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CHBA SUPPORTS NEW BUDGET

Jobs essential for economy

THE CHBA has complimented Finance Minister Jim Flaherty on a budget that will create the conditions needed to meet the economic and fiscal challenges facing the country.

President Vince Laberge said the budget provides a responsible transition from stimulus spending toward creating the conditions that will renew private sector demand and job creation.

"Jobs are absolutely essential for durable economic growth and stable housing markets," Laberge said.

No substitute

"Artificially low interest rates and short-term stimulus are no substitute for continued job growth in the private sector.

"The CHBA is pleased to see the Harper government is moving to fulfill commitments made during the election and that the budget has a focus on responsible fiscal management and job creation."

Laberge also applauded the government's decision to renew the ecoENERGY Retrofit-Homes Program.



■ **LABERGE:** "We are pleased to see the government moving to fulfill its commitments."

"We are extremely pleased that Mr. Flaherty has chosen to maintain momentum among homeowners for improving the energy performance of their

homes," he said. "This is an important and practical initiative that can rejuvenate our existing housing stock, reduce energy bills and reduce greenhouse gas emissions."

Laberge said the program is complemented by the government's ongoing support for the R-2000 initiative, the EnerGuide Rating System, and ENERGY STAR for New Homes, all of which contribute significantly to the overall environmental performance of Canadian homes.

Added benefit

Pointing out that the government can ill afford to ignore the underground cash economy, Laberge said the ecoENERGY retrofit program has the added benefit of encouraging people to work with legitimate renovators.

It will bolster the government's efforts to combat the underground cash economy in home renovation services.

"Illegal contracting creates problems for consumers," Laberge said.

"It also costs jobs and

income, undermines our continuous efforts to build a professional industry, and costs governments billions of dollars annually in lost revenue," he said.

"We look forward to working with the government even more aggressively on this front."

Laberge welcomed the government's commitment to municipal infrastructure investment.

Support for basic infrastructure — roads, bridges, sewers and water facilities — shows federal leadership for a priority that involves all levels of government.

"Governments must recognize that infrastructure can no longer be financed through the mortgages of new home buyers," he said.

Welcome moves

With respect to human resources development, Laberge welcomed the federal government's action to extend the tuition tax credit for examination fees, introduce a hiring credit for small business, and identify ways to assist immigrants to cover the cost of credential recognition.

"These measures target a very important issue — the shortage of skilled people in our industry," he said.

The CHBA will be looking for opportunities to work with the government to ensure federal tax and regulatory policies support housing affordability and choice.

This is particularly true with respect to the HST/GST as it applies to new homes and renovations. Work in this area will be critical to maintain the industry's capacity to contribute strongly to the government's economic growth and jobs agenda.

Laberge said increasing the GST new home buyer rebate thresholds — never adjusted since the tax was introduced in 1991 — and implementing a permanent 2.5% home renovation tax rebate are the single most important steps that the government could take to protect housing affordability and choice.



■ **BOARD in session.** It was told new home builders lead the field in energy efficiency.

Home building industry leads on energy and environment

THE residential construction industry continues to be a leader in improved energy efficiency and dealing with greenhouse gas emissions, a new study shows.

Between 1990 and 2008, the study says, 4.4 million new homes were built in Canada — a 33% net increase. But total energy use in housing grew by only 14.3%.

Moreover, total greenhouse gas emissions from Canadian homes during the period rose by only 0.3% — in sharp contrast to increases in many other sectors of the economy. The very positive performance of the housing sector is made even clearer when compared with that achieved by the commercial/institutional sector, which grew more slowly than housing but saw its emissions increase by more than 36%.

Tabled

Richard Lind, CHBA's Corporate Secretary for Environmental Affairs, tabled the report at the CHBA Board of Directors Spring meeting in Ottawa.

He said: "This is the third report in a series that examines various indicators of the environmental performance of the residential sector. As noted in previous reports, Canada's housing has achieved considerable improvement in both energy efficiency and greenhouse gas emissions. The actual level of improvement fluctuates from year to year, primarily in response to variability in annual weather conditions, as some 60% of all residential energy use is tied to space heating."

Lind said there are many factors in play in the positive environmental performance of the residential sector.

"New homes are more energy efficient than older homes," Lind told the Board. "Most household appliances and fuel-fired residential heating equipment have seen significant increases in efficiency. Home owners continue to invest in improving the energy efficiency of existing homes. And a significant number of older, less energy-efficient homes have been removed from the housing stock."

On balance, Lind said, all of these factors play a role in making the residential sector a leader in energy efficiency and greenhouse gas emission reduction.



■ **LIND**

In the news

THE WORLD OF HOUSING TODAY

CHANGE ON WETLANDS POLICY

THE Canadian Home Builders' Association — New Brunswick has persuaded its provincial government to relax a Wetlands Policy that was causing havoc for developers. The government agreed to minimize enforcement of the policy and mapping system previously used to initiate a wetland delineation and environmental impact assessment. Instead, the Provincial Department of the Environment will create new policies that will balance wetland preservation and development within a one-year time frame.

