CANADIAN LAND TRUST
GIFT COALITION

Submission for the Pre-Budget Consultations in Advance of the 2026 Federal Budget

Canadian Land Trust Gift Coalition

September 2026

Recommendation

1: To dramatically reduce the cost of land for affordable housing, we recommend the federal government amend the Income Tax Act to include ‘Land Trust gifts’ alongside mentions of ‘ecological gifts’ to be used for the creation of affordable housing.

Background

This policy proposal was initially developed by the Kamloops District & Chamber of Commerce with support from the Canadian Chamber of Commerce.

In the summer of 2026, the Canadian Land Trust Gift Coalition was formed to further advocate for this policy. The Coalition is made up of members from across the country who support the proposal in principle and who may be beneficiaries of the proposed policy tool.

Canda's housing affordability crisis is the single largest public policy challenge facing us today. Housing affordability impacts our productivity, GDP growth, labour force availability, immigration levels and military readiness. Housing is the largest asset class in Canada, and thus, the most expensive problem to address.

While much of the policy response has focused on housing access and supply, such as; mortgage rules, construction costs and zoning reform, very little attention has been paid to increasing the availability and preservation of affordable land for residential developments.

While the causes of the housing crisis are numerous, the availability of land remains the largest contributor to skyrocketing home prices. A study by the Canadian Mortgage and Housing Corporation (CMHC), indicated that land prices comprised 30% to 75% of the total sale price of a dwelling[1]. Investors on the other hand, are now competing with first time home buyers, compromising at least 30% of residential real estate purchases. [2]

If the supply of land available for residential development continues to be constrained and subject to financial speculation, many private landholders have a perverse incentive to hold off on new construction, trading the risk of new development for the certainty of an asset that continues to inflate in value, or worse; to demolish older more affordable housing and replace it with higher density and higher value housing, eroding our attainable housing inventory in the process

A Community Land Trust (CLT) is a not-for-profit organization created to acquire and hold land for the benefit of the community. It retains permanent ownership of the land while allowing individuals to lease property and build homes upon it. When a homeowner sells, the family earns a portion of the appreciated value, with most of the value staying within the trust, preserving the affordability for future generations.

By permanently reducing land costs, CLTs help to ensure lasting affordability. Each subsequent homeowner benefits from reduced costs and creates a sustainable model for developing housing will remain affordable across future generations.

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[1] **RBC (2023).** *"Canada's Housing Shortage: Restoring Affordability."*
[2] **Globe and Mail (2023)** "Investors account for 30 per cent of home buying in Canada, data show" https://archive.is/xsvRn

Recommendation

To dramatically reduce the cost of affordable housing, we recommend that the federal government amend the Income Tax Act to treat "Land Trust Gifts" the same as "Ecological Gifts" to incentivize the donation of real estate to be held for the development of affordable housing.

Community Land Trusts (CLTs) are a means of providing Canadians access to affordable land for homes and placing that land beyond the reach of speculators. The "leasehold" model is already in use across Canada and are demonstrated to have a dramatic effect on housing affordability. [3]

Most CLTs in Canada lack sufficient lease income to acquire new land. As a result, they rely on donations of real estate from individuals, corporations, or governments.

Many corporations and private landowners hold real estate for business operations, passive income, or future growth. Current tax rules often make it very expensive for landowners to donate to CLTs. The tax credit from the donation does not offset the capital gains tax owed.

We propose amending the *Income Tax Act* to mirror existing rules for ecological land donations. These changes would:

- Exempt eligible real estate donations to CLTs from capital gains tax.
- Provide a tax credit or deduction based on fair market value.

The goal is not to offset taxes but to create a strong incentive for real estate donations—with the requirement that it be used for affordable housing.

This model replicates a proven mechanism. Since 2006, ecological land donations have been capital gains tax-exempt. According to the 2015 Federal Budget, this policy led to over $1 billion in land donations (248,000 hectares) for conservation. The system includes strong anti-avoidance rules and has successfully encouraged donations.

Our proposal simply extends these rules to CLTs.

