

# Real Estate Monthly

## Grace Glastonbury



Sales Representative  
Office: (613) 725-1171 Fax: 725-3323  
graceglastonbury@royallepage.ca



## Getting Down and Dirty With Spring Cleaning

The sun is shining, the birds are chirping, and the snow has melted, revealing a large crack in the foundation of your home. Ah, spring! 'Tis the season for home maintenance.

But where do you begin? Canada Mortgage and Housing Corp. (CMHC) offers a spring maintenance checklist for homeowners. It covers everything from furnaces to fireplaces, drainage ditches to downspouts.

CMHC recommends cleaning or replacing filters on the furnace, the air exchanger and the air conditioner.

If you have a furnace humidifier, shut it down and clean it. On units with central air conditioning, remember to close the furnace humidifier damper.

Check your basement for any of these signs of dampness: wet or damp floors or walls; white powdery stains on exposed concrete walls or floor; stains on carpet; condensation on windows; rotting windowsills; a stuffy, damp smell; mould on joists behind insulation; water seeping through cracks in chimney; or condensation dripping from cold water pipes.

If you detect any of these signs, CMHC suggests the following:

- Install bathroom fan leading to outside.
- Minimize stored materials in basement.
- Dehumidify basement.
- Remove ceiling tiles if they have mould.
- Insulate cold water pipes.

You can catch potential problems before they work their way inside by conducting an audit of the outside. On the checklist for outside work:

- Clean eavestroughs and downspouts, and reattach any sections that have become loose. Make sure the water flows away from the foundation.
- Check the roof for missing shingles.
- Indoor and outdoor air vents should be clear of snow and debris.
- Have your fireplace or woodstove and chimney cleaned and serviced.
- Level any exterior steps or decks which may have moved due to frost or settling.

For more information visit: <http://www.cmhc.ca> (type **maintenance** in search field) or contact CMHC toll-free at 1-800-668-2642.



### Eye on Ottawa Real Estate

According to statistics just released by the Ottawa Real Estate Board (OREB), 1,466 residential properties were sold in April 2006 compared with 1,420 in April 2005.

“The demand for homes has remained strong,” said OREB’s President. “Current market conditions are benefiting both buyers and sellers; buyers have more choices as the inventory of homes available for sale has increased and sellers are seeing an increase in the average price.”

The average price of residential properties sold in April 2006 in the Ottawa area was \$260,881, an increase of 6 percent over April 2005.

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# Real Estate News

## Federal Budget Considered a Boost for Homebuyers



New homebuyers will be left with some extra cash in their pockets, thanks to the recent federal budget. The 1 percent cut in the GST will amount to a cash savings of \$1,280 for someone who has purchased a new home worth \$200,000 when the existing GST New Housing Rebate is also included.

"The reduction of the GST rate to 6 percent will reduce the costs associated with buying or selling a home and will help to make ownership more affordable," said Pierre Beauchamp, Chief Executive Officer of the Canadian Real Estate Association.

The Greater Toronto Home Builders Association is thrilled with the timing and implementation of the tax cut. While the GST cut becomes effective for most services on July 1, it takes effect immediately in the housing industry. Agreements of purchase and sale entered into after the May 2 budget, closing on or after July 1, will be subject to the new 6 percent GST rate.

That means buyers who were looking to take advantage of the cut don't have to wait to make their purchase.

The move comes as a big relief to builders who feared the market would stagnate if the cut applied at a later date.

The federal government's decision to reduce the GST is a major benefit to new homebuyers, says Dave Benbow, President of the Canadian Home Builders' Association. He believes the tax cut will make home ownership a reality for more Canadians.

"This action improves housing affordability for many Canadians," he said.

As well, the reduction will help to encourage private investment in new rental housing, which is needed to increase the supply of affordable rental units, he added.

Mr. Benbow is calling on the government to take the next important step to improve housing affordability: indexing the GST rebate thresholds for new homebuyers to keep pace with rising home prices.

The full GST rebate applies only to homes priced up to \$350,000; there is no rebate on homes more than \$450,000. The rebate thresholds have not been adjusted since the GST was introduced, despite the promise of indexation, he says.

"We appreciate that everything can't be done in one budget," he says. "But the current rebate thresholds impose a significant tax penalty on buyers who live in communities where home prices have risen steeply," Mr. Benbow said.

## Plan Today for Next Year's Taxes

The pattern of sudden frenzy over income tax concerns in April, followed by almost complete disinterest in May is an annual, stressful waste of effort and opportunity.

Why spend April madly learning about tax deductions, credits and government programs in an attempt to pay as little income tax as possible, and then abandon this worthwhile project the day after the tax deadline?

Why not receive a year's worth of benefits, such as interest on RRSPs, and prepare to use programs like the Canada Revenue Agency's Home Buyers' Plan or Lifelong Learning instead of wishing you had?

Why has this last-minute management strategy become the accepted norm, cheerfully documented by media each April?

While the pain of paying income tax is still fresh in your memory, why not spend a little time in May setting up your finances to take advantage of tax deductions, credits and programs open to you? Invest some effort this month finding an accountant with relevant experience and a compatible style to guide your efforts or to improve upon the professional advice that you've been receiving. Accountants, run off their feet in April, are open for new business in May.

Property owners often overlook the role that their real estate can play in making the most of every loonie that they earn and in keeping as much of those earnings as possible. The federal housing agency, Canada Mortgage and Housing Corporation (CMHC) and the Canada Revenue Agency (CRA) offer many financial opportunities related to real estate:

- Buying or building a new home may qualify you for the GST/HST New Housing Rebate.
- The CRA's Home Buyers' Plan allows the use of RRSPs for purchase or construction of a home without penalty.
- Renovating your home, with or without a professional contractor, may entitle you to a GST/HST rebate for substantial renovations, conversions and major additions.
- Renting out all or part of your home involves allowable expenses and deductions that lower taxable rental income, and there's also the GST/HST rebate for new residential rental property.
- Selling your home has GST/HST implications, offers principal residence exemptions from capital gains and may include income tax deduction of moving expenses.
- Working from home as a teleworker, a business owner or a self-employed professional may entitle you to claim home expenses against income.
- Including provincial tax credits and programs like those in Manitoba and Ontario with municipal benefits like property tax deferral can also make a difference.