

# Real Estate Monthly

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## GST Transition Until Canada Day

**A**mid Canada Mortgage and Housing Corporation projections of continued strong demand for new and existing homes, home buyers are trying to understand whether the 1 percent reduction in the Goods and Services Tax (GST) will help make the home of their dreams more affordable. In an effort to simplify the transition to 6 percent, the Canada Revenue Agency (CRA) has an extensive Q&A posting on its Web site designed to help businesses and consumers. Before seeking CRA or professional advice, this information may address your concerns or help you understand who to contact and what to ask, for instance:

- If you bought furniture or appliances without having to make a payment until some time after July 1, 2006, you may still have to pay the 7 percent tax.
- Payments made under a lay-away plan are taxed differently if they are made before or after July 1, 2006.
- Retail orders made for deliveries after July 1, 2006, may trigger the lower rate.

Budget 2006 sets out rules that will apply to purchases of new homes during the transition to the new 6 percent rate. Where ownership or possession transfers to the buyer before July 1, 2006, the 7 percent rate

7%  
↓  
6%

would apply. If the transfer of rights occurs on or after July 1, 2006, the date on which the Agreement of Purchase and Sale is signed may dictate the rate of GST applied.

- If the agreement is signed after May 2, 2006, the 6 percent rate would apply.
- If the agreement is signed on or before May 2, 2006, and GST is based on the 7 percent rate, buyers will be able to claim a transitional adjustment from the CRA which would be equal to the GST savings due to the reduced rate.

If you list your home before July 1, 2006, and the invoice for the service is dated before this date, you will owe GST at 7 percent, even if you pay after July 1, 2006. The real estate professional who is helping you with your purchase or sale is also a good source of information on GST and will know when the advice of your financial advisor/accountant is necessary.

**The complete text of the CRA's Q&A may be found online at [www.cra-arc.gc.ca/agency/budget/2006/gstrateqa-e.html](http://www.cra-arc.gc.ca/agency/budget/2006/gstrateqa-e.html).**

### Eye on Ottawa Real Estate

According to statistics just released by the Ottawa Real Estate Board (OREB), 1,667 homes were sold in May 2006, compared with 1,544 in May 2005, an increase of 8 percent.

“The home-buying public is demonstrating its confidence in the local economy,” said OREB’s President. “It’s encouraging to see the number of homes being sold in the area. It’s also noteworthy that the inventory of properties available for sale remains high, giving excellent choices to buyers.”

The average price of the homes sold in May in the Ottawa area was \$259,140, an increase of almost 5 percent over May 2005.

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# Real Estate News

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## Making Your Yard and Garden Totally Sustainable

While the term may sound forbidding, taking care of your property in a sustainable way -- that is, in a way that's kind to the earth and future generations -- is really quite simple. And it's also easy on your schedule and bank balance: use a minimum of water and fertilizer, plant plants that grow well in your area and don't use pesticides.

Ann Coffey, who works with the Canadian Biodiversity Institute, as well as Evergreen in their schoolyard transformation programs, says most homeowners are still learning how to landscape sustainably. "I would say they're aware of it, but they don't know what to do," Ms. Coffey said.

Susan Fisher, a landscape architect and senior researcher with the Canada Mortgage and Housing Corp., agrees that there's interest in sustainable solutions. Although CMHC has never studied that interest level, sales of CMHC's landscaping guide and fact sheets are good (50,000 copies last year).

So what does sustainable landscaping mean in a practical sense?

First of all, take a hard look at your plot of land, no matter how humble. Assess your soil, the amount of sun and rain you get, how windy it is, what hardiness zone you're in. Ottawa is on the edge between zones 3 and 4, tends to have clay soil, has long hard winters (not to mention the springs) and often droughts in the summer. Despite what may appear in nurseries to tempt you (hibiscus, rhododendrons and other tropical plants), you must choose plants that naturally like Ottawa's conditions.

"You can't do anything contrary to what the land wants," said Ms. Coffey.

The ideal is to plant plants native to this area -- and that includes the grass on your lawn. Consider xeriscaping -- choosing native plants that can survive periods of drought so you conserve water and avoid unnecessary upkeep. What's not to like?

Many groups publish native plant lists. But there are also many immigrant plants that do well in this area -- just avoid those that will overtake the native species if let go in a ravine or wooded area. Norway maple and periwinkle are two examples.



Once you've got suitable plants in your landscape, you've automatically reduced the amount of water, fertilizer and personal energy you'll need to maintain them.

Enter the lowly tuna can: The City of Ottawa has a campaign to show homeowners that lawns need only one inch of water per week. Set the one-inch tall tuna can on your lawn. If it fills up with rainwater, you don't need to add treated, drinkable water

that you and the city have paid for. If you do decide to sprinkle, do so only until the can is full.

And even better than that, consider getting rid of your lawn altogether. Lawns are exhausting, with all the raking, mulching, fertilizing, weeding, aerating, watering and mowing they require. And that's often where the pesticides end up as people struggle to ensure a lush, green, weed-free lawn.

Many Ottawans are replacing their lawns with perennial gardens, shrubs, or even a rain garden that will help capture rainwater for your plants rather than letting it run off into storm sewers. Reducing the area of hard surfaces, such as paved driveways, will also allow rainwater to soak naturally into the ground.

Finally, give the pesticides a rest. Pesticides include herbicides, fungicides and insecticides -- "cide" means "killer." "There's no need for pesticides," said Ms. Coffey. "Your lawn really is on drugs. You have to put your lawn into rehab." And that's a process that can take three to five years before your soil fully recovers from its drug addiction.

The City of Ottawa and the National Capital Commission have eliminated the cosmetic use of pesticides, which means they don't use them just to make their land look good. They use them only for specific cases -- for example, poison ivy in a park. City officials are working toward banning pesticides on private property, but not fast enough for local lobby groups.

In the end, homeowners will spend less time, effort and money when they landscape sustainably.

"It's in their best interests to do this," Ms. Fisher said. "And it's good for the environment. It's win-win for everybody."

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