

Builders demand bigger slice of federal pie to tackle housing crisis

By Miko Pagaduan 18 Apr 2023

Builders in Ontario are calling on the federal government to increase funding for housing supply and public infrastructure to support growth.

The Residential Construction Council of Ontario (RESCON) argues that the federal government is benefiting massively from the growth of the Ontario economy but is not reinvesting enough of the tax revenues it receives from new housing development into public infrastructure.

Richard Lyall, president of RESCON, says this lack of investment has created unprecedented funding challenges for provincial and municipal governments.

“We are in the midst of a generational housing crisis, and it is critical that the federal government finally establish stable, predictable, and substantial infrastructure funding for Ontario and its municipalities,” Lyall added.

CCEA report

A [report](#) by the [Canadian Centre for Economic Analysis](#) shows that taxes on the purchase of a new home in Ontario account for 31% of the price, up from about 24% in 2012.

The federal government’s share of those taxes is 39%, yet it only invests 7.1% in public infrastructure. The report also indicates that the tax burden on new home construction is two times higher compared to other sectors of the economy. Infrastructure-dependent products and sectors such as cars, electronics, and manufacturing are not taxed nearly as much.

Lyall argues that the federal government reaps most of the benefits of growth through the taxation of new homes but has not been a significant participant in funding public infrastructure investment.

This puts a strain on local governments and impedes construction when the feds are increasing immigration targets without regard to the housing supply, according to the report.

It suggests that public infrastructure investment funding in Ontario required to support growth trends is 30% below what is required.

This only exacerbates the critical need for increased federal public infrastructure investment to help ease housing unaffordability in Ontario.

“This ongoing lack of support is one of the reasons we have the worst housing affordability crisis in Ontario’s history,” said Lyall, “It is very difficult for developers and builders to build more homes – and for the public to afford them – when taxes account for such a large chunk of the cost, and the funds are not being properly reinvested into public infrastructure for the future. It’s a travesty.”

Investment for the future

RESCON is urging the federal government to invest more of the excessive tax revenue it collects from new home construction into housing supply and public infrastructure that supports growth.

Lyall argues that residential construction of new homes and investments in public infrastructure is critical to the economic growth of Ontario and all of Canada, and the federal government is contributing too little compared to the amount of revenue it generates.

“The present level of federal investment in public infrastructure falls far short of what is needed to sustain our communities and contribute to economic growth,” said Lyall. “It’s time for the federal government to do its part and begin investing more in the future of Ontario.”