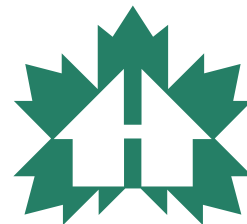


Submission To  
**The Minister Of Finance**

*January 2015*



# Pre-Budget Consultation Process



**Ontario**  
Home Builders'  
Association



## 31 LOCAL ASSOCIATIONS

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

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

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*Cover photos: Lanterra; Adera Development Corporation; Doug Tarry Homes  
Back cover photos: Tribute Communities; Pinnacle Quality Homes; Design First Interiors*





# EXECUTIVE SUMMARY

The Ontario Home Builders' Association is pleased to have the opportunity to present recommendations for government fiscal policy and the 2015 provincial budget. The upcoming provincial budget is critical as the government continues in its efforts to reduce the provincial deficit while delivering on a number of priority campaign commitments. The home building, land development and professional renovation industries have a crucial role as a partner to invest in infrastructure and to continue to support job creation and economic growth.

Right here in Ontario, we build some of the best housing in the world. The housing market, responding to a stagnant economy and a complex regulatory environment, continues to build the necessary supply of new housing to support one of the fastest growing regions in North America. However, we face a variety of interrelated challenges that affect our quality of life, economic prosperity and the affordability of housing across Ontario.

These challenges require both the public and private sectors to work together to improve the quality of life and future prospects for Ontario residents. The challenges include, but are not limited to:

- Affordability issues and limited housing options for Ontarians;
- Broader economic vulnerability as elevated housing prices increase household debt levels;
- Ever-increasing new neighbour taxes (Government Imposed Charges) that are growing the tax burden on new housing and decreasing housing affordability across Ontario;
- Concern that the adverse impact of elevated housing prices and debt levels have been largely offset by low interest rates;
- Additional provincial initiatives that increase red tape and add regulatory barriers that adversely impact housing affordability and choice;
- The impact of the underground economy in the housing sector through underground “cash” renovations and illegal home building;

- Economic prosperity and job security have not been evenly distributed across various regions of the province. Strong evidence of regional disparities are made clear through pockets of strength and weakness in various regional housing markets across Ontario;
- The lack of movement to update new housing HST thresholds five years after they were introduced, despite increases in average new home prices.

The regulatory burden on the new housing, land development and professional renovation industries has increased over the past decade in combination with higher levels of taxes, fees and charges – especially development charges, all of which are hurting housing affordability. OHBA is concerned that the combination of increasing taxes, fees, charges and new and expanding regulations within a fragile economy will undermine residential construction activity. The Bank of Canada has noted that the adverse impact of elevated housing prices on affordability has been largely offset by low interest rates. However, 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 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 the existing available supply of land for urban development, potential reductions in the scope of appeals to the Ontario Municipal Board, the creation of the Ontario Provincial Pension Plan and the current role of the College of Trades are just a few initiatives that will impact housing affordability and choice. The combined impacts of these increased regulatory standards and fees could eliminate thousands of potential homeowners from the housing market. 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.

# 1. INTRODUCTION

## 1.1 About OHBA

The Ontario Home Builders' Association (OHBA) is the voice of the new housing, professional renovation and land development industries 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 residential construction including: home builders, land developers, professional renovators, trade contractors, manufacturers, consultants and suppliers. The residential construction industry employed over 313,000 people and contributed over \$44 billion to the province's economy in 2013.

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.



*Steetcar Developments: The Taylor*

## 2. KEY RECOMMENDATIONS

### 2.1 Underground Economy and Residential Renovations

An effective tax administration system requires consumers and businesses to pay their fair share of taxes. Pressure from the underground economy continues to plague the renovation sector where a high percentage of work is done for ‘cash’. The underground economy exposes homeowners to significant risk they often don’t understand and that can threaten their financial security. When consumers and businesses do not pay their fair share, provincial revenues are compromised. This has a direct impact on the programs and services Ontario residents expect and rely on. When consumers and businesses do not pay their fair share of taxes, they disadvantage other consumers and businesses that do follow the rules and, often, perform work that is not consistent with health and safety laws. The \$24 billion renovation sector that employs over 182,000 Ontarians, is particularly vulnerable to the ‘cash deal’.

The introduction of the single sales tax (13%) in 2010 has exacerbated an existing problem (the 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:

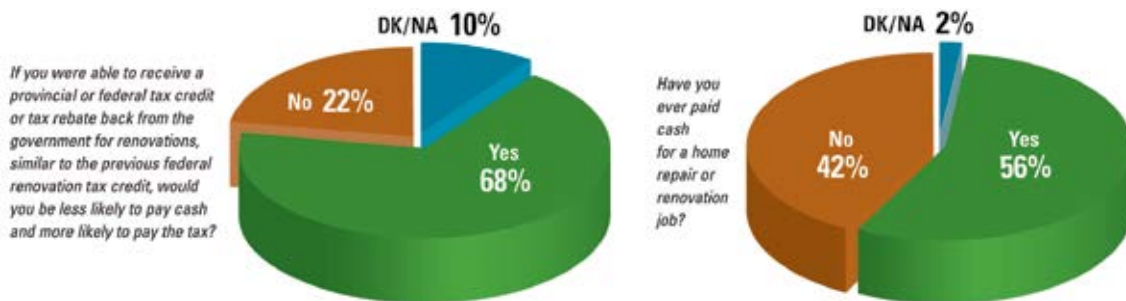
- Creating barriers for the industry’s future development;
- Warranties are generally non-existent and consumers suffer with little or no recourse in the event of ‘shoddy’ workmanship;
- Building Code compliance deficiencies;
- Undermining consumer protection measures;
- Introducing risks to consumers (financial and liability);
- Health and safety risks to construction workers;
- Undermining the integrity of the tax system;



- 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 hundreds of millions of dollars from other revenues such as CPP, WSIB, EHT and Employment Insurance premiums;
- Legitimate contractors have difficulty competing with the underground operator.

A poll by Environics Research found that a majority of Ontarians have paid cash for a renovation job and that a government tax credit or rebate would provide an incentive for consumers to pay for legitimate contractors. The results of this survey demonstrate the scope of the problem and the need for an effective solution.

More than two-thirds surveyed said that they would be less likely to pay cash if they were to receive a provincial or federal tax credit back from the government. The survey, polled 1,113 home owners throughout the province. The margin of error is +/- 2.9%, 19 times out of 20.



Furthermore, 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 was therefore supportive of the Private Member’s Bill 155 (MPP Albanese), the *Workplace Safety and Insurance Amendment Act* proposed in the previous legislative session that demanded fairness for small businesses in construction regarding WSIB Premiums.

OHBA looks forward to the opportunity to work with the provincial government to combat underground economic activity that places consumers at risk, hurts provincial tax revenues and creates an unfair competitive playing field for legitimate business owners. Combating underground “cash” renovations is a top priority for OHBA members and our network of local home builders’ associations.



OHBA recommends a permanent *Home Renovation Tax Credit* be established for contractor renovations which would strongly encourage consumers to use legitimate contractors and create a paper trail to deter underground activity while stimulating the economy. Such a tax credit could be targeted and tailored to achieve a number of specific public policy objectives. 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 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). The *Seniors Healthy Homes Renovation Tax Credit* allows seniors greater flexibility to age-in-place and supports legitimate businesses through the collection of receipts. OHBA is assisting in educating our members and consumers regarding qualifying renovations and looks to the province to build on the success of the credit by expanding the program.

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 code of conduct which ensures 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.

OHBA is supportive of the new mandate for the Parliamentary Assistant to the Minister of Finance (MPP Albanese) to include monitoring and enhancing the government’s efforts to preserve revenue integrity. This mandate requires the Parliamentary Assistant to report to the Minister of Finance by the spring of 2016 with the goal of ensuring continuous achievement and improvement in tackling tax avoidance schemes and practices and ensuring revenue integrity.

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.

OHBA recommends an *Underground Economy Task Force* 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;
- Launch pilot initiatives to enhance consumer protection and strengthen compliance to curtail tax loss;
- Examine additional measures that would enable better information sharing across government ministries, agencies and jurisdictions to detect and mitigate the underground economy.