To implement this, we recommend that Finance Canada:

1. **Update the *Income Tax Act*** – Add "Land Trust gifts" alongside "ecological gifts" throughout.
2. **Add new sections under Paragraphs 110.1(1) and 110.1(18)** – Specify that the land must be certified by the Minister (or a designate) for affordable housing use.
3. **Clarify eligibility** – Ensure the tax credit and capital gains exemption apply only if the real estate is donated exclusively for affordable housing and meets other eligibility criteria, as set out by the Act. Other eligibility criteria may include appropriate municipal

[3] Moore, M., & Skaburskis, A. (2004). *"Canada's increasing housing affordability burdens."* Housing Studies, 19(3), 395-413.

zoning classification and certification that the land is clear of any significant environmental liabilities or other hinderances.

4. **Build in anti-avoidance mechanisms** - The department should build in strong anti-avoidance rules to ensure that the donations of land and buildings are used for the intended purpose, and that the provision is not abused to simply avoid large tax bills.

These changes would represent the single largest opportunity to reduce the cost of affordable housing.

Tax Implications

In assessing the tax implications of this policy proposal, it is necessary to go beyond a 'tax versus no tax' dichotomy and holistically assess the economic and social implications of this policy. While this policy would lead to a reduction in capital gains taxes paid to the federal government on lands that would otherwise be sold, the donations of lands to community land trusts through the Housing Gift Program will spur the creation of housing projects, offsetting the loss of capital gain taxes through other tax receipts and generate affordable housing units independently from any direct federal subsidy.

In the appendix, and illustrative case study is provided that compares the tax implications for land donated to a CLT via the Housing Gift Program to selling the land and donating the land under status quo policy.

This Policy is Not Bill C-256 or C-240

In 2021 during the 43rd Parliament, Bill C-256 *An Act to amend the Income Tax Act (donations involving private corporation shares or real estate)* was introduced as a private members bill. An analogous bill was introduced in the 44th Parliament, titled bill C-240.

These bills sought to amend the Income Tax Act so that charitable donations of the cash proceeds of the disposition of real-estate and privately-held shares would not be subject to capital gains tax.

This much broader policy proposal was costed by the Office of the Parliamentary Budget Officer (PBO) in 2021. The PBO estimated that the total net cost of the proposed measure to be $777.5 million over the first five fiscal years of the policy.

The table below illustrates the clear differences between the proposed Housing Gift Program and Bills C-256 and C-240:

	Bill C-240	Housing-Gift Program
Quick overview	Proposed an exemption from capital gains tax from the donation of **real estate** or **private corporation** shares to **ANY** charity	Proposes an exemption from capital gains tax from the donation of real estate to a **Community Land Trust** specifically for **affordable housing**
Estimated Cost (2021) over 5 years	**$777.5 million**	**$0** Loss of capital gains revenue: $691.82 million Gain in public assets (housing): $1,383.64 million*
Impact to ecological gift program	**Large Potential** Concerns raised by the Parliamentary Budget Officer that Bill C—240 could undermine the effectiveness of the program**	**No impact** Ecologically sensitive land is completely different from land with-in a municipality that could be used for housing
Potential for tax loop-holes	**Enormous** Bill C-240 would have vast reaching implications; any share, any real estate and any charity "opens the floodgates".**	**None** This proposed measure leverages **existing legislation** that has proven effective for 18 years. The recipient is **highly targeted** (a CLT) which is a non-profit entity governed by multiple Societies Act and an independent Board of Directors.
Effectiveness	Concerns raised that Bill C-240 is "creating more opportunities within the tax code for the very wealthy to direct their wealth to things they choose rather than to things we deliberate about in this place (parliament)...."***	Between 1995 and 2024, over one billion dollars have been donated across Canada using the Ecological Gift Program.**** Implementing this policy could similarly mobilize over a $1 billion dollars in donations to provide affordable housing that will last in perpetuity.

Conclusion

Despite efforts by all levels of government to address the housing affordability crisis, progress has been slow.

The CLT model removes land from the speculative market. Instead, it holds land permanently and for the public benefit, ensuring long-term affordability.

CLTs already operate across Canada and are proven tools for affordable housing. However, federal tax laws limit their ability to accept land donations. This severely restricts their impact.

This policy is designed to work for CLTs that are committed to building affordable housing. It mirrors successful tax incentives already used for ecological land donations.

Land Trusts can serve diverse groups, such as seniors, first-time buyers, and those operating diverse models of delivery, such as co-ops, rentals, equity ownership, detached housing developments and multi-unit buildings.

This measure builds on legislation that has worked for 19 years. It creates a strong incentive for land donations, helping CLTs expand affordable housing nationwide with a highly scalable approach. Unlike other models, CLTs guarantee affordability forever.

