

# General Comments on the 2017 Ontario Budget

April 27, 2017

*Toronto, ON -- Earlier today, Adam Tracey, Manager of Policy and Government Relations for the Ontario Association of Architects (OAA), attended the Queen's Park Stakeholder Budget Lock-up, an opportunity given by the Provincial Government to specific stakeholders to review the budget prior to its public release, this afternoon. Adam files this summary report on specific items in the released budget affecting architecture in the province. The OAA will further look into the budget, in the days ahead, to identify opportunities and challenges facing the profession and the public's interest.*

*[UPDATED April 28, 2017]*

The title of Ontario's 2017 Budget was "A Stronger, Healthier Ontario" focusing on the achievement of a balanced budget. For those who may be less familiar, this does not mean that Ontario has cleared its debt (projected to be \$301.9 billion as of March 31, 2017). A balanced budget instead means "the government will no longer need to borrow to pay for its ongoing operating costs" —a commitment made by government in the 2010 Budget as Ontario pulled out of the recession.

As many may have already seen, the other significant commitment in this year's budget was the Fair Housing Plan. This plan includes measures such as "expanding rent control, a proposal for a new 15-per-cent Non-Resident Speculation Tax (NRST) in the Greater Golden Horseshoe, and encouraging additional supply by giving municipalities the power to tax vacant lots."

On the infrastructure front, the projected spending is up from prior years—an important recognition of the Province's need to invest significantly in its infrastructure. Our 2016 analysis noted a troubling imbalance between spending on civil infrastructure (the oft cited "roads, bridges, and transit"), perhaps to the detriment of the rest of the built environment. It has been estimated that as much as "60% of infrastructure is buildings, plain and simple".

While the projected spending for most categories has been increased, the gap in spending between civil infrastructure and the rest of our built environment also appears to be growing—a far cry from the OAA's recommendation to move towards a more balanced spend. In the 2015 Budget, 47.2% of spending was dedicated towards transportation-related infrastructure. In the 2016 Budget, that figure had grown to 51.2%. The 2017 Budget now dedicates 52% of all infrastructure spending towards transportation.

In total, this represents a commitment of \$10.5B to transportation-related infrastructure while the cumulative spend on all other infrastructure is only \$9.7B (with Health projected to receive \$3.2B, Education \$2.7B, Postsecondary \$1.4B, Social \$474M, and Justice \$334M).

Transportation is a critical aspect of the Province's long-term plans, and smart transportation linking our buildings and communities is of critical importance. But the government must focus more of its time, attention and funds on renovating and retrofitting our existing building stock, providing critical housing and facilities for Ontarians, and in creating the environmentally-friendly and innovative buildings for tomorrow. We cannot continue to spend so little on what constitutes the bulk of our Province's actual infrastructure (aka buildings, the other 60%).

We will keep pressing the government to that effect.

## **2017 Budget Specifics (with comments, where applicable)**

### *Reducing Electricity Rates by 25 Per Cent*

Through Ontario's proposed Fair Hydro Plan, approximately 500,000 small businesses are expected to benefit from a reduced electricity bill. This may be of importance to the profession given the vast majority of Ontario's architectural practices are small and medium enterprises.

### *Promoting Energy-Efficient Improvements to Ontario Homes*

The Province continued its 2017 commitments on the renovation front with the establishment of an Affordability Fund to help Ontarians "adopt energy efficiency improvements to help reduce their future electricity bills."

### *OHIP+: Children and Youth Pharmacare*

Of note to practitioners with families, architectural firms, and students of architecture, the Province has committed to create a universal drug coverage program for "all children and youth aged 24 and under, regardless of family income." This program will "completely cover the cost of all medicines funded through the ODB Program" with no deductible or co-payment. The government lauds this as the "first program of its kind in Canada."

### *Helping Families Access and Afford Child Care*

For practitioners with young children, the government announced it will help "100,000 more children access affordable, quality licensed child care." In 2017-18, the province expects to create spaces for 24,000 children.

### *Supporting Community Hubs*

As with *2016 Budget*, the Province made no real announcements or spending commitments to Community Hubs, instead committing to "tak[e] into consideration broader economic and community benefits when making decisions on the disposition of surplus Provincial properties". The OAA has been an active supporter of maintaining and creating new community hubs throughout the Province.

### *Making Postsecondary Education More Affordable*

As with the *2016 Budget*, the government recommitted to transforming the Ontario Student Assistance Program (OSAP) to "make postsecondary education more accessible and affordable for Ontario students and their families, including mature students." The government expects that some additional changes made to the program this year will make "average tuition free for more than 210,000 Ontario students". Given the high costs associated with obtaining an architectural education, it is our hope that the revised OSAP has been, and will continue to be, of benefit to our architectural students.

As students transition into the workforce, the government is also committing to "increasing the minimum salary an individual needs to earn from \$25,000 to \$35,000 before they start repaying the Provincial portion of OSAP loans" which may also be of note to our architectural graduates.

### *Investing in Elderly Person Centres*

The government is committing "\$8 million over the next three years" to create an additional 40 new Elderly Person Centres—community centres that provide social and recreational programs to promote wellness for seniors.

### *Ensuring Sprinklers Are Installed in Licensed Retirement Homes*

For architects working in the area of retirement homes, the Province has committed to provide “funding to small and rural retirement homes to help with the cost of installing sprinklers, so that licensed retirement homes in Ontario are compliant with the new requirements of the Fire Code by 2019.”