## **2.2 Underground Economy and Illegal Building**

Illegal building affects everyone in the new home industry. Consumers may not find out about the warranty coverage they are entitled to, illegal builders may use sub-standard trades, and homes may not meet Ontario Building Code standards. It is illegal for a new home builder to enter into an Agreement of Purchase and Sale or construction contract with a purchaser if the builder

is not registered with the Tarion Warranty Corporation. It is also illegal to begin construction of a home or condominium without first enrolling it with Tarion.

OHBA notes that the underground economy hurts everyone and that over the past three years, on average \$1 million a year or 18 per cent Tarion's claims were the result of illegally built homes. Illegal building harms unsuspecting home buyers, burdens all levels of government with lost tax revenues and hurts the professional reputation of the building industry.

Offenders can be charged by Tarion under the *Ontario New Home Warranties Plan Act* where fines up to \$100,000 can be imposed by Ontario Courts. In addition, convicted offenders may be imprisoned for up to one year or placed on probation. Tarion employs a team of seasoned investigators to uncover builders and vendors in Ontario who fail to register and/or to enrol new homes with Tarion.

OHBA is working with the Tarion Warranty Corporation, the Ontario Building Officials Association (OBOA), the Ministry of Municipal Affairs and Housing and the Ministry of Government and Consumer Services to advance public policy solutions to reduce illegal building activity. Eradicating illegal building activities will protect new homebuyers as purchasers of illegally built homes are typically unaware of their right to new home warranty protection. For municipalities, illegal building can lead to potential liability related to improper design, construction and lack of appropriate permits and approvals.

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

Despite these legislative changes, illegal building continues to plague many municipalities across Ontario. OHBA is very pleased that in the 2014 provincial budget, the government made a commitment to work with OHBA and Tarion to implement additional regulatory changes and for the Ministry of Municipal Affairs and Housing to make further changes to the building

permit application process. OHBA also looks forward to working with the Ontario Building Officials Association (OBOA) on a model that will give Tarion the ability to either confirm a builder is registered, or provide assurance that the home is a bonafide owner build (under the legislation individuals are allowed to construct their own home outside of the warranty structure). OHBA believes this model will help prevent illegal building and eliminate the burden felt by building departments in verifying Tarion registration status when issuing building permits.

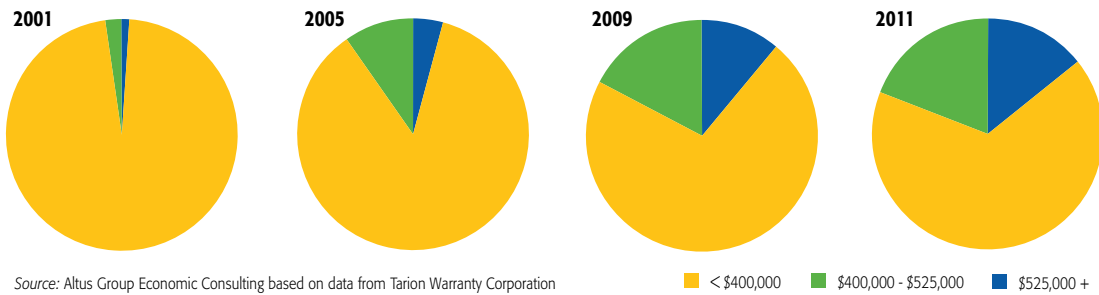
## **2.3 Modernizing HST Thresholds for New Housing**

The introduction of a single sales tax had significant implications for the provincial economy since it was implemented in 2010. OHBA recognizes that the comprehensive tax reform package reduces the tax burden for many businesses and yields long-term economic benefits for capital investment, 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 initial proposal would have implemented the highest marginal tax rates on the middle class 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.

However, over the long-term OHBA believes, even with the enhanced tax structure, 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.

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, protect housing affordability over time. 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 noticeably silent on the issue of future adjustments to the threshold used in its New Housing Rebate.

## DISTRIBUTION OF NEW HOUSING UNITS BY PRICE RANGE, ONTARIO



Ontario housing prices inevitably increase over the long-term and 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. The current \$400,000 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. To mitigate the negative effects and avoid further erosion in housing affordability in the coming years, the threshold of the tax rebate on new housing must be reviewed regularly. OHBA recommends that a provincial commitment should be made to revisit the ‘threshold’ value every five years. This will ensure that the tax rebate continues to reflect changes in housing prices and protect housing affordability over time.

## 2.4 New Neighbours Taxes Government Imposed Charges

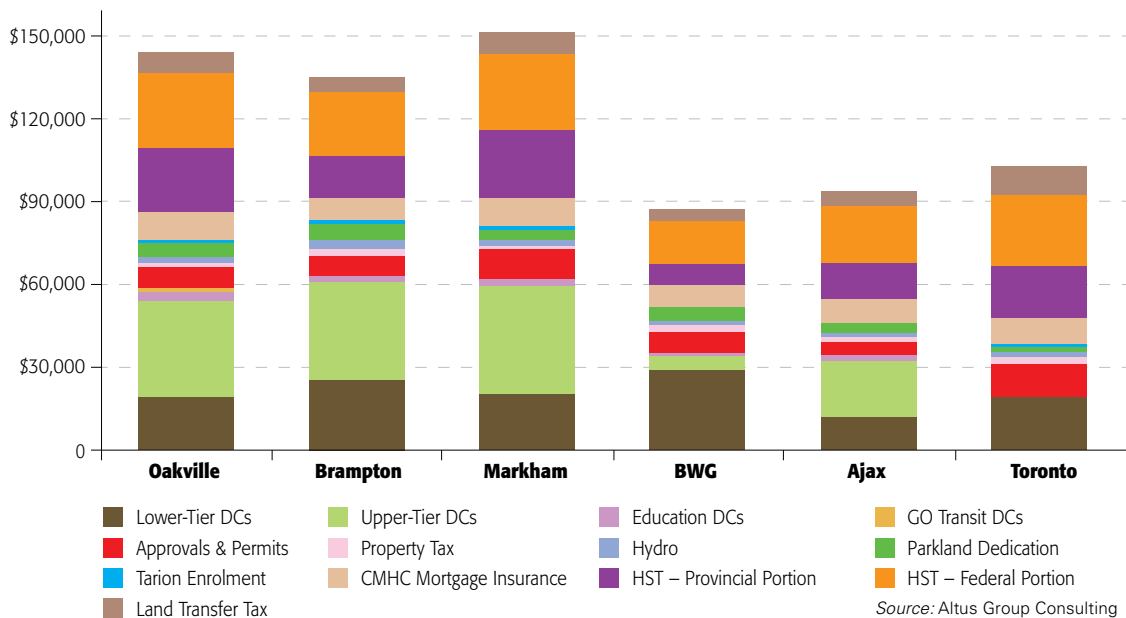
Home builders and land developers are proud to support the financing of infrastructure directly tied to the communities they build. New communities also bring important new property assessment to municipalities across the province and provide an important residential population base to support job growth. The residential construction industry and our new home buyers pay the capital costs related to growth while also contributing significantly towards upstream capital costs related to growth. Additionally, the home building and land development industries support the economy through both direct and indirect jobs and the additional tax revenue generated for all three levels of government.

Our members are concerned that many municipal politicians have viewed new neighbours (new home buyers and new employers) as an easy target for additional taxes, levies and fees while artificially suppressing property taxes to appease existing municipal voters. OHBA is concerned that charges

and fees derived from housing developments in many municipalities have escalated beyond a reasonable direct cost recovery level and are being viewed as a general revenue source. Home builders understand that new neighbours must pay for growth-related infrastructure, however, it appears that 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.

OHBA is concerned that escalating taxes, charges and fees across Ontario are having a severe impact on housing affordability and choice. As taxes and other government charges increase, these are not absorbed by the industry but are added to the cost of a new home and to new employers. These new neighbours ultimately carry the cost of all government imposed fees and charges. Municipalities are increasingly relying on contributions from the new housing and development sector through development charges and other taxes and fees rather than making the hard and sometimes politically unpopular decisions to set property taxes at appropriate levels and to leverage debt while rates are at historic lows.

