



We build strength, stability, and self-reliance.

**Written Submission for the Pre-Budget Consultations in Advance of the Upcoming
Federal Budget**

Habitat for Humanity Canada

January 2023



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List of Recommendations

- **Recommendation 1:** That the government defer the federal Goods and Services Tax on new homes built by affordable housing providers and held in affordability.
- **Recommendation 2:** That the government examine solutions to encourage the donation of land and real estate for affordable housing through amendments to the *Income Tax Act*.
- **Recommendation 3:** That the government accelerate and increase the investment in a *for Indigenous, by Indigenous* urban, rural and Northern Indigenous housing strategy.
- **Recommendation 4:** That the government officially launch the Housing Accelerator Fund as soon as possible to support increased affordable housing supply across the continuum.

Investing in affordable housing and homeownership will build a stronger future for families, communities, and our country.

It is no secret that we are in a housing crisis affecting everyone. More and more people at every age and stage of life struggle to find housing that meets their needs – whether it is social housing, market rentals or homeownership. With safe and secure housing, people become more financially stable and independent and they're able to transform their futures and their communities. We must build more, build faster, and build now.

We are committed to partnering with government, with other affordable housing advocates, and with communities at most risk, including people who are newcomers, racialized, and Indigenous, on and off Traditional Territories, to tackle the housing crisis in this country.

Since 1985, Habitat for Humanity Canada, through 48 local Habitats and thousands of volunteers, has helped more than 4,000 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.¹ On average, our work generates \$200,000 of benefits to society per partner family, resulting in multi-million-dollar contributions to Canadian society every year.

Recommendation 1 – GST deferral to reduce costs of creating new affordable housing.

Fees from all orders of government make up almost a quarter of the costs of building. The Goods and Services Tax (GST) contributes to high costs that are not fully recovered by affordable housing providers or low-income residents. Further, this tax measure is reducing the full impact of investments through the National Housing Strategy. The federal government should consider amending the *Excise Tax Act* to defer the GST on newly constructed affordable housing, until the unit is sold into the market. The available rebate is only 36% of the GST paid on homes purchased for \$350,000 or less, a decreasing percentage for housing between \$350,000 and \$450,000, and nothing above \$450,000. The rebate amount is capped at \$6300 regardless of the fair market value of the home. Given the urgent need to create more affordable housing and increase the opportunities for those living with low and middle incomes to own a home, we must consider reducing the costs to both housing providers and prospective lower income homeowners. Doing so not only reduces construction costs but would allow non-profit builders to create shelter for more individuals and families in need.

Such a change should be tied to a minimum affordability window of twenty years, after which time, if sold into the market, the deferred GST would be paid.

Recommendation 2 – Using taxation to incent philanthropic support for affordable housing.

In a survey of Habitat affiliates in January 2022, one of the largest barriers to increased building was the availability of affordable land. Given the urgency with which we must all build more, build affordably, and build quickly, Habitat Canada recommends that the federal government revisit proposals to amend the Income Tax Act that would create a targeted capital gains tax

treatment for donations of land or physical property to a defined group of qualified donees who build affordable housing.

While broader proposals have been tabled in the past, a targeted measure, specifically aimed at providing land for affordable housing, in combination with the investments made under the National Housing Strategy, could provide a powerful opportunity to increase the pace of construction of affordable housing, especially in already well-served areas where land is currently very scarce or costly.

Recommendation 3 – Address the urgent housing needs of Indigenous peoples.

As compellingly noted by the Canadian Housing and Renewal Association, housing outcomes for urban, rural, and Northern (URN) Indigenous peoples are poorer than that of the general population. Through our own Habitat Indigenous Housing Program, as well as other partnerships that serve Indigenous communities, we have seen the transformative and stabilizing power of secure and safe housing.

Habitat Canada calls on the federal government to accelerate and increase the investment in a *for Indigenous, by Indigenous* urban, rural and Northern Indigenous housing strategies, guided by the 2018 recommendations of the CHRA Indigenous Caucus and reiterated in their recent *Blueprint for Housing*.

While we appreciate the recognition by government of the need for this work, as evidenced by \$300 million allocated in the 2022 federal budget, given that this country requires 7,300 new units of indigenous housing per year for ten years to even come close to the estimated need, additional resources and a more urgent response are clearly needed.

Recommendation 4 – Incent and empower local governments to remove barriers to affordable housing through the Housing Accelerator Fund.

Recently released census data shows a small improvement in the numbers of individuals in Canada living in core housing need. That is welcome news but does not change the harsh reality that individuals and families continue to struggle to find housing that they can afford, and that meets their needs. We must build more, more quickly and with deeper, more stable affordability so that everyone in Canada has a safe and decent place to call home.

The federal government has committed to help expedite and support the construction of more affordable housing through the Housing Accelerator Fund. Habitat Canada recommends that the federal government release further details and formally launch this fund as soon as possible to provide more affordable housing at all points of the continuum. Doing so will enable municipalities and provinces to take the bold steps needed to ensure they are using all tools at their disposal to speed up the maintenance and creation of new affordable housing.

Conclusion

Habitat for Humanity Canada shares the commitment of government to ensure that everyone has safe and decent housing that they can afford. However, there is increased urgency in the



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face of higher housing costs and income inequality to ensure that collectively we are examining every possible avenue to tackle this crisis, and maximize the investments being made by governments and affordable housing providers.

We look forward to working with Parliamentarians to advance meaningful solutions to the barriers ensuring there is affordable housing for all.

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