Success Against All Odds

By: Joe Valela
2003 President, Greater Toronto Home Builders’ Association

This morning I see plenty of familiar faces and I am so happy to see you all here today. Ladies and gentlemen a little over ten months ago I stood before you as you’re newly elected President.

At that time, Mel Lastman was Mayor of Toronto, Ernie Eves was Premier of Ontario and Jean Chretien was Prime Minister of Canada. So I am glad to report this morning that I have outlasted them all while avoiding major scandals, balancing the budget and keeping all my promises.

Going through this year, I’ve had an opportunity to gain many new friends and experiences along with realizing the importance of our association, even more than I could have imagined when I started.

This morning, I want to outline for you some of our major accomplishments as an industry and association during 2003.

We’ve enjoyed great success despite a number of unusual internal and external challenges - such as: SARS, Mad Cow Disease, The war in Iraq, The Blackout, The pre-election mode at all three levels of government, Grand Valley Homes fiasco, Dominion Concrete, and of course the Oak Ridges Moraine Freeze. Every one of these issues represents an excuse for homebuyers NOT to buy our product.

Against all these odds, new home sales will easily exceed 40,000 units for the fourth year in a row. In fact, 2003 will go down as the second best year in history with a projected 43,000 new home sales. While I couldn’t get us to Sheldon Libfeld’s 54,000 new home sales of last year, a record which I truly hope some day we can surpass, I am proud to say we did manage to break one very important record.

By years end, the GTHBA will have more than 1,150 member companies, our highest total ever. Our recent drive netted 94 new members, but it was our ongoing efforts throughout the year that ensured we went into the drive well positioned to break the record.

You might recall that one of my priorities this year was to increase the association’s commitment to the renovation sector, which I see as one of our
important future growth sectors. I hoped that our efforts could double our renovation membership in the next three years. I am pleased to report that renovation membership has grown by 25 per cent this year and our investment is just beginning to pay off. I believe much larger gains are just around the corner, especially with the ongoing commitment of Mark Parsons and Julie DiLorenzo in this new direction.

While, we’re talking membership, one of the highlights of the year has to be our return to the Canadian Home Builders’ Association after a one-year hiatus. As strange as it sounds, our withdrawal was the best thing that could have happened for CHBA as well as GTHBA. This year, the CHBA established the new urban council with representation from leaders of the ten largest locals. These local leaders are now on the CHBA Board and yours truly was chosen to chair the urban council and because of that I also sit on the CHBA Executive.

With this new mandate, the CHBA has hired a very well connected staff lobbyist, something we felt was critical, because the most important thing the CHBA can do on our behalf is lobby the federal government on the important builder issues of the day.

Meanwhile, our relationship with the Ontario Home Builders’ Association has remained strong. One of my personal highlights of the year was leading our staff to the stage at Deerhurst to accept OHBAs Local of the Year Award. We have great staff and wonderful volunteers along with many dedicated members and it was very rewarding to be recognized with this award.

Nobody could have prepared me this year for the numerous P.R. challenges that would come our way. Throughout the year, we’ve endured our share of real estate bubble headlines and condo glut stories. No matter how positive we make our news releases, the media seems to find a way to dwell on these negative stories.

We faced two major P.R. challenges this year, either of which could have caused a serious blow to consumer confidence in our product. In both cases, we worked very closely with the Ontario New Home Warranty Program in controlling the damage. In May, we learned that there were a number of homes whose foundations were literally crumbling as a result of contaminated concrete supplied by a company, which has since gone bankrupt. Thankfully, it turned out that fewer than 100 homes were affected, nevertheless these homeowners have had to endure many inconveniences during the repair of their homes, and you can understand why they might not be so thrilled with their decision to buy new.
Because the warranty program moved pro-actively to re-assure the buyers that their homes would be fixed “better than new,” the early media coverage showing crying mothers with babes in arms worrying about where they were going to live turned into stories about a rogue supplier. Thankfully the ONHWP Program and the builders came out looking like the knights in shining armor.

Hard on the heels of the concrete crisis we learned of a homebuilder who was terminating agreements with homebuyers under the 240-day clause and re-selling the homes for much higher prices. Some of us with long memories realized there is no way the builder could hide from the media on this one and we were extremely concerned with the potential political fallout and negative P.R. for the industry. We immediately contacted the builder and put enormous pressure on him to reverse his course of action but unfortunately he would not cooperate with us.

Meanwhile, the story was making the front pages and leading the newscasts.

Following a meeting with the Ontario New Home Warranty Program, we issued a clear warning to all builders that the association does not condone contract termination regardless of circumstances. Our strong message to builder members that we expect them to honor their contracts was very well received by the media, government and homebuyers.

Ultimately, this builder caved into the pressure and isolation from all sources, especially the warranty program, resulting in another happy ending and the aversion of another P.R. disaster.

Some of our media efforts this year were defensive but not all.

