

## **New provincial legislation will cost homeowners**

The Ontario government announced in its budget last month that it will create a Harmonized Sales tax (HST) in this province effective in July of next year. The government is promoting this tax as being good for Ontario businesses. What may be less clear is that HST is bad news for Ontarians who are hoping to purchase a home.

Harmonizing the sales tax will add 8% in provincial sales taxes to a variety of home-related services, including legal fees, real estate commissions, mortgage insurance premiums, title insurance and home inspections, all of which are currently exempt from PST. The Ontario Real Estate Association (OREA) has done some math, and the results aren't pretty. These new taxes could add up to thousands of dollars in extra closing costs for consumers.

On average, HST will mean \$1,731 in new taxes for Ontarians who purchase a resale home (based on the 2008 average MLS® price of \$302,354). Across the province, HST adds up to more than \$300 million annually in new taxes to resale home transactions. Government should help people to achieve home ownership, not create more barriers for homebuyers to overcome. The Ottawa Real Estate Board supports OREA's campaign to ask the provincial government to create a HST rebate program for resale housing, just as it has for new homes. If you're considering a home purchase in the future, I encourage you to write to your MPP and let him or her know how you feel. OREA has prepared a sample letter that you can use. Visit <http://www.orea.com/consumercfa> to voice your opinion.

The HST isn't the only challenge currently facing Ontario's resale housing market. The government's proposed Green Energy Act includes a provision to make it mandatory for homeowners to provide a home energy audit report to buyers. REALTORS® have many concerns about this proposal. First, mandatory home energy audit reports will have serious cost implications for home sellers; those with less-than-ideal energy audit ratings will face pressure from buyers to spend thousands of dollars to improve the energy rating of their home, or lower their asking price.

Seniors will also be placed at a disadvantage by this legislation. Many of Ottawa's seniors hope to rely on the equity they have built in their homes to help finance their retirement. Mandatory home energy audits will force senior homeowners to either complete energy retrofits at a tremendous cost to their retirement savings, or lower the asking price of their home, in order to compete with newer, more efficient ones.

Finally, it makes little sense to require sellers to provide home energy audits when most buyers obtain a home inspection that covers many of the same areas, including heating and electrical systems, windows and insulation.

Ottawa REALTORS® support home energy efficiency: it's good for the environment and it saves homeowners money. The provincial government's existing, voluntary home energy retrofit rebate program is one that Ottawa REALTORS® are pleased to promote. However, mandatory home energy audits will be detrimental to the resale housing market and will impose unnecessary costs on home sellers. If you agree, visit <http://www.orea.com/consumermhea> to send your MPP a letter expressing your opposition to mandatory home energy audits.

*Readers are encouraged to send questions or request topics to be discussed in this column.  
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