



Written Submission for the Pre-Budget Consultations

By

The Canadian Real Estate Association



List of recommendations:

Recommendation 1: Establish a permanent national housing roundtable bringing together all stakeholders in the housing sphere to help address challenges through an inclusive, holistic, and innovative approach.

Recommendation 2: Include clauses in Infrastructure Bilateral Agreements with provincial and territorial partners requiring the creation of more housing supply across the continuum.

Recommendation 3: An in-depth review of financialization of housing in Canada to develop measures that help protect the rights of all Canadians.

Recommendation 4: A cost-free, phased approach for EnerGuide labelling of homes before time of sale, enabling consumers to make informed choices while ensuring current and potential homebuyers are not faced with further affordability and supply challenges.

Recommendation 5: Reconsider the prohibition on the purchase of residential property by non-Canadians. If necessary to proceed, redesign the measure to ensure it achieves its policy intent without unintended, negative consequences.



Introduction

Two years of the pandemic has had a devastating impact on the Canadian economy, exacerbating a concerning trend that has been decades in the making: the lack of housing supply. The Canada Mortgage and Housing Corporation (CMHC) states that **3.5 million more homes need to be built by 2030 to support affordability.**

Housing is not only a long-term asset that provides a safe, sustainable, and quality living environment for families, it also helps improve social, psychological, and cultural well-being. It helps create communities.

We are encouraged that the federal government has recognized housing as a ‘basic human need’. The National Housing Strategy and programs such as the Rapid Housing Initiative (RHI) and the Universal Broadband Fund are initiatives that CREA supports.

Canada’s housing challenges have been building over many years. It will require all levels of government to make sustained efforts to make housing more accessible. A comprehensive, national approach would provide opportunities to address supply issues across the entire housing spectrum. REALTORS® support access to housing from emergency shelter to subsidized housing to social housing and homeownership. We look forward to working with the government to find creative solutions to current housing challenges.

CREA’s recommendations reflect REALTOR® priorities which once combined with thoughtful and integrated planning have great potential to ease the national housing crisis.

About CREA

The Canadian Real Estate Association (CREA) is one of Canada’s largest single-industry associations. Our membership includes more than 155,000 real estate brokers, agents, and salespeople across Canada.

CREA also proudly owns and operates Canada’s No. 1 real estate platform¹, REALTOR.ca, and sets high standards of professional conduct for REALTORS®, helping to protect Canadians’ rights and interests through the REALTOR® Code.

¹ ComScore.



REALTOR® Recommendations

RECOMMENDATION 1: National Housing Roundtable

Solving Canada's housing challenge should be a national priority. The federal government can take a leadership role and convene a permanent national housing roundtable bringing together federal, provincial/territorial, and municipal authorities along with builders, real estate professionals and civil society organizations.

The housing needs of Canadians vary across population groups. There is a need to not only increase housing supply, but to increase the right type of housing supply. As members of the roundtable, housing industry stakeholders can identify the type of housing and location where supply is needed the most, allowing governments to develop targeted policies.

A national housing roundtable could encourage innovation in homebuilding and processes (zoning restrictions, density limits etc.) as a solution to the housing crisis so more homes can be built quickly, cost-effectively and to modern standards. It could also highlight best practices across different jurisdictions in Canada to encourage their implementation across the housing spectrum.

As a part of this roundtable, CREA and other stakeholders can bring their expertise to generate well-researched evidence-based reports on priority issues and offer advice to governments on how to best reconcile and integrate the divergent challenges of the entire housing spectrum.

To assist government in visualizing what the Permanent National Housing Roundtable could look like, we have drafted a framework which can be found [here](#).

CREA recommends the establishment of a permanent national housing roundtable to bring together housing stakeholders to help address housing challenges through an inclusive, holistic, and innovative approach.



RECOMMENDATION 2: Housing Supply and Infrastructure

International research indicates good infrastructure is crucial to addressing the shortage of housing supply. Through the Investing in Canada Infrastructure Program the government has recognized that housing supply and infrastructure are inherently linked in improving the economy, creating jobs, and helping to build thriving, inclusive communities. CREA recommends that government take this a step further and add clauses to these bilateral agreements that require the creation of new housing indexed to population growth.

The federal infrastructure funding should be leveraged to incentivize provinces, territories, and municipalities to stimulate the following:

- a) **Revise zoning laws:** Encourage provinces/territories and municipalities to revise their zoning laws. In some regions across Canada, zoning laws prohibit converting single-family properties into ‘missing middle homes’ (such as a townhome, duplex, triplex or fourplex). This leads to low density housing while excluding more affordable options such as apartments or multi-family constructions that could reduce cost and ensure better land use. For example, in its bilateral agreement with Manitoba, the federal government has tied future infrastructure funding (transit) to density.
- b) **Speed up planning and approval processes:** In exchange for a municipality reducing red tape, permitting improvements, and streamlining approval processes, the federal government could invest in the supportive infrastructure (telecommunications, roads, sewers and water) and provide funding to increase the capacity of staff to further improve approval process as part of its skills development role.
- c) **Conversion of distressed properties:** Infrastructure clauses that require the creation of more housing could also prompt a review of building codes and municipal restrictions in central/downtown locations facilitating the conversion of distressed properties into housing units.
- d) **Provide infrastructure in the right place at the right time:** There is a need to align new infrastructure with new housing. Delays in infrastructure lead to increased opposition to new home building as existing communities find more pressure on existing resources such as local schools⁴. Therefore, the agreements could include a condition ensuring there is a coordination plan in place for the creation of both infrastructure and residential housing.
- e) **Innovation:** Provinces could be encouraged to adopt innovative methods to allow a reduction in wait times/delays for construction starts, speeding up approval timelines and combatting NIMBYism. To support such innovation, the federal government could help provide funding to build capacity of local staff and authorities.

