

Affordable homes hard without cheaper land

THBA blames high cost of land for curbing interest of first-time home-buyers

The price of land is the main reason builders can't produce affordable homes in the Metro Toronto area.

So says Toronto Home Builders' Association president Frank Giannone who told a receptive audience at the 1989 Home Building Conference and Exhibition, Building Strategies for the '90s, held at the Constellation Hotel.

Speaking at the seminar, Is the Road to a Cheaper Home Uphill? Mr. Giannone told the more than 100 in attendance that the concept of affordable housing will be an impossibility in Metro Toronto unless something is done about land prices.

Price the same

"The price to actually build a home is no different in Toronto or Calgary or Montreal. But land prices are so much higher in Toronto, that is what's stopping affordable homes here."

He said getting the first-time homebuyer into the market is vital. "Without them the whole chain breaks, but we are making it extremely difficult, if not impossible, for them to enter the market."

Mr. Giannone was part of a four-

member panel addressing the issue of affordable new homes.

Others included Vaughan Mayor Lorna Jackson; Ontario Ministry of Housing spokesman Anne Beaumont, and Rene Soetens, Progressive Conservative MP for the Ontario riding, Globe and Mail business columnist Terence Corcoran acted as moderator.

Mr. Giannone cited two major reasons why land prices are so high in Metro Toronto. The first, he said, was due to the lack of good serviceable land.

"It's a question of supply and demand, there isn't enough land on the market out there, and that shoots the price up."

"Unless the provincial government releases more land the situation is going to get worse," he said.

The second major reason for high land prices is the exorbitant amount of taxes first-time homebuyers face when purchasing a new home.

Tax burden

"Homebuyers are carrying five levels of government on their shoulders. And there are more taxes coming. Our association believes that affordable hous-

ing is an uphill struggle, and a great part of that reason comes from the amount of taxes put on new homes," said Mr. Giannone.

Things are going to get worse, he added, with the federal proposed goods and services tax (GST) slated to take effect in 1991.

In addition, Giannone was particularly upset with a planned lot levy coming from local school boards.

The levies, expected to be used to build new schools, would increase the price of a new home by a minimum \$5,000.

Oppose school levy

The THBA has come out strongly against the school levy, and Mr. Giannone said the matter could wind up in the courts.

"If a board tries to impose this levy we are prepared to fight it. We feel it is unconstitutional and discriminatory — because it only applies to new homes."

It was estimated that a buyer of a new home worth \$237,000 would be paying close to \$40,000 in taxes.

MP Soetens told the group the new 5 per cent trade-up GST proposal could

make the tax to the housing industry more equitable.

He admitted housing was not treated well under the 7 per cent proposal. "So we came up with a counter proposal. We propose to remove the tax from the sale of new housing. The consumer will pay the federal tax only one time on the difference of his trade up value."

That would mean if a buyer had a \$150,000 home and purchased one for \$200,000, "Then he would only pay tax on the difference of \$50,000. We feel this is fairer for all, it takes into account resale homes and addresses the Toronto market specifically," he said.

Mr. Giannone said either proposal, "is discriminatory against first-time buyers."

"Our suggestion has been to pull out the land component, the price of the land, and just tax the cost of the house. That would eliminate the regional disparity problem."

The provincial government took much of the brunt of the criticism during the seminar.

Vaughan mayor Lorna Jackson, who in the past has been accused of objecting to affordable housing projects, said Ontario must release more land and provide more sewage and water capacities before land prices could decrease.

She strongly objected to the government's imposed policy of having 25 per cent affordable housing in any new project.

"It doesn't work at all. If a builder is forced to do 25 per cent affordable, that means the rest of the development will be higher priced, in effect subsidizing the 25 per cent."

\$157,000 price tag

The province has estimated an affordable home price for a low to middle income family in Metro Toronto to be \$157,000.

Mayor Jackson was also upset with the province's intentions to change the building code, which would increase insulation factors and upgrade security devices.

"All that will mean is higher prices for homes. The insulation increase is something no one wants, the province can't be serious about affordable homes when they do something like that."

