SUBMISSION TO THE MINISTER OF FINANCE

JANUARY 2014

PRE-BUDGET CONSULTATION PROCESS

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

Ontario Home Builders' Association

CELEBRATING 50 YEARS

Ontario Home Builders' Association

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31 LOCAL ASSOCIATIONS

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Brantford
Chatham-Kent
Greater Dufferin
Durham Region
Grey-Bruce
Guelph & District
Haldimand-Norfolk
Haliburton County
Hamilton-Halton
Kingston-Frontenac
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Niagara
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Quinte
Renfrew County
Sarnia-Lambton
Saugeen Country
Seaway Valley
Simcoe County
St. Thomas-Elgin
Stratford & Area
Sudbury & District
Thunder Bay
Waterloo Region
Greater Windsor

2012 Data

THE RESIDENTIAL CONSTRUCTION INDUSTRY IS

the engine that drives Ontario's economy

76,742 Housing Starts Housing starts in Ontario increased by 13% in 2012 following a 12% increase the year before. Increasing levels of intensification resulted in over 50,000 multi-unit housing starts – the highest multi-unit total since the 1970s. Activity is anticipated to soften sharply in 2013 with a forecast 60,800 housing starts. Each new home built in Ontario is not only a roof over a family, but it provides thousands of jobs and generates significant revenue in taxes, fees and levies for all three levels of government.

322,100 Jobs The new home construction and renovation sector is a significant employer in Ontario. Residential construction includes a broad range of high quality jobs from skilled trades to planners, engineers, architects, economists and lawyers. **Residential construction is one of the largest employers in the province!**

$43.3 billion In 2012 the value of new home construction, residential renovations and impacts of other expenditures related to residential construction in Ontario totalled $43.3 billion. That includes $16.2 billion in new residential construction, $23.2 billion in residential renovations and $3.3 billion in other related expenditures.

$17.1 billion in Wages The residential construction industry **supports tens of thousands of individuals and families** in communities across Ontario. Their wages are reinvested through purchases back into the economy. Additionally, those jobs generate billions of dollars in income taxes, CPP and EI premiums.

60,932 New Home Enrolments The Tarion Warranty Corporation administers the *Ontario New Home Warranties Plan Act,* which regulates new home builders and provides new home purchasers with new home warranty protection. In 2012, 60,932 new homes were enroled with Tarion and a total of 381,181 new homes are currently under warranty across Ontario.

$153 million Estimated total WSIB premiums billed to the Home Builder Rate Group in Ontario in 2012.

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Ontario's new home builders, land developers and professional renovators create jobs, invest in new and existing communities and provide all levels of government with billions of dollars in revenue to support infrastructure, programs and services for Ontarians.

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. OHBA represents over 4,000 member companies, organized through 31 local associations across the province. Our membership includes: builders, land developers, professional renovators, trade contractors, manufacturers, consultants, service professionals and suppliers.

Sources: CMHC, Ministry of Finance, WSIB, Will Dunning Inc. All Housing and renovation statistics are for the year 2012

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EXECUTIVE SUMMARY

The Ontario Home Builders' Association is pleased to have the opportunity to present its recommendations for government policy and the 2014 provincial budget. The upcoming provincial budget is especially critical as the government continues to reduce the provincial deficit while outlining an investment strategy to fund transit. The home building, land development and professional renovation industries have a critical role as a partner to invest in infrastructure and to continue to support job creation and economic growth that will assist to reduce the deficit.

Continued global economic volatility and uncertainty remains a significant drain on consumer confidence and a concern for the residential construction industry. In the past year the housing market has experienced a significant decline in activity. Housing starts for 2013 are forecast by CMHC to be approximately 60,800, an over 20% decline from the previous year. The weaker performance of the new housing industry in 2013 should be of concern to the provincial government as the over 322,100 jobs and $43 billion in economic impacts generated through residential construction have been a stabilizing force for the Province of Ontario during the recent recession. Therefore, it is absolutely critical that all levels of government work with the industry to reduce barriers to growth and lay the foundation for a sustainable long-term economic recovery in Ontario.

The next couple of years are forecast to have slower levels of residential construction activity with downside risks. The regulatory burden on the new housing, land development and professional renovation industry has increased in the past few years in combination with higher levels of taxes, fees and charges – especially development charges, which negatively impacts housing affordability. OHBA is concerned the combination of increasing taxes, fees, charges and regulations and the fragile economy will weigh heavily on residential construction activity. The Bank of Canada noted that the **adverse impact of elevated housing prices on affordability has been largely offset by low interest rates.** Furthermore, the Bank of Canada has raised concerns that affordability would be considerably curtailed if interest rates were closer to historical norms.

The residential construction industry is concerned with respect to a number of provincial initiatives that may dampen the economic performance of the industry. Lack of movement on HST thresholds, mandatory WSIB coverage for independent operators, potential changes to the *Development Charges Act,* restrictions to land supply, potential reductions in the scope of appeals to the Ontario Municipal Board, the new Provincial Policy Statement and the College of Trades are just a few initiatives that will impact housing affordability and choice.

The combined cost impacts of these numerous increased regulatory standards and fees could eliminate thousands of would-be homeowners from the housing market. **A study of 21 Canadian municipalities by CMHC indicates that new home buyers in Ontario are among the most heavily taxed in Canada.** Given the fragile state of the economic recovery, the province would be well advised to exercise caution when considering public policy that would negatively impact housing affordability.

The introduction of a single sales tax has had significant implications for the provincial economy since it was implemented in 2010. OHBA recognizes that the comprehensive tax reform package reduces the tax burden for many businesses however, the HST does have negative sector specific implications for new housing and residential renovations. OHBA is 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. The residential construction industry, through our national association (Canadian Home Builders' Association), is advocating for the federal government to take the same approach with respect to the federal sales taxes by adopting a single progressive GST threshold. Over the long-term OHBA believes the HST threshold for the rebate (currently $400,000) is too low for most modest income new home buyers and should be reviewed on a regular basis to reflect inevitable increases in average new home prices. This would substantially improve housing affordability for the middle class new home buyer.

The residential renovation sector accounts for some $23 billion in investment activity in Ontario and supports over 172,000 jobs in the province. The introduction of the HST exacerbated the existing underground economy problem that is rampant in this sector, presenting a myriad of problems including significant losses in tax revenues and increased risk to consumers. Prior to July 1, 2010 renovators applied only 5 per cent GST to contracts, but now must apply 13 per cent HST. This sales tax reality is a pressure point as many consumers request that work be completed for cash to avoid taxation.

OHBA is supportive of the Seniors Healthy Homes Renovation Tax Credit to allow seniors to improve accessibility and to 'age-in-place'. Furthermore, the collection of receipts will support legitimate business and assist to combat underground economic activity. OHBA has recommended that both the provincial and federal governments implement a more broad-based permanent tax credit to encourage consumers to utilize legitimate contractors and to create a paper trail to limit underground economic activity.

Lastly, OHBA is supportive of efforts to reduce the provincial deficit and understands difficult choices must be made in the months ahead. OHBA cautions that core infrastructure funding for roads, transit, water and waste-water facilities are key building blocks to ensure that the province remains economically competitive. Therefore, it is critical the budget and infrastructure plan focus on strategic core infrastructure investments in support of economic growth as well as ensuring municipal Official Plans and zoning are modernized to support investment ready communities.

1. INTRODUCTION

1.1 About OHBA

The Ontario Home Builders' Association (OHBA) is the voice of the new housing, land development and professional renovation industry in Ontario. OHBA represents over 4,000 member companies, organized through a network of 31 local associations across the province. Our membership is made up of all disciplines involved in development and residential construction including: builders, land developers, professional renovators, trade contractors, manufacturers, consultants, service professionals and suppliers. The residential construction industry employed over 322,000 people and contributed over $43 billion to the province's economy in 2012.

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.

OHBA annually prepares a pre-budget submission for the Government of Ontario. One of the goals of this report is to provide the government with current information on the state of the new housing industry and present forecasts for the upcoming year. The second objective is to draw attention to issues that could have long-term consequences for both the housing industry and the overall economy.

2. KEY RECOMMENDATIONS

2.1 Overall Fiscal Policy

OHBA is very concerned by the size of the provincial deficit and elevated unemployment rate. OHBA recognizes that broader economic factors, beyond the provincial government's control, have led to declining revenues making deficit spending a necessity over the short-term. However, the economic health of the province remains of the utmost importance to the public, industry and for future generations. The province should clearly identify priorities and make difficult decisions in other areas of government policy and programs to substantially reduce the deficit. OHBA recommends the province identify opportunities to reduce regulatory barriers to economic development while also reducing staff overhead currently required by the extensive regulatory framework. The province must continue to support job creation through strategic investments in core infrastructure that is properly aligned with modern, up-to-date land-use planning policies that will support long-term economic growth and productivity.

2.2 Underground Economy and Residential Renovations

Sales tax avoidance is the primary reason consumers often prefer to pay cash. These "cash deals" also cause the treasury to lose out on a myriad of other revenues including income and corporate taxes and cause other problems including, building code compliance deficiencies, undermining consumer protection measures and creating potential health and safety risks. Prior to the implementation of the harmonized sales tax, the underground economy was estimated by the Altus Group to represent some 37 per cent of the total output of residential renovation contractors in Ontario. The introduction of the HST increased the sales tax burden from 5 per cent to 13 per cent and exacerbated the problem of cash deals to avoid sales taxes.

OHBA is very supportive of the Seniors *Healthy Homes Renovation Tax Credit* as a step in the right direction to curb underground activity (while supporting other public policy objectives). Beyond this policy, OHBA recommends a broad-based permanent *Home Renovation Tax Credit* for contractor renovations at both the provincial and federal level which would strongly encourage consumers to use legitimate contractors and create a paper trail to deter underground activity while stimulating the economy. 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."

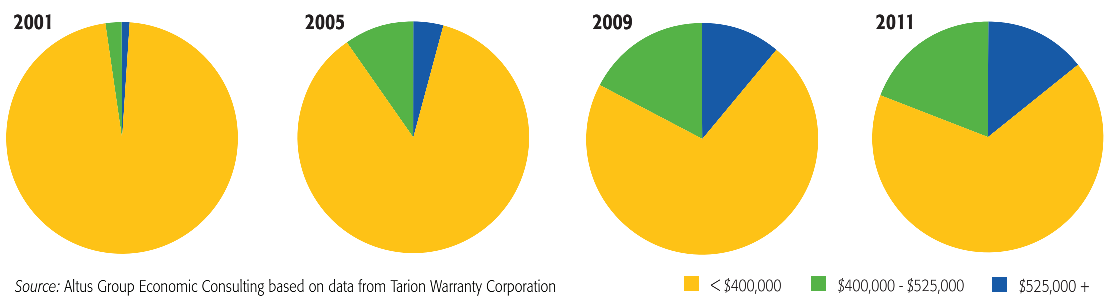
OHBA recommends that the province set up an Underground Economy Task Force with a focus on the construction sector. The Parliamentary Assistant to the Minister of Labour was tasked in 2012 with identifying opportunities to reduce underground economic activity. While OHBA appreciates the consulting work completed on the underground economy and undocumented workers, a more robust process is required. A multi-ministry task force should consult with stakeholders, examine mitigation methods in other jurisdictions as well as provide public policy and taxation recommendations to the government with an objective to curb underground economic activity.

2.3 Harmonization and New Housing

OHBA is supportive of the enhanced progressive tax structure introduced in June 2009 that protects housing affordability and choice by maintaining a 2 per cent tax on the first \$400,000 of a new home and levies additional taxes on the incremental value over \$400,000. The government validated industry concerns regarding the changes to tax policy that would have resulted in a heavier overall tax burden and made improvements to the tax structure. However, as new home prices inevitably increase over the long-term, this threshold for the rebate will become too low to reflect the purpose of the rebate – to guarantee tax neutrality for most low and modest income new home buyers.

In light of this issue, the threshold should be reviewed on a regular basis. This would substantially improve housing affordability and choice. Furthermore, it is recommended that the federal government follow the leadership example set by the Government of Ontario and eliminate the dual threshold regressive tax structure of the GST rebate and adopt a progressive single threshold for the GST.

DISTRIBUTION OF NEW HOUSING UNITS BY PRICE RANGE, ONTARIO



Source: Altus Group Economic Consulting based on data from Tarion Warranty Corporation

2.4 Infrastructure / Transportation

The residential construction industry is supportive of the significant infrastructure investments the province has made over the last decade to support job creation during the economic downturn. OHBA recognizes that the province is focused on deficit reduction, however, we recommend that the province continue to make strategic "core" infrastructure investments in transportation, water and waste-water infrastructure that supports provincial planning policy, economic development and job creation.

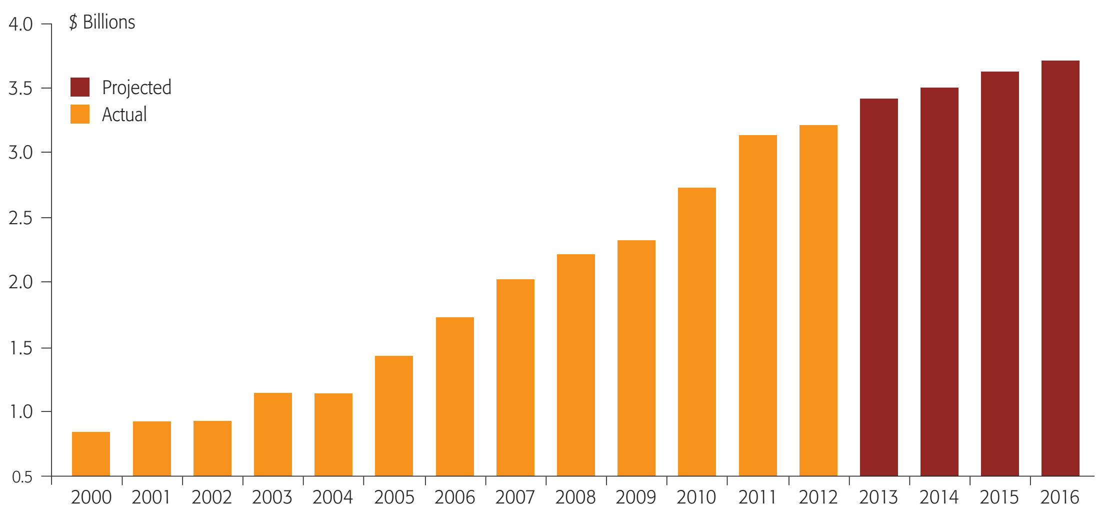
The industry strongly supports well-coordinated and planned provincial contributions to strategic infrastructure projects based on clearly defined priorities. OHBA believes the expansion of "core" infrastructure in support of a growing economy and growing population should be a key priority for the provincial government. Equally important is long-term asset management through the ongoing maintenance and state of good repair for Ontario's existing infrastructure. Housing affordability and choice must be recognized and measured as one of the priority outcomes of public infrastructure investment. Furthermore, OHBA recommends that the long-term public interest be protected by better aligning land-use planning and infrastructure decisions. Infrastructure and a land-use planning framework supporting investment ready communities are key to enhancing productivity, improving our quality of life and enhancing the competitiveness of Ontario in a global economy.

