



Return postage paid
Canadian Home Builders' Association
Suite 500, 150 Laurier Ave. West
Ottawa, Ont. K1P 5J4



■ CHBA BOARD IN SESSION: It was told code fragmentation directly relates to consumer interests.

In the news

THE WORLD OF HOUSING TODAY



■ REVENUE MINISTER Keith Ashfield (centre) meets with the CHBA's Mike Cochren (left) and President Victor Fiume in Ottawa last month.

UNDERGROUND TAKES ITS TOLL

THE impact the underground economy is having on consumers and the residential construction industry was the focus of a meeting the CHBA had with National Revenue Minister Keith Ashfield in Ottawa last month. President Victor Fiume and Executive Board member Mike Cochren told Ashfield the renovation sector is being particularly hard hit by underground "cash" deals.

Under the \$30,000 small supplier GST threshold, all those engaged in the sector should be required to have a Business Number, they said. And the Canada Revenue Agency should undertake an evaluation of its efforts to deal with the underground cash economy, with an emphasis on successes, challenges, and opportunities.

The CHBA is also recommending a study be done of how other countries are dealing with their underground economies.

And a national Task Force on the Underground "Cash" Economy in the Residential Sector should be established, with participants from such key departments and agencies as CMHC, Natural Resources Canada, and the Department of Finance. This Task Force would also include consumer and industry representation.

ON THE CALENDAR

The Fall meetings of the CHBA's Board, standing committees, and councils will be held at the Marriott Hotel in Ottawa Oct. 21 to 24.

The CHBA's 68th National Conference will be held at the Fairmont Banff Springs Hotel Feb. 25 to 27, 2011.



'DISTURBING' TREND AWAY FROM NATIONAL CODE PROCESS

Fragmentation causing alarm

CANADA'S new home builders have growing concerns about the increasing fragmentation of building and fire codes as provinces continue to "do their own thing" in terms of building regulations, the CHBA's Spring meetings in Ottawa learned.

The issue came up at the Technical Research Committee, the Urban Council, the CHBA's Executive Board, and at the Board of Directors meeting.

Association representatives from across the country reported a disturbing trend of provincial — and even some municipal — governments moving away from the national code development process to create and enact building regulations on their own.

Growing risk

TRC Chair Rick Gratton said that in many cases, this takes place without proper analysis, research, or consultation, and represents a growing risk for both builders and consumers.

"We are worried that, in the rush to be the first jurisdiction to bring in new requirements, provinces run the risk of making costly mistakes," Gratton said.

"Code development is a complex process.

"Cutting corners in terms of the science can have disastrous conse-

quences, as we've seen in the past."

CHBA President Victor Fiume echoed the concerns expressed by many builders during the meetings.

"We are seeing a disturbing pattern where many provincial governments have decided to move ahead with energy efficiency and other requirements for new homes, without following the disciplined and science-based process that is reflected in the model National Building Code," Fiume said.

They compete

"At times, it seems that provincial politicians are competing with each other to see who can be the 'greenest' the quickest."

New home builders also discussed instances where new requirements in building codes and fire codes are inconsistent with one another, leaving them unable to comply with these conflicting regulatory requirements. There was a clear sense of alarm about such "ad hoc" Code development.

President Fiume said the CHBA has repeatedly warned against this unsound approach, because it holds unnecessary risks for everyone involved — code officials, municipalities, new home builders, and their customers. He said the CHBA's concern about code fragmenta-

tion is related directly to protecting the consumers' interests.

"A new home is a complicated product," Fiume said. "When we make changes to how we build homes, there is a responsibility to ensure that everything will work as intended, and that there won't be surprises down the road."

It was clear from the discussions at various CHBA meetings that members want ambitiously "green" provincial governments, and adventurous municipal councils, to be reminded of these risks — something the CHBA's President says will be a national priority in the months ahead.

The wrong way

"Flavor-of-the-month, ad hoc code development isn't the right way to do things," Fiume said.

"The greatest benefit from having a model National Building Code lies in avoiding costly mistakes and duplication. The national process is thorough, science-driven, open, and transparent.

"It was developed to ensure a disciplined approach, and provincial governments abandon it at their peril."

Fiume said it has been his experience that doing the right thing means doing it the right way.

"Provincial governments are well-represented within the na-

tional code development process, and have a lot of input into the model National Building Code," he said. "They have no reason to go the route of ad hoc Code changes."

