



Ontario
Home Builders'
Association



A HOME FOR EVERYONE

Provincial Strategies for Increasing Housing Supply - 2024

ABOUT OHBA

The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 27 local associations across the province. Members include builders, developers, professional renovators, trade contractors, suppliers and manufacturers serving the residential construction industry. Our members have the vital responsibility to build the housing supply that current Ontario residents are counting on at all stages of their lives and be the voice of future home buyers who want to call our province home.

- Building Industry and Land Development Association (BILD)
- Brantford Home Builders' Association
- Chatham Kent Home Builders' Association
- Cornwall Construction Association
- Durham Region Home Builders' Association
- Greater Dufferin Home Builders' Association
- Greater Ottawa Home Builders' Association
- Grey Bruce Home Builders' Association
- Guelph & District Home Builders' Association
- Haldimand-Norfolk Home Builders' Association
- Haliburton County Home Builders' Association
- Kingston Frontenac Home Builders' Association
- Lanark Leeds Home Builders' Association
- London Home Builders' Association
- Niagara Home Builders' Association
- North Bay & District Home Builders' Association
- Perth Huron Builders' Association
- Peterborough & The Kawarthas Home Builders' Association
- Quinte Home Builders' Association
- Sarnia Lambton Home Builders' Association
- Simcoe County Home Builders' Association
- St. Thomas-Elgin Home Builders' Association
- Sudbury & District Home Builders' Association
- Thunder Bay Home Builders' Association
- Waterloo Region Home Builders' Association
- West End Home Builders' Association
- Windsor Essex Home Builders' Association

ECONOMIC IMPACTS OF RESIDENTIAL CONSTRUCTION IN ONTARIO

New home building, renovation and repair



549,084

JOBS

On- and off-site jobs – one of the largest employers in Ontario.



\$38.8 B

WAGES

Dollars that show up in purchases across the entire local economy.



\$83.8 B

INVESTMENT

Built investment value is the largest single wealth-builder for many families.

ESTIMATES BASED ON 2022 DATA FROM CANADA MORTGAGE AND HOUSING CORPORATION AND STATISTICS CANADA.



Dave Depencier, President

Housing affordability remains the greatest challenge of our generation. More needs to be done and I am confident that the collaboration amongst our members and our provincial and municipal partners will get shovels in the ground.



Neil Rodgers, Interim CEO

OHBA's mission is to support our members across Ontario to deliver housing affordability, innovation, quality and choice. The task of building 1.5 million homes is formidable...but the talent, resources and resolve of OHBA members is vast and ready to get to work to build a better Ontario.



RESIDENTIAL CONSTRUCTION IN ONTARIO

ECONOMIC IMPACTS OF NEW HOME CONSTRUCTION

The new home building industry is essential to Ontario's economic growth and prosperity.



193,422
JOBS

On- and off-site jobs – a major source of employment in Ontario.



\$13.6 B
WAGES

Dollars that show up in purchases across the entire local economy.



\$33.2 B
INVESTMENT

Maintains and improves the largest single wealth-builder for most families.

ECONOMIC IMPACTS OF HOME RENOVATION & REPAIR

Residential renovation is vital to maintaining and modernizing Ontario's existing housing stock.



355,662
JOBS

A major source of employment in Ontario.



\$25.1 B
WAGES

Dollars that show up in purchases across the entire local economy.

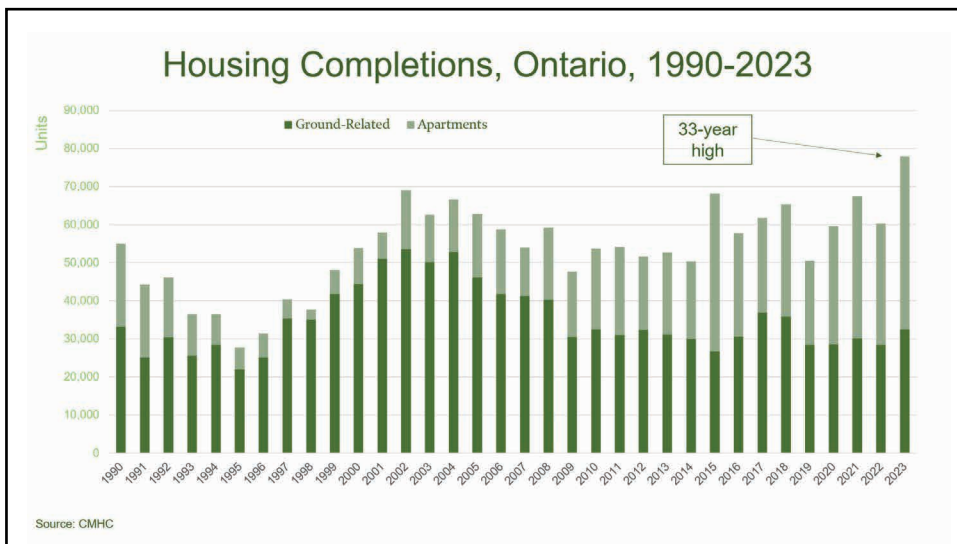


\$50.6 B
INVESTMENT

Maintains and improves the largest single wealth-builder for many families.

