

# REPORT

## *Office of the Mayor*

**To:** Mayor Johnstone and Members of Council,  
Regular Council Meeting

**Date:** May 27, 2024

**From:** Denise A Tambellini Intergovernmental and Community Relations Manager

**File:**

**Item #:** 2024-324

**Subject: 2024 Federal Budget Overview and Opportunities**

---

### **RECOMMENDATION**

*THAT* Council accept this report for information.

---

### **PURPOSE**

On April 16, 2024 the Government of Canada tabled a budget for the upcoming fiscal year and a three year plan. This report outlines the federal funding commitments over the three year fiscal plan that may be of interest to local governments.

### **BACKGROUND**

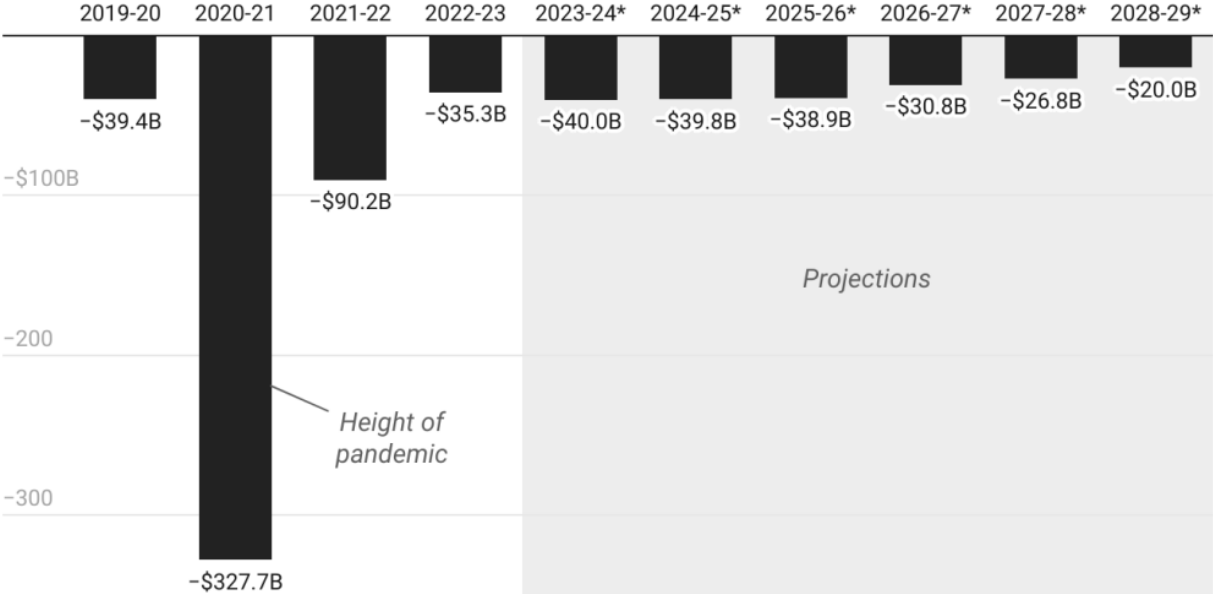
On April 16, 2024, the Deputy Prime Minister and Minister of Finance, Chrystia Freeland, presented the government's budget. Bill C-69, Budget Implementation Act received first reading in the House of Commons on May 2, 2024. The 2024 federal budget includes \$52.9 billion in new spending over five years – some of which is loan-based and reliant on provincial buy-in – as well as an estimated \$20 billion in new tax revenue. Canada's national gross domestic product (GDP) rose by 1.1% in 2023, driven by strong demand for Canadian exports, as well as increased household spending on goods and services.

According to the budget, the federal deficit is projected to be \$39.8 billion in 2024-25, \$38.9 billion in 2025-26, and declining over the three years following, to \$20 billion by 2028-29.

The government achieved their target of maintaining the 2023-24 federal deficit at \$40.1 billion, and will be lowering the debt-to-GDP ratio in the current fiscal year.

### Projected federal budgetary balance

The federal government is projecting a \$40 billion deficit in 2023-2024



\* Federal government projections in Budget 2024  
Chart: CTVNews.ca • Source: Budget 2024 • Created with Datawrapper

### Canada's Economy is Outperforming Expectations

The Canadian economy is doing better than expected. In the face of rapid and substantial increases in interest rates to minimize inflation, growth has slowed but outperformed expectations in 2023. Canada avoided the recession expected by many forecasters, with real GDP rising by 1.1 per cent in 2023, over three times higher than what was forecasted in Budget 2023 (0.3 per cent).

