



Ontario
Home Builders'
Association

OHBA represents
4,000 member
companies organized
into a network
of 29 local
associations across
the province.

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

Ontario Home Builders' Association
20 Upjohn Road, Suite 101
North York, Ontario M3B 2V9
Tel: (416) 443-1545
Toll Free: 1-800-387-0109
Fax: (416) 443-9982
e-mail: info@ohba.ca
web: www.ohba.ca

Improving Housing Affordability

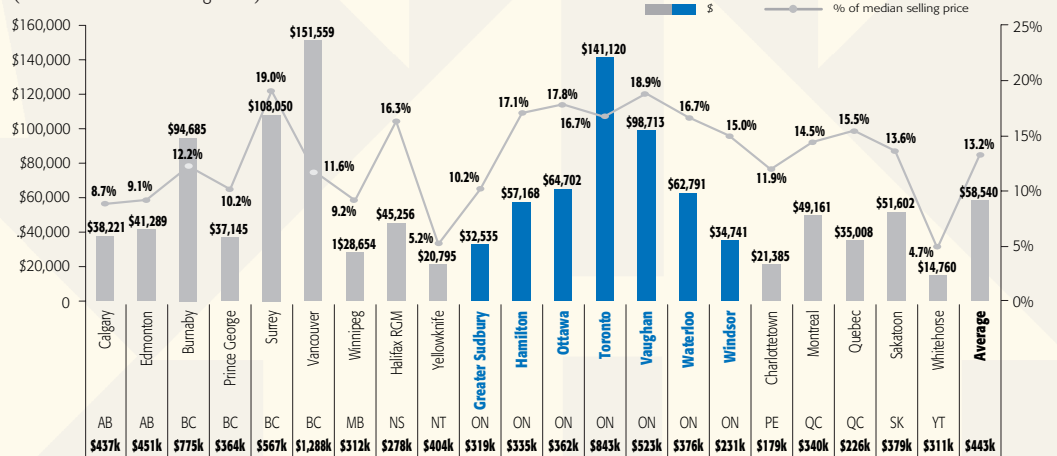
HST Threshold Design Review

Impact of Government Imposed Charges (GICs) on Housing Affordability

- OHBA is very concerned by the upward trend in taxation on new housing in jurisdictions across Ontario. Higher levels of taxes limit housing affordability and choice for Ontarians.
- The November 2010 CMHC study *Government Imposed Charges on New Housing in Canada* examined new housing data in 2009 and found that six of seven Ontario municipalities included in the study had GICs of over 15% of the median selling price. Furthermore, taxation on new housing in Ontario was amongst the highest in Canada.
- The most influential tool the provincial government can utilize to improve housing affordability in Ontario is a regular review of the HST threshold for the new housing rebate.

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

(Based on Median Selling Price)

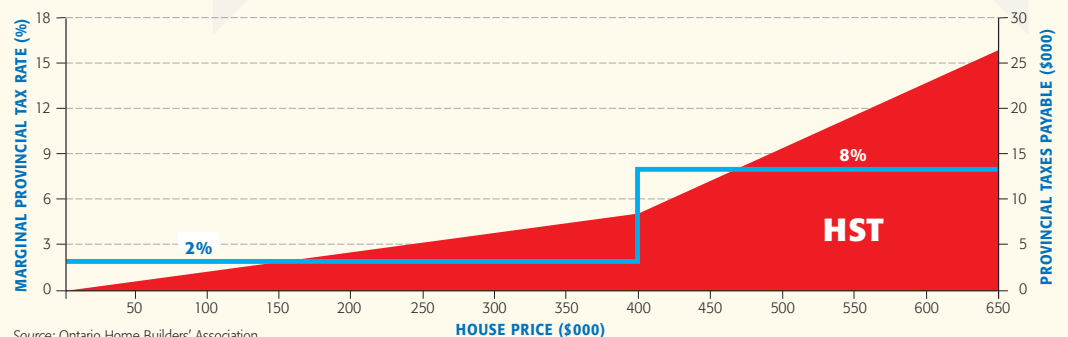


Source: Canada Mortgage and Housing Corporation

The HST and New Housing

- Ontario's HST came into effect on July 1, 2010 and is payable on new housing sales;
- The government included a provision within the HST for a new housing rebate of some of the Ontario proportion of the HST;
- This provision provides a rebate equivalent to 6 percentage points of the 8% provincial share of the tax on qualifying housing purchases up to a threshold value of \$400,000 and a fixed rebate of \$24,000 on qualifying purchases of homes valued over \$400,000.