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





Both new homeowners and new employers already contribute their fair share to municipal, provincial and federal growth-related costs. As noted by the Ministry of Municipal Affairs and Housing, in 2013 alone, development charges paid to municipalities contributed \$2 billion directly toward the construction of growth-related infrastructure such as sewers, roads and transit.

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. OHBA is concerned that many municipalities are not accepting that they are responsible for costs and services beyond the *Development Charges Act* and that excessive “levels of service” within development charges are creatively being utilized to maximize charges while artificially suppressing property taxes. OHBA is also frustrated 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 Ministry of Municipal Affairs and Housing’s Development Charges consultation last year.

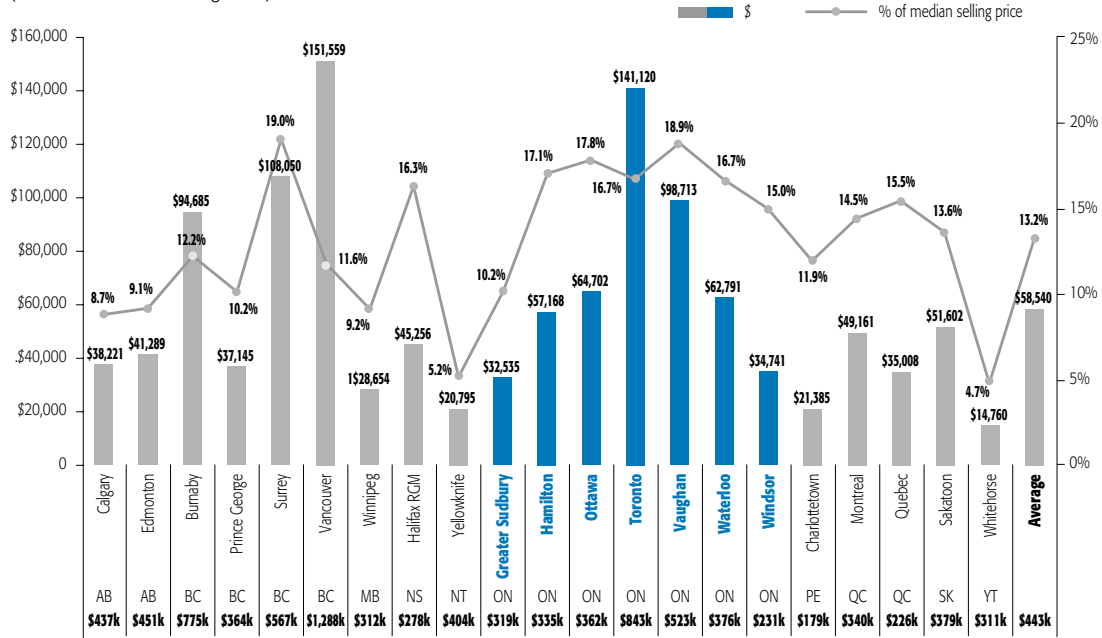
In 2010, CMHC conducted a study of the total Government Imposed Charges (GICs) paid on median priced new detached dwellings in 21 municipalities across Canada. This includes all municipal and provincial GICs, and the federal GST. The chart on page 13 illustrate the impact of total GICs paid in several Ontario municipalities.

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

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

## New Single Detached Homes – 2009 Total Estimated Municipal, Provincial and Federal GICs

(Based on Median Selling Price)



Source: Canada Mortgage and Housing Corporation

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. OHBA is concerned that despite greater fiscal capacity, municipalities continue to increase taxes on new neighbours and apply pressure on the provincial government to grant additional taxation powers.

In conclusion, OHBA is opposed to amendments to the *Development Charges Act* that would undermine housing affordability and impose additional costs on new neighbours to pay for infrastructure assets that clearly benefit the whole community. OHBA supports legislative amendments that will increase municipal accountability and transparency for how new neighbour taxes are levied and for what they are utilized for.

## Government Imposed Changes

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

## 2.5 Housing that is Affordable for People to Purchase or Rent

Housing that is affordable for people to purchase or rent has become an obstacle for many Ontarians. A growing share of households are struggling amid rising housing costs and have little wiggle room in case of an unanticipated change in economic circumstances. Rising housing costs has made the leap from renting or from living with parents into homeownership more difficult and many Ontarians struggle to even cover monthly rental costs. With housing being central to Ontario's economic and social underpinning, it is critical for the government to address the structural barriers that impede both housing affordability and choice.

OHBA believes that the best opportunity of real progress in tackling the longer-term housing affordability issues involves a co-ordinated approach between government and private sector. OHBA notes that TD Economics has recently stated that the rise in average home prices has transformed the GTA into one of the most expensive markets across Canada and globally. As of 2014, the GTA ranked 7th as the most expensive housing market across the world, falling behind the likes of Melbourne, Hong Kong, London and Vancouver. TD Economics further stated that, **“affordable housing is no longer just a concern for low income renters, but has broadened to include the home ownership market.”** OHBA notes that reflecting the recent and steady rise in home prices, many households are financially stretched not only in the GTA, but across Ontario.

OHBA suggests that there must be much stronger public policy alignment between all levels of government to improve Ontario’s housing affordability picture. Cash-strapped government treasuries do not preclude the province from under-taking regulatory improvements and streamlining that do not come at a cost to the treasury. The province should undertake a leadership role to facilitating a greater alignment of municipal policies with provincial policy throughout Ontario. TD Economics concurs with OHBA’s position and a January 19th report stated, “that regional fragmentation has led to sometimes contradictory housing policies and zoning and permitting processes that do not encourage smart growth or diversity”. OHBA is concerned out of date zoning by-laws are out of line with Official Plans, the Provincial Policy Statement and Provincial Plans (i.e. Growth Plan for Greater Golden Horseshoe). Furthermore, OHBA notes that out-dated municipal parkland dedication and municipal parking policies are out-of-line with provincial policy and do not encourage intensification.

OHBA notes that 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. It is essential that municipalities ensure local Official Plans and Zoning By-Laws are up-to-date and consistent with provincial policy as an effective implementation vehicle for provincial planning policy. 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. The province must take a stronger leadership role to ensure better alignment between provincial and municipal land-use planning policies in support of investment-ready communities.

OHBA notes that differences in regulations can be significant. For example, despite modest changes to the *Planning Act*, which OHBA supported to require municipalities to implement policies with respect to secondary suites, many municipalities are either dragging their feet on such policies or making minimal efforts to allow for secondary suites which can provide a safe and viable affordable rental alternative to low-income residents. OHBA recommends the province take a further step and allow secondary suites 'as-of-right' across Ontario, but still ensuring they meet building code and fire code regulations.

Many municipal property tax systems continue to disadvantage multi-residential properties relative to residential properties. The effect of high property taxation on low income households is that Ontario has a massively regressive property tax system. Ontario, tenants pay property tax rates that are on average 2.7 times higher (Toronto has a rate 3.6 times higher) than homeowners, yet, on average, they have half the income of homeowners. This results in the lowest income people in Ontario being charged the highest municipal tax rates. OHBA recommends the province take immediate steps to equalize residential and multi-residential property tax rates across Ontario.

On a positive note, OHBA strongly supports the recent amendment to the Ontario Building Code to allow for six-storey wood-frame housing to be constructed in Ontario as of January 1, 2015. Changing the Ontario Building Code to allow this building option increases the variety of housing choices, realizes cost savings for new home construction and new homebuyers, and represents a major step in achieving planned intensification goals of the Provincial Policy Statement (PPS) and the Growth Plan for the Greater Golden Horseshoe. OHBA strongly supports these Ontario Building Code changes.

## **2.6 Infrastructure / Transportation**

OHBA strongly supports coordinated infrastructure investment towards strategic projects based on clearly defined priorities. These targeted investments should support other provincial objectives such as intensification and the efficient movement of goods and people. OHBA believes the

expansion of ‘core’ infrastructure (roads, transit, water and waste-water) 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. Lastly, housing affordability and choice must be recognized and measured as one of the priority outcomes of public infrastructure investment.

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 which would provide stability and predictability as to when and where infrastructure dollars are going to be spent. This will allow for the private sector to adequately plan projects and target its investments to better align with new and upgraded public infrastructure facilities.