Fiume said that while provincial officials may be well-intentioned in adopting new regulations without due process, the negative impacts can be long-lasting.

They include increased costs if differing provincial requirements make it more expensive for equipment and appliance manufacturers to service smaller markets.

It's not slow

While some may perceive the national code development process as unresponsive and slow, a recent CHBA report shows that this is not the case. Citing the example of new radon requirements, which were developed and implemented on an urgent basis, the report demonstrates that the national process can move expeditiously.

"Having public officials in a number of provinces working separately on the same issue can mean a lot of duplication and reinventing the wheel," Fiume said. "We need to use resources wisely and pool our expertise into the national code development process, to everyone's benefit."

Tech talk

NOTES FROM THE TECHNICAL RESEARCH COMMITTEE

National radon check continues

HEALTH CANADA representatives updated the spring meeting of the CHBA's Technical Research Committee on their National Radon Strategy. The agency said it has completed the first phase of its survey which included about 9,000 homes in all regions of the country, and results are expected to be released this summer. As expected, the finding will show that some areas are more "radon rich" than others, they said, but all homeowners should have their homes tested. They said mapping based on aerial surveys of uranium deposits is continuing, but they are concerned that residents of lower risk areas could interpret such maps as reason for complacency — "which would be unfortunate." The TRC was told a new technical guide to remediation is expected to be released this summer as well.

NATIONAL ENERGY CODE UPDATE

THE TRC also received an update on the status of the model National Energy Code for Buildings — a totally revised document that will be the subject of public consultation this fall and then published in 2011. A representative from the Canadian Code Centre told the TRC the new approach uses six climate zones, and within each there will be a single set of requirements regardless of fuel type, the type of occupancy, and type of construction assembly. The CHBA has told the Canadian Commission on Building and Fire Codes it is very concerned that the aggressive requirements for thermal insulation will force builders to use wall sections and other details that are largely untried, and that has potentially serious consequences. Based on the information provided to date, the CHBA says, it is very difficult to discern the impact of the proposed new code on construction costs. The CHBA is calling on members who build large multi-unit structures to begin preparing for the public consultation because much is at stake.

CODES AND ACCESSIBILITY

ACCESSIBILITY was a prominent theme at the TRC Spring meeting. The Committee was told it represents a growing market opportunity that can bring very positive recognition to builders prepared to make the investment in these clients. In the meantime, the TRC was told, provinces seem compelled to try to outdo each other in imposing code requirements. The TRC's builder members noted that when it comes to houses, the key decisions regarding accessibility are made at the sub-development stage which can be as much as five years before builders become involved. The TRC has identified the need to consolidate information on provincial plans to increase accessibility requirements in the provincial building codes.

WINDOW INSTALLER CERTIFICATION

A REPRESENTATIVE from the Canadian Standards Association provided an update on its initiative to create a certification program for window installers. The Canadian Window and Door Manufacturers' Association is supporting this initiative to improve the performance of windows in place and to reduce the potential for confusion on whether a performance problem is caused by the product itself or its installation.

SPRINKLER STUDY

A NEW study is underway to determine the impact sprinklers have on death, injury, and property losses by comparing communities with and without sprinklers. Altus Group is doing the study for the Canadian Code Centre.



The National is published quarterly by the Canadian Home Builders' Association as a service for its members. Funding for the Marketing Today section is provided by Canada Mortgage and Housing Corporation. Opinions expressed in The National are not necessarily those of the CHBA or CMHC. Contents may be reproduced in whole or part, but a credit would be appreciated. Address correspondence to The Editor, c/o CHBA, Suite 500, 150 Laurier Ave. West, Ottawa, Ont. K1P 5J4. Telephone (613) 230-3060. Fax (613) 232-8214. E-mail: chba@chba.ca

CHBA President: Victor Fiume

Chief Operating Officer: John Kenward

Photographer: John Bos

Printed on recycled paper

How to deal with urban planning

URBAN sprawl in North America is not the product of market forces reflecting consumer demand, the Spring meeting of the CHBA Urban Council was told.

Rather, it is actually the result of alternative forms of development being actively "zoned out" by public policies, Dr. Jonathan Levine of the University of Michigan's Urban Planning Program said.



LEVINE

Dr. Levine outlined two contrasting models of urban planning and land-use regulation that he called "public planning" and "privatized planning" — both adapted from dominant systems in continental Europe and England.

The approach

"The former approach asserts the public interest in health, safety, and environmental protection, and regulates de-

velopment from the top down," Dr. Levine said.