2.5 Taxes, Charges and Fees

Home builders are concerned that escalating taxes, charges and fees across Ontario are having a severe impact on housing affordability and choice. Municipalities are increasingly relying on contributions from the new housing sector through development charges and other taxes and fees rather than making politically unpopular decisions to set property taxes at appropriate levels. The sizable development charges increases over the past few years are particularly troubling and completely disregard the fact that the provincial economy is fragile and consumers are not in a position to continue to absorb significant tax increases. Substantial increases in taxation are especially problematic considering that the residential construction industry has been a key driver supporting jobs during the economic downturn.

OHBA applauds the steps taken in 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 $3.4 billion in 2013, which is an increase of 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.

ONGOING SUPPORT TO MUNICIPALITIES WILL INCREASE TO $3.7 BILLION BY 2016



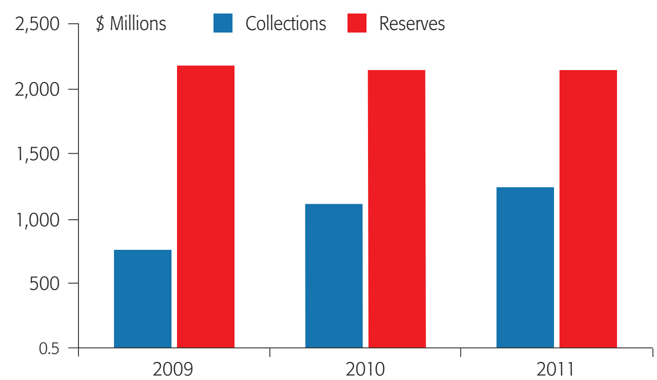
Source: Ontario Budget 2013

2.6 Development Charges Act, Parkland Dedication & Section 37

Across Ontario, new neighbours are paying more than their fair share in government-imposed costs. 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 new employers. These new neighbours ultimately carry the cost of all government imposed fees and charges.

Both new homeowners and new employers already contribute their fair share to municipal, provincial and federal growth related costs. New neighbours - both new home buyers and new employers - are ultimately providing municipalities with billions of dollars of funding for infrastructure. Across Ontario a growing share of the purchase price of a new home goes towards government imposed charges. As noted by the Ministry of Municipal Affairs and Housing, in 2011 alone, development charges contributed $1.3 billion directly toward the construction of infrastructure such as sewers, roads and transit.

DEVELOPMENT CHARGES - COLLECTIONS AND RESERVES in the Greater Golden Horseshoe



Source: Ministry of Municipal Affairs and Housing

OHBA believes that a better balance needs to be struck between the costs assigned to new neighbours and existing homes and businesses. Failing to address this imbalance now will have an impact on future affordability of homes and businesses and on economic growth. It will also exacerbate current frustrations with a decline in transparency and accountability for funds collected by municipalities in some areas of the province. OHBA provided the provincial government with detailed recommendations to reform the *Development Charges Act,* Parkland Dedication policies and Section 37 (Density Bonusing) of the *Planning Act* as part of the Development Charges consultation earlier this year. The OHBA submission is available at www.ohba.ca.

2.7 Land Use Planning and Appeals System

Over the past decade the land use planning system as well as the home building and land development industry have evolved significantly. While the province has demonstrated leadership through the creation of modern long-term plans, there is a lack of consistency in the implementation and interpretation of provincial planning policy. OHBA is concerned that Ontario no longer has a planning system that provides certainty or can create investment ready communities that can quickly adapt to changing market forces.

In order to contribute to the continued economic vitality of the province, the new housing and land development industry must operate within a framework that provides certainty, establishes clear rules for development, and determines how our communities grow. Therefore it is critical that municipalities ensure that local planning documents, including both Official Plans and zoning by-laws, are up-to-date, and consistent with provincial policy. Furthermore, municipalities should make greater use of the planning tools that the provincial government has provided to ensure the best possible planning outcomes in the development of strong, healthy and complete communities.

OHBA contends that a planning policy disconnect has emerged between the province and many municipalities. This disconnect is partially responsible for some of the frustration in the implementation of public policy and for some appeals made to the Ontario Municipal Board. Closing the gap and ensuring a better alignment between provincial planning policy and municipal planning implementation tools emerged as a major theme within OHBA's recommendations to the provincial government's recent consultation on Ontario's Land Use Planning and Appeals System. The OHBA submission is available at www.ohba.ca.

2.8 Supporting Northern Economic Development

Amending the Ontario Building Code to allow for six-storey wood would provide more design and building options for developers while also supporting Ontario's forestry sector. Six-storey wood structures will facilitate more mid-rise buildings, which provide for more intensive uses within existing neighbourhoods, at a scale that contributes to transit-supportive, pedestrian-oriented mixed-use communities. This supports the implementation of the Growth Plan for the Greater Golden Horseshoe which contains policies to build compact, complete communities. OHBA is supportive of Private Members Bill 13, the *Ontario Forestry Industry Revitalization Act* (MPP Fedeli), which passed second reading at Queen's Park in November with all-party support. **OHBA passed a resolution at its 2013 Annual Meeting of Members recommending that the provincial government amend the Ontario Building Code** in 2014 to permit six-storey wood frame construction.

3. STATE OF THE HOUSING MARKET IN 2013

3.1 Overview

In 2013, Ontario's housing market experienced a twenty per cent decline in housing starts from the previous year and activity is anticipated to be very similar in 2014. CMHC is forecasting 60,800 housing starts in 2013 and 60,300 housing starts in 2014. The new housing market in Ontario was previously defined by a buoyant high-rise condo sector in the GTA and a weaker provincial ground-related housing sector as a result of regulatory inertia constraining future development land supply and waning consumer confidence. This pattern established in the previous few years diminished in 2013 as the multi-family sector moderated in the face of declining condominium sales following federal regulatory changes impacting residential mortgages.

The GTA high-rise condominium market has stabilized after experiencing several years of strong growth. This is a positive signal that the industry is self-regulating as developers have delayed launches of new projects in order to focus on reducing existing inventory. While the GTA condominium market is no longer shattering records, the pace of sales reflects strong rental demand and will continue to support job creation and economic growth. The broader housing market across the province offers a stark contrast in terms of activity and outlook. Furthermore, a lengthy and restrictive planning process is causing land supply restrictions (both infill and urban expansion) that are impeding growth in a number of Ontario jurisdictions.

Broader economic concerns and a stagnant jobs market are curtailing consumer confidence and ultimately demand for new housing in many Ontario communities. Ontarians without a job, or who are concerned about job security, are highly unlikely to consider purchasing or renovating a home. There remains tremendous uncertainty with downside risks for the 2014 housing market and beyond.

- Housing starts in 2013 are expected to reach 60,800, down from last year's 76,742.
- The current 2013 CMHC forecast is nearly identical to the Ministry of Finance Budget forecasts of 61,000 housing starts, meaning the new housing sector has performed to provincial government expectations in terms of job creation and tax revenue.
- The new GTA condo market recorded 17,997 sales in 2012 and 13,979 sales in 2013 according to Urbanation. Urbanation forecasts 15,500 new condo sales in 2014.
- A slow growth plan conformity process in the GTA has resulted in some development land supply and housing shortages in different GTA submarkets. OHBA is concerned by the negative impacts on housing affordability and choice.

HOUSING STARTS – 2013 vs 2012

INCREASES		DECREASES	
Guelph	26%	Kitchener	-33%
St. Catharines/Niagara	23%	GTA	-30%
Barrie	16%	Oshawa	-22%
Ottawa	9%	Sudbury	-16%
		London	-13%

Source: CMHC (January – November 2013)

- Federal changes to mortgage rules to reduce the amortization period and increase minimum downpayments have dampened the economic performance of the new housing sector in Ontario. The Canadian Home Builders' Association has expressed concern to the federal government that a very blunt financial instrument was applied with the intent of cooling the Vancouver and Toronto condo markets that actually impacted consumers from St. Johns to Victoria.

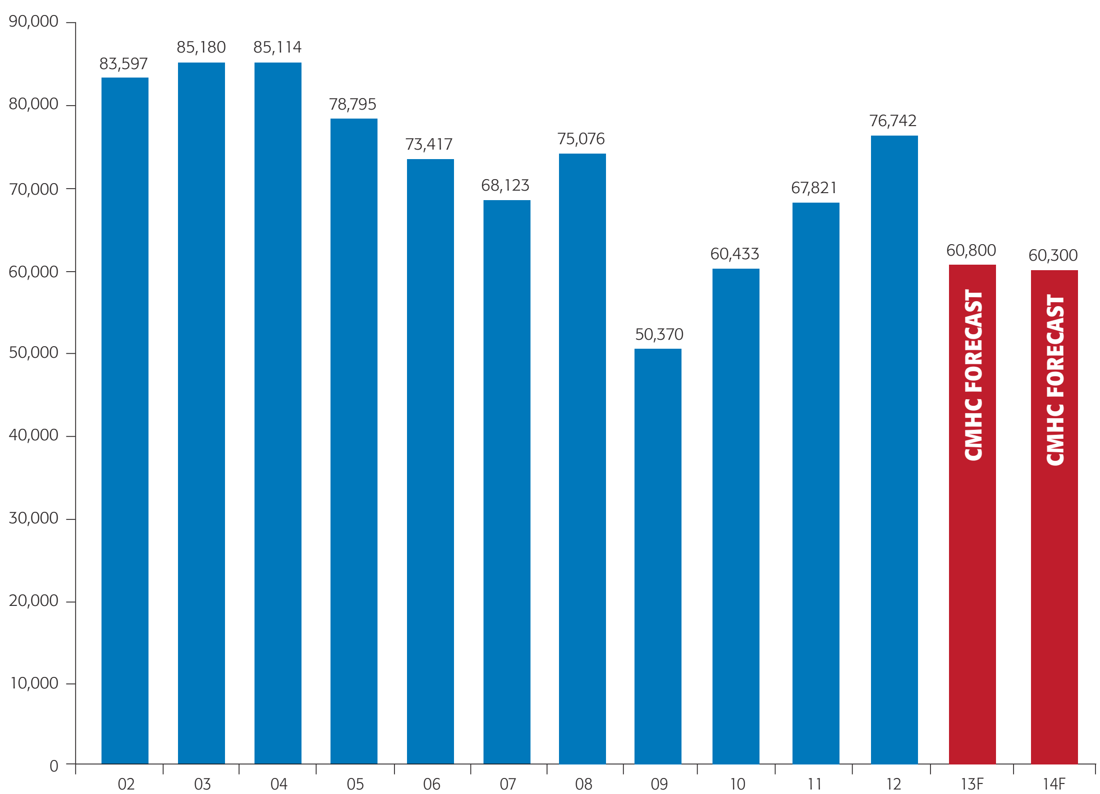
ONTARIO RESALE HOUSING

	MLS Price	MLS Sales
2004	$246,000	197,353
2005	$263,042	197,007
2006	$278,455	194,793
2007	$299,544	213,379
2008	$302,354	181,001
2009	$318,366	195,840
2010	$342,245	195,591
2011	$366,272	200,334
2012	$384,455	197,620
2013F	$397,400	195,400
2014F	$404,400	202,800

Source: CMHC

- There are a number of risks that may impact the residential construction industry in 2014, including:
  - Consumer confidence is highly sensitive;
  - Risk of increasing mortgage rates in the second half of 2014;
  - Stagnant employment in some Ontario communities;
  - Additional increases in municipal development charges;
  - New charges for new neighbours - both new home owners and employers as part of the Metrolinx Investment Strategy;
  - Development land availability, especially in the GTA and Ottawa is a major concern;
  - Underground economy.

ONTARIO NEW HOUSING STARTS – 2002-2014(F)



Source: CMHC

3.2 The Ontario Housing Market in 2013

Despite a decline in overall sales, the GTA high-rise condominium did not collapse as some economists had predicted and the overall housing sector experienced a moderate level of activity. Wider economic turmoil and a weak jobs market in many Ontario communities are weighing on new housing and renovation demand.

