

## Rodney Harvey

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**Subject:** Your July 2024 Real Estate Update



### Rodney Harvey

Broker of Record, FRI CLO CRB C-RETS  
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Our Real Estate Guy



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Dear Valued Client,

Welcome to summer! Hopefully, there will be plenty of nice weather over the next couple of months so you can enjoy barbecues, picnics, deck parties, and other outdoor activities.

Without a question, it's the perfect season for socializing. The long, sunny days and warm, moonlit nights are the perfect setting for sharing interests or discussing ideas with friends and family. You might even find yourself talking about the possibility of buying or selling a home.

If that topic comes up, remember that I'm always available to help with any questions you — or your friends or relatives — may have. Call or email me anytime.

Sending my best wishes to you and yours for a restful and fun-filled summer.

Sincerely,

Rodney Harvey  
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## Important Changes to Capital Gains Tax

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Starting June 25, 2024, the capital gains inclusion rate will be increased from one-half to two-thirds for capital gains of over \$250,000 per year for Canadians, and on all capital gains for corporations and most types of trusts.



### **Four Key Federal Budget Capital Gains Measures**

#### **Increase in Capital Gains Inclusion Rate**

##### **Change:**

Effective June 25, 2024, the capital gains inclusion rate increased from 50% to 66.67% for trusts and corporations, impacting the taxation of capital gains. For individuals, the inclusion rate also increased to 66.67% but applicable only on annual capital gains above \$250,000. The prior 50% inclusion rate will continue to apply on annual gains below the \$250,000 threshold for individuals.

A capital gain occurs when you sell, or are deemed to have sold, a capital asset for an amount greater than its adjusted cost base plus the outlays and expenses related to the sale.

##### **Impact:**

This adjustment means a higher portion of capital gains will be subject to income tax, potentially increasing the tax burden on real estate investments, property sales, and capital gains realized inside corporations. For example, an individual subject to the top marginal tax rate can anticipate about an 8% – 9% increase in taxes on capital gains in excess of \$250,000, realized on or after June 25, 2024.

Gains on a Canadian residential property (or rights to a pre-construction residential property) held for less than one year may be deemed to be business income (i.e., 100% taxable) under the residential property flipping rule unless an exception is met. [Click here](#) to read the [full article](#)

# How Do You Calculate the Profit You'll Earn on Rental Property Income?

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Are you thinking about investing in real estate to earn rental property income? Whether you invest in a residential or commercial building, there are several things to consider to make sure the property will generate a profit. Here's what you need to take into account to determine how profitable an income property will be.



## **What factors determine how profitable rental property is?**

Figuring out how much profit you can expect after buying a rental property with no more than four units or a building with five or more units involves much more than just subtracting expenses from income. Since this is a long-term investment, several factors will influence (positively, we hope) your building's market value over time:

### **Location:**

Is the building in a good location? Is it in a popular, safe neighbourhood? Does the area have strong development potential or is it in decline? For example, property near a planned metro extension might increase in value. Is the property near a number of amenities, public transportation, a hospital, or a school?

### **Demand:**

Is the type of property you're looking at in demand in that neighbourhood? For example, if there's a commercial space on the building's ground floor, make sure the building is on a commercial street and there are other stores nearby.

### **Rent:**

What is the building's occupancy rate? How much rent do the tenants pay? A building with apartments rented below market price isn't worth as much as one with higher monthly rents.

### **Tenants:**

Do all the tenants pay their rent on time? If there's a commercial tenant, what business are they in? How long have they been there? Some financial institutions find certain business sectors to be risky. Are the leases evenly distributed? If one of the businesses occupies 80% of the leased units and its lease will soon be up, you may find yourself with a number of

vacant units. Sometimes it's better to have several small commercial tenants rather than one big one. [Click here](#) for the rest of the article

## Ontario Human Rights Code – Housing Discrimination

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Every person has the right to be free from discrimination in housing because of Code-protected grounds. You have the right to equal treatment when buying, selling, renting or being evicted from an apartment, house, condominium or commercial property. This right also covers renting or being evicted from a hotel room.



### **Housing**

The Code applies to terms and conditions in contracts and leases such as the amount of rent, security deposits, the need for guarantors, occupants' rules and regulations, ending a lease and eviction.

Your right to housing without discrimination also includes suitable access to doors, laundry rooms, swimming pools, other common areas, repairs and other aspects of housing.

### **Housing and age**

You must be at least 18 years old to file a human rights application based on age, or 16 or 17 years old when you have legally withdrawn from your parents' authority. If you claim this right when you are 16 or 17 years old, you have the same legal responsibilities you would if you were 18 years old.

### **Housing and public assistance**

A landlord cannot discriminate because of a person's income source, such as social assistance, family benefits, disability pension, or other forms of public assistance.

### **Shared housing**

The right to be free from discrimination in housing does not apply if you share housing and a bathroom or kitchen facility with the owner or the owner's family. [Click here](#) for the remainder of the article

# The Devil's in the Details: Home Insurance Coverage

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When you suffer damage to (or the loss of) your home or its contents, you expect your insurance company to come to the rescue, and most do.



Still, it's a good idea to review your policy with your insurance advisor and find out what's covered and what isn't. For example, if you have a flood in your laundry room, you don't want to discover then that the damage is not covered.

Some events that often require additional coverage, or may not be covered at all are:

- Overland water (interior home damage from water outside the home)
- Sewer backup
- Poor maintenance (e.g., you could be denied if you didn't maintain your foundation or repair a leaky pipe)
- Valuables beyond a specific amount

Also, check liability limits. Ask your advisor to recommend an appropriate level. Finally, ensure you know exactly **how much your home is insured for**. Are you covered for the full replacement cost? Are you comfortable with that coverage, or would you rather only insure for the actual cash value?

Knowing you have the right insurance policy will give you peace of mind and is an important part of enjoying your home.

**Notable, Quotable, Quotes!**



“Nobody can go back and start a new beginning, but anyone can start today and make a new ending.”

**Maria Robinson**

“People may forget what you said or what you did, but they will never forget how you made them feel.”

**Maya Angelou**

“Our attitude toward life determines life’s attitude towards us.”

**John N. Mitchell**

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