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THE MAGAZINE OF THE CANADIAN HOME BUILDERS' ASSOCIATION



1988-2017

***30 Years' of Industry
Leadership Continues...***

ANNUAL RENOVATION ISSUE

**Renovation spending hits
\$6 billion a month**

**Renovator Profile:
B.C.'s Renovator of the Year**

**Rethinking roofs as
solar-powered living spaces**

**Tools of the trade:
Pros steal from handymen**

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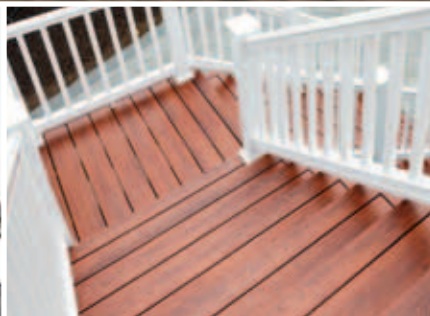
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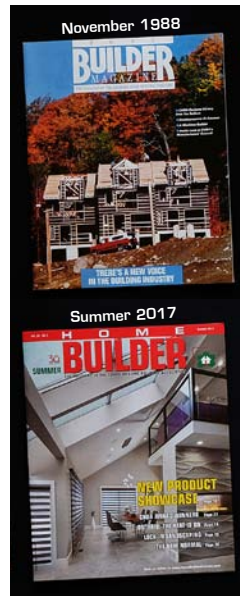
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PUBLISHER'S NOTE

30 Years' of Industry Leadership Continues...



Nachmi Artzy
Publisher

Just after launching the premier issue of *Home BUILDER Magazine*, in 1988, the CHBA invited us to become their official magazine—and not just another 'association publication', but a fully independent and privately owned entity with full editorial control, that would give the association exposure and 'a voice' with dedicated pages just for them.

We committed, with pride, to this relationship and 30 years' later we have published (never missing a deadline) 180 exceptional issues that served our industry well. Every member of the association received a complimentary copy with the latest news, report surveys, technical information and communications on a regular basis.

Today marks a 'new page' as we announce this is the last issue we publish in cooperation with CHBA—it's a new and exciting era for *Home BUILDER Magazine* and members are encouraged to subscribe* and continue receiving the publication.

Our industry coverage will continue to grow in force by increasing cooperation with many organisations involved in the vibrant residential construction market—especially renovation! Our commitment has always been to offer readers honest and valuable information they can use and implement. Today, this pledge is stronger than ever! We support the grassroots renovators and small, new home builders—not just those in the major markets, but those from coast to coast to coast—trying to make their mark, build their business and grow their success. Most of these renovators and builders are not members of any association and strive to be connected.

Renovation spending has steadily surpassed new home construction in both volume and impact, rising to over \$72 billion in 2017—\$18 billion more than new housing! With highly custom requirements it is not a mass production business, but a face-to-face detailed process with homeowners. With tens of thousands of contractors, operators, small builders, tradesmen and home owners involved, the industry rolls on, fueled by entrepreneurial spirit and creating huge capacity for business and jobs. Possibly, the biggest free spirit market sector activity in years—what a huge advantage for Canadians!

This is your magazine and you are invited to tell us about your outstanding ideas, projects, technical challenges and solutions. We want to hear your opinions about products both good and bad, the industry and the people in it. Let us know your concerns—for the betterment of your business and the industry in its entirety.

We are listening to you and will voice your message—that's a promise.

Nachmi Artzy
Publisher

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Home BUILDER Magazine is published by Work-4 Projects Ltd. four times a year. Editorial/Advertising: 4819 St. Charles Boulevard, Pierrefonds, Quebec, Canada, H9H 3C7. Tel.: 514-620-2200. E-mail: homebuilder@work4.ca. Entire contents copyright September 2017 by Work-4 Projects Ltd. Reprints only by written permission. Opinions expressed are those of the authors or persons quoted and not necessarily those of the publisher or any other organization. The occasional appearance of photographs depicting safety violation does not represent an endorsement of the practice by the publisher or any other organization. Subscription rates in Canada: \$36* a year, \$60* for two years, \$80* for three years. U.S. and foreign subscriptions payable in U.S. funds only. ISSN No. 0840-4348. Legal deposit — The National Library of Canada and Bibliothèque et Archives Nationales du Québec, 2007. Canada Post Permit #0295647. *Plus applicable taxes. GST/HST registration #R105741383 • Date of mailing: September 2017

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“Move-over” Buyers Drive Secondary Markets

High housing prices are convincing homebuyers in both Greater Toronto and Metro Vancouver to look for lower-cost housing in suburban centres and satellite cities, according to a **Re/Max** study.

In Greater Toronto the buyers, known as “move-over buyers”, are driving price appreciation in Mississauga, Brampton, Durham, Barrie, Hamilton-Burlington, Windsor, and as far away as Kingston, the study found.

The GTA saw the average residential sale price rise by 29 per cent, up from \$675,492 in the first quarter of 2016 to \$873,631 during the same period in 2017.

At the same time, housing demand has slowed in Metro Vancouver.

Record Forest Fires Spark Lumber Prices Higher



The price of building lumber continues to inch up following the introduction of higher U.S. duties on Canadian softwood exports and the effect from a record-breaking B.C. forest fire season.

As of August 4, the price of a 2x4 eastern spruce was \$595 per one thousand board feet (MBF), compared to \$592 MBF a year earlier.

The price of wood panels was \$400 MBF as of August 4, compared to \$372 MBF a year earlier,

reports Natural Resources Canada.

Fires across B.C. have covered more than 40,000 hectares and shut down some sawmills and logging plays.

Norbord Inc., the world's largest maker of oriented strand board (OSB), which supplies about 5.6 per cent of OSB panels used in Canada, is among the B.C. operations that have been shut down.

Wood prices could rise as high as six per cent if B.C. forestry operations remain shut for weeks, Bank of Montreal analyst **KETAN MAMTORA** warned in mid-August.

The average residential sale price decreased 11 per cent year-over-year, from \$1,094,936 in the first quarter of 2016 to \$969,900 in 2017.

Move-over buyers from Vancouver and buyers migrating from other provinces continue to fuel activity in Fraser Valley, Kelowna, and in Victoria, particularly in the upper-end of the market due to relative affordability in these regions.

“The move-over buyer activity we’re seeing in the areas surrounding Canada’s two largest urban centres is a direct response to price appreciation caused by high demand in recent years,” said **ELTON ASH**, regional executive vice president, RE/MAX of Western Canada. “If the price isn’t right, move-over buyers look to markets where they can find a better balance of affordability and square footage, and still have access to green spaces, transit options, and retail centres.”

Canadian Homeownership Rates Stable

According to new data from Statistics Canada’s Canadian Income Survey and Survey of Labour and Income Dynamics, the number of Canadian households increased 11.6 per cent, from 12.7 million in 2006 to 14.2 million in 2015.

The number of homeowners grew from 8.7 million in 2006 to 9.6 million in 2015, or by 9.9 per cent over the period. Throughout this period, the homeownership rate in Canada was stable, ranging from 67.1 per cent in 2008 to 68.8 per cent in 2007. It was 67.6 per cent in 2015.

The number of renter households also increased, from 4.0 million in 2006, to 4.6 million in 2015, or by 15.4 per cent over the period.

Passive Home Passes Ice Test

On July 27, two structures were placed at Vancouver’s Olympic Village—one built to the BC Building Code and one built to a Passive House standard. One tonne of ice was placed in each structure, and the public was invited to guess how much ice would be left at the end of the competition after 18 days of summer heat.

Under a new zoning bylaw that came into effect May 1, all new homes in the city will eventually have to be built close to the Passive House standard.

On August 14, the ice boxes were opened and the ice measured.

It was found that the Passive House still had 639 kilograms of ice unmelted from the original 1,000 kilograms. The building code house, in comparison, had just 407 kilograms left.

The Ice Box Challenge was meant to help demonstrate how, with simple changes such as thicker walls, better windows, and proper air circulation, homeowners can reduce energy use and cut costs.



