

Pre-budget submission focuses on affordability

|| MORE needs to be done to support housing affordability, the federal government has been told.

Several tax policy issues need to be addressed.

And federal investment in infrastructure should be aimed at sustaining urban growth, rejuvenating services to existing built-up areas, and reducing financial pressures on new home buyers.

That's the core message of the CHBA's pre-budget submission tabled with the federal government last month.

Action on housing affordability and choice is needed now.

The submission says the CHBA strongly supports the government's commitment to reduce the Goods and Services Tax by a further 1%, and urges the government to bring this reduction forward in the next Budget.

More must be done

"However, more needs to be done to support housing affordability and choice across Canada, the submission says. "In this regard, there are

several tax policy issues on the CHBA's agenda with the federal government."

Among those issues:

- With almost all new houses in several major centres now ineligible for the GST rebate, it is urgent that the federal government act on its commitment to adjust rebate thresholds to take account of increases in new house prices.
- The definition of "substantial renovation" should be expanded to encourage renovation work, and to en-

courage home owners to hire professional contractors.

- The Contract Payment Reporting System should be replaced with an effective regulatory approach to the underground economy. As well, all firms and individuals in the construction industry should be required to register for a Business Number, even if they wish to take advantage of the GST exemption for companies that operate below the

\$30,000 annual sales threshold.

- Rental housing should be zero-rated — the GST paid by businesses investing in rental housing should be refunded.
- Capital gains tax and recaptured depreciation on the sale of rental housing should be deferred when the proceeds are reinvested in new rental housing projects.
- The deductibility of land carrying costs should be restored.

In the news

THE WORLD OF HOUSING TODAY

REPORT ON APPRENTICESHIP

RECENT changes to apprenticeship training in some provinces are the focus of a new CHBA study released this month. The goal is to provide information that will help the Association identify steps that can be taken to accelerate the pace of positive change in training the skilled people the residential construction industry needs.

PAUL GRAVELLE RETIRES

AFTER 22 years with the CHBA, Paul Gravelle (pictured below) has announced his retirement as National Co-ordinator, Education and Training effective Oct. 31. "It has been a very rewarding experience to participate in the evolution of our industry and to have worked with many volunteer members from across the country," Gravelle said. CHBA Chief Operating Officer John Kenward said Gravelle's contribution will be missed. "Paul's dedication and service throughout the years has made a big difference when it comes to our industry's training programs and approach to human resource development," Kenward said. Jack Mantyla, currently the CHBA's Co-ordinator for the R-2000 Initiative, has been appointed as Gravelle's successor. Mantyla has been with the CHBA for six years and worked for nearly nine years previously with an consulting engineering firm based in Ottawa.



RENOVATION MONTH PLANS

OCTOBER is Renovation Month and many local HBAs will have special activities planned to draw attention to the importance of working with a professional renovator. Home Hardware Building Centre, Genworth Financial Canada, RBC Royal Bank, and Delta are on board as sponsors for this year's campaign.

ON THE CALENDAR

The Fall meetings of the CHBA's Board, standing committees, and councils will be held at the Marriott Hotel in Ottawa October 25 to 28. The 19th annual Executive Officers' Council Professional Development Forum will be held at the Fairmont Hotel Vancouver, November 14 to 17. The CHBA's 65th National Conference will be held at the Fairmont Chateau Whistler in Whistler, B.C., April 4 to 6, 2008. The Annual Meeting of Members will be held the morning of Friday, Apr. 4.



GOVERNMENT TOLD UNFAIR TAX WINDFALL PENALIZES NEW HOME BUYERS AND IMPACTS AFFORDABILITY

Time to update GST thresholds

THE federal government's thresholds for the Goods and Services Tax rebate on new housing are in dire need of update, the CHBA says.

Failing to do so gives the government a tax "windfall" that grows larger every year.

What's more it is also patently unfair and contradicts promises made when the GST was introduced in 1991.

CHBA President Richard Lind, picking up on the issue in press interviews this month, said the Association recently commissioned new research to calculate the current extent of this unfairness.

It's a real eye opener

"The results are a real eye opener," Lind said.

"If the rebate thresholds had been indexed to reflect the government's own New House Price Index, the reduction threshold for the rebate in 2007 would only affect homes selling for \$490,000 or more, and the rebate would be fully eliminated only for homes selling for more than \$630,000.

"This is a far cry from the current rebate threshold range of \$350,000 to \$450,000."

Lind said that in terms of extra GST collected from new home buyers, the numbers are significant.

