

SUBMISSION TO  
**The Minister of Finance**

January  
2017

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- Hamilton-Halton
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- Lanark-Leeds
- London
- Niagara
- North Bay & District
- Greater Ottawa
- Oxford County
- Peterborough & the Kawarths
- Quinte
- Sarnia-Lambton
- Simcoe County
- St. Thomas-Elgin
- Stratford & Area
- Sudbury & District
- Thunder Bay
- Waterloo Region
- Greater Windsor

**Pre-Budget  
Consultation Submission**

*"The Residential Construction Industry is the Engine  
that Drives Ontario's Economy"*



Front Cover (left to right, top to bottom):

- 1) Haven Developments
- 2) Men At Work Design Build LTD.
- 3) Homes By Hendriks

Back Cover (left to right, top to bottom):

- 1) Great Gulf
- 2) RND Construction
- 3) Sorbara Group of Companies

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# EXECUTIVE SUMMARY

The Ontario Home Builders' Association (OHBA) is pleased to have the opportunity to present recommendations for the upcoming 2017 provincial budget. The budget provides an opportunity for the government to support economic growth, combat underground economic activity and initiate new programs designed to reduce greenhouse gas emissions. This budget is also a critical opportunity to take additional steps to improve market housing affordability and to address housing supply constraints. The home building, land development and professional renovation industries are a key partner for the government to work with to provide the necessary housing supply to meet Ontario's growing population, support job creation and stimulate economic growth.

Ontario's housing market is responding to one of the fastest growing regions in North America, diverse economic trends in different regions and a complex regulatory environment. Our industry faces a variety of inter-related challenges that affect our members' ability to build the necessary supply of new housing to meet growing demand. The fact is that 95 per cent of Ontario's new housing supply is built by our industry, and new home prices reflect the market conditions set by government policy from municipal approvals, to provincial legislation and regulatory frameworks, to the federal rules on mortgage qualifications. Government sets the rules on where, what type and when housing supply comes into the market and the market prices those homes accordingly. In an environment of rapidly increasing housing prices, challenges in delivering housing supply, increasing development charges and other fees and the ever-changing planning approvals framework at the municipal and provincial level, OHBA believes it is time that the government take a complete assessment of the housing system and strike a panel to carefully consider all the data regarding housing supply and housing prices.

There are very real and serious challenges in many communities across Ontario in delivering housing supply. There are public policy barriers that are stretching out approvals processes for both housing and critical infrastructure to support housing. This is not an issue limited to low-rise housing supply, but also mid-rise and high-rise intensification and infill housing supply. Over the last couple of years, we've seen people camped out overnight in lineups

for sales offices for new homes in a multitude of communities. This is not a sign of a healthy marketplace; this is a sign of a marketplace in which demand exceeds the ability for our industry to deliver the supply of housing needed to meet Ontario's growing population.

OHBA notes that new housing inventories in the GTA for low-rise are at an all-time low, and for high-rise, 2016 will mark a new all-time sales record at the same time as inventories have plummeted. These housing supply issues have spilled over into many of the surrounding regions throughout the Greater Golden Horseshoe and beyond. Housing prices reflect market conditions, which are influenced by a number of factors and it should be clearly understood that government planning policy and the taxation framework is a major factor shaping the marketplace. OHBA has a number of recommendations in our pre-budget submission to address housing prices, climate change and the underground economy. OHBA is supportive of the recent doubling of the LTT rebate for new home buyers; we support a review to adjustment the HST rebate threshold for new homes; and we support the introduction of an Energy Efficient Home Renovation Tax Credit. However, OHBA's primary recommendation for the 2017 budget, is for the Government of Ontario to initiate a Housing Panel demanding data, information and evidence to better understand the housing supply challenges and why housing prices are escalating. A Housing Panel could better inform public policy decisions that would address escalating housing prices/rents and improve housing affordability.

It is clear that in the current market environment, that new home prices and rents will continue to increase and that bringing new low-rise or infill mid and high-rise communities online will continue to be delayed by public policy barriers and challenges. The housing system faces a variety of complicated and inter-related challenges that will continue to affect quality of life, economic prosperity and housing opportunities across Ontario. OHBA strongly supports a Housing Panel to respond to housing supply and affordability challenges.

# 1. INTRODUCTION

## 1.1 About OHBA

OHBA is the voice of the land development, new housing and professional renovation industries in Ontario. OHBA represents over 4,000 member companies, organized through a network of 29 local associations across the province. Our membership is made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, manufacturers, consultants and suppliers. Our members have built over 700,000 homes in the last decade in over 500 Ontario communities. The residential construction industry employed over 330,000 people and contributed over \$51 billion to the province's economy in 2015.

OHBA is committed to improving new housing affordability and choice for Ontario's new home purchasers and renovation consumers by positively impacting provincial legislation, regulation and policy that affect the industry. Our comprehensive examination of issues and recommendations are guided by the recognition that choice and affordability must be balanced with broader social, economic and environmental issues.



*Gordon Tobey Developments LTD.*

## 2. KEY RECOMMENDATIONS

### 2.1 Ontario Government Housing Panel

The 2016 Fall Fiscal Economic Statement and *the Building Ontario Up for Everyone Act* (Budget Measures), Bill 70 marked the first signal that the provincial government had some interest in improving market housing affordability by doubling the Land Transfer Tax Rebate for first time home buyers. OHBA welcomed and supported the government's interest in the issue of making housing more affordable for first time buyers. However, OHBA notes that in the last year alone, new home prices have increased by 12 per cent across Ontario (CMHC), while resale prices have increased by 13 per cent (CMHC). Clearly there is room for more government action to make market housing more affordable for Ontarians. OHBA strongly supports the Provincial Government striking a housing panel to take a serious and evidence based examination into Ontario's housing system with the objective of addressing escalating housing prices.

*"The rising price of housing is top of mind for Ontarians. After complaining about the weather, people complain about the price or rent of housing. New housing prices are complicated, but our industry can only bring forward new housing supply where, what and when we earn approvals through a very complex process."*

OHBA CEO Joe Vaccaro

Standing Committee on Finance and Economic Affairs – Dec 1, 2016

OHBA is concerned that the limited new housing supply coming forward is having a significant impact on housing prices. CMHC's 2016 average absorbed new single detached home price for Ontario, at the end of the third quarter, was \$742,000. Ten years ago, it was just under \$400,000. In Ontario's hottest market, the GTHA, the new home price index for low-rise new homes was over \$992,000. The new home price index for high-rise new condos was \$486,000 at the end of September, coming to an average of \$600 a square foot. Just one year ago, those numbers were \$800,000 for a low-rise home and \$440,000 for a high-rise condos. If we go back to June 2006, prior to the implementation of the Growth Plan, the average low-rise price in this region was less than half of what it is today, at \$393,000, meaning new home prices have more than doubled in the past decade in the GTHA. In terms of housing



supply, in 2006, there were 16,500 new low-rise homes available for residents to purchase in the GTA. As of the end of September 2016, there were only 1,600 homes available to purchase. These statistics are a cause for concern.