ESTIMATES BASED ON 2022 DATA FROM CANADA MORTGAGE AND HOUSING CORPORATION AND STATISTICS CANADA.

BUILDERS ARE MAKING SIGNIFICANT STRIDES IN DELIVERING NEW HOUSING



FACTORS LIMITING HOUSING SUPPLY AND AFFORDABILITY

Much progress has been made in the effort to encourage more homes to be built in Ontario; much still needs to be done. This requires a comprehensive effort from provincial ministries, municipalities, and the residential construction industry, working collaboratively to build a better Ontario. Such partnerships, combined with the right suite of legislative and policy reforms will achieve our shared objective: **A Home for Everyone.**

ISSUES SUMMARY

The challenges facing the residential construction industry and development sector can be summarized in the following nine themes:



Housing Policy Reform to Increase Supply

Municipal planning and permitting approvals still take too long. Average approval times are measured in years and have been getting progressively worse since 2020. Bold actions and ambitious housing supply action plan legislation remain imperative to reduce red tape and support the provincial housing targets.



Housing Supportive Infrastructure

Core infrastructure such as roads, water and wastewater, and transit are vital for a growing Ontario. To meet the ambitious provincial housing targets and get shovels in the ground, sustained investment in housing-supportive infrastructure remains a top priority.



Long-Term Land Supply

Housing affordability remains under serious stress due to a historical land and housing supply deficit. There remains insufficient new land designated to support single-family housing needs required to meet forecasted population growth in many of Ontario's fastest-growing municipalities by 2051. All provincial and municipal land use decisions must be viewed from the lens of combating housing affordability.



Optimize Transit-Oriented Communities

Ensuring the optimization of provincial investment in transit infrastructure and residential intensification is the hallmark of good city building. To ensure that this strategy is seized to its fullest potential, municipalities must initiate "as-of-right" zoning by-laws and other progressive land use policies in proximity to transit stations. Similarly, the province must also leverage its real estate assets and provincial tools to capitalize on TOC opportunities.



Government Imposed Fees, Taxes and Charges

Government fees, taxes, and charges, which add at least 25% to 30% to the cost of an average home in the province, are a material contributor to the affordability crisis. These added costs must be measured for their value and, wherever possible, rationalized or eliminated.



Illegal Building and Illegal Vending

These issues remain a serious and significant problem in every community across Ontario. These activities hurt the professional reputation of the home building industry, contribute to the underground economy, and can destabilize the Tarion New Home Warranty program. Provincial consumer protection legislation to stop these illegal practices in Ontario is long overdue.



Labour, Training and Skills Development

Doubling Ontario's housing starts to reach the target of 1.5 million homes will also require a significant increase in skilled workers in the construction sector. Sustained investment in addressing the skilled labour shortage should continue to be a focus.



Ontario Building Code

Ontario's Building Code has some of the highest environmental sustainability thresholds within Canada. Yet despite this, many municipalities are adding performance standards that go beyond the statutory authority of the Planning Act through its site plan, subdivision, and zoning provisions. Green Development Standards, operating outside of the Ontario Building Code, are extending approval timelines, increasing construction costs, and delaying housing supply coming online.



Financial Incentives to Support New Housing Supply

Targeted financial incentives to assist qualified new home buyers who purchase new homes will build hope for a stronger Ontario – and a home for all. The province has tools at its disposal to assist first-time homebuyers struggling to enter the new home market.

HOUSING POLICY REFORM TO INCREASE SUPPLY

Important steps have been made over the past several years to deliver legislative and regulatory solutions to Ontario's land use planning system, working to reduce approval timelines and bringing more certainty to the housing sector. Investments in subsequent Housing Supply Action Plans, continued efforts to address the Housing Affordability Task Force (HATF) recommendations, and introduction of the proposed Provincial Planning Statement have indicated positive steps forward in battling the housing crisis. Outstanding HATF action items remain a high priority for the industry to see through to implementation to address the housing crisis.

