



We build strength, stability and self-reliance.

February 16, 2024

Hon. Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
Via Email: chrystia.freeland@fin.gc.ca

Dear Deputy Prime Minister,

Re: Federal Pre-Budget Recommendations 2024

At Habitat for Humanity 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. 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 many thousands of volunteers, has helped more than 4,500 working families become owners of safe and affordable homes.

According to Habitat Canada's 2023 annual housing survey, half of Canadians are spending 50% or more of their household income on housing costs. That number jumps to 64% for Canadians aged 18-34. The survey also shows that over 90% of Canadians believe there is a persistent shortage of affordable housing, and that the possibility of owning a home is increasingly out of reach.

Habitat Canada is calling on the federal government to take steps to create a strong housing system that provides opportunity and choice in securing a stable and secure home, including support for affordable homeownership, including the following:

1. ***Defer the GST paid on the sale of affordable homes built by affordable homeownership providers until those homes are sold to market.*** This would reduce the cost of providing access to homeownership for working families who will pay approximately 30 percent of their income in mortgage payments and be consistent with recent changes to the GST treatment on the construction of new rental and co-operative housing.

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. For market sales, those tax costs are embedded in the sale price, but non-profits selling affordable homes to lower-income families must either absorb the tax costs themselves or pass them on to the family. We note that, in many cases, local Habitats for Humanity are bearing tax costs that far exceed the CMHC Co-Investment Fund contributions they receive for each home built.

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 we can serve. In the Greater Toronto Area as an example, for every 100 units on which GST is paid, thirteen additional units could have been constructed. In addition, as a **deferral**, the taxes will be received when the affordable home is sold to market.

2. ***Re-invest in consistent pre-development funding*** and expand eligibility so that non-profit builders can access it earlier in the development process. This will support better decision-making on the viability of projects, improve the likelihood of success for projects that receive additional funding through other streams, and address a capacity gap that can exist at the project planning stages.
3. ***Speed up the provision of surplus federal lands for affordable housing*** and encourage other orders of government and property owners to maximize underutilized land. Like other housing providers, we are concerned that the current processes for the release and access to federal and other underutilized lands are blocking the construction of needed housing and vibrant mixed-income, mixed-tenure communities.

Habitat Canada also recognizes the urgent need to make meaningful investments to address growing homelessness in Canada, deliver needed resources to National Indigenous Collaborative Housing Inc. to deliver an urban, rural, and northern Indigenous housing strategy, and make strategic investments to preserve the affordable housing we have.

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 60 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 as a critical lever to achieve sustainable development. This includes addressing housing needs in informal settlements, which will advance international development priorities 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.

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 you to achieve this vision.

Sincerely,



Julia Deans
President & CEO