*“We are calling for more action on the supply side. In places like British Columbia and Ontario it’s actually more important to have a more aggressive supply response.”*

Evan Sidall, President – Canada Mortgage and Housing Corporation, Nov 30, 2016

Housing prices reflect market conditions. The market is framed by such factors as housing supply, fiscal policy, employment, infrastructure servicing capacity, land-use planning approvals, local employment. Some of these factors are directly impacted by municipal or local government policy. OHBA strongly believes however, that a number of provincial planning policies, regulatory processes, tax policies and infrastructure priorities are having an adverse impact on housing supply and housing prices. OHBA therefore strongly recommends that the provincial government strike a Housing Panel to examine through an evidence and data driven process the factors that are driving housing price escalation in regional housing markets throughout Ontario to better inform provincial public policy decisions in the future.

## **2.2 Market Transformation – Home Energy Rating and Disclosure**

If the provincial government is serious about meeting its greenhouse gas emission targets, new initiatives need to be implemented to address the energy performance of millions of existing homes in Ontario that are several decades old. This is where the residential construction industry can play a critical role to mitigate against climate change through market transformation to improve the energy performance of Ontario’s almost 5 million existing homes.

Home Energy Rating and Disclosure (HERD) on the resale of a home is a positive step in the Climate Change Action Plan (CCAP) to ensure that home buyers are fully informed about the energy use of the home they are considering purchasing. New homes are already bound by requirements in the Ontario Building Code modeled to an EnerGuide 80 rating with minimum insulation levels and resource conservation, so new home buyers can be assured they are already purchasing a high-performance home. However, there are over 4.8 million homes in the province’s existing housing stock

that will ultimately benefit from an energy audit which would improve consumer disclosure and encourage energy-efficient home improvements. These audits are intended to be provided free of charge under the CCAP with implementation targeted for 2019. Upgrading existing homes requires qualified professionals, like those registered with RenoMark, and with every dollar provided through CCAP thousands of new jobs could be created. OHBA continues to strongly support Home Energy Rating and Disclosure (HERD) on the resale of an existing home.

The David Crombie Panel report specifically highlights this issue:

*“The Ontario Building Code is another important factor. When the energy efficiency requirements in the 2012 Building Code come into effect in January 2017, houses constructed after that point will consume only 50 per cent of the energy they would have used in 2005. However, the Building Code primarily deals with new construction, which comprises only one per cent of the overall building stock on an annual basis. Therefore, it will be essential to improve the efficiency of existing buildings.”*

Planning for Health, Prosperity and Growth - December 2015

OHBA notes that there will be many benefits to requiring energy labelling in the listing of an existing home for re-sale, including:

- Consumer disclosure through greater accountability and transparency;
- Professional advice regarding potential energy-efficient upgrades;
- Market transformation as buyers make informed choices based on energy performance of housing, while sellers would invest in energy-efficient upgrades prior to listing;
- Reducing energy use/bills and lowering GHG emissions.

## **2.3 Underground Economy and Residential Renovations**

An effective tax administration system requires consumers and businesses to pay their fair share of taxes. Pressure from the underground economy continues to plague the \$27 billion renovation sector where a high percentage of work is done for “cash”. The underground economy exposes homeowners to risks they often don’t understand and that can threaten their financial

security. When consumers and businesses do not pay their fair share, provincial revenues are compromised, which has a direct impact on the programs and services Ontario residents rely on. When consumers and businesses do not pay their fair share of taxes, they also harm other consumers and businesses that do follow the rules.

The introduction of the single sales tax (13 per cent) in 2010 has exacerbated an existing problem (the GST had previously encouraged many consumers to seek ‘cash deals’), including losses in tax revenues and increased risks to consumers. Furthermore, OHBA remains concerned that Mandatory WSIB Coverage continues to drive legitimate businesses underground while doing nothing to improve health and safety on work sites. Some of the problems associated with the underground economy for renovations include:

- Building Code compliance deficiencies;
- Health and safety risks to construction workers;
- Introducing risks to consumers (financial and liability);
- Warranties are generally non-existent and consumers suffer with little or no recourse in the event of shoddy workmanship;
- Undermining consumer protection measures;
- Undermining the integrity of the tax system;
- Significant government revenue leakages such as: GST/HST, income and corporate taxes, CPP, WSIB and Employment Insurance premiums.

A poll by Environics Research found that a majority of Ontarians have paid cash for a renovation job and that a government tax credit or rebate would provide an incentive for consumers to pay for legitimate contractors. The results of this survey demonstrate the scope of the problem and the need for an effective solution. More than two-thirds surveyed said that they would be less likely to pay cash if they were to receive a provincial or federal tax credit back from the government.

OHBA, through its renovator members, continues to educate consumers about the perils of dealing with contractors in the underground economy and encourages potential customers to pursue the skills of a professional contractor. OHBA is supportive of the RenoMark Program. In order to be a member in good standing with RenoMark, renovator members have agreed to abide by a set of standards which ensure transparency and accountability. Some measures include: offering a minimum two-year warranty on all work,

carrying a minimum of \$2 million liability insurance, having proper insurance coverage and only employing subcontractors that carry such coverage and carry applicable licenses and permits for each job.

In 2016, the former Parliamentary Assistant, MPP Laura Albanese consulted with key stakeholders, including OHBA, to better understand the scope of the underground economy within the sector. The final report, released in 2016, “Addressing Ontario’s Underground Economy in the Residential Construction Sector” recommendations included several that OHBA supports, including:

- Leverage information provided by regulatory entities and industry associations, in a responsible manner, to better focus efforts on areas of non-compliance;
- Encourage ministries, all levels of government including municipalities, regulatory entities and industry organizations to partner together in campaigns that educate and increase public awareness of the impacts of the underground economy;
- Launch a public awareness campaign that will inform Ontario homeowners, businesses and consumers of the risks and potential liabilities associated with participating in the underground economy;
- Introduce incentives for homeowners to hire qualified and reputable contractors for home improvements;
- Continue to partner with industry, similar to the forthcoming investment in home energy audits under the Green Energy Fund, to encourage homeowners to work with reputable contractors when renovating and retrofitting their homes;
- Work within and across various levels of governments, regulatory entities and industry organizations to further explore, develop options and determine the feasibility of Linking building permits to independent contractors or subcontractors performing the work.

