

Task group brainstorms reno energy policies

THE federal government's ecoENERGY Retrofit Homes program and Home Renovation Tax Credit, together with provincial/utility add-on incentives, have had a huge impact on the market for energy efficiency upgrades in Canada's existing homes. But with incentive funding fully committed, the big question is: How should we keep the positive market momentum going?

That was the focus of a CHBA Task Group meeting this month.

As CHBA President Victor Fiume says: "It's important that we get this right. New homes are already being built to high standards of energy efficiency, but they're only a fraction of the housing stock.

An impact

"The existing home market is where we need to be making an impact now."

The goal was to explore renovators' experience, to find out what works and what doesn't

and to discuss what this industry thinks an effective, cost efficient, co-ordinated, 'SMART government' approach should contain.

Two staff members from NRCan's Office of Energy Efficiency also attended the task group session as observers. Kevin Lee, director of the housing division, said he was very interested in hearing the renovators' discussions. "You can't get any closer to the marketplace than you guys," Lee said.



TASK GROUP: it discussed how governments can encourage home owners to keep investing in energy efficiency upgrades.

There is no question that the recent programs and the massive infusion of funds increased con-

sumer interest in and knowledge about upgrading their homes. Renovators' Council Chair John

Friswell said he saw a broad spectrum of home-
TURN TO PAGE 4

In the news

THE WORLD OF HOUSING TODAY

RED ALERTS ON ENERGY CODE

THE CHBA has given its members a series of "red alerts" about a proposed new energy code for large buildings. The Association challenged the proposed new requirements where justification was inadequate. As a result, the new requirements are more practical than they might otherwise have been. However, the Association says it remains very concerned that the new code is still too complicated and costly, and it has serious implications for the residential construction industry.

The Association has prepared a "roadmap" to help its builder and developer members navigate through the public consultation documents released this month. It provides an overview of the new code and describes steps members should take to assess their current practices on building envelopes and lighting.

B.C. SETS UP BUILDERS' INSTITUTE

A NEW institute has been set up in British Columbia to "raise the bar of professionalism" in the province's residential construction industry and protect B.C. consumers. Provincial Housing and Social Development Minister Rich Coleman says the industry set up the PBI (Professional Builders' Institute) in collaboration with the province in anticipation of further steps being taken to develop minimum education and training requirements as a condition of obtaining and maintaining a builder licence. Coleman said the independent body will include broad representation from the residential construction industry. It will provide services to B.C. Housing which is responsible for licensing residential builders.

CONSTRUCTION TRADES ISSUES

THE CHBA has asked the Forum of Labour Market Ministers to add to its agenda the issue of federal and provincial support of provincially-designated residential construction trades — those not covered by the "Red Seal" program. The Forum has been told that co-ordinated efforts to ensure occupational regulatory bodies comply with mobility are admirable. However, the federal government needs to expand its tax and other apprenticeship support measures to include all provincially designated trades.

ON THE CALENDAR

THE CHBA's 68th National Conference will be held at the Fairmont Banff Springs Hotel Feb. 25 to 27, 2011. The Annual Meeting of Members will be held on the morning of Feb. 25. Plan to attend.



REPORT URGES NEW APPROACH BY MUNICIPALITIES

How to finance infrastructure

By **PETER NORMAN**
 Altus Group

DO CANADIANS need a major rethink on how municipalities finance infrastructure? A forthcoming report by Altus Group says: "yes!"

Canadian municipalities say they seek new tools to finance basic urban infrastructure and to close what some groups have described as a growing infrastructure gap. Municipalities are increasingly turning to development charges, for example, which rose from about 10% of municipal direct investment in infrastructure in the mid 1990s to more than 25% in 2007.

It failed

But this "new tool" has been a failure, says the Altus Group report, and it is time for governments to return to a tried and true "tool" — tax supported long-term infrastructure debt financing.

Recently, the OECD praised Canada as its public debt burden declined from the second highest to the lowest among the G7 countries. But this reduction in public debt is largely an illusion. The governor of the Bank of Canada has raised the alarm that growing household indebtedness in Canada (nearing 150% of income)



NORMAN

is making households more vulnerable to macroeconomic shocks.

