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Chair: Mr. Peter Fonseca



Standing Committee on Finance

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• (1100)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): Members, I call this meeting to order.

Welcome to meeting number 122 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 21, 2023, the committee is resuming its study of policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely by using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic and please mute yourself when you are not speaking.

There is interpretation. For those on Zoom, you have the choice, at the bottom of your screen, of either floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

Although this room is equipped with a powerful audio system, feedback events can occur. These can be extremely harmful to our interpreters and can cause serious injuries. The most common cause of sound feedback is an earpiece worn too close to the microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when their microphone or their neighbour's microphone is turned on. In order to prevent incidents and safeguard the hearing health of the interpreters, I invite participants to ensure that they speak into the microphone that their headset is plugged into and to avoid manipulating the earbuds by placing them on the table away from the microphone when they are not in use.

I remind everyone that all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as well as we can. We appreciate your patience and understanding in this regard.

I would now like to welcome the witnesses with us today on this study of policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

We have with us the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance.

Welcome, Minister. It's good to have you here.

Along with the minister, we have the deputy minister for the Department of Finance, and that is Mr. Chris Forbes.

Welcome, Deputy.

We will now have time for opening remarks. Then we will get into the members' questions.

• (1105)

Hon. Chrystia Freeland (Deputy Prime Minister and Minister of Finance): Thank you very much.

[Translation]

Thank you, Mr. Chair.

It is my pleasure to appear before you and members of the committee to discuss the central priority for millions of Canadians today.

Housing is at the heart of our economic plan. We are building more homes, faster. We are making it easier for Canadians to buy a home. And we are supporting Canadians who rent or own their home.

[English]

This fall we have taken further concrete action. We're lifting the GST on new rental construction to make it more affordable for builders to build. We have unlocked \$20 billion in new low-cost financing to build up to 30,000 new rental apartments per year.

The federal government owns more land than anyone else in Canada does. We're releasing more of it to build homes on, including 2,600 homes in Calgary, Edmonton, St. John's and Ottawa.

[Translation]

We have signed housing accelerator fund agreements with Quebec and 10 cities across Canada. And we're not done. These agreements will help slash the red tape which is preventing homes from being built in the first place—and in exchange, we are providing them with \$4 billion to build more than 100,000 new homes, faster.

And we have helped more than 300,000 Canadians save for their first down payment, tax-free, with the new tax-free first home savings account.

[*English*]

In our fall economic statement, which I released just two weeks ago, we also introduced new funding and new measures that will build more homes and protect Canadians with mortgages. We're providing \$15 billion in additional low-cost financing through the apartment construction loan program, which will help build 30,000 more rental homes for Canadians. We announced an additional \$1 billion through the affordable housing fund, which will help non-profit, co-op and public housing providers to build more than 7,000 new homes.

We're cracking down on short-term rentals listed on sites like Airbnb and Vrbo, which have been keeping tens of thousands of homes off the market, particularly in cities like Toronto, Vancouver and Montreal, where the housing challenge is most acute. We're helping to cut the red tape that prevents construction workers from moving across the country to build homes and we're also bringing to Canada more of the skilled trades workers that our construction sector needs.

[*Translation*]

In the fall economic statement, we also announced the creation of a new Canadian mortgage charter. This new charter details the relief that Canadians can expect from their banks if they are in financial difficulty. Our goal is to protect Canadians by making sure they have the support they need to afford their mortgages and keep their homes when renewing at a time of higher interest rates.

These measures, which were announced over the past three months alone, are only part of our overall economic plan.

• (1110)

While our government has a real plan to build more homes across Canada, the Leader of the Opposition's proposal would actually see fewer homes built across the country. He would put the tax back on rental construction. He would cut funding to cities that are trying to build more housing. He would also repeat the mistakes of the past by pulling the federal government out of homebuilding altogether.

That is exactly the opposite of what Canadians need right now. Our government has a plan, and we will keep working—day after day, week after week, month after month and year after year—to build the homes Canadians need, expect and deserve.

Thank you very much, Mr. Chair.

Thank you to the MPs on the committee.

Thank you, also, to your family members for particularly nice presents.

I am now happy to take your questions.

[*English*]

The Chair: Thank you, Minister Freeland.

We are going to get into questions.

In the first round, Minister, there are up to six minutes to ask questions for each party.

We are starting with MP Hallan for six minutes.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): Thank you, Mr. Chair.

Minister, have you seen our common-sense Conservative leader's brilliant 15-minute documentary on the housing hell in Canada, which has been viewed over four million times?

Hon. Chrystia Freeland: I am certainly familiar with the Conservative scheme on housing. I haven't watched the video itself.

I would point out that there is—

Mr. Jasraj Singh Hallan: Okay.

I would strongly encourage you to watch it. It's a common-sense Conservative plan on how to build more homes, not more bureaucracy. Also, while you're at it, share and subscribe, so others can see a common-sense Conservative plan on how to get housing fixed as well.

Hon. Chrystia Freeland: I'm happy to comment on the Conservative scheme today. In fact, I'd be very happy to.

Mr. Jasraj Singh Hallan: Minister, your government's housing agency, CMHC, says that 3.5 million additional homes need to be built in Canada by 2030 to restore housing affordability. The head of your housing agency—the same one—said two days ago at the Senate finance committee that your government has no plan to reach that number. In fact, in this committee, that same agency—your housing agency—said this target is not attainable under current conditions because of high interest rates and higher costs caused by your government. In other words, your own housing agency has no faith in you or your government.

If your own housing agency has no faith in you, why should Canadians?

Hon. Chrystia Freeland: Thank you for the question, Mr. Hallan.

You asked me to comment on the Conservative scheme for housing, so let me do so.

Mr. Jasraj Singh Hallan: I didn't ask you to comment on that.

Hon. Chrystia Freeland: You, in fact, invited me to, so let me comment.

Mr. Jasraj Singh Hallan: I'd like to hear an answer about—

Hon. Chrystia Freeland: First of all, I would point out—

Mr. Yvan Baker (Etobicoke Centre, Lib.): I have a point of order.

The Chair: Go ahead on a point of order.

Mr. Yvan Baker: Mr. Hallan, as he does every time the minister comes, asks the question or makes a statement, then refuses to allow the minister to answer.

Mr. Chair, I would ask—

Mr. Jasraj Singh Hallan: I did not ask about—

Mr. Yvan Baker: —that we allow the minister to answer the questions, out of respect for the minister and the other members—

Mr. Jasraj Singh Hallan: My question was not about the documentary.

Mr. Yvan Baker: —of the committee, and for the folks at home who are watching and would like to hear the answers.

Mr. Jasraj Singh Hallan: The question is about your department not having faith in you.

The Chair: MP Hallan, I am going to ask.... As happened at the last meeting, there's a lot of crosstalk. You're jumping in when....

You asked a question. Allow—

Mr. Jasraj Singh Hallan: The question wasn't about the documentary. The question was about—

The Chair: You asked the question—

Mr. Jasraj Singh Hallan: —her department not having faith in her.

The Chair: Out of respect for everybody here—

Mr. Jasraj Singh Hallan: Minister, can you please answer me about—

The Chair: MP Hallan, the minister—

Mr. Jasraj Singh Hallan: —why Canadians should have faith in you—

The Chair: MP Hallan—

Mr. Jasraj Singh Hallan: —even though your housing agency doesn't?

The Chair: MP Hallan—

Mr. Jasraj Singh Hallan: That's the question.

I've asked my question.

The Chair: MP Hallan, you asked a question. Allow the witness to answer the question.

Mr. Jasraj Singh Hallan: She's not answering the question.

The Chair: The witness did not even have a nanosecond to answer your question, so—

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): I have a point of order, Mr. Chair.

The Chair: Go ahead on a point of order.

Mr. Philip Lawrence: Not only is that irrelevant and untrue—and they're not answering the question—but you shut me down at the last meeting by adjourning the meeting improperly.

Therefore, could you please let Conservatives speak? I know you don't want to hear it as a Liberal. I know you don't want to hear about the housing hell.

The Chair: MP Lawrence—

Mr. Philip Lawrence: You should watch the video too, I might add.

The Chair: MP Lawrence, I am—

Mr. Jasraj Singh Hallan: Chair, I will—

The Chair: MP Hallan—

Mr. Jasraj Singh Hallan: —ask my question again.

The Chair: MP Hallan—

Mr. Jasraj Singh Hallan: Let's move on.

The Chair: MP Hallan—

Mr. Jasraj Singh Hallan: It's my time, Chair. I will ask the question again.

Hon. Chrystia Freeland: In fact, actually, let me just say—

Mr. Jasraj Singh Hallan: Minister, your housing agency has no faith in your plan—

Hon. Chrystia Freeland: I believe MP Hallan asked me a question.

Mr. Jasraj Singh Hallan: —so why should Canadians?

Hon. Chrystia Freeland: I certainly believe the point of this exercise is for him to ask me a question. He offered quite a long preamble —

Mr. Jasraj Singh Hallan: The question's on the table, three times now.

Hon. Chrystia Freeland: —with lots of points embedded in it.

Mr. Jasraj Singh Hallan: Why should Canadians have faith in you when your own agency doesn't?

Hon. Chrystia Freeland: I'd like to respond to those points, if MP Hallan wants to hear a response.

The Chair: MP Hallan, allow the witness, please, to answer the questions.

Hon. Chrystia Freeland: I'd also like to point out that Conservative senators have been reprimanded for bullying witnesses. It would be terrible to have that kind of behaviour here in the House.

Mr. Jasraj Singh Hallan: Your Prime Minister has been reprimanded for bullying strong women in his own caucus for standing up to his corruption, so please spare us the lecture.

Hon. Chrystia Freeland: Let me now speak about housing.

Let me first point out that there is an internal contradiction in what the Conservative members of this committee have done when it comes to voting and their purported scheme on housing.

Mr. Jasraj Singh Hallan: It's irrelevant to my question.

Hon. Chrystia Freeland: Actually, I believe your votes are very relevant.

Ms. Julie Dzerowicz (Davenport, Lib.): I have a point of order, Mr. Chair.

The Chair: Yes, MP Dzerowicz.

Mr. Jasraj Singh Hallan: The question was clear.

Ms. Julie Dzerowicz: You have to stop interrupting. Stop interrupting.

Mr. Jasraj Singh Hallan: I'll move on.

Hon. Chrystia Freeland: No, I haven't finished answering.

Mr. Jasraj Singh Hallan: I'll move on. It's my time. I have only limited time.

Hon. Chrystia Freeland: No, I'm afraid it's time for questions and answers, MP Hallan. I would like to answer.

Mr. Jasraj Singh Hallan: Minister, this is the reason why—

Hon. Chrystia Freeland: I have things to say about housing—

Mr. Jasraj Singh Hallan: This is exactly the reason why—

Hon. Chrystia Freeland: —because we have a plan.

Mr. Jasraj Singh Hallan: Your non-answer proves that Canadians and your own housing agency have no faith in your government to meet the target.

Mr. Yvan Baker: I have a point of order, Mr. Chair.

The Chair: Go ahead, Mr. Baker.

Mr. Yvan Baker: What this proves is that the Conservatives do not actually want to listen to the answers.

Mr. Jasraj Singh Hallan: It's not a point of order.

Mr. Yvan Baker: The point of order is—

• (1115)

Mr. Jasraj Singh Hallan: That's not a point of order.

Mr. Yvan Baker: Excuse me. I have listened to you interrupt the minister and not allow her to speak.

Mr. Philip Lawrence: Mr. Chair, that's not a point of order.

Mr. Yvan Baker: I have the right to make a point of order. Now I'm being interrupted and heckled during my point of order.

