



Ontario
Home Builders'
Association



A HOME FOR EVERYONE

Provincial Strategies for Increasing Housing Supply - Vol. II

ABOUT OHBA

The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 28 local chapter associations across the province. Members include builders, developers, professional renovators, trade contractors, suppliers and manufacturers serving the residential construction industry. Our members have the vital responsibility to build the housing supply that current Ontario residents are counting on and be the voice of future home buyers who want to call our province home.

OUR LOCAL ASSOCIATION CHAPTERS:

- Building Industry and Land Development Association (BILD)
- Brantford Home Builders' Association
- Chatham-Kent Home Builders' Association
- Cornwall Construction Association
- Durham Region Home Builders' Association
- Greater Dufferin Home Builders' Association
- Greater Ottawa Home Builders' Association
- Grey Bruce Home Builders' Association
- Guelph & District Home Builders' Association
- Haldimand-Norfolk Home Builders' Association
- Haliburton County Home Builders' Association
- Kingston Frontenac Home Builders' Association
- Lanark-Leeds Home Builders' Association
- London Home Builders' Association
- Niagara Home Builders' Association
- North Bay & District Home Builders' Association
- Oxford County Home Builders' Association
- Perth-Huron Builders' Association
- Peterborough & The Kawarthas Home Builders' Association
- Quinte Home Builders' Association
- Sarnia-Lambton Home Builders' Association
- Simcoe County Home Builders' Association
- St. Thomas-Elgin Home Builders' Association
- Sudbury & District Home Builders' Association
- Thunder Bay Home Builders' Association
- Waterloo Region Home Builders' Association
- West End Home Builders' Association
- Windsor Essex Home Builders' Association



Mike Memme – Chair, OHBA

The housing crisis we face in Ontario is one of the great challenges of our time. Collaboration will be key to making housing attainable once again for regular Ontarians. Between our members and partners across regulators and government, I'm confident we can get shovels in the ground and help build more homes.



Scott Andison – CEO, OHBA

OHBA's mission is to support the residential construction industry in Ontario. We want to empower our members to build more homes across the province. To do so, we work together to reduce the regulatory and fiscal barriers that builders face.

MEMBER BENEFITS

- **Provincial Advocacy & Government Relations** – OHBA serves as a unified voice for the residential construction industry, with the goal of building more homes by reducing regulatory and fiscal barriers. We are a link between the industry and key stakeholders like the Ministry of Municipal Affairs and Housing, industry regulators and more.
- **Resources & Tools** – We ensure members stay informed with a myriad of resources and tools, providing critical information for strategic decision-making, adapting to market shifts, and ensuring compliance with relevant regulations.
- **Professional Development** – We invest in members' professional growth by offering a range of specialized education and training opportunities to keep our members up to date with the latest industry knowledge.
- **Events & Networking** – We provide forums for collaboration among a diverse community of professionals, including regional housing summits, the annual conference, and Awards of Distinction.
- **Support Services & Savings** – We provide meaningful benefits and programs designed to save members time and money.

OUR COUNCILS AND COMMITTEES

Through our member-led councils, we advocate for a variety of matters across the residential construction industry:

- **Land Development** – Proactive government advocacy and strategic guidance on land development, housing and land use regulations.
- **Regulatory Affairs** – Focused on home regulation advocacy with the Home Construction Regulatory Authority (HCRA) and Tarion.
- **Technical** – Expertise in the Ontario and National building code development and implementation, and engagement on policy matters impacting technology adoption and energy transition.
- **Renovators** – A forum for renovators to develop standards, advocacy strategy and growth plans for the renovation market.
- **OHBA Regional Groups** – Covering regional issues in central, southwestern, eastern and northern Ontario.

ECONOMIC IMPACTS OF RESIDENTIAL CONSTRUCTION IN ONTARIO

New home building, renovation and repair



549,084

JOBS

On- and off-site jobs – one of the largest employers in Ontario.



\$38.8 B

WAGES

Dollars that show up in purchases across the entire local economy.



\$83.8 B

INVESTMENT

Built investment value is the largest single wealth-builder for many families.

ESTIMATES BASED ON 2022 DATA FROM CANADA MORTGAGE AND HOUSING CORPORATION AND STATISTICS CANADA.