OHBA will continue to stress the need for additional bold actions and measures to reduce approval times, cut red tape and municipal backlogs in getting housing built. There are many items from the HATF that have yet to come to fruition that OHBA strongly encourages the government to consider, like further "as of right" opportunities, prohibiting mandatory performance-based design standards in development applications, addressing servicing allocation and infrastructure delays, and acting on increasing heights and density permissions in the vicinity of higher-order transit.

SIGNIFICANT CHALLENGES TO DELIVER 1.5 MILLION HOMES



RECOMMENDATIONS

- Utilize yearly Housing Supply Action Plans, build off the long-term strategy to help increase housing supply and make life more affordable for Ontario families.
- Accelerate planning approvals and increase land supply through policy reforms including:
 - Repealing the fee-refund provisions of Bill 109 and introducing viable rules related to reasonable requirements for the pre-application process,
 - Removal of minimum parking requirements in the vicinity of higher-order transit,
 - Creation of a height and density framework for proximity to transit stations to optimize infrastructure investments.



Christina Giannone, 2nd Vice President

Ontario's land development industry remains one of the most heavily regulated industries in Ontario. We stress the need for bold and immediate actions to further expedite planning approval timelines and eliminate red tape to get housing built. OHBA encourages the province to move forward with bold and expeditious amendments to the Planning Act and introduce the new Provincial Planning Statement to support the housing target of 1.5 million homes in the next decade.

HOUSING SUPPORTIVE INFRASTRUCTURE

In many Ontario communities, a significant barrier to building more housing is often the availability of infrastructure. Public works are the backbone of communities that enable housing. Ongoing investments in housing supportive infrastructure from all orders of government is critical to supporting a growing population and promote economic development. Regulation that reduces delays and costs is most welcomed by the industry.

To complement this, ensuring that existing public infrastructure remains in a “state of good repair” through renewal and rehabilitation is equally important for municipalities to encourage and support intensification.

There is also growing recognition that new funding solutions are required to better align the need for increased housing supportive infrastructure while ensuring that housing affordability is not further eroded. Working with the province and our municipal partners, we must assess alternatives to address the financing of housing supportive infrastructure.



RECOMMENDATIONS

- Prioritizing investment on core infrastructure that supports the development of new communities – such as new roads, bridges and public transit to enable transit-oriented communities. Plan and build water and waste-water infrastructure that open new lands to development or allow for increased density.
- Accelerate the development of the Ontario Building Fund and make it more ambitious to unlock additional financing options to allow both municipalities and builders to finance needed infrastructure to build complete communities.
- Assess further red-tape reduction opportunities, such as streamlining the environmental assessment (EA) regulations on municipal infrastructure for higher-risk projects.

LONG-TERM LAND SUPPLY

The housing supply deficit, if left unaddressed, will only lead to a prolonged affordability crisis in the Province. Recent studies continue to identify that there is insufficient land available in urban boundaries within municipal official plans in the Greater Golden Horseshoe (GGH) to meet mid- and long-term population growth. While intensification efforts will accommodate some of the forecasted growth, it remains imperative that housing supply meet the intent of the Provincial Policy Statement (PPS) through an appropriate mix and range of affordable and market-based residential types and densities to the 2051 planning horizon.

The GGH accommodates over 30% of Canada’s immigration each year. Immigration is a primary driver of population growth in Canada, and a shortfall of housing targets has national implications. The land supply identified by the Province, through its approval of upper-tier and single-tier municipal Official Plans, is insufficient to accommodate the provincially forecasted long-term population and employment growth of the 2020 Growth Plan.

RECOMMENDATIONS

- Housing land needs must be determined based on demographic forecasts that are aligned with market-based housing demand expectations as expressed in the PPS.
- Entrench the use of the Ministry of Finance population projections as the basis for the Provincial Land Needs Assessment as part of the PPS to provide a common baseline across all Ontario municipalities.
- OHBA calls on the Province to uphold the integrity of the Province’s policy directives and principles (the PPS) when approving upper and single-tier official plans, to ensure long-term land supply is available to meet Ontario’s growing population and employment needs to 2051.
- Expedite the introduction of the new Provincial Planning Statement, which will improve efficiency and flexibility in the land use planning framework and provide municipalities with certainty in meeting their obligations to provide long-term land supply.

OPTIMIZE TRANSIT-ORIENTED COMMUNITIES

Housing policy in Ontario must seek to optimize every asset it has at its disposal, including maximizing the density of housing built near transit infrastructure. The concept of Transit-Oriented Communities should be aggressively accelerated and implemented as widely as possible to optimize infrastructure investments and benefit housing intensification projects, where warranted.

