



■ FRIEND: "The lack of indexing is a matter of considerable and growing concern to our industry."

ONTARIO GOVERNMENT RESPONDS TO INDUSTRY CONCERNS

# Bid reduces harm of HST

MAJOR efforts in Ontario have succeeded in reducing the damaging effect on housing affordability from a proposed harmonization of the GST with Ontario's Provincial Sales Tax.

The Ontario Home Builders' Association and Toronto's Building Industry and Land Development Association - BILD have convinced the Ontario Government to modify its HST plan to lessen the negative impacts on new home buyers, and those building new rental housing. As initially proposed, the rebate on the provincial portion of the HST would be phased out on homes selling for more than \$400,000. At \$500,000, the full sales price would be subject to the 13% HST.

On June 18, Ontario announced significant changes to the proposed HST treatment of new homes and rental housing that will lessen the HST impact on homes selling for more than \$400,000.

## Problems

At last month's Board of Directors meeting in Ottawa, CHBA President Gary Friend said that unfortunately, the HST regime proposed this spring by the Ontario Government is anything but "tax neutral."

"We have written to Prime Minister Stephen Harper and Finance Minister Jim Flaherty expressing our views about the negative impact of the proposed HST in Ontario on housing affordability," Friend said.

"I have told them that the lack of indexing of the threshold for the GST New Housing Rebate has renewed importance in this context, and is a matter of considerable and growing concern for our industry.

"I have also raised concerns about the impact of the HST in the renovation sector and on new rental housing.

"We know from past experience in Atlantic Canada that the introduction of HST leads to a sharp increase in the activities of underground 'cash' operators in the renovation area. The proposed HST system in Ontario does nothing to



■ BOARD of Directors in session. It was told B.C. and Manitoba are next in line for tax harmonization.



■ BAZELY: His prediction of a successful outcome was good.

address this problem."

OHBA First Vice-President James Bazely gave the CHBA Board details of developments in Ontario.

He said sales tax harmonization was announced in the March 26 Provincial Budget, and is

scheduled to come into effect on July 1, 2010.

At the time of the meeting, Bazely reported that the OHBA was working in conjunction with BILD to persuade the provincial government to modify the treatment of housing under the proposed HST. And he indicated that those discussions were "headed in the right direction."

Bazely's prediction was good — the HST changes announced June 18 by the Ontario Government mean that HST will be graduated.

## The effect

The Ontario Government has said that the effect of the enhanced rebate would be to apply the provincial portion of the single sales tax at a rate of 2% on the first \$400,000 of the purchase price of a new home and at a rate of 8% on the portion above \$400,000. The rebate would be calculated as 75% of the

provincial portion of the single sales tax payable on the purchase of a new home, up to a maximum rebate of \$24,000.

This regime will also apply to purpose-built rental housing, which had been excluded from the province's original rebate regime.

For areas of the province, such as the Greater Toronto Area and Ottawa, with higher new home prices, this modification will reduce the HST impact on many buyers, compared with what it would have been under Ontario's original proposed HST regime.

However, aside from including substantial renovations under the rebate regime, no other changes for home renovations have been announced by the Ontario government to address the Association's concerns about an HST-fuelled upsurge in underground "cash" contracting.

## In the news

THE WORLD OF HOUSING TODAY

### RENOVATION CONTINUES TO GROW

NEARLY \$21.3 billion was spent on renovations in 10 major centres across Canada last year, a new Canada Mortgage and Housing Corporation survey shows. And 40% of households in the centres had their homes renovated in that period. CMHC said the numbers are a slight increase on figures from 2007.

### WELCOME BACK PEI

CHBA-New Brunswick has launched a new local HBA on Prince Edward Island to represent PEI's renovation and new home building industries. The group held its first meeting this Spring and elected Scott Costain as its President. Costain said it has been many years since PEI home builders had any type of official representation. "The new group will allow our industry professionals to have a voice in the development of PEI building codes and standards, something that has been sadly missing for a long time," he said.

### 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. 22 to 25.

The 21st annual Executive Officers' Council Professional Development Forum will be held at Westin Nova Scotian Hotel in Halifax, N.S., Nov. 18 to 20.