"Developments typically proceed then as a matter of right.

"Infrastructure financing is obtained from general taxation revenues."

Dr. Levine said "privatized planning" favors negotiated agreements about how land is to be used once over-all zoning is in place, and approves developments that emerge from these negotiations.

NEED NEW RETROFIT INITIATIVE, GOV'T TOLD

Valuable opportunity for new energy efficiency program

WITH the announced wind-down of the ecoENERGY Retrofit — Homes Program, the federal government has opened the door to a new initiative that can be even more successful, a House of Commons Standing Committee was told by the CHBA.

Given that only about 5% of all homeowners have arranged for the energy evaluation required for eligibility under ecoENERGY, "a very significant potential for further improving the energy efficiency of existing homes remains, and this is a valuable opportunity that a new federal program should address," according to CHBA President Victor Fiume.

Fiume delivered this message during an appearance before the House of Commons Standing Committee on Natural Resources this Spring. The Committee was holding hearings on the suspension of new applications for the current ecoENERGY Retrofit grant program.

"The ecoENERGY Retrofit — Homes program has been very popular with Canadians," Fiume told the Committee. "It has been a real success and played an important role in improving the energy efficiency of existing homes, and we need to build on that going forward."

Fiume outlined the Association's recommendations concerning new directions the federal government should consider over the coming year.

"It is the CHBA's view that the experience gained through the ecoENERGY program provides a valuable opportunity, and a great foundation, upon which to develop new initiatives to further support improvements in the energy performance of existing housing," he stated.

He also noted that any new initiative should reflect, "the importance of the house as a system —



DIANE FINLEY, federal minister responsible for Canada Mortgage and Housing Corporation, meets with CHBA's leaders in Ottawa this Spring. President Victor Fiume (left), First Vice-President Vince Laberge, and Past President Gary Friend (right) briefed Finley on the state of the residential construction industry.

so that energy efficiency improvements take into account ventilation and moisture flows within a home, to ensure comfort and durability."

Fiume pointed out that the CHBA, "understands that Natural Resources Canada has evaluations under way that will provide a comprehensive picture of the impact of the ecoENERGY Program." He expressed the Association's hope that,

"a new, follow-on initiative that builds on the success of ecoENERGY will be included in next year's federal budget."

In his remarks to the Committee, Fiume pointed to the key role the renovation sector has played in making ecoENERGY such a success.

"Renovators have fully embraced the Program," he said.

"Home energy retrofit

activities have delivered significant environmental results. In relation to energy use and greenhouse gas emissions, the residential sector is very much a leader in Canada, outperforming virtually all other sectors," Fiume noted.

"This record of success owes much to federal actions and initiatives. These have helped to inform Canadians about the importance of energy efficiency, and provided them with assistance in taking action. Perhaps equally important, these initiatives have helped to build capacity within our industry."

Speaking to the need for timely development of a follow-on to the ecoENERGY Retrofit — Homes program, Fiume stated that, "the CHBA sees a real opportunity to set Canada on an even stronger path when it comes to future directions for the energy efficiency of homes, particularly existing homes."

"Today, within our industry, what is good for the environment is well aligned with what is good for our economy, and for the health and well-being of Canadians," he concluded. "We have a very solid foundation to build upon, and we need to build on this capacity."

'Go green' efforts supported

MEMBERS of the CHBA's Manufacturers' Council are committed to supporting renovators and new home builders in their efforts to "go green," the Spring meeting of the CHBA's Board of Directors was told.

Such efforts need to be tied closely to the systems and products used in home construction.

There are many places to turn to for information on products, the Council says, but there is one place that now provides a one-stop portal to in-



MANUFACTURERS' COUNCIL in session. It will support builder and renovator efforts to "go green."

formation on green building products and practices. That is the Council's website at www.chbamakers.ca/green where new

home builders and renovators can access valuable resources including the federal Competition Bureau's Environmental Claims Guide.



■ ACCESSIBILITY is a key feature of CMHC's FlexHousing concept.

Marketing TODAY

A NATIONAL section reporting on the CHBA's National Marketing Committee

CMHC LOOKS BEYOND RAMPS, GRAB BARS

Housing's move to accessibility

THE question of accessibility is of growing interest across Canada as the population ages, Canada Mortgage and Housing Corporation told the National Marketing Committee's Spring meeting in Ottawa.