The underground economy accounts for over \$15 billion in lost economic activity in Ontario each year. When businesses aggressively avoid or evade paying taxes, everyone else is left to make up the shortfall. This also puts the competitiveness of legitimate businesses at risk. Illicit practices may also impact worker safety and prevent workers from accessing government support programs such as workplace safety and insurance protections, the Canada Pension Plan and Employment Insurance. OHBA strongly encourages the provincial government to continue and strengthen efforts to combat the underground economy.

*“As the voice of the residential construction and professional renovation industry in Ontario, OHBA welcomes these discussions and looks forward to working with the government to stop the underground economy in order to protect consumers and support professional home builders and renovators.”*

- Joe Vaccaro, Chief Executive Officer, Ontario Home Builders' Association –

January 12, 2016 Ministry of Finance Media Release

## **2.4 Energy Efficiency Home Renovation Tax Credit**

The provincial government should consider a targeted Energy Efficiency Home Renovation Tax Credit to address both climate change through improvements the energy performance of Ontario's 4.8 million existing homes, while at the same time combatting the underground economy. New initiatives, such as an Energy Efficiency Home Renovation Tax Credit could be designed to improve tax compliance while also being utilized to enhance other initiatives such a Home Energy Rating and Disclosure on resale homes which will be implemented in 2019. The fact is that existing buildings in the residential sector account for 10.9 per cent of Ontario's carbon emissions - meaning that the government should take immediate steps to improve the performance of the millions of existing homes across the province.

OHBA recommends a permanent and targeted Energy Efficiency Home Renovation Tax Credit be established for renovations undertaking work to improve the energy efficiency of existing homes. Such a measure would have the added benefit of strongly encouraging consumers to use legitimate contractors and create a paper trail to deter underground activity while stimulating economic activity. The tax credit could be targeted and tailored to achieve a number of specific public policy objectives related to climate change mitigation and adaption.

This initiative could be funded through a portion of the funds generated from the proposed cap and trade system. The key here is twofold:

1. Consumers save receipts from legitimate businesses to apply for the tax credit and submit them to the CRA, which cross references that data against other databases such as the WSIB, to weed-out businesses that are tax-cheats; and
2. Renovations that upgrade aging housing stock including those that improve energy efficiency/performance, and thus reduce greenhouse gas emissions should qualify for the tax credit.

This type of consumer focused program would incent “good behavior” by offering a tax credit to those that collect receipts from legitimate business and submit those receipts to the CRA. A well-structured Energy Efficiency Home Renovation Tax Credit could bring in additional tax revenues that are currently “leaking” to the under-ground. OHBA notes that the federal Home Renovation Tax Credit (HRTC) was a tremendous success and that a Canada Revenue Agency (CRA) press release on January 25, 2011 stated:

*“Analysts have estimated it [HRTC] pumped an additional \$4.3 billion in renovation investment into the economy at a time when the recession would have reduced investment in the sector.”*

Canada Revenue Agency – Jan 25, 2011

OHBA views Home Energy Rating and Disclosure (HERD) in combination with an Energy Efficiency Home Renovation Tax Credit as two separate, but related initiatives that would target Ontario’s existing and aging housing stock for market transformation. These types of bold initiatives are essential if the province is serious about making a dent in the 10.9 per cent of the provincial greenhouse gas emissions that come from Ontario’s 4.8 million existing homes.

## **2.5 Underground Economy and Illegal Building**

Illegal building affects everyone - purchasers of illegally built homes are typically unaware of their rights to new home warranty protection, illegal builders may use sub-standard trades, and homes may not even meet Ontario Building Code standards. When an individual declares on their building permit application that the home they are building privately (not being built by a Tarion registered builder) for their own personal use, but then selling the home without registering it within the Ontario New Home Warranty Plan, the seller is failing to comply with the law and failing to provide the new owner with their legislated warranty rights and protections.

For municipalities, illegal building can lead to potential liability related to improper design, construction and lack of appropriate permits and approvals. It is estimated that Tarion pays about \$1 million a year in claims related to illegally built homes.

It is illegal for a home builder to enter into an Agreement of Purchase and

Sale or construction contract with a purchaser if the builder is not registered with the Tarion Warranty Corporation. It is also illegal to begin construction of a home or condominium without first enrolling it with Tarion. Offenders can be charged by Tarion under the *Ontario New Home Warranties Plan Act* where fines of up to \$100,000 can be imposed by Ontario Courts. In addition, convicted offenders may be imprisoned for up to one-year or placed on probation. Tarion employs a team of investigators to uncover builders and vendors in Ontario who fail to register and/or to enrol new homes with Tarion.

OHBA supports the provincial government's previous legislative changes made through the *Good Government Act, 2009* that made it mandatory for municipalities to share their building permit information with Tarion. Since 2011, this data has helped Tarion's Enforcement Department, through its criminal intelligence approach, to more easily detect illegal building activities in over 400 municipalities across Ontario.

Despite these legislative changes, illegal building continues to plague many municipalities across Ontario. OHBA was pleased that the **2014 provincial budget** made a commitment to work with the Ontario Building Officials Association (OBOA) and Tarion to implement additional regulatory changes with the (at the time) Ministry of Municipal Affairs and Housing that would help curb illegal building activities and protect Ontario's new homebuyers. OHBA is working with Tarion, the OBOA, and the Province to advance public policy solutions to reduce illegal building activity.

Through consultation, OHBA and Tarion are developing an implementation model that will be workable for key stakeholders and not be onerous on registered builders or municipal building departments. In July, 2015, Tarion, in partnership with the OHBA and the OBOA, launched an Illegal Building Prevention Strategy to protect new home buyers from the dangers of illegal building in six municipalities in Ontario. Under the pilot project, an applicant for a building permit who claims to be an owner/builder would have to obtain a Letter of Confirmation confirming that they are exempt from the warranty program, issued by Tarion to the Chief Building Official (CBO) of the municipality. If the applicant does not have a Letter of Confirmation, the municipality will not issue a building permit. As a result of the pilot project's success, Tarion added an additional eight municipalities to the pilot. OHBA supports the pilot project to combat illegal building and is pleased

to have received the leadership and support from the OBOA and the Large Municipalities' Chief Building Officials.

