

Budget 2019 Backgrounder

This document serves as an overview of the key priorities related to housing and the residential construction industry in Budget 2019, and some statements have been paraphrased from government documents to clearly outline the intention. More information can be found on the Government of B.C. website.

Housing

Last year, B.C. Budget 2018 introduced a new 30-point plan for housing affordability and invested \$7 billion over 10 years. There are no major changes from the plan as outlined, with many supply and demand commitments enacted or announced last year. As part of the progress report, approximately 17,000 social housing, student housing, and modular units are built or underway as part of the 2018 plan to build 114,000 units over 10 years.

Budget 2019 provides an additional \$24 million for ongoing investments in housing and \$76 million for a province-wide homelessness action plan to:

- Implement a supportive housing response strategy and 200 more modular units;
- Strengthen assistance programs to support those at risk of homelessness; and
- Conduct a province-wide homelessness count in 2020.

Other changes include:

- Accelerating the payment of \$38 million in grants to affordable housing providers in 2018/19. This funding will be used to reduce ongoing borrowing costs to improve the range of affordable market rents.
- Providing \$10 million in funding to community organizations to operate rent banks to provide short-term loans with little to no interest to low-income tenants who can't pay their rent due to a financial crisis. There are seven communities in B.C. with existing rent banks in place.

There is no mention of home ownership changes or market housing supply in the plan update, or any changes related to first-time buyers. No changes are indicated for the property transfer tax structure.

CleanBC

CleanBC was announced in December 2018, but the financial details are now available as part of Budget 2019. Approximately \$902 million over three years will be allocated to CleanBC initiatives.

This includes:

- \$6 million to develop training programs for zero-emission vehicles, energy-efficient buildings and retrofits and other sectors. Further training initiatives will be announced through the *CleanBC Labour Readiness Plan*.

- \$3 million for the development of net-zero energy code and new energy standards (BC Building Code improvements, model National Energy Code for existing buildings, increased efficiency standards and to encourage the development of low-cost and effective low-carbon building solutions).
- \$5 million in incentives to support home and workplace charging stations for electric vehicles.
- \$41 million in funding over three years to expand energy-efficiency incentives delivered in partnership with BC Hydro, FortisBC and BC Housing. This incentives are dedicated for homes and businesses to install high-efficiency equipment and building envelope improvements. (This supplements an additional \$24 million committed in past, allowing incentives to reach more people.)
 - Homeowners can access up to \$14,000, including \$2,000 for electric air-source heat pumps, \$1,000 for better insulated windows and doors, and \$700 for a high-efficiency natural gas furnace.
- In addition, the government will develop new financing options to make these upgrades possible for more people in B.C.

Training and Small Businesses

- \$318 million investment to eliminate interest from all B.C. student loans. Students will save approximately \$2,300 in interest charges over a 10-year repayment period, based on an average of \$28,000 in federal and provincial student loans. This will benefit trades students at B.C. institutions.
- Previously announced small business corporate income tax cut from 2.5% to 2%.
- Previously announced plan to fully eliminate the PST on non-residential electricity as of April 1, 2019. This will save businesses \$150 million annually.
- \$14 million over three years to transform B.C.'s employment standards for protection and enforcement, keeping people safe at work. This includes a Temporary Foreign Worker Registry to protect vulnerable workers. These funds will increase supports for complaints resolution, improve education, enhance outreach, and allow for more proactive enforcement activities.

Other

- Government is providing funding for programming related to anti-money laundering, cannabis legalization, gun and gang violence, and road safety. *Budget 2019* provides the Ministry of Attorney General with \$6 million in base funding over the fiscal plan to update equipment, complete mandatory health and safety updates, and fund operating expenses related to capital investments.

Economic Overview

These statistics were provided in Budget documents and noted for reference.

- B.C. is expected to lead the country in economic growth in 2019 and 2020.
- Property transfer tax revenue has decreased, and is expected to stay at \$1.910 billion annually over the next three years.

- Employer health tax revenue is projected to rise from \$0.5 billion in 2018/19 to \$1.9 billion in 2019/20, reflecting the full-year effect of the January 1, 2019 implementation date.
- Speculation and vacancy tax revenue is updated at \$87 million for 2018/19 and expected to stay flat at \$185 million through to 2022.
- Employment gains were led by health care and social assistance sector (+19,700 jobs), the professional, scientific and technical services sector (+11,300 jobs) and construction sector (+9,800 jobs).
- Housing starts declined from 43,664 units in 2017 to 40,857 units in 2018, with a 30% decrease predicted over the next four years.
- Home sales are down by 24.5 per cent in 2018 compared to 2017.
- Population is projected to increase by 1.3 per cent annually over the forecast horizon. Net migration of about 53,500 people is expected in 2019, with nearly 80 per cent coming from outside Canada.

About the Canadian Home Builders' Association of BC

The Canadian Home Builders' Association of BC is the leading advocate of the residential construction industry in British Columbia representing more than 2,100 members through an affiliated network of nine local home building associations located throughout the province. The industry contributes over \$25 billion in investment value to British Columbia's economy creating 200,000 jobs in new home construction, renovation, and repair - one of the largest employers in British Columbia