

Habitat for Humanity Canada Recommendations to the House Standing Committee on Finance Regarding Budget 2025

Affordable Housing includes Affordable Homeownership

At Habitat for Humanity Canada (Habitat Canada), 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. The federal Government's plan for [Solving the Housing Crisis](#) released in April 2024 reflects this same conviction. We share the Government's resolve to "*restore the promise of Canada where every generation can afford a place to call home.*" Decent housing, including access to homeownership can have a life-changing impact on individuals, families, and communities.

Since 1985, Habitat Canada, through forty-five local Habitats and many thousands of volunteers, has helped more than 4,500 working families become owners of safe and affordable homes.

Providing an affordable pathway to homeownership has never been more important. Habitat Canada's 2023 annual housing survey shows that over 90 percent of Canadians believe that the possibility of owning a home is increasingly out of reach.ⁱ That said, younger Canadians and newcomers still aspire to own, with over 60 percent of millennials still hoping to buyⁱⁱ. Without clearer and more equitable pathways to homeownership for those who want it, we risk eroding completely the dream of homeownership, and along with it, a financially strong middle class.

At the same time as homeownership feels ever more out of reach, it has also become more challenging for organizations like Habitat Canada to build homes. Since 2020, the residential construction price index has risen 51 percent. Fees and taxes on new residential construction have also climbed over 30 percent.ⁱⁱⁱ Finally, federal government funding, through the National Housing Strategy, has declined on a per door basis over the same period. This has made it more difficult to build the homes that Canadians are seeking, especially for non-profit or charitable organizations like Habitat Canada.

Habitat Canada is calling on the federal government to prioritize two measures to help reduce the cost to build immediately, and to continue to support the creation of houses for affordable homeownership over the longer term.

Top Recommendations

- 1. Remove the GST paid on the sale of affordable homes built by non-profit affordable homeownership providers until those homes are sold to market.***

Habitat for Humanity applauds the Government's decision to remove GST/HST from all types of affordable rental housing, co-op housing, student housing, seniors housing, and purpose-built rental. This decision has covered the entire spectrum of affordable housing in Canada as well

as market rental housing. The missing piece is affordable ownership housing delivered by organizations like Habitat Canada. Habitat affiliates across Canada are enabling income-qualified families to have an affordable home, paying approximately 30 percent of their income in mortgage payments while realizing the pride, stability, and equity-building benefits of homeownership.

Estimates show that combined provincial and federal sales tax costs are as high as \$80,000 per unit, depending on the fair market value of the property. In many cases, Habitat affiliates are bearing tax costs that far exceed other government funding contributions they receive for each home built. Further, high government fees and taxes can deter donors, who want to be sure their contributions are providing homes, not paying governments.

GST relief for non-profit builders like Habitat for Humanity would represent less than 0.1% of total government revenue from home sales but have an enormous impact on the number of families that be served.

Based on Habitat Canada’s initial research, there are a several ways this change could be enacted, whether by adjusting the percentages of the rebate, and adding a definition of “non-profit affordable homeownership provider” to the *Excise Tax Act* or introducing a specific rebate for the purposes of returning the GST/HST to specific builders. Habitat Canada looks forward to working with Finance Canada to determine how best to level the field for affordable homeownership.

Scenario: Proportion of HST revenue attributable to Habitat homes built in Ontario			
	All homes in 2023	Habitat homes in 2023	
Homes built	105k	120	
Average home value	\$850k	\$700k	
Provincial value of HST post-rebate ¹	\$4.6b	\$3.8m	
Federal value of HST ²	\$4.5b	\$4.2m	
Total value of HST	\$9.1b	\$8.0m	

- HST relief for Habitat affordable homeownership units would represent less than 0.1% of total government tax revenue
- For every 100 Habitat homes delivered, we could deliver an additional 13-20 if we were relieved of the cost of HST
- Even if 500 non-profit affordable homes are eligible, the revenue still represents less than 0.5%

Rounding out the HST exemptions to include non-profit affordable ownership homes would increase the number of pathways for families aspiring to be homeowners and help support the Government’s commitment to a strong and growing middle class.

2. ***Continue to invest a portion of the Affordable Housing Fund into affordable homeownership.***

All types of housing supply need adequate financing to be built. Housing built by non-profit and charitable organizations like Habitat for Humanity need to combine grants, loans, and fundraising to build. A consistent and predictable investment through the National Housing Strategy's Co-Investment Fund allowed Habitat Canada to attract additional investment – for every dollar provided by CMHC, our local Habitats and national office often tripled that investment.

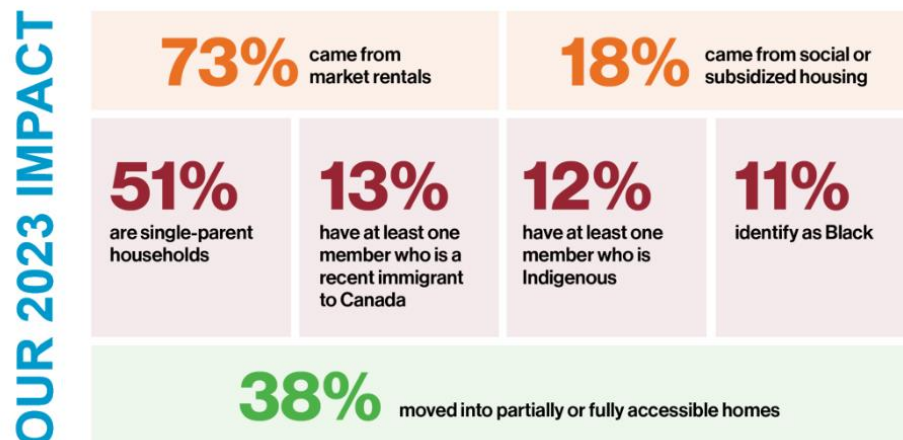
Habitat Canada has welcomed the additional investments into the *Affordable Housing Fund* - \$1billion in the Fall Economic Statement in November 2023, and an additional \$1 billion beyond that in the 2024 Federal Budget. These investments are essential in supporting a healthy housing system that responds to the needs of a range of populations in housing need.

