

August 22, 2024

Sent to the Attention of:

The Right Honourable Justin Trudeau, P.C., M.P. Prime Minister of Canada
The Honourable Chrystia Freeland, P.C., M.P. Deputy Prime Minister and Minister of Finance
The Honourable Sean Fraser, P.C., M.P. Minister of Housing, Infrastructure and Communities
The Honourable Doug Ford, M.P.P. Premier of Ontario
The Honourable Peter Bethlenfalvy, M.P.P. Minister of Finance
The Honourable Paul Calandra, M.P.P. Minister of Municipal Affairs and Housing
The Honourable Vijay Thanigasalam, M.P.P. Associate Minister of Housing

Dear Prime Minister Trudeau, Deputy Prime Minister Freeland, Minister Fraser, Premier Ford, Minister Bethlenfalvy, Minister Calandra, and Minister Thanigasalam:

As you are aware, public concern regarding housing affordability has never been greater. The Toronto Regional Real Estate Board (TRREB), Canadian Real Estate Association (CREA), and Ontario Real Estate Association (OREA) are gratified to see that all levels of government are now actively putting measures in place to increase supply and choice and make housing more affordable and equitable for all.

One of the initiatives which TRREB, CREA, and OREA advocated for and fully support is the 2023 decision by the federal and Ontario governments to exempt all forms of purpose-built rental (whether affordable or market) from HST/GST. While we applaud the decision to exempt rental units from HST/GST, we understand that affordable ownership homes delivered by groups, such as Habitat for Humanity, that provide affordable housing to provide shelter for less fortunate and vulnerable working families continue to be subject to HST/GST.

In the Greater Toronto Area (GTA), in particular, HST/GST adds an average of \$80,000 per home to the price that these groups incur to deliver desperately needed new affordable ownership homes. We are also aware of figures from Habitat for Humanity showing that for every 100 homes they deliver, 13 more homes could be provided if they were not burdened with the additional expense of HST/GST. These figures also estimate that exempting or deferring HST/GST on non-profit affordable ownership homes like those built and delivered by Habitat and others would represent a loss of only 0.1 per cent to 0.5 per cent of total revenues from HST/GST on new homes.

The economic value of an HST/GST exemption could be retained as part of the second mortgage in non-profit affordable homeownership programs, thus avoiding any financial windfall at time of sale for homeowners. Moreover, this form of relief could be provided as a deferral rather than a straight exemption, with the requirement that it be paid back if and when an affordable ownership unit is sold to the market.

We urge your governments to move quickly to expand the HST/GST relief now in place for purpose-built rentals to also include non-profit affordable ownership housing.

Sincerely,



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