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 27 to 30.

The CHBA's 69th National Conference will be held at the Fairmont Tremblant, Mont-Tremblant, Que., Mar. 16 to 18, 2012.



CCBFC drops expensive code requirement

THE Canadian Commission on Building and Fire Codes has accepted the CHBA's recommendation to remove a requirement for heat recovery in dwelling units with self-contained mechanical systems in warmer climate zones. The requirements had been proposed for the new National Energy Code for (large) Buildings. The CHBA had argued that the proposed requirement was not cost effective and was incorrectly labeled as a "no-cost" item during the public review last Fall. The CCBFC also agreed with the CHBA that the policy of "one-size-fits-all" when it comes to window area needs to be revisited and has made it a priority in the next code cycle. The new Code will be published in late 2011.

CCBFC TOLD TO ADOPT ENERGY CODE BEFORE ADDING NEW REQUIREMENTS

THE CHBA has written to the Canadian Commission on Building and Fire Codes calling for policy direction to guide the future work on the National Energy Code for (large) Buildings. Now that the 2011 edition of this Code has been finalized, the Standing Committee on Energy Efficiency in Buildings has started work on future changes. The CHBA letter asks for a moratorium on new measures until the provinces adopt the 2011 edition and the industry has gained some experience with this Code.

FIRE CODE ALERT ISSUED

THE CHBA has issued an alert to provincial HBAs about potential problems arising from the 2010 National Building and Fire Codes. A new requirement in the National Fire Code requires builders to protect adjacent buildings during construction. The wording is very open to interpretation and has caused disruption where it has been adopted. A related change to the National Building Code on how to determine if a site has adequate service will increase requirements in some developing areas around cities. The CHBA says the two sets of requirements interact to create great uncertainty. Its alert recommends that provincial HBAs contact their respective provincial governments to try to defer implementation of the new fire code requirements pending a national review. Failing that, they should insist on clear interpretation of the requirements prior to implementation.

Our active role in federal campaign

CHBA members played an active role in the recent federal election, the Spring meeting of the Association's Board of Directors was told.

First Vice President Ron Olson, who served as Campaign Committee chair, said that although the campaign was short — it lasted only 38 days — local and provincial HBAs across Canada were up to the challenge.

"They effectively used the toolkits CHBA National supplied shortly after the campaign began," Olson said. "All told, when local, provincial, and national communications are taken into account, the CHBA reached out to more than 700 candidates of all parties during the course of the election."



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URBAN COUNCIL in session. It was told changing population profiles present both challenges and opportunities.

URBAN COUNCIL TACKLES DENSITY ISSUE

Time to rethink 'Aging In Place'

CANADA's changing population profile will affect market opportunities and present challenges — especially the concept of "aging in place" — the CHBA Urban Council concluded at its Spring meeting in Ottawa.

And the Council learned that high-density condominium development — especially in the Greater Toronto Area — is a response to substantial market forces.

Well-known Toronto area planning and development consultant Barry Lyon told the Council that boomers and younger households are both opting for downtown condominiums as a lifestyle choice.

However, Lyon said he is concerned that this trend in new development requires much more effective transit and zoning policies by municipal and provincial governments.

A large role

"In addition," Lyon said, "there is still a large role for family-oriented accommodation, even in a higher-density context."

"Townhouses are becoming the new single-detached homes."

Douglas Stewart of Waterloo Region HBA and Marcel Dénoimé of Greater Ottawa HBA told the Council that both associations are facing challenges posed by municipal planners relating to aging in place.

The local planners are arguing that demand for single-detached and other low-density housing forms will be declining very soon as baby boomers move into new, higher-density homes close to downtowns.

Accordingly, the planners contend that not much development land is required.

The local HBAs are deeply concerned that unwarranted conclusions are being drawn about market trends, and that many baby boomers will choose to remain in their existing homes.

Supporting this view, Peter Norman of Altus Group reviewed evidence presented to the



LYON: "Townhouses are becoming the new single-detached homes."

Ontario Municipal Board recently on why Ottawa's growth boundary needs to be expanded.

In reality, he said, the demographic changes that planners anticipate may happen a decade or more later than they are contending. Aging in place is likely to keep much of that stock occupied by the original owners, Norman said.

Getting it wrong

At the Council's request, the CHBA Board of Directors approved a recommendation that the CHBA, using evidence

from CMHC, Altus Group, and Barry Lyon, explore how planners may be getting it wrong on aging in place and the risks involved.

The project will assemble evidence associated with both ongoing need for development land for single-detached housing as a consumer choice in the future in many market areas.

It will also examine the consumer-driven demand for higher-density housing forms, supported by coherent as-of-right zoning and transit investment policies.

