

JANUARY 2020



PRE-BUDGET CONSULTATION

SUBMISSION TO THE MINISTER OF FINANCE

**THE RESIDENTIAL CONSTRUCTION INDUSTRY IS THE ENGINE THAT
DRIVES ONTARIO'S ECONOMY**

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I am a #homebeliever



EXECUTIVE SUMMARY

The Ontario Home Builders' Association (OHBA) is pleased to have the opportunity to present recommendations for the 2020 provincial budget. The upcoming budget marks an important opportunity to continue provincial efforts to make Ontario open for business, reduce red tape, encourage more housing supply and make Ontario a more affordable place to call home. Ontario's high quality of life, strong jobs market and robust economy is attracting newcomers from around the world and through intra-provincial annual migration. Our success is resulting in the highest levels of population growth seen in decades. But the elephant in the room that requires more attention is that to accommodate this growth, Ontario needs to significantly increase the supply of new housing built each and every year in communities across the province. The government tells us there will be 2.6 million more **#homebelievers** living in Ontario by 2031...we need to build 1 million more homes across Ontario to welcome these **#homebelievers**.

OHBA members are proud to be the engine that drives the provincial economy while supporting highly skilled, well paid jobs in communities across Ontario. However, the strength of the land development, new housing and professional renovation industry has meant that the provincial treasury has become heavily reliant on the significant taxation revenue generated from the success of Ontario's housing market. OHBA notes that housing price escalation and sales volumes over recent years have brought in billions of dollars in additional HST and Land Transfer Tax revenues to the provincial government, in addition to spin-off revenues generated from the actual construction of new homes and the over 532,000 jobs supported by Ontario's housing sector.

This second budget of the government's mandate provides an opportunity to support stronger job growth, reduce red tape and invest in core infrastructure. This budget also provides a critical opportunity to take additional steps to implement the *Housing Supply Action Plan* and the *Made in Ontario Environment Plan*. The home building, land development and professional renovation industries are key partners for the government to work with and provide the necessary housing supply to meet Ontario's growing population, support highly skilled job creation and stimulate economic growth.



OHBA believes that a healthy housing system exists when a city or region has the right mix of housing choices and supply that are able to address all residents' shelter needs through their full life cycle.

A properly functioning housing system should provide stability to both renters and owners, at prices people can afford and in the choice that meets their needs. High home prices and rents have affected all parts of Ontario, from big cities, to northern and rural communities, where a lack of supply has made ownership more difficult and quality rental housing hard to find. Transformative action by the province is already underway to address the complex issues impacting the housing system and our members ability to deliver new supply.

OHBA believes that with the proactive steps the government has taken over the past 18 months, that Ontario's business environment is already improving. Furthermore, a number of aspects of the *Housing Supply Action Plan* have already been implemented and are facilitating faster approvals through streamlining and red tape reduction. OHBA can report that our member companies are generally feeling more confident about business certainty and optimistic about the regulatory framework they operate within as we enter the next decade. The government still has many other levers it can push and pull that influence housing supply and price. OHBA will continue to work with all levels of government and make public policy recommendations to improve affordability and improve Ontario's business environment.

OHBA notes that housing inventories remain low in many communities. The supply issues that have historically been GTA-focused have now spilled over into many of the surrounding regions throughout the Greater Golden Horseshoe and beyond. Housing prices are influenced by a number of factors, and it should be clearly understood that government policy and the taxation framework are major factors shaping the marketplace. Shortages of skilled labour and trades continue to be a persistent issue for the building and land development industry in our effort to increase supply. With 2.6 million more **#homebelievers** living in Ontario by 2031, we need to build 1 million more homes across Ontario for these **#homebelievers**.

In the current market environment, the province has made significant progress to address the incredible pressure housing prices and rents are under and to bring new communities on-line faster. The housing system however, continues to face a variety of complicated and inter-related challenges that affect quality of life, economic prosperity and housing opportunities across Ontario.



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. The residential construction industry employed over 532,000 people and contributed over \$66.6 billion to the province's economy in 2018.

OHBA is committed to improving new housing affordability and choice for Ontario's new home purchasers, renters 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.



KEY ISSUES AND RECOMMENDATIONS

2.1 Ontario Housing Market - 2020

Ontario has a strong and dynamic housing industry that has unfortunately been constrained in recent years impacting our members ability to delivery the necessary housing supply to support a growing population. The limited volume of new housing supply has had a significant impact on housing prices over the past several years. It is critical to understand that the new housing and existing resale housing markets are very different. In terms of both demand and supply the resale market is much more responsive to policy changes or to consumer psychology. While the new housing market is certainly influenced by those same issues, new supply can take years to respond to changing conditions and be delivered to consumers. While the provincial government's *Housing Supply Action Plan* is a very positive improvement, it will take time for new supply to move through the approvals process and actually be constructed. Furthermore, it will take years of new investment by the industry to counteract the years of under-supply brought to the market over the past few years. OHBA further notes that specific tenures (rental) and housing typologies (missing middle) continue to remain significantly under-supplied in the marketplace.

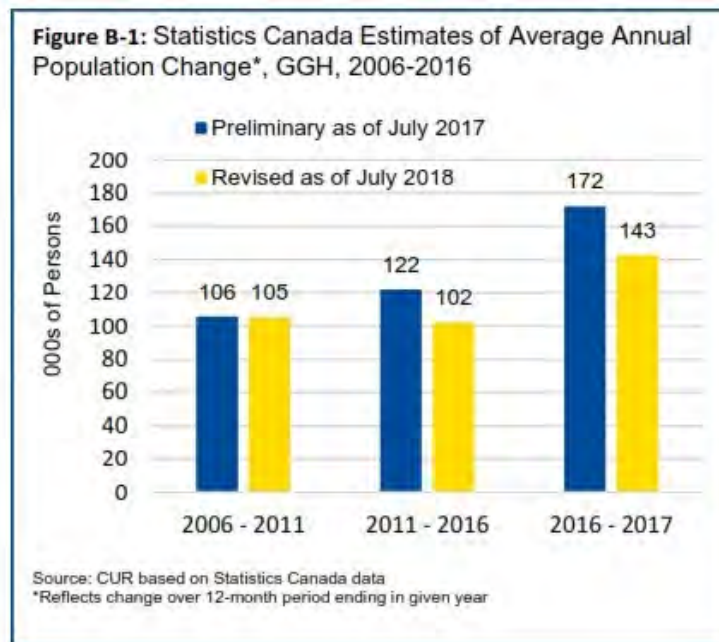
Tract housing supply can take over a decade to work its way through the complex and layered planning approvals process. Public policy decisions have major implications on how well the new housing supply chain functions and it remains challenging to bring new housing supply to the market. The flip side of the housing supply coin is housing demand; which is in fact growing. Ontario's strong jobs market and economy are attracting newcomers from around the world. The strong economy combined with federal immigration policy is fueling record levels of population growth in Ontario. The province is in fact experiencing the highest levels of growth in decades, with a high proportion of that growth settling in the GTA. The City of Toronto is in fact the fastest growing city in North America.



