

ONPHA's analysis of the 2022 federal budget: Tracking our advocacy wins and next steps

On April 7, 2022, the federal government released [Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable](#). Unlike the 2021 budget, this budget shifts away from the government's previous focus on COVID-19 emergency supports to longer term recovery efforts, including a range of measures aimed to increase affordability, support economic growth and innovation, and address climate change through investments toward a clean economy. Overall, the 2022 budget commits \$56.6 billion in new spending (nearly half of the 2021 budget's over \$100 billion in new spending), totaling \$31.1 billion in net new spending (after accounting for increased revenues).

ONPHA is pleased to see that housing is a central focus of the budget, with some critical new and advanced investments in affordable housing development and community supports, reflecting many of our [recommendations](#). While we would have liked to have seen more robust, sustained investments focused on deeply affordable housing, we are glad to see the budget's recognition of the need for distinct, targeted measures to meet the diverse housing needs across the country.

Among the budget's key commitments is **\$10.2 billion for housing-related initiatives**. With a strong focus on supply-side solutions to the housing crisis, the budget commits to doubling the construction of new housing over the next decade, while recognizing the roles that all levels of government must play to address the compounding housing and affordability crises.

Read on to track ONPHA's advocacy wins in the 2022 federal budget, including investments in community housing renewal and development; urban, rural, and northern Indigenous housing; household and homelessness supports; and other affordability measures. Plus, learn about where we've identified opportunities for ongoing advocacy and ONPHA's next steps.

[Community housing renewal and development](#)

As noted above, the budget's housing-related commitments focus primarily on supply initiatives, with the largest commitment made toward a new program: starting in 2022-23, the budget commits **\$4 billion over five years for a new Housing Accelerator Fund (HAF)**. This fund seeks to support municipalities in accelerating housing development, targeted to create 100,000 new units over the next five years. With built-in flexibility to provide annual per-door incentives and/or upfront funding to improve planning and delivery processes, the HAF aims to speed up the development process, while ensuring a balanced supply of new housing, including affordable units.

In the spirit of intergovernmental collaboration, the budget also commits to creating flexibility for provinces, territories, and municipalities to leverage federal infrastructure funding for housing development, including through the **Canada Community-Building Fund and other infrastructure programs, representing nearly \$43 billion in new and existing funding over ten years when combined with the HAF**.



The budget also proposes to **increase the impact of \$750 million committed in 2021-22 to support municipal public transit** by requiring provinces and territories to cost-match federal contributions and support municipalities in accelerating housing development.

With respect to supply initiatives focused more directly on affordable housing, the budget also commits to **advancing \$2.9 billion under the National Housing Co-Investment Fund (NHCF)**, so that all remaining funds will be spent by 2025-26. This advanced funding is expected to build up to 4,300 new units and repair up to 17,800 units across the country. The budget also recognizes the need to reform the NHCF to ensure greater access and flexibility, committing to releasing higher contributions and expediting approvals.

For deep affordability, starting in 2022-23, the budget commits **\$1.5 billion over two years to extend the Rapid Housing Initiative (RHI)**. This additional round of funding is expected to build at least 6,000 new affordable units, with at least 25 percent of funding designated for women-focused projects.

The budget also commits to **reforming the Rental Construction Financing Initiative (RCFI)** to strengthen its affordability and energy efficiency requirements, with a goal of having at least 40 percent of units with rents at or below 80 percent of local average market rents (AMR). Developers who “significantly exceed” the RCFI affordability and energy efficiency requirements will be eligible for partial loan forgiveness (i.e., through the conversion of a portion of their repayable loans into nonrepayable loans).

The budget makes significant commitments toward co-operative housing, with **\$500 million from the NHCF to launch a new Co-operative Housing Development Program**, to be co-designed with the Co-operative Housing Federation of Canada and the co-op housing sector. The budget also commits an **additional \$1 billion in loans from the RCFI for co-op projects**. Together, these new commitments are estimated to create 6,000 new co-op units.

In line with the government’s focus on initiatives to address climate change and shift to a greener economy, the budget commits **\$200 million over five years for a new Deep Retrofit Accelerator Initiative, starting in 2022-23**. This new fund aims to support retrofit audits and project management to accelerate deep retrofits, including a focus on low-income affordable housing. Starting in 2022-23, the budget also proposes an additional **\$458.5 million through the low-income stream of the Canada Greener Homes Loan program** over the program’s duration to provide low-interest loans and grants to low-income housing providers, plus **\$183.2 million over seven years toward research and development** on innovative construction materials and to revitalize national housing and building standards to encourage low-carbon construction solutions.

