

Billions to be announced for housing construction in federal fiscal update, says source

Tuesday's economic statement will focus on creation of rental and affordable housing



[Karina Roman](#) · CBC News · Posted: Nov 20, 2023 4:00 AM EST | Last Updated: November 21, 2023



Deputy Prime Minister and Minister of Finance Chrystia Freeland will announce billions of dollars worth of loans and other incentives for housing construction, CBC News has learned. (Patrick Doyle/The Canadian Press)

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The fall fiscal update, to be presented Tuesday by the federal finance minister, will include billions of dollars in loans and direct funding for the construction of affordable housing, a senior government source has told CBC News.

New measures will include \$15 billion for 10-year loans for new rental housing construction, a \$1-billion fund dedicated to getting more affordable housing built, and new mortgage rules for lenders dealing with homeowners at risk, according to the source, who is not authorized to speak publicly about the fall economic statement before it is tabled.

The measures are part of a restrained fiscal update focused on mitigating the housing crisis and easing cost-of-living challenges while still trying to grow the economy and create jobs, the source said.

The Canada Mortgage and Housing Corporation (CMHC) will facilitate the lending to builders and the loans will have "favourable terms," said the source, who would not discuss the rate to be charged.

The money, which the government estimates will help build 30,000 new homes across Canada, is for rental construction projects with five or more units.

"This funding gives builders a lot of certainty during the riskiest phases of a housing project," said the source. "It helps ensure buildings and construction happens, which we need."

WATCH | Ottawa plans new tax rules to curb short-term rentals:



CBC News has learned the federal government intends to commit billions towards addressing the housing crisis during its fall economic statement Tuesday. The money will go toward loans and grants for building new housing units and changes to the tax code.

The new mortgage rules are about "codifying the government's expectations around mortgage relief for homeowners at risk, and how they are treated by their financial institution," said the source.

The rules will be part of a six-point charter that builds on the Financial Consumer Agency of Canada's existing guidelines. Those guidelines allow for extensions of amortization periods and the waiving of fees related to delayed payments.

The charter will include a new requirement that mortgage lenders proactively contact homeowners four to six months before they are set to renew their mortgage to assess their options. Many homeowners will be facing much higher interest rates at renewal time in the next two years.

And for those with insured mortgages who want to switch lenders when they're up for renewal, a financial stress test will no longer be required.

- [Federal government to table fall economic statement on Nov. 21](#)
- [Facing need to cut some spending, defence minister says more must be spent on 'right things'](#)

The Office of the Superintendent of Financial Institutions and the Financial Consumer Agency of Canada will be the principal enforcers of the new rules.

"This is about supporting Canadians through temporary financial stress caused by an environment that we're living in with elevated interest rates, to help people stay in their homes," said the source.

The \$1 billion earmarked for affordable housing is aimed at building more non-profit and public housing. It will take the form of direct funding, rather than loans for builders.

New measures for short-term rentals

These new measures are in addition to a number of housing and affordability announcements the Liberal government has made recently — including those in the yet-to-be passed Bill C-56, which would remove the GST from construction of new rental housing and give more powers to the Competition Bureau to, among other things, go after unfair competition in the grocery sector.

Tuesday's fiscal update will include additional Competition Act changes different from but complementary to what is proposed in Bill C-56.

Radio-Canada confirms what the [Toronto Star first reported](#) — that Ottawa intends to prevent owners from making tax deductions for short-term rental properties when they are located in areas where this practice is prohibited.