### *Housing Affordability*

As the Fair Housing Plan was announced previously (and detailed briefly above), there is little more to announce other than the government’s overarching statement to “restor[e] stability to the housing market”.

### *Additional Land Use Planning Reforms*

The OAA notes with interest the announcement of “additional reforms” to the land use planning system to make it “more efficient, more transparent and easier to build needed housing.”

Since 2013, the OAA has petitioned the government to improve the Site Plan Approval process in Ontario and has held meetings with various municipal and provincial officials and Ministers, including Economic Development and Growth, Municipal Affairs and Housing, and the Environment. The OAA has submitted this as a formal recommendation on repeated occasions, including through the recent Red Tape Challenge and Open for Business initiative.

The Open for Business initiative had an original target of reducing \$100 million of red tape before 2018. *Budget 2017* proudly boasts of exceeding its target by “help[ing] businesses avoid costs of up to \$200 million”. The OAA has strongly countered with an alternative focus on cutting red tape, and will continue to do so.

Using information from the 2013 Report and 2015 Statistics Canada numbers regarding building permits in Ontario, we estimate possible savings from a more efficient site plan approval process to the tune of \$358-\$418 million. This single initiative could easily surpass the collective red tape efforts from government across all sectors it has currently studied.

Since the OAA’s landmark study, Site Plan Approval has been high on the radar not only for our Association, but for the larger construction and development industry. Yet we have collectively been unable to secure a government commitment to reform this costly and inefficient process. Any attempts to reform the land use planning system should begin with Site Plan Approval at its very core.

### *Changing Workplaces Review*

The OAA previously entered a submission regarding the provinces Changing Workplaces Review. *Budget 2017* only reaffirmed that a final report is expected in spring 2017, and the OAA will monitor closely for any changes regarding the architectural sector.

### *Long-Term Infrastructure Plan*

Via *Budget 2017*, the province has committed to invest “more than \$190 billion in public infrastructure over 13 years starting in 2014-15, for priority projects such as roads, bridges, public transit, hospitals and schools”.

This represents an increase of \$30 billion from the 12-year plan announced in the 2016 Budget, which is primarily dedicated towards “new hospital projects, school renewal initiatives and child care expansion.” These increased investments are positive, but arguably insufficient given the larger imbalance in infrastructure spending.

### *Investing to Grow a Low-Carbon Economy*

This portion of the *2017 Budget* contained a few notable announcements, including \$377 million in 2017-18 through the Green Ontario Fund to “make it easier for households and businesses to adopt proven low-carbon technologies” as well as “\$200 million...for schools to improve energy efficiency and install renewable energy technologies”.

In particular, the *2017 Budget* reiterated the fact that buildings in Ontario are responsible for “nearly 20 per cent of the province’s GHG emissions”, also committing to invest “\$85 million in 2017-18 to support additional retrofit activities in social housing apartment buildings”.

The *2017 Budget* also commits the Green Investment Fund to “kick-starting climate change actions by” helping homeowners use less energy through home retrofits and helping businesses reduce emissions. The OAA, supported by the Sustainable Built Environment Committee, has continued to issue recommendations about what types of actions the government should take and support as it moves to improve energy efficiency throughout the Province’s buildings.

### *Strengthening Health Care*

The *2017 Budget* commits an additional \$9 billion over 10 years to support the construction of new major hospital projects across the province. Summarizing government efforts since 2013, they note \$4 billion in capital grants “to expand, renew and modernize hospitals” and that 39 major hospital projects have been completed or are under construction.

### *Investing in Education*

The Province “is providing almost \$16 billion in capital grants over 10 years to help build new schools in high-growth areas, improve the condition of existing schools and invest in projects to reduce surplus space. The government noted that “[s]ince 2013, 146 new schools and 183 major additions and renovations have been completed.”

The Province has extended a commitment with an “additional \$1.2 billion in funding for repairs and renewal over the next two schools years”. However, these efforts are targeted more towards ongoing maintenance and repairs as opposed to energy efficiency.

### *Investing in Post-Secondary Education Infrastructure*

*Budget 2017* announces “[s]hared investments of more than \$1.9 billion from 2016-17 to 2018-19 [to] enhance and modernize research facilities on campuses and improve the environmental sustainability of these facilities”.

### *Building Transit and Transportation*

*Budget 2017* notes plans “to invest about \$84 billion over 10 years in the transportation sector, including \$56 billion for public transit and \$26 billion for highways”.

### *Increasing Access to Affordable and Adequate Housing*

The government commits to “[s]upporting the construction of up to 1,500 new supportive housing units over the long-term”. The government further committed “more than \$640 million from 2016-17 to 2018-19 to support the repair and modernization of community infrastructure”.

The *2017 Budget* also revealed a little more detail regarding one element of the Fair Housing Plan: through Infrastructure Ontario, it will establish a new program to “strategically leverage Provincial land assets as a way to build more affordable housing units across the province”.

#### *Ontario150*

The government, via its Ontario150 program, has grants “ranging from \$5,000 to \$500,000” to repair, renovate or retrofit community facilities and spaces across the province.

#### **Closing Comments**

This analysis represents an initial commentary on the budget immediately following its release. Over the coming weeks, the OAA will further study the *2017 Budget* and monitor analysts and media for further commentary and key observations.