The Magazine of the Canadian
Home Builders' Association

Vol. 30 No. 3
Autumn 2017

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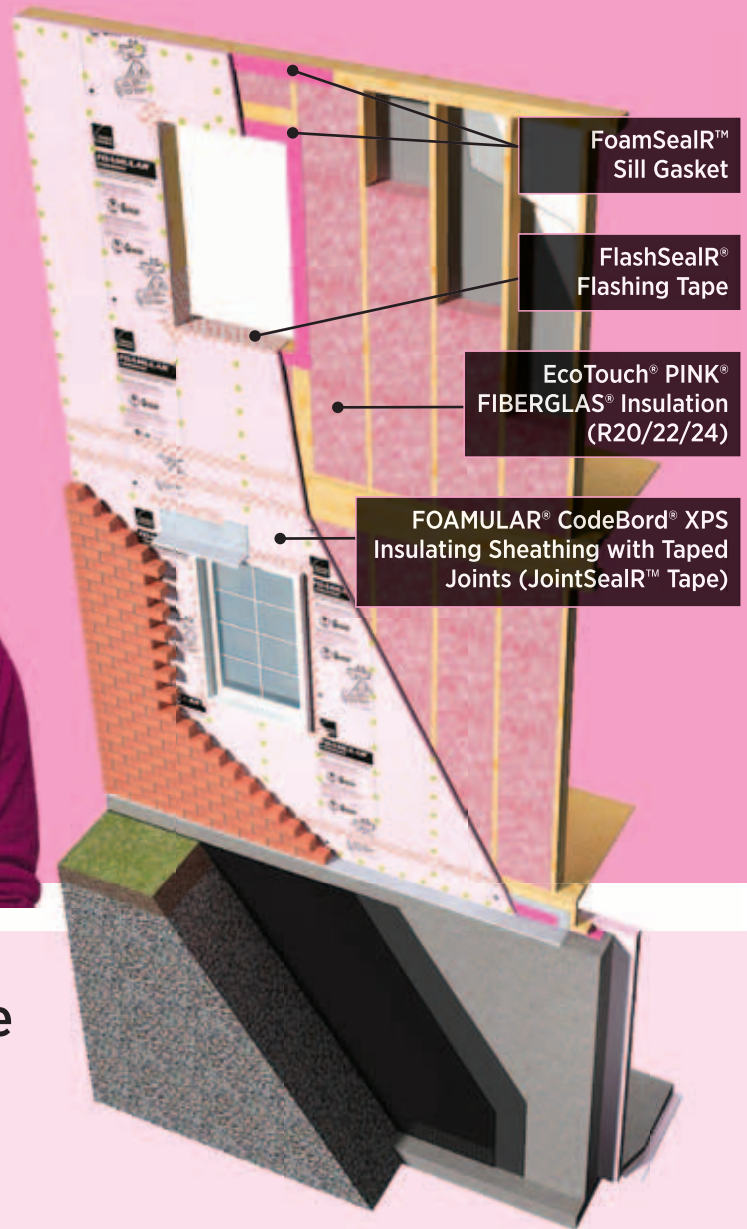
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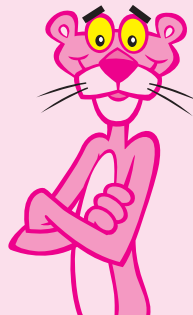
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“Resale houses should have energy labels”

When 11 provinces and territories signed the Pan-Canadian Framework on Clean Growth and Climate Change in 2016, they agreed to look at requiring that all existing buildings have an energy label outlining how much energy the home or building uses as early as 2019.

Now, a coalition of environmental groups is urging the federal government and provinces to implement a policy that requires the information from a home energy audit be provided when a home is listed for sale.

"It's just another way for a home to be valued and also gives an indication of how energy-efficient is this home and what kinds of improvements and therefore cost savings could I be making if I'm going to be buying this home," **KAREN TAM WU**, director of the buildings and urban solutions program for The Pembina Institute, told The Canadian Press.

The recommendation was one of nearly two dozen the Pembina Institute and nine other environmental organizations made in a letter to Natural Resources Minister **JIM CARR** and Environment Minister **CATHERINE MCKENNA** this August.



Apprentices compete in PEI

The Atlantic Canada Regional Council of Carpenters, Millwrights and Allied Workers (ACRC), as well as the Carpenter Millwright Colleges and Trust Funds of Atlantic Canada, hosted the 2017 United Brotherhood of Carpenters (UBC) National Apprenticeship Competition in Charlottetown, Prince Edward Island, August 25-26, 2017.

The best apprentices in the country competed in a diverse range of disciplines, including carpentry, drywall, millwright, floor covering, and scaffolding.

Watch for an update on the winning apprentices at www.homebuildercanada.com.

Alberta HBA and UDI merge as BILD Alberta

BILD
ALBERTA

Members of the Canadian Home Builders' Association – Alberta and the Urban Development Institute Alberta Division have voted to amalgamate the two provincial associations.

The new joint organization will be named Building Industry and Land Development (BILD) Alberta. Association members voted from July 5 to July 11. CHBA – Alberta members approved the move with 88 per cent support, while 94 per cent of UDI Alberta members voted to make the change.

BILD Alberta will unite the development associations during a 120-day transition period, hiring a chief executive officer for the new organization and paving the way for new BILD Alberta board members. BILD Alberta will focus on advocacy for provincial land development, home building, and the renovation industry.



By Peter Norman

Stronger growth is expected for 2018 and 2019 averaging about 2.1% real growth per year.

Peter Norman is VP & Chief Economist at Altus Group, and leads a national team of economic advisors providing policy analysis, feasibility assessment, and economic intelligence to the home building and real estate industry. He can be reached at peter.norman@altusgroup.com.

Canadians' Love Affair with Home Renovations Continues

If you think you are seeing more home renovation in your local market, you probably are. This very important part of the construction industry is booming and is set for further growth ahead. Total spending on residential renovations (defined as the sum of residential alterations, improvements, conversions, and repairs) will likely reach \$74.3 billion in 2017 Canada-wide, a gain of about two per cent (after inflation) over 2016.

Home renovation investment and activity remains at very high levels, and has consistently grown year-over-year as an important contributor to the Canadian economy. The pace of renovation activity has mildly accelerated so far this year, and looking ahead, somewhat stronger growth is expected for 2018 and 2019 averaging about 2.1 per cent real growth per year.

The \$71.3 billion spent on renovations in 2016 represented just over \$5,000 per housing unit in Canada, that's across the base of both owned and rented units, including units that incurred renovation expenses and those that didn't.

The average spending (in real dollar terms) has been in the \$5,000 range in the past five years, after posting rapid growth in the previous ten years from about \$4,000 per unit in the mid 2000s. This means that the recent growth in renovation spending has been driven more by growth in the housing stock (i.e. more units to be renovated) than by increased spending.

Renovation Topped New Housing Construction

Investment in repairing and upgrading homes by homeowners and landlords is an extremely important component of the construction sector in Canada. In 2016 renovation and repair spending on building materials and labour topped investment in new housing construction by some \$18 billion! Dollar for dollar, therefore, renovation activity (and its role in the economy) is some 34 per cent higher than new home building, and nearly 74 per cent higher than all construction spending in the ICI sector.

The unbroken annual upward trend in renovation spending since the latter 1990s has at least in part been due to increases in home equity, given rising home values over that period. Many homeowners have tapped their equity to use for financing renovations—either via home equity lines of credit (HELOCs) or by refinancing their mortgages to a larger amount.

Only about 1 in 12 homeowners borrowed for renovations in 2016. Of those who borrowed, secured lines of credit are

the number one method of financing home renovations, followed closely by refinancing a mortgage (see Chart). Many of those who initially use higher-interest borrowing methods to finance renovations, such as credit cards and store charge cards (possibly to obtain loyalty/rewards points), will later consolidate that debt into their mortgage.

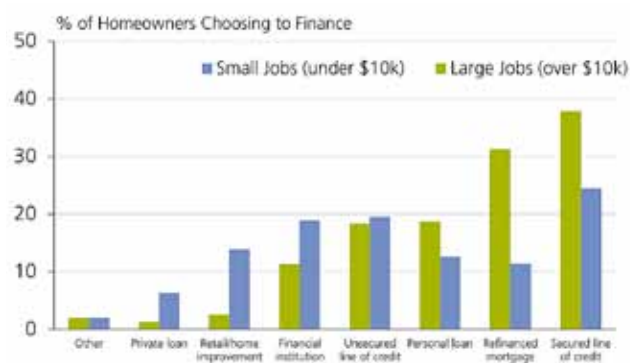
Age in Place

We are often asked whether we see any evidence that homeowners are increasingly planning to stay put and renovate their home to meet their changing needs, rather than move to a new home. This question is becoming particularly important as the large segment of households headed by baby boomers—many living in older single-family homes—is at the stage to decide whether to “age in place” or downsize. Our research suggests that as it always has been, the aging in place decision is the most prominent and that only a minority of baby boomers are expected to downsize in the next ten years. We also track this by measuring renovation and home buying intentions through the Altus Group's FIRM Survey. An analysis of this information shows that intentions to move versus intentions to undertake larger renovations are very similar this year compared to last year.

We expect the value of renovation spending to increase about 1.9 per cent per year both this year and next in real (inflation-adjusted) terms. Spending is forecast to expand in most regions, with the strongest growth in B.C., Alberta and Ontario—in line with expectations for continued strong growth in B.C. and Ontario, and a rapid recovery from its recent recession in Alberta.

Homeowners Borrow for Home Renovation

Only a minority of homeowners (1 in 12) borrow for home renovations, but of those that do, tapping into home equity is the preferred choice.



Sources: Altus Group Economic Consulting based on Altus Group/Ipsos-Reid, The FIRM Survey



By Bo Mocherniak

The longer it takes a business to detect an attack, the more damage it can cause.

Even Contractors Are a Target: The Reality of Cyber Crime

Gone are the days when larger, more lucrative businesses were the primary target of cyberattacks. Today—as an increasing number of construction companies rely on the Internet of Things (IoT), sophisticated project software solutions and remotely-accessible systems to compete in a technologically-advanced marketplace—hackers now have their sights set on small- to medium-sized businesses as well.

This is largely due to the fact that limited IT budgets—combined with the frequently-held misconception that it's possible to be too small to be attacked—prevent many mid-sized construction companies from investing in cybersecurity systems at all. As a result, their digital intellectual property, proprietary assets, architectural drawings and specifications, and corporate banking information are ripe for the taking—by virtually anyone.