KEY ISSUES AND RECOMMENDATIONS

2.1 Ontario Housing Market - 2020

The Ministry of Finance projects that there will be 2.6 million more **#homebelievers** living in Ontario by 2031. The real elephant in the room that is not receiving enough attention, is that in order to welcome all these new neighbours, we will need to build one million new homes over the next decade. In order to welcome new **#homebelievers**, we will need 1 million homes over the next 10 years.



Source: Ryerson Centre for Urban Research

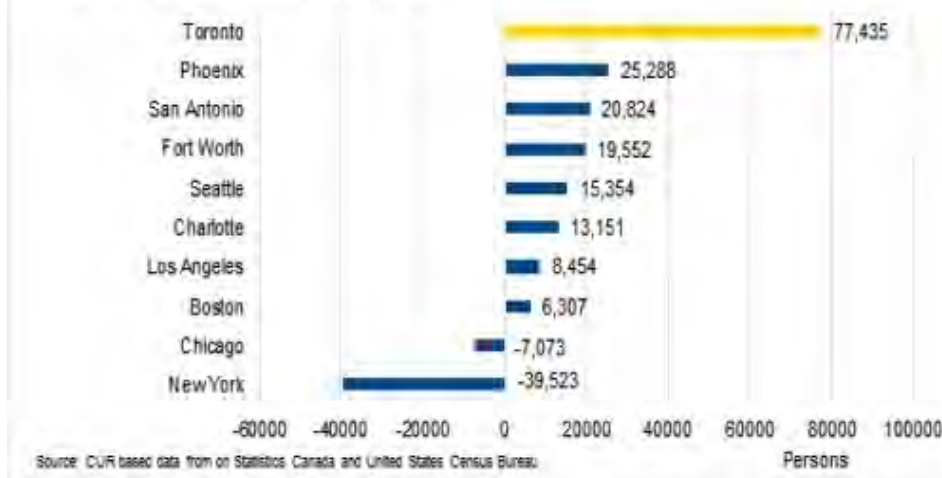
Recently released research by Ryerson CUR (CUR's Top 10 Takeaways from Statistics Canada's Latest Population Estimates - June 21, 2019) notes that Toronto was the second fastest growing metropolitan area, and the top growing city in all of the United States and Canada. Furthermore, Ryerson CUR found that, "estimates show that annual population growth in the GGH accelerated sharply between 2016 and 2018.



KEY ISSUES AND RECOMMENDATIONS

2.1 Ontario Housing Market - 2020

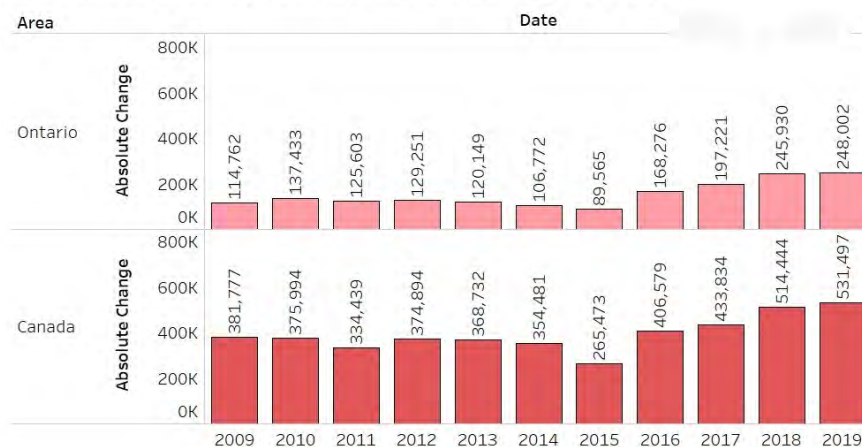
Figure 3: Numeric Population Growth in the City of Toronto and Selected American Central Cities, 12 Months Ending July 1, 2018



Source: Ryerson Centre for Urban Research

Population in the GGH grew by an annual average of 164,000 people per year between 2016 and 2018, up from an average of just now 100,000 per year between 2011 to 2016." Not only is the region experiencing tremendous growth, but the growth is in fact accelerating, requiring significantly more housing of all types and tenures to be approved and built than has historically been the case.

Annual Change in Population, Canada, Ontario 2009 to 2019



KEY ISSUES AND RECOMMENDATIONS

2.2 Housing Supply Action Plan

OHBA is very supportive of the *Housing Supply Action Plan*. A healthy housing system exists when a city or region has the right mix of housing choice and supply. The province's *Housing Supply Action Plan* lays the groundwork for more homes to be built, which will lead to more choice and affordability. Over the next 30 years, more than 4 million new **#homebelievers** will call the province of Ontario home. They will need homes, business space and vibrant communities built in the cities and regions across the province.

"The Housing Supply Action Plan announced by the provincial government today is a very comprehensive plan with legislative, regulatory and policy actions for numerous ministries. Here's what's important: this government wants to address barriers, reduce red tape and streamline the approvals process to create more housing choice and supply for homebelievers in Ontario,"

2018/19 OHBA President - Rick Martins,
OHBA Media Release – May 2, 2019

OHBA, our 4,000 member companies, and our network of 29 local home builders' associations across Ontario were active participants in the *Housing Supply Action Plan* consultations. In January 2019, OHBA made a comprehensive submission to the Ministry of Municipal Affairs and Housing with over 100 recommendations to speed up approvals, reduce costs and deliver more housing supply in communities across Ontario. OHBA appreciates that many of our recommendations are reflected in the *Housing Supply Action Plan* that the provincial government released on May 2, 2019.