> ***"We are watchful of the job market, as employment remains a key indicator of economic health and something that could dampen performance over the coming year."***
>
> ***2010-11 OHBA President, Bob Finnigan, December 8, 2010 Media Release***

Development charges have continued to increase substantially in many jurisdictions across the province despite broader economic uncertainty and declining consumer confidence. In the GTA there are now some jurisdictions that have development charges in excess of $60,000 for a single-family home. Housing affordability and choice is a major concern for the industry and should be a concern of the provincial government. If Ontario is to remain competitive in an increasingly globalized economy with a mobile workforce **it is essential that Ontario create new housing that people can afford.**

The renovation market was fairly resilient in 2013 and is on track to grow at the strongest pace since the pre-recession period. Increasing home prices, growth in home equity and a low interest rate environment are the key ingredients that are supporting the renovation sector. However, there continues to be a shift to more 'do-it-yourself' jobs and to the underground economy since the HST took effect. This problem will escalate in 2014 as mandatory WSIB coverage for independent operators has taken effect and will be strongly enforced by the WSIB. This will have long-term consequences for consumers, legitimate contractors and on government revenues

Across Ontario the single detached market continued to moderate with an eight per cent decline from the previous year. The single-detached home sector in fact recorded the second lowest level of activity in nearly two decades and the third lowest level of housing starts since 1982 (CMHC is forecasting only 23,500 single detached housing starts across Ontario in 2013). The level of new condominium construction and associated economic activity will continue for the next few years as projects that absorbed strong sales over the past few years continue through multi-year construction phases. OHBA notes that projects typically require 70 - 80 per cent confirmed pre-sales to obtain financing through a rigorous due diligence process of checks and balances. Urbanation has reported that 96 per cent of projects registered and occupied were sold in 2013. Furthermore, concerns that the investor market is due for a major correction are unfounded as condo vacancy rates have remained stable in 2012 and 2013 at approximately one per cent according to CMHC and on a per square foot basis rents grew by 4.2 per cent year-over-year according to Urbanation. Due to the lack of purpose built rental housing, the GTA investor condo market is barely able to keep pace with rental demand.

"I would caution that Ontarians without a job or with no job security are highly unlikely to purchase a new home or consider major renovations."

OHBA President Doug Tarry, November 8, 2011 Media Release

Home builders are concerned with respect to the decreasing supply of approved and investment ready development land in Ontario. Furthermore, despite Section 26 of the *Planning Act* requiring municipalities to update their zoning within three years of an Official Plan review, zoning in many Ontario communities remains decades out-of-date.

It is essential that municipalities ensure local Official Plans and zoning by-laws are up-to-date as an effective implementation vehicle for provincial planning policy. 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 strong communities, a strong economy and a healthy environment.

In order to contribute to the continued economic vitality of the province, the new housing, land development and professional renovation industry must operate within a framework that provides certainty, establishes clear rules for development, and determines how our communities grow. Therefore it is critical that municipalities ensure that local planning documents, including both Official Plans and zoning by-laws, are up-to-date, and consistent with provincial policy.

More expensive urban housing markets will be more vulnerable to higher mortgage carrying costs as rates will inevitably increase from current historical lows. The Bank of Canada has noted that house prices remain very high relative to income. Since the adverse impact of elevated residential property prices on affordability has been largely offset by low interest rates, affordability would be considerably curtailed if interest rates were closer to historical norms. OHBA is extremely concerned that **middle class buyers will be very sensitive to mortgage rate increases** and that housing choice will become extremely limited for most Ontarians should rates return to historical norms.

3.3 Market Trends

ONTARIO HOUSING STARTS FORECAST

	2012	2013F	2014F
Single	25,567	23,500	23,700
Multi	51,175	37,300	36,600
Total	76,742	60,800	60,300

Source: CMHC

The current housing cycle peaked in 2003 and 2004 with 85,180 and 85,114 housing starts respectively with housing starts dipping to 50,370 during the recession in 2009. Activity in 2012 reached another peak of 76,742 housing starts due in large part to a surge in multi-family housing starts that topped 50,000 units for the first time since the late 1970s. Housing construction activity has moderated significantly over the past 12 to 18 months.

Short-term mortgage rates are anticipated to remain low as the Bank of Canada attempts to stimulate the economy. The last increase in the Bank of Canada overnight rate was on September 8, 2010. Posted mortgage rates are anticipated to remain at historically low levels through 2014.

"Historically low mortgage rates are supporting housing affordability and helping first time home buyers get into the market. However, home builders are concerned that modest job growth numbers in Ontario may result in some softening of the market in the months ahead."

2011-12 OHBA President Doug Tarry, June 8, 2012 Media Release

3.4 Economic Impact of Housing

A healthy residential construction sector is not only indicative of a sound economy in general, it is also a precursor to future growth. Economic expansion traditionally begins with rising housing starts as well as industrial and commercial development. This, in turn, leads to new infrastructure projects and institutional expansion, providing the necessary foundation for the next generation of economic activity.

In 2012 the residential construction industry (both new housing and renovations) contributed over $43 billion to the provincial economy and created an estimated 191,600 direct on-site jobs and 130,500 indirect off-site jobs, resulting in a total of 322,100 person years of employment. The total wages generated from the residential construction industry was over $17.1 billion.

"CMHC's housing starts exceeded the Provincial Budget's 2012 forecast by 10,000 units. These numbers reinforce our industry's resilience and role as a jobs creator."

OHBA COO Joe Vaccaro, January 10, 2013 Media Release

4. FACTORS AFFECTING HOUSING

4.1 Underground Economy and Renovations

Pressure from the underground economy continues to plague our industry, particularly in the renovation sector where a high percentage of work is done for "cash". These unscrupulous workers hurt the reputations and competitiveness of legitimate renovation contractors and cheat governments out of billions of dollars.

The introduction of the single sales tax (13 per cent) has unequivocally exacerbated an existing problem (5 per cent GST had already previously encouraged many consumers to seek "cash deals") and also presents a myriad of issues, including losses in tax revenues and increased risks to consumers.

Some of the problems associated with the underground economy for renovations are estimated to include:

- Significant government revenue leakages such as:
  - Loss of up to **$298 million** in **GST revenue** annually;
  - Loss of up to **$1.6 billion** in **income tax revenue** annually;
  - Loss of up to **$767 million** from other revenues such as **CPP, WSIB, EHT and Employment Insurance premiums**;
- Creating barriers for the industry's future development;
- Warranties are generally non-existent and consumers suffer with little or no recourse in the event of shoddy workmanship;
- Introducing risks to consumers (financial and liability);
- Health and safety risks to construction workers;
- Undermining the integrity of the tax system;
- Legitimate contractors have difficulty competing with the underground operator.

The $23 billion renovation sector that employs nearly 172,000 Ontarians is particularly vulnerable to the "cash deal". OHBA is concerned that the 13 per cent single sales tax has had a negative impact on renovations. In a report released in November 2009, the Altus Group stated:

- The single sales tax would increase the annual tax burden on homeowners and rental housing investors in the province by some $757 million annually and triple the sales tax rate on contractors' renovations in Ontario (the contractor renovation segment accounts for about 70 per cent of renovation investment in the province);
- The single sales tax would shift more renovation and repair jobs from professional contractor assignments to "do-it yourself" projects. The shift to "do-it-yourself" work would reduce economic activity and employment and could have long-term negative consequences for the quality of the existing housing stock in Ontario;

- The single sales tax is likely to shift more activity into the "underground economy" with implications on government tax revenue, renovation quality and homeowner liability.

To mitigate the impact of the cumulative 13 per cent sales tax on the underground, OHBA recommends that:

- Both the provincial and federal governments **introduce permanent broad based Home Renovation Tax Credits** for their portions of the HST. The rebates should go directly to consumers to encourage the collection of receipts from legitimate business;
- The Ontario government should implement a permanent broad based *Home Renovation Tax Credit* for contractor renovations on all qualifying contractor renovations. OHBA notes that 2.6 per cent Provincial Sales Tax was previously estimated to have been embedded in contractor renovations and that the HST represents 5.4 per cent in "new sales tax".
- The Federal Government should implement a new permanent broad based *Home Renovation Tax Credit* following the success of the temporary stimulus *Home Renovation Tax Credit,* on all qualifying contractor renovations.

"If a rebate system was in place it would encourage consumers to ask a renovator for receipts, creating a paper trail for the Canada Revenue Agency to monitor. A rebate program is a responsible, targeted policy that will shed light on the underground economy."

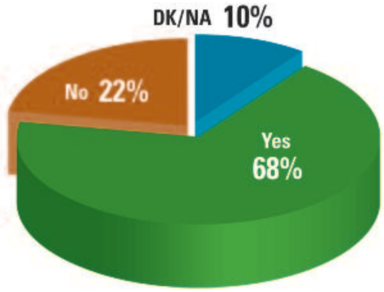
OHBA 2010-11 President Bob Finnigan, November 9, 2010 Media Release

OHBA remains concerned that Mandatory WSIB Coverage (Bill 119) continues to drive legitimate businesses underground while doing nothing to improve health and safety on work sites. OHBA is therefore supportive of Private Members Bill 155 (MPP Albanese), the *Workplace Safety and Insurance Amendment Act* that demands fairness for small businesses in construction regarding WSIB Premiums.

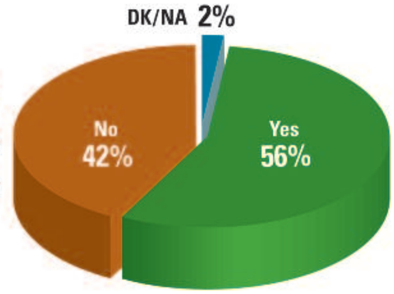
A poll by Environics Research found that a majority of Ontarians have paid cash for a renovation job and that a government tax credit or rebate would provide an incentive for consumers to pay for legitimate contractors. In an Environics survey commissioned by OHBA, **56 per cent of Ontarians admitted they have paid cash and avoided taxes for a renovation or repair job.** 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. The survey, conducted by Environics Research, polled 1,113 home owners throughout the province. The margin of error is +/- 2.9 per cent, 19 times out of 20.

If you were able to receive a provincial or federal tax credit or tax rebate back from the government for renovations, similar to the previous federal renovation tax credit, would you be less likely to pay cash and more likely to pay the tax?



Have you ever paid cash for a home repair or renovation job?



Government and industry are taking positive steps to curb underground activity. **OHBA is supportive of the Healthy Homes Renovation Tax Credit** to allow seniors greater flexibility to age-in-place and to support legitimate businesses through the collection of receipts. OHBA was pleased that the legislation was passed by the Legislative Assembly and OHBA is assisting to educate our members and consumers regarding qualifying renovations.

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 and has purchased licenses for all 31 local Ontario home builders associations. 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 an aging society, adapting and improving Ontario's housing stock with retrofits to improve accessibility is an important recognition of our changing demographic realities and the value of renovations conducted by professional contractors."

OHBA President Doug Tarry, November 23, 2011 Media Release

Lastly, OHBA recommends that the province set up an *Underground Economy Task Force* with a focus on the construction sector with the following objectives:

- Consult with diverse stakeholder groups including OHBA regarding the underground economy;
- Research best practices for underground mitigation methods in other jurisdictions;
- Provide recommendations with respect to tax policy, regulatory policy, red tape reduction, enforcement activities, incentives and information sharing between agencies to combat underground economic activity;
- Consider province-wide campaigns to raise public awareness of the negative impact of the underground economy in the home renovation industry.

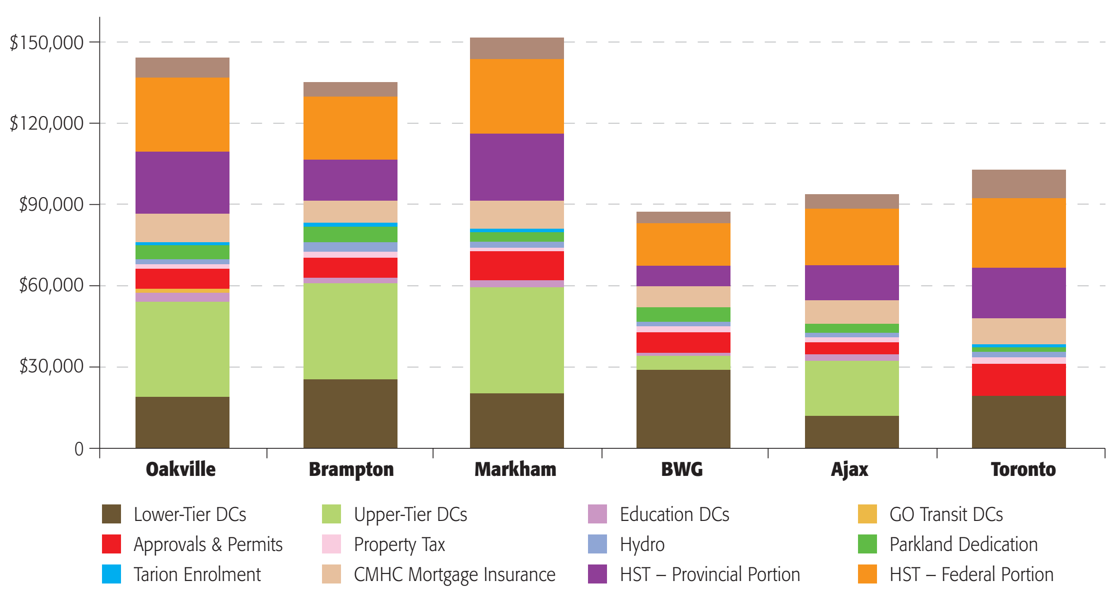
4.2 New Neighbours Tax – Government Imposed Charges

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 owners pay the capital costs related to growth while also contributing significantly towards upstream capital costs related to growth. Additionally, the home building and development industry supports the economy through both direct and indirect jobs and the additional tax revenue generated for all three levels of government.

> ***"OHBA has been advocating for greater accountability and transparency by municipal governments so that new neighbours understand that up to one quarter of the cost of their new home is paying for infrastructure used by the broader community."***
>
> ***OHBA CEO Joe Vacaro, August 20, 2013 Media Release***

Our members are however, concerned that many municipal politicians have viewed new neighbours - new homeowners and new employees as an easy target for additional taxes, levies and fees while artificially suppressing property taxes to appease existing municipal voters. OHBA is concerned that charges and fees derived from new developments in many municipalities have escalated beyond a reasonable direct cost recovery level and are being viewed as a general revenue source. Home builders and land developers support paying for growth related infrastructure, however, existing home owners are not paying their fair share to maintain and improve community services through property taxes. 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.

GOVERNMENT CHARGES PER LOW-RISE HOME, BY TYPE OF COST, 2013
Selected GTA Municipalities



Source: Altus Group Consulting

In 2010 CMHC conducted a study of the total Government Imposed Charges (GICs) paid on median priced new detached dwellings in 21 municipalities across Canada. This includes the full range of all municipal and provincial GICs, and the federal GST. The chart on the previous page and the chart on the next page illustrate the impact of total GICs paid in several Ontario municipalities.

