

September 3, 2020

The Honourable Diane Lebouthillier, P.C., M.P.
Minister of National Revenue
555 Mackenzie Avenue, 7th Floor
Ottawa ON K1A 0L5

RE: Supporting Canada's Economic Recovery

On behalf of the Canadian Home Builders' Association (CHBA), we appreciate the strong, productive relationship we've developed with you and your department through our work together on the 2016 Underground Economy Advisory Committee, and more recently on the rollout of the Canada Emergency Wage Subsidy (CEWS), which has helped many in the residential construction sector bridge through the crisis and scale up activity as their jurisdiction allowed.

As restrictions continue to lift and the economy gradually reopens, the sector stands ready to play a key role in economic recovery, as it has been in the past, and in doing so, hopes to work with you and your government to advance shared priorities, including combatting tax evasion and the underground economy in the residential construction—mostly on the renovation side, which has surged amid the pandemic (as it does during economic downturns)—and to better support Canada's seniors with their housing needs (who are also often the targets of unscrupulous cash operators). The tax system is also an ideal vehicle to support a green recovery in housing, and we have recommendations accordingly.

Combatting the Underground Economy through the Tax System

As they have spent more time at home, Canadians have become more aware of their evolving needs—including the ability to work efficiently from home, enjoy backyard staycations or remain in their homes longer as they age. As a result, renovation activity has surged and with it, a rise in “under-the-table” cash deals through the underground economy, which impacts the bottom lines of legitimate businesses and all levels of government, putting an unfair burden on honest Canadians and businesses who pay their share of taxes and respect the rules. These cash deals can also have disastrous effects on homeowners, who in the search of some savings, end up with substandard work or none at all when the “contractor” disappears with their money. As you know, we have very much appreciated CRA's support with our “Get It In Writing” campaign in the past, and we continue to push this out to consumers today.

Given the surge in underground economy activity and the opportunity to stem that while also supporting economic recovery, **CHBA is recommending your government consider implementing a temporary tax credit for home renovations.** This will provide additional stimulus to sustain activity through the next calendar year, as the economy recovers, and help protect homeowners against lost revenue, fraud and theft from underground economy activities. CHBA analysis has shown that the tax revenue generated from curbing underground economy activity can make this program near cost neutral.

Further, in recognition that there is also an opportunity through recovery to advance other federal public policy priorities, including around climate change, **CHBA is recommending the introduction of a permanent energy retrofit tax credit,** using the EnerGuide Rating System,

(complementing the short-term stimulus broader renovation tax credit) to target renovation activity to reducing greenhouse gas (GHG) emissions in Canada's existing housing stock, while generating a range of economic benefits for the homeowner, residential construction sector and others across the economy. This too will bring renovations above-board and return revenues to businesses and governments that can be reinvested in the economy. A tax credit provides a better planning horizon for homeowners, allowing them to plan for the cost, do work incrementally and as they can afford, and potentially without relying on loans or other forms of credit.

Supporting Seniors' Housing Needs

Canada's seniors have emerged as a vulnerable demographic in the face of the virus, impacted by the virus itself and the health, safety and socio-economic impacts of isolation. For many, the troubling conditions in long-term care homes, which have been a factor in 82% of all COVID-19 deaths¹, has made them anxious to find ways to stay in their own homes and communities longer. But they need to make the right adjustments to their homes to allow them to do so. Fortunately almost all homes can be adapted accordingly, though there are no "one-size-fits-all" solutions.

A well-adapted home is based on the needs of the individuals who live there to allow them to continue to live safely surrounded by neighbours, friends, and family. To that end, CHBA is rolling out **a program to ensure that renovation contractors have the proper tools and skills to support Canadian homeowners in this growing market**, while also providing seniors and/or their caregivers with objective information they need to make smart decisions about home adaptations. This program would also potentially complement and bolster CRA's Home Accessibility Tax Credit, while supporting CRA's mandate to address tax evasion and offering support to help seniors avoid unscrupulous operators posing as legitimate renovators.


The program is intended to provide a network of trusted and knowledgeable contractors that can do the job—protecting seniors' future and money from bad actors and the underground economy. The program launched as a pilot this past spring. **CHBA is now seeking partners to expand this much needed program, and would like to explore the possibility of engaging with the federal government to accelerate its deployment, working together to inform and educate professionals and homeowners about opportunities available to them.** This expansion would include reaching more professionals, adding to the existing information available to renovators, as well as educating homeowners about their options for senior care, and how to find qualified renovators they can trust to work with to do the job right.

We would welcome the opportunity to discuss these recommendations or any of the others put forward in our *Getting Building: An Action Plan for Economic Recovery in Residential Construction*, you virtually at your earliest convenience.

Staff will follow-up shortly on this request. In the meantime, if you have any questions, please ask your staff to contact Nicole Christy, Manager of Government Relations, at 613-230-3060 x 241 or nicole.christy@chba.ca.

Sincerely,

¹ <https://www.thestar.com/politics/federal/2020/05/07/82-of-canadas-covid-19-deaths-have-been-in-long-term-care.html>



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CEO, CHBA

Enc. Getting Building: An Action Plan for Economic Recovery in Residential Construction