The CHBA's 67th National Conference will be held at the Fairmont Empress Hotel in Victoria, B.C., March 5 to 7, 2010.



## Housing cuts emissions

THE housing sector continues to make significant gains in energy conservation, a new study shows.

And greenhouse gas emissions have been constrained as a result.

Using Natural Resources Canada's Comprehensive Energy Use Database (CEUD for short), the study shows that between 1990 and 2006 — the latest data available — the total area of residential housing in Canada grew by 33.6%. But energy use

grew only 4.8%.

Moreover, greenhouse gas emissions from Canadian homes actually decreased by 8.1% during the same period.

The study points out that the 1990-2006 period was characterized by fairly low energy prices.

### Prices volatile

Since 2006, it says, those prices have become more volatile.

Also, the residential sector has seen increased take-up of voluntary, market-driven energy ef-

iciency initiatives in new housing. As additional data becomes available, the growing impact of this market transformation should become apparent.

The study also says CEUD data tabulates greenhouse gas emissions using methods set under the Kyoto Protocol. The CHBA's study provides concrete evidence of the role the residential construction industry is playing in combating climate change.

# Tech talk

NOTES FROM THE TECHNICAL RESEARCH COMMITTEE

## R-2000 technical standard to get an update

PLANS are in the works to update the R-2000 Technical Standard, the CHBA's Technical Research Committee meeting in Ottawa learned last month.

Debra Haltrecht of Natural Resources Canada (pictured) told the TRC the update will involve the creation of a committee with members from various sectors and geographic areas as well as a public consultation process. The proposals the CHBA developed for the R-2000 Technical Standard will be used as the reference point for this committee.



Similar renewal processes will soon be underway for the Energy Star for Houses Standard and for the EnerGuide Rating System.

### RADON WARNING

THE CHBA will tell its renovator and new home builder members that they should advise clients to test their homes for radon. They should also reflect this in their writing to home owners. The CHBA Technical Research Committee made this recommendation to the CHBA Board.

### NATIONAL BUILDING CODE UPDATE

THE Canadian Code Centre briefed the TRC on the status of the 2010 National Building Code. It said the Standing Committee on Houses and Small Buildings (Part 9) has dealt with comments received through the 2008 public consultation on proposed Code changes. Many of the CHBA's requests for amendments resulted in modifications to the proposals. Proposed changes to the radon requirements and to the climbability of guards will go to public consultation in September.

### ENERGY CODE

A NATIONAL Building Code Task Group has been asked to come up with a plan aimed at developing energy efficiency requirements for houses and small buildings by 2012. A technical committee will start work on the detailed requirements in the fall. In the meantime, the CHBA has written to the Canadian Commission on Building and Fire Codes calling for a clear policy rationale for including energy efficiency requirements in the National Building Code and pointing to the need for a clear picture of current practice as a starting point.



TRC in session last month.

## THE National

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# Edmonton EnviroHome opens

THE newest house built under the EnviroHome program was opened for public viewing in an Edmonton suburb last month.

It's a two-storey 2,056-square foot bungalow called the Stratus EnviroHome that was built by Edmonton's Effect Home Builders Ltd.

This R-2000 house has many energy-conservation features including solar collectors that heat 65% of its hot water. It received an EnerGuide rating of 86.

Effect Managing Partner Les Wold said hundreds of people have visited the new home and are inquiring about "green" building.



EDMONTON's Stratus EnviroHome is officially opened by Alberta Environment Minister Bob Renner last month as CHBA Past President John Hrynkow (right) and builder Les Wold and his team look on. The CHBA's EnviroHome program is sponsored by TD Canada Trust.

## GOVERNMENT COSTS HIT AFFORDABILITY HARD

# A builder plan to challenge DCCs

BASED on recommendations from the Urban Council, the CHBA Board of Directors last month adopted a five-point plan to tackle government-imposed costs in urban centres across Canada.

The aim is to stop the seemingly never-ending rise in taxes, fees, levies, and charges that have a negative affect on housing affordability.