About the Coalition

The Canadian Land Trust Gift Coalition is a collection of supportive entities of the Housing Gift Program as elaborated in this submission. The Coalition enjoys member support from across the country. Members include national associations in the housing and charitable sectors, provincial associations, local community housing organizations and private affordable housing providers.

Coalition members to date:

- Small Change Fund
- Kamloops and District Chamber of Commerce
- Union Gospel Mission
- Circle Land Trust
- Kensington Market Land Trust
- WoodGreen
- Habitat for Humanity Canada
- Habitat for Humanity GTA
- Manitoba Non-Profit Housing Association
- Canadian Alliance for Transit Connected Housing

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Appendix I – Illustrative Case Study

Introduction

Below is an illustrative 2023 calculation for a B.C.-resident Canadian-controlled private corporation ("CCPC"). These are actual numbers for average commercial properties in Victoria, BC using data provided by Statistics Canada for 1990 and 2023.

The three scenarios which are compared are:
1) The corporation simply sells the land.
2) The corporation donates the land to a Community Land Trust (CLT) which has charitable status. Note: this is the current best-case scenario if a corporation is interested in donating land to a CLT today.
3) The last column demonstrates the advantage of the Housing-gift program, not only for the donating corporation, but also for the CLT, when compared to the two currently available scenarios in Canada today.

There are many different complex variables which impact tax calculations for Canadian-controlled private corporations. Given the complexity, the following reasonable and conservative assumptions were made to demonstrate a very realistic situation where these scenarios could happen.

Assumptions

- The corporation is a CCPC resident in B.C. throughout 2023.
- The corporation has $5,000,000 worth of taxable active business income for the year from normal business operations.
- Property is capital property—not inventory—and the transaction is on capital account.
- Adjusted cost base ("ACB") is $215,000.
- No selling costs, capital improvements, depreciation/CCA, recapture, capital losses, associated corporations, or shareholder-level tax.
- The corporation otherwise qualifies for the full $500,000 small-business limit.
- Combined 2023 B.C. corporate rates:
    - Small-business active income: 11%—9% federal plus 2% B.C.
    - General active income: 27%—15% federal plus 12% B.C.
- CCPC investment income: approximately 50.67%, part of which is potentially refundable.
- B.C.'s applicable corporate rates are 2% and 12%, while the federal SBD rate is 9% and the general federal rate is 15%.

Corporation purchased property in Victoria, BC in 1990 for $215,000. Then disposed of it in 2023 for $1,460,000.				
Note	**Property Disposition Calculations**	**Land Sale**	**Donate Land**	**Housing-Gift Policy**
	Cash proceeds received	$1,460,000	$0	$0
	Fair market value of property transferred	$1,460,000	$1,460,000	$1,460,000
	Less: assumed ACB	($215,000)	($215,000)	($215,000)
	Amount of gift eligible for donation receipt	$0	$1,460,000	$1,460,000
	Capital gain on property disposition	$1,245,000	$1,245,000	$0
	Capital Gain Inclusion rate	50%	50%	$0
	Taxable capital gain (from property disposition)	$622,500	$622,500	$0
1	Approximate gross CCPC tax on taxable capital gain (from property disposition)	**$315,421**	**$315,421**	**$0**
	Potential refundable tax component	$190,900	$190,900	$0
	Approximate non-refundable corporate tax after full RDTOH recovery	$124,521	$124,521	$0
	Capital Dividend Account addition	$622,500	$622,500	$1,245,000
2	Corporate donation deduction	$0	$1,460,000	$1,460,000
	Overall Corporate Tax Calculations	**Land Sale**	**Land Sale**	**Housing-Gift Policy**
	NET Corporate Income — illustrative assumption (from operations outside of property disposition)	$5,000,000	$5,000,000	$5,000,000
	Taxable capital gain added to income	$622,500	$622,500	$0
	Income before charitable deduction	$5,622,500	$5,622,500	$5,000,000
	Less charitable deduction	$0	$1,460,000	$1,460,000
	Taxable income after charitable deduction	$5,622,500	$4,162,500	$3,540,000
	Tax on first $500,000 of active income (11%)	$55,000	$55,000	$55,000
	Tax on remaining active income (27%)	$1,215,000	$820,800	$820,800
	Corporate tax attributable to operations after donation deduction	$1,270,000	$875,800	$875,800
	Current-year operating-tax saving from charitable donation	$0	$394,200	$394,200
	Value of lost Small Business Deduction at B.C. combined rates	$80,000	$80,000	$0
3	**Total immediate corporate income tax position**	**$1,585,421**	**$1,191,221**	**$875,800**
4	**Value to Charity**	**$0**	**$1,460,000**	**$1,460,000**