## 2.6 Modernizing HST Thresholds for New Housing

The introduction of a single sales tax had significant implications for the provincial economy since it was implemented in 2010. OHBA recognizes that the comprehensive tax reform package reduced the tax burden for many businesses and yielded long-term economic benefits for capital investment; however, the HST does have negative sector-specific implications for new housing and residential renovations. OHBA was supportive of the enhancements the province made in June 2009 to replace the initially proposed regressive dual threshold sales tax with a progressive tax structure that is applied to new homes. Over the long-term OHBA is concerned that even with the enhanced tax structure the HST threshold for the rebate (currently \$400,000) is quickly becoming too low for most new home buyers and should be reviewed as part of the mandate of an Ontario Government Housing Panel to reflect increases over the past eight years in average new home prices.

When the federal government first introduced the GST and the New Housing Rebate, it committed to adjust the thresholds “at least every two years” to ensure that it reflected changes in housing prices. Although the federal government has not delivered on this commitment, the principle that it established to reflect housing inflation through appropriate rebate threshold adjustments, remains important. Ontario has been silent on the issue of future adjustments to the threshold used in its New Housing Rebate.

A lot has changed since the HST threshold was established in 2009 and Ontario housing prices has appreciated substantially. Back then about three quarters of new homes in Ontario were under the \$400,000 threshold; the average price of a new home has increased by 55 per cent since then. Rapid house price appreciation has meant that the HST has brought in billions in additional revenue from the new housing sector since 2009.

*“Sales Tax revenues are estimated to be \$504 million higher, largely reflecting an increase to Harmonized Sales Tax (HST) revenues due to Ontario’s strong housing market, particularly housing completions in 2015”*

2016 Ontario Budget – Page 253



With each passing year that home prices increase and the HST new housing threshold remains static at \$400,000 – it is essentially a tax increase as fewer buyers fall under the threshold and more buyers face a higher tax burden. To mitigate the negative effects and avoid further erosion in housing affordability in the coming years, the threshold of the tax rebate on new housing must be reviewed regularly. OHBA is simply recommending that the government review the \$400,000 threshold to determine if it is still an appropriate number given the changes that have occurred in the housing market across Ontario since 2009. This will ensure that the tax rebate continues to reflect changes in housing prices and protect housing purchasers from excessive taxes over time. OHBA suggests this would be an ideal type of review to be included in the mandate of a Housing Panel.

## **2.7 New Neighbours Taxes – Government-Imposed Charges (GICs)**

Home builders and land developers are proud to support the financing of infrastructure directly tied to the communities they build. New communities also bring important new property assessment to municipalities across the province and provide an important residential population base to support job growth. The residential construction industry and our new home buyers pay the capital costs related to growth while also contributing significantly towards upstream capital costs related to growth.

Additionally, the home building and land development industry support the economy through both direct and indirect jobs and the additional tax revenue generated for all three levels of government.

Our members are concerned that many municipal councils continue to view new neighbours (new home buyers and new employers) as an easy target for additional taxes, levies and fees while artificially suppressing property taxes to appease existing municipal voters. OHBA continues to advocate for fairness and transparency for new neighbours, and is concerned that charges and fees derived from housing developments in many municipalities have escalated beyond a reasonable direct cost recovery level. OHBA understands that many municipalities are fiscally challenged, however, it is not the responsibility of new neighbours to substitute for general tax base revenue that should fund the maintenance and improvement of existing services.

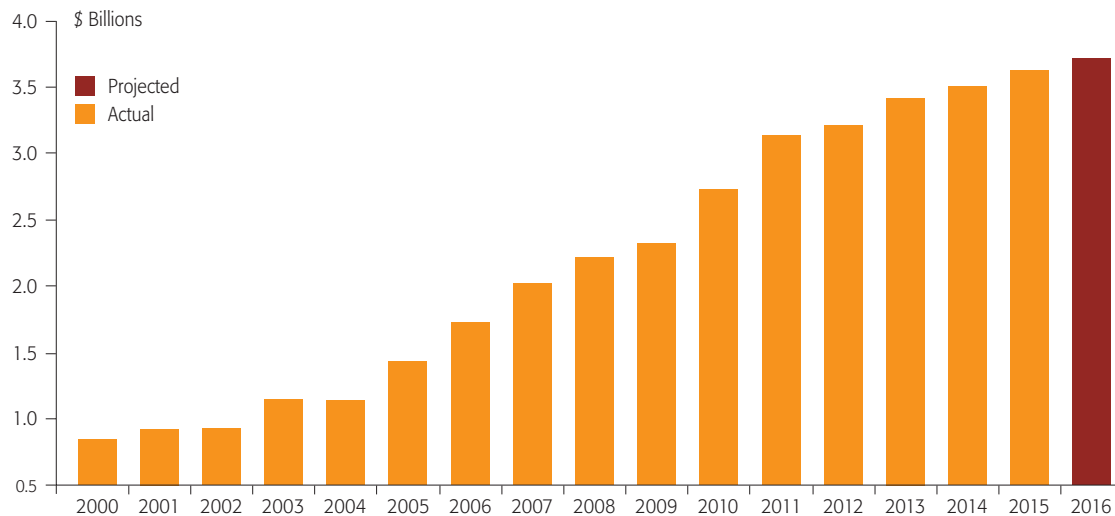
*“What many people assume is the developers pay. Well, the reality is purchasers pay.”*

MPP Peter Milczyn on June 23, 2013 as Chair of the  
City of Toronto’s Planning and Growth Management Committee

As taxes and other government charges increase, these are not absorbed by the industry but are added to the cost of a new home and to new employers. Municipalities are increasingly relying on contributions from the new housing and development sector through development charges and other taxes and fees rather than making politically unpopular decisions to set property taxes at appropriate levels and to leverage debt while rates are at historic lows. Furthermore, OHBA notes that changes to the *Development Charges Act* came into effect on January 1, 2016 which allowed municipalities to collect even higher development charges for transit and waste diversion.

Government Imposed Charges are a challenge for the development and residential construction industry and present a financial barrier for new home buyers and new employers. As noted by the Ministry of Municipal Affairs and Housing, in 2013 alone, development charges paid to municipalities contributed \$2 billion directly toward the construction of growth-related infrastructure such as sewers, roads and transit. In comparison to other jurisdictions across Canada, Ontarians typically pay higher GICs as a percentage of the price of a new home.

