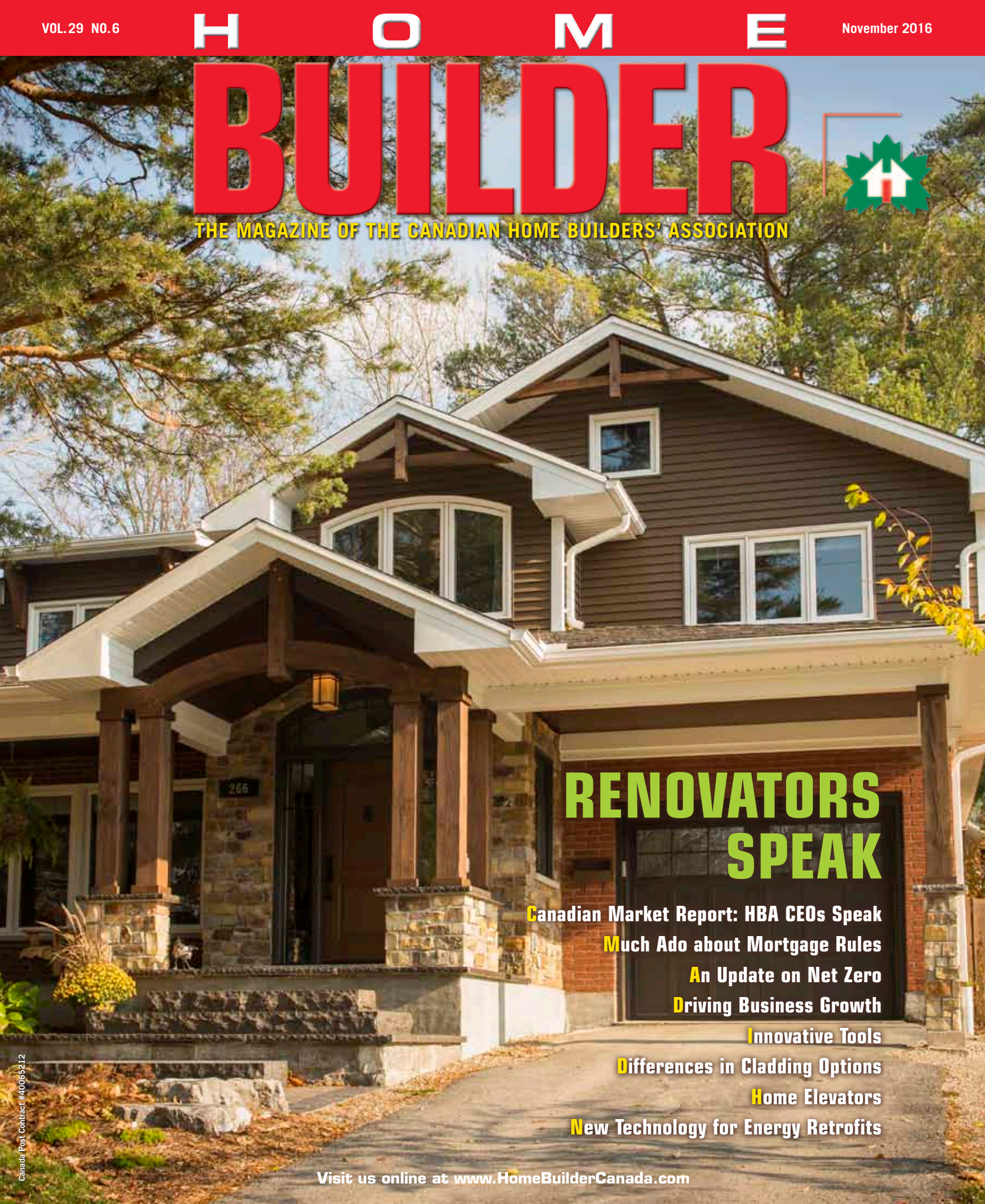


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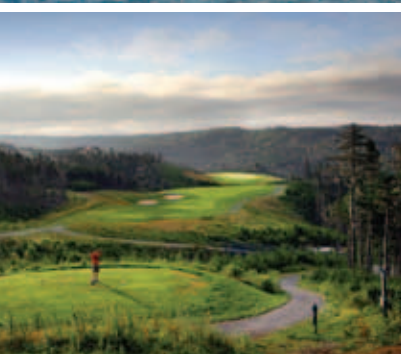
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COVER



"After" of Waterloo family home by Pioneer Craftsmen Ltd.
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- 🚧 Tools of the Trade

Economic Outlook for 2017, plus a look at the upcoming year's residential housing and renovation market. An expanded hand and power tool section.



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BMO Blue Book: Provincial Drivers Shift

TORONTO — Canada's seven strong provinces are on pace to balance the effects of a disappointing year in Alberta, Saskatchewan and Newfoundland & Labrador, according to forecasts from the 2016 BMO Blue Book:

Western Canada

British Columbia is projected to lead the pack again this year with 3.0% real GDP growth, more than twice the national average. Real GDP in Alberta is expected to contract 2.3% this year, up from its 4.0% decline in 2015, though not expected to return to levels before the oil price shock in the near term.

Prairies

Saskatchewan's economy will see a modest improvement of 0.5%, despite feeling the impact of the oil and gas sector. Manitoba, boasting the most diverse and consistent economy in the nation, should expand 2.4%, consistent with the average of the past five years.

Central Canada

Ontario real GDP growth is expected to grow 2.6%, with a slight, but

CMHC: Most Canadian Housing Markets are Overvalued

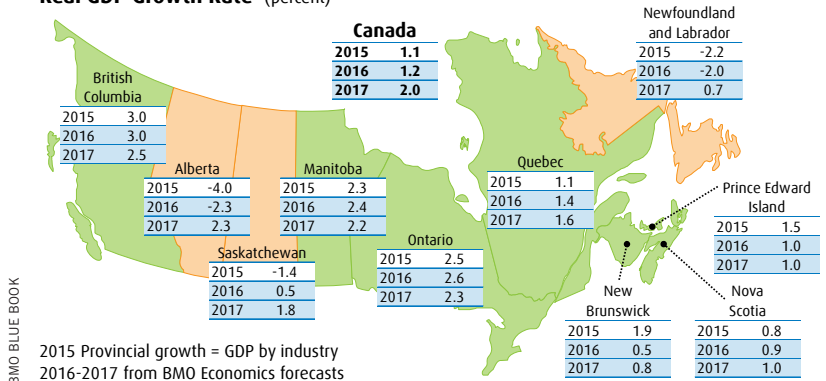
OTTAWA — There is strong evidence of problematic conditions in Canada's housing market. Home prices have risen ahead of economic fundamentals such as personal disposable income and population growth. The result is overvaluation in many Canadian housing markets.

This analysis comes from two major CMHC reports published in late October: the *Housing Market Assessment (HMA)* and *Housing Market Outlook (HMO)*. According to the HMA, Canada now shows strong evidence of problematic conditions overall due to overvaluation and price acceleration. In addition, overvaluation continues to be detected in nine census metropolitan areas (CMAs) across the country and overbuilding in seven.

At the national level, housing starts and MLS sales are expected to decline slightly in 2017 before stabilizing in 2018 to levels more consistent with economic fundamentals and demographic changes.

Provincial GDP

Real GDP Growth Rate (percent)



still solid, decrease to a 2.3% pace in 2017. Growth in Quebec is expected to pick up to 1.4%, supported by new-found fiscal stability and a warming labour market.

Atlantic Canada

Nova Scotia is poised to lead the region at 1.1% growth this year, as work is underway on a number of major capital projects New Brunswick and PEI continue to face tough demographics, but the weak loonie is expected to provide a 0.5% and 1.0% boost, respectively Newfoundland & Labrador will likely see GDP contract 2.0% again this year as fiscal restraint remains heavy and some major investment projects reach completion.

Despite a challenging economic situation, overall, opportunities continue to grow for Canadian business owners. The full *BMO Blue Book* can be downloaded at: www.bmocm.com/economics.

CIBC: Canadian Baby Boomers Stand to Inherit \$750 Billion

TORONTO — A new CIBC Capital Markets report finds that baby boomers in Canada will inherit an estimated \$750 billion over the next decade in the country's largest-ever transfer of wealth, one that is expected to alter the retirement landscape and have potentially significant economic impacts.

Canada currently has just over 2.5 million people over the age of 75, of which close to 45 per cent are widowed, the report says. The number of elderly people in Canada today represents a 25% jump over the level seen a decade ago.

There will be even more Canadians aged 75+ in the next decade, and they will not only be the largest cohort of that age group on record, but also wealthiest, with an estimated total net worth north of \$900 billion.

BENJAMIN TAL, Deputy Chief Economist, CIBC Capital Markets, expects this shift in wealth, coming when boomers themselves are approaching retirement age, can potentially impact Canada's retirement landscape as well as many facets of the economy, including labour force participation and the real estate markets, and also transform income inequality into wealth inequality.

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By Peter Norman

Much Ado About Mortgage Rules

In early October, the federal government intervened in the housing market with a variety of measures they said were to address overheated markets and reduce risk. These interventions included tightening loopholes in the tax code (addressing loopholes for foreign buyers) and an expansion of the “stress test” for insured mortgage new applicants.

Many market watchers expect unintended consequences of these actions, in particular more severe negative impacts on markets. Those fearing a very severe slowdown show that, in comparison to previous changes (there have been 11 specific mortgage insurance rule “tightenings” implemented since 2008), the current changes (negatively) affect a wider array of potential borrowers and also will have effects on the mortgage supply side. In this way, there is at least a potential for stronger and more widespread negative impacts.

We have been looking closely at this issue. While it is still too early to say definitively how these changes will play out, the following provides some context for the broad market outcomes we expect going forward:

- The expanded stress test will prove to be the measure with the biggest impact. Potential borrowers of insured mortgages choosing a five-year term or greater are often “qualified” based on the offered mortgage rate—recently in the range of about 2.8%. With the new stress test, these borrowers would still be offered such a rate, but their qualification from a debt service ratio perspective would be calculated using the posted rate, which is generally about 1.5 percentage points higher.
- For many first time buyers, especially those at the margin of affordability, this change will make the difference between qualifying or not for a loan. For others, it will restrict their choices to smaller or less expensive units/homes.
- As the proportion of overall buyers in this situation (applying to five-year + term insured mortgages) is sizable, the new stress test will certainly have a negative impact on demand from this segment. But it is important to understand that the vast majority of the market is not in this situation, therefore the likelihood of this having broad market impacts are lessened.
- First, not all home buyers have a mortgage; if they do, they are not all insured, and if they are insured, many were already passing the stress test for higher rates (in 2012 the stress test became required for all variable rate mortgages and terms less than five years). Second, even among those affected by the new rule, many borrowers are well below the maximum GDS ratio already.

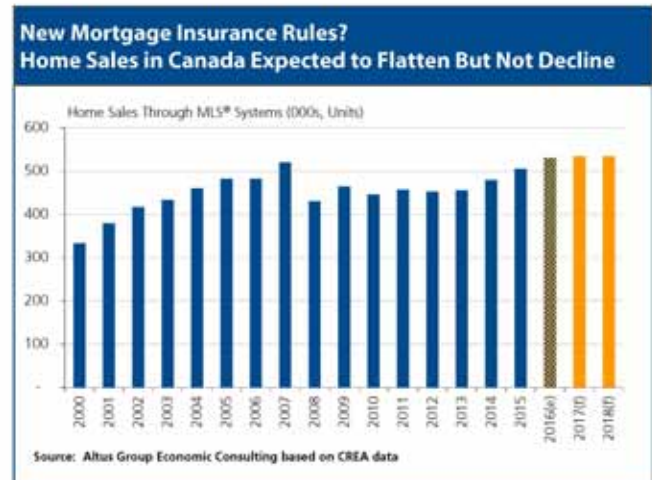
- There may also be negative market impacts from the supply perspective. Government-backed insurance is not just a product for individual mortgage borrowers, but is also used by lenders to provide insurance on portfolios, which provides access to the securitization market. For many lenders, this provides a lower-cost source of funding. With the recent changes, the government will no longer provide guarantees on mortgages in portfolios on properties above \$1 million or with amortizations greater than 25 years. So to the extent that these loans exist or are offered, it will push up the cost of funds for some lenders, especially non-bank lenders. This will ultimately raise the effective mortgage rates offered in the industry.

