



BUILDING A GREATER GTA
Building Industry and Land
Development Association

**Presentation To Standing Committee on
Finance & Economic Affairs**

***Ontario Jobs & Recovery: Hearings on
Municipalities, Construction & Building Sector***

Good morning Chair, and members of the Committee.

My name is Dave Wilkes and I am the President and CEO of the Building Industry and Land Development Association (BILD).

I am pleased to be here today to speak to the Committee as you study the impacts of the COVID crisis.

Before beginning I want to applaud and congratulate the Ontario government on its leadership and management of the COVID-19 pandemic. I am proud to be an Ontarian and grateful for the leadership of our governments.

I recognize that several of my industry colleagues appeared before you yesterday and I have tailored my remarks to provide a perspective from our vantage point of representing the Greater Toronto and Simcoe Area.

As you are aware, the government designated the construction industry an essential workplace and together with our partners we worked to ensure that much needed housing was delivered throughout the pandemic in a safe and responsible manner.

Our industry is proud of the role we played and look forward to being central to kick-starting our economy.



(SLIDE 2)**CONSTRUCTION AS THE ECONOMIC ENGINE OF THE GTA & ONTARIO**

Our industry and the GTA region must play a central role in ensuring a sustained economic recovery.

The numbers tell a powerful story. Ontario is responsible for generating nearly 40% of Canada's GDP.

Taking these numbers one step further, over 50% of Ontario's GDP is generated within the Greater Toronto Area, accounting for over 1/5th of Canada's overall economic activity.

And within the GTA our sector generated over 361,000 on-site and off-site jobs and paid over \$22 billion in wages.

(SLIDE 3)**IMPACT OF EMERGENCY ORDER:****A SNAPSHOT – ECONOMIC IMPLICATIONS FROM PLANNING DELAYS**

Despite the opportunity to work throughout the pandemic our industry did experience delays due to lost productivity required to ensure social distancing on worksites, enhanced safety protocols, supply chain disruptions and disruption to municipal service delivery.

To understand the impact of these delays, BILD conducted a survey of its members covering just under 500 projects of which 276 were in the City of Toronto proper. Not surprisingly, regardless of the stage projects were at, over ¾ experienced delays of 3 to 6 months, and in some cases longer.

According to the Altus Group, these delays will result in a loss of some 9,080 housing starts over the next two years, and the delayed occupancy of more than 8,000 units by



the end of 2021. This slide before you outlines these and other key findings. In a region already facing a housing shortage this added shortfall will further compound the problem.

It has never been more important for governments to work with our industry to alleviate the financial pressures on home buyers and remove barriers to the renewal of construction activity.

(SLIDE 4)

**HOW BILD MEMBERS HAVE BEEN AFFECTED BY THE GOVERNMENT’S RESPONSE:
BILL 197 – COVID-19 ECONOMIC RECOVERY ACT & RECENT ANNOUNCEMENTS ON
PROVINCIAL POLICY TOOLS**

The province has been instrumental in advancing some critical discussions around employment spaces and housing supply.

We have been working with the provincial government on changes to the Growth Plan, the Land Needs Assessment, a new way to calculate items such as development charges with the proposed CBC, and the vast number of streamlining initiatives that were just announced with Bill 197.

When passed, all of these will contribute significantly to increasing housing supply and employment growth.

(SLIDE 5)

**WHAT INDUSTRY NEEDS IN TERMS OF SUPPORT MOVING FORWARD:
CHBA*OHBA*BILD SUBMISSION TO THE ONTARIO JOBS & RECOVERY COMMITTEE**

However, there is an opportunity to do more to ensure a sustained and widespread recovery.



BILD prepared a joint submission for the Ontario Jobs & Recovery Committee, providing recommendations to all three levels of government to kick-start the economy that fall within three areas: 1) more efficient decision making, 2) stimulating construction and infrastructure projects, and 3) assisting new and existing home owners.

The recommendations are based on the fundamentals that a healthy GTA will facilitate economic recovery through both direct and indirect jobs. I have shared a copy of this presentation with the Clerk and would like to use my time this morning to elaborate on some of our key points in the following slides.

(SLIDE 6)

**WHAT INDUSTRY NEEDS IN TERMS OF SUPPORT MOVING FORWARD:
INVESTING IN INFRASTRUCTURE FOR EMPLOYMENT & HOUSING**

Although we were pleased to see the recent proposal in Bill 197 to streamline the EA process for the GTA West Corridor, the provincial government still has an opportunity to advance shovel ready and shovel worthy core infrastructure projects to be jointly funded with the federal government.

There are a series of projects, such as the GTA West Corridor and Upper York Sewage Solution System that still require, not only investments, but also some key decisions for them to move forward.

Now is the time to accelerate these necessary approvals and construction timelines, to create economic development corridors that would support housing and employment.

(SLIDE 7)**WHAT INDUSTRY NEEDS IN TERMS OF SUPPORT MOVING FORWARD:
HOME RENOVATION TAX CREDIT – STIMULATING PRIVATE INVESTMENT & FIGHTING
THE UNDERGROUND ECONOMY**

Another recommendation in our report centers around the introduction of a home renovation tax credit for 2020 and 2021, plus a permanent tax credit for homeowners undertaking energy efficiency improvements.

We firmly believe that these programs would be a great avenue to stimulate local investment, to help increase local jobs, and quite significantly, to protect consumers from the underground economy, and as a result has the potential to be revenue neutral for the government.

(SLIDE 8)**WHAT INDUSTRY NEEDS IN TERMS OF SUPPORT MOVING FORWARD:
SECURING MUNICIPAL SERVICE DELIVERY FOR SPEEDIER APPROVALS & FINANCIAL
RELIEF TOOLS**

Our last set of recommendations center around the importance of financial relief tools, municipal service delivery and finding ways to cut red tape and approve projects quicker.

There are two central themes that should be focussed on:

- First, reducing red tape and the 10 to 11 years it takes for housing projects to be approved and completed. We have been impressed with the innovation and commitment by our municipal partners to work differently by, for example, taking permits online, as well as the number of Committee meetings and home inspections going virtual. These efficiencies are welcome, and we hope that we could work together to make sure that they continue.

- Second, we must also take a hard look at how new homes are taxed in the GTA by all three levels of government. Research undertaken by BILD has consistently shown that approximately 25% of the cost of a new home results from government fees and taxes, which is a higher rate than any other North American jurisdiction.

We appreciate the provincial government passing Bill 189, *the Coronavirus Support and Protection Act*, in April which allowed municipalities and school boards to extend their current EDC by-laws and development charge by-laws that were otherwise set to expire.

BILD would welcome a more detailed discussion on a potential collective approach to have municipalities cap, phase or freeze these fees until permits are issued, or applications are approved.

These costs savings will provide financial relief for the industry and for consumers.

(SLIDE 9)

CONCLUSION SLIDE

Committee members, we come to the table as your partner in community building so that we can be a part of creating additional housing supply and jobs for the residents of this province and believe that construction can truly kick start the economy.

Going forward, the new housing and professional renovation industry is well positioned to lead in post-pandemic economic recovery, and BILD members are proud to be a part of that future.



COVID-19

Residential and Commercial Construction Industry Government of Ontario's Post COVID-19 Recovery

Construction to Kick Start Ontario's Economy - Proposed Liquidity
and Recovery Measures



Canadian
Home Builders'
Association



Ontario
Home Builders'
Association



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A Message from BILD, OHBA and CHBA

May 19, 2020

The Honourable Rod Phillips, Minister of Finance & Chair of the Ontario Jobs and Recovery Committee:

COVID-19 has had a tremendous and unprecedented impact on our economy and society. We applaud and congratulate the Ontario government on its leadership and management of the COVID-19 pandemic. We also applaud the establishment of the Ontario Jobs and Recovery Committee to develop a plan to stimulate economic growth and job creation.

With the assistance of PricewaterhouseCoopers LLP (Canada) and Altus Group Economic Consulting, the Ontario Home Builders' Association (OHBA), the Canadian Home Builders' Association (CHBA), and the Building Industry and Land Development Association (BILD) have prepared the following presentation for consideration by the Ontario Jobs and Recovery Committee with respect to the residential, commercial, office and industrial building and development industry, as well as our professional renovation members, and their consumers.

This submission outlines proposed liquidity measures as well as other recommendations that can be deployed by all levels of government to ensure the rapid recovery of the industry in the Greater Toronto Area (GTA) post-COVID-19 and to support the Province of Ontario's economic recovery.

Of primary concern is the impact that COVID-19 may have on the economy and consumers, temporary and permanent job losses, and liquidity challenges within the industry.

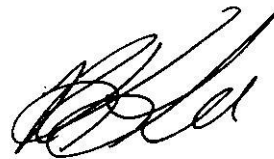
This submission also recognizes the collaborative approach that your government has taken during the COVID-19 crisis. We have extended and adopted your approach and worked together to bring recommendations that can support the positioning of the GTA, our province and our country for economic recovery.