KEY ISSUES AND RECOMMENDATIONS

2.2 Housing Supply Action Plan

The OHBA January 2019 *Housing Supply Action Plan* submission outlined a number of concerns with respect to the cumulative tax and regulatory burden on new housing, which was also contributing to the ever-increasing cost of housing. Over the year 2019, the government moved a number of important pieces of legislation forward, along with launching both the *Housing Supply Action Plan* and the *Made in Ontario Environment Plan*, which, includes, but is not limited to:

- Amendments to the *Planning Act* to speed up approvals;
- Improvements to the land use planning appeals systems;
- Hiring more adjudicators to the LPAT;
- Encouraging and incentivizing new rental supply by removing controls on newly built units;
- Improving the Growth Plan with more realistic density and intensification targets and new policies to encourage more supply;
- Introduced a new regulatory regime for handling of excess soils that will improve brownfield redevelopment opportunities;
- Creating greater certainty with respect to Conservation Authorities planning and permitting;
- Introduced legislative amendments to add greater certainty and improve Species at Risk permitting processes;
- Modernizing apprenticeship ratios and winding down College of Trades to support more skilled trades in housing sector;
- Passed legislative amendments so that Development Charges will be deferred and payable over multiple years for rentals and non-profits;
- Locking in the Development Charges rate sooner in the process to enhance cost certainty for both purchasers and providers at the time of zoning or site plan application;
- Passed legislative amendments to require Development Charges exemptions for secondary suites;
- Passed Bill 138 to allow for appeals of Community Benefits Charges by-laws.



KEY ISSUES AND RECOMMENDATIONS

2.2 Housing Supply Action Plan

OHBA is very supportive of the Open for Business approach the provincial government has undertaken through legislation and regulation to reduce red tape on the new housing industry. OHBA is also very supportive of the initial efforts to implement the *Housing Supply Action Plan* and more specifically, OHBA is supportive of the *More Homes, More Choice Act, Bill 108*.



“Bill 108 is going to help facilitate the construction of more housing units and offer more choice to homebelievers. The Housing Supply Action Plan and the bill before us today represent transformative actions to speed up the approvals process, reduce costs, support new purpose-built rental construction and encourage a more diverse mix of housing types.”

OHBA President, Bob Schickedanz
Standing Committee on Justice Policy – May 31, 2019



KEY ISSUES AND RECOMMENDATIONS

2.2 Housing Supply Action Plan

OHBA notes that there remain a number of critical elements of the *Housing Supply Action Plan* that are currently being consulted on, and have yet to be implemented. Our members continue to be supportive of the plan and are encouraged by additional consultations to ensure the detailed aspects of the plan will be effectively implemented. OHBA looks forward to continued dialogue with the government to implement additional aspects of the *Housing Supply Action Plan* – key elements that require further action in 2020 include:

- Finalizing and implementing a Community Benefits Charges regulation that ensures growth pays for growth, while also creating a more predictable and transparent system where cost certainty is established earlier in the process.
- Finalizing a new Provincial Policy Statement that will reduce red tape and streamline aspects of the land use planning approvals process.
- Ensuring municipalities do not contradict or circumvent key aspects of the *Housing Supply Action Plan* by levying additional costs or stretching out timelines (e.g. charging interest rates well beyond the rate of inflation for deferred development charges).
- Establishing a Land Needs Assessment methodology for Growth Plan implementation and ensuring appropriate municipal pre-zoning within Major Transit Station Areas.
- Continuing to hire additional adjudicators to be brought on to address the backlog of appeals, currently before the LPAT.
- Clarify the mandate of Conservation Authorities towards core services and streamlining the Conservation Authority role in both permitting and planning.
- Improve the authorization processes under the *Endangered Species Act* and take steps to create the new Species-at-Risk Conservation Trust.
- Modernize the *Environmental Assessment Act* to focus on higher risk activities and exempt lower risk activities. A modernized approach for infrastructure delivery should address both Environmental Compliance Approvals and Municipal Class Environmental Assessments.



KEY ISSUES AND RECOMMENDATIONS

2.2 Housing Supply Action Plan

Housing prices are extremely complicated and affected by a wide variety of factors ranging from housing supply, fiscal policy, employment, infrastructure servicing capacity, land-use planning approvals and mortgage rates. The provincial government has made significant progress in a short period of time, however some of these factors are directly affected by municipal or local government policy. The provincial government will have to remain vigilant to ensure that local municipalities do not bring forward and implement policies designed to counter, circumvent or deliberately frustrate the *Housing Supply Action Plan*.

OHBA applauds the provincial government for recognizing constraints on housing supply and for their determination to reduce red tape in order to make it easier to live and do business in Ontario. OHBA looks forward to working with the government to implement the *Housing Supply Action Plan* and working with the government on multiple consultations to ensure we get the details right to support more housing supply and more housing choice.



KEY ISSUES AND RECOMMENDATIONS

2.3 Early Results for the Made in Ontario Environment Plan

OHBA members have an important role to play in protecting and preserving our environment. Through environmental stewardship, building energy efficient new housing or upgrading aging homes, creating transit efficient complete communities or cleaning up brownfields sites, our members are important partners to the government in delivering a *Made-in-Ontario Environment Plan*.

The land development, new housing and professional renovation industry also have a critical role to play to protect the environment and to mitigate and adapt to climate change. Over the past decade, both the land use planning system and the Ontario Building Code have evolved significantly, and in response the land development and residential construction industry has evolved with it. It is important that the provincial government recognize the progress our sector has made and implement balanced solutions that puts people first, makes life more affordable for families, and takes Ontario's role in fighting climate change seriously.

The *Made-in-Ontario Environment Plan* represents an important opportunity to recalibrate public policy to facilitate the construction of more new energy efficient homes, encourage homeowners to upgrade the energy efficiency of existing homes and modernize other environmental regulations to facilitate the cleanup of more brownfield sites, provide clarity on excess soil movements and a number of other positive initiatives.

OHBA notes that while the plan will continue to evolve with new information and actions, the Ministry of the Environment, Conservation and Parks (MECP) has already made significant progress on key commitments and is continuing to consult and collaborate with stakeholders including OHBA to achieve key provincial goals.



