

Doncaster Ballyhoo

THE LAURENTIAN WATERFRONT AND RECREATIONAL PROPERTY SPECIALISTS

AUTUMN 1993

The questions we are asked most frequently these days are: "Who's buying?" and "Is anybody selling?" The second can be answered more simply than the first. Yes, people are selling. The high-demand property is still selling rapidly provided it is priced for this market and not for what we saw in 1988 and 1989. I remember saying in 1987 that I could not imagine the market getting any better, then for two years it did. In retrospect people say it 'overheated'. If you look at the prices obtained in the good market of 1987, and compare them to today, real estate in the Laurentians looks like a steadily rising, good long-term investment. Those who feel that 1988-89 set a new standard may be deceived. It could have been an aberration. During the years 1987-88 a lot of people had windfalls, mainly in the stock and commercial real estate markets.

Our most common buyers during that period were in commercial real estate or those willing to speculate or gamble on the purchase of real estate, most often self-employed or entrepreneurial types. They are gone now. The commercial real estate people who still want to buy are among our most demanding purchasers. Not surprisingly, we are seeing a different kind of buyer, sometimes employees of large companies, other times people in manufacturing or computer industries. These buyers are end-users who are cautious planners. They are willing to pay fair market value and they expect us to demonstrate it.

In terms of the future, there are just not that many waterfront properties available. On five major lakes in the Ste. Agathe area, there are only about 20 houses offered for sale. This represents less than 4% of the number of houses on these lakes, and is not a large backlog of properties, so it is safe to assume that the values are stable and will tend to rise.

Recreational homes off the lake are another story. There are many good deals to be had in this area. These houses come in a variety of forms and price ranges, and the numbers of them available are higher in almost all sectors. We cannot expect prices to rise for this type of property until a better market balance is reached.

As for Belvoir Park, we got a fairly good response from people willing to pool their land, but the respondents' lots are scattered and we need to fill in lots of gaps. If you know other people whom we might not have found, please let them know, or let us know and we will contact them.

Our sincere thanks to Michael Goodwin, CA, of Goodwin Neuhaus Stein, for his help with our "What's It Worth" article in this issue. We decided to address this topic because we have been inundated with questions and requests from people who are doing estate planning. Not surprisingly, more and more people are telling us that their Laurentian property will eventually become their primary residence.

In the spirit of the upcoming season, we are offering you a Laurentian Christmas-Chanukkah story. Curl up in front of your cottage fireplace, gather your children or grandchildren around, and share the special feelings of this time of year. A special thanks goes to my brother, Stuart Graham, who responded so generously when asked to illustrate the story.

- Joe Graham

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A "RARE" VIEW OF THINGS

As many of our readers may already know, we who work at Doncaster Realities are rather heavily involved in a number of community oriented activities. One of these, protection of the environment, is an activity near and dear to our hearts. So much so, in fact, that we were among the founders four years ago of the group **R.A.R.E.** The acronym was designed to be workable in both French and English and represent **Recycling And Renewing the Environment** in English and **Recycler Afin de Renouveler l'Environnement** in French.

At the outset in 1989, the group's aims were to educate the general population and politicians at all levels respecting important environmental issues, and to reverse a growing feeling of disempowerment on the part of our young people. Through organization of environmental days at the local schools, young people very quickly began to catch on and to realize that they could do something to preserve their world and to make it a better place in which to live.

As for the politicians, the progress has been somewhat slower, although by no means negligible. For instance, in the beginning there were no viable recycling programmes in the region, with the exception of St-Donat. Now, municipalities throughout the region have begun to install containers in which you can deposit paper, cardboard, plastic, metal and glass for recycling. In Val-David, for example, when Walter Savery and I, as members of **R.A.R.E.**'s executive, persuaded the town council to install a recycling container in 1991, we estimated that it would have to be replaced once a month. Speaking recently with the town manager, I found that this was a serious underestimation and that the container usually gets changed once a week! And this in a town of some 2500 souls.

Another breakthrough was to have convinced some municipalities to offer composters to citizens at reduced cost.

Perhaps the most important and dramatic action to come about recently has been the official involvement of the MRC des Laurentides in environmental issues with the hiring of a person full time to provide policy direction for the 25 municipalities which make up the MRC (Municipalité régionale de comté). It was this group, in concert with

R.A.R.E. that organized the region's first hazardous household waste collection last Labour Day, with a depot set up in Val-David and another in Ste-Agathe. More than one hundred people showed up at each site during the eight hours they were open, and tons of hazardous waste were collected.