Please, Chair. Please. I'm asking you. Minister Freeland has the right to respond to the questions put to her, and this is—

Mr. Philip Lawrence: This is not a point of order, Mr. Chair. Do your job.

Mr. Yvan Baker: Now I'm being heckled and interrupted during my point of order.

Mr. Philip Lawrence: It's not a point of order. This is a breach of process.

The Chair: Thank you—

Mr. Philip Lawrence: It's not a point of order.

Mr. Jasraj Singh Hallan: I will move on.

The Chair: MP Lawrence and MP Hallan—

Mr. Yvan Baker: Chair, this has descended so badly now that I'm being interrupted during my point of order.

The Chair: Yes.

Members, first off, stop the crosstalk, okay? Stop the crosstalk.

Mr. Jasraj Singh Hallan: I'll move on.

The Chair: The other thing, MP Hallan, MP Lawrence and any MP, is that we have interpreters here. There's a lot of screaming going on, and members are screaming into the mic. I think in my opening remarks I explained the danger to the health and safety of our interpreters that comes with crosstalk, with screaming and with not having the respect and decorum here in this room that I think we want.

Mr. Philip Lawrence: I have a point of order.

The Chair: We are looking for—

Mr. Philip Lawrence: A point of order.

The Chair: —respect and decorum.

You have a point of order, MP Lawrence. Please don't crosstalk.

Mr. Philip Lawrence: I raised my voice at a reasonable tone and you did not recognize me at the last meeting, so that's why I have to raise my voice. It's because I'm hoping you'll hear me, Chair.

The Chair: I can hear you, MP Lawrence.

Mr. Jasraj Singh Hallan: Chair, with respect, I'd like to move on to my next question.

We can agree that Canadians and your own housing agency don't have faith in your government, which they've already outlined. That's why, after your government spent \$89 billion on photo op funds for housing promises that have not been actualized, rents and mortgages and the down payments needed on a house have all doubled in just eight years. This was never there before your government and it certainly won't be there afterwards.

Canadians are living in a housing hell and a cost of living crisis. Two million Canadians are going to a food bank in a single month in just eight years. There's a 100% increase in food bank usage, and a third of those are kids who are starving because of high taxes like the carbon tax and other factors caused by your government. The number one reason for food bank usage is the housing unaffordability that your government has created. There are tent cities across this country. There are nurses living in their cars. There are students living under bridges. That's eight years after your government.

Why should anyone believe that anything your government has done is actually helping to address the affordability crisis?

Hon. Chrystia Freeland: Thank you for the question.

Let me start by saying that Canadians know that Conservatives cannot be trusted when it comes to protecting the most vulnerable people in Canada. Since we formed government, 2.3 million Canadians have been lifted out of poverty.

Mr. Jasraj Singh Hallan: Two million are going to a food bank—

Hon. Chrystia Freeland: Our government has particularly—

Mr. Jasraj Singh Hallan: —in a single month.

Hon. Chrystia Freeland: I'm sorry, Mr. Hallan. I'm speaking about poverty in Canada, which you purport to care about and which you purport to have addressed in your question. I'd like to finish my answer, please.

Mr. Jasraj Singh Hallan: It was about food banks.

Hon. Chrystia Freeland: The Canada child benefit has had a huge impact on Canadian families. It's having an impact today in lifting millions and millions out of poverty. The statistics show that. Our early learning and child care program—

Mr. Jasraj Singh Hallan: Minister, the question was clear. I'll have to move on because I have a limited amount of time.

Hon. Chrystia Freeland: No, I'm sorry. You haven't given me a chance to answer, and that is not only rude but also inappropriate at committee.

Mr. Jasraj Singh Hallan: With all of that, two million Canadians are still going to food banks.

I'll just ask my last question because my time is limited.

Your government promised that by Thanksgiving, the price of food would go down. A scathing report came out this morning on the food index, saying that food costs are going up, driven up also by your carbon tax because you're taxing farmers and those who are shipping the food and storing the food.

The number of people going to a food bank is increasing because of food costs and housing costs caused by your government. Eighty-three per cent of those going to food banks are working families. That's a phenomenon that we've never seen in this country before.

You promised that food prices would go down by Thanksgiving. Thanksgiving went by, and food prices didn't come down. We thought that maybe you meant the U.S. Thanksgiving. That went by as well, and nothing happened. It's almost Christmastime, and there are kids in this country who are literally asking Santa not for gifts but just for food that they could put on their table.

On what date will food prices actually come down so that Canadians can afford to eat, and when will you axe the tax so that people can put food on their tables and heat their homes?

Hon. Chrystia Freeland: Let me just be clear. I've been repeatedly interrupted, and what we see is that Conservatives are interested in posturing. They're not interested in asking actual questions.

However, let me be clear. Canadians know that Conservatives believe only in cuts, cuts, cuts, particularly for the most vulnerable among us. That is why our government is so committed to supporting the most vulnerable, to supporting children. There are 2.3 million Canadians lifted out of poverty. The Canada child benefit is money directly for the most vulnerable children in our country.

When it comes to housing, the purported subject of this meeting, let me just be clear that the purported Conservative scheme actually

would go backwards on housing. It would actually put the GST back on the construction of the rental housing that we need—

Mr. Jasraj Singh Hallan: The time is up, isn't it, Mr. Chair? The six minutes is up—

Hon. Chrystia Freeland: This is not a scheme; this is putting Canada into reverse when what we actually need to do is build more homes faster.

● (1120)

The Chair: Thank you, Minister.

The time is up now.

With regard to the timing, as members know, each party has six minutes. If a question is asked at the five-and-a-half-minute mark or at 5:40 and the witness, then, is answering, the time will go over the six minutes. That is the practice that we have kept here on this committee, and that's what we will continue to keep doing unless the members decide otherwise.

Now we are moving to MP Dzerowicz, please.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): I have a quick point of order.

I've known the Conservatives for a long time. I know because I've supported these calls and have wanted to see the minister come here, not on a government bill but as part of one of our studies. What I didn't realize was that Mr. Hallan wanted her here to perform a monologue, in fact, and not to actually have a conversation. I wonder, perhaps, if the committee—

Mr. Jasraj Singh Hallan: I have a point of order.

Mr. Philip Lawrence: This is not a point of order.

Mr. Daniel Blaikie: —Mr. Chair, could invest in some gold stickers or something to assuage Mr. Hallan's ego so that the next time—

Mr. Jasraj Singh Hallan: This is not a point of order. Come on, now. This is not a point of order.

The Chair: Thank you, MP Blaikie.

We do have the minister here.

Mr. Jasraj Singh Hallan: I am calling a point of order. You have to recognize me.

The Chair: Yes, of course, MP Hallan.

Mr. Jasraj Singh Hallan: It is any member's right to do whatever they would like with their time. Just because the Liberals and the NDP or the minister don't like what I do with my time, it's still my time, so I would hope that you would appreciate that. We can ask what we want.

The Chair: It is your time, MP Hallan.

Mr. Jasraj Singh Hallan: If we're not having an answer given, then we should have the right to move on.

The Chair: It is your time. We just ask that all members use this valuable time that we have with the minister in a respectful way and that we have decorum here at our committee.

MP Dzerowicz, it's your time now, please.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

I want to thank the Deputy Prime Minister for being here today.

I want to start off with two things.

On the record, Mr. Chair, I also want to say that the Conservatives keep asking our Deputy Prime Minister to attend, but they are not giving her a chance to respond. It's very sad to hear that the Conservatives are afraid to hear the facts directly from the Deputy Prime Minister and are willing to talk over her and interrupt her. I don't know why she would ever accept an invitation from us if this is what's going to happen.

I am also going to say that I am absolutely appalled that there was an accusation about our Prime Minister being a bully to former female members of Parliament. It is an appalling accusation and completely untrue, and that needs to be stated as well.

Perhaps I'll begin, Deputy Prime Minister Freeland, with.... I know there were a number of things that were mentioned by my Conservative colleagues. Is there anything you want to respond to before I actually get into my questions?

Hon. Chrystia Freeland: Yes. Thank you very much, MP Dzerowicz.

Mr. Blaikie was exactly right in saying that if committee members prefer to engage in monologues, then there doesn't seem to be much point in actually gathering as a committee.

I think it is worth putting on the record that there is a clear contradiction in the Conservatives' purported scheme on housing, because their scheme, at least ostensibly, would cut back on the elimination of the GST on the construction of purpose-built rentals that we have put forward, and which is already leading to more homes being built, yet the Conservative members of this committee, in the House of commons, voted to support our complete elimination of the GST on purpose-built rental apartments. It would actually be useful to understand the thinking behind that contradictory position.

It may also be worth my reading into the record a conclusion from an economist who is generally seen as one of Canada's pre-eminent housing experts, Professor Mike Moffatt. He has described the Conservative proposal as "an exceptionally weak response to the housing crisis, riddled with loopholes." He has gone on to say, "This is a sign that the...Conservatives don't understand the urgency or scale of the housing crisis." Those are not my words; those are the words of an independent expert.

I'm now happy to answer your question.

● (1125)

Ms. Julie Dzerowicz: Thank you so much.

As you know, the residents in my riding of Davenport, and indeed all Canadians, would say housing is one of their top issues, and they are very concerned about it.

In your opening statement, you mentioned broadly many of the initiatives we've undertaken. We've heard a lot of testimony at this committee that there have been issues at different levels of govern-

ment that have prevented many people who want to build affordable housing, rental housing, from building.

Can you speak more specifically about how you're addressing some of the structural issues that result in the structural shortage of housing supply?

Hon. Chrystia Freeland: I can, for sure, and thank you for the question.

Clearly, one challenge with housing is the current macroeconomic environment. That's why our government is there with support for financing. We want to make the math work for home builders, and that's what we've done.

Professor Moffatt estimates that lifting the GST on purpose-built rentals will lead to between 200,000 and 300,000 more homes being built. The apartment construction loan program, which we topped up with an additional \$15 billion in the fall economic statement, will lead, in its entirety, to 100,000 homes being built.

Before the fall economic statement, we announced an additional \$20 billion in the Canada mortgage bond financing program. That is going to lead, over the next five years alone, to another 150,000 new homes being built.

You spoke, Ms. Dzerowicz, about the structural obstacles to new homes being built. I think we all agree that there is red tape. There are restrictions on zoning that, as a country, we need to work together to lift.

That is where the housing accelerator fund comes in. It is a fund that allows us to work collaboratively with municipalities across the country to help them design tailored measures that work for their communities to get more homes built faster, and it provides financing to help them do precisely that.

I'm very glad this fund is being rolled out quickly and aggressively across the country. Already, more than 100,000 new homes will be built through this fund. Constructively and collaboratively, we're going to keep on reaching agreements with municipalities across the country.

Ms. Julie Dzerowicz: Thank you.

I have one more quick question.

Millions of Canadians are going to be renewing their mortgages this year. They are worried because the interest rates are so high. They are actually worried about whether they are going to be able to afford to renew their mortgages.

Is there anything we have put into place that's going to be helpful to Canadians at this point?

Hon. Chrystia Freeland: Thank you for the question.

I think all of us as members of Parliament talk with our constituents, and I'm sure all of us have heard from people who are really anxious about the renewal of their mortgages.

That's why in the fall economic statement, for the first time in Canadian history, we published the Canadian mortgage charter. It's very simple. It's in black and white. It tells Canadians what they have the right to expect from their financial institutions, the kinds of tailored relief and support they have the right to expect when they're renewing their mortgages. That is really about being sure people understand the tools that are available to them.

