

Doncaster Ballyhoo

FOR LAURENTIAN WATERFRONT AND RECREATIONAL PROPERTY

AUTUMN 1994

When we first conceived of this newsletter, we did not think it likely that we would ever have any real 'news'. After all, we are a real estate company and any news we might have should be pertinent to the real estate market in our area. As time goes on, however, we are discovering that you want to be kept in touch with local events. We really appreciate your feedback, and will continue try and fulfill your needs.

The results of the election in Bertrand riding may be challenged because the Parti Québécois candidate, Monique Simard, is questioning the legitimacy of around 700 votes cast by people who also maintain residences in Montreal and were not picked up by the enumerators when the electoral list was drawn up. This is a significant number as the Liberal incumbent, Robert Thérien, received only 146 more votes than did Mme Simard. It seems that the people who generally prepare these lists up north do not bother to go into some areas that are thought to comprise only second homes. This is not surprising since historically there have been very few people living year-round in these areas. However the election was called in the summer, when everyone's here, and the Quebec Election Act states that someone can vote if he was domiciled or had his residence in that polling subdivision on the day of issue of the order instituting the election (350.2).

There are a lot of questions that come to mind about this, but the single most exciting element to me is that our community made itself felt. A grass-roots movement of the Allo/Anglo minority changed the results of the election. As Reed Scowen said when referring to English Quebec's reaction to the 1976 PQ election victory: 'It might be said that the English "community" in Quebec was invented by the French, and the invention was not a pretty thing to see.' (A Different Vision, page 25) Well, the community is taking shape. We should not feel any compunction about where we decide to cast our ballot. We are from where our heart is; that's why so many of us are still in Quebec.

We are likely to see our riding become more influenced by this minority vote in years to come. More and more cottage owners are making their Laurentian home their principal residence as they retire and keeping only a pied-à-terre in Montreal. Many of these are highly experienced, worldly people, and their choice of the Laurentians is an informed one. Monique Simard, the PQ candidate, seems to see them as interlopers instead of as the proud Quebecers that they are. When a referendum is called, your vote will count wherever you choose to exercise it, in Montreal or in the Laurentians. If you have the option, help us build a strong community by casting your ballot up here.

The Chamber of Commerce of Greater Ste-Agathe presented its new "Global Vision" on October 13. This study is the local business perception of the priorities and directions that our community should be taking in the next years. It is no accident that the presentation of this paper coincides with the beginning of a municipal election campaign in Ste-Agathe-des-Monts. We have summarized the report on page 4.

Stepjet Corporation, the firm that sponsored our inclusion of the programme for the Hiawatha Festival of the Arts last spring, was featured in a major article in the Gazette on October 11th. I had the opportunity to see one of these devices in operation, and I even got to try it. It was as quiet as a canoe and faster than a paddle boat, but it has almost no moving parts. Mark Diamond of Stepjet apologizes to all of you who are still waiting for more information about it, but they have only recently gotten all the bugs worked out.

Our thanks go to Charles Gravely of Multispect for his contribution on foundation maintenance and keeping the basement dry, on page 3 of this issue.

-Joe Graham

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THE FIRESIDE



The cold weather, and thus the woodburning season, is upon us, and with it the task of stocking up enough to see us through the winter.

In that context, here are some factors to consider:

1. Sources of wood
2. Characteristics of different types of wood
3. Safety and security

SOURCES OF WOOD

If you are lucky enough to possess roughly 7 acres of mature woodlot, you have more than enough to allow you to provide your own firewood. Ideally, woodcutting should take place in the spring and summer and the wood should be corded and protected from snow and rain. The cord you cut and split one summer will be ready for burning during the winter a year hence.

For those who lack either the time, inclination or source for their own wood, buying from a local supplier is the other reasonable option. The legal definition of a cord of wood is a stacked pile four feet by four feet by eight feet. Considerable liberty is taken with this standard and often you will be sold a "face" cord, that is, twelve or sixteen inch split logs, four feet high by eight in length. As long as you are aware of this (it's a good idea to ask to see your wood stacked), you can shop around for the best deal possible. Prices in the country can vary from \$50-\$80 per cord. Another thing to watch for is content, that is, make sure that the bulk of the wood you are buying is high quality hardwood such as maple. A little birch might show up and that's not too bad, but beware of significant quantities of softwoods, such as pine or spruce. The wood should also have a weathered appearance, indicating that it has been cut well before.

CHARACTERISTICS OF DIFFERENT TYPES OF WOOD

As you may expect, different woods behave in different ways in a fireplace or woodstove. The most desirable readily available wood is hardwood maple and beech. If you have a ready supply of softwood such as spruce or pine, this is fine for the fall and spring in an open fireplace when sustained and economical heat is less necessary (do not use in airtights). It may also be used in moderation as kindling.

The following table will give you some idea of the relative heat producing qualities of some woods:

| Species | BTU per cord | Equiv. heating oil (gals.) |
|--------------|--------------|-------------------------------|
| Hard Maple | 29,000,000 | 207 |
| Beech | 27,800,000 | 199 |
| Yellow Birch | 26,200,000 | 187 |
| Soft Maple | 24,000,000 | 171 |
| Spruce | 18,100,000 | 129 |
| White Pine | 17,100,000 | 122 |

SAFETY

Last, but most important, is the care and operation of your woodburner. The number one rule is to have your chimney cleaned by a professional at least once a year. The service is quick, clean and wonderful for your peace of mind.