Canada's economy is growing. Real GDP rose by 1 per cent on an annualized basis in the fourth quarter, driven by strong global demand for Canadian exports, as well as resilient demand from households for goods and services. Economic indicators are also encouraging so far in 2024. With the economy benefiting from a boost from the unwinding of temporary factors, this translated into strong real GDP gains in January (7.4 per cent annualized) and preliminary February (4.9 per cent annualized). This suggests that growth in the first quarter of 2024 is on track for around 3.5 per cent

annualized. In recent months, household and small business sentiment has also been more positive.

The surprising strength of the U.S. economy has also been a factor supporting Canada's better-than-expected performance. Growth in the U.S. has far outpaced expectations, driving solid external demand for Canadian goods and services, as well as foreign direct investment in Canada, which provided a sizeable boost to the Canadian economy throughout the past year.

While hiring has slowed and job vacancies have declined in recent months, this has occurred without significant layoffs. Strong population growth and historically high working-age participation—particularly among women—have helped businesses fill a record-high level of job vacancies. Supported by the new Canada-wide system of early learning and child care, more women are participating in the labour force than ever before.

**Budget Priorities**

Budget 2024, titled *Fairness for Every Generation*, focused on three main areas: 1. housing affordability, 2. improving the everyday livability/cost of living and 3. economic growth. The following is a summary of each of the areas:

**1. Housing Affordability**

Housing was a major theme in the 2024 budget, which proposed \$8.5 billion in new spending and a strategy to 'unlock' 3.87 million new homes by 2031. In 2020, Canada ranked 37 out of 38 for municipal approval process timelines in the Organization for Economic Co-operation and Development (OECD). Canada is 3 times slower than the United States. This is due to restrictive zoning practices, excessive red tape, and outdated processes<sup>1</sup>.

The Federal government is committing to will work with provinces and municipalities to improve their zoning and permitting processes, ensure the needed infrastructure is in place for the homes we are building, and adopt changes to the National Building Code.

Housing highlights are as follows:

**a. Building More Homes**

- **Building Homes on Public Lands** with the new *Public Lands for Homes Plan*, the federal government will unlock 250,000 new homes by 2031, by using all tools available to convert public lands to housing (such as unused or underused office towers or parking lots), including leasing, acquiring other public lands for housing, and retaining ownership, whenever possible.
- **Building Homes on Canada Post Properties** by taking steps to enable Canada Post to prioritize leasing or divestment of post office properties and lands with

<sup>1</sup> Infrastructure Canada Solving the Housing Crisis <https://www.infrastructure.gc.ca/housing-logement/housing-plan-report-rapport-plan-logement-eng.html#plan-3b>

high potential for housing. This plan would make sure postal service is not disrupted and maintain Canada Post's role as a "service first" organization focused on delivering the mail.

- **Building Homes on National Defense Lands** by exploring the redevelopment of properties that could be suitable for both military and civilian uses, divesting 14 surplus properties with housing potential, and building and renovating housing for Canadian Armed Forces personnel on bases.
- **Converting Underused Federal Offices Into Homes** with \$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. This would enable more office buildings, particularly in urban areas, to be converted into homes for Canadians.
- **Taxing Vacant Lands to Incentivize Construction**—at a time when we have a housing crisis, vacant land needs to be used, and it is best used to build homes. The government will launch consultations later this year on a potential tax on residentially zoned vacant land.
- **Building Apartments, Bringing Rents Down** with a \$15 billion top-up to the Apartment Construction Loan Program, which will build 30,000 more new homes across Canada. This brings the program's total to \$55 billion in low-cost financing, and the program's total contribution to over 131,000 new homes by 2031-32.
- **Scaling-Up Modular Housing** to build a housing economy that can build homes year-round, unlocking winter—nearly six months of the year in many regions—to ensure we can build at the pace and scale needed to solve Canada's housing crisis.
- **Introducing an Accelerated Capital Cost Allowance for new purpose-built rental projects** to enable homebuilders to increase their cash flow, and more quickly reinvest into more projects, create more jobs, and build more apartments. This will help move more apartment projects from unfeasible to feasible.
- **Launching Canada Builds** to lead a Team Canada effort to build the homes needed to solve the housing crisis. Canada Builds will leverage the now \$55 billion Apartment Construction Loan Program to partner with provinces and territories that launch ambitious plans to build more rental housing. This includes cutting development approval timelines to no longer than 12 to 18 months, and meeting all of the program's affordability criteria.
- **Topping-Up the Housing Accelerator Fund** with \$400 million to build an additional 12,000 homes, because it is working. The now \$4.4 billion Fund, on-track to spur the construction of 750,000 new homes over the next decade, will help more communities benefit from cutting red tape to fast-track the creation of more homes.
- **A New \$6 billion Canada Housing Infrastructure Fund** to help communities build the essential infrastructure needed to support more homes, and more vibrant, and livable neighbourhoods.

