



■ OLSON: "The new fee stands in stark contradiction to Canada Post's past practices."

POST OFFICE RIPPED FOR 'UNILATERAL' DECISION

New mailbox fee comes under fire

THE unilateral decision by Canada Post to charge new home buyers a \$200 fee to install community mailboxes has come under fire from the CHBA.

The new fee, set to come into effect on Jan. 1, 2013, is in stark contradiction to the Corporation's past practices, the CHBA says.

And it also contradicts Canada Post's previous commitments to be fully responsible for community mailbox installation and maintenance.

In a letter to Denis Lebel, the Minister Responsible for Canada Post, CHBA President Ron Olson says the new fee was introduced without any discussion or consultation with the CHBA.

"I am writing to object, in the strongest terms, to Canada Post's actions in this matter, and to request your intervention," Olson's letter says.

"Prior to this [announcement] Canada Post has not raised this matter with the CHBA, nor has it engaged in any discussion or consultation with us."

"Canada's Post's unilateral approach in setting out this new fee stands in stark contradiction with its past practices in 1987 and 1996 when the Corporation engaged in substantive and extensive consultation with the CHBA regarding the introduction of community mailboxes."

It contradicts

Olson's letter says the move also contradicts the "clear commitment" made by Canada Post that, given community mailboxes benefit the Corporation — and *not* new home buyers — Canada Post would be fully responsible for their installation and maintenance.

This was the core of the agreement between Canada Post and the residential construction industry when community mailboxes were introduced.

"Let me be clear," Olson's letter says.

"Community mailboxes represent a reduced quality of mail service."

"The adoption of this reduced service standard was taken to help address fiscal issues being experienced by Canada Post."

"After extensive con-

sultation with our industry, it was agreed that accepting a lower standard of service in new communities was a reasonable accommodation — provided Canada Post provided the community mailboxes in a timely and responsive manner.

"The new policy proposed by Canada Post ... contradicts the agreement made by Canada Post in this regard."

Olson's letter points out that the levy will be paid by new home buyers.

Lower standard

As a result, they will not only have to accept a lower standard of mail service from the Corporation, they will also be required to subsidize the lower standard of service.

"As well," the letter says, "this levy will further damage housing affordability, which is already in a considerably weakened state because of costs imposed by governments and their agencies at all levels."

"In short, this policy is



■ Revenue Minister Gail Shea (centre) meets with (left to right) Canadian Renovators' Council Chair Mike Martin, Home Hardware's Brad Haffner, and CHBA President Ron Olson in Ottawa last month.

Renovation Month Contest winner

IN AN electronic draw last month, Canadian Renovators' Council Chair Mike Martin and Alec Thompson of Home Hardware Building Centre picked the winner of a Toyota RAV4 vehicle.

The winner is Corey Newcomb of Saanich, B.C.

The contest was part of Home Hardware's nation-wide campaign in support of Renovation Month and the Get It In Writing message that included radio and television advertising, e-mails, and ads in Home Hardware flyers. It was a campaign that reached millions of homeowners.

unfair and discriminates against new home buyers. As such, it is completely unacceptable to our industry.

"That such a policy would be introduced by Canada Post unilaterally, and without any consul-

tation with our Association, is outrageous and equally unacceptable. In an era when government agencies are striving to operate in a more transparent and accountable manner, Canada Post is doing the opposite."



In the news

THE WORLD OF HOUSING TODAY

R-2000 NET ZERO PILOT

Natural Resources Canada has launched a pilot project aimed at using the R-2000 Standard as the basis for houses to be certified as Net-Zero. It will use NRC's HOT2000 simulation software to confirm that on-site renewable energy generation is adequate to offset all purchased energy use. CHBA new home builder members will be invited to take part in the project which aims to build and certify a number of R-2000 Net-Zero homes.

SUMMER MP CAMPAIGN

ALL 308 federal MPs were contacted in some way — in person, or by phone, letter or E-mail — during the CHBA's Summer MP Campaign, the Fall meeting of the CHBA's Board of Directors in Ottawa was told. And the effort got across to them key issues that are of concern to CHBA members across the country. Campaign Chair and CHBA First Vice President Deep Shergill said MPs were told that a key issue is implementing housing tax reforms that support housing affordability and choice.

ON THE CALENDAR

THE CHBA's 70th National Conference will be held at the Fairmont Chateau Lake Louise Mar. 7 to 9, 2013. The Annual Meeting of Members will be held on the morning of Mar. 7. Plan to attend.



■ MEETING with Bank of Canada Deputy Governor Tiff Macklem (centre) are (left to right) CHBA's Bob Finnigan, Bard Golightly, Deep Shergill, Ron Olson, Peter Greenwood and Gary Friend.

Tech talk

NOTES FROM THE TECHNICAL RESEARCH COMMITTEE

REDUCING QUAKE AND WIND DAMAGE

AT THE Fall meeting of the CHBA's Technical Research Committee, the B.C. Homeowner Protection Office announced the release of a new guide to complying with the new structural requirements in the Building Code for houses in earthquake-prone areas. In making the announcement, the HPO's Denisa Ionescu said the new guide is a collaborative effort involving the Provincial Building and Standards Branch, F/P Innovations, the HPO, and volunteer members of CHBA-BC, among others. The CHBA National Office also contributed to this initiative at an earlier stage of the work. The NBC requirements were in turn adapted from work done by the Canadian Wood Council that developed this prescriptive approach to avoid the need for engineered design.