Is there a connection between development charges at the municipal level, reduced public sector debt and increased household indebtedness? There most certainly is.

Debt transfer

Development charges and other such tools are simply transferring public sector debt on to the household sector. Development charges are stifling economic development by eroding housing affordability and the increased debt load is putting households at greater risk of default.

The report highlights the importance of investing in basic urban infrastructure. Basic urban

infrastructure brings benefits to both present and future generations and supports social and economic development and prosperity across the entire community.

New and upgraded basic urban infrastructure benefits the entire community and delivers its benefits during a very long time period. Ideally, the costs associated with such an investment should be borne across the entire community and should be spread out to match the productive life of the infrastructure. Municipalities can best accomplish this through traditional debt financing.

By contrast, the growing reluctance of municipalities toward debt financing, while at the same time rapidly increasing reliance on development charges, has led to both an apparent under-investment in infrastructure while making a major contribution to the increased debt load carried by households.

Canadian municipalities have the capacity to make greater use of low-cost public sector debt to finance basic urban infrastructure projects. However, the cost and availability of debenture funding remain as obstacles, as does an apparent aversion to debt among local politicians.

The federal and provincial governments can play an important role in addressing these obstacles by providing pooled debentures financing tools. Pooled borrowing involves government issuing debt in financial markets on behalf of local governments to finance local infrastructure needs.

Pooled borrowing allows municipalities to secure debt financing generally at lower rates (due to the provincial guarantee), through a team of professional financing experts, and within a framework that ensures borrowing responsibility.

A long history

There is a long history of pooled debenture programs in Canada, although existing programs operate on a relatively low scale and are often too focused. In 2009, the federal government established the Municipal Infrastructure Lending Program, through the CMHC, to lend money to municipalities. This temporary measure was part of the federal economic stimulus budget.

To date, only a minority of the \$2 billion allocated to this measure has been committed, which attests to the continued aversion to debt

CONTINUES

Policy paper on water heater efficiency

IN A policy paper released in June, the federal government laid out plans for raising the minimum requirements for energy efficiency for domestic water heaters. This was to involve levels of efficiency in storage tank gas water heaters by 2016 that do not currently exist. Following concerted action by the CHBA and the Canadian Institute for Plumbing and Heating and the Canadian Gas Association, the federal government has agreed to more realistic targets and a longer time table. A public announcement is expected later this year.

NATIONAL BUILDING CODE

THE Task Group developing energy efficiency requirements for houses and small buildings for Part 9 of the National Building Code met in Ottawa this month. The group considered the recommendations of its various sub-task groups that had met during the summer and received a presentation of the results of a survey of current practices across the country. The task group will meet again in January, by which time the new requirements will have been prepared for review and approval by April 2011. There will be a public consultation in the fall of 2011 leading to the release of the revised Code in 2012.

2015 NATIONAL BUILDING CODE

THE Standing Committee on Housing and Small Buildings will meet in November to consider changes to the Part 9 requirements in a number of areas, including stair geometry and noise separation between units. It is expected that the long-awaited studies on sprinklers and on the safety of guards and balustrades will be available for that meeting.

New guide to contracts

THE CHBA has published a second edition of its Guide To Residential Renovation Contracts. Canadian Renovators' Council members contributed their experience and expertise to the project which incorporates the CHBA's Supplementary Clauses For Residential Renovation Contracts — formerly a separate documents that adds new topics like radon and hazardous materials.

A copy of the new publication has been sent to all CHBA renovators members and can be downloaded from the CHBA website.

Infrastructure

► continued

financing on behalf of municipalities, which needs to be addressed. The Altus Group report suggests that either current pooled debenture programs be expanded, or that additional, more broadly-mandated programs be instituted at either the federal or provincial levels.

