



Hamilton City Council
C/O Clerk's Office
Hamilton City Hall
71 Main Street West,
Hamilton, Ontario, L8P 4Y5

July 9, 2015

Dear Mayor Eisenberger and Councillors:

On behalf of the REALTORS® Association of Hamilton-Burlington (RAHB) and our 2,800 members I am writing to you today regarding the study of the municipal land transfer tax (MLTT) by Hamilton City Council.

As you know on July 8th, 2015, the Audit, Finance and Administration Committee overwhelmingly voted against Councillor Aidan Johnson's motion requesting that City of Hamilton staff study the advantages and disadvantages of a MLTT.

During debate on the motion, Councillors expressed concern with the impact that levying such a tax would have on Hamilton's residential housing market, making homeownership even more unaffordable.

Mayor Eisenberger expressed a similar sentiment towards the MLTT during the election campaign at the Hamilton Business Leaders breakfast when he stated "I do not support it. We shouldn't be looking for any easy tax grab." Put simply, if this Council does not support the MLTT, then there should be no reason to study it.

The MLTT will make home ownership less affordable by forcing buyers to pay thousands of dollars in taxes when they decide to move to our city. It would add \$3,200 to the average priced Hamilton home, bringing the total that local home buyers would pay in land transfer taxes to the province and the city to \$6,900. This is money paid up front and cannot be rolled into a mortgage.

The Hamilton housing market is just in the process of recovering after years of underperformance. The last thing our City Council should do is send a signal to potential homebuyers that home ownership in Hamilton is about to become less affordable because the city is looking at introducing an MLTT.

Our city has seen steady growth which is directly related to residential development over the past 10 years. In particular, consider the development taking place in communities like Hamilton Mountain. Hamilton's balanced budgets have been dependent on continuous growth and introducing the MLTT would put the city's fiscal health in jeopardy.

Currently, housing in Hamilton is relatively affordable in contrast to Toronto. Families from Toronto are moving to our city because they can get more home for their investment. This is Hamilton's competitive edge. An edge that we will lose with the introduction of an MLTT.

An MLTT would incentivize families to look at communities like Burlington, Kitchener, Brantford or Niagara. Cities with the same access to good transportation but not two land transfer taxes. Last year, in a study conducted by Ipsos Reid, 92 per cent of Hamilton families said that they would consider buying a home outside of the city if an MLTT was introduced here.

Money that Torontonians would otherwise have to pay in MLTT could be spent on things like new appliances, renovations and or simply invested. It could also be money used to fund their commute. For example, consider that \$3,200 is equal to:

By Car

- 124 Round Trips from Toronto to Niagara Falls¹
- 149 Round Trips from Toronto to Kitchener
- 153 Round Trips from Toronto to Brantford
- 279 Round Trips from Toronto to Burlington

By GO Train:

- 172 Round Trips from Toronto to Burlington
- 107 Round Trips from Toronto to Kitchener

Hamilton home owners pay enough taxes. Not only do they pay 9% higher property tax rates compared to similar municipalities, but Hamilton's property taxes based on a percentage of income are also high when compared to similar cities. Families shouldn't be forced to pay another tax just because they own, or want to own a home.

Before I conclude, I want to draw your attention the impact the MLTT is having in Toronto. Despite media perceptions the tax is having a profound impact.

Demand for houses is high, but the MLTT has dramatically reduced the supply of homes on the market. People know they have to pay an MLTT on their next purchase, so many are staying in their current residence. This is causing bidding wars which are driving up prices and hurting affordability.

The tax is also hurting the local economy. In 2012, the C.D. Howe Institute released a study which found that the MLTT in Toronto has caused a 16 percent annual reduction in resale home transactions since it was introduced. As you know, the housing market supports thousands of jobs not just in the GTA but also in Hamilton. These are good-paying jobs in the finance, manufacturing and renovation sectors. While Hamilton may generate additional tax revenue from an MLTT, it is the livelihood of your residents that will ultimately pay the price.

In conclusion, Hamilton REALTORS[®] call on City Council to ratify the Audit, Finance and Administration Committee's decision. A decision supported by one-third of Council. Protect affordable home ownership by preventing the spread of the MLTT to Hamilton.

Sincerely,



Donna Bacher,
President, REALTORS[®] Association of Hamilton-Burlington

¹ Calculated based on \$3,200 divided by \$60/tank of gas x 600kms/tank. This amount was then divided by round trip to each City.