OUR ADVOCACY OBJECTIVES

Much progress has been made in an effort to encourage more homes to be built in Ontario, but much still needs to be done. This requires a comprehensive effort from provincial ministries, municipalities and the residential construction industry, working collaboratively to build a better Ontario. Such partnerships, combined with the right suite of legislative and policy reforms will achieve our shared objective: **A Home for Everyone.**

ISSUES SUMMARY

The challenges facing the residential construction industry and development sector can be summarized in the following nine themes:



Illegal Building and Illegal Vending

These issues remain a serious and significant problem in every community across Ontario. These activities hurt the professional reputation of the home building industry, contribute to the underground economy and can destabilize the Tarion New Home Warranty program. Provincial consumer protection legislation to stop these illegal practices in Ontario is long overdue.



Government Imposed Fees, Taxes and Charges

Government fees, taxes and charges, which contribute to at least 25% to 30% to the cost of an average home in the province, are a material contributor to the affordability crisis. These added costs must be measured for their value and, wherever possible, rationalized or eliminated.



Optimize Transit-Oriented Communities (TOCs)

Ensuring the optimization of provincial investment in transit infrastructure and residential intensification is the hallmark of good city building. To ensure that this strategy is seized to its fullest potential, municipalities must initiate “as-of-right” zoning by-laws and other progressive land use policies in proximity to transit stations. Similarly, the province must also leverage its real estate assets and provincial tools to capitalize on TOC opportunities.



Housing Policy Reform and Long-Term Land Supply

Municipal planning and permitting approvals still take too long. Average approval times are measured in years and have been getting progressively worse since 2020. Moreover, there remains insufficient new land designated to support single-family housing needs required to meet forecasted population growth in many of Ontario’s fastest-growing municipalities by 2051. All provincial and municipal land use decisions must be viewed from the lens of combating housing affordability, and ambitious housing supply legislation remains imperative to reducing red tape and supporting the provincial housing targets.



Housing Supportive Infrastructure

Core infrastructure such as roads, water and wastewater and transit are vital for a growing Ontario. To meet the ambitious provincial housing targets and get shovels in the ground, sustained investment in housing-supportive infrastructure remains a top priority.



Ontario Building Code

Ontario’s Building Code has some of the highest environmental sustainability thresholds within Canada. Yet, despite this, many municipalities are adding performance standards that go beyond the statutory authority of the Planning Act through its site plan, subdivision and zoning provisions. Green Development Standards, operating outside of the Ontario Building Code, are extending approval timelines, increasing construction costs and delaying the construction of new housing.



Labour, Training and Skills Development

Doubling Ontario’s housing starts to reach the target of 1.5 million homes will also require a significant increase in skilled workers in the construction sector. Sustained investment in addressing the skilled labour shortage should continue to be a focus.



Financial Incentives to Support New Housing Supply

Targeted financial incentives to assist qualified new home buyers who purchase new homes will build hope for a stronger Ontario - and a home for all. The province has tools at its disposal to assist first-time homebuyers struggling to enter the new home market.

OUR ADVOCACY OBJECTIVES

ILLEGAL BUILDING AND ILLEGAL VENDING

The problems of illegal building and illegal vending are related, but distinct issues, each requiring a different approach.

Illegal building occurs when a builder or contractor builds a new home without being licensed. Many municipalities are reporting a rise in the number of cases of contractors who ignore building codes, bar inspectors from their sites and generally operate outside the purview of the Home Construction Regulatory Authority (HCRA).

Illegal vending occurs when a consumer signs a pre-sale Agreement of Purchase and Sale (APS) with a builder who is not registered under the Ontario New Homes Warranties Plan Act. In rare circumstances, if the builder does not fulfill their obligation to build the home, the deposits may be lost and/or the home may not be covered by the Tarion New Home Warranty.



RECOMMENDATIONS

- The Ministry of Public & Business Service Delivery conducted stakeholder consultations during Spring/Summer 2024, leading to new consumer protection legislation focusing on strategies to combat illegal building and illegal vending in the fall legislative session of 2024.
- Legislation and/or regulation to combat illegal building should include the following minimums:
 - In the case of “owner-builders,” the builder should be required to obtain an “Owner Builder Authorization” from the HCRA. This exemption must be approved before the Chief Building Official authorizes a building permit.
 - For greater consumer protection, the owner-builder status of a home should be registered on the title, including that the Ontario New Home Warranty Program does not cover the home.
 - We are supportive of buyers registering agreements of sale with Tarion when they are signed, but we are concerned about it placing an onerous burden on buyers. We do not support reducing the amount of compensation you can receive from Tarion if you have not filed the agreement of sale.