Total Provincial and Marginal Tax Rate on New Housing under Revised HST Proposal



Source: Ontario Home Builders' Association

Improving Housing Affordability

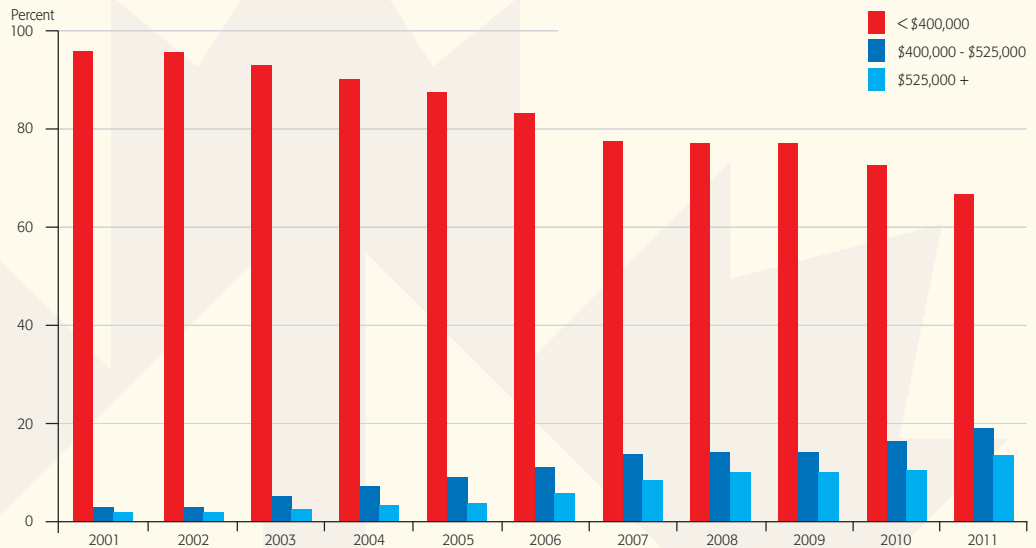
HST Threshold Design Review



New Home Prices Increase Over Time

- From 2000 to 2011, the new housing price index had increased some 44.3%, compared to general inflation, that rose 26.3%; and median family income which advanced by 20.3%.
- The share of new housing units under \$400,000 as a percentage of total new housing in Ontario has been gradually declining over the last decade – it fell 29 percentage points from 96% in 2001 to 67% in 2011.
- As a result of faster housing price appreciation, an ever growing share of new homes will be valued over \$400,000, meaning more and more Ontarians will be faced with higher new home sales taxes.

DISTRIBUTION OF NEW HOUSING UNITS BY PRICE RANGE, ONTARIO, 2001-2011

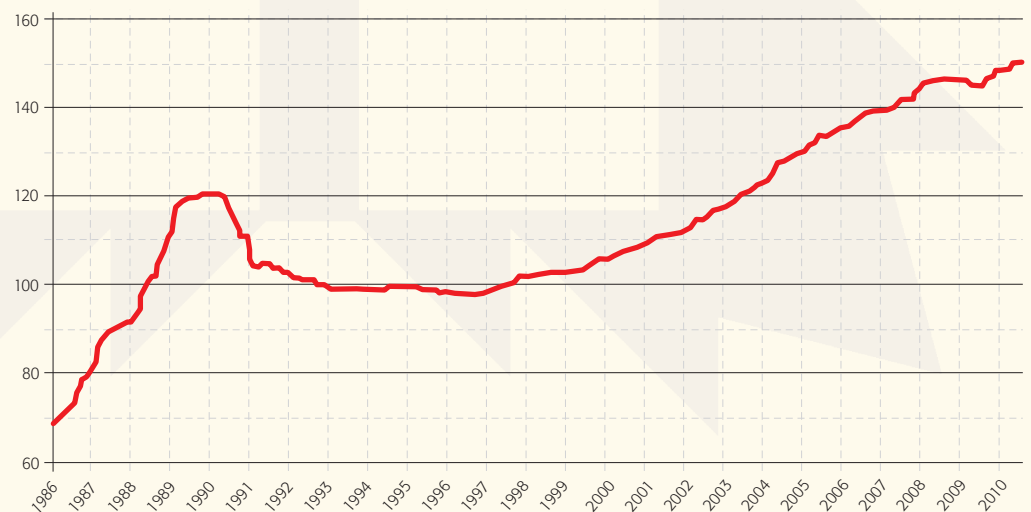


Source: Altus Group Economic Consulting based on data from Tarrion Warranty Corporation

Protect Housing Affordability for the Middle Class by Reviewing Thresholds

- The HST threshold for the new housing rebate requires a regular review as new home prices inevitably increase over time;
- Threshold reviews and increases will improve housing affordability for the middle class.

NEW HOUSING PRICES IN ONTARIO, 1986-2010 – New Housing Price Index (1997 = 100)



Source: Altus Group

OHBA represents 4,000 member companies organized into a network of 29 local associations across the province.

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

Ontario Home Builders' Association
20 Upjohn Road, Suite 101
North York, Ontario
M3B 2V9

Tel: (416) 443-1545
Toll Free: 1-800-387-0109
Fax: (416) 443-9982
e-mail: info@ohba.ca
web: www.ohba.ca