A couple of the key measures are that people have the right to talk to their financial institution about perhaps extending the amortization period, which could lead to a smaller monthly payment at this time of really challenging circumstances. Another element is for insured mortgages: You do not need to requalify in order to go and look for renewing at a different financial institution. Again, that's just to give people a little bit more choice, a little more flexibility.

The Chair: Thank you, MP Dzerowicz.

Now we'll go to MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

Thank you so much for being with us and answering our questions, Minister.

Mr. Forbes, I also want to welcome you. We are very grateful to you for being with us. During the second hour, I will be asking you some more technical questions about follow-up.

Minister, I might also send you these questions by email. Today, for this first hour, I have several questions concerning housing.

First, I would like to ask you about the economic statement, particularly concerning the document that the Parliamentary Budget Officer released this morning on that subject. Table 5 deals with spending reviews and the budget cuts under consideration...

• (1130)

Hon. Chrystia Freeland: Allow me to interrupt you to clarify one detail: when you talk about table 5, are you talking about table 5 in the fall economic statement?

Mr. Gabriel Ste-Marie: No, this is the report of the Parliamentary Budget Officer. It does the spending review and follows up.

It refers to a savings of \$1.3 billion requested of Crown corporations, which include CBC/Radio-Canada. Given what we have heard on the news recently, we understand that you have asked that corporation to make \$125 million in cuts and that it then announced that it was eliminating 600 jobs, something that would have a big impact on Radio-Canada, the francophone part.

As we know, the media are going through a major crisis. However, we need the public broadcaster, for one thing, to provide regional coverage and serve the francophone communities outside Quebec. What is your answer to CBC/Radio-Canada? Can you commit to not asking it to make cuts?

Hon. Chrystia Freeland: Thank you for the question.

First, I have to tell you that I do not have the document in front of me that was released this morning by the Parliamentary Budget

Officer. I will therefore not be able to give a precise answer to that part of the question.

However, I share your concern when it comes to Radio-Canada. I agree with you that both Radio-Canada and the CBC perform a very important function all across Canada. Our democracy depends on journalism, and we particularly depend on public journalism. As well, I agree with your perspective, which I presume was included in your question, that Radio-Canada plays a special role in Quebec, for francophones from one end of Canada to another, and for the Quebec nation. We see that Radio-Canada broadcasts are widely listened to and watched by people in Quebec and by francophones from everywhere in Canada. That is very important, and so I share your concern and your perspective.

This is really a particularly difficult period and economic situation for all Canadian media. That is why our government is determined to work with the giants of the Internet. I am not going to talk in detail about the findings of the Parliamentary Budget Officer, but I can assure you that our government and I, as a former journalist myself, agree with you that journalism is important for democracy and that Radio-Canada plays a special role in Canada, in Quebec, and for all francophones in our country.

Mr. Gabriel Ste-Marie: Thank you.

Since you are concerned about this situation, if you and the government could somehow make sure that the 600 job losses at CBC/Radio-Canada did not happen, I would be more than grateful.

On the subject of housing, I want to come back to Bill C-56. Earlier, you alluded to Mr. Moffatt. When you appeared before the committee concerning Bill C-56, I asked you whether your department could send us the figures and statistics concerning the predictions as to what the freeze on the goods and services tax would allow in the case of rental housing construction. To my knowledge, the committee has never received that information and we would be very grateful if you would kindly follow up on that subject.

On the question of the construction of social housing or affordable housing co-ops, you have made commitments concerning subsidies or support. I believe, as do a number of other actors, that in the present situation, when interest rates are high, one possibility worth exploring would be to allow people to get a lower interest rate, whether through the Canada Mortgage and Housing Corporation, given its borrowing capacity, or through the federal government. If I am not mistaken, the federal government rate is 3.6% at the moment. The mere fact of these people being able to get that rate would be a step forward.

For example, if there were a reduced interest rate of 2%, the government could cover the difference. To finance \$1 billion, the annual cost would be \$16 million. That would free things up and get around the current problem of high interest rates, by using a method that would not cost the government too much. I humbly suggest that and I would like to know whether you have any comments on that subject.

• (1135)

Hon. Chrystia Freeland: Thank you for your work and your question.

In principle, what you are saying corresponds to the idea that underlies all federal government programs that address housing. In my opening remarks, I talked about the \$20 billion we have added to programs to finance housing construction. These programs contribute to offering a lower interest rate to companies that build housing. As well, the program referred to in the fall economic statement, to which we have added \$15 billion for building rental housing, amounts to exactly what you are describing: a program to facilitate the construction of rental housing.

This program has two goals. The first is to create an economic situation in which the companies will build more rental housing, not condos. The second is to change the economic situation. We believe that Canada needs more rental housing, especially to help who are not as well off. Under this program, rental housing, in the general sense, will have to be built, but a portion of those apartments, which I have seen and I also invite you to go and see, will have to be affordable. That applies to the entire program.

So you are right. This is one of the ways the federal government can offer an incentive in order to get more housing built. It is an effective method, and we are using it.

Mr. Gabriel Ste-Marie: Thank you.

The Chair: Thank you, Mr. Ste-Marie.

I now give the floor to Mr. Blaikie.

[*English*]

Mr. Daniel Blaikie: Thank you, Mr. Chair.

Minister, it's good to have you here at the committee.

The last time you were here, we talked about non-profit projects that were already on stream for federal funding and about the possibility of applying the GST rebate to those projects. I asked you and your officials to provide information to the committee on how many projects there were and what the estimated costs of doing those would be.

Could you share with the committee when we might expect to receive that information?

Hon. Chrystia Freeland: It's a good question. It's something that we are looking at.

I will say, though, that our primary objective is to put in place policies that will lead to new projects being put in motion, for the obvious reason that it's good to have incentives to create new projects rather than to be adding on the incentives to projects that are already in train.

I would like to take the opportunity to say that I have looked carefully—and looked carefully initially—at your motion on the financialization of housing. As I'm sure you have noted.... One of the points you raised in your motion was around the short-term rental business. I hope you have noted—and I'm glad to do so publicly—that we have subsequently acted in that area. I think it's a really good point.

I think all of us who care about the housing situation are focused on getting more homes built. That's a good thing, but it takes a while to build a home. The great thing about the short-term rental, which you yourself pointed out, is that those are homes that exist right now, and if we can move them into the longer-term rental market, that's progress, so I just want to say thank you for singling that out for attention.

• (1140)

Mr. Daniel Blaikie: I would like to underline again that some of these non-profit housing projects that have successfully been awarded federal funds aren't proceeding because of higher interest rates, hence why applying the GST rebate would help get units built that otherwise won't be built. What I would like is for the committee to have the information on what those projects are and what the estimated cost would be in extending the GST rebate to them. When can the committee expect to get that information?

Hon. Chrystia Freeland: It's a good question—something certainly worth looking at.

One thing I would also say to all MPs here is that we're all familiar with projects in our own ridings. If people would like to point out to me—not right now—any specific projects they think are worthy projects that are running into some obstacles, do please bring those particular ones to my attention.

Mr. Daniel Blaikie: Absolutely, and in the meantime, I would like to know if your department has run a list of those projects and has estimated the cost of applying the GST rebate to them.

Hon. Chrystia Freeland: As I have said, it's a very worthwhile question. I do want to emphasize there was strong support—I quoted Mike Moffatt, but it's not just from him—across the country on the total elimination of the GST. I've heard from a lot of people that it's getting more homes built. Everyone obviously would like easing tax measures to be retrospective, and there are a lot of people talking about that. As I said, my bias is towards doing things leaning into the future so that we can create an incentive for even more homes to be built.

I am happy to talk to people about specific affordable housing projects that are in a challenging situation right now.

Mr. Daniel Blaikie: Right on. Well, we would be happy to get that information promptly.

One of the issues my colleague Lori Idlout has raised a lot is about housing in Nunavut.

Of course, there has been some distinctions-based funding awarded to Inuit governments that operate in Nunavut, but when it comes to the territorial government, which also has an infrastructure deficit and does serve a slightly different population—because it is a different jurisdiction, after all—the federal government's answer always has been for the territorial government to apply to national indigenous organizations to access that funding for their territory.

There is clearly a need for more resources for the territorial government. That's been estimated at around \$250 million. Is that something your government is looking at announcing in the next budget?

Hon. Chrystia Freeland: I'm not making any budget announcements today for sure.

Some hon. members: Oh, oh!

Hon. Chrystia Freeland: I'm very happy to continue discussions about areas that it would be good to focus on in the budget.

I will say just to your specific question that our government believes, as I hope everyone here does, that a distinctions-based approach is really important. It's an important part of reconciliation. We also do have good conversations with the governments of the provinces and territories across the country, very much including Nunavut, and I think we need to be having conversations on both of those paths.

Mr. Daniel Blaikie: However, you do recognize the difference between indigenous governments and territorial governments, and the need for both to be adequately resourced in order to meet the housing needs of our population.

Hon. Chrystia Freeland: As I said, we have a distinctions-based approach. I think that's an important part of reconciliation. We also recognize that one of the important things regarding housing, and a plethora of other issues, is for the federal government to work constructively with the provinces and territories across the country, very much including Nunavut.

I know that in your opening comment—

The Chair: MP Blaikie, that is the end of our first round. We are moving into our second round. We do not have full time for a full second round, but we did start a couple of minutes late. Between all parties, each party will have approximately four minutes with the minister to ask questions.

We're starting with MP Chambers for four minutes please.

• (1145)

Mr. Adam Chambers (Simcoe North, CPC): Merry Christmas, Minister, welcome back. Mr. Forbes, congratulations on your new role.

Hon. Chrystia Freeland: Merry Christmas, Mr. Chambers. I thought Mr. Lawrence was going to ask me a question, and I was going to take the opportunity to say Merry Christmas to his son James, who is here with us. Merry Christmas, James, and thanks for being here.

Mr. Philip Lawrence: Thank you, Minister.

Mr. Adam Chambers: Minister, I understand that 250,000 Canadians have opened a first home savings account. Can you provide to the committee how many deposits have been made to those accounts?

Hon. Chrystia Freeland: Let me start with a correction. It's actually 300,000 Canadians who have opened first home savings accounts. That's a really good positive number. What that says is that there are 300,000 Canadians—by definition, principally young Canadians, because it has to be for your first home—who are actually saying, “I want to buy my home, and I'm saving money for it.” That's really positive.

Mr. Adam Chambers: Can we get the number of deposits to those accounts, Minister?

Hon. Chrystia Freeland: Let me just ensure that we're all clear that it's 300,000 and not 250,000. That's a material difference.

Mr. Adam Chambers: Will you commit to providing the committee with the deposits?

Hon. Chrystia Freeland: I'm always happy to update Canadians on the first home savings account that our government put in place. It was opened in April, and makes a real difference for Canadians. It shows young Canadians, 300,000 of them, believe in saving for their first home.

Mr. Adam Chambers: Thank you very much.

I have a question regarding the mortgage charter.

Uninsured mortgage holders don't have to go through the stress test. Why are we not giving the same relief? Why is the government not giving the same relief to insured mortgage holders? Why do they still have to go through the stress test on a renewal? There are at least 1.2 million householders who are insured mortgage holders.

Hon. Chrystia Freeland: Mr. Chambers, I don't mean this in an argumentative way, but you have it the wrong way around. It's insured mortgage holders who don't need to requalify.

Mr. Adam Chambers: I apologize.

Hon. Chrystia Freeland: That's an important distinction.

Mr. Adam Chambers: It's a very important distinction, and I apologize for mixing that up. Why do uninsured mortgage holders have to go through the stress test? There are at least 1.2 million uninsured mortgage holders.