Dave Depencier – Past Chair, OHBA

Consumers deserve confidence in the process of buying a home. Illegal building and illegal vending undermine the legitimate home construction business and drive-up costs for both taxpayers and purchasers of new homes. Our collective goal, both industry and government, must be to ensure that the next 1.5 million homes be constructed by licensed builders and have home warranty protection.

OUR ADVOCACY OBJECTIVES

GOVERNMENT IMPOSED FEES, TAXES AND CHARGES

In Ontario, new housing is subject to extensive municipal fees and charges. Taxation, in some jurisdictions, and HST levied by the provincial and federal governments, now accounts for between 25% to 30% of the cost of a new home (depending on built form and municipality).

At the municipal level, the principal fees and charges on new homes come in the form of development charges, parkland cash-in-lieu charges and community benefit charges. In the City of Toronto, municipal land transfer taxes are also levied on new housing. In most major Ontario municipalities, these cumulative fees and charges are in excess of \$100,000 for a single family home, and in GTA municipalities in excess of \$125,000. Added municipal fees have increased as much as 900 per cent since 2004.

Provincially, land transfer tax and the provincial portion of Harmonized Sales Tax (HST) are collected on new homes, and federally, HST is applied. While a portion of the HST is subject to rebates, the lack of indexing as housing values have increased has undermined the rebates benefit and increased tax revenues to the provincial and federal governments.

In aggregate, government fees, taxes and charges can add as much as \$250,000 to the cost of a single family home.

RECOMMENDATIONS

- Municipal development charges have been growing dramatically over the last 10 years. At the same time, municipalities have not been able to spend the money they have raised, resulting in the growth of development charge reserves at the municipal level. The province and municipalities need to develop innovative ways to fund infrastructure that would take the upward pressure off development charges. Municipalities need to spend the money they have already raised before raising rates. Currently, the development charge reserves of the City of Toronto exceed \$10 billion.
- The province should maintain the cap on municipal parkland cash-in-lieu charges and ensures that municipalities use the funds held in reserve for their intended purpose. Some of Ontario's fastest-growing and largest municipalities in the Greater Golden Horseshoe have more than \$3 billion in their parkland cash-in-lieu reserve funds (2022 Financial Information Returns).
- Review HST rebate thresholds for new home construction and encourage the federal government to do the same.

OPTIMIZE TRANSIT-ORIENTED COMMUNITIES (TOCS)

Housing policy in Ontario must seek to optimize every asset it has at its disposal, including maximizing the density of housing built near transit infrastructure. The concept of Transit-Oriented Communities should be aggressively accelerated and implemented as widely as possible to optimize infrastructure investments and benefit housing intensification projects, where warranted.

RECOMMENDATIONS

- Undertake a provincial government-wide review of all strategic real estate assets to not only identify "surplus" lands, but also identify opportunities through a "housing and infrastructure optimization" lens to leverage serviced and developable lands for residential housing development.
- Mandate the Provincial Land and Development Facilitator to collaborate with affected ministries, municipalities and the private sector to leverage provincial real estate assets via the recommended "housing and infrastructure optimization" lens.
- Leverage the use of innovative building technologies such as modular construction to accelerate the delivery of housing supply.



OUR ADVOCACY OBJECTIVES

HOUSING POLICY REFORM AND LONG-TERM LAND SUPPLY

Important steps have been taken over the past several years to deliver legislative and regulatory solutions to Ontario’s land use planning system, working to reduce approval timelines and bringing more certainty to the housing sector. Investments in subsequent Housing Supply Action Plans, continued efforts to address the Housing Affordability Task Force (HATF) recommendations and the introduction of the proposed Provincial Planning Statement have indicated positive steps forward in battling the housing crisis. Outstanding HATF action items remain a high priority for the industry to see through to implementation to address the housing crisis.

