

# NEW HOMES



Kitchens remain among the most popular renovations for Canadians. Average cost for a kitchen reno is \$30,944.

## Home renos now more popular than ever

### Canadians opting to renovate as they stay put



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EDITOR'S  
NOTE

Maybe it's because my wife and I are embarking on a major renovation ourselves this week, but I could not help but pay extra attention to some of the findings of HomeStars' first-ever Reno Report.

First things first, and I will be updating our project in coming weeks. We have an unfinished basement that now includes 500 sq. ft. of unused and open space thanks to clearing out all the stuff we no longer use or need. A couple of trips to the local thrift store later, we have some newfound space with tons of potential.

The first word of advice came from our prime contractor Jim and that was to think through how we want to use the space.

We're having a great time talking about all the possibilities — it will serve as an entertaining area, extra place for overnight guests, games room, home theatre — and who knows what else, it will be multi-purpose to say the least.

As a write this, our contractor has gone to work is putting in the sub-flooring, and yes, we expect to enjoy as we watch it all come together.

Aside from the 'fun factor,' there's a very simple reason renovation is more popular than ever, statistics show Canadians are staying put and choosing to renovate instead.

HomeStars cites a June 2019 report from the Canadian Real Estate Association (CREA) indicating that home sales are flat, in fact, only 9% of Canadian homeowners are considering selling in the next 12 months.

The staying-put trend may be even stronger in Toronto where "rising home prices are having a lot to do with home owners staying in their homes and allocating their disposable income to renovations and repairs," says Shir Magen, vice-president, marketing at HomeStars.

And quite often, as we saw with the basement flooding problem last spring, that home repair turns into a full-scale renovation effort.

The report, which is based on a survey of more than 1,000 Canadian home owners, is worthwhile reading also because it includes costs of the most popular home projects. (Visit <https://homestars.com/renoreport-2019>).

Among Canadian homeowners, topping the lists are bathrooms with it being at 24 % of all projects planned in the next 12 months, followed by kitchens at 20%, and with outdoor landscaping projects quickly on the rise.

By the way, the bathroom reno average cost is \$13,393 and the kitchen average cost is \$30,944, which are good benchmarks to use if you are considering a project.

The most popular, as well as quickest and least expensive way to make a major impact in your home is a fresh coat of paint. Interior painting continues to be a popular category among HomeStars users, with service requests increasing 142% from February to May this year.

Of note, there are huge variations in most popular projects depending on age group — Millennials (ages 23-38) Gen X (ages 39-54), Boomers (ages 55-73) and Silent Generation (ages 74-94) — are the four groups identified in the report.

Described as a real eye opener by Magen is that 77% of all homeowners reported they had the cash on hand to fund their last major home improvement project.

And of the remaining 23% who had to finance, millennials are the generation most likely to use their credit cards

As for the online activity on HomeStars, one search item really stands out, and that is those seeking snow shovelling services, says Magen. Further, she recommends, and if you have not done so already, make sure you book one soon, or just like last winter, you could be out of luck.

## GTA homes taxes and fees are region's runaway-train issue



RICHARD LYALL  
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So, you are a millennial and want to buy your first home or condo. You do a little digging around — everyone should do some research before they buy a new home.

Here's the kick in the teeth that you'll find when comparing the GTA with similar metropolitan areas in North America: the taxes and fees in this region are almost twice as high as the average of four Canadian cities, and three times higher than the average of six major U.S. cities.

How do you feel?

Here's how I feel: this situation is a runaway train with a city (and region) that's already short of transit track. Before we delve into some of the results of the report, consider this statement from our friends at the Building Industry and Land Development Association: development charges alone will have risen 1,000 per cent since 2004 when new hikes scheduled for Nov. 1 are in place. Now how do you feel?

Back to the report.

Data researchers Altus Group found that within the price of an average detached home in the GTA, there are more than \$222,000 (all figures in Canadian dollars) of taxes and fees from all levels of government. This includes HST, land-transfer taxes and municipalities' development charges.

As for the Altus comparisons, in four of Canada's other major cities (Vancouver, Montreal, Ottawa and Calgary), the average cost for taxes and fees on a new house is about \$130,000.

When you look south of the border, the GTA figure gets even more stark: Altus looked at Houston (which I have often highlighted in this space and when speaking publicly for its amazing housing market), New York, Chicago, Boston, Miami and San Francisco, and found that the average for taxes and fees paid on a detached home was about one-third of what GTA homebuyers pay (about \$69,000).

Our region's condo buyers also shell out more for taxes and fees: in the GTA, condo buyers are looking at \$125,000, buyers in the other Canadian cities paid just under \$100,000 while the Americans pay almost \$84,000.

The report says that a big factor in this equation is that the U.S. metropolitan areas surveyed do not impose sales taxes on new housing. In Canada, sales tax on new homes, without rebates, ranges from 5% to almost 15%.

Cue the cough into my morning coffee. Even though I was aware the average tax on a low-rise or high-rise product was substantial, I had no idea it was that distorted. How on Earth do we compete with other jurisdictions based on numbers like these? We are devising ways to enable young people to borrow more and pay a mortgage off longer when a serious chunk is based on unjustified taxes. When you think about the opportunity cost of this excess, it is mindboggling.

The Ford government is tackling elements of the approvals process and how certain fees are levied. But Ontario shouldn't be expected to take this entire issue on as it involves three levels of government. Sadly, tax increases, which exceed average wage hikes by a considerable amount, have not received the attention they deserve. Meanwhile, ratepayers associations have kept their property taxes down unwittingly at the expense of new-home buyers.

But I believe there is an emerging trend: millennials are becoming more active politically and they carry more weight on a wide range of issues. Excess taxes and high housing costs have broader implications on family formation rates, commuting, health care and mental health.

Remember: a 1,000-per-cent increase for City of Toronto DCs alone since 2004.

Our next generation of homeowners need help. It's time for tax freezes and tax rebates.

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