

# MEMORANDUM

**To:** CHBA BC Board of Directors and Local Executive Officers  
**From:** Carmina Tupe, Director, Policy and Government Relations  
**Date:** April 21, 2021

**Re:** Budget 2021 Overview and Key Highlights

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On April 20th, the Hon. Selina Robinson, Minister of Finance, announced the details of the provincial government's first budget since the wake of the pandemic and assuming majority status. *Budget 2021* demonstrates continued efforts to overcome the difficulties brought on by the continuing COVID-19 pandemic by placing a strong focus on protecting health and safety, supporting people and businesses, and laying the groundwork for economic recovery.

CHBA BC views this budget as a stable path for the residential construction industry. With no new tax measures, combined with significant investments to meet demands for housing, jobs, community-building infrastructure and transportation projects, and climate change initiatives, *Budget 2021* allows CHBA BC to remain focused on working with this government to advance work on the Development Approval Process Review (DAPR) report. Action on the DAPR, as recommended by CHBA BC, will help governments – locally and provincially – address the chronic delays involved with approval times that result in higher costs and shortages of housing stock needed to meet growing demand.

Provided as **Attachment 1**, are key items identified and paraphrased from the budget for the reference of CHBA BC's Board Members, local executive officers, and members, based on its relevance to the residential construction industry.

**Note this is not a comprehensive list of budget items.**

For full details, please review the [Budget 2021 document](#).

Should you have questions or would like to discuss this further, please contact the undersigned.

Sincerely,



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# Attachment 1: Budget 2021 Key Highlights

## Overview and Economic Outlook

- \$8.7 billion in new investments across the three-year fiscal plan to protect health and safety, to support people and businesses in addressing the pandemic's immediate impacts, and to prepare the province for recovery once the pandemic is over.
- Operating spending is \$13.2B over the fiscal plan, with a forecasted deficit of \$8.1 billion for 2020-2021. This is down from the 2020 Fall Economic and Fiscal Update projection of \$13.6 billion due to high-than-expected revenues from strong activities in housing and retail sales, and moderately low spending.
- It is estimated that B.C. real GDP contracted by 5.3% in 2020, and is projected to expand by 4.4% in 2021, 3.8% in 2022 and 2.2% in 2023.
- Ministry forecasts employment in B.C. to increase by 4.7 per cent in 2021 (+117,000 jobs) followed by annual growth of 2.4 per cent in 2022 (+64,000 jobs). Growth is then expected to moderate over the medium-term, gradually slowing to 1.3 percent by 2025.
- In the wake of COVID19, consumer spending and housing were weighed down by job losses, precautionary saving behavior and reduced confidence. Retail and home sales quickly reversed course as restrictions eased, by mid 2020, back in pre-pandemic levels.
- In the coming months the Province will engage with workers, businesses, industries, and Indigenous and community leaders to renew its [economic framework](#), which is expected to take place during the fall.

## Making Life More Affordable - Building B.C. and Affordable Housing

- Budget 2021 continues to fund the *Homes for B.C.* plan, a key government priority to deliver 114,000 affordable homes over 10 years. As of February 28, 2021, over 26,000 new homes have been completed or are underway since the plan was launched in 2018.
- The total housing operating budget is over \$1.1 billion annually over the fiscal plan. This includes \$80 million across the fiscal plan to improve market supply and improve rental and housing opportunities through continued partnerships.
- \$2 billion in low-cost financing to expand the HousingHub program and facilitate the creation of approximately 9,000 units of affordable rental housing and homeownership options for middle-income households over the next three to five years. To date, approximately 1,000 homes have been completed through previous HousingHub projects.
- Partnership with the federal government through the Rapid Housing Initiative to convert existing buildings into supportive housing, and to support the development of modular housing to expedite housing solutions for homeless or other vulnerable populations.

