

# SAVING THE CANADIAN DREAM OF HOME OWNERSHIP IN ONTARIO

ONTARIO REALTORS® 2022 PLATFORM  
FOR A HOME FOR EVERYONE



# INTRODUCTION

The Canadian dream of home ownership is on life support in Ontario.

The prospect of owning a home is disappearing for an entire generation and the June 2022 election will decide its future.

Ontario REALTORS® are calling on all political parties and candidates running in the 2022 Ontario election to prioritize housing policies that will ensure all Canadians have a fair shot at achieving the Canadian Dream of owning a home.

Ontario is facing a housing affordability crisis unlike we have ever experienced before.

Pandemic-related factors, limited supply, and changing demographics have resulted in skyrocketing housing prices across the entire province.

The average priced home in Ontario is over \$1 million up almost 30% year over year.

What used to be a GTA-specific story, is now a province-wide problem. Smaller, more rural communities are seeing rapid increases in housing prices unlike any other time in history.

We are already seeing the effects of the affordability crisis first-hand. Young families are pulling up roots and moving to other jurisdictions. In a global economy that puts a premium on attracting talent, Ontario stands to lose its edge as one of the most attractive places to raise a family or start a business because of the runaway cost of housing.

If Ontario political parties want to win in the June 2022 election, they need to show voters they understand the housing affordability challenge and have solutions.

REALTORS® have put together eight bold solutions in this platform that we are calling on all parties to adopt to save the Canadian Dream of home ownership in Ontario.



## How bad is the affordability crisis? By the numbers...<sup>2</sup>

### Home Prices vs Incomes

**\$1,086,493** the average price of an Ontario home. (Feb 2022).

The median household income for an Ontario couple is \$83,000.

There are **twelve markets** (out of 36) in Ontario that have an average home price of over **\$1 million**.

Ontario home prices have tripled (+180%) in the last ten years. Average household incomes have increased only 38%.

It would take **26.5 years — or 318 months** – for a Toronto resident (making \$195,000) to save a down payment on an average priced home in the City.

### The Canadian Dream on Life Support

**54%** of Ontario households have at least **ONE adult child (18-38) living at home**.

A **majority (71%) of non-homeowners** continue to want to own a residential property including 81% of those 18-29 years and 82% of those 30 to 44 years.

**More than half (55%) of non-homeowners** have either **given up or are very pessimistic** about the possibility of buying a home in the community they want to live in.

**Four in ten parents of those 18 to 38** who have purchased a home helped their child financially.

Of those who offered financial support, **71% provided a gift and 61% a loan**.

The gifts and loans for those who provided them were on **average \$71k and \$41k**.

**29% of those 18 to 38 years of age** who purchased a home were given a financial gift to help.

### What Ontario Needs

Ontario needs to build **1.2 million homes** to meet our population needs and **1.5 million** more homes if we want to improve affordability.

# EXECUTIVE SUMMARY

## More Help for First-Time Home Buyers

### 1. Index the Land Transfer Tax (LTT) Rebate to Inflation

Housing prices have climbed 180% over the last ten years and since then, there has been no increase to the LTT rebate for first-time buyers. Even with the current rebate, Ontarians will still be paying over \$10,000 in LTT at the time of closing on their property. OREA's most recent polling showed that 63% of Ontarians support giving first-time buyers additional support they need to enter the market in the form of doubling the tax credit. To keep pace with the rapid increase to housing prices, the LTT should be indexed to inflation and doubled from \$4,000 to \$8,000.



## Build More Homes

### 2. End Exclusionary Zoning

Local zoning rules continue to hold back much needed gentle density in high-growth urban areas of the Province. The Province should use the Planning Act to implement as-of-right zoning in Ontario's highest-demand urban neighbourhoods to allow for the building of duplexes, triplexes and fourplexes on lots traditionally zoned for single-family housing.

### 3. Convert Underused Commercial Properties to Homes

As Ontarians continue to embrace e-commerce and online retailers, buildings like shopping malls and retail strip plazas can be converted into affordable

housing to support Ontario's population demands. OREA wants to encourage governments to review the steps needed for property conversions from commercial to mixed-residential to eliminate barriers and fast-track these processes.

#### 4. Ontario Housing Delivery Fund

The creation of a housing delivery fund is one of the recommendations that came from the Ford government's Housing Affordability Taskforce Report. The Province should build on this recommendation and align efforts with the Federal government as well as municipalities to reward those who are encouraging housing growth policy and investing in their communities.