KEY ISSUES AND RECOMMENDATIONS

2.3 Early Results for the Made in Ontario Environment Plan

- OHBA is supportive of the final excess soils regulation under the *Environmental Protection Act* as well as the amendment to the Record of Site Condition (brownfields) regulation 153/04. The regulatory amendments will make it safer and easier for more excess soil to be reused locally by clarifying rules for managing and transporting excess soil.
- OHBA is supportive of the exemption to the *Environmental Protection Act* and Ontario Regulation 153/04 for requiring a Record of Site Condition (RSC) for specific low risk redevelopment situations, including converting temporary roads in construction areas to residential.
- OHBA made submissions in 2019 to the Ministry for a modernized streamlined Environmental Assessment process. OHBA also supported changes to the *Environmental Assessment Act* through Bill 108 to provide immediate, short-term fixes to reduce burden and serve the interest of Ontario families and communities while ensuring strong environmental protection.
- OHBA looks forward to ongoing consultation and engagement with respect to eliminating duplication and streamlining Environmental Compliance Approvals and Municipal Class Environmental Assessments.
- OHBA supported amendments to the Conservation Authorities Act in Schedule 2 of the *More Homes, More Choice Act, Bill 108*. OHBA looks forward to ongoing consultation to clarify the mandate of Conservation Authorities towards core services and streamlining the Conservation Authority role in both permitting and planning.
- OHBA supported amendments to the *Endangered Species Act* in Schedule 5 of the *More Homes, More Choice Act, Bill 108*. OHBA looks forward to ongoing efforts by the Ministry to improve the authorization processes and take steps to create the new Species-at-Risk Conservation Trust.



KEY ISSUES AND RECOMMENDATIONS

2.3 Early Results for the Made in Ontario Environment Plan

OHBA continues to recommend additional streamlining by the MECP:

- OHBA recommends a new approach to respect professional designations for the purpose of 'certified approvals'.
- Streamline the Records of Site Condition (RSC) process, improve the functionality of Tier II model, and streamline the Tier III risk assessment process to facilitate Brownfield redevelopment.
- Appeals to Conservation Authorities permitting decisions are currently heard by the Mining and Lands Commissioner, and not integrated with other Planning Act appeals that are heard by the LPAT, thereby causing disjointed and often competing land use decisions. All land use related appeals should be heard by the LPAT, thereby creating more integrated and timely decisions.
- Introduce a consumer-focused Home Renovation Tax Credit targeting energy efficient upgrades so that owners can improve their homes while helping the environment and reducing hydro bills.
- Better facilitate Low-Impact Development (LID) through industry-driven innovations with a focus to reduce municipal redundancy and financing of hard infrastructure (e.g. Development Charge credits)
- Prohibit municipalities from requiring minimum parking standards (which add to the cost of housing) – let the market decide!
- Review the method for mapping and evaluation wetland significance through a review of the OWES. Furthermore, the MECP and MNRF should develop policy approaches and tools to prevent the loss of wetlands in Ontario through a mitigation hierarchy and wetlands offsetting policies.
- OHBA supported the Private Members Bill *Alternative Land Use and Services Program for Agricultural Land Act, 2018* which would create a framework allowing the ALUS concept and program to grow. ALUS combines resources from the public, private and philanthropic sectors to support restoration and conservation on agricultural lands.



KEY ISSUES AND RECOMMENDATIONS

2.4 Red Tape Reeducation - There is Still More Work To Do

OHBA is very supportive of the *Housing Supply Action Plan* and the *Made in Ontario Environment Plan* as well as Ontario's Open for Business approach to red tape reduction. These visionary plans are in the process of being implemented with ongoing consultation for specific aspects of the two comprehensive plans. OHBA recommends that a budget bill following the tabling of the 2020 provincial budget and/or an Open for Business focused piece of legislation could be a vehicle to implement the next phases of the *Housing Supply Action Plan* and the *Made in Ontario Environment Plan*.

The province should undertake a stronger leadership role in facilitating a greater alignment of municipal policies with provincial policy throughout Ontario. While the province is taking a very proactive role to streamline a variety of approvals processes and improve Ontario's business environment, OHBA notes that some municipalities are taking it upon themselves to expand their scope of jurisdiction to fill perceived gaps following provincial red tape reduction and changes in approach. The provincial government must not allow municipalities and other agencies, boards or commissions to undermine provincial policy. It is also 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, increase public awareness and results in a more efficient planning system that supports provincial goals for complete communities, a strong economy and a healthy environment. OHBA would strongly support more robust and active provincial leadership to improve Ontario's business environment.



The Housing Supply Action Plan announced by the provincial government is comprehensive in nature. The Ontario Home Builders' Association is supportive of the bold path the provincial government has taken through the Housing Supply Action Plan to address barriers, reduce red tape and streamline the approvals process to create more housing choice and supply for #homebelievers.

JOE VACCARO
CEO
ONTARIO HOME BUILDERS' ASSOCIATION



KEY ISSUES AND RECOMMENDATIONS

2.5 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 \$34 billion renovation sector (equivalent to approximately 4 per cent of the provincial economy) 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 disadvantage other consumers and businesses that do follow the rules.

The introduction of the single sales tax (13 per cent) in 2010 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. Subsequent to the implementation of the HST, the share of residential renovation spending through contractors that leaked underground has remained elevated, fluctuating between an estimated 38 to 40 per cent from 2010 – 2016. This number is likely similar today.

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; (next page)



KEY ISSUES AND RECOMMENDATIONS

2.5 Underground Economy and Residential Renovations

- 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.

“It is estimated that provincial and federal governments lost a substantial \$16 billion in potential tax revenues from 2010-2016 through residential renovations undertaken by contractors in Ontario, owing to the underground economy.”

Combating Ontario's Underground Economy in the Residential Renovation Sector and Reducing GHG Emissions Through Innovative Policies – The Altus Group – November 2017

Through its renovator members, OHBA continues to educate consumers about the perils of dealing with contractors in the underground economy and encourages 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 agree 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.



KEY ISSUES AND RECOMMENDATIONS

2.5 Underground Economy and Residential Renovations

The underground economy accounts for billions 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. Illicit practices may also affect 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 strengthen efforts to combat the underground economy.