Dave Wilkes
President and CEO
BILD



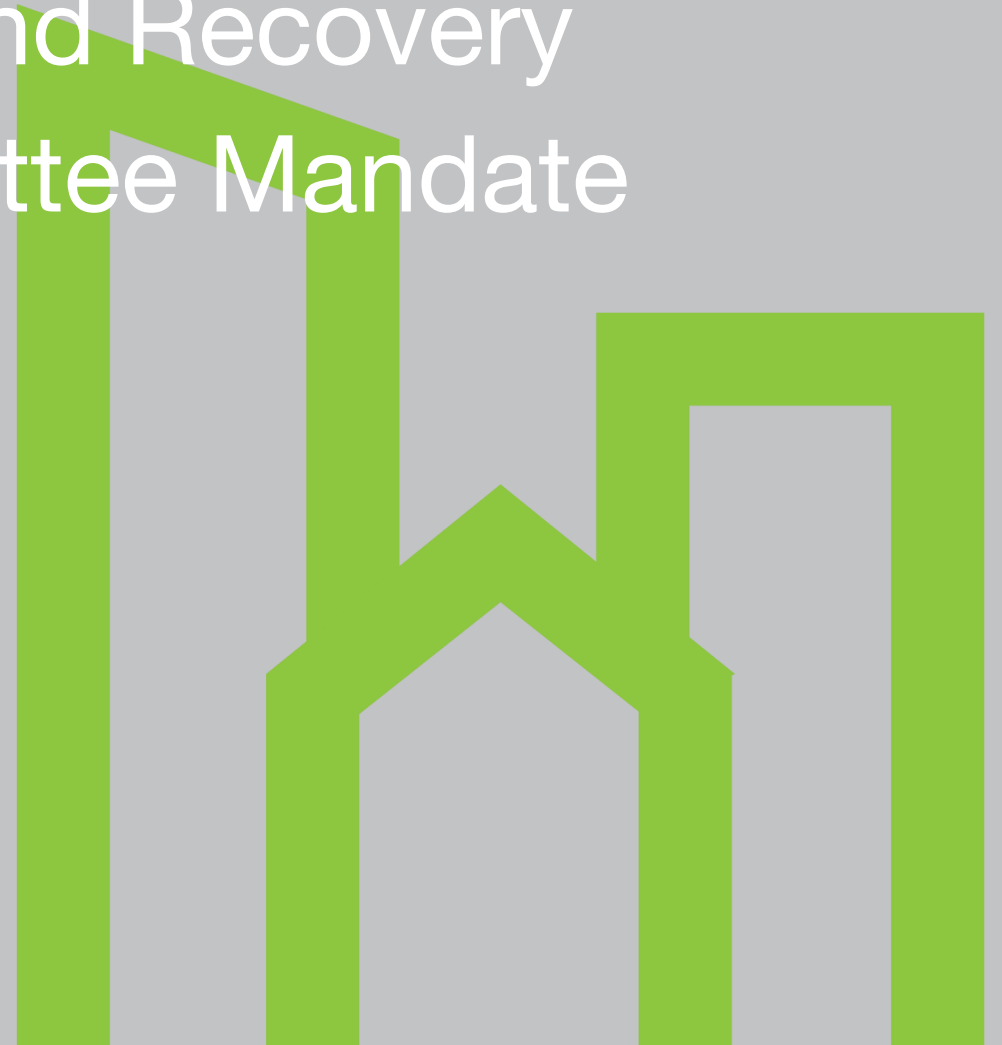
Joe Vaccaro
Chief Executive Officer
OHBA



Kevin Lee
Chief Executive Officer
CHBA



Government of Ontario Jobs and Recovery Committee Mandate





“

While we focus our energy and resources on defeating COVID-19, today's job numbers highlight why we also need to plan for an economic recovery,” said Rod Phillips, Minister of Finance. “At Premier Ford's request, I have convened the Ontario Jobs and Recovery Committee. And our first order of business is to prepare for the next phase of Ontario’s Action Plan, which will be ready to launch as soon as COVID-19 is contained. This team will get our economy moving again — with a focus on job creation, opportunities for growth, and protecting our province from future threats. [April 9, 2020]

Developing a plan to stimulate economic growth and job creation

The Honourable Rod Phillips, Minister of Finance (Ontario)

Our Understanding of the Government of Ontario Jobs and Recovery Committee Mandate



Develop a Recovery Plan

- Consultation process with multiple stakeholders
- Crisis management and business continuity
- Develop next phase of Ontario's Action Plan

Stimulate Economic Growth

- High-impact measures to create needed liquidity
- New business models and transformation opportunities that reduce regulation
- Stimulate and incentivize consumers and business

Job Creation

- Address the loss of more than 400,000 jobs in Ontario
- Training and development programs
- Partnering with new business models

Executive summary



The following presentation provides proposed liquidity measures that could have an impact on the Industry and are designed to address the Committee's three mandates - Developing a Recovery Plan, Stimulus and Job Creation. Although all levels of government will need to be aligned to achieve the Committee's mandate, a GTA-focused recovery will have a profound impact on Ontario and the rest of Canada.

Develop a Recovery Plan

Ontario's Recovery Plan is premised on consultation with various stakeholders so that businesses can continue and Ontario can work towards the next phase of Ontario's Action Plan. Included in the list of proposed liquidity measures are ones that create an immediate and significant impact to the consumer and business, and involve little to no new money by government. Proposed measures include:

1. Adjusting the Canadian Mortgage Stress Test for both insured and uninsured mortgages, making the benchmark more dynamic and reducing it for longer-term mortgages
2. Introducing 30-year amortizations for insured mortgages
3. Transferring mortgage tenancy to the date of occupancy for new condominiums
4. Eliminating security deposits for Ontario Land Transfer Tax on affiliated transfers
5. Freezing municipal increases to Property Tax Reassessment and development charges

Stimulate Economic Growth

An important facet of any recovery is providing the appropriate amount of economic stimulus to encourage and incentivize businesses and consumers. This presentation outlines potential recommendations that may have immediate costs for government in the form of either new money and/or reduced government revenues. However, they could assist by providing financial relief to the industry and the consumer:

1. Removing of GST/HST on new home purchases and related rebates
2. Allowing interest deductions on a current basis rather than being capitalized to land inventory
3. Eliminating or suspending the application of certain taxes such as the Ontario Land Transfer Tax, Municipal Land Transfer tax, HST.
4. Removing GST from the construction costs of new rental housing and costs of renovating rental housing

Job Creation

Pre-COVID-19, Ontario's economy was growing at a strong pace and businesses continued to expand and thrive. Liquidity measures and stimulus are needed to generate jobs to replace lost jobs while maintaining current tax rates. Proposed measures include:

1. Ontario infrastructure fund to repair and build new roads, bridges, potholes, schools to create jobs and benefit the community at large
2. Introduce a home renovation tax credit for 2020 and 2021, plus a permanent energy retrofit tax credit
3. Refundable tax credit for expenses for upgrading buildings in Ontario and for repurposing facilities in Ontario because of COVID-19
4. Enhanced municipal service delivery efficiencies

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BILD, OHBA and CHBA



The Building Industry and Land Development Association



The Building Industry and Land Development Association (BILD) is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area (GTA). BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association.

BILD's membership of 1,500 companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

BILD is an industry-funded, not-for-profit organization, with its primary mandate being to act as a voice for the industry in its interactions with stakeholders including governments and consumers in order to protect and promote the interests of its members.

BILD is the voice of the home building, land development and professional renovation industry in the Greater Toronto Area. The building and renovation industry provides \$34 billion in investment value and employs 270,000 people in the region.

More information on BILD is available from www.bildgta.ca



Ontario Home Builders' Association

As a #homebeliever champion, the Ontario Home Builders' Association (OHBA) believes in the great Canadian dream of home ownership by supporting more housing choice and supply across Ontario. OHBA is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 27 local associations across the province. Our membership is made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, manufacturers, consultants and suppliers.

In addition, OHBA collects, analyzes and distributes information to its members and the general public; promotes innovation and professionalism within the industry; promotes affordability and choice in housing; and provides group benefit plans and other membership services.

Our members have built over 700,000 homes in the last ten years in over 500 Ontario communities. The residential construction industry employs over 500,000 people and contributes over \$60 billion to the provincial economy. The best way to think of OHBA is as a network of volunteers working in committees to advocate, inform and educate interests in these core areas.

More information on OHBA is available from <https://www.ohba.ca/>



Ontario
Home Builders'
Association

A large purple rectangle with a white house silhouette inside. The house is formed by a white triangle pointing upwards, with a white horizontal line across its base. The text "#homebeliever" is written in white, with the hash symbol in yellow, across the bottom of the rectangle.

#homebeliever

The Canadian Home Builders' Association



Who We Are

Since 1943, the Canadian Home Builders' Association (CHBA) has been "the voice of Canada's residential construction industry." Representing one of the largest industry sectors in Canada, our membership is made up of some 9,000 companies – including home builders, renovators, land developers, trade contractors, product and material manufacturers, building product suppliers, lending institutions, insurance providers, and service professionals.

What We Do

CHBA seeks a strong and positive role for the housing industry in Canada's economy and in the life and development of our communities. In addressing this goal, we support the business success of our members. We work to ensure Canadians have access to homes that meet their needs at a price they can afford to pay, and that the interests of homebuyers and homeowners are understood by governments.

How We Work

CHBA is one association working at three levels – nationally, provincially and locally. Our members join a local home builders' association (like BILD) and automatically become members at the provincial and national levels of the Association.

Each level of the Association works with the government at their level. And because many housing issues involve multiple levels of government, we collaborate to ensure a consistent approach towards real solutions that will benefit consumers.

At the national level, our system of Committees and Councils brings together builders and industry experts from across the country to share information and ideas, and to formulate recommendations to governments to improve the quality and affordability of homes for Canadians.

More information on CHBA is available from www.chba.ca.



UNLOCKING THE DOOR TO HOMEOWNERSHIP

RECOMMENDATIONS ON THE FEDERAL ROLE



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Residential and Commercial
Construction Industry

Highlights



Highlights

A GTA Focused Recovery Plan

Importance of GTA

- Ontario is the engine of the Canadian economy, generating nearly 40% of Canada's GDP and over 50% of its manufacturing output.
- Over 50% of Ontario's GDP is generated within the GTA, accounting for over 1/5th of Canada's overall GDP.
- As all levels of government turn their attention to economic recovery, after the first phase of the COVID-19 pandemic, a GTA-focused strategy will have proportionally beneficial impact in supporting regional, provincial and national economic recovery.

Construction is the Engine of the GTA/Ontario Economy

- Residential and commercial building and development, and professional renovations, are vital to the GTA and Ontario economy and should therefore figure prominently in any recovery plan.
- In 2019, the collective industry generated 361,129 on-site and off-site jobs, paid \$22.1 billion in wages and \$42.7 billion in built-in investment that in turn becomes the single largest wealth generator for GTA families.

2019 GTA Impact	Starts	Employees	Wages	Investment Value
Commercial	N/A	91,000	\$5.6 Billion	\$8.7 Billion
Home Building	43,351	117,136	\$7.1 Billion	\$17.1 Billion
Renovation	N/A	152,993	\$9.4 Billion	\$16.9 Billion
Total	43,351	361,129	\$22.1 Billion	\$42.7 Billion



Each
1,000
housing units in the
GTA generates



On average, companies in the GTA, deliver approximately 35,000 - 40,000 new homes of all types each year, allowing for a simple calculation of the overall direct and indirect impacts of the industry's activity and contributions in tax revenues.

Highlights

Impact of GTA on Economy

The Economic Impact of New Housing Construction in the GTA

- The construction of 1,000 new single-detached homes creates some 2,227 direct person years of employment, and inclusive of all the downstream spin-off activity, a total of 4,600 jobs across the economy.
- Multi-family homes such as apartment units are also an important job generator. The construction of 1,000 new condominium apartments, for example, is responsible for creating some 1,600 jobs.
- Given the ratio of single- and multi-family homes built in the GTA in 2019, an increase in housing starts of 1,000 units with a mix of unit types would stimulate some 2,200 new jobs and an array of other economic benefits.