And CMHC's Sue Ann Rothwell said that is where the Corporation's FlexHousing™ initiative fits in.

"At the most fundamental level, accessible housing is not only about ramps for wheelchairs or grab bars in the bathroom," Rothwell said. "Accessibility is about a design that is better for everyone."

It's easier

"While a curbless and stairless front door is most accessible for someone in a wheelchair, it also makes life that much easier for people with young children and strollers, or for moving appliances and furniture."

"So accessible housing is really about those small details that make life better, such as the width of hallways, or the height of switches and plugs. It is not about adapting a space so it looks like it is only



■ ROTHWELL

meant for someone in a wheelchair, but about creating a home that is just a better space for everyone."

Rothwell said CMHC has been involved in promoting the concept of accessible housing designed for easy and affordable adaptations so a house can suit the changing needs of its occupants.

"The main difference between FlexHousing and other concepts like barrier-free design is the notion of adaptability and being able to alter the home with minimal work and expense," Rothwell said.

"We have what we call the three As of FlexHousing — Adaptability, Accessibility, and Affordability."

They're easy

Rothwell said Flex homes are pre-designed for easy adaptation, whether through careful placement of windows and doors, or by planning ahead for the necessary support for grab bars.

Such homes are highly visitable and accessible from the start, she said, and are pre-designed for additional accessible adaptations.

The homes are affordable in several ways. They are meant to be adaptable so occupants can stay in them as long as possible, saving mov-



■ OFFICIAL OPENING of Flex House CMHC built in partnership with the City of Richmond, B.C. It was designed to adapt easily to the changing life style requirements of its occupants.

ing costs. As a family grows, spaces can be converted into additional bedrooms. And as children leave home, spaces can easily be converted into secondary suites for additional income.

"They are also affordable in the sense that, since the home is already highly accessible, there is less need for costly renovations should accessibility issues arise," Rothwell said.

"With respect to affordability, it is important when constructing a new home that something as simple as, for example, support behind the bathroom wall for grab bars is part of the design."

"Even if you don't want or need grab bars at the moment, having \$5 worth of wood behind the bathroom walls can save \$2,000 for ripping out tile to add a support if a bar is needed at a future date."

Rothwell said a 2002 study showed the cost of adding FlexHousing features to a standard house plan was about \$7,800. The cost to reno-

vate ranged from \$28,000 to as much as \$74,000 if an elevator is added.

She said CMHC has a series of accessible housing publications that covers both the high-level principles and the specific details.

They're useful

"These fact sheets are useful to builders and the general public when designing or modifying homes for accessibility," she said.

"The series explores a wide range of accessibility features, ranging from ramps to room layout to fire safety. And the fact sheets are available on our website for downloading."

Rothwell said the fact sheets provide images and options — together with dimensions — for ramps and other accessibility features.

They also provide information on the many considerations involved in designing space, such as flooring choices and traffic flow, together with best practices for kitchens that include "I never thought of that" innovations that can make a big difference.



■ KITCHEN DESIGN is a key feature of CMHC's FlexHousing™ concept. Careful thought is given to issues of maneuverability, and the height of counters, drawers, and switches. Fact sheets that spell out "I never thought of that" kitchen innovations are now available on the Corporation's website.



■ RAMP that doesn't look like a ramp works not only for people with disabilities. It makes life easier for everyone.



■ **THE WATERFRONT** on Lake Okanagan won last year's SAM for Community Development.

Call goes out for SAM Award entries

THE call has gone out for entries to the 2010 CHBA National SAM Awards, and members have been urged to start preparing their submissions now.

CHBA President Victor Fiume says the awards honor excellence and outstanding performance in new homes and renovation design, technology and construction techniques,

community development, and the marketing and sale of homes and communities.

"The SAMs pay tribute to the best in the business," Fiume says.

They inspire

"They are the companies and individuals whose outstanding efforts inspire Canadians to live the dream and savor home ownership to its fullest."

The competition is open to all CHBA new home builder, renovator, and developer members, and entry forms are available online at www.chabca.ca/SAMS. Deadline for submissions is Nov. 5.

The CHBA will present the awards at the CHBA National Conference in Banff, Alta., on Feb. 26, 2011.

ACCESSIBILITY NO LONGER A NICHE MARKET, BUILDERS SAY

The real benefit of barrier-free

BUILDING homes that are really accessible is more than just a good business opportunity, two new home builders say.

So it makes good sense for all builders to embrace the concept.