Lessons from 2012 can help us put current changes in context. In 2012, when stress tests were introduced for variable rate mortgages, there was a big shift away from variable and into fixed, and there was also a sizable reduction in the pace of new home sales across the country. But both of those impacts proved short-lived as the market sorted itself out over a six-to-eight month period.

In the absence of these recent measures, we had expectations for still stronger housing sales activity in 2017 than this year. These are built on the effects of improving employment growth, stabilization in energy markets, sharply higher immigration and continued low interest rates. With the introduction of these measures, into such a strong market, our expectations are that affected potential buyers may take a pause for the next number of months, but as in previous cases, will then regroup and be back in the game. At the same time, given the strength of other components of the market, our expectations are for somewhat flatter activity on sales, but no substantive decline.

Lessons from 2012 can help us put current changes in context.

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 homebuilding and real estate industry. He can be reached at peter.norman@altusgroup.com.





By Bo Mocherniak

Technological change has always presented a challenge for construction companies.

With over 30 years experience with audits, acquisitions, divestitures and valuations, Bo Mocherniak, CA, CBV, provides services to both public and private companies in Canada and the United States. Bo is National Sector Leader for the Real Estate and Construction Group of Grant Thornton Canada, a member of the Grant Thornton International Real Estate Sector Group and past Chair of Grant Thornton LLP. He can be reached at bo.mocherniak@ca.gt.com.

Driving Business Growth

This is not the construction industry you once knew

Evolution. While the sentiment is not new to Canadian businesses, for many, the disconcerting speed of that evolution is. Every industry, construction included, is dealing with innovative technologies, shifting business models and a range of emerging risks, all of which are causing disruption in some way, shape or form.

With advancements occurring at such a record pace, identifying and applying the right growth strategy can be an increasingly difficult task, particularly in the areas of new technology and shifting workforce paradigms.

Growth as a whole has become so multi-faceted that perhaps the best way to understand it is to break it down into smaller, more manageable categories. Take, for example, grouping and assessing growth in terms of revenue, profits, confidence and capabilities, which can offer Canadian construction companies varied and valuable perspectives on developing a more holistic model.

Further to that, let's explore four key elements to driving growth today:

Adapting to the Digital Landscape



Historically, technological change has always presented a challenge for construction companies. Adapting to innovation has been relatively slow, with construction exhibiting a smaller digital footprint than other industries.

Why is that? It could be the complex nature of the construction industry as a whole, which makes it slow to adapt to change. Firms often have multiple projects on the go, distributed across multiple complex sites, both of which make digital integration difficult. At the same time, there are often multiple sub-contractors involved, whose digital systems and capabilities vary, in turn making it challenging to implement and streamline new technologies or innovative practices.

While this may be understandable, change is continuous and can't be ignored.

Digital technologies are reshaping businesses of all shapes and sizes and it will be at the heart of future revenue models. This is a shift that is driving opportunity but also threatening the viability of those who can't or don't adapt.

Going forward, companies are urged to become proficient at using technology to more holistically adapt their core business, such as cloud-based digital collaboration and mobility applications and building information modeling, where the physical and functional characteristics of a building are fully represented in digital form.

Innovation and digital technology is flourishing. Embrace it.

Automation: Improving Productivity, Reducing Risk



When done well—in industries such as manufacturing and automotive—automation can be integral to increasing profits, with its ability to improve business and production efficiencies across the board. With as much physical process as there is in the construction industry, it's easy to see that effectively leveraging automation to drive productivity could be a game changer.

By automating with robotics and artificial intelligence (drones, driverless heavy equipment, etc.), companies can not only reduce costs through productivity gains, but also improve safety by allowing robots or machines to lead or to take over high-risk tasks. Furthermore, automation can help companies adhere more effectively to completion deadlines, as it tends to reduce the number of "human factors" that might otherwise slow the project down.

Given the long time frames construction projects tend to occupy, the savings gained—and resulting increased profits—could be significant.

Other impending advances firms can leverage to drive profits include 3D printing, modular construction, biomimicry and other materials innovations, and a range of new process technologies are having, or will have, major impacts.

Cybersecurity: Small Business Issues



If technology is on the verge of permeating construction as it has other industries, cybersecurity will only become a bigger and bigger risk. Yet, despite this, many construction companies don't believe their industry is even on the map as a cybercrime target.

Some may say this is a risky and inaccurate assumption. Today, the industry is rife with common platforms and systems that are used to design, manage and share all forms of construction data. A skilled cyber criminal who gained access through any number of exposed areas could steal or destroy data, compromise IT infrastructure and endanger site workers' lives.

Combating these risks by implementing a strong cybersecurity framework can actually positively influence a company's culture and approach. In many ways, confidence is closely connected to security. Having an appropriate cyber-risk framework in place allows a firm and its people to more consistently engage in genuinely bold and creative thinking.

New Exhibit Showcases Science of Building a Home

We all know there is a lot of science involved in building a new home, or planning a new neighbourhood. This was part of the Regina & Region Home Builders' Association inspiration to partner with the Saskatchewan Science Centre to create new exhibit, Building Connections.

Through the planning, it was decided that Building Connections would focus on three areas related to home building: construction, neighbourhood planning and powering your home/community—and how they interact with one another.

Built in such a way that it's a cutaway view, interactive elements include a child-powered conveyor belt on the side to take the shingles to the second floor and a chute to take them back down, to a large hamster wheel that visitors can run on and see how difficult it is to generate electricity.

In the "Mapping Mayhem" section of the exhibit, people can design their own community on a giant floor grid with miniature buildings.

There are residential and office buildings, a hockey rink, a garbage dump, a lake and trees to represent parks.

One of the things we find when people start with this activity is that all of these questions arise: "Do you want to put your house beside the lake? Where does the garbage dump go? How do we fit everything into this place we need and still make it a place that we want to and are able to live in? There's a lot to consider when building a community. It's not as easy as a lot of people think it is. There are many other elements to Building Connections, including footage of a house a apartment being built and a station where you can make a soundtrack for your new community.

After the launch of the new exhibit in January of this year, the Building Connections exhibit at the Saskatchewan Science Centre won the "Best Exhibit or Show" award from the Canadian Associations of Science Centres.

Contributed by Stu Niebergall, CEO Regina & Region Home Builders' Association.

CHBA – Alberta Welcomes New CEO Donna Moore



EDMONTON — The Canadian Home Builder's Association – Alberta (CHBA – Alberta) is pleased Donna Moore has accepted the position of CEO. Moore recently announced her resignation as co-CEO of the CHBA – UDI Calgary Region. She replaces Jim Rivait as CEO of CHBA – Alberta.

► COMMON CENTS CONSTRUCTION

The Canadian construction industry tends to be composed of small- and medium-sized companies and the expense of developing adequate cybersecurity can be a real challenge. That said there are options. Firms that can't engage around the clock protection may be able to alleviate cybersecurity concerns by teaming up to leverage a shared services solution.

Whatever the chosen approach, it's critical to keep cybersecurity top of mind. It's the number one risk concern for Canadian executives across industries—and the top impediment to corporate confidence. Construction is not immune.

The most effective way to mitigate risk is to be well informed and ready!

Today's Changing Labour Force



The changing labour force is another growth factor that is impacting every company

in every industry. And with construction work requiring increasingly higher degrees of technological knowledge, the competition for top talent has hit the industry with full force. As that struggle continues and the workforce skews younger, construction companies are recognizing that to grow their capabilities and enhance their teams, they need to appeal to a fresh perspective.

The root of this challenge is consistent across sectors. Today's younger workforce, millennials included, does not necessarily want the same things previous generations have wanted. Job security and higher salaries are less a concern. There are other contributing factors. The desire to be challenged, professional growth, recognizing and unique business cultures are all factors, among others, that have led to the concept of liquid labour, where workers change jobs more frequently and don't identify with one company as "theirs," a vast shift from the former labour force.

This group tends to be motivated by:

- A sense of purpose and contribution,
- Acknowledgment of their status and significance,
- Work that involves and embraces the latest

technological trends, and

- Access to continuous learning opportunities (skills enhancement, emerging fields, certifications, etc.).

One way to address this issue is to use the concept of "purpose" to attract leading talent. This means emphasizing employee engagement and re-framing the job as an aspirational journey.

Leverage Change



In five years—or even less—the construction industry will look much different than it does today. One thing is for certain. It's essential to stay on top of the latest technologies, methodologies and processes. Leveraging them effectively to drive growth in revenue, profits, confidence and capabilities, is what will shape winning strategies and separate the punchers from the real contenders.



By Jay Nordenstrom

New Research and Technology Sets the Stage for Energy Retrofits

With Canada awaiting details from the federal government on specific actions to meet our national climate change goals, the importance of improving the energy performance of existing homes is once again attracting attention.

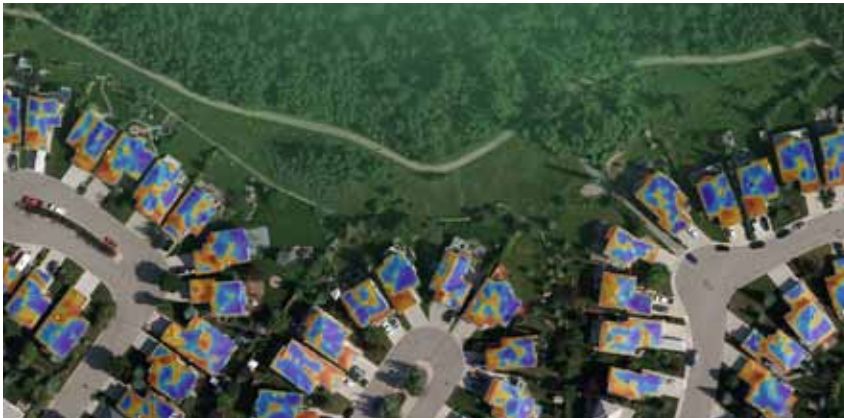
While the energy efficiency of new homes has dramatically cut the growth of emissions from houses, improving the energy performance of older homes is the obvious and necessary key to continuing to reduce housing-related GHG emissions.

A new study commissioned by NAIMA Canada, using data collected by Natural Resources Canada (NRCan), puts this into perspective. The study looks at the energy saving potential in Canada's existing housing stock and draws on data from actual audits of 634,000 homes in all provinces and territories. It is the first research of its kind to measure energy performance in a representative way.

The study set out to determine how many homes in Canada are under-insulated and to estimate, both regionally and nationally, the energy and cost savings that could be produced by upgrading homes to contemporary standards.

The data is impressive. According to the analysis, some 6.2 million existing homes have attic insulation levels at least R-20 below current code requirements. For reference, of the five building components studied, ceilings with attics represent 49 per cent of the total retrofit potential.

Some 6.2 million existing homes have attic insulation levels at least R-20 below current code requirements.



At aggregate, how much energy could be saved annually if all existing homes were fully upgraded? The analysis estimates this at 3.10 billion m³ of natural gas, 12.3 billion kWh of electricity, and 742 million litres of fuel oil. In terms of GHGs, this totals 4.26 million tonnes per year.

