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# news release

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## FOR IMMEDIATE RELEASE

### Toronto REALTORS® Ready to Work with New Federal Government

TORONTO, February 1, 2006 – With real estate issues expected to be high on the list of federal priorities, the Toronto Real Estate Board (TREB) is looking forward to working with the new federal government in the months ahead. Several proposals included in the Conservative Party platform could have an impact on consumers' real estate decisions.

Real estate is a major factor in the Canadian economy. A study prepared by Clayton Research for CREA shows that between 2002 and 2004, residential sales made through the Multiple Listing Service® generated \$10.8 billion in ancillary consumer spending annually.

#### GST adjustment

TREB points out that the Conservative proposal to reduce the Goods and Services Tax (GST) will reduce the cost of new homes, and the cost of services associated with a real estate transaction. In addition, the GST reduction would mean that consumers would also save on other major purchases associated with a new home, such as appliances and renovations.

The proposed first-phase reduction in GST would save a homeowner \$3,000 on a new home selling for \$300,000. Setting the GST rate at five per cent as the Conservatives propose would restore the effective rate of federal sales taxes on new homes to the level that applied prior to the introduction of the GST in 1991, when the new rate is combined with the new housing rebate.

"It all helps keep housing affordable," said John Meehan, President of the Toronto Real Estate Board.

#### Capital gains

The Conservative Party platform also calls for the elimination of capital gains tax for individuals who reinvest profits earned from selling real estate or financial investments within six months. Under the proposal, the move would apply to physical and financial assets, potentially benefiting people who sell stocks and bonds, or properties such as cottages and family businesses.

Currently, Canadians who have financial assets or property other than a principal residence must pay tax on the capital gains resulting from the sale of a financial asset or property.

According to the National Commercial Council (NCC) of The Canadian Real Estate Association, small-scale investors are often unable to "grow" their real estate investments because of the tax consequences when selling a small asset to buy a larger one.

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"A capital gains rollover provision for small-scale investors, which REALTORS® have been proposing for several years, would introduce greater flexibility into the small-scale residential rental investment sector. If this tax change is implemented effectively, it will encourage more Canadians to look at real estate investment opportunities, especially with small and medium sized income opportunities," added Meehan

## **Property rights**

The Conservative Party platform also proposes to amend the Constitution to include the right to own property, and promises to enact legislation to ensure that full, just and timely compensation will be paid to all persons who are deprived of personal or private property as a result of any federal government initiative, policy, process, regulation or legislation.

"Property owners often take their property rights for granted, but all levels of government enact countless rules and regulations that restrict property rights. REALTORS® believe that property rights should have the same legislative status as other rights in Canada," said Meehan.

The Canadian Real Estate Association has also surveyed Canadians about property rights issues. In the 2005 survey conducted by Pollara Research, the majority of Canadians polled (88%) said it was important or very important that compensation be paid to a property owner when restrictions are placed on the use of their land. More than 90 per cent of respondents said it was important or very important that compensation be paid when property was expropriated.

Toronto REALTORS are passionate about their work. They adhere to a strict code of ethics and share a state-of-the-art Multiple Listing Service designed exclusively for REALTORS. Serving nearly 23,000 Members in the Greater Toronto Area, the Toronto Real Estate Board is Canada's largest real estate board.

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade Associations, and represents more than 83,000 REALTORS® across Canada. CREA's primary mission is to represent its members at the federal level of government and to act as a watchdog on national legislation affecting or impacting the real estate industry.

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