Why infrastructure matters

NEW home buyers are facing constantly increasing taxes, fees, levies, and charges that produce infrastructure used by the entire community far into the future, the Spring meeting of the CHBA's Urban Council was told.

Peter Norman of Altus Group told the Council that such charges are a key challenge for Canada's residential construction industry.

Norman said his company is pulling together and analyzing the evidence on wider benefits of municipal infrastructure investment to counter the view that residential growth imposes costs rather than being an investment in the future.

"This research also provides a foundation for appropriate, more equitable infrastructure financing and funding arrangements," he said.

"To date, we have found that the literature supports the view that public infrastructure brings many quantifiable community-wide benefits. It improves productivity growth — the basis for rising incomes and an improving standard of living.

"It also generates other economic and social benefits, such as increased attractiveness of urban centres to private sector investment, a higher quality environ-



NEWMAN: "New rules are producing useful information."

ment, etc."

On the other hand, Norman said, misallocation of infrastructure investment can create negative impacts, by wasting scarce public sector resources, for example.

Poor choices

And poor infrastructure investment choices often result from disconnects between decision makers and funding bodies, and the choice of specific infrastructure investment funding and financing methods is important.

Norman said long-term debt financing is the best single technique to support sound decision-making for all types of infrastructure, and for matching benefits to beneficiaries.

KPMG's Andrew Newman, a member of

the Public Sector Accounting Board, took Council members systematically through the 2009 financial statements of one large municipality.

The aim was to show how new accounting standards for municipalities, introduced for 2009 and onward, are producing useful information about the over-all impacts — including revenues and expenditures — of municipal government activities.

Newman made it much clearer, line by line, how important conclusions — such as application of development cost charges in municipal reserve funds — may be drawn from these reports.

Following the Urban Council meeting, the CHBA Board of Directors approved a resolution that Altus Group complete the full report it has outlined for the CHBA, providing quantitative evidence as much as possible.

The Board also approved the idea of producing a list of questions arising from the application of new PSAB standards in their financial reporting that local HBAs may ask their respective municipalities.

This will be an important step toward increased transparency.



■ GREEN DREAM HOME in Kamloops, B.C., is typical of CMHC's EQilibrium™ net zero energy efficiency program.

Picking up on the pluses of net zero

RESEARCH shows that new home builders and buyers are picking up on CMHC's EQilibrium™ — or “net zero” — energy conservation program, the National Marketing Committee's Spring meeting in Ottawa was told.

Both have become aware of the benefits that can result by following through on the program.

That was the “good news” story CMHC Market Research Specialist Brett Dietrich brought to the meeting.

“There is a two-fold purpose for the research,” Dietrich said.

“We want to establish baseline awareness and understanding of the sustainable housing principles of the program, and to track the

diffusion on the initiative through consumer awareness and interest.

“From the consumer perspective, we have, in fact, succeeded in focusing their attention — that was clearly shown in a series of one-on-one interviews with project visitors.

They are familiar

“On the industry side, it is clear that builders are familiar with and aware of the initiative and its aspects.”

Dietrich said the research shows that, because of the initiative, almost 80% of new home builders have changed their construction practices in recent years to incorporate net zero features.



■ DIETRICH: “Research shows the program is working.”

Marketing TODAY

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

BUYERS' PRIORITIES HAVE CHANGED

Marketing for the 2011 buyer

Website a key resource for renovators, home builders

MEMBERS of the CHBA's Manufacturers' Council are a key resource for the Association's renovator and new home builder members, the Spring Meeting of the National Marketing Committee was told. And the Council has set up a website (at www.chbamanufacturers.ca) to provide a single access to all the many services and products its members offer.

Council Member Aaron Latimer, Marketing Vice President for All Weather Windows, told the Committee his Council comprises product companies that serve renovators and new home builders.

“They represent the major brands,” he said. “We want to align ourselves with what's going on in the industry — on the ground, and in showrooms. Doing so also helps us align ourselves with our customers.”

Latimer said the website was developed with the intention of becoming a one-stop source for products.

“You don't have to go to 50 sites to get the information you need — just to one,” he said. “This site is a tremendous source of information about products available in Canada. This is a great resource. We encourage you to make use of it.”



■ LATIMER



■ WEBSITE for CHBA Manufacturers' Council. It offers one-stop link to all Council members.

THE recent economic roller coaster has prompted Canadian home buyers to reassess their priorities and preferences, a leading market researcher says.

And that has significant implications for new home builders.

“The need to understand what design features buyers truly want is more important than ever,” Tim Bailey, General Manager for Canadian Operations of AVID Canada, told the National Marketing Committee's Spring meeting in Ottawa.

“The most successful builders already recognize what design elements and amenities are important to various demographics, and are able to quickly adapt to meet new home buyers' ever-changing needs,” he said.

“The extent of those changes is made quite clear in the results of our annual Design Driver study which explores everything from ‘green’ features and exterior materials to community amenities.

