

Federal Budget 2024

Summary of Housing-Related Measures



Federal Budget 2024 Housing Summary

In April 2024, the Government of Canada (the “Government”) delivered the *2024 Federal Budget: Fairness For Every Generation*. The budget for this year focuses on building more affordable homes by increasing funding and introducing new initiatives to ensure equal opportunities for all Canadians. This bulletin from EllisDon Community Builders provides a summary of the proposed measures included in the budget.

Looking Back to 2023

Through Canada’s Housing Plan, the government has committed to building more homes, faster; increasing housing affordability; growing the community housing sector; and making it easier to rent or buy a home. In 2023, some initiatives included:

- Launch of the Tax-Free First Homes Savings Account, which allows Canadians under 40 to save up to \$40,000 for their first home;
- The creation of a Code of Conduct to Protect Canadians with Existing Mortgages who are facing exceptional circumstances; and
- The reallocation of funds of the National Housing Co-Investment Fund from the repair stream to the construction stream.

New Programs and Commitments

The new programs and commitments outlined in this year's budget are as follows:

1. Enable more affordable housing by speeding up building processes, decreasing the price of homebuilding, changing ways to manufacture homes, and growing the workforce.
2. Ensuring all renters and homeowners have homes that meet their needs and stability to retain them.
3. Continuing to support vulnerable people who are facing challenges of homelessness and rent increases, and building additional affordable rental housing.

Below is a more detailed description of each program/commitment.

1. Build More Homes

Initiative	Summary
Accelerated Capital Cost Allowance for Apartments	<ul style="list-style-type: none"> • Increase the capital cost allowance rate from 4% to 10% to encourage more builders to get projects moving by increasing their after-tax return on investment • Eligible new purpose-built rental projects would be those beginning construction on or after April 16, 2024, and before January 1, 2031, and that are available for use before January 1, 2036
Expanding the Removal of Federal Taxes (GST) for Student Residences	<ul style="list-style-type: none"> • The Government is expanding the removal of federal taxes for student residences built by public universities, public colleges and public-school authorities. • This change will apply to new student residences that begin construction on or after September 14, 2023 and before 2031 so long as construction is complete before 2036
Support Growing Communities	<ul style="list-style-type: none"> • Launch a new \$6 billion Canada Housing Infrastructure Fund – to be delivered over ten years – to accelerate the construction and upgrading of critical housing infrastructure. • \$1 billion available to municipalities to support urgent infrastructure needs

Initiative	Summary
	<ul style="list-style-type: none"> • \$5 billion for agreements with provinces and territories to support their long-term housing priorities
Apartment Construction Loan Program	<ul style="list-style-type: none"> • Provide at least \$100 million in low-cost loans from the Apartment Construction Loan Program to build above existing shops and businesses across the country • Starting in 2025-26, there will be an additional \$15 billion new loan funding for the Apartment Construction Loan Program to build a minimum of 30,000 new rental apartment units across Canada
Launch of Canada Builds	<ul style="list-style-type: none"> • Launching Canada Builds, a Team Canada approach to building affordable homes for the middle class on under-utilized lands, based on BC Builds, a program that is considered successful
Public Land Bank and Canada Lands Company	<ul style="list-style-type: none"> • Rapid review of the entire federal lands portfolio to identify more land for housing and establish a new Public Land Bank by Fall 2024 • Proposes to provide \$5 million over 3 years to support an overhaul of Canada Lands Company starting in 2025 to expand its activities to build more homes on public lands • Starting in 2024-25, \$4 million over two years for Canada Lands Company to support new modular housing projects on four sites
Public Lands Acquisition Fund & Public Services and Procurement Canada	<ul style="list-style-type: none"> • \$500 million to Public Services and Procurement Canada to launch a New Public Lands Acquisition Fund, which will purchase land from other orders of Government. • \$20 million to Public Services and Procurement Canada to scale up its centre of expertise on public lands. • \$15 million over 5 years to Public Services and Procurement Canada to work with Infrastructure Canada on delivering the new Public Land Bank and geo-spatial mapping tool. • \$1.1 billion over 10 years to Public Services and Procurement Canada to reduce its office portfolio by 50%.
Federal Lands Initiative	<ul style="list-style-type: none"> • \$112.6 million over 5 years for CMHC to top up the Federal Lands Initiative to unlock a minimum of 1,500 homes which includes 600 affordable homes. • The initiative will also periodize new approaches, such as leasing, to make federal lands available.
Public Lands Action Council	<ul style="list-style-type: none"> • \$1.8 million over two years for the Privy Council Office to create a Public Lands Action Council Secretariat. • The Public Lands Action Council will bring all players together to identify specific parcels of land across Canada with high potential for housing and take concerted action to accelerate construction on these lands.
Building Homes – Potential Properties	<ul style="list-style-type: none"> • The Government is exploring and accessing multiple housing development sites with the following governmental authorities: <ul style="list-style-type: none"> ○ Canada Post properties ○ National Defence lands ○ Underused Federal offices
Modernizing Housing Data	<ul style="list-style-type: none"> • Propose \$20 million over four years for Statistics Canada and CMHC to modernize and enhance the collection and dissemination of housing data.

