

September 30, 2021

Select Standing Committee on Finance and Government Services  
Parliament Buildings  
Victoria, B.C. V8V 1X4

*Submitted online via the Budget 2022 Consultation Portal*

**Re: CHBA BC's Budget 2022 Submission**

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The Canadian Home Builder's Association of BC (CHBA BC) would like to thank you for this opportunity to share our perspective and recommendations for Budget 2022. CHBA BC is the leading advocate for the residential construction industry, representing 2,200 member firms through our eight (8) locally affiliated home building associations. Our members are small- and medium-sized businesses who are builders, renovators, tradespeople, service professionals, and more.

### **Residential Construction Economic Impacts**

Against the backdrop of a global pandemic, we recognize the significant challenges the B.C. government has had and still needs to overcome in order to take care of residents and businesses and recover the economy. This has been a difficult period with difficult decisions to be made, and we applaud the province for its decision to keep our industry working during the disruption. In doing so, the residential construction industry remained a resilient, essential service that upheld the economy by safely keeping people working and building the homes we need.

By keeping the residential construction industry operational in 2020, our sector contributed over 183,000 on-site and off-site jobs in new home construction, renovation, and repair in B.C. This created \$12 billion in wages and \$22.6 billion in built investment value.<sup>1</sup> With housing as a priority for the provincial government and the people of British Columbia, it should remain a central focus of the province's next budget and future economic planning.

### **Looking Ahead for Budget 2022**

Our association and members were pleased to see Budget 2021 present a stable path forward for the residential construction industry. With no new tax measures, combined with significant investments to meet demands for housing, jobs, community-building infrastructure and transportation projects, and climate change initiatives, Budget 2021 allowed CHBA BC to remain focused on working with the provincial government to advance work on the Development Approval Process Review (DAPR) report, and the supplementary Canada-B.C. Government Expert Panel report, *Opening doors: unlocking housing supply for affordability*.

We ask that this approach continue with Budget 2022, but with further investments that will help the province achieve its housing and climate change goals. Focus should remain on implementing measures that bring forward more housing supply, rather than measures that impact demand.

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<sup>1</sup> Residential Construction in Canada: Economic Performance Review 2020 with 2021 Insights (CHBA National, 2020)

## Summary of Recommendations for Budget 2022

CHBA BC is supportive of the provincial government's approach to ensure the budget upholds principles of putting people first, creating a strong, sustainable economy for everyone, and addressing climate change for a better future – all of which intersect with housing. In establishing a budget that enables the residential construction industry to build the homes that British Columbians are looking for, while also supporting climate change action, the province will bolster its recovery efforts and better position itself to achieve a balanced budget.

Our submission for Budget 2022 largely maintains the recommendations previously submitted for Budget 2021 and the Economic Recovery Plan. New, additional considerations that we believe are worthwhile investments are also being put forward for your consideration. We ask that the B.C. government adopt the following recommendations:

### Making Market Housing Affordability Matter

1. Restructure the Property Transfer Tax to better support first-time home buyers and better reflect current home prices
2. Expand CleanBC investments to support better buildings and stronger communities
3. Review speculation tax legislation annually with broader stakeholders
4. Help local municipalities make investments for growth and better respond to housing demands

### Supporting Businesses, Creating Jobs, and Expanding Training Opportunities

5. Introduce PST reductions and/or exemptions for construction equipment and material for new construction and retrofitting
6. Continue to Fund the Employer Training Grant (ETG) Program
7. Support residential construction demands by increasing training opportunities and becoming job-ready for skilled trade workers, Energy Advisors and building officials, particularly in remote areas and for underrepresented groups

### Investing in Mental Health and Responding to the Overdose Crisis

8. Expand on initiatives advanced as part of government's *A Pathway to Hope: A roadmap for making mental health and addictions care better for people in B.C.*

## **Making Market Housing Affordability Matter**

### **Recommendation #1: Restructure the Property Transfer Tax to better support first-time home buyers and better reflect current home prices**

The property transfer tax (PTT), first implemented in the 1980s with few amendments, warrants an update to reflect today's current, yet challenged, housing market particularly for first-time home buyers. This can be done as follows.

*a) Increasing the first-time home buyer exemption threshold to \$750,000 from the current \$500,000 would allow more first-time home buyers additional choice and the ability to take advantage of the significant tax savings in this program, helping affordability.*

Qualified first-time home buyers are critical for a healthy housing continuum in British Columbia. It would also create consistency by keeping the thresholds the same for all housing exemptions, including the newly-built home exemption. These programs could then be adjusted concurrently as necessary.