- Development Charges
  - Municipal Development Charges
  - Regional Development Charges
  - Education Development Charges
  - GO Transit Development Charges

- Various Additional Municipal Charges
  - Storm Water Management
  - Topsoil Removal Fee
  - Regional Water Meter Fee
  - Engineering Design Review and Inspection fee
  - Public Art Charges
  - Engineering Fees
  - Parkland Dedication Fees (Cash-in-Lieu)
  - Building Permit Fees
  - Section 37

- Planning Fees (Various Development Application & Processing Fees)
  - Plan of Subdivision (singles and row houses)
  - Plan of Subdivision Registration/Review
  - Site plan approval
  - Plan of Condominium

- Ministry of Environment Engineering Review
- Land Registry Closing Fees (Title Registration)
- Conservation Authority Fees
- Electrical Permit - Electrical Safety Authority
- Legal Fees

- Land Transfer Tax
  - Provincial LTT
  - Toronto LTT

- HST (Provincial portion + GST)
- Costs associated with municipal by-laws
- Additional costs due to building code changes

- WSIB Premiums (Home Builder Rate Group) + WSIB Premiums passed on to builders by trades

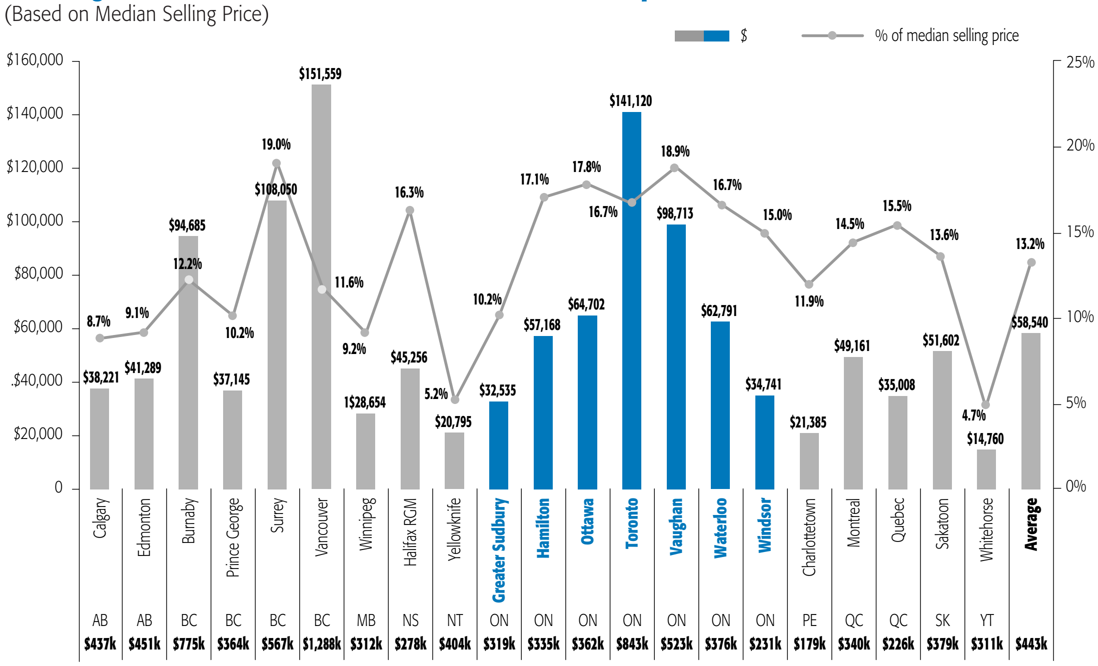
- Surcharges imposed by trades to cover potential Ministry of Labour safety fines

- Tarion Registration Fees
- Tarion Enrolment fees

Total GICs as a percentage of the price on a median priced single-detached dwelling in the seven Ontario municipalities studied by CMHC ranged from 10.2 per cent in Sudbury to 18.9 per cent in Vaughan. In fact, other than Sudbury, the remaining six Ontario municipalities involved in the study all had GICs of over 15 per cent of the median selling price. The data included in the study was collected prior to the implementation of the HST, which added another new layer of taxation on new housing valued over $400,000. Furthermore, when compared to the previous 2007 CMHC study, GICs as a percentage of overall home prices has increased across Ontario. **OHBA is alarmed by the upward trend in taxation on new housing.**

In addition to direct government imposed charges on new housing, both the federal and provincial governments benefit tremendously from income taxes generated from those employed in the residential construction industry as well as the Canada Pension Plan (CPP), Employment Insurance (EI) and Workplace Safety and Insurance Board (WSIB) premiums generated from Ontario housing starts, renovations and other related expenditures.

New Single Detached Homes – 2009 Total Estimated Municipal, Provincial and Federal GICs
(Based on Median Selling Price)



Source: Canada Mortgage and Housing Corporation

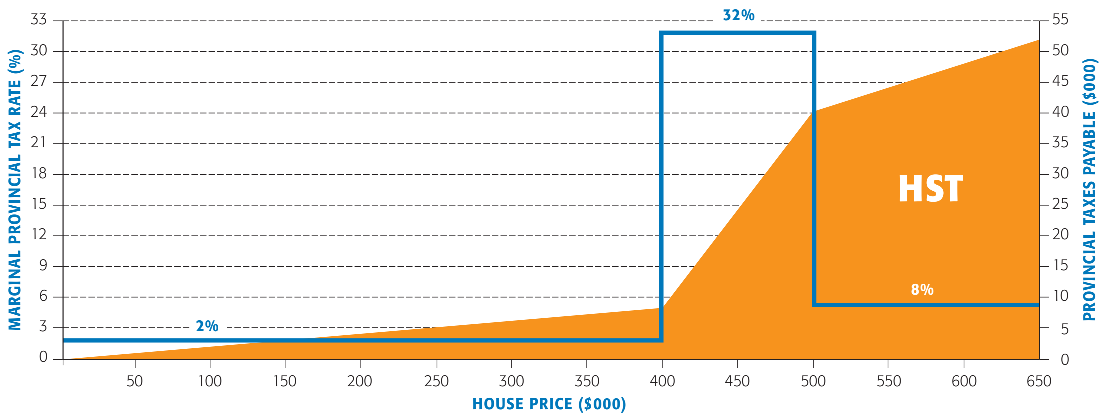
Government imposed charges are a challenge for the residential construction and land development industry and present an affordability barrier for new home buyers. In comparison to other jurisdictions across Canada, Ontarians typically pay higher government imposed charges as a percentage of the price of a new home.

For more detailed information from the CMHC 2010 study, please see Appendix B.

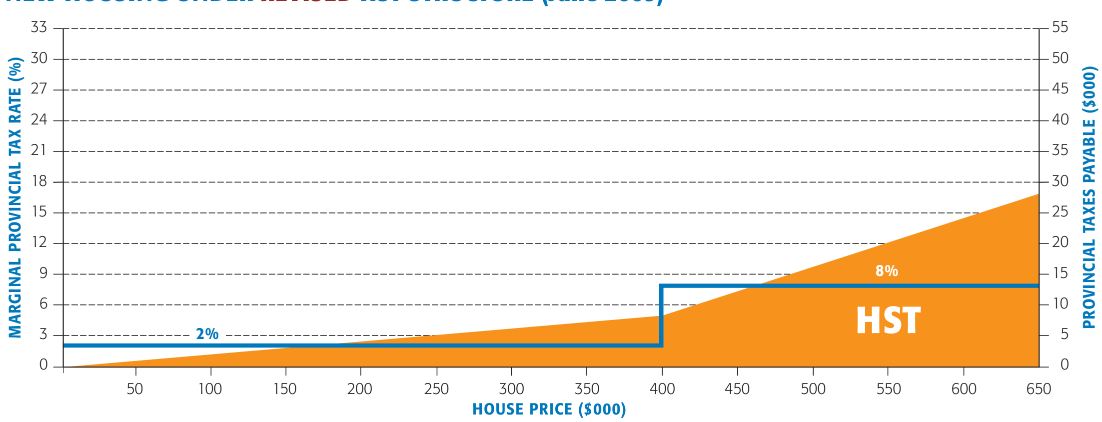
4.3 Updating HST Thresholds

OHBA recognizes that the shift to a value-added single sales tax will yield long-term economic benefits for capital investment, income growth and job creation at a broad level across Ontario. However, the harmonized sales tax has significant industry specific taxation implications for residential construction. The initial harmonized sales tax proposal would have resulted in significant taxation increases for new housing and was based on a regressive tax structure with dual thresholds that the federal government implemented when the GST was introduced. The initially proposed tax structure would have implemented the highest marginal tax rates on the middle class with a claw-back of the rebate on new homes valued above $400,000 and a complete elimination of the rebate on new homes valued over $500,000. This tax structure would have been devastating for housing affordability and would have created significant market distortions for the middle class.

TOTAL PROVINCIAL TAXES AND MARGINAL TAX RATE ON NEW HOUSING UNDER ORIGINAL HST PROPOSAL (March 2009)



TOTAL PROVINCIAL TAXES AND MARGINAL TAX RATE ON NEW HOUSING UNDER REVISED HST STRUCTURE (June 2009)



In June 2009, in response to industry concerns presented by OHBA regarding tax structure and on the quantum of the proposed tax increase the provincial government implemented an **enhanced progressive tax structure** for the application of HST on new housing. OHBA is supportive of the of the enhancements the provincial government made to the tax structure as it applies to new housing and is strongly advocating through our national association (CHBA) for the federal government to adopt the same progressive tax structure as it applies to the GST and new housing.

"The Provincial government has made positive changes to the harmonized sales tax structure as it applies to new housing and has listened to the concerns of new homebuyers and the tens of thousands of hard working Ontarians employed in the residential construction industry."

2008-09 OHBA President Frank Giannone, June 19, 2009 Media Release immediately following the provincial announcement of changes to tax structure as it applies to new housing

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 they continued to reflect changes in housing prices, and thus to protect housing affordability over time in all parts of Canada. Although the federal government has not delivered on this commitment, the principle that it established – the protection of housing affordability 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. **OHBA recommends that a provincial commitment should be made to revisit the 'threshold' value every five years.**

Ontario housing prices tend to rise over time and from 2000 to 2011 the new housing price index has increased some 44.3 per cent, compared with general inflation that rose by 26.3 per cent; and median family income which advanced by 20.3 per cent. As a result of faster housing price appreciation, an ever growing share of new homes are valued at the high-end of the price range, yet a large number of households living in homes valued above $400,000 are middle income families.

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.** This will ensure that the tax rebate continues to reflect changes in housing prices and protect housing affordability over time.

4.4 Infrastructure

The residential construction industry strongly supports strategic and coordinated infrastructure investment to create jobs and lay the foundation for future economic expansion, prosperity and productivity gains. OHBA recognizes the challenge of eliminating the infrastructure deficit as the province shifts towards austerity. OHBA therefore recommends that the province make **targeted core infrastructure investments** that support other provincial objectives such as productivity, intensification and the efficient movement of goods and people.

The ten-year capital infrastructure plan is of key importance to the residential construction industry. **Investments made by the public sector facilitate additional private sector investment and job creation from our members**. Infrastructure investment should be more strongly coordinated among all levels of government based on clearly defined priorities. Providing stability and predictability as to when and where infrastructure dollars are going to be spent, will allow for the private sector to adequately plan projects and target its investments to better align with new and upgraded public infrastructure facilities.

With respect to the current debate on funding transit, the industry was disappointed with the Metrolinx *Big Move* Investment Strategy which made recommendations that would result in transit-oriented communities becoming less affordable (see OHBA media release, Appendix D). The industry has recommended a variety of revenue tool options and a re-allocation of provincial and municipal priorities that we thought were appropriate, equitable and fair. OHBA is supportive of a planning framework that creates investment ready, transit-oriented communities.

We recommend a framework that provides business certainty through pre-zoning while providing funding for transit through both a land-value capture/development permit system hybrid model as well as a longer-term tax increment financing framework. The Investment Strategy must be tied to smart city building and efficient land-use planning, endeavoring to accommodate the region's growing population and employment in the most efficient way possible.

The *Big Move* and an Investment Strategy to fund regional transportation improvements are critical for the future economic prosperity and quality of life for residents and businesses in the Greater Toronto and Hamilton Areas. The new housing, commercial and land development industries are key partners to the province in creating transit-oriented, complete communities that will support the *Big Move* over the long-term.

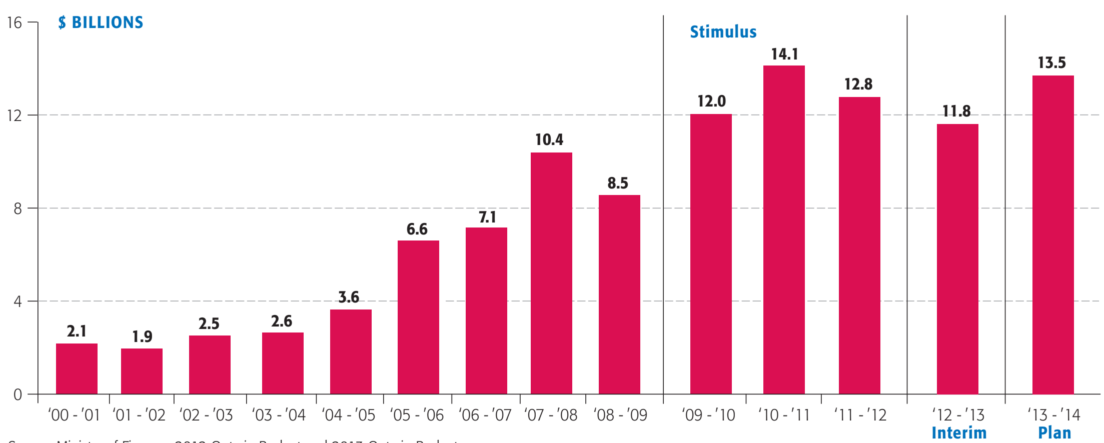
The need for the *Big Move* is not simply a reflection of demographic growth and the corresponding requirements for new housing and employment, but it is a response to the existing transportation and transit requirements of the current residents and employers. The new housing and development industry will continue to contribute its fair share of resources to support the necessary expansion and improvement of transportation infrastructure and we recommend the implementation of a bold new planning and financing framework that will create the conditions to build on transit corridors an in the immediate vicinity of new transit stations. OHBA is supportive of the *Golden Transit Panel* recommendations for additional research and consultation to be conducted on the implementation of planning/financial tools that combine both a streamlined planning approvals framework with a capital financing model.