Initiative	Summary
Secondary Suite Loan Program	<ul style="list-style-type: none"> • \$406.9 million over 4 years to launch a new Canada Secondary Suite Loan Program. This program will enable homeowners to access up to \$40,000 in low-interest loans to add a secondary suite to their homes.
Mortgage Insurance Rules	<ul style="list-style-type: none"> • Impending changes to the mortgage insurance rules to encourage densification by enabling homeowners to add density to their current homes or properties by increasing the applicable insured mortgage limit.
Indigenous Housing and Infrastructure	<ul style="list-style-type: none"> • Committed an additional \$4.3 billion over 7 years towards the Urban, Rural and Northern Indigenous Housing Strategy that will launch in 2024.
Housing Accelerator Fund	<ul style="list-style-type: none"> • Budget 2024 is proposing another \$400 million to the Housing Accelerator Fund program. This is intended to support the development of an additional 12,000 new homes over the next three years.
Public Transit Fund	<ul style="list-style-type: none"> • Starting in 2026, this fund will provide billions of dollars each year to maintain and expand public transit across Canada. • As a condition to this funding, the Government is proposing housing conditions through a newly proposed public transit fund. Conditions include: <ul style="list-style-type: none"> ○ Eliminating minimum parking requirements within 800 metres of high-frequency transit line; ○ Allowing high-density housing within 800 metres of high-frequency transit line; ○ Allowing high-density housing within 800 metres of post-secondary institutions; and ○ Completing housing needs assessments for communities with populations over 30,000.
Innovative Housing Solutions	<ul style="list-style-type: none"> • \$50 million over the two years to launch a new Homebuilding Technology and Innovation Fund. • \$50 million over two years through Canada's Regional Development Agencies to support local housing solutions across Canada, such as designing and upscaling modular homes, using 3D printing, mass timber construction and panelized construction. • \$11.6 million to support the development of the Federal Government's Housing Design Catalogue for up to 50 housing designs, such as modular housing, row housing, fourplexes, sixplexes and accessory dwelling units.
National Building Code	<ul style="list-style-type: none"> • The National Research Council (NRC) will launch consultations this summer to address regulatory barriers. The NRC will also identify ways to reduce duplications between factory inspection of modular home components and on-site building inspections. • The NRC is also working towards digitizing the building codes.
Expanding the Workforce	<ul style="list-style-type: none"> • Invest \$10 million over 2 years in the Skilled Trades Awareness and Readiness program to encourage high school students to enter the skilled trades. • Additional \$90 million over 2 years for the Apprenticeship Service, creating apprenticeship opportunities to train and recruit the next generation of skilled trades workers. • Provide \$50 million over 2 years to streamline foreign credential recognition with a focus on residential construction to help skilled trades workers get more homes built.