OHBA recommends that the provincial government consider a targeted Energy Efficiency Home Renovation Tax Credit to address climate change through improvements the energy performance of Ontario's five million existing homes, while at the same time combatting the underground economy. The introduction of a tax rebate would create an extra incentive for homeowners, thereby lessening the amount of renovation spending lost to the underground economy. Through a rebate, a substantial portion of tax revenues lost to the underground economy could be recouped, at a relatively minimal direct financial cost to the provincial treasury.

The introduction of a permanent and targeted Energy Efficiency Home Renovation Tax Credit for renovations undertaking work to improve the energy efficiency of existing homes would have beneficial impacts:

- Reduce the amount of tax leakage due to the underground economy by improving tax compliance by incentivizing homeowners to properly document and report their contractor renovation projects; and
- Help the provincial government meet public policy objectives pertaining to climate change mitigation through the reduction of GHG emissions in residential properties. Existing buildings in the residential sector currently accounts for 10.9 per cent of Ontario's carbon emissions.



KEY ISSUES AND RECOMMENDATIONS

2.5 Underground Economy and Residential Renovations

The key in program design 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 behaviour" by offering a tax credit to those that collect receipts from legitimate business and submit those receipts to the CRA. The federal Home Renovation Tax Credit (HRTC) was such a tremendous success that the Canada Revenue Agency (CRA) 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

An Energy Efficiency Home Renovation Tax Credit is an initiative that would target Ontario's existing and aging housing stock for market transformation. Millions of existing homes are decades old and were built at a time when energy performance was not a priority. Furthermore, a certain portion (about ten per cent) of Ontario's current housing stock was built prior to the introduction of the first National Building Code in 1941. As a result many of these homes lack adequate insulation. OHBA recommends that the provincial government implement an Energy Efficient Home Renovation Tax Credit with thresholds designed to be revenue neutral to the provincial treasury.



KEY ISSUES AND RECOMMENDATIONS

2.6 Infrastructure/ Transportation

OHBA supports coordinated 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 to a growing population should be a key priority for the provincial government. Equally important is long-term asset management planning through the ongoing maintenance of Ontario's existing infrastructure.

OHBA is encouraged by the significant investments in transportation-related infrastructure that the provincial government has already committed to. OHBA is eager to work with the government to ensure a planning framework that provides business certainty through pre-zoning and the implementation of development permit systems on transit corridors. The province has made positive initial steps by incorporating new density targets for Major Transit Station Areas in the updated *Growth Plan, 2019*, but the plan needs to be completed by implementing zoning by-laws to actually implement these density targets.

The new housing and land development industry is a key partner to the province in creating transit-oriented development that will support provincial transportation plans and investments over the long term. Furthermore, there are opportunities for partnerships and joint investments in mixed-use developments as part of new or upgraded transit stations. 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. OHBA members look forward to seeing shovels in the ground for priority projects as soon as possible.



KEY ISSUES AND RECOMMENDATIONS

2.7 Housing is the Engine that Drives Ontario's Economy

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 tax 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 of growth while also contributing significantly towards upstream capital costs related to growth. Additionally, the home building and land development industry supports 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 politicians 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.

While measures included in the *Housing Supply Action Plan* are both welcomed and helpful, OHBA notes number of municipalities are deliberately frustrating actions by the provincial government and putting in place significant development charges increases and other measures. Furthermore, the new Community Benefits Charges framework should have robust requirements for background studies to ensure municipalities do not simply charge the maximum percentage as prescribed by regulation. OHBA understands that many municipalities are fiscally challenged, however, it is not the responsibility of new neighbours to substitute the general tax base revenue that should fund the maintenance and improvement of existing services.



KEY ISSUES AND RECOMMENDATIONS

2.7 Housing is the Engine that Drives Ontario's Economy

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

Councillor Peter Milczyn on June 23, 2013 as Chair of the
City of Toronto's Planning and Growth Management Committee (Ontario's Housing
Minister 2017-2018)

The provincial government's treasury continues to greatly benefit from the strong housing market across the province as rising prices and high sales volumes have brought in billions of dollars of additional HST and Land Transfer Tax revenues. The strength of the 2019 housing market, along with new revenue from the Foreign Buyers Tax will deliver even higher housing revenue to the provincial treasury. The 2019 Fall Fiscal Update projects \$2,967 billion in Land Transfer Tax revenue in 2019-20, which is over \$1 billion higher than what was collected just a few years ago. OHBA believes that the Ontario government has an opportunity to support housing affordability and supply by reinvesting some of these tax dollars back into Ontario's housing market.



KEY ISSUES AND RECOMMENDATIONS

2.7 Housing is the Engine that Drives Ontario's Economy

OHBA understands the Ministry of Finance will not be making adjustments to the HST Threshold while Ontario still has a deficit. Therefore, OHBA recommends a review of the HST Threshold once the provincial budget is balanced. OHBA notes that prior to the implementation of the HST, home buyers in Ontario were only charged the GST on new home purchases. However, an effective provincial tax rate of an estimated 2 per cent was also embedded in these purchases, due to the taxation of building materials.

A lot has changed since the HST threshold was established in 2009 and Ontario housing prices have appreciated substantially. By comparing housing inflation rate to growth in CPI and family income, it shows that housing cost has outpaced the overall consumer inflation and become less affordable to average families. Rapid house price appreciation means that the HST has brought \$5 billion in additional net new revenue from the new housing sector since 2009, while making housing even less affordable.

Each passing year that home prices increase and the HST new housing threshold remains static at \$400,000 it is essentially a year of tax increase as fewer buyers fall under the threshold and more buyers face a higher tax burden.



CONCLUSION

As more households struggle amid rising housing costs, far too many residents are being left behind in communities across the province. 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. With housing being central to Ontario's economic and social underpinning, it is critical for the provincial government to continue to be proactive to address the structural barriers that impede both housing affordability and housing supply.

Many communities across Ontario experienced housing price escalation over the past year, which has significant impacts on affordability, personal finances, social issues, consumer debt and the broader economy. There are many complex and inter-related factors that influence the price of housing. Ontario's *Housing Supply Action Plan* took a number of very positive steps to address rapid housing price escalation, but more needs to be done to address longer term structural issues within the housing and land use planning systems. The provincial government has many public policy and fiscal policy levers at its disposal, which can have either positive or negative impacts on the price of housing.

