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January 12, 2017

Hon. Kathleen Wynne  
Premier and President of the Council  
Legislative Assembly of Ontario  
Room 281, Queen's Park  
Toronto, ON M7A 1A1

**RE: Foreign Home Buyers Tax**

Madam Premier,

I am writing with regard to the province implementing a special tax on foreign home buyers in Toronto, as per Toronto City Council's express approval on December 13, 2016. As this issue requires provincial approval and leadership, I would like to share key concerns about the Greater Toronto Area housing market and home affordability which justify the implementation of a foreign home buyers tax.

To gain more insights on this important issue, I collaborated with Dr. Atif Kubursi, Professor of Economics at McMaster University. Dr. Kubursi is the President of Econometric Research Limited and an expert consultant on economic impact analysis. His analysis on a potential foreign buyers tax states three important facts.

First, that a relatively low unemployment rate, low borrowing costs, and a strong regional economy are contributing to high demand for home ownership in the Greater Toronto Area.

Second, that average house prices in the GTA increased at a record level of over 20% in 2016 compared to the year before. Kubursi has no expectation that this escalation in prices will moderate.

Third, that with an average GTA house price of \$730,000, 2.5% mortgage interest rate, 20% down payment, it takes a pre-tax family income of \$250,000 to qualify for a mortgage. This is not even taking into account student loans and other debts that are typical for young families.

The Toronto Real Estate Board's own data shows that five percent of GTA homes are purchased by foreigners, which may even be an underestimate as it only represents the share of homes bought by foreigners where a member the Toronto Real Estate Board is used.

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Further, TREB's data shows 113,133 real estate units were sold in the GTA at an average price of \$730,000. With foreign buyers accounting for five percent of these sales, a surtax of five percent would recover over \$206-million in revenue.

**Madam Premier, it is time for Ontario to follow British Columbia's example and impose a tax on foreign buyers of homes in Toronto.**

In October 2016, a public poll was conducted from Mainstreet Research on this topic of foreign home buyers tax. Mainstreet surveyed 1,045 Toronto residents from every region of the city. 71 percent of decided respondents favoured a tax on foreign buyers (Please find attached the public poll report).

Following the results of this public poll, in December 2016, Toronto City Council supported my motion to direct the City Manager to consult with the province to examine the potential impacts and the possibility of the City of Toronto levying an additional land transfer tax on the purchase and/pr sale of homes to non-Canadian residents of up to five percent of the value of the sale of the home.

**I urge you as Premier to support Toronto City Council's decision on this important issue.**

Data from the British Columbia Ministry of Finance shows that the foreign buyers tax in Metro Vancouver is working as intended. The Ministry says there was more consistency in sales between Metro Vancouver and the rest of the BC for transactions involving foreign buyers in the four months after the tax was introduced.

A prominent economist at CIBC, Benjamin Tal, says Ontario will have little choice but to implement a tax on foreign home buyers. That is largely because the Vancouver tax already shifted foreign buyers to Toronto. A tax on foreign buyers would help cool the market in the right way because the economics are straight forward: supply and demand. If you cut back the demand, you down prices.

**Madam Premier, there is broad based support for a tax on foreign home buyers.**

It would be a missed opportunity to forgo this revenue, cool the housing market, and provide assistance to new buyers struggling to enter the market and provide homes for their young families.

I urge you to follow the direction of Toronto City Council and support my call for a special tax on foreign home ownership in Toronto.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Jim Karygiannis, Councillor  
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Mayor of the City of Toronto

Patrick Brown  
Leader, Official Opposition  
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