

news release

FOR IMMEDIATE RELEASE

Concerned Residents Tell Mayor and City Council to Shelve Toronto Home-Buying Tax

TORONTO, May 7, 2007 – With the City of Toronto beginning its public consultations on potential new taxes, Toronto REALTORS® are hoping that Mayor Miller and City Council will heed their advice: don't impose a home-buying tax.

Public meetings, which start today, are an opportunity for Toronto residents and businesses to tell the City what they think of various new taxes that are being considered. These proposals were only announced less than two months ago, and the City's Executive Committee could make decisions on them next month.

Possibly the biggest tax that could be levied by the City would be a second land transfer tax, paid by homebuyers on top of the existing provincial land transfer tax. A second land transfer tax of as little as 0.5 per cent would mean that average Toronto homebuyers would have to come up with close to \$2,000 extra when buying a home, a 45 per cent increase in the land transfer taxes that they already pay.

"We appreciate any opportunity to inform the City about how misguided a Toronto home-buying tax is, but this issue is too serious to wait for the City's formal public meetings to start. As soon as REALTORS® found out about the proposed home-buying tax, they started contacting the Mayor and City Councillors directly to tell them to shelve this crazy idea. Hundreds of REALTORS®, that we are aware of, have already sent emails to the Mayor and City Councillors," said Dorothy Mason, President of the Toronto Real Estate Board (TREB).

"Not just REALTORS® have been speaking out against this tax. As soon as their clients, the general public, find out about this they are shocked that the City would even think about this. Many of them are letting TREB know about their concerns at the same time that they send them to the City, and from what we have seen, it's clear that the public is very concerned about a Toronto home-buying tax," said Mason.

The concerns that REALTORS® and the public have been expressing are numerous. Specifically, they have told the City that a home-buying tax would hurt homebuyers, home sellers, businesses, the economy, and the environment (Excerpts from REALTOR® and public correspondence provided below).

"A home-buying tax would hurt those who can least afford it the most. Many homebuyers already have to heavily finance their home purchase to be able to live in Toronto. If they have to find another \$2,000, or more, for this tax, they'll end up having less money for a down payment, which will mean a bigger mortgage, over \$1,700 in extra mortgage interest, and possibly more mortgage insurance costs. For a homebuyer of an average Toronto property that could only afford a five per cent down payment, the Toronto home-buying tax could ultimately end up costing them over \$11,000 in added costs when mortgage insurance and interest are considered," said Mason.

"The unfortunate thing is that, at the end of the day, a Toronto home-buying tax could mean less, not more, revenue for the City because less demand for Toronto housing will mean less property assessment growth, which would mean less property tax revenue for the City," added Mason.

Until recently, the City has only been allowed to levy property taxes.

"These are unprecedented decisions that the Mayor and City Council are making, so the last thing they should be doing is rushing, but that is exactly what they are doing. The City needs to make sure that it takes the time to fully understand the ramifications of a home-buying tax," said Mason.

(continued on next page)



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Shelve Toronto Home-Buying Tax *(continued from previous page)***Sample of Actual Comments from REALTORS® and the Public to Mayor and City Councillors**
(personal information omitted to protect privacy)

"This ill-timed and ill-considered form of taxation will only serve to stunt growth, and demoralize home buyers and sellers....So often policy is made based on past and existing circumstances, and by the time the full impact is felt the damage is done."

Sent by a REALTOR® to Mayor David Miller
March 25, 2007

"I do not think that second land transfer tax is the answer. It will have a dampening effect on the local real estate market, and will drive even more people into the 905 region, making traffic congestion and its attendant pollution even worse than it is today."

Sent by a REALTOR® to Mayor David Miller
March 26, 2007

"I think that it will indeed affect present homeowners, in that buyers will be looking elsewhere to buy their properties. In fact, it could well affect values throughout the City of Toronto in an extremely negative way."

Sent by a REALTOR® to Mayor David Miller
March 26, 2007

"This tax will hurt those that can least afford it – the ones that are already borderline for home ownership and then together with the hike in property taxes it will put home ownership out of reach for so many."

Sent by a REALTOR® to Mayor David Miller and local Councillor
March 28, 2007

"As it is, when people start adding up all of the costs they need to incur to move (current land transfer tax, CMHC fees, and all of the other costs), they sometimes decide it isn't worth it even now. With an additional cost it will make it even harder for people to do what is best for their families."

Sent by a REALTOR® to Mayor David Miller and local Councillor
March 29, 2007

"There are so many young families who cannot afford to own their own home now...not only because of the down payment but the expenses involved in closing the transaction. I really and truly do believe this would be a mistake."

Sent by a member of the PUBLIC to Mayor David Miller
March 29, 2007

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Shelve Toronto Home-Buying Tax *(continued from previous page)*

"I have been looking in the downtown area for the last six months for a condo. I am extremely upset about the thought of increasing or adding a second tax to Toronto home owners....now I am seriously considering staying in the town that I currently live in..."

Sent by a member of the PUBLIC to Mayor David Miller
March 30, 2007

As a recent first-time homebuyer, I must tell you I can't imagine having an additional tax to contend with during the closing period. As it was, my husband and I saved for years before we were able to break into the Toronto market. Now, with the advent of another tax, we have a new worry: that our hefty investment will be sourly devalued (when compared with other markets like Markham) when it comes time to sell the property.

Sent by a member of the PUBLIC to local Councillor
April 16, 2007

It is very expensive to move in to Toronto at this time. Adding a tax, which must be added on to the cost of the home for those who have mortgages, becomes additionally expensive when amortized over 25 years.

Sent by a member of the PUBLIC to Mayor David Miller
April 23, 2007

Toronto housing is already almost unobtainable, especially for young graduates like myself.

I am very concerned with the potential social and economical impact ...

Sent by a member of the PUBLIC to Mayor David Miller and local Councillor
April 23 and 25, 2007

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- 30 -

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