OHBA's four key recommendations for the upcoming 2020 budget are:

- Implement the *Housing Supply Action Plan* and explore further opportunities to reduce timelines, streamline approvals, reduce red-tape and improve Ontario's land use planning system to deliver housing to the market faster.
- Implement the *Made in Ontario Environment Plan* and explore further opportunities to reduce red tape and eliminate duplication.
- Address the underground economy and climate change through a combination of policy initiatives, including a home renovation tax credit specifically targeting improving the energy efficiency of Ontario's five million existing homes.
- Continue to make significant investments in public transportation and transportation infrastructure to address increasing congestion. Enhance provincial investment in other key areas of core infrastructure, especially upgrading and expanding water and waste-water systems.



CONCLUSION

OHBA is optimistic for the year ahead in 2020, as our members believe the challenges the government is addressing also present opportunities to close the housing supply and affordability gap. There is now a broad consensus that the building of much-needed new housing supply has been inhibited by layers of time-consuming bureaucracy and slow approvals. These barriers should start to lessen in 2020, as municipalities update their policies to meet new requirements under the *Housing Supply Action Plan*. OHBA looks forward to working together with the province of Ontario to ensure our industry continues to supply the necessary new housing to support a growing population and economy and that the residential construction industry remains the engine that drives the provincial economy.

"With 2.6 million more [#homebelievers](#) coming to Ontario over the next decade, [#weneed1MILLIONhomes](#) to make their [#homebeliever](#) dreams a reality"

Joe Vacarro - CEO, Ontario Home Builders' Association

The Elephant in the Room.



[#weneed1MILLIONhomes](#)



APPENDIX A - RESOLUTION # 1 (External)



Submitted to: Ministry of Environment, Conservation and Parks

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Modernization of Approvals:
Environmental Assessments & Environmental Compliance Approvals

Whereas: the Ministry of the Environment, Conservation and Parks (MECP) has legislative and regulatory authority over a variety of environmental approvals impacting new housing, land development and critical infrastructure including:

-) Environmental Compliance Approvals (ECAs);
-) The Environmental Assessment process;

Whereas: the MECP released a *Made in Ontario Environment Plan* on November 29, 2018 that states the Ministry will: “Look to modernize Ontario’s environmental assessment process, which dates back to the 1970s, to address duplication, streamline processes, improve service standards to reduce delays, and better recognize other planning processes”; and

Whereas: On April 25th, the MECP released a discussion paper on modernizing Ontario’s Environmental Assessment program (Environmental Registry 013-5101) to which OHBA responded with a submission on May 24, 2019;

Therefore be it resolved that: that the scope of Municipal Class Environmental Assessment (MCEA) process should be adjusted to avoid duplication with the concurrent and more robust *Planning Act* processes. There is significant scope overlap and duplication of work required by the MCEA and *Planning Act* processes. To that end, there should be an exemption from the MCEA process for all development occurring and fully regulated under the *Planning Act*; and

Therefore be it further resolved that: The MECP should establish an expedited process similar to the Transit Project Assessment Process (TPAP) for other types of infrastructure under MECP’s purview; and

Therefore be it further resolved that: The Part II Order process for Municipal Class EA schedules should be streamlined. Specifically, while Bill 108 fully exempts Schedule A and A+ projects from the requirements of the EA Act, OHBA further recommends that the Minister’s authority for responding to Part II Order requests should be delegated to senior Ministry staff (Director level) for both Schedule B and C projects, with appropriate guidelines and decision timeframes (rather than sign-off by the Minister); and

Therefore be it further resolved that: OHBA recommends that MECP introduce “system-wide ECAs” across all municipalities for storm, sanitary and SWM infrastructure:

- A similar concept is being used successfully for water systems in a number of municipalities today;
- There is no “value add” as part of the MECP’s review and approval of current storm, sanitary and SWM ECA process going to the Ministry for review and final sign off;
- The review of SWM ECAs are the most egregious and take the MECP as much as 8-12 months to approve. This is a total duplication of the review by a municipality and CA, and in some cases even MNRF;
- Under “system-wide ECA” a municipality has the license to take a systems approach and has final sign off (MECP will still monitor for compliance); and



Therefore be it further resolved that: With respect to Low Impact Development (LIDs), OHBA recommends that the MECP should either a) clarify the interpretation of the *Ontario Water Resources Act*, or if necessary, b) re-word regulatory exemptions to include LID measures on private lots from an ECA approval. The MECP's recent practice of requiring an ECA for LIDs adds a host of practical and administrative issues for the developer and future homeowners. It is important for the following:

- There used to be no ECA required for infiltration systems on private lots since the outlet is the ground, but over past two-to-three years MECP has been interpreting the OWRA differently and is now requiring ECAs for infiltration systems on private lots. This discourages developers from implementing infiltration LIDs, obligates future private property owners to complete cumbersome monitoring and reporting. These ECAs (and thus monitoring requirements) get registered on title and transferred to individual private property owners meaning the MECP will literally receive thousands of these ECAs.
- Section 53 (6) (a) of the *Ontario Water Resources Act* can be interpreted to provide an exception to the requirement for an ECA if the works drain to the ground via infiltration since the facility outlet to the ground is not included in the list of outlet options included in this clause.
- Alternatively, an exception clause could be added to Section 3 of O. Reg. 525/98 to include the wording "is an infiltration or filtration Low Impact Development facility located on a private lot".

MOVED: N. Mracic

SECONDED: C. Shindruk

APPENDIX A - RESOLUTION # 2 (External)



Submitted to: Ministry of Municipal Affairs and Housing
Attorney General

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Planning Act – Section 50 – Subdivision Control

Whereas: MPP Doug Downey introduced Private Members Bill 88, *Planning Amendment Act, 2019* on March 25, 2019; and

Whereas: OHBA met directly with MPP Downey and in an April 10, 2019 letter, supported the Private Members Bill, stating: “The Ontario Home Builders’ Association (OHBA) supports your inaugural private members’ legislation, Bill 88, *Planning Amendment Act, 2019*. Currently there are certain provisions of section 50 of the *Planning Act* that create unnecessary delays, conditions, expenses and red tape for Ontario businesses and homeowners. This legislation will provide more clarity and consistency around consents and severances and more specifically, resolves the unintended issues that confront property-owners by the inadvertent mergers, saving Ontario businesses and homeowners time and money;” and

Whereas: The Private Members Bill received Second Reading on May 30, 2019 and was referred to the Standing Committee on Finance and Economic Affairs.