Hon. Chrystia Freeland: It is important not to confuse the two, because there is a very big distinction. Insured mortgages, by definition, are insured. I'm underscoring this because the initial question was wrong. When you talk to OSFI and the regulators who are responsible for determining the sanctity of our financial system, it makes a very clear distinction between insured and uninsured mortgages. That's the reason for the different treatment.

Mr. Adam Chambers: Thank you very much.

By definition, uninsured mortgage holders are less likely to default, because they've provided at least 20% down or more.

Why are you forcing them to go through the stress test?

Hon. Chrystia Freeland: Again, let's be clear on the responsibilities that our Superintendent of Financial Institutions has for guaranteeing the sanctity of the Canadian banking system. As Canadians, we should be really proud that we have a safe and stable banking system. I have a lot of respect for our institutions, and I always will. Insured mortgages, by definition, have an insurance policy that backstops them. That creates a very different impact on our financial system.

Mr. Adam Chambers: I appreciate your response.

Hon. Chrystia Freeland: Thank you.

Mr. Adam Chambers: The Canada growth fund is supposed to be an independent arm's-length fund. Was it appropriate that as minister of the Crown you appeared at the first investment of the Canada growth fund when PSP Investments is supposed to manage this fund at an arm's-length basis?

Hon. Chrystia Freeland: I'm, of course, very familiar with the structure of the Canada growth fund, because our government created it. It was our government's decision to structure it as we did, because we know that the professionals at PSP know how to make investments.

Mr. Adam Chambers: Do you show up to CPPIB investment announcements?

Hon. Chrystia Freeland: The CPPIB is structured very differently from the Canada growth fund.

Mr. Adam Chambers: They're both at arm's length.

Hon. Chrystia Freeland: The CPPIB also has a provincial role.

The CPPIB and the Canada growth fund are entirely different in their structure. The Canada growth fund was created by our government. It was our idea to structure it as we did.

I believe that it is very important right now, at a time when there is a race in the world for investments in—

Mr. Adam Chambers: Thank you, Minister. I appreciate the—

Hon. Chrystia Freeland: No. You didn't give me a chance to finish, actually—

Mr. Adam Chambers: The Canada Infrastructure Bank—

The Chair: Minister and MP Chambers, that is the time.

Mr. Philip Lawrence: I have a brief point of order, Mr. Chair.

It's my understanding that generally we should get time in respect of the number of seats we have in the House, especially when it is a minister. I've raised this point of order before.

It should be Conservatives getting five minutes, or at least six minutes, because we have considerably more seats, with all due respect to my colleagues from the NDP and the Bloc Québécois.

Some hon. members: Oh, oh!

• (1150)

The Chair: I will speak to that.

It has been the practice for two years at this committee that when we do not have enough time to do a full round, we then share that time in a very cordial way among parties.

We are running up against that time right now. That is why, before we started this round, I said that each party would have about four minutes because we didn't have enough time for a full round. That's what we just did with MP Chambers, as we will do with the other members.

It is up to the members, but that is a practice that I feel has worked well for our committee here. If members think otherwise, they may decide otherwise. Right now, we're continuing with the way we've always done it.

Mr. Philip Lawrence: I have just a brief point. I will reserve on that with respect to my colleagues. Maybe we can talk about that in committee business.

Thank you.

The Chair: Thank you, MP Lawrence.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): On that point of order, Mr. Chair, at 11:45, there were 15 minutes left, which would have left enough time for five minutes, five minutes, two and a half, and two and a half, which would have been the conventional second round. There was enough time.

The Chair: Again, MP Morantz, that would be breaking up a full second round.

We're eating up time here, actually, as we speak. That would be breaking up time from what is a conventional second round. A full second round has five, five, two and a half, two and a half, five and five.

As you know, we have not been super-stringent in terms of cutting people off right at the minute. Actually, I've given a lot of latitude and a lot of leeway for more time so that we could have thorough answers and discussion here.

That could be a conversation for another time. At this time, I think members want to ask questions of the minister in the precious time we have right now.

I'm going to go to MP Weiler for four minutes, please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Chair.

I'll give a special thank you to Minister Freeland for joining our committee to give testimony on the study we're doing on the financialization of housing.

It's important, because housing is absolutely top of mind for all Canadians and certainly my constituents. We've seen the rising cost of rent causing stress, and many are feeling like they're not going to ever be able to afford a home.

Minister, I was hoping you could speak to the work that our government is doing to build more homes in my province of British Columbia.

Hon. Chrystia Freeland: Thank you very much for the question, Mr. Weiler.

As you know very well, B.C. is one of the provinces where the housing crisis is the most acute. I think we are all rightly very focused on that.

I want to also take the chance, since we're talking about B.C., to thank the provincial government of B.C. for their very collaborative approach and very strong housing program. They're a great partner for us. We very much have B.C. in mind when we're designing housing programs. We are trying very hard, wherever we have shared objectives—which is pretty much everywhere—to build programs that work together.

One example of that is our measure on Airbnb and short-term rentals. That's a place where the government of B.C. has really been leaning in. We looked at the tool box we had federally, at Finance Canada, and how we could use it to help strengthen the B.C. measures. I must say that I was very pleased to read a real estate agent quoted in the Toronto Star over the weekend. He said he was seeing a real change in the housing market in Victoria. He attributed that to people who were holding apartments as short-term rentals understanding that it's no longer economical and releasing them into the market. That's just one specific example of how cracking down on short-term rental can provide immediate relief in some of the most stressed housing markets in the country, including B.C.

Just last week, I was in Vancouver at a project for the construction of 231 affordable housing units in the Downtown Eastside. I would like to particularly point out to this committee, and to the Canadians who may be watching us, that I first went to this project two years ago when it was empty land and shovels were going into the ground. I went back last week, and it's almost finished.

By the way, the people building those homes were very proud of the work they were doing. They went out of their way to say that it gives them personal satisfaction to be building affordable homes. These are very nice places. A lot of them have beautiful mountain views and they're right in downtown Vancouver. There was a studio unit starting at \$550 a month. I saw a two-bedroom for \$750 month that was very nice. We need to do much more, but it is possible to build affordable housing in the cities where it is needed the most.

I'll give a shout-out to the Vancouver Chinatown Foundation, which was instrumental in doing this.

Let me also give a shout-out to the City of Kelowna. They now have a housing accelerator fund deal that includes making city lands available for affordable housing and having more homes built near transit.

Let me also point out that we are very keen to see the impact of the lifting of the GST on purpose-built rental housing in B.C. and the additional \$20 billion to the Canada mortgage bonds program. We definitely need more apartments in B.C., and those two programs will lead to a lot more being built.

Thanks.

● (1155)

The Chair: Thank you, MP Weiler. That is the time.

We're now off to MP Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair. I would like to split my speaking time with my colleague, Mr. Morrice, who represents very important values. If you could stop me after two minutes, I would let him have my last two minutes of speaking time.

Minister, on the subject of housing, cracking down on Airbnb is an excellent measure. Using federal lands for building social housing is an excellent measure. These are two very good measures.

A lot of witnesses have reminded us of the importance of having an acquisition fund for getting existing rental units out of the mar-

ket in order to protect them from financialization and make sure they stay affordable. That is very important.

In the economic statement, I get the impression that you have stolen an idea from the bill introduced by the Conservative leader. One thing you could do is to reduce infrastructure transfers if municipalities do not build enough housing. I am enormously concerned about such a measure. With higher interest rates, for example, we have seen housing starts collapse in Quebec. That is not the municipalities' fault, but it leads to lengthy delays.

I would like to hear more details about this measure that you want to adopt, to threaten municipalities that their funding for housing will be cut if they do not build enough units.

Hon. Chrystia Freeland: Thank you for the question.

You have touched on several things, but I would first like to make a comment concerning public lands: the federal government has a number of land holdings, but so do the provinces and municipalities. I think that if the federal, provincial and municipal governments took a collaborative approach, we could build more housing. As I said earlier, we have an agreement with Kelowna, which is going to add its lands. I think it is a good idea to try to do it together where possible.

Concerning our approach with municipalities, we generally prefer a collaborative approach. We understand that there are difficulties and that is why we have created the housing accelerator fund. We took an asymmetrical approach with Quebec, where our housing agreement offers \$900,000. For the rest of Canada, we are negotiating with the municipalities. In fact, when I speak with mayors all across Canada, they find this approach to be really useful. The federal government has a point of view...

● (1200)

[English]

The Chair: Thank you, Minister.

MP Ste-Marie is sharing his time. Next is MP Morrice, please.

[Translation]

Mr. Mike Morrice (Kitchener Centre, GP): Thank you, Mr. Ste-Marie.

[English]

Minister, I appreciate your being here.

I'd like to ask about investments needed in housing from the federal government, starting with a recognition that back in the 1970s, 40% of all housing starts had federal assistance. Our Minister of Housing has publicly said that both Liberal and Conservative governments have reduced funding to the point that it has partly caused the crisis we're in.

Our current social housing stock, as you know, is 3.5%. CMHC has called out the \$3.5-million affordability gap by 2030 and the Governor of the Bank of Canada has said that investments in housing supply are not inflationary—in fact, the opposite—yet in the fall economic statement, we saw only 100 million new dollars, at least in the next two fiscal years.

Can you comment from your perspective on what the hesitation is in not putting in place more ambitious investments in housing and to at least start by, say, doubling social housing, which would put us only to the middle of the G7?

Hon. Chrystia Freeland: Thank you for the thoughtful question.

I would just say I think we agree on the objectives and the need.

I would point to the really aggressive approach we've taken in housing since the beginning of this fall session, such as by completely eliminating the GST on construction of all purpose-built rental housing. That was a very big step. We did that in September.

Adding \$20 billion to the Canada mortgage bonds was also a really big step. I am already hearing from builders across the country that it will lead to more purpose-built rental housing, including affordable rental housing, being built.

With due respect—and I don't mean that in a snarky way; I mean that in a really serious way—adding \$15 billion to the apartment construction fund is making a difference right now. That fund initially had \$25 billion, and \$17 billion has already been committed, so what we did in the fall economic statement was add another \$15 billion, so it's \$40 billion in total.

Putting that money in there is having an impact right now, because if people are beginning a project—proposing it—at the end of 2023 or the beginning of 2024, it takes them a while to have the plans, to have the permitting. Now they know there is money in that fund that they can apply for and build their plans around. That is money that's going to make a difference today.

That's actually true, really true.

The Chair: Thank you, Minister. Thank you, MP Morrice.

This will be our final questioner for the minister. MP Blaikie, you'll have the final time.

Mr. Daniel Blaikie: Thank you very much.

Minister, in your opening remarks, I think, or in one of your answers here so far, you made reference to the new mortgage charter.

I'm wondering if you could explain for the committee the legal consequences for a financial institution that disregards the mortgage charter.

Hon. Chrystia Freeland: We developed the mortgage charter in collaboration with financial institutions. It's been, I would say, a cooperative approach. What we have found is that financial institu-

tions actually share our government's view and—I'm going to presume here, but I don't think much—your view also, which is that we want Canadians to keep their homes.

Financial institutions do not want people to lose their homes. We believe the mortgage charter is something that financial institutions are able to abide by and are supportive of, because we developed it together with them. I thought it was really important to have it down in black and white, because I at least have found there are elements in there that people just don't know about, and not knowing about it is causing real stress and anxiety.

Mr. Daniel Blaikie: However, strictly speaking, there are no consequences for financial institutions for disregarding the charter.