The new lateral load requirements apply to areas at high risk of earthquakes and areas of high wind. Houses in areas at extreme seismic risk must use the more stringent requirements in Part 4. Most of the areas where the new requirements apply are in B.C., although some are in Alberta, Quebec, and in the far North.

The TRC was told the new requirements are based on locating internal walls and solid sections of exterior walls in strategic locations. The guidelines could help designers and builders make houses less prone to damage regardless of location.

SOLAR READY

THE concept of a "Solar Ready" house is pretty straight forward, the TRC was told. While home buyers may not be ready to pay for a solar array on the roofs of their new houses, they might be willing to invest in a few features that would make it a whole lot easier and less expensive to install a system later. Orientation of the roof is a big factor. So is having a suitably-sized clear roof area. A shaft from the roof to the basement with space set aside there for equipment to be installed later would be useful to include ahead of time as well.

NRCan had proposed to add more criteria to the Solar Ready concept, including onerous structural requirements affecting roof trusses. Following a discussion at the TRC Management Committee in late 2011, NRCan staff met with builders and CHBA staff to address builder concerns. A revised draft of the Solar Ready guideline with simpler, less expensive structural requirements was provided to the CHBA just prior to the Fall TRC meeting. Chair Steven Crowell welcomed the move and expressed his appreciation to NRCan for responding to builder concerns.

CUTTING RED TAPE

EARLIER this year, the Federal government's Red Tape Reduction Commission released its report *Cutting Red Tape — Freeing Business to Grow*. The report proposes to give the Office of the Auditor General of Canada the mandate of reviewing and reporting on the government's progress in reducing regulatory administrative burdens through its "One-for-one rule." Under this rule, every time a new regulation is adopted, and existing one would be eliminated.

The summary of the report observes that some regulations are necessary. "But all too often," it says, "people are treated as children by governments. Governments sometimes try to eliminate all risk — an impossible goal — and trying to do so can unnecessarily stifle innovation and growth in the process."

In a recent letter, the CHBA brought this report to the attention of the Canadian Commission on Building and Fire Codes, writing that the relentless growth of regulations is an issue of strategic importance to the housing industry and the government's recognition of this challenge as signaled by this report is encouraging.



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REPORT SEES 'SIGNIFICANT' INVOLVEMENT

Feds in key housing role

THE federal government's role in Canada's housing system may not be well understood, but it is very significant, a new CHBA report says.

A wide range of federal participants have important impacts on finance, overall management of the economy, and other matters of national interest, the report says.

Economist Greg Lampert compiled the report, titled *The Federal Role in Canada's Housing System: An Update*.

It says macro-economic management — fiscal and policy measures, and intermittent federal economic stimulation programs — play a significant role in Canada's residential construction industry.

The report says other examples include:

- Finance (regulation of financial institutions, mortgage interest rates, and mortgage insurance);

- Taxation (business, sales and income taxes, GST/HST rates and rebate thresholds);

- Immigration (including permanent residents and temporary work permits);

- Human resources and skills development (including employment insurance and inter-provincial labor mobility);

- Business competition rules (misleading advertising to bid-rigging);

Trade

- International trade (new markets for Canadian housing-related products and expertise);

- The environment (energy efficiency, greenhouse gas emissions, transportation and infrastructure development, land and water use, habitat and ecosystem protection, rehabilitation of contaminated industrial land for residential use);

- Infrastructure (shared-cost programs such as the \$33 billion Building Canada Plan, upcoming long-term plan for infrastructure);

- The building process (national model codes, development and validation of construction products and technologies, oversight of standards writing, hazardous products, energy efficiency programs and labeling, R-2000 initiative, research by various agencies);

- Housing assistance (CMHC funding for and review of older social housing programs, federal funding for the federal/provincial/territorial investment in Affordable Housing program, aboriginal housing programs, assistance to

private and non-profit providers); and

- Research and information dissemination (technical research and dissemination by NRC Construction, NRCan and CMHC, and socio-economic, market and energy use research by CMHC, Statistics Canada and NRCan).

CHBA President Ron Olson says the federal government has played — and will continue to play — a crucial role in ensuring that Canadians are the best-housed people in the world.

Support

"Through its strategic investments in our housing system," Olson says, "the federal government supports our industry's capacity to innovate and become ever more competitive."

"In turn, this delivers substantial economic benefits to Canada, and better homes for Canadians."

The report also says widely-valued and re-

spected federal institutions such as Canada Mortgage and Housing Corporation, the National Research Council's NRC Construction, and Natural Resources Canada play significant roles.

"These and other federal organizations support and assist provincial and territorial governments in areas of provincial/territorial jurisdiction," the report says.

"Examples include the model National Building Code, materials evaluation and standards, and research."

