



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

March 20, 2019

ONPHA's Response to the 2019 Federal Budget

On March 19, 2019, the Trudeau Liberal government tabled [Investing in the Middle Class](#), the fourth and final budget of their current mandate. The deficit-funded 2019 Budget includes new spending of \$22.8 billion over five years and focuses on promoting affordability through a number of widespread initiatives.

The Missing Piess

While housing measures are a key component of the budget, ONPHA is disappointed that the flagship initiatives focus primarily on home ownership and private market rental, with very little new investment that will benefit the community housing sector directly. We know that community housing is our country's best investment, with a proven track record of keeping rents affordable in perpetuity and fostering vibrant, healthy communities. Our sector is ready and able to be a strong partner for government in solving our housing challenges.

We also want to highlight that the federal government has yet to take action on the calls from housing advocates across the country for the creation of a distinct Urban/Rural Indigenous Housing Strategy to meet the unique needs of this population. While we were pleased to see the \$60 million federal commitment to support capital infrastructure investments in urban Indigenous service provider facilities, we hoped to also see targeted investment for housing. ONPHA will continue to work with national partners and our own Urban Aboriginal Housing Advisory Committee to advocate for strong investment.

Additionally, like our national partners at the Canadian Housing and Renewal Association (CHRA), we are [concerned with language](#) used in Budget 2019 that seems to imply a watering down of the federal government's National Housing Strategy commitment to recognize housing rights as human rights. We join CHRA in their call for the federal government to uphold their commitment to introduce right to housing legislation, as previously announced. With these concerns in mind, ONPHA is nevertheless pleased that the Budget does contain several initiatives that will serve to increase housing affordability overall and benefit low- and moderate-income Canadian households. We've broken down the top five need-to-know pieces of the Budget for community housing providers.



Top Five Things Community Housing Providers Should Know

1) Extension of the Rental Construction Financing Initiative

ONPHA was pleased to see an extension of the pre-existing Rental Construction Financing Initiative to 2027-2028 (it was originally set to end in 2021) with an additional investment of \$10 billion over this time period. The federal government predicts that this new investment will help build up to 42,500 units across Canada

While not targeted to low-income households specifically, the extension of this initiative will result in much-needed affordable units for modest- and middle-income households throughout the country. We are particularly happy to see a commitment to target investment in areas with low rental supply. These units can also potentially serve as viable rental options for recipients of the forthcoming Canada Housing Benefit that will roll out as part of the National Housing Strategy beginning in 2020.

2) Sustainable Affordable Housing Innovation

A notable aspect of the 2019 Budget is the amount of funding proposed to flow from the federal government directly to municipalities. One of the major initiatives is an investment of \$1.01 billion to promote energy efficiency and help lower Canadians' electricity bills. As a component of this, \$300 million would be allocated towards financing and supporting energy efficiency initiatives in new and existing affordable housing developments through the Sustainable Affordable Housing Innovation. Funding will flow through the Green Municipal Fund, administered by the Federation of Canadian Municipalities.

This funding is welcome news for Ontario, which lost significant energy efficiency funding with the recent cancellation of the provincial Cap and Trade initiative. ONPHA will be seeking more information about eligibility and how community housing providers can access funding opportunities.

3) New Housing Supply Challenge

Budget 2019 also proposes the launch of a new Housing Supply Challenge. Through this application-based initiative the federal government will provide \$300 million to municipalities and other stakeholders so they can propose new ways of breaking down barriers associated with housing creation.



The Housing Supply Challenge will be collaboratively designed by the Canada Mortgage and Housing Corporation (CMHC) and Infrastructure Canada, with further details to be released in summer 2019. ONPHA will seek out further details around the roll-out of this initiative and keep our members updated.

4) New Expert Panel on Future of Housing Supply and Affordability

As announced in the days leading up to the Budget, the federal government is investing \$9 million over two years in a new Expert Panel on the Future of Housing Supply and Affordability – a joint venture of the governments of Canada and British Columbia. The purpose of this Expert Panel is to identify and evaluate measures that could increase the supply of housing in British Columbia and it will be comprised of leaders and specialists from a wide range of fields. While specific to British Columbia, the findings from the Expert Panel will likely be transferable and can contribute to a better understanding of potential housing supply and affordability initiatives across the country.

5) Measures to Assist First-Time Homebuyers

The 2019 Budget includes several measures aimed at assisting first-time homebuyers. The two main measures are increasing RRSP withdrawal limits for first-time home purchases (from \$25,000 to \$35,000) and introducing a new First-Time Home Buyer Incentive for eligible households. Through the new Incentive, households with annual incomes under \$120,000 will be able to apply for a 10% (for newly constructed homes) or a 5% (for existing homes) shared equity mortgage with CMHC. Full terms and conditions of this initiative will be released by CMHC at a later date.

We know homeownership has become increasingly out of reach for young Canadians. This is having a widespread impact on the overall housing market as these individuals and families rent for longer, reducing turnover of rental homes for new households.

The Budget measures to increase ownership for first-time buyers could potentially serve to ease some of the overall stress on the housing system. However, this needs to be accompanied by adequate supply side measures to increase affordable options in the near-term. Without increased supply, some critics say that these measures could lead to a spike in housing prices which could actually worsen overall affordability.



Other notable developments and investments that could help support low- and moderate -income households

There are several positive non-housing related initiatives and investments that could be especially impactful for low- and moderate-income households served by non-profit housing communities. A few examples include:

- Initiatives targeted towards seniors, including enhancements to the Guaranteed Income Supplement (GIS) beginning in 2020-21, a move to proactive enrollment in the Canada Pension Plan, and an investment of \$100 million over five years for programs to improve quality of life.
- A commitment to move forward with National Pharmacare through the creation of a new Canadian Drug Agency and initiatives to improve access to prescription drugs.
- New skills training initiatives which include a non-taxable Canada Training Credit to help with the cost of training, Employment Insurance Training Support Benefits to help cover expenses while on training leave, and work leave provisions to protect an employee's ability to access training opportunities.

Looking Ahead

The majority of spending in Budget 2019 is set to roll out after the next federal election and will be largely dependent on whether the Liberals are re-elected in October. With the 2019 federal election on the horizon, this Budget has set the stage and gives a good indication of where the current government intends to focus their campaign efforts. Over the coming weeks and months we can expect to see strong reactions and campaign promises emerging from the other political parties. ONPHA will be collaborating with our national partners on federal election advocacy and will provide more information and resources for members in the coming months.

At a provincial level, we'll next turn our attention to the 2019 Ontario Budget, set to be delivered on April 11. We'll be watching closely for more details on the bilateral agreement signed between CMHC and Ontario under the 2017 National Housing Strategy, and on the provincial government's commitment to a create a Housing Supply Action Plan. You can review ONPHA's recommendations for the 2019 provincial budget [here](#).