RECOMMENDATIONS

- Undertake a provincial government-wide review of all strategic real estate assets to not only identify “surplus” lands, but also identify opportunities through a “housing and infrastructure optimization” lens to leverage serviced and developable lands for residential housing development.
 - Utilize the Community Infrastructure and Housing Accelerator (CHIA) to work collaboratively with municipalities in realizing shared community building objectives.
- Mandate the Provincial Land and Development Facilitator to collaborate with affected ministries, municipalities, and the private sector to leverage provincial real estate assets via the recommended “housing and infrastructure optimization” lens.
- Leverage the use of innovative building technologies such as modular construction to accelerate the delivery of housing supply.



GOVERNMENT IMPOSED FEES, TAXES AND CHARGES

In Ontario, new housing is subject to extensive municipal fees and charges, taxation in some jurisdictions, and HST levied by the provincial and federal government, which now accounts for between 25% to 30% of the cost of a new home (depending on built form and municipality).

At the municipal level, the principal fees and charges on new homes come in the form of Development Charges, Parkland Cash-in-Lieu Charges, and Community Benefit Charges. In the City of Toronto, Municipal Land Transfer Taxes are also levied on new housing. In most major Ontario municipalities, these cumulative fees and charges are in excess of \$100,000 for a single family home and in GTA municipalities in excess of \$125,000. Added municipal fees have increased as much as 900 per cent since 2004.

Provincially, Land Transfer Tax and the provincial portion of Harmonized Sales Tax (HST) are collected on new homes, and Federally, HST is applied. While a portion of the HST is subject to rebates, the lack of indexing as housing values have increased has undermined the rebates benefit and increased tax revenues to the provincial and federal governments.

In aggregate, government Fees, Taxes and Charges can add as much as \$250,000 to the cost of a single family home.

RECOMMENDATIONS

- The Province maintains the cap on Municipal Parkland CIL Charges and ensures that municipalities use the funds held in reserve for their intended purpose. Some of Ontario’s fastest-growing and largest municipalities in the Greater Golden Horseshoe have more than \$3 billion in their parkland CIL reserve funds (2022 Financial Information Returns).
- Review HST rebate thresholds for new home construction and encourage the Federal government to do the same.

ILLEGAL BUILDING & ILLEGAL VENDING

The problems of illegal building and illegal vending are related, but distinct issues, each requiring a different approach.

Illegal building occurs when a builder or contractor builds a new home without being licensed. Many municipalities are reporting a rise in the number of cases of contractors who ignore building codes, bar inspectors from their sites, and generally operate outside the purview of the Home Construction Regulatory Authority (HCRA).

Illegal vending occurs when a consumer signs a pre-sale Agreement of Purchase and Sale (APS) with a builder who is not registered under the Ontario New Homes Warranties Plan Act. In rare circumstances, if the builder does not fulfill their obligation to build the home, the deposits may be lost, and/or the home may not be covered by the Tarion New Home Warranty.



RECOMMENDATIONS

- The Ministry of Public & Business Service Delivery conduct stakeholder consultations during Spring/Summer 2024, leading to new consumer protection legislation focusing on strategies to combat illegal building and illegal vending in the Fall legislative session of 2024.
- Legislation and/or regulation to combat illegal building should include the following minimums:
 - Require the municipal Chief Building Official to verify that the builder is a licensed builder before issuing a first building permit.
 - In the case of “owner-builders,” the builder should be required to obtain an “Owner Builder Authorization” from the HCRA. This exemption must be approved before the Chief Building Official authorizes a building permit.
 - For greater consumer protection, the owner builder status of a home should be registered on the title, including that the Ontario New Home Warranty Program does not cover the home.
 - To tackle “illegal vending,” authorize Tarion to enforce mandatory registration of purchaser’s agreement of purchase and sale. This important measure will allow Tarion to confirm that the builder is registered to build and approved to sell new homes.



Mike Memme, 1st Vice President

Consumers deserve confidence in the process of buying a home. Illegal building and illegal vending undermine the legitimate home construction business and drive-up costs for both taxpayers and purchasers of new homes. Our collective goal, both industry and government, must be to ensure that the next 1.5 million homes be constructed by licensed builders and have home warranty protection.

LABOUR, TRAINING AND SKILLS DEVELOPMENT

The home construction industry and renovation sector continue to face chronic shortages of skilled workers needed to build the homes Ontarians need.