Mr. Giannone agreed the changes are "incredible. It's just a gold plating excuse to get money. It doesn't make sense."

Ministry of Housing spokesman Anne Beaumont responded by saying cheaper homes can be made available, but changes in thinking were necessary at all levels.

Fewer delays

"There has to be fewer delays in the planning process, a shorter time for approval of housing developments is needed to help reduce costs. We have to get our house in order, but all levels of government have to rethink their zoning, planning and density," she said.

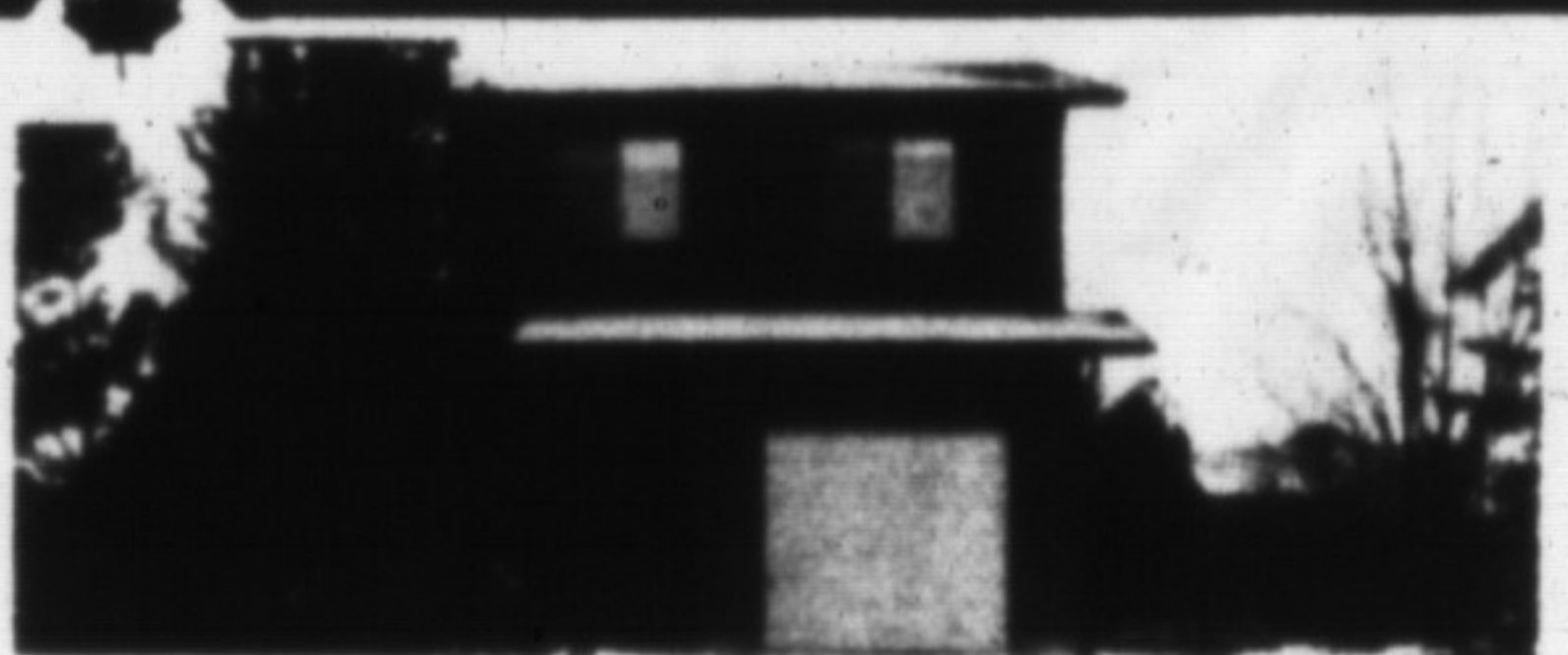
Mayor Jackson suggested people should lower their expectations.

"Smaller homes are one way to go, or have the buyers do some after-market work to reduce costs. But I know a lot of young people want everything, two cars, high lifestyle and a new home. They can't have everything."