**ONGOING SUPPORT TO MUNICIPALITIES WILL INCREASE TO \$3.8 BILLION BY 2016**



Source: Ontario Budget 2013/2014/2015

## Government-Imposed Changes

<ul style="list-style-type: none"> <li>• Development Charges               <ul style="list-style-type: none"> <li>– Municipal Development Charges</li> <li>– Regional Development Charges</li> <li>– Education Development Charges</li> <li>– GO Transit Development Charges</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Environment Engineering Review</li> <li>• Land Registry Closing Fees (Title Registration)</li> <li>• Conservation Authority Fees</li> <li>• Electrical Permit - Electrical Safety Authority</li> <li>• Legal Fees</li> </ul>
<ul style="list-style-type: none"> <li>• Various Additional Municipal Charges               <ul style="list-style-type: none"> <li>– Storm Water Management</li> <li>– Topsoil Removal Fee</li> <li>– Regional Water Meter Fee</li> <li>– Engineering Design Review and Inspection fee</li> <li>– Public Art Charges</li> <li>– Engineering Fees</li> <li>– Parkland Dedication Fees (Cash-in-Lieu)</li> <li>– Building Permit Fees</li> <li>– Section 37</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Land Transfer Tax               <ul style="list-style-type: none"> <li>– Provincial LTT</li> <li>– Toronto LTT</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Planning Fees (Various Development Application &amp; Processing Fees)               <ul style="list-style-type: none"> <li>– Plan of Subdivision (singles and row houses)</li> <li>– Plan of Subdivision Registration/Review</li> <li>– Site plan approval</li> <li>– Plan of Condominium</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• HST (Provincial portion + GST)</li> <li>• Costs associated with municipal by-laws</li> <li>• Additional costs due to building code changes</li> </ul>
	<ul style="list-style-type: none"> <li>• WSIB Premiums (Home Builder Rate Group) + WSIB Premiums passed on to builders by trades</li> </ul>
	<ul style="list-style-type: none"> <li>• Surcharges imposed by trades to cover potential Ministry of Labour safety fines</li> </ul>
	<ul style="list-style-type: none"> <li>• Tarion Registration Fees</li> <li>• Tarion Enrolment fees</li> </ul>

OHBA applauds the steps taken through the Provincial Municipal Fiscal and Service Delivery Review to relieve financial pressure on municipalities by phasing in a social services upload. Furthermore, gas tax contributions from both the provincial and federal governments have even further relieved fiscal pressure on municipal capital infrastructure budgets. OHBA notes that the province is providing municipalities with ongoing support of approximately \$3.8 billion in 2016, which is an increase of over 200 per cent from the level provided in 2003. As the social services upload is completed and gas tax funds continue to be transferred, municipalities should have greater fiscal capacity to make investments in core infrastructure. OHBA is concerned that despite greater fiscal capacity, municipalities continue to increase taxes on new neighbours and apply pressure on the provincial government to grant additional taxation powers. OHBA recommends that the cumulative impact of Government Imposed Charges should be included in the mandate of a Housing Panel.

## 2.8 WSIB Premium Rates

OHBA is pleased to report that WSIB has significantly lowered premium rates for 2017. Starting in 2017 the premium rate for home builders (RG 764) will decrease from \$9.10 for every \$100 of a workers income to \$7.83 for every \$100 of income, a decrease of 14%. This rate decrease is equivalent to a savings of up to \$1,123.55 per worker based on the 2017 maximum earnings ceiling of \$88,500. This rate decrease alone will save professional renovators and home builders more than \$30 million across Ontario in 2017.

The rate decreases come after six years of frozen rates which WSIB said were necessary to address the unfunded liability. This freeze has occurred during unprecedented improvements in construction safety outcomes. OHBA builders and renovators have led the way in improvements in safety outcomes through changes in workplace practices and investments in safety training. Due to the renewed efforts on safety by local home building associations and our member companies over the past several years, the lost time injury rates in home building have decreased by 64.3% since 2002.

**2017 PREMIUM RATES TABLE**

Rate Group	Description	2017 Premium Rate(\$)	2016 Premium Rate(\$)	Percent Change
704	Electrical And Incidental Construction Services	3.4	3.69	-7.9%
711	Roadbuilding And Excavating	4.87	5.29	-7.9%
719	Inside Finishing	6.65	7.51	-11.5%
723	Industrial, Commercial & Institutional Construction	4.4	4.55	-3.3%
728	Roofing	13.62	14.8	-8.0%
732	Heavy Civil Construction	6.47	7.03	-8.0%
737	Millwrighting And Welding	6.36	6.90	-7.8%
741	Masonry	12.21	12.7	-3.9%
748	Form Work And Demolition	15.75	18.31	-14.0%
751	Siding And Outside Finishing	8.82	10.25	-14.0%
755	Non-Exempt Partners and Executive Officers in Construction	0.2	0.21	-4.8%
<b>764</b>	<b>Homebuilding</b>	<b>7.83</b>	<b>9.1</b>	<b>-14.0%</b>
704	Electrical And Incidental Construction Services	3.4	3.69	-7.9%

Source: WSIB

OHBA has been advocating for WSIB to adjust rates based on each rate group's recent performance instead of having them frozen at levels that did not represent the current safety performance. We are pleased they have begun this process in 2017. OHBA is also advocating through the WSIB Funding Modernization Review that home building rates should be consolidated with ICI (Institutional, Commercial, Industrial) construction into the same rate group. For 2016, ICI construction pays half the premium rate that home builders do even though the only difference can be the end user taking possession of the building after construction. This is unfair and we believe rate consolidation is long overdue.

OHBA is encouraged by the new approach at WSIB and look forward to future decreases in premium rates as our members make investments in health and safety.

## **2.9 Infrastructure / Transportation**

OHBA supports co-ordinated infrastructure investment towards strategic projects based on clearly defined priorities. These targeted investments should support other provincial objectives such as intensification, climate change mitigation/adaptation and the efficient movement of goods and people. OHBA believes the expansion of 'core' infrastructure (roads, transit, water and waste-water) in support of delivering much needed housing supply in support of a growing economy and growing population should be a key priority for the provincial government. Equally important is long-term asset management planning through the ongoing maintenance and state of good repair for Ontario's existing infrastructure.

OHBA is encouraged by the significant \$31.5 billion in dedicated transportation-related infrastructure that the provincial government has committed to over the next decade in two separate funds (GTAH & outside the GTAH). The cost of these infrastructure investments, as outlined in the 2014 provincial budget (and enhanced in the 2015 budget), was equitably allocated from the general tax-base and through a targeted repurposing of the existing gas tax, as was recommended by OHBA (an OHBA resolution in 2007 recommended allocating an additional portion of the existing gas tax specifically for transportation infrastructure). The province must now take a leadership role on include requirements for municipalities to do the appropriate land-use planning to ultimately support provincial investments.