*b) Review the PTT thresholds annually for the 2% and 3% thresholds, the First-Time Home Buyers program, and the Newly-Built Home Exemption.*

We continue to recommend using a transparent formula to make ongoing adjustments to these thresholds to ensure the maximum number of British Columbians can benefit as prices change.

*c) Grandfather existing contracts and encourage industry consultation when introducing any changes to tax measures on housing.*

Home buyers can commit to newly-built projects months and years in advance, using the knowledge and financial information available at the time of purchase. It is unwise to make changes and not honour contracts in place, for both home building businesses and the purchasers, to avoid unnecessary panic. The federal government, for example, exempted existing contracts from the mortgage stress test.

### **Recommendation #2: Expand CleanBC investments to support better buildings and stronger communities**

The CleanBC Better Homes program allows builders and homeowners to access funding that support the reduction of energy use and greenhouse gas emissions in new and existing homes and buildings. In Budget 2021, additional funding was allocated to reach more homes, communities, and sectors. It should be noted that as of September 24, 2021, the CleanBC Better Homes New Construction Program was temporarily closed due to an overabundance of registrations. This is a critical sign that industry and consumers are responding to this program beyond original estimates, and that this program should continue to be funded and expanded.

Another CleanBC initiative that was referenced in the 2020 mandate letter to the Minister of Finance included providing energy efficiency information on listed homes to incent energy-saving upgrades and let purchasers know what energy bills they will face. Upgrading our existing housing stock is a key area of opportunity for the province, as existing homes use significantly more energy than new homes built today. Providing homeowners and homebuyers with energy efficiency information on listed homes is the necessary first step to factor energy costs into their decisions while giving owners another incentive to make their homes more efficient.

In addition, this program requires that homeowners will work with businesses that provide a GST number and statements of the work performed to access the funding. This is important to ensure the associated increase in renovation work goes to professional renovators and contractors, and not the underground economy.

CHBA BC also echoes our support for the recent 2021 UBCM resolution requesting for B.C. legislation that enables PACE by third-party administration and confirming the take-up by BC municipalities in having a PACE program.

### **Recommendation #3: Review speculation tax legislation annually with broader stakeholders**

We continue to ask the provincial government to commit to reviewing the results and effectiveness of this tax on an annual basis with local government officials as well as affected industries such as residential construction. We would be pleased to provide annual updates on the on-the-ground trends across the province, and any relevant proposals to ensure the development exemption and tax is functioning as intended.

CHBA BC reiterates that there are issues relating to Section 44 exemption for vacant new inventory in projects with 5 or more units over one or more properties. Although we understand the initial premise of the vacant new inventory concept, this threshold impacts small home builders who typically construct four or less homes and are awaiting sale and cannot claim this exemption. It is our recommendation that as part of an annual review of the speculation tax, the provincial government consult with stakeholders on potential changes to this section of the policy.

### **Recommendation #4: Help local municipalities make investments for growth and better respond to housing demands**

In Budget 2021, the B.C. government earmarked significant funds towards expanding the HousingHub program to facilitate the creation of rental and ownership housing options for middle-income households in the next three to five years. CHBA BC and its members were also pleased to see the \$15 million made available for local governments to access and use towards improving their development approvals process, which continues to be a priority for our association. We believe these two funding programs should continue in the 2022 Budget and expanded, as needed.

Municipalities are the gatekeepers for housing, and the measures noted above are a step in the right direction in giving them the additional tools necessary to meet housing needs in their communities. Given how dynamic the housing market can be, it's important that municipalities can nimbly respond to its demands and make sure the servicing, infrastructure and zoning are in place to create areas that are 'housing ready'.

Budget 2021 outlined billions towards investing in communities and infrastructure, and we believe the province should not only continue to do this but expand this funding by setting money aside that municipalities can use to better respond to housing pressures that may not have been anticipated or are challenged in planning for.

For example, there are rural municipalities in the northern region that have significant housing needs because of a growing job base and a change in housing preferences that stemmed from the pandemic triggering an urban exodus. However, these rural communities are limited in their capacity to make

significant capital investments to create serviced, developable lands suitable for housing projects. This results in suppressed land values that make it more challenging for banks to see the appraised values to issue loans for builders' housing projects.

Not every municipality is resourced the same way, which is why we believe it would be beneficial for the provincial government to create a funding program that can be used by local municipalities to service unprecedented housing demands. Although development cost charges are still an important finance tool that municipalities can use to cover the costs associated with servicing new population and job growth, there are instances where the foreseeable development coming forward cannot solely bear the initial, upfront capital infrastructure costs needed to unlock that growth.