Reporting on behalf of Urban Council Chair Michael Moldenhauer, Ron Olson of Saskatoon Region HBA told the Board that even in the face of a severe economic downturn and declining jobs and investment, some municipalities are still holding the line on or increasing many types of government-imposed costs.

### More burdens

"Some municipalities are ramping up their charges, levies and fees even as they impose more regulatory burdens on consumers," Olson said.

Point One of the plan will lead to a CHBA toolkit with the positive steps some leading municipalities have taken to reduce development charges and other financial burdens. The aim will be to show the example of those who "get it" to those who do not.

Point Two is a series of case studies to document instances where municipal actions are nullifying the effect of federal and provincial efforts to stimulate their economies.

A third point is to copy the Nova Scotia-based campaign to raise public awareness of who is actually paying for infrastructure costs. This campaign, underway across the province, uses



URBAN COUNCIL in session. It learned government-imposed costs are still a big issue.

posters and advertisements to make the point. It will be adapted for use across the country.

Point Four is to increase understanding of what is called "tax pyramiding" or taxes on taxes.

An Altus Group study on this phenomenon will be turned into a presentation that can be used across the country to show how unfair it is

when provincial and federal taxes are stacked on top of municipal levies, charges, and fees.

Government planning processes and regulations also push up costs and result in the loss of jobs and investment. As Point Five of the action plan, the CHBA is working to develop a more effective response to the "Not-In-My-Backyard" or "NIMBY" phenomenon,

approaching it from a positive angle.

Waterloo Region's Brian Blackmere said the CHBA recognizes that plans to promote higher density development, without fundamental changes in the planning and development process are unlikely to succeed.

### A new process

"In doing so," Blackmere said, "they will push up development costs through uncertainty.

"They must be backed up by a new regulatory process. The old ways of doing things are simply not working.

"The power of existing residents to block development needs to be reduced if policies to promote higher density are to be implemented."



MANUFACTURERS' COUNCIL meets. It learned that press coverage of the residential construction industry has become more positive.

## The good news begins to flow

THE flood of bad news stories about housing and the economy seems to have crested, the CHBA Manufacturers' Council was told last month.

In fact, the media are beginning to present positive reports, Past President John Hrynkow said. At least 75 positive news stories have appeared in newspapers across the country this Spring.

It has happened because HBAs

across the country have been providing their local media with press "backgrounders" that present opportunities available to home buyers today. And they have discovered that local newspaper editors appreciate receiving stories because there is a story to tell about housing affordability.

Hrynkow said it also helps that new home builders, themselves, have a positive attitude.

# Marketing TODAY

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

## PILOT PLAN LAUNCHED

# New survey seen as boon to builders

THE CHBA is all for a new sales and price survey Canada Mortgage and Housing Corporation is putting through a pilot test, last month's National Marketing Committee was told.

The survey is just what the residential construction industry needs, Past President John Hrynkow told the Committee.

"We feel this is a very important item that should be moved forward," Hrynkow said. "We want to take a proactive step to get this thing going. Our members need to get behind this idea and respond to the survey questionnaires. We are glad CMHC has come up with this project."

### Details

Details of the pilot project came from Harry Mulder, Manager of Business and Information Technology Analysis in CMHC's Market Analysis Centre.

"The pilot will continue to at least the end of the year," Mulder said.

"It will seek monthly responses from builders who can respond by fax, e-mail, or phone.

"The objective is to report an overview of the sales activity in a market centre. It is *not* intended to report that Builder 'X' has 'Y' number of sales."

Mulder said another objective is to determine trends in sales volume and pricing, and analyze the linkage between the timing of sales and



■ HRYNKOW: "This is a good project."



■ MULDER: "The goal is to report an overview."

starts. Five centres have been surveyed for a while, and CMHC is producing and providing monthly statistics to their building communities. Two other centres were stopped because builders did not respond.

Of the four new centres added this year, two are proceeding well, one needs work, and the fourth is lacking responses from some larger builders.

## NEW APPROACH IS KEY TO DESIGN CENTRES

# It's time to thrive not just survive

NEW home builders would seem to have forgotten how overwhelming the selection process can be for buyers, the National Marketing Committee meeting in Ottawa was told last month.