### Make Home Ownership More Affordable

#### 5. Green Ontario Homes

Home energy audits are a long-term tool that will allow homeowners to take the first step in figuring out what retrofits their home requires to operate at peak efficiency. Not only do home energy audits make homes more energy efficient and contribute to the province's collective GHG reduction targets, but audits can stand to save Ontarian's money on their hydro bills. To establish a coordinated effort across levels of government in home energy efficiency and climate mitigation, it is recommended that the Government of Ontario implement a voluntary Home Energy Audit program and provide incentives to encourage consumers to purchase green home retrofits.



## Protect Consumers

### 6. Make Ontario a Leader in North America for Real Estate Regulation

To demonstrate OREA's dedication to ensuring that Ontario has the most well-regulated real estate market in North America, the Province should enact key regulations (including Code of Ethics and General Regulations) are implemented by January 1st, 2023 and move forward with specialty certifications.

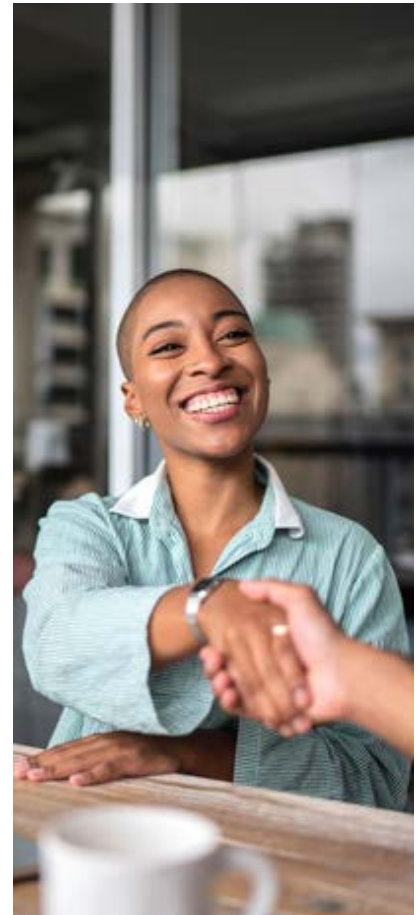
## Level the Housing Playing Field

### 7. Get Dirty Money out of Ontario Real Estate

Building off a campaign promise from the Federal Liberals, the Government of Ontario should create an Ontario-made public beneficial ownership registry that would require home purchasers to identify themselves to land titled authorities to reduce instances of money laundering through real estate.

### 8. Fix the Ontario Land Tribunal

OREA wants to put an end to letting politics influence planning processes by encouraging the government to empower the Tribunal to prioritize cases that would increase housing supply quickly, while hiring more adjudicators to tackle the growing backlog of cases as a result of COVID-19.





# **x MORE HELP FOR FIRST-TIME HOME BUYERS**

## **1. Index the Land Transfer Tax (LTT) Rebate to Inflation**

Ten years ago, the average price was \$329,000. Over that period, average house prices have climbed 180% and there has been no increase to the land transfer tax (LTT) rebate for first-time buyers.

Currently, the LTT rebate for first-time buyers is \$4,000, covering the LTT on the first \$368,333 of a home purchase. The LTT rebate was first brought forward when the average priced home in Ontario was less than \$400,000 and has not been increased since 2017, when it was doubled for the first time from \$2,000 to \$4,000. At the time, the Ontario Government cited the dramatic increase to housing prices as the need for additional support for first-time buyers. A half a decade later and Ontario continues to experience a dramatic increase to housing prices and the LTT rebate has not kept pace.

First-time home buyers are struggling to secure their down payment and necessary closing costs to achieve home ownership. Permanently doubling the LTT rebate to keep pace with the rising cost of housing will help families find a place to call home. With the current LTT rebate, on the average priced

home in Ontario, a young family will have to pay \$10,935 in LTT. In Toronto, the LTT on a \$923,000 home would be \$21,395.

The LTT is part of the closing costs that a young family will need in cash and cannot roll the cost into their mortgage. It is a significant barrier for many and will continue to be a significant hurdle for first-time buyers to jump through if they are not given the leg up that they need to get into the current market.

The majority of Ontarians are supportive of doubling the land transfer tax for first-time home buyers, with 63% supporting giving first-time buyers the additional support they need to get into the market.







# **X BUILD MORE HOMES**

## **2. End Exclusionary Zoning**

In neighbourhoods across Ontario, single-family zones impose unnecessary and extreme density limitations on certain pockets that are right next to highly developed areas. This in turn results in some of the most desirable neighbourhoods having the least flexibility in terms of increasing density and building affordable housing. Historic zoning rules have not changed despite an influx of homebuyers across the province, resulting in the affordability crisis being experienced by Ontarians today. In fact, 40% of Ontarians believe that zoning restrictions in municipalities is the main reason why not enough homes are being built to sustain our current population.