Estimated Economic Benefits of the Construction of 1,000 Single-Detached Homes Greater Toronto Area, 2019

	Direct	Indirect	Induced	Total**
Economic Activity (\$millions)	599	385	221	1,200
Gross Domestic Product (\$millions)	278	185	127	590
Number of Jobs*	2,227	1,441	898	4,600
Wages (\$millions)	187	121	60	400
Business Earnings (\$millions)	88	63	60	210

* Person-years of employment

** Rounded

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Estimated Economic Benefits of the Construction of 1,000 Multi-family Homes Greater Toronto Area, 2019

	Direct	Indirect	Induced	Total**
Economic Activity (\$millions)	211	135	78	400
Gross Domestic Product (\$millions)	98	65	45	210
Number of Jobs*	783	507	316	1,600
Wages (\$millions)	66	43	21	100
Business Earnings (\$millions)	31	22	21	70

* Person-years of employment

** Rounded

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Estimated Economic Benefits of the Construction of 1,000 Starts (combined singles and multi) Greater Toronto Area, 2019

	Direct	Indirect	Induced	Total**
Economic Activity (\$millions)	284	182	105	600
Gross Domestic Product (\$millions)	132	88	60	280
Number of Jobs*	1,055	683	426	2,200
Wages (\$millions)	89	58	28	200
Business Earnings (\$millions)	42	30	28	100

* Person-years of employment

** Rounded

Source: Altus Group Economic Consulting based on Input / Output Model and Other Sources

Highlights

Residential Real Estate Issues Arising from COVID-19 Pandemic

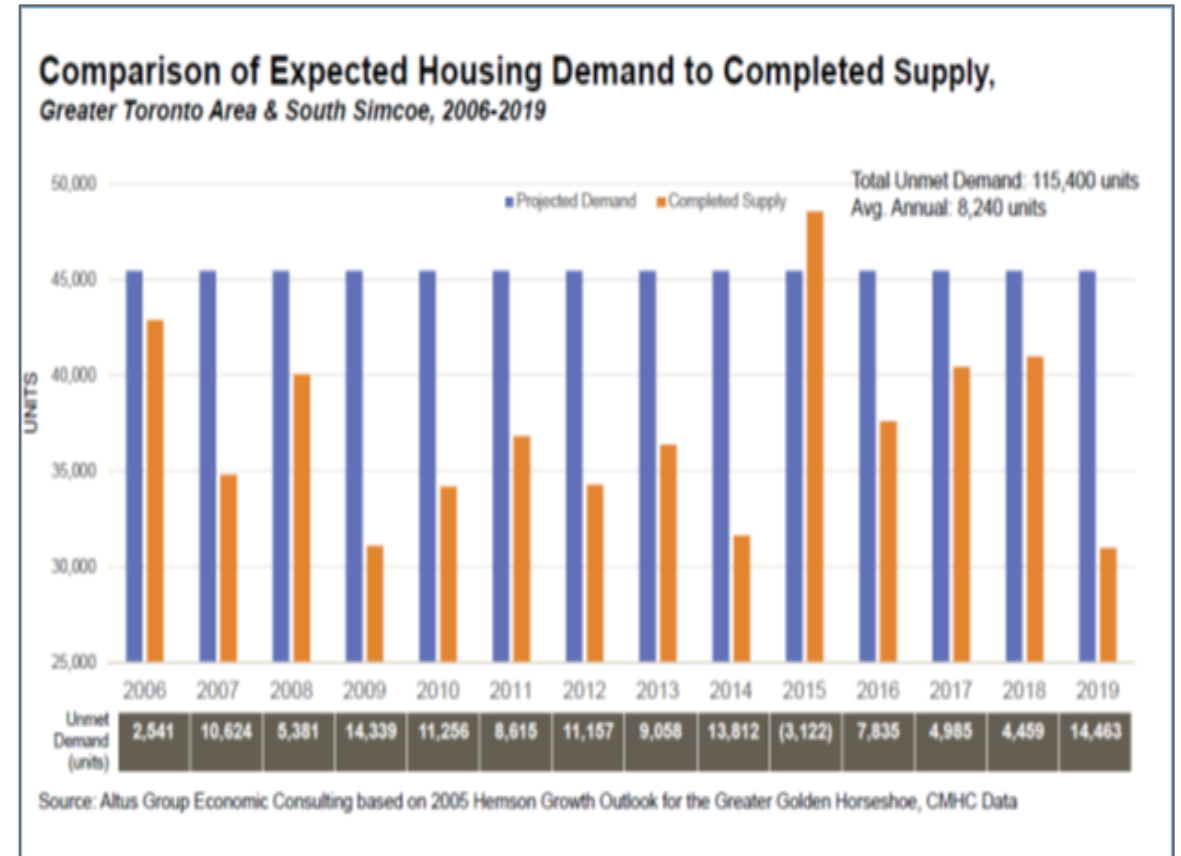
- Liquidity issues within the industry can occur throughout the entire development spectrum.
- From initial property acquisition, through construction and finally to registration and transfer of lots and constructed homes to the purchasers (and all stages in between).
- At its most basic level, the residential construction industry is a cash flow business; impacts to the velocity of the timing of those cash flows will impact liquidity.
- Simply put, if homes and projects cannot close, the development community cannot gain access to funds needed to pay off construction loans, incurring increased costs and interest costs and potentially threatening their development projects and related jobs.
- If these problems are left unaddressed, consumers could lose their future homes, necessitating that they make alternative arrangements to secure new accommodation (made particularly daunting if they are moving into a new home/unit and are required to vacate their existing home by a certain date).

Liquidity Issues Under the COVID-19 Pandemic			
Commercial Delays in registering finished lots/units and homes and transferring ownership to the end purchaser	Financial Challenge Delays in consumers securing mortgages resulting in delays for home builders securing construction financing needed to effect closings	Regulatory Challenges in complying with tax, labour and quality policies	Work Force Home working, travel restrictions and morbidity and mortality in the workforce
Social distancing Enhanced safety measures on construction sites slowing productivity and negatively impacting closing timelines	Supply chain Disruptions or delays in the delivery of necessary construction materials	Technical shutdown Social distancing and shutting of non-essential business operations	Work Force Emergency order restrictions on below grade work, shoring and other construction activities that will push back future closings
Work Force The cancellation of development sites and their impact on financing repayment obligations	Work Force Increasing unemployment and concerns about a consumer's / prospective purchaser's personal economic situation negatively impacting closings and/or sales	Financial Challenge "In process" purchases made pre-COVID-19 where future deposits / top-ups will become due in the near term and purchasers may be challenged	Financial Challenge The drying up or restriction of construction and land acquisition financing or only being provided with increased security and at higher rates (if at all)

Highlights

Impacts on Housing Supply in the GTA

- From 2006, home completions in the GTA have fallen over 100,000 units short versus demand projected by the 2006 Provincial Growth Plan.
- This shortfall has been compounded by increased immigration (unforeseen by the Growth Plan) since 2014 that has exacerbated this shortfall significantly.
- The shortfall in supply and increased demand have been dominant factors in the affordability challenge facing the GTA, one that the Provincial Government sought to address by focusing on increasing housing supply through *Ontario's Housing Supply Action Plan*.
- Past economic crises, most notably the 2008/2009 global financial crisis, have had a demonstrable impact on housing completions in the following years, with completed supply shrinking significantly.
- 2018 was the worst year for sales and 2019 was the worst year for completions over the past 20 years in the GTA due to supply constraints, provincial cooling measures (the previous government's 16 point Fair Housing Plan) and the federal government's stress test.
- The industry was only just beginning to emerge from this in Q1 2020, with a return to sales on or over the 10-year average, when the impacts of the COVID-19 pandemic materialized.



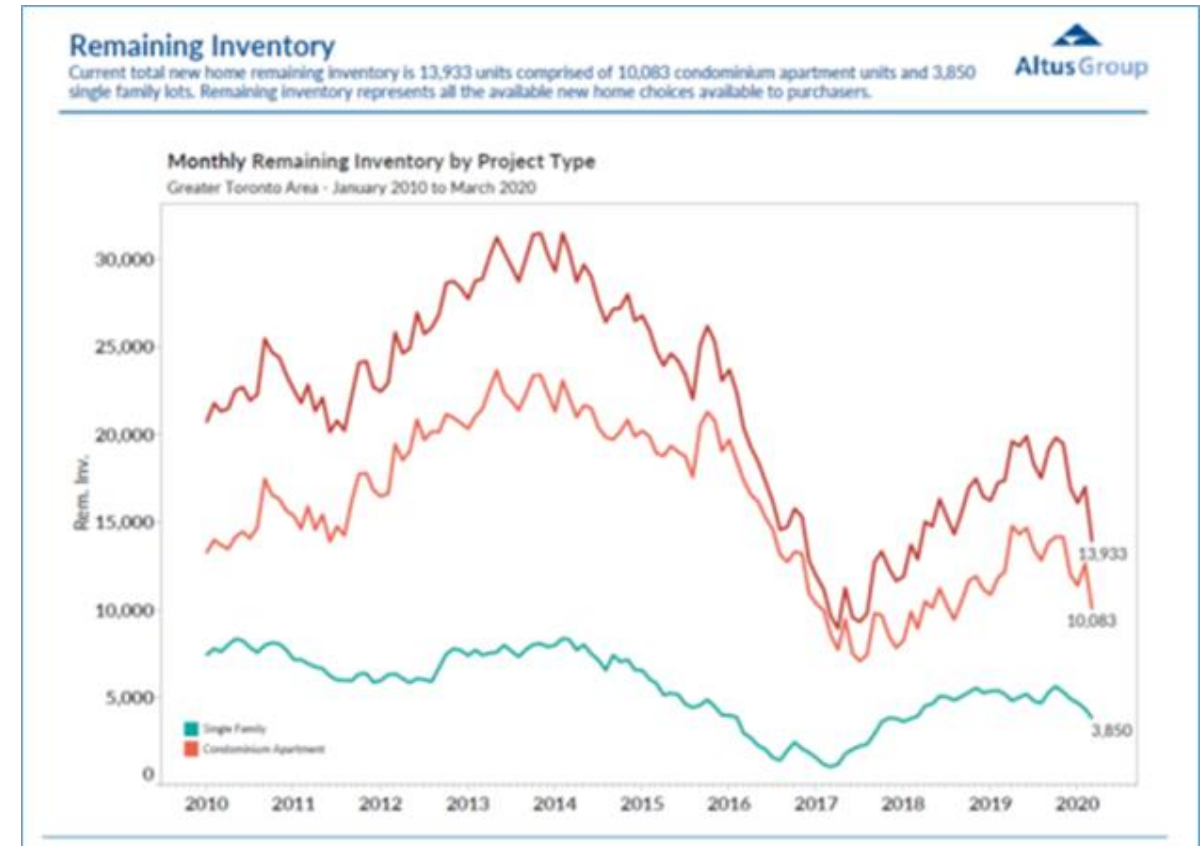
In a healthy market the GTA's inventory sits at 8 months supply or greater. At present supply (inventory) for all types of new housing had dipped to below 4 months supply.

