

**TORONTO REAL ESTATE BOARD DEPUTATION TO
CITY OF TORONTO BUDGET COMMITTEE
(SPEAKING NOTES)
FEBRUARY 18, 2009**

Good morning Madam Chair and members of the Budget Committee. My name is Von Palmer. I'm the Chief Government & Media Relations Officer for the Toronto Real Estate Board. With me today is Mauro Ritacca, TREB's Manager of Government Relations and Stuart Braund, a REALTOR member of TREB's Board of Directors and Chair of TREB's Government Relations Committee.

We have a simple question for the committee today:

WHAT ARE WE DOING TO THE HOUSING MARKET?

We ask that you contemplate an answer to that question. While you do that, I will attempt to answer the question from our perspective over the next 5 minutes because when people buy and sell homes, they are helping to create thousands of jobs by spending money on things like renovations, furniture and appliances.

- To be more specific, \$33,000 in this type of spending for each housing transaction takes place, pumping over \$2 billion into Toronto's economy every year.
- This spending creates jobs: 1 out of every 100 jobs depends on this type of spending – this means 14,000 jobs in Toronto, and 30,000 jobs in the GTA.

This is economic activity that Toronto City Council cannot afford to risk.

SO, WHAT ARE YOU DOING TO THE HOUSING MARKET, WE ASK?

Well, the federal government recently recognized the important role of housing in the economy and considered this sector important enough to make it the centerpiece of its economic stimulus package:

- A Home renovation tax credit
- A Tax credit for closing costs
- An Expansion of the RRSP Home Buyers' Plan

What is the City of Toronto doing to stimulate the resale housing market?

We are not asking for handouts, only a reversal of DESTRUCTIVE tax policies like the Land Transfer Tax that is impacting the housing market and hurting Toronto's economy. All levels of government must take action on the economy.

- A C.D. Howe Institute and University of Toronto Study determined the Toronto Land Transfer Tax is having a significant impact on the real estate market.
- It reduced sales by 16% in 2008 equaling 5,000 lost transactions and almost \$200 million of lost spin off spending.
- It reduced property values by 1.5% amounting to \$3.5 billion in lost equity and credit purchasing power for homeowners, or \$6,400 for the average Toronto home owner.
- The market started dropping at the exact same time that the City's Land Transfer Tax took effect, and has been down EVERY month since.
- The Mayor's Fiscal Review Panel pointed out that the Land Transfer Tax hurts the City.

SO WE ASK AGAIN, WHAT ARE YOU DOING TO THE HOUSING MARKET?

REALTORS® are disappointed that the City's 2009 Operating Budget does not propose bold action that could help homebuyers and owners, and, in turn, the economy. The single most important thing that Toronto City Council can do is to roll back the Land Transfer tax.

- This tax made no sense then, and given current economic challenges, it makes even less sense now.
- With its recent action on Development Charges, the City's Executive Committee recognized that City policies can impact the housing industry. We hope the City will also recognize the impact of its Land Transfer Tax, and roll it back.
- The Toronto Land Transfer Tax is not a good option. Aside from impacting the real estate market and hurting the economy, the Tax is:
 - a volatile revenue stream and is about 30% less than what the City originally projected
 - and, it is unfair
- Last year, the Mayor's Fiscal Review Panel made it clear that the City has CHOICES other than taxes and recommended numerous options which could save the City an amount that is equivalent to what the City expects to collect in Land Transfer Tax revenue. Toronto taxpayers deserve to know what actions have been taken to implement the recommendations of the Mayor's Fiscal Review Panel, and the status of outstanding recommendations.

Now more than ever, it is important for the City to move in this direction, instead of options that reduce economic activity like Toronto's Land Transfer Tax. I'll be happy to take any questions.