



Canadian
Home Builders'
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Opening Statement by Kevin Lee, CEO, Canadian Home Builders' Association to the House of Commons Standing Committee on Finance

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Thank you.

With some 21% of skilled workers in residential construction retiring over the next decade, productivity gains need to be an important part of our industry's future.

We need to promote young people getting into the skilled trades. We need parity of esteem in Canada for trade paths compared to university paths. And once people are in the trades, we need harmonization of qualifications across Canada to promote labour mobility. All of these have a federal leadership component.

There are two key ways to look at productivity as it relates to housing. One is how the development of our communities affects the productivity of the entire economy and all other sectors. The second is how productivity within the housing sector can help its businesses and address housing affordability for Canadians.

An efficient economy relies on the timely provision of quality housing that is affordable in locations that enable efficient movement of its citizens. The ability of our industry to supply this is largely determined by policies enacted at all three levels of government.

We see costs to our economy, and to the personal lives of Canadians, as they spend hours each day in gridlock as they travel from where they can afford to live to where they have to work.

But homeownership remains a cornerstone of the middle class. It has led to the financial well being of the vast majority of Canadians, and can continue to do so.

Yet we see more mortgage measures by federal players locking out first-time homebuyers. The problem is all these measures are demand side actions, when the big problems (and potential solutions) are on the supply side.

Here are some alternative solutions.

Firstly, the issue of supply needs to be properly documented with statistics, measures and indicators. To truly understand what is driving up housing prices, we need to have deep dive data and analysis on the supply side in all urban centres.

For example, at current trends, Canada would be 300,000 family-oriented units short over the next decade, and prices for those family-oriented houses that do exist will continue to escalate.

We need to encourage the “missing middle”: medium-density, low-rise, mixed-income housing, in walkable communities with ready access to transit. The government needs to track the type of housing and communities being approved, so that the statistics can be used to change trends.

The Federal Government also needs to tie its infrastructure investment to transit-oriented development plans, to ensure proper density around transit nodes to promote affordability and maximize ridership. It needs metrics to track these indicators.

To support mobility in lower-income families, a Portable Housing Benefit is required that is tied to people rather than social housing units, so people can easily move as new job opportunities arise, rather than being tied to a housing unit they can't leave due to long waiting lists.

The Federal Government needs to launch or support a “Yes In My Backyard” campaign to counter the NIMBYism that so often delays or derails mixed income projects in or near existing neighbourhoods.

Government regulation and red tape delays need to be addressed. Bringing projects online has gotten much slower over the years, increasing costs and hampering productivity. A return to federal statistical tracking of the indicators related to this in urban centres can lead to improvement.

Regarding codes, Canada already has excellent codes and standards that result in excellent housing. However, there are currently many social, health and environmental aspects that groups are seeking to incorporate into the codes. Continual improvement is of course always desirable; however, this must also be done in ways that are affordable.

While the national code process does support cost impact analysis to a degree, it is time for a true federal priority to pursue a simple goal: let's build better houses for the same price or less. If there is a need to address a given issue with the code, then it needs to be done in a way that doesn't increase costs. If there isn't such a means, then R&D and innovation is needed to find a solution before regulating it.

Given today's affordability challenge, this is a position that should be taken by the Federal Government at large and with respect to the National Building Code. And it should be supported by Federal R&D dollars, leveraged with those of the private sector.

Which leads to the federal investment in housing R&D, which has been woefully lagging in recent years, especially compared to investments in other industries which are much smaller components of the economy, and employ much less than the over one million jobs created by residential construction.

This type of Federal investment is particularly important in housing because the industry is principally made up of small businesses; also, most innovation in construction is non-proprietary, so public sector investment in R&D is therefore a very appropriate federal role.

And of course, speaking of small businesses and productivity, we must address the current proposed corporate tax changes.

The residential construction industry is made up of mostly small, family-run businesses. 83% of companies in the industry have 9 employees or less.

The proposed changes will make it harder for families that devote so much of their collective energy and resources to a small business to succeed, the same entrepreneurs that seek increased productivity inherently every day.

They directly pose a disincentive to entrepreneurs to take on the risk/reward challenge that starting and owning a business entails. They will likely drive more work into the underground economy, resulting in less, not more, tax revenue. This is a shame as it directly undermines the work we have been doing with CRA on our *Get It In Writing!* campaign to fight the underground economy. We need a better approach.

I'll conclude by reinforcing that innovation and productivity matter in residential construction. We have a uniquely Canadian history of industry/government collaboration in this area, and we need to build on this in the future.

Thank you