OHBA will continue to stress the need for additional bold actions and measures to reduce approval times and cut red tape and municipal backlogs in getting housing built. There are many items from the HATF that have yet to come to fruition that OHBA strongly encourages the government to consider, like further “as of right” opportunities, prohibiting mandatory performance-based design standards in development applications, addressing servicing allocation and infrastructure delays and acting on increasing heights and density permissions in the vicinity of higher-order transit.

SIGNIFICANT CHALLENGES TO DELIVER 1.5 MILLION HOMES



The housing supply deficit, if left unaddressed, will only lead to a prolonged affordability crisis in the province. Recent studies continue to identify that there is insufficient land available in urban boundaries within municipal official plans in the Greater Golden Horseshoe (GGH) to meet mid- and long-term population growth. While intensification efforts will accommodate some of the forecasted growth, it remains imperative that housing supply meet the intent of the Provincial Policy Statement (PPS) through an appropriate mix and range of affordable and market-based residential types and densities to the 2051 planning horizon.



Jon Whyte – Chair, OHBA Builders’/Developers’ Council

Ontario’s land development industry remains one of the most heavily regulated industries in Ontario. We stress the need for bold and immediate actions to further expedite planning approval timelines and eliminate red tape to get housing built. OHBA encourages the province to move forward with bold and efficient amendments to the Planning Act and to continue to direct and guide municipalities on ways to expedite approvals and processes to support the housing target of 1.5 million homes in the next decade.

OUR ADVOCACY OBJECTIVES

The GGH accommodates over 30% of Canada's immigration each year. Immigration is a primary driver of population growth in Canada, and a shortfall of housing targets has national implications. The land supply identified by the province, through its approval of upper-tier and single-tier municipal official plans, is insufficient to accommodate the provincially forecasted long-term population and employment growth of the 2020 Growth Plan.

RECOMMENDATIONS

- Continue to advocate for additional legislative and regulatory changes that address efficiencies, reduce red tape, increase housing supply and make life more affordable for Ontarians.
- Accelerate planning approvals, decrease fees and application requirements tied to approval processes and find more ways to increase land supply through policy reform and collaboration with government.
- Housing land needs must be determined based on demographic forecasts that are aligned with market-based housing demand expectations as expressed in the PPS.
- The price of land has dramatically increased over the last 15 years. There is not enough land designated for development to meet the growing needs of the housing market. Land use planning rules need to be reviewed with an eye towards opening new lands for development.

HOUSING SUPPORTIVE INFRASTRUCTURE

In many Ontario communities, a significant barrier to building more housing is often the availability of infrastructure. Public works are the backbone of communities that enable housing. Ongoing investments in housing supportive infrastructure from all levels of government is critical to supporting a growing population and promoting economic development. Regulation that reduces delays and costs is most welcomed by the industry.

To complement this, ensuring that existing public infrastructure remains in a "state of good repair" through renewal and rehabilitation is equally important for municipalities to encourage and support intensification.

Government action on funding this kind of infrastructure would take pressure off municipalities who fund growth-related infrastructure through development charges. Therefore, it will make new housing more affordable by empowering municipalities to reduce development charges.



RECOMMENDATIONS

- Prioritizing investment on core infrastructure that supports the development of new communities – such as new roads, bridges and public transit to enable transit-oriented communities. Plan and build water and waste-water infrastructure that open new lands to development or allow for increased density.
- Accelerate the development of the Ontario Building Fund and make it more ambitious to unlock additional financing options to allow both municipalities and builders to finance needed infrastructure to build complete communities.
- Assess further red-tape reduction opportunities, such as streamlining the environmental assessment regulations on municipal infrastructure for higher-risk projects.

OUR ADVOCACY OBJECTIVES

ONTARIO BUILDING CODE

Currently, over 40 municipalities, including Toronto, Whitby, Mississauga and Ottawa, have implemented or are in the process of introducing “Green Development Standards” (GDS) or “High-Performance Development Standards” (HPDS) aimed at enhancing energy efficiency and sustainability standards beyond the requirements of the Ontario Building Code (OBC). While these initiatives are commendable in principle, they are contributing to delays in the planning approval process for site plans and draft plans of subdivision, thereby increasing housing costs.

