



✓ **PROTECTING HOUSING AFFORDABILITY**

✓ **ADVANCING SKILLED TRADES**

✓ **PROMOTING ENERGY EFFICIENCY**

✓ **TACKLING THE UNDERGROUND ECONOMY**

Canadian Home Builders' Association - Newfoundland and Labrador Annual Report 2015

MESSAGE FROM THE PRESIDENT

What a year! I can't believe how quickly my term as President has gone by. It has been a busy year, with a whirlwind of activity affecting our industry. We have gone through a federal and provincial election, both of which produced a new government. Our provincial government is facing a \$2 billion deficit, we have experienced a drop in oil prices, and a drop in the Canadian dollar; all factors that affect the residential construction industry. Despite the downturn in the economy, we have been innovative and creative in providing consumers with what they are looking for.

In 2015 we have been successful in having Canada Post suspend the \$200 mailbox fee for every new home for 3 years (until January 2018), we have advocated against the city of St. John's for imposing tax on partially constructed homes, and have also had a \$2000 development fee increase for secondary suites removed.

We have also seen the federal government reinvesting in the "Get it in Writing" campaign to help reduce the underground economy. Federal government also committed to \$400 million to our province for infrastructure funding. All of the benefits are a direct benefit to membership.

In 2016, we will continue to advocate for infrastructure funding, the advancement of

skilled trades and to help in tackling the underground economy.

In a changing economy, more consumers are turning to renovations. As always, I encourage you to use your fellow CHBA members on all of your projects - supporting members means you are supporting the Association.

I would like to thank the membership for entrusting me with the position of President for CHBA-NL. It has been both an honor to serve you and a truly rewarding experience for me personally.

I will leave you with a quote by Theodore Roosevelt that applies to all of us working in the industry:

"Every man owes a part of his time and money to the business or industry in which he is engaged. No man has to moral right to withhold his support from an organization that is striving to improve conditions within his sphere."

I hope these words resonate with you and I believe that with your support, our Association can thrive as Newfoundland and Labrador's voice of the residential construction industry.

Warrick Butler
President

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EXECUTIVE SUMMARY

The Canadian Home Builders' Association- Newfoundland and Labrador had a very successful 2015. We have advocated on industry issues, and had active committees in Technical Research, Urban Council, Marketing and Membership and Policy and Governance. The Association continues to build a strong relationship with municipalities and continues to advocate for key industry issues at the provincial and national level. With a provincial and federal election in 2015, making housing and affordability issues prominent during the campaigns was CHBA's goal. During the election, both public discussions and party platforms indicated that our efforts were successful. Housing has never been more prominent in a federal election campaign.

2015 ended with a renewed focus on advocating for members on key issues such as housing affordability, energy efficiency and tackling the underground economy. In 2015 we put a large focus on professionalizing the residential construction industry through training. The Canada-Newfoundland Job Grant has allowed us to provide members with a range of training, professionalizing the residential construction industry.

With the changing economy in NL and the downward trend in new home construction, we see more consumers turning to renovations and making their homes more energy efficient. We are adapting to this change in industry and will continue to advocate on behalf of members to consumers the importance of hiring a professional.

ADVOCACY

NATIONAL ACTIVITIES

In 2015, President Warrick Butler, Vice-President Sheldon Colbourne and CEO Victoria Belbin joined 50 other CHBA delegates in Ottawa for the 3rd annual Forum for Growth – Continuing the Conversation about Homes, Communities and Canadians in Ottawa.

The NL team met with the following: Kellie Leitch Minister of Labour and Status of Women, NL Senators – Elizabeth Marshall, Norm Doyle, Fabian Manning and David Wells, Senator George Baker, NL MP's Yvonne Jones, Judy Foot, Scott Simms and Gerry Byrne, Ryan Cleary, NDP Critic for ACOA, and Andrew Treusch, Commissioner and CEO for CRA.



There were more opportunities to meet with other Ministers, where the team met with Kerry-Lynne D. Findlay, Minister for National Revenue and Lisa Raitt, Minister for Transportation. The Forum for Growth proved to be a great week with an upcoming federal election.