- **Leveraging Transit Funding to Build More Homes**, so that more homes get built faster and closer to the services that Canadians count on. Access to the government's forthcoming permanent public transit fund will require municipalities to eliminate mandatory minimum parking requirements near transit stations, and allow high-density housing near transit stations and post-secondary institutions.
- **Housing Design Catalogue**, which will provide blueprints that can be used across the country to speed up the construction of new homes, such as modular housing, row housing, four-plexes, six-plexes, and accessory dwelling units. Provinces, territories, and municipalities could use the housing design catalogue to simplify and accelerate housing approvals and builds.
- **More Skilled Trades Workers Building Homes** by encouraging more people to pursue a career in the skilled trades and breaking down barriers to foreign credential recognition, particularly for construction workers. The federal government is creating apprenticeship opportunities to train and recruit the next generation of skilled trade's workers.
- **Indigenous Housing and Community Infrastructure** to make more progress correcting the historical underinvestment by previous governments which has resulted in Indigenous Peoples facing high housing costs and a lack of access for far too long. Budget 2024 announces combined distinctions-based investments of \$918 million to accelerate work in narrowing housing and infrastructure gaps in First Nations, Inuit, and Métis communities.

b. **Making It Easier to Own or Rent a Home**

- **Aligning Immigration with Housing Capacity**, to ensure Canada can continue to successfully welcome new Canadians. Starting this fall, for the first time, the government's Immigration Levels Plan will include both temporary resident admissions and permanent resident admissions. Our ultimate goal is to ensure a well-managed, responsive, and sustainable immigration system to help balance housing supply with housing demand.
- **Credit for Paying Rent**, to help renters more easily qualify for a mortgage, and maybe even at a lower rate, by establishing the expectation that lenders take on-time rental payment history into account when performing credit evaluations for mortgage applications.
- **Protecting Renters' Rights** with a new Tenant Protection Fund and a new Canadian Renters' Bill of Rights—because renters shouldn't have to face steep rent hikes, renovations, or bad landlords alone. The government intends to work, in collaboration with provincial and territorial partners, to crack down on renovations, introduce a nationwide standard lease agreement, and require landlords to disclose historical rent prices of apartments.
- **30-Year Amortizations for First-Time Buyers Purchasing New Builds**, with insured mortgages, to make it easier for younger Canadians to enter the housing

market by enabling lower mortgage payments and get those first keys to their first home, while they climb the income ladder.

- **Increasing the Home Buyers' Plan** from \$35,000 to \$60,000 to enable first-time home buyers to use the tax benefits of an RRSP to save up to \$25,000 more for their down payment faster, available to first-time buyers after April 16, 2024.
- **Tax-Free First Home Savings Account**, which is already helping over 750,000 Canadians save up to \$40,000 for their first down payment, faster, with the help of tax relief.
- **Enhancing the Canadian Mortgage Charter**, which helps ensure homeowners know of the fair, reasonable, and timely mortgage relief they can seek and receive from their financial institutions. Enhancements to the Canadian Mortgage Charter will include: setting the expectation that lenders give credit for on-time rent payments and provide up to 30-year mortgage amortizations for first-time buyers of new builds, and more detailed expectations for lenders, such as more proactively contacting mortgage holders and making permanent amortization relief available for homeowners in financial difficulty meeting eligibility criteria.
- **Exploring Expanding Access to Halal Mortgages** to better enable Muslim Canadians, and other diverse communities, to buy a home of their own.
- **Advancing National Flood Insurance** to lower costs and worries for homeowners about the potential damage to their home in the event of the increasingly frequent natural disasters caused by climate change.
- **Confronting the Financialization of Housing**, by announcing an intention to restrict the purchase and acquisition of existing single-family homes by very large, corporate investors.