Even the most primitive hackers can access employee and client information—such as full names, Social Insurance Numbers (SINs) and bank account data—from an unprotected database. In addition, smaller contractors and subcontractors are an excellent way to gain access to the networks of larger organizations. Given the amount of personal information home builders collect about buyers, they are also a target for hackers interested in gaining access to client networks.

The longer it takes a business to detect an attack, the more damage it can cause—both from a reputational and financial perspective. And given how rapidly technology is evolving—and how stealthy cyber criminals are becoming—speed of detection, rather than prevention, is now the name of the cybersecurity game.

If you've been debating whether a stronger cyber defence system is worth the investment, consider these three facts:

1 Complex reporting requirements mean you have more valuable data on hand.

Between the Payment Card Industry Data Security Standard (PCI DSS), Sarbanes-Oxley (Bill 198), Personal Information Protection and Electronic Documents Act (PIPEDA), and new regulations surrounding foreign homebuyers, builders and contractors are now required to keep track of a plethora of client information—information that could be incredibly valuable to cyber hackers.

To prevent it from getting into the wrong hands, it's

essential to have clear policies in place. Not only does this involve understanding what information is being held—even temporarily—but it must also include implementing a proactive plan for managing and protecting access to that information.

2 The world is becoming increasingly digital.

Project management software has come a long way, leading to greater efficiencies across the board, including better tracking of project profitability. To prevent hackers from gaining access to this information—including project pricing—it's essential to protect both physical and electronic forms of information and prepare for realistic information-breach incidents that could have an impact on your business, such as a lost laptop or compromised web application.

3 Home building and renovation jobs are getting more complex.

Very rarely does a real estate project involve one company or contractor. For this reason, it's not only essential to ensure your IT infrastructure is secure, but your contractors and subcontractors as well. Implementing policies and procedures that clearly outline the cybersecurity responsibilities of your third-party relationships—and taking steps to only partner with companies that abide by them—will greatly strengthen cybersecurity across your entire project.

Today's cyberattacks have been known to cause long-lasting damage—including financial losses, slashed credit scores, reputational damage, increased insurance premiums, lost business and the list goes on. Attacks occur at an alarming frequency, and they don't discriminate. Every business—regardless of size or industry—is a potential target.

Fortunately, cybersecurity solutions are evolving as well, allowing organizations to remain two steps ahead of today's intelligent cyber criminals while simultaneously leveraging the power of technology to achieve their business objectives. By putting in place some simple policies, and enhancing your communications with your suppliers and subcontractors, you can help limit the exposure. The key, however, is to take a proactive stance, rather than waiting until it is too late.

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Bo Mocherniak is the national industry leader of the construction, real estate and hospitality practice at Grant Thornton LLP. He also sits on the Grant Thornton International real estate sector group, providing his insight on market trends within the industry.



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By Tim Bailey

Crossing Home Plate

Reducing deficiencies for a winning score

Building new homes means managing hundreds of processes, while assembling thousands of components. Components are a combination of natural, manufactured, pre-fabricated and human-assembled. The construction process spans several months in conditions that may include scorching heat, drenching rain, gusting winds, frigid snow or anything in-between. It is not surprising that Dr. Jack Revelle, Six Sigma expert and quality guru, notes that “the average home has more than 60,000 points of failure during the building process.” Building homes is not an easy sport.

Stopping at Third Base

In light of the complexities of home building, it seems reasonable to think that making it to closing with only a handful of items remaining as incomplete or deficient should be considered a victory. Unfortunately, homebuyers rarely look at what has been accomplished, but



rather what remains incomplete when they receive keys for their new home. A builder with a short list of deficiencies at occupancy may view that as a “win,” but most homebuyers score that less generously in customer satisfaction. “Stopping at third adds no more to the score than striking out. It doesn’t matter how well you start if you fail to finish,” said major league baseball player Billy Sunday.

On the scoreboard of customer satisfaction, there are two key elements in play when home buyers take possession of their new homes. The first element is the number of items that are deficient with the new home. The second element is how home buyers perceive that number of items. Even the best builders leave runners on third base at times, but customer satisfaction leaders score higher by managing customer expectations and also by turning over homes with few, if any, deficiencies.

Tim Bailey is Division President of Avid Ratings Canada, a leading provider of customer loyalty research and consulting to the home building industry. Through the Avid system, industry-leading clients improve referrals, reduce warranty costs, and strengthen their brand. He can be reached at tim.bailey@avidratings.ca.

The Number of Incomplete Items

Survey data from the Avid Ratings “All-Canada” Database shows that 22.2% of home buyers report having “three or fewer” deficiencies at the time of their pre-delivery walk-through, with 2.6% of those buyers reporting zero deficiencies. Hopefully the goal for all home builders is to have zero deficiencies by closing—or preferably by the pre-delivery walk-through—however, this data suggests that 97.4% of home buyers report some deficient items at their walk-through.

In comparison, data from an industry-leading builder in customer satisfaction shows that 55.3% of their homebuyers report having “three or fewer” deficiencies at their walk-through—33.1% better than the “All-Canada” data above—with 6.4% of their buyers reporting zero deficiencies. A good batting average in baseball is typically above 300 and similarly leading builders are not perfect, but are batting at higher averages delivering deficiency-free homes.

Perception is Reality

Setting expectations for homebuyers is a key factor in customer satisfaction, as customer perceptions become reality. Homebuyer perceptions about deficiencies at the walk-through are important to monitor and understand. Survey data from the Avid Ratings “All-Canada” Database shows that 71.8% of homebuyers believe the number of deficiencies at their walk-through was either “about as expected” or “less than expected/no items.” That leaves 28.2% of homebuyers feeling that the number of deficiencies at their walk-through was “more than expected” or “much more than expected.”

Again in comparison, customer satisfaction data from an industry-leading builder shows that 85.4% of their homebuyers believe that the number of deficiencies at their walk-through was either “about as expected” or “less than expected/no items”—13.6% better than the “All-Canada” data above. That leaves 14.6% of their homebuyers feeling that the number of deficiencies at the walk-through was “more than expected”—no homebuyers reported “much more than expected.” Even the best builders are not hitting home runs every time they are at the plate when it comes to setting customer expectations, but they are generally leading the league in this area.

Finishing Strong

Managing the complexities of home building should bring the reward of homeowners that are passionate fans, but this is only possible if customers receive complete and ready homes that align with their expectations. Turning over homes with few, if any deficiencies, shows up on the scoreboard through referrals and positive reviews. Finishing is always the most important part of the race.



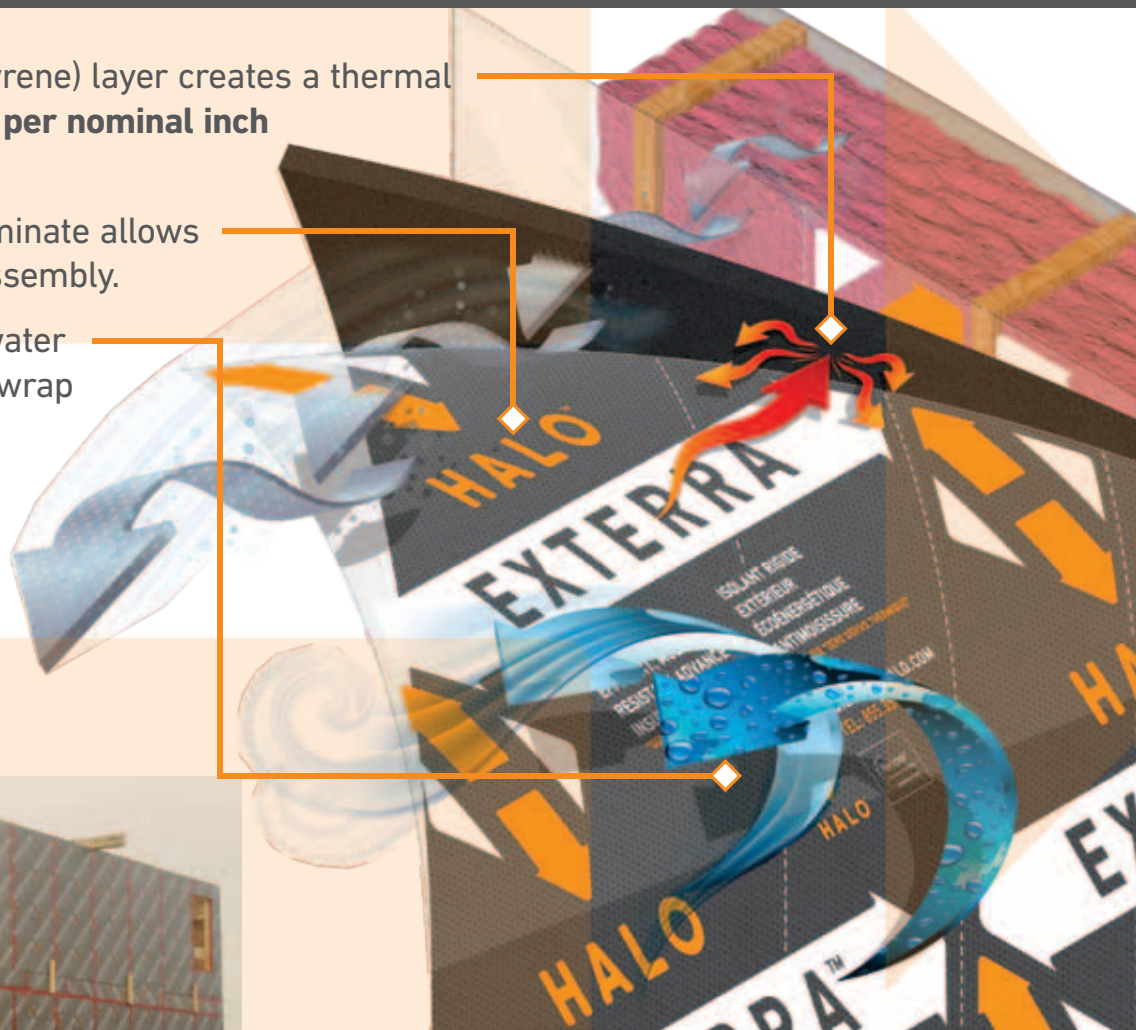
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Before and After photos of this mid-size renovation an indication of the workmanship of the My House Design Build Team.

