

PERMIT SOME SATISFACTION

The value of building permits for single-family detached homes in Calgary has nearly tripled this year compared to last, say city officials.

Slightly more than 1,200 construction permits for single-family homes were issued between January to the end of March at a total value of almost \$324 million, says the city's development and building approvals department. During the

same period a year ago, 435 permits had a value of nearly \$113 million.

Just to show how strong this year has been compared to 2009, the detached home permit value for March, alone, was more than \$119 million — \$6 million more than for the entire January to March period last year.

— Marty Hope



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B.C. tax bad for Alberta buyers

No rebates for recreational properties

It couldn't have come at a worse time.

With Canada's economy still scrabbling back from the depths of an international downturn, and the national real estate picture getting less cloudy, the governments of Ontario and B.C. have imposed a harmonized sales tax (HST).

The new tax will have an impact on Albertans — at least those planning to purchase recreation or retirement real estate in B.C.

For some, the July 1 imposition of the tax will force them to push up their planned purchase date to avoid the additional cost. For others, it could mean looking elsewhere for that home away from home.

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When Canada Day arrives this year, B.C. will combine its existing seven-per-cent provincial sales tax with the five-per-cent federal goods and services tax (GST) to form the HST.

And according to **Doug Tyce**, principal in Tyce Carle-Thiessen Chartered Accountants in Vancouver, recreation properties are not eligible for any kind of rebate.

"B.C. proposes to limit the new housing rebate to homes for use as primary places of residences. As such, recreational properties such as cottages and ski chalets not used as primary residences would generally not qualify for the new housing rebate," he says.

Developers are, to say the least, upset with the program.

"If you're on the fence about purchasing property right now, delaying that decision means



MARTY HOPE

you'll be paying tens of thousands more for the same product," says **Dave Rae**, principal in Columere Park Developments — which is developing Spirits Reach, a lakefront master-planned project on Columbia Lake, just a few kilometres south of Fairmont Hot Springs, B.C. "That's money that doesn't build equity in your investment, but goes straight to government coffers."

The British Columbia Real Estate Association is a bit miffed because it wasn't approached for input prior to the HST decision.

It had no chance to explain what it might mean to consumers.

"As proposed, the HST will increase the cost of buying or selling all types of property and becomes, essentially, an additional tax on home ownership," the association says in a news release.

It also means that real estate commissions, appraisals and other services will be subject to the 12-per-cent tax, replacing the five-per-cent GST now charged.

The move is "bad news" for developers in the Columbia Valley, says **Jay Hardy**, a partner in the Calgary sales and marketing firm of Chatterson Drive, which works with Fairmont Ridge in Fairmont Hot Springs.

But he also suggests the grace period could save consumers a



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Sam Boguslavsky of Sable Resorts says B.C.'s new HST will hurt.

few thousand bucks.

"We're hoping to see a surge in sales prior to the change," says Hardy. "At present, there has been a surge of interest in our product offering, with sales pending and more expected as our high season rolls in."

Sam Boguslavsky, president of Sable Resorts — which is developing Legacy on Mara Lake — says the new tax will hurt. "Albertans are big out-of-province consumers of B.C. ski chalets, resort condos, and lakeside cabins, and this new tax will directly impact them," he says. "I'm also upset because recreation properties do not qualify for an HST rebate."

The accounting and consulting firm of BDO Dunwoody anticipates transitional rules for the HST will be similar to those imposed for other harmonization and used in the recent federal reductions of the GST.

If these rules apply, where a purchase and sale agreement for a new home is entered into on or after July 23, 2009 — and ownership or possession of the house is given to the purchaser before July

1, 2010 — the GST at five per cent should apply to the sale.

For new homes where the purchase and sale agreement is entered into on or after July 23, 2009, and both ownership and possession is given to the buyer after June 30, 2010, the HST at 12 per cent is expected to apply to the sale.

For new homes where the purchase and sale agreement was entered into with the buyer before the July 23, 2009 government announcement, it is expected that only the GST at five per cent will apply, regardless of when ownership and possession transfers to the buyer.

Tom Gaglardi, the man heading up Revelstoke Mountain Resort, says the HST decision has a lot of people concerned.

"I'm not sure the marketplace has fully grasped what the HST will do," he says, adding that the timing of the announcement wasn't the greatest. "As an industry, we're just coming into a recovery period — now this."

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