c. **Helping Canadians Who Can't Afford a Home**

- **Enhancing the Affordable Housing Fund**, with an additional \$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.
- **Protecting and Expanding Affordable Housing** by creating a new \$1.5 billion Canada Rental Protection Fund that will provide \$1 billion in loans and \$470 million in contributions to support affordable housing providers to acquire units and preserve rents at stable levels for decades to come, preventing those units from being redeveloped into out of reach condos or luxury rental units.
- **Keeping Non-Profit and Co-op Homes Affordable** by introducing new flexibilities to the Federal Community Housing Initiative to ensure eligible housing providers can access funding to maintain affordability for low-income tenants and co-op members.
- **Lower Energy Bills for Renters and Homeowners** by increasing support for energy efficient home retrofits, including launching a new Canada Greener Homes Affordability Program.

- **Addressing Homelessness and Encampments**, which impact every community in Canada, and affect the most vulnerable Canadians, by providing \$1.3 billion in additional funding to help communities scale-up their efforts to provide better care and more shelter to people experiencing homelessness.

**2. Improving Livability and Affordability**

Cost-of-living challenges continue to strain Canadians’, Budget 2024 proposes measures to enhance the country’s social safety net. This includes the launch of a national pharma care plan, enhancements to the Canada Pension Plan, and the creation of a youth mental health fund. Budget 2024 also aims to take action on rising food prices through the introduction of a national school food program. Highlighted areas include:

Youth Focused Programs:

- Increasing student grants and loans: increase in full-time Canada Student Grants from \$3,000 to \$4,200 per year, and interest-free Canada Student Loans from \$210 to \$300 per week to keep up with the costs of an education
- Launching a new Youth Mental Health Fund: \$500 million over five years, starting in 2024-25, for the creation of a new Youth Mental Health Fund which will help younger Canadians access the mental health care they need.
- Providing job placement and employment support opportunities through the Youth Employment and Skills Strategy

Other highlights include:

- \$500 million over five years for municipal community, culture and recreation facilities through the Green and Inclusive Buildings Program.
- **Launching a \$1 billion Child Care Expansion Loan Program** to help public and not-for-profit child care providers to build more child care spaces and renovate their existing child care centres;
- **Expanding the Canada Student Loan Forgiveness Program to early childhood educators** who work in rural and remote communities. With a \$48 million investment over four years, student loan forgiveness will increase the longer an educator works in a rural or remote area, attracting and retaining the talent, similar to the programs we’re offering rural doctors and nurses;
- **Increasing training for early childhood educators** by investing \$10 million over two years for Canada’s Sectoral Workforce Solutions Program to build up the talent needed for the expansion of affordable, high-quality child care; and,
- **Improving child care access for military families** by investing \$100 million to provide Canadian Armed Forces personnel and their families with better access to child care on bases across Canada.

**3. Economic Growth**

Canada has committed to achieving carbon neutrality by 2050, with a net-zero economic plan that includes \$93 billion in incentives intended to attract investments by 2034-35. While many business leaders agree that more support for climate investment is required, there is also concern about federal government expenditures overall. Budget 2024 proposes measures aimed at increasing investment, enhancing productivity, and encouraging innovation. It invests in Canada's tech sector to build capacity in artificial intelligence (AI) for computing capabilities and technological infrastructure.

#### Investigating the Privatization of Airports

In the budget, the government announced it will release a policy statement this summer that will investigate "existing flexibilities" under the current governance model for Canada's National Airport System airports to attract capital, including from private pension funds. The government's stated goal is to boost economic growth and deliver pension plan members stable retirement income. In turn, that transforms airports into profit-making institutions and gives private companies power over how entities, like airports, are run. The budget announced the federal government will create a working group, supported by its Ministry of Finance, to explore how to catalyze greater domestic investment opportunities for Canada's pension funds, including at Canada's airport facilities.<sup>2</sup>

#### Growing the Green Economy

Budget 2024 also continues to support the green economy by delivering key components of the government's \$160 billion investment in clean growth measures announced since 2015. Additionally, it introduces the Canadian Entrepreneurs' Incentive to support Canadian entrepreneurs who sell all or part of their company. We have a plan that will increase investment, enhance productivity, and encourage the kind of game-changing innovation that will create good-paying and meaningful jobs and keep Canada at the economic forefront.