Furthermore, OHBA recommends that the long-term public interest be protected by better aligning land-use planning and infrastructure decisions. Infrastructure that is aligned with a modernized land-use planning framework is key to enhancing productivity, improving our quality of life and enhancing the competitiveness of Ontario in a global economy. OHBA is therefore supportive of a land-use planning framework that focuses on economic development and that creates the framework for investment-ready, transit-oriented communities.

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

The Metrolinx Regional Transportation Plan review in coordination with the Greenbelt and Growth Plan reviews are an opportunity to ensure smart city building and infrastructure investment through an efficient land-use planning process, endeavoring to accommodate the region’s growing population and employment in the most efficient way possible.



OHBA is supportive of the Liberal government's commitment to invest \$130 billion towards infrastructure over the next ten years. Furthermore, OHBA is supportive of the commitment to establish two dedicated transportation infrastructure funds that will create certainty for all stakeholders with \$15 billion to be allocated to the GTAH and \$14 billion across the rest of the province over the next ten years.

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

## **2.7 Ontario Retirement Provincial Pension Plan**

The provincial government introduced legislation in December that will pave the way for an Ontario Retirement Pension Plan (ORPP). The ORPP, which aims to supplement the Canada Pension Plan (CPP), will require employers to match employee pension contributions, increasing the cost of doing business.

While the proposed legislation does not provide details into how exactly the ORPP will operate, it is anticipated the plan will force employers and employees to each contribute 1.9 per cent of a worker's salary, up to \$1,643 if the worker does not have a pension plan. OHBA agrees with the Ontario Chamber of Commerce (OCC) that the plan will negatively impact job creation and hurt Ontario's competitiveness. OHBA's small and medium-sized member companies are still dealing with the additional costs from mandatory WSIB coverage for independent operators and numerous other new government-imposed charges.

OHBA looks forward to continued discussions with the provincial government and other stakeholder groups on the ORPP. OHBA will be working with other groups, including the Ontario Chamber of Commerce, to advocate for changes to this proposal.

## **3. STATE OF THE HOUSING MARKET IN 2014**

### **3.1 Overview**

The past year the housing market has been strong in the GTA, yet stagnant throughout much of the rest of the Province of Ontario. The housing market, in fact, mirrors many of the broader economic challenges for the province as different regions of Ontario are experiencing much different circumstances in terms of employment opportunities, economic growth and immediate prospects for improvement. The housing market is a true barometer of consumer confidence as people without job security, or confidence in their personal finances, typically do not purchase or renovate their homes.

There are a number of risks the province should consider that may impact the residential construction industry in 2015, including:

- Consumer confidence is highly sensitive;
- Volatile Canadian dollar and oil prices;
- Stagnant employment in some Ontario communities;
- Additional increases in municipal development charges;
- Development Charges Act review and additional “new neighbour taxes”;
- Reducing the White-Belt and urban land availability, especially in the GTA and Ottawa is a major concern;
- Underground economy.

## 3.2 The Ontario Housing Market in 2014

In 2014, Ontario's housing market is forecast to experience a 3.1 per cent decline in housing starts from the previous year (which was down 20% from the previous 76,742 housing starts in 2012) and activity is anticipated to be very similar in 2015. CMHC is forecasting 59,200 starts in 2014 and 63,000 starts in 2015. The weaker performance of the new housing industry in 2014 should be of concern to the provincial government as the over 313,000 jobs and \$44 billion in economic impacts generated through residential construction have been a stabilizing force for the Province of Ontario during the recovery from the 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 growth in Ontario.

The new housing market in Ontario has recently been defined by a buoyant high-rise condo sector in the GTA and a weaker provincial ground-related housing sector across the rest of the province as a result of waning consumer confidence.

The GTA high-rise condominium market has rebounded after a somewhat slower year in 2013 and continues to support provincial intensification policies. OHBA notes that the rebound in sales and construction activity has corresponded with a decline in unsold supply inventories, which is a positive signal that the industry is self-regulating as developers delayed launches of new projects in order to focus on reducing existing inventory. TD Economics recently reported in January 2015 that, "as much as one quarter of Toronto's job creation over the past 10 years has flowed from direct and indirect effects of the housing boom." While the GTA condominium market is no longer shattering records, the pace of sales reflects demographic 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. OHBA notes that within, the GTA specifically the price gap between high-rise condos (where supply is able to keep up with demand) and low-rise ground oriented housing (where available land supply is restricted and cannot keep up with demand) sits at a record of \$251,337 according to RealNet. This compares to five years ago, when the gap between low-rise and high-rise pricing in the GTA was \$75,136, and ten years ago, when the gap was \$95,581. While OHBA generally supports provincial policy

efforts in support of intensification, OHBA is concerned that any potential policy to reduce existing available urban lands, will put upward pressure on remaining available urban land. The declining availability of urban land supply for long-term growth will continue to put strong pressure on low-rise housing prices and limit this housing option for Ontario families.

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 (this figure does not include additional, very costly, “area-specific” charges or un-transparent “voluntary” charges levied outside the *Development Charges Act* that can bring total development changes over \$100,000). 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 home ownership be an affordable and attainable objective for the middle class.

<b>HOUSING STARTS FORECAST</b>				
	<b>2013</b>	<b>2014F</b>	<b>2015F</b>	<b>2016F</b>
<b>Single</b>	23,270	23,400	24,600	21,400
<b>Multi</b>	37,815	35,800	38,400	39,000
<b>Total</b>	61,085	59,200	63,000	60,400
<i>Source: CMHC</i>				

Across Ontario the single-detached market continued to experience near decades lows. The single-detached home sector is forecast to record the third lowest level of activity in two decades and the fifth lowest level of housing starts since 1982. The level of new condominium construction and associated economic activity will continue to be strong for the next few years as condo sales are anticipated to be approximately 22,000 in 2014 after a disappointing 13,797 sales were recorded by Urbantion in 2013. OHBA notes that, due to the lack of purpose built rental housing, the GTA investor condo market is unable to keep pace with rental demand.

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 home owners 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 The Ontario Renovation Market**

The residential renovation sector accounts for some \$23 billion in investment activity in Ontario and supports over 172,000 jobs in the province. The renovation market was fairly resilient in 2014 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 likely escalate in 2015 as mandatory WSIB coverage for independent operators has taken effect and will be enforced by the WSIB. This will have long-term consequences for consumers, legitimate contractors and on government revenues.

### **3.4 Economic Impact of New Housing and Residential Renovations**

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 2013 the residential construction industry (both new housing and renovations) contributed over \$44 billion to the provincial economy and created an estimated 182,100 direct on-site jobs and 131,300 indirect off-site jobs, resulting in a total of 313,400 person years of employment. The total wages generated from the residential construction industry was over \$17 billion.

# 4. CONCLUSION

## 4.1 Conclusion

Ontario is dealing with continuing global economic uncertainty and the new housing, land development and professional renovation industries continue to act as an engine driving employment and growth. OHBA recommends that job creation, infrastructure investment and combating underground economic activity be considered as the top priorities in the 2015 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. The province must commit to a regular review of the \$400,000 threshold to ensure middle class 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 both the renovation sector and new home building sector. OHBA is seeking a joint federal and provincial solution to this issue through a targeted 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 also looks forward to working with Tarion, the OBOA and the provincial government to combat illegal building.

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 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 and unaccountable Section 37 Density Bonus provisions and a new development charges framework that ensures fairness, transparency and accountability for charges collected from Ontario's new home buyers. 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.





**Ontario**  
Home Builders'  
Association

**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

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

Windsor-Essex

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THE RESIDENTIAL CONSTRUCTION INDUSTRY IS

# the engine that drives Ontario's economy

2013 Data



## 61,085 Housing Starts

Housing starts in Ontario declined by 20% in 2013 following a 13% increase the year before. Increasing levels of intensification resulted in over 37,000 multi-unit housing starts. Activity is anticipated to soften in 2014 with a forecast of 57,000 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.

## 313,400 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!**

## \$44.1 billion

In 2013 the value of new home construction, residential renovations and impacts of other expenditures related to residential construction

in Ontario totalled \$44.1 billion. That includes \$16.1 billion in new residential construction, \$24.3 billion in residential renovations and \$3.7 billion in other related expenditures.

