



**We build strength, stability and self-reliance.**

**Submission to the House Standing Committee on Finance - Federal Pre-Budget  
Recommendations 2024**

**Habitat for Humanity Canada**

**August 2023**

**List of Recommendations**

- 1. Increase coordination and cooperation between governments, housing providers and the private sector to tackle the housing crisis.**
- 2. Deliver existing and new federal housing funding in a way that better reflects the realities of building housing in Canada.**
- 3. Use taxation and revenue tools to get the social and economic outcomes we need.**
- 4. Take tangible steps to ensure that Canada has the skilled trades and labour force needed to build housing now, and into the future.**
- 5. Recognize that access to safe and decent shelter is a global challenge.**

## Introduction

At Habitat for Humanity, we believe that everyone has the right to a safe and decent place to live, and that it benefits all of society when they do. We know that decent housing transforms futures, strengthens communities, and fosters resilience and stability that can transcend generations.

Since 1985, Habitat for Humanity Canada, through 46 local Habitats and thousands of volunteers, has helped more than 4,500 working families become owners of safe and affordable homes. Our investments have made a difference. For every dollar Habitat for Humanity receives, \$4 in social benefits are returned to the community.

While we are proud of our contribution, we also feel an increased urgency to tackle the housing crisis. This is an emergency, and it requires an all-in approach, not only for our most vulnerable, but for everyone struggling to access stable shelter they can afford.

And we know that Canadians agree. According to the 2022 *Habitat Canada Affordable Housing Survey*, almost all Canadians are facing cost of living increases, and are anxious about juggling their budgets to afford housing. And three quarters of those surveyed believe that tackling the housing crisis is essential if we hope to also address many other issues facing our country.

## An all-in approach

To build the estimated 3.5 million homes needed to even begin to address the housing crisis, we need an all-in approach that maximizes the tools we have available now, while driving systemic changes to create equitable, sustainable access to safe and decent housing across the housing continuum.

Habitat for Humanity Canada recommends the following measures to make that a reality:

- 1. Increase coordination and cooperation between governments, housing providers and the private sector to tackle the housing crisis.**
  - Align investments and processes to make federal, provincial/territorial, and municipal housing programs work better together.
    - o Allow stacking of government funds to at least seventy percent of project costs, including federal funds delivered via provincial and territorial governments.
    - o Clarify roles and responsibilities for different parts of the housing system to avoid duplication.
  - Continue to empower local governments to speed up the delivery of affordable and attainable housing.
    - o Recognize the current role of municipal governments in housing by providing either funding or access to revenue tools to allow them to deliver results.

- Invest in public infrastructure that will unlock well-serviced land for housing including investment in transit, water and wastewater, and community amenities.
- Work with the private sector to leverage their knowledge, efficiency, and capital to respond to the housing crisis.
  - Support the creation of a robust funding and financing mechanism to responsibly engage the private sector that is self-sustaining and revolving, creating a steady flow of flexible capital into the housing sector, now and in the future.
  - Create processes, standards, and criteria that allow private capital that can fund new housing construction but limits the dangers of housing financialization impacting individuals, families, and communities.

**2. Deliver existing and new federal housing funding in a way that better reflects the realities of building housing in Canada.**

- Deliver grants and forgivable loans that align with actual pre-development, construction, and occupancy timelines.
  - Based on our experience delivering funding from the Co-Investment Fund to build affordable homes, we strongly recommend that the Canada Mortgage and Housing Corporation adjust programs to provide pre-development funding earlier in the development process for non-profits, and with flexibility to better reflect the stages and inevitable delays of construction.
- Increase the funding amounts to accurately reflect the true cost of building sustainable, accessible, and affordable homes.
  - According to the Canadian Home Builder's Association, construction costs and labour costs increased over twenty-five percent in the last year. This is true in the non-profit sector as well. The construction environment has changed significantly since 2017, and new and existing programs should reflect increased costs, complexity, and timelines.
- Include additional funds and flexibility for builds in rural, remote and Northern communities that face even higher building costs.
  - The above statistics, exacerbated further by climate changes that affect how goods travel to many of these communities, apply doubly to rural, remote, and Northern housing developments. Targeted funding for these communities must be flexible and reflect the higher costs of building.

**3. Use taxation tools to drive the social and economic outcomes we urgently need.**

- Defer or waive both the federal and provincial sales taxes on housing that is affordable; and reduce it on housing that is attainable.
  - We recommend that the federal Goods and Services Tax (GST) be deferred on housing units being provided by non-profit and charitable providers to provide shelter for those living with lower income, and who, once in the homes, will pay

around 30 percent of their income on shelter costs. Similar action should be taken at the provincial level. Estimates show that combined provincial and federal sales tax costs could be as high as \$70 thousand per unit, depending on the fair market value of the property. In the case of market sales, those costs are absorbed into the sale price. For non-profits providing title to the property, those costs are either absorbed somehow by the non-profit, or end up being carried by the lower income family. Additional analysis is available upon request.

- Address other provincial and municipal fees that add thousands to the cost of affordable housing.
  - o Land transfer tax payments, application fees, permit fees, development charges or other fees and charges paid to municipal governments can range from \$2,181 to \$138,154 depending on the market. While non-profit builders frequently benefit from reductions in some fees, more needs to be done to decrease the overall cost of regulation to organizations building housing for those who need it most.

#### **4. Take tangible steps to ensure that Canada has the skilled trades and labour force needed to build housing now, and into the future.**

- Ensure that Canada's immigration system is working to help to address skills gaps in the residential construction sector.
  - o While elevated levels of immigration are adding to housing pressures that already exist, immigration is also an opportunity to ensure we have the skills to create a sustainable housing supply now and in the future. Ensuring the economic immigration process is designed to attract and retain those who work in housing is essential.
- Work with those creating affordable housing to support opportunities for apprenticeships and Canadian experience requirements.
  - o Those who immigrate to Canada with valuable experience or a strong commitment to working in housing should be encouraged. Non-profits and the developers that work with them should be supported in providing opportunities for newcomers to grow their career in residential construction and related sectors.

#### **5. Recognize that access to safe and decent shelter is an urgent priority globally.**

- Support Habitat for Humanity's calls to address the needs of a billion people living in informal settlements around the world.
  - o Habitat for Humanity is calling on G7 member states to recognize housing as a critical lever to achieve sustainable development. Addressing housing needs in informal settlements will help advance international development priorities in areas including gender equality, health, education, and economic empowerment, and help support some of the 1.8 billion people in need of safe and resilient shelter.

Habitat for Humanity Canada welcomes the opportunity to contribute to the work of the House Standing Committee on Finance and looks forward to future discussions on how we can reach our shared objective of ensuring many more people in Canada and across the world have access to safe and affordable housing.

For more information on this submission, please contact Alana Lavoie, National Director, Housing Policy & Government Relations at [alavoie@habitat.ca](mailto:alavoie@habitat.ca).