"Further issues of national importance such as the environment, human resources development, and housing assistance, require inter-governmental co-operation and co-ordination."

"The federal government participates in, and supports, numerous inter-governmental bodies."

What is sustainable housing?

DETERMINING exactly what the phrase "Sustainable Housing" means — and how best to promote it in Canada — will be the prime task for a key industry steering committee, a new report says.

And a collaborative process across the country is needed to implement common principles for programs, standards, and approaches to the concept.

An industry-government stakeholder's group working with existing private and public sector organizations would spearhead the process.

Changing world

The report is called *Housing for a Changing World*.

It comes from the Industry Steering Committee for the Sustainable Housing Technology Roadmap.

Steven Crowell, chair of the CHBA's Technical Research Committee, says that for decades, industry has been working with research groups, academics, and all levels of government to put Canada at the forefront of well-built, energy-efficient, healthy housing.

Those 'urban myths'

SOME key myths about urban planning and development can undermine housing affordability and choice, the Fall meeting of the CHBA's Urban Council in Ottawa learned.

Such myths have been a major focus of the CHBA-Calgary Region.

And the efforts are beginning to pay dividends, Calgary Region's Carol Oxtoby and Amie Blanchette said.

In addition, they reported that such concepts can undermine sound planning itself during the longer term, they said.

They have unintended market, environmental, and social consequences that blow back on municipalities pursuing them.

It stalls

Oxtoby and Blanchette said that in this vein, CHBA-Calgary Region points out to city planners that failing to provide timely land use decisions stalls the build out of newer development areas until the currently available supply dwindles.

Shortages and lags in the land pipeline mean increased prices and reduced affordability and choice in all areas of the city, including those given priority for development.

In addition, planners need to consider the reality that Calgary is a relatively young city in which children under



URBAN COUNCIL in session. It was told municipalities suffer when they follow unsound planning concepts.

the age of four increased by almost 21% from 2006 to 2011.

Therefore, a majority of such families are seeking a ground-oriented single-family home of some kind.

Relative affordability will determine the location of consumer purchases.

Limiting the ability of families to afford a home of their choice through restrictive planning policy often means losing future growth to the city.

People will try to live just outside city boundaries, leading to more commuters on the road traveling longer distances.

Indeed, in the Calgary region from 2006 to 2011, neighboring municipalities grew at a much faster rate than the city itself.

The Council also heard a similar story from Christina Heydorn of Malone Given Parsons, a

planner working for the Greater Ottawa HBA.

In this case, the planning assumption was that large numbers of seniors would be moving from their single-family homes into condominium developments, freeing up units for families with children.

Census data

Heydorn said census data and other information shows that, in fact, baby boomers can be expected to remain in their suburban homes for a long time to come.

In addition, prices of their existing units may not work for young families with children.

More land for low-rise family-oriented development will continue to be needed. In this instance, effective use of the numbers resulted in the City of Ottawa adding some land to that slated for family-oriented developments.

Time to target aging Boomers

GREAT and exciting opportunities await the residential construction industry as Canada's 9 million baby boomers start turning 65, according to a report from a new Task Group studying the subject.

As more and more of them reach and continue past this milestone, they will have a significant impact on the housing market — and create a huge demand for a range of housing and care options as they age.

"The time to get ready for this gray wave and take action is now!" the report says.

Tabled

The Task Group's report was tabled at the Fall meeting of the CHBA's Board of Directors in Ottawa.

Task Group members Bob Finnigan and Gary Friend said their Group met in August to discuss the issues involved in dealing with the dynamic new market.

"The aging of Canadians presents great and exciting opportunities for the residential home building industry," the report says.

"But it is also wrought with challenges, obstacles, and pitfalls.

"In order to provide appropriate housing and to meet the needs of an aging population, the building industry needs lots of detailed information."

To begin with, the re-



■ **TASK GROUP MEMBERS Gary Friend (left) and Bob Finnigan report to the CHBA Board of Directors Fall meeting (below) on the growing housing market for seniors. They said the time to get ready for the coming "gray wave" is now!**



port says, the seniors' housing market might well be quite different from what most builders imagine. It is fragmented, with several distinct groups that have different wants and needs.

"And very significantly," the report says, "many — if not most — seniors will have less

money for their retirement than expected.

"Some will have very few resources to meet their changing needs as they age."

The report says it takes a number of years to get a project going. But housing needs and requirements are dynamic, and right now the industry is at the point

where it has to "crystal ball" what seniors' needs will be in 2020 to enable the zoning changes to get moving in the right direction.

"At the current rate of development," the report says, "there will be a huge and growing gap between the number of new seniors' care units coming on stream versus the predicted need, which raises the question of where seniors with care needs are going to live."

The report also raises the question of just who the seniors are.

"As noted," it says, "seniors are not a uniform population. The Task Group easily saw a few distinct segments with different housing desires and needs.

"[Those] 65 to 75 years old tend to be extremely active.

"Housing decisions are about lifestyle — they want to make their life simpler so they are looking for different types of housing, but not support.

"By far the majority do not sell and move at this time of their life; instead they start looking and planning ahead. By the time they reach 75, they are much closer to making a move."