## \$17.0 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.

## 51,506 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 2013, 51,506 new homes were enrolled with Tarion and a total of 370,537 new homes are currently under warranty across Ontario.



**The Ontario Home Builders' Association is the voice of the new housing, professional renovation and land development 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.**

# Ontario's Renovation Industry



Ontario  
Home Builders'  
Association

## The Size of Ontario's Renovation Industry

- **182,100 Jobs** in home renovation and repair.
- **\$24.3 Billion** in investment value — largest single wealth-builder for many Ontario families.
- **\$9.9 Billion** in wages.



## 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.



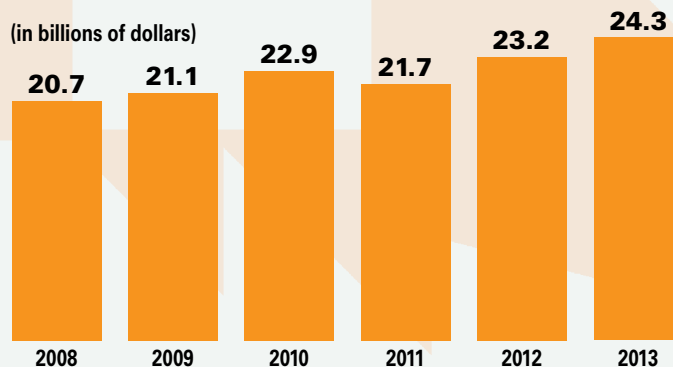
## Healthy Homes Renovation Tax Credit

- 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

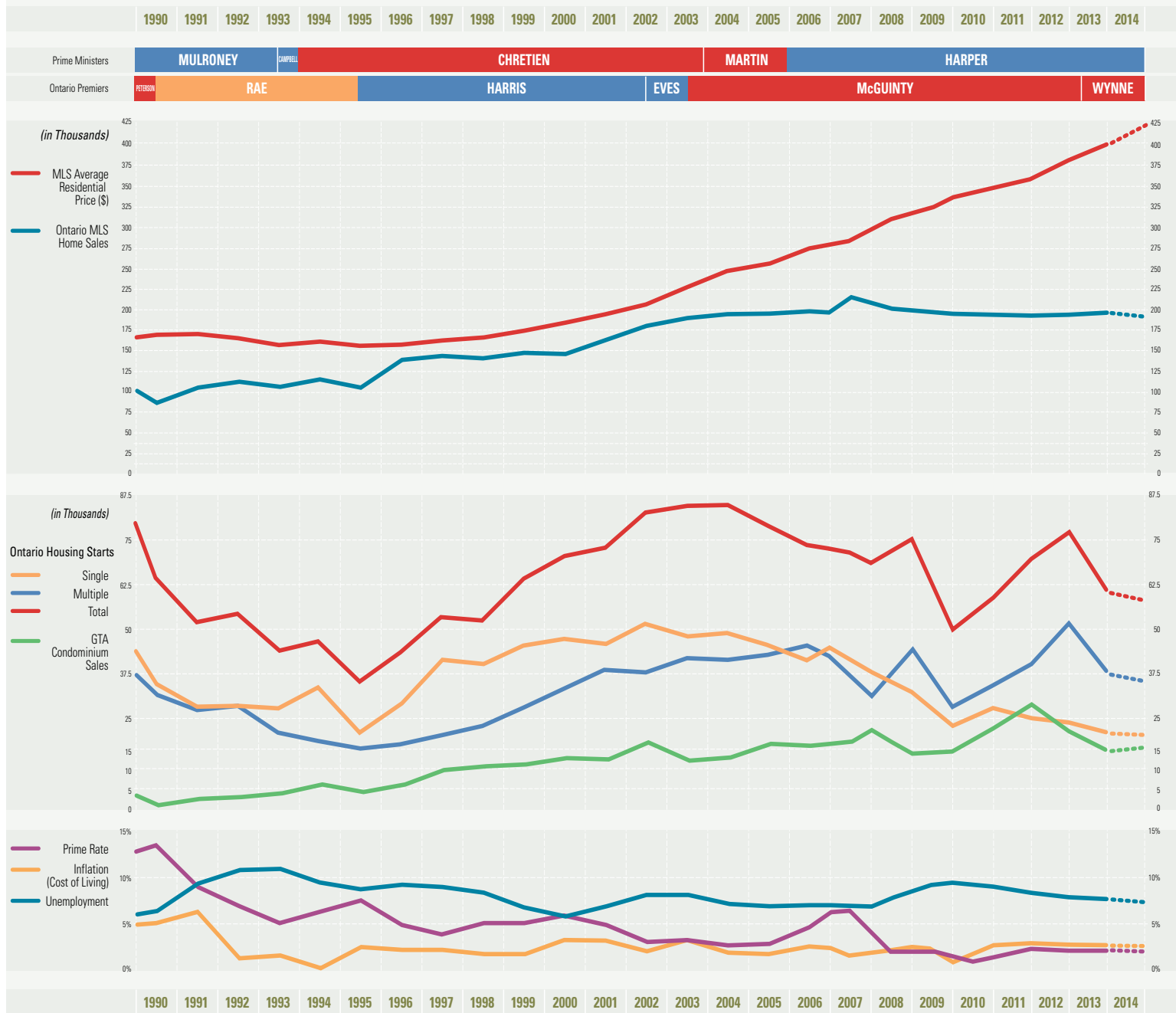


Source: Canada Mortgage and Housing Corporation, Will Dunning Inc.

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[www.renomark.ca](http://www.renomark.ca)