But tough economic times provide the perfect opportunity to correct their shortcomings, the meeting was told.

It's time to "thrive — not just survive."

That was the story from design expert Ramsin Khachi, President of Khachi Design Group Ltd. of Oakville.

"I'm not preaching," Khachi said. "I'm just looking from the outside into your industry."

"The question you need to ask yourselves is: 'How can we actually thrive? How do you make a difference with what you sell? How do you set yourself apart?'"

### Pay attention

"The problem is too few of you pay enough attention to this. You go about things in the same old way."

"But changing what we offer and the way that we offer it is a big thing."

Khachi said the key to a successful design centre is to have the "right stuff" and to show it to customers the way they want to see it.

"Does your design centre have the stuff the customers want — the stuff they will pay for?" he asked.

"This is where most of us fail. We don't make the connection about what the customer really wants."

Khachi said new home builders should use "inspiration boards" in their show rooms. Show customers a range of products that will inspire them, then try to "nail down" what it is the clients really like. Doing so provides a key moment to gain a customer's trust.

"The next step is sample boards," Khachi said. "This is critical in



■ NATIONAL MARKETING COMMITTEE in session. It learned a tough economy is a good time to change a marketing approach.



■ KHACHI: "Having the right stuff is critical."

selling products and upgrades. People need to make connections, and a sample board with the right combination [of products] is a great selling point. It can be a mix of regular product and upgrades."

### They start low

Khachi said many new home builders seem to start their sales presentation at the lowest possible point and take the approach that if customers want anything else they have to pay extra for it.

"It's better to start at a mid point and give them the option of going down or up," Khachi said. "They won't go down,

you can be sure. And sample boards are a great way to start."

Khachi said that when it comes to upgrades, knowing the product is hugely important.

"People are dying to put their faith in somebody," he said. "They want to hand the responsibility over to you. Show them, and they will let you take over."

"And people like to touch things. If it feels right, they will buy it."

"Every step of the way is critical. Making that connection with the client is what matters."

"Once you have won the client's trust, they will do the selling themselves."

### Avoid bitterness

Khachi said many customers go into model homes with a bitterness toward the builder. They feel they are being sold something and being charged a lot for it.

"When selling homes," he said, "it may not be easy to create packages, but that is what you need to do. Present a package and they will buy it."

"This is not a bad market we are in. It is a tough market. People are still spending money. It is just that they are a lot better educated. It all comes down to how you sell those upgrades. It is not difficult to do once you win their trust."

## AND

# Products can make all the difference

LOTS of great new products have been coming onto the residential construction industry market, the National Marketing Committee was told last month.

Astute new home builders will seek out these products, designer Ramsin Khachi said, because they are a natural way to set oneself apart from the competition.

"I love to brag about what I put into a project," Khachi said.

"It's all about setting yourself apart."

He then went on to list a wide range of new products he said new home builders should seek out. Among them:

■ SHOWERS — "Shower construction is a huge issue. Lots of new products, especially shower floors, are now on the market. Go looking for them: you may be surprised."

■ MEDICINE CABINETS — "There is a whole new world of medicine cabinets. Now they come with magnifying mirrors. Some have a refrigerator! Women pay thousands of dollars for makeup and medication that has to be stored in a fridge. Makes sense to include the fridge in the medicine cabinet."

■ LIGHTING — "Lots of new products in this area, including a switch with a light in it or a built-in nightlight system. You can brag about this endlessly."

■ LOCKS — "People love combination locks. Some of the new ones on the market allow people to automate their homes."

# A 'cluster' approach to energy efficiency

COMMUNITIES across Canada should benefit from better energy efficiency and improved environmental impact because of a new federal government program announced this month.

The new \$4.2 million EQUilibrium Communities Initiative will seek to improve community planning and develop healthy sustainable communities that are energy efficient, economically viable, and vibrant places to live.

The announcement came from Natural Resources Minister Lisa Raitt and Ed Komarnicki, Parliamentary Secretary to Human Re-

sources Minister Diane Finley.

Raitt said the government is investing in more than just "clusters" of energy-efficient homes.

"We're creating cost-efficient, sustainable neighborhoods," Raitt said.

### Creates jobs

"Building communities that use new, clean-energy technologies will create high-quality jobs for Canadians while protecting and preserving our environment."

Raitt said the program will provide financial, technical, and promotional assistance to sustainable

energy projects chosen through a national competition.

It will showcase the talents and innovation of Canadian residential developers, planners, designers, and municipalities. It will be led and funded equally by Natural Resources Canada and Canada Mortgage and Housing Corporation.

Komarnicki said communities involved in the program will integrate sustainable housing, infrastructure, and land-use planning to help Canadians balance their housing needs with those of the natural environment.



■ RIVERDALE NET ZERO PROJECT, a zero energy duplex in Edmonton, is a typical EQuilibrium Initiative project, National Marketing Committee learned. It is a two-unit semi-detached

form that features a high-performance building envelope and an active solar water and space heating system. GREEN DREAM HOME (above right) in Kamloops, B.C., also features major en-

ergy-efficiency features. CHBA-Central Interior is building the house in partnership with design and building trades students from Thompson Rivers University. It is to be a local lottery prize.



## NET ZERO RESPONSE 'FANTASTIC'

# When energy use is a real hot topic

RESPONSES to the CMHC's initiative to demonstrate that truly energy-efficient and low environmental impact houses can be built today has been overwhelming, last month's National Marketing Committee meeting in Ottawa was told.

Fifteen "net zero" projects across the country are involved in the program, and six of them are now open for public viewing.

Moreover, the response from consumers and the residential construction industry indicate that the concept is a "hot topic" in today's marketplace.

### An update

CMHC is running the EQuilibrium™ Sustainable Housing Demonstration and the National Marketing Committee got a detailed update on it from its Project Manager, Thomas C. Green.

He said: "Energy is a really important factor in this initiative. We



■ GREEN

want to reduce the impact of housing on the environment. And we are also looking at the economic side — looking at financing that might be more appropriate to marketing this kind of initiative.

"The result is we wind up with a list of benefits that accrue from this type of initiative. And it is not a short-term goal we are dealing with."

Green said the goal has always been that, at the end, a "real project" should come out of the initiative — and that is happening.

"This is about showcasing," Green said.

"Builders told us they have the technology to produce net zero energy homes now.

"The responses have been fantastic. They have given us a good indication that there are others out there who are thinking this way, too."

### Core principles

Green said the core principles of the initiative are to produce housing that addresses issues in the areas of health, energy, resources, and environment, but all within the constraints of affordability.

The benefits CMHC wants to see come out of the initiative include integrated design and construction, high energy and resource efficiency, low energy bills, energy security, a healthy in-

door environment, and reduced pollution and carbon dioxide emissions.

Green then summarized key aspects of the 15 EQuilibrium projects.

The Riverdale Net-Zero project in Edmonton is typical, he said. It's a two-unit semi-detached structure of 1,870 square feet that has three bedrooms in each unit.

"It's a sustainable urban infill site with a passive solar design that provides lots of daylight and 35% to 40% of total heating energy," Green said. "And it is using some very interesting building techniques to achieve its goals. We keep pointing out that you can do all of this on a regular house-building project with very little extra cost."

### It stands out

Green said the Riverdale project stands out because the team behind it is now producing a second house — the Mill Creek Net Zero Home, also in Edmonton.

"The team learned so much on their first project, they have been able to take on this second project and reduce the incremental cost by about 40%," Green said.

"They are going to do two more, and it will be exciting to see what they come up with — what they can achieve."

Green said similar advances are being made with the AlstonVale Net Zero House in Hudson, Que., the ÉcoTerra™ home in Eastman, Que., the Now House™ — a retrofit of a 60-year-old wartime house in Toronto — and the Leabon CHESS project and the Avalon Discovery 3 house both in Red Deer, Alta.



■ MILL CREEK Net Zero home in Edmonton is a second project being built by the team that produced the Riverdale Net Zero house — at a 40% lower cost because of what was learned on the first project.

## Get it in Writing! program to get a boost

THE CHBA's very successful program to alert consumers to the dangers of doing business with "underground" operators will be getting a boost, the National Marketing Committee learned last month.

The "Get it in Writing!" website — aimed at people who are contemplating renovating or repairing their homes — is undergoing a major overhaul as the result of a partnership between the CHBA and Canada Mortgage and Housing Corporation. The Marketing Committee heard details on the plans from CMHC's Sue Ann Rothwell.

"The overall goal of "Get it in Writing!" is to help consumers make the right decision when it comes to dealing with new home builders and renovators in the residential construction industry," Rothwell said.

"Specifically, the upgraded website will help raise awareness, educate and inform consumers of the dangers and risks of new home construction or renovation without written contracts. The goal, as always, is to increase the number of consumers who ask for written contracts and use professional contractors."

CMHC's increased participation in "Get it in Writing!" will help address the long-term goal of reducing consumer participation in the underground economy.

"The plan," Rothwell said, "is to develop and execute a series of web-based marketing tools that will help housing industry professionals educate homeowners about the importance and benefits of having a written contract."

The new and improved "Get it in Writing!" website will include updated versions of the popular "Get it in Writing!" consumer pamphlet and an online tool to personalize useful articles and worksheets for distribution to customers.



■ ÉCOTERRA EQuilibrium project in Eastman, Que., uses innovative features including solar thermal "harvesting" to achieve net zero energy rating.



■ ERC IN SESSION: The atmosphere was positive.

ECONOMISTS SEE SKIES CLEARING

# Now: better days are on the way

THE last 12 months have been tough for the residential construction industry, Economic Research Committee Chair Peter Greenwood says.

But better days are ahead. "Over all, there is a sense of optimism," Greenwood says. "There is no question that in certain pockets of the country, recovery is well under way."

**A rebound**

"Business and consumer confidence is up, the financial crisis has eased, stock markets have rebounded, and MLS® sales have risen sharply. Mortgage interest rates are at their lowest level ever."



■ ANDERSEN: "The future has possibilities."

"The elements of recovery are lining up." And that was the main message that came out of presentations to the ERC's meeting in Ottawa last month.



■ ARSENAULT: "There is a pickup in intentions to buy."

CHBA economist Dr. Peter Andersen led off the presentations. He said consumer sentiment in the United States has improved. Mortgage foreclosure

mitigation and the tax credit for first-time buyers would also help stabilize the U.S. housing sector.

"It is possible that U.S. recovery could begin to show in the third quarter of 2009," he said.

Dr. Andersen forecast a 30% chance of recovery later in 2009. He said a full and sustainable economic recovery could occur in spring 2010.

"And that's good news for us in Canada," Dr. Andersen said, "because so much of what has been happening here has been based on perceptions about what has been happening across the border. Good news from the U.S. will spill over to us."

Patricia Arsenault of Altus Group said the spring housing market in Canada showed a pickup in buying activity which bodes well for the future. Recent Altus consumer research shows that the majority of consumers are not concerned about losing their jobs, and even if they do have job-loss concerns, it is not affecting their intention to buy a home.

**It's favorable**

With resale activity increasing, Arsenault said the outlook for renovation was favorable for 2009, and stable for 2010.

Greg Klump, Senior Economist with the Canadian Real Estate Association, said he expects economic growth to resume next year.

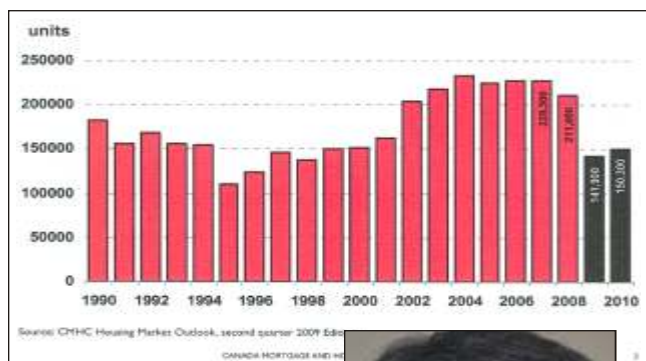
"Consumer confidence is rising. MLS® sales activity was up sharply in recent months, so we have some strong momentum going into the second quarter," Klump said.

