THE ONTARIO REAL ESTATE ASSOCIATION PRESENTATION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS ON COVID-19 RECOVERY MEASURES

PRESENTERS:

- Mike Stahls, Chair, Government Relations Committee
- Bradley Mayer-Harman, Chair, Ontario REALTOR® Party Committee

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INTRODUCTIONS

(Mike Stahls)

Good afternoon Chair and to the Members of the Committee.

My name is Mike Stahls, I am a broker at Royal LePage Real Quest Realty in Orillia, and the Chair of the Government Relations Committee for the Ontario Real Estate Association.

Joining me today is Bradley Mayer-Harman. Brad is a real estate sales representative at Century 21 in Brampton and is the Chair of OREA's Ontario REALTOR® Party Committee.

By way of background, OREA is the trade organization that represents Ontario's 80,000 REALTORS®.

It is our pleasure to be speaking to the Committee today to share OREA's recommendations to help grow Ontario's economy following the economic shutdown brought on by COVID-19.

COVID-19 and the Housing Market

COVID-19 has brought devastating impacts to the Ontario and Canadian economy. Early on in the pandemic, the real estate and housing market saw double digit decreases in sales and moderate declines in prices across the Province.

Home sellers and buyers were significantly impacted, with many sellers holding off putting their homes on the market, with much uncertainty about how the pandemic was going to impact home values and prices.

Because many Ontarians were putting listing or buying during March through May, we are now seeing pent up demand from both sellers and buyers come back into the market.

While the real estate market has begun to recover, most local markets continue to suffer from a lack of inventory and supply of homes. This has contributed, in part, to high rates of activity in some markets as demand has outstripped supply.

According to our research, the lack of supply is being driven in large part by consumers uncertainty about the stability of the real estate market going forward.

For a home seller in particular, listing your property during a time of global and domestic instability can be daunting. Once your property is sold, for example, sellers often have to have find a property of their own and once their new home is purchased there continues to be risk associated with the closing of the original home.

These issues have been made even more apparent with the addition of health and safety issues associated with putting a home on the market.

Housing and COVID-19 Recovery

While our industry continues to be concerned about consumer confidence, mortgage deferrals and Ontario's employment situation, we know housing can be a key driver to stimulate Ontario's economy and get people back to work as we recover from COVID-19.

Housing helped lead Canada's economic revival following the recession in 2009, and it can do it again.

Housing is one of the largest parts of Ontario's economy with the real estate, rental and leasing industry generating an estimated $96 billion towards Ontario's GDP in 2019.

Real estate accounts for 12.9 per cent of the province's GDP and the housing sector more broadly generated $107 Billion in economic activity last year.

Housing is also a job creator with more than 602,000 families depending on a loved one employed by the real estate, housing and finance sector.

REALTORS® are urging the Province to harness the power of the sector to generate further economic activity, create jobs and help set Ontario back on the path to prosperity and growth.

We know the Province is laser focused on this goal and REALTORS® are stepping up to help with OREA bold recommendations on how we get it done.

I would now like to turn it over to Bradley to provide details on our specific recommendations.

Brad…

STIMULUS RECOMMENDATIONS

(Bradley Mayer-Harman)

OREA's Action Plan for the government's Jobs & Recovery Committee puts on the table short-term and long-term recommendations that will help drive Ontario's economy forward.

To start, OREA is recommending the Province inject new supply into the market quickly using a time-limited holiday from the provincial land transfer tax for homes under $600,000 dollars.

We estimate that this will save Ontario families $8,975 when purchasing a home and would help encourage those who are on the sidelines to jump back into the market, easing cost pressures on families.

Beyond more inventory for buyers, this recommendation will also create jobs. Each home sale generates about $80,000 in ancillary consumer spending and every 1000 home sales lead to a $30 million increase to the provincial GDP.

A 6-month holiday from the LTT is a great way to stimulate housing transactions to get people back to work as quickly as possible following the pandemic.

<u>HOME RENOVATION TAX CREDIT</u>

To create jobs and greater economic activity across the province, REALTORS® also recommend implementing a Home Renovation Tax Credit for Ontario homeowners.

Many of you will recall, that a Home Renovation Tax Credit was introduced by the Government of Canada in 2009 as a short-term stimulus measure to help restart the Canadian economy following the financial crisis.

The tax credit enabled taxpayers to claim up to 15 per cent of the cost of a "substantial" renovation in their home, condo or cottage for renovation costs between $1,000-$10,000.

The max tax credit was $1,350 per year and the average credit received by those who took advantage of the program was $700.

A provincial version of a home renovation tax credit would help to kickstart the provincial economy.

This program would create jobs in the home renovation, service, retail and manufacturing sectors generating billions in economic activity.

Following COVID-19 many will be looking to make upgrades to their living spaces, particularly because many people are looking to create home offices as they will be working from home more.

Similarly, seniors are feeling less enthusiastic about entering a Long-Term Care Home, so renovations that would allow them to remain in their homes longer are becoming more and more desirable. Whether it is installing greater accessibility measures such as ramps or elevators or creating in-law suites.

The national Home Renovation Tax Credit brought $4.3 billion into the Canadian economy and increased investment into the renovation and construction sector by 18% per quarter the year the tax credit was in place.

LESS RED TAPE

And finally, housing affordability remains a significant issue across the province. The lack of affordability in Ontario is driven by the limited supply of homes.

To generate further real estate transactions in the province, red tape on housing and development needs to be cut to allow the private sector to build a greater supply of housing.

Reducing red tape is a low-cost solution to increasing housing supply and to create jobs and make homes more affordable

The province should prioritize the implementation of Bill 108 to create more transit-oriented communities, reduce approval timelines, and support municipalities planning departments to reduce development timelines.

CONCLUSION

(Mike Stahls)

Housing has the potential to be the engine that leads Ontario’s post pandemic economic recovery.

Our proposed recommendations will create greater consumer confidence and will encourage buyers to re-enter the market that have been sitting on the sidelines, uncertain about the potential impact COVID will have on prices.

In short – a recovery plan that doesn't harness housing is a missed opportunity. Stimulating housing activity creates jobs and we encourage this Committee to take full advantage of the sector's ability to get Ontarians back to work.

Thank you Chair and to the Members of your Committee for your time today.

We are happy to answer any questions you may have at this time.