FEDERAL AND PROVINCIAL ELECTION

In lead up to the federal election, CHBA-NL reached out to local candidates to discuss, if elected, their role in the residential construction industry. The CHBA-NL recommended that the federal role related to housing focus on addressing three priorities: affordability; jobs and productivity; and the underground economy. It is essential to protect housing affordability so that young people and families are able to become home owners. It is important to provide jobs and innovation support to all those pursuing a career in the trades and support research and development to build better houses that cost the same or less. It is also important to continue to tackle the underground economy in home repair and renovation by educating Canadians and promoting the use of professional contractors.

THE IMPACT A HST INCREASE WOULD HAVE ON THE RESIDENTIAL CONSTRUCTION INDUSTRY

Pursuant to Budget 2015, the Government of Newfoundland and Labrador announced plans to increase the provincial portion of the Harmonized Sales Tax (HST) from 8% to 10% effective January 1, 2016. CHBA-NL communicated this information to members, and advocated of their behalf the impact this increase would have on the residential construction industry.

CHBA-NL advocated that this increase will hurt consumer confidence and hurt business. It would also negatively affect people on fixed incomes, including seniors, who cannot afford price increases for everyday goods and services. An increase in the HST will be felt by everyone throughout our economy, and will slow economic growth.

An increase in tax – such as 2% on new homes increases the cost of a new home and undermines housing affordability that is already threatened by the rising cost over the past decade. There is an increasing proportion of new home buyers who are purchasing homes but are barely getting approved for mortgages. This new 2% will knock out a good proportion of this new home buyers group.

To ensure that members understood the HST increase, a Builder Breakfast was held in August which explained the new transitional rules for the NL HST rate increase.

On July 7, 2015, Dwight Ball, Leader of the Official Opposition attended our Monthly Membership Meeting to speak with members. It was at this meeting that Dwight Ball committed to working with the industry to find new and innovative approaches to problem solving, and keep the dialogue going, and committed to not increasing the HST.

Through efforts made by the Association, the impact the HST increase would have on the residential construction industry and the economy in NL was an important topic in the 2015 provincial election. The new Liberal Government, when elected, reversed the HST increase.

HOUSING OUR FUTURE: A PRESENTATION TO PROVINCIAL GOVERNMENT

In 2015, the Association largely focused on advocating on three main issues for the residential construction industry: tackling the underground economy, protecting housing affordability and promoting energy efficiency. CHBA-NL have been successful at advocating on behalf of members to various platforms including the provincial government.



On September 29th, the Executive met with provincial representatives to give a presentation titled *Housing our Future*. The purpose of this presentation was to discuss how the cost of housing continues to rise, outpacing the average family income, having increased 114% in the past nine years.

The Executive discussed with government how government-imposed taxes on new home constructor are being taxed - the idea that taxes are being taxed. Many municipalities have been trying to close the “infrastructure gap” by unfairly taxing new homebuyers. Federal and provincial governments then tax these taxes, exacerbating the problem.

The CHBA-NL advocates that when someone buys a new home, they shouldn't face a much more onerous tax burden than a buyer of a resale home does. Fortunately, in some cases municipal leaders are beginning to recognize the limitations and negative impacts of excessive development taxes – we recently saw this with the City of St. John's proposed tax on partially constructed homes and the subsidiary suite taxes. Both of which have not been implemented on the potential risk to affordability.

During the presentation, the Executive discussed how energy efficiency and the comfort of new homes are both increasing, thank to industry innovation. The housing industry has become very innovative through advanced building science and products.

An important focus for the Association is to tackle the underground economy by promoting hiring a professional. To achieve this, consumers need to become more aware of the risks involved in underground “cash” deals. Identifying “cash” operators is a challenge, but increasingly consumers are choosing them as a more cost effective way of getting work completed. Unfortunately these choices could do more harm as they are cutting corners, ignoring safety practices, have little knowledge of housing science and ultimately put home owners at risk.

The CHBA-NL made two recommendations to provincial government to make a difference in the residential industry:

- 1. Protect affordability by providing a 2% rebate on new homes for first time home buyers.**

2. Tackle the Underground Economy by providing a 2% rebate on home repair/renovation to improve energy efficiency on an existing home.

This presentation was important to the Association as it targeted influential members of the provincial government and we were able to communicate the importance of their support in the residential construction industry.