#### Green Transition Highlights include:

- Introduction of a new Electric Vehicle Supply Chain investment tax credit on the cost of buildings used in EV assembly, EV battery production, and cathode active material production
- An extension of the Clean Technology Manufacturing investment tax credit to businesses involved with polymetallic extraction and processing
- A Canada Carbon Rebate for qualifying businesses with fewer than 500 employees, which the budget estimates will impact about 600,000 small businesses

#### Tax Implications

---

<sup>2</sup> Unifor News <https://www.unifor.org/news/all-news/budget-2024-announces-concerning-plans-potentially-privatize-canadas-airports>



There are a few key significant changes to the taxation system with this budget:

- Increase the capital gains inclusion rate from 1/2 to 2/3, effective June 25, 2024 (up to \$250,000 of annual gains for individuals will continue to benefit from the 1/2 inclusion rate).
- Raise the lifetime capital gains exemption to \$1.25 million and introduces a new 1/3 inclusion rate for up to \$2 million of certain capital gains realized by entrepreneurs.
- Confirm previously announced alternative minimum tax proposals effective January 1, 2024, but softens the impact of these proposals on charitable donations.
- Provides design and implementation details for the clean electricity investment tax credit.
- Introduce accelerated capital cost allowance (CCA) for, and relief from interest deductibility limitations for debt incurred to fund the construction of, certain purpose-built rental housing.
- Provide immediate expensing for the cost of certain patents and computer equipment and software.
- Give the Canada Revenue Agency (CRA) additional information gathering powers.

A KPMG analysis on tax implications is included for background (attachment 2).

## **ANALYSIS**

There are numerous opportunities for municipalities in this budget and as the funding details become available through the Province or directly to municipalities, the city needs to be ready. While the city has received approximately \$42 million in grants and support over the last several years from the Federal government, there is still much work to be done. The level of investment in housing and community building amenities is significant and the needs of municipalities to pay for that growth is also recognized in this budget.

In order to receive Federal funding, projects need to be developed so they are shovel ready, due diligence conducted prior to being considered for funding. The role of non-profits in affordable housing is essential and a team approach to ensure they are supported would be helpful for Federal investment in our city. The relationship with the Province and the various ministries that support funding programs will continue to be important.

The government intends to increase the amount of affordable housing in Canada so we can restore what was lost over the past few decades and bring chronic homelessness in Canadian communities to an end. The government also recognizes that municipalities need the resources to build amenities to support growing communities. It is also acknowledged that the country cannot address the housing crisis without investing in local infrastructure. New Westminster has seen an 11 percent growth over the last 4

years<sup>3</sup>. As with many cities across the country, we are struggling to pay for the amenities growth brings. All levels of government must continue to be at the table willing to collaborate for our communities to continue to be livable and vibrant.

As long as the budget received assent in the House of Commons, over the next six months the city may investigate opportunities in the following areas<sup>4</sup>:

Funding Program	Amount	Details
<b>Canada Housing Infrastructure Fund</b>	Municipalities \$1 B- to support urgent infrastructure needs to enable more housing	Provinces \$5 B - 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, including: <ul style="list-style-type: none"> <li>o Legalizing more housing options by adopting zoning that allows four units as-of-right and that permits more “missing middle” homes, including duplexes, triplexes, townhouses, and small multi-unit apartments;</li> <li>o Implementing a three-year freeze on increasing development charges from April 2, 2024 levels for municipalities with a population greater than 300,000;</li> <li>o Adopting forthcoming changes to the National Building Code to support more accessible, affordable, and climate-friendly housing options;</li> <li>o Providing pre-approval for construction of designs included in the government’s upcoming Housing Design Catalogue; and</li> </ul>
<b>Canada Builds Launch</b>	Building on BC Builds concept	Leveraging Apartment Construction Loan Program
<b>Public Lands for Homes Launch</b>	Leasing public lands as opposed to selling them off, so public land stays public and affordable homes stay affordable;	Making more land available for housing by identifying and building on underutilized public lands; <p>Further integrated planning around shared federal and provincial priorities, including access to public health care and affordable early learning and child care;</p> <p>Launching a new mapping tool and publishing an ongoing inventory of public lands; and</p> <p>Accelerating the process to make public lands available for affordable housing</p>
<b>Public Transit Funding attached to</b>	Aligned with new BC Provincial legislation	Eliminating mandatory minimum parking requirements within 800 metres of a high-frequency transit line;