Shifting trends

“For 2011, the study revealed several shifting trends, suggesting that builders need to seriously evaluate several aspects of home construction and neighborhood development they may have previously ignored.”

Bailey said new home builders across North America are simplifying operations and are flexible to customer needs.

They also know their competition, and are aware that knowing the customer is crucial to their success. That is clearly shown in the results of the 2011 study.

“The first and most striking thing the study showed is that ‘small is the new big,’” Bailey said.

“The grandeur and opulence of consumer preferences during the boom times of the recent past have given way to desires for smaller, more functional areas that can be summed up as ‘practicality without sacrifice.’

“Current home buyers are well aware that big comes with a price and have developed an increasing appetite for

sensible design with increasing utility. This means that smaller footprints and footages are becoming the norm.”

Bailey said that to satisfy customers, new home builders should think in spaces — not rooms.

“Buyers are not thinking about rooms any more. They want lots of open spaces. Cordoned-off boxes are giving way to key functioning areas driven by lifestyles that often mix family, work, and friends into the same arena.

“In this context, energy efficiency is gold. It is not on the wish list for buyers — it is on their =

“And the kitchen is king. This is the ‘base camp’ for today's busy lifestyles. It is the one area where space is still a preference.”

Bailey said new home builders need to be aware that many other



■ BAILEY: “Consumer preferences are changing significantly. New home builders need to be aware of that.”

essential element because of the drive toward smaller spaces.”

Bailey said people buying a second home expect it to come with a main floor master suite (“it's of significant importance to them”), ceiling fans, and “green” flooring.

These buyers are also looking for an outdoor fireplace and an outdoor cooking area.

Bailey said the preferences changed when the study questioned “displaced” buyers. “They wanted a whirlpool tub, a second master suite, and ceiling fans,” he said.

“Walkout basements were trending downward; they were less important to this category of buyer. People are trying to get above grade.

Not important

“Pot lighting is also not as important as it once was, nor are recycled/synthetic materials and an outdoor cooking area.”

Bailey said that for “empty nesters,” whirlpool tubs and formal living and dining rooms have “fallen off the map.” Also a finished recreation room/basement is not as important to this group as it once was.

“But structured wiring is actually moving up the scale with empty nesters,” Bailey said. “Younger groups find this not at all important, but it is valuable to the empty nester.”

Bailey said the custom home buyer is showing increasing interest in having an oversized shower with seating, and an upstairs laundry has become another “must have.”

Custom home buyers also want a stone exterior (“this is huge”) and an outdoor fireplace.



MARKETING COMMITTEE in session. It was told "greenwashing" can lead to consumer backlash.

CONSUMER SKEPTICISM ON THE RISE

Caution needed in 'going green'

CHBA renovator and new home builder members should exercise caution when touting the "green" features of their projects, the National Marketing Committee Spring meeting in Ottawa was told.

The market is becoming increasingly skeptical because, in part, there are 73% more "green" products on the market today than there were two years ago.

And that is leading to increased confusion.

A new guide

To help its members, the Association has produced a brochure called "A Builder's Guide To Green Product Claims," the Committee was told.

It tells how to avoid "greenwashing" while promoting the environmental benefits of new homes and renovations.

The story on "green" came from the CHBA's Environmental Affairs Director, David Foster.

He said there are hundreds — "perhaps thousands" — of product labels in use in North America.



"If you are a consumer, you can be overwhelmed and confused," he said.

"I spent 20 minutes going through green product labels (below) looking for stuff I might want to buy.

"A closer look at these labels showed that about 75% of their claims were

not substantiated, and more than 50% were irrelevant. The marketplace is skeptical and wants credible information."

Foster said the CHBA has developed criteria



FOSTER: "Don't say what you can't prove." AT LEFT: New CHBA guide to product claims.

for assessing "green" labels and rating systems for new and existing homes.

Criteria

These criteria focus on four key areas and ask is it:

- **VALIDATED** — is it independently verified?
- **MEANINGFUL** — does the claimed measure or outcome really benefit the environment?
- **SIGNIFICANT** — is there enough benefit achieved to really matter? and
- **ENDURING** — is it ongoing and will it last and make a difference for the consumer?

"Terminology really matters," Foster said. "Vague terms like 'sustainable,' 'environmentally-friendly,' 'energy/water efficient,' and 'renewable' don't cut it.

"What does 'sustainability' mean? Apparently, whatever you want it to mean."

Foster said the CHBA's basic advice is that its members should not say what they cannot prove, provide quantified support for all environmental claims, and be very clear about what is an opinion and what is

a fact.



How technology can provide an edge with home buyers

RAPID changes in technology are influencing would-be new home buyers' decisions — and home automation can give new home builders an edge in the marketplace, a leading electronics designer says.

Marc Leidig of the U.S. company Ambiance Systems — and a member of CEDIA (the Custom Electronic Design & Installation Association) — told the National Marketing Committee's Spring meeting that the original focus on home entertainment is giving way to control systems that integrate and simplify various operations in the home.

