



To: Committee of the Whole
Meeting Date: April 11, 2024
From: Laura Mirabella
Commissioner of Finance and Regional Treasurer
Re: **2024 Ontario Budget: Potential Impacts to York Region**

On March 26, 2024, Ontario Finance Minister Bethlenfalvy delivered the [2024 Ontario Budget: Building a Better Ontario](#) and introduced Bill 180, *Building a Better Ontario Act (Budget Measures), 2024*. This memo highlights key announcements which, if passed, may impact Regional programs and policies, including updated Vacant Home Tax guidelines and the opportunity to provide discounted property taxes for new purpose-built rentals.

Region submitted detailed asks through the 2024 Provincial budget consultation process and a November 2023 Council resolution

In January, Council approved the Region's [2024 Ontario Budget Consultation report](#) which included a request the Province contribute funding toward the \$2.6 billion of unplanned and accelerated infrastructure needed to meet Provincial housing targets, as well as up to \$700 million for the potential loss of development charge collections over the next 10 years related to the *More Homes Built Faster Act, 2022* (Bill 23). In addition, the Region requested funding to support housing affordability, transit priorities, and human and health services needs, including impacts of the influx of refugees.

As part of a November 2023 [resolution](#), Council requested the Region also be eligible for the Building Faster Fund and the Housing-Enabling Water Systems Fund to support critical infrastructure.

Additional \$1.8 billion of funding is available for housing-enabling infrastructure

The 2024 Ontario Budget did not make any announcements with respect to Bill 23, including provisions to replace lost development charge revenues, or to expand eligibility for the Building Faster Fund to upper-tier municipalities.

However, the Province introduced new and topped-up funding for housing-enabling infrastructure and confirmed the Region could apply for the Housing-Enabling Water Systems Fund:

- **\$1 billion over three years through the Municipal Housing Infrastructure Program** to support core, housing-facilitating infrastructure projects such as roads and water infrastructure. Program details, including the Region’s eligibility, are expected later this year. Staff will monitor announcements and provide updates to Council as needed.
- **\$825 million over three years through the Housing-Enabling Water Systems Fund, increased from \$200 million:** Initially announced as a \$200 million investment in the 2023 Fall Economic Statement, the 2024 Ontario Budget topped up the Housing-Enabling Water Systems Fund by an additional \$625 million. Municipalities may submit an application for up to \$35 million (equivalent to up to 73% of costs) for the rehabilitation, repair or expansion of eligible housing-enabling water and wastewater projects. Municipalities may also apply jointly and maximum funding available would be equivalent to \$35 million per municipality. The Region will submit an application by the April 19, 2024 deadline.

Municipalities may offer up to a 35% property tax discount for new multi-residential rental properties

A new, optional property subclass, called “New Multi-Residential Property (Municipal Reduction)” is now available to municipalities to encourage more purpose-built rental development. To adopt the subclass, municipalities must pass a bylaw. Municipalities may then offer property tax discounts of up to 35% for eligible new multi-residential buildings, for which building permits are issued after the bylaw is passed. Existing purpose-built rentals and those under construction would not qualify. Condominiums, single-detached homes, row townhouses, or buildings under seven units would not qualify, regardless of whether they are rented.

Staff are reviewing implications of this announcement and will provide recommendations in the 2024 Property Tax Policy and 2024 Property Tax Rate reports, which will be considered by Council in May.

Property reassessment has been delayed again pending a review of the property taxation and assessment system

A review of the property assessment and taxation system will begin with consultations in early spring. Reassessment will be deferred until the review process is concluded, although no specific date has been announced. As a result, Ontario municipalities must continue to use 2016 assessment values when calculating property taxes. Outdated property valuations do not reflect varying changes in property value across different property classes and could result in tax inequity for those affected.