"The continued stimulus funding focusing on infrastructure and job creation will spur growth and solidify Ontario's path to recovery."

2009-10 OHBA President James Bazely, March 25, 2010 Media Release

Infrastructure is the key to enhancing productivity with the goals of improving our quality of life, and the competitiveness of Ontario in an ever increasingly globalized economy. Major infrastructure projects and specifically public transit projects should include conditions for "as-of-right" zoning to reduce the barriers of intensification, encourage investment ready communities and ensure the best-use of scarce public dollars.

ANNUAL INFRASTRUCTURE INVESTMENT IN ONTARIO



Source: Ministry of Finance, 2012 Ontario Budget and 2013 Ontario Budget

5. CONCLUSION

5.1 Conclusion

Ontario is dealing with continuing global economic uncertainty, however prospects appear to be improving, especially in the United States. The province must demonstrate strong leadership and be prepared to make difficult decisions with respect to the policy levers available to it to reduce the deficit and stimulate economic growth.

OHBA recommends that job creation, infrastructure investment and economic development be considered as the top priorities in the 2014 budget and broader public policy agenda. The province should conduct regulatory reviews of public policies with the goal of modernizing and transforming government to support a more competitive business environment. Targeted core infrastructure investments that support provincial growth plans, job creation and economic development should remain a key focus of the upcoming budget. These infrastructure investments should be directly connected with modernized municipal planning implementation documents that support the creation of investment ready communities.

The implementation of the HST was a step the province took to encourage investment, however, the tax reforms had direct impacts for residential construction. OHBA is supportive of the of the enhancements made to the tax structure as it applies to new housing and is strongly advocating through our national association for the federal government to adopt the same progressive tax structure as it applies to the GST. However the province must commit to a regular review of the $400,000 new housing HST threshold to ensure homebuyers are not overburdened by taxation as new home prices inevitably increase in the years ahead.

OHBA is very concerned about the volume of underground activity in the renovation sector. OHBA is seeking a joint federal and provincial solution to this issue through a broad based permanent renovation tax credit to encourage the use of legitimate contractors and limit government revenue leakage to the underground. OHBA is supportive of the *Healthy Homes Renovation Tax Credit* as a positive measure and has also recommended an interministerial task force to examine potential solutions to underground economic activity in the construction sector.

OHBA is pleased to have a positive working relationship with the government. Our membership is, however, deeply concerned that the unintended consequences of some government policies will result in an escalation of housing prices, decreasing affordability and a lack of housing choice. Therefore OHBA recommends amending the *Ontario Building Code* to allow for six-storey wood construction to provide more design options for delivering mid-rise housing opportunities while supporting Northern Ontario's forestry sector. OHBA further recommends that the government ensure that municipalities have modern up-to-date Official Plans and zoning by-laws that support investment ready communities and that are in conformity with provincial policy. Lastly OHBA recommends significant reforms to the provinces out-of-date parkland dedication policies, untransparent and unaccountable Section 37 Density Bonusing provisions *(Planning Act)* and a new Development Charges framework that ensures fairness, transparency and accountability for changes collected from Ontario's new neighbours - new home owners and new employers.

OHBA looks forward to working together with the Province of Ontario to ensure our industry remains a leader and is the engine that drives the provincial economy while creating complete communities that people can afford.

APPENDIX

THE RESIDENTIAL CONSTRUCTION INDUSTRY IS

the engine that drives Ontario's economy

2012 Data

Ontario Home Builders' Association

31 LOCAL ASSOCIATIONS

BILD
Bluewater
Brantford
Chatham-Kent
Greater Dufferin
Durham Region
Grey-Bruce
Guelph & District
Haldimand-Norfolk
Haliburton County
Hamilton-Halton
Kingston-Frontenac
Lanark-Leeds
London
Niagara
North Bay & District
Greater Ottawa
Oxford County
Peterborough & the Kawarthas
Quinte
Renfrew County
Sarnia-Lambton
Saugeen Country
Seaway Valley
Simcoe County
St. Thomas-Elgin
Stratford & Area
Sudbury & District
Thunder Bay
Waterloo Region
Greater Windsor

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web: www.ohba.ca

76,742 Housing Starts

Housing starts in Ontario increased by 13% in 2012 following a 12% increase the year before. Increasing levels of intensification resulted in over 50,000 multi-unit housing starts – the highest multi-unit total since the 1970s. Activity is anticipated to soften sharply in 2013 with a forecast 60,800 housing starts. Each new home built in Ontario is not only a roof over a family, but it provides thousands of jobs and generates significant revenue in taxes, fees and levies for all three levels of government.

322,100 Jobs

The new home construction and renovation sector is a significant employer in Ontario. Residential construction includes a broad range of high quality jobs from skilled trades to planners, engineers, architects, economists and lawyers. **Residential construction is one of the largest employers in the province!**

$43.3 billion

In 2012 the value of new home construction, residential renovations and impacts of other expenditures related to residential construction in Ontario totalled $43.3 billion. That includes $16.2 billion in new residential construction, $23.2 billion in residential renovations and $3.3 billion in other related expenditures.

$17.1 billion in Wages

The residential construction industry **supports tens of thousands of individuals and families** in communities across Ontario. Their wages are reinvested through purchases back into the economy. Additionally, those jobs generate billions of dollars in income taxes, CPP and EI premiums.

60,932 New Home Enrolments

The Tarion Warranty Corporation administers the *Ontario New Home Warranties Plan Act,* which regulates new home builders and provides new home purchasers with new home warranty protection. In 2012, 60,932 new homes were enroled with Tarion and a total of 381,181 new homes are currently under warranty across Ontario.

$153 million

Estimated total WSIB premiums billed to the Home Builder Rate Group in Ontario in 2012.

Ontario's new home builders, land developers and professional renovators create jobs, invest in new and existing communities and provide all levels of government with billions of dollars in revenue to support infrastructure, programs and services for Ontarians.

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. OHBA represents over 4,000 member companies, organized through 31 local associations across the province. Our membership includes: builders, land developers, professional renovators, trade contractors, manufacturers, consultants, service professionals and suppliers.

Sources: CMHC, Ministry of Finance, WSIB, Will Dunning Inc. All Housing and renovation statistics are for the year 2012

Ontario's Renovation Industry

Ontario Home Builders' Association

The Size of Ontario's Renovation Industry

- **172,100 Jobs** in home renovation and repair.
- **$23.2 Billion** in investment value ... largest single wealth-builder for many Ontario families.
- **$9.1 Billion** in wages.
- **$2 Billion** in federal and provincial Income Tax revenues.

OHBA is the home of Professional Renovators in Ontario

Through the RenoMark label, contractors must:

- Be a member in good standing with the Local Home Building Association.
- Provide a detailed, written contract (including scope of work) for all jobs.
- Offer a minimum two-year warranty on all work (excludes minor home repair).
- Carry a minimum of $2 million liability insurance.
- Have coverage for workplace safety and employers' liability and/or work only with subcontractors who carry such coverage.
- Carry applicable licenses and permits.
- Maintain a professional level of knowledge of current building codes, permit procedures, and technical skills through continuing education.
- Maintain a safe and organized worksite.
- Return phone calls within two business days.

Healthy Homes Renovation Tax Credit

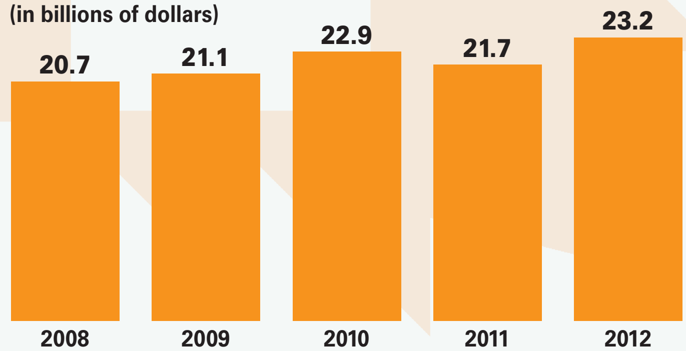
- OHBA is supportive of the *Healthy Homes Renovation Tax Credit* to allow seniors to age in place and to support legitimate business through the collection of receipts.
- Qualifying renovations can claim 15% of up to $10,000 worth of eligible home improvements on their tax return.

The Problem of the Underground Economy

- In a 2010 Environics Survey of 1,113 Ontario homeowners, 56% admitted to paying cash for a home repair or renovation job, while 68% said they'd be less likely to pay cash if they could receive a tax credit.
- The underground economy prior to the implementation of the HST represented an estimated 37% of the total output of residential renovation contractors in Ontario or approximately $5.2 billion.
- The underground economy in the renovation sector presents a myriad of problems, including:
  - Significant government revenue leakages in Ontario, such as:
    - Loss of up to $298 million in GST revenues annually;
    - Loss of up to $1.6 billion in income tax revenue annually;
    - Loss of up to $767 million from other revenues such as CPP, WSIB, EHT and Employment Insurance premiums.
- When consumers participate in the underground economy, they expose themselves to:
  - Financial and liability risks;
  - Health and safety risks for construction workers and the homeowners who hire them; and
  - Undermining the integrity of the tax system.

Renovation Activity in Ontario

(in billions of dollars)



Source: Canada Mortgage and Housing Corporation, Will Dunning Inc.

OHBA represents 4,000 member companies organized into a network of 31 local associations across the province.

Together we build 80% of the new housing in Ontario.

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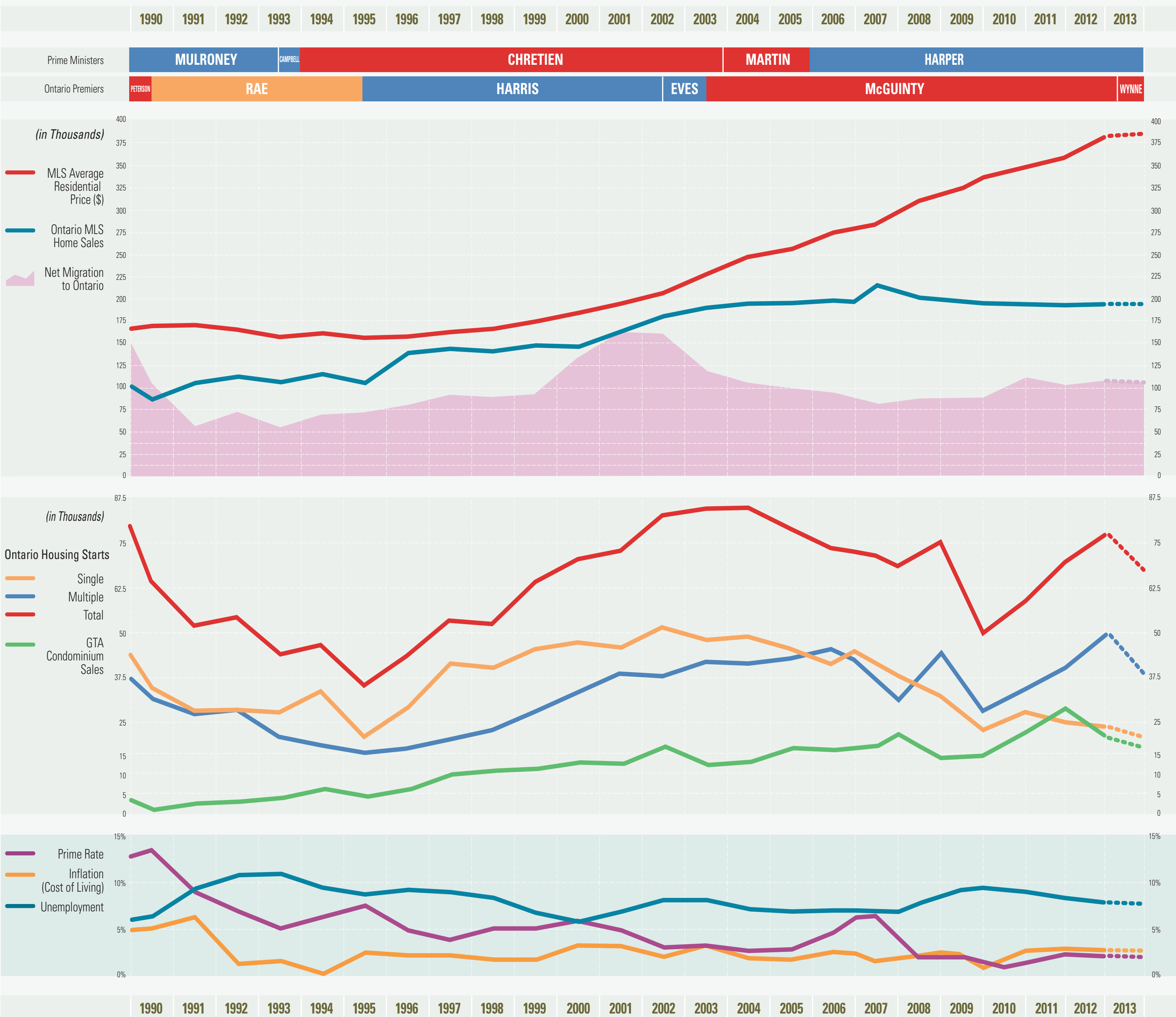
1990-2013

Ontario Housing & Economic Indicators

Ontario Home Builders' Association



Source: Statistics Canada, CREA, CMHC, Bank of Canada, Ministry of Finance, Urbanation