In many municipalities across the province, it is illegal to convert a single-family home into a townhome, duplex, triplex or fourplex without a zoning bylaw change. On the other hand, investors who purchase aging bungalows and turn them into four-storey mini-mansions are able to do so without regulatory delay.

The consequences of restrictive zoning processes in urban centres are being felt in suburban and rural areas, as growth has no choice but to push outside of urban boundaries and into farmland. Increasing densification, especially within 500 metres of transit stations, will help prevent further sprawl and protect environmentally sensitive areas from development.

Updating zoning rules can also positively influence the rental market. Studies have shown that building new

properties of all types decreases nearby rents by 5-7% relative to locations farther away or developed later and, encouragingly, new builds increase in-migration from low-income areas, meaning people can afford to choose where they want to live rather than being forced into certain neighbourhoods to afford rent.

In order to encourage gentle density across Ontario, the province can use the Planning Act to implement as-of-right zoning in highest demand urban neighbourhoods, which will effectively remove the time consuming and expensive approvals process that is currently in place. As the government looks to encourage this type of growth, a carrot approach in the form of financial incentives for municipalities who encourage as-of-right zoning could be implemented, with a flip-side of a claw back of provincial funding for those municipalities who are blocking this type of density.

Ontario REALTORS® believe that reforming exclusionary zoning policies would have the biggest effect in closing the housing gap.



### 3. Convert Underused Commercial Properties to Homes

The retail industry will be forever changed by the pandemic. Ontario customers will continue to embrace e-commerce and online retailers, leaving traditional shopping malls and retail strip plazas to struggle. As the retail stores in these plazas continue to permanently close their doors, with no new tenants moving in to take their place, the stores remain vacant leaving many of the buildings to begin to deteriorate.

Across Ontario, the majority of these retail properties are located at the heart of rural, suburban, and northern communities, and are already serviced by infrastructure, have larger footprints due to parking spaces, and have existing interconnectivity with transit. In many cases, they are perfect locations for residential properties and mixed-use developments.

There are a number of examples across the province where municipalities are pursuing the conversion of retail spaces to be converted into housing units. However, the permit process continues to hold up the speed at which these properties can be converted and delay much needed housing from getting developed. The delays have also resulted in the political will of municipalities to dwindle, leaving many projects to be scrapped altogether.

The province needs to focus on fast-tracking these property conversions to bring much needed housing supply to market sooner. Particularly, re-zoning these properties can help developers accommodate housing demand, create new housing rapidly, and avoid letting existing buildings deteriorate in the face of tenant shortages.

While municipal zoning orders could be used regularly for this goal, that process lacks transparency and requires significant political will to implement. The province must review the steps that are required for property conversion for the use of mixed-residential units with an eye on eliminating barriers and accelerating the process. Fast-tracking this process will also help governments convert properties into affordable housing in areas of the province where they are needed the most.

Ontarians are strongly in support of surplus commercial properties being converted and redeveloped into housing, with 90% wanting to see these underused properties converted into much needed housing.

## 4. Ontario Housing Delivery Fund

Ontario REALTORS® understand the importance of alignment between all levels of government on issues related to housing. When all three levels of government are misaligned in understanding the needs of their respective communities, it can lead to inefficiencies in planning and building.

Although steps have been taken by both provincial and federal governments to encourage innovative new builds in Ontario, plans commonly lack alignment, resulting in disjointed housing policy that ends up slowing down progress. For example, city councillors who depend on voters who want to maintain the status quo and oppose planning changes, such as as-of-right zoning, result in situations where approvals for new housing are stalled. Not only is this costly for those looking to contribute to Ontario's housing stock but leads to the politicization of affordable homes.

To encourage those municipalities who are taking pro-growth measures and subsequently penalize those who are not, Ontario REALTORS® support the Housing Affordability Taskforce's recommendation to establish an Ontario Housing Delivery Fund that would be matched in funding by the federal government. The fund would be used to reward:

- Growth that meets or exceeds provincial targets
- Reduction in approval times for new housing
- The removal of policies that contribute to exclusionary zoning

By providing incentives and subsidies to those municipalities who are making the choice to increase their housing supply, the province can demonstrate its willingness to work with those aligning their plans with provincial growth goals.