It is critical that the province not undermine its own planning objectives through a misalignment of tax/fiscal policy. OHBA notes that location-efficient communities are already generally less affordable for people to purchase or rent housing. OHBA was supportive of the *Infrastructure for Jobs and Prosperity Act, 2015* (Bill 6) to require greater transparency and life cycle financial planning through a proposed regulation to require robust municipal infrastructure asset management plans. OHBA is also concerned that other provincial initiatives such as the recent amendments made to the *Development Charges Act* will increase taxation in the very communities in which the provincial government is trying to direct growth.

OHBA supports a planning and infrastructure financing framework that provides business certainty through pre-zoning and the implementation of development permit systems on transit corridors. Major infrastructure projects, specifically public transit projects, should include conditions for ‘as-of-right zoning’ to reduce the barriers of intensification and encourage investment-ready communities prior to funding flowing for new transit projects to ensure the best-use of scarce public dollars.

The new housing, commercial and land development industries are key partners to the province in creating transit-oriented, complete communities that will support provincial transportation plans and investments over the long-term. OHBA notes that the need for new transit and transportation infrastructure is more than a reflection of demographic growth with the corresponding requirements for new housing and employment, but it is a response to the existing transportation requirements of the current residents and employers. The new housing and development industry will continue to contribute its fair share of resources to support the necessary expansion and improvement of transportation infrastructure, but should not be subject to pay an unequitable and disproportionate share of funding.

## **2.10 Housing that is Affordable for People to Purchase or Rent**

Too many people are being left behind in communities across the province as a growing share of households are struggling amid rising housing costs. Rising housing prices have made the leap from renting or from living with parents into homeownership more difficult and many Ontarians struggle to even cover monthly rental costs. It is critical for there to be greater co-ordination

between the government and stakeholders to address the structural barriers that impede both housing affordability and housing supply.

OHBA believes that the best opportunity of real progress in tackling the longer-term housing affordability issues involves a co-ordinated approach between government and private sector. OHBA notes that in 2015, TD Economics stated that the rise in average home prices has transformed the GTA into one of the most expensive markets in the world, falling just behind the likes of Melbourne, Hong Kong, London and Vancouver. Living in Toronto has officially become more expensive than living in New York according to the TD report. Rankings are based on the average home price-to-income ratio. OHBA notes that reflecting the recent and steady rise in home prices, many households are financially stretched not only in the GTA, but in communities across Ontario. This is why OHBA's primary recommendation to the government for the 2017 Budget is to strike a Housing Panel to examine the issue of escalating housing prices.

OHBA suggests that there must be much stronger public policy alignment between all levels of government to improve Ontario's housing reality. Cash-strapped government treasuries do not preclude the province from under-taking regulatory improvements and streamlining that do not come at a cost to the treasury. The province should undertake a leadership role to facilitating a greater alignment of municipal policies with provincial policy throughout Ontario. It is essential that municipalities ensure local official plans and zoning by-laws are up-to-date and consistent with provincial policy as an effective implementation vehicle for provincial planning policy and delivering housing supply. Modern, up-to-date municipal zoning by-laws will provide greater certainty, result in fewer appeals to the OMB, increase public awareness and result in a more efficient planning system that supports provincial goals for complete communities, a strong economy and a healthy environment.

OHBA has also voiced concerns that reducing appeal rights and eliminating hearings de novo from the OMB will have a negative impact on the ability for industry to bring new housing supply to the market as the land-use planning system becomes less certain and more political. Land-use planning policies have a direct impact on where, what and when new housing supply is approved and brought to the market. Housing prices reflect market conditions.

Many municipal property tax systems continue to dis-advantage multi-residential properties relative to residential properties. The effect of high property taxation on low income households is that Ontario has a massively regressive property tax system. Ontario, tenants pay property tax rates that are on average a couple times higher than homeowners, yet, on average, they have half the incomes of homeowners. This is a significant social equity issue resulting in the lowest income people in Ontario being charged the highest municipal tax rates. OHBA is pleased that due to the inability of municipalities to deliver taxation equity to renters, that the province has taken initial steps to OHBA's long-standing recommendation to equalize residential and multi-residential property tax rates across Ontario by freezing property taxes while reviewing affects on rental market affordability.

These fiscal and regulatory issues all have an impact on the supply and price of all types and tenures of housing. OHBA recommends that a Housing Panel be struck with a mandate to cover a wide range of provincial and municipal issues that impact the price and rent of housing.

## 3. CONCLUSION

### 3.1 Conclusion

Many communities across Ontario are experiencing rapid housing price escalation, which has significant impacts on affordability, personal finances, social issues, consumer debt and the broader economy. While the Federal Government has struck a panel to specifically examine the impacts of foreign investment in the Toronto and Vancouver housing market, there are many other complex and inter-related factors that impact the price of housing. The Provincial Government has many public policy and fiscal policy levers at its disposal that can have either positive or negative impacts on the price of housing.

OHBA commends the government for making a first step in addressing affordability for market housing by providing assistance to first time home buyers through a doubling of the LTT rebate. This is a positive signal, but much more needs to be done to address rapidly increasing housing prices and rents. Housing is a provincial responsibility, therefore OHBA's primary recommendation to the province for the upcoming budget is to bring together



various stakeholders through a Housing Panel, to have a mature, evidence based and informed discussion on the issue of housing affordability.

OHBA's two additional key recommendations for the upcoming budget are:

- Addressing the underground economy and climate change through a home renovation tax credit specifically targeting improving the energy efficiency of Ontario's 4.8 million existing homes; and
- The HST has had direct impacts for new residential construction and housing prices have escalated significantly since \$400,000 threshold was established in 2009. As part of the mandate of an Ontario Government Housing Panel, the panel should commit to a review of the \$400,000 threshold to determine if an adjustment would be appropriate.

OHBA is pleased to have a positive working relationship with the government. Our membership is, however, deeply concerned that some government policies have resulted in a significant escalation of housing prices and rents. OHBA looks forward to working together with the province of Ontario to ensure our industry continues to supply the necessary housing to support a growing economy and that the residential construction industry remains the engine that drives the provincial economy.