"Our research determined that, during 2007,



■ LIND: "Failure to index the GST rebate thresholds is patently unfair to new home buyers."

lack of indexing will cost home buyers an extra \$275 million to \$285 million," he said.

That's a lot of money

"That is a lot of money. And given that most of this sum will be financed through mortgages, the true cost to consumers will be much higher.

"Also, it represents a significant negative impact on housing affordability. It means young people who would otherwise be able to purchase a first home may be shut out of the market."

Lind said the CHBA will continue its efforts to get the federal government to live up to promises made to index the GST rebate on new

What it has cost the consumers

|| CONSUMERS have paid about \$250 million more in GST than they would have had the GST rebate for new homes been indexed this year, new CHBA research shows.

The research assumes that the thresholds would be indexed based on the New House Price Index which rose by 40.7% between 1991 and 2006.

It also assumes that the new thresholds were introduced on Jan. 1, 2007. On that basis, the 2007 thresholds would be \$490,000 to \$630,000.

The research was commissioned to give the CHBA evidence to use when it sits down to talk tax issues with federal Finance Minister Jim Flaherty.

homes. It is a matter of principle, he said, but it is also a very practical issue.

"The federal government can reduce the cost Canadians pay for new homes by more than \$275 million this year, simply by doing the right thing," Lind said.

"During the coming months, the CHBA will make certain that federal policy makers are reminded of this fact, clearly, and frequently."

Tech talk

NOTES FROM THE TECHNICAL RESEARCH COMMITTEE

New research on metal fasteners

THE CHBA has agreed to participate in a research initiative managed by the B.C. Homeowner Protection Office to determine the conditions that impact long-term performance of metal fasteners and connectors when used with wood treated with alkaline copper. The work will include both field and laboratory research to help determine the impact of exposure, wood species, incising, and prior moisture content on performance.

CONCRETE

THE CHBA is represented on the CSA Technical Committee responsible for the residential concrete standard (CSA A438). This committee has concluded that the standard has not proven to be an effective way for improving installation practices. The likely result will be to drop the standard and include these requirements in the main concrete standard (CSA A23.1). The National Building Code Standing Committee on Houses and Small Buildings would then have to determine how best to reference minimum requirements.

CANADIAN ELECTRICAL CODE REVIEW

THE CSA has recently announced its intention to implement a public review stage to the development process for the Canadian Electrical Code as recommended by the CHBA. The CSA may also include cost information as a requirement for proposed code changes, another recommendation from the CHBA.

ENERGUIDE 80 POLICY PAPER

A NUMBER of provinces are considering mandating a rating of 80 on the EnerGuide scale for code compliance. The CHBA has produced a policy paper that outlines reasons why EnerGuide is not suitable for this purpose. The paper is available in the members' area of the CHBA website.

SURVEY COVERS SIDE WALL CONSTRUCTION

ANTICIPATING changes to the National Building Code, the CHBA surveyed its builder members about construction practices for side walls near lot lines. The survey found that vinyl appears to be the most commonly-used cladding with almost 40% of respondents saying they use it on the side walls of most of the houses they build. Brick is used on the side walls of the majority of houses built by 20% of the builders, while wood and stucco come in at about 10%. It is far more likely to find vinyl being used in the Atlantic Provinces and Alberta than elsewhere. On the other hand, stucco is far more likely to be used in Manitoba and Saskatchewan. When vinyl is used on side walls, it is installed two-thirds of the time. Builders estimate that 30% of the time their vinyl-clad side walls are within 1.2m (4'-0") of the lot line.

NEW CODE OBJECTIVES

THE Canadian Commission on Building and Fire Codes and the Institute for Research in Construction have agreed to update the Model National Energy Code for Buildings as a progeny document. This process will take about four years. The CHBA will take part in the work of the new standing committee now being formed. The provinces have asked the CCBFC to consider adopting a new objective for Water-use Efficiency.



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Campaign makes point with MPs

|| A NATIONAL campaign to focus the attention of politicians on housing issues is working, the campaign's Chair says.

Successful meetings have been held with MPs right across the country, and the results have been "positive."

Details on how well the Summer MP Campaign went came from CHBA First Vice-President and Campaign Chair John Hrynkow.

He said: "As the campaign winds down, it is evident that we have made our mark."



■ HRYNKOW: "The government is clearly paying attention."

"The government is clearly paying attention to housing concerns."

"I have written directly to all the local and provincial HBA Presidents who have priority MPs in their areas to stress the importance of making our case as vital policy decisions are under consideration."