Highlights

Remaining Inventory in the GTA

New Housing Inventory Dropping

- New housing supply in the GTA, pre COVID-19, was already constrained and well below the recommended healthy market level of 8 months supply or greater.
- The reduced ability to start projects during the Emergency Order period, combined with the impact of reduced productivity due to social distancing requirements and continuing strong demand (at least for now) is already eroding available inventory (as can be seen in the chart below).
- At present, supply (inventory) for all types of new housing has dipped to below 4 months supply.
- Should a liquidity crisis impact the industry, it is reasonable to project an annual negative impact of up to 10,000 units less housing being produced in GTA, undermining the Province's policy objectives under its Housing Supply Action Plan, with the attendant affordability and supply challenges.



Highlights

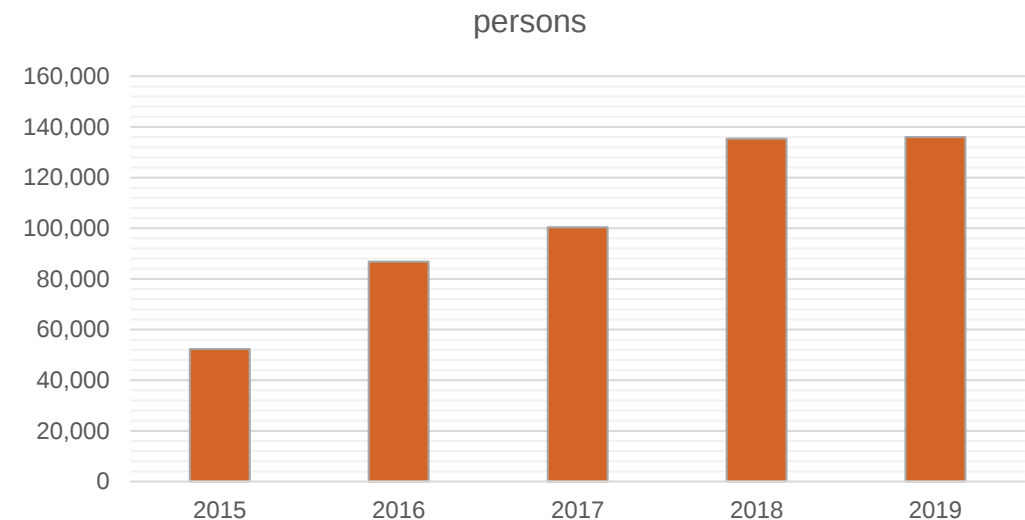
Importance of Immigration to the GTA

Need to Return to Normal Immigration Levels

- GTA population growth has been fueled by immigration and migration to urban centres from other regions of Ontario and within Canada.
- Immigration is also an important issue to meet the growing need for skilled labour for construction and other industries vital to the GTA and Ontario economy.
- Since March 2020, due to COVID-19, immigration has been suspended - every quarter resulting in 34,000 fewer people migrating to the region vs. 2019 levels.
- A return to traditional immigration is vital for continued growth and health of the GTA and strength of the sector.

Annual Immigration to Toronto & Oshawa CMA 2015-2019

Annual Average International Immigration: 102,300



Source: StatsCan, Toronto and Oshawa CMAs, net immigration and net non-permanent residents.

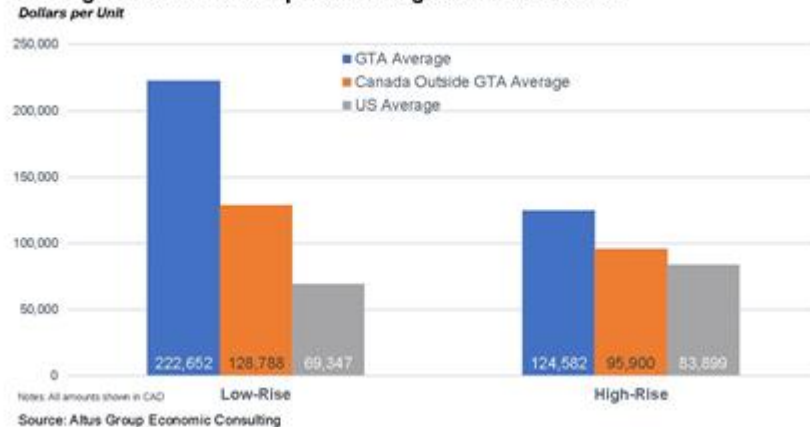
Highlights

Government Fees, Taxes and Charges

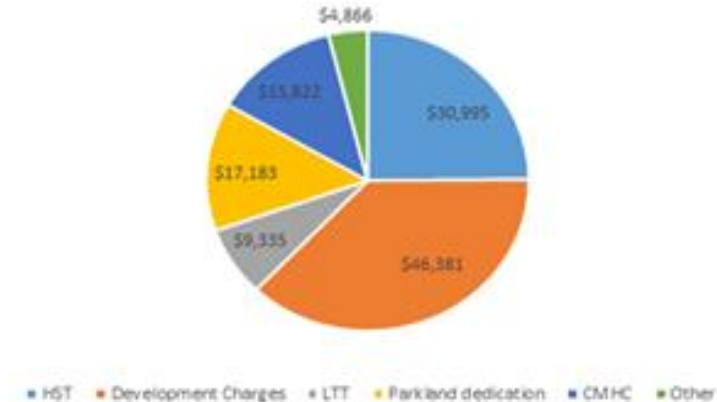
New homes in the GTA are taxed at a higher rate than in any other North American jurisdiction

- Government fees, taxes and charges account for almost ¼ of the cost of a new single-family home and high-rise apartment based on GTA average.
- A September 2019 study by Altus (commissioned by BILD) demonstrated that government-imposed charges on single family homes in the GTA are, on average, over 3 times higher on a per unit basis than they are on average in the six US metropolitan areas, and roughly 1.75-times higher than in the other Canadian urban areas.
- For high-rise developments, the average per unit charges in the GTA are roughly 50% higher than those in the six US metropolitan areas, and roughly 30% higher than in the other Canadian urban areas.
- Capping, deferring or reducing these fees provides governments with tools to aid in recovery.

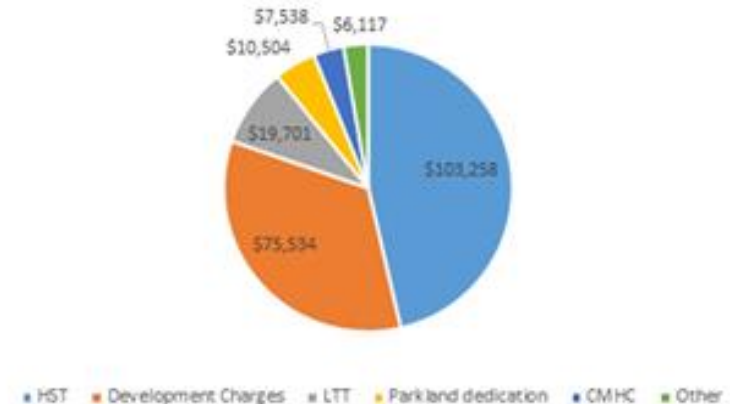
Average Government-Imposed Charges on New Homes



Government Fees, Taxes and Charges on a Typical High Rise Apartment (GTA Average) - \$124,582



Government Fees, Taxes and Charges on a Single Family Home (GTA Average) - \$222,652



Highlights

Potential Financial Implications of a Liquidity Crisis

Actions Needed to Inject Liquidity

- Following other liquidity and economic downturns, there has been a marked decrease in housing starts and completions.
- In fact, following the 2008 global economic crisis, 2009 saw a 30% decrease from 2008 levels and recovery took a number of years.
- The model on the right shows impacts of 10%, 20% and 30% decrease in housing completions in the GTA (3,100 to 9,300 units) using 2019 data.
- If action is not taken to provide much-needed liquidity and stimulus for the Industry, a liquidity problem and erosion of consumer confidence will lead to a potential credit crisis, valuation and extended job loss.
- Across both 2020 and 2021, the three scenarios imply job losses in the economy of 13,270 jobs, 26,540 jobs or 39,800 jobs depending on the severity of the housing downturn (across both single-family and multi-family construction).
- The analysis also finds that the GDP impact of the possible downturn in new housing construction could be as severe as \$5.2 billion and the wages and earnings lost to the community could be as high as \$2.9 billion.