Greater use of pooled programs to support municipal debt-financed infrastructure investment will be beneficial for local economic development. The elimination of development charges and other "pay as you go" schemes for basic urban infrastructure will improve equity. It will spread the costs out across the entire community that benefits from the infrastructure and economic development. It will also spread the cost more equitably over the productive life of the infrastructure.



The National is published quarterly by the Canadian Home Builders' Association as a service for its members. Opinions expressed in The National are not necessarily those of the CHBA. 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

Housing sector needs smart gov't

MORE and more people around the world have been looking into how to make government action in the economy more effective.

Several initiatives to improve government and reduce its negative impact have taken place with varying degrees of success.

Since the problem has not gone away and it remains a huge challenge, the CHBA has produced a paper called "Smart Policy Decisions: Implementing Smart Government in the Housing Sector."

CHBA President Victor Fiume says the paper describes the CHBA's recommended approach, which includes a series of steps.

"We're giving HBAs a model that can be helpful to them in their discussions with governments who may be open to change and reforming the way they deal with policies and issues," Fiume says.

The steps

Among the steps outlined in the paper:

- **APPROACH** issues as a team — no one group can see all the implications of policy proposals;
- **PREQUALIFY** and prioritize issues — make sure that there is a real problem and opportunity and assess whether government should take any action. If action is appropriate, confirm that it

- will support the market;
- **PROPERLY** analyze causes and potential solutions — If a problem is not defined properly, the solutions will not be appropriate. Be sure to assemble and provide knowledge and involve the right people in identifying and assessing options; and
- **IMPLEMENT** effectively — Look at the least intrusive and most cost effective options. The success of government actions and programs should be assessed on an ongoing basis. Proposals should include goals, targets and timelines to ensure accountability.

SINGLE THRESHOLD/FULL REBATE FOR NEW HOUSING

Three-point plan to fix the GST

HOUSING affordability has benefited from the reduction in the general rate of the Goods and Services Tax, the federal government has been told.

However, with rising house prices, many home buyers do not qualify for the full rebate because the rebate thresholds have been frozen at the same level since 1991.

In short, new home buyers are paying more GST than would be the case had the rebate thresholds been adjusted to reflect rising house prices. This has had a negative impact on housing affordability.

The answer, the CHBA says, is a three-point plan to deal with the issue. It appears in the Association's pre-budget submission presented to the federal government this Fall.

And President Victor Fiume says the submission makes a strong case for government action on the GST rebate thresholds.

A new model

"For many years," Fiume says, "the CHBA has been recommending that the federal government adjust the GST New Housing Rebate Thresholds in line with its commitment at the time the GST was introduced. If the rebate thresholds had been adjusted to reflect the increase in new house prices, they would increase from their current \$350,000-\$450,000 to \$535,000-\$690,000.

"Since the thresholds have been frozen for the last 19 years, the CHBA is recommending that the federal government adopt the rebate model for new housing that is being applied by the provincial governments of Ontario and British Columbia under tax harmonization.

It protects

"This model is designed to protect housing affordability through one price threshold.

"Below the threshold, housing would be taxed at a lower rate. The amount of the rebate at



■ Fiume: "The need for action on the GST rebate is now urgent."

the price threshold would be available to all housing priced above the threshold.

"This would achieve substantially the same result as the indexation of the current thresholds

for the new housing rebate."

Fiume says the purpose of the federal government's commitment to adjust the rebate thresholds was to protect housing affordability.

"With almost all new houses in many major centres now ineligible for the rebate," he says, "action to fulfill this commitment is now urgent."

To that end, the CHBA has three specific and interrelated recommendations for the federal government:

- **ADOPT** a single threshold/full rebate approach for the GST New Housing Rebate across Canada, and commit to review and adjust the threshold;
- **INTRODUCE** a permanent 2.5% GST Home Renovation Tax Rebate available to all home owners; and
- **TACKLE** the underground "cash" economy — both to raise government revenues and to protect consumers.

The submission says that when the GST was introduced in 1991, the federal government made a commitment to adjust the thresholds to reflect changes in housing prices, and thus to protect housing affordability. This has not happened.