"Home technology can be built into the home design process so it becomes an integral part of the design, not an add on," Leidig said.

"Independent technology integrators will work with builders and their customers to select and install home technology. A big reason many choose home technology is the simplicity it offers: the ability to consolidate control of switches, for instance, and use a touch panel to replace a number of devices."

"The Number One challenge," Leidig said, "is the lack of standards — especially with the shift in technology and the perception that technology costs. Profit centres are disappearing because of this disruptive force."



LEIDIG

Equilibrium 'Communities' projects move into top gear

THE communities section of CMHC's Equilibrium™ program has moved into top gear, the Corporation's Sue Ann Rothwell told the National Marketing Committee's Spring meeting in Ottawa. The first of those projects, Toronto's Regent Park Initiative, is 90% built and sold or leased, and is now being subjected to monitoring of water consumption for use in comparisons with standard buildings. And in Ottawa, Minto has begun construction of its Ampersand communities project. Rothwell said some four-storey condominium buildings — including net zero and reference buildings — are being framed and infrastructure is going in the ground.

Also the district energy system for the Ty-Histanis community near Tofino, B.C. is functional and its first houses are under construction.

"The Communities Initiative uses CMHC/NRCan funding for selected sustainable neighborhood development projects to improve performance," Rothwell said.

Measuring results

"We will be measuring energy, land use and housing, transportation, water/wastewater/stormwater, the natural environment, and financial viability."

Rothwell said 10 housing projects have been completed, have finished their demonstration periods, and are now being monitored. "Harmony House in Burnaby, B.C., is well along in the construction process," she said. "Framing is completed and the project is using vacuum-insulated panels for insulation. Moncton's Vision Home has taken longer than expected because it is part of a subdivision. However, construction should be starting soon."



ROTHWELL



■ **ECONOMIC RESEARCH COMMITTEE:** After a strong first quarter, economists said, expect housing starts to hold steady.

THE Bottom line

HOUSING AND THE ECONOMY IN BRIEF

The view from the provinces

NEWFOUNDLAND AND LABRADOR: Robust consumer spending and growth in employment, income, and population have buoyed the local housing market in recent years and these trends will likely remain in play for 2011. But current pricing and an increasing supply of active listings will contribute to lower levels of activity during the remainder of the year. The long-term outlook for housing is solid, but the activity observed during the last two years will not be sustainable in 2011 and 2012.

NOVA SCOTIA: Based on preliminary figures for January through April, single starts in the province were down 32% from 2010. However, all other starts were up by 39%. Indications are that this year will be a reflection of last. Renovations have also begun to trend downward and this is expected to continue into 2012. The resale market continues to be strong, with the demand for luxury homes on the rise.

NEW BRUNSWICK: Reports from all sources indicate the provincial residential construction industry is off to a poor start, partly because of the weather. Starts in all urban centres were down by 49.3% compared with 2010, and the demand for larger houses has dropped significantly and an increase in the number of days they are on the market has been noted.

ONTARIO: The residential construction industry expects to see a moderation in sales and construction activity in 2011. Activity in the province has increasingly become a divergent story of two very different markets: the GTA high-rise condominium segment (which set a near record pace of 5,201 sales in the first quarter), and the low-rise market, which continues to struggle despite improving employment numbers in the province.

MANITOBA: First quarter numbers show provincial housing starts to be exactly on track with CMHC forecasts. Although rural numbers were down due to Spring flooding, Winnipeg starts were strong. It is expected that starts outside Winnipeg will rebound quickly in the second half of the year. Interest in the new home market remains very high.

SASKATCHEWAN: Housing starts in the province have been growing steadily. Continued immigration and economic growth, combined with an active resale market, indicate a steady year for the new home market in Saskatchewan. Total housing starts for the first quarter were up by nearly 51%. As the province continues to grow, the demand for appropriate housing types — including housing for low income singles, students, seniors, and new entrants to the workforce — will also continue to grow.

ALBERTA: Across the province, combined housing starts in the seven largest centres declined about 25% in the first quarter compared with figures for 2010. Meanwhile, the Alberta labor market is still accessible, with the unemployment rate sitting at 5.7%. The province's population continues to grow, but several forecasters expect a labor crunch when energy-sector projects that were shelved in 2008 or 2009 are restarted.

BRITISH COLUMBIA: New home construction slackened in the province during the first quarter. Demand for single-detached units has moderated significantly, and the inventory of completed and unabsorbed single-detached houses has risen by more than 50% from 2010 levels. At the same time, there has been a good increase in purpose-built rental construction; lower construction costs and increased demand are the main influencing factors.

LENDING RATES UP BUT STARTS STEADY, ERC TOLD

A cautious mood on the economy

DESPITE concerns that mortgage rates may rise later this year, cautious optimism was the prevailing mood at the CHBA Economic Research Committee Spring meeting in Ottawa.

