



STEPHEN DUPUIS

BILD

Homebuyers need true harmonization

As I write this column two days prior to Canada Day, I think I can safely predict that the sky will not have fallen as a result of the July 1 implementation of the harmonized sales tax in Ontario.

While the HST will apply to a great many previously untaxed goods and services, thanks to the advocacy efforts of BILD the impact on the average new homebuyer will not be nearly as onerous as it might have been.

When BILD saw the HST coming, we began fighting for housing, making the case that housing is different and worthy of special treatment by the provincial government.

That special treatment amounts to a 75% rebate of the provincial tax payable to a maximum of \$24,000, which is reached on a \$400,000 home.

The \$24,000 rebate applies regardless of house price so if you are buying a home above \$400,000, you still get the rebate. Combined with the progressive tax calculation structure under which the full 8% tax rate only applies to the price increment over \$400,000, the impact of the HST on homes in the middle price range is substantially cushioned as well.

Where the HST does start to bite is in the higher price ranges, but that's obviously a less price-sensitive buyer and a much smaller market segment.

OUT OF TUNE

The thing that's bugging me the most about the harmonized sales tax is that

there's not a whole lot of harmony between the federal and provincial tax schemes.

Ontario as well as B.C. both adopted a graduated approach to the HST under which the full tax rate of 8% in Ontario and 7% in B.C. is only payable on the portion of the house price over \$400,000 in Ontario and \$525,000 in B.C.

Ontario and B.C. have also trumped the feds in the area of rebates to offset the impact of the tax. The federal government's new housing rebate is just 36% of the GST payable up to a maximum of \$6,300. Meanwhile, Ontario is giving a 75% new housing rebate to a maximum of \$24,000 while B.C. is at 71.43% to a maximum of \$26,250.

Then there's the matter of the claw-back of the GST rebate. Under the extremely outdated GST framework, the new housing rebate is clawed back on homes priced over \$350,000 and once you hit \$450,000, there is no rebate payable. By contrast, the Ontario and B.C. rebates apply regardless of house price.

PATCHWORK TAX POLICY

The end result of this patchwork quilt of tax policy is that despite the fact that the federal GST is three points less than the PST (5% versus 8%), the amount of GST payable on all but the most expensive homes is much more than the PST.

In the case of a \$400,000 home, the feds are collecting \$14,372 while Ontario's share is \$7,561 after the applicable rebates.

So here we have a tax that is supposed to be harmonized for ease of administration and cost-effective collection yet we have widely differing thresholds, rebates and approaches to the tax calculation.

The simple solution is for federal Finance Minister Jim Flaherty to adopt the graduated tax approach, eliminate the claw-back, update the threshold and index it on a go-forward basis.

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what's happening

Geranium creates some energy

Geranium Homes and EnerQuality Corporation, welcomed dignitaries, consultants, trades and suppliers to the official groundbreaking celebration of the first Energy Star for New Homes qualified neighbourhood in the Town of Whitchurch-Stouffville.

More than 80 guests attended the event which was held on-site at the Neighbourhoods of Cardinal Point — Geranium's master-planned ravine community northeast of Toronto.

"The partnership between the Town of Whitchurch-Stouffville, EnerQuality and their partners, our own trades and suppliers has been such a positive experience for Geranium, that we are confident in moving forward with the Energy Star initiative on all our future communities," said Boaz Feiner, Geranium Homes vice-president.

EnerQuality Corporation's President, Corey McBurney, commented: "Ontario's build-



ing code is the most stringent, in terms of energy efficiency and Geranium is building significantly above this."

In his remarks, Stephen Dupuis congratulated Geranium on their drive to continue to raise the bar for new home buyers, and on joining the 574 Energy Star participant builders in Ontario embracing sustainable building practices.

Geranium is now selling the fourth phase at Cardinal Point — and for the first time — freehold executive townhomes and detached bungalows on 42' lots are available. Almost 250 families now reside in the community which features a large neighbourhood park with pond, open grassed area, a playground area and trails that link to a natural ravine.

Daniels pursues first-time buyers

On Wednesday, July 7 and Thursday, July 8, The Daniels Corporation is coming to Brampton with a preview sales event for its latest FirstHome Community, designed to make homeownership affordable for first-time homebuyers.

Hot on the heels of the successful FirstHome Destination Drive in Erin Mills, which went on sale this past spring and sold out in hours, Daniels will introduce their eighth FirstHome Community in Brampton. Sales will begin at 8

a.m. on Saturday, July 10 on a first-come, first-served basis.

The community is nearing completion and the finishing touches are being made to the landscaping. This limited collection of 150 fully built one- and two-storey condominium townhomes with one-, two-, or three bedrooms are priced from \$159,900.

"Buyers can tour a model of every home design and see, touch and feel for themselves which layout best suits their lifestyle needs," says Daniels vice-president Don Pugh.

"Plus, homebuyers can move in as early as 30, 60 or 90 days."

With the understanding that purchasing a new home can be a big decision, Daniels works hard to come up with special initiatives that help to ensure that homebuyers feel comfortable and confident, developing special lifestyle incentives that help keep monthly carrying costs low, and by working with financial institutions to make qualifying for a mortgage more accessible.

For more information, visit www.danielsfirsthome.ca.