Measurements of Economic Impact, Toronto Census Metropolitan Area

Change in measure from the baseline (no impact) scenario

	Mild Negative Impact Scenario (-10%)		Modest Negative Impact Scenario (-20%)		Severe Negative Impact Scenario (-30%)	
	Single-Detached	Multi-Family	Single-Detached	Multi-Family	Single-Detached	Multi-Family
2020						
GDP (\$millions)	(273)	(418)	(545)	(836)	(818)	(1,253)
Jobs (person years)	(2,125)	(3,183)	(4,250)	(6,366)	(6,375)	(9,549)
Wages and Earnings (\$millions)	(185)	(199)	(370)	(398)	(554)	(597)
2021						
GDP (\$millions)	(409)	(627)	(818)	(1,253)	(1,226)	(1,880)
Jobs (person years)	(3,187)	(4,774)	(6,375)	(9,549)	(9,562)	(14,323)
Wages and Earnings (\$millions)	(277)	(298)	(554)	(597)	(831)	(895)
Combined (impact over the two years)						
GDP (\$millions)	(681)	(1,044)	(1,363)	(2,089)	(2,044)	(3,133)
Jobs (person years)	(5,312)	(7,957)	(10,624)	(15,915)	(15,937)	(23,872)
Wages and Earnings (\$millions)	(462)	(497)	(924)	(995)	(1,386)	(1,492)

Source: Altus Group



4

Proposed Liquidity and Recovery Measures



Summary of Proposed Liquidity And Recovery Measures

Federal Government

1. Adjust the Canadian Mortgage Stress Test for both insured and uninsured mortgages, making the benchmark more dynamic and reducing it for longer-term mortgages
2. Introduce 30-year amortizations for insured mortgages
3. Remove GST on Purchase of new homes for 2020 and 2021, then index it to reflect current home prices
4. Introduce a home renovation tax credit for 2020 and 2021, plus a permanent energy retrofit tax credit
5. Remove GST from the construction costs of new rental housing and costs of renovating rental housing

Provincial Government

1. Transfer mortgage financing for new condominium units to date of occupancy
2. Accelerate timing of approvals and construction on key provincial and regional infrastructure projects such as the GTA West Corridor, LINK427, and the Upper York Water Reclamation Centre
3. Eliminate Ontario Land Transfer Tax to end of 2021
4. Eliminate security deposits on Ontario Land Transfer Tax Deferrals on affiliated transfers
5. Removal of provincial sales tax and rebate on the purchase of new homes
6. Refundable Tax Credit for expenses upgrading buildings in Ontario because of COVID-19.
7. Refundable Tax Credit for expenses repurposing facilities in Ontario because of COVID-19
8. Expansion of Opportunities Investment Tax Credit (RITC) to all regions of Ontario
9. Accelerate movement on key elements of the Housing Supply Action Plan related to the speed of approvals and reduced costs, including a CAP on CIL of parkland
10. Use existing planning policies, procedures and tools that will assist in the acceleration of housing supply and employment opportunities
11. Require municipalities to accept surety bonds as a form of security for municipal agreements

Municipal Government

1. Freeze Municipal Property Assessment Corporation property value assessments for the next four years
2. If it appears that the residential home sales market drops greater than 5%, the City of Toronto should consider Eliminating the Land Transfer Tax to the end of 2021
3. Provide financial relief from development charges and other planning and development related fees
4. Enhance Municipal Service Delivery Efficiencies

In order to prevent further liquidity challenges and economic downturn in the residential and commercial construction industry, all levels of government should consider implementing proposed liquidity and recovery measures in order to stimulate the industry in the GTA, Ontario and Canada.

Proposed Liquidity and Recovery Measures - Federal



Liquidity Idea	Description	Impact on Liquidity
Adjust the Canadian Mortgage Stress Test for both insured and uninsured mortgages, making the benchmark more dynamic and reducing it for longer-term mortgages	Reinstate the benchmark rate proposal change for insured mortgages announced for April 6 implementation then subsequently delayed; do the same for uninsured mortgages; adjust the stress test for all mortgages down gradually to 0.75% for 5-year terms then 0% on 7- and 10-year mortgages to promote stability, while decreasing the excessive impact on access to homeownership	Zero cost measure for Government. It will increase the borrowing capacity and liquidity consumers can use to purchase a home, which would support home purchases across the continuum, including freeing up rental units.
Introduce 30-year amortizations for insured mortgages	Extending amortizations would lower the monthly carrying costs for first-time buyers, enabling more well-qualified buyers to enter homeownership.	Zero cost measure for Government. Actually increases revenue for CMCH. It will increase the borrowing capacity and liquidity consumers, esp. first-time buyers, can use to purchase a home which would support home, including freeing up rental units.
Remove GST on purchase of new homes for 2020 and 2021, then index it to reflect current home prices	Simply remove GST on all new construction for two years for liquidity. Post that period, if reinstating it, increase the thresholds up to \$750,000 to reflect today's house prices, and index continually thereafter.	Although a short-term cost to Government, there may be indirect benefits due to increased economic activity and it will provide increased liquidity to consumers.
Introduce a home renovation tax credit for 2020 and 2021, plus a permanent energy retrofit tax credit	Eligible renovations could include renovations or any enduring alterations to a building and should be stackable with the existing accessibility renovation credits, and any other renovation or retrofit tax credits or rebates introduced. Energy retrofit tax credit provides permanent measure to upgrade existing housing stock while also getting EnerGuide Rating System labels on more homes to increase valuation of energy efficient homes. Both administered by CRA.	Proven stimulus activity that also is near cost-neutral, thanks to tax revenues generated from bringing underground economy above board. Permanent energy retrofit tax credit addresses climate change while fighting underground economy and saving energy costs for consumers.
Remove GST from the construction costs of new rental housing and costs of renovating rental housing	Exempt the construction costs of new rental housing and costs of renovating rental housing from GST to reflect the fact that ongoing rental revenues do not benefit from input tax credits or all for GST collection.	Short-term cost to Government which can provide a reduction to costs to the landlord and increase the liquidity which could be deployed in the market and potentially promote the supply of much-needed rental units in the market.

Proposed Liquidity and Recovery Measures - Provincial



Liquidity Idea	Description	Impact on Liquidity
Transfer mortgage financing for new condominium units to date of occupancy	The GTA new home market is a major part of the Ontario economy, having contributed over \$34 Billion in 2018 with a growing component coming from new condominiums. Interim Occupancy is a condition present in virtually all new condominium projects in Ontario, representing the time between a building's occupancy and its registration and final purchaser closings. There are currently over 17,000 new condominium units in the GTA in an interim occupancy stage, representing \$9.5 billion of trapped liquidity to consumers, builders and lenders. Given the current COVID-19 environment, delays are growing and represent a major issue in providing liquidity to business and consumers. The Government should consider providing for an immediate mortgage solution for the new homebuyer, and for developers, to unlock much-needed liquidity and capital.	No new money is required by the Government of Ontario. Solution unlocks a significant amount of liquidity that developers can redeploy into the economy. Consumers benefit from paying amount toward their mortgage principal and interest rather than paying rent for condominium units that they will eventually own.
Increase Investment, and Accelerate Approvals and Construction on Key Provincial and Regional Infrastructure Projects	Similar to Alberta, consider allocating an additional significant amount (i.e. \$2 billion) to resurface roads, repair bridges, restore schools, fill potholes and expand transit in order to generate jobs during and after the COVID-19 pandemic. Increase investment, and accelerate timing of provincial approvals and construction on key provincial and regional infrastructure projects such as the GTA West Corridor, LINK427, the Upper York Water Reclamation Centre, and related York Region projects such as the new Highway 404 interchanges, the decommissioning of the Holland Landing Lagoon and additional water mains and pumping stations.	Although a significant investment by Government, providing much-needed liquidity could lead to job creation and increased deployment of liquidity into the market. For the UYWRC and associated York Region projects alone, \$1.5B in regional infrastructure investments to support growth to 2041 is required to unlock this housing supply and to unlock \$7.8B of private construction activities which could create demand for up to 103,000 jobs. Delaying the completion of the GTA West Corridor study area is preventing the certainty of future housing supply and the creation of an estimated 8,500 jobs.

Proposed Liquidity and Recovery Measures - Provincial



Liquidity Idea	Description	Impact on Liquidity
Eliminate the Ontario Land Transfer Tax to the end of 2021	When land is purchased in Ontario, the purchaser is required to pay Ontario Land Transfer Tax. Given the cost of land, consider eliminating the Ontario Land Transfer Tax to the end of 2021 in order to assist reducing the cost of real estate and stimulate real estate transactions.	Short-term cost to the Government of Ontario with Indirect benefits to increased economic activity due to transaction volume.
Eliminate security deposits on Ontario Land Transfer Tax Deferrals on affiliated transfers	A deferral of Ontario Land Transfer Tax may be available when land is transferred between affiliated corporations provided security is posted with the Minister equal to the Ontario Land Transfer Tax for a period of a least 36 consecutive months following the date of disposition (transfer). The Government should consider eliminating the requirement to post security for the Ontario Land Transfer Tax on transfers between affiliated corporations because the Ontario Land Transfer Tax will ultimately be paid by third party purchasers on such land and it will increase borrowing capacity and liquidity available to companies.	No new money required from the Government of Ontario. Assistance will be provided to businesses with additional borrowing capacity, reduction in overall interest costs and increase in liquidity that can be deployed in the economy.
Require Municipalities to accept Surety Bonds as a form of security for municipal agreements	A municipal agreement bond is a form of security that a Municipality may accept in lieu of a Letter of Credit (LOC). The bond provides financial assurance to a Municipality that a developer will successfully complete all obligations under a Subdivision Agreement – providing the same quality of financial protection as a LOC. The bond is reduced, and ultimately released, in the same way that a Municipality currently reduces and releases a LOC. The Government should consider requiring all Ontario municipalities to accept a municipal agreement bond in lieu of LOCs.	No cost to governments. Will free up billions of dollars previous tied up in valuable lines of credit or working capital.
Removal of provincial portion of HST and rebate on the purchase of new homes	Currently, buyers of new homes in Ontario may receive a rebate of up to \$24,000 on the provincial portion (8%) of the HST. Consider removing the provincial sales tax and rebate on newly constructed homes or substantially renovated homes in Ontario effective immediately for a two year period.	Although a short-term cost to Government, there may be Indirect benefits due to increased economic activity and it will provide increased liquidity to consumers.
Refundable Tax Credit for expenses incurred upgrading buildings in Ontario because of COVID-19	In order to assist with expenses incurred by taxpayers on building upgrades throughout all of Ontario, the Government of Ontario should consider allowing qualifying investments up to a maximum of \$100,000 would be eligible for a refundable income tax credit of 20%. Qualifying investments could include retooling workspaces, modifying mechanical systems, modifications to accommodate the installation of technology enabled tools and other related investments.	Although a short-term cost to Government, indirect benefits to increased economic activity due to transaction volume and will encourage owners with upgrading buildings to accommodate to new working environment.