Keeping politicians sharp

CANADA has entered an era in which governments remain ambitious even though they may not have much money, CHBA President Victor Fiume says.

"For the home building industry," Fiume says, "that's a formula for more government-imposed costs as politicians look for ways to deliver on their promises without having to pay the costs involved.

"Inclusionary zoning is a prime example of how governments are looking for new 'magic bullets' that let them meet the

needs of the entire community while using the mortgages of a small number of new home buyers to pay the bill."

Fiume says the CHBA is strongly opposed to inclusionary zoning because it is both unfair and ineffective.

Make the case

The Association is focusing on making sure that local Home Builders Associations are well equipped to make the case that inclusionary zoning is very poor public policy.

"Thus, when politi-

cians begin eying inclusionary zoning, and looking to our industry and our customers as a source of 'free money,' we need to keep them honest," Fiume says.

"In opposing inclusionary zoning, the CHBA is not ignoring the very real housing affordability problems that face low-income families and those with special needs.

"However, inclusionary zoning is ineffective at helping these families and individuals. Rather, real solutions, supported by the whole community are needed."

A time for real inspiration

Sessions to focus on business success

NEXT year's CHBA National Conference will be a source of real inspiration for the Association's members, Conference Chair Tom Cochren says.

The residential construction industry has changed, and that means real challenges for the CHBA's members.

"Value, quality, and service are expected in today's marketplace," Cochren says. "The idea of home has evolved. Today's consumers want a living environment that fulfills their lifestyle and expresses their aspirations.

"To stand out from the competition, you have to deliver dreams. You have to inspire.

"And that is what the 68th National Conference will be about."

The Conference will be held at the historic Fairmont Banff Springs Hotel from Feb. 25 to 27, 2011. Its theme — Inspire — will offer a lineup of leading edge speakers who will deliver valuable insights into future trends and directions that will shape the residential construction industry.

Cochren says that to inspire means creating excitement and crafting magic.

"It's built on listening to consumers and innovating," he says. "It's driven by your imagination and skill."

More than anything else, Cochren says, to inspire is to lead. It means creating a goal-oriented culture where everyone contributes to success. It also means harnessing new technology, products, and design to go beyond the conventional and offer the unexpected.

Build a team

"To inspire is to build a team that exceeds your customers' expectations," he says. "It also means adapting today's innovative communications technology and marketing methods to build new connections with customers.

"And that's what this Conference is all about. What's more we have a lineup of first rate speakers who will deliver the inspire message."

The Conference will begin with a "call to inspiration" from outspoken writer and broadcaster Rex Murphy.

"When times are most unsettled or anxious and when challenges come in unfamiliar shapes," Murphy says, "these are precisely the times to summon our deepest reserves of confidence. It is also the very occasion to call upon our more energetic sources of inspiration — to liberate our most powerful capacity."

Author and TV host Jeremy Gutsche will lead a session on "Exploiting Chaos" that will help delegates achieve great things even in times of economic turmoil.

"Chaos causes organi-

zations to retreat — but not always," Gutsche says. "Disney, CNN, MTV, Hyatt, Burger King, FedEx, Microsoft and many other major companies were founded during periods of economic recession.

"Dramatic change and simple evolution give birth to a new set of market needs. Identify those needs and you will enjoy remarkable success."

Innovative business leader Cameron Herold will talk about how to understand the emotional ride that comes with being an entrepreneur.

Ups and downs

"Being an entrepreneur involves intense emotional connections with your business," Herold says.

"There will be ups and downs — moments of inspiration and doubt — and if you know how to manage these transitions, it will give you new tools for managing yourself and your company.

"Regardless of whether or not you believe you will ride an emotional roller coaster running a business, you will. You have two fundamental choices: you can hold on and scream, or you can wave your hands in the air and have some fun.



Understanding the emotional ride that comes with being an entrepreneur is the key to making this choice."

Don Bell, one of the founders of WestJet, will

also lead a key session at the Conference. He will build on the lessons that made WestJet one of the world's most successful airlines, and focus on ideas that can be adapt-

ed to any business enterprise.