After age 75, the report says, the need for different housing sets in, with potentially some care incorporated, and later as they grow older, even more care may be needed.

Alternatives

"In a world with limited alternatives available for most, people tend to stay where they are until their knees won't allow them to use stairs, or they are unable to cut the grass, look after a garden, shovel snow, and so on.

"Then it is time to make a move.

"Eighty is the new 70 — maybe a cliché by now, but it is a valid point.

"Not only will Canada experience a huge increase in the number of seniors, but life expectancy is also growing."

The report says that of the 500,000 people expected to join the ranks of seniors every year for the foreseeable future, a certain percentage will be in great shape financially.

Other seniors will have retirements plans that are affected by the vagaries of the marketplace and general economic conditions.

And a number of seniors, perhaps a sizable percentage, may have little to retire on outside their government pensions — no company or private pension plans, and little or no equity.



When energy conservation begins to count

■ **HOW much more energy efficient are new homes compared with similar homes built in the 1970s?**

That was the focus of a presentation to the CHBA's Canadian Renovators' Council at its recent meeting in Ottawa by David Foster, the Association's Director of Environmental Affairs.

The CHBA has carried out analysis of energy efficiency improvements in homes over time, with assistance from Natural Resources Canada's Canmet ENERGY Division.

This project used NRC's HOT2000 simulation software to determine how a typical Ottawa home performed at the time it was built, around 1975.

"Comparing older and new homes can be misleading," noted Foster. "As equipment such as the furnace is replaced, or renovations are carried out, the home's energy efficiency improves, so it's a bit of a moving target," he explained to the members of the CRC.

To address this, the CHBA obtained original construction specifications for a typical new home built in Ottawa in the mid-1970s and CanmetENERGY carried out the HOT2000 analysis. The same home design was then re-analyzed using typical construction specifications each de-



■ **RENOVATORS' COUNCIL in session. It was told energy conservation has high on the list of priorities for home owners when they have renovations done.**

cade, including construction to the current Ontario Building Code.

The result? The same 1975 home, built to current Code requirements, would use 66% less energy overall. It's space heating energy use would fall by nearly 80%.

"This was a true 'apples to apples' comparison," stated Foster. "The only things that changed were the building envelope and mechanical specifications — other than that it is the same 2,100 square foot, two-storey home, in the same location," he added.

In context

To put the new home's 66% improvement in energy efficiency into context, the CHBA also obtained fuel efficiency data for a number of popular family cars that were on the market in the 1970s, and are still available today.

"We have accurate data from the U.S. government from 1985, and evidence suggests there was very little same-model efficiency improvement in the previous 10 year period," Foster explained.

So how did the car manufacturers do in comparison with new home builder? Not so well.

The greatest efficiency boost was attained by the Chevrolet Impala, which gained three miles per gallon (U.S) in fuel efficiency, or about 15%. The Honda Accord gained less than a 4% efficiency improvement between 1985 and 2012. The Toyota Corolla managed about 8% improvement.

"Based on a true 'apples to apples' comparison, the energy efficiency gains made in new homes over the last four decades totally blow away what car companies have been able to accomplish," noted Foster. "It's a great story, and one all new home builders and their supply partners should be very proud about."

In the coming months, the CHBA will be producing a new report on this analysis, as well as a number of fact sheets for the use of provincial and local HBAs and members.

Immigration policies that work

■ **THE CHBA's strong advocacy for federal immigration policies that are right for the housing industry is producing some very hopeful results, Past President Gary Friend says.**

Earlier this year, the federal government announced a new immigration initiative aimed specifically at Skilled Trades — something the Association has long been calling for.

"We are very supportive of the actions the government is taking," Friend says.

Home building has traditionally relied on ambitious, hardworking people with practical skills, who came to this country looking for a secure future.

But during the last several years, Canada's immigration bias in favor of professional immigrants has made it far more difficult for skilled trades people.

"One of the big challenges for our industry — and for all industries

— is the shortage of skilled workers," Friend says.

"There is worldwide competition for them. Removing the serious roadblocks in our immigration system should make it easier to attract them to Canada."

Changes scheduled for implementation early in 2013 include:

■ The new Federal Skilled Trades Class will provide a separate and streamlined program for immigration of skilled trades persons in 2013, with more emphasis on practical training like apprenticeship;

■ The mandatory language criterion will have a lower minimum language ability threshold for the new Skilled Trades Class and for the Canadian Experience Class;

■ Steps are being taken to make the "arranged employment" criteria work better within the construction industry's traditional subcontracting arrangements.

An Alberta pilot program allows temporary foreign workers in certain skilled trades to work for multiple employers in that province. The new Skilled Trades Class also will accept applications of offers of employment from up to two employers; and

■ Confirmed offers of employment will be given a higher priority in assessing economic immigrant applications, which may help to address the lack of recognition of provincially-designated residential construction trades.

Three programs target skilled workers.

They are the Economic Immigration Program — which includes the Federal Skilled Worker Program and the Canadian Experience Class, through which temporary foreign skilled workers can become permanent residents; Provincial Nominee Program; and Temporary Foreign Worker Program.