*Zinc Developments*

## RESOLUTION # 1 (External)



Submitted to: Ministry of Municipal Affairs / Attorney General  
Submitted by: OHBA Land Development Committee  
Date: September 19, 2016  
Subject: Ontario Municipal Board

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*Whereas:* The provincial government has commenced a review of the scope and effectiveness of the Ontario Municipal Board (OMB), which is an important part of the province's land-use planning system; and

*Whereas:* the OMB review comes only months after a number of significant changes to the land-use planning and appeals system have taken effect through the *Smart Growth for Our Communities Act*, and the government is proposing additional significant changes to land-use planning through the *Co-ordinated Review*; and

*Whereas:* OHBA strongly supports the role of the OMB as an impartial, evidence-based, administrative tribunal that is responsible for handling appeals of land-use planning disputes. In this administrative authority, the OMB serves to ensure that provincial land-use policies and objectives are achieved and that municipalities employ consistency in the application and implementation of the *Planning Act*, the *Development Charges Act*, the *Provincial Policy Statement* and other related land-use legislation; and

*Whereas:* The decisions made by the OMB are based on planning evidence, provided by expert witnesses under oath, which ensures that long-term public policy objectives, rather than short-term local political calculations, are upheld. Without an independent tribunal that specializes in planning law, such as the OMB, it would be more difficult to achieve Provincial and Municipal policy goals; and

*Whereas:* the OMB supports the public good because its decisions can be important counterbalance to the local political pressures of municipal councils. The local interest is not always the public interest. The OMB provides a forum where the principles of fairness, quality, consistency, administrative justice and transparency, are fundamental and where the application is judged in conformity with public policy; and

*Therefore be it resolved that:* OHBA recognizes that the province wants more planning decisions resolved at the municipal level. Therefore, ensuring the municipal public policy and regulation are in conformity with the provincial policy is paramount. Modernizing municipal zoning to be in conformity with provincial policy would allow the planning process to be significantly more efficient, predictable and result in fewer appeals. The province should take a more proactive role to ensure municipal zoning is updated; and

*Therefore be it further resolved that:* OHBA supports having professional planners work as case management workers to pre-screen appeal applications. A mandatory review through a case management worker would assist to quickly determine if there are appropriate planning grounds to proceed with mediation, hearing or dismissal. Furthermore, as part of any mediation process, the board should have the authority to assign recognized ratepayer associations/groups with a resource with professional planning experience and perhaps more preferably a Registered Professional Planner with mediation training and certification. This would encourage greater public participation as groups would have equitable access to trained professionals whose role and purpose is to understand and resolve conflict. Such resources should be funded by the Board; and

*Therefore be it further resolved that:* the province should implement a pre-hearing requirement of mandatory mediation for applications in order to provide a forum of principled dispute resolution and aid in the facilitation of decision making at a pre-hearing level, thereby reducing the number of full hearings or the scope of hearings before the Board.

**MOVED: Michael Pozzebon**

**SECONDED: Matt Pryce**

## RESOLUTION # 2 (External)



Submitted to: Ministry of Municipal Affairs  
AMO

Submitted by: OHBA Land Development Committee

Date: September 19, 2016

Subject: Growth Plan Intensification and Density Targets

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*Whereas:* In 2015, the Minister of Municipal Affairs and Housing announced the launch of a Co-ordinated Review; and

*Whereas:* In May 2016, the Provincial government announced proposed amendments to the four Plans that were part of the Co-ordinated Review that are meant to work together to manage growth, build complete-communities, curb sprawl and protect the natural environment; and

*Whereas:* Two key proposed amendments include updating the designated greenfield density targets from 50 persons and jobs per hectare to 80 persons and jobs per hectare as well as updating the intensification target from 40 per cent to 60 per cent. These two new targets represent a significant paradigm shift in planning policy and will significantly alter the way in which existing and new communities are planned for, built and evolve; and

*Whereas:* These two new targets will require significant investment to update and expand both provincial and municipal infrastructure and services including: parkland, new roads, widenings of existing roads, transit, community services and schools both within and beyond the built boundary; and

*Whereas:* The province is not proposing amendments to adjust the build boundary (established in 2008 based on the built-up area as of June 16, 2006). Therefore with a proposed policy framework in which the 80 persons and jobs per hectare is averaged across the entire Designated Greenfield Area, the effect is that the remaining Designated Greenfield Area that is not built or has received planning approvals or existing applications within the planning review process must now be planned for at an even higher density than the proposed 80 as an over-compensation to generate the overall average of 80 across the entire Designated Greenfield Area as required by the proposed plan; and

*Whereas:* The proposed density and intensification targets are a “one size fits all” policy approach despite individual communities and municipalities having: differing neighbourhood characteristics, different amounts of Designated Greenfield Areas already consumed by built/approved development, differing access to public services, differing proximity (or complete lack of) higher-order public transit and community identities/characteristics.

*Therefore be it resolved that:* the Provincial Government has the responsibility to confirm information with municipalities with respect to committed Designated Greenfield Areas. In order to make informed and evidence-based public policy decisions, the Provincial Government must provide real-time mapping of confirmed committed Designated Greenfield Areas to adequately understand what densities will be required on the remaining Designated Greenfield Areas within each municipality to achieve the average 80 persons and jobs per hectare density target; and

*Therefore be it further resolved that:* the Provincial Government should generate a list of outstanding approvals and Official Plans currently pending decisions at the OMB to determine an appropriate transition policy; and

*Therefore be it further resolved that:* the province not apply a “one size fits all” approach and that intensification targets be implemented specific to each region to meet the local characteristics and market realities; and

*Therefore be it further resolved that:* that should the Provincial Government implements the 60 per cent intensification target, that municipalities be required to immediately commence municipal comprehensive reviews of their Official Plans and their entire zoning by-law concurrently to provide for the policy framework necessary and to significantly up-zone as-of-right densities to provide for the 60 per cent target to be achieved.

**MOVED: Bob Schickedanz**

**SECONDED: Chuck McShane**

### RESOLUTION # 3 (External)



Submitted to: Ministry of Housing  
Submitted by: OHBA Land Development Committee  
Date: September 19, 2016  
Subject: Inclusionary Zoning

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*Whereas:* Inclusionary Zoning refers to municipal policies that require the provision of subsidized housing as part of new residential developments. Private sector obligations towards subsidized affordable housing required by such policies can take the form of land, housing units and/or cash-in-lieu depending on the design of the municipal policy; and

*Whereas:* The Development Industry understands the need to address declining housing affordability across the province. The health, prosperity and quality of life in our cities, and the continued strength of the real estate market depend on access to quality housing for households at all income levels; and

*Whereas:* Some American jurisdictions, such as NYC, have Inclusionary Zoning policies – however they were not created in isolation of other supportive measures and have been packaged with significant upzoning as well as a variety of tax credits to ensure economic viability; and

*Whereas:* In May the provincial government tabled legislation, *Promoting Affordable Housing Act, 2016* (Bill 204), that will allow municipalities to require the inclusion of affordable housing units within new residential projects. The province subsequently posted a proposed regulation under the *Planning Act* that would set the framework for Inclusionary Zoning as well as a consultation discussion guide.

