Canadian Association
for Community Living
Association canadienne pour
l'intégration communautaire
Diversity includes. On se ressemble.

CANADIAN ASSOCIATION FOR COMMUNITY LIVING SUBMISSION

House of Commons Standing Committee on Finance: Pre-Budget Consultations in Advance of the 2021 Federal Budget

LIST OF RECOMMENDATIONS

Recommendation 1: The federal government should advance equitable access to homeownership for persons with disabilities by implementing a Registered Disability Homeownership Plan as part of the existing Registered Disability Savings Plan. A Registered Disability Homeownership Plan would include:

- Broadening eligibility and flexibility for Bonds and Grants, to help people with disabilities save for homeownership
- Introducing a new withdrawal option so that people with disabilities can access funds without penalty for homeownership

Recommendation 2: The federal government should address the serious problem of poverty among persons with disabilities, beginning with improving access to the Disability Tax Credit. This would include:

- Transforming the current Disability Tax Credit from a non-refundable credit into a refundable credit in order to recognize costs incurred by lower-income Canadians with disabilities
- Establishing a fund for applicants or health providers to offset the significant barrier of application costs related completing Form T2201, responding to Canada Revenue Agency clarification letters in support of a Disability Tax Credit application, or reassessment
- Testing or piloting various approaches that would remove the gate-keeper role from health providers.
- Adopting disability community recommendations for improved Disability Tax Credit eligibility criteria, administration procedures, and Canada Revenue Agency materials and communications to ensure clarity, clinical relevancy, transparency, accessibility, and equality in access.

Recommendation 3: Ensure that the financial security of Canadians with disabilities is a focus of all relevant federal-provincial/territorial ministers' meetings and that there be no provincial/territorial claw back of any new or improved federal measures for persons with disabilities.

BACKGROUND

Inclusion is at stake in this country. The COVID-19 pandemic has exposed the disparities and inequities. It has also shown there is scope for unprecedented federal-provincial/territorial collaboration. As the government looks for recommendations on re-starting the economy it should look in one of the fastest growing segments of the population – strategic investments in people with disabilities; both in meeting their support needs and in supporting their consumer demand – as important drivers to economic recovery in a manner that advances an inclusion and accessibility agenda.

The disability rights community in Canada is grappling with many questions and concerns about the pandemic, its fallout, and possible ways forward. Our sense of urgency is catalyzed by what we have witnessed and what so many people with disabilities and their families and loved ones experienced through this period:

- Impact was just as perilous for people with disabilities living in congregate residential facilities as it was for older persons in long-term care facilities, though the latter is much more widely recognized.
- The inequities in income security have been exposed – with people with disabilities seeing societal expectations that they live on their long-term disability income benefits, at 50% or less than what the Canada Emergency Response Benefit provided.

In Canada we have created poverty as the most likely outcome of life with a disability. People with a disability lack the disability supports, employment supports, and income supports they need to live free of poverty, isolation, and exclusion. Effective poverty reduction and income security measures will require Federal/Provincial/Territorial collaboration; collaborative efforts to address income support and improve other mainstream income protections and savings mechanisms would dramatically change the landscape for people with disabilities in Canada. To be meaningful and effective, new investments should not impact existing benefits or eligibility for other needed supports.

A comprehensive approach is required. Recognizing that dialogues on a prospective basic income are underway and with significant structural changes required, there remains much work to be done to ensure people with disabilities have the income and resources they need to secure a good quality of life and fully participate in all aspects of community. In the immediate term, two practical steps can be taken to move the bar toward equality for people with disabilities in Canada – with minimal financial investment.

RECOMMENDATIONS

Advancing equitable access to homeownership for persons with disabilities

People with disabilities *can* and *do* own their own homes. Many more want to - but lack the same tools to attain homeownership that public policy provides to Canadians without disabilities. To fill this gap, two changes to the existing Registered Disability Savings Program (RDSP) would enable many more Canadians with disabilities to achieve housing stability and financial security through homeownership.

Poverty is a serious problem among persons with disabilities and a suite of measures is required to adequately address it. The Registered Disability Savings Plan (RDSP) was seen as one way to harness private contributions, along with matched Government dollars, so that people with disabilities could live a better life. The RDSP savings vehicle was designed as an anti-poverty measure and should be viewed as such; however, the registered-retirement-savings-plan type of design of the RDSP has embedded barriers and complexities that have altered its basic purpose. By implementing the RDSP Homeownership Plan[1], the federal government could clear a vital pathway for people with disabilities to achieve housing and financial stability - without any additional government subsidy.