Opportunity

"There is still plenty of opportunity to contact and arrange meetings with MPs, most of whom now have holidays and caucus retreats behind them."

Hrynkow said the CHBA National Office has initiated a second round of the process of reaching out to MPs in Quebec, Prince Edward Island, and the northern territories.

"Estimates of the housing industry impacts on provincial economies have been sent to all provincial HBA Presidents," he said.

"These have been published by CHBA-Alberta and distributed to the media by CHBA-BC. CHBA-Saskatchewan has also acknowledged their value."

SPECIAL TARGETS TOUTED FOR NEW HOUSING

'Chaos' seen in new radon rule

PLANS to require lower levels of radon in new homes could cause "chaos" in the residential construction industry, the federal government has been told.

New limits for radon adopted this spring are adequate to deal with the issue, the government has been told.

And the CHBA is keen to work with the government to educate consumers about radon and its perils. But moving away from limits previously agreed on by consensus is not a good idea.

The radon limit agreed on earlier this year is 200 becquerels per cubic meter.

But a posting on the Health Canada website invites comments on cutting the target limit further to 100 Bq/m³. And that's going too far.

Protest

So the CHBA has responded to protest the proposal.

"The CHBA is against creating a lower target for new construction," the CHBA says.

"With the new safe limit for all houses set at 200Bq/m³, there will be a lot more testing done in recently-built houses, and the industry will be better able to assess the effectiveness of currently-prescribed measures."

"To require the lower level without knowing how to achieve it could cause chaos in the industry."

Earlier this year, CHBA President Richard Lind wrote to federal Health Minister Tony Clement urging adoption of the original 200Bq/m³ target, and expressing concern that consideration was being given to cutting the target limit.

"The CHBA has expressed its readiness to work with the federal

government to educate consumers about radon and to help raise the knowledge of the industry about detection and mitigation techniques," Lind said.

"From the outset, Health Canada's stated intention has been to lower the recommended

safe level to 200Bq/m³ which would bring it into line with most other developed countries."

Support

"We have supported this change because the new target reflects a measurable risk for which testing and remediation

technologies exist and are successful."

"To go further would mean approaching background levels where the availability and success rate of radon technology for remediation becomes highly questionable and the extra costs cannot be justified."



■ MANUFACTURERS take part in a special forum on environmentally-responsible building products. First up, they decided: finding out what builders and consumers really want.

'Greening' construction

|| MANUFACTURERS have a key role to play in the "greening" of the residential construction industry, they decided at a special CHBA Manufacturers' Council meeting in Toronto in June.

But the first step is to respond to what new home builders and consumers actually want.

For there is virtually no category of products in a house that cannot be replaced by a more environmentally-friendly alternative.

That was the consensus that came out of the special forum on environmentally-responsible building products.

Manufacturers' Council Chair Peter Rebello said the meeting pro-



■ REBELLO: "We have a key role to play in the greening of construction."

duced agreement that many features are available now in a wide range of products, so the process will be ongoing.

Current market de-

mand from builders and consumers is mixed, Rebello said, and rising prices are acting as a "pull" for energy conservation. At the same time, energy/green packages are attracting buyers.

Price is still important, especially in highly competitive urban tract markets. Consumers may say in surveys that environmental choices are very important to them, but their actual purchasing can be different. Builders will spend more if consumers will pay more.

Rebello said the Manufacturers' Council believes it has an important role to play in getting out the message about environmentally-responsible products.



■ **MILL POND ENVIROHOME** in Brighton, Ont., was opened in May. It features many energy-efficient upgrades and is wheelchair accessible throughout.

EnviroHomes in market spotlight

■ **THREE** new EnviroHome openings were held this summer and spring to showcase some of the best healthy homes in the marketplace.

And the CHBA says the demonstration homes have had a positive impact in their communities, and are highly energy-efficient in design and use of environmentally-friendly materials.

Halliday Homes opened Envir07 outside Ottawa in June. The company used 14 students from two area high schools as part of its construction crew.

Under Halliday's guidance, the students used state of the art construction techniques to build the house.

Edmonton's Dabro Homes opened its Montebello EnviroHome, an infill project, in May. It is a bungalow that combines traditional



■ **HALLIDAY HOMES** used 14 students as part of construction team for this EnviroHome in Carleton Place near Ottawa.



■ **MONTEBELLO ENVIROHOME** in Edmonton is an infill project of Dabro Homes. It combines traditional style with the latest building science technology.

craftsman style with the benefits of the latest building science technology.