If all communities across Canada upgraded to the full retrofit potential, the dollar savings would also be materially significant to the homeowners' pocketbooks,

and to our environment. As an example, a homeowner in Edmonton heating with oil or electricity would see savings of up to \$400 annually. If the home is also air conditioned in summer, these savings would be higher.

The executive summary of the NAIMA Canada study is posted online at www.naimacanada.ca. While the analysis of the aggregate potential for energy savings in existing homes is important, this needs to "translate" into retrofit action by millions of homeowners to be realized.

MyHEAT

An exciting new tool has emerged to help motivate homeowners to make energy retrofit investments: MyHEAT technology. Now available for Calgary, Edmonton and three other communities in Alberta, MyHEAT helps homeowners to visualize the amount and location of invisible waste heat leaving their homes.

The MyHEAT website (<https://myheat.ca>) provides scalable imaging of entire communities, with all homes imaged according to the amount of thermal infrared energy (3-5 µm) emitted from the roof features.

MyHEAT technology quickly, and economically, collects large area, high fidelity, geometrically and radiometrically correct thermal infrared (TIR) imagery. These data are then processed with peer-reviewed algorithms to reveal individual buildings' heat loss details, as well as comparable energy efficiency metrics over a town or city.

Using MyHEAT, consumers can not only "see" the waste heat escaping at the neighbourhood level, they can then zoom in to see details for their own home and how it compares.

MyHEAT further enhances consumer understanding by providing "HEAT Scores" which are individually calculated for every building based on measured roof temperature range and average, as well as the total heat loss from the building footprint.

HEAT Scores allow all homes to be ranked based on their total heat loss and are highly correlated with energy consumption.

With improved data on the aggregate energy efficiency potential of Canada's existing housing stock, and effective new tools like MyHEAT that can make this meaningful for individual homeowners, the "table is set." The final element is for government to bring forward effective incentives to kick-start the next wave of energy retrofitting across Canada.

All told, these developments should provide tremendous business opportunities for professional renovators and contractors who provide energy upgrading services. ■

Jay Nordenstrom is Executive Director of NAIMA (North American Insulation Manufacturers Association) Canada.



By Jamie Hamilton

Buyers and the home construction industry still have several misconceptions about home elevators.

Jamie Hamilton is the President of Cambridge Elevating, an Ontario-based manufacturer of custom home elevators. He started and chairs the Canadian Elevator Contractors Association's Residential Elevator Committee. Visit www.CambridgeElevating.com for more information.

Build Up, Not Out

The financial & social benefits of home elevators

Every day, roughly 10,000 members of the Baby Boomer generation—those born between 1946 and 1964—reach the official retirement age of 65. The Conference Board of Canada predicts that by 2030 about 80% of new housing demand will come from consumers in their golden years. This well-educated group, arguably the wealthiest generation in North America's history, will continue to influence the housing market—in particular the way homes are designed.

Universal Design, a concept that's been around since the 1970s, is being embraced by the boomer generation to help with "Aging in Place." They're demanding designs that allow function and aesthetics to coexist. Why? Close to all—90% of respondents to a 2013 RBC poll—plan to live out their days in their own homes instead of entering a retirement facility.

Walk through any 2500+ sq.ft. model home, and you'll find evidence the Boomer influence exists. The step-less front entrance, lever door handles instead of round knobs, wider hallways and doorways guide you from room to room atop hardwood or laminate floors as opposed to movement-restricting carpet. These are all elements of Universal Design that builders have adopted for new homes today. The small improvements create a more livable environment should walkers and wheelchairs become necessary. They fall short, however, of addressing movement between levels in multi-storey homes. The answer? Assume boomers do the opposite of Age in Place and head for the burbs in search of sprawling bungalows? Or better yet, modernize our design playbook to meet today's demands by using home elevators for true Universal Design in multi-storey creations. It's a design revolution being led by a few, awaiting the majority to follow.

Why is the adoption of vertical transport systems in homes lagging behind in the buying public's minds? Education. Buyers and the home construction industry still have several misconceptions about home elevators. Here are a few:

Too Costly – \$100,000 or More, Right?

Try \$25,000. Due to easier access to cost-effective technology and competitive growth, the starting price

to install an elevator has remained largely the same for 20 years. The price that homeowners pay for this luxury feature relative to the price of their home has drastically decreased given current home prices in major urban centers. It's equal to or less than other decorative upgrades offered. What's costlier is trying to retrofit an elevator shaftway after the home is already built.

Difficult to Integrate into Home

All manufacturers have detailed, easy-to-follow drawings. They detail the important items that need to be considered for an installation: forming a recessed pit in the basement, the size and construction requirements of the shaftway and all electrical requirements. Easy.


Elevators Are Only for People in Wheelchairs

The notion that, because people don't need it, they won't use it is false. Over the years I've witnessed numerous creative and lifestyle improving ways homeowners have used their elevator. A townhome homeowner turned his elevator cab into a bar! Whichever floor he was entertaining on, he was stocked. Many home sites with a view invert their design so kitchen and living rooms take advantage of elevated vistas, and the elevator makes grocery transportation a breeze. Sometimes an elevator allows our furry four-legged family members some dignity to keep their routine of making it upstairs to bed each night.



Will the day come when every new multi-storey family home includes a home elevator? Perhaps not within the next few years, but we may be closer than

we think given the forces upon us. Land in all Canadian urban centers is sparse and expensive. Baby boomers are choosing to remain in their existing communities, in homes that allow them to age gracefully. A home elevator is the final piece to the Universal Design puzzle. All socio-economic factors suggest the answer and opportunity is building "up."

Maintain your competitive edge and seek modern, vertical living designs. Elevator technology is affordable, attains higher land yields stacking more square footage on a footprint, and more footprints on each parcel of land. Build up, not out. 



By Amy Lindholm

Termites, wear and tear, and Canadian harsh weather—from freeze-thaw cycles and severe storms to sun, wind and water—can damage home siding.

Differences in Cladding Options

Finding a siding product that offers long-term performance, provides curb appeal, and pleases the client while fitting the budget can be a real challenge. Before building a new home or replacing damaged or out-of-date siding, be sure to evaluate all product options, because not all claddings perform the same.

Cladding Type Matters

Termites, wear and tear, and Canadian harsh weather—from freeze-thaw cycles and severe storms to sun, wind and water—can damage home siding. Freeze-thaw cycles are frequent, as shown in the following average annual freeze-thaw cycles from Ron Hopkinson of Custom Climate Services Inc. in Regina, Saskatchewan.

- Alberta: Calgary, 121; Edmonton, 104
- British Columbia: Vancouver, 34
- Manitoba: Winnipeg, 67
- New Brunswick: Saint John, 92.7
- Newfoundland: St. John's, 86.7
- Nova Scotia: Halifax, 85
- Ontario: Toronto, 75; Ottawa, 66; Thunder Bay, 92
- Quebec: Montreal, 64; Quebec City, 65
- Saskatchewan: Saskatoon, 79

A Look at Popular Cladding Types

Fibre cement siding resists decay and has grown as an alternative to traditional wood and hardboard siding. It is also brittle compared to other siding materials, and thus is more prone to handling and impact damage.

Aluminum siding is corrosion-resistant but can have oxidation challenges, resulting in a whitish haze on its surface. Dents from normal use are also a concern.

Vinyl siding gained prevalence in the 1970s. Compared to aluminum siding, which had been very popular, vinyl was more durable and less likely to dent, was available in a range of colours and offered low maintenance.

Engineered wood siding provides that authentic wood look because it is real wood. It offers strength and rigidity, as well as long-term durability by resisting moisture, decay and termites. Easy maintenance and excellent impact resistance.

Traditional wood siding uses younger trees (50+ vs. 300+ years old). According to *Forest Products and Wood Science*, a book by Bower and Haygreen published in 1982, the wood of younger trees is usually not as durable or strong and is more prone to fungal, termite and other insect degradation than older trees.

Installing Cladding Types

Fibre cement siding requires special tools to install. It may be significantly heavier than alternative materials, requiring more time to install. Its propensity for breakage vs. other cladding types can result in more job-site waste.

Aluminum siding requires proper tools for cutting. **Vinyl siding** is pliable and lightweight, so it is easy to handle.

Engineered wood siding can be cut with standard woodworking tools and is lighter than fibre cement and heavier than vinyl. It is more expensive than vinyl but can help reduce job-site waste.

Traditional wood siding is lighter than fibre cement and heavier than vinyl. Wood is a sustainable material; however, the installed cost of wood siding may be more expensive than other siding materials, depending on the wood that is used.

Product Performance of Cladding Types

Fibre cement siding is susceptible to freeze-thaw based on installation. Fibre cement siding may crack. When water penetrates and remains in the cement substrate and freezes, it expands as the outside temperature falls. Repeated cycles of freeze and thaw may enlarge the cracks. Fibre cement siding is also susceptible to breaking and cracking from incidental impacts, such as balls thrown in the yard or a bicycle pushed up against a home.

Aluminum and vinyl siding may fade over time. Vinyl siding becomes more brittle in cold winters and is susceptible to cracking from impacts. In warmer seasons, it is susceptible to damage from the impact of stones thrown by a lawn mower, or baseballs or hail. A strong wind event may cause the siding to chatter on the underneath structure and adjacent pieces of vinyl.

Engineered wood siding offers long-term durability. It is resistant to impact, breaking, cracking, warping and splintering. It also resists damage from freeze-thaw, water and termites. In lieu of on-site painting, consider using a prefinished cladding. Its baked-on finish is more weather resistant.

Traditional wood siding is typically made from cedar or redwood. Traditional wood siding is susceptible to cupping and may warp and crack in extreme temperatures. It requires maintenance, such as frequent scraping and painting and/or staining, to maintain the look and protect it.



Engineered wood siding



Vinyl siding

Amy Lindholm is the Brand Manager at LP CanExel Prefinished Siding, www.canexcel.ca. She can be reached at 615-986-5688 or Amy.Lindholm@lpcorp.com.



By Tim Bailey

Customer memories come from how it “feels” to do business with a company.

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.

Peaceful Easy Feeling

How easy is it for customers to do business with your company? Reducing customer effort is an important part of creating a positive customer experience. A fundamental reason that businesses exist is because they solve problems for customers. Economies of scale, expertise, and efficiencies furnished by businesses provide various solutions to consumers, such as availability, lower prices, faster production, better design, improved quality and more.

Home Problem Solvers

Home builders solve problems for home buyers every day. For example, homeowners may be outgrowing an existing home due to a growing family. Or maybe a work relocation is creating the challenge of finding a home in a new city. Or perhaps empty nesters are faced with the dilemma of downsizing to a smaller home to free up equity for retirement. Regardless of the “shelter-related” problem, home builders can provide solutions for customers.

In the process of resolving their home-related problems, however, some home buyers complain of being burdened with a host of different problems during their new home journey. Are the complications and complexities of home building tidily hidden “backstage” in order to make the customer-facing aspects as easy as possible? Few would suggest that home building is easy, but the magic comes from making a customer’s journey feel that way.

How It Feels to Be a Customer

Purchasing decisions are made based on a company’s reputable brand, quality product, great value, or a combination of attributes. Customer memories come from how it “feels” to do business with a company.

“I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel,” according to prolific writer Maya Angelou. How does it “feel” to be a customer of your business? This is an important question because customers remember that feeling and it has an impact on their long-term loyalty.

Is it an arduous journey to be a customer with your company? Whether the answer is yes, no or maybe, it is a valuable exercise to regularly review your customer’s journey—closely examining the journey to find any ways to make it easier to do business with your company.