5	**Total immediate/timing tax advantage versus sale looking only at the land disposition**	**$0**	**$394,200**	**$709,621**
6	**Net Assets for the year on the land disposition component only (loss of land asset + cash received on sale - taxes owing)**	($315,421)	($1,381,221)	($750,379)

Notes

1 One of the biggest differences with the Housing-Gift Program is that the property disposition is capital gains exempt. We can see from this side-by-side comparison that the actual value of tax owing is only 50% of 50% of the gain itself, which is smaller than what most people initially anticipate.

2 In both the donation of Land scenario and Housing-Gift scenario, the value of the donation also produces a tax off-set for corporations.

3 Taking into account other active income from operations of the corporation, we can see the true value of the Housing-Gift program compared to simply selling the property or donating it. In this scenario benefits accrue from the tax offset, reduction of capital gains, as well as the preservation of the Small Business Deduction in BC. Instead of only a 25% reduction in overall corporate tax which would happen if the land was simply donated to a registered charity today, there is a 45% reduction in overall corporate tax with the Housing-Gift program

4 An important part of the equation which can be overlooked, is the value to to the Community Land Trust Charity. The sale of a property, which is the best overall financial transaction for corporations in this scenario analysis, also results in zero public asset gain (transfer of property to a CLT to address a real challenge in Canada).
We can see that if a corporation today donates a parcel of land to a charity, and receives a tax offset, their net position (after giving up the $1.46MM asset) is only marginally better than the fair market value of the property - even AFTER the charitable tax offset. This is why corporations are actively choosing to sell unused parcels of land rather than donating them to a CLT to address housing issues in their community.
Lastly, we can see that the Housing-Gift program puts a corporation in a substantially better net-position than simply donating the land to a charity; approximately 50% reduction in overall loss.

5 This line specifically pulls out the total immediate/timing tax advantage, looking only at the land disposition, of the two scenarios versus simply the sale of the land. This is a different way to see the impact, specifically of the land disposition, than the overall corporate tax position captured in the line above (these numbers are a component of the line above). We can see that the tax reduction impact of the Housing-Gift program for a corporation is nearly double the scenario of simply donating the land to a charity.

6 It's important to note that the corporation is still in a net negative position. They have, after all, donated a $1.46MM asset to a charity. This is important because one common misconception with this policy is that a corporation will be able to use this mechanism to enrich itself, effectively gaming the tax system. This final line clearly demonstrates this is not the case.

	Other noteworthy considerations	**Land Sale**	**Donate Land**	**Housing-Gift Policy**
	General annual donation limit	Not applicable	Generally 75% of net income, subject to increases for gifts of capital property	**No percentage-of-net-income limit**
	Is full $1,460,000 deductible on these assumptions?	Not applicable	**Yes**, because assumed income is sufficient	**Yes**
	Carry forward for unused deduction	Not applicable	Generally 5 years	**10 years**
	Adjusted aggregate investment income from gain	$ 622,500	$ 622,500	**$0**
	Passive-income business-limit reduction	Full elimination	Full elimination	**No reduction from disposition**
	Following-year federal/B.C. business limit	$0	$0	**$500,000**
	Following-year Small Business reduction tax cost	$80,000	$80,000	**$0**

Conclusion

With these assumptions, an ordinary sale creates a $1,245,000 capital gain and approximately $315,421 of immediate corporate tax, with approximately $190,900 potentially recoverable later through taxable dividend payments. It may also eliminate the corporation's following-year SBD, worth as much as $80,000.

A properly certified Housing-Gift (just like the existing eco-gift program) eliminates the taxable capital gain, creates a $1,460,000 deduction, saves approximately $394,200 of current operating-income tax, and likely preserves the following-year SBD. However, the corporation gives up $1,460,000 of sale proceeds. The key planning comparison is therefore not "tax versus no tax," but approximately $1.335 million of potentially retained after-corporate-tax sale value versus a charitable donation with roughly $599,000 of estimated permanent corporate tax benefits.