SUBJECT: Land Transfer Tax Refund – Request for the Provincial Government to Amend the Land Transfer Tax Act (PED06218) (City Wide)

RECOMMENDATION:

That, in support of the Provincial Government’s Places to Grow policies, the Province through the Minister of Finance, be requested to amend the Land Transfer Tax Act in order that first-time purchasers of new residential units created within former commercial/industrial buildings within the urban areas of the City of Hamilton, be declared new units so as to be eligible for the Land Transfer Tax Refund.

EXECUTIVE SUMMARY:

Report PED06218 recommends that the Provincial Government be requested to amend the Land Transfer Tax Act in order that first-time purchasers of new residential units that have been created within former commercial/industrial buildings be eligible for the Land Transfer Tax Refund. An amendment to the legislation would support the Provincial Government’s Places to Grow initiatives.
BACKGROUND:

First-time purchasers of new residential units that have been created within former commercial/industrial buildings, as witnessed within the Downtown of Hamilton e.g. the Core Lofts, Chateau Royale, Trinity Landing and the Annex developments, are currently ineligible for the Land Transfer Tax Refund under the Provincial Government’s Land Transfer Tax Act because they are not considered “new construction” prohibiting the Land Transfer Tax Refund. New construction involving completely new buildings are eligible. The existing legislation does not support the City of Hamilton’s objective to create residential units within the Downtown Core and is inconsistent with the Provincial Government’s Places to Grow policies.

The existing legislation allows first-time purchasers of “newly constructed homes” to apply for up to a $2,000 refund on land transfer taxes. Extending the refund to new residential units that have been created through the conversion of former commercial/industrial buildings would recognize the important role downtown areas play in intensification and would assist in creating a level playing field between intensification and totally new construction.

ANALYSIS/RATIONALE:

An amendment to the Provincial legislation would support the City of Hamilton’s strategic goal of rejuvenating the Downtown Core through the development of residential units as set out in the Downtown Secondary Plan and, would support the Provincial Government’s Places to Grow policies that promote residential intensification.

ALTERNATIVES FOR CONSIDERATION:

Denial of the recommendation to request an amendment to the existing legislation would be inconsistent with City Council’s strategic goal of developing residential units within the Downtown Core and other residential intensification policies and initiatives.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial – Extending the Land Transfer Tax Refund to first-time purchasers of new residential units that have been created within former commercial/industrial buildings would not have a financial implication for the City of Hamilton as the refund is a Provincial matter.

Staffing – N/A.

Legal – N/A.
POLICIES AFFECTING PROPOSAL:

The Provincial Government’s Places to Grow Act, passed in June 2005, outlines the Provincial Government’s long-term vision for Ontario. The plan sets a clear path for growth and development leading to better use of lands. The plan also recognizes that municipalities will have to accommodate new residential units within their already built-up urban areas. The City of Hamilton is experiencing intensification within our Downtown through the conversion of former commercial/industrial buildings to residential units. The recommendation to request the Provincial Government to consider amending the existing legislation to allow first-time purchasers of newly created residential units to apply for the Land Transfer Tax Refund, complements initiatives of the Provincial Government and the City of Hamilton.

RELEVANT CONSULTATION:

Staff discussed the existing legislation at a recent Hamilton-Halton Homebuilders Association Liaison meeting.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Partnerships are promoted.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The initiatives help to improve the quality of life of the residents.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No

HM:hm