House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Habitat for Humanity Canada

or

( ) **an individual** **Name:** _____

Topic: Children, youth and families

*Recommendation 1: Please provide a short summary of your recommendation.

We are recommending an innovative social financing solution, based on a P3 model, that will enable Habitat for Humanity to build more homes for low-income families. The concept leverages Habitat's mortgage portfolio to access $200 million TD Bank will make available to build new homes and add capacity. To enable TD Bank's contribution and keep the borrowing costs at 0% to Habitat, TD Bank and Habitat need the federal government's contribution through interest payments on a low-performing loan while incremental mortgage cash flows retire the principle.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 million-4.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

If the social financing was the only source to fund new homes, it would generate 630 new homes. By becoming homeowners Habitat families save government an average of $8,400 for rent and social subsidies and pay an average of $2,915 in property taxes. The hard return alone to all levels of government on Habitat homes is $7,119,000, annually. Assuming a 4% interest rate, the peak contribution by government will be $6,000,000, annually.

The federal government can realize its savings by adjustments to social transfers.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Habitat for Humanity helps low-income families who partner with us and community support to build safe, decent homes that they purchase for payments they can afford. This social financing concept benefits those low-income families for whom it enables us to build new homes.

Habitat for Humanity is the only affordable housing solution that has presence and reach in every province and territory of the country. We build homes in all regions of Canada, including homes in rural and remote parts of the country.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

According to a CMHC report released in May 2013, families living in Habitat homes see their children pursue post-secondary education (93%) and their grades improve (62%). Parents go back to school (23%) move to better, higher paying jobs (34%), and see their incomes rise an average of 8% annually.

As noted in Budget 2013, the way Habitat for Humanity builds its homes also has led to over 1,300 college and high school students across Canada receive formal training in building trades that prepare them to join our labour force.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

Fund-raising is fundamental to the sustainability of Habitat for Humanity's model and will continue to be a substantial part of a successful social financing partnership. While the social financing concept is presented with the assumption it will be the sole source of funding to produce 630 homes, Habitat for Humanity's practise is to leverage funds through fund-raising from individual and corporate donors. Traditionally, where government invests in Habitat for Humanity, its contribution is limited to 1/3 of the cost to complete a home. If the same approach is used with social financing capital, the homes enabled by the federal government's participation would be triple to 1,890.

The annual benefits to government from new property tax revenues and savings on rent and social subsidies have been stated as hard cash returns for 630 homes. If the capital from social financing is leveraged as set out above, the hard cash return for 1,890 homes could be as great as $21,350,000, annually, on a peak annual investment of $6,000,000.

In addition to those cash returns, Habitat for Humanity has engaged Boston Consulting Group to research and report this Fall on the social returns Habitat for Humanity creates by improved health, better education, reduced crime, and greater prosperity of the low-income families who move into Habitat homes. When the social returns, which we anticipate will be significant, are stacked upon the already favourable hard returns, this social financing concept is a compelling opportunity for the government to be part of a game-changing solution for low-income families.

*Please note that at least one recommendation must be provided