



## Affordability Top of Mind as CHBA Prepares for Budget

The government has set the theme of this year's pre-budget consultations in Ottawa as enhancing Canada's competitiveness. In his opening remarks to the Standing Committee on Finance on September 18, CHBA CEO Kevin Lee noted that one of our country's biggest competitive advantages is our enviable quality of life—the reasonable prospect of owning your own home is closely tied to that quality of life – and is under threat.

Data from a recent CHBA national survey gives CHBA the means to quantify what our industry has known for a long time. Lee informed the committee that three out of four Canadians polled said owning a home is the hallmark of being middle class, yet three-quarters think that the way things are going, only the rich will be able to own a home. (To find out more about the poll results and view CHBA's position, see the CHBA Policy InfoGuide at [chba.ca/dayonthehill](http://chba.ca/dayonthehill).)

In his address, Kevin Lee noted that two-thirds of Canadians think that younger and new Canadians should be given more flexibility when it comes to buying their first home. CHBA continues to advocate for smarter mortgage rules to aid in affordability. Earlier this year CHBA alerted the Bank of Canada about implications of the new Stress Test, and successfully requested transition rules and an extension to allow buyers who had previously signed purchase and sales contracts to qualify under the pre-stress test rules. While that helped those caught in transition, the stress test itself continues and other mortgage rule changes continue to hamper access to homeownership.

In addition to improving access to homeownership via smart mortgage rules, Lee urged the government to improve competitiveness of Canadian communities through authoritative development data and analysis. A prolonged and significant shortage of housing supply, and ever-increasing development taxes, have resulted in higher home prices. The Federal government needs to support research to quantify how provincial and local zoning, regulations, processes and approval times affect housing supply, to ascertain how well cities are doing in these areas, and to identify best practices.

An unprecedented number of potential changes to the National Building Code, a significant concern to CHBA, has the real potential to add tens of thousands of dollars to the price of every new home. While governments seek solutions to key policy issues like climate change, accessibility, and more through regulation, they need to ensure that affordability is a clear objective when code changes are considered—it is time to officially add affordability as a code objective.

Lee closed his remarks by outlining realistic options for addressing climate change. He remarked that new housing is very efficient and will continue to get even better (as it has for decades on a voluntary basis). However, the older existing housing stock, on average, is very inefficient and holds great potential for cost-effective improvement through retrofits. Implementing an energy retrofit tax credit would not only help Canadians improve the energy efficiency of their homes, benefitting themselves, the economy, and national competitiveness, but can result in converting underground economy cash jobs to tax-revenue-generating above-board jobs.

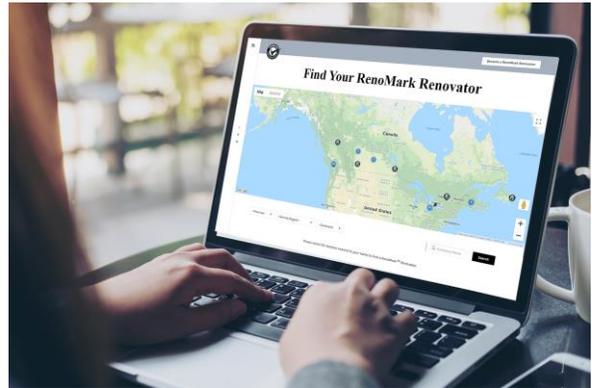


CHBA CEO Kevin Lee addresses the House of Commons Finance Committee on September 18, 2018. The recording of CHBA's Opening remarks as well as the Q&A period can be watched at [chba.ca/government-role](http://chba.ca/government-role)

## New RenoMark.ca Site Launches

Making it easier for homeowners to find a RenoMark renovator or trade contractor in homeowners' local areas was a top concern during the rebuilding of the [renomark.ca](http://renomark.ca) website. Homeowners can now reach members in just two clicks, and can filter based on what kind of services they require. The site, which remains under the care of BILD-GTA, was built with mobile users in mind and features a prominent menu and ease of scrolling when viewing on a cell phone.

The CHBA National Office promotes the RenoMark program on its own website ([www.chba.ca](http://www.chba.ca)), through MyReno (CHBA's official app for homeowners planning a renovation) and on several social media platforms.



Visit the new site at [www.renomark.ca](http://www.renomark.ca).

## 2019 CHBA National Awards for Housing Excellence Competition Now Open!

Canada's premier awards for new homes, renovations, community development, and marketing efforts is now open! The submission period for this year's competition runs from October 1 – December 7. Changes this year include the addition of two new categories:

- **Mid- to High-Rise Project (Completed or Planned)**

Have a project that's for sale but not yet completed? Then there's a new category for you! Get a leg up on your marketing by being recognized nationally for your planned project. Did you just complete your project? Don't worry, you can still enter into Mid- to High-Rise Project (Completed)

- **Modular Innovation Award**

There's a lot of interesting things happening with modular construction. This category is for homes that were built using prefabricated components. See website for specific eligibility requirements.

Canadian Home Builders' Association



*This home by Roadhouse Homes from Langley, BC was a winner last year in the category "Detached Homes – Custom | Under 2,500 sq. ft."*

Visit [www.chba.ca/housingawards](http://www.chba.ca/housingawards) for the full list of categories and requirements.



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## Benefits of Homeownership Reaffirmed in New Study

Despite deteriorating housing affordability across the country, buying a home is still the more affordable option when compared to renting.

That's the conclusion from a new report from Mortgage Professionals Canada (MPC) which found that, despite the rapid rise in home prices, those able to invest in homeownership end up "significantly better off" in the long term compared to renters. The research covered 42 communities in 6 provinces.



The report, authored by the MPC's chief economist Will Dunning, found that while upfront monthly costs for renting are lower in most locations, the "net" cost of ownership is less than the equivalent cost of renting in a majority of cases, and this advantage grows over time.

"The costs of ownership include considerable amounts of repayment of the mortgage principal. "When this saving is considered, the 'net' or 'effective' cost of homeownership is correspondingly reduced," Dunning states.

At the national level, the report shows that, on average, the monthly gross cost of owning exceeds the cost of renting by \$541 per month. But when principal repayment is considered, the net cost of owning falls to \$449 less than renting.

Other research, including RBC's Homeownership Poll, found a seven-percentage-point increase in the percentage of overall Canadians who planned to buy a home within the next two years (32%), and a full 50% of millennials. Similarly, a RE/MAX poll found more than half of "Generation Z" (those aged 18-24) also hope to own a home within the next few years. Given the long-term financial benefits of owning a home shown in the MPC report, Canadians' enthusiasm for home ownership has a solid and rational basis. Governments need to address affordability and mortgage rules to make this sound home-investment desire come to fruition.

## Royal LePage concerned about taxes, regulatory costs and supply constraints

In a recent interview, Phil Soper, CEO of Royal LePage, expressed the view that Canada's Real Estate market has dodged a major correction. "By all accounts, we've had one of those 'soft landings' . . . that should make everyone happy."

Soper also cited government-imposed taxes on new homes and continued supply shortfalls as longer-term negative factors that will continue to impact markets and home buyers.

He is concerned that the current subdued market conditions will give rise to supply-driven price pressure by the end of 2019. "We're not building enough homes relative to the number of people who want to move into them," he noted.

"The cost of putting a (new) home into the market is honestly ridiculous. The amount of time it takes, and the cost added by taxes and regulatory fees, can be hundreds of thousands of dollars. Out of one part of the policy-makers mouths we're hearing that housing is critical and that we have to address supply issues. But we're not seeing action on the things they control."

See the full interview with the Financial Post's Larysa Harapyn [here](#).