luxury by Toronto standards where the average price of a detached home in 2022 was \$1.8 million. TRREB notes that any increase to the already high land transfer taxes in Toronto could discourage “move-up buyers” from listing their homes for sale, with many of these

households choosing to renovate instead, thereby reducing the supply of homes available to homebuyers.

In addition, TRREB is calling for the MLTT first-time buyer rebate and rate thresholds to be adjusted for inflation since the introduction of the tax in 2008. Currently, first-time buyers of an average priced property pay over \$30,000 in combined municipal and provincial land transfer tax, even after the first-time buyer rebates are applied. Similarly, the MLTT rate structure is such that the highest rates kick in starting on homes priced at only \$400,000, which is 65 per cent below the 2022 Toronto average price for all housing types.

“Ensuring an adequate supply of housing continues to be the most important long-term strategy to ensure housing affordability. TRREB commends the City for its current initiatives in this regard and encourages City Council to support these actions through the budget process,” said Baron.

TRREB’s submission to City Council is available [here](#).

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