Therefore be it resolved that: the Ministry of Municipal Affairs and Housing adopt the proposed amendments to the *Planning Act* contained in the Private Members Bill 88 (*Planning Amendment Act, 2019*) into government legislation as part of the Housing Supply Action Plan.

MOVED: J. Meinen

SECONDED: J. Stuart

APPENDIX A - RESOLUTION # 3 (External)



Submitted to: Ministry of Municipal Affairs and Housing

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Midrise Housing Supply

Whereas: The *Housing Supply Action Plan* released by the Ministry of Municipal Affairs and Housing on May 2, 2019 incorporates a five point plan that proposes a range of solutions to address Ontario's housing crisis. A key component of that plan is "Housing Mix":

"Mix: We'll make it easier to build different types of housing – from detached houses and townhomes to mid-rise rental apartments, second units and family-sized condos. We need a variety."

Whereas: OHBA and the Pembina Institute released a joint report *Make Way for Midrise* in 2015 which articulated our rationale that strongly supports breaking down the barriers to increasing mid-rise housing supply:

"Mid-rise buildings are more human-scaled in terms of size. They fit into the character of neighbourhoods and animate sidewalk culture, in particular by providing street-level retail. They can also offer family-sized units. Mid-rise, mixed-use development is a valuable tool when creating neighbourhoods that support healthy lifestyles and local economies, since it can help increase walkability and put more people close to transit, while also supporting local business."

Whereas: While the *Housing Supply Action Plan*, *A Place to Grow* (Growth Plan, 2019) and the *More Homes, More Choice Act, 2019* (Bill 108) make important and substantive legislative, regulatory and public policy improvements to support mid-rise housing supply; there are additional public policy initiatives that would improve the viability of mid-rise housing.

Therefore be it resolved that: the provincial government through the *Ontario Building Code* and the national government through the *Model Building Code of Canada* consider mid-rise specific amendments including, but not limited to:

-) Amending the *Ontario Building Code* / National Code to permit tall wood frame buildings up to fourteen-stories;
-) Initiating a review of the benefits of implementing a European building and fire code exiting standard consistent with a single stair for small buildings of up to and including 6-stories; and

Therefore be it further resolved that: The province require pre-zoning for mid-rise height and density within transit corridors and Major Transit Station Areas (MTSA). Should municipalities fail to bring their zoning into conformity with the 2019 Growth Plan and the new PPS (currently being reviewed) within three years, the provincial government should exercise their Ministerial Zoning Order powers to ensure zoning is modernized; and

Therefore be it further resolved that: The province should require municipalities to implement "density transition zones" (sometimes termed "enhancement zones") in areas just outside of transit corridors, MTSA's and UGCs. These transition zones should allow new as-of-right options, to increase housing choice through gentle density as a transition between higher density corridors into neighbourhoods. Transition zones generally consist of a widened laneway and additional parcels of land just beyond the avenue fronting parcels or just beyond an UGC or MTSA. The zones function as buffer areas between the rear of an avenue property and adjacent residential properties. Transition zones grant mid-rise development permission to existing lots that would otherwise be unable to accommodate this type of growth due to the inability to meet setback and other requirements (i.e. angular planes); and

Therefore be it further resolved that: That the province eliminate minimum parking requirements and let the free market decide.

APPENDIX A - RESOLUTION # 4 (External)



Submitted to: Ministry of Municipal Affairs and Housing

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Interim Control By-Laws (ICBLs)

Whereas: Interim Control By-Laws (ICBLs) put a temporary freeze on some land uses while the municipality is studying or reviewing its policies (*Planning Act*, Section 38). The freeze can be imposed for only a year, with a maximum extension of another year; and

Whereas: There is no ability to appeal an interim control bylaw when it is first passed, however, an extension to a bylaw may be appealed; and

Whereas: Previously, under subsection 38 (4) of the *Planning Act*, anyone who is given notice of the passing of an ICBL may appeal the by-law within 60 days after the by-law is passed. However, amendments to the *Planning Act* made through Bill 139 in 2017 allow only the Minister to appeal an ICBL when it is first passed. Any person or public body who is given notice of the extension of the by-law can appeal the extension; and

Whereas: The *Planning Act* provides that an ICBL remains in effect past the two-year period if the new zoning bylaw which replaces the interim control bylaw is appealed to the LPAT; and

Whereas: OHBA is concerned that a number of municipal councils have utilized this tool for political purposes rather than as it is intended to be used for planning purposes. In some cases the use of ICBLs has been to deliberately halt growth in areas identified for growth in the Provincial Policy Statement and the Growth Plan; and

Whereas: Sheltering ICBLs from appeal and an independent third party review based on evidence and provincial policy (through Bill 139) opens the possibility for political abuse of intent for a municipality to unilaterally freeze development rights regardless of the rationale, justification or strength of their case to do so;

Therefore be it resolved that: the Ministry of Municipal Affairs and Housing amend the *Planning Act* to allow anyone who is given notice of the passing of an ICBL to appeal the by-law within 60 days after the by-law is passed; and

Therefore be it further resolved that: the Ministry of Municipal Affairs and Housing amend the *Planning Act* to require that all impacted property owners receive a minimum of 30 days notice prior to tabling, debate and passing of an ICBL at a municipal council.