After a strong first quarter, housing starts should hold steady, the Committee was told.

Dr. Peter Andersen led off the session with a positive note.

Getting traction

“My concept,” he said, “is recovery to expansion. We have had a year and a half of economic recovery in North America. While that wasn't quite what we would have liked to have seen, nevertheless the economy is getting traction — especially in the United States.

“You can forget those worries about a ‘double dip.’ They were legitimate, but were far off.

“But be careful what you wish for. The bank rate has increased twice this year, and I see more rate increases coming



■ **ANDERSEN:** “My concept is recovery to expansion.”

next year. The bank rate will be higher than 5% by the end of this year. “Don't believe anybody who says the job growth in Canada has been in part-time work.”

More stable

Dr. Andersen said housing starts have been a lot more stable than many economists expected.

He said he expects starts for 2011 to come in at just under 180,000 units, and maintain that



■ **NORMAN:** “I see a modest rise ahead for starts.”

level through 2012. Peter Norman, Senior Director of Economic Consulting at Altus Group, told the Committee that although he expects an improvement in the months ahead, housing starts have actually been gently declining.

“The area of strength has been Ontario and primarily Toronto,” he said. “Starts were strong for the first quarter and represent a rise. My forecast is for 175,000 starts this year because I see a



■ **DUGAN:** “Look for mortgage rates to increase.”

modest rise in housing later in the year. By 2012 I see starts being in the range of 175,000 to 180,000.”

But Norman said a number of risks are in place and a number of factors in play suggest caution is necessary.

“Inflation has been a topic for the last several months, although there has been no overwhelming concern about this in Canada,” he said.

“The recovery has been much sooner and sharper than expected and that is very encouraging.”

Rates to rise

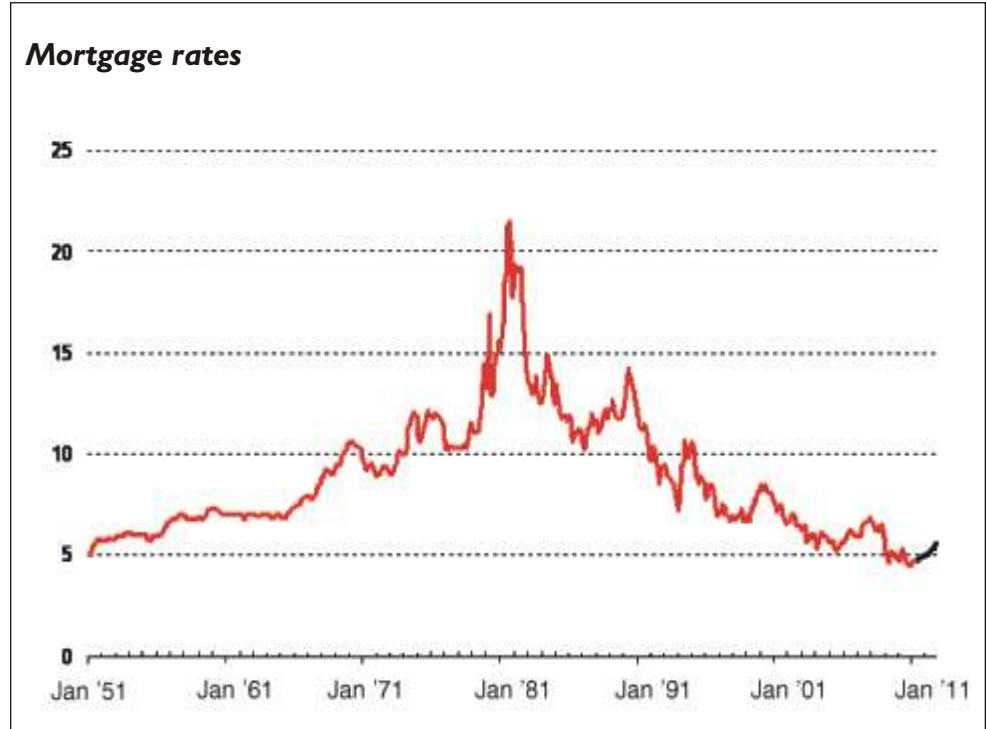
Bob Dugan, Chief Economist at Canada Mortgage and Housing Corporation said he expects mortgage rates to rise in the upcoming months, but still remain very low compared with the past.

“We do expect mortgage rates to rise modestly during the next couple of years,” Dugan said.

“And there is an expectation that the Bank of Canada will tighten monetary policy.

“We think they are going to start in the fourth quarter of this year.

“We'll see sort of a steady regime of hikes during the next couple of years.”



■ **CMHC CHART** shows mortgage rates will rise, but still remain very low.