That was the story from Ontario builders James Bazely of Barrie's GreGor Homes, and CHBA President Victor Fiume of Oshawa's Durham Custom Homes. Both are enthusiastic advocates for accessible housing.

Surprising

"It is surprising how many builders have actually built accessible housing," Bazely told the Spring meeting of the National Marketing Committee.

"And you really should get on board with this concept — it constitutes about 15% of the new home market."

Added Fiume: "Why would you deliberately exclude 15% of the market? I have six homes I never would have sold had I not offered this option."

But both said there are right and wrong ways to handle the marketing of accessible houses.

"One of the common



■ **MARKETING COMMITTEE** in session. It was told it makes sense for all builders to embrace the barrier-free building concept.



■ **BAZELY:** "You should get on board with this concept."



■ **FIUME:** "Why exclude 15% of the market?"

traits," Fiume said, "is that they don't want people to know they have a disability. The wheelchair gives it away of course, but they want to be considered like everybody else.

"The barrier isn't them. It is us. "At the end of the day you need to ask some very difficult questions — like can you justify a \$35,000 lift for a three-year life expectancy?"

That's a tough question to put to any customer."

Fiume and Bazely showed pictures of typical barrier-free houses they have built and pointed out that from the front, they look like any other house. The difference is in how the interior is designed to take into account maneuverability issues.

They said the reality is that 15% of all Canadians have a disability, so building houses for them is no longer a "niche" market.

Good business

"It is a good business decision," Fiume said. "And it is the right thing to do for a company that prides itself on being a good corporate citizen.

"What's more, accessible features are a benefit for everyone, not just those with a disability.

"By building accessible housing, you make money at it, and you change somebody's life. That's very rewarding."

But Fiume said there are other benefits to the concept — including positive press coverage.

"The amount of press coverage we get when we open a new accessible house is amazing," he said. "It helps the credibility of the company."

Bazely said dealing with people who have disabilities does take more time.

"You have to work with them to determine their needs," he said.

"You can't build this type of housing on 'spec.' and hope someone will come by. It has to be tailored to the buyer's particular needs."

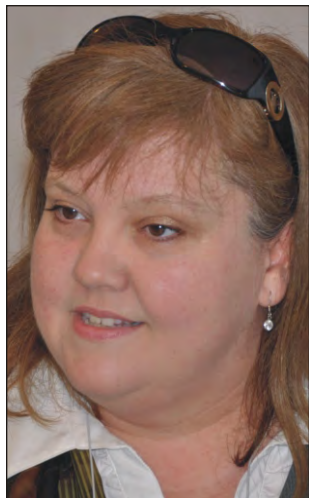
The big market for accessibility

PRODUCING accessible designs for housing is not as hard as people might think, a specialist in the field told the National Marketing Committee's Spring meeting in Ottawa.

And there is a growing market for such housing, Thea Kurdi of Designable Environments Inc. told the Committee.

"More than 4 million people in Canada have disabilities," Kurdi said. "That is about 15% of the country's population, or about one in every seven Canadians. That is one very big business opportunity.

"It is estimated that in the near future, people with disabilities will rep-



■ **KURDI**

resent 20% to 25% of recreation, retail, entertainment, workplace, and housing markets."

Kurdi said there is

more to disabilities than wheelchairs. Disability types include impairment of mobility, vision, hearing, cognition, speech, language, and dexterity. And she, herself, has a disability because she is obese.

"We tend to think of disability as a person in a wheelchair, but it is far more than that," she said.

"We need environments that allow us to function at every level.

"If you want to be a better builder, the numbers you should be looking at are things like the turning circle for a scooter, the maneuvering space at the main entrance door, and building access slopes."



Flashback to April's report on the new social media phenomenon. Now an update from an advertising expert in the field...

Revolution seen in new home marketing

SOCIAL media are in the forefront of a revolution in the way new homes are marketed, an advertising specialist says.

Interactive websites, blogs, chat rooms, Facebook, and Twitter are becoming the primary way to reach potential new home buyers, Myles Lawlor told the National Marketing Committee's Spring meeting.

So new home builders should get on the bandwagon now.

"Welcome to the revolution," Lawlor said. "You need a social media strategy, and you need it now. The Number One reason is reputation management.

"I want to know what people are saying about my clients. If there are any problems, I want them to tell me about them. You should be that way too. You need to know what your customers are saying about you and your company."

Take control

Lawlor said it all begins with the control of URLs (Uniform Resource Locators) or web addresses.