Consistency & Experience

Named B.C.'s Renovator of the Year for the third consecutive time, My House Design Build Team traces its success to teamwork and training

BY FRANK O'BRIEN

GRAEME HUGUET and his team at **My House Design Build** took the same steps building one of British Columbia's best home renovation company as they did in the work it took to be named B.C.'s Renovator of the Year for the past three consecutive years.

The first step, it appears, is consistency. The second is a flexible, experienced team that can handle any level of quality renovation or custom home building. And the third is continuing education: Huguet and his team leaders are all CHBA-certified residential builders, certified renovators and certified Built Green Builders and are trained in the BC Building Code, building sciences and project management. His company is also Baeumler Approved, a national registry that recognizes a commitment to honesty, integrity, and quality service.

With a team of 50, including 30 full-time trades people in the field, My House Design Build Team Ltd. is normally working on 50 separate projects out of its Surrey headquarters.

"We work on a 24-month calendar," Huguet explained, because it takes that long for some of the bigger projects to move from design to permits to actual construction across the Metro Vancouver market.

"We are only as busy as our team allows," he said. "I don't go and find crews to take on more work. We grow by bringing along the right people at the right time to grow with us. If I don't have the right people to do the right work, I don't take the job."

Huguet is proud that, after 25 years, he



"We create great living spaces. We just don't add some fluff to someone's house." — Graeme Huguet

has carefully built a team capable of a wide spectrum of contracts in one of Canada's most competitive residential real estate markets.

"We have added one to two people a year and many of them have now been with us for 20 years or more." The key is to find qualified workers eager to work to exacting standards, he explained. "There are tons of people out there who tell you what they can do, but put them on the tools for a day or two and you may find they can't do it, or their standards aren't at the level you need," he said.

Consistency in his crews provides two major advantages, Huguet said. It allows him to guarantee his clients, that once permits are complete, his team is ready to start work within 30 days. It also allows him to ensure he always has work for his crews. "We have never laid anyone off because of a shortage of work," he said.

As well as young talent – including bilingual members fluent in Chinese dialects – his team includes 80-year **GEORGE FOSTER**, a veteran of the B.C. housing industry, who has been working with My House Design Build for 17 years in quality control and as a liaison with municipalities.

Over the years, My House Design Build has amassed 100 industry awards, including National SAMs from the CHBA, provincial Georgie Awards from the CHBA-BC and Ovation Awards from the Greater Vancouver Home Builders' Association. The focus of the awards ranges from multi-million dollar custom home projects to best kitchen for \$35,000 or less.

His company's third-straight Renovator of the Year award from the CHBA-BC in 2017 was not due to one flashy project, however, but recognition of outstanding work across the entire range of renovation categories. Huguet said his team always aims for an award-winning project, no matter the size of the contact.

"We create great living spaces," he said, "we just don't add some fluff to someone's house. It's all about function and sustainability."

Among its awards are consistent honours ► 20

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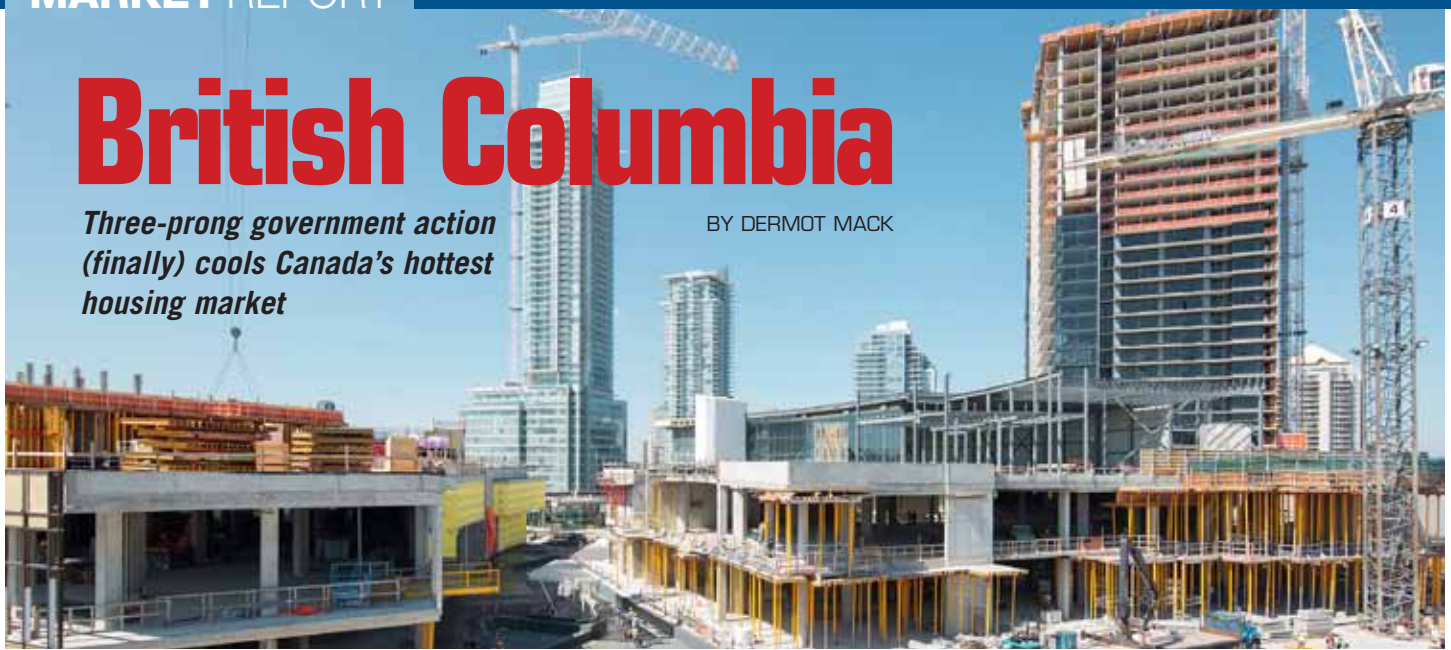


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British Columbia

Three-prong government action (finally) cools Canada's hottest housing market

BY DERMOT MACK



SHAPE PROPERTIES

The Brentwood mixed-use development in Burnaby, where 1,400 homes have already sold: in all 11 towers will deliver 6,000 homes.

The fact that British Columbia's home building and renovation market is slowing down should not be surprising: what is surprising is how long it held up in the face of a three-prong, year-long government attack.

Even with a joint provincial and federal crackdown on speculation and assignment sales last spring, the first-ever foreign home buyer tax in Canada levied last August in Metro Vancouver, and more recent municipal vacant home taxes and higher development cost charges, B.C. housing sales will roar past the 100,000 level in 2017 for the third straight year. And this is despite having the highest housing prices in the country.

The cracks now appearing in the \$60 billion-per-year B.C. housing industry are not being seen in all regions of the province, but have quaked Metro Vancouver, where new home starts have plunged and renovation spending is being cut back.

Yet, higher housing starts in the central Okanagan, the Fraser Valley and the Abbotsford-Mission area on the fringe of the Lower Mainland, are "offsetting a cooling in starts

in the Vancouver CMA and Victoria CMA from their 2016 peaks," according to **JONATHAN ROTONDO**, senior media relations officer with the Canada Mortgage and Housing Corporation (CMHC).

But, since Metro Vancouver makes up about 80 per cent of residential spending in B.C., it could signal a province-wide cooling.

Mandatory registrations of new Vancouver

"No one I'm talking to is slowing down – it's crazy busy out there."

condominiums have fallen 28 per cent this year as housing starts have plunged, despite a white-hot pre-sale market that has driven new condo inventory to record lows.

Registrations of new homes with the BC Homeowner Protection Office (HPO) are seen as a harbinger of new home construction, since the warranty registrations are required before building permit applications, according to BC

Housing.

As of the first half of this year, HPO had received registrations for 1,788 new Vancouver condos, down from 2,488 units at the same time in 2016.

City of Vancouver total housing starts dropped 80 per cent in the first six months to the same period in 2016, according to CMHC, down from 5,784 to 1,860 units.

Starts of condominium apartments fell from 3,290 in the first half of 2016 to just 880 this year, a 73 per cent decline, even as the average new condo price topped \$1,000 per square foot.

A report prepared for the Urban Development Institute, Pacific Region found that, despite record construction levels, there were less than a dozen new and unsold condominium apartments in Vancouver in the first quarter—a record low.

Industry officials say the dramatic slowdown in Vancouver may just reflect a pause in a booming cycle.

"No one I'm talking to is slowing down – it's crazy busy out there," said **BOB DE WIT**,

30 years' of magazine publication continues...