HOUSING STARTS BY PROVINCE

	2007	2008	2009	2010	2011*
N.L.	2,649	3,261	3,057	3,606	3,100
P.E.I.	750	712	877	756	680
Nova Scotia	4,750	3,982	3,438	4,309	3,800
N.B.	4,242	4,274	3,521	4,101	2,600
Quebec	48,553	47,901	43,403	51,363	45,700
Ontario	68,123	75,076	50,370	60,433	56,200
Manitoba	5,738	5,537	4,174	5,888	5,300
Sask.	6,007	6,828	3,866	5,907	5,300
Alberta	48,336	29,164	20,298	27,088	26,500
B.C.	39,195	34,321	16,077	26,479	24,000
Canada	228,343	211,056	149,081	189,930	173,180

Source: Canada Mortgage and Housing Corporation
* CHBA Economic Research Committee May, 2011 builder forecast

Renovation TODAY

Drywall removal: changing rules on asbestos

STRICTER regulations for removal of drywall with ACDJC (asbestos-containing drywall joint compound) adopted by some provinces are not necessary, the Canadian Renovators' Council Spring meeting in Ottawa was told.

Dr. Don Pinchin, president of Pinchin Environmental Ltd. and a recognized asbestos expert, told the Council that the drywall compound, developed in the 1920s, contains about 5% chrysotile asbestos, along with other substances such as gypsum, quartz, mica, clay and ground limestone.

It was banned in Canada in 1980, although its use continued until 1982.

Dr. Pinchin said regulations for removal of drywall with ACDJC vary across Canada. Most provinces classify it as a Type 1 procedure, or "low risk," that requires testing of the ACDJC and notifying workers of its presence.

They also allow the optional use of personal protective equipment but effectively require only normal dust control measures.

Stipulations

"In four provinces — British Columbia, Alberta, Ontario and Newfoundland and Labrador — regulations essentially stipulate that drywall in homes built before 1982 be tested prior to removal, and treated as a Type 2 operation if it includes ACDJC," Dr. Pinchin said.

"Removal measures include polyethylene dust enclosures, full disposable protective suits, respirators, warning signs, isolation of the HVAC system, dust suppression, bagging and handling of the waste as asbestos, and so on.

"Removal is normally done by special asbestos contractors, and can add thousands of dollars to the cost of a renovation project or more than \$10,000 to a residential demolition."

Dr. Pinchin said this level of precaution is not needed; the asbestos content in drywall with ACDJC is very low — about 0.2% to 0.3%, including the board. This makes it *non-asbestos* for disposal purposes.

The ACDJC is hard, adheres to the drywall on one side, and is usually painted on the other side. It is either barely friable or not friable and, due to the presence of polymer in most formulations, does not crumble and release fibers into the air during removal.

Aggressive testing

Dr. Pinchin said his company has done a number of tests on drywall removal projects in Newfoundland and Ontario, including a "worst case" scenario where drywall was aggressively ripped off the wall and cut across the joints with a saw, in a totally dry and sealed enclosure.

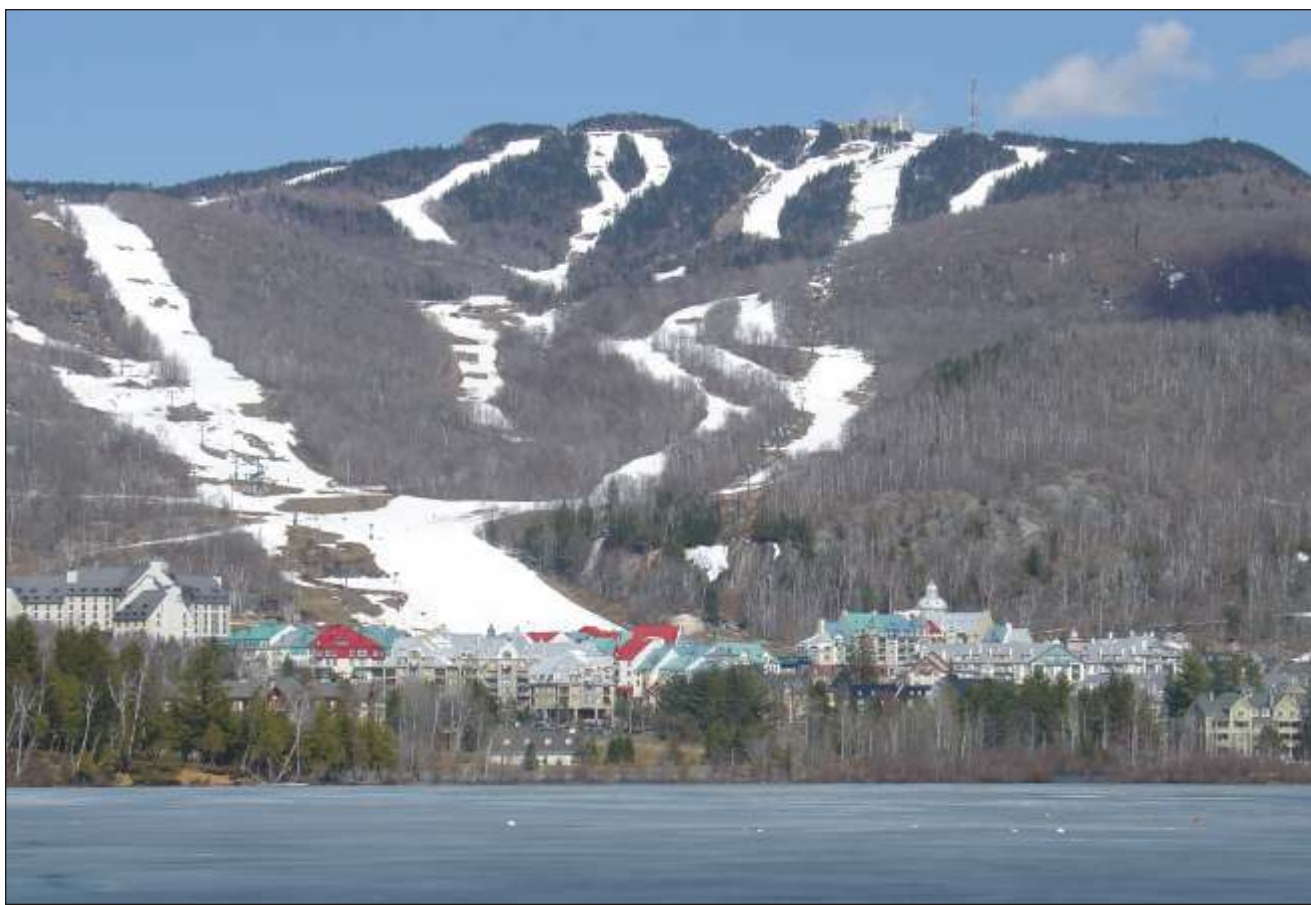
Using the standard air testing method with an optical microscope, he said, he found indications of asbestos fibers well above the acceptable limit for airborne asbestos, and the amounts varied according to the removal test scenarios. However, the same samples analyzed with an electron microscope showed only a minuscule level well below that allowed by even the most stringent regulation.