Hon. Chrystia Freeland: We actually have been stepping up, as I know you know, our enforcement abilities in the financial sector. We are now setting up something that consumer finance NGOs have been calling for for a long time: a fully independent ombudsman Canadians can go to when they have concerns about their financial institutions. That has never been the case. Financial institutions have been able to pick and choose. We're creating a fully independent ombudsman, which I think is going to help people.

• (1205)

Mr. Daniel Blaikie: Will the charter be a legally enforceable document?

Hon. Chrystia Freeland: The charter is published by the finance minister. Canadians can see it and refer to it. They can use it when they refer to the ombudsman and to the Financial Consumer Agency of Canada.

Mr. Daniel Blaikie: On that question, I'm going to take that as a no, unless you tell me I'm wrong.

I am curious, in this question, about the stress test, though, because it does seem to me that requiring somebody who has an uninsured mortgage to renew with the same institution, even if it's a higher rate than other rates that are available in the market, is probably not very helpful, unless the goal is to increase the odds of default for uninsured mortgage holders.

Can you explain why the decision was made to move ahead with eliminating the stress test for one category of mortgage holders and not for the other?

Hon. Chrystia Freeland: There is, of course—and I know you know this—no requirement to renew at the same institution. The distinction is that if you have an insured mortgage, you do not need to pass the stress test again. I think that gives people comfort, confidence and ease of shopping around.

Another consideration I think we all need to bear in mind is the safety and security of the Canadian financial system overall. That is an important consideration. That's something the superintendent of financial institutions is principally charged with, but we take his opinion seriously. The Canadian financial system and the institutions that maintain it really have stood the test of time. We saw that in 2008.

Mr. Daniel Blaikie: On that point, if “Joe” has an uninsured mortgage with bank *X*, and he wouldn't pass the stress test, he can get a mortgage at a higher rate with bank *X* again, which is not going to be better from the point of view of making his mortgage payments. Why would we require him, with an uninsured mortgage, to have to do the stress test to get a lower rate, which would make it more likely that he wouldn't lose his mortgage? I don't understand why we would make it harder for someone to get a lower rate while allowing them to renew at a higher rate with the same institution. There's a circle that doesn't square there for me. Perhaps you could shed some light on that.

Hon. Chrystia Freeland: Our intention is to provide comfort to people who currently have mortgages, first of all, by reducing the anxiety by giving them options and tools that allow them to stay in their homes. That is what the mortgage charter is about.

I would also say, as we all know, that the key issue here is the interest rate. We haven't really been talking about it, although it's been the subtext of our entire conversation on housing, which is why our government is really focused on doing our part to create the financial circumstances that allow prices to stabilize such that interest rates can move from their current contractionary position. I think we need to have that very much in mind when we're talking about anything to do with the economy, and particularly anything to do with housing.

The Chair: Thank you, MP Blaikie.

Thank you, Deputy Prime Minister Freeland. We thank you for your testimony.

We also thank you, Deputy Minister Forbes, for your testimony; although, you'll be sticking around with us for the second hour.

Members, we are going to suspend for five minutes as we transition to our second panel.

Thank you.

• (1205) _____ (Pause) _____

• (1210)

The Chair: I call this meeting back to order.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 21, 2023, the committee is resuming its study of policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

With us today for the second hour—well, he was also here the first hour—we have the deputy minister, Chris Forbes.

Welcome, Mr. Forbes.

With the deputy minister is the assistant deputy minister, federal-provincial relations and social policy branch, Alison McDermott.

Welcome, Ms. McDermott.

The assistant deputy minister, financial sector policy branch, Grahame Johnson, has also joined us. Thank you for being here with us for the members' questions.

MP Chambers has a point he would like to make.

• (1215)

Mr. Adam Chambers: Thanks very much, Mr. Chair. I'll be very quick.

FCAC was invited by the clerk to appear on this study. They have declined that invitation, suggesting that they are not responsible for the mortgage study, or they have no responsibility.

I think that's not correct. I'd like to seek unanimous consent from the committee to reissue the invitation to FCAC, the Financial Consumer Agency of Canada.

The Chair: MP Chambers, can I allow the clerk to give a little background and speak to that?

Mr. Adam Chambers: Sure. Thank you.

The Chair: Go ahead, Clerk, if you can.

The Clerk of the Committee (Mr. Alexandre Roger): Sure. I'll be paraphrasing here.

They didn't send an official email. They called and had a chat with me. They were saying that housing is not within their mandate. They are more about regulating the banks and overseeing the compliance of financial institutions and financial literacy in Canada, among many other things in their mandate.

They politely declined our invitation.

Mr. Adam Chambers: Mr. Chair, if I may, I believe they are involved in discussions on mortgage amortizations and extensions with the banks. They also are part of the mortgage charter discussion.

In my view, they are very relevant to have here. I'd like to seek unanimous consent to invite them to appear, with no date but as part of the study.

The Chair: Yes, so the clerk will reach out again.

Go ahead, MP Dzerowicz.

Ms. Julie Dzerowicz: In theory, I don't have a problem with that. I just find it odd that you have the agency coming back and not mentioning that they're actually in charge of that. Can we not sort of put it to them to say they're also in charge of mortgage amortization and all these other things?

The Chair: That can be added to the email or whatever.

Ms. Julie Dzerowicz: Yes. We could just add that it's because they're in charge of X, X and X that we're inviting them, if that's okay.

Thank you.

The Chair: I think that is fair.

Members, we're going to get right into the rounds. There are no opening remarks.

MP Morantz, you have six minutes, please.

Mr. Marty Morantz: Thank you, Mr. Chair.

I want to thank our witnesses for being here today.

Yesterday I saw a story on Global News that reported that NDP-held ridings received 18.7% of the rapid housing initiative funds. The problem is that only 7.8% of Canadians live in NDP-held ridings.

Are NDP-held ridings getting preferential treatment because they're propping up the Liberals?

Mr. Chris Forbes (Deputy Minister, Department of Finance): I can't answer that question. I'm not sure how the decisions...or the government is out negotiating....

Would you like me to answer about how I think the housing accelerator fund is rolling out, or...?

Mr. Marty Morantz: No. Fair enough.

Mr. Chris Forbes: I meant the rapid housing initiative; pardon me.

Mr. Marty Morantz: Given that the statement has been made, would you be able to table with the committee a breakdown, riding by riding across the country, as to how the housing accelerator funds have been rolled out?

Mr. Chris Forbes: It's not our department that would have that. That would be the ministries of housing and transport. We don't generally track spending by—

Mr. Marty Morantz: You are here on the housing study. Could you speak to whoever is responsible, then, and arrange for it to be tabled? This is the housing study that you're appearing on, is it not? I'm asking about the rapid housing initiative program.

Mr. Chris Forbes: No, I understand the question. Thanks. My point is that I don't know what data that department carries or—

Mr. Marty Morantz: Could you check with them to see if they have it?

Mr. Chris Forbes: I can call them, sure.

Mr. Marty Morantz: Okay, great. Good. Can you let the committee know what they say?

Ms. Julie Dzerowicz: I have a point of order, Mr. Chair.

The Chair: Go ahead on a point of order, Ms. Dzerowicz.

Ms. Julie Dzerowicz: I think our witness has indicated that his department is not in charge of that. Is that something we could direct our clerk or our analysts to get the information on for us?

The Chair: Thank you, MP Dzerowicz.

Maybe the analysts can look into it, MP Morantz.

Mr. Marty Morantz: Yes. I'd like to have an answer to that question.

The Chair: Okay. We will try to get some information.

Mr. Marty Morantz: That's good. The clerk is nodding.

The same thing goes for the concerns discussed in the same article regarding the scoring criteria. It said that the program design “did introduce a bias into the program that did indeed see large urban centres—where Conservative MPs are generally under-represented and New Democrats are significantly over-represented—receive more attention from the [rapid housing initiative] while smaller municipalities received relatively less”.

I'm wondering if maybe the clerk or the witnesses could arrange to table with the committee what the scoring criteria are for the rapid housing initiative.

Am I seeing nods?

• (1220)

Mr. Chris Forbes: Unfortunately, I am going to give the same answer: It's not my program. I think somebody else would have to provide that information.

Mr. Marty Morantz: Clerk, will you get that? Great.

Recently the president of the CMHC, Romy Bowers, told the Senate finance committee that CMHC had no plan for building the 3.5 million homes necessary to achieve affordability. The government that you are working for has been in power for eight years. CMHC cautioned the government back in 2019 that this housing issue was going to be a big problem.

Why is the head of CMHC, a government agency, saying that there is no plan?

Mr. Chris Forbes: I can't speak for what someone else said, but I would say that I think the government has laid out—

Mr. Marty Morantz: Perhaps I should ask it this way. Is there a plan?

Mr. Chris Forbes: I think the minister was clear, and if you look at what's been in previous budgets and in the fall economic statement, I think there is a plan to tackle housing supply challenges in particular. I think that the minister went through a number of the recent measures to boost housing supply, so I think there is a plan to increase housing supply—

Mr. Marty Morantz: So what Ms. Bowers is saying is opposite to what the minister is saying.

Mr. Chris Forbes: I guess I would make a slight distinction, which is the quote.... Again, I wasn't there, so I can't confirm that this is exactly what Ms. Bowers said, but I think you're referring to a study that CMHC did about getting affordability back to 2004 levels.

I just want to distinguish between a plan to increase housing and to improve affordability—

Mr. Marty Morantz: I have quite a bit of ground I'm going to cover. I appreciate your response, though.

Just a few minutes ago, the minister said something I thought was curious. She said that her government eliminated the GST on all purpose-built rentals. Was that a true statement?

Mr. Chris Forbes: On the GST rebate, yes.

Mr. Marty Morantz: Is it on all purpose-built rentals? Is that true?

Mr. Chris Forbes: On purpose-built.... I'm sort of missing....

Mr. Marty Morantz: I'm just asking you a straightforward question. Did your government eliminate the GST on all purpose-built rentals, yes or no?

Mr. Chris Forbes: Going forward, yes.

Mr. Marty Morantz: Okay. Well, that's odd, because Bill C-56 doesn't provide a rebate on the building of single-family homes, duplexes or triplexes, so is the statement that she eliminated GST on all purpose-built rentals true?

Mr. Chris Forbes: It is on multi-units. My apologies.

Mr. Marty Morantz: So it's not on all purpose-built rentals.

Mr. Chris Forbes: No, you're very accurate. It's multi-unit rentals.

Mr. Marty Morantz: Okay. I want to go on to something else in the time I have left.

On the so-called Canadian mortgage charter, in a charter a government provides a grant of rights to its citizens. Does the Canada mortgage charter do that?

Mr. Chris Forbes: The mortgage charter explains—

Mr. Marty Morantz: Does it provide rights to individuals?

Mr. Chris Forbes: It does not provide rights. It explains what people are allowed to do—

Mr. Marty Morantz: Then why is it called a charter?

Mr. Chris Forbes: It's for communication purposes. I don't think that there's a—

Mr. Marty Morantz: For example, the minister just said in her comments.... I was taking careful notes, and she called these "rights". If you go back to see what she said—you were sitting right next to her—she said that they were rights.

I'm asking you this: Is it true that the Canadian mortgage charter provides Canadians with rights, or was the minister incorrect?

Mr. Chris Forbes: I think that Canadians have the right—a word I would have used in the common parlance—to ask certain things of their financial institutions—

Mr. Marty Morantz: Okay, let me be more specific. Do they have a legal right?

Mr. Chris Forbes: I believe I've already answered that question—

Mr. Marty Morantz: No, I'm talking about a legal right.

Mr. Chris Forbes: They have rights under the guidelines of FCAC—

Mr. Marty Morantz: Oh, well, that's good to know. The Canadian mortgage charter grants Canadian citizens rights. Is that correct? Is that your testimony?