Find the Friction

Analyzing the customer journey means examining every customer touch-point in terms of process, people, policies, product and communication. The objective is to uncover any friction currently present in those touch-points that may be causing additional customer effort. After unearthing those pain-points, it is then neces-

sary to implement solutions to smooth out each one. These improved touch-points can then be “stitched” together to enable a holistic review of the entire customer experience to ensure that customer effort is minimized throughout the journey.

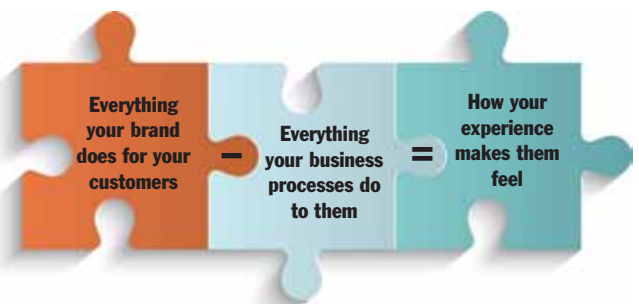
Some valuable sources of information, which can help builders “find the friction” in the customer experience include:

- Front-line team members: Those closest to the customers have a wealth of knowledge on areas of customer frustration.
- Trades & suppliers: As an extension of a builder’s team, trades and suppliers often have important insight regarding measures that may be creating unnecessary customer effort.
- Communication channels: Recurring themes in emails and phone calls, or most-frequented sites on digital channels can reveal areas of customer frustration.
- Dissatisfied customers: Unhappy customers can provide valuable feedback regarding high-effort areas in their customer experience.

Make It Easy

Building a customer journey that reduces customer effort means removing obstacles or barriers in processes. It also means having a team that is able to understand the personal and emotional needs of each customer and connect at that level. Communication channels must also be in place to cater to the uniqueness of every customer: There is no one-size-fits-all communication channel to satisfy today’s consumers. Most importantly, an environment of continuous improvement must be encouraged in order to learn from mistakes and use that knowledge to head-off problems for future customers.

Mike Wittenstein is the retail customer experience strategist and designer at Storyminers and he sums things up succinctly with the following equation:



Keeping this equation in the positive means ensuring that everything a builder does “for” a customer is greater than what is done “to” a customer during the new home journey. There is nothing more powerful for business success than a mass of customers that feel great about their experience.



An Update on Net Zero

Three builder takeaways and what's coming next

BY SONJA WINKELMANN

REID'S HERITAGE HOMES NZE HOMES

As with previous innovative, industry-leading, voluntary programs such as R-2000, Net Zero started with custom builders who were eager to offer the most energy-efficient homes on the market. These champion builders and industry partners have learned a great deal about how to build Net Zero homes over the last 10 years.

In order to fast-track this knowledge, Natural Resources Canada (NRCAN) has been supporting a variety of initiatives such as the Equilibrium Sustainable Housing Demonstration Initiative, and more recently the R-2000 Net Zero Energy Pilot.

The projects in this article were built as part of the Canada-wide NRCAN and Owens Corning ecoENERGY Innovation Initiative that aimed to address challenges for production builders in constructing Net Zero homes, and to make Net Zero homes accessible to the everyday consumer. Here are their key takeaways from that effort:

HBM: What was the biggest challenge?

Jennifer: The most significant challenge in our Net Zero evolution was in the marketing and messaging. It was critical to convey the advantages of buying a Net Zero Energy home to homeowners, not just the financial aspect but also in terms of home comfort and improvement to their overall health and wellness. A key piece of this was in the terminology—taking



John Greenough
President, Provident Developments, Bedford, N.S.



Derek Hickson
Manager, Sustainable Developments, Minto Communities Canada, Arcadia, Ont.



Jennifer Weatherston
Director of Innovation & Estimating, Reid's Heritage Homes, Guelph, Ont.

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14 ► typical builder reference terms and adapting them to a language the general public could understand and gain perspective from.

Derek: Designing Net Zero homes for broad market appeal in terms of costs and benefits for the homeowner was Minto's biggest challenge. Net Zero Energy can be achieved in many ways. However, to be successful, the project needs to be affordable, simple in design, and easy to operate. Minto's Net Zero Energy homes are competitively priced and require less maintenance than a traditional home.

John: The implementation of Net Zero was not a great challenge for us, since we have been a leader in energy efficient homes under the EnerGuide program since 2010. However, a challenge was moving to the new construction methods of outer frame rigid insulation as opposed to the traditional method, and getting our trades up to speed. A challenge was moving the design and engineering of the houses into a production setting that we could integrate into our workflow, while ensuring we had a cost-effective product that we could bring to the market. We could therefore set Net Zero ready houses as a future standard that could be implemented at a developer level.

HBM: What was the biggest surprise/takeaway/discovery?

Jennifer: The largest discovery through Net Zero Energy construction was, perhaps surprisingly, the ease of getting there. Through the evolution of each build, it was inspiring to see the ease of taking our production homes to this new level of home building. Unlike other programs out in the marketplace, the process to get to NZE is actually quite simple. It can essentially be boiled down to five steps: 1. air sealing and insulation increases; 2. right-sized mechanicals; 3. triple pane windows; 4. energy efficiency through LED lighting/Energy Star appliances/air Source heat pumps; and 5.

renewables on the roof. We focused on conservation first, improved the overall quality, and reduced the loads, while utilizing off-the-shelf technology that is consumer friendly and cost effective—a perfect formula.

Derek: The technologies required for achieving Net Zero Energy are readily available and require minimal adjustments to the construction schedule. Minto has begun incorporating design elements from the Net Zero Energy homes into standard production for its homes in Toronto and Ottawa. Technologies such as solar photovoltaics have come down in price substantially in the last 10 years and are now competitive with utility pricing. There is currently a major opportunity in overcoming the barriers associated with community scale solar implementation and grid connections.

John: With the help of our technical consultant, we could get everyone up to speed fairly quickly. It was a surprise that, by employing the Net Zero building standards, the reliance on photovoltaic solar energy could be greatly reduced. Unfortunately, the current cost of solar does not make it cost effective to implement in our region. However, we made allowances in the designs for its future installation.



The ultimate standard for comfort and efficiency

These testimonials are consistent with what we're hearing from other Net Zero builders. While we have Net Zero largely figured out from a technical perspective, in order to realize mass-market demand, we need to make sure these homes appeal to consumers (aesthetics and simplicity matter!) and we need to do a better job communicating the fantastic benefits they offer.



PROVIDENT NZE HOME

This is where the CHBA Net Zero Home labelling program comes in. It provides the industry with a clearly defined yet rigorous technical standard that will distinguish and recognize builders and renovators, and their Net Zero homes. To encourage high levels of industry adoption (even with production builders), the program is striving to keep the administrative process simplified. The Pilot, which wraps up on December 31st, is being used to validate both administrative as well as technical details prior to launching "version 1" of the Program, which comes into effect on January 1st, 2017.

To help get the necessary knowledge into builders' hands, allowing them to achieve Net Zero, training and consulting services are being offered through a network of qualified Service Organizations, Energy Advisors and Trainers.

To build awareness and understanding of the value of Net Zero homes and to stimulate market demand, a marketing and communications tool-kit will be available to participating industry members. It includes the new Net Zero Home logo, tagline and other supporting material. A new consumer-facing website is also under development and more tools will continue to be developed.

For more information on the Canadian Home Builders' Association Net Zero Home program, visit www.chba.ca/nze. For more information about the Net Zero homes in this article, visit www.zeroenergy.ca. 🏠

Sonja Winkelmann joined the CHBA team in May 2014 as the Director of Net Zero Energy Housing. Prior to the CHBA, she was the Executive Director of the Net-Zero Energy Home Coalition for four years. Sonja has been working in the field of energy efficient homes for 12 years, starting at EnerVision, a Service Organization in Alberta that delivers new home rating, labelling and certification programs such as EnerGuide, Built Green, R-2000 and LEED for Homes.



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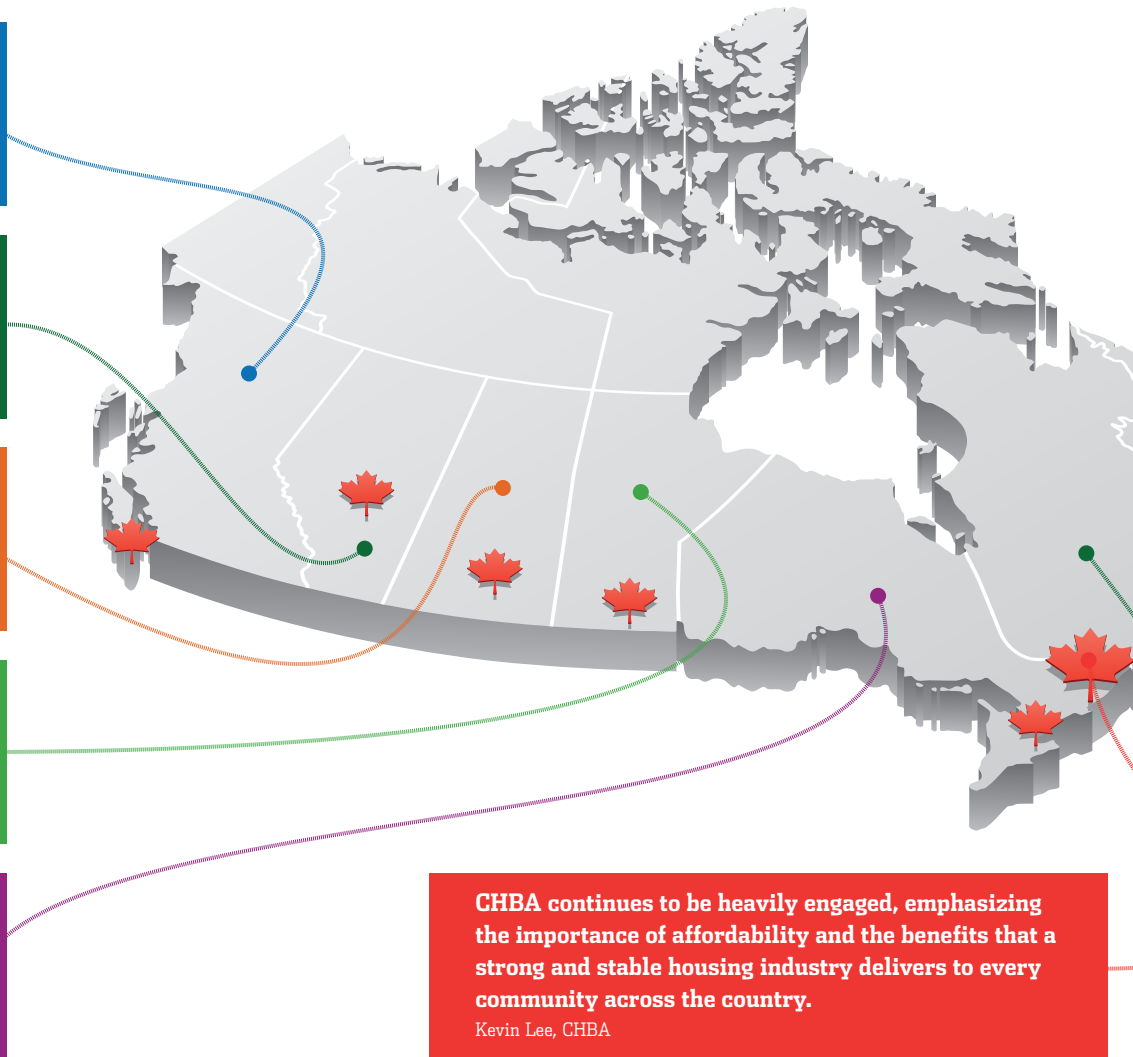
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FOR DETAILS ON CATEGORIES, CRITERIA, AND ENTRY REQUIREMENTS

HBA CEO's Speak



Family-friendly housing options and purpose-built rentals projects are two areas where demand is particularly high.
Neil Moody, CHBA - B.C.