2. Making it Easier to Rent or Own a Home

Initiative	Summary
Tenant Protection	<ul style="list-style-type: none"> • \$15 million over 5 years for a new Tenant Protection Fund to provide funding for legal services and tenants' rights advocacy organizations to better protect tenants against unfairly rising rent payments, renovations, or bad landlords • Creation of Canadian Renters' Bill of Rights which will be developed and implemented in partnership with the Provinces and Territories • Leveraging Rental Payment History to Improve Credit Scores
First-time Homebuyers	<ul style="list-style-type: none"> • New Tax-Free Home Saving Account that can be used towards their first down payment. This tax-free account allows contributions up to \$8,000 per year up to a lifetime limit of \$40,000 • Increase the Home Buyers' Plan withdrawal limit from \$35,000 to \$60,000 • Amended to allow 30-year mortgage amortizations for first-time home buyers purchasing new build • Extending the Grace Period to Repay Home Buyers' Plan Withdrawal
Halal Mortgages	<ul style="list-style-type: none"> • The Government is exploring new measures to expand across alternative financing products, like Halal mortgages. This could include changes in the tax treatment of these products or new regulatory requirements for financial service providers
Current Home Owners	<ul style="list-style-type: none"> • Investing \$903.5 million to: launch a new Canada Greener Homes Affordability program; renew and improve existing energy efficiency program; and continue to develop a national approach to home energy labelling
Canada Existing Housing Stock	<ul style="list-style-type: none"> • Through the 2023 Fall Economic Statement, the government committed \$50 million to support municipal enforcement of restrictions on short-term rentals • New income tax legislation to remove income tax deductions for expenses incurred for short-term rentals • \$73.1 million over 5 years to the Canadian Revenue Agency to address tax non-compliance in real estate transactions • Ban on the purchase of residential property by foreign investors, to be extended until January 1, 2027 • Exploration of the restriction of the purchase and acquisition of existing single-family homes by very large corporate investors

3. Helping Canadians Who Can't Afford a Home

Initiative	Summary
Affordable Housing Fund	<ul style="list-style-type: none"> ● An additional \$1 billion for the Affordable Housing Fund to Build Affordable Homes. ● In addition, the following changes were proposed to the Affordable Housing Fund: <ul style="list-style-type: none"> ○ Fast-tracking approvals; ○ Allowing for economies of scale; and ○ Prioritizing projects that better support vulnerable populations.
New Rapid Housing Stream	<ul style="list-style-type: none"> ● \$976 million over five years, starting in 2024-25, and \$24 million in future years to launch a new Rapid Housing stream under the Affordable Housing Fund to build deeply affordable housing, supportive housing, and shelters for the most vulnerable
Canada Rental Protection Fund	<ul style="list-style-type: none"> ● Launching a \$1.5 billion Canada Rental Protection Fund to preserve the affordability of existing homes and support the acquisition of new homes
Co-operative Housing Development Program	<ul style="list-style-type: none"> ● Launching a \$1.5 billion Co-operative Housing Development Program in Summer 2024
Help End Homelessness	<ul style="list-style-type: none"> ● Through the Reaching Home Program, the 2024 Budget is proposing an additional \$1.3 billion over four years to stabilize funding to provide long-term support for communities with homelessness challenges <ul style="list-style-type: none"> ○ \$50 million of this investment to Reaching Home will focus on accelerating community-level reductions in homelessness ○ \$250 million is proposed to address the urgent issues of encampments and unsheltered homelessness ● Budget 2024 proposes \$1.1 billion over three years, starting in 2024-25, to Immigration, Refugees and Citizenship Canada to extend the Interim Housing Assistance Program. Interim Housing Assistance Program will also be used to prevent homelessness for asylum claimants

Contact Nick Gefucia (ngefucia@ellisdon.com) to talk about what the 2024 Federal Budget might mean for your development, and how EllisDon Community Builders can help you make significant progress.