For many Canadians, federal policy recognizes the links between homeownership, housing stability, and long-term financial security. Policies to support homeownership include the RRSP Home Buyers' Plan, the First-Time Home Buyer Incentive, and the Home Buyers' Amount. The RRSP incentive allows people to make significant withdrawals from their Registered Retirement Savings Plans towards a home purchase without penalty. For people with disabilities, the design of the Registered Disability Savings Plan does not allow for similar withdrawals without significant penalties. People with disabilities deserve access to the same range of housing options as other Canadians.

Experts in the fields of policy, finance, law, and disability have worked together to design and test an RDSP Homeownership Plan that would make modest policy changes with significant impact to allow Canadians with disabilities to leverage their RDSP accounts for homeownership. Financial modeling[2] to test the impact of this solution found that giving RDSP beneficiaries greater access to their own assets substantially changes the housing options available to them, even for individuals with relatively low incomes.

Broadening eligibility and flexibility for Bonds and Grants, to help people with disabilities save for homeownership:

- To remove penalties on withdrawing funds to purchase a home, the plan introduces a new disability housing payment. The disability housing payment could be accessed by a recipient at any time for the purpose of purchasing a primary home or other long-term tenure option. There would be no penalties to withdraw the funds, and beneficiaries could withdraw the full balance of their RDSP if they wish.

1 Full report on the RDSP Homeownership Plan available at: https://bit.ly/30yjzWK

2 Financial modelling report available through the Canadian Association for Community Living (CACL).

Introducing a new withdrawal option so that people with disabilities can access funds without penalty for homeownership:

- To help close the gap in support for low- and moderate-income households, the plan would double family income limits for eligibility for the full amount of Canada Disability Savings Bonds to $63,000, from the current cut-off of $31,120.
- For RDSP beneficiaries under the age of 19, the plan would provide half the Bond amount, or $500, to all beneficiaries regardless of family income.
- The plan creates a new income bracket for Canada Disability Savings Grants to provide additional support for families with incomes above $95,259.

The RDSP Homeownership Plan would unlock more than $4 billion in assets to make homeownership attainable for more people with disabilities - at no additional cost to government. These two simple changes would unlock existing savings that, under current
RDSP rules, many people with disabilities will never be able to use towards homeownership in their lifetime. By allowing more flexibility in how and when people use their savings, the RDSP Homeownership Plan would make the RDSP a more attractive investment tool for people with disabilities and their families, and go a long way to advance equitable policy and inclusive communities.

Improving access to the Disability Tax Credit for persons with disabilities

Canadians are fortunate to have a Disability Tax Credit. This vital financial instrument recognizes the potential impact of severe and prolonged disability upon individuals' disposable income as well as their capacity to earn that income. At the same time, many challenges are embedded in the design and delivery of this tax measure.

Most people with disabilities face additional costs related both directly and indirectly to their disability. The Disability Tax Credit (DTC) helps recognize these additional costs by reducing the income base on which an individual is required to pay income tax. Additionally, it acts as both a screen and gateway for a range of other disability-related programs and services, including the Child Disability Benefit, Working Income Tax Benefit disability supplement, and the Registered Disability Savings Program.

A recent report from the Standing Senate Committee on Social Affairs, Science and Technology (2018) reviewed barriers to accessing the DTC and noted major issues related to eligibility and assessment, including the complexity of eligibility criteria, the rigidity of eligibility criteria, and issues regarding eligibility of episodic disabilities.

Significant work has been done in the disability community with respect to developing recommendations for improved DTC eligibility criteria, administration procedures, and Canada Revenue Agency materials and communications. These recommendations should be thoroughly reviewed and adopted to ensure clarity, clinical relevancy, transparency, accessibility, and equality in access.

Offset the discriminatory barrier of DTC application, clarification, and reassessment costs

In order to qualify for the DTC, individuals must submit application Form T2201, *Disability Tax Credit Certificate*. A designated health provider must certify the type, extent and expected duration of impairment. Many health providers charge the applicant a fee to compensate for their time. There appears to be no standard practice regarding billing for this form. Charges vary widely by health provider; in some provinces and territories, this fee is up to 50% of the DTC benefit itself. The fee is prohibitive, especially for individuals living on low income – the majority of people with disabilities. The federal government should establish a funding mechanism for applicants or health providers to offset the significant barrier of application costs related completing Form T2201, responding to Canada Revenue Agency clarification letters in support of a Disability Tax Credit application, or reassessment.

A precedent for this already exists - Service Canada reduces the cost of the medical report required when applying for a Canada Pension Plan disability benefit by paying a portion directly to the health practitioner, and Veterans Affairs Canada (VAC) goes even further in its repayment practices.

Transform the current DTC from a non-refundable credit into a refundable credit in order to recognize costs incurred by lower-income Canadians with disabilities