



The Basran Buzz

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MAJORITY OF ATTACHED HOMES IN FRASER VALLEY FALL UNDER HST THRESHOLD

News Release: June 28, 2010

SURREY, BC – The Fraser Valley will offer buyers of new homes noticeable savings after July 1 when the Harmonized Sales Tax (HST) comes into effect, according to the Fraser Valley Real Estate Board.

Deanna Horn, President of the board explains, “Since the majority of new townhomes, apartments, as well as select, new single family homes in our region sell for less than \$525,000, the BC new housing rebate threshold in BC, the impact of the new HST will be lessened.”

On July 1, the seven per cent Provincial Sales Tax (PST) will join the five per cent Goods and Services Tax (GST) for a combined HST rate of 12 per cent. The HST will apply to the sale price of all new residential homes however; the BC government will provide a rebate up to a maximum amount of \$26,250. According to the provincial government, homes that sell for up to \$525,000 will cost the same or less than what they would have when only the GST applied.

“When the HST was first announced, we were concerned for our clients,” explains Horn, who represents nearly 3,000 REALTORS® working in the Fraser Valley.

“Although the HST impacts new home purchases more dramatically than resale, we’re pleased that through our lobbying efforts alongside other BC housing industry representatives, we were able to convince the government to increase both the threshold for the new housing rebate, and the amount of the rebate itself.

“The result is that most buyers of new, attached homes and select detached homes in the Fraser Valley will be able to maximize the benefit of the government’s rebate program. Just recently, I was recommending a lovely new, single family home in Cloverdale to one of my clients with an asking price of \$519,000. A similar home in other Lower Mainland communities could be considerably higher in price and after July 1, will result in higher taxes because it is above the HST threshold.”

According to Canada Mortgage and Housing Corporation (CMHC), the average price of new townhomes in Surrey in May was \$475,154 and in Abbotsford \$403,469. The average price of new detached homes in Abbotsford in May was \$532,129. CMHC also reports new apartments – 1,000 square feet in size – are selling currently on average for \$294,860 in Surrey; \$232,800 in Abbotsford; and, \$273,880 in Langley.

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