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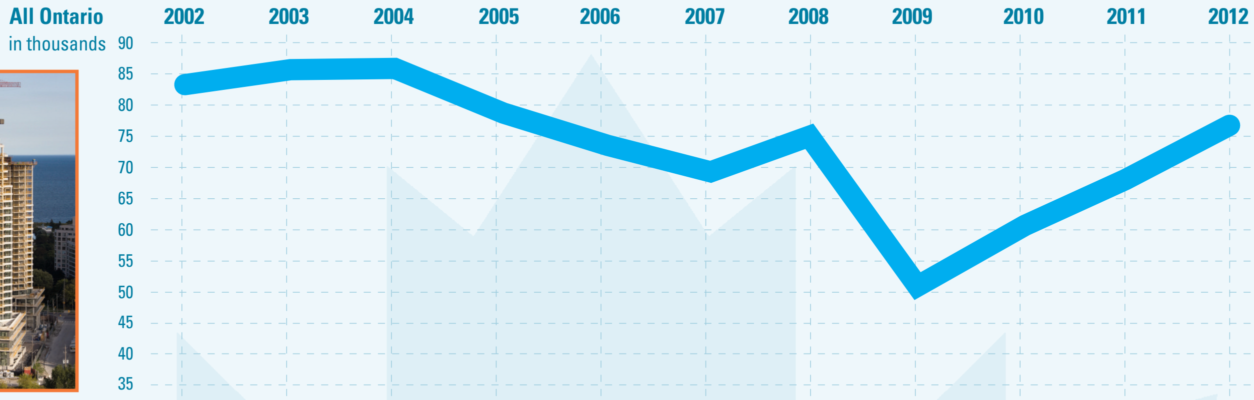
Total Housing Starts Ontario 2002-2012

Ontario Home Builders' Association



Census Metropolitan Areas	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Barrie	2,739	2,368	2,435	1,484	1,169	980	1,416	427	682	700	782
Brantford	700	458	482	534	409	589	432	317	504	428	402
Guelph	1,138	994	1,420	951	864	941	1,087	567	1,021	764	731
Hamilton	3,803	3,260	4,093	3,145	3,043	3,004	3,529	1,860	3,562	2,460	2,969
Kingston	810	1,131	872	683	968	880	672	717	653	959	896
Kitchener	4,130	3,995	3,912	3,763	2,599	2,740	2,634	2,298	2,815	2,954	2,900
London	2,604	3,027	3,078	3,067	3,674	3,141	2,385	2,168	2,079	1,748	2,240
Oshawa	3,490	3,907	3,153	2,934	2,995	2,389	1,987	980	1,888	1,859	1,803
Ottawa	7,796	6,381	7,243	4,982	5,875	6,506	6,998	5,814	6,446	5,794	6,026
Peterborough	423	547	514	619	437	540	428	371	404	351	343
St.Catharines	1,317	1,444	1,781	1,412	1,294	1,149	1,138	859	1,086	1,110	1,137
Sudbury	298	306	388	400	477	587	543	450	575	595	536
Thunder Bay	197	211	287	227	165	249	167	180	222	374	380
Toronto	43,805	45,475	42,115	41,596	37,080	33,293	42,212	25,949	29,195	39,745	48,105
Windsor	2,490	2,237	2,287	1,496	1,045	614	453	391	617	719	717
Larger Census Agglomerations											
Belleville	393	387	507	367	313	368	324	357	324	265	276
Chatham-Kent	90	150	143	197	217	177	136	85	103	113	137
Cornwall	198	231	217	159	132	135	133	156	173	127	127
Kawartha Lakes	321	359	367	322	334	349	311	199	341	212	201
North Bay	123	125	151	226	185	112	139	199	176	101	139
Sarnia	374	203	194	243	191	258	278	299	203	223	129
Sault Ste Marie	86	99	119	128	105	117	173	85	99	129	120
Urban areas (Population 50,000+)	**79,615**	**80,933**	**79,894**	**69,365**	**63,928**	**59,460**	**67,798**	**44,903**	**53,382**	**61,946**	**71,316**
All Ontario	**83,597**	**85,180**	**85,114**	**78,795**	**73,417**	**68,123**	**75,076**	**50,370**	**60,433**	**67,821**	**76,742**

Source: CMHC

OHBA represents 4,000 member companies organized into a network of 31 local associations across the province.

Together we build 80% of the new housing in Ontario.

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Detailed Government Imposed Charges Breakdown on Median Priced New Single-Detached Dwellings (2009)

Ontario Home Builders' Association

		MUNICIPAL CHARGES						PROVINCIAL					FEDERAL		
Municipality	Median Price	DCs	Land Dedication	Process Fees	Building Permit	LTT	Total	PST	Registry Transfer	Warranty	Other	Total	GST	Total GICS	% of Price
Surrey	$567 K	$40.7K	$12,444	$240	$3,514	-	$56.7 K	$12.3K	$9,418	$1000	$25	$22.7K	$28.4K	$108,050	19.05%
Vaughan	$523 K	$35.5K	$10,500	$1,815	$2,536	-	$50.4 K	$12.0K	$8,865	$1,130	$185	$22.2K	$26.1K	$98,713	18.86%
Ottawa	$362 K	$26.8K	$4,413	$2,204	$2,813	-	$36.2 K	$10.8K	$3,987	$881	$185	$15.9K	$28.5K	$64,702	17.85%
Hamilton	$335 K	$22.9K	$5,000	$598	$2,464	-	$30.9 K	$10.9K	$3,572	$802	$185	$15.5K	$10.7K	$57,168	17.06%
Toronto	$843 K	$15.4K	$24,545	$970	$4,820	$20K	$65.7 K	$11.5K	$20,046	$1,469	$185	$33.2K	$42.1K	$141,120	16.75%
Waterloo	$376 K	$25.4K	$4,800	$1,220	$1,760	-	$33.2 K	$10.2K	$4,189	$881	$185	$15.5K	$14.1K	$62,791	16.70%
Halifax	$278 K	$2,023	$5,750	$31	$1,681	$4.1K	$13.6 K	$22.2K	$84	$373	$60	$22.7K	$ 8.9K	$45,256	16.30%
Quebec City	$226 K	-	$6,750	$50	$300	-	$ 7.1 K	$17.5K	$2,145	$960	$133	$20.7K	$ 7.2K	$35,008	15.52%
Windsor	$231 K	$12.3K	$2,475	$318	$1,795	-	$16.9 K	$ 7.5K	$2,114	$644	$185	$10.4K	$ 7.4K	$34,741	15.01%
Montreal	$340 K	-	$5,200	$283	$1,629	-	$ 7.1 K	$26.3K	$3,738	$1000	$133	$31.2K	$10.9K	$49,161	14.47%
Saskatoon	$379 K	$26.3K	$1,364	$193	$1,160	-	$29.0 K	$ 6.1K	$1,137	$875	-	$ 8.1K	$14.5K	$51,602	13.61%
Burnaby	$775 K	$4,530	$6,521	$47	$7,105	-	$18.2 K	$23.1K	$13,583	$1000	$25	$37.7K	$38.7K	$94,685	12.21%
Charlottetown	$179 K	-	$4,500	$25	$300	-	$ 4.8	$8.0 K	$2,166	$347	$283	$10.8K	$ 5.7K	$21,385	11.94%
Vancouver	$1,288K	$17.9K	-	$2,365	$5,569	-	$25.8 K	$36.5K	$23,836	$1000	$27	$61.3K	$64.4K	$151,559	11.77%
Sudbury	$319 K	$3,371	$3,750	$244	$2,256	-	$ 9.6 K	$ 8.4K	$3,330	$802	$185	$12.7K	$10.2K	$32,535	10.21%
Prince George	$364 K	$4,724	$920	$198	$2,001	-	$ 7.8 K	$10.1K	$5,363	$1000	$25	$16.5K	$12.8K	$37,145	10.19%
Winnipeg	$312 K	$3,400	$861	$240	$1,750	-	$ 6.3 K	$ 7.6K	$3,969	$875	-	$12.4K	$10.0K	$28,654	9.17%
Edmonton	$451 K	$13.2K	$1,023	$718	$2,721	-	$17.7 K	-	$125	$875	$13	$ 1.0K	$22.6K	$41,289	9.15%
Calgary	$437 K	$11.4K	$1,591	$1,429	$1,811	-	$16.2 K	-	$122	$875	-	$ 1.0K	$21.0K	$38,221	8.75%
Yellowknife	$404 K	$135	-	$175	$2,609	-	$ 2.9 K	-	$606	-	-	$ 0.6	$ 9.9K	$20,795	5.15%
Whitehorse	$311 K	$2,500	$555	$100	$1,558	-	$ 4.7 K	-	$101	-	-	$ 0.1	$17.3K	$14,760	4.75%

Source: Government-Imposed Charges on New Housing in Canada, CMHC (2010)

Ontario
Home Builders'
Association

MEDIA RELEASE

2013 Budget Submission – Appendix C

OHBA Renovators Support Reno Tax Rebates

Positive Measure will Combat a Growing Underground Economy

November 23, 2011 – Toronto, ON – The Ontario Home Builders' Association (OHBA) supports the Minister of Finance, Hon. Dwight Duncan's announcement to implement a *Healthy Home Renovation Tax Credit* as part of the Fall Economic Statement. Homeowners will qualify for a tax credit when they make a home retrofit for accessibility purposes allowing seniors to age-in-place, improve the quality of Ontario's aging housing stock and stimulate the economy.

OHBA President Doug Tarry said, "in an aging society adapting and improving Ontario's housing stock with retrofits to improve accessibility is an important recognition of our changing demographic realities and the value of renovations conducted by professional contractors."

Tarry commented, "the underground 'cash' economy is rampant in the renovation sector and the *Seniors Healthy Home Renovation Tax Credit* will encourage home owners to collect receipts and hire legitimate business rather than paying cash under the table." Of the over $23 billion spent on renovations in Ontario, it is estimated over $5 billion is conducted by illegal underground contractors.

Earlier this year the CRA noted that 3 million Canadian participated in the stimulus focused federal *Home Renovation Tax Credit*, which gave the Canadian economy a shot in the arm in the midst of the worldwide economic crisis. Analysts have estimated it pumped an additional $4.3 billion in renovation investment into the economy as well as reduced underground economic activity through the collection of tax receipts.

The Ontario Home Builders' Association with over 500 renovator members is the voice of the residential construction industry in Ontario representing 4,000 member companies organized into 29 local associations across the province.

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For further information or to arrange interviews please contact Stephen Hamilton at 416-578-5800

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Ontario Home Builders' Association

BILD

BUILDING A GREATER GTA

Building Industry and Land Development Association

Metrolinx Investment Strategy

Making Transit-Oriented Communities Less Affordable

New home buyers and new businesses will take on costs that are disproportionate to existing residents and businesses across the Province.

Toronto, May 27 2013 – The Ontario Home Builders' Association (OHBA) and the Building Industry and Land Development Association (BILD) are disappointed that the Metrolinx 'Big Move' Investment Strategy announced today will burden new home buyers and new employers with additional charges.

The proposed revenue tools, which include an increase to Development Charges and an additional new one per cent HST, will erode affordability of new homes and new employment centres across the GTHA.

"This Investment Strategy adds a host of new fees and charges that will end up making transit-oriented communities less affordable," says Joe Vaccaro, COO of OHBA. "For example, for a new condo buyer in Markham, the Metrolinx Investment Strategy could add up to $8,000 in charges – a cost that is disproportionate to the $477 being projected by Metrolinx."

"New home buyers and new businesses are already doing their fair share," says Bryan Tuckey, President and CEO of BILD. "We estimate new home buyers and new businesses paid more than $1 billion in Development Charges to municipalities in 2012 alone for the construction of growth-related infrastructure in the GTA."

Advocating on behalf of new home buyers and business, the Associations want the public to know that the report doesn't recognize the impact of the proposed tools (i.e. Development Charges, new HST, Parking levies, land value capture etc.) on new home purchasers and new business owners.

The Province has created a growth plan, Places to Grow and a regional transportation plan, 'The Big Move' to promote transit-oriented communities, fight sprawl and congestion. BILD and OHBA believe the proposed new revenue tools presented today are counter-intuitive to the goals of both plans.

For more information or to arrange an interview with Joe Vaccaro or Bryan Tuckey, please contact Amy Lazar at 416-391-3452/416-543-3903 or alazar@bildgta.ca or Kathryn Segal at 416-443-1545 ext. 223 or ksegal@ohba.ca

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About BILD

With more than 1,400 members, BILD, formed through the merger of the Greater Toronto Home Builders' Association and Urban Development Institute/Ontario, is the voice of the land development, home building and professional renovation industry in the Greater Toronto Area. BILD is proudly affiliated with the Ontario and Canadian Home Builders' Associations.

About OHBA

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario representing 4,000 member companies organized into 30 local associations across the province. The industry contributes over $42 billion dollars to Ontario's economy, employing more than 325,000 people across the province.

Ontario Home Builders' Association

Media Release

It is Time to Make Affordability and Fairness a Cornerstone of Ontario's Planning System

Province Must Ensure New Neighbours Stop Carrying Burden of Ontario's Infrastructure Renewal

Toronto, August 20 2013 – The Ontario Home Builders' Association (OHBA) welcomed the announcement by Minister of Municipal Affairs and Housing Hon. Linda Jeffrey, that the provincial government intends to launch consultations on Ontario's land-use planning system and growth-related infrastructure financing.

"Currently new neighbours are being forced to finance massive infrastructure projects and urban renewal across Ontario. The *Development Charges Act* should be renamed the *New Neighbour Tax*," said OHBA C.O.O. Joe Vaccaro.

OHBA recognizes that the time is right for the province, municipalities and industry to make affordability and fairness a cornerstone of Ontario's planning system.

"This is an opportunity to have a fact-based discussion about how Ontario's lengthy and complex public planning system is challenging housing affordability and adding to the costs of new communities for Ontarians," said Vaccaro.