CEO of the Greater Vancouver Home Builders' Association.

"There are some very large projects underway, such as Brentwood, that are taking up productive capacity and limiting new starts and delaying warranty purchases for subsequent projects," de Wit said.

"Construction costs are exploding and even developers who have projects pre-sold are scrambling to sharpen their pencils and re-tender, causing delays in starts," he added.

ERIC BOND, CMHC principal market analyst in Vancouver, noted that the number of homes under construction hit a record high in May across all of Metro Vancouver at 39,141 units. He suggested Vancouver's start slump might relate to developer fatigue.

"The constraints on builders are very real in terms of the availability and costs of equipment and materials, which means further increasing the pace of construction is challenging," Bond said.

Renovation contractors confirm that demand for higher-end renovation in Metro Vancouver is also cooling, with more emphasis

B.C. Actual Housing Starts

January - June 2017 (selected cities)

	1st half 2017	1st half 2016
Vancouver	1,860	5,784
Surrey	2,870	1,570
Greater Victoria	279	479
Kelowna	1,855	993
Nanaimo	500	373
Prince George	97	181
Total Urban B.C.	18,572	20,326

SOURCE: CMHC, JULY 2017

now on smaller condominium upgrades rather than full-house renovations.

Across B.C. total starts through the first half of this year reached 18,572 units, down from 20,326 in the same period of 2016.

Hot spots for new home building include Surrey, with 2,870 starts so far this year, up from 1,570 in the first half of 2016, and Coquitlam, where starts increased about 20 per cent to 1,058 units, including 941 multi-family units.

Kelowna, the largest city in the Okanagan, has seen housing starts nearly double this year to 211 units and Abbotsford-Mission reports a 60 per cent increase to 267 units. Victoria housing starts, however, slipped to 276 units this year, down from 479 a year earlier.

But few industry observers are forecasting a major correction in a housing market where the average home now sells for \$683,500 and spikes to more than \$1 million in Metro Vancouver.

"The supply of homes for sale [in B.C.] is at a 20-year low, with sellers' market conditions prevalent across most B.C. regions and home types," noted **CAMERON MUIR**, chief economist with the BC Real Estate Association, who predicts average residential prices will increase a further 8 per cent in 2018.

Barring further "policy measures" by government, **BRYAN YU**, chief economist with Central 1 Credit Union is also bullish on B.C. housing,

"Given low inventories and a solid economy, [housing] prices and sales will continue to rise in B.C.," he said.

NEXT ISSUE WINTER 2017

Industry Leaders Speak / Technology & Trends

A selection of the latest opinions and advice to our readers—direct from top builders, contractors, renovators, designers, manufacturers, retailers, and industry professionals.

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Rethinking Roofs

Roofing renovations can now include installing solar panels or creating a flat roof to maximize expensive living space

BY FRANK O'BRIEN



As part of a whole house renovation, My House Design Build of Surrey, B.C. converted a boring house roof into hundreds of square feet of flat rooftop seasonal living space.

For many years roofing has been a separate contract in Canada's multi-billion dollar home renovation industry, but today roofs are being seen as an extension of two big trends: energy saving and maximizing living space.

The former has fueled growth in solar roof panels, accelerated by generous provincial incentives that add to the payback potential. The latter is seen in the recent profusion of flat roofs as part of home renovations in high-priced housing markets, like Vancouver, where every extra square foot can be worth \$1,000 at resale time.

Solar roofs

"Solar has reached a point where the panels have become extremely reliable, efficient, and the costs have come down, with substantial cost reduction in the past five years," said **KEN MAYHEW**, president of Penfolds Roofing of Vancouver, the first Vancouver roofing firm to integrate photovoltaic (PV) panel installation into its existing roofing sales.

According to the BC Sustainable Energy Association, a solar PV module cost \$100 per watt to install in 1980. Today, it costs between \$2 to \$3 per watt.

Although a typical 4-KW roof solar panel costs an estimated \$16,000, the energy produced translates to a 540 per cent return on

investment over the 40-year life cycle.

"Nothing is more reliable than the sun coming up tomorrow," Mayhew said. "If you don't have an immediate need for the power your panels are producing, it's fed back into the grid, and you'll get the same amount back from the grid whenever you need it."

BC Hydro will pay for any excess power, currently 9.99 cents per kilowatt hour (kWh). About 900 B.C. homeowners are feeding electricity back to the hydro grid and 95 per cent of them have installed solar PV systems.

Ontario once had an even more generous incentive program for qualified homeowners, including direct financial support to install solar panels and guaranteed 20-year contracts to purchase excess electricity at rates well above market values, but those subsidies have now largely ended.

Other provinces are now coming on board, including Alberta, which this year launched its Residential and Commercial Solar Program.

"There's a lot of buzz in Alberta around small-scale solar. This program will make solar power affordable for more Albertans, leading

to new panels on 10,000 Alberta rooftops by 2020," according to **SHANNON PHILLIPS**, Alberta Minister of Environment and Parks and Minister Responsible for the Climate Change Office. Phillips noted that solar uptake has doubled in Alberta since 2015.

There are also solar shingles on the market that create less obtrusive solar rooflines.

A potential boost to residential rooftop solar is the ability to store the electricity generated for use on rainy days. By 2019, electric car maker Tesla will introduce its Powerwall home battery system to Canada. The wall-mounted batteries are already being tested. A pilot project was launched in New Brunswick last year and it now includes 25 test homes across Canada.

Flat Roofs

Soaring home prices and contemporary residential design have conspired to launch a new trend: flat roofs on detached houses.

For "green" builders it is often about making space for passive solar and storm water retention, but for others it just makes practical sense when a typical big-city house sells for \$800 to \$1,000 per square foot.

"The flat roof extends my living space and that is worth a lot," said **GLADYS HEPNER** who changed the traditional sloped roof on her Vancouver house into a flat-roofed patio that she accesses through an outside staircase.

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An example of a kitchen makeover that has helped propel My House Design Build to the top of B.C.'s renovation industry.

14 ► for energy-saving and environmentally-aware construction.

Huguet said higher environmental standards reflect what his clients are demanding.

Metro Vancouver renovations, he said, have moved far beyond the "lipstick" of granite countertops and fancy hardwood.

"The biggest [renovation] trend is people looking at their home holistically. This means looking at how the house functions, the air quality, the water quality, and how much it costs to run. The goal is not to create a certified Built Green home but for it to also be energy-efficient and run on the least amount of dollars."

My House Design carries this pragmatic thinking through every project, recommending some subtle changes – better glazing, a heat recovery ventilator – that will produce not only a great-looking but a more comfortable and energy-saving home.

Unlike some in the industry, Huguet welcomes the new Vancouver zero-emission building bylaw that came into force this May, and the tougher energy standards in the BC Building Code, both of which can add cost to

those builders and renovators not experienced with them.

"We have been doing all these things for the past 10 years, so these new standards don't affect us or our clients," he said.

As an example, My House Design Build already specs insulated block foundations on substantial renovations and custom homes, providing an insulation standard that the BC Building Code is just now catching up to.

Huguet said Metro Vancouver's overall housing market is cooling after nearly three years of white-hot expansion. He said the slow-down in renovations and custom home building is all due to government intervention, from a tax on foreign buyers to Vancouver's vacant home tax, both of which slowed renovations. He suggests that the new NDP-Green Party government in B.C. does not inspire investor confidence in the province.

"There is a shift," he said, "you can feel it."

But Huguet is confident that, as it has for a quarter-century, My House Design Build Team will continue to be among the busiest and most award-winning renovation companies in British Columbia.

18 ► RETHINKING ROOFS

Traditionally, detached house designs have shied away from flat roofs due to fears of higher costs for maintenance. But both design and modern materials are addressing those issues. The latest roofing materials, such as TPO (thermoplastic polyolefin) and EPDM (ethylene propylene diene monomer) used for flat roofs have warranties of up to 20 years. Built and flashed by a professional, they won't leak.

Proponents note that the initial cost of installing a flat roof is low because the surface area of a flat roof is less than the surface area of a sloped roof. Flat roofs also don't have the rafters or engineered trusses that sloped roofs have, which makes them less costly to build. It is also easier for roofing crews to work on a flat roof, which can save on labour costs.

For many Canadian renovators accustomed to installing roof dormers, the next step could be leveling off a roof to create additional living space that adds to the home's comfort and resale value.



PENFOLDS ROOFING

Penfolds Roofing president Ken Mayhew and son Shaun Mayhew with a solar panel roof array on a Lions Bay, B.C. house.

30 years' of voicing our reader's opinions and concerns continues...



Beyond the Cookie-cutter Kitchen

BY SYLVIA SHAW

Kitchen renovations are trending to bold contemporary designs with a splash of colour – and less granite

Kitchens are the money room when it comes to home renovations, because the cooking and dining zone has become a home's focal point, often taking up 30 per cent of the main living area. But the latest designs are eschewing traditional looks to embrace hardwood floors, two-tone colours, energy-savings and even steam ovens to make a statement.

As outlined in the 2017 Kitchen and Bath Design Trends report by the National Kitchen and Bath Association (NKBA), some consumer demands will upset current ideas of what makes a great kitchen.

Granite, while still popular, is being usurped by quartz, which is now the most popular hard countertop material.

First of all, granite, while still popular, is being usurped by quartz, which is now the most popular hard countertop material.