Gordon Tobey Developments, of Brighton, Ont., also opened its second EnviroHome, the Mill Pond, in May. The project, set in a retirement subdivision, is a custom slab on grade concrete home with many energy-efficient upgrades. It is wheelchair accessible.

Sponsors

The CHBA sponsors the EnviroHome Initiative in conjunction with TD Canada Trust, with support from Canada Mortgage and Housing Corporation and the R-2000 Initiative of Natural Resources Canada.

The EnviroHome helps R-2000 builders as a marketing vehicle to showcase the latest in environmentally-friendly technologies.

PULSE SURVEY REVEALS EMERGING INDUSTRY ISSUES

Rising costs a threat

MANY new home builders say rising costs due to municipal development charges and the price of serviced lots are a critical problem that will continue to plague the residential construction industry during the coming year.

That's the story that came out of the 40th semi-annual Pulse Survey this summer.

It showed that development charges are a major concern for 34% of respondents — up from 25% a year ago. But the numbers vary among regions, ranging from

a high of 42% in Ontario to 25% in Alberta, and 18% in Quebec.

Similarly, while 37% nationally consider serviced lot prices a critical issue — unchanged from last year — the proportion in Alberta is 48%. In Atlantic Canada it's 22%.

What it shows

The survey of new home builders and renovators was done in June and July with the assistance of Canada Mortgage and Housing Corporation and Natural Resources Canada.

It shows that shortages and associated rising costs of trades and labor are critical for new home builders in most regions except Ontario. The problem is worst in Saskatchewan and Manitoba.

Shortages and rising costs of trades and labor are also a key concern for renovators. Shortages most often cited are for framers, drywallers, and carpenters.

The survey indicates new home builders expect housing starts will total 219,500 units this year — down from 227,395 units in 2006. They expect further moderation, to 215,400, in 2008.

New Brunswick and Saskatchewan are the only provinces where new home builders believe starts will increase.

The survey reveals high levels of renovation activity are likely to continue for the next year. Almost half of renovator members reported higher renovation activity during the last 12 months. Many renovators are predicting further increases in the coming year.

On average, new home builders reported lower traffic among first-time buyers than last year, while traffic among move-up buyers was up slightly.

Insurance market 'softer'

■ **THE** market for builders' insurance has become "soft" and quite competitive, a leading insurance company says.

The favorable conditions reflect improved loss experience by insurers and competitive pressures to increase their premium revenues by increasing their customer base.

News of the improved insurance market came from Federated Insurance Company of Canada, an active player in

the residential construction market.

It said necessary coverage for new home builders is readily available, and premiums are stable or falling. But harder market conditions are expected in the future.

Cyclical forces

Cyclical forces in the industry could be accelerated if there are significant loss events like fires.

Federated said that in the event of a hardening

market, builders who will be best positioned are those who have maintained effective risk management practices, and who have a well-established relationship with their insurer.

During the last "hard" insurance market, insurers were very reluctant to take on any new business, and many restricted their underwriting to builders with whom they had a long-standing business relationship.

THE Bottom line

HOUSING AND THE ECONOMY IN BRIEF

HOUSING STARTS ON THE RISE

HOUSING starts were up last month as the volatile multiple segment of the market took off, Canada Mortgage and Housing Corporation says. But the pace of starts remains consistent with the Corporation's view that residential construction will decrease gradually between now and the end of next year.

Bob Dugan, Chief Economist at CMHC's Market Analysis Centre, said the seasonally-adjusted annual rate of starts in August was 226,500 — up from 215,600 units in July.

"The rise reflects a rebound in the volatile multiple starts segment," Dugan said. "In particular, the strong results achieved this past month can be attributed to multiple starts in the Atlantic region, British Columbia, and the Prairies."

Dugan said the seasonally-adjusted annual rate of urban starts increased by 6% in August. Urban singles were up 1.8%, he said, and multiple starts increased 10.1%. Rural starts were estimated at a seasonally-adjusted rate of 33,800 units. Actual starts for the first eight months were down 4.5% compared with the same period in 2006.

