February 5, 2009

The Honourable Jim Watson
Minister of Municipal Affairs and Housing
77 Bay Street
17th Floor
Toronto, Ontario
M5G 3E5

Dear Minister,

We are writing today to provide input to the current review of the *City of Toronto Act*.

The Toronto Real Estate Board (TREB) and the Ontario Real Estate Association (OREA) respectively represent approximately 28,000 REALTORS® in the Greater Toronto Area and 45,000 across the province. REALTORS® support initiatives that improve municipal competitiveness, quality of life, and economic development. TREB and OREA believe that the *City of Toronto Act* is an important recognition of the City of Toronto's unique role in Ontario. However, we continue to be concerned about certain aspects of this act that we believe hinder the City of Toronto's competitiveness instead of improving it.

TREB and OREA worked closely with the provincial government during the development and legislative approval process of the *City of Toronto Act*. The key concern we raised was new taxing authority for the City of Toronto, specifically the imposition of a municipal land transfer tax. As the following points out, our concerns were well founded.

- A recent study conducted by the C.D. Howe Institute and University of Toronto Professors Gilles Duranton and Matthew Turner, determined that the Toronto Land Transfer Tax is having a negative effect on the city's real estate market. A separate study conducted by Altus Clayton determined that every re-sale housing transaction results in approximately $33,000 of spin-off spending on things like renovations, furniture and appliances. Based on these studies, TREB estimates that the Toronto Land Transfer Tax has eliminated about $170 million of consumer spending from the local economy, risking jobs.

- The C.D. Howe Institute study also indicated that the Toronto Land Transfer Tax has reduced the value of Toronto homes by 1.5%, which, TREB estimates, translates to a reduction of $3.5 billion in homeowner equity. This means less equity when selling their homes and less credit available to homeowners from instruments such as home equity lines of credit, which also risks important economic activity.

- The imposition of the Toronto Land Transfer Tax has proven to be extremely unpopular. During Toronto City Council's consideration of this tax, thousands of Torontonians spoke out against this tax by contacting their city councillors directly. Indirectly, public opinion polls consistently indicated that the public was overwhelmingly opposed to a Toronto Land Transfer Tax. REALTORS® continue to hear overwhelming opposition to this tax from their clients.

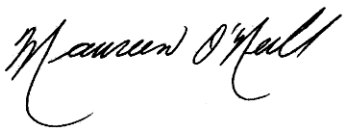
- Land transfer taxes are inherently unfair because they force a small segment of the population, those currently purchasing a home, to fund services that everyone receives. For example, at the time of the Toronto Land Transfer Tax's approval, the city's own estimates indicated that, approximately five per cent of residents would be covering 70 per cent of the City's budget shortfall.

Given these concerns, we continue to believe that the Toronto Land Transfer Tax is bad policy and we continue to call for this tax to be rolled-back. Furthermore, we continue to urge the provincial government to ensure that similar taxing authority is not extended to any other municipalities.

We understand that you have indicated that the initial primary focus of the current review of the *City of Toronto Act* is on technical issues. We respectfully request that this process be expanded to ensure a more thorough review of the *City of Toronto Act* is conducted.

Thank-you for this opportunity to inform you of our views. We would be pleased to meet with you or your staff to discuss these issues further. We look forward to continuing to work with the provincial government.

Sincerely,



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