

**From:** ["Mochrie, Paul" <Paul.Mochrie@vancouver.ca>](mailto:Paul.Mochrie@vancouver.ca)  
**To:** ["Direct to Mayor and Council - DL"](#)  
**CC:** ["City Manager's Correspondence Group - DL"](#)  
["Postma, Tobin" <Tobin.Postma@vancouver.ca>](mailto:Tobin.Postma@vancouver.ca)  
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**Subject:** 2021 Federal Budget Summary

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Dear Mayor and Council,

Earlier today, the Federal government released the details of its 2021 Federal Budget which can be read [here](#).

This is the first budget in two years and includes over \$100 billion in new spending over three years to fuel the recovery from COVID-19 and kick-start the transition to a green economy. The federal deficit is now at \$354.2 billion and the government plans to follow that up next year with a reduced deficit of \$154.7 billion that is supposed to gradually decline to \$30.7 billion in 2025-26.

While there is no further financial support announced for municipalities and transit operators, there are significant new investments in childcare, the climate and affordable housing:

**Childcare:**

- \$30 billion over five years and \$8.3 billion a year afterward to create and sustain early learning and child-care programs. Canadians will begin seeing a 50 per cent cut in their child care costs by the end of 2022, and forecasts that the average cost of daycare will be further reduced to \$10 a day by 2025/26

**Climate:**

- \$17.6 billion for the green recovery, with a goal of conserving 25 per cent of lands and oceans by 2025.
- The budget also pledges to exceed Canada's Paris climate accord targets by pledging to cut emissions by 36 per cent below 2005 targets by 2030 (the previous target was 30%).
- \$4.4 billion to help homeowners complete approved energy retrofits with interest-free loans of \$40,000. The budget also offers a dedicated stream of funding to help low-income homeowners and rental properties for low-income renters.
- \$5 billion over seven years, starting in 2021-22, for the Net Zero Accelerator, a program to fast-track decarbonization projects.
- \$1.4 billion over 12 years to Infrastructure Canada to top up the Disaster Mitigation and Adaptation Fund, to support projects such as wildfire mitigation activities, rehabilitation of storm water systems, and restoration of wetlands and shorelines.
  - \$670 million would be dedicated to new, small-scale projects between \$1

million and \$20 million in eligible costs.

- \$200 million over three years to Infrastructure Canada to establish a Natural Infrastructure Fund to support natural and hybrid infrastructure projects. This would help to improve well-being, mitigate the impacts of climate change, and prevent costly natural events.

**Affordable housing and homelessness:**

- An additional \$1.5 billion for the Rapid Housing Initiative` adding 4,500 new units - at least 25 per cent of this funding would go towards women-focused housing projects
- \$600 million over seven years to renew and expand the Affordable Housing Innovation Fund, which encourages new funding models and innovative building techniques in the affordable housing sector.
- \$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.
- \$300 million in funding from the Rental Construction Financing Initiative, which will be allocated to support the conversion of vacant commercial property into housing.
- Reallocation of \$1.3 billion of previously announced funding, including:
  - \$750 million in funding under the National Housing Co-Investment Fund to 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, which will be allocated 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.
- An additional \$567 million over two years for Reaching Home and \$45 million over two years for a pilot program aimed at reducing veteran homelessness
- A proposed 1% tax on the value of non-resident, non-Canadian owned residential real estate that is considered vacant or underused, effective January 1, 2022 (predicted to bring in ~\$175 million per year)

In addition to introducing a federal \$15 minimum wage, the federal government is also introducing a new measure to help businesses hire staff: The Canada Recovery Hiring Program will provide qualifying employers with up to \$1,129 per week for employees hired between June 6, 2021 and November 20, 2021.

The budget also extends the COVID-19 wage subsidy, rent subsidy and lockdown supports to Sept. 25, with plans to start gradually reducing support payments beginning in July. Those subsidies could be further extended to Nov. 20 if pandemic conditions demand it.

Some further highlights of Budget 2021 include:

- \$553.1 million over five years, starting in 2021-22, and \$110.6 million ongoing, create a new regional development agency for British Columbia to ensure businesses in B.C. can grow and create good jobs for British Columbians
- \$116 million in new funds for Substance Use and Addictions Program
- \$18 billion to build safer, healthier Indigenous communities
- \$3 billion to Health Canada over five years, starting in 2022-23, "to support provinces and territories in ensuring standards for long term care are applied and permanent changes are made."
- \$1.9 billion over five years to Public Safety Canada to support provincial and territorial disaster response and recovery efforts.
- \$1 billion for the tourism sector for festivals and cultural events
- \$300 million to support Black and other underrepresented entrepreneurs
- \$23 million over four years for Infrastructure Canada to conduct what it calls the country's first-ever national infrastructure assessment

All of this spending is in addition to two previous significant investments by the federal government for City of Vancouver priorities:

- March 2021: One-time doubling of the federal gas tax which amounts to \$2.2 billion of new spending (the Gas Tax Fund will now be called the Canada Community-Building Fund)
- February 2021: \$14.9 billion over the next eight years to support public transportation projects, including \$5.9 billion in short-term funding and the creation of a Permanent Transit Fund of \$3 billion per year starting in 2026

Key messages developed by FCM on Budget 2021 can be found [here](#)

Best,  
Paul

**Paul Mochrie** (he/him)  
Acting City Manager  
City of Vancouver  
[paul.mochrie@vancouver.ca](mailto:paul.mochrie@vancouver.ca)



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməŋəm (Musqueam), lóóvú 7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.