"The first step is to make sure you own all your corporate and personal URLs," he said. "Anybody can buy them. If they buy yours, you are out of luck. This is called protecting your assets."

The second step, Lawlor said, is to optimize the company's social media presence.

"You can use social media to push your rankings up — to drive more traffic to your website," he said. "It's open, it's out there, and people can say whatever they want about you. You need to know all about that.

"Also, social media is not paid, it is free. But forget free. Nothing is free, including this. You need staff time to produce the content, to prepare it properly, and to post it. That takes time and money.

"You should work your assets. Show your model suite pictures on line. Publish your story. Use renderings, photos, and all that."



■ **LAWLOR:** "You need a social media strategy, and you need it now."



■ **ERC IN SESSION:** It was told that although the recession is over and markets are beginning to return to more balanced conditions, it is a time for caution.

'THE RECESSION IS OVER,' ERC TOLD

Economists see time for caution

THE recession is over and housing markets are beginning to return to more balanced conditions, said economists reporting to the CHBA's Economic Research Committee spring meeting in Ottawa. But it's a time for caution.

The wide range of forecasts presented at the meeting point to uncertainty.

"The range in forecasts is surprising considering we're well into the first half of the year," said ERC Chair Peter Greenwood. "Moving forward, the theme for new home builders and renovators should be 'lots of vigilance'."

Dr. Peter Andersen told the Committee the current decade would be very different from previous decades. But he continues to be optimistic about the future.

Replaced

He said that about 70% of the jobs lost in Canada during the economic downturn had already been replaced. Strong consumer spending and confidence were behind his forecast of 210,000 starts for this year, and he said he would "not be surprised" if the numbers top 200,000 for 2011.

"Deep recessions lead to deep recoveries," Dr. Andersen said.

"We are into a long-term situation. Interest rates have been amazingly low, and although the Bank of Canada is poised to raise them, they will still be housing friendly. Markets will be adjusting back to a more normal situation.

"We don't need emergency monetary policy, because the emergency is past. A move on rates is not a threat; mortgage rates will still be incredibly low."

Low interest rates also mean low debt-service ratios, the Committee was told. Canadian



■ **ANDERSEN:** "Deep recessions lead to deep recoveries — we are in a recycling mode."



■ **DUGAN:** "Debt levels are high, but the burdens are not."

households are in good financial shape with increasing asset values and net worth.

Peter Norman, Senior Director of Economic Consulting at Altus Group, told the Committee he takes a "cautionary" view of the future.

"It is true the housing market has been improving markedly recently," Norman said.

"And housing starts, at 200,000 units in the first four months, are more than we expected going into 2010. The pace of the recovery has been surprisingly strong.

"Looking back, it may not be so surprising.



■ **NORMAN:** "Think about the effect of sales pulled forward from later this year and early next."

There has been a lot of stimulus for housing. The low interest environment fueled sales early on.

"The pricing environment was very stimulative in late 2009, which is motivating the high starts now. One of the things we need to put a lot of thought into is the sales that were pulled forward into late 2009 and early 2010 from later this year and 2011.

"Some of the buyers were pent up from the recessionary period, but that doesn't explain why the pace of housing sales rose so quickly.

Urgency

"Whether the Harmonized Sales Tax or new mortgage rules are going to have a big impact on housing prices and demand or not, I think it seems pretty clear in many consumers' minds that there is urgency to buy in advance of these changes coming on line.

"If that's the case, [the buyers] who got into the market early in the year will not be there later."

Norman said he thinks new housing will respond to interest rate changes in the year ahead.

"I see a slowdown in the second half of the year," he said.

"On an annualized ba-

sis, I expect starts to dip down to 150,000 late this year and early in 2011. That puts me in the range of 170,000 to 175,000 — the bottom end of the range — and I do not see activity continuing at the same pace as the first four months of the year."

Bob Dugan, Chief Economist at Canada Mortgage and Housing Corporation, told the Committee housing starts rebounded in the second half of 2009 and he expects them to move back in line with demographic requirements.

"We expect housing starts to be about 169,000 [annualized] units in the fourth quarter of 2010," Dugan said.

No threat

It is unlikely that increasing mortgage interest rates will constitute a significant threat to mortgage holders, Dugan said. Income growth will more than compensate for increases in mortgage payment amounts that could result from an interest rate increase.