Mr. Chris Forbes: Grants rights? No, I'm not sure I've said.... Have I said that? I apologize if I have said—

Mr. Marty Morantz: I'm not clear on what you're saying. My question is pretty clear, though. A charter is a document that grants rights from a government to its citizens. Does this charter, as the minister said, grant rights to Canadian citizens, yes or no?

Mr. Chris Forbes: I'll have to go and check yes or no. It does not grant any new rights to Canadian citizens.

Mr. Marty Morantz: Okay. Well, the minister just said that it did.

Mr. Chris Forbes: I'm not sure—

Mr. Marty Morantz: I heard her say it. Everyone was here.

Thank you for your testimony.

The Chair: That's the time, and now we're going to MP Baker, please, for the next six minutes.

Mr. Yvan Baker: Thanks very much for being here, Mr. Forbes, Mr. Johnson and Ms. McDermott, and for all your work in serving Canadians every day.

On the prior exchange, I want to say that I think it's highly hypocritical to have a Conservative MP try to identify or lament housing construction types that aren't covered by the GST rebate—those for which the GST rebate wouldn't apply—when the leader of the Conservative Party introduced a private member's bill that would effectively remove the GST rebate on broad sections of rental housing construction. We've had witnesses here speak about the fact that in Mr. Poilievre's private member's bill, his proposal for the GST rebate would actually lead to far less construction of purpose-built rental units and therefore do a lot less for housing affordability across the country.

I wanted to point that out, because I think it's important for MPs on all sides. When we speak, we should be very clear about where we stand. Mr. Poilievre has made it very clear where his party stands on this. He believes the GST rebate shouldn't apply to all of the rental housing unit types we've applied it to.

One thing we've heard a lot about is the issue of short-term rentals. The minister spoke about this, but I also hear it from folks in my community, Etobicoke Centre.

When I hear about that, I think about Airbnb. I know there are other types, but Airbnb is the dominant provider of short-term rentals. What Airbnb does is allow people who own a property to rent it out for short-term periods. One of the challenges I hear about from my constituents is that it takes a housing unit away from a potential long-term rental. When people have short-term rentals.... I appreciate the benefit being able to rent it out in the short term has for the landlord, but right now we're facing a crisis of affordability in housing. It's very important that people have access to long-term rentals.

Can you talk about what the government is doing to address that very issue—making long-term rentals more affordable for Canadians?

• (1225)

Mr. Chris Forbes: Thank you for the question.

There are a couple of things I would say.

First and foremost, I think you see how municipalities and provinces across the country are stepping up, in many cases, with regulations on what qualifies for short-term rental. That's not uniform. Obviously, different municipalities have different approaches. Sometimes it's province-wide. I think, in the case of Quebec and B.C., what the fall economic statement did primarily was put in place tax measures to reinforce local regulations or rules around qualifications for units to be eligible as short-term rentals. Basically, what we're doing is saying that from the tax system standpoint, your income tax—if you're claiming any deductions for running a short-term rental unit—has to be compliant with local or provincial regulations. It has to be registered and, effectively, be a legal unit to rent. That's to provide reinforcement for jurisdictions choosing to go down that road.

The second piece is an offer to provide enforcement assistance for municipalities, going forward. That program has not been launched yet, but it will be coming. That, again, is to help with enforcement of local regulations that are looking to limit short-term rental usage.

Mr. Yvan Baker: What I hear you saying is that we're working with municipalities that want to limit the number of short-term rentals because they are trying to provide more space for long-term rentals and therefore more housing for Canadians.

Is that a fair way to summarize?

Mr. Chris Forbes: Yes, I think that's a fair way to say it.

Mr. Yvan Baker: Okay. Thank you very much.

Mr. Chair, how much time do I have?

The Chair: You have two minutes.

Mr. Yvan Baker: I have two minutes.

In my community of Etobicoke Centre, when I'm out knocking on doors or getting phone calls, one of the issues I hear about most from folks every day is how they're struggling with rising interest rates and the cost they are bearing on their mortgage. The concern is in two categories. One is that folks who have a variable-rate mortgage have seen the cost of servicing that mortgage on a monthly basis go up. Two is that even folks with fixed mortgages who are renewing have now had to renew at a much higher rate. This is costing folks a tremendous amount of money. For a lot of folks, it's a real struggle.

In the fall economic statement, we brought in a number of mortgage protections. I'm wondering if you could speak about these in the remaining minute or so. What are some of the most impactful protections?

Mr. Chris Forbes: I will ask my colleague Mr. Johnson to take that one.

Mr. Grahame Johnson (Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance): Thank you, Deputy Minister.

Thank you for the question.

I'll speak a bit to the new mortgage charter, which is, I think, what you're referring to.

This really brings together and highlights certain things with respect to mortgage holders who are under stress, those who hold mortgages on their principal residence. This is targeted at them. This is not for investors. This isn't for someone's second home; this is for their principal residence.

If there are Canadians who are at serious risk of defaulting and losing their home, there are things they should be able to expect from their financial institution, such as working with their financial institution to discuss lengthening amortization for a fixed period of time. That will reduce their payments, but they will want to get back to their amortization as soon as they're able to, because ultimately it's in their best financial interests to pay the debt off as quickly as possible.

This allows someone, if they are at risk of going into negative amortization, which can happen on some of the variable-rate loans you were referring to, to make lump sum payments without paying a fee on them.

It requires the financial institutions to reach out four to six months in advance of someone's mortgage coming due to discuss their options and to discuss different things that can be done for them or for those mortgagors in distress.

It also says that banks should not be putting interest on interest in cases of negative amortization.

Finally, it looks to banks and financial institutions in general—I should be clear—to waive fees or penalties on some of these actions that are taken to get the homeowner through this period of stress. It will help reduce the risk.

• (1230)

The Chair: We're well over time, so thank you.

Thank you, MP Baker.

MP Ste-Marie, go ahead, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I would like to officially welcome Mr. Forbes, Mr. Johnson and Ms. McDermott. I thank them for being here.

My congratulations on your new position, Mr. Forbes. I want to sincerely thank you for being here today. To my knowledge, your predecessor, Mr. Sabia, never came to a meeting of the Standing Committee on Finance. In fact, the only times I ever saw him was on highway 50, when we were travelling in the same direction, so for you to take the time to meet with members means a great deal to me.

I have several questions to ask about some small technical points. I am not expecting complete answers from you today. My goal is to raise these questions. Please feel free to send your answers to the committee in writing if need be.

Before beginning my technical questions, I want to make you aware of two things. I know they are not within your jurisdiction, but I no longer know how to come at the problem. I am talking about the in camera sessions when economic statements and budgets are tabled, and the question of closure and the time that is then allocated in committee.

We have had Bill C-56, for which a super gag order limited the time in committee. We had to draft our amendments at the same time as we were hearing witnesses. That does not work and we cannot do our work in committee properly like that.

I am not expecting answers from you. I just want to invite you to advocate, insofar as it is within your powers, that we be allowed more time so we can function in committee when a super gag order is imposed. We would be very grateful.

The same thing applies to in camera meetings. During the pandemic, an ingenious system was put in place to enable all officials to answer our questions by telephone, remotely. It worked during the pandemic, but since the end of the pandemic, it has no longer worked. Since then, the minister, her team, and the parliamentary secretary answer every time that they are going to fix it. When the officials are online, it does not work. We get no answers to our questions. We would prefer to have a lot fewer officials present in a big room with all the opposition parties, like before. That way, we are able to get answers to our questions and it is more constructive. I do not expect to get answers to this, but I would like to make you aware of it, because we get told yes every time and we are always disappointed during in camera meetings.

With that said, I will get to my questions.

First, we have been approached by the Recreational Vehicle Dealers Association of Quebec. Its members sell motor homes and trailers that are hitched behind a vehicle. According to an interpretation given by the Canada Revenue Agency, since the vehicles imported from the United States go through Ontario, the Agency is asking association members to pay Ontario sales tax retroactive to 2012, telling its members that they can get reimbursed afterward. This is something very technical, but it creates a cash flow problem for the dealers. I am going to email you and the minister the relevant information. The directors of the association have told us that they met with Department of Finance representatives, whose answer was that the association was right and this problem should be resolved, but it is not a priority at the moment. Do you have any comments on that?

● (1235)

Mr. Chris Forbes: Thank you for the question. This is a completely new subject for me. If you have a letter on the question that would explain things a little more for me, we will get back to you and give you our views.

Mr. Gabriel Ste-Marie: Yes. Thank you. When the committee meeting is over, I will send you the details. I will do the same thing for the minister, as I told her.

Australian wine producers have brought an action against Canadian wine producers. Although time was limited at the committee, we were able to exclude cider and mead producers. However, berry producers, like producers of pear cider, maple cider and berry cider, are not excluded, even though they present no problem for Australian wine producers. Is the minister looking after these small artisanal producers?

Mr. Chris Forbes: That question would be better for the people in my former department, Agriculture and Agri-food Canada. I do not know where we are in the program or what is going to happen. That would be a question to ask Mr. MacAulay and his team.

Mr. Gabriel Ste-Marie: Right. Thank you. We will certainly follow up, but those items were part of the recent budget implementation act.

Mr. Chris Forbes: Yes. I understand. I just want to say that the rules of the program are made by that department.

Mr. Gabriel Ste-Marie: That's fine. Thank you. That helps me a lot. That is the first time I have had such a concrete response from the department. We are very grateful.

Microdistilleries, small artisanal producers of spirits, are part of a relatively recent sector of expertise. They provide livelihoods for our regions and we are proud of their know-how.

Is the department currently working to develop a progressive tax program like the one that exists for microbreweries? When small beer producers produce a little, the excise tax is lower, but the more the volume increases, the higher the tax.

Mr. Chris Forbes: That is not something on my radar. It is an issue that involves the Department of Agriculture and Agri-food and my department. However, if support needs to be given, it would not come from us. The support would perhaps be provided by the provincial government or another department. So I am not very up on what is needed, what is being requested, and pressures concerning that question. It is not something I have thought a lot about.

Mr. Gabriel Ste-Marie: Right. Thank you.

[English]

The Chair: Thank you, MP Ste-Marie.

We go now to MP Blaikie, please.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

I was glad to see that Mr. Hallan was not the only one fishing for a gold star today. I want to thank and commend Mr. Morantz for highlighting the good work of NDP MPs in respect of housing in their ridings. If I didn't know him better, I might have thought by his tone that he was insinuating something untoward was going on, but I would like to reassure him that this is not the case and share an anecdote with him.

When I was first elected in 2015, I ran on re-establishing a national housing strategy, as did, as it happens, what would become the Liberal government. One of the first things I did was bring together all the non-profit housing providers in Elmwood—Transcona and non-profit groups that might have an interest in building housing in the riding. We met together over a series of several meetings over months. We found people who had worked at Manitoba Housing and at CMHC in the heyday of federal funding for housing. We talked about how the national housing strategy pre-1995 worked. We talked about the kinds of things you would have to do if you wanted to properly execute a housing project—looking for land, getting drawings done up, monitoring websites for funding opportunities as they became available from the federal government and so on.

We ended up ultimately doing a round table that included lots of the non-profit housing providers and umbrella organizations for them across the city of Winnipeg. We brought everybody who had been part of successful non-profit housing projects in the city together to share best practices. At that time, folks were working on the Grace Co-op, which has since been built. Even though it wasn't, strictly speaking, in Elmwood—Transcona, we brought them in to talk about what they were doing, because we wanted to prepare our community as best we could for the funds that had been promised, so that when those funds became available, we would maximize the opportunities for investment in our communities.