Habitat Canada also welcomed the proposals in the National Housing Plan to make the Affordable Housing Fund easier to use by fast-tracking approvals and allowing for economies of scale in funding delivery.

Habitat Canada would recommend that the Affordable Housing Fund, like the previous investments under the National Co-Investment Fund, continue to allocate a tranche of funding for affordable homeownership.

While we recognize the need to invest in housing for the most vulnerable, the life-changing impact of homeownership should also be part of a healthy affordable housing system. Through affordable homeownership, we can create stability for equity-deserving populations, while keeping open pathways to the middle class for families now, and in the future.

Of the 192 families that moved into a Habitat home in 2023:



Additional Recommendations

Beyond Affordable Homeownership

Habitat for Humanity Canada recognizes the important work being done across the housing sector, by organizations that include the Canada Alliance to End Homelessness, the Canadian Housing Renewal Association, the Co-operative Housing Federation of Canada, the Canadian Home Builders' Association and others to strengthen our housing system for those who need support, affordability, and investments to truly ensure that everyone in Canada has a place to call home. Habitat for Humanity recommends that the federal government work collectively with housing organizations to better understand the barriers and opportunities to deliver housing in this country.

This includes continuing to work directly with Indigenous-led housing organizations to deliver effective urban, rural, and northern Indigenous housing, co-designing housing funding with sector experts, and continuing to lead provincial/territorial and municipal governments toward planning, cost, and regulatory approaches that support the creation of housing supply that quickly and affordably meets the needs of their communities.

Habitat for Humanity International – Beyond Canada's Housing Crisis

Along with our work in Canada, Habitat Canada is part of a 70-country global network that, since 1976, has worked to address systemic barriers to adequate housing and has helped nearly sixty million people improve the place they call home. Through our global Home Equals campaign, Habitat for Humanity is calling on G7 member states to recognize housing and adequate shelter as a critical lever to strengthening outcomes in areas including gender equality, health, education, and economic empowerment, and support some of the 1.8 billion people in need of safe and resilient shelter. As Canada assumes the presidency of the G7 in January 2025, it has an opportunity to lead a meaningful conversation that includes shelter as an element of our international development priorities and recognizing that the housing crisis is not ours alone.

Budget 2024 is an opportunity to build a future where everyone has a safe and decent place to call home. Habitat Canada looks forward to working with all parliamentarians to achieve this vision.

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About Habitat for Humanity Canada

We bring communities together to help families build strength, stability and independence through affordable homeownership.

With the help of volunteers, donors and Habitat homeowners, local Habitats in every province and territory across Canada help build and rehabilitate decent and affordable homes, from single-family houses to multi-unit developments. We don't give away free homes - the people who partner with us pay an affordable mortgage geared to their income and volunteer 500 hours with us. Our model of affordable homeownership bridges a gap for low-income, working families, by providing them with the opportunity to purchase their own home.

Families who apply and are accepted to become Habitat homeowners purchase their home through a no down payment mortgage geared to their income and contribute at least 500 volunteer hours to Habitat.

Once they move in, Habitat homeowners are responsible for maintaining their own home. We help families and individuals prepare for homeownership by providing homeowner education classes, ranging from financial literacy and budgeting to home-repair and maintenance.

We make affordable homeownership accessible by removing barriers that can make owning a home impossible for many low-income working families and individuals. Although Habitat homes are sold at fair-market value, Habitat homeowners' monthly mortgage payments are set at approximately 30 percent of their gross household income, including principal repayment and property tax. Each year, the gross household income is reviewed and adjustments to the monthly mortgage payment are made based on that income assessment.

Habitat homeowners must be active participants in building a better home and future for themselves and their families. To qualify, eligible homeowners must be:

- In need of better housing. Potential homebuyers might be dealing with poorly maintained, unhealthy or overcrowded housing; unaffordable rent; inaccessible housing for people living with disabilities; or have other shelter needs.
- Willing to partner with Habitat: Habitat homebuyers volunteer a minimum of 500 hours with Habitat including volunteer hours spent building their own home or at a Habitat ReStore. This also includes classes in personal finances, home maintenance and other homeowner topics.
- Able to make affordable mortgage payments: Habitat homeowners buy their home for the fair market value. Mortgage payments are made affordable because they do not exceed 30 percent of the gross household income, and income is evaluated on a yearly basis.

You can learn more about what we do and our impact at www.habitat.ca.

ⁱ Habitat for Humanity Affordable Housing Survey 2023.

ⁱⁱ <https://www.newswire.ca/news-releases/six-in-ten-non-homeowner-millennials-in-canada-believe-they-will-one-day-own-a-home-but-half-say-they-would-have-to-relocate-royal-lepage-survey-881753841.html>

ⁱⁱⁱ <https://thoughtleadership.rbc.com/proof-point-soaring-construction-costs-will-hamper-canadas-homebuilding-ambitions/>