An 'incredible' conference

THE incredible Lake Louise will be the site for the CHBA's 70th National Conference next March and it will run with a new schedule that begins and ends one day earlier.

And Conference Chair Tom Cochren says a great set of speakers has been lined up for the occasion.

The Conference theme: *Leading*.

"And," says Cochren, "that begins with a simple question: how can I get better at what I do?"

"It comes to life when you inspire those who work with you to become better at what they do. That will be the focus of this event."

The Conference will be held at the world-famous Fairmont Chateau Lake Louise from March 7 to March 9. Pre-conference meetings of the CHBA's committees and councils will be held from Monday March 4 to Thursday March 7.

The theme

Cochren says the Conference theme is based on the idea that leading is anticipating what's coming next, recognizing the innovations and opportunities that can deliver a competitive advantage, and then making it happen.

"Leading is about being prepared for tomorrow, and working with your team to push the boundaries," he says.

"Canada's new home builders have always been leaders. Our industry builds and renovates to create the best homes in the world.

"We are leaders in delivering value to consumers, in building a strong economy, in creating jobs that are fulfilling, and in pursuing a greener nation.

"The 2013 CHBA National Conference will focus on leading — what it is, what it demands of us, and why it matters more than ever. It will cut through the complexity of today's business environment and connect you with what is essential for the leading home builders and renovators of tomorrow."

Keynote

Will Gadd, the world-renowned multi-sport mountain adventurer, will be the keynote speaker at the Conference Opening Breakfast.

Best known for his wild outdoor adventures, he is most proud of his ability to confront those adventures safely. He views risk assessment and leadership as intertwined skills requiring the ability to see things as they are — not as one might like them to be.

He cites the "power of positive thinking" as a critical part of surviving in a risky environment.

In addition to his serious — and sometimes humorous — lessons



■ **KEY SPEAKERS at the CHBA's 2013 National Conference in Lake Louise include (from left) mountain adventurer**

Will Gadd, former music industry marketer and national sales training manager Scott Stratten, internationally-

recognized motivation expert Dr. Piers Steel, demographer Wendell Cox, and communications expert Dr. John Izzo.

learned from years of mountain leadership, Gadd will share a few local stories that illustrate the beauty and power of the Lake Louise area.

Former music industry marketer and national sales training manager Scott Stratten will bring to the Conference his special message on how to stop marketing and start engaging customers.

He calls this "un-marketing."

"This is all about positioning yourself as a trusted expert with your target market so they choose you," Stratten says.

In an era where social media is promoted as an essential element in a business marketing plan, Stratten cautions business leaders to avoid getting caught in the hype — the exaggerated claims, overblown expectations, and fuzzy thinking that too often interfere with building authentic and meaningful connections with prospective customers.

Awards

Saturday sessions of the Conference will kick off with the CHBA National Awards Breakfast celebrating the achievements of Canada's leading new home builders and renovators.

Keynote speaker for the event will be Dr. Piers Steel, an internationally-recognized expert on human motivation, and the foremost authority on why people put things off. He will tell delegates how to stop procrastinating and, instead, start getting things done.

The annual Economic Session will offer insight into housing affordability, the real key to building sustainable communities.

Leading the session will be demographer Wendell Cox, who studies more than 300 urban centres around the world — including 30 in Canada. He will tell delegates why many of today's public policies that aim to achieve more "sustainable" communities do exactly the opposite.

By attacking housing affordability, Cox says, these policies carry large risks — resources are being misspent, and

the future of the economy and Canada's standard of living are threatened.

Closing out the Saturday sessions will be communications expert Dr. John Izzo who will show how some companies and leaders engage people to act like owners. In turn, he says, this lets leaders create a cul-

ture where others in the organization will be motivated to step up and take the initiative.

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

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

"The Chateau Lake Louise is where Canada's mountain culture began, drawing European aristocrats in the 1890s, accompanied by the Swiss mountain guides who would take them to new heights.

"Our Welcome Reception will give you a window into this remarkable heritage and how it is

continuing today. Join us at this relaxed, casual evening where you can meet old friends and make new ones, enjoy regional cuisine, and meet some of the incredible characters who make Lake Louise such a special and unique place."

Cochren says the Business Alliance Centre will be a key feature of the Conference, offering networking and connection with industry leaders.

Relaxing

It will also provide a relaxed area for conversation.

And the 2012 CHBA National SAM Awards will recognize new home building and renovation achievements and marketing excellence.

The Conference will wind up with the President's Gala, an evening of fine dining, entertainment, and dancing to honor outgoing president Ron Olson.

LEADING

Leading begins with a simple question: How can I get better at what I do?

Canada's home builders have always been leaders. Our industry creates and renovates the best homes in the world.

The 2013 CHBA National Conference will focus on leading — what it is, what it demands of us, and why it matters more than ever. The Conference will connect you with what is essential for the leading home builders of tomorrow.

Plan now to be in Lake Louise next March 7 – 9, 2013

The world famous Fairmont Chateau Lake Louise is the location for CHBA's 70th National Conference. The Chateau offers an inspiring setting, coupled with superb hospitality, comfort and amenities.