Mumilaaq Qaqqaq, who was the previous NDP MP for Nunavut, I know did a tour of 14 or 16 communities in Nunavut documenting the housing need—the mould, the overcrowding, all of the problems. She published that publicly and worked with communities to talk about their housing needs and to present those in a coherent, forceful way to the federal government. Jenny Kwan, in Vancouver East, regularly meets with groups who are providing housing in their communities.

I'm not surprised that so much grassroots community effort in working with non-profits to deliver affordable housing in their communities has led to a higher level of investment in ridings where there are MPs who see that as part of their job and want to deliver more public resources for affordable housing in their communities.

I want to thank Mr. Morantz for having highlighted that good work and giving me the opportunity to explain how it's done.

I would wish—for him and for all members at this table—that they do that work in their own community, while government provides more resources, so that as more MPs from other parties learn how to do that work in their ridings, resources are available commensurately to increase the amount of social and affordable housing stock.

Thank you, once again, Mr. Morantz, for providing an opportunity for that education about one way that you can be an effective MP for your community.

I asked the minister earlier if we could get information on some of those non-profit projects that have already received federal funding but have stalled out because of high interest rates.

Can we get that information?

• (1240)

Mr. Chris Forbes: I'm not sure what information we have. Perhaps Ms. McDermott has specific details on that.

Ms. Alison McDermott (Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance): I would say that these programs generally are run out of CMHC or housing in Infrastructure Canada. They have been given, I know, flexibility in the management of these programs to provide additional support for some of the more vulnerable projects. As we understand it, they are managing those well. We don't generally get details on the projects themselves, but there may be a level of transparency that's possible, so we could look into that if—

Mr. Daniel Blaikie: Sure. I think all we really need in terms of information is whatever would be sufficient to cost the application of the GST rebate to those projects. We know that somewhere in the federal government there is a list of all the projects that have been approved for funding. It's impossible to believe that they don't have it.

I have asked this question before and gotten soft commitments around providing this information, so I expect at some point the Department of Finance has reached out to partners in government to get that information to be able to come up with a cost estimate.

Mr. Chris Forbes: It goes back to one of the opening questions. I think what we could get back to you with is where this information might be held, and you can make sure, I guess, that the clerk or somebody can reach out and get it from....

I feel a little uncomfortable promising information from another department, but I think we could find it and make sure you get the right place to connect with.

Mr. Daniel Blaikie: That sounds good.

If it eases your mind, I have been told by folks in the housing minister's office that this information could be provided. It just hasn't been provided.

Mr. Chris Forbes: Okay. Let's see what we can do.

Mr. Daniel Blaikie: Let's cross the finish line on that. I would be very grateful for it.

Another question that was asked previously about information was if we could get the deposit amounts for first homebuyer savings accounts.

We know the number of Canadians who have opened an account. How much has been deposited in those accounts?

Mr. Chris Forbes: We'll look into what we can make available. I don't have that off the top of my head. We'll look into that.

Mr. Daniel Blaikie: Thank you very much.

Is the system set up so that the government does get that information at some point, or are you guys not concerned about knowing how much is being deposited in those accounts as a means of evaluating the effectiveness of the program?

• (1245)

Mr. Chris Forbes: I don't know the specifics of this program, personally. With other, similar programs we would have access to overall amounts.

I would be hard pressed to tell you for sure exactly what we could pull out, but we should be able to pull out some broader numbers in terms of the overall value of what's there and the growth, etc.

To be honest with you, I don't know the timing of that and exactly what would be there, but we can certainly come back with something.

The Chair: Thank you, MP Blaikie.

We are moving into our second round. With the time we gave up for suspension and starting a few minutes late, etc., if I hold really tight to the time, we can get it in.

MP Lawrence, go ahead, please, for five minutes.

Mr. Philip Lawrence: Thank you very much, Chair.

Merry Christmas to all the panellists. Thank you for your hard work and dedication to the Canadian people.

I want to start with a quick remark with respect to Mr. Blaikie's soliloquy there.

It was once said by a very wise person that progressives define compassion as how many people government can help; Conservatives define compassion as how many people government does not have to help. We want to be in a position where Canadians can afford their own food and their own housing. That's really the difference between our side of the table and the other side.

I'm just a simple guy from Orono, Ontario. I assume that you, as deputy minister of finance, should have control over the money. The dollars that all the taxpayers are paying is really your thing, right?

Mr. Chris Forbes: I'm a deputy minister, so I obviously provide policy advice to government.

Mr. Philip Lawrence: Perfect. You should know numbers and things like that. Is that right, Mr. Forbes?

Mr. Chris Forbes: I should know some numbers. I won't know them all, for sure, as we all know. Hopefully, I know some.

Mr. Philip Lawrence: Okay, I'm going to ask you a couple of straightforward questions.

My son got a little shout-out from the minister, which I appreciated. He's learning long division.

With some of these projects, I take the amount of money that's dedicated and divide it by the number of units with respect to housing. The CMHC 2022 annual report said that \$14 billion had been committed to building 40,000 new units. That approaches \$3 million per unit.

This is a fairly straightforward number: Could you tell me, of the projects that the government has either loaned money for or just out and out financed completely, how much is the average cost of those units?

Mr. Chris Forbes: I do not have a number for that.

Mr. Philip Lawrence: Could you undertake to provide that number?

Mr. Chris Forbes: Is that the dollar per unit of all the investments that the government has made, current and future?

Mr. Philip Lawrence: Yes. For every unit the government has either built, subsidized or otherwise financially supported, what is the average cost of those units?

Ms. Alison McDermott: I'll just note that there are a range of programs withing the national housing strategy. Obviously some of them provide.... There are apartment construction loans, which are in the range of \$20,000 per unit. In some of the programs for more deeply affordable housing, that support is obviously a whole lot higher.

We could give you a range, but I'm not sure an average would be—

Mr. Philip Lawrence: Don't get stuck on the word “average” there. I want the cost per door, though. How much does it cost to build these, whether it's per apartment, per condo, per house, or an average number.

You guys are good with numbers. I trust you'll be able to provide me with something that a simple guy from Orono can understand. Is that fair enough?

Mr. Chris Forbes: You want something that's accessible to everybody.

Mr. Philip Lawrence: Thank you very much for that.

From there, I just wanted to talk a little bit about.... My colleague asked about the first home savings program. In my opinion, he didn't get a satisfactory answer from the minister.

We've heard that 300,000 accounts were started. How many have had deposits? What are the average amounts and total amounts of deposits?

Mr. Chris Forbes: Thanks for the question.

What I said to Mr. Blaikie was that I don't have those numbers with me. Just to be clear, I'm not totally sure what data we have at what level and how current it is. We will endeavour to get back to you with the data we have and to share that with you.

Mr. Philip Lawrence: Perfect.

We'll switch gears again.

With respect to the charter that has been announced, I think it's almost a misnomer. To be clear, it says in there that banks should waive fees and lengthen amortization, but if I go into RBC tomorrow and I say, “Hey, I have this charter and I need my amortization extended”, what do you think their response to me is going to be?

• (1250)

Mr. Grahame Johnson: I would assume you're not a homeowner at risk, but if you went into RBC and said, "Look, I'm unemployed. I'm about to lose my house. I can't pay my mortgage", the banks are not interested in repossessing your house.

Mr. Philip Lawrence: That's true.

Mr. Grahame Johnson: They will work with you. I think that gives you a list of possible options that the bank could present to you while you work your way through this.

Mr. Philip Lawrence: But they're under no legal obligation. I don't think there's any additional legal obligation here.

Thank you.

The Chair: Thank you, MP Lawrence.

Now we go to MP Thompson. Go ahead, please.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you.

Welcome to the witnesses. It's a pleasure to have you here today.

To my colleague's question, I think it's important to note that when Mr. Poilievre was minister of housing, I believe there was \$300 million for 99 units.

I think it's incredibly important that we move forward to build a significant number of units and to address the very real challenges for many Canadians. Certainly in my riding we're seeing a need for multiple types of housing. To me, focusing on affordable rental housing is a really important step forward.

I can start with you, Mr. Forbes, but certainly either of the witnesses can answer.

I'd like to begin with the Canada mortgage bonds. It certainly seems that we have taken the amount from \$40 billion to \$60 billion. What I'm really pleased about is the support for builders. I have heard from the construction association in my riding how grateful they are for this support and how it is linked to their being able to build multi-unit projects, including seniors' residences and student housing, and to expand support across a very complex housing need.

Could you speak to that policy? What do you hope to see in terms of units?

Mr. Grahame Johnson: Thank you for the question, MP Thompson.

The Canada mortgage bonds program is a very important one in particular for the construction of purpose-built, multi-unit residential units.

One of the biggest challenges in building new units is the cost of financing and interest. For borrowers to finance these projects, it's appreciably cheaper, in the order of 100 to 200 basis points—so 1% to 2%—to borrow using government-guaranteed funds and government-insured funds by going through and getting multi-unit mortgage insurance from CMHC.

The lending institutions know they can fund their mortgages by securitising them and selling them to the Canada Housing Trust,

which in turn sells Canada mortgage bonds to investors all over the world.

At \$40 billion, the program was very successful, but it was supply-constrained. There was more demand for this funding than there was supply. The \$60 billion opens up another \$20 billion. It's CMHC math; I'll say it's their number. It would help finance 30,000 of the new units each year.

This essentially opens up the ability of mortgage lenders to provide more ensured financing to builders and to provide a break in terms of the financing cost, and it really helps them get these projects off the ground. This is bringing private capital into the market as well. These bonds are sold into the market globally.

Ms. Joanne Thompson: Thank you.

On the suite of supports, I want to reference the affordable housing fund and the apartment construction loan program that I believe is coming out in 2024. Can you speak to that and to what you hope to see come through that program?

Ms. Alison McDermott: These are existing programs that have been providing support for affordable housing and housing in general for a few years now. We have top-ups to both programs. We have a \$15 billion top-up to the apartment construction loan program. That should allow an additional 30,000 units, bringing the total to over 100,000, as the minister pointed out.

There's also a billion dollars of additional investments into the affordable housing fund, which used to be the co-investment fund. That is expected to support an additional 7,000 or so new units. That should be on top of the existing fund of \$13 billion, which was slated to deliver over 60,000 units. Those are new units in addition to the repairs of 240,000 units. Basically what we're talking about is additional funding to support additional housing being built.

• (1255)

The Chair: Thank you, MP Thompson.

Next we have MP Ste-Marie for two and a half minutes, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

The government had announced that it was going to pay \$1 billion to the Breakfast Club. Since that announcement, we have not seen the money. I was sure that payment of the money would be announced in the fall economic statement. I looked for it in Bill C-59, but I will admit that it is complicated and I did not find it.

Can the department tell me? Is the billion scheduled for sometime soon, or is it a forgotten promise?

Mr. Chris Forbes: I cannot speak for the government. However, I can tell you that decisions will be made when the federal budget is being prepared, in 2024. The measures that have not been announced up to now could still be part of the budget. I am not answering yes or no, but...

Mr. Gabriel Ste-Marie: Right, thank you. In fact, it was an election promise made by the Liberal Party that we are still waiting to see come to fruition.

I asked the minister a question about this earlier. I think Bill C-59 contains a lot of things relating to housing that seem to me to be similar to those we find in Bill C-356 introduced by the Conservative Party leader. Could you tell us today, or else in writing, what similar items there are in the two bills?

Mr. Chris Forbes: We have not done that kind of comparison between the two, if that is your question. I suppose that...