MOVED: N. Carnicelli

SECONDED: S. Harris

APPENDIX A - RESOLUTION # 5 (External)



Submitted to: Ministry of Environment, Conservation and Parks

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Conservation Authority Permitting and Fees Appeals to the LPAT

Whereas: The Provincial Government initiated a review of Conservation Authorities in 2019 through the Environmental Registry postings 013-4992 and 013-5018, to identify opportunities to improve the existing legislative, regulatory and policy framework that currently governs Conservation Authorities and the programs and services they deliver on behalf of the province, municipalities, and others; and

Whereas: Conservation Authorities often establish and adopt policies, standards or guidelines beyond the scope of their legislative authority and lack accountability mechanisms in terms of policy development and the fees collected for services; and

Whereas: OHBA expressed concern in previous submissions to the MECP regarding the transparency and consistency of how planning and permitting review costs are determined. OHBA is supportive of the principles set out in the *Policies and Procedures for Charging Conservation Authority Fees*, specifically:

- Parity with neighbouring CAs to promote consistency;
- Prevention of duplicative fees charged by local municipalities, and other agencies and ministries for related services;
- Consistency in fee schedules with local municipalities, and other agencies and ministries for related services; and
- Fees shall be reflective of the complexity of the application and level of effort required to administer the application; and

Whereas: OHBA is concerned that there is a lack of oversight in the current system that allows some CAs to operate under unreasonably long permitting timelines and without an appropriate appeal mechanism; and

Whereas: Appeals of CA permitting decisions are currently heard by the Mining and Lands Commissioner and not integrated with other *Planning Act* appeals that are heard by the LPAT/OMB, thereby causing disjointed and often competing land use decisions.

Therefore be it resolved that: the province legislate a consistent fee schedule (Sec 21.2) with clearly defined service categories that can be applied by all CAs (individual CA fees would be differentiated, but categories and definitions would be consistent); and

Therefore be it further resolved that: the MECP mandate that CAs establish fair and reasonable rules with respect to development application review fees commensurate to the services provided and that they be appealable to LPAT, similar to that of any *Planning Act* fee; and

Therefore be it further resolved that: the Province enhance accountability through the implementation of an independent third party appeals process to the LPAT for Conservation Authority permitting functions, fees and timelines; and

Therefore be it further resolved that: All appeals of both *Planning Act*, and, *Conservation Authorities Act* matters should be adjudicated by the LPAT. This will create more certainty and resolve disputes more efficiently while also creating more integrated and timely decisions.

MOVED: P. Dufresne

SECONDED: D. Tarry

APPENDIX A - RESOLUTION # 6 (External)



Submitted to: Ministry of Environment, Conservation and Parks

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Conservation Land Banking for Species at Risk

Whereas: OHBA supports the protection of species at risk; and

Whereas: The *Endangered Species Act* has a number of operational and implementation challenges that should be improved while continuing to provide important species at risk protection. OHBA was therefore supportive of Schedule 5 of Bill 108 (More Homes, More Choice Act, 2019) that made several amendments to the *Endangered Species Act, 2007*; and

Whereas: OHBA made a submission in March 2019 (ERO 013-4143) responding to the 10-year review of the *Endangered Species Act, 2007* and a submission in May 2019 (ERO 013-5033) responding to proposed changes to the *Endangered Species Act, 2007*; and

Whereas: OHBA is supportive of the MECP concept for the proposed *Species at Risk Conservation Trust*; and

Whereas: with respect to Conservation Land Banking, the OHBA submission in March 2019 stated:

"In lieu of activity-based requirements the legislation should allow for the use of tools successfully used in other jurisdictions such as "Conservation Land Banking", to enable addressing requirements for species at risk prior to activities. Such a tool can offset and mitigate adverse effects of development prior to development taking place while providing benefits to species at risk and encourage relationships between project proponents and conservation and commercial organizers / ENGOS."

Therefore be it resolved that: The MECP should create a new landscape agreement that takes a strategic, coordinated and consolidated approach to authorizing clients undertaking multiple activities (potentially impacting multiple species at risk, and which could allow for conservation land banking to achieve positive outcomes for the species; and

Therefore be it further resolved that: The MECP should allow for the use of tools successfully used in other jurisdictions such as Conservation Land Banking. Market based tools such as Conservation Land Banking can offset and mitigate adverse effects of development and provide benefits to species at risk.

MOVED: K. Rovinelli

SECONDED: A. Churchill

APPENDIX A - RESOLUTION # 7 (External)



Submitted to: Ministry of Municipal Affairs and Housing

Submitted by: OHBA Land Development Committee

Date: September 23, 2019

Subject: Updating Growth Plan Schedule #3 (Distribution of Population & Employment for the GGH)

Whereas: OHBA welcomed the amendments to the Growth Plan in May 2019. OHBA believes that the amendments to the Growth Plan are the right approach to fulfill the government's commitment to increase housing supply, reduce red tape and make it easier to live and do business in Ontario; and

Whereas: The amendments to the Growth Plan did not update the forecasts for Schedule #3 (Distribution of Population & Employment for the GGH); and

Whereas: A Ryerson Centre for Urban Research paper in June 2019 (*CUR's Top 10 Takeaways from Statistics Canada's Latest Population Estimates for the Greater Golden Horseshoe*) documents that population growth accelerated in the GGH with net immigration being the predominant source of population growth and the percentage of temporary residents (e.g., refugees and international students) also growing rapidly; and

Whereas: While the population forecasting work undertaken by Hemson for the Ontario Growth Secretariat proved to be quite accurate in the initial years after it was completed (2012), the dramatic increase in immigration levels in recent years has created a significant gap. OHBA notes that this is not a flaw or criticism of Hemson's work, but rather the gap reflects a dramatic change in Federal policy in 2015 and thereafter; and

Whereas: In the years 2016 to 2018, annual immigration to the GGH averaged 157,000. This is up from the Hemson estimate of an average of 95,552 for that time period. This means that the Growth Plan forecasts have failed to capture 149,344 in population to the GGH in the years 2016 through 2018 with this shortfall being directly attributable to Federal immigration levels. These elevated levels of immigration are expected to continue in the years ahead.

Whereas: Between 2016 and 2021 GGH immigration will likely exceed Growth Plan forecasts by over 450,000 people for whom homes have not been planned.

Therefore be it resolved that: Population forecasts for the Growth Plan must be updated to reflect high actual and forecast immigration levels; and

Therefore be it further resolved that: A mechanism must be established to compensate for the past and current shortfalls in the Growth Plan forecasts. All regional and local official plans were based on forecasts using much lower assumptions; and

Therefore be it further resolved that: the Ontario Growth Secretariat commence work towards updating the Schedule #3 forecasts to 2051 for population and employment; and

Therefore be it further resolved that: the OHBA continues to support its long-standing position that the Built Boundary should be updated and refined to accurately capture greenfield vs intensification; and

Therefore be it further resolved that: MMAH update the Land Needs Assessment Methodology to address the calculation of demand to meet the projected needs of current and future residents and to reflect the new (simplified) calculation of intensification targets and greenfield density targets.



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