When our new Premier hinted he was going to freeze development yet again on the Oak Ridges Moraine, we went on the attack. For weeks, we were front and center on that story, and I believe we helped shape the very successful outcome of this issue.

These are just examples of our extensive media work. What I have come to realize is that GTHBA has a well-earned reputation as a credible spokesperson for the building industry. I’ve also come to appreciate the immense value of our weekly Bricks and Sticks column in the Toronto Star, as well as our columns in the Sun and Globe.
On the government relation’s front, I would like to take you back to my inaugural address where I floated the concept of mortgage interest deductibility. I know you all thought I was paddling in the wrong direction. But lo and behold, the Tories actually put it in their platform, although they got the program design all wrong. Looks like the Tories were paddling into a storm and ran into a tidal wave called public opinion. But still, I’m proud of the fact that we successfully raised the idea and then promoted the hell out of it.

We’ve also been extremely pro-active this year in regard to the number of development and education charge by-laws, which were renewed early. All too often, our wins look like losses because our efforts result in reduced increases, but increases just the same. But I assure you, if we were not on top of the municipalities, things would be a whole lot worse. Occasionally, we do score real reductions, such as the 60 per cent or $600 per unit reduction in EDCs in the City. This was a huge win for all builders in the city of Toronto, translating into six figure savings on a typical condo building.

But sometimes it’s one step forward and two steps back. While Toronto EDCs were going down, parkland dedication charges maybe going up much higher under the City’s new Official Plan. We had little choice but to appeal the O.P. to the Ontario Municipal Board, and that’s where matters currently stand. Hopefully, the new administration at city hall will be more amenable to resolving the issue through negotiation and compromise. Only time will tell!

We also have the York Development Charges by-law under appeal at the OMB based on what we consider to be an illegal transit charge.

While our preference is always to resolve issues without having to resort to legal means, when matters of principal are involved, we are clearly prepared to fight. In fact we have to, because if we turn a blind eye in York Region, it won’t be long before some other Region jumps on the bandwagon.

Wrapping up on government relations, I am pleased to announce that the federal government recently extended CREWS, our temporary foreign workers program. Following a recent meeting with the Immigration Minister, we also sent in a proposal to process undocumented construction workers through CREWS. By early next year, we hope to have approval for a pilot program to bring some of these undocumented workers out of the underground.

I also want to touch briefly on our marketing campaigns before wrapping up.
On the new home side of things, we published and promoted the third edition of The HomePages which is designed to demystify the home buying process while extolling the virtues of buying new over resale. Homebuyers continue to request the Home Pages in droves and we ensure it’s mass distribution at our four consumer seminars and three home shows.

On the renovation side, we continued with our RenoMark program, but this year the Marketing & Communications Committee found a brand new way to increase awareness of the program. Earlier this year, we published the Reno Guide (image of publication on screen), a step-by-step guide to the renovation process. Our renovation advertising has focused on promoting this free Guide, which of course highlights the advantages of dealing with a Reno Mark contractor, and the GTHBA has hardly been able to keep up with the requests. Our surveys show that homeowners appreciate the information contained in the Reno Guide and they are following up to get estimates from our renovator members.

I believe our new renovation marketing direction is just beginning to pay off and will lead to an increase in membership. I look forward to looking back in a few years to see that this was the beginning of great new things for the association.

Of course none of this great work would be possible without the support of the association’s five exclusive marketing partners, and I’d like to offer a special thank you to each partner: Enbridge, Hanson Brick, RBC Royal Bank, Rogers, Toronto Star. Let’s give them a hearty round of applause!!

It’s been a great year for me at the GTHBA but we are not about any one person and on that note, I would like to thank everyone who served on my Board of Directors. I’ve appreciated your advice, your constructive criticism, but most of all your enthusiasm for driving the association forward at all times.

I have also been fortunate to have an incredibly dedicated Executive Committee and I would like to thank each and everyone starting with: Sheldon Libfeld, Julie DiLorenzo, Desi Auciello, Jim Ritchie, Leor Margulies, Susan Clinesmith, and last, but not least, your incoming President, Mark Parsons.

Each one of you has played a special leadership role, whether chairing or participating on a Committee or Task Force, and you have helped guide us to another very successful year for the association.

For any association to succeed requires a committed team of people and we have what I consider to be one of the best. Thanks to the GTHBA staff,
which has been there to support me every step of the way. Special thanks to
Stephen Dupius our recently dubbed “Dean Martin” of our association he truly
is the glue that keeps everything together.

Finally, I would like to thank you, the members, for your support, your
encouragement, and your friendship. I am proud of what we accomplished this
year.

I have truly enjoyed the experience of serving as your President. I love this
industry and will always give my support to the GTHBA and I will always be
grateful and thankful for the opportunity that you have given me in leading this
great association we call the GTHBA in the year 2003.

With all my heart and soul I thank you all!