

## A tale of two cities: Why Gatineau trumps Ottawa for cost of living

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 Byline: Dave Rogers  
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Most people, especially families with children in day care, could have thousands of dollars more in their bank accounts if they lived in Gatineau instead of Ottawa, a Citizen study of the cost of living in the two cities has found.

Gatineau's cost advantage lies in major expenses such as mortgage payments or rent, property taxes and child-care costs.

For years, many people assumed that higher Quebec income taxes mean that on balance it is cheaper to live in Ottawa, despite Gatineau's lower housing costs.

Income taxes are generally thousands of dollars more in Quebec, but Ontario's tax advantage has narrowed because of its health premium of \$60 to \$900 annually, which is added to provincial income taxes.

Marc Lamontagne, of the fee-only financial planning firm Ryan, Lamontagne and Associates of Ottawa, helped the Citizen compare the costs of living in the two cities. He said he was surprised at the financial advantages of living in Gatineau.

"The common assumption is that you are always better off on the Ontario side because of the tax difference," Mr. Lamontagne said. "But when you factor in lifestyle issues like housing and child care, it can make more sense to live in Quebec."

Four years ago, Mr. Lamontagne told clients who asked about the issue that they would be better off financially in Ontario after paying their taxes and other expenses. Now he suggests comparing specific housing, tax and day-care costs in the two cities.

In many cases, startling cost differences between the two cities favour Gatineau.

The people who are farthest ahead in Quebec are working couples with young children. Their income taxes are about 50 per cent higher in Quebec, but cheaper housing and child-care costs give them a significant financial advantage.

A working couple with a combined income of \$80,000 a year and three children in day care would have \$48,628 in after-tax income in Gatineau each year, compared with \$27,362 in Ottawa. The

### IMAGES



Wayne Cuddington, The Ottawa Citizen

A Citizen study comparing the cost of living in Ottawa versus Gatineau since Ontario's health premium came into effect has found cost benefits to living in Quebec.



Rod MacIvor, The Ottawa Citizen  
 Maxine Belter says she and her husband would have moved to Ontario years ago if it wasn't for their daughters' desire to stay in Aylmer.

\$21,266 difference means the Gatineau family's net income is 78 per cent higher than that of a similar Ottawa family.

"In the case of a middle-class couple with children, there is a significant advantage to living in Quebec,"

Mr. Lamontagne said. "Even though the income taxes are about 50 per cent higher in Quebec, when you factor in child-care costs for three children, there is a huge difference.

"In Ontario, the family's mortgage payments would be almost double. If the Quebec family couldn't get \$7-a-day child care they would get only one-third of it back as a rebate because they are in the 33 per cent tax bracket."

A single parent with a \$60,000 annual income and one child would pay \$15,550 a year in income taxes in Quebec, compared with \$10,131 in Ontario. Despite the fact that income taxes would be 53 per cent higher in Quebec, the person would be financially better off in Gatineau.

Child care could cost \$7,800 a year in Ottawa, compared with \$1,820 in Gatineau. Rent for an average two-bedroom apartment in Ottawa would be \$11,280 in Ottawa and \$7,956 in Gatineau.

The single parent with one child in day care would have an annual net income of \$34,674 in Gatineau and \$30,789 in Ottawa. The person would be \$3,885, or 13 per cent, ahead of the Ottawa parent at the end of the year.

A professional couple with a total income of \$150,000 and two children in day care would have an annual net income of \$90,078 in Gatineau, compared with \$79,509 in Ottawa. That's a difference of \$10,569, or 13 per cent, in favour of Gatineau.

Mr. Lamontagne said the net incomes of professional families would be about the same in Ottawa and Gatineau if they did not use child care.

Many retired people would probably have higher after-tax incomes in Ottawa than in Gatineau, Mr. Lamontagne said.

A retired Ottawa couple with a combined income of \$60,000 a year, an average house, no mortgage and no children in day care would have \$46,359 a year left after taxes, compared with \$43,922 in Gatineau. That's a difference of \$2,437, or five per cent.

The main reasons for Gatineau's lower cost of living are its bargain-priced housing, lower property taxes and \$7-a-day day care.

Christian Douchant, a senior housing market analyst with Canada Mortgage and Housing Corporation, said the gap in housing prices has been narrowing since 2002.

Figures from the Canadian Real Estate Association show the average house in Gatineau cost \$150,264, compared with \$238,152 in Ottawa. Gatineau house prices have increased 44 per cent since 2002, but mortgage payments are still lower than in Ottawa. Ottawa house prices have increased by 32 per cent since 2002.

The average Ottawa property tax bill in Ottawa is about \$3,000. Property and school taxes in Gatineau average \$2,180.

The average rent for a two-bedroom apartment in Ottawa in 2003 was \$932 a month, compared with \$639 in Gatineau, according to CMHC figures.

Quebec's heavily subsidized day-care system costs \$7 a day per child, compared with an average of about \$30 a day in Ontario. Subsidized school-age day care costs \$5 to \$6 a day, depending on the school board. The Quebec government pays \$30.70 of the actual \$37.70 cost of day care in the province.

There is a shortage of more than 1,260 spaces for \$7 day care in the Outaouais, according to Quebec Ministry of Family and Children officials. Gatineau families who pay for private day care, sometimes as much as \$40 per day, receive partial tax rebates.

"The one thing I would like to emphasize is that there are a lot of different factors in calculating the cost differences between the two cities," Mr. Lamontagne said. "I don't think anybody should rely on one newspaper article to make a decision about where they should live.

"People should contact their own certified financial planner to look at their own situation."

Mr. Lamontagne added that where people live in the region is a matter of personal taste, whether they want a large lot in the country or want a smaller property in the city.

Outaouais residents who shop for a house in the Ottawa area soon realize they can't buy a house for the equivalent value of their current Quebec home, and often decide to renovate instead of moving, Mr. Lamontagne said.

Illustration:

- Colour Photo: Wayne Cuddington, The Ottawa Citizen / A Citizen study comparing the cost of living in Ottawa versus Gatineau since Ontario's health premium came into effect has found cost benefits to living in Quebec.
- Colour Photo: Rod MacIvor, The Ottawa Citizen / Maxine Belter says she and her husband would have moved to Ontario years ago if it wasn't for their daughters' desire to stay in Aylmer.
- Photo: Wayne Hiebert, The Ottawa Citizen / Marc Lamontagne emphasizes there are many different factors in calculating the cost differences between living in Ottawa versus Gatineau.

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