CREA recommends including clauses in Infrastructure Bilateral Agreements with provincial and territorial partners requiring the creation of more housing supply.

⁴ [Fixing our broken housing market- UK](#)



RECOMMENDATION 3: Financialization of Housing

CREA believes it is important that Canadians and governments alike treat houses as homes first and foremost. The current housing market is in an affordability crisis, and we should be concerned that this is increasing inequality in housing. This is further exacerbated by financialization, where private equity firms, pension funds, and real estate investment trusts (REITs) are increasingly acquiring, operating, and developing housing as an investment strategy, with the aim of maximizing returns for shareholders.

Research indicates that financialization is a key driver of social inequality and has a negative impact on the right to adequate housing in Canada. Financial firms drive value for investors using strategies that can reduce affordability and increase evictions in rental housing. It not only drives housing prices out of reach for middle-class families and first-time home buyers, but it also especially affects the right to housing for racialized communities, low-income tenants, seniors, people with disabilities and single parent families.

Financialization has increased since the COVID-19 pandemic as housing became a safe profit-making opportunity for large investors in a volatile market, further driving up prices and putting affordability at risk for those most in need.

Financialization is a human rights issue. When tackling the issue of affordable housing supply, it is important that government takes an in-depth look at it as one of the key drivers of Canada's housing crisis.

CREA recommends an in-depth review of financialization of housing in Canada to develop measures that help protect rights of all Canadians.



RECOMMENDATION 4: Climate and Housing

Along with a housing crisis, we recognize that Canada (along with the rest of the world) is facing a climate crisis. There is a need to reduce the carbon footprint of residential housing to help Canada reach its 2030 and 2050 environmental emission goals. CREA and its members support governments' efforts to improve energy efficiency, address climate change in the housing sector and help increase housing affordability. Given the serious housing affordability challenges related to a lack of supply in Canada, it is important that any new regulations/initiatives are not a disincentive to the creation of new housing.

CREA is particularly concerned about the unintended consequences of 'making energy labelling mandatory at time of sale' as stated in "The Canadian Green Building Strategy". Any additional regulations applied at the time of listing a house for sale could frustrate the onboarding of resale housing supply as there is not an adequate supply of energy auditors to practically implement this idea. Currently, homeowners are waiting up to a year to obtain the EnerGuide evaluation needed to obtain a (voluntary) label. This delay will especially impact homeowners who find themselves in vulnerable situations, selling a home due to sickness, divorce, moving due to job loss. Furthermore, when faced with the cost of an audit or the cost of improvements that an audit may recommend, some homeowners may decide not to sell their homes; and for those who need to sell their homes quickly, mandated audits and disclosure requirements could delay transactions. All these factors could further exacerbate the housing crisis by further reducing supply.

To better understand the challenges and determine what principles could help make this initiative a success, CREA commissioned a study from an independent think tank, the Smart Prosperity Institute (SPI). The [SPI study](#) identified five principles that must be met for a successful EnerGuide label initiative which are highlighted in our [submission](#) on Canada green Building Strategy.

Given the above-mentioned concerns, CREA does not recommend mandatory energy labelling at the time of sale and instead recommends a cost-free, phased approach for EnerGuide labelling that would allow all Canadians, regardless of income bracket, to participate and identify the energy efficiency improvements that can be made to their home. It is important that IF mandatory labelling is to be implemented it is a robust system put in place that drives real change, so the right outcomes are achieved.

CREA recommends a cost-free phased approach for EnerGuide labelling of home before time of sale to enable consumers make informed choices while ensuring Canadian current and potential homeowners are not faced with further affordability and supply challenges.



RECOMMENDATION 5: Prohibition on the purchase of residential property by non-Canadians

Canada has built a reputation as a multicultural nation that welcomes people from around the world. As currently proposed, the prohibition on the purchase of residential property by non-Canadians could impact our reputation as a welcoming nation.

The potential benefits of the ban are likely to be modest. The experience with British Columbia's Speculation and Vacancy Tax (SVT), provides some indication on the impact of restrictions on foreign buyers. Their experience suggests such a measure can have a small effect on real estate markets, housing availability and affordability. These effects are largely isolated to condominium markets, with no statistically significant impact in smaller communities or other forms of real estate.

However, CREA recognizes there are risks associated with foreign investments as well. To have a balanced approach we have proposed a set of recommendations to the government found in our submission [here](#).

CREA recommends that the prohibition on the purchase of residential property by non-Canadians be reconsidered. If necessary to proceed it needs to be redesigned to avoid unintended consequences.