Mr. Gabriel Ste-Marie: The item I am referring to, in particular, is the idea of telling municipalities that if they do not build enough housing, they will have their infrastructure and public transit transfers cut. It seems to me that I saw that when I read the fall economic statement.

Mr. Chris Forbes: Thank you for the question.

I think the minister mentioned that the approach with the provinces and municipalities is more collaborative than that. We are trying to work with them to make sure that local regulations provide incentives for building new housing. That is how the Department of Housing, Infrastructure and Communities works, and we are trying to work collaboratively with it.

Mr. Gabriel Ste-Marie: Right, thank you.

The Chair: Thank you, Mr. Ste-Marie.

[*English*]

Next we have MP Blaikie for two and a half minutes, please.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

There has been a bit of talk about the spirit of Christmas around the table today. In that spirit, I'm happy to share my time with Mr. Morrice.

Mr. Mike Morrice: Thank you, Mr. Blaikie.

For officials, I'd like to better understand what we need to do to address the financialization of housing. I have a concern that we didn't see enough in the fall economic statement when it comes to measures to address the way that homes in this country are increasingly being turned into commodities by large corporate investors and are seen less as homes for people to live in.

As I've shared with Mr. Forbes before, I've put forward a motion that would start to address this by removing some of these incentives for real estate investment trusts, for example, and directing those investments to build the affordable housing we need.

As a starting point, are you aware of any measures in the fall economic statement that would address the financialization of housing?

Mr. Chris Forbes: I'd go to the question of affordable housing more than the financialization. If there's a question about affordable housing, Ms. McDermott talked a bit about some of the measures to boost the supply of affordable housing that the government is supporting.

Mr. Mike Morrice: If I can clarify, I'd be happy to have any folks answer the question. My question is this: Are there any mea-

asures in the fall economic statement that would remove incentives that are currently in place that corporate real estate investors are benefiting from in order to turn homes in this country into commodities? An example I would share with you is the incentive currently in place that offers tax exemptions for real estate investment trusts.

Are you aware of any measures in the fall economic statement that would address the financialization of housing?

• (1300)

Mr. Chris Forbes: The only thing I'd point to, which we discussed a bit, was the Airbnb aspect, the short-term rental tax measure and enforcement fund. It would be in that vein. That would be the one thing that comes to mind. There's nothing on real estate investment trusts in the fall economic statement.

Mr. Mike Morrice: Can I ask whether officials in the minister's office have been seeking input and advice from the Department of Finance with respect to actions they may take with respect to the financialization of housing?

Mr. Chris Forbes: What we would just maybe clarify on process is that as we look forward and think about housing challenges, we will, as officials, provide advice to the minister about ways to improve overall housing supply—I think the theme in the fall economic statement is building more housing more quickly—with a focus on affordability, as the minister talked about earlier.

In that context, I think we will run through a gamut of issues. They could include consideration of issues like the overall fiscal room, timing and so on.

The Chair: Thank you, Mr. Forbes. That is well past the time. We're really running against the clock here, so we're going to go to MP Chambers, but thank you, and thank you to MP Blaikie for giving you that time.

Now we'll go to MP Chambers for five minutes, please.

Mr. Adam Chambers: Thank you, Mr. Chair.

Welcome.

Many of the financial institutions are making significant provisions for increasing loan losses. Four out of five are double—in some cases, triple—this year what they were in the previous year, except for one. I won't name that institution, but you may know which one I'm speaking about.

I'm just curious. Is the finance department in regular discussion with these banks about the sizes of their loan loss provisions and about what may be driving these higher provisions?

Mr. Chris Forbes: I'll start, and then I'll turn to Grahame if he wants to add a bit.

Obviously, we ourselves talk to the financial institutions regularly and also with our colleagues at Office of the Superintendent of Financial Institutions. We do talk to them about overall conditions, what they are seeing and their concerns that they see looking forward. I'm not involved in any specific conversations about their precise loan loss provisions.

I don't know if Grahame has anything he would want to add to that.

Mr. Grahame Johnson: As the deputy minister said, we are in very frequent contact with the FIs and also with the OSFI. Certainly it's the OSFI's main responsibility to ensure that the capital levels, the liquidity levels, are sufficient so that these banks remain stable, robust and able to withstand shocks. That's very much the case. I don't want to get too technical, but notwithstanding the loan loss provisions, banks have CET1 capital ratios well above 12%, which is very strong.

In terms of what's driving them, I think that's also being watched. Again, I won't run through the gamut, but pain points include commercial real estate and things like auto loans, things where you would expect higher interest rates to bite.

I would point out that for mortgage loans, arrears remain at extremely low levels—in fact, lower levels than pre-pandemic—so there have not been stresses in that area. That, certainly for a number of the larger Canadian financial institutions, is by far the largest asset class on their books.

Mr. Adam Chambers: I understand. Thank you very much.

I know the point about the default rate being historically very low, but the lessons from the United States in 2007 were that default rates were incredibly low until they weren't. Therefore, if the banks are increasing these loan loss provisions significantly, they are being effectively told by the OSFI to stop lending or to slow their lending. We're pushing people out of the highly regulated space and into the what I will call the shadow banking sector—people are familiar with that term.

I'm a bit nervous about the OSFI really clamping down on the regulated space and about the unregulated space getting bigger. My sense is that if there's a problem, it will emanate from the unregulated space first. I suspect that may be a better question for the OSFI, but that's something that concerns me.

Is the finance department aware of the new NRCan building code guidelines, Canada's building code?

Mr. Chris Forbes: It is, to some extent.

Mr. Adam Chambers: They have been released. They were initially proposed in 2017. They have been released now. We're talking about affordability in housing. There are reports that suggest that the NRCan building code guidelines are going to add up to \$50,000 per unit in cost for every home.

Is that a number that the Department of Finance has tried to determine on its own?

• (1305)

Mr. Chris Forbes: I'm not sure that I have seen those numbers around the \$50,000 cost. I'm happy to.... If someone wants to share those with me, we can look at them.

Mr. Adam Chambers: I would just recommend that you might want to ask that question about how much these new building code regulations would cost.

I'll leave you with two other recommendations.

One is that we should stop allowing borrowed money for down payments—i.e., using the equity in one property as a down payment for another.

The other would be to allow all Canadians to access their first home buyers' plan from their RRSP to help de-lever, which will cost the government zero money. That's something you could do for Canadians.

My final question in 20 seconds—because the minister and I didn't quite get to the bottom of it—is this: Does the minister provide the final sign-off on an investment from the Canada growth fund?

Mr. Chris Forbes: No.

Mr. Adam Chambers: No.

Mr. Chris Forbes: The Canada growth fund is independent in their decision-making.

Mr. Adam Chambers: Thank you very much. You're saying the minister does not provide—

The Chair: That's the time.

Mr. Adam Chambers: I'm very close, Mr. Chair.

The Chair: I know, but I have to hold everybody right to the time on this round. That's what I said at the start. I'm sorry, but yes.

We usually do allow for a little bit more, but now we have MP Dzerowicz for five minutes.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

Thank you so much for being here to answer our questions.

I think many of us are worried about those who are trying to re-new mortgages, so we're getting a lot of questions about that.

We've been talking about the mortgage charter that was introduced in the fall economic statement.

How does our federal government, or how are we planning to monitor financially regulated financial institutions? How are we going to monitor the implementation, the compliance, of the relief measures like those that are outlined in the mortgage charter?

Mr. Grahame Johnson: I won't repeat all the aspects of the charter, because I did that earlier.

It is designed to work in conjunction with the FCAC mortgage guidelines that were put out in July. I think it is through FCAC that Canadians who feel that they aren't being well treated by their financial institutions should seek some assistance. As was announced in the fall economic statement, we are moving to essentially a single ombudsman, a single point for an external complaints body where these issues can be addressed.

Ms. Julie Dzerowicz: I appreciate that, but we're not asking for a report back from financial institutions. It's just—

Mr. Grahame Johnson: Financial institutions will report back to FCAC regularly.

Ms. Julie Dzerowicz: Will they let us know how many people are actually—

Mr. Grahame Johnson: I would encourage you to reach out to FCAC, but yes, there is reporting going back to FCAC.

Ms. Julie Dzerowicz: Okay. That's very helpful.

Another thing has come up quite a bit, and I'm not quite sure that it's anything that your department is directly dealing with.

What we're hearing is that there are a number of measures at the provincial level that are stopping affordable housing from being available or are taking affordable housing stock off the marketplace. I'll give you an example. In Ontario we don't have a vacancy rent control. Does your department gather data on how much affordable housing that takes off the marketplace? Is that data that you collect and follow so that we can have some policy prescriptions around it, or is that not something that you're looking at?

Mr. Chris Forbes: I'll maybe turn to Ms. McDermott. Generally this would sit with the housing department, but Alison may have more to say on this.

Ms. Alison McDermott: I think that housing at Infrastructure Canada, CMHC and we, to a degree, would certainly monitor with interest some of the developments on the provincial front, but we don't have a specific reporting duty associated with that.

I'll note that the housing accelerator fund is obviously an instrument that's put in place to try to encourage those at lower levels of government to introduce policies that will be supportive of housing supply and removing impediments.

Ms. Julie Dzerowicz: I appreciate that.

I'm going to ask one more question.

You may or may not be gathering information, but I think that as we're looking at policy prescriptives, we're always looking to improve. Our federal government has allocated over \$80 billion to the national housing strategy, and I know that's largely in housing and in infrastructure, but again, finance does a lot of the policy prescriptions.

Are we evaluating which programs are more successful than others so as to look for how we could start redirecting some of the funds from one area that's not being used very much or very efficiently to other funds? Can you maybe talk to that?

● (1310)

Mr. Chris Forbes: My general answer is yes, that's what we do. We try to make sure that dollars and programming are used effectively and that we're seeing results, and we do that regularly.

I'll maybe turn to Alison if there are specifics on the housing front, but one observation would be that some of these things have

long time frames, so it's difficult to know. We were talking earlier about incentives that improve the financing of multi-unit rental construction. It's a multi-year process to put your financing and permitting together, so the exact efficacy of those, the evaluation of their effectiveness, will take a number of years. You can look at things in the middle.

Alison, is there anything specific on the housing side?

Ms. Julie Dzerowicz: If you could tell us which programs have been most successful, that would be helpful too.

Ms. Alison McDermott: I'll stop short of that, but I will note that in the adjustments that happen between programs and even sometimes within program volets, like components of programs, we're often involved in supporting the minister to get authorities to make those kinds of adjustments.

Generally, they would be around.... Maybe one program has an amount of funding allocated and it's not using that funding at the same rate. We might transfer that over to programs that are using up funds more rapidly. Most of this gets reported in the budget documents. You can look at the history of those two.

Ms. Julie Dzerowicz: Thank you so much.

The Chair: Thank you, MP Dzerowicz.

We want to thank our officials for appearing. Thanks for your testimony on this study—

Mr. Philip Lawrence: I have a point of order. You can release the witnesses. I just have a brief point of order.

Thank you, Mr. Chair.

In the last meeting.... You're supposed to have consent, as a chair, before adjourning. I was clearly audible, saying, "Point of order", and you refused to recognize me. I would appreciate an apology and a commitment that this type of lack of decorum won't occur again.

The Chair: MP Lawrence, I looked around the room and it looked like everybody was ready to go. We had concluded the meeting.

Mr. Philip Lawrence: On that point of order, there's video evidence confirmed by the clerk that I said, "Point of order."

The Chair: MP Lawrence, I looked across the room. I saw that everybody was ready to go, and I adjourned as I usually do, but shall we adjourn today, members?

Some hon. members: Agreed.

The Chair: I'm looking around.

We're adjourned.

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