1990-2014

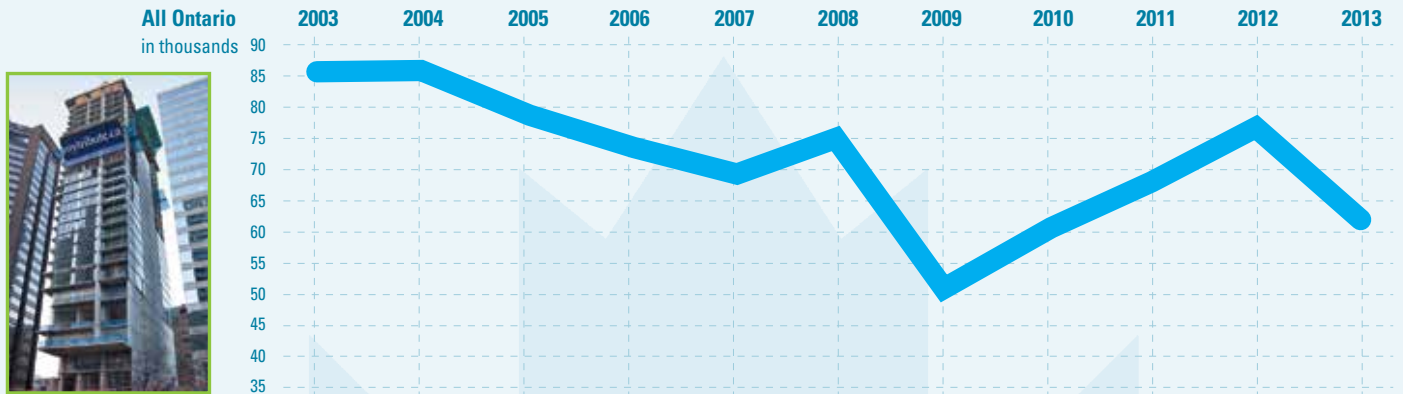
# Ontario Housing & Economic Indicators



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

**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.**

# Total Housing Starts Ontario 2003-2013



<b>Census Metropolitan Areas</b>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Barrie	2,368	2,435	1,484	1,169	980	1,416	427	682	700	782	891
Brantford	458	482	534	409	589	432	317	504	428	402	396
Guelph	994	1,420	951	864	941	1,087	567	1,021	764	731	890
Hamilton	3,260	4,093	3,145	3,043	3,004	3,529	1,860	3,562	2,460	2,969	2,709
Kingston	1,131	872	683	968	880	672	717	653	959	896	856
Kitchener	3,995	3,912	3,763	2,599	2,740	2,634	2,298	2,815	2,954	2,900	1,840
London	3,027	3,078	3,067	3,674	3,141	2,385	2,168	2,079	1,748	2,240	2,163
Oshawa	3,907	3,153	2,934	2,995	2,389	1,987	980	1,888	1,859	1,803	1,384
Ottawa	6,381	7,243	4,982	5,875	6,506	6,998	5,814	6,446	5,794	6,026	6,560
Peterborough	547	514	619	437	540	428	371	404	351	343	354
St. Catharines	1,444	1,781	1,412	1,294	1,149	1,138	859	1,086	1,110	1,137	1,223
Sudbury	306	388	400	477	587	543	450	575	595	536	431
Thunder Bay	211	287	227	165	249	167	180	222	374	380	324
Toronto	45,475	42,115	41,596	37,080	33,293	42,212	25,949	29,195	39,745	48,105	33,547
Windsor	2,237	2,287	1,496	1,045	614	453	391	617	719	717	708
<b>Larger Census Agglomerations</b>											
Belleville	387	507	367	313	368	324	357	324	265	276	234
Chatham-Kent	150	143	197	217	177	136	85	103	113	137	136
Cornwall	231	217	159	132	135	133	156	173	127	127	156
Kawartha Lakes	359	367	322	334	349	311	199	341	212	201	210
North Bay	125	151	226	185	112	139	199	176	101	139	75
Sarnia	203	194	243	191	258	278	299	203	223	129	147
Sault Ste Marie	99	119	128	105	117	173	85	99	129	120	156
<b>Urban areas (Population 50,000+)</b>	<b>80,933</b>	<b>79,894</b>	<b>69,365</b>	<b>63,928</b>	<b>59,460</b>	<b>67,798</b>	<b>44,903</b>	<b>53,382</b>	<b>61,946</b>	<b>71,316</b>	<b>57,434</b>
<b>All Ontario</b>	<b>85,180</b>	<b>85,114</b>	<b>78,795</b>	<b>73,417</b>	<b>68,123</b>	<b>75,076</b>	<b>50,370</b>	<b>60,433</b>	<b>67,821</b>	<b>76,742</b>	<b>61,085</b>

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.**

Ontario Home Builders'  
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# Infrastructure Investment is the Road to Prosperity

## 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 (The Big Move).

## Infrastructure = Prosperity

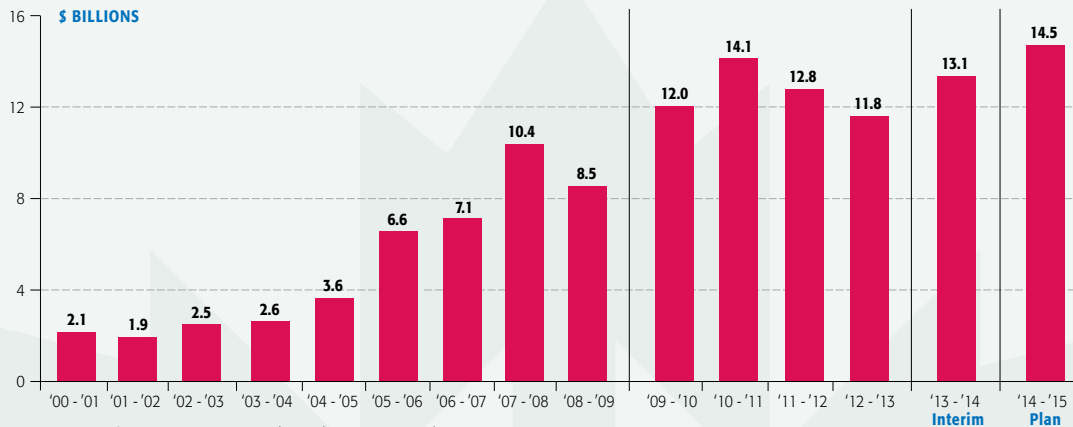


- Infrastructure investments support jobs during these challenging economic times, spur private sector investment and help to lay the foundation for future growth and prosperity;
- An infrastructure investment plan that provides stability and predictability as to when and where infrastructure dollars 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.

# Ontario Government Infrastructure Investment



## ANNUAL INFRASTRUCTURE INVESTMENT IN ONTARIO



- 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: Ministry of Municipal Affairs and Housing  
Ministry of Economic Development, Employment and Infrastructure

Submitted by: OHBA Land Development Committee

Date: September 22, 2014

Subject: Greenbelt

---

*Whereas:* Bill 27, *Greenbelt Protection Act, 2004* became law on June 24, 2004. The legislation, in conjunction with a zoning order issued by the Minister of Municipal Affairs and Housing, created a study area and placed a moratorium on some land uses until a specific plan was established. Bill 135, *Greenbelt Act, 2005* became law on Feb 28, 2005. It provided permanent protection for the Greenbelt area as established in the *Greenbelt Plan*; and

*Whereas:* Approved by the Lieutenant Governor in Council, Order-in-Council No. 208/2005. The *Greenbelt Plan* was established under Section 3 of the *Greenbelt Act, 2005*, to take effect, retroactively, on Dec 16, 2004; and

*Whereas:* Section 10 of the *Greenbelt Act, 2005* requires that in conjunction with the reviews carried on under section 17 of the *Niagara Escarpment Planning and Development Act* and under Section 3 of the *Oak Ridges Moraine Conservation Act*, a review of the *Greenbelt Plan* is carried out every 10 years after the date the *Greenbelt Plan* comes into force to determine whether it should be revised; and

*Whereas:* Section 11, 12 and 13 of the *Greenbelt Act, 2005* contain policies for the consideration of proposing amendments to the *Greenbelt Plan* and for the appointment of a hearing officer to conduct a hearing with respect to the proposed amendment as long as it does not have the effect of reducing the total land area within the *Greenbelt Plan*; and

*Whereas:* In 2008 the Province consulted stakeholders, including OHBA, on the establishment of criteria ("Growing the Greenbelt") to be used by the province when considering requests from municipalities to expand the Greenbelt; and

*Whereas:* a 45-day consultation period on a *Proposed Amendment to the Greenbelt Plan* took place between Nov 20, 2012 and Jan 4, 2013. OHBA was generally supportive of *Amendment #1 to the Greenbelt Plan* that:

- added *provincially owned* lands of approximately 255 hectares (630 acres), which are part of the Glenorchy Conservation Area in the Town of Oakville, to the Protected Countryside area of the *Greenbelt Plan*;
- and added a new "Urban River Valley" designation to the *Greenbelt Plan* to facilitate adding *publicly owned lands* in urban river valleys currently outside the Greenbelt.

*Therefore be it resolved that:* OHBA will continue to support public evidence-based processes that are accountable and transparent and included both planning and science-based approaches for future Greenbelt expansion.

*Therefore be it further resolved that:* the Urban River Valley designation was designed to only be extended to publicly-owned lands and cannot be extended to cover privately-owned lands.

*Therefore be it further be resolved that:* where there is a public Official Plan process that meets the Growing the Greenbelt Criteria including the Growth Plan requirements, that is the appropriate process to grow the Greenbelt.

*Therefore be it further resolved that:* OHBA recommends that as part of the 10-year review of the Greenbelt, and as contemplated in the *Greenbelt Act*, that the Province consult the public and stakeholders on a set of criteria to review Greenbelt designations in the *Greenbelt Plan*. Furthermore, once criteria are established, a hearing officer should be appointed under subsection 12 (1) to conduct hearings with respect to proposed amendments to the *Greenbelt Plan*.

MOVED: J. Whyte

SECONDED: S. Upton

CARRIED

## RESOLUTION # 2 (External)



Submitted to: Ministry of Municipal Affairs and Housing  
Ministry of Government and Consumer Services

Submitted by: OHBA-Tarion Liaison Committee

Date: July 2, 2014

Subject: Illegal Building

---

*Whereas:* All new homes built for sale in Ontario must be enrolled with the Tarion Warranty Corporation. Only owners who build their own homes are exempt from warranty coverage pursuant to the Ontario New Home Warranties Plan Act; and

*Whereas:* Under the Good Government Act, 2009 passed in December 2009, a change to O.Reg. 503/09 made it mandatory for municipalities to provide information about building permits and applications to Tarion; and

*Whereas:* Under the Ontario Budget 2014, the Province proposed to address the problem of illegal residential building, which may include legislative and regulatory changes; and

*Whereas:* In British Columbia, individuals wanting to be an owner-builder of a new home are required to obtain authorization from the HPO and are subject to restrictions to sell owner-built homes; and

*Therefore be it resolved that:* OHBA work with Tarion to design a model that is not onerous to existing Tarion registered vendor/builders and building officials; and

*Therefore be it further resolved that:* The provincial government amend the *Building Code Act* to permit Tarion to determine if an applicant is a registered vendor/builder or is legitimately an owner-builder.