Minister Jeffrey also announced that the provincial government would launch a consultation to evaluate the Development Charges Act and other related taxes, fees and charges that municipalities levy onto the costs of new homes. OHBA has, for several years, expressed serious concerns that increasing government-imposed charges are driving up the cost of housing. Increasing prices for housing is progressively impacting the ability for Ontarians to purchase appropriate housing to suit their needs. This is limiting opportunities for economic growth while reducing our competitiveness with other jurisdictions.

"By placing the new neighbours at the centre of this discussion in terms of affordability and fairness, we welcome the opportunity to have a detailed discussion on the impact of development charges, parkland dedication fees, section 37 agreements and voluntary charges on new communities. The cost for families to purchase a home has skyrocketed in recent years and new neighbours can no longer afford additional taxes," noted Vaccaro, adding, "OHBA has been advocating for greater accountability and transparency by municipal governments so that new neighbours understand that up to one quarter of the cost of their new home is paying for the infrastructure used by the broader community."

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario representing 4,000 member companies organized into 30 local associations across the province. The industry contributes over $43 billion to Ontario's economy, employing over 325,000 people across the province.

-30-

For further information or to arrange an interview with OHBA COO Joe Vaccaro
Please contact OHBA C.O.O., Joe Vaccaro at 416-606-3454.

Infrastructure Investment is the Road to Prosperity

Ontario Home Builders' Association

OHBA represents 4,000 member companies organized into a network of 31 local associations across the province.

Together we build 80% of the new housing in Ontario.

The Infrastructure Deficit

- A gap in core infrastructure funding across Canada arose during the 1980s, and has resulted in a deterioration of a significant proportion of the facilities that people and business rely on daily;
- In recent years, the difference between needed investment in basic infrastructure and what is being constructed has been narrowing and must remain a key priority.

What is "Core" Infrastructure

- Infrastructure is the physical component of our shared built environment and provides services essential to sustain and enhance standards of living in Ontario;
- The most important infrastructure for both the future economic well-being and the quality of life of Ontarians is "core infrastructure". It includes: roads and bridges; public transit; water supply; sewage collection and treatment systems.

Target Infrastructure Investments

- In targeting infrastructure investments the province should be supportive of other public policy goals and objectives such as overall prosperity, intensification, energy efficiency, accessibility and the efficient movement of goods and people;
- The overall quality, service life and performance of basic urban infrastructure can be increased over time if annual and long-term investment are better aligned with requirements, and if this type of infrastructure receives the priority attention it deserves;
- Infrastructure investments should complement and support the Provincial Policy Statement, the Growth Plan for the Greater Golden Horseshoe as well as the Northern Growth Plan and the Metrolinx Regional Transportation Plan.

Infrastructure = Prosperity

- Infrastructure investments support jobs during these challenging economic times, spur private sector investment and help to lay the foundation for future growth and prosperity;
- An infrastructure investment plan that provides stability and predictability as to when and where infrastructure dollars are going to be spent, will allow for the private sector to adequately plan projects and target their investments to utilize new and upgraded public infrastructure facilities.

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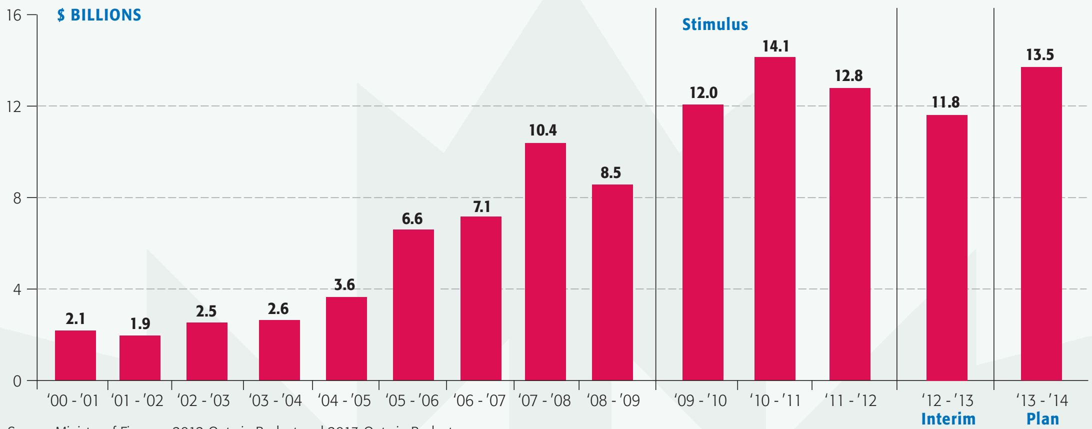
Ontario Government Infrastructure Investment

Ontario Home Builders' Association



Source: Ministry of Finance, 2012 Ontario Budget and 2013 Ontario Budget

- Good public infrastructure is a key foundation of a prosperous economy. Infrastructure investments can reduce business costs, lower travel times, improve public services and enhance Ontarians quality of life.
- Infrastructure investments including the three year (2012-13 through 2014-15) $35 billion infrastructure plan are helping to spur economic growth.
- The provincial government should view infrastructure not as a costly expense, but as an investment in Ontario's future. Infrastructure is the key to enhancing productivity with the goals of improving our quality of life and the competitiveness of Ontario in an ever increasingly globalized economy.

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RESOLUTION # 1 (External)

Submitted to: Metrolinx
Ministry of Infrastructure and Transportation
Ministry of Municipal Affairs and Housing

Submitted by: OHBA Board of Directors

Date: September 23, 2013

Subject: Metrolinx Investment Strategy

Whereas: Metrolinx launched its $50 billion, 25-year Regional Transportation Plan *The Big Move* for the Greater Toronto and Hamilton Areas in 2008 ; and

Whereas: While a first wave of projects, including GO Transit expansion and the Eglinton LRT are currently under construction, the second wave of projects will require new revenue tools to fund approximately $2 billion in annual transit infrastructure investment; and

Whereas: In April 2013, OHBA provided Metrolinx and the Provincial Government with detailed recommendations on the *Metrolinx Investment Strategy*. Those recommendations included strong opposition to revenue tools that specifically target the new housing, development and professional renovation industry and our consumers. Furthermore, OHBA provided recommendations for planning tools that would support intensification around transit stations and transit corridors; and

Whereas: In May 2013, Metrolinx released an *Investment Strategy* that recommends:

– 1 per cent increase to the HST;
– 5 cents per litre Regional Fuel Tax;
– Business Parking Levy;
– Amendments to the Development Changes Act.

Whereas: In July, 2013, OHBA, BILD and HHHBA provided Metrolinx with a submission that strongly opposes the proposed revenue (tax) tools which disproportionately target new home buyers and new businesses across the GTHA. This is an inequitable and unfair approach that will embed the cost of infrastructure, meant to last upwards of 75 years, into the amortized mortgages of new home purchasers and/or onto the costs of new employment centres.

Therefore be it resolved that: OHBA is opposed to proposed revenue tools that will erode the affordability of new housing, mixed-use communities and new employment centres across the Greater Toronto and Hamilton Areas.

MOVED: John Meinen SECONDED: Michael Pozzebon

CARRIED

RESOLUTION # 2 (External)

Submitted to: Ministry of Municipal Affairs and Housing
Ministry of Infrastructure & Transportation

Submitted by: OHBA Board of Directors

Date: September 23, 2013

Subject: Development Charges Act – Historic Level of Services

Whereas: The province has increased fiscal support for the expansion and maintenance of core infrastructure and made significant investments in new and expansion of existing municipal transit systems; and

Whereas: The *Development Charges Act,* as it relates to transit funding, should not be amended to include an increase that would result in the level of service exceeding the average level of that service provided in the municipality over the 10-year period immediately preceding the preparation of the background study. While OHBA recognizes significant new investments in transit expansion are necessary, it is not the role of the new home buyers to cover the transit infrastructure deficit that was created by decades of underinvestment by all levels of government; and

Whereas: Funding municipal transit expansion contributions through development charges without allocating a significant share of the cost burden across the broader tax base is an inequitable financing solution that requires a small portion of the population (new home buyers) to fund infrastructure that has broad community and economic benefits; and

Whereas: The *Provincial Municipal Fiscal and Service Delivery Review* (PMFSDR) released in fall 2008 is an agreement between the Province of Ontario, AMO and the City of Toronto that uploads a number of services (Ontario Disability Support Program, Ontario Drug Benefit, Ontario Works Benefits and a portion of court security), therefore providing significant additional fiscal capacity for municipalities to invest in core infrastructure. In the year 2013 alone, the benefit to municipalities as a result of the provincial uploads will total almost $1.4 billion. Together with the *Ontario Municipal Partnership Fund* (OMPF), the province is providing municipalities with a combined benefit of $1.9 billion in 2013; and

Whereas: The provincial government increased the capacity of municipalities to invest in core infrastructure through sharing two cents per litre from gas tax revenues with municipalities for long-term, sustainable support for new transit equipment, fleet maintenance and expanded operations. A total of 90 Ontario transit systems, serving 127 communities, receive provincial gas tax funding totaling over $300 million on an annual basis. The 2013 Ontario Budget notes this investment has yielded $2.2 billion for public transit since 2004; and

Whereas: The federal Gas Tax Fund (GTF), a key component of the *Building Canada* infrastructure plan, is helping to build Canada's communities by providing predictable and long-term funding in support of municipal infrastructure. From 2007-08 to 2013-14, municipalities will receive a total of $11.8 billion in gas tax funding.

Therefore be it resolved that: the provincial government entrench affordability and fairness as a cornerstone of Ontario's planning system and infrastructure financing framework; and

Therefore be it further resolved that: with the PMFSDR uploads, the OMPF and gas tax allocations from the provincial and federal governments to provide core infrastructure funding, it would be inappropriate and inequitable to close the infrastructure deficit gap that benefits the entire community by increasing government imposed charges on new home buyers through an elimination of the 10-year service average provision from the *Development Charges Act*.

MOVED: Jonathan Whyte SECONDED: Albert Schepers

CARRIED

RESOLUTION # 3 (External)

Submitted to:	Ministry of Municipal Affairs and Housing Ministry of Infrastructure & Transportation
Submitted by:	OHBA Board of Directors
Date:	September 23, 2013
Subject:	Development Charges Act – “Voluntary” Charges

Whereas: The Province of Ontario has increased fiscal support to municipalities for the expansion and maintenance of core infrastructure; and

Whereas: Development Charges (DCs) are a legitimate source of revenue for regions and municipalities when used to offset infrastructure-related costs directly resulting from new growth. The land development and home building industries of Ontario have always recognized this and have never objected to new home buyers paying their fair share of direct growth related costs; and

Whereas: DCs applied, within the scope of the *Development Charges Act* (DCA), are excessive and are placing tremendous pressure on housing affordability and economic competitiveness. A 2013 report by the Altus Group found that since 2004, the municipalities studied in the report had increased DC’s between 134% and 357%. Furthermore, 23% of the average price of a new home was Government Imposed Charges (GICs), for which DCs made up the largest component; and

Whereas: Independent of any other national and global economic conditions, reduced housing affordability inevitably constrains local economic development, stifles investment, reduces job growth, and diminishes a municipality’s ability to compete with jurisdictions not similarly afflicted ; and

Whereas: Residents are demanding higher levels of service and municipalities are finding creative ways to pay for them. Municipalities are not accepting that they are responsible for costs of services beyond the DCA; and

Whereas: Some municipalities refuse to borrow to fund infrastructure that also benefits existing residents and require “voluntary” payments from industry as well as regional allocation charges; and

Whereas: Some municipalities are leveraging new home buyers to pay more than what they are entitled to collect through the DCA. Industry often succumbs to these voluntary charges which are, in fact, mandatory to have their applications move forward through the planning process; and

Whereas: Voluntary charges in Ontario include fees outside the DCA exceeding service level caps and charges towards items such as town hall space, hospitals, computer equipment, parkland, an NHL sized arena, etc.

Therefore be it resolved that: The provincial government entrench affordability and fairness as a cornerstone of Ontario’s planning system and infrastructure financing framework; and

Therefore be it further resolved that: The province eliminate the practice outside the current legislative framework to finance growth-related infrastructure that allows municipalities to levy charges and fees for infrastructure that benefits the entire community outside the scope of the *Development Charges Act*.

MOVED: Albert Schepers SECONDED: Brian Garrard

CARRIED

RESOLUTION # 4 (External)

<u>Submitted to:</u> Ministry of Municipal Affairs and Housing

<u>Submitted by:</u> OHBA Board of Directors

<u>Date:</u> September 23, 2013

<u>Subject:</u> Land-use planning appeals (Ontario Municipal Board)

Whereas: The Ontario Home Builders' Association supports a strong and independent role of the Ontario Municipal Board (OMB) in the land-use planning system and development process in Ontario; and

Whereas: The OMB is an essential instrument to ensure provincial land-use policies and objectives are achieved and is a critical component of the implementation process for the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe; and

Whereas: The OMB is a quasi-judicial body that settles planning and development disputes based on provincial policy, municipal official plans and planning law. The OMB has a long history in Ontario and, makes decisions on complex, and typically controversial, issues impacting all communities across Ontario.

Whereas: Without a strong and independent OMB the provincial policies and objectives for land-use planning will be difficult to achieve due to local political resistance to intensification and changes within existing communities as defined within the public planning policy framework;

Whereas: A political vote based on short-term thinking doesn't necessarily lead to the best longer-term planning outcomes. These longer-term planning based decisions help to ensure that we continue to build and sustain affordable and livable communities in which to live, work and play, across Ontario.