With each issue of the **Ballyhoo**, we try to place some emphasis on the richness of the resources around us and to stress the importance of actively working to preserve and in some cases to bring them back from the brink of disaster. As you can see by the forgoing, the commitment to environmental issues goes much further

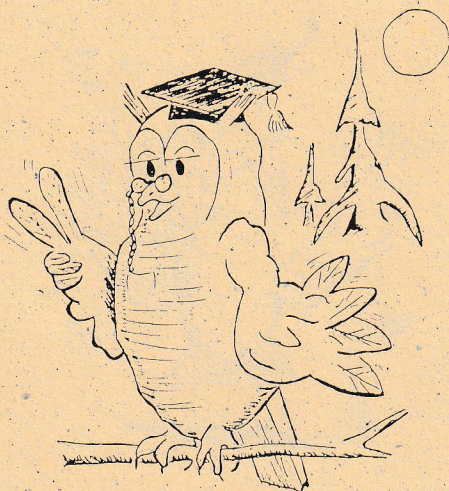
than simply writing articles.

In next Spring's issue of the **Ballyhoo**, we will bring you an article on lawn care which will provide you with some useful and surprising facts about lawns and our long-running love affair with their rich greenness.

Questions concerning **R.A.R.E.**'s activities may be directed to their offices in the Doncaster building, 150 Principale, Ste-Agathe-des-Monts, J8C 1K3, or phone **(819) 326-4963/ Fax: 326-8829.**

- Michael Averill





Owl or Why the Animals Never Learned to Count

The Laurentian woods, as everybody knows, are full of animals. There are moose and bear and deer and hare and mink and lots and lots of different birds.

Just like normal human society, the animals each have a speciality. Some are browsers, some are grazers, some are diggers, some builders and some, or at least one, is a teacher. The teacher of course, and luckily for all the other animals, is the wise owl. This is the story about how the wise old owl taught all the other animals how to count.

It all began in a thicket in the woods just outside one small Laurentian village the name of which the animals never learned how to pronounce, and in full sight of the windows of several chalets.

Laurentian chalets generally point at something so that it would be correct to say that these chalets pointed at the thicket. Laurentian humans can spend endless hours arguing about this since the front and the back of a house here often depends more on who is talking and where the road is than on the direction the house points. In any case, the animals know that the front of a house is the direction it looks in, and these houses happened to look in the direction of their thicket.

Late one autumn, actually it was around this time of year, Owl came flying over the tops of these several houses on his way to the thicket to give a lesson. It was an evening course and he was still a little stuck for an inspiration that would really capture the attention of all his various students. Below him he heard the prettiest singing coming from one of the houses, so he landed on a neighbouring fence and looked for its source.

He didn't have to look long, for there inside the window was a family singing as they lit two candles in a candelabra or menorah. "TWO!" cried Owl. "TWO! What a concept! TWO!" he cried again. "Wonderful! I'll teach them 'Two'!" And in great excitement he flew on to the thicket as

the two lighted candles shone brightly through the window behind him.

Meanwhile, inside the house, the candles burned on the window sill and Lisa and Jessie, the children who had lighted them finished their songs of Chanukkah remembering that tomorrow they could light three candles. Lighting the higher one first, they would take it and carefully light the other two, and each night thereafter they would light one more candle until eight candles were burning below the Shamash.

"Class!" began Owl authoritatively from his perch on the lower branch of a large white pine, "Tonight I will teach you the concept of two! Two is a very important number in higher mathematics. It had its beginning at the beginning since there could not have been a beginning until there was another to witness the one that had begun!" A murmur of comprehension passed through the attentive animals, but the younger hares were already feeling sleepy and began to look for warm places to snuggle up. The young deer were already sound asleep and so most of the hares could snuggle up against them. "Therefore I believe that it is only logical to conclude that TWO is the REAL beginning of all numbers" continued Owl, "and it is necessary to grasp the concept of TWO if you wish to have any hope of understanding the philosophy of higher mathematics." Some of the adult animals' ears were beginning to fold over by this point and no-one even noticed that the skunks had snuggled in next to the bear. "The Humans can be a great help to us in this matter, for, even though it is doubtful that they understand the power of the concept, they sing around two lights at the window of one of the houses across from the thicket." "OOh" some of the animals cried in wonder, (though it may have been the moose snoring). "Now over the next week, as your assignment, you must each go in your turn to the edge of the thicket in the evening and witness for yourselves this wonderful concept of TWO. You will see it shining through the window of a house on the east side of the thicket."

So all the animals woke up and agreed to do their homework and Owl said he would return next week to see if they had learned anything.

The next night the wolves crept stealthily to the edge of the thicket and watched as Jessie and Lisa sang and



returned the Shamash to its place above the other two candles, and the three little lights shone into the night and into the attentive eyes of the wolves. "TWO!" the wolves howled to each other. "TWOOO! TWOOO!" they continued to howl as they returned to the woods. "TWO! what an interesting concept!" they congratulated each other. "What an easy lesson."

