
April 11, 2022

Federal Budget 2022

Hits and Misses for Affordable Housing

Housing affordability was at the forefront of big-ticket federal budget announcements, and we're pleased to see Ottawa's focus on an issue affecting the lives of millions of Canadians so directly. The budget commitments signal a positive step toward addressing the housing affordability crisis gripping communities across the nation, and some of the announcements will likely result in tangible improvements for co-ops, community housing providers, and those they serve.

There's a lot to dissect in the \$10 billion devoted to housing in Budget 2022; here's where we see the good news and, well, the not-so-good.

First, the hits:

A new \$1.5-billion investment in co-op housing will deliver 6,000 new co-op homes over the next five years. It's been 30 years since the federal government invested in a co-op housing program and we look forward to seeing people who need safe, secure, affordable homes move into their new co-op communities as soon as possible. The funds will come from a specific carveout of \$500 million in Co-Investment Fund money and another \$1 billion in Rental Construction Financing Initiative (RCFI) financing. So, not new money, but a welcome commitment to the co-operative form of tenure. Congratulations to the Co-operative Housing Federation of Canada and its members across the country for this achievement, more than a generation in the making.

An additional \$1.5 billion for the Rapid Housing Initiative will create at least 6,000 new affordable homes. Moreover, 25% of this third round of funding will be directed towards women-focused housing projects. As of June 2021, \$1 billion from the RHI resulted in approximately 4,800 new homes according to the National Housing Council. The RHI has been one of the more effective programs at producing affordable housing under the National Housing Strategy and its renewal is a positive step.

Advancing \$2.9 billion under the Co-Investment Fund will speed up the creation of more than 4,000 new homes and the repair of nearly 18,000 existing affordable homes. The government has also promised to make the fund more flexible and easier to access, with larger contributions and faster approvals. The government has clearly been listening to the community housing

sector, and we're hopeful that these improvements will see stronger uptake of this program in BC.

Committing \$4 billion to a municipal Housing Accelerator Fund with the goal of creating 100,000 new units is welcome news. While the program design has not yet been completed, we'll be looking to ensure that the program incentivizes construction of the types of housing our community needs and requires municipal governments to earmark the funds they receive for affordable housing investments.

\$300 million over five years for the co-development of an Urban, Rural and Northern Indigenous Housing Strategy is the long overdue realization of an earlier commitment made by government. Our partner, the Aboriginal Housing Management Association, has expressed disappointment that the Strategy will not follow "For Indigenous, By Indigenous" program design principles. Further, five years is a long time to develop a strategy, and there was little mention in the budget of funding the strategy, which is another disappointment. In short, the government has a long way to go to keep its promises to the Indigenous-led housing sector. This fight is far from over.

Through Budget 2022, the government announced its intent to **reform the Rental Construction Financing Initiative**, which has primarily been used to develop rental housing in the private sector with very light affordability requirements. As a supply program, it's been efficient, easy to access, with strong uptake in BC. With this announcement, a condition of the Liberal-NDP Supply and Confidence agreement, the affordability and energy efficiency requirements will be strengthened, resulting in the potential for some projects to have a portion of their repayable loan converted to nonrepayable loans. We anticipate that the economics for private sector developments are at risk under this new model, but it may become more attractive for non-profit and co-op developers. Without the full details at this point, it may not even be possible for the community housing sector to achieve the new targets without direct capital contributions. We will be watching this one closely.

The budget also includes **\$562.2 million over two years for Infrastructure Canada to continue its doubled annual funding for Reaching Home**, a commitment that began through the pandemic. The longer-term certainty for non-profit organizations receiving this funding will be a relief, and it is welcome news.

Starting in 2024-25, **\$62.2 million over three years is being provided to launch a new Veteran Homelessness Program** to provide services and rent supplements to veterans, through Infrastructure Canada with support from Veterans Affairs Canada. This will build on past investments to tackle veteran homelessness and will be welcome news to the many in our sector long advocating for a veteran-specific approach to addressing homelessness.

And finally in the category of positives, **Budget 2022 includes a requirement for provinces to invest in affordable housing if they want to receive federal funds for transit infrastructure**, something we and other housing advocates have been calling for over the past several years. Given BC's significant investment into affordable housing this is unlikely to make an immediate difference, but we hope it will help to stem the losses of affordable rental stock near transit hubs.

And the misses:

The most glaring miss in the 2022 Budget? The total lack of recognition that we are **losing affordable homes faster than we can build them**. Investor purchase of existing rental homes – with the expectation of hefty returns to shareholders – is depleting the supply of affordable housing in the private market. We simply can't build new homes quickly enough to make up for the loss. Ignoring this fact while spending billions on a variety of housing programs designed for homeowners means we will continue to see a steady decline in the supply of affordable homes.

A one-time **\$500 payment for those facing housing affordability challenges** offers an all-too-brief respite from crushing housing costs. While it's likely to be a welcome injection of cash for those struggling to make ends meet, the \$475 million Ottawa will spend on this initiative in 2022-23 could do significantly more in supporting a rental housing acquisition strategy to protect existing affordable homes. This one-time payment will be delivered through the Canada-BC Housing Benefit, a joint rent supplement program, which has not yet been rolled out in BC, so it will likely be a while before the cheques hit people's bank accounts.

The two-year **ban on foreign buyers** purchasing homes will do little to ease pressure on housing prices. Research shows that most speculation and investment come from inside the country – not outside. Tackling speculation in the housing market is a worthwhile demand side measure, but this one is not likely to have significant impact.

Finally, the creation of a special **tax-free savings account** to support first-time home buyers is a promise that will appeal to voters but, in the absence of any real moves to slow down home prices, few will be able to save quickly enough whether those funds are taxed or not. These types of measure are more likely to fuel the market rather than make home ownership more achievable or affordable.

Final Verdict:

A new federal co-op housing program is cause for celebration. Overall, Budget 2022 is a step in the right direction, and we'll be working with the federal government wherever possible to ensure these investments and programs support the individuals and families who need it most.