Also, when burning wood, especially in an airtight, remember that a hot blazing fire is best. Many people make the mistake at bedtime of closing down the damper until the fire is just smouldering. This action will ensure that the fire actually keeps going for most of the night but much more coolly. As a result the chimney cools down as well and during the night, volatile gases and water vapour distil in the chimney and form creosote. This creosote then becomes a potential hazard and can ignite, causing a chimney fire.

Maintaining a flame and ensuring that the chimney is swept on a regular basis will minimize this danger.

- Michael Averill

WHAT'S IT WORTH?

or

Crystallizing the Capital Gain on Your Country Property

This column is very much tied to recent news stories again. On February 22, 1994, the federal government eliminated the capital gains tax exemption and created an opportunity to crystallize gains this year. This means that we can declare the gained value of any taxable asset in this year and use up the \$100,000 lifetime exemption to protect it, all without any obligation to sell the asset. If your country house is your secondary residence, it might just be the largest single taxable asset you have. Each couple (or unmarried individual) is entitled to own one principal residence that will not be subject to capital gains taxes upon its sale or transfer. For most people that is the city house. The \$100,000 capital gains exemption applies to gains in value of other assets, notably, for our purposes, your secondary residence.

In order to benefit from this offer, you will need to consult your accountant and file the appropriate election form for the 1994 tax year. You will also need an opinion of market value for your property. We can supply you with this, but check with your accountant to make sure you need it, as we do charge to prepare it.

A quick history of the capital gains law as it pertains to real estate can be found in "What's It Worth, or How Much of It Is Really Yours?" in the Autumn 1993 issue of the *Doncaster Ballyhoo*. In that column we discussed how the Conservative government had suspended the exemption for any real estate gains earned after March 1, 1992. The exemption up to that date would be calculated on a straight line basis, based on the proportion of months of ownership prior and subsequent to that date. We mentioned that we had received dozens of inquiries from people who were effectively trying to trigger the capital gain in order to use up their exemptions before they became too watered down. The only way to trigger the gain then was to sell or transfer the property. This is still the best option if you want to transfer the property to your children and your own income is already at retirement level, but the February 22 budget has

given you the right simply to trigger it by so electing on your tax return.

If you think it doesn't matter too much, consider the family which has owned a parcel of land since 1971. The owner intends to give it to his children in 1995 or 1996. He has never used the capital gains exemption. In 1971 he paid \$15,000, and today the land is worth \$115,000. His gain is \$100,000. If he elects to declare his gain this year, he can reduce that amount by 92% (the proportion of the gain earned before March 1, 1992) by using his exemption. Subsequently, if he decided to give it to the children in 1996, and the value doesn't rise in the meantime, he will have a gain of approximately \$8,000, 75% (or \$6,000) of which will be added to his 1996 taxable income. Assuming a 50% tax bracket, the bill will be \$3,000.

If he does nothing about it this year, his gain at transmission in 1996 will be the full \$100,000, 75% of which will have to be added to his taxable income. With this additional income of \$75,000 in that year, even if his other earnings were very low, his tax bracket could be bumped up to the 50% range and his tax liability would be \$37,500, over 10 times as much! And this just to keep the land in the family!

The above example is somewhat simplistic, but it does serve to show what could happen if you do nothing. Just give your accountant or financial planner a call and double check on the best plan for your personal circumstances.

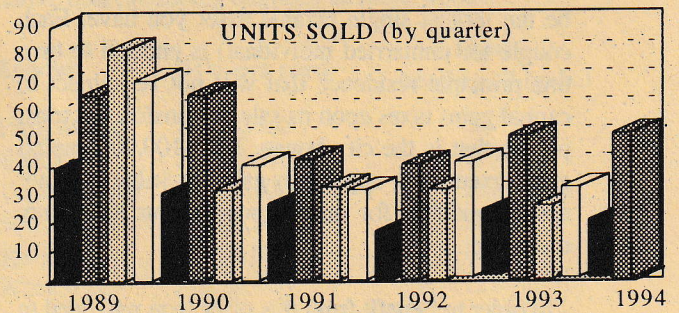
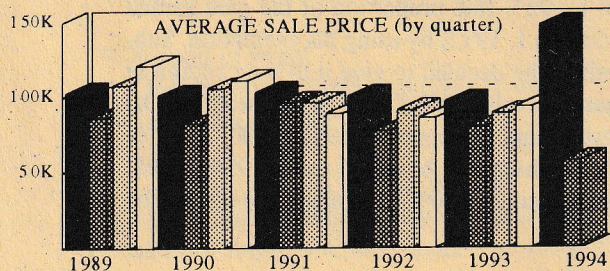
- Joe Graham

The above was prepared in consultation with Anthony S. Layton, Executive Vice-President, Operations, of T.E. Financial Consultants Ltd.

MARKET TRENDS

The anomaly noted in this space in the Spring 1994 issue has proven to be just that. The second quarter of 1994 shows consistency with past years in that there were a lot of transactions but the average price was very low. This is particularly true for the principal residence market where people are buying their first homes and moving up from rental accommodation. Budgets tend to be fairly limited and sales are quite sensitive to interest rates as well. The recreational home sales tend to show up in the latter half of the year. These are more affected by the economy as a whole and to the prevailing political climate.

- Sheila Eskenazi



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