*Therefore be it resolved that:* if the Province proceeds with enabling the tool of Inclusionary Zoning, it must be considered in the context of the entire legislative framework and it should be delivered with fiscal supports in a clear planning framework; and

*Therefore be it further resolved that:* OHBA supports a partnership model for Inclusionary Zoning in which the private sector takes responsibility for the design, construction, project financing of the community, administration, and delivery of affordable housing units, while the public sector takes responsibility for the costs of delivering the units via measures, incentives, offsets and supports as well as the long-term management, operations and administration of the units; and

*Therefore be it further resolved that:* The regulation should establish a maximum for number of units-set-aside for the government required affordable housing as: up to 10 percent for high-rise based on the incremental density over 'as-of-right' zoning permissions, and up to five per cent for low-rise based on the incremental density over 'as-of-right' zoning permissions; and

*Therefore be it further resolved that:* The regulation should provide flexibility for municipalities to tailor the length of affordability periods to meet local needs to a maximum of 20 years. However, the regulation should require that measures, incentives and supports be directly correlated to the affordability time period to ensure that the cost of delivering government required affordability is appropriately shared between partners; and

*Therefore be it further resolved that:* Any forthcoming regulation should establish a minimum threshold of 100 units for multi-family developments and a density threshold of 25 units per acre for low-rise / grade related residential developments; and

*Therefore be it further resolved that:* The regulation should establish an effective transition date for complete applications filed after January 1, 2018. For municipal inclusionary Zoning By-Laws established after this date, a transition period would apply for complete application, whereby these applications would be grandfathered, as of the effective date of the municipal by-law.

**MOVED: Rick Martins**

**SECONDED: Kevin Fergin**

## RESOLUTION # 4 (External)



Submitted to: Ministry of Labour  
Chief Prevention Officer

Submitted by: OHBA Health and Safety Committee

Date: September 19, 2016

Subject: Mandatory Safety Awareness Training

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Whereas: The Ministry of Labour is proposing 6.5 hour mandatory construction hazard awareness training for all construction workers in Ontario.

Whereas: OHBA has submitted a response to the consultation which is supportive of increased health and safety awareness in order for continuing improvements to workplace safety.

Whereas: The OHBA submission proposes the Ministry adopt increased online training so that workers in remote areas of the province and younger workers looking for a summer job in construction can be compliant with the regulation when they first show up for work.

Whereas: OHBA proposes the Ministry assume responsibility for establishing a database of all workers that have completed the training in addition to issuing cards that employers, MOL enforcement and home owners can view so they know the worker has completed the awareness training.

Whereas: if the Ministry moves forward with this policy as written it would require a significant dedication of resources for all workers and employers to comply with the law.

Whereas: Some estimates have over 800,000 workers requiring to do this training.

Whereas: OHBA is well positioned to address Ministry of Labour identified training gaps that exist province-wide through our network of 30 local associations.

*Therefore Be It Resolved That:* OHBA develops a training program targeted towards residential construction and consistent with the Ministry's program standard so that local home building associations can facilitate training opportunities in their area as a member service.

**MOVED: Rick Martins**

**SECONDED: Louis Zargardo**

## RESOLUTION # 5 (External)



Submitted to: Ministry of Finance, Ministry of Labour, Canada Revenue Agency  
Submitted by: OHBA Renovators' Council  
Date: September 19, 2016  
Subject: Underground Economy in the Residential Construction Sector

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*Whereas:* The residential renovation sector accounts for approximately \$70 billion in investment activity across Canada and \$27.1 billion to the Ontario economy on an annual basis; and

*Whereas:* According to Statistics Canada, the residential construction sector comprises almost 30 per cent of Ontario's underground economy, or approximately \$4.5 billion in annual underground economic activity; and

*Whereas:* The Home Renovation Tax Credit (HRTC) generated an additional \$4.3 billion in renovation investment into the economy with an average tax savings was over \$700 per claimant; and

*Whereas:* The cash economy places risks on consumers, causes significant revenue leakages for the provincial and federal governments and places legitimate contractors at a competitive disadvantage; and

*Whereas:* In 2016, the former Parliamentary Assistant Laura Albanese consulted with key stakeholders, including the Ontario Home Builders' Association, to better understand the scope of the underground economy within the sector. In February 2016, an interim report, *Addressing Ontario's Underground Economy in the Residential Construction Sector: Interim Report for the Minister of Finance On Behalf of Parliamentary Assistant Laura Albanese, MPP* was released that summarized what was heard during the consultations and provided interim recommendations.

*Therefore be it resolved that:* To ensure a level playing field, the federal government and provincial governments should implement a home renovation tax rebate to the consumer in order to ensure the tax is revenue neutral as well as provide an incentive for consumers to demand receipts from legitimate renovators and submit them to the CRA; and

*Therefore be it further resolved that:* All firms and individuals in the construction industry should be required to register for a Business Number to ensure that businesses pay their fair share of taxes, CPP and WSIB premium, even if they fall below the below the \$30,000 threshold for mandatory HST registration; and

*Therefore be it further resolved that:* The Ontario government embark on a public awareness campaign targeted towards consumers that explains the risks and potential liabilities associated with participating in the underground economy; and

*Therefore be it further resolved that:* Consumers should be required to inform their home insurance provider during major renovations, to insure they understand their home "work place requirements" and to protect their renovations from future issues; and

*Therefore be it further resolved that:* Individuals need to be granted an exemption under the *New Home Warranty Plan Act* and *Ontario Building Code Act* to build their own home, and if they sell before the two-year occupancy date, they must provide a private warranty to the new home owners; and

*Therefore be it further resolved that:* Government departments and levels of Government, such as the Canada Revenue Agency, local building departments, the Workplace Safety and Insurance Board, the Ministry of Finance and the Ministry of Labour enhance information sharing to tackle underground economic activity in the residential sector.

**MOVED: Matt Pryce**

**SECONDED: Jamie Adam**



**Ontario**  
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