And take note that the CHBA Conference schedule has been changed — this fabulous event now runs from Thursday evening through Saturday night.

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

70th CHBA National Conference
LAKE LOUISE, ALBERTA
March 7-9, 2013

Where housing markets may be headed

WHILE underlying housing demand is expected to remain strong if somewhat lower during the next two decades, CHBA President Ron Olson says, short-term economic uncertainties and threats to affordability are causing serious concern.

“The risks highlight the need for careful monitoring and review of public policies affecting housing markets and consumers here in Canada,” Olson says.

The CHBA’s latest update of its annual report “Canadian Housing Industry — Performance and Trends” was published in October and sent to all federal MPs.

It says new housing starts are expected to decelerate in 2013 — a trend that started early in this year.

The causes are partly cyclical and partly due to global economic challenges. They also include the impact of growing government-imposed costs and policy changes.

The report says that while most of the decrease in 2013 is expected to take place in multiples — especially high rise condominiums — the single-family detached home is perhaps more endangered.

Planning and fiscal policies favoring higher density new development in many areas mean less land is being approved for singles — despite their ongoing status as “housing type of choice” for prospective home buyers.

Shortages

This leads to shortages and price increases, the report says.

The continued and welcome growth in employment masks a very disturbing situation for young people 15 to 24 years old.

High unemployment in this age group could have serious implications for new household formations and housing demand in the near future.

Similarly, the positive low interest rates have a down side — masking affordability and debt issues.

The report says affordability is a measure of housing prices in relation to income levels — and it is markedly worse than in the decade prior to 2005.

The problem is masked by abnormally low interest rates.

Government-imposed costs on new housing continue to grow rapidly.

The report says development cost charges that essentially transfer public sector debt onto household mortgages add many thousands of dollars to new home prices.

As well, it says, by discontinuing the 2.5% GST rebate on renovations and essentially freezing the GST/HST phase-out thresholds on new homes, the federal government has worsened housing affordability.

THE Bottom line

HOUSING AND THE ECONOMY IN BRIEF

A view from the provinces

THE economic picture was generally positive in provincial reports tabled at the Fall meeting of the CHBA’s Economic Research Committee meeting in Ottawa. Extracts:

NEWFOUNDLAND AND LABRADOR: The province expects to have Atlantic Canada’s strongest economic performance this year and next. Although some projects that were significant to recent economic growth are going to be winding down during the forecast period, a number of new large construction projects are getting ready to begin, and several others are in the pre-construction stage. The manufacturing sector is also poised for growth.

PRINCE EDWARD ISLAND: Global demand for food commodities — including grains and potatoes — will support exports, and aerospace products and parts shipments are also continuing to grow.

NOVA SCOTIA will see economic growth although both federal and provincial governments are focused on fiscal restraint. Work at the Halifax shipyards will add to growth as the construction of Coast Guard vessels and maintenance work for several navy vessels continues. A recently signed offshore development agreement will add to growth during the latter part of next year.

NEW BRUNSWICK: The weakness in the forest sector is being offset by activity in potash, natural gas, and mining for basic metals. The province’s GDP is expected to grow 0.9% this year, and 1% in 2013.

ONTARIO housing starts were very strong this year, mostly because of the record number of condo sales in the Greater Toronto Area. Housing starts are expected to increase to 75,100 this year, but decline in 2013. The GTA condominium market had a very strong first six months this year with nearly 11,000 sales. However, builders are reporting lower levels of sales traffic since new mortgage rules came into effect.

MANITOBA: So far it has been all good news for the residential construction industry in the province. All projections for 2012 were positive with numbers hovering near the 6,150 mark. It now appears that new home starts will finish the year at about 6,900. Single-family homes are expected to increase by 7% this year. But forecasts vary greatly for 2013. And new home prices continue to increase, tracking at about 4% above last year.

SASKATCHEWAN new housing construction continues to maintain a strong pace. The Regina region reported a significant increase in multi-unit starts, and single-detached starts also rose. The Saskatoon region’s single-family starts also increased by more than 19% in the first nine months of this year; multi-family units increased by 7% in the same period.

ALBERTA expects challenges ahead as the outlook for global oil markets and North American natural markets both remain uncertain. World oil prices next year are expected to remain at levels high enough to support reasonable levels of investment spending by the energy sector. Housing starts for all areas of the province are expected to end the year at 23% higher than 2011. Tightened federal mortgage insurance regulations have led to reduced expectations for residential construction during the current year.

BRITISH COLUMBIA house sales have been declining for the last two months, and stricter mortgage regulations compounded a moderating trend in consumer demand. Housing starts during the first half of this year were higher than the equivalent period in 2011 and they are expected to increase gradually going forward into 2013. Growth this year will be concentrated in multi-family housing with a stable level of single-detached home starts.

ECONOMISTS LOOK TO THE FUTURE

A call for caution

THE CHBA’s Economic Research Committee was told that builders can look for stronger economic growth by the end of 2013, but be prepared for some weakness between now and then.

While there is reason for some optimism, the underlying message continues to be one of caution — and delaying major commitments until the economic outlook is clearer.

