

High housing costs, especially in urban centres, continue to place middle class and low-income Canadians under huge financial pressure.

A long-term plan for a faster-growing Canadian economy must include housing that is affordable for working Canadians, especially young families. Stable housing is critical for communities and for a strong middle class.

That's why the government has a plan to invest \$2.5 billion, and reallocate \$1.3 billion in existing funding to speed up the construction, repair, or support of 35,000 affordable housing units. And, the government will introduce Canada's first national tax on vacant or underused residential property owned by foreign non-residents.

This will help families, young people, low-income Canadians, people experiencing homelessness, and women and children fleeing violence find a safe and affordable place to call home.

### **An Affordable Place to Call Home**

The COVID-19 recession has widened gaps in Canadians' access to housing. Investments to make housing more affordable for the most vulnerable, coupled with measures to limit foreign speculation in the housing market, will help ensure that our economic recovery is an inclusive one that helps more people join the middle class.

To help Canadians find affordable housing, spur job creation and local economic recovery, alleviate cost pressure in the housing market overall, and grow the middle class:

- Budget 2021 proposes to provide an additional \$2.5 billion over seven years to Canada Mortgage and Housing Corporation, including:
  - An additional \$1.5 billion for the Rapid Housing Initiative to address the urgent housing needs of vulnerable Canadians by providing them with adequate affordable housing in short order. At least 25 per cent of this funding would go towards women-focused housing projects. Overall, this new funding will add a minimum of 4,500 new affordable units to Canada's housing supply, building on the 4,700 units already funded in the 2020 *Fall Economic Statement* through its \$1 billion investment.
  - \$600 million over seven years to renew and expand the Affordable Housing Innovation Fund. To date, this program has committed funding to support the creation of over

17,600 units, including more than 16,300 affordable housing units and units for persons with accessibility challenges. This new funding would support the creation of up to 12,700 more units.

- \$315.4 million over seven years through the Canada Housing Benefit, to increase direct financial assistance for low-income women and children fleeing violence to help with their rent payments.
  - \$118.2 million over seven years through the Federal Community Housing Initiative, to support community housing providers that deliver long-term housing to many of our most vulnerable.
- Budget 2021 proposes to advance and reallocate \$1.3 billion, on a cash basis, of previously announced funding, including:
    - \$750 million in funding under the National Housing Co-Investment Fund, which is proposed to be advanced to 2021-22 and 2022-23. This will accelerate the creation of 3,400 new units, and the repair of 13,700 units.
    - \$250 million in funding under the National Housing Co-Investment Fund to support the construction, repair, and operating costs of an estimated 560 units of transitional housing and shelter spaces for women and children fleeing violence. This targeted funding is being reallocated to make sure the government delivers on its commitments, and reinforces the government’s efforts to address gender-based violence.
    - \$300 million in funding in 2021-22 and 2022-23 from the Rental Construction Financing Initiative, which will be allocated to support the conversion of vacant commercial property into housing. This funding will target the conversion of excess commercial property space into 800 units of market-based rental housing.

#### **Units Supported Under Select National Housing Strategy Programs**

<b>Select National Housing Strategy Funding Programs</b>	<b>Supported since 2017</b>	<b>Supported through Budget 2021</b>
<b>Rapid Housing Initiative</b>	4,700	4,500
<b>Affordable Housing Innovation Fund</b>	17,600	12,700
<b>National Housing Co-Investment Fund, excluding shelters</b>	12,400 new 65,900 repaired	3,400 new 13,700 repaired
<b>National Housing Co-Investment Fund, shelters</b>	800 new 150 repaired	560
<b>Rental Construction Financing Initiative</b>	24,900	800
<b>Total (new or repaired)</b>	<b>126,450</b>	<b>35,660</b>

Note: Units supported through Budget 2021 under the National Housing Co-Investment Fund and Rental Construction Financing Initiative are not incremental; they represent a reallocation of existing funding, as described above.

The government also recognizes that access to safe and sustainable housing can be particularly challenging in the North.

- Budget 2021 proposes to provide \$25 million to the Government of the Northwest Territories to address housing priorities. Funding will support the construction of 30 new public housing units across the Territory.

- Budget 2021 proposes to provide \$25 million to the Government of Nunavut to support the Territory's short-term housing and infrastructure needs including priority redevelopment and refurbishment projects resulting in approximately 100 new housing units.

## **Ending Homelessness**

COVID-19 has exacerbated many of the hardships faced by Canadians experiencing homelessness and housing insecurity. Through the pandemic the government has more than doubled funding for Reaching Home: Canada's Homelessness Strategy, and the government is now focused on entirely eliminating chronic homelessness in Canada.

- Budget 2021 proposes to provide an additional \$567 million over two years for Reaching Home. This would generally maintain the 2021-22 funding levels announced in the 2020 *Fall Economic Statement* in response to the pressures of COVID-19.
- Budget 2021 also proposes to provide \$45 million over two years, for a pilot program aimed at reducing veteran homelessness through the provision of rent supplements, and wrap-around services for homeless veterans such as counselling, addiction treatment, and help finding a job.

## **Tax on Unproductive Use of Canadian Housing by Foreign Non-resident Owners**

Across the country, young Canadians who are starting to build their future are running up against sky-high housing prices. The 2020 *Fall Economic Statement* announced that the government would take steps to ensure that foreign, non-residents, who simply use Canada as a place to passively store their wealth in housing, pay their fair share.

- Budget 2021 announces the government's intention to implement a national, annual 1-per-cent tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused, effective January 1, 2022.

Homes are to live in. This measure is one tool among several to ensure that Canada's housing market is a place to grow for Canadians starting their families and building their future

In the coming months, the government will release a consultation paper to provide stakeholders with an opportunity to comment on the parameters of the proposed tax, including on whether special rules should be established for smaller tourism and resort communities. Moving forward, the government intends to work closely with provinces, territories, and municipalities. Revenues generated will help to support the government's significant investments to make housing more affordable for all Canadians.