ONPHA’s analysis

ONPHA is pleased to see a range of new and advanced investments to support the construction of affordable housing across the country. However, in ONPHA and CHF Canada’s [Affordable Housing Plan for Ontario](#), we identify the need for an annual federal investment of \$840 million over 10 years



(total of \$8.4 billion) in Ontario alone to renew the community housing sector's 260,000 units and build the required 99,000 affordable and supportive units. Importantly, these are 2018 figures, which do not capture the increased need due to COVID-19.

Nevertheless, we welcome the additional round of RHI funding, considering the RHI has had the greatest impact of the National Housing Strategy's unilateral programs to date in delivering deeply affordable housing (see the recent [National Housing Council report](#)). Recognizing the disproportionate impacts of housing need and access on women, we support the target of one-quarter of the new RHI projects to be women-focused; however, we would have liked to have seen projects targeted for other marginalized and disproportionately impacted groups, as well. While the additional round of RHI funding is welcome, ONPHA will continue to encourage the government to make RHI a permanent funding stream to ensure adequate support and funding is available for providers to achieve a state of readiness and build deeply affordable housing.

ONPHA also supports the advancement of funding through the NHCF and we are glad to see new provisions responding to our recommendations to increase funding disbursements and expedite approvals. To date, only 35 percent of NHCF-funded units have been accessible to households in deep need. Despite some previous improvements to the NHCF application process and design (and notwithstanding new permanent funding increases, including dedicated funding for Black-led organizations and households), community housing providers continue to face challenges related to NHCF financial restrictions, administrative burdens, and prohibitive construction requirements. We have also heard directly from members approved for NHCF funding that long timelines for disbursement are impacting projects on the ground. ONPHA welcomes the increases in the NHCF's flexibility and accessibility, and looks forward to better understanding how these changes will take effect and impact providers seeking funding.

While ONPHA welcomes the proposed changes to the RCFI to increase affordability and energy efficiency requirements (including opportunities for loan forgiveness for "significantly exceeding" the requirements), units at 80% of AMR will not be accessible to households in deep housing need. The RCFI has received the greatest amount of funding of the National Housing Strategy's unilateral programs to date, while only three percent of RCFI-funded units have been affordable for low-income households. As such, we do not expect a significant shift in the outcomes through the reformed RCFI. However, ONPHA looks forward to reviewing the updated program requirements, in particular around how "significantly exceeding" requirements will be measured, which could incentivize the development of more affordable units (though likely not deep affordability).

ONPHA supports the new budget initiatives focused on intergovernmental collaboration, including the new HAF and opportunities to leverage federal transit and infrastructure spending for housing development. In particular, we are glad to see housing recognized as a critical component of community and social infrastructure. However, we would have liked to have seen stronger requirements for deep affordability tied to those commitments, including the prioritization of



community housing providers as preferred municipal partners under the HAF (see more in the [Canadian Housing and Renewal Association's letter](#)).

We are also pleased to see initiatives focused on energy efficiency and deep retrofits for affordable housing through the new Deep Retrofit Accelerator Initiative and the Canada Greener Homes Loan program, in addition to funding for research and development for sustainable construction materials and solutions. Climate resiliency and adaptation are key priorities for the community housing sector, and ONPHA looks forward to reviewing requirements for these new and continued programs.

ONPHA supports the significant commitments toward our partners in the co-operative housing sector in the budget. Co-op housing providers are a critical component of the community housing sector, and are equally committed to providing long-term, deep affordability for the communities they serve. In addition to the new Co-operative Housing Development Program, ONPHA would have liked to have seen the government create a dedicated non-profit development fund to support non-profit housing providers, including through pre-construction financing, prioritization for community-based acquisitions strategies, and access to surplus land (e.g., through the Federal Lands Initiative). As the provincial government explores [opportunities](#) to increase access to financing for non-profit housing providers, ONPHA will continue advocating at all levels of government for the prioritization of investments in community housing renewal and development to ensure long-term, deep affordability.

[Urban, rural, and northern Indigenous housing](#)

Following consistent, long-term advocacy from Indigenous communities and across the community housing sector, the budget commits **\$300 million over five years to co-develop and launch an Urban, Rural, and Northern (URN) Indigenous Housing Strategy**, starting in 2022-23. In addition to this targeted funding for off-reserve Indigenous housing needs, starting in 2022-23, the budget also proposes:

- **\$2.4 billion over five years to support First Nations housing on reserves;**
- **\$565 million over five years to support housing in First Nations Self-Governing and Modern Treaty Holders communities;**
- **\$845 million over seven years to support housing in Inuit communities;** and
- **\$190 million over seven years for housing in Métis communities.**

The budget also commits **\$2 billion of the \$20 billion provided for long-term reform of the First Nations Child and Family Services program to target the housing needs of First Nations children** once a final settlement agreement is reached. Altogether, the budget proposes **\$6.3 billion over seven years** toward Indigenous housing development and renewal (both on- and off-reserve).

To implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) Act, the budget proposes \$65.8 million over five years and \$11 million ongoing to accelerate



work to meet legislated requirements, including the co-development of an action plan with Indigenous partners, starting in 2022-23.

ONPHA's analysis

The development of a community-led URN Indigenous housing strategy remains a key strategic priority for ONPHA. While we are glad to see the government make commitments toward the development of such a strategy, the investments are insufficient to meet the urgent housing needs of URN Indigenous communities, who represent the vast majority of Indigenous peoples in Canada (approximately 80% nationally and 85% in Ontario).

ONPHA's [Urban and Rural Indigenous Housing Plan for Ontario](#) identifies the need for at least 22,000 subsidized Indigenous-owned and operated units over the next 10 years to meet the growing housing needs of off-reserve Indigenous populations in Ontario alone (estimated at \$7.3 billion for construction over 10 years); at the [national level](#), at least 73,000 units are required (estimated at \$25 billion for construction over 10 years).

With the growing costs of construction and the disproportionate rates of housing need among Indigenous communities (due to the ongoing legacy and impacts of colonization), \$300 million over five years will have very little impact in building URN Indigenous housing capacity across the country. Among the [National Housing Council's recent recommendations](#) to the federal government on URN Indigenous housing are:

- The establishment of a mechanism to fund immediate URN Indigenous housing needs (e.g., by adapting existing National Housing Strategy programs under Indigenous direction to increase access to funding for Indigenous housing providers); and
- A minimum of \$6.3 billion over the next two years to grow and repair existing URN Indigenous housing stock and develop a national, independent, non-political, Indigenous-controlled body to administer URN Indigenous housing.

ONPHA is now finalizing work on a community-led implementation strategy for Indigenous-led housing solutions in Ontario, based directly on engagement with Indigenous housing providers across the province, with a primary focus on ensuring an Indigenous-led approach and securing funding to develop the units required to meet urban and rural Indigenous housing needs in Ontario. As a key action to progress along the path of reconciliation, all levels of government must commit to dedicated, sustainable investments in URN Indigenous housing through an Indigenous-led approach.

ONPHA will also be tracking the implementation of UNDRIP, which outlines Indigenous peoples' right to the improvement of their socioeconomic conditions, including housing, along with the right to develop, determine, and administer their own programs, supported by adequate, sustainable government funding.



Household and homelessness supports

Recognizing the success of the Canada Housing Benefit in supporting households in need, the budget commits **\$475 million to provide a one-time \$500 payment to those facing housing affordability challenges** in 2022-23, with program and delivery details still to be announced.

To support the government's goal of eliminating chronic homelessness by 2030, the budget also commits:

- **\$562.2 million over two years to continue providing doubled annual funding for *Reaching Home*** to organizations providing homelessness services and supports, starting in 2024-25;
- **\$18.1 million over three years to conduct research on further measures to eliminate chronic homelessness**, starting in 2022-23; and
- **\$62.2 million over three years for a new Veteran Homelessness Program** to provide services and rent supplements in partnership with community organizations, starting in 2024-25.

ONPHA's analysis

ONPHA was pleased to see the launch of the Canada-Ontario Housing Benefit (COHB) in April 2020, its expansion in the 2021 federal budget, and an additional commitment in this budget, recognizing the need for housing demand-side supports (in addition to supply initiatives). We strongly support the populations identified as first priority for COHB support, including survivors of domestic violence and human trafficking, people experiencing or at-risk of homelessness, Indigenous people, seniors, and people with disabilities. We look forward to further program details to be announced, including provincial/territorial requirements and whether eligibility will be expanded to include low-income and other marginalized households disproportionately impacted by housing need.

ONPHA supports the budget's commitments toward homelessness prevention and elimination, including ongoing support for community organizations delivering critical services through *Reaching Home: Canada's Homelessness Strategy* (which responds to our recommendations), along with commitments to address veteran homelessness. While ONPHA supports ongoing research and development efforts, we continue to encourage all levels of government to engage with community leaders and experts to implement tested, effective solutions to prevent and eliminate homelessness.

