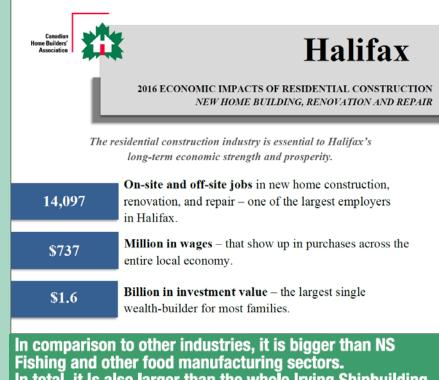# Deed Transfer Taxes & Licensing Contractors

Presentation to: Community Planning & Economic Development Standing Committee
July 20, 2017
Sherry Donovan, CEO
Andrew Holley, Past President

Industry Updates – Background

Canadian Home Builders' Association

Halifax

2016 ECONOMIC IMPACTS OF RESIDENTIAL CONSTRUCTION
NEW HOME BUILDING, RENOVATION AND REPAIR

The residential construction industry is essential to Halifax's long-term economic strength and prosperity.

14,097	**On-site and off-site jobs** in new home construction, renovation, and repair – one of the largest employers in Halifax.
$737	**Million in wages** – that show up in purchases across the entire local economy.
$1.6	**Billion in investment value** – the largest single wealth-builder for most families.

In comparison to other industries, it is bigger than NS Fishing and other food manufacturing sectors.
In total, it Is also larger than the whole Irving Shipbuilding Contract as a comparison of what the industry can offer the province in terms of economic sustainability.

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Industry Updates – Housing Starts

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
Forecast Summary **Halifax CMA** **Fall 2016**									
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	678	511	425	470	500	500	550	525	575
Multiples	1,761	1,246	2,174	1,625	1,775	1,950	2,250	1,800	2,200
Starts - Total	2,439	1,757	2,599	2,150	2,220	2,525	2,725	2,425	2,675
Resale Market									
MLS® Sales	5,007	4,698	4,773	5,075	5,125	5,100	5,300	5,100	5,300
MLS® Average Price($)	272,885	273,738	283,853	281,500	287,500	281,500	290,500	281,000	293,000
Economic Overview									
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70

*CMHC

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Deed Transfer Tax Changes to the current system

The Deed Transfer Tax in Halifax is 1.5% of the purchase price of a home.

This fee, as it stands is a financial burden to homebuyers that creates a barrier to homeownership in its current capacity.

Currently, the tax must be paid within 10 days of the close of the home.

We are asking for this issue to be re-visited to allow for options for homebuyers in terms of how the Deed Transfer Tax is paid.

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Deed Transfer Tax Request from Industry

CHBA NS is asking the municipality to amend its policy to allow for these two options:

1. Waive the Deed Transfer Tax for first time homebuyers.

<div align="center">and/or</div>

2. Extend the payment period over five years.

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Deed Transfer Tax – Municipality & Resident Benefits

How will the municipality benefit?

- Reduces fluctuations in municipal budgets impacted by housing market changes and permits appropriate budget planning

- Leads to the retention of existing residents and attraction of new ones

-Boosts economic benefits related to home purchases, such as appliances and work done by local tradespeople

What are the benefits to residents?

- Eases financial burden at the point of purchase and allows for appropriate budget planning for households

- Boosts the appeal to remain in home communities, or invest in new neighbourhoods

-Increases household ability to provide for immediate family needs

Nova Scotia Association of Realtors: Rivitalizing Communities report

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Licensing for Contractors

What is it?

The CHBA NS has created a pilot program outline for a municipal licensing of builders & renovators with Halifax to help raise the level of professionalism within the industry to create greater peace of mind for homeowners who are building or renovating a home.

Currently, there are no licenses for contractors to build & renovate.

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Licensing for Contractors

Goal – Consumer Protection

Increase consumer protection in Halifax by promoting professionally built homes and renovations by members of the Home Builders' Association

By helping to raise the integrity of builders and renovators,
we are protecting homeowners and industry against
the 'fly-by-night' contractors

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Licensing for Contractors

Benefits

- Creating a safer work environment for builders & renovators

-Increase the training requirements for industry (& continuing education)

- Implement a mandatory builders & renovators warranty

- Require a comprehensive insurance package

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Licensing for Contractors

Request :

CHBA NS would like to implement a two year pilot project with the Municipality's Building Compliance and Planning & Development Departments to finalize the development of a program that best suits the needs of Halifax residents, the municipality and the industry. This will help to create a greater consumer protection program for those building or renovating.

We have vetted this through the Development Liaison Group and have received positive feedback on moving this initiative forward.

We are asking for your support and direction to move this initiative forward.

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Questions?