HOUSING STARTS BY PROVINCE

| | 2003 | 2004 | 2005 | 2006 | 2007* |
|---------------|----------------|----------------|----------------|----------------|----------------|
| Alberta | 33,000 | 36,270 | 40,847 | 49,000 | 46,000 |
| B.C. | 29,000 | 32,925 | 34,667 | 36,900 | 34,700 |
| Manitoba | 3,200 | 4,440 | 4,731 | 4,950 | 4,900 |
| N.B. | 4,200 | 3,947 | 3,959 | 4,000 | 3,700 |
| N.L. | 2,692 | 2,870 | 2,498 | 2,215 | 1,975 |
| Nova Scotia | 4,100 | 4,717 | 5,000 | 4,650 | 4,500 |
| Ontario | 78,000 | 85,114 | 78,795 | 75,000 | 69,000 |
| P.E.I. | 625 | 919 | 862 | 750 | 650 |
| Quebec | 42,000 | 58,448 | 50,910 | 45,800 | 42,650 |
| Sask. | 3,300 | 3,781 | 3,437 | 3,300 | 4,000 |
| Canada | 199,710 | 233,431 | 225,481 | 226,915 | 211,825 |

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

CHBA NATIONAL SAM AWARDS 2007

BUILDING DREAMS

The CHBA National SAM Awards honour the performance of new home builders, renovators, residential developers and new home sales and marketing professionals who are building dreams across Canada.

The Call for Entries for the 2007 awards has been issued. Visit our website www.chba.ca/SAMS for complete information.

The 2007 National SAM Awards will be presented at the CHBA National Conference in Whistler, British Columbia on April 5, 2008. Please join us for an unforgettable evening.

The deadline for entries is November 2, 2007.

PRESENTED BY:

CHBA National SAM AWARDS

American Standard BODY & MIND

TRANS It's Hard To Stop A Trend.

Home to Home & More

A Whistler wonderland

NEW home builders and renovators will be invited to build on their dreams when the CHBA's 65th National Conference convenes in Whistler, B.C., next April.

And what better place to do so, says Conference Chair Tom Cochren.

"Whistler is a wonderland location built on dreams," Cochren says. "It's the location of the 2010 Olympic Winter Games, and it has an unbeatable reputation for skiers and snowboarders."

"Whistler Village is a pedestrian-only community. Once you park your car, you won't need it again until you leave."

"The village offers a relaxed atmosphere, great shopping, a wide range of dining choices, and a terrific nightlife. And it is a safe, family-friendly environment. What better place to



■ FAIRMONT CHATEAU WHISTLER, in the mountains that tower over Vancouver, is the site for the CHBA's 65th National Conference next April. The Conference Committee says a great program is in store for delegates.

hold our National Conference?"

The event will take place at the Fairmont Chateau Whistler the weekend of Apr. 4 to Apr. 6. And Cochren says delegates should book now to avoid disappointment.

The conference will kick off with a welcome reception that will invite delegates to "chill out" and adjust to the laid-back atmosphere of Whistler.

Keynote

The keynote speaker for the opening breakfast next day is Michael "Pinball" Clemons, head coach of the Toronto Argonauts football team. Cochren says Clemons is an electrifying speaker who has an exceptional insight into how dreams are built through dedication, perseverance, and hard work.

Later in the day, one of Canada's top designers, Brian Gluckstein, will lead a business session on how to "get ahead of the crowd" by increasing the design value of projects. Gluckstein's firm provides upscale design services in Canada and internationally.

The 2007 CHBA National SAM Awards, presented by American Standard and Trane Canada, will recognize new home and renovation achievements. And the day will wind up with Housing Night In Canada, an event featuring the best music from the 1960s and 1970s.

Sunday's sessions will feature top speakers who will deal with environmental issues, the future of technology, and the changing business environment.

Awards

The CBC's Bob MacDonald, best known for his award-winning radio program Quirks and Quarks, will host the annual CHBA National Awards Breakfast and talk about taking the lead in the third millennium. Leonard Brody, one of Canada's leading technology forecasters and business strategists, will lead the annual economic session with a discussion of the "monumental" shifts taking place in today's workplace. And Joel Cohen, who writes and is Co-Executive Producer of the hit TV comedy *The Simpsons*, will give delegates tips on how to face today's ever-changing business environment.

The conference will wind up with The President's Gala, an evening of fine dining, entertainment, and dancing to honor outgoing president Richard Lind. Special guest will be Jessica Holmes, a fast-rising Canadian comedy star from the CBC's Royal Canadian Air Farce show.

More conference details, including travel, accommodations, and on-line registration, can be found at www.chba.ca/conference — the CHBA conference website.

building dreams



Today's new home builders and renovators are building dreams — one customer at a time.

What does this take? Teamwork, imagination, determination, creativity, and opportunity. And more than anything else, the vision and leadership to pull it all together, and to add a little magic in the process.

Because that is what dreams are made of.

Be in Whistler for the CHBA National Conference, April 4-6, 2008.

65th CHBA National Conference

Fairmont Chateau Whistler, British Columbia

For more information and to register online:

www.chba.ca/conference