Such a program could even be used to assist municipalities develop a Housing Needs Report, which would respond to a 2021 UBCM resolution asking the province to consider instances where local governments might not be able to complete these reports due to limited resources. It would also support another UBCM resolution which called on the provincial government to establish funding programs to encourage small scale developers to construct housing in rural communities, where shortages are impeding the livability and ability to attract and retain professional talent and labour.

## **Supporting Businesses, Creating Jobs, and Expanding Training Opportunities**

### **Recommendation #5: PST reductions and/or exemptions for construction equipment, new construction and retrofit material**

CHBA BC and its members applauded the B.C. government's move to introduce a temporary program that provides a rebate on the PST paid on select machinery and equipment to help corporations recover from the financial impacts of COVID-19. Under this temporary program, which we understand has been extended, corporations can apply to receive an amount equal to the PST they paid between September 17, 2020 and September 30, 2021 on qualifying machinery and equipment.

Taking a similar step in relieving builders and contractors from PST paid on all building material – such as lumber and rebar, and finished materials, including windows, doors, and skylights – would further support small- and medium-sized home builders in the province.

The list of items exempt from PST could also be specifically aligned to support B.C. manufacturers, domestic products and our CleanBC goals. A specific focus on expanding PST exemptions for energy conservation products and materials would be beneficial, and there should be ample options for builders and renovators to apply this to both new homes and retrofits. It also complements the federal governments' recently announced Greener Homes Grant.

Any minor PST revenue lost because of the rebate would be exceeded by the income tax revenue and job creation sustained, particularly as it would require paperwork and contracts for the work performed – reducing underground economy activities. It would also make B.C. more competitive with its neighbouring province, Alberta, where CHBA BC members, particularly within the Central Interior and Central Okanagan Region, are seeing an increase in the transfer of goods that have evaded paying the required B.C. taxes and unfairly undercutting local business activity.

## Recommendation #6: Continue to Fund the Employer Training Grant (ETG) Program

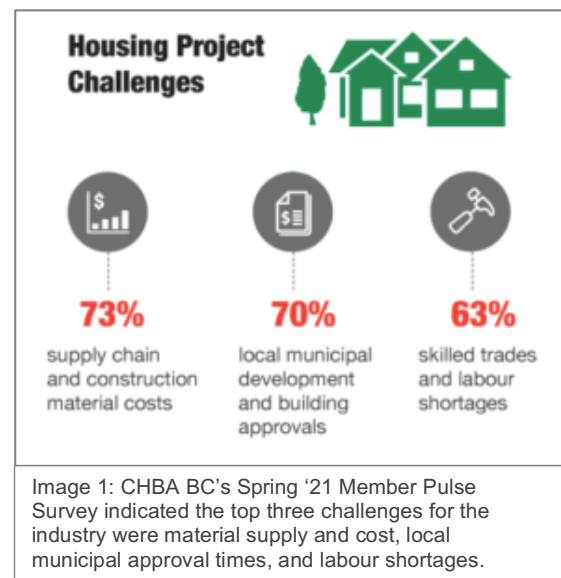
In CHBA BC's Spring '21 Member Pulse Survey, 70% of respondents reported increased work activity from November 2020 and 45% expected to see their work to increase in the next 6-month period. The residential construction industry remains one of the largest, busiest employers for B.C. that should continue its contributions to ensure economic stability in the years to come.

The provincial government's B.C. employer training grant has been found beneficial by some members of CHBA BC, and we believe it would be pertinent for the province to maintain funding for this program to continue to help workers develop needed skillsets to fulfill employer needs. Specifically, the Foundational Training Stream should align and be resourced to bolster the implementation of the Skilled Training Certification (STC) system.

## Recommendation #7: Support residential construction industry demands, by increasing training opportunities and becoming job-ready for skilled trade workers, Energy Advisors and building officials, particularly in remote areas and for underrepresented groups

Skilled trade workers are essential to building homes. According to BuildForce Canada, new housing and residential renovation and maintenance accounted for 55% of construction employment across the province in 2021. With the forecasted challenge of replacing an aging labour force where more than 41,000 workers will retire over the next decade, construction industry employment would need to grow by 17,800 workers in the next 10-year period to keep pace with anticipated construction activity.

There are significant difficulties with securing labour for housing projects, as well as capturing the interest of new, younger workers into the field. As previously expressed, we believe there is a role the STC system can play in overcoming these labour challenges, but it must be done with thoughtful, careful consideration and a level of flexibility to respond to the dynamic needs of the economy, industry and labour force.



