

Opportunities have arrived

First-time buyers can make decisions with lower prices and less pressure

BY PETER SIMPSON, SPECIAL TO THE SUN MARCH 14, 2009

Many times I have commented to colleagues, friends and Vancouver Sun readers that there is opportunity to be found in every challenge.

Indeed, these are challenging times for the homebuilding industry and its thousands of workers, but there are opportunities to be seized, by both move-up buyers and cash-strapped first-timers.

My goodness, what a difference a year makes. Last March I was writing about how homeownership rookies were having a dreadful time affording that first step onto the property ladder, how they felt panicked having to make snap decisions in a frenzied market where prices were rising hourly.

Well, first-timers, the pressure is off, for now at least. Use this time to take a deep breath and consider your options. First, let me tell you a story about pressure and making the right decisions.

Last month I attended a conference presentation by Peter Jensen, a sports psychologist and consultant to the Canadian Olympic team. He talked about techniques to improve performance and manage pressure. It's all about mental preparation and how to focus on the positive opportunities. Jensen placed on the theatre-sized screen this graphic -

OPPORTUNITY IS NOWHERE - then asked us to separate the second "word" to form a phrase.

A negative person sees OPPORTUNITY IS NOWHERE.

A positive individual, however, sees OPPORTUNITY IS NOW HERE.

I subscribe to the message in the second phrase, because it is true -- opportunities now abound. In January 2008, in response to a column I wrote about the challenges of first-time buyers, I received an email from a fellow who identified himself as Dave: "I have a buddy who works in film. He is tops in his field and makes a decent living. He and his family have been renting a house for who knows how long. When we visited them recently, his wife, pretty much in tears, said 'something is wrong here, we are doing well and still can't afford a house.' As for me, now that my student loan is paid off, I have a nice savings account, I am ready to buy, but house prices are going through the stratosphere. It's all bloody depressing."

Dave shared another example: "A buddy bought a one-room loft at 12th and Arbutus in 1997 for \$130,000. He recently sold it for almost \$500,000. He bought a house at 33rd and Fraser in the

\$700,000 range. Now he has a house, a no-brainer mortgage and a suite in the basement that rents for \$1,500 a month. That's how you do it, I guess. He got in before it all started to go whacko."

Well, it's not whacko anymore, Dave, and that is welcome news for you and other property virgins. Prices have dropped, mortgage rates are approaching free-money territory, and there is a broad choice of available home types. Many new homes are complete and move-in ready, so you can see what you're buying. And builders are offering a variety of enticing upgrades and incentives to seal the deal. The senior levels of government are doing their parts, offering tax exemptions and credits to first-time buyers. There are few tax-related breaks at the local government level, and I intend to express concerns with this issue in a future column.

The provincial government gives a free pass on the property transfer tax to first-timers who purchase homes priced under \$425,000. There are also partial exemptions on property valued up to \$450,000. The federal government's recent budget included two salutary nuggets for first-time buyers. First, there's a 15-per-cent tax credit to help defray closing costs such as legal fees and other charges. The credit is applied on closing costs up to \$5,000, which equates to a maximum benefit of \$750.

Second, first-time buyers were promised they will be able to withdraw up to \$25,000 from their registered retirement savings plans (RRSPs), without penalty, to use as a downpayment on a first home. Couples jointly purchasing a first home will be able to withdraw up to \$50,000. Current limits are \$20,000 for individuals and \$40,000 for couples.

If you really want to learn about the opportunities and responsibilities of homeownership, consider attending the 15th annual free seminar for first-time home buyers on Tuesday, March 24 from 7 p.m. - 9 p.m. at the Sheraton Vancouver Guildford Hotel.

Presented by the Greater Vancouver Home Builders' Association, the popular seminar is the largest of its kind in North America, attracting a full house during peaks and valleys of real-estate cycles. Topics include expert analysis and advice on market conditions, types of homes, location options, mortgages and warranties.

Speakers are Robyn Adamache, Canada Mortgage and Housing Corp.; Ken Cameron, CEO, Homeowner Protection Office; Dave Watt, president, Real Estate Board of Greater Vancouver; David Chung, manager, residential mortgages, TD Canada Trust; Narrinder Dhanoya-Bhangu, vice-president, Genworth Financial Canada; Ray Windsor, president and CEO, National Home Warranty Programs; and Greg van Popta, lawyer, McQuarrie Hunter LLP.

Pre-registration is required. Call 604-588-5036 to register. Although the seminar is free, attendees are asked to bring along a non-perishable food item for the Surrey Food Bank. Opportunity knocks

for home buyers, but prices will eventually rise as inventory declines and demand increases due to the inevitable formation of new households. Interesting times indeed.

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