Despite these critical investments, we are concerned that the budget does not make any specific commitments toward supportive housing, which is widely considered to be one of the key policy responses required to address homelessness. ONPHA and the Cooperative Housing Federation of Canada's [Affordable Housing Plan for Ontario](#) identifies the need for at least 30,000 new supportive housing units in Ontario over the next 10 years, with at least 50,000 units required [nationally](#). As one of ONPHA's key strategic priorities, we will be engaging broadly with key stakeholders from the



supportive housing, health, homelessness, social services, and other related sectors to develop an integrated supportive housing plan for Ontario. As part of that work, we will continue calling on all levels of government to support the plan's implementation and commit to adequate, sustainable funding.

Other housing and affordability-related initiatives

The budget also includes a number of other housing-related announcements (which will not have a significant impact on Ontario's community housing sector), including **\$150 million over two years to support affordable housing and related infrastructure in Yukon, the Northwest Territories, and Nunavut**, starting in 2022-23, plus **up to \$7,500 through a Multigenerational Home Renovation Tax Credit** to support the construction of a secondary suite for a senior or an adult with a disability, starting in 2023.

The budget also proposes a number of initiatives to support first-time home buyers, including a new **Tax-Free First Home Savings Account**, **doubling the First-Time Home Buyers' Tax Credit**, and **\$200 million under the Affordable Housing Innovation Fund to support rent-to-own projects** (with \$100 million dedicated for non-profits, co-ops, developers, and rent-to-own companies building new rent-to-own units).

Additional measures commit to addressing the financialization of housing, including introducing a **ban on foreign investment in Canadian housing for two years** and conducting a **federal review of housing as an asset class** to better understand the role of large corporate players (such as Real Estate Investment Trusts (REITs)).

Other notable budget commitments that will impact affordability for Canadians include **\$5.3 billion over five years, and \$1.7 billion ongoing, for a phased-in national dental care program** for families with an annual income under \$90,000, starting in 2022-23. The program will initially apply to under 12-year-olds in 2022, followed by under 18-year-olds, seniors, and people with disabilities in 2023, with full implementation by 2025.

Recognizing the ongoing impacts of the pandemic on mental health and wellbeing, the budget commits to **identifying and expanding effective mental health interventions** and working with provinces and territories to develop a **new Canada Mental Health Transfer**. The budget also commits to **passing national pharmacare legislation by the end of 2023**.

To support the government's \$30 billion commitment to national child care introduced in the 2021 budget (with all provincial and territorial agreements now signed), the budget commits **\$625 million over four years for an Early Learning and Child Care Infrastructure Fund**, starting in 2023-24. This funding will enable provinces and territories to make additional child care investments, including the building of new facilities.



ONPHA's analysis

ONPHA is pleased to see additional investments in affordable housing in the North, where communities face disproportionate rates of housing need and homelessness, in addition to high development costs and critical infrastructure gaps. Recognizing the budget's commitment toward affordable housing development (noted above), ONPHA supports other measures to increase housing options along the housing continuum, including affordable home ownership and secondary suites. However, we continue to stress the need to prioritize investment in community housing to address deep housing needs.

ONPHA also supports any and all efforts to curtail the financialization of housing, including through commitments to review the tax treatment of large corporate landlords and curb excessive profits. We also continue to advocate for all levels of government to reinvest housing-related tax revenues in the growth and preservation of deeply affordable housing (e.g., through the recently tabled Underused Housing Tax, introduced in the 2021 budget). Directing these revenues, even in part, to affordable housing development, would go a long way to easing the pressure on the rental market and help level the playing field for low- and middle-income Canadians, while ensuring housing dollars stay in the housing system.

With respect to additional affordability measures, ONPHA is glad to see new investments toward national dental care, additional investments in child care, and commitments toward mental health supports and pharmacare, all of which would have significant impacts on improving affordability for low- and middle-income families across the country. However, the mental health commitments in particular lack specific details or timelines and will require provincial and territorial support. Currently, Ontario has less than half of the supportive housing units required for mental health and addictions alone, not including persons with other disabilities nor the growing needs related to COVID-19. As noted above, ONPHA continues to call for dedicated, sustainable investment from all levels of government toward an integrated approach to supportive housing.

ONPHA's next steps

ONPHA will continue engaging with governments at all levels to secure targeted support for deeply affordable rental housing by continuing to advocate for:

- Prioritization of investment in community housing renewal and development;
- Robust, sustained support to implement an Indigenous-led approach to URN Indigenous housing;
- Investment in an integrated approach to supportive housing;
- Ongoing stabilization and support for households in need;
- Measures to ensure housing dollars stay in the housing system;
- Support for community-led initiatives to prevent and eliminate homelessness; and



- Strong collaboration between all housing sector partners, including the community housing sector.

Stay tuned for our analysis of the Ontario budget (scheduled to be released by April 30, 2022).

If you have any questions about the budget or want to share feedback to inform ONPHA's advocacy, please reach out to policy@onpha.org.