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Federal Budget 2019: Relief For First-Time Home Buyers?



The Federal Government has announced the new budget which contains measures to address affordable housing across Canada. The finance department anticipates legislation for the new program will pass in time for a September launch.

Highlights:

- CMHC FirstTime Home Buyers Initiative
- Increase to the RRSP Home Buyers Plan withdrawal limit

The announcement of a new CMHC First-Time Home Buyers Incentive Plan represents a shared equity mortgage program that would give eligible first-time homebuyers the ability to lower their borrowing costs by sharing the cost of buying a home with CMHC. The incentive would provide funding (equity sharing) of up to five percent of the purchase price of an existing home, or 10 percent of a newly constructed home. No ongoing monthly payments are required. The buyer would repay the incentive, for example at resale. The government has budgeted up to \$1.25 billion over the next three years to support this program.

For example, if a borrower purchases a \$400,000 home with five per cent down and a five per cent CMHC shared equity mortgage (\$20,000), the size of the borrower's insured

mortgage would be reduced from \$380,000 to \$360,000, helping to lower the borrower's monthly mortgage bill. This would make it easier for Canadians to buy homes they can afford.

The program limits eligibility to households earning a maximum of \$120,000 annually, and lets them borrow no more than four times their annual household income. This limits a home purchase to roughly \$505,000. This Incentive Plan is not expected to begin until the fall of 2019. In principle, the increased equity share eligibility for newly constructed homes will help incent new construction and supply across Canada.

Further analysis is needed, however, some aspiring homebuyers, especially at the lower end of the economic ladder, will have greater opportunities to purchase a home with the assistance of this new program.

Also of note is an increase in the eligible RRSP withdrawal amount through the Home Buyers' Plan (HBP). Previously \$25,000, this has been increased to a maximum to \$35,000.

The budget included a lengthy defense of the current stress tests but does suggest that adjustments may be made in future.

While there was no immediate movement on the stress tests, and the new Home Buyers Incentive Plan can be seen as an alternate and more targeted response than an insurable 30 year amortization, the mortgage industry is encouraged by the recent announcements.

A SLOW MARCH INTO SPRING MARKET FOR OTTAWA REAL ESTATE

Members of the Ottawa Real Estate Board (OREB) sold 1,511 residential properties in March 2019 compared with 1,654 in March 2018, a decrease of 12.4%.

"Lack of inventory is responsible for March's deficiency in residential unit sales" states OREB's President. "This tightness of supply is manifesting in significant reductions in DOMs (days on market) and properties selling very quickly. Residential DOMs are down 14%, and condo DOMs are down 36% from last year."

The average sale price of a residential-class property sold in March in the Ottawa area was \$480,143, an increase of 7.2% over March 2018. The average sale price for a condominium-class property was \$290,181 an increase of 5.2% from March 2018.

"In some pockets of the city, buyers are facing multiple offer situations, and properties are often selling over list price. These dynamics of low inventory, reduced days on market, and multiple offers are signs of a seller's market in these areas. While a benefit to those sellers, it's stressful and time consuming for buyers. The experience and guidance of a REALTOR® is essential in these types of market conditions," he adds.

"In Ottawa, we have a population base that's increasing year over year with a growth rate of 8.8%, which is higher than Ontario (5.7%) and Canada as a whole (5.9%). Immigration and high employment levels are bringing residents to our desirable and affordable city," he suggests.

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Spring Cleaning – Get the Kids Involved

As the warmer temperatures begin to roll in, there is no thought more prevalent than the beginning of spring cleaning. Spring is a time when all the forgotten places of winter begin to come to light, and there is nothing more refreshing than refreshing your home. A major topic these days is how to involve your kids in spring cleaning, especially in a way that is fun and engaging for them. The hope is to get your kids involved and wanting to help clean, not only to teach them the value of hard work, and the importance of cleaning up after themselves, but to get you an extra pair of hands (or two) to get this project done faster. What then, are some of the best ways to get your kids involved in this year's spring cleaning?

Make sure tasks are age appropriate – Make it a game!

Obviously, the tasks that you can involve your kids in does depend on their age and ability, however there are so many ways to make cleaning fun and get kids of any age involved in the process. To begin with – [pump up the music](#). Getting some good tunes playing and letting cleaning be combined with a motivating dance party is the first step in making cleaning fun with your kids. Turn a boring chore into an easy task with great music playing. With younger kids, you can [turn the music into a game](#), such as "wax museum", having your kids freeze in place when the music stops. This is not only a fun challenge for them, but also a simple test of balance and coordination too! Making cleaning into a variety of games can help motivate your kids and get cleaning done faster. Older children can be given more challenging tasks such as alphabetizing the spice drawer or playing "[expiration date detective](#)" with cleaning out the refrigerator.

Be Organized!

[Organization is key](#) when it comes to cleaning and putting things away. Making sure that your home is organized, and things have their own place. This can help your children learn where to put their toys when tidying up. Creating games like "[scavenger hunt](#)" when it comes to toy box clean up can help motivate younger children. Another great idea is to give your children their [own tools/cleaning supplies](#) for the tasks they need to complete. This gives them a bigger sense of responsibility, and also means they won't be interrupting your cleaning looking for supplies. [Remember to start small](#). You can't overhaul your entire house in one day, especially when you have children running around. Setting aside time

each day or on the weekend and breaking your spring cleaning into smaller tasks such as going through toy boxes and closets one day, and cleaning windows the next, can help make spring cleaning feeling more manageable for you, and more fun for your kids.

Make it a teachable moment

Cleaning with your kids helps them to learn their responsibility when it comes to tidying up after themselves. Allowing older children to [choose their own tasks](#) increases this sense of responsibility and having "rewards" can be motivating. The rewards could be [monetary](#) (and adjusted for the age of your children) or it could be a points-related game in which your kids [earn points for tasks completed](#). Remember that team work makes dream work, and partnering up your younger children with a parent, or older sibling can help ensure that they feel confident in their new responsibilities, and the task is completed efficiently.

Help your kids see the bigger picture

Lastly, involve your children in [the bigger picture](#) when it comes to spring cleaning. As you go through your home (closets, toys etc.) involve your kids in setting aside toys that are to be donated. Have them come with you when you make the donations and allow them to be involved in the sorting process. [Focus on acquiring less](#), and using more of what you already have. Spring cleaning doesn't have to be an undesirable chore. By involving your kids, and creating fun cleaning games and races they can do, you can help them learn the [importance of cleaning](#) and their responsibility, all while accomplishing your seasonal tasks!