MOVED: A. Churchill

SECONDED: J. Bazely

CARRIED

### RESOLUTION # 3 (External)



Submitted to: Attorney General  
Ministry of Economic Development, Employment and Infrastructure

Submitted by: OHBA Executive Committee

Date: September 22, 2014

Subject: Construction Lien Act

---

*Whereas:* OHBA supports the freedom for private enterprise to enter into contracts with each other pursuant to common law statutes and the present legislative framework; and

*Whereas:* OHBA supports contractors being paid in a timely fashion for quality work completed; and

*Whereas:* Several construction stakeholders supported a Private Member's Bill, *Bill 69, Prompt Payment Act, 2013* which would have created significant new obligations on all parties within the construction sector by imposing rigid contract payment terms, onerous work verification procedures, penalties and intrusive financial disclosure requirements; and

*Whereas:* OHBA was concerned that *Bill 69* introduced unprecedented disclosure requirements for owners, new administrative burdens on all construction parties, and potential delays for project completion and home occupancy; and

*Whereas:* OHBA's concerns with respect to *Bill 69* were shared by the public and private sector stakeholders that included: Association of Municipalities Ontario, the City of Mississauga, the City of Toronto, general contractors, various school boards, and public agencies; and

*Whereas:* OHBA opposed *Bill 69* and was a key stakeholder as part of the legislative process and provided written and oral deputations that highlighted our concerns; and

*Whereas:* the Ontario Liberal Government did not move forward with *Bill 69, Prompt Payment Act 2013*, in order to create a broad consultative process examining the *Construction Lien Act* which was announced in May 2014 and re-confirmed in the 2014 Ontario Liberal Party Platform.

*Therefore be it resolved that:* OHBA actively participate in the government-led consultation and advocate a position, through the consultative process, that any change to the *Construction Lien Act* respects present contractual relationships and the financial privacy of owners; and

*Therefore be it further resolved that:* OHBA advocate that any changes to the *Construction Lien Act* must **not** make it more difficult for projects to be completed in a timely fashion, increase costly litigation or increase administrative burden on contractors.

MOVED: S. Harris

SECONDED: R. Melik

CARRIED

## RESOLUTION # 4 (External)



Submitted to: Ministry of Municipal Affairs and Housing  
Ministry of Economic Development, Employment and Infrastructure

Submitted by: OHBA Land Development Committee

Date: September 22, 2014

Subject: White Belt

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*Whereas:* The Greater Golden Horseshoe (GGH) is one of the fastest growing areas in North America. This region is expected to grow from approximately 9.1 million people in 2011 to approximately 13.5 million by 2041; and

*Whereas* The *Growth Plan for the Greater Golden Horseshoe, 2006* is a regional growth management and economic development plan for the GGH. Introduced under the *Places to Grow Act*, the Plan was approved by the Lieutenant Governor in Council and enacted on June 16, 2006; and

*Whereas:* The *Greenbelt Act, 2005* became law on February 28, 2005. It provided protection for the Greenbelt area established in the *Greenbelt Plan* which took effect on December 16, 2004; and

*Whereas:* The *Greenbelt Plan* and *Growth Plan* work in tandem with the Greenbelt currently being buffered by a long-term strategic urban reserve, often referred to as the 'whitebelt'. The whitebelt is, essentially, the approximately 58,000 hectares of land between the current urban growth boundaries and the Greenbelt; and

*Whereas:* As urban areas grow in the future, new lands will be required to be designated for growth during municipal Official Plan reviews. The MOI's five-year review of the *Growth Plan* specifically states: "Because of the magnitude of growth that is forecast, it will be necessary to bring new lands into the urban envelope. The *Growth Plan* outlines a series of tests and criteria to ensure that expansions occur when necessary and where most appropriate, and in a way that ensures that infrastructure is in place and the natural environment is protected."

*Whereas:* The review of the *Growth Plan* also states: "With population and employment continuing to grow into the future, it is anticipated that the urban footprint of municipalities in the Greater Golden Horseshoe will continue to expand. The *Growth Plan* ensures, however, that any new land designated for future urban uses will be planned in a way that makes better use of infrastructure, is more compact and offers more opportunities to walk or take transit."

*Whereas:* The whitebelt is not simply intended to accommodate growth for the next round of municipal conformity to the *Growth Plan Schedule 3 2041* forecasts, but acts as a long-term urban reserve; and

*Whereas:* In 2011, the *Friends of the Greenbelt Foundation* released a report *Inside and Out* stating: "The whitebelt provides a buffer area between already urbanized areas or areas designated in Official Plans for development and the Greenbelt, where urban development is prohibited." And, "the supply of land in the whitebelt should suffice to accommodate development for several generations. Thus, in principle, there should be no pressure for urban expansion into the Greenbelt in the foreseeable future." And, "As the whitebelt can theoretically continue to absorb development across the inner-ring of the GGH, it is unlikely that there would be pressure to push the Greenbelt's inner boundary further away from Lake Ontario to accommodate development."

*Therefore be it resolved that:* The upcoming legislated 10-year review of the *Growth Plan* for the Greater Golden Horseshoe should officially designate and protect the whitebelt lands as a long-term urban reserve in which municipal expansions can only occur when the series of test and criteria, already outlined in the *Growth Plan*, have been met; and

*Therefore be it further resolved that:* That the Greenbelt designation not be expanded into the whitebelt except in limited circumstances where that land is publicly-owned or meets the Urban River Valley criteria (which can only be used if under public ownership);

MOVED: S. Upton

SECONDED: D. Murray

CARRIED

## RESOLUTION # 6 (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 22, 2014

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; and

*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 new homebuyers, and would represent 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 with over 100 projects and 2000 new housing/rental units being provided to date; and

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

*Whereas:* On March 20, 2014, MMAH posted a policy document on the Ontario Regulatory Registry regarding potential amendments to the Building Code to allow mid-rise wood-frame construction; and

*Whereas:* The 2014 Liberal Platform promoted wood construction, through changing the building code to allow six-storey wood-frame buildings to encourage the construction of mid-rise, mixed-use buildings; and

*Therefore be it resolved that:* The provincial government amend the *Ontario Building Code* in 2014 so that Ontario home builders can begin constructing six-storey wood-frame buildings on January 1, 2015.

MOVED: R. Luciani

SECONDED: B. Garrard

CARRIED

## RESOLUTION # 7 (External)



Submitted to: Ministry of Transportation  
Metrolinx

Submitted by: OHBA Land Development Committee

Date: September 22, 2014

Subject: Transportation Planning Policy Statement

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*Whereas:* The provincial government has committed to investing \$130 billion into infrastructure over the next decade, including a \$15 billion fund focused on transit for the Greater Toronto and Hamilton Areas and a \$14 billion fund for transit and other transportation infrastructure across the rest of Ontario; and

*Whereas:* The new housing, commercial and land development industries are key partners to the province in creating transit-oriented, complete communities that will support transit systems over the long-term; and

*Whereas:* It is critical that the province better align transportation planning and land-use planning to maximize limited resources; and

*Whereas:* The provincial government is currently constructing the multi-billion-dollar “*first wave*” of Metrolinx “*Big Move*” projects, yet most municipalities have not updated and modernized BOTH their Official Plans and Zoning By-Laws to support as-of-right Transit Oriented Development along new/planned transit corridors, in new/planned Mobility Hubs and surrounding new/planned transit stations; and

*Whereas:* A “*next wave*” of Metrolinx “*Big Move*” projects as well as higher-order transit projects in Waterloo Region and the City of Ottawa provide an opportunity to better align transit planning and land-use planning through BOTH updated and modernized Official Plans and Zoning By-Laws to encourage as-of-right Transit Oriented Development; and

*Whereas:* Under Sec 31.1 of the Metrolinx Act, 2006, “The Minister may issue policy statements that have been approved by the Lieutenant Governor in Council on matters relating to transportation planning in the regional transportation area.” And that the Minister’s Transportation Planning Policy Statement (TPPS) must [Sec 31.1 (2) (c)] “ensure that the transportation planning policy statement is in alignment with the growth plans prepared and approved under the *Places to Grow Act, 2005* applicable in the regional transportation area.” And furthermore, [Sec 31.1 (4)] “A decision under the *Planning Act* or the *Condominium Act, 1998* made by a municipal council, local board, minister of the Crown or ministry, board, commission or agency of the Government of Ontario, including the Ontario Municipal Board, that applies in the regional transportation area shall be consistent with the designated policies set out in a transportation planning policy statement.”