CMHC's forecast range was from 200,000 to 166,900 for 2010, and from 209,000 to 148,600 for 2011.

"CMHC's point forecast for this year is about 182,000 units," Dugan said. "Next year, demand should moderate to 179,600."

The point forecast was obtained from "top-down" modeling, while the range was determined through a "bottom-up" approach combining "on-the-ground" regional forecasts with other data, and using alternate economic scenarios.

Dugan said he expects the housing resale market to moderate through the remainder of this year and into 2011. That, and more balanced markets, should lead to a modest growth in average prices.

THE Bottom line

HOUSING AND THE ECONOMY IN BRIEF

The provinces offer a positive view

THE economic picture was generally positive in provincial HBA reports tabled at the CHBA's Economic Research Committee Spring meeting in Ottawa. Extracts:

NEWFOUNDLAND AND LABRADOR: Despite moderately lower housing starts early in the year, there is continued strength in the residential sector and it is expected to continue into 2011 and beyond. The housing construction industry continues to suffer from severed shortages of skilled labor. The first quarter resale market can best be described as "balanced."

NOVA SCOTIA: The province's Gross Domestic Product has been heavily affected by a 60% drop in energy exports, a decline in the auto sector, and a 15% drop in manufacturing shipments. Retail spending has actually increased and that has helped add stability to the marketplace. Consumers are expected to be more willing to spend because of low interest rates, rising income, and employment growth.

NEW BRUNSWICK: The province's housing sector is showing very positive signs for a strong construction season. Residential construction activity in large urban centres was strong during the first quarter, and total housing starts exceeded the pace set during the first quarter of 2009. Despite lingering economic uncertainty, the long-term outlook for New Brunswick remains positive.

ONTARIO: Provincial and federal stimulus spending is having a positive impact on Ontario's economy and financial markets have improved substantially. Some pockets of the province's battered manufacturing sector — including the automotive sector — are also showing signs of improvement and Ontario is now recovering from the recession. In the resale market, consumers have been taking advantage of historically low mortgage rates. However, the pace of resale activity is expected to ease as interest rates rise and pent-up demand recedes.

MANITOBA: Interest in the new home market remains high in the province. A combination of great weather, a rebounding economy, and pent-up buyer interest produced a record turnout of potential buyers for the 2010 Spring Parade of Homes in March. The CMHC forecast is for 4,800 starts this year — a 6.7% increase over 2009.

SASKATCHEWAN: Provincial housing starts have been growing. Continued immigration and economic growth, combined with an active resale market, indicate a steady year for the new home market in the province. As Saskatchewan continues to grow, the demand for appropriate housing types — including housing for low-income singles, students, seniors, and new entrants — will also continue to grow.

ALBERTA: The net inflow of people from other provinces is expected to drop this year. But Alberta's housing market has nonetheless started to recover. Influencing factors include affordability, pent-up demand, increased consumer confidence, and increased employment. Buyers are tentative and cautious and are prepared to downsize for location, fit, and finish.

BRITISH COLUMBIA: Despite several positive indicators for the economy, the province is in some turmoil, primarily because of the impending introduction of the Harmonized Sales Tax. On the positive side, the province is expected to be a leader in economic growth and housing starts this year.

HOUSING STARTS BY PROVINCE

	2006	2007	2008	2009	2010*
N.L.	2,498	2,325	3,261	2,900	3,120
P.E.I.	862	680	712	625	680
Nova Scotia	5,000	4,700	3,982	3,050	3,100
N.B.	3,959	4,250	4,274	3,285	4,000
Quebec	50,910	52,400	47,901	43,175	41,500
Ontario	78,795	67,700	75,076	45,000	58,800
Manitoba	4,731	5,750	5,537	4,000	4,900
Sask.	3,437	6,000	6,826	5,400	4,800
Alberta	49,000	47,750	29,164	16,132	25,000
B.C.	34,667	36,200	34,321	15,000	22,000
Canada	225,481	227,530	211,056	138,567	167,900

Source: Canada Mortgage and Housing Corporation
* CHBA Economic Research Committee May, 2010 builder forecast

Renovation TODAY

CRA FOCUSES ON UNDERGROUND ECONOMY

New campaign to stress perils

Getting ready for Renovation Month

TO HELP Local HBAs to get a jump on planning their activities for Renovation Month in October, the CHBA has posted this year's Renovation Month "kit" on the CHBA website.