OHBA partnered with the Ontario government Skills Development Fund to create the **Job Ready Program**, which has been a tremendous success in its first three years. As the construction industry grapples with a persistent need for skilled labour, this program provides a vital solution – recruiting, training, and connecting aspiring workers looking for a rewarding career in residential construction.

RECOMMENDATIONS

- We recommend that the Ontario government continue to support the OHBA Job Ready Program through the 2024 Budget announcement of an additional \$100 million to support Skills Development Fund Training Stream in 2024. We further applaud this initiative as it will help workers and job seekers, including apprentices, get the skills they need to advance in their careers.



ONTARIO BUILDING CODE

The province, through the OBC harmonization agreement, has proposed to adopt the National Building Code's tiered energy framework, which includes a roadmap to higher levels of energy efficiency and "green building" standards. However, some 40 municipalities, including Toronto, Whitby, Mississauga, and Ottawa, have implemented or are working towards introducing "Green Development Standards" to increase energy efficiency standards beyond the parameters of the OBC. Allowing individual municipalities to introduce different regulations in addition to the planned implementation of the new OBC is redundant.

While laudable in principle, these new standards are contributing to planning approval delays for Site Plan Approval and draft plan of subdivision.

OHBA was encouraged to see changes made under Bill 23 (More Homes Built Faster Act) in 2022 that imposed constraints on the authority of municipalities to govern exterior design and regulate architectural details of buildings and landscape design aesthetics through site plan control. However, there is growing evidence suggesting many municipalities are going beyond their statutory authority in enforcing certain performance-related design standards through the site plan, subdivision, and zoning provisions of the Planning Act.

RECOMMENDATIONS

- Implement amendments to the Planning Act as expeditiously as possible to ensure municipal green development standards that exceed the OBC cannot be imposed as conditions on site plan approvals and draft plan of subdivisions.
- Implement additional amendments to the Planning Act that leverage amendments made through Bill 23 regarding performance-related design standards being mandated at site plan, zoning and building permit approval.
- The province should require municipalities to consolidate Green Development Standards into one comprehensive framework that is applied province-wide.
- To support advanced performance of home design and/or green development standards, consideration should be given to financial based incentives to incent homebuilders to bring to market innovative home design promoting environmental sustainability measures.

FINANCIAL INCENTIVES TO SUPPORT NEW HOUSING SUPPLY

A home for everyone should be our shared goal. To support that goal, the provincial government should deploy a variety of financial incentives to support Ontarians.

OHBA welcomed the announcements made in the 2023 Fall Economic Statement and recent Ontario Budget to improve access to the housing market and address affordability by taking actions to increase housing supply, and support lower taxes on new purpose-built rental housing.

Purpose-built rental (PBR) is playing an increasingly important role in Canada's housing stock and is under-represented as a housing form in Ontario. The Province has taken bold steps to enhance the Ontario Harmonized Sales Tax (HST) New Residential Rental Property Rebate to remove the full eight per cent provincial portion of the HST on qualifying PBR housing to encourage the construction of more of this housing form. Coupled with this, OHBA is encouraged to see that Ontario is providing municipalities with the flexibility to offer a reduced municipal property tax rate on new multi-residential rental properties.

RECOMMENDATIONS

- Implement a Provincial Land Transfer tax exemption (the Ontario First Time Homebuyers Incentive program) for qualified new homebuyers who purchase new home build.
- Implement a Home Renovation Tax Credit to stimulate renovations for Additional Dwelling Units (ADU) that support multi-generational families, gentle density and rental housing.
- Continue to encourage the federal government to extend the HST on new rental construction to include any purpose-built rental projects that have not filed the self-assessment on or before September 14, 2023. If such measures are acted on federally, Ontario should follow suit.



Jared Zaifman – CEO, London Home Builders' Association

Offering first-time homebuyers assistance to enter the market offers hope and builds strong and complete communities. With a provincial Land Transfer Tax rebate discount or exemption on new home builds, the dream of ownership is within reach and offers the promise of a better future.

A HOME FOR EVERYONE – UNLOCKING THE OPPORTUNITY

1.5 million
Ontario Housing Target

96,000
2023 Housing Starts
(Ontario)

\$84 B
Industry Investment
Value (Ontario)

1.3 million
Homes to Meet Target

550,000
Home Building & Home
Renovation Jobs (Ontario)

\$38.7B
Industry Wages
(Ontario)

25% to 30%
Added Housing Cost
from Government
Fees, Taxes and Charges

OHBA Members Build and Renovate Ontario.

THE PATH TO DELIVERING 1.5 MILLION NEW HOMES





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