*Therefore be it resolved that:* The Minister of Transportation commence consultations with stakeholders to implement a Transportation Planning Policy Statement (TPPS) that would apply to higher-order transit corridors across Ontario. The TPPS should be structured to require municipal Official Plans and Zoning By-Laws to be in conformity with the TPPS and allow appropriate as-of-right Transit Oriented Development on Transit Corridors and surrounding new/planned Transit Stations. The zoning by-laws that are brought into conformity with a TPPS should ensure that each transit project is positioned to strong ridership growth supported by Transit Oriented Development.

MOVED: A. Churchill

SECONDED: J. Hurd

CARRIED

**RESOLUTION # 8 (External)**



Submitted to: Office of the Premier  
Submitted by: OHBA Executive Committee  
Date: September 22, 2014  
Subject: Respect for Rural Ontario and Small Business

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*Whereas:* The Premier has stated that the government will represent all regions of Ontario;

*Whereas:* The Premier have demonstrated a commitment to representing all of Ontario by being the first Premier in history to carry out the duties of Premier while also serving as the Ministry of Agriculture, Food and Rural Affairs; and

*Whereas:* OHBA represents over 4000 members from 31 local home building associations from rural, urban and northern Ontario with varied and diverse regulatory concerns and sensitivities; and

*Whereas:* There is a concern about regulatory policies from across Government being developed with an urban, Toronto-centric context.

*Therefore Be It Resolved That:* The Government of Ontario place additional emphasis when establishing new regulations and enforcing regulations on how they may affect rural Ontario, especially with respect to small business and non-urban areas.

MOVED: J. Whyte                      SECONDED: J. Adam

CARRIED



**RESOLUTION # 9 (External)**



Submitted to: Ministry of the Environment and Climate Change  
Ministry of Municipal Affairs and Housing  
Ontario Building Officials Association

Submitted by: OHBA Land Development Committee

Date: September 22, 2014

Subject: Exemption of Record of Site Condition for Temporary Roads

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*Whereas:* The Environmental Protection Act and Regulation 153/04 require that a Record of Site Condition (RSC) is required for a change in use from a temporary road (a community use) to a residential building lot; and

*Whereas:* The change in use from a temporary road to a residential building lot occurs regularly in new subdivisions across Ontario. When a subdivision is not fully built, temporary roads are often installed for emergency/temporary vehicle access purposes. These temporary roads are typically located on future residential lots and are often paved with a granular base, sometimes with curbs, but not with municipal services. They remain in use for varying time periods dependent on a variety of timing factors such as phasing, site-servicing and sales; and

*Whereas:* The RSC is a requirement prior to municipal building permit issuance when the residential lot within a subdivision was utilized as a temporary road. The requirement for an RSC can cause significant delays and unnecessary expense with minimal risk for building permit issuance; and

*Whereas:* The temporary road asphalt and granular base are fully removed by the builder/developer prior the the foundation excavation and lot servicing commencing; and

*Whereas:* An RSC requirement can create confusion and misunderstanding for the new home owner, bank issuing the home mortgage and for issuance companies to understand the previous use of the property and whether the previous use is a cause for concern or a risk to the homeowner; and

*Therefore Be It Resolved That:* The Ministry of Environment and Climate Change provide an exemption to the Environmental Protection Act and Ontario Regulation 153/04 for temporary roads.

MOVED: S. Harris

SECONDED: G. Mancini

CARRIED

## RESOLUTION #10 (External)



Submitted to: Ministry of Labour  
Workplace Safety and Insurance Board

Submitted by: OHBA Health and Safety Committee

Date: September 22, 2014

Subject: WSIB Rate Group Modernization

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Whereas: the WSIB Premium Rate for residential construction is more than twice as high as the Canadian average workplace safety compensation premium rate and 4.5 times higher than workplace insurance rates in Alberta; and

Whereas: WSIB Premiums in the home building and renovation sector are at such a high rate that they incent many consumers to purchase construction services with firms that operate in the underground economy. These contractors work for 'cash' deals and do not pay WSIB Premiums or other federal, provincial and municipal taxes and levies; and

Whereas: Ontario WSIB rate groups operate under an antiquated and outdated system to separate 'risk' categories for different industries into an unwieldy and confusing structure of 155 rate groups and over 800 classification units; and

Whereas: The WSIB has already consulted extensively on rate group reforms for over four years, beginning with the establishment of the *Harry Arthurs Panel* in September 2010 which issued a report, *Funding Fairness* in 2012 and a more focused stakeholder consultation throughout 2013, chaired by Douglas Stanley, which published *The Case For Change* report in early in 2014; and

Whereas the *Arthurs Report* concluded that the present system "rests on a foundation of anachronisms and ambiguities" and Stanley argued for the "consolidation of rate groups from the current 155 down to 20 or 25 groups"; and

Whereas: the majority of provinces have consolidated rate groups and have merged the home building rate group with the institutional, commercial and industrial rate group; and

Whereas: Ontario home builders pay twice as much in WSIB premiums compared to institutional, commercial, industrial rate groups despite the fact that the building process, trades, and building code often are often identical for both sectors; and

Whereas: the WSIB needs to show leadership and tackle the fairness issue that negatively impacts housing affordability, the underground economy, and business fairness in Ontario.

Therefore be it resolved that: WSIB expeditiously create a targeted plan on merging rate groups over the short term with clear timelines as per the recommendations by the Douglas Stanley's *The Case For Change* report.

MOVED: D. Murray

SECONDED: D. VanMoorsel

CARRIED

## RESOLUTION #11 (External)



Submitted to: Ministry of Environment and Climate Change  
Ministry of Municipal Affairs and Housing

Submitted by: OHBA Land Development Committee

Date: September 22, 2014

Subject: Supporting Brownfield Redevelopment (O. Reg 153/04)

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*Whereas:* The Provincial Policy Statement (2014) promotes the efficient utilization of existing municipal infrastructure and opportunities for intensification and redevelopment as a priority to manage and direct land-use to achieve efficient and resilient development and land-use patterns; and

*Whereas:* The Growth Plan for the Greater Golden Horseshoe, 2006 as amended requires redevelopment and intensification as a priority within the Urban Growth Centre and Built-up Area of municipalities; and

*Whereas:* Lands located within urban centres may have a legacy of former abandoned and underutilized industrial sites together with the residual effects of past land uses including soil and groundwater contamination; and

*Whereas:* Ontario Regulation 153/04 requires the completion of a Record of Site Condition prior to changes to a more stringent land-use (e.g., industrial or commercial to residential or parkland); and

*Whereas:* OHBA is concerned that the Ministry of the Environment and Climate Change has implemented an interpretation of specific sections of Ontario Regulation 153/04, Records of Site Condition, which is impeding Brownfield development;

*Therefore be it resolved that:* OHBA recommends that to better support the public policy of encouraging Brownfield redevelopment that there be improvements made to Ontario Regulation 153/04 with respect to Records of Site Condition to enhance the ability of Qualified Persons to interpret Ontario Regulation 153/04 to support Brownfield development; and

*Therefore be it further resolved that:* OHBA recommends that the Ministry of the Environment and Climate Change undertake a review Ontario Regulation 153/04, Records of Site Condition specific to conducting the site investigation and delineation, and work with OHBA throughout the review process.

MOVED: D. Stewart

SECONDED: W. Hissa

CARRIED



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