PRESENTATION TO THE HON. DAVID BRAZIL, MINISTER OF TRANSPORTATION AND WORKS

On July 28, 2015, President Warrick Butler, Vice President Sheldon Colbourne and CEO Victoria Belbin met with Minister Brazil and Deputy Minister Gary Gosse and gave a presentation on the following:

1. Introduce Canadian Home Builders' Association – Newfoundland and Labrador
2. Role of our Industry in Newfoundland and Labrador economy
3. Transportation infrastructure and housing development are linked!
4. Some shared challenges ahead
5. Ideas for home builders and transportation providers to work together more actively

The outcome from this meeting was that there was a clear need to engage the CHBA early in the planning stage and that we would be contacted regarding a consultant's report pertaining to the expansion of the TCH Route 2.

COMMITTEE REPORTS

ADVANCING PROFESSIONAL DEVELOPMENT FOR THE INDUSTRY THROUGH THE CANADA-NL JOB GRANT

CHBA-NL signed a Canada – NL Jobs Grant agreement with the Provincial Government of NL on Friday, April 17th to provide employer needs assessment and skills training for the residential construction industry. CHBA-NL intends on increasing employer involvement in all elements of the skills identification and training needs process by working with 20 member employers and close to 50 new and existing employees through a pilot program that will begin immediately. The



Association has been working closely with TrainingWRX to design training plans and offer a suite of industry – appropriate skills training modules to members which began in July 2015.

In 2015, two courses were delivered to members, R-2000 Energy Efficiency and Siding, Windows and Doors. Based on demand, Siding, Windows and Doors will be offered again in 2016. Training sessions in Customer Service, Quality Assurance and Project Management will

take place in 2016. The Canada-Newfoundland Job Grant has allowed the CHBA-NL to professionalize the residential construction industry through training.

TECHNICAL RESEARCH

The Technical Research Committee has been very successful in 2015 dealing with issues related to codes, building and fire regulations, new technology, research and development priorities and the R-2000 standard. This committee was also focused on issues and developments directly affecting the home construction and renovation sector of our industry, with particular emphasis on municipal government regulations and fees, which can negatively impact our members.

In 2015, committee members responded to an issue regarding bull nosing on laminate flooring. A prototype was constructed to address this issue and presented to the City of St. John's, and was accepted and shared with other member municipalities. The committee has also been active in researching issues on interconnectivity, cabinet clearing ranges, deck attachments, and heat pumps and mini splits. With an active technical research committee, we have been able to address issues related to the residential construction industry.

MEMBERSHIP AND MARKETING

In 2015, the Membership and Marketing Committee gathered detailed information on what the value of being a member is. Through much discussion with committee members, a document was created that outlined what the dollar amount in savings for members are. The five main values of membership are:

1. Advocacy and Industry Support
2. Marketing and Advertising
3. Networking and Partnership Opportunities
4. Professional Designation and Training
5. Member Only Benefits

In 2016 this document will be used for recruitment and retention purposes. It will be communicated that the work through the Association “Just Paid For My Membership”.

URBAN COUNCIL

On September 17, 2015 the Urban Council Committee met for the first time. This new committee was created to focus on key issues such as:

1. Affordability
2. Infrastructure
3. Municipal Relations

The Urban Council Committee will lead in educating municipal and provincial government on the challenges of development to better ensure housing policies are developed with industry input.

AUDIT AND FINANCE

The Finance and Audit Committee was active in 2015 reporting and reviewing the Associations financial statements with the Board of Directors. The activities included recommending outside auditors, assessing the overall audit scope, reviewing the adequacy of internal control systems, including internal and audit activities.

POLICY AND GOVERNANCE

The Policy and Governance Committee was very active in 2015 reviewing the CHBA-NL by-laws and revising them to reflect current business of the Association and its members. The committee met regularly to make these changes and reviewed other CHBA by-laws across the country. The Committee completed the new By-Laws to be accepted by members and adopted at the Annual Meeting of Members in 2016.

EVENTS

HOME SHOW

Home Show 2015 took place March 21-22 at Mile One Centre. It was another great year showcasing the residential construction industry. Exhibitors felt that the audience was very engaged. The traditional Industry night at Home Show took place on Friday, March 20 sponsored by NF Power and it was attended by over 500 industry people. Highest numbers recorded in the past five years.