Says Bell: "When you win the hearts and minds of your people, they can deliver amazing results — from improved

productivity, to better quality, to memorable and authentic customer service.

"Common-sense people management starts at the top. When business leaders put employees first, everything else follows. But you need the right people, in the right place, and they need to know where the company is going."

Cochren says Conference delegates will want to take in the traditional economic session which will discuss emerging opportunities for housing.

But Cochren says the Conference won't only be about business.

"Social aspects have not been forgotten in putting together the Conference program," he says.

The culture

"You will want to be part of the Welcome Reception where we will celebrate Banff's heritage and culture.

"And you will want to be part of the excitement of the 2010 CHBA National SAM Awards — the home building industry's premier annual celebration of renovation and new home achievements and marketing excellence across Canada."

Cochren says "disco fever" will be the theme for Housing Night In Canada which will celebrate the industry's accomplishments.

And the Conference will wind up with the President's gala, celebrating outgoing President Victor Fiume's year of office.

"The 2011 National Conference will explore what it takes to inspire," Cochren says. "So plan to be in Banff next Feb. 25 to 27."

CHBA National Awards:



Recognizing Commitment & Celebrating Excellence

Across the country, committed industry volunteers are driving our Association forward. The CHBA's National Awards Program recognizes members who are making things happen through their outstanding service and accomplishments.

CHBA National Awards also recognize the accomplishments of provincial and local HBAs that deliver real value through services to members.

Contact your local Home Builders' Association or visit the Members' area of www.chba.ca for information. The deadline for entries is December 17, 2010.

Join the celebration of excellence at the Awards Ceremony at the 2011 CHBA National Conference in Banff, Alberta.



Task group brainstorms reno energy policies

► *continued*
owners using this, including first time buyers.
“And the mentality of ‘waiting until the furnace dies’ has been broken for sure,” he said.
“There were problems with the recent programs (no central source of information about the full range of incentives available in each province, was one big one), but

they resulted in energy improvements in at least one in every 20 homes in Canada.

“Now, we need to reach out to the other 19.”

Key messages

The brainstorming sessions produced some key messages and suggestions. For example:

- Future policies should be co-ordinated to build on

proven strengths, using the power of the market and current effective delivery mechanisms;

- Consumer incentives will still be needed in the short term, although the goal should be to reach the point where government moneys are not needed for people to do this themselves;
- Governments should con-

tinue to invest in the infrastructure needed to get to that point, such as the “next generation” of the EnerGuide Rating System. As Fiume said: “What we need to create is a credible process that people see and understand, where they will make their decisions based on solid evidence, as the culmination of all the other

elements (education and training, marketing, technical and delivery processes) coming together.”

- For example, the group suggested there should be a credible, continuous, national education and training program supporting energy efficient renovations. This would include Internet-based training for

consumers — possibly with an element where they could access their own home evaluations and research and compare options.

- There would be more formal programs for renovators and trades, with a mix of classroom and web learning, following recognized trades or based on successful initiatives such as the R-2000 program. As well, there should be more structured training and accreditation for energy evaluators, to ensure that the vital third party ERS certification process remains both reliable and independent.

Programs

- Marketing by program partners has been a big part of the success of recent initiatives. Ongoing efforts are needed to promote the information available, the training and any certification programs that can help consumers find skilled, knowledgeable people. The messages should be simple, and co-ordinated. Information for consumers must be clear, precise and support consumer choice.

- On the technical side, a long-term commitment to research and development is needed. To encourage innovation, regulation should only be used as a last resort.

