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## ***Opening Remarks***

**By Kevin Lee, CEO**

**Canadian Home Builders' Association**

**to**

**House of Commons Standing Committee on Finance**

September 18, 2018

Thank you.

The theme of this year's pre-budget consultations revolves around enhancing Canada's competitiveness.

The quality of life offered by Canadian communities – frequently rated as among the highest in the world – is a competitive advantage, and is closely tied to the reasonable prospect of owning your own home. Canada's enviable quality of life contributes directly, and substantially, to our Nation's desirability and to our ability to attract and retain the world's best and brightest.

But this national competitive advantage is under threat. Due to declining affordability and mortgage rule changes, the rate of homeownership in Canada is falling, a particular problem for younger Canadian families and new Canadians. With the dream of homeownership in decline, so too is the desirability of our Canadian communities.

In a recent CHBA national survey, three out of four Canadians polled said that owning a home is the hallmark of being middle class. Yet three-quarters of those polled think that the way things are going, only the rich will be able to own a home. And 81 percent see today's housing affordability problem as a potential failing of Canada's socio-economic system. Canadians expect governments to do better—only one in ten Canadians thinks governments at any level are doing a good job addressing this problem.

They are looking to government to provide the solution: two-in-three Canadians think that younger and new Canadians should be given more flexibility when it comes to buying their first home.

The federal government can act to address this, without creating undue risk in the financial system or fueling price increases. It can expand the Home Buyers Plan, back



innovative financing tools like shared-appreciation mortgages, and even return to 30-year mortgages for well-qualified first-time homebuyers seeking entry-level homes. Rapid action is needed to protect one of Canada's most compelling economic strengths: homeownership and its close tie to our quality of life.

**In addition to improving access to homeownership via smart mortgage rules, the government can improve competitiveness of Canadian communities through authoritative data and analysis.**

In addressing its concerns over rising debt and housing price acceleration, the government has largely focused on measures to constrain demand. These measures have made it more difficult to become a homeowner, making Canadian communities less attractive.

But tighter mortgage rules overlook the primary driver of home prices in our larger urban centres – a prolonged and significant shortage of housing supply, and ever-increasing development taxes.

The chronic shortage of more modest and affordable family-friendly, ground-oriented homes in our largest cities results mainly from public policy. Lack of serviced land coupled with complex regulatory processes make it impossible to respond to market demand. The result is higher home prices: too many buyers and too few homes.

The Federal government needs to support research to quantify how provincial and local zoning, regulations, processes and approval times affect housing supply, to ascertain how well cities are doing in these areas, and to identify 'best practices'. This can provide the necessary objective reporting so that governments can properly recognize the challenge, identify the issues, and develop effective policies and solutions to truly address affordability to make our cities more competitive.

**It is also time to make housing affordability a code objective.**

CHBA is a strong supporter of the National Building Code, which is developed via a rigorous, open and evidence-based process. Canada is widely regarded as having one of the best building code systems in the world.

Currently, however, this system is under stress, as an unprecedented number of changes are contemplated. Governments are seeking solutions to key policy issues like climate change adaptation and mitigation, accessibility and more through regulation. However, there is a real danger that an accelerated pace of change without simultaneously providing affordable solutions, will further impair housing affordability, adding many tens of thousands of dollars to the price of every new home.



The government should therefore ensure that affordability is a clear objective when code changes are considered. Currently, costs may be looked at, but affordability is not a code objective. We have reached a point where it needs to be.

**And finally, to truly address climate change in housing, the government can enhance competitiveness not through excessive regulation but through an energy retrofit tax credit.**

Within the government's aggressive climate change goals, there has been excessive emphasis on what could be very costly *changes to the building code*.

Yet new housing is very efficient and will continue to get even better (as it has for decades on a voluntary basis). However, the older existing housing stock, on average, is very inefficient and holds great potential for cost-effective improvement through retrofits.

Through an energy retrofit tax credit, based on the use of the EnerGuide Rating System, Canadians would improve the energy efficiency of their homes, benefitting themselves, the economy, and national competitiveness.

It is also important to note that a tax credit need not simply be a cost to government either—CHBA analysis has shown that much of the cost of such a program is recovered through conversion of underground economy cash jobs to tax-revenue-generating above-board jobs.

Thank you very much. I look forward to answering any questions you may have.