



March 20, 2020

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

RE: Support and Fiscal Stimulus through the COVID-19 Outbreak

Dear Minister:

On behalf of the Canadian Home Builders' Association (CHBA), we appreciate the extraordinary measures you and your government are taking to help Canadians and Canadian businesses endure the economic hardships and fallout brought on by COVID-19. Though currently experiencing challenges, along with other sectors, residential construction will need to be an important economic driver in communities across Canada and a source of high-quality and well-paying jobs for millions of Canadians. It can and should form an important part of Canada's economic recovery in the coming months, and we look forward to working with you and your government to establish the conditions to maximize those outcomes.

It will not surprise you that our membership was concerned to see the decision to postpone the implementation of changes to the benchmark qualifying rate for insured mortgages, slated to come into effect on April 6, 2020. The proposed change was seen as an important, positive step before COVID-19 came into play, and now is a doubly important one to serve to support recovery. The planned change to the benchmark rate would allow well-qualified Canadians who may have had their pursuit of homeownership disrupted by recent events to move quickly to purchase a home as conditions normalize. It would allow a percentage of the well qualified buyers who had been previously locked out by the stress test to purchase a home, offering more financial security in the long term and contributions to the local economy in the immediate term.

We therefore urge you to return to implementing the planned changes to the insured mortgage stress test as soon as possible (to hopefully be followed in short order by changes at OSFI to the uninsured space). Improving housing affordability through changes to the mortgage rules is a cost-neutral and low-risk way to help Canadians access the long-term financial benefits of homeownership while also ensuring that the residential construction sector can meaningfully contribute to local and regional economic recovery in the coming months. This would serve as a signal to the residential construction industry that any work that is able to continue through this time is not fruitless, and to have shovels ready to go when the most acute phase of the health crisis passes.

On another note, as discussed with your staff, a key issue surfacing for our industry involves delays in the construction process and delays in closings because of local inspection services being delayed and/or suspended. As a result, many of our members are also having financing challenges and require relief from lenders. Anything you can do through policy or influence with lenders to alleviate these pressures would be greatly appreciated.

Looking ahead, we look forward to working with your government to incent growth and investment—getting Canada's economy moving—when the recovery from COVID-19 begins. Residential

construction, both new and renovation, has been an important part of past recoveries, and we have recommendations and lessons learned to share to ensure maximum efficiency and effectiveness for policies and programs that may be put in place. Our extensive experience in renovation incentives, for example, can help ensure the best outcomes, address underground economy issues that will run rampant, and maximize impact on other policy measures like climate change, while minimizing the necessary cost to the fiscal framework. We look forward to discussions with you and other ministries to that end, when the time is right. We are accordingly preparing a series of recovery measures that we would like to discuss with you at the appropriate time.

Thank you for your attention and thank you again for all the actions your government is taking under these very difficult circumstances. Staff will follow-up on all of this in due course. In the meantime, if you have any questions, your staff can contact me directly at 613-230-3060 ext. 222 or Nicole Christy, Manager of Government Relations, at 613-230-3060 ext. 241 or nicole.christy@chba.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Lee', written in a cursive style.

Kevin Lee, P.ENG., M.ARCH.
CEO, CHBA