

**Remarks by Costa Pouloupoulos,
President, Ontario Real Estate Association
London Housing Advisory Committee - January 14th, 2015**

Check Against Delivery

Good afternoon Chair and fellow Committee members.

My name is Costa Pouloupoulos, I am the President of the Ontario Real Estate Association and a Broker Owner with Realty Executives Real Estate Brokerage here in London. Joining me is Matthew Thornton, Director of Government Relations at OREA. Matthew is also a graduate of Western University.

By way of background, the Ontario Real Estate Association is one of the province's largest trade associations with over 60,000 REALTOR® members in 40 real estate boards throughout Ontario.

Locally, the London and St. Thomas Association of REALTORS® represents 1,500 hardworking real estate brokers and salespeople.

I would like to thank the committee for this opportunity to discuss a very important issue to our industry – the Municipal Land Transfer Tax.

But before we get to the tax, I would first like to talk a little bit about London's housing market.

We know that London is a growing city and an excellent place to call home.

In the last number of years, our city has seen a steady increase in population and housing sales. In 2014, London's total housing sales increased by 8.1 percent compared to 2013.

London's housing market is strong but our research has shown that a municipal land transfer tax would put that in jeopardy.

Before I get into details about our research, let me provide you with a brief background about the municipal land transfer tax.

In 2006, the Government of Ontario passed legislation giving the City of Toronto powers to raise additional revenues. Subsequently in 2008, the City of Toronto decided to introduce a municipal land transfer tax.

The municipal land transfer tax is applied to purchases on all properties in the City of Toronto over and above the existing Provincial Land Transfer Tax. The MLTT added as much as \$6,206 to the average priced Toronto home in 2013. Total land transfer taxes on the average priced home in Toronto in 2013 were over \$13,000.

Last year, Altus Group Economic Consulting conducted a study examining the potential impact of Toronto's land transfer tax on other municipalities.

Altus Group's research builds on a 2012 study completed by the C.D. Howe Institute which found that the MLTT in Toronto was responsible for a 16% reduction in low rise (detached, semi-detached, townhomes) resale home transactions.

The C.D. Howe Institute's study also found that as a result of the MLTT, Toronto home owners are choosing to renovate their homes rather than moving.

Instead of paying tens of thousands of dollars in closing costs and additional land transfer taxes, people are investing that money in renovations for their home. In short, the tax is acting as a disincentive to move.

Thanks to the Toronto MLTT, Altus Group found that an estimated 38,000 resale transactions were lost between 2008 and 2013. In addition, the study found that the tax caused a loss of 2.3 billion dollars in economic activity and a loss of nearly 15,000 jobs.

Altus Group calculated the overall loss in economic activity by multiplying the lost resale transactions by the nearly \$53,000 that the typical home purchase and sale transaction generates in supplementary ancillary consumer spending.

In addition, the loss of 15,000 jobs was calculated based on a previous Altus Group study which found that for every 1,000 resale transactions, 390 full-time jobs are created.

Altus Group then compared the economic data collected from Toronto and applied the same results to other municipalities, including London. Altus found that if the MLTT spread to London, our city would lose

- 4,540 resale transactions over 5 years;
- \$270 million in lost economic activity; and
- 1,771 jobs. This includes 388 jobs in professional services (including public service jobs), 407 jobs in finance, insurance and real estate and 361 retail and wholesale trade jobs.

Ultimately, the municipal land transfer tax is about fairness and affordability. From a provincial land transfer tax to property taxes, Ontario home owners and home buyers pay enough taxes.

Moreover, this tax forces a small segment of the population to fund a large portion of municipal services designed to benefit everyone. I ask this committee, where is the fairness in that?

If a municipal land transfer tax were to spread to London, the tax could add as much as \$2,300 to the average priced London home. Together, the provincial tax and the municipal tax would amount to over \$4,600.

This amount must be paid up front and cannot be financed through a mortgage. As you can see, a land transfer tax would drastically reduce the affordability of home ownership in London.

Recently, the Ontario Real Estate Association (OREA) commissioned Ipsos Reid to conduct a public opinion survey in four key markets to gauge opinions on a potential municipal land transfer tax (MLTT) for their area. Ipsos Reid surveyed 400 residents in London and found that there is significant opposition to an MLTT.

