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NOTICE OF MOTION – February 28, 2024

Prioritizing Rental Housing development through a request to the Federal Government for re-examination of EIFEL

Moved by: John Kovac – Councillor, Ward 4

Seconded by: Joe Horneck – Councillor, Ward 6

WHEREAS the Canada Mortgage and Housing Corporation (CMHC) estimates that Canada will need an additional 3.5 million housing units by 2030, including 1.5 million in Ontario;

AND WHEREAS the recent decision by the federal government to remove Goods and Services Tax (GST) on new purpose-built rental housing will incentivize construction of much needed rental homes in Mississauga and across the country;

AND WHEREAS high interest rates, construction costs and skilled labour supply shortages continue to impede housing starts and affordability;

AND WHEREAS several federal government policies, including low interest CMHC financing programs aim to address challenges in the housing sector;

AND WHEREAS housing security, affordability and supply are the top issues consistently ranked by Canadians in public opinion surveys in recent years;

AND WHEREAS the federal government is contemplating implementation of excessive interest and financing expenses limitations (EIFEL) rules in line with its OECD counterpart countries as part of its 2024 budget to avoid tax base erosion;

AND WHEREAS certain Canadian companies and trusts with foreign activities or ownership may be negatively impacted by this proposed framework due to a reduction in allowable tax deductions;

AND WHEREAS proposed rules will create additional barriers to increasing housing supply and may drive up the cost of new homes and infrastructure;

AND WHEREAS other OECD countries including the United States have introduced exemptions for the real estate sector within their EIFEL rules to avoid unintended consequences on housing starts;

AND WHEREAS the National Housing Supply Coalition is a consortium of Canadian companies, including several companies with projects and development sites in Mississauga that are working to raise awareness of the intended consequences of EIFEL on Canadian housing starts;

AND WHEREAS several municipal housing and provincial leaders have raised similar concerns, most recently including the Hon. Ravi Kahlon, Minister of Housing for British Columbia.

NOW THEREFORE, BE IT RESOLVED:

1. That the City of Mississauga write to the Federal Minister of Finance, reaffirming Council's view that only when all government policies work in tandem to meet the demand for housing needs in Canada, will our housing crisis be resolved; AND
2. That any tax policy changes must be re-examined through the lens of housing supply needs and affordability; AND
3. That the City of Mississauga urge the federal government to work with appropriate stakeholders to ensure unintended consequences of EIFEL's legislation are mitigated through additional measures in such a way that they do not compromise the ability of Canadian developers and builders to deliver the greatest number of homes in Canada as possible.

A handwritten signature in black ink, reading "John Kovac". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Kovac
Councillor, Ward 4