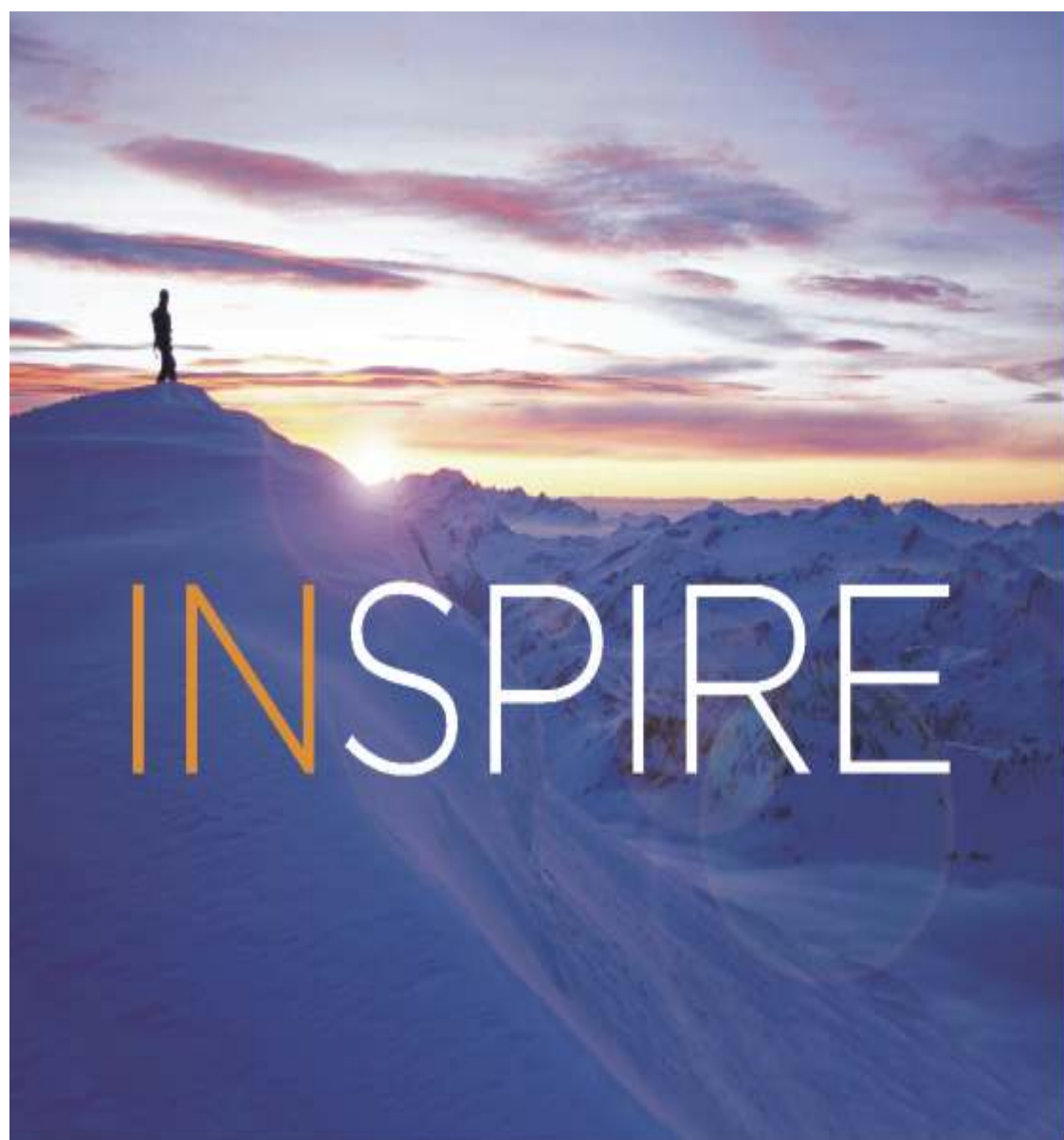
- Processes must encourage partnerships among all groups involved, to ensure co-ordinated delivery and effectiveness. SMART government principles must be applied to keep fragmentation at a minimum and maximize continuity.

The task group discussions will be used as the basis for a CHBA policy paper and discussions with government.

Review

In its 2010 budget, the federal government indicated that it would be reviewing its energy efficiency programs and making decisions about future directions.

It is anticipated that the federal government will introduce a “next generation” of eco-ENERGY initiatives, but the scope and nature of such initiatives has yet to be determined. Decisions are expected in concert with the next federal budget in 2011.



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

