

Hon. Peter Bethlenfalvy
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Eliminating the Provincial Portion of HST on New Purpose Built Rental Housing

The West End Home Builders' Association (WE HBA) is the voice of the land development, new housing and professional renovation industries in Hamilton and Burlington. The WE HBA represents nearly 300 member companies made up of all disciplines involved in land development and residential construction. The residential construction industry employed over 550,000 people, paying \$37.7 billion in wages, and contributed over \$76.9 billion in investment value across Ontario in 2021.

WE HBA is working in conjunction with the **Building Industry and Land Development Association (BILD)** and the **Greater Ottawa Home Builders' Association (GOHBA)** as well as OHBA's other local chapter HBAs to provide the provincial government our recommendations and to address the housing crisis.

Ontario is in a housing crisis. We are pricing out families and the next generation of talented young people as they "drive until they qualify" from cities like Hamilton and Burlington for attainable housing in our neighbouring communities. Failing to address the shortage of housing is straining our community's social and economic viability and worsening our quality of life. We must address the housing crisis if cities like Hamilton and Burlington will be able to attract and retain talented and experienced workers.

We know that Ontario needs 1.5 million new homes over the next decade to restore housing attainability. In this is the right mix of housing types, formats and locations to ensure that Ontarians at all stages of life can find a place they can call home. That is why we are writing to express our strong and continued support for the elimination of the harmonized sales tax (HST) on new purpose-built rental housing in Ontario.

On September 14, 2023, the Government of Canada announced that it will be eliminating the federal portion of the HST from the construction of all new, purpose-built rental housing in Canada. The GST/HST on new purpose-built construction is a considerable and costly obstacle. It substantially increases construction costs at a time of elevated interest rates and inflation, making it more difficult to bring new rental housing supply to market. Removing the HST from the construction of new purpose-built rental housing will have a significant impact in bringing more rental housing supply to communities where it is badly needed, as well as increase our sector's ability to work with our municipal partners to deliver more affordable rental housing options.

We recognize and appreciate the Ontario Government's leadership in advocating for the Government of Canada to take this important step. We particularly note Minister Bethlenfalvy's leadership on this matter in the 2023 Ontario Budget, in which you directly called upon the Federal Government to defer the GST on all new large-scale purpose-built rental housing projects. In doing so, the Ontario Government clearly recognized the importance of taking this step towards achieving our province's ambitious housing supply objectives amidst an historic affordability crisis.


Excerpt – March 23, 2023 Ontario Budget Media Release

Calling on the federal government to defer the Harmonized Sales Tax (HST) on all new large scale purpose-built rental housing projects to tackle the ongoing housing affordability crisis. Ontario would support this measure, as it would help spur the construction of more rental housing units while helping to create jobs, encourage economic development and support growth.

We are likewise greatly encouraged and welcome the statements in response by both Minister of Municipal Affairs and Housing, Hon. Paul Calandra and Minister of Finance, Hon. Peter Bethlenfalvy, re-iterating the Ontario Government's advocacy on this matter and its commitment to working with the Federal Government to remove the corresponding provincial portion of the HST from new purpose-built rental housing as rapidly as possible. The West End Home Builders' Association urges the Ontario Government to maintain its leadership on this matter to ensure that this change is implemented without delay.

Now is the time for the province to continue to take bold action on housing across Ontario. We look forward to continuing engaging with both of your Ministry's in order to build 1.5 million homes across the province and improve housing attainability for current and future Ontarians.

Sincerely,



Mike Collins-Williams, MCIP, RPP
Chief Executive Officer
West End Home Builders' Association