A survey showed CHBA - Alberta members expect starts to climb 5.7%, but still remain below the five-year average.
Donna Moore, CHBA - Alberta

There are opportunities emerging in Saskatchewan, like the adoption of the new NRCan EnerGuide labelling.
Chris Guerette, Saskatoon & Region HBA, Saskatchewan
Stu Niebergall, Regina & Region HBA, Saskatchewan

The renovation industry continues to be strong. Winnipeg's older housing stock in established neighbourhoods requires constant attention.
Mike Moore, CHBA - Manitoba

The price of housing has increased substantially, which has been caused by the market desire for single-family homes and the lack of inventory available.
Joe Vaccaro, CHBA - Ontario

CHBA continues to be heavily engaged, emphasizing the importance of affordability and the benefits that a strong and stable housing industry delivers to every community across the country.
Kevin Lee, CHBA



Kevin Lee
CHBA

In Ottawa, this year will see the federal government roll out major policies, including a National housing Strategy, a climate change plan and new approaches striving to make Canada's economy more innovative and competitive.

In each of these areas, housing is key, and CHBA continues to be heavily engaged, emphasizing the importance of affordability

and the benefits that a strong and stable housing industry delivers to every community across the country.

While we recognize the federal government's concerns about rising household debt levels and economic stability, the risks associated with locking young people and families out of homeownership are also very real, and significant. We'll continue to drive that message home to Parliamentarians.

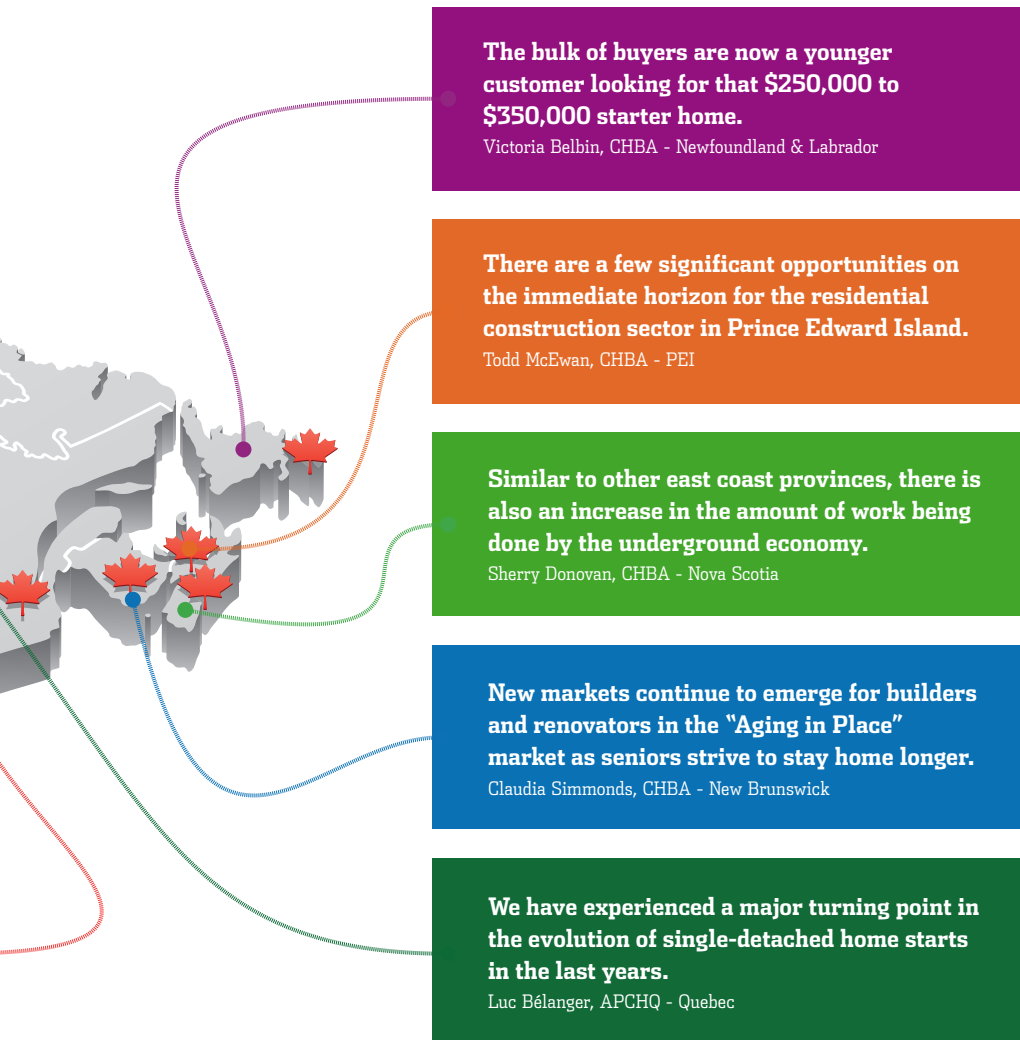
In short, our central goal lies in ensuring that affordability is a federal priority when policy is set. Our greatest opportunity to achieve this lies in the simple fact that Canadians want access to homes that meet their needs, at a

price they can manage, in communities they want to belong to.

For a government so closely aligned with the well-being of the middle class, the importance of housing affordability in supporting the middle class and those working hard to join it simply can't be ignored.

In all areas of the country, the renovation market will be key for our sector, and we have been actively working through the Ministerial Advisory Committee on the Underground Economy and in promoting our Get It In Writing! campaign to ensure that fair business practices win out over cash deals that hurt industry and homeowners. We're also

A cross-country perspective on Canada's housing market



hopeful that the federal climate change plan will include measures to help Canadians make their homes more energy efficient.



Neil Moody
CHBA - B.C.

Housing starts continue to remain strong across the province, with Vancouver-area housing starts trending to its highest level since 1990 in June 2016. We are hearing from our

members in all regions across the province that there is a strong consumer demand for housing inventory and supply of all types.

Family-friendly housing options and purpose-built rentals projects are two areas where demand is particularly high. There is also a growing opportunity in renovations across the province, as some families choose to stay in their homes and renovate to meet their needs rather than relocate.

The next provincial election is in May 2017 and housing affordability is a key issue for voters. There have been many announcements in recent months as a result, including the recent tax change for foreign buyers. CHBA

BC continues to advocate for evidence-based policies and industry consultation in this process, instead of any quick policy decisions with unintended consequences.



Donna Moore
CHBA - Alberta

The wildfire that swept through Fort McMurray in May destroyed more than 1,900 single- and multi-family homes. Only 154 permits to rebuild homes had been issued by mid-October, so the majority of the work will be pushed into 2017. More than 140 builders have registered to build in the community.

Economic challenges will continue into 2017, even though some analysts see Alberta emerging from recession and even leading all provinces in growth. A survey showed CHBA - Alberta members expect starts to climb 5.7%, but still remain below the five-year average. Affordability will face pressure on a number of fronts: new energy efficiency code requirements, drywall tariffs and a shrinking pool of buyers because of new mortgage insurance requirements. A new Municipal Government Act and city charters for Calgary and Edmonton will also impact the residential construction industry.

The introduction of new carbon taxes in Alberta starting January 1, 2017, is expected to increase interest in the energy efficiency of new and existing homes as consumers look to lower utility costs. The provincial government's pledge of \$645 million to promote energy efficiency may encourage retrofits for the nearly one million Alberta homes that are more than 20 years old.



Chris Guerette
Saskatoon & Region HBA,
Saskatchewan



Stu Niebergall
Regina & Region HBA,
Saskatchewan

In Saskatoon and Regina, attached housing in new mixed communities has become the new starter home, while ground-orientated housing continues as the desired housing form in Saskatchewan. Market challenges have

19 ► emerged and are squeezing margins and slowing velocity. One such emerging challenge: The provincial government is opening up the Planning & Development Act with the potential to extract free land for school sites and levies for capital cost of new police, fire other emergency facilities. Adding to these headwinds is the municipal process for approvals for development, building permits and inspection, which are adding significant challenges in a softening market. Municipal demand for densification is not aligning with the saturation of multi-unit supply in the market. Of significant concern to the Saskatchewan economy in the short term is the coming Federal Carbon Tax on Saskatchewan, which will create a disproportion weight on the Saskatchewan economy compared to other provinces.

There are opportunities emerging in Saskatchewan, such as the adoption of the new NRCan EnerGuide labelling. The Saskatchewan market may be well positioned for initiatives around aging in place, universal design a multi generational housing forms. The City of Saskatoon has agreed to perform an audit on the impact of its land bank on the market and economy.



Mike Moore
CHBA - Manitoba

The residential construction industry is in a state of uncertainty currently in Manitoba. Although new home sales and starts have been very promising throughout 2016, the City of Winnipeg has proposed a \$9-per-square-foot

Impact or Growth Fee that is really just another tax on all new homes. If this by-law is passed, it is expected to bring a halt to new home construction in the city. The multi-family sector is expected to be especially hard hit. On the other hand, construction will boom in the capital region outside the city, however not enough to compensate for what will be lost. If there is any new home construction, it will likely be for a smaller footprint, thereby reducing the impact of the tax.

The renovation industry continues to be strong. Winnipeg's older housing stock in established neighbourhoods requires constant attention. Homeowners are willing to significantly upgrade their homes in order to stay in their preferred locations.



Joe Vaccaro
CHBA - Ontario

The Ontario home building and professional renovation industries have had a busy year with several policy changes, consultations and reviews underway with the provincial government.

One of the biggest challenges in the Ontario market is the price of housing. In several municipalities, the price of housing has increased substantially, which has been caused by the market desire for single-family homes and the lack of inventory available.

In addition to this, the provincial government's has proposed amendments to the Co-ordinated Review of the Greenbelt and Growth Plan, which would increase intensification

targets to a minimum of 60% of all new residential development occurring annually in the built-up area (currently 40%). OHBA has maintained that this cannot be a one-size-fits-all approach as different regions have different needs and not all municipalities can support this type of growth and density. OHBA is working with local associations and members to prepare a comprehensive submission on the recommendations to the government at the end of October.

OHBA builder and renovators will benefit with a reduction of WSIB premiums and rates—starting this January the premium rate for home builders will decrease from \$9.10 for every \$100 of a worker's income to \$7.83 for every \$100 of income, a 14% decrease.



Luc Bélanger
APCHQ - Québec

According to the most recent APCHQ economic forecast, 2016 will see 37,900 construction starts, which is consistent with 2015. The rate of single-detached home starts stood at 35% of all 2013 construction starts. The rate decreased to 29% in 2014 and is expected to drop to 26% in 2016 and 2017. We have experienced a major turning point in the evolution of single-detached home starts in the last years. Furthermore, the APCHQ notes that the market share of rental properties will increase significantly. In 2014, it represented 24% of all construction starts and it should increase to 39% and 42% in 2016 and 2017, respectively.

Investments in home renovation saw an

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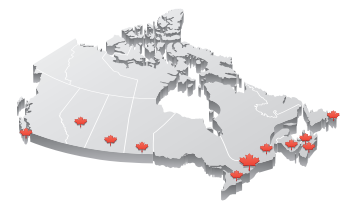
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increase of 7.4% in 2014 and 3.5% in 2015, mainly due to the ÉcoRénov and LogRénov tax credits. The implementation of RénoVert last spring will have an incentive effect on renovation in 2016 and 2017.

For 2017, we forecast an 18% decline in construction starts, mainly due to tightened mortgage rules announced in October.