<sup>3</sup> Statistics Canada: Focus on Geography 2021 Census <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/fogs-spg/page.cfm?lang=E&topic=1&dguid=2021A00055915029>

<sup>4</sup> Infrastructure Canada Solving the Housing Crisis <https://www.infrastructure.gc.ca/housing-logement/housing-plan-report-rapport-plan-logement-eng.html#plan-3b>

<b>Housing Conditions</b>		<p>Allowing high-density housing within 800 metres of a high-frequency transit line;</p> <p>Allowing high-density housing within 800 metres of post-secondary institutions; and,</p> <p>Completing Housing Needs Assessments for communities with a population over 30,000.</p>
<b>Canada Rental Protection Fund</b>	<p>\$1.5 B</p> <p>May especially relates to energy upgrades to New Westminster older rental properties to meet climate adaptation needs</p>	<p>Preserve the affordability of existing homes and support the acquisition of new affordable homes. This new Fund will be co-led by the federal government and other partners. The Fund will seek to mobilize investments and financing from the charitable sector, private sector, and other orders of government. It will provide immediate and direct support to community housing providers to acquire affordable rental units at risk of being sold to investors and repriced in order to preserve their affordability over the long term.</p>
<b>New Rapid Housing Stream in the Affordable Housing Fund</b>	\$3.87 B	<p>To support the creation of over 15,700 new affordable units.</p> <p>To build deeply affordable housing, supportive housing, and shelters for our most vulnerable.</p>
<b>Reaching Home</b>	\$1 B additional over four years	<p>Long-term support to communities to address their local homelessness challenges</p> <p>\$50 million will focus on accelerating community-level reductions in homelessness</p> <p>Support for shelter spaces and Addressing Homelessness and Encampments (\$250 M) intended to be cost matched by the Province making the investment \$500 M</p>
<b>Green and Inclusive Buildings Program</b>	\$550 M	Support for municipal community, culture and recreation facilities through the
<b>Cooperative Housing Development Program</b>	launch summer 2024 \$1.5 B	To build capacity in the sector and support its sustainability, following the co-development of the program with the co-operative housing sector
<b>Short Term Rental Fund</b>	\$50 M	To support municipal enforcement of restrictions on short-term rentals
<b>Canada Greener Homes Affordability Program</b>	\$903 M	To support energy efficient retrofits for Canadian homeowners and renters with low to median incomes

<b>Apartment Construction Loan Program</b>	\$500 M low cost financing	To support a steady demand of projects delivered by prefabricated housing manufacturers and other home builders that use innovative construction techniques.
<b>New Approaches to Home Building</b>	\$50 M	To support innovative housing projects, including those in modular housing, automation, and robotics as well as made-in-Canada housing solutions like 3D printing, mass timber construction, and panelized construction.
<b>Canada Infrastructure Bank</b>	Large projects	To partner with the private sector to offer low-cost financing to municipalities through its new Infrastructure for Housing Initiative, a new financing tool for municipalities. This new initiative will reduce the barriers to building housing-enabling infrastructure (e.g., water treatment, transit, green energy, broadband) for municipalities.

The Federation of Canadian Municipalities’ (FCM) pre-budget recommendations and a formal statement on Budget 2024 is included for information (attachment 3).

The next Federal election will take place on or before October 20, 2025. Staff continue to advance intergovernmental conversations to advance the short and long term opportunities for the city.

**SUSTAINABILITY IMPLICATIONS**

With current priorities of Budget 2024, funding from the Government of Canada for infrastructure and to build program capacity, will provide opportunities for the city of New Westminster to advance sustainability targets.

**FINANCIAL IMPLICATIONS**

The 2024 Federal Budget provides opportunities to support the financial well-being of the city and improve the financial viability of qualified capital projects.

**OPTIONS**

- 1. Council accept this report for information.

**ATTACHMENTS**

- Attachment 1: Budget 2024 News Release
- Attachment 2: KPMG Tax Implications 2024 Federal Budget Summary
- Attachment 3: FCM – Budget Submission Federal Budget 2024 and Budget 2024 Response: A promising step towards supporting growth and tackling homelessness

**APPROVALS**

This report was prepared by:

Denise A Tambellini, Intergovernmental and Community Relations Manager

This report was approved by:

Lisa Spitale, Chief Administrative Officer