"The difference is that the optical test detects all airborne fibers of a specific shape, length and so on, without identifying what they are," Dr. Pinchin said. "In contrast, the electron method counts only asbestos fibers. The conclusion of this research is that the removal of ACDJC using normal renovation or demolition methods, even without asbestos precautions, is not a health hazard to workers or homeowners."

Asbestos removal has already cost building owners millions of dollars, he said. So governments would be loath to reverse regulations for fear of incurring the anger of the asbestos removal industry which might well push back.



■ PINCHIN



Mont-Tremblant: a call for entrepreneurs

POWERFUL forces are transforming Canadian housing markets and presenting entrepreneurs with compelling business opportunities — and that will be the focus of the CHBA's 69th National Conference next Winter.

Conference Chair Tom Cochren says the event will explore how renovators and new home builders and their business allies can

translate the market, technology, and business changes occurring today into new avenues for success.

It's exciting

The Conference will be held at the Fairmont Tremblant in Mont-Tremblant, Que., from March 16 to 18, 2012.

"This is a transformative — and

exciting — time in the Canadian housing industry," Cochren says.

"Renovators and new home builders are driving innovation and creating new opportunities. The 2012 CHBA National Conference will capture this energy and invite you to create and transform your business future.

"You should bookmark the date today."

ECONOMIC STUDY CALLS FOR CAUTION

Lingering impacts of the recession

WHILE the Canadian economy is officially out of recession, and job numbers are encouraging, a recent Altus Group report cautions that some important recessionary impacts are lingering.

These economic factors have implications for housing demand, as we go forward.

"The Canadian economy entered into recession in early 2008 that is thought to have lasted some six quarters," a report from the Altus Group says.

It's significant

"The effects [of the recession] on Canadian households were significant and still linger on today, three years later."

Of particular note, the report examined the linkages between job growth and housing demand.

While total employment has more than recovered to pre-recession levels, Canadians are still working fewer hours, and taking home less pay. The Altus report notes that the recession took a heavy toll on well-paying, full-time jobs which have not been fully recovered. Instead, recent employment growth has relied, disproportionately, on part-time employment. As well, not all em-

HOURS WORKED AND TOTAL EMPLOYMENT



Source: Altus Group Economic Consulting based on Statistics Canada Labour Force Survey

■ CHART show improvement in hours worked and total employment. But caution is advisable.

ployment groups are yet seeing their fortunes improve equally.

Specifically, Altus points to the experience of 15-to-25-year-old workers, where the recession had a particularly heavy impact. This group saw employment

drop by 10% during the recession.

To date, there has been little jobs recovery within this key group.

Implications

This has ongoing implications. "While adult job

growth is an important factor behind current buoyancy in the housing market," the Altus report says, "the malaise in the youth market is a large concern for the medium term, as this segment represents tomorrow's first-time buyers."