Claudia Simmonds
CHBA - New Brunswick

Renovation continues to be a strong market in New Brunswick with many custom builders diversifying to offer renovation services. New markets continue to emerge for builders and renovators in the "Aging in Place" market as seniors strive to stay home longer with homes built and modified to meet their needs. Our industry continues to be challenged by a vibrant underground economy fuelled by the most recent increase in HST. New construction companies are frequently emerging as men and women return home from "out-west."

We have seen an increase in the enrolment of R-2000 and ENERGY STAR Homes this year compared to 2015. Consumers are curious about the CHBA Net Zero Program and we are optimistic that this trend will continue. Work continues by both builders and building officials as municipalities grapple to adopt and enforce the Code changes related to Section 9.36 of the NBC. New challenges emerge as concerns increase about radon in new homes, and what this means for our industry and its practitioners.



Sherry Donovan
CHBA - Nova Scotia

The housing market in Nova Scotia has seen another year of slow single-family starts. Many of the new home builders, building outside of specific growth areas in Halifax, are facing increased economic struggles. There has been an increase, however, in the number of baby boomers who have recently sold their

homes, moved into rental units and have not smoothly transitioned to this new lifestyle. The result has been a slight increase in demand for smaller homes or townhouses for this market.

Renovations continue to be strong, in particular, for projects focused on aging-in-place features to help keep people in their homes longer. This is likely to be a continuing trend over the next several years. Similar to other east coast provinces, there is also an increase in the amount of work being done by the underground economy as people return from western Canada. In addition to this competition for renovators, there is also a larger number of new home builders than ever before who have added renovations to their list of services to adapt to the downturn in new construction.

In terms of new initiatives, plans are underway for a pilot project between NSHBA and Halifax Regional Municipality in regard to a licensing program for builders and renovators. The initial research has been done and presented, and follow-up work with municipal departments and elected officials is now being done to help move this pilot project forward.



Todd McEwan
CHBA - PEI

There are a few significant opportunities on the immediate horizon for the residential construction sector in Prince Edward Island, although new housing starts have dropped by almost 40% over the past three years, due in part to the introduction of the harmonized sales tax (HST) in the province. We have been working with partners in the sector to bring the impact of the new taxes to the provincial government's attention and are working to introduce a number of potential rebates and grants that would help to offset the costs associated with the tax and stabilize and increase new housing activities. A relatively stable market and affordability, particularly when compared to other areas of the country, will be major factors in the upswing of starts, added by a growing immigrant population to the province who are looking to settle.

One of the key areas that CHBA-PEI is working to get in front of over the coming months is the aging-in-place programs that

are increasing in both awareness and utilization. PEI has a large segment of the population that is aging, and raising greater awareness of potential opportunities for both renovators and from the ground construction to this emerging trend could help augment and support the industry, complementing the expected growth in the coming years.



Victoria Belbin
CHBA - Newfoundland & Labrador

Until recently, Newfoundland and Labrador's residential construction industry was the hottest in the country. In the 2012, investment in housing was rivalling the province's oil and gas industry. Today, members of the CHBA - NL are adapting to a new economic reality following a downturn in the price of oil, triggering provincial government austerity measures, a 2% increase in HST and an overall change in the local housing market.

A different buyer with a different focus is now driving demand. Younger, first-time buyers are looking for smaller, lower-priced homes. In response, the type of house that builders are developing is changing to suit that transforming need. The bulk of buyers are now a younger customer looking for that \$250,000 to \$350,000 starter home.

Seniors are also playing a large part in this new market. With the fastest aging population in Canada, NL will be facing challenges in adapting to seniors housing needs.

Staying on top of the trends, builders and developers have been working with municipalities to create homes in reach of financing for first-time buyers and seniors.

Renovations and repairs is a growing sector in this new economy as homeowners decide to remain in their own homes or purchase existing in already established neighbourhoods.

The new economy is exposing new challenges in tackling the underground cash economy. CHBA-NL is working with local governments to strengthen public campaigns to promote *Get It in Writing!* and promoting hiring contractor.com through partnerships with suppliers, social and traditional media. 🏠

5 renovators 5 very different markets 5 opinions

COMPILED AND EDITED BY JUDY PENZ SHELUK



Curtis Mercer
President & CEO,
K & P Contracting Ltd.
Flatrock, Nfld.

HBM: What do you see as the growth opportunities for the renovation industry in your area? Are you taking steps to access these?

Curtis: Newfoundland facing an economic downturn, which has slowed the new home construction market but, in turn, has grown the renovation market. Economic slowdowns, combined with the cost of electricity, which is expected to double in



K & P CONTRACTING LTD.

the coming years, has created an environment where typical renovations can be coupled with energy efficient upgrades.

As an energy efficient builder and renovator, we bring energy efficiency and comfort to the conversation on every renovation project, while noting that it has to make sense economically and have a return on investment.

This is a niche area in the market that needs to be brought to the forefront if we want our clients to think about the future. Most renovations are for aesthetics. We aim to get our clients looking to the comfort side: What's behind the new shiny appliances and under the updated exterior cladding? Why not spend a few extra dollars on a renovation that will decrease your heating cost and increase your overall comfort in your home?

Our goal is to tap into the available growth in the renovation sector and add a Net Zero component to renovations.



Erik & Lesa Lacey
Owners, Lacey Construction Deroche – Fraser Valley, B.C.

HBM: Are people spending more or less on their renovations than previous years? What types of renovations are you expecting to see in the years ahead?



Erik & Lesa: With the increased cost of housing, many homeowners who have decided to hold onto their homes are now looking at their increased property equity, and deciding to invest in their home.

We also see a trend toward combining renovation plans. We come in to talk to potential clients about a kitchen or other renovation and end up with two out of three clients adding bathroom renovations to their contracts. The dollar value of their renovations we do in a year has been pretty consistent over the last three years, but we are seeing the scope of individual renovations increase for our clients, meaning fewer jobs with a larger scope of projects. This

can be a scheduling challenge when the pace of work is as busy as it is in the Fraser Valley. When clients add items to existing renovations, we need to be aware of that potential and plan a timeline buffer to account for the increased scope of renovation. We operate our renovations using an online construction management portal and upload change orders immediately. Having a system to track progress also allows us to provide a ton of information to our client as a value added item.



LACEY CONSTRUCTION DEROCHE



Jamie Adam
President,
Pioneer Craftsmen Ltd.
Servicing Waterloo Region
and Guelph, Ont.

HBM: What do you see as barriers to the growth of your renovation business?

Jamie: Human Resources are by far the greatest barrier to growing our business. Our lead hand renovation carpenters must be able to perform technically at a high level, but a truly great renovation carpenter must be equally adept at dealing with customers each and every day. We know that every evening after we have left for the day, our clients are walking through their renovation, imagining how the space will look when it's all finished and preparing a series of questions for our lead



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carpenters in the morning. How well the carpenters handle those questions and client relations often determines the success of a renovation. Perhaps even more than delivering a superior product, delivering a superior experience will lead to referrals and future opportunities. Pioneer Craftsmen invests heavily in apprenticeship training, but we are limited by current apprentice-to-journeyman ratios. We currently have four apprentices, working closely with our lead carpenters to gain technical experience, and we introduce all our apprentices to the importance of effective client management early on, asking them to take active roles in weekly site meetings, pre-construction conferences and daily client update meetings as well as taking part in full team relationship-building exercises.



Dave Anderchek
President,
JABA Construction Limited
Saskatoon, Sask.

HBM: What are some of the biggest challenges you face as a professional renovator within a small city with a population of about 300,000?

Dave: The Renovation Industry in Saskatoon is a volatile industry most years. This comes because of the supply and demand of the market. Our new housing industry had many years of substantial growth and, over the past 18 months, there has been a decline in the industry. When the new housing market was vibrant,

we, as renovators, had difficulty finding trained, qualified people and maintaining a core staff.

The market changed when housing starts dropped. Suddenly everyone became a renovator: designers, roofing and siding companies, plumbers, flooring contractors, etc.

Another factor that has had an impact on the professional renovator is the plethora of home improvement TV shows: Homeowners are becoming more "Do it Yourselfers" and the people or companies they hire are not being held accountable.

Posts on sites such as Craigslist and Kijiji for carpenters and renovators are also vibrant, which makes selling projects even tougher because of the bottom dollar.

Our industry needs a good shake-up to hold contractors, as well as homeowners, accountable for their projects. This is an industry that needs education but, more so, a professional certification program at all levels of government, in which everyone is held accountable and professional. This is an industry that needs a major overhaul.



JABA CONSTRUCTION LIMITED



Jon-Carlos Tsilfidis
President,
Fairside Homes and
Renovations Ltd.
Toronto, Ont.

the most desirable cities to be in. As wonderful as this is, growth poses significant challenges to housing choice and affordability. Consequently, more people are opting to renovate the homes and spaces they are currently living in as opposed to buying something new.

Many homeowners find they get more value for their money and can get what they want by renovating and remodelling. When you take into account the historically low cost of money, it is no wonder that it seems there is a renovation boom throughout the GTA. There will be continued significant growth in the renovation industry for the foreseeable future.

To access these opportunities, today's renovator must be seen to be knowledgeable and credible, and provide value and service to an ever-sophisticated consumer. In doing so, the renovator must be adept in the use of such tools as social media and must

always be up-to-date— not only with the latest building techniques and materials, but with the latest government regulations. 🏠



23 ▶ HBM: The GTA housing market has been sizzling hot. How has that impacted the renovation side of the housing industry and what are the challenges?

Jon-Carlos: The GTA is one of the fastest growing metropolitan areas in the western world, and it's characterized by an aged housing stock that is ripe for renewal. As such, the growth opportunities for the renovation industry in the GTA are almost boundless.

Our system of stable and relatively effective government, coupled with the dynamism of our multicultural society, makes the GTA one of



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Bob Finnigan
President, CHBA

When a young family is able to buy that first home they've been dreaming of owning, it's a lot more than just a business and financial transaction.

Why We'll Remain Focused on Affordability

CHBA is concerned about the latest changes to mortgage insurance rules announced last month and the impact these will have on younger first-time home buyers already struggling to achieve homeownership. The longer-term effects, if more and more young families are “locked-out” of the market, is also a serious concern.

Applying tighter rules across all markets, without regard to the significant regional differences that exist, just seems wrongheaded. In softer markets, these tougher rules will further slow housing activity and the overall regional economy.

At a macro level, we question the wisdom of undermining the one sector of the economy that has been holding up well, and performing. It's far from clear if other economic sectors will perk up anytime soon to fill any economic gap a housing slowdown will create.

We “get” that the government is concerned about Canadians being in over their heads when it comes to debt. And we “get” that government is particularly worried about overheating in the GTA and Vancouver markets. We share these concerns, although we'd likely disagree with many in government about what has caused these conditions and especially about using national mortgage rules to try to address them.

In the GTA, where I build, tighter mortgage insurance rules won't address the planning barriers and chronic lack of ready-to-develop land that means we can't build the homes people want. This is driving up prices, and demand for low-rise housing isn't diminishing. In business, you don't solve a supply shortage by trying to reduce demand.

In many other cities, where economic conditions are challenging, these new rules make it seem like government is “piling on” long after the whistle has blown.

These rule changes are a very large and blunt economic tool, and using them involves significant potential economic risks. It will be essential for government to keep a very close eye on how things play out, and adjust course if their actions do more harm than good.

For government, these impacts may be measured in abstract ways—as debt ratios and lines on a chart.

For those of us in the home building business, the impacts are much closer to home. Each of us is concerned not only about how this will affect our customers, but also our business, our employees and our suppliers.

We'll know if traffic declines, because we'll see “that look” on the faces of our salespeople and customer service folks.

We'll know if the new “stress test” means a young couple, excited about buying their first homes, can no longer qualify. We may be looking them in the eyes when they realize this.

