

Habitat for Humanity Ontario Caucus

2025 Ontario Pre-Budget Recommendations

About the Habitat for Humanity Ontario Caucus

The Habitat for Humanity Ontario Caucus is composed of 23 local Habitat organizations located across the province, bringing communities together to help families build strength, stability, and independence through affordable homeownership. The caucus reflects the diversity of the province, with local Habitats serving communities of all sizes, including large urban centers, smaller rural areas, and northern regions.

Introduction

Habitat for Humanity is proud of the contributions our organization is making in communities across Ontario. However, there is no question that more must be done to combat the unprecedented housing crisis facing Ontarians. According to the 2024 Habitat Canada Affordable Housing Survey conducted by Léger, 88% of renters say the goal of owning a home in Canada has become out of reach, while 59% of Canadians — including 75% of renters — are sacrificing other basic needs such as food, clothing, living essentials, and education to afford rent or mortgage payments.

Despite these challenges, the Léger survey is clear: Ontarians continue to believe in the benefits of homeownership and place a high value on its possibilities. They understand that homeownership provides stability, strengthens financial futures and community ties, improves health and educational outcomes, and creates opportunities for generations to come. They believe that owning a home should be achievable if you work hard and do all the right things.

To help Ontario families achieve these goals through affordable homeownership, and to help the province meet its goal of building 1.5 million homes by 2031, we are calling on the provincial government to support the entire housing continuum, including affordable homeownership.

To accomplish this, Habitat for Humanity's Ontario Caucus recommends the following measures for inclusion in the 2025 Ontario budget:

1. Extend Harmonized Sales Tax (HST) relief to include non-profit affordable homeownership.
2. Expand existing provincial loan programs to accelerate the creation of more non-profit affordable homeownership units.
3. Design housing funding programs that prioritize partnerships with non-profit affordable homeownership providers.

Recommendations to Support Affordable Homeownership in Ontario

1. HST/GST Relief for Non-Profit Affordable Homeownership Units

In Ontario, HST applies to all new housing except purpose-built rentals and co-operative units. Affordable ownership units, delivered by non-profit providers, are subject to HST based on the assessed market value of the units – even though, by definition, the sale of these units is structured such that homeowner mortgage payments are reflective of homes with much lower valuations (as a result of providing families the opportunity to become homeowners, Habitat covers the majority of the purchase price). Consequently, HST on non-profit affordable housing can cost anywhere from \$15k to \$25k per home in rural areas of the province, to \$70k to \$80k in the GTA creating a significant barrier to the building of more affordable housing for families.

- Full HST relief should be provided to qualified non-profit affordable units
- For every 100 Habitat homes built in the GTA, 13 additional homes could be built with the HST relief.
- The HST relief could be provided through an exemption, deferral, or rebate.
- Providing HST relief to all non-profit builders would represent less than 0.1% of total government revenue from home sales.

| | Cost to Government | | Lowest Cost | Moderate Cost | Highest Potential Cost |
|-----------------------|---|----------|---------------|---------------|------------------------|
| Habitat Impact | Homes annually | | 120 | 250 | 500 |
| | Savings per home (after existing rebates) | Province | \$32k | \$32k | \$32k |
| | | Federal | \$35k | \$35k | \$35k |
| Cost to Gov't | Total lost revenue for gov't (\$millions) | Province | \$3.8m | \$8m | \$16m |
| | | Federal | \$4.2m | \$8.7m | \$17m |

Projected Annual Impact/Cost of an HST Exemption for Affordable Homeownership Units

2. Expand existing provincial loan programs to accelerate the creation of more non-profit homeownership units.

A proven social enterprise, Habitat for Humanity applies business principles to offer “a hand up, not a handout” to hardworking families. Administrative and fundraising costs are covered by the operation of the "ReStores," which sell new and gently used donated building and household products.

To finance construction projects, we use a mix of fundraising, debt, and other funding sources to raise the capital required to build homes. The total investment is repaid in future years through Habitat homeowner mortgage payments. Accessing financing

through provincial loan programs, such as the existing Infrastructure Ontario Loan Program, which already includes a carve-out for social and affordable housing, would have an exponential effect on the number of families Habitat could support.

3. Design funding programs for housing that prioritize working with non-profit affordable homeownership.

As the province advances housing initiatives, particularly in areas such as attainable and modular housing, we believe it is essential to prioritize collaboration with experienced homeownership providers such as Habitat for Humanity. These partnerships can maximize the impact of housing programs and ensure long-term success by capitalizing on existing experience and expertise. Additionally, we encourage the government to introduce a land lease model that supports homeownership and equity-building opportunities, further expanding access to affordable housing. Again, working with experienced housing partners, like Habitat for Humanity, can ensure these programs are helping across the housing continuum.

Conclusion

To address Ontario's housing crisis and support the government in achieving its goal of building 1.5 million new homes by 2031, it is crucial that the entire spectrum of affordable housing, including affordable homeownership, is given the tools necessary to build more homes and help more Ontarians.

By extending the HST exemption to non-profit homeownership units, expanding access to existing provincial loan programs, and prioritizing partnerships with established homeownership providers such as Habitat for Humanity, our 23 affiliates across Ontario will be able to help more Ontarians achieve the goal of homeownership.

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Sincerely,



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