Second, forget white cabinet: the new trend is blue and black, especially in high-gloss finishes.

As for appliances, NKBA said induction cooktops and convection ovens are trending higher, and microwave drawers are outpacing free-standing or built-in microwaves. Steam ovens still represent a small segment of the market, but are also trending higher.



What was once thought the ideal kitchen design (see inset photo) is now being renovated along clean, contemporary lines.

Another contemporary trend is technology, with kitchens now boasting Internet connections and televisions. About one third of NKBA professionals included wiring and pathways for future tech integration. Also trending upwards: more Internet-connected appliances and docking stations.

According to Bill Darcy, the CEO of NKBA, designers are “specifying mixed color palettes

and mixing materials, especially for countertops.”

Like technology, accessible and/or universal design features are growing in popularity among our members to make kitchens more functional. Darcy stated, “Universal design is commonplace among NKBA members, who serve clients by specifying spaces that are safe for users of all ages and abilities.”

Trendspotter: Free-standing Bathtubs

If one trend is becoming pronounced in major bathroom renovations – and increasingly in new homes – it is the free-standing bathtub. We are seeing them this year in homes from the West Coast to Quebec.

A big reason is that the free-standing tubs take up less room than the traditional tub-and-shower, but also because the standalone tubs allow for unique bathroom aesthetics.

“A curved, white free-standing bathtub creates its own focal point,” explained Cassandra Nordell-Maclean of William Standen Co. of Sarnia, Ontario, which captured a second-place award this year in an Ontario-wide bath design competition.

Some renovations include installing a free-standing tub as a means to create a large and more luxurious shower stall, while helping to create a spa-like bath environment.

Thanks to its versatile design, a free-standing tub can be placed near the wall, beneath a window, in the middle of the bathroom or anywhere space allows.

Free-standing tubs are stylish, versatile and relaxing. If you are remodeling a bathroom, consider recommending a free-standing tub as a design option.



A free-standing bathtub becomes a focal point in a bathroom renovation, such as this National Kitchen and Bath Association award-winning project by Molly Hustoft of Designer Home Interiors of Idaho.

Renovation Spending Wanes But Remains Strong

For the first time in years, renovation spending eclipsed by spending on new home construction

BY FRANK O'BRIEN

In the first quarter of 2017, and based on the latest numbers available, residential renovation spending in Canada reached \$12 billion, Statistics Canada reports. While this was down from \$13.2 billion in the fourth quarter it was up from \$11.4 billion in Q1 2016, yet analysts contend a red-hot five-year renovation curve could be starting to cool.

In the first three months of this year, spending on new residential construction reached \$12.4 billion, eclipsing renovations for the first time in years.

While renovation spending is still expected to reach record levels in 2017 and next year, the Canadian home improvement craze is apparently slowing, confirms a new report from Toronto-based **Altus Group**.

Altus said renovation spending will total \$72.7 billion in 2017, up from \$71.2 billion in 2016, and climb to \$74 billion next year.

The entire new home market was worth only \$53 billion in 2016 and homeowners are now spending about \$1.33 on renovations for every \$1 spent on new home construction, the report said.

But Altus, a real estate consultant, said the growth in average spending per unit has also slowed since the heady peaks of the 2000s.

"We are often asked whether we see any evidence that homeowners are increasingly planning to stay put and renovate their home to meet their changing needs, rather than

move to a new home," Altus Group noted in its report on the sector. "Intentions to move versus intentions to undertake larger renovations [\$10,000 plus] are very similar to last year and to adopt HGTV's terminology, there has been no increase to love it rather than list it."

National Residential Renovation Spending

Year	Spending (B\$)
2014	\$69.2
2015	\$70.4
2016	\$71.3
2017	\$72.7*
2018	\$74.0*

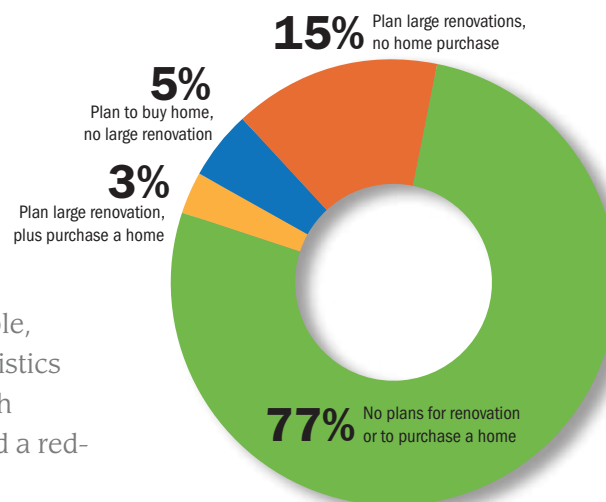
* Forecast

SOURCE: ALTUS GROUP, BASED ON STATISTICS CANADA DATA

Renovation spending had been tracking the overall growth in the economy, but while it is expected to grow in 2017 it will begin to lag economic growth.

Some of the renovation spending is just

Intentions To Renovate Spring 2017



SOURCE: ALTUS GROUP

keeping a home up to date — \$17 billion of the \$71 billion spent in 2016 was chalked up to home repair. Most of the rest of the spending, \$52.8 billion, was discretionary and used for alterations and improvements.

About \$1.1 billion was spent on property conversions in 2016, but this number also tracked lower in the first quarter of this year, compared to Q1 2016.

The real sign of a slowing renovation market is the growth in spending per unit. This spend was approximately \$5,000 over the past five years, not much more than the period from 2007-2011.

"This means that the recent growth in renovation spending has been more driven by growth in the housing stock — the total number of units renovated — than by increased spending per unit, than was the situation in the decade of the 2000s," Altus Group said.

Residential renovation spending has increased every year since 1988, in both real and current dollar terms, Altus noted.

► 25

30 years' of supporting entrepreneurial spirit of renovators continues...



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Homeowner Tools Tradesmen Tools vs Renovator Tools

BY JON EAKES

The first cordless Ni-Cad battery-operated tools were convenient additions to a toolbox. Although not very powerful, and the batteries didn't do much work between charges, they were popular enough to become standard tools on many job sites.

Battery-based Loyalty

The arrival of Lithium-Ion batteries triggered a dramatic increase in performance and speed. With this new arrival, the tools became so important that old habits of mixing corded-tool brands in a toolbox started to be replaced by a desire to stick to one brand of batteries. This became the Holy Grail for tool manufacturers—brand loyalty depended more on battery platforms than on individual tool performance.

To augment this battery-based brand loyalty, manufacturers needed to widen their horizons and offer tools with a new objective: owning the construction site. At the same time

batteries grew more and more powerful, until they eventually “cut the cord” completely—making new cordless tools that would perform as well or even better than the corded tools of the past, accelerating the expansion and breadth of cordless tools.

As all of this was happening, the industry also went through significant restructuring with many new acquisitions. **Stanley** bought **Black&Decker** and then acquired **DeWalt**, **Stanley Fat Max**, **Porter Cable** and **Bostich**; **Milwaukee** bought **Rigid**, **Ryobi** and **Empire Levels**, and **Bosch** bought **Skil**, **Freud** and Freud's construction division, **Diablo**. Amazingly, Japan's **Makita** and **Hilti** held

their ground despite significantly less North American marketing efforts. Germany's **Fein** is growing fast and **Festool** from Europe has now strongly entered the competition.

Own the Construction Site

Everyone started to make the same tools and accessories, especially in the cordless arena, as with battery brand loyalty, but the tactics of how to gain market share were changing. You couldn't “own the construction site” if you didn't cover all the bases. Bostich extended their products from fasteners to a whole range of power tools. DeWalt, envious of Milwaukee's domination in HVAC, Electrical and Plumbing, also moved into these specialty areas as Milwaukee began to spread-out into DeWalt's construction site domain. Porter Cable left the cabinet shop to join the competition on the renovation site. Each corporate entity started competing with several different

30 years' of supporting vibrant home building continues...





levels of tool quality. All of this made it difficult to sort out what was good for your business.

Sorting it Out

Perhaps the only general guide through all of this is the distinction: Homeowner, Renovator and Tradesman. The new corporate groupings allow one head office to cover all these markets via different brand names—which in turn, helps to sort out some of the confusion for tool buyers.

Homeowner Tools are often made with bushings rather than bearings and are designed to handle lighter duty tasks, run for shorter times and charge slower. These tools often have a working-life expectancy of only a few hours of operation time, which is not bad as most of a homeowner's time is spent scratching his head and wondering what task to start next. These brands are Black&Decker, Ryobi and other in-house brand names and offshore brands.

Tradesmen Tools are built to run continuously and under tough conditions. They operate much longer on a single battery charge and charge batteries quickly. They have ultimately replaced most of the corded tools on a construction site. DeWalt, Milwaukee, Bosch, Fein, Metabo, Makita, and Hilti dominate this category. Festool also fits this category for quality and price, although there seems to be more traction for them amongst finish carpenters and renovators.

Renovator Tools have to be professional grade, but because renovators use a wider variety of tools on an occasional basis, they need to be less expensive. At the same time, because tasks change constantly in renovation, generally they will not get as much

heavy use as a tradesman that does one task all day. For this reason, costs can be lowered by reducing the durability while still giving excellent performance over shorter operating lifespan. This also produces smaller, lighter tools that fit into the tight spaces that are typical of renovation work. In this category, we find brands such as Porter Cable, Ridgid, Skil, Bostitch and FatMax.