OHBA was encouraged by the changes introduced under Bill 23, the More Homes Built Faster Act (2022), which limited the authority of municipalities to regulate exterior design, architectural details and landscape design aesthetics through site plan control. However, the implementation of GDS and HPDS has raised concerns, as many municipalities are leveraging site plan control, subdivision approval and zoning provisions under the Planning Act to impose certain performance-based design requirements that exceed their statutory authority.

RECOMMENDATIONS

- The province should issue a clarification to municipalities that mandatory Green Development Standards have no basis in current law. If municipalities want to pursue voluntary Green Development Standards, they should develop a package of incentives to entice builders to build to the different standards.
- Implement additional amendments to the Planning Act that leverage amendments made through Bill 23 regarding performance-related design standards being mandated at site plan, zoning and building permit approval.
- The province should require municipalities to consolidate Green Development Standards into one comprehensive framework that is applied province-wide.
- To support advanced performance of home design and/or green development standards, consideration should be given to financial based incentives to incent homebuilders to bring to market innovative home design promoting environmental sustainability measures.

LABOUR, TRAINING AND SKILLS DEVELOPMENT

The new home construction industry and renovation sector continue to face chronic shortages of skilled workers needed to build the homes Ontarians need. OHBA has had a successful partnership with the Ontario government through the Skills Development Fund in the delivery of the Job Ready Program. For three years the program provided recruitment, training and connecting aspiring workers looking for a rewarding career in residential construction.

OHBA has since developed a new program, called Futures Faster, a mentorship program aimed at preparing Ontario’s workforce to meet the province’s goal of building 1.5 million homes by 2031. Through mentorship, micro-credentials and targeted skills training, Futures Faster will equip participants with the knowledge and experience necessary to take on key roles in the construction sector.

RECOMMENDATIONS

- The Ontario government should continue to support the OHBA through the 2024 provincial budget announcement of an additional \$100 million to support the Skills Development Fund Training Stream. We further applaud this initiative as it will help workers and job seekers, including apprentices, get the skills they need to advance in their careers.

OUR ADVOCACY OBJECTIVES

FINANCIAL INCENTIVES TO SUPPORT NEW HOUSING SUPPLY

A home for everyone should be our shared goal. To support that goal, the provincial government should deploy a variety of financial incentives to support Ontarians.

OHBA welcomed the announcements made in the 2023 Fall Economic Statement and recent Ontario budget to improve access to the housing market and address affordability by taking actions to increase housing supply, and support lower taxes on new purpose-built rental housing.

Purpose-built rental (PBR) is playing an increasingly important role in Canada's housing stock and is under-represented as a form of housing in Ontario. The province has taken bold steps to enhance the Ontario Harmonized Sales Tax (HST) New Residential Rental Property Rebate to remove the full eight per cent provincial portion of the HST on qualifying PBR housing to encourage the construction of more of this housing form. Coupled with this, OHBA is encouraged to see that Ontario is providing municipalities with the flexibility to offer a reduced municipal property tax rate on new multi-residential rental properties.

RECOMMENDATIONS

- Implement a provincial land transfer tax exemption (the Ontario First Time Homebuyers Incentive program) for qualified new homebuyers who purchase a newly built home.
- Implement a Home Renovation Tax Credit to stimulate renovations for Additional Dwelling Units (ADUs) that support multi-generational families, gentle density and rental housing.
- Continue to encourage the federal government to extend the HST on new rental construction to include any purpose-built rental projects that have not filed the self-assessment on or before September 14, 2023. If such measures are acted on federally, Ontario should follow suit.



Christina Giannone – 1st Vice Chair, OHBA

Offering first-time homebuyers assistance to enter the market offers hope and builds strong and complete communities. With a provincial land transfer tax rebate discount or exemption on new home builds, the dream of ownership is within reach and offers the promise of a better future.

A HOME FOR EVERYONE – UNLOCKING THE OPPORTUNITY

1.5 million

Ontario Housing Target

96,000

2023 Housing Starts
(Ontario)

\$84 B

Industry Investment
Value (Ontario)

1.3 million

Homes to Meet Target

550,000

Home Building & Home
Renovation Jobs (Ontario)

\$38.7 B

Industry Wages
(Ontario)

25% to 30%

Added Housing Cost
from Government
Fees, Taxes and Charges

OHBA Members Build and Renovate Ontario.

THE PATH TO DELIVERING 1.5 MILLION NEW HOMES





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