A Vacant Home Tax Policy Framework was released that does not limit the tax rate and encourages higher taxes on foreign-owned homes

In [November](#), Council directed the Region not proceed with a Vacant Home Tax (VHT) as Provincial Policy Framework had not been released and program administrative costs were prohibitive within a two-tier structure. The 2024 Budget included an announcement all single-tier and upper-tier municipalities may now implement a VHT without requiring Minister of Finance approval. A newly released [Provincial Policy Framework](#) provides guidance on program design, consultation, annual reporting, administration and responsibilities among upper-tier and local municipalities.

The Framework does not place a limit on any VHT tax rate and encourages municipalities to impose higher tax rates on foreign-owned vacant residential properties. Since municipalities are unable to identify foreign-owned properties, the Province pledged to help explore ways to identify them. As indicated in the November 9, 2023 [report](#), a potential VHT will be reviewed again as part of the Affordable Housing Implementation Plan, expected later this year.

Gas and fuel tax cuts have been extended another six months; however, this is not expected to impact the Region's Provincial Gas Tax funding allocation

The Province extended the 5.7 cent gasoline and 5.3 cent diesel fuel tax rate cuts for another six months, maintaining the gasoline and tax rates at nine cents per litre until December 31, 2024. Since this measure was introduced in Spring 2022 it has not affected transit funding as the Province has continued to top up the total funding available and stabilized the Region's Provincial Gas Tax funding allocation. The Region's Provincial Gas Tax allocation totaled \$17.2 million for the 2022-23 fiscal year, and in line with historical growth over the last ten years, is expected to grow by about 2.5% per year.

Additional funding has been announced for supportive housing, public safety, health and other needs, however, impact to the Region's funding is still unknown

The Region's January 2024 Ontario Budget Consultation report requested funding for critical housing affordability needs and health and social challenges. While these were not directly addressed in the 2024 Ontario Budget, the Province has proposed additional funding that could support similar community outcomes. Funding details for each of the below have not yet been announced and it is unclear whether these investments would directly support the Region or if they would be distributed through other Provincial programming.

- **Supportive Housing:** \$152 million over three years to support individuals with housing instability and mental health/addiction challenges, funding rent supplements, maintenance, and new units. Most of this programming falls under Provincial responsibility; however, the Region provides rent supplements totaling approximately \$360,000 to supportive housing providers through a dedicated stream under the Provincial Homelessness Prevention Program.

- **Mental Health:** \$396 million over three years to expand mental health and addiction services, enhancing accessibility and scope of current programs. Mental health and addictions initiatives are eligible expenditures under several Provincial funding agreements, such as Community Paramedicine, Homelessness Community Programs and Child Care EarlyON. However, it is not yet clear whether this announcement would result in additional funding to the Region.
- **Long-term Care:** \$202 million announced alongside the 2024 Ontario Budget for eligible long-term care operators to support minor repairs. The Region expects to receive one-time funding of \$2,500 per bed to address deferred maintenance projects.
- **Auto Theft:** \$49 million over three years to empower police services, primarily Ontario Provincial Police, to combat the growing auto theft issue. Funding details are not yet available. Over the 2023 to 2026 fiscal years, York Regional Police is receiving \$300,000 per year through the Preventing Auto Theft Grant, which will fund enforcement, data-mining, intelligence gathering, officer training and community education initiatives related to auto theft. It is unclear if additional funding will be made available based on the 2024 Ontario Budget announcement.
- **Violence and Exploitation:** Additional \$13.5 million to help vulnerable groups, including enhancing sexual assault and domestic violence services and supporting legal assistance for survivors. YRP partners with Victim Services of York Region and the York Region Centre for Community Safety to support victims of violence, including intimate partner violence, family violence and human trafficking. In 2023, YRP received \$100,000 for the [Access to Justice: Integrated Services for Survivors of Intimate Partner Violence initiative](#).

Staff will monitor Provincial announcements for further funding details and continue to advocate for support for critical infrastructure needs, including: priority community housing and bus rapid transit projects, and water and wastewater infrastructure necessary to support growth, such as the York Durham Sewage System.

For more information on this memo, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



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April 4, 2024
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