In particular, 89 per cent of Londoners oppose an MLTT being introduced. In addition, 90 per cent of London residents surveyed felt that a municipal land transfer tax is an unfair tax on home owners who already pay their fair share of taxes.

The survey of London residents also found that:

- 92 per cent think that a municipal land transfer tax makes home ownership less affordable;
- 88 per cent say it is a barrier to home ownership; and most importantly
- 74 per cent say an MLTT will limit their ability to afford a home purchase.

In conclusion, I urge you as representatives of our great city to consider what kind of London you want to live in.

Do you want a London that discourages business and people from moving here because we double tax home ownership? Do we want to burden a relatively small number of people with a disproportionately high tax bill to fund city services that benefit everyone? And, do we want a strong housing market that creates jobs and generates a better quality of life for our citizens?

I know I do. And I hope you do as well.

That's why OREA urges this Committee and London City Council to protect home owners and our economy by opposing any legislation or proposal which would permit the spread of the municipal land transfer tax.

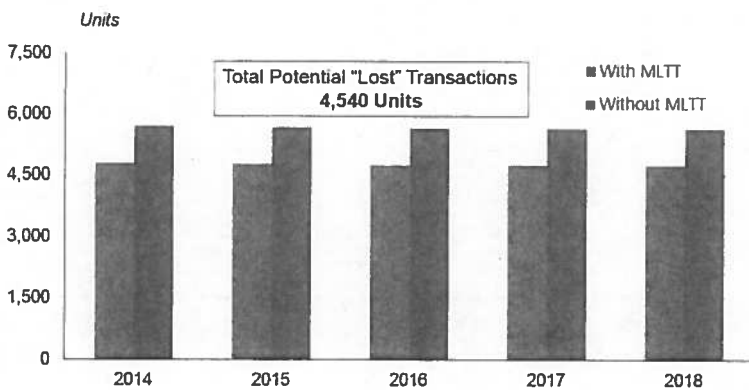
Let's continue to support affordable access to home ownership.

Let's support the Canadian Dream here in London.

Thank you and we are happy to take your questions.

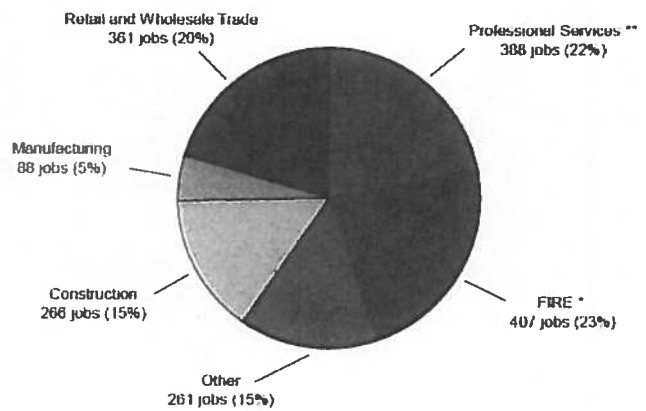
Municipal Land Transfer Tax: Implications for London

Estimated Total Resale Housing Transactions, With and Without MLTT, City of London, 2014-2018



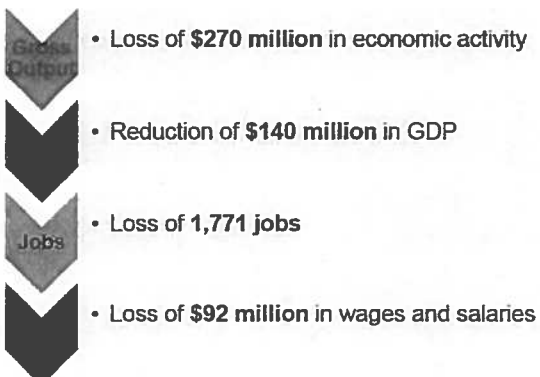
Source: Altus Group Economic Consulting

Potential Loss in Employment by Industry, City of London, 2014-2018



*Finance, Insurance and Real Estate ** Includes public service jobs
Source: Altus Group Economic Consulting

Potential Economic Loss Caused by the MLTT in the City of London, 2014-2018



Source: Altus Group Economic Consulting