



**SUBMISSION TO CITY OF REGINA COUNCIL  
2019 PROPOSED BUDGET**

**December 2018**

**INTRODUCTION**

The purpose of this submission is to inform City Council of the effect that property taxation has on housing affordability and to provide the Association's views on the 2019 proposed budget.

**SOME QUICK FACTS**

- The Association of Regina REALTORS® Inc. operates the Multiple Listing Service® System in Regina and southern Saskatchewan. Slightly over 3,400 properties valued at \$1.1 billion exchanged hands through the System in 2017, with the majority here in Regina.
- The Association represents approximately 85 member-offices and 690 individual REALTOR® members in Regina and Southern Saskatchewan including about 450 in Regina.

**REGINA'S HOUSING MARKET**

Regina's housing market has gone through a very slow period so far in 2018 – in fact, the slowest since 2006.

Sales are on track for the lowest level in the past eleven-year period, the number of listings for sale are at all-time highs, the average number of days to sell is at its highest level in decades and prices, and in turn property values, have come down.

At the end of November, the Association's MLS® Home Price Index, which measures price trends based on MLS® sales, is showing price losses in the city from one year ago, three years ago, and 10% when compared to five years ago. Four per cent of this price loss has occurred in the last year. This is significant as most homeowners are experiencing reductions in equity.

Mortgage arrears in the city have been on the rise and have been at the highest level in the past two years since 2012.

Putting these together, the housing market has been going through a challenging time in the past year. Now is a time to be particularly mindful about adding more cost to owning a home.

**PROPERTY TAXATION AFFECTS HOUSING AFFORDABILITY AND DEMAND**

Property tax is taken into account by mortgage lenders when approving financing. The higher the level of taxation, the less financing there is available to purchase a home.

The net of this is that property taxes add to the cost of home ownership. The more taken in tax, the less there is available for mortgage principal and other uses. It can also affect whether buyers can actually qualify for mortgage financing, especially in light of the federal mortgage stress rules that came into effect January 1.

Increases in property taxation affect both the cost of home ownership and qualifying for financing.

**PROPERTY TAX RESEARCH – PUBLIC VIEWS**

Every two years the Association engages Praxis Analytics to conduct a public trends survey. The survey polls residents about a variety of housing related issues, property taxation being one of them. The 2018 survey reveals some interesting results in the areas of property taxation.

Property tax is at its highest level of importance to consumers when making a home buying decision since 2004. It ranks only behind the purchase price and monthly mortgage payments, and ahead of insurance and utilities, as factors when choosing a home. Some other findings from the survey include:

- Only 16% believe the city should raise taxes when needing more revenue;
- 84% would prefer to see revenue raised mainly by increasing user fees; and
- 76% support dedicated tax increases to pay for specific needs known to taxpayers in advance (such as infrastructure).

**ASSOCIATION POSITION ON PROPOSED 2018 BUDGET**

We support the general direction of the 2019 proposed budget but are concerned with the size of the 4.7% proposed increase.

We do agree with the 1% dedicated to roads renewal. This is transparent and the approach is consistent with the results from the aforementioned public survey.

Regarding the remainder of the proposed increase, we must ask if now is the time to increase homeowners' taxes to this extent at a time when home values have been falling and demand has been dampened by slower economic growth and now intentionally thorough federal public policy.

The \$93.24 annual increase to the typical homeowner cited in the budget document appears small. However, it is not the relatively small dollar impact in any single year that is impactful, but the cumulative effect of the total property tax bill over an extended time.

This combined with increases in other areas, such as utilities, adds to the cost burden faced by homeowners.

We encourage Council to reduce the amount of the proposed increase to something more in line with inflation.

Thank you for providing the opportunity to provide input into the development of the 2019 City budget.

We would be pleased to respond to any questions you may have.

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