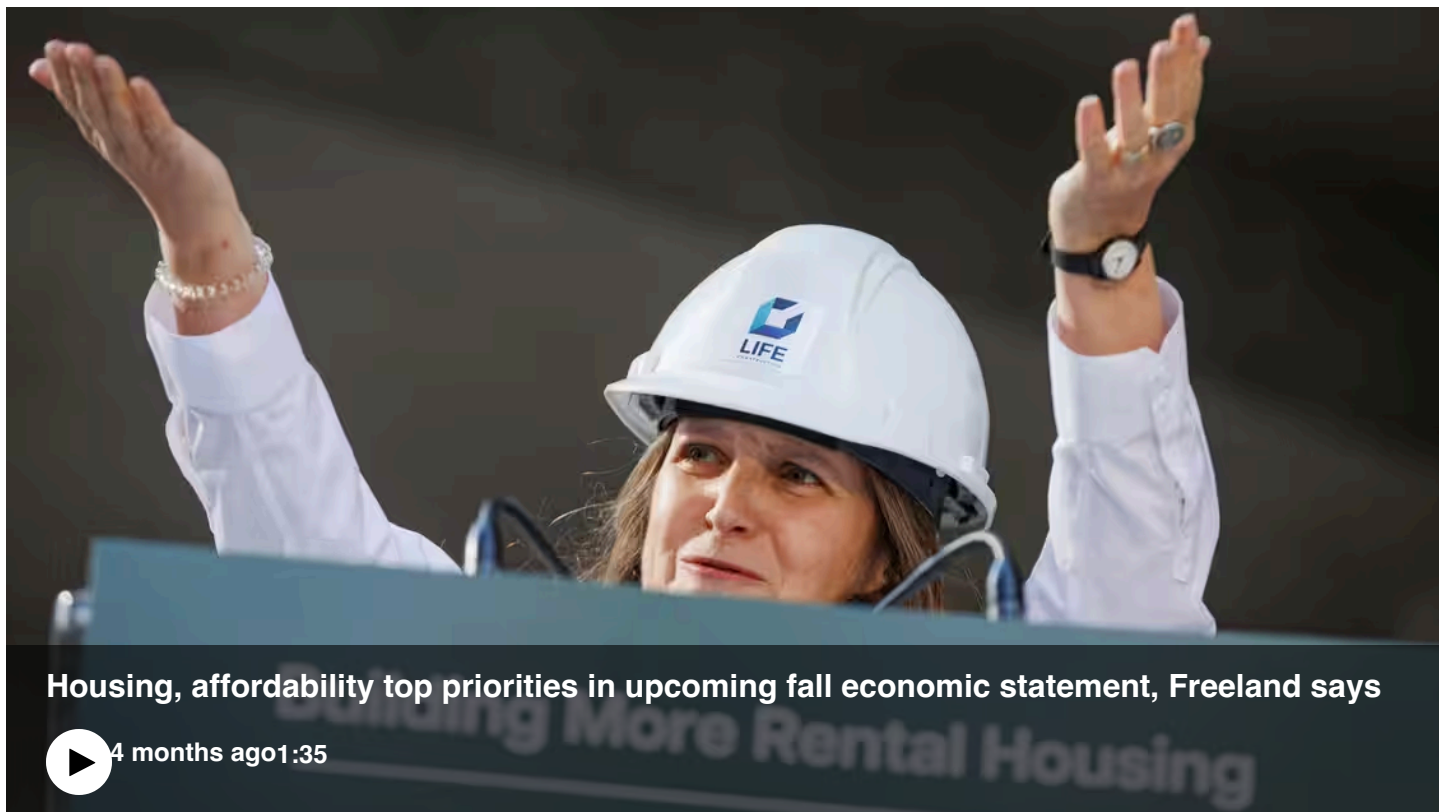
- [Housing minister vows to keep working with cities despite premiers' threats to block him](#)
- [Federal government announces \\$1.2B in loans for Toronto rental builds](#)

Under this new proposal, it would be impossible for owners of short-term rental properties to deduct rental expenses such as interest costs, property taxes or repairs. This would require legislative changes and would come into force on Jan. 1.

It would also penalize owners who find themselves in violation of provincial or municipal regulations by having the Canada Revenue Agency refuse their request for tax deductions. The fiscal update will also include money for municipalities to enforce their own rules on short-term rentals.

The aim is to make short-term rental properties less lucrative, to discourage landlords who break the rules, and to ultimately make more existing housing available for long-term tenancy.