Therefore be it resolved that: The province maintains a strong, independent third party appeals tribunal as a core component of Ontario's land-use planning system; and

Therefore be it further resolved that: The province reduce unacceptable hearing and decision delays that are increasing the costs and time associated with planning approvals for all stakeholders. The province should increase the number of highly qualified members on the board that are experienced in land-use planning and land-use legislation by appointing them to a minimum five year terms; and

Therefore be it further resolved that: The OMB improve the scoping of issues to be heard and evidence to be brought forward during an appeal to enhance efficiency, reduce the length of hearings and to reduce the costs associated with OMB appeals for all stakeholders; and

Therefore be it further resolved that: The OMB provide for a "triage" screening process of appeals to appropriately reject frivolous appeals, directing appeals appropriately to mediation or expediting pre-hearing consultation; and

Therefore be it further resolved that: The OMB discourage frivolous appeals by increasing the application fees and by requiring appellants to fully disclose their grounds for appeal within the application based on conformity and compliance with the public planning policy framework; and

Therefore be it further resolved that: The OMB encourage better use of mediation and alternative dispute resolution.

MOVED: Kevin Watts SECONDED: Rick Martins

CARRIED

RESOLUTION # 5 (External)

<u>Submitted to:</u>	Ministry of Municipal Affairs and Housing Ministry of Infrastructure & Transportation
<u>Submitted by:</u>	OHBA Land Development Committee
<u>Date:</u>	September 23, 2013
<u>Subject:</u>	Planning Act – Section 37 (Density Bonus) / appropriate pre-zoning

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Whereas: Municipal zoning by-laws are a critical component of Ontario's land-use planning system. Zoning by-laws are the implementation vehicle for the Provincial Policy Statement (PPS), the Growth Plan for the Greater Golden Horseshoe and for municipal Official Plans to create the public planning framework; and

Whereas: Section 37 of the *Planning Act* is a municipal "tool" which includes a process to allow buildings to exceed height and density of development otherwise permitted by zoning by-laws, in exchange for community benefits; and

Whereas: The process builders and developers are subject to when rezoning to increase densities is costly, time consuming and can be risky due to lack of certainty. The province should strive to eliminate the many obstacles that discourage infill development and intensification as encouraged by the public planning framework; and

Whereas: OHBA is concerned that many areas where intensification should occur are 'under-zoned'. Under-zoning creates a series of problems and roadblocks for the new housing and land development industry to increase densities in urban growth centres and along intensification corridors to support the public planning framework and municipal infrastructure; and

Whereas: Municipalities often intentionally under-zone properties in an attempt to extract section 37 agreements and other financial commitments from new home buyers in return for approvals of increased densities; and

Whereas: Under-zoning justifiably fuels NIMBYism (Not in my backyard). When municipalities under-zone a property, local residents are provided with a false impression of what type of development is appropriate for that given location. The most common opposition against infill development at public meetings is that the proposal exceeds municipal zoning by-laws, even if the proposal complies with the municipal official plan, PPS and Growth Plan;

Therefore be it resolved that: If a parcel of land is in an appropriate location for intensification then it should be properly zoned to accommodate the appropriate increased densities; and

Therefore be it further resolved that: If a land-owner proposes a development on an 'under-zoned' property that complies with the PPS, Growth Plan and Municipal Official Plan, municipalities should not be permitted to utilize section 37 of the *Planning Act* to extract concessions from future home buyers in exchange for appropriate densities that public policy encourages in that location; and

Therefore be it further resolved that: The province implement policies to require appropriate zoning that conforms to municipal official plans, the Provincial Policy Statement and the Growth Plan. As-of-right zoning should be applied within Urban Growth Centres in the Growth Plan and for Intensification Corridors on planned higher-order transit routes. The zoning by-laws should ensure that each Urban Growth Centre is positioned to achieve intensification targets and objectives outlined by the province; and

Therefore be it further resolved that: Appropriate zoning would expedite the planning process, reduce planning process cost for municipalities and proponents, reduce uncertainty with respect to density bonusing, reduce the number of appeals to the OMB, encourage intensification and reduce NIMBYism.

MOVED: Nando Decaria SECONDED: Larry Otten
CARRIED

RESOLUTION # 6 (External)

Submitted to:	Ministry of Municipal Affairs and Housing Ministry of Infrastructure & Transportation
Submitted by:	OHBA Board of Directors
Date:	September 23, 2013
Subject:	Planning Act – Sec 42(1) to (6) and sec 51.1(1) to (5) - Parkland Dedication Policies

Whereas: The provincial government should be committed to ensuring that the provincial legislative, regulatory and policy environments continue to support intensification goals while developing healthy, affordable and livable communities; and

Whereas: Adequate parkland should be provided as Ontario's urban spaces continue to evolve. However, there is a fundamental unfairness in the way parkland contributions for high-density residential housing developments are currently calculated if the maximum rate is applied; and

Whereas: As required by the *Planning Act* any development must provide 5% of the land for parkland dedication at the time of development, or up to 1 ha per 300 dwelling units. If the development does not have a park site, the developer is required to pay cash-in-lieu for the value of the land; and

Whereas: Immediate action is required by the provincial government to support the Provincial Policy Statement (PPS) and the Growth Plan while addressing the inequities of the existing legislation related to the maximum parkland cash-in-lieu formula for infill and intensification projects. The high parkland dedication fees discourage high-density projects and therefore run counter to provincial intensification objectives; and

Whereas: The cash-in-lieu of parkland fees collected by municipalities significantly adds to the cost of mid-to-high-density projects without drastically improving or adding park facilities within the area of the new development. The increased cost decreases the affordability of housing within urban growth centres and intensification corridors; and

Whereas: Higher density projects often include amenity areas to be used by residents of the building. Amenity spaces in condos are similar in function to public parkland and reduce the requirements of public off-site facilities. Municipalities benefit as they do not have to provide initial capital costs or the ongoing maintenance for amenity space located in condominiums; and

Whereas: At the extreme end of the scale, there are scenarios in Ontario where cash-in-lieu of parkland can be equal to or greater than the value of the land;

Therefore be it resolved that: That condominium plans that provide public amenity space receive a significant credit and/or full exemption towards the dedication of parkland or cash-in-lieu of parkland therefore encouraging intensification through improved housing affordability; and

Therefore be it further resolved that: The province amend sec 42(3) of the *Planning Act* to significantly reduce the maximum cash-in lieu of parkland ratio from 1 ha for every 300 dwelling units; and

Therefore be it further resolved that: The province require municipalities to provide alternative parkland dedication policies within Urban Growth Centres and along higher-order transit corridors.

MOVED: Michael Pozzebon SECONDED: Jonathan Whyte

CARRIED

RESOLUTION # 7 (External)

Submitted to: Ministry of Municipal Affairs and Housing
Ontario Building Officials Association
Large Municipalities Chief Building Officials

Submitted by: OHBA Technical Committee

Date: September 23, 2013

Subject: Ontario Building Code – Six-Storey Wood Frame Construction

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Whereas: The *Ontario Building Code* (OBC) currently limits wood frame construction to four storeys; and

Whereas: BILD commissioned the report, *Unlocking the Potential for Mid-Rise Buildings*, calling on the Ontario government to change the OBC to allow for six-storey wood frame construction. The report presents strong planning and economic rationales for changing the existing Ontario Building Code to permit wood frame buildings.

Whereas: Changing the Ontario Building Code to allow wood frame buildings to be constructed to a maximum of six-storeys would increase the variety of living choices, realize cost savings for new home construction and the new homebuyers, and it represents a major step in achieving planned intensification goals of the Provincial Policy Statement (PPS) and the Growth Plan for the Greater Golden Horseshoe; and

Whereas: Mid-rise buildings located along the urban corridors of our cities are a vital component of the vision of the Provincial Places to Grow Growth Plan as well as the PPS and are found in virtually all regional and municipal Official Plans; and

Whereas: British Columbia made similar changes to the British Columbia Building Code in 2009 and it had an immediate positive impact on the local economy; and

Whereas: Expected benefits to amending the OBC include job creation, increased availability of affordable housing, increased tax-base for municipalities and a minimized carbon footprint of building construction.

Whereas: Adopting changes to permit wood frame construction for four to six storey buildings would represent substantial construction cost savings over poured concrete structures, which would translate into a more affordable unit to the home buyer; and

Whereas: The number of fire incidents does not increase just because buildings have more combustible material, according to a complementary study commissioned by BILD and RESCON entitled, *Mid-rise Combustible Construction in Ontario – Building Code Issues*. The study found that data collected by the National Fire Incident Reporting System doesn't show that fire incidents are related to the type of construction, rather to the use and occupancy of the building; and

Whereas: The National Fire Code and regulations in Ontario's *Occupational Health and Safety Act* contain many provisions for construction projects that address potential fire hazards and provide solutions to reduce risks.

Therefore be it resolved that: The provincial government amend the *Ontario Building Code* in 2014 to permit six-storey wood frame construction.

MOVED: Jonathan Whyte SECONDED: Doug Tarry

CARRIED

DRAFT RESOLUTION # 8 (External)

Submitted to:	Ministry of Labour Workplace Safety and Insurance Board
Submitted by:	OHBA Board of Directors
Date:	September 23, 2013
Subject:	Proposed Changes to WSIB Rate Groups In Response to Mandatory WSIB Coverage

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Whereas: Unlike other industry associations, OHBA has been and continues to be opposed to mandatory WSIB coverage for independent operators (IOs), partners in partnership and executive officers (EOs); and

Whereas: Policies from Bill 119 will not make workplaces safer and instead may increase the size of the underground economy activity due to these costly new legislated requirements; and

Whereas: Mandatory WSIB coverage is an unnecessary significant new cost burden on entrepreneurs and job creators that work on the tools; and

Whereas: Prior to mandatory coverage IOs and EOs had 24/7 coverage in private insurance that was significantly less expensive; and

Whereas: Through the operationalization and creation of policies around Bill 119, the WSIB wrongly worked under the assumption that owners "on the tools" have the same risk profile as their employees as owners are currently paying the same premium rate; and

Whereas: This assumption is wrong as return-to-work policies and sensitivity to experience rating as well as the type of work owners perform lends itself to less risk than construction employees; and

Whereas: OHBA continues to believe that mandatory coverage should be abolished; and

Whereas: OHBA is an association that provides government with pragmatic, practical advice that recognizes the political realities of the day.

Therefore be it resolved that: The WSIB create a separate rate group for independent operators and executive officers 'on the tools' that takes into consideration market realities prior to Bill 119 and creates market-competitive rates that is established at one-third of the current rate group. All newly captured IOs and EOs should pay a premium rate equal to one-third of the construction rate group they fall into. This should act as the standard for a five year period. After this time, WSIB should have the data to determine the true experience rating of IOs and EOs in construction. The chart illustrates what the rate group structure would look like based on the 2014 Premium Rates.

	Rate Group	2014 Premium Rate	OHBA Proposal For IOs, and EOs “performing construction”
704	Electrical And Incidental Construction Services	3.69	1.23
707	Mechanical And Sheet Metal Work	4.16	1.39
711	Roadbuilding And Excavating	5.29	1.76
719	Inside Finishing	7.51	2.5
723	Industrial, Commercial & Institutional Construction	4.55	1.52
728	Roofing	14.80	4.93
732	Heavy Civil Construction	7.03	2.34
737	Millwrighting And Welding	6.90	2.3
741	Masonry	12.70	4.23
748	Form Work And Demolition	18.31	6.1
751	Siding And Outside Finishing	10.25	3.42
755	Non-Exempt Partners and Executive Officers in Construction	0.21	0.21
764	Homebuilding	9.10	3.33

MOVED: James Bazely SECONDED: Larry Otten

CARRIED

RESOLUTION #9 (External)

Submitted to: Ministry of Training Colleges and Universities
College of Trades

Submitted by: OHBA Board of Directors

Date: September 23, 2013

Subject: Opposition to All Compulsory Trade Application Requests Through The Ontario College of Trades

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Whereas: OHBA participated in all journeyperson-to-apprentice ratio reviews through the Ontario College of Trades in order to advocate for an across the board 1:1 ratio for all trades involved in residential construction; and

Whereas: OHBA found the College of Trades Ratio Review process (Ontario Regulation 458/11) to yield inconsistent and unpredictable results that varied according to review panel members; and

Whereas: the review of classification of trades is likely to yield inconsistent and unpredictable results as the classification review process is similar to the ratio review process (Ontario Regulation 458/11); and

Whereas: The number of compulsory trades in residential construction in Ontario is consistent with every other province in Canada (with the exception of Quebec); and

Whereas: New home construction and renovation lends itself to a fluid system of labour supply that is not dependent on the strict application of “Scope of Work” that may be more suitable in larger construction applications; and

Whereas: The current compulsory status of trades in Ontario for residential which include: Electrician, Sheet Metal Worker, Air Conditioning Mechanic, Crane Operator, and Plumber are appropriate due to the health and safety concerns for both workers and the public; and

Whereas: There are negative implications if additional trades are deemed ‘compulsory’ such as: fewer opportunities for workers entering trades due to new regulatory requirements work in construction; regional imbalances of labour supply and the ability to complete projects in a timely fashion; additional costs of infrastructure, housing and renovations; and increases in underground economic activity in newly ‘certified’ trades; and

Whereas: There may be enormous economic benefit for certain unions in construction to have compulsory certification in their trade as certain unions will have significant control over training, the supply of labour and the scope of work for the trade; and

Whereas: Certain unions will have enormous economic incentive to ensure that compulsory certification is the model for all trades in construction and will likely place significant financial resources to ensure Review Panels rule in favour of additional ‘compulsory’ construction trades.

Therefore be it resolved that: OHBA will oppose every College of Trades application for compulsory certification in currently voluntary trades in residential construction and oppose every College of Trades application for voluntary certification in currently compulsory trades.

MOVED: Bruce Bolduc SECONDED: Steven Harris

CARRIED

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

31 Local Associations

BILD
Bluewater
Brantford
Chatham-Kent
Greater Dufferin
Durham Region
Grey-Bruce
Guelph & District
Haldimand-Norfolk
Haliburton County
Hamilton-Halton
Kingston-Frontenac
Lanark-Leeds
London
Niagara
North Bay & District
Greater Ottawa
Oxford County
Peterborough & the Kawarthas
Quinte
Renfrew County
Sarnia-Lambton
Saugeen Country
Seaway Valley
Simcoe County
St. Thomas-Elgin
Stratford & Area
Sudbury & District
Thunder Bay
Waterloo Region
Greater Windsor

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