



Members Talk to MPs in CHBA Summer MP Campaign

This year's Summer MP Campaign is a great opportunity to raise the profile of our local HBAs with MPs across the country. Of course, meetings do not have to be formal—a meeting at the constituency office is great, but discussions at a golf tournament or a BBQ are also excellent opportunities to strengthen important relationships and reinforce key messages.

To support conversations with MPs during riding events and the “summer BBQ circuit,” CHBA has distributed [Continuing the Conversation about Homes, Communities and Canadians](#) to all MPs. If you are planning a discussion with an MP, it is worth a review. The document was first used to highlight CHBA's positions for the successful 2017 Forum for Growth held in March on Parliament Hill. Thanks to the efforts of all three levels of the Association, the federal government is acknowledging that every level of government affects housing, and, as CHBA has called for, has committed to a coordinated, Federal-Provincial-Municipal approach to developing housing policy. This reflects how CHBA has always approached housing issues and advocacy, and now it's more important than ever to reinforce this through the 2017 Summer MP Campaign.

As part of the 2017 Summer MP Campaign, CHBA has updated its Economic Impacts sheets and set up a simple tool so that Members can participate and share local industry information with MP(s) in just a couple of clicks. All that you need is a Twitter account. If you don't have one already, this is the perfect time to set one up – this is the most 'online' government ever, and 99% of MPs are active on Twitter (including every single Liberal MP). CHBA's “3 Clicks to Tweet” is easy to use. Here's how you can participate in the Summer MP Campaign:

1. Go to www.chba.ca/TweetMP (you must be logged in to the CHBA website)
2. Select your province and then click on the MP you wish to contact.
3. This will create a custom Tweet with a graphic that's ready to send from your account. Then just click Tweet!

This is a great opportunity to “break the ice” for a conversation over the summer.

Reviewing Expectations for Residential Mortgage Underwriting

The Office of the Superintendent of Financial Institutions (OSFI) this month released proposed changes for residential mortgage underwriting in federally regulated financial institutions, including:

- Requiring a qualifying stress test for all uninsured mortgages;
- Requiring that Loan-to-Value (LTV) measurements remain dynamic and adjust for local market conditions where they are used as a risk control, such as for qualifying borrowers;
- Expressly prohibiting co-lending arrangements that are designed, or appear to be designed to circumvent regulatory requirements.

Despite there having been insufficient time for policy makers to properly assess the impacts of the last changes to insurance regulations, OSFI is proposing a stress test for uninsured mortgages as well. Unfortunately, the majority of borrowers who present virtually no risk to the banking system would see their maximum theoretical mortgage amounts slashed and/or their interest costs rise.



CHBA and other industry organizations continue to call for the government to “do no more” with mortgage insurance regulations, and wait for evaluation results on long-term market impacts of previous changes. The potential scope and nature of long-term risks associated with these policies are only starting to become clear, in the form of quite varying impacts in different regions of the country, for different housing types, and for different demographic groups. CHBA has commissioned an assessment of the proposed changes in order to provide comments to the OSFI by the deadline of August 17th. The Association is also consulting with other private sector industry associations on the potential impacts on first-time buyers and on residential construction activity.

Softwood Lumber Prices Levelling Out

After months of price increases on both sides of the border in anticipation of U.S. levies on Canadian softwood lumber, prices in Canada have leveled out and lumber futures have begun to decline. This was the expected reaction to the U.S. duties and a subsequent drop in demand for Canadian softwood lumber.

The National Association of Home Builders is reporting that U.S. imports excluding shipments from Canada hit a decade high in Q1 2017 as buyers look elsewhere for lumber. Despite this, 1 in 5 U.S. builders is experiencing lumber shortages, according to NAHB. Last year, 33% of the softwood lumber used in the U.S. was imported, and more than 95% of those imports came from Canada. Other observers speculate that U.S. buyers have become fatigued by the roller-coaster of the last few months. It is also likely that buyers have a good stockpile of lumber due to the pre-duty buying frenzy.

Canada’s softwood lumber industry now faces average duties of about 27 percent after an additional 6.87 percent in preliminary average anti-dumping tariffs were announced at the end of June. Canadian industry officials deny the dumping allegation and vow to fight. CHBA has been working with NAHB and the Canadian Government to support a timely and appropriate resolution to the situation.