WATCH | Premiers push back on federal housing approach:



Speaking at a housing announcement alongside Toronto Mayor Olivia Chow, Canada's Deputy Prime Minister Chrystia Freeland said the fall economic statement, which will be presented on Nov. 21, will be focused on making housing — and life in general — more affordable for Canadians.

While these new measures will be in Tuesday's announcement — accompanied by some other affordability relief measures that the government source declined to detail — this year's fiscal update is expected to be just that: an update.

It is expected to be narrowly focused document rather than a mini-budget. It's expected to provide an up-to-date snapshot of the economic numbers for the country, including how announcements made since the spring budget factor into the financial picture.

It will also provide an update on measures committed to in the last budget but that have not rolled out yet, such as the handful of much touted clean tech tax credits meant to compete with the United States' Inflation Reduction Act.

The government also will launch an investment tax credit for carbon capture and net-zero energy projects on Tuesday, a source confirmed to CBC News. That detail was first reported by [Reuters](#).

The fall economic statement should also include an update of the government progress on trimming \$15 billion from government department budgets.

The fiscal picture is even tighter now than it was in March.

- [Feds unlock public properties to build 29,200 housing units by 2029](#)
- [Canada's premiers united in their criticism of federal housing policy, carbon tax changes](#)

"I think it's fair to say that compared to the spring, the private sector outlook is certainly one with softer growth in the next 12 months than previously projected," said the government source. "And with elevated interest rates, that really constrains government space, government revenues."

Finance Minister and Deputy Prime Minister Chrystia Freeland is trying to manage expectations.

"It's a hard balance ... on one hand, supporting Canadians as we need to do and at the same time being fiscally responsible. But it's a balance that we're committed to striking," she said Thursday at a news conference.

"We won't be able to do everything."

Conservatives push for balanced budget

Complicating matters, the Liberals need to take into account the demands of the NDP, who have been supporting the government through a supply and confidence agreement.

NDP Leader Jagmeet Singh outlined his expectations for the fiscal update last week: more action on affordable housing and efforts to bring down grocery prices. But they do not include pharmacare,

which he says is an "ongoing negotiation."

Conservative Leader Pierre Poilievre has very different expectations — he's called on the government to return to a balanced budget, arguing that ongoing deficits are contributing to inflation. He is also calling for the government to stop the planned carbon tax increases and to adopt his private member's bill on housing.



Conservative Leader Pierre Poilievre points at his message at a press event in Vancouver, B.C., Thursday, Sept. 14, 2023. (Ethan Cairns/Canadian Press)

He's not alone in calling for a plan to balance the budget.

"We have been warning about this day and the day has come," said Goldy Hyder, president and CEO of the Business Council of Canada. "There's no sense of how we're ever going to get back to a balanced budget. How it is that we're going to be able to control our interest costs? Canadians have debts. They know if you're borrowing, costs go up, something has to give."

Hyder acknowledged that Ottawa has some good policies on the books, ones the business council even supports. But he said the Liberal government lacks a talent for execution.

- [Singh says pharmacare talks 'ongoing,' doesn't expect details in fall economic statement](#)
- **ANALYSIS** [The 'sugar rush' effect: Why the U.S. economy is growing faster than Canada's](#)

"We need a government that doesn't move on to the next shiny object before it implements the policies. It seems to feel the work is done as soon as you put out the press release. And the reality is that governing is hard."

There are other stakeholders also looking for progress on existing promises.

"Right now the federal government has so much on its plate around implementing all the measures in budget 2023 plus all of the climate and clean economy measures it's been announcing over the last couple of years," said Mark Zacharias, executive director of the think tank Clean Energy Canada.

"We would really first and foremost like to see movement on finishing what they started."

Some stakeholders with specific hopes for Tuesday's update might be disappointed. While the government source says there could be language supporting the idea of some measures, such as open banking, Indigenous equity loan guarantees, heat pump co-delivery agreements and the recapitalization of the popular home retrofit program, there is no money committed to them yet.