Proposed Liquidity and Recovery Measures - Provincial



Liquidity Idea	Description	Impact on Liquidity
Refundable Tax Credit for expenses incurred to repurpose facilities in Ontario because of COVID-19	In many cities, facilities in Ontario were repurposed to assist with the production of personal protective equipment (PPE), requiring capital costs, training of labour and other related expenditures. In order to assist with facility upgrades and training throughout all of Ontario, the Government of Ontario should consider allowing qualifying investments up to a maximum of \$100,000 would be eligible for a refundable income tax credit of 20%.	Although a short-term cost to Government, indirect benefits to increased economic activity due to transaction volume and will encourage owners to upgrade facilities that were repurposed during the COVID-19 pandemic (March-September 2020).
Expansion of Opportunities Investment Tax Credit (RITC) to all of Ontario	The province recently introduced a new 10% refundable Corporate Income Tax credit for capital investments (RITC) Canadian-controlled private corporations make on expenditures in excess of \$50,000, and up to a limit of \$500,000, for qualifying investments, which become available for use on or after March 25, 2020 in specified regions of Ontario. The Government should consider expanding expenditures maximum to \$1,000,000 and also expanding investments to include all regions of Ontario.	Short-term cost to Government, Indirect benefits to increased economic activity due to transaction volume -will create jobs in many parts of Ontario.
Accelerate movement on key elements of the Housing Supply Action Plan related to the speed of approvals and reduced costs, including a CAP on CIL of parkland	The province's Housing Supply Action Plan is centered around, amongst other things, the speed of how long it takes municipal development projects to get approved, reducing the restrictions on what can be built to get the right mix of housing where it's needed, and reducing government-imposed fees and other development costs. The province should deploy all its' available planning tools to achieve these objectives sooner, including expediting its' own provincial approvals to reduce regulatory red-tape and ensure Ontario is open for business.	There will be no related costs to the provincial government, but direct benefits to consumers with any acceleration of initiatives to reduce development costs and increase the supply of housing. Ontario will remain more economically competitive as tools to create more jobs are drawn upon.
Use existing planning policies, procedures and tools that will assist in the acceleration of housing supply and employment opportunities	There are existing tools under the provincial prevue, many of which are existing government initiatives under way that can be accelerated so that their intended benefits are achieved sooner. The following are examples: • Within ten days, approve all Certificates of Approval submitted to the province • For the files previously scheduled but cancelled due to COVID, aim to immediately have these rescheduled and added back to the LPAT calendar • Accelerate positive decisions related to the Land Needs Assessment Methodology and the Growth Plan Population and Employment Forecast Update that will assist with the speedier delivery of housing supply and employment	There will be no related costs to the provincial government, but direct benefits to the industry and the consumer as these suggestions will accelerate ways to increase housing supply and employment opportunities.

Proposed Liquidity and Recovery Measures - Municipal



Liquidity Idea	Description	Impact on Liquidity
If it appears that the residential home sales market drops greater than 5%, the City of Toronto should consider eliminating the Land Transfer Tax to the end of 2021	Municipal Land Transfer Tax is charged on properties purchased in the City of Toronto and on unregistered dispositions of a beneficial interest in land with closing dates on or after February 1, 2008. The City of Toronto should consider eliminating the Municipal Land Transfer Tax to the end of 2021 to help stimulate real estate transactions and address affordability in Toronto.	Although a short-term cost to the City of Toronto, it could increase liquidity to consumers and indirectly increase economic activity due to increased real estate transaction volume.
Freeze Municipal Property Assessment Corporation property value assessments for the next four years	The government of Ontario has postponed the planned property tax reassessment for 2021. Property taxation is based on the assessed value of properties and in Ontario those assessments are updated every four years. The next property valuation update was scheduled to be completed by the Municipal Property Assessment Corporation (MPAC) in 2020 for the 2021 taxation year. This means assessments for the 2021 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year. In order to reduce the costs to consumers and provide additional liquidity, consider freezing property value assessment to 2024.	Freezing the planned Property Tax Reassessment could provide consumers with liquidity to overcome any hardship resulting from the COVID-19.
Relief from development charges and other planning and development related fees	GTA regions and municipalities current development charge by-laws are slated for their required five year review in 2020. Many are also scheduled to apply regular indexing which increases current development charges. The province of Ontario has recently passed an Order to allow a municipality to renew their existing development charges by-law for six months after the slated expiration date. The province of Ontario should consider extending this Order to the end of 2021. With current construction timeframes, municipalities should also contemplate rebates or discounts related to road occupancy permits. Similarly, building permit fees should either be phased or deferred to building permit issuance, and planning application fees should be deferred until applications are approved.	Waiving scheduled increases to development charges and deferring permit fees until application are approved could assist with managing costs to consumers and increasing liquidity and housing affordability to the residents of Ontario.

Proposed Liquidity and Recovery Measures - Municipal



Liquidity Idea	Description	Impact on Liquidity
Enhance Municipal Service Delivery Efficiencies	As necessitated by provincial orders in Ontario, the majority of developers have closed their head offices, sales offices were operating virtually (by appointment only) or closed entirely, and some construction sites, where permitted, were operating with new protocols respecting social distancing. The Government of Ontario should ensure municipal offices continue to operate and process applications, continue building inspections and permitting services (i.e. occupancy, construction permits, foundational, etc.) by: • Opening all municipal offices to allow for the submission of new planning applications including adopting innovative models to foster efficient methods to process related payments including technology enabled processes. • Encouraging municipalities to use effective means of inter-departmental communication, communication between staff and applicants, and ensure that all departments involved in completing applications are operating efficiently. • Encouraging municipalities to adopt different business models to improve operational efficiencies and enhance all processes related to building permit issuance and application approvals. • Encouraging the delegation of certain decision making authority to municipal staff to achieve greater efficiency in the development approval process and to avoid unnecessary delays for various items such as lane occupancy permits	Fully opening municipal offices and application intake, and establishing greater efficiencies in municipal permitting and approvals processes will unlock housing and employment supply.
Delay the use of or draw on security deposits for projects that have not commenced to 2021	Regions and municipalities may require letters of credit to be submitted by a developer/builder to secure financial and/or performance obligations associated to various development approval processes and the construction of certain works. These could be related to municipal services or building permit securities for subdivisions or site plans. If they choose -in order to provide liquidity, the developer/builder could be given the option for the City to draw on existing letters of credit, request that their security be released or requirement be delayed.	Although a short-term cost to Government, if a preferred route of the developer, releasing or postponing security deposits could provide them with increased borrowing capacity that can be deployed into the economy.

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Contributors





Our history in Canada goes back to 1907, when one of our founding firms, Price Waterhouse, opened its first Canadian office in Montréal. We now have more than 7,850 partners and staff in more than two dozen offices across the country, including our headquarters in Toronto. We are part of a global network. More than 276,000 people in 158 countries connect their thinking, experience and solutions to build public trust and enhance value for our clients and their stakeholders. PwC's global revenues are more than \$41 billion.

As a global network of firms, we provide advisory, assurance and tax services for public and private sector clients. Our global firm undertakes research and development activities, carries out quality assurance programs, supports our services to multinational companies and works to expand our solution offerings into new areas. In Canada, PwC is a limited liability partnership owned by its partners.

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7850+
partners and staff
in Canada

276,000+ people in
158 countries across our network share their
thinking, expertise, and solutions to develop
fresh perspectives and practical advice

PwC firms around the world provide
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420+ of the **Fortune Global 500**
and

430+ of the companies in the
FT Global 500



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Expert advice for the commercial real estate industry

Altus Group was formed in 2005 to bring together the largest, best in class, independent commercial real estate consultants to create a national best-in-class service provider. Independent advice, along with having the industry's leading talent and base of expertise, was and continues to be a core strength of the company.

Our businesses, Altus Analytics and Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain market insight and recognize value of their real estate investments.

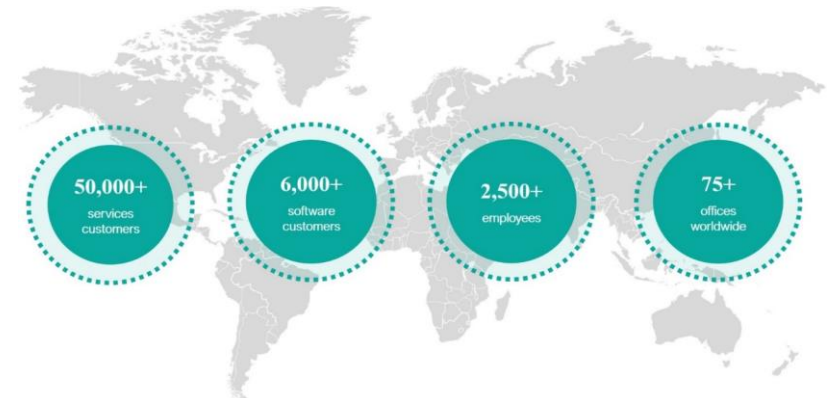
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As an independent valuation firm we are not involved in the ownership, sale, leasing or management of properties. We are free from brokerage, property management, and leasing conflicts and able to provide independent professional advice to our clients.



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Other Potential Federal Measures



Other Potential Liquidity and Recovery Measures - Federal



Liquidity Idea	Description	Impact on Liquidity
Eliminate Income Tax rule that requires land developers capitalize interest expense and property tax to land	For many taxation years prior to 1988, interest expense on third party debt and property taxes could be deducted in the year incurred or, at the taxpayer's option, added to the cost of land held as inventory. Since 1988, subsection 18(2) of the Federal Income Tax Act (Canada) applies to a taxpayer whose ordinary business is holding land as inventory for the purpose of resale or development. Given the extended development time frames developers face to bring land inventory to market, they are disadvantaged from not being able to claim a current deduction for interest expense and property tax that is paid on an annual basis. The Federal Government should consider allowing a deduction for interest and property tax incurred in the current year effective for taxation years ending in 2020.	No new money to be provided by the Government; however, it will allow developers to deduct interest expense and property tax on a current basis which lowers the cost of debt, lowers corporate taxes and increases liquidity that can be deployed in the economy. Although a cost to Government in the form of lower corporate taxes, additional liquidity can help stimulate real estate transactions.