Overall, the three economists — the CHBA’s Dr. Peter Andersen, Altus Group Economic Consulting’s Peter Norman, and CMHC’s Philippe Marcil — were in good agreement on housing forecasts over the coming year.

The range

Expectations for final start numbers in 2012 ranged from 207,000 to 218,000. For 2013, the range was 180,000 to just over 193,000.

All three economists see most of 2013’s decline occurring in the multi-family category, with single-family starts remaining somewhat firmer, or with only modest cooling.

Underlying their views were a range of concerns about economic conditions in Canada, and elsewhere.

Dr. Peter Andersen remains concerned about unemployment related risks over the next 12 months. He doesn’t see near-term economic growth as adequate to sustain employment growth, and is concerned that Canada’s unemployment rate may rise in the first part of 2013, shaking consumer confidence.

In part, he sees this



ANDERSEN



MARCIL



NORMAN

weakness tied to weak commodity prices, particularly if there is further slowing in China’s economy. He noted that a “synchronized global slowdown is in place, that hurts commodities.” Coupled with an overvalued Canadian dollar, this could undermine jobs growth across Canada.

He is also concerned about persistent and high youth unemployment, as this poses a longer-term threat to housing demand.

However, Dr. Andersen also sees some light on the economic horizon. He believes that sovereign debt problems in Europe “seem to be headed to the back burner,” and he has “crossed Greece off my worry list.”

As well, he believes the U.S. economy “is definitely on better footing now,” and that the recent recovery in house prices south of the border is not “a flash in the pan” but likely to continue “for the next five years.”

He noted that the only downside of a U.S. housing recovery could be higher material costs, particularly lumber, as much production capacity was mothballed during the recession.

The Altus Group Eco-

nomics Consulting’s Peter Norman shares much the same view of where markets are headed. He noted that the single-family market has been weak — well below past levels.

He suspects this is caused by supply constraints more than consumer preferences, as lack of land, and rising government-imposed costs make single-family home ownership increasingly problematic for potential home buyers.

Norman expects next year’s moderation in starts to come from the apartment segment primarily, as this segment has “driven starts in 2012,” accounting for over 40% of this year’s total starts.

Lots of talk

In relation to home prices, speculation of softening is just that — “there’s lots of talk, less evidence.” He does not see prices being much softer than a year ago, rather he noted that they were still up, year-over-year.

In relation to recent changes to mortgage rules, Norman noted that these “primarily hit first-time buyers — who haven’t been a big factor in the marketplace.” While allowing that the new

rules “took a bit of sizzle out of some markets,” he pointed out that the vast majority of home buyers, who do not require mortgage insurance, were largely unaffected by the new rules.

In relation to housing affordability, Norman did note that the house-price-to-income ratio has been deteriorating for the last number of years, but housing accessibility remains strong by historic standards, due entirely to low mortgage interest rates.

CMHC’s Philippe Marcil noted that, despite global uncertainty, Canada’s economic fundamentals remain positive.

Stability

CMHC expects that resale markets, along with resale prices, will remain stable, and most local markets will see balanced conditions.

Further, CMHC shares the view that the new home market will moderate throughout the remainder of 2012 and in 2013.

CMHC’s view of the upside and downside risks facing Canada’s economy and housing markets were much the same as both Anderson’s and Norman’s — stronger growth in the U.S. or emerging markets could push up Canada’s rate of economic growth, while more prolonged financial uncertainty in global markets could hurt Canada’s performance.

CMHC also noted that elevated levels of household debt have made the country’s economy “more vulnerable to some economic shocks” particularly if interest rates or unemployment were to increase sharply.

HOUSING STARTS BY PROVINCE

	2009	2010	2011	2012*	2013*
N.L.	3,057	3,606	3,488	3,275	3,000
P.E.I.	877	756	940	800	710
Nova Scotia	3,438	4,309	4,644	3,875	3,825
N.B.	3,521	4,101	3,100	3,000	2,800
Quebec	43,403	51,363	48,387	45,400	42,100
Ontario	50,370	60,433	67,821	75,100	63,300
Manitoba	4,174	5,888	6,083	6,800	6,900
Sask.	3,866	5,907	7,031	7,700	8,200
Alberta	20,298	27,088	25,704	31,650	31,200
B.C.	16,077	26,479	26,400	28,500	30,100
Canada	149,081	189,930	193,950	206,100	192,135

Source: Canada Mortgage and Housing Corporation
* CHBA Economic Research Committee Fall 2012 builder forecast



Energy-smart house videos released

THREE videos that deal with CMHC's EQuilibrium project are now available on the Corporation's website, CMHC's Sue Ann Rothwell told the Fall meeting of the CHBA National Marketing Committee in Ottawa.

In the videos, the project builders identify aspects of importance to them as a result of completing their projects.

And homeowners speak about their experience in the homes.

"Of particular interest to builders," Rothwell said, "are the EQuilibrium Housing Insights."

"These short fact sheets on particular aspects of the projects include interesting technologies and approaches."

It's shared

"So another builder has done the experimentation and now that information is being shared."

