



## CHBA National Fall Meetings – What you need to know

This issue tells you the most important information coming out of the latest face-to-face meetings of CHBA's National Committees and Councils. CHBA Members from across Canada, along with local, provincial, and national HBA staff, met in Ottawa in mid-October to work together to address the most important issues facing our industry and your business. Here are the highlights. For more info, see [www.chba.ca](http://www.chba.ca) and our [committees and councils section](#).

### Energy Efficiency and the Codes

#### Technical Research Committee (TRC)

Members discussed CHBA's actions and plans to address serious challenges in relation to increased energy-efficiency provisions in the codes. Airtightness testing and depressurization standards, radon ingress and other unintended consequences, and the capacity of industry and building officials all need to be addressed—but the biggest challenge is the affordability gap. CHBA continues to push for increased federal investment in housing R&D to drive down the cost of energy-efficiency improvements; and for a focus on existing homes, where the biggest improvements can be made. Next up for building codes: climate resilience and adaptation, alterations to existing buildings, and accessibility.

### Development Priorities to Increase Affordability

#### Urban Council

In order to demonstrate (and improve) how municipal planning and regulations affect home prices, the Urban Council has concluded that the impact of those regulations needs to be measured and reported on. Accordingly, the Urban Council meeting focused on the first steps for creating a national tool to measure and report on municipal processes and procedures as they pertain to housing affordability. Also discussed at the meeting was [CMHC's Co-Investment Fund](#), which provides federal money to renovate and build social housing. CHBA members requested more clarity on how they can access the Fund, what projects are eligible, and how members can provide feedback to CMHC to make the fund more effective through private sector participation.

### More Teeth for RenoMark™

#### Canadian Renovators Council (CRC)

CRC members are examining options to give the RenoMark program more teeth to further position its renovators ahead of the competition in ways that appeal to homeowners. Possible changes could include a more demanding Code of Conduct and more active auditing of requirements such as insurance and licenses. Members also met with government officials to review proposed new code requirements for existing buildings, and to inform the new for LEEP for Renovators program, aimed at de-risking and accelerating adoption of emerging technologies.

## **National Online Learning Coming Soon!**

### **Professional Development Committee (PDC)**

The national level of CHBA will soon be offering online courses! The CHBA Learning Institute is expected to roll out in the Spring of 2019 and will offer a variety of courses for continued professional development, working closely with provincial HBAs and their needs. In addition to sharing online learning best practices, PDC members discussed a new potential CHBA partnership to advance trades promotion in high schools, and health and safety education strategies and tools.

## **Modular Best Practices**

### **Modular Construction Council**

The technologies and techniques used by modular builders have wide-ranging application across the residential construction industry. When it comes to energy efficiency and wind resistance, for example, modular builders have tried-and-true best practices and solutions to share. Modular Construction Council members met to share knowledge, and work with other CHBA committees and councils to transfer their expertise. Of key importance moving forward is collaborating with building officials to increase knowledge of modular construction, and updating municipal regulations to recognize advanced modular construction.

## **Executive Officers Focus on Professional Development**

### **Executive Officers Council (EOC)**

The EOC is focusing on resources and communication for executive officers with the goal of more rapidly orienting and onboarding new EOs, and improving retention. Supporting EOs is crucial to maintaining the strength of our Association. A national EO training program is therefore in the works, as is a Wikipedia-style Knowledge Centre – an online library of topics important to the day-to-day function of HBAs and EOs. To further support access to information and networking, the EOC membership fee has been waived for EOs.

## **Gains Made in Home Modification**

### **Home Modification Council (HMC)**

The development of a public-facing website for Canadians trying to navigate home modification needs for disabilities or aging-in-place, and identify qualified renovators, is underway. The website will compile resources for care givers, identify key approaches and products, identify the key role of occupational therapists, promote the importance of RenoMark, and point consumers to members trained in the Canadian Certified Aging in Place Specialist (C-CAPS) program now in development.

## **Economic and Labour Market Forecasts**

### **Special Economics Session with BuildForce Canada**

Members met with BuildForce's senior economists to review and input into the 2018 residential labour market information projects. The draft report results to date show there will be a need for more than 100K new workers in our industry over the next decade. This is good news for young people looking to get into the trades and poses challenges for employers. Labour shortages are already extending to a lack of home inspectors and building officials, leading to construction delays.

## **Net Zero Home Labelling Program Expanding**

### **Net Zero Council (NZC)**

CHBA's Net Zero Home Labelling Program labelled 46 homes in its pilot and first year and continues to grow. The NZC will now focus on expanding the program, and is working on adding Net Zero Neighbourhoods, Renovations, and MURBs to the initiative. A comprehensive marketing program for homes and the program was kicked off with the development of a [promotional video](#).



## Bank of Canada Moves on Interest Rates; Stress Test Impacts Heighten

Citing an economy operating at close to full potential, The Bank of Canada raised its overnight rate by 25 basis points to 1.75 per cent on October 24<sup>th</sup>. This move was widely expected.

This increase marked the third 25 basis point boost in 2018, and the fifth since 2017.

Economists expect this rate increase to have some impact on housing markets, although this is likely to be significantly less than the impacts associated with the January introduction of a more stringent stress test for mortgage borrowers, which higher rates make even more impactful. Accordingly, CHBA and other like-minded organizations are actively pursuing changes to the stress test.

There is divided opinion on the future course of the overnight rate in 2019. The Bank sees growth in real GDP slowing in 2019 to 1.9 per cent, from a projected rate of 2.1 per cent this year.

And while resolution of NAFTA uncertainties is seen as a plus for Canada's economy, business investment remains muted, and rising interest rates are expected to incrementally crimp consumer expenditures.

Researchers at Environics Analytics have projected that the last five rate increases will cost the average Canadian household some \$2,500 per year based on their total household debt (including both mortgage and non-mortgage debt).

While the level of household interest-paid-on-debt remains well below historic levels, it is increasing. However, income remains a key variable in determining future consumer spending behavior. With a tightening labour market and robust employment growth, wage growth has been accelerating and sits near 3 per cent, offsetting much of the impact from rising interest rates.

The other issue raised by the Bank's more hawkish stance on interest rates is the continued need for the recent mortgage stress test requirement. As higher interest rates add to the challenges already faced by younger first-time home buyers, the growing housing affordability crisis across Canada is becoming a more urgent issue. Recent polling by CHBA and others indicates that among Canada's Millennial generation, affordability is the top issue of concern.

Given that the Millennial generation will, for the first time, represent the largest single block of voters in the upcoming federal election, the pressure on the federal government to ease the barriers to home ownership is likely to grow. Additional interest rate increases will simply add to this pressure. CHBA continues to advocate for stress test adjustments and other action to support first-time buyers.

### Rate Increase Impact

- **House price:** \$487,000
- **Terms:** 5% down, 25 year amortization, 5-year variable rate.
- **Old rate: 2.70%**
  - Monthly payment = \$2,453
- **New rate: 2.95%**
  - Monthly payment = \$2,518

Canadian Home Builders' Association



## Competition Open!

The premiere awards for Canada's New Homes, Renovations, Community Development, and Marketing. **New this year:** Mid- to High-Rise (Planned) and Modular Homes. **Deadline December 7.**

[chba.ca/housingawards](http://chba.ca/housingawards)