Get Ready for the 2018 CHBA National Awards for Housing Excellence

It’s been said that a picture is worth a thousand words and when it comes to CHBA’s National Awards for Housing Excellence, having great photos can certainly score points with the judges. Summer is the best time to take photos in anticipation of our Call for Entries this September for the 2018 CHBA National Awards for Housing Excellence.



With the 2018 CHBA National Conference from March 21-23 in Victoria, the awards will have an earlier deadline this year of November 10th. New awards will be offered this year for Digital Media Campaigns in marketing and for Outdoor Living and Basements in the home renovation categories. We’ve also made changes that will give more recognition to marketing companies for their great work with home builder, renovator and developer members. And, for the first time, home builder and renovator members will be able to give recognition to their architects and designers who play integral roles in their projects. Visit www.chba.ca/housingawards for details.

CHBA Members Giving Back to the Community

In honour of Canada’s 150th birthday in 2017 and CHBA’s 75th anniversary in 2018, we’re celebrating the contributions that CHBA home builder, developer and renovator members make within their communities every day. Interested in how CHBA builders, developers and renovators have shaped Canada in the past, or how they’re building strong communities today? We’re collecting stories from small towns in PEI to bustling metropolises in BC, and we’re sharing our members’ efforts on the [CHBA National Blog](http://blog.chba.ca) (<http://blog.chba.ca>) which is the hub for all things #CdnBuilt for Generations.



CHBA President Eric DenOuden is doing his part this summer cycling across the country to end the cycle of poverty. CHBA’s Executive Officers’ Council wanted to join CHBA members who have made financial contributions to Eric’s ride, and raised \$1,500 dollars through the Council’s annual Silent Auction. To learn more about Eric’s ride and to make a donation, visit www.seatosea.org.



In raising its overnight rate to 0.75% (the first rise in 7 years), the Bank of Canada highlighted the recent strength of the economy and the Bank's expectation for above-potential growth to continue.

Despite this optimistic news, the BoC expects residential investment to contribute less to overall growth due to macroprudential and regional housing policy measures and higher longer-term borrowing costs weighing on housing expenditures.

For growth overall the Bank is projecting GDP growth to reach 2.8% this year before slowing to 2.0% next year and 1.6% in 2019. The IMF meanwhile revised its forecasts to 2.5% GDP growth in 2017 and 1.9% in 2018, but it did agree with the Bank of Canada in expecting a more moderate pace for residential construction investment.

Housing Indicators Continue to Point Up

CMHC reported the trend in housing starts was 215,459 units in June, compared to 214,570 units in May. The trend measure is a six-month moving average of the monthly seasonally adjusted annual rates of housing starts.

So far this year, all regions are on pace to surpass construction levels from 2016 except for BC, which reached near-record levels last summer.

Meanwhile, Statistics Canada reported that the value of residential permits increased 10.8% from April to \$5.0 billion in May. Six provinces registered gains, with Ontario reporting the largest increase.

Many observers still expect a slowdown in the second half of 2017, as mentioned above, but a burgeoning economy may keep starts relatively high throughout the year.

Of course, strong national numbers continue to mask regional variations (see IMF graph).

Review of Tax Planning Using Private/Family Corporations Launched

The federal government has announced public consultations on measures to prevent some business owners, particularly wealthy ones, from distributing income among family for tax-savings purposes, especially if those relatives are not involved in the business. The measures also target those who gain tax relief through passive investment income and by converting their income into capital gains, which are taxed at a lower rate.

The government plans to impose a 'reasonableness' test so this does not punish legitimate family businesses. That test will determine just how much work a family member actually does in a business, and if they can really lay claim to profits.

Many smaller home builder and renovator companies are composed of family members working together, so these changes could potentially require, at a minimum, more documentation of family-member time devoted to company business. CHBA sees potential concerns for its entrepreneur members and is preparing a brief to the Minister of Finance accordingly, and will participate in the consultations on the proposed measures. Members insights are welcome and can be forwarded to: burggraaf@chba.ca.