### **Support for B.C. Businesses**

- \$195 million in funding for the Small- and Medium-sized Business Recovery Grant program where businesses can access up to \$30,000 in grant funding that can be used to support their recovery and adapt to COVID-19. This may include diversifying their business to include new services, modifying physical space, offsetting fixed costs such as rent, or growing the business by moving online.
- \$150 million allocated to support the Increased Employment Incentive tax credit for private sector employers as announced as part of the *StrongerBC Economic Recovery Plan*. This program provides a tax credit to businesses that increased their payroll through hiring or compensation increases in the last quarter of 2020 compared to the previous quarter.
- A PST exemption on select equipment and machinery until the end of September 2021 to support businesses to pivot or upgrade operations.

### **Targeted Training and Job Recovery**

- An additional \$32 million in one-time funding to continue training initiated through the *StrongerBC Economic Recovery Plan*. This includes \$17 million for 2021-2022 to support skills training for Indigenous people, which builds on the \$19 million provided in 2020-2021.
- \$4 million allocated in 2021-2022 to continue short-term skills training programs to support unemployed or underemployed individuals to train in high demand sectors such as construction, technology, health care and child care to ensure graduating students are well positioned to secure employment
- \$5 million in 2021-2022, on top of the \$4 million invested in 2020-2021, to support micro-credential training that provides options for those looking to retrain for new career opportunities. Micro-credentials offer learners the ability to gain skills and competencies through shorter, more flexible programs rather than a standard degree, diploma or certification program. Initial funding is being used to deliver 25 micro-credential courses for an estimated 2,000 students.
- Capital investments include more apprenticeship and training opportunities in local communities, particularly for Indigenous peoples, women, people with disabilities and other traditionally under-represented groups who want to build a career in the skilled trades.

### **Supporting Clean B.C.**

- New investments totaling \$506 million over the fiscal plan to support CleanBC. This includes \$269 million in new operating and capital funding for clean transportation, energy efficient buildings and communities and other cleantech and climate change initiatives.
- \$123 million in operating funding and \$7 million in capital funding over three years to support cleaner transportation through financial incentives, greener infrastructure, technological advancements, and electrification of school buses, ferries, and government fleets.

- \$94 million over the fiscal plan to continue the Go Electric Program which provides financial rebates to customers who buy zero-emissions vehicles, charging stations, and funding to support commercialization of medium and heavy-duty vehicles.
- \$6 million to support planning and preventative action, and to better understand climate risk to reduce the impact of negative outcomes of climate change over time.
- New funding of \$18 million for grants to local governments to improve active transportation infrastructure, such as building connecting sidewalks, installing bike lanes, and building multi-use paths in parks.
- \$10 million over three years to develop policy on reducing the carbon intensity of fuel and develop the hydrogen economy.
- \$57 million in operating funding to support energy efficient buildings and communities. This includes \$34 million to reduce diesel consumption for electric generation in remote communities, and \$11 million to develop and fund a new program for local governments to plan for building compact, energy efficient communities.

#### **Investing in Communities and Infrastructure**

- \$26.4 billion over the fiscal plan period in tax-payer supported capital spending on hospitals, schools, post-secondary facilities, affordable housing, transit, roads, and other infrastructure in the province. This is \$3.5 billion more than the 2020 budget, and is planned to serve as an economic stimulus that will create 85,000 jobs, like direct construction jobs, in the province over the next three years.
- Building on the recent \$140 million investment made, a stable base funding of \$40 million has been set out over the plan to further invest in the province's connectivity strategy and providing reliable high-speed broadband needed in B.C.'s communities.
- Budget 2021 includes \$7.6 billion in transportation investments over the next three years. Along with highway rehabilitation and upgrades, transportation investments include the replacement of the George Massey Tunnel with a new crossing and completing the planning for the Surrey-Langley SkyTrain project.

#### **Minor Changes to Tax Measures**

- Home Owner Grant Act will increase threshold for home owner grant phase-out to \$1.625 million from \$1.525 million.
- Speculation and Vacancy Act Tax will introduce exemptions for corporations owned by agents of government and registered charities that hold property through a trustee as well as amend the definition of beneficial owner.