In Canada, owning a home is the cornerstone of making it into the middle class. Given the current government's desire to support the middle class and those

aspiring to join it, we look forward to its response to these home buyers who are being told that joining the middle-class ranks of homeownership for them will have to be delayed, or for some, not even be possible. Government needs to take policy steps to address this.

A core element in CHBA's messaging to government is always about our industry's huge economic role—the incredible number of jobs we support, the billions in wages paid out, and how we help millions of Canadians build their financial futures.

But what we do goes much farther than this. It involves things that numbers simply can't measure, but that define who we are as Canadians.

When a young family is able to buy that first home they've been dreaming of owning, it's a lot more than just a business and financial transaction.

It's about the lives that will be lived in the homes and communities we design and create. The relationships that will grow. The connections that will happen. The “pride of place” that owning a home instills. And the investments new homeowners then make, over decades, to improve the communities they've chosen to make their own.

“Affordability” is what determines whether this can happen for Canadians.

“Affordability” is what decides whether someone gets to participate, or has to sit on the bench, when it comes to homeownership. This goes far beyond just owning a home; it's about taking a stake in a community and making it a better place for all.

For those of us involved in building homes, our work has a much more real and human meaning. In the Canada we live in—and that Canadians want—homeownership is the cornerstone of the middle class. Now is not the time to be locking out the next generation. This is something we need to continue to bring to our discussions with government. And we will.



President Bob Finnigan makes a point during CHBA Board of Directors meeting.

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Kevin Lee
CEO, CHBA

Following the [drywall] tariff announcement, all three levels of CHBA became immersed in the rather convoluted world of international trade treaties and tribunals.

Progress on Drywall Tariffs

I'm writing this column the day after CHBA's Fall Committee, Council and Board meetings, and I want to highlight one of the important issues that Association leaders from across the country have been working on, not just over the last three days but, over the last couple of months.

Drywall tariffs, and how these are affecting members across the country, is high on our agenda. This is a national issue with severe impacts in the West, and related effects in rest of Canada. CHBA is engaged at all three levels of the Association, as are members, and we have made significant progress in communicating the concerns of industry to the federal government, and in getting some action on this issue.

In early September, exorbitant tariffs were imposed on American drywall imported into Western Canada based on preliminary findings of "dumping" by U.S. exporters. An imposition of provisional duties ranging from 105.2% to 276.5% became effective immediately, followed by cost increases, and threats of allocation, with price pressures spilling over into Eastern Canada (which is not subject to duty).

Following the tariff announcement, all three levels of CHBA became immersed in the rather convoluted world of international trade treaties and tribunals.

"Anti-dumping" trade law has a very narrow focus. Traditionally, the only thing considered is whether companies shipping product into Canada are selling them "on the cheap," and if this is adversely impacting domestic manufacturers. The only "parties" considered by the process are the various manufacturers directly involved—in this case, drywall manufacturers. The impacts on associated industries are not considered.

However, in this instance, the broader impact on our industry is extreme. Our concern is how drywall contractors, home builders and renovators, and their customers, are being affected by the tariffs. Companies stand to lose thousands of dollars per house on contracts already in place, and we are alarmed that a trade action that is supposed to protect Canadian jobs could instead severely harm member companies, resulting in job losses in our industry here in Canada. It just doesn't make sense.

Such broader tariff impacts on businesses or consumers ("the public interest") are usually only considered after a final decision on dumping has been made, which in this case would be after January 4, 2017. This is much too late—by then much of the major damage and injury to builders and drywallers will be done.

However, there is good news: due to the efforts of CHBA and others, the federal cabinet issued an Order in Council, recommended by the Minister of Finance, that the Tribunal immediately consider whether the imposition of duties "is contrary to Canada's economic, trade or commercial interests, and specifically whether such an imposition has or would have the effect of substantially

reducing competition in those markets or causing significant harm to consumers of those goods or to businesses who use them."

As a result, the Tribunal is now required to report to the Minister of Finance on the negative impacts of the tariffs, as well as possible remedies, at the same time as it makes its final decision on injury to the domestic drywall manufacturing market.

While this step doesn't automatically make the tariffs go away, it puts a clear focus on the negative impacts CHBA is so concerned about, accelerating the possibility of having the tariffs changed.

This government action was unprecedented—multiple trade experts have said that this has never happened before—and it shows clearly that the Association and member companies are being heard in Ottawa. It reflects the hard work done by local and provincial HBAs, and many of our members, in concert with CHBA and demonstrates the strength of our industry voice when we all work together.

So what's next? The Tribunal will now begin hearing from "interested parties" on the tariff impacts, and CHBA is a very interested party.

To gather data for this process, we asked members in Western Canada to complete a brief survey outlining how their business is being impacted by the tariffs.

To date, more than 500 members have submitted their information, and this will allow CHBA to go into the hearing with solid and compelling evidence on how drywall contractors, home builders, renovators and consumers are being hurt by the soaring prices and uncertain supply of drywall triggered by the tariffs.

So while this issue isn't resolved yet, and the final outcome cannot be predicted, by working together quickly and with a very clear focus, we have had a real impact. Every member who has expressed their concern on this issue helped to make this happen.



INNOVATIONS

Snakes, saws and thermal breaks: a selection of innovative products from some of today's top tool manufacturers.



The Really Portable Mitre Saw

Years ago, Festool brought out their track saw system (TS models); they were essentially circular saws with guide grooves in the shoe and a long track for straight cutting across doors or panels. It was basically competing with a table saw, taking the saw fence to the wood rather than the wood to the machine, with clamps to hold it in place.

This year, Festool is taking on the mitre saw with their HK system. HK stands for timber construction in German, but they call it a "carpentry saw" in English. Again it is their 6-1/2" quality circular saw with track guides in the shoe. But now the track is part of the saw and you take the two to the lumber. Stops under the track catch the edge of the wood to set your angle and you can accurately cut square, mitre angles and even mitre bevels. Available in corded or cordless, three track sizes will give a cut width of 10", 16-1/2" or 27", effectively cutting wider than a sliding mitre box, and even wider than a radial arm saw. Simply disengage the saw from the track for standard circular saw use.

You can even use it to cut panels almost as accurately as its big brother, the TS saw, thanks to the riving knife. Cut the length of the track, stop the saw, move forward and set the riving knife into the kerf—the TK is now lined up for an extension of the cut.

Festool is moving out of the woodshop and into the construction site. www.festool.ca.

A Cordless Table Saw

One of the impressive new tools in DeWalt's powerful 60v FlexVolt lineup is a battery-operated table saw. This is a portable construction site table saw with all the expected features: great guards, good fence adjustments

and riving knife, and it runs surprisingly quietly. It holds an 8-1/4" saw blade, giving a depth of cut of 2-1/2" at 90 degrees. With its 60v battery, it is totally cordless, although DeWalt does recommend using its own battery-friendly blade. Yes, drills and blades are changing to get the cut done with less demand on batteries.



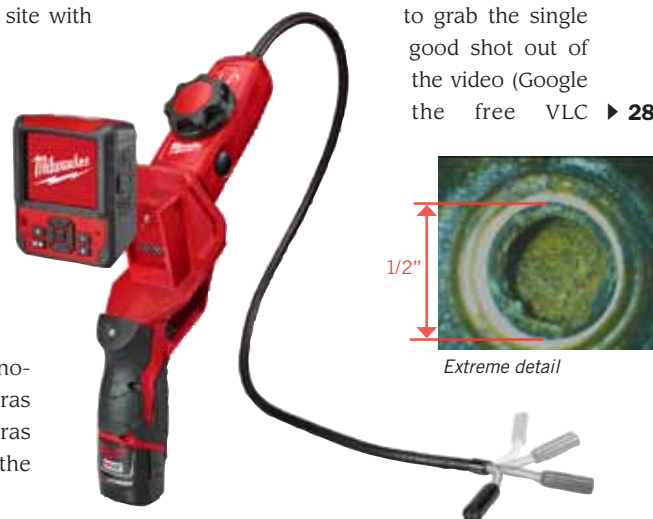
This is not a compromised tool too small for the job; I have cut, even ripped wood on it. It is particularly interesting on a site with no electricity. Although they don't have the 120V AC adaptor that was made for their double 60v system on the FlexVolt mitre saw, they do sell a fan-cooled fast charger that will charge in 60 minutes. www.dewalt.ca.

The Snake with a Pivoting Head

Milwaukee has brought to the renovation site one feature of snake cameras previously only available on cameras costing several thousand dollars: the

pivoting head. The M-Spector Flex camera is available in 3- or 9- foot lengths and the 1/2" diameter camera head can be pivoted 270 degrees by way of a knob on the pistol grip. Often, snaking a camera into a wall requires delicate gymnastics to bend the cable just right so it goes from your entry hole to what you want to see, and often you have no idea where you are in the wall or what it is you are looking at. Rotating the image on the screen helps, but the pivot head actually permits a bit of a "look around" as you go. Suddenly the image takes on perspective and you understand what you are seeing. Being able to bend the head actually allows you to turn the tip of the snake to slide into a hole or around the corner.

Although photos are great, recording video tells the story far better and allows you to grab the single good shot out of the video (Google the free VLC ▶ 28



27 ▶ player). The 640x480 resolution is the same for photo and video. In addition, the viewing screen and camera controls pop off the pistol grip handle and become wireless, allowing you to look at the screen comfortably while moving all over the place to manipulate the snake. Simply pull the trigger to take the picture or start the video recording. There is a USB connection and removable SD card. The M-Spector Flex camera is selling in Canada for around \$900.

If you really need a smaller camera, the 1/4" diameter camera on the little Stanley STHT77363 3-foot snake camera gives an equally good image while fitting into a smaller hole. But for \$150, you don't get any image recording, although it does have a video out connector for video recording, if you have an old VCR that accepts an RCA input. www.milwaukeekeetool.ca.

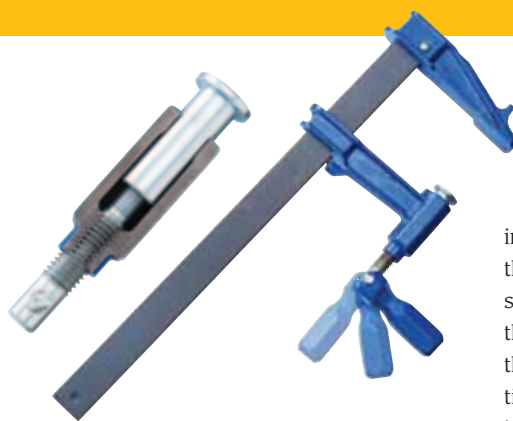
Drill/Mixer Combo Tool

Finally, a tool specifically made for heavy duty drilling into wood or metal with a shift to the low speed, high torque required for material mixing. The Bosch GBM9-16 5/8" mixer allows you to buy one tool for tasks that used to require two separate tools. The eight-amp motor provides a maximum torque of 767 in./lbs. www.boschtools.com.



The Old "F" Clamp Gets Improved

Rockler has just come out with a new "F" clamp that is very interesting. First the "piston" in the clamping mechanism has two excellent features. The contact surface does not turn as you tighten the clamp, so it doesn't mar the wood. Now, that is the objective of some tips that have ball joints, but eventually that exposed ball joint gets dirty or glued and starts to turn. Here the piston is encased inside the mechanism to keep it clean. Second, there is a double thread so as you turn the handle, the piston moves forward twice as fast.