Rothwell said there are more than 20 Insights published to date, plus the information provided in the Project Profiles.

There will also be construction information and the results of moni-



■ ROTHWELL

toring the homes coming during the next year or two.

CMHC has also published a five-volume definitive guide to the over-55 market, Rothwell said. The set deals with everything from understanding and responding to the market, to planning and designing a project, to services and amenities.

The guides are available on the CMHC website, www.cmhc.ca.



■ Regent Park project in Toronto and (at top) Urban Ecology project in Winnipeg are two new developments in CMHC's EQuilibrium initiative.



TRANSPARENCY'S KEY ROLE IN MARKETING

What the buyers look for

NEW home builders need to be aware of a major shift in home buyer attitudes, the Fall meeting of the CHBA National Marketing Committee learned.

And the only successful way to deal with the shift is to be more open with buyers.

That means transparency is paramount, a trio of experts told the Committee. Because, as one of them put it, to today's buyers, they are "their homes, NOT yours."

Pay attention

And new home builders should not ignore that.

The word on the need for greater transparency came from three very different perspectives: a warranty expert, a residential construction industry analyst, and a lawyer who specializes in and writes about real estate markets.

Karen Mortfield, Stakeholder Relations Vice President for Ontario's Tarion Warranty Corporation, led off the



■ MORTFIELD

presentations. To her, she said, honesty and transparency are the real core of new home marketing today.

"To home buyers, it doesn't matter about all the other houses you build," Mortfield said. "The only one they are interested in is the one you are building for them."

"When something goes wrong, it's not just 'the settling in period,' or 'every house has it,' or 'a temporary issue.' To them it is a big deal."



■ BAILEY

"And people get very upset if their concerns are not dealt with, promptly."

Mortfield said that is reflected in the complaints Tarion handles — more than 66,000 of them every year.

The bulk

And the bulk of those complaints happen in the first year, although very few are actually warranty claims.

"We also see claims for structural defects," she



■ AARON

said. "The trouble is people don't understand their homes. We need to do a better job of education. Customers are still feeling that their concerns aren't being addressed."

Mortfield said she believes strongly in the power of social media and new home builders should turn to it in their efforts to reach out to customers.

"Consider using multiple communications channels — e-mails, web-

site, social media," she said.

"You should provide regular updates throughout the construction process."

"And you should answer questions promptly."

Tim Bailey, President of Avid Ratings Canada, said the residential construction industry today is facing a new "experience economy" in which companies are trying to be more open with their customers.

The banana

"Is it possible to make a banana more transparent?" he asked. "Well, the people at Dole are trying to."

"McDonalds is doing the same thing. You can go on line and read questions about their food, and about their people."

Bailey said it is possible for home builders to become more transparent and leading home builders are turning to the Internet increasingly.

The residential construction industry has al-

ways known the power of referrals, he said. Today there is a transition: customer reviews are becoming just as important as referrals and consumer opinions posted online have become an excellent source of information.

"The trend line for the whole industry has been improving," Bailey said.

"As we improve the customer experience, the customer's delight increases."

Bob Aaron, a lawyer who writes a column on real estate for *The Toronto Star*, told the Committee he is a consumer advocate and has a good understanding of the residential construction industry.

"Homeowners are counting on you to build their future," he said.

"They want what they want whether it makes any sense at all. They have an extremely clear idea of what it is they want in their homes."

The demands

"They are *their* homes, NOT *yours*. So they are very demanding and have high expectations. It is important for builders to manage homeowner expectations — and actually exceed them."

Aaron said that when customers have a concern, they want to know that the builder is listening to them.

"Listen," he said. "Don't cut them off. Let the buyers tell you what is wrong. Hear them out."

"Active listening reduces misunderstanding and conflicts."

"Above all else, not only listen, but ask what they want. I can't emphasize it enough: follow up, follow up, follow up."

Study identifies drivers of rising house costs

IN RECENT years, Regina has become Canada's number one "boomtown," complete with rapidly escalating housing costs. In fact, Regina had seen Canada's highest increases in housing prices since 2007, Stu Niebergall of the Regina & Region HBA told the Fall meeting of CHBA's National Marketing Committee. To get a better understanding of what was behind the statistics, the HBA teamed up with the University of Regina on a study of new homes built over a five-year period, from 2006 to 2011.

Focusing on two typical



■ NIEBERGALL

homes — a 1,300 sq. ft. bungalow and a 1,700 sq. ft. 2-storey home — the study identified four key drivers of cost: 1) the cost of developing land, 2) government fees and levies, 3) subcontractor fees, and 4) consumer expectations i.e. growing demand for quality and amenities.

Significant

The most significant drivers were land development where the cost had doubled in five years, and higher subcontractor fees in conjunction with higher material costs and higher con-

struction standards. Government fees and levies had also risen by an extraordinary amount.

The average builder profit was 13% of selling price on the bungalow and 10% on the two-storey home — a healthy profit, but by no means exorbitant, and not a key driver of cost.

Regina & Region HBA is now looking at how to best communicate the facts from the study to the broader public including possibly a "sticker" that explains to homebuyers what their housing dollars are paying for.