



Federal Budget Helps Home Buyers and Owners

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

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It is always rewarding when hard work produces results. That's why REALTORS® are proud of the work they did to make sure that the recently announced Federal Budget recognized the importance of the housing sector to the economy. I'm happy to say that these efforts helped to produce a Budget that puts more money in the pockets of home buyers and owners.

One of the most important announcements in the Budget was a change to the Home Buyers' Plan that REALTORS® have long been calling for. Specifically, the Budget proposes to increase the maximum amount that individuals can withdraw, tax-free, from their RRSP to put towards the down payment on a home, from \$20,000 to \$25,000. REALTORS® worked hard to ensure that the government understood that, while this program has been extremely successful since it was first implemented in 1992, its usefulness to home buyers was deteriorating because the withdrawal limit had not kept pace with inflation. The increase in the limit announced with the Budget addresses this concern.

Another important Budget announcement for home buyers is a tax credit that will help to offset the closing costs associated with housing purchases. Closing costs can include things like legal fees and land transfer taxes. They can represent a significant cost for many buyers. The Federal Budget recognized this and includes a First-Time Home Buyers' Tax Credit of 15 per cent on up to \$5,000 of costs associated with the home purchase. This means that first-time home buyers could be eligible for a tax credit of up to \$750.

The Federal Budget also includes an initiative that helps both current home owners and home buyers considering properties that may benefit from renovations. The Home Renovation Tax Credit provides a 15 per cent credit that can be claimed on the portion of eligible home renovations

exceeding \$1,000, but not more than \$10,000, which means that home owners could be eligible for a tax credit of up to \$1,350. This credit would apply to eligible home renovation expenditures, after January 27, 2009 and before February 1, 2010, on one or more of an individual's personal use properties.

While it is encouraging to see the federal government take action to help home buyers and owners, it is important for all levels of government to do their part. This is especially true in the City of Toronto, where the Toronto Land Transfer Tax discourages home ownership. Like the federal government, Toronto City Council should recognize the importance of the housing industry to the economy, and the best way it can do this is to roll back the Toronto Land Transfer Tax.

By helping to create thousands of jobs, buying or improving a home is not only an investment in a property; it is also an investment in the economy. REALTORS® are encouraged that the Federal Budget recognized this reality and will continue to work hard to represent the interest of home buyers and owners at all levels of government.

REALTORS'® interaction with governments occurs in many forms, but probably the most critical is the work they do to ensure that politicians consider the impact of their decisions on home buyers, home owners, and real estate markets. With this in mind, REALTORS® and their professional associations such as the Canadian Real Estate Association, Ontario Real Estate Association, and the Toronto Real Estate Board are constantly monitoring government proposals and actions, and are ready to spring into action.

Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.