Other Potential Liquidity and Recovery Measures - Federal



Liquidity Idea	Description	Impact on Liquidity
Relief for SIFT rules applying to REITs due to falling short of asset and/or revenue requirements to 2020	A trust resident in Canada that is publicly listed and owns non-portfolio property (i.e. development property) may qualify as a real estate investment trust ("REIT"). A REIT is not subject to the specified investment flow-through ("SIFT") tax rules and therefore is not subject to taxation at the trust level, provided it makes all its income paid or payable to its beneficiaries. A REIT must at all times throughout the taxation year satisfy certain requirements with respect to its assets owned and revenues earned. These rules generally limit the percentage of a REIT's assets it may own and revenues it may earn, from non-qualifying sources. Given COVID-19 and the resulting economic conditions, there may be significant decreases in the valuation of a REITs' income producing properties due to loss of rental revenue from its tenants. Certain REITs in the market own non-qualifying assets and generate non-qualifying revenues, currently allowable within the limits imposed by the REIT rules. These REITs may fail to meet the asset and/or revenue requirements to qualify as a REIT in 2020 where the values of these non-qualifying assets and the amount of the non-qualifying revenues exceed the quantum of their allowable limit. If a trust does not meet the requirements to be a REIT, the income of the trust would be subject to taxation under the SIFT rules. Under these rules, the trust's net income is subject to tax at rates approximating combined federal and provincial corporate tax rates and the distributions would be treated as eligible taxable dividends received by the unitholders. The resulting tax will have an immediate impact to the level of distributions and liquidity for investors. Consider a softer regime for temporary and unintended breaches to be made available, such as temporary increases to the baskets for "bad" assets and "bad" revenue for 2020 in light of unexpected COVID-19 crisis. For instance, consider increasing basket size to 70% versus 90% for good assets for 2020.	The value of REITS could be adversely impacted with the application of the SIFT rules resulting in lower distributions for investors. Temporary relief could be provided by preventing the application of tax to the REITs which would in turn increase the liquidity in the hands of investors and deployment of liquidity in the economy. No new money from the Government to provide this measure.

Other Potential Liquidity and Recovery Measures - Federal



Liquidity Idea	Description	Impact on Liquidity
Permit an input tax credit on allowance for doubtful accounts to be claimed for GST/HST purposes.	An input tax credit against GST/HST collected by landlords cannot be claimed if collection of rent from tenants is doubtful. In cases where a Landlord defers rent, Landlords will still be required to remit the GST (even though cash not collected) on the gross rent. The Federal Government should consider allowing an input tax credit to be claimed against an allowance for doubtful accounts.	Potential short term cost to the Government; however, it allows landlords the ability to claim an input tax credit on cash not received from rent and thus improve their overall liquidity that can be deployed in the economy.
Allow input tax credits for GST/HST on expenses incurred by Landlord on exempt residential rents.	Residential rents are currently exempt from GST/HST, which denies an input tax credit for costs associated with operating a residential rental property but input tax credits are available during the construction phase. Once the property is converted to rental, the GST/HST is payable based on the Fair Market Value of the property at that time and input tax credits are no longer available when the rental arrangements begin. The Federal Government should consider allowing input tax credits on expenses incurred on earning exempt residential rents.	Short-term cost to Government which can provide a reduction to costs to the Landlord and increase the liquidity which could be deployed in the market and potentially promote the supply of much needed rental units in the market.

Other Potential Liquidity and Recovery Measures - Federal



Liquidity Idea	Description	Impact on Liquidity
Increase withdrawal from an individual's RRSP to purchase first principal residence of up to \$50,000	The Federal Government's Home Buyers' Plan allows an individual to withdraw up to \$35,000 from an RRSP (\$70,000 for a couple) to help finance the down payment of a first home purchase. Consideration should be given to increasing the withdrawal to \$50,000 from an RRSP (\$100,000 for a couple) to help finance the down payment of any home purchase. An additional \$15,000 for each individual could decrease the total debt required to purchase a home and potentially provide liquidity for real estate transactions.	Withdrawing more funds from RRSP provides consumers the ability to use more funds towards a down payment of a new home, improving consumer liquidity, transaction volume and reduced leverage requirements. No new money required by Government.
Non-capital loss and net-capital loss - carry back increased from 3 to 5 years	Similar to the U.S.A, the Federal and Provincial Government should consider allowing non-capital losses realized in a year to be carried back to offset taxable income earned during the five-year period prior to the year in which the non-capital loss was incurred. The measure can begin for taxation years that end in 2020.	Although a short-term cost to Government, potential long-term benefit because it may allow corporations to generate liquidity from offsetting losses realized in a taxation year with income from prior years. As a result, the increased liquidity could be deployed in the economy.

BILD Presentation to
Standing Committee on Finance & Economic Affairs
Hearings on Municipalities, Construction & Building Sector

Ontario Jobs & Recovery

July 15, 2020

Today's Discussion Items:

1. How COVID-19 has affected BILD member operations

- Impact of March 17th Emergency Order
- A Snapshot – Economic Implications from Planning Delays

2. How BILD members have been affected by the government's response

- Construction Deemed an Essential Service / Stages of Construction Resumed
- Recent Announcements on Provincial Policy Tools for Jobs & Housing

3. What the Industry Needs In Terms of Support Moving Forward

- 'CHBA*OHBA*BILD Submission to the Ontario Jobs & Recovery Committee'
- Unlocking LPAT to Increase Jobs & Housing Inventory
- Investing in Infrastructure for Employment & Housing
- Home Renovation Tax Credit - Stimulating Private Investment & Fighting the Underground Economy
- Securing Municipal Service Delivery for Speedier Approvals & Financial Relief Tools

Construction is the Economic Engine of the GTA & Ontario

JOB CREATION

- In 2019, the collective industry generated 361,129 on-site and off-site jobs, paid \$22.1 billion in wages and \$42.7 billion in built-in investment that in turn becomes the single largest wealth generator for GTA families.

GDP

- Responsible for generating nearly 40% of Canada's GDP and over 50% of its manufacturing output, Ontario is the engine of the Canadian economy.
- Over 50% of Ontario GDP is generated within the Toronto CMA, accounting for over 1/5th of Canada's overall GDP.



Each
1,000
housing units in the GTA
generates



HOUSING

- On average, the industry delivers approximately 35,000 - 40,000 new homes of all types each year.

Land development, and residential and non-residential building are vital to the GTA and Ontario economy. Thank you for recognizing their importance as part of a Recovery Plan.

How COVID-19 has affected BILD member operations

Impact Of Emergency Order: A Snapshot – Economic Implications from Planning Delays

Over the course of **2020 & 2021**, we will see the **loss** of about
9,000 HOUSING STARTS



The **delayed occupancy** of **8,000 UNITS**
by the end of **2021**.



Exacerbating an already **existing shortage** of housing in the City.

Reduced Construction Activity and **intensity** in the multi-family sector in the City of Toronto is leading to the loss of **10,000 JOBS PER YEAR**



The **Financial Implications** include a **loss or delay beyond 2021** of some **\$850 MILLION** in government revenues.



In the next two years, the loss of housing starts are estimated at **9,080 units**.



Government Revenues would be impacted by the lost housing starts over the course of **2020 & 2021**, to the estimated amount of:

- **\$340 MILLION** in lost DC revenues;
- **\$13.5 MILLION** in lost TCDSB EDC revenues;
- **\$26.0 MILLION** in lost annual property tax revenue;
- **\$364 MILLION** in lost HST revenues;
- **\$53.8 MILLION** in lost provincial Land Transfer Tax revenues;

Residential Development Projects delays in the *Pre-Construction Phase*:

- Some **3%** have no delays/minor delays;
- **65%** are delayed by an estimated **3 to 6 months**; and
- **32%** face delays estimated at **6+ months**.

Residential Development Projects that are *under construction (below-grade)*:

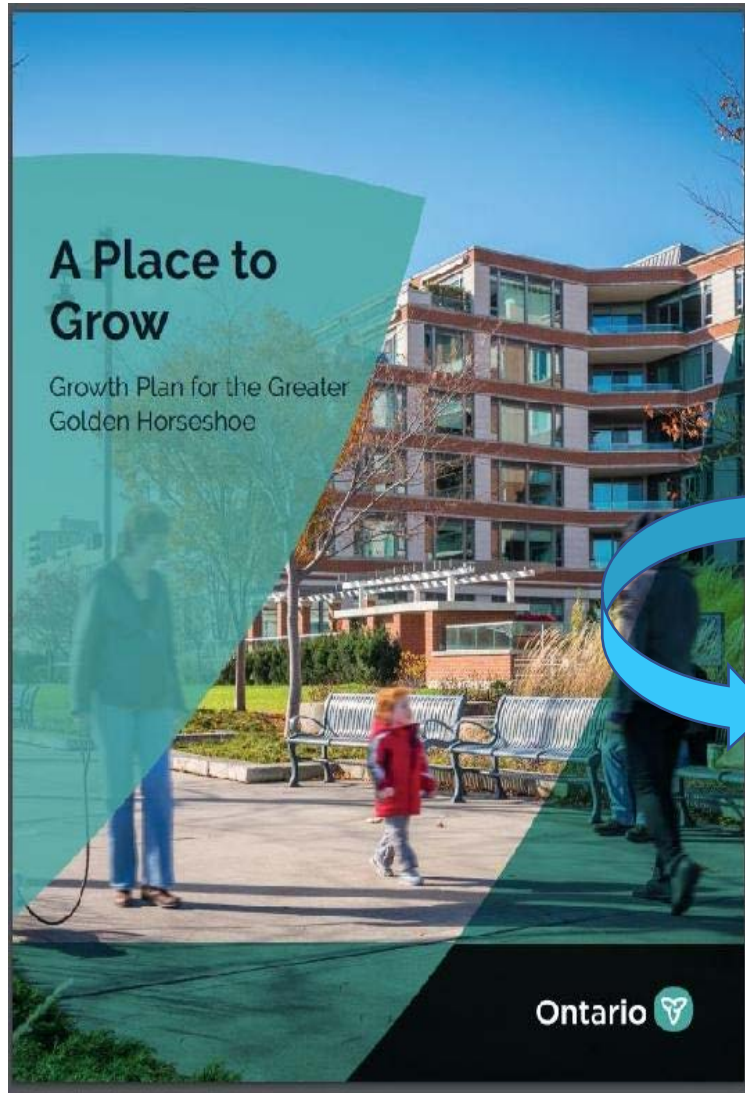
- Some **6%** have no delays/minor delays;
- **83%** are delayed by an estimated **3 to 6 months**; and
- **11%** face delays estimated at **6+ months**.

Residential Development Project delays that are *under construction and permitted for above-grade*:

- Some **10%** have no delays/minor delays;
- **85%** are delayed by an estimated **3 to 6 months**; and
- **5%** face delays estimated at **6+ months**.