This is already enough to be confusing, yet

there are many more brands on the shelves. The key is to analyze your own needs and pick a tool that has a cost/performance balance appropriate for you. The manufacturers are counting on you to choose a battery brand first and then only shop within their offerings—and that may make a lot of financial sense—so look at the whole tool lineup first and then choose your battery base carefully.

22 ► RENOVATION SPENDING

HELOCs hampered

Many homeowners have tapped into home equity lines of credit (HELOCs) for their improvements or upkeep. Altus Group data showed one in 12 homeowners borrowed for home renovation in 2016. A HELOC is the number one method to borrow, followed by a refinanced mortgage.

Altus Group research shows that many people who initially use high-interest methods to borrow, such as credit cards or store charge cards, later consolidate that debt into their mortgage.

However, there are signals that, for homeowners who have insured mortgages, access to HELOCs and second mortgages is now more difficult.

Last October, the federal government banned the three main insurers in Canada—Canada Mortgage Housing Corporation (CMHC), Genworth, and Canada Guaranty—from backing any kind of residential refinance transaction.

“As a result of Department of Finance changes, government-backed mortgage default insurance is no longer available for refinancing properties of any type,” explained

JONATHAN ROTUNDO, a senior media relations officer with CMHC.

Rotundo noted that “lenders may continue to refinance on a conventional [uninsured] basis,” but **DUSTAN WOODHOUSE** with Dominion Lending Centres and other mortgage brokers say the interest rate on such loans is much

higher than what is available with insured mortgages.

A parallel slowdown in the housing market, and price increases, in markets such as Greater Toronto and Metro Vancouver, may also be affecting renovation spending, contractors say.

According to CMHC, households undertake renovations typically within 12 months of

buying a home.

The recent Altus study also tracked renovation intentions among Canadian homeowners. The survey revealed that three per cent of consumers plan to buy a home and do a large renovation; 15 per cent plan a large renovation and don't plan on buying a home; and 77 per cent are neither planning a renovation nor a home purchase over the next year, up from 75 per cent in the spring of 2016.

Homeowners are now spending about \$1.33 on renovations for every \$1 spent on new home construction.



Eric DenOuden
President, CHBA

We Do Much More Than Build Communities – We Give Back to Them

Ten weeks, nearly 7,000 kilometres and 135 riders — CHBA President Eric DenOuden did not take just any ordinary bike ride this summer. Beginning June 26 in Vancouver, DenOuden kicked off his cross-Canada bike trek to raise awareness and funds to fight poverty with Sea to Sea, a cycling project aimed at finding solutions to end local and global poverty. Eric's commitment, and the over \$80,000 he raised, exemplifies our industry's dedication to 'giving back' to the communities we build — and will be highlighted during CHBA's 75th anniversary year through our #CdnBuilt for Generations project. Here's what Eric had to say about his ride and this exciting CHBA project.

Our industry does a lot more than just build and renovate homes and communities, and we should be very proud of this.

CHBA members have been building, developing and renovating homes across Canada for generations. They understand that strong communities aren't just made with bricks and mortar, but with the people living in them — which is why they're so passionate about giving back to Canadians.

I've seen so many of us give back voluntarily to our communities. I've watched people give in their backyard to their soccer teams and local playgrounds.

I have also seen larger builders giving substantially to universities and hospitals, recognizing that health and education are the backbone of our future.

But however we give back, we tend to do it quietly and humbly.

#CdnBuilt for Generations

In May, in honour of Canada's 150th year and CHBA's 75th anniversary in 2018, your Association launched #CdnBuilt for Generations to spotlight CHBA members who have helped build our nation.

This national, social-media driven outreach is sharing stories about members who have shaped, and who continue to shape, their towns and cities across Canada by building, developing, renovating and offering their time and effort for good causes.

I feel strongly that living in one of the best countries in the world with all kinds of freedom and opportunity we have a responsibility to assist others, which is one of the reasons I decided to ride across Canada this summer.

The funds I was able to raise through this ride will help effect change in the lives of those living in poverty

via Partners Worldwide and World Renew. As an avid cyclist, riding across Canada has always been on my 'bucket list'. Being a part of the Sea to Sea tour let me combine this passion with generating resources to help a great organization provide disaster relief as well as education, advocacy and empowerment to help develop self-sufficient communities around the world.

I am particularly proud of the association with Partners Worldwide, because it's a group of entrepreneurs who mentor younger people in developing countries to become entrepreneurs themselves. It's a cause near and dear to my heart.

My experience in fundraising for this ride totally reinforces what I see right across the country through the efforts of local and provincial HBAs and members. My success in raising funds rests with the support I've received by both my own company's trade and supplier partners, and from many of my home builder competitors in the Quinte region.

When business people you compete with offer the type of support I've received this summer, you know there is something unique and special about our industry. It really reinforces my pride in being part of our industry.

As I rode across the country, I was thrilled with the support offered by local HBAs and members along the way — making donations, riding along with me, covering this trip through their social media channels to members. It was amazing.

Even our own Executive Officers' Council held a fundraiser when they met in Ottawa in June to help support my fundraising efforts. I'm incredibly thankful for all of this support.

I challenge my other industry friends throughout the country to continue to give back to their communities, but let's also invite the local media to pick up on the fact we do far more than just build our communities.

We are deeply connected to these communities, and we continue to invest in them, through our giving and other efforts, to ensure the places we build remain strong and vibrant. We help those who need a hand up. And we support the community services that are so essential to the Canadian quality of life.

Through #CdnBuilt for Generations your Association will be spreading this message to mark Canada's 150th birthday, and the 75th anniversary of CHBA. It's an important message to share.



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Kevin Lee
CEO, CHBA

Lots Happened in Ottawa This Summer

Canada 150 celebrations are in full swing. As our President Eric DenOuden points out in his update, our CHBA #CDNBuilt for Generations campaign is also in full swing. In addition to the celebrations, we've also been dealing with a range of important issues as the federal government continued to take actions that will impact our industry and its customers.

Yet More Proposed Changes Affecting Mortgage Lending

Early this summer, the Office of the Superintendent of Financial Institutions (OSFI) released its Revised Guideline B-20 for comment. CHBA is concerned that the proposed revisions will negatively impact housing markets and we provided a detailed submission to OSFI outlining the problems we see.

OSFI regulates federally-registered financial institutions. Guideline B-20 sets out OSFI's expectations for prudent residential mortgage underwriting practices – in effect 'setting the rules' for bank mortgage lenders.

CHBA is concerned that these latest OSFI changes go too far and too quickly, particularly in light of the various other 'mortgage-tightening' measures already taken. We continue to tell the government that it needs to 'do no more' until past rule changes are fully reflected in the marketplace.

The 'headline' change proposed would require that all residential mortgages, whether high-ratio or conventional, be subject to a 'stress test' using an interest rate significantly higher than the negotiated rate. CHBA believes this will have a disproportionate impact on younger, first-time home buyers.

It may also push many buyers towards shorter-term and open-rate mortgages, which would increase mortgage risks.

Other changes, including more restrictive loan-to-value determinations that could apply to 'hot' markets and rural properties, and rules around intergenerational gifting, could create a very uneven playing field for home buyers across the country.

CHBA will continue to engage federal decision-makers on the need for a more measured approach that supports young families in achieving their home ownership dreams.

Tax Treatment of Private Corporations

On July 18th, the Minister of Finance released proposed new tax rules for privately-held corporations. While presented as a move to reign-in the use of corporate tax loopholes by professionals (think dentists, doctors and hockey players), these changes would have a significant impact on many in our industry.

The great majority of home building companies are small, privately-owned businesses, many of which are incorporated.

As family companies, the ability to distribute profits among family members helps to compensate for the significant risks involved in starting and operating a business. Similarly, current Capital Gains provisions are important when company ownership moves from one generation to the next, and often provide builders' retirement savings. And the ability to hold capital within the company is critical to having the financial capacity to invest when market opportunities arise.

The Minister's proposals would significantly restrict all of these activities. While conveyed as a move to achieve greater 'tax fairness'—and increase tax revenues—these changes would treat entrepreneurs as if they were employees when it comes to taxes. This ignores the entrepreneur's reality, and is why CHBA is vigorously opposing the proposed changes.

Renegotiation of NAFTA

CHBA was asked by the federal government for its perspective on the current renegotiation of the NAFTA agreement and took the opportunity to reiterate some of the key trade-related realities and concerns in our industry:

- The residential construction industry is served by a highly-integrated North American supply chain, and any disruption to this supply chain will harm our industry and its customers. Canada's overall priority should be the efficient flow of goods and materials.
- As the recent issue of drywall duties illustrated, there is room for improvement to current trade dispute mechanisms (dumping and countervailing duties) to prevent economic harm to our industry and its customers.

We wish Minister Freeland and her team success in securing an improved and modernized NAFTA agreement that will support Canada's economic growth going forward.

A Big "Thank You" to Home BUILDER Magazine and Work-4 Projects

This edition of Home BUILDER Magazine marks the end of an era for CHBA. For three decades, Home BUILDER has been the Association's official national publication. The magazine has provided members with insights on the latest industry developments, market trends, shared a full spectrum of knowledge and experience freely and honestly, and helped to recognize and celebrate our members' achievements in all aspects of home building from coast to coast. We are proud to have displayed CHBA's logo on the cover of each and every edition of Home BUILDER Magazine. This issue concludes that long and successful relationship, and we would like to express our gratitude with a big "THANK YOU" to the publisher, Nachmi Artzy and the Home BUILDER team for engaging all our members in this enterprise.