Renovation Month is the first and only nationwide marketing campaign to focus exclusively on Canada's renovation industry. For more than two decades, Renovation Month has played a significant role in establishing renovation as a professional activity and positioning the CHBA as the voice of the residential renovation industry.

John Friswell, Chair of the Canadian Renovators' Council, said the centre of Renovation Month is the local HBA campaign, designed to inform the public about the many aspects of home renovation and encourage them to work with a professional renovator. "It's also hoped that renovators using social media will add Renovation Month materials on their Twitter and Facebook postings," Friswell said. "We're really hoping to expand the availability of our Renovation Month background articles to consumers by having our renovator members, and consumers, post materials using the social media links found on the CHBA website."

This year's "kit" includes Images, Guides and Backgrounders.

CONSUMERS in Atlantic Canada are the focus of a new Canada Revenue Agency marketing campaign that warns of the perils of dealing with the underground economy.

And the CHBA's "Get it in Writing!" initiative is a key component.

That was the story the Agency presented to the Canadian Renovators' Council's Spring meeting in Ottawa.

A model

It came from the Agency's Diana Favel and Allan MacDonald. Favel, who is with the CRA's High Risk Compliance Strategy Division, said the new pilot project, launched in Fredericton, will be used to test the feasibility and effectiveness of efforts to combat the underground economy.

"This is a major undertaking for us," she said.



■ CRA's Diana Favel (left) and Allan MacDonald: "Our efforts are aimed at catching underground economy operators."

■ DUPUIS

"We will use it to measure the effectiveness of various compliance activities to ensure we are using our limited resources to have the most impact."

"This campaign focuses on high non-compliance sectors and addresses specific known compliance problems."

Favel said the CRA's goal is to administer tax, benefits, and related programs to ensure compliance on behalf of governments across Canada.

"This is not just about administration of tax and GST," she said. "The reason for our existence is the economic and social well-being of Canadians."

"Our job is to ensure taxpayers meet their obligations and that Canada's revenue base is protected. We also must make sure that eligible families and individuals receive timely and correct benefit payments."

It's complex

"Complex laws are involved."

"We do not make the laws — we only administer them."

Favel said the Agency processes more than 27 million individual and trust tax returns each year, together with nearly 1.8 million corporate tax returns, of which about 95% are from small businesses with less than \$1 million in sales.

The processing has identified more than \$17.8 billion in non-compliance revenues.

The agency has five priority themes, Favel said, and the underground economy is at the top of the list.

Reno Mark makes gains

THE province of New Brunswick has signed on for the national RenoMark™ program, the spring meeting of the Canadian Renovators' Council was told.

Six provinces and 26 local markets are now enrolled in the program, Toronto's Building and Land Development Association President Stephen Dupuis told the Council.

Dupuis said the program is attracting great interest across the country.

"It has received great coverage this Spring in major Canadian newspapers — including a lead item in *The National Post*," he said.

"The focus of our advertising tells consumers to look for the RenoMark symbol — it's a sign they can renovate with confidence."

AND

HST makes it worse

THE combined federal and provincial sales tax that kicks in this month will be a "lethal" combination that will impose a huge tax burden on consumers in its province, the Ontario Home Builders' Association's Mike Martin told the Spring meeting of the Canadian Renovators' Council. The tax will increase the annual bill to home owners and rental housing investors by about \$757 million annually.

"A single 13% sales tax will shift more renovation and repair jobs from professional contractors to do-it-yourself work and into the underground economy," Martin said. "The current underground economy represents an estimated 37% of the total output of residential contractors in Ontario, or about \$5.2 billion. To mitigate the impact, both the provincial and federal governments should introduce permanent home renovation rebates for their portions of the Harmonized Sales Tax, and the rebates should go directly to consumers to encourage the collection of receipts from legitimate businesses."

INSPIRE

In today's marketplace, value, quality and services are simply expected. To stand out from the competition, you have to deliver dreams. You have to be driven by your imagination and skill. You have to create excitement and craft magic.

YOU HAVE TO INSPIRE.

The CHBA 2011 National Conference will explore what it takes to inspire. It will examine how you can harness the full potential of your business. It will focus on being the best you can be — unique and inspired. This is the key to enduring success.

So plan to be in Banff next February 25th to 27th for an inspiring Conference.

For more information, and online registration, please visit: www.chba.ca/conference

68TH CHBA NATIONAL CONFERENCE
THE FAIRMONT BANFF SPRINGS HOTEL
BANFF, ALBERTA

02
25-27
2011