Kent Building Supplies was the main sponsor for the Home Show. Skills Canada hosted the main stage with Try a Trade - Residential Quick Fixes from Women in Skilled Trades. The Social Media campaign used to promote Home Show to consumers was very successful and picked up by many media outlets thanks to CBC and Karwood's Ugly Bathroom Contest.

HOUSING FORUM

The Annual Housing Forum took place on May 5th with the theme of Housing for Growth , 2015 and was a great success. The main presentation titled *The Underground Economy, Consumers and You: How Professionals Can Come Out On Top* was given by David Foster, Director of Communications from CHBA. There is a growing concern from legitimate businesses in the residential construction industry about this under the table activity and indicators show that it's gaining strength in the NL market. Statistics Canada says that the underground economy totaled 42.4 Billion in 2012. The residential construction industry accounted for the largest portion of the underground economy at 28.3%. David Foster will present to industry professionals and provide strategies on how to overcome the challenges presented in the changing market.



There was great media attention on all outlets: NTV, VOXM, CBC Radio and TV, and The Telegram who ran a story on how the HST hike may aid the underground economy.

Andy Oding, Chair of the CHBA Net Zero Council also presented at the Housing Forum. His presentation *New Building Codes and Net Zero Homes: 2 New Industry Benchmarks* discussed new opportunities and challenges for the Builder Industry when it comes to energy efficiency and building science. Setting a benchmark for home efficiency the new standard prepares the way for innovation within the industry. At the same time the Canadian homebuilding industry is going forward, taking the lead in developing a true North Canadian solution to Net Zero Housing. Across the Canadian landscape there are homes and communities underway, wherein the occupants and owners will generate as much (and more) energy as they use! This session provided a glimpse of both the immediate AND distant future of homebuilding and energy efficiency.

GOLF TOURNAMENT

The Jerome Walters Memorial Golf Classic took place on July 23rd at Terra Nova. Despite the weather, over 140 people registered. It turned out to be a great day on the golf course. Thanks to Training Works and Butler's Quality Contracting Limited for sponsoring the event.

BUILDING EXCELLENCE IN RESIDENTIAL GROWTH GALA

The 6th Annual BERG Awards took place on November 22nd, and was a great success celebrating the residential construction industry. National CEO Kevin Lee attended, along with 272 others. We raised \$5400 for Habitat NL. Winners of the BERG Awards were showcased through various media outlets including the Telegram, Home and Cabin (website) and Coast 101.1. Thanks to Team Burton, JWR Homes and RONA for sponsoring the event.

MEMBERSHIP LUNCHEONS AND BREAKFAST MEETINGS

CHBA-NL holds monthly membership meetings with members and attracts between 80-100 individuals. These meetings are a great networking opportunities. In 2015 CHBA-NL hosted nine membership meetings the included a variety of guest speakers. The format of each luncheon includes a formal agenda, guest speaker, and reports from the President and CEO.

In 2015, we hosted four Builder Breakfast Sessions where topics discussed included tax reduction strategies, understanding the new transitional rules for the HST rate increase, creating more housing options for seniors and ICYNENE Spray Foam Insulation.

MEDIA EXPOSURE

1. Annual Building Excellence and Residential Growth (BERG) Awards Gala covered by The Telegram, Home & Cabin Magazine (online edition) and Coast 101.1
2. CHBA-NL President, Steve Porter, quoted in The Telegram involving discussions with Cochrane Street United Church about partnering with builders to assist in renovations

3. Appearance on CBC's Here and Now to discuss how to hire a professional contractor and the risks involved in resorting to the underground economy
4. "Doing Density Right" discussions, in partnership with Happy City St. John's and the Board of Trade, including quotes by the CHBA-NL CEO featured in The Telegram
5. NTV attended the September luncheon and interviewed CEO Victoria Belbin on the housing market
6. Media advisories sent to outlets regarding CHBA-NL events

CONCLUSION

This report clearly demonstrates the increase in activity, profile and success of the Association's events carried out this year. We have been successful in advocating on behalf of members through a variety of vehicles, and our voice is being heard. We are working hard to increase the value to members and communicating to the consumer the importance of hiring a professional. The Association is working to strengthen the capacities of the membership in order to effectively respond to the rapid changes within the industry. CHBA-NL is on solid footing, and we have a united and thriving membership that has the cohesion, capabilities and responsiveness to build sustainable communities.