Mr. Giannone ended the seminar on a positive note, saying affordable homes can be obtainable if everyone is willing to work at the solutions.

"The builders are ready to deliver, but the politicians have to develop the will to do something, and not just talk about it."

JOYCE SCOTT REAL ESTATE INC. **JSR**



"EXTRAORDINARY VALUE - \$235,900"

Elegant state-of-the-art gourmet kitchen with French doors leading to the formal Living and Dining room, breakfast room/family room, master bedroom with private sitting room, bathroom remodelled with vanity, wall cupboards and an awning window keeps this room bright and air fresh, spacious sunroom with 3 full glass doors enhance the views of the gorgeous landscape with majestic trees, including a Dawn Redwood tree, waterfall and pond adds to the tranquility and seclusion to assure the utmost in privacy and grandeur. REALTOR'S REMARK: This exceptional home provides a complete range of family comfort for informal living and enjoyment, the rec. room with superior craftsmanship woodwork and luxurious bar plus the right degree of refined elegance for formal entertaining.

For Further Details on This Superior Home
Call
JOYCE SCOTT...
BROKER OWNER

Joyce Scott Real Estate Inc.
878-1528

The heat pump is ready for resurgence

In the 1970s, the heat pump was considered the miracle comfort system of the future.

Those were the days of the OPEC squeeze, and the heat pump's prospects certainly looked promising. The heat pump cools your home in the summer and warms it in the winter. It performs this double role with amazing energy efficiency.


Some years back, the heat pump ran into rocky waters.

The principle reason was that some manufacturers, simply didn't make a good heat pump. Their service incidence was high and the performance level of their products was low. This created bad PR for the heat pump and it lost status with the buying public.


Through this period certain companies, such as ICG, soldiered along, making good heat pumps, servicing their customers well, and waiting for better times.

The better times seem to have arrived. According to Rose Titus, a spokesperson for ICG, her company's most recent fiscal year saw pump sales take a big jump.

HOMELIFE
REALTY CENTRE LTD. RLTR



Ilona Nicholson



\$204,900.

This all brick 1,450 sq. ft. lovely home is situated on the prime lot (1/4 acre) in this fine subdivision. The owners pride themselves of so many upgrades which is offered with this dream. For more info call Ilona 854-9883.

BELIEVE IT!
18 min. from Erin Mills & 401. 17 acres, 1-1/2 storey century home, bank barn, paddocks & so much more. Price \$479,900. Call 854-9883.

GEM OF A DEAL!
Almost 13 acres (475' x 1150') to build your dreams. 28 min. to 401 & 427. All levies paid. \$329,000. Call 854-9883.

HOMELIFE/REALTY CENTRE LTD. 3153 HURONTARIO ST.
YOU'LL FIND THE MISSISSAUGA
"GREENHOUSE" LOCATED AT 1 MILE SOUTH OF SQUARE 1

896-8966
SERVICE WITH INTEGRITY
IT'S WHAT EVERYONE'S LOOKING FOR!

Countrywide — the obvious alternative

Countrywide
Campbellville Realty Inc.
WELCOMES
TWO NEW STARS



Sylvia Bursey, President of Countrywide Campbellville Realty Inc. is pleased to announce the appointment of Teresa Mills and Paul McCarthy to her sales team.



TERESA MILLS
Teresa has extensive experience in real estate servicing both the Guelph and Milton areas for over 11 years. Teresa welcomes all her past clients and friends to call her for their real estate needs at 854-2294 or at her residence 878-5898.



PAUL MCCARTHY
Paul brings with him over 16 years of real estate expertise in rural real estate serving the areas of Carlisle, Campbellville, Fiamborough, Waterdown, Kilbride and surrounding regions. Paul has been a lifelong resident of the Campbellville, Freeleton areas and welcomes all his past clients and friends to call him for their real estate needs at 854-2294 or his residence 659-7244.

Countrywide
Campbellville
Realty Inc. **854-2294**
36 Main Street N., Campbellville