# **X MAKE HOME OWNERSHIP MORE AFFORDABLE**



## **5. Green Ontario Homes**

The Ontario residential sector is a significant source of energy emissions, with many of those being attributed to the province's reliance on natural gas to heat homes. As policy like the Natural Resources Canada (NRCAN) incentive programs have shown, the implementation of home energy audit programs can assist in climate mitigation in a multitude of ways.

Home energy audits are a long-term tool that will allow homeowners to take the first step in figuring out what retrofits their home requires to operate at peak efficiency. Not only do home energy audits make homes more energy efficient and contribute to the province's collective GHG reduction targets, but audits can stand to save Ontarian's money on their hydro bills. Anywhere from 25 to 40 per cent of energy used for heating or cooling a typical home is lost through air leakage or an inefficient heating system.<sup>2</sup> Ontarians deserve to have their potential savings quantified through voluntary home energy audits, identifying opportunities for deep retrofits and kickstarting the work on the province's clean energy goals.

In terms of specific goals, the implementation of a voluntary home energy audit program can assist in climate mitigation efforts in several ways, including:

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<sup>2</sup> <https://diversityinstead.com/will-biden-administration-retrofit-4-million-buildings-make-energy-efficient/>



1. Clearly identifying sources of energy inefficiency in Ontario's residential housing sector
2. Encouraging and incentivizing home renovations and retrofits to support the reduction in energy consumption by enabling access to existing renovation-related subsidy programs upon completion of home energy audits
3. Reduction of energy consumption and emissions from the residential sector, which is among the significant contributors to GHG emissions in Ontario (among transportation and industrial usages)<sup>3</sup>.
4. Establishing consistency in provincial and federal energy efficiency standards in the housing sector and will encourage a coordinated and balanced effort to support climate change mitigation through emissions curbing across the country.



By providing incentives and subsidies to those municipalities who are making the choice to increase their housing supply, the province can demonstrate its willingness to work with those aligning their plans with provincial growth goals.

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<sup>3</sup> [http://media.assets.eco.on.ca/web/2016/11/2016-Annual-GHG-Report\\_Chapter-2.pdf](http://media.assets.eco.on.ca/web/2016/11/2016-Annual-GHG-Report_Chapter-2.pdf)



## **x PROTECT CONSUMERS**

### **6. Make Ontario a Leader in North American Real Estate Regulation**

Ontario REALTORS® understand the importance of protecting the interest of their clients by providing them with professional expertise as buyers and sellers make critical decisions about where they will live. For over ten years, OREA has been undertaking a review of the *Real Estate and Business Brokers Act (REBBA)* to strengthen protections for both REALTORS® and consumers through provincial legislation. The introduction of the *Trust in Real Estate Services Act (TRESA)* has proven to REALTORS® that the government has prioritized making Ontario one of the most well-regulated real estate markets in the world.

As Ontario looks to continue its work on the review of TRESA, OREA has two recommendations related to the regulations moving forward:

## Maintain Implementation Timelines

Since the passage of TRESA in 2020, OREA has remained a key stakeholder in the consultation process. OREA has worked closely with Ministry of Government and Consumer Services to overhaul the governing legislation and develop support regulations with the goal of strengthening consumer protection, modernizing real estate practices, and ensuring REALTORS® who break the rules face stronger disciplinary action. To maintain momentum on the phased approach of implementing TRESA, Ontario REALTORS® would recommend that Ontario continue to aim to bring the O. REG 567/05: General Regulations, O. REG 579/05: Educational Requirements, new Discipline Committee regulation and REALTOR® Code of Ethics into force by January 1, 2023. Not only will this maintain the current implementation timeline, but will also give OREA the opportunity to educate our 85,000 Members so that they are able to effectively use and follow the new regulations when assisting their clients and members of the public.





## Remove Exemptions under TRESA

Since the beginning of OREA's work on REBBA, we have maintained that all exemptions under the Act should be reviewed, strengthened or removed, specifically those that apply to auctioneers and lawyers. In some markets, auctioneers and lawyers have created businesses where they are arguably trading in real estate. In the 1950s, the auctioneer exemption allowed auctioneers providing core auction services to farms or estates disposing of their goods, stock, equipment, and business to include the real estate in that auction process. No one contemplated that provision to exempt activities far beyond the management of the auction bidding process.

What we are seeing now is that companies calling themselves auctioneers are completely avoiding oversight and have free reign

of Ontario's real estate market. Companies are going beyond the scope of typical auction activities to provide most, if not all, of the same services as registrants: listing properties for sale, conducting marketing and advertising, performing showings/open houses, and drafting purchase and sale agreements.