How BILD members have been affected by the government's response

Bill 197 – COVID-19 Economic Recovery Act + Recent Announcements on Provincial Policy Tools



- ✓ The province has looked at existing planning policies, procedures and tools that will assist in the acceleration of housing supply and employment opportunities to achieve Housing Supply Action Plans objectives sooner



speedier delivery of jobs & housing supply

Bill 197 & Recent ERO Postings have Accelerated discussions or decisions related to:

- ✓ Community Benefits Authority
- ✓ Land Needs Assessment Methodology
- ✓ Growth Plan Population and Employment Forecast Update
- ✓ Transit Oriented Development
- ✓ Streamlined EA Process for GTA West Corridor
- ✓ Proposed EA Act Modernizations to streamline approvals
- ✓ Exempting Select MTO projects from EA Act requirements

What the Industry Needs In Terms of Support Moving Forward

CHBA*OHBA*BILD Submission to the OJRC

The CHBA*OHBA*BILD Submission to the Ontario Jobs & Recovery Committee makes 20 recommendations and proposes liquidity measures that could have a profound impact on the industry and consumers, and are designed to address the Committee's three mandates:

1. Developing a Recovery Plan
2. Stimulus
3. Job Creation

COVID-19

Residential and Commercial Construction Industry
Government of Ontario's Post Covid-19 Recovery
Proposed Liquidity and Recovery Measures

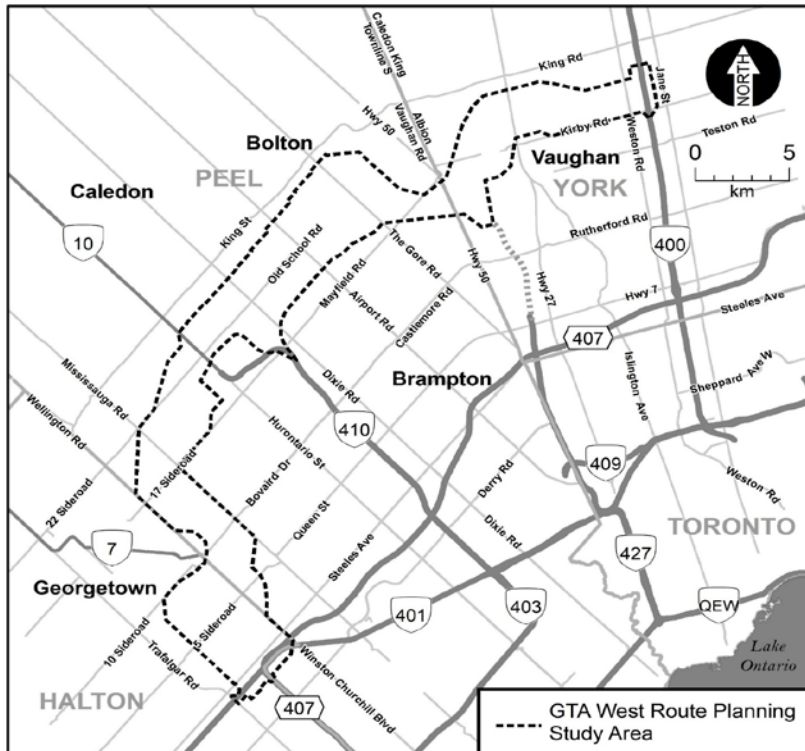


Although all levels of government will need to be aligned to achieve the Committee's mandate, a GTA focused recovery plan will have a profound impact Ontario, the rest of Canada, and our residents.

What the Industry Needs In Terms of Support Moving Forward

Investing in Infrastructure for Employment & Housing

Bill 197, COVID-19 Economic Recovery Act Proposed to Streamline the EA Process for the GTA West Corridor



HOUSING SUPPLY
ESTIMATED 8,500 JOBS

**Increase Investment & Accelerate Approvals and Construction
on Key Provincial & Regional Infrastructure Projects**

- ➔ **JOB CREATION**
- ➔ **INCREASED LIQUIDITY INTO MARKET**
- ➔ **HOUSING SUPPLY**

- Upper York Water Reclamation Centre
- new Highway 404 interchanges
- decommissioning of the Holland Landing Lagoon
- additional water mains and pumping stations



Approvals

- unlock housing supply +
- unlock \$7.8b of private construction activities which could create demand for up to 103,000 jobs

Home Renovation Tax Credit - Stimulating Private Investment & Fighting the Underground Economy



for 2020 and 2021
+ a permanent
energy retrofit tax
credit



- ✓ permanent measure to upgrade existing housing stock
- ✓ drives local investment
- ✓ creates and supports local jobs
- ✓ permanent energy retrofit tax credit addresses climate change
- ✓ saves energy costs for consumers
- ✓ protects consumers from underground cash operators

Canadian
Home Builders'
Association



Greater Toronto Area

ECONOMIC IMPACTS OF HOME RENOVATION & REPAIR

Residential renovation is essential to the Greater Toronto Area's economic foundations, job creation, housing quality and long-term prosperity.

152,993

Jobs in home renovation and repair, a major source of employment in the community.

\$9.4

Billion in wages – that show up as purchases across the entire local economy.

\$16.9

Billion in built investment value – Maintains and improves the largest single wealth-builder for many Greater Toronto Area families.

Canadian
Home Builders'
Association



Ontario

ECONOMIC IMPACTS OF HOME RENOVATION & REPAIR

Residential renovation is essential to Ontario's economic foundations, job creation, housing quality and long-term prosperity.

312,000

Jobs in home renovation and repair, a major source of employment in the province.

\$19.2

Billion in wages – that show up as purchases across the entire provincial economy.

\$34.4

Billion in built investment value – Maintains and improves the largest single wealth-builder for many Ontario families.

Canadian
Home Builders'
Association



Canada

ECONOMIC IMPACTS OF HOME RENOVATION & REPAIR

Residential renovation is essential to Canada's economic foundations, job creation, housing quality and long-term prosperity.

699,064

Jobs in home renovation and repair, a major source of employment in the country.

\$42.5

Billion in wages – that show up as purchases across the entire national economy.

\$81.6

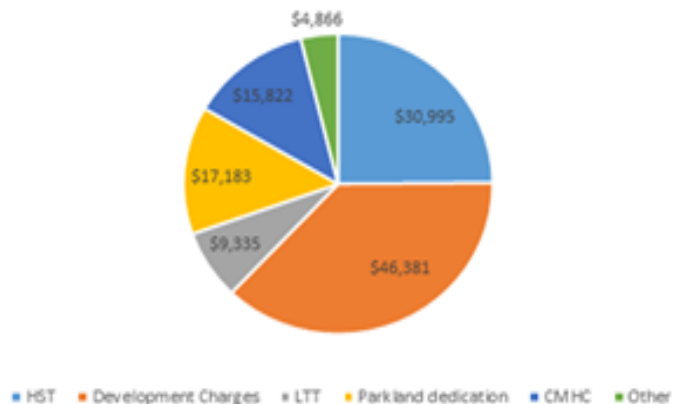
Billion in built investment value – Maintains and improves the largest single wealth-builder for many Canada families.

Securing Municipal Service Delivery for Speedier Approvals & Financial Relief Tools

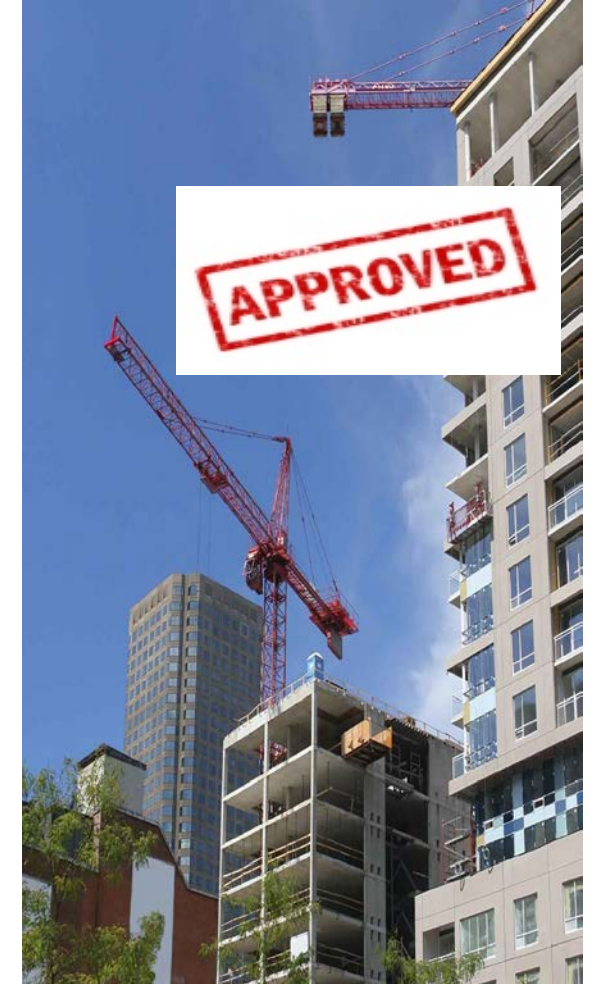
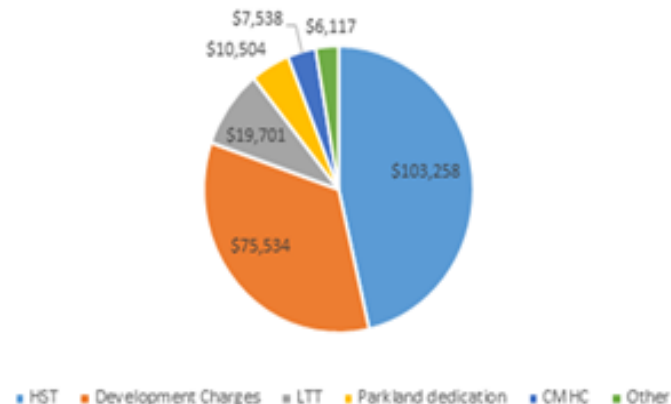
New Homes in the GTA are Taxed at a higher rate than any other North American Jurisdiction

- Government fees, taxes and charges account for almost a ¼ of the cost of a new single-family home and high-rise apartment based on GTA average.
- Freezing fees** (development charges and other planning and development related fees) will provide financial relief for the industry and for the consumer.
- The province's Housing Supply Action Plan is centered around, amongst other things, the speed of how long it takes municipal development projects to get approved – help to **enhance municipal service delivery efficiencies** to achieve this objective sooner.

Government Fees, Taxes and Charges on a Typical High Rise Apartment (GTA Average) - \$124,582



Government Fees, Taxes and Charges on a Single Family Home (GTA Average) - \$222,652



Look to BILD and its members – here to provide solutions for a successful path to recovery.

Thank you

*Land development, and residential and non-residential building are vital to the GTA and Ontario economy.
Thank you for recognizing their importance as part of a Recovery Plan.*