As identified in the [CleanBC Job Readiness engagement](#), appropriate training to support the clean economy is critical to design communities and new buildings, renovate existing buildings, and innovate to help business and industry. On-site trades training is a necessary component for successful implementation of CleanBC. The residential construction industry involves 63 trades, many of which do not access classroom sessions or webinars to receive training. Experiential education is expensive and particularly challenging for individuals and trades wishing to service remote or rural areas. The same challenge exists in supporting the growth of professionals such as Energy Advisors and Building Officials, where access to training in rural and remote areas of B.C. is limited.

We recognize in the 2021 Budget the investments set aside to support short-term skills training programs to support high demand sectors like construction, as well as the capital investments for more apprenticeship and training opportunities in local communities for under-represented groups who want to build a career in skilled trades.

These investments should be expanded to also support the demand for Energy Advisors and Building Officials who also are needed to keep up with production of housing supply. The budget should seek to expand opportunities that support on-site training for skilled trades as well as for Energy Advisors and Building Officials, especially in rural communities where these professionals are needed but challenging to secure. It should also create supports for underrepresented groups to enter the trades.

Again, this can be done by further supporting the ETG program and implementing new programs that better connect job seekers with entry-level, practical skills training and experience that will give exposure and preparation for a career in skilled trades. A job-ready type of program has recently been implemented in Ontario to prepare for the significant growth the construction sector is anticipated to experience. The program is designed to provide interested participants with entry-level skills training with hands on experience, a paid job placement, and ongoing retention support to ensure long-term success in the construction field. We believe a similar program for British Columbia would be beneficial for the provincial government to explore, in consultation with CHBA BC and its members.

## Investing in Mental Health and Responding to the Overdose Crisis

### **Recommendation #8: Expand on initiatives advanced under the government's *A Pathway to Hope: A roadmap for making mental health and addictions care better for people in B.C.***

CHBA BC and its members remain concerned about the well-being of construction industry workers. New data suggests the pandemic was a factor in the increased substance use among construction industry workers (not specific to residential). Numbers show that there has been a 35% increase in alcohol use and a 31% increase in drug use since the onset of the pandemic.<sup>2</sup> Specifically, 872 overdose deaths from the BC Coroners Service showed that 44% of people were employed at the time of death and of those employed, 55% were employed in the trades and transport industry. Contractors, supervisors, industrial trades, electrical trades, machinists, metal forming workers, plumbers, pipefitters, carpenters, cabinetmakers, masons, plastering trades, crane operators, drillers, blasters – these are just some of the workers lost in Western Canada to opiate use.

Our fight against COVID-19 continues, and so does need for the provincial government to maintain its record investments in mental health, as seen in Budget 2021.

The 10-year provincial government strategy to address mental health and substance use – [\*A Pathway to Hope: A roadmap for making mental health and addictions care better for people in British Columbia\*](#) – identifies priority actions the government will be taking over the next three years to help people experiencing mental health or substance use challenges right now, to promote wellness and prevent existing problems from getting worse.

The strategy recognizes that workplaces play an essential part in maintaining positive mental health, and the Ministry of Mental Health and Addictions (MMHA) has signalled their intentions to work with the Ministry of Labour, WorkSafeBC and key partners to develop ways to make it easier for organizations to support well-being in the workplace. MMHA expressed their desire to build on training and education programs to increase access and expand the reach of prevention-oriented, evidence-based workplace mental health and substance use training throughout B.C. We believe that as part of this work, specific

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<sup>2</sup> Pandemic a Factor in Increase Substance Use Among Construction Industry Workers (COCA, 2021)

attention and focus should be given to establishing a program oriented towards construction workers and employers.

Often, workers are unaware of the supports that can be available, and employers should be given the tools and resources available to support and educate their staff, in a safe, judgement-free environment. Committing increased funding for additional community mental health and addiction resources to address the impacts of the pandemic would also be consistent with UBCM resolutions recently passed.

## **Conclusion**

Thank you again for allowing CHBA BC to be involved in the provincial budget planning process.

As we wait to see the results of Budget 2022, CHBA BC and its members remain committed to working with the B.C. government to increase the province's housing supply through the implementation of the DAPR report and other measures.

We trust you find our comments helpful. If you have any questions or would like to discuss these recommendations further, please contact Carmina Tupe, Director of Policy & Government Relations at [carmina@chbabc.org](mailto:carmina@chbabc.org).

Sincerely,



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