With the development of regulations under TRESA, the government can ensure a level playing field and give consumers faith in protections, no matter how they choose to buy or sell their most expensive asset. Ontario REALTORS® want to see stricter regulations in place around existing exemptions to better protect consumers in the event of an issue with the transaction and ensure that auctioneers are being held to the same standards as OREA Members.



## **7. LEVEL THE PLAYING FIELD**

### **7. Get Dirty Money out of Ontario Real Estate**

Ontario's real estate market is a haven for money laundering with nearly \$30 billion in the Greater Toronto Area ("GTA") alone linked to dirty money. This money is competing against young families and new Canadians for homes.

Building off a campaign promise from the Federal Liberals, the Government of Ontario should create an Ontario-made public beneficial ownership registry that would require home purchasers to identify themselves to land titled authorities to reduce instances of money laundering through real estate.

A beneficial owner would be someone that holds more than 25% of the shares or voting rights in a company. The registry (or registries, if undertaken at the provincial and territorial level) should contain accurate, verified, and up-to-date data and use the latest in digital technologies. Measures should be taken to ensure the accuracy of beneficial ownership data and ease of use for individuals uploading their information to the registry, as well as those authorized to access it. Reasonable access fees for registry users could be considered to offset operating costs.

## 8. Fix the Ontario Land Tribunal

Ontario REALTORS® want to see the province put an end to letting politics influence the planning process. The Ontario Land Tribunal is currently experiencing a backlog of over 1,300 unresolved cases; 1,300 much needed housing projects are being held up due to a bureaucratic process that has not experienced much needed reform since the onset of the housing affordability/supply crisis.

Ontario REALTORS® recommend that three major reforms be brought forward to the Tribunal to ensure that much needed housing supply projects can get to market sooner. First, given the current backlog, the Tribunal should be directed to prioritize the current cases that require the least amount of compromise and deliberation. This will ensure that these much needed projects can come to market sooner and the Tribunal can focus its attention on more complex cases. With this prioritization, the Tribunal should also be looking at cases for regional water or utility infrastructure decisions as such cases open up the opportunity for significant housing capacity in the future.

Second, while it is clear that the Tribunal needs more resources to deal with the current volume of appeals, Ontario should be focused on ways to ensure that less projects are brought forward to the Tribunal for appeal in the first place. When a project is appealed to the Tribunal, it has already faced a number of hurdles within the approvals process that have resulted in considerable delays and compromises to the size and scope of the project.

Due to the fact that appellants of projects must only pay a \$400 fee to appeal projects, there is not a significant enough barrier for appellants to delay much needed housing projects from being approved. If Ontario were to increase the application fee, appellants would have more of a risk associated with appealing projects if their appeal were to be unsuccessful. Ontario REALTORS® are interested in engaging with all parties on a proposed application fee that would be considerable enough to ensure that only serious appellants would bring forward appeals for projects to the Tribunal. Increasing the appeal fee would ensure that appeals for the sole sake of Not In My Backyard

(NIMBY) sentiments would be significantly reduced and such appellants would not be able to stop much needed housing from coming forward in their communities.

Finally, as the Tribunal continues to tackle the current backlog of cases, Ontario REALTORS® recommend hiring more adjudicators and case managers to deal with the growing number of cases. While the end goal is to reduce the overall number of cases that come forward to the Tribunal, Ontario REALTORS® would like to see the current number of cases be managed more effectively and efficiently to allow as many outstanding projects as possible to come to market.





## CONCLUSION

Ontarians in all corners of the province are being impacted by the rising cost of living. Addressing the rising cost of living is the number one priority for all Ontarians, with 76% of voters believing that it should be a very high or high priority for the government.

Voters across all regions of the province have significant concerns about housing affordability and are expecting the Ontario government to intervene. If Ontarians could only choose three items for the Ontario government to focus on, 46% would include housing affordability in their top list. With that, half of Ontarians believe that residential construction will be very important or extremely important to economic growth and job creation following the pandemic.

With housing analysts unanimously pointing to the lack of housing supply as one of the main drivers behind housing prices in the province, it is clear that Ontarians want to see more homes being built across the province and the resale housing stock to see higher inventory levels.

The housing affordability crisis will not fix itself. The province is at a turning point and Ontario needs significant invention by the government to ensure more Ontarians can find a place to call home. The housing policies brought forward by Ontario REALTORS® will ensure that Ontario's housing affordability crisis is addressed through well-researched and proven innovative solutions.

Ontario REALTORS® urge all political candidates to take action and save the Canadian Dream by building a home for everyone.



## **ONTARIO REAL ESTATE ASSOCIATION**

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