## A 'wonderful' time to buy

RIGHT now is a "wonderful" time to buy a house, Canada Mortgage and Housing Corporation's Chief Economist told the Economic Research Committee meeting in Ottawa last month. "Prices are low," Bob Dugan said. "Mortgage rates are very low. And those are positive aspects for consumers."

Dugan said that although the United States economy continues to have problems, the contraction in Canada has been much lower.

Canada has had job losses, he said, although not nearly as severe as in the U.S. And they are nowhere near the magnitude of previous recessions. Mortgage arrears trends are rising, but they are still quite low and have not reached a



level that would be cause for alarm. "I do see starts continuing to grow beyond 2010," Dugan said. "By 2012 to 2013 I see starts getting back into the higher numbers." "The downturn we have been experiencing will be short-lived."



■ DUGAN

## THE Bottom line

HOUSING AND THE ECONOMY IN BRIEF

### A positive scene in the provinces

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

■ **NEWFOUNDLAND AND LABRADOR:** Despite the negative real GDP growth numbers in 2008, significant growth is still occurring. The province expects continued growth in real personal income, retail sales, real capital investment, and employment. Housing starts reached a 33-year high last year. They are expected to slow this year, but to increase again in 2010.

■ **NOVA SCOTIA:** Consumer confidence appears to be gaining strength as the stock market shows signs of stabilization. Halifax first-time new home buyers appear to be eager for non-detached homes and this should help to absorb a relatively small inventory. There seems to be less talk about a shortage of skilled trades within the industry. A recent membership survey showed an increase in provincial renovations year over year.

■ **NEW BRUNSWICK:** Demand for housing in all three centres in the province was enough to bolster activity in the new and resale markets. Employment levels are expected to remain high this year, despite a decline in year over year. The housing market remains strong, but provincial starts are expected to drop to 3,475 units this year. A mild rebound should push starts higher in 2010 to 3,650 units.

■ **ONTARIO:** The residential construction industry in Ontario is facing strong economic headwinds. The first few months of the year have been difficult for new home builders, renovators, and businesses that rely on the residential construction industry. Sales are down significantly. However, new home prices have remained relatively stable. Home builders, especially in the condominium sector, have shifted their focus to reducing levels of inventory.

■ **MANITOBA:** Starts in the province last year were at the highest level in 20 years. And a growth of 19.4% is forecast for 2010 and 2011. The Manitoba HBA Spring "Parade of Homes" drew a record number of entries and 35,000 people turned out to view the houses. April and May sales were on a par with last year. With a strong June sales period, and a good fourth quarter, Manitoba builders should be OK.

■ **SASKATCHEWAN:** Strong net migration into the province has resulted in continued demand for new and resale homes. Responding to this demand, the residential construction industry in Saskatoon and surrounding areas has maintained a high level of activity. New home builders and developers indicate that their inventories have dwindled rapidly.

■ **ALBERTA:** Traffic in show homes has picked up and the feeling among new home builders in the province is generally optimistic. The sense is the economy is about to turn around. There is significant unsold inventory in the province, especially in mid-range single family homes. Builders have been creative in offering a variety of incentives to keep sales up.

■ **BRITISH COLUMBIA:** Thanks to a government fiscal stimulus, the current economic downturn will be a soft landing for construction compared with declining activity in other industries. The downturn has taken its toll on the residential and commercial construction markets. But proposed projects continue in the mining, manufacturing, and utility industries — all trickle-down effects to help B.C.'s economy.

HOUSING STARTS BY PROVINCE

	2005	2006	2007	2008	2009*
N.L.	2,870	2,498	2,325	3,261	2,675
P.E.I.	919	862	680	712	575
Nova Scotia	4,717	5,000	4,700	3,982	3,100
N.B.	3,947	3,959	4,250	4,274	3,475
Quebec	58,448	50,910	52,400	47,901	40,000
Ontario	85,114	78,795	67,700	75,076	42,000
Manitoba	4,440	4,731	5,750	5,537	4,050
Sask.	3,781	3,437	6,000	6,826	5,400
Alberta	40,847	49,000	47,750	29,164	11,500
B.C.	32,925	34,667	36,200	34,321	20,000
Canada	233,431	225,481	227,530	211,056	132,725

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

# Renovation TODAY

## Home owners take to reno tax credit

IT APPEARS that more homeowners want to work with renovators who will provide the receipts necessary to claim the tax credit, the Canadian Renovators' Council meeting was told last month. Renovators report an upswing in the number of calls from consumers who might have looked for cash deals in the past.