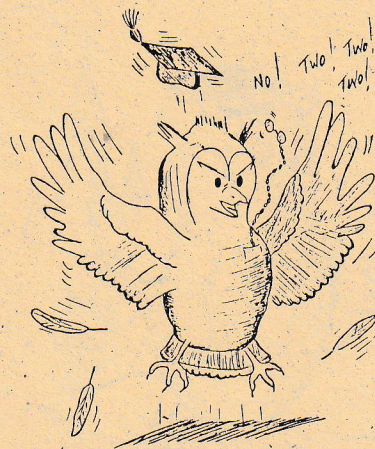
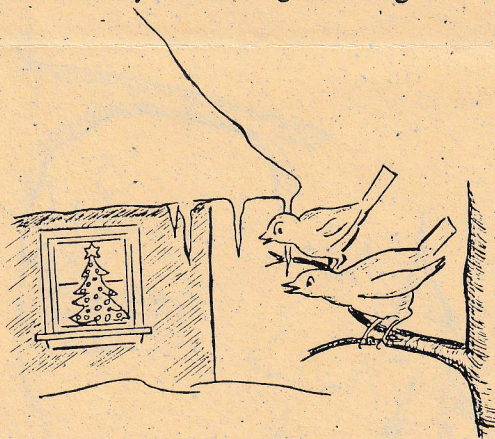
The third night the moose stuck their heads out through the branches towards the house on the east end of the thicket and watched as four lights shone through the window, "Intriguing! TWO!" they muttered contentedly to each other. "TWO!" They repeated as they retraced their steps through the woods. "Now we know TWO! What a wise teacher we have."

The following night, if Lisa and Jessie had known, the thicket was full of squirrels and chipmunks all nattering as they witnessed the wonderful concept of TWO that Owl had told them about. Five candles burned brightly in the menorah. "Two!" "Two!" "Two!" they nattered knowledgeably as they scampered back into the woods.

When the sparrows landed on the highest branches the next night they had, typically, lost their sense of direction. Sparrows, as you probably know, can't tell east from west and that is why they do not migrate south for the winter. But never mind Mark, Lisa and Jessie's neighbour on the other side of the thicket, had just finished turning on his Christmas tree and the sparrows chirped contentedly as the dozens of coloured lights shone through his window towards them. "Two!" they cried in delight as they flew off back into the forest and the six lights of the menorah shone, five plus that dim memory of a once powerful sun-god, the Shamash.

The groundhogs, the historians of the forest, knew which direction to look in, and they learned the concept of TWO the next night as seven dazzling candles cut through the darkness and into their sharp eyes. "TWO-TWO-TWO" they repeated as they burrowed back under the ground.

The night that the deer came out to look it was snowing gently and if you had been able to look at the reflections in their big eyes, you would have seen eight candles shining in some and many Christmas lights shining in others. The



silly deer had got their directions from the sparrows and they couldn't agree which direction they should look in.

"Poor Owl. I don't have to tell you how many lights shone for the hares the next night. "I never thought TWO would be so many!" they commented to each other as they hopped into the thicket for their lesson. "Wow! The beginning of everything was very complicated!" they all happily concluded.

"Well?" asked Owl. "Have you all understood the concept of TWO?"

"Yes, yes," cried the animals, "Easy. Easy stuff."

"Good then, perhaps you wouldn't mind scratching TWO in the snow in front of you and I'll come around and check."

A frenzy of scratching ensued, especially around the sparrows who claimed they needed more space, and the hares who pawed up all the snow under the moose.

"No no! TWO! TWO! I said TWO!" screamed Owl as he examined each of their lessons. "Can't you understand the simplest concept? TWO! TWO! TWO!" All the animals stared in wonder at wise Owl. What had they missed? They flattened the snow and began again.

Across the thicket Lisa said to her big brother "What's that noise?"

"Its just an owl," her brother answered knowingly.

"Mom! Mom! We heard an owl counting 'Two!'" Lisa exclaimed when they went into the house.

"The owl wasn't saying Two, silly," said her brother. "He was saying WHO! WHO! That's what owls say! Everybody knows that owls can't count!"

by: The Brothers Graham

SEASON'S GREETINGS

from

Doncaster
Realties inc.

What's it Worth

OR

How Much of it is Really Yours?



Ever since the law pertaining to capital gains changed last February we have been receiving a lot of calls from people who want to keep their country property, but recognize that steps have to be taken to keep it away from the tax man.

It is also important to note that any transmission of property whether by gift or by death, except in the case of to a spouse, triggers a deemed capital gain in the account of the giver or the deceased in the year of the transmission. Many people, myself included, thought that the gifting of property was a way of postponing the calculation of the capital gain, but it isn't.