The downside to a faster clamping piston is that your hand has less force to clamp it to its final position. But Rockler has dealt with that and made the handle so it can pivot 90 degrees to make it into a lever to finish the action. Straight, it drives fast—then, levered over, it gives more turning force than any straight handle. www.Rockler.com

Blades Designed to Help Batteries Get More Work Done

The competition to get more work done per battery charge is not only changing batteries and tool motors, but it is changing the blades, too. For years, tool manufacturers boasted about developing saw blades that could cut more and more material before the blade died. It is particularly interesting that Milwaukee's new AX reciprocating saw blade with five carbide teeth per inch not only claims 30x longer life, but now they are saying 25% more cuts per charge for the battery. The demand today is to last longer and cut more efficiently as well. Carbide teeth, rather than bi-metal teeth, designed to cut both wood and nails along with a weird plunging hook up front, make Milwaukee's "AX" a very interesting reciprocating saw demolition blade.

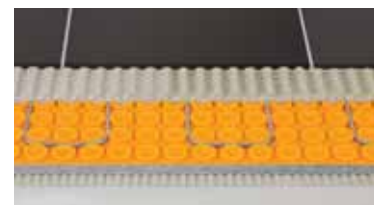
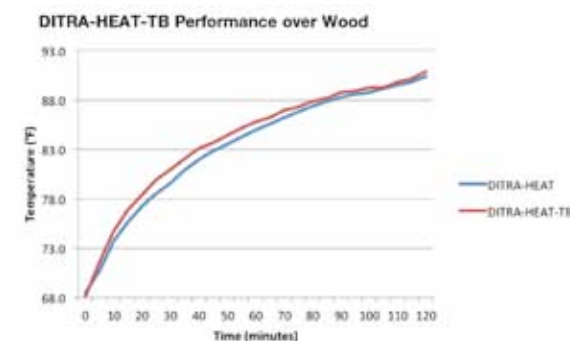


Small Thermal Breaks Can Have Significant Effects

Heated tile floors over concrete often never perform very well because the concrete becomes a heat sink, stealing heat from the tiles. Take a minute to study these two charts that record how long it takes for tiles to warm up after turning on electric heating cables.

The blue lines are with regular Schluter Ditra-Heat membranes, the red lines with a new Ditra-Heat-TB (Thermal Break) membrane, which is only 1/16" thicker and gives a thermal break of only R-0.35. That is extremely little insulation.

The first chart shows very little effect when installed over a wooden floor. Don't bother, the wood is not soaking up the heat. But the second chart shows what happens with a tiny thermal break between the membrane and the concrete. Heating response time for the tiles is improved by 70%! Radically improving response times for heated tiled floors is in the forefront of customer satisfaction. www.schluter.ca.



TOOL TALK



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

Built Green Canada Launches Renovation Program Pilot

EDMONTON — Built Green Canada has launched a Renovation Program Pilot and encourages trials during this phase.

The impact of the new mortgage rules are indeterminate at this time, however it is expected that lower priced homes will get a greater amount of interest, as buyers who could previously afford a more expensive home will be looking at a more affordably priced home, while others who may have been considering buying up will remain in the home they are in and focus on upgrades.

This underscores the reality of Canada's housing stock: New housing represents less than 2% of the overall housing stock across the country. As Canadians and all orders of government are increasingly focused on the environmental agenda, there is huge opportunity to reduce greenhouse gas emissions and strengthen the economy through energy-efficient retrofits of older homes in Canada. A study by Canada Mortgage & Housing Corporation (CMHC) revealed that older homes are the source of exponentially more greenhouse gas emissions than newer homes.

A BUILT GREEN certified renovation benefits not only the environment but also homeowners who will enjoy a healthier, more durable and more affordable home through a reduction in the operating and maintenance costs of homeownership.

There are three renovation types: whole house, renovation, and small home improvements. Each takes a holistic approach to sustainable building and maintains the same seven categories as Built Green's

Single Family and High Density programs: energy efficiency, materials and method, indoor air quality, ventilation, waste management, water conservation and business practices.

Built Green Canada welcomes industry's continued input during this pilot phase. The program is complementary to the leadership efforts of CHBA's *Get It in Writing!* initiative.

Find out more at: www.builtgreencanada.ca/renovations. 

CMHC: Ontario Renovation Spending Poised for Additional Growth





OTTAWA — There is a strong correlation between resale activity and renovation spending when observing historical data. In fact, CMHC analysis indicates that Ontario households undertake renovation work typically within 12 months of an existing home purchase.

The bulk of spending, roughly 75% of all projects, have comprised alteration and improvements whose purpose is to add value to the home. With resale activity running at record levels in 2015 and in early 2016, this suggests renovation spending is poised for additional growth.

In 2015 alone, Ontario's renovation market was estimated at about 25 billion dollars. In recent years, popular projects included: remodelling of rooms, which includes basement upgrades, painting and wallpapering, heating and air-condition and landscaping. 

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Home BUILDER Magazine delivers results like no other magazine in the residential construction industry:

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Women in Construction: BuildForce & Women Building Futures Form Partnership

OTTAWA — BuildForce Canada and Women Building Futures are teaming up to lead more women into careers in construction.

“Encouraging more women to pursue the construction trades is not only the right thing to do; it’s a necessity,” said **ROSEMARY SPARKS**, Executive Director of BuildForce Canada. “Construction is undergoing major change and that creates a tremendous opportunity for women to make their mark in one of Canada’s most important industries. We’re confident that both women and industry will benefit from our new partnership.”

BuildForce and Women Building Futures share a commitment to bolster the number of women in construction and help industry fill the skills vacuum as baby boomers retire. One quarter of Canada’s construction workforce, or as many as 250,000 skilled workers, are planning to retire this decade.

Thousands of women are ready to enter the workforce or make a

NRCan: New Web Page on Window Condensation



Condensation is something no one wants to see on their windows or doors. Although technology has advanced the energy efficiency of windows and doors over the past decade to greatly reduce the risk of condensation, it is still possible in certain conditions. To help homeowners understand the process, NRCan, in consultation with the window and glazing industry, has developed a web page that details the factors that can lead to condensation and provides tips on how to reduce the risk. The web page also includes information on the effects of cold weather, the role humidity plays and even the fact that condensation—in certain circumstances—shows that the window is highly energy efficient. Overall, highly efficient products such as ENERGY STAR certified windows and doors reduce the risk of condensation while saving money on energy bills.

Scan the above QRcode for complete story on NRCan website. 📱

career change,” said **JUDYLYNN ARCHER**, President and CEO of Women Building Futures, “and we want them to know that we are here to help.”

While the number of women in construction is increasing, the proportion of women who make up the skilled trades workforce in Canada remains at approximately 4 to 5%. 📱

Alberta Adopts New Programs for Energy Efficient Upgrades

EDMONTON — New incentive programs for residential energy efficiency upgrades announced by the Alberta government should have a positive impact on investment and are in alignment with Canadian Home Builders’ Association – Alberta (CHBA – Alberta) support for assistance to consumers with initial costs of equipment and installation.

“Professional installation will be a key to ensuring full value is received from the investment homeowners make in lowering energy usage and costs,” said **RYAN SCOTT**, President, CHBA – Alberta. “CHBA members across the province look forward to working with Energy Efficiency Alberta as more details about implementation of the programs are announced.”

Alberta’s new homes are built to increasingly high efficiency standards, with a new cycle of minimum code requirements taking effect November 1. Many CHBA – Alberta members already meet or exceed the new codes. Nearly one million Alberta residences that are over 20 years old can potentially benefit from improvements in lighting, water and heating performance through replacement of out-dated and inefficient systems.

Initial programs include a Direct Install Residential Program, a Residential Consumer Products Program and a Business Non-Profit and Institutional Rebate Program.

- Direct Install Residential Program will offer direct, no-charge installation of low-cost energy efficiency products to residences, such as lighting, water and heating components.
- Residential Consumer Products Program will offer point-of-sale rebates to residential customers at retail outlets with products such as lighting, insulation and appliances.
- Business, Non-Profit and Institutional Rebate Program will offer incentives for high-efficiency products and installation of electric and gas based products such as lighting, heating and cooling systems and hot water systems. 📱

CALENDAR

Do you have an event you want posted on our new Online Calendar? E-mail your listing to editor@work4.ca

November 30-December 2
 Construct Canada
 The Buildings Show
 IdexCanada
 PM Expo
 World of Concrete
 Homebuilder & Renovator Expo
 Toronto, ON
www.constructcanada.com

January 10-12, 2017
 International Builders’ Show
 National Association of Home Builders
 Orlando, FL
www.buildersshow.com

May 10-12, 2017
 The CHBA 74th National Conference
 St. John’s, NL
www.chba.ca

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Royal Building Products	31	614-754-3463	www.royalbuildingproducts.com
Simpson Strong-Tie Canada	31	800-999-5099	www.strongtie.com/timberhex-hdg
Superior Walls of America Ltd.	3, 31	800-452-9255	www.SuperiorWalls.ca
Union Gas	15	416-496-5344	www.uniongas.com

Strength and Beauty for Outdoor Living



Simpson Strong-Tie introduces Outdoor Accents®, a new line of decorative connectors and fasteners for wood construction coming in January. The line provides both design elegance and structural strength to outdoor living areas. This hardware accommodates 4x and 6x lumber sizes, offering the flexibility needed for designing and building custom outdoor structures.

The hardware is made of galvanized steel with a black powder coat for corrosion protection. Each piece of hardware has been tested and approved to meet building codes for high-wind or seismic conditions. The Outdoor Accents line includes hex-head washers, structural wood screws, post bases, ties and angles.

www.strongtie.com/outdooraccents

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www.royalbuildingproducts.com

Premium 40V MAX Cordless Chainsaw with Gas Performance. Guaranteed.™



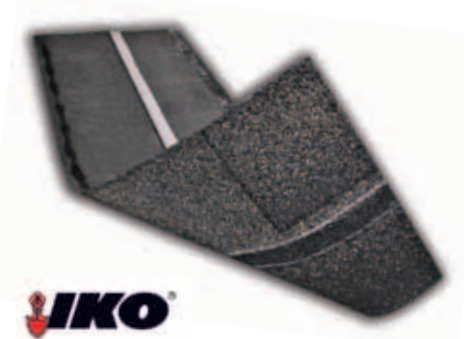
There are times when a chainsaw is the best saw for a construction or landscaping task. If this is not your all day tool, you really don't want to bother with gas cans, engine maintenance or a tool that won't start. DeWalt's 16" brushless electric chainsaw does short order on 6x6 inch pressure-treated pine – up to 100 cuts per charge using a DCB406 40V Max 6.0 Ah lithium ion battery or 70 cuts using the smaller DCB404 4.0 Ah battery.

With no gas storage, you can keep this powerful saw in your truck or tool chest ready for an instant start in any weather.

For more information, visit:

www.dewalt.ca

IKO Dynasty® with ArmourZone™



Battles the Elements, Protects Against Inclement Weather.

IKO Dynasty® shingles' extra weathering-asphalt coating adds weight for better performance and weather resistance. Dynasty is engineered to be one of the most wind-resistant shingles in the company's line-up. It offers a Limited Wind Warranty of up to 210 km/h (130 mph) with the use of only four nails.

For additional information on our full line of premium roofing products please call: 1-855-IKO-ROOF (1-855-456-7663) or visit our website at www.iko.com

SURE. BECAUSE IT'S SURENAIL®

Trust the grip of SureNail® Strip™.



Compared to standard shingles, **SureNail Technology®** provides you with 2x the bond strength, and up to double the common bond in the nail area. With SureNail Technology®, strength and durability are built into every TruDefinition® Duration® Series shingle. The SureNail® strip, a tough-engineered woven fabric strip in the nailing area, provides an easy-to-see target nailing area for a fast, reliable, quality installation. The heritage of the Owens Corning® brand means you can be sure with SureNail Technology®. **See the strip, trust the grip.**



SURENAIL
TECHNOLOGY®

1-800-GET-PINK® or visit owenscorning.ca

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