Dust Control

No Longer Just a Shop Vac

With growing awareness and legislation relating to silica dust and worker health, vacuum systems are changing radically. The side benefit of this worker health and safety push is that dust removal is now recognized as increasing productivity—from improving sanding performance to cooling masonry drills.

The suction power and CFM (Cubic Feet per Minute) are increasing while new adjustments on the vacuums enable you to lower speeds or open hose orifices to reduce suction. If using a vacuum with perforated orbital sanding, you want to get the dust and grit off—but don't want to suck the sandpaper down too hard to the surface. When you get that balance just right, you can double or triple sanding efficiency. Drilling holes for epoxy anchors is faster, cooler and more efficient when hollow core drills leave holes clean and ready to use, and surface grinding is more efficient when you can see the finished surface at all times.

Today, machines are so multi-purpose that you really need to study what

bag and filter combination is required for the task: wood dust, concrete dust, chips, liquid, heavy ceramic, or masonry slurry removal. HEPA requirements can be met with many of these machines. To this end, you will find machines are generally optimized for one task or another—Bosch is generally more efficient at concrete particle removal while Fein is optimized for general wood dust and debris.

Manual or automatic filter cleaning is often available.

Bosch instructions even suggest alerting co-workers not to worry when your vac sounds like the kick of truck air brakes every 15 seconds—it does this to stay clean and maintain full vac power.



Despite their power, machines are generally quiet today, running at about 66db. Even manual or auto blow-black cleaning only goes up to about 69db—and these features can be turned off when not needed.

The tool actuated plug is also extremely useful. The Bosch machine has a dial you can set to ensure you don't blow a fuse. Reduce the power to the vacuum if you are using a high amperage tool via a dial located right on the face of the machine. Using tool actuation reduces site noise dramatically, while assuring you have dust extraction when it is needed.

Flat tops are becoming the norm—allowing for attachment of accessory boxes, like the Bosch LBOXX (above photo). **Fein** Turbo flat tops are designed to accept several different brands of storage boxes.

Prices range from a few hundred dollars to over a thousand depending on size and features—but when it solves a dust problem and increases productivity, the investment is definitely justified.



Montreal-based TV broadcaster, author, home renovation and tool expert Jon Eakes provides a tool feature in each edition of *Home BUILDER*.
www.JonEakes.com

30 years' of reporting and information sharing continues...

November 2008



May 2009



March 2010



May 2011



January 2012



On February 8, 1943, the Canadian Home Builders' Association was formed. Kenneth Green of Ottawa was our first caretaker until Montreal's Jack Price was passed the reins. Seventy-five years later, our Association has grown to 8,500 member-companies strong. We are the voice of Canada's residential construction industry.



ANOTHER GREAT MOMENT IN CANADIAN HOMEBUILDING
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Condo Renovations Next Big Thing: But Care Needed

Condominiums may be the next big thing in home renovations, as Canada's aging inventory of apartments and townhomes need both structural repairs and individual suite upgrades. But experts caution that condominium renovations also require a buy-in by the building's strata council.

BOB DE WIT, CEO of the Greater Vancouver Home Builder's

Association, notes that the strata council will want to see plans for any suite renovation. "Some councils require extremely detailed information, others not as much," he said.

Low-flow Proven Effective in Giant Retrofit

Ottawa Community Housing (OCH) recently discovered huge savings when it completed the retrofit of 14,800 housing units with low-flow toilets and showers.

The cost of water was accounting for 43 per cent of OCH's utility cost and its communities' 16,000 bathrooms were seen as the main culprit. Many units still had original fixtures—some nearly 40 years old. And there was little standardization in either the toilets or the shower heads being used.

OCH decided to retrofit the plumbing fixtures throughout their portfolio. Between 2011 and 2013, they installed water-efficient toilets, shower heads and faucet aerators in all 14,800 homes.

The benefits have been substantial. Prior to the retrofit, portfolio-

wide water consumption was 3.8 million cubic metres per year, at a cost of \$11 million. In the year following the retrofit, consumption was down 42 per cent to 2.2 million cubic metres, at a cost of \$7 million.

Furthermore, the new, more efficient shower heads and aerators save on natural gas. Adding to these benefits are fewer maintenance calls and, because standard fixtures are being used, easier repairs, OCH reported.



Ottawa Community Housing retrofitted water-saving toilets and shower heads into 16,000 bathrooms.



MY HOUSE DESIGN BUILD

Condominium renovations are popular, but can also be problematic.

de Wit said a rule of thumb is to break the renovation down into projects, such as bathroom update, new kitchen, new flooring. Then, under each item, list work to be done. Examples include new kitchen: demolition, removal of existing cabinets and appliances, non-structural wall removal to open kitchen to living room, installation of kitchen island, new appliances and cabinetry, painting walls, new flooring, new electrical, use existing plumbing.

"Breaking out the work will provide a clear picture of the intended renovations, and will also serve as a checklist for potential issues," de Wit explained.

Often there will be restrictions regarding working hours, access to the building, demolition and removal of materials, and on any work that interferes with the building structure or its ventilation and electrical systems.

Contractors working on condo renovation should photograph each stage of the work, he recommended.

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TYPAR / Fiberweb Inc.	19	800-284-2780	www.typar.com

CALENDAR

September 24-26

Ontario HBA Conference
Niagara Falls, Ontario
www.ohba.ca

October 26

Calgary Real Estate Forum
Telus Convention Centre, Calgary
www.realestateforums.com

October 24-26

CHBA Fall Meetings
Ottawa Marriott Hotel, Ottawa
www.chba.org

October 26

Quebec Building Expo
Centre de Foires ExpoCite,
Quebec City
www.contech.qc.ca

November 6-8

Canadian Building Science and
Technology Conference
Hyatt Regency Hotel, Vancouver
www.ccbst2017.ca

November 28-29

Pathway to Net Zero Buildings
Sandman Hotel, Vancouver
www.pembina.org

November 29 – December 1

Construct Canada
Metro Toronto Convention
Centre, ON
www.constructcanada.com



Markham Play Pays Off for Backers

Lenders who backed part of the York Downs development in Markham, Ontario were rewarded early, according to **Building and Development Mortgages Canada (BDMC) Inc.**

Lenders received their principal back in full and an average annualized return of 8.81 per cent in the development by **Sunrise Homes** and **Fortress Real Developments Inc.**

Lenders were paid out through the sale of the townhouse project, located in York Downs/Angus Glen area of Markham. The approximately two-acre luxury residential housing development was planned for 50 homes, split between traditional townhouses with 15 feet of lot frontage and back-to-back townhouses with 21 feet of frontage.

After closing on the property in August of 2016, new low-rise house

prices in the Greater Toronto Area have skyrocketed in value, rising approximately 40 per cent, according Altus Group Data.

Fortress and Sunrise indicated that offers to purchase the property began to come in almost immediately, as developers looked to capitalize on strong market conditions.

"Markham is one of the most desirable locations for new housing in the Greater Toronto Area," said **JAWAD RATHORE**, the CEO of Fortress. "We were also fortunate to take advantage of the significant increase in the low-rise home market, and were able to achieve our value objective in a much shorter period than originally projected."

The exit comes more than two years ahead of the loan term. BDMC principal broker **ILDINA GALATI** commented, "Lenders are seeing healthy returns on these early exits."

Ottawa Developer Launches Green Community

RND Construction has launched marketing of what it is calling an "eco-friendly" new home subdivision near the Experimental Farm in the nation's capital.

The 100-house enclave has been designed by Ottawa architect **BARRY J. HOBIN** and includes energy-saving standards and an electrical-vehicle charging station.

Scheduled to be built in the spring of 2018, each farmhouse-inspired Farmhouse Green home will feature open interiors with premium-quality fittings and finishes, but it is the green aspect that may turn heads in Ottawa.

Farmside Green will be built to R-2000 standards, designed to exceed building code energy-efficiency specifications by at least 50 per cent. Features that will make the difference include upgraded insulation, triple-glazed windows and ultra-efficient heating systems. Being green is also why Farmside Green homes will only have single-car garages, with an electric vehicle charger outlet inside each of them.

Marketing of these Farmside Green homes was launched in late August, said **ROY NANDRAM**, president of RND Construction.



Halifax a Highlight As National Housing Starts Rise

The trend in Canadian housing starts was 217,550 units in July, compared to 215,175 units in June 2017, according to Canada Mortgage and Housing Corporation (CMHC).

This trend measure is a six-month moving average of the monthly seasonally-adjusted annual rates of housing starts.

"In July, Canada's pace in housing construction ramped up for a seventh consecutive month," said **BOB DUGAN**, CMHC's chief economist. "British Columbia and Alberta were the main contributors to the higher trend in housing starts. While B.C.'s construction coincides with near-record low completed and unsold units in the past few months, Alberta's inventory of new unsold homes is ramping up, highlighting the need for managing inventories."

Halifax proved a highlight, with July detached housing starts up 15 per cent and multiple family starts up 31 per cent from a year earlier. Year-to-date, Halifax's detached house market has seen the strongest number of starts since 2013, CMHC reports.

30 years' of coverage from coast to coast to coast continues...





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