In the good old days, there was no capital gains tax.

In 1971 the government brought it in and declared that December 31st 1971 would be 'Valuation Day', and that any value that your property gained over what it was worth on that day would have to be reported on your income tax return in the year that the gain was realised (ie the date of transfer or sale of the property). A provision was made that every taxpayer had the right to one primary residence which would be capital gains free, and therefore a couple could designate the country property as the primary residence of the spouse.

In 1981 that was changed limiting each married couple to only one capital gains-free residence. Effective 1985, each taxpayer had the right to a \$100,000 lifetime capital gains exemption on any gains realised from all other sources. That is to say that the first \$100,000 of capital gain would be exempt from the tax. Also, only 50% of the gain needed to be considered for the tax. That is, if you had an \$80,000 gain, \$40,000 of it would be taxable.

In February 1992, the status of the exemption was changed so that the exemption could not be used against any gain realised on real estate after that date. By this time, 75% of the gain, rather than 50% was taxable as income in the year of sale. To go back to the example mentioned above, that meant that if at sale of your cottage you realised a gain of \$80,000, 75% or \$60,000 was taxable as income in the year of the sale. But because the lifetime exemption no longer applies to real estate after February 1992, any gains calculation has to take into account the proportion of the gain made prior to February 1992, and the proportion made since.

These proportions are calculated simply on the basis of the time elapsed before and since February 1992 and no argument will be accepted that the gain was all realised before that time and that the property has lost value since. In sum, this means that the longer you wait before triggering a capital gain, the more of the gain will be unprotected by the capital gains lifetime exemption.

This deemed capital gain means that if you intend to give or will your property to your children, you will trigger a capital gain in the tax year in which it is transmitted and some taxes will have to be paid, even if the intention is just to keep the property in the family.

As a result of the various facts listed above, many of our readers have been exploring means of triggering that capital gain now while the \$100,000 exemption still has some effect. Many have also expressed the concern that a future government may suspend the \$100,000 lifetime exemption altogether, before they have even had a chance to use it.

If you are concerned about how this might apply to you, it might be a good idea to take some time and brainstorm with your accountant this winter.

Royal Trust offers a good detailed explanation of the different options open to cottage owners. It is called "The Cottage" and can be obtained by contacting Royal Trust Image Services, Attention - Cottage Succession Booklet, 115 Thorncliffe Park Drive, Toronto, M4H 1M1.

- Joe Graham

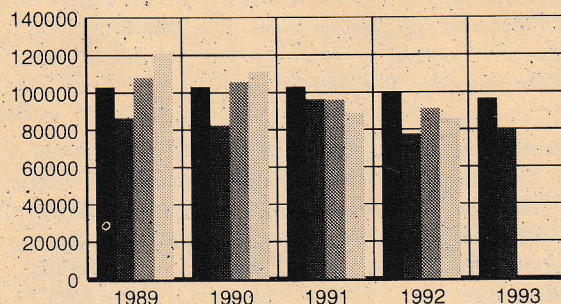
The above was prepared in consultation with Goodwin Neuhaus Stein, Chartered Accountants and is of a general nature, not intended to cover all aspects of the subject matter. Before implementing any planning based on the above article, the specific facts pertaining to your case should be carefully considered with the help of a professional.

MARKET TRENDS

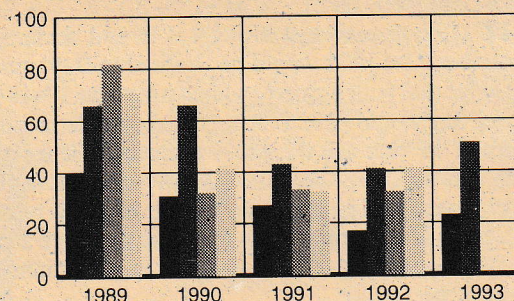
A close study of the accompanying graphs shows a certain number of trends, some of which indicate a market change is beginning to occur. You will note that, except for 1989, the second quarter registers the highest number of sales in the year, a number that had dropped significantly from 1990 to 1991, but has climbed a bit this year. At the same time as the number of sales has been highest, the average price realised in that quarter has been the lowest, except in 1991, where there was a steady dropping off. This can most likely be attributed to the preponderance of principal residences which change hands in the spring, overshadowing the tendency in the recreational/waterfront market to have the highest prices in the spring, and the greatest number of transactions in the late fall. Keep in mind that the graphs are based on all residential sales in Ste-Agathe-des-Monts and Ste-Agathe Nord in the given periods and there are far more primary than secondary residences in these municipalities.

- Sheila Eskenazi

AVERAGE SALE PRICE



UNITS SOLD



■ 1st Quarter ■ 2nd Quarter ■ 3rd Quarter ■ 4th Quarter

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