The Canada Revenue Agency has received more than 700,000 inquiries related to the Tax Credit through its website and by telephone. The website has been updated to help consumers determine whether a contractor is above board, CRA's Joanne Verkerk (pictured) told the Council.



"The website states that all expenses must be supported by receipts," Verkerk said. "Immediately below is a link to CHBA's Get it in Writing! website with a wealth of information on the hazards of the underground."

Verkerk said the site also points out that a contractor's Business Number is needed to qualify for the tax credit where the contractor is related to the home owner.

## Promoting green renovations

A NEW brochure that promotes the values of "green" renovations is in the works, last month's Canadian Renovators' Council meeting was told.

And true to the "green" concept, it will be produced as a virtual publication, not as a printed one.

A sample of the brochure (pictured right) was circulated at the meeting. As illustrations, it uses photos from last year's CHBA National SAM Awards finalists.

The publication will be posted to the CHBA's website at [www.chba.ca/greenrenobook](http://www.chba.ca/greenrenobook).



### TAKING CARE OF BUSINESS

# The dividends of managing risk

MONEY invested in risk management is money well spent, last month's Canadian Renovators' Council meeting in Ottawa was told.

In fact, every dollar invested in managing risk provides a 300% return. And it stabilizes a business and promotes a healthy operating environment.

That was the story from Richard Frost, a Loss Prevention Consultant with Federated Insurance.



FROST: "Managing risk is good business."

"Risk management is not about scaring you so you don't want to do anything," Frost said. "It's about knowing what your risks are so you can make the right decision."

"Anything you can do to cut your losses and protect your people stabilizes your business."

Frost said risk management is defined as an ongoing systematic effort to identify and control the risk of losses, and to finance in a cost-effective fashion those losses that do occur.

### Identify risk

"The objective is to ensure risks are properly identified, managed, and communicated throughout the entire group."

"Think about loss. Think about risk management throughout the entire process."

Frost said 25% of businesses that are closed by a natural disaster never re-open.

Conversely, companies that implement comprehensive safety and health programs do survive.

For more information, Frost referred members to the CHBA's publication *How To Manage Risk*, which is available from the Members' area of [www.chba.ca](http://www.chba.ca).

## New radon rules in the works

PROPOSED changes to the National Building Code to deal with radon have implications for renovators and new home builders, the CHBA says.

The changes will be submitted to a public review in September and, if approved, will be included in the 2010 edition of the National Building Code.

They would require every new home to be equipped with a "rough in" to ensure that mitigation, should it prove necessary, can be done easily and cost-effectively.

The current requirement to provide an air barrier between the basement and adjacent soil will still apply.



LIND

## Avoiding a 'tax grab' on waste handling

THE Canadian Council of Ministers of the Environment is consulting with manufacturers on a national waste management framework that includes construction, last month's meeting of the Canadian Renovators' Council was told.

The principle is to have the producer of waste be responsible for handling it. This is quite straightforward for pop bottles, but more complicated for home building and renovations.

Former President Richard Lind told the Council that the CHBA is following the issue carefully.

"We want to be sure this is not just another tax grab" Lind said.

The CHBA has told the Council that it must keep regulations to a minimum and harness market forces to achieve results.

## Promoting Reno Month

MORE than 3 million potential renovation customers across Canada will be exposed to the CHBA's Renovation Month poster this summer, Home Hardware Building Centre says. Home's Joe Jacklin told last month's Canadian Renovators' Council meeting that the poster will be featured in the company's summer flyer.

67<sup>TH</sup> CHBA NATIONAL CONFERENCE
The Fairmont Empress  
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March 5 - 7, 2010

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- Improving operational effectiveness for increased customer value, and profit.
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