

From: **"Mochrie, Paul"**

To: **"Direct to Mayor and Council - DL"**

Date: 2024-04-16 5:01:14 PM

Subject: Highlights: Federal Budget 2024

Dear Mayor and Council,

Today, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled the Government of Canada's budget for the 2024-25 fiscal year. Noting that the Federal Government's fiscal year runs from April 1 to March 31, while the City of Vancouver's fiscal year runs from January 1 to December 31.

Budget 2024 "Fairness for Every Generation" is focused on three themes:

1. More Affordable Homes
2. Lowering Everyday Costs
3. Economic Growth for Every Generation

For additional details on Budget 2024, please see the following links:

- [Budget 2024 "Fairness for Every Generation"^{\[OBJ\]}](#)
- [Budget 2024: Remarks by the Deputy Prime Minister and Minister of Finance](#)
- [News Release](#)
- [Key Measures](#)
- [Legislative Measures](#)

Economic Outlook

The Canadian economy is outperforming expectations. In the face of higher interest rates, Canada has avoided the recession that some had predicted. Inflation has fallen from its June 2022 peak of 8.1 per cent to 2.9 per cent in January and to 2.8 per cent in February 2024. The labour market remains solid. Over 1.1 million more Canadians are employed today than before the pandemic, marking the fastest jobs recovery in the G7.

Budget Outlook

The Finance Minister projects that the government will post a \$40 billion deficit in this fiscal year. The deficit is projected to decline to \$20 billion by 2028-29.

The Budget projects \$52.9 billion in new spending over the next five years. In order to offset the new spending commitments, the Federal Government will raise revenues of \$21.9 billion, which includes \$19.3 billion over the next five years through increases in Capital Gains taxes.

Vancouver-specific References in Budget 2024

Several specific projects that impact Vancouver have been included in the budget, including:

- \$399.8 million over five years, starting in 2025-26, to support TRIUMF, Canada's sub-atomic physics research laboratory, located on the University of British Columbia's Vancouver campus.
- Funding through the Department of Canadian Heritage for the Canada Arts Presentation Fund for the Vancouver Fringe Festival in British Columbia, which is a celebration of independent theatre, featuring a wide range of performances by artists of all levels of experience.
- Funding through the Department of Canadian Heritage to support the operations of the Hellenic Community of Vancouver.

Highlights of Budget Measures

Budget 2024 includes an outpouring of measures, which aim to unlock the door to the middle class for millions of younger Canadians. Minimal details about implementation are available, however, staff will continue to monitor and seek clarification to ensure that the City of Vancouver can access new funding and opportunities.

A summary of the key measures from Budget 2024 can be found [here](#).

The flagship of Budget 2024 is [Solving the Housing Crisis: Canada's Housing Plan](#), which was released on April 12 as part of series of pre-Budget announcements. The plan lays out a strategy to unlock 3.87 million new homes by 2031. This includes a minimum of 2 million net new homes, on top of the Canada Mortgage and Housing Corporation's forecast of 1.87 million being built anyway by 2031. Federal actions in Canada's Housing Plan, in Budget 2024, and taken in fall 2023 will support at least 1.2 million new homes, and the federal government is calling on all orders of government to build at least 800,000 more homes by 2031.

Highlights of Canada's Housing Plan in Budget 2024 include:

- **Canada Housing Infrastructure Fund:** \$6 billion to assist communities to build infrastructure that supports more housing being built:
 - \$1 billion available to municipalities to support urgent infrastructure needs to enable more housing
 - \$5 billion for agreements with provinces and territories to support long-term priorities. Provinces and territories can access this funding if they commit to key actions that increase housing supply
- **Affordable Housing Fund:** \$1 billion top-up to enable the now \$15 billion program to support more deeply affordable housing, supportive housing, and shelters for the most vulnerable, and launch a permanent Rapid Housing Stream.
- **Expanding the Removal of Federal Taxes (GST) for Rental Housing:** Remove the GST 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 they complete construction before 2036.
- **Public Lands for Homes Plan:** Utilize public lands to develop 250,000 new homes by 2031, including properties from Canada Post and National Defense.
- **Apartment Construction Loan Program:** Increase funding by \$15 billion, aiming to support over 131,000 new homes by 2031-32.
- **Canada Builds:** A collaborative project to build affordable homes using federal loans combined with provincial investments. The federal government's intention is to leverage its \$55 billion Apartment Construction Loan Program to partner with provinces and territories to build more rental housing across the country.
- **Converting Federal Offices to Homes:** \$1.1 billion over ten years to transform 50 per cent of the federal office portfolio into housing, which will save \$3.9 billion over the next ten years, with \$0.9 billion per year in ongoing savings.
- **Housing Accelerator Fund:** An additional \$400 million to accelerate construction of over 750,000 new homes.
- **Canada Rental Protection Fund:** Launch a new \$1.5 billion fund to safeguard affordable housing.
- **Federal Community Housing Initiative:** Introduces new flexibilities to ensure eligible housing providers can access funding to maintain affordability for low-income tenants and co-op members.
- **Encampments:** Provides an additional \$1.3 billion over four years, starting in 2024-25, to Infrastructure Canada for Reaching Home: Canada's Homelessness Strategy, as follows:
 - \$1.0 billion over four years, starting in 2024-25, to stabilize funding under the program.

- Recognizing the enduring nature of this challenge, this investment reflects the government's commitment to support organizations that do vitally important work across the country to prevent and reduce homelessness. Of this investment, \$50 million will focus on accelerating community-level reductions in homelessness. This investment will support communities across Canada as they adopt best practices and lessons learned from other jurisdictions to reduce the time it takes to move individuals and families into more stable housing.
- \$250 million over two years, starting in 2024-25, to address the urgent issue of encampments and unsheltered homelessness. This funding will require provinces and territories to cost-match federal investments, leveraging \$500 million. This will help communities scale-up their efforts to train homelessness support workers, respond to the unique experiences of those affected by unsheltered homelessness, including those living in encampments, and renovate and build more shelters and transitional homes for those who need them.
- **Short Term Rentals:** Launching a \$50 million short-term rental enforcement fund that will be responsive to municipal needs. Further details will be announced later this year.
- **More Skilled Trades Workers Building Homes:** Provide \$100 million over two years, starting in 2024-25, to Employment and Social Development Canada for the following:
 - \$90 million over two years, starting in 2024-25, for the Apprenticeship Service to help create placements with small and medium-sized enterprises for apprentices. Of this amount, \$10 million in 2025-26 would be sourced from existing departmental resources.
 - \$10 million over two years, starting in 2024-25, for the Skilled Trades Awareness and Readiness Program to encourage Canadians to explore and prepare for careers in the skilled trades.

Other highlights for the City of Vancouver from Budget 2024 include:

- **Overdose Crises:** \$150 million over three years, starting in 2024-25, to Health Canada for an Emergency Treatment Fund, open to municipalities and Indigenous communities to help provide rapid responses to emergent, critical needs related to the opioid crisis.
- **Child Care:** Launch a \$1 billion Child Care Expansion Loan Program - Budget 2024 proposes to provide \$179.4 million over five years, starting in 2024-25, with \$5.7 million in future years, to the Canada Mortgage and Housing Corporation.
- **Retrofits and Upgrades to Existing Public Community Facilities:** Provide \$500 million over five years, starting in 2024-25, to Infrastructure Canada to support more projects through the Green and Inclusive Community Buildings program.
- **Asylum Seekers:** Invest \$1.1 billion over three years, starting in 2024-25, to Immigration, Refugees and Citizenship Canada to extend the Interim Housing Assistance Program. Funding in 2026-27 will be conditional on provincial and municipal investments in permanent transitional housing solutions for asylum claimants. Introduce legislative amendments to the Immigration and Refugee Protection Act that would contribute to streamlining the intake, processing, and adjudication of asylum claims.
- **Canada Disability Benefit:** Launch a new Canada Disability Benefit to supplement provincial and territorial benefits to increase the financial well-being of over 600,000 working-age persons with disabilities.
- **National School Food Program:** Create a National School Food Program, which will provide \$1 billion over five years to Employment and Social Development Canada, Crown-Indigenous Relations and Northern Affairs Canada, and Indigenous Services Canada, starting in 2024-25, to work with provinces, territories, and Indigenous partners to expand access to school food programs.
- **Clean Energy and Technology:** A new 10 per cent Electric Vehicle Supply Chain investment tax credit on the cost of buildings used in key segments of the electric vehicle supply chain, for businesses that invest in Canada.

- **Flood Insurance:** Advance the program to support those with damage to their homes from more frequent natural disasters caused by climate change.
- **Support for Small Businesses:** The Canada Carbon Rebate for Small Businesses will return fuel charge proceeds from 2019-20 through 2023-24 to an estimated 600,000 businesses, with 499 or fewer employees through a new refundable tax credit. This would deliver over \$2.5 billion directly to Canada's small- and medium-sized businesses.

Stakeholder Reactions to the Federal Budget

- **Federation of Canadian Municipalities:** "FCM is pleased by the support for housing and infrastructure in Budget2024, and hopes this progress will build to a commitment to convene all three orders of government to negotiate a new Municipal Growth Framework to meet the needs of growing communities."
- **Pierre Poilievre, Leader of the Opposition:** Trudeau will spend more on interest costs than on health care. More money for bankers than for nurses. He's not worth the cost.
- **Jagmeet Singh, Leader of the Federal New Democratic Party:** The Conservative handouts will continue. Justin Trudeau will keep Pierre Poilievre's \$60 billion in taxpayer handouts to corporations. Thanks to Pierre and Justin, it's a good day for Greedy Galen Weston and a bad day for you.
- **Canadian Chamber of Commerce:** The government chose to use a revenue windfall and changes to the capital gains tax to fund new spending, rather than reducing the deficit. A clear plan to promote productivity and restore economic growth is still missing.
- **Dan Kelly, President and CEO of the Canadian Federation of Independent Business:** The Canada Carbon Rebate for small businesses is a "big relief."
- **Lana Payne, National President, Unifor:** Budget 2024 puts social progress and jobs in the forefront, more than we've seen in decades, making Canadians more resilient to economic pressures, including Bank of Canada interest rates and the affordability crisis.

Best,
Paul

Paul Mochrie (he/him)
City Manager
City of Vancouver



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̍əm (Musqueam), Skwx̱w̱ú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations.