

2022-05-12 Kevin Lee, CEO, Canadian Home Builders' Association
Opening Remarks to the Standing Committee on Human Resources, Skills and Social Development and th Status of Persons with Disabilities (HUMA)

Thank you, Madame Chair,

On behalf of the Canadian Home Builders' Association (CHBA), representing some 9,000 member companies in the residential construction sector, thank you for the opportunity to provide the Association's input on the development of the Housing Accelerator Fund.

CHBA welcomes the recognition by the government that housing policy in Canada should address the needs of Canadians along the full housing continuum, and is very glad to see that a proper focus is now finally being brought to bear on housing affordability for market-rate housing. The federal government has taken extensive steps in recent years to address affordable housing through its National Housing Strategy to support those in core housing need. But affordable housing and housing affordability are related but very different things that require different action. Now, via the Housing Accelerator Fund, market-rate housing affordability has the chance to be addressed by focusing on the most critical factor affecting market-rate home prices: lack of supply.

If designed and implemented properly, the Fund is a once-in-a-generation opportunity to address the market-rate housing affordability and supply crisis.

The \$4 billion Fund is aimed at growing the housing supply of middle-class homes by 100,000 additional units over and above normal activity by 2025. But even more importantly, the Fund is an opportunity to help put in place the processes, systems and environment to pursue the 3.5 million additional homes that we need over the next decade to address the housing supply deficit. To help boost market-rate supply, the Fund can and should incent and support municipalities to address several current challenges and barriers to getting more market-rate supply online faster, that will result in permanent systemic change.

For example, the Fund can help municipalities pre-zone for gentle densification, including infill as well as mid-rise and high-rise height to increase density, as well as rezone away from single-family to multi-family zoning. It can also increase and enforce as-of-right zoning which will help avoid process delays.

The Fund should be designed and implemented to include supporting permanent improvements to municipal processes such as permitting, zoning, inspection, and approval systems, including implementing e-systems. The Fund should also be used to support onboarding and training curricula development for building officials, especially permanent e-learning systems (versus time-limited in-person training). Given the retirement wave coming to building officials, the fund could also be used to accelerate the hiring of new city staff, to help deal with backlogs now and to get new staff trained and experienced *before* more retirements and knowledge leave the system.

Another monumental challenge to getting any and all forms and tenure of housing built, including rental, is NIMBYism. A national NIMBY-to-YIMBY (YES in my backyard) campaign for housing of all forms and tenure is needed to educate Canadians about the inclusive communities that we need for the future.

The Fund should also be designed to help address high development taxes which are a large part of high house prices. These taxes, which include development charges, development cost charges, amenity fees, levies and more are a significant contributor to housing costs. These development taxes have gone up by 700% over the past 20 years (from \$1 billion to nearly \$8 billion), with the worst increases in large urban centres.

As we understand it, the design of the Fund is looking at basing the transfer of funds to municipalities on actual performance of increased housing stock over and above the current pace of development, potentially through measuring increases in building permits. We support this type of performance-based approach.

We note that the study that this committee is undertaking specifically mentions inclusionary zoning, or IZ as we call it, as does the budget. Our comment is that if IZ is to be supported, it is critical that its potential pitfalls be avoided. IZ is a tool that requires a certain portion of new developments to be made affordable to people with low incomes.

However, if done wrong, as it often is, the outcome is fewer market-rate housing units, and an increase in the price of market-rate housing units, contributing to further erosion of affordability.

When municipalities implement IZ and expect developers to subsidize the cost of affordable housing units, they are actually making the buyers of new homes pay for the affordable housing unit subsidy. The development community cannot not operate without passing on incremental costs to buyers—without that, development businesses would not be viable. The need for affordable housing units is a societal issue that should be funded by the entire tax base, not by buyers of new homes, especially first-time buyers. Real cost offsets from the city, such as land contributions or reduced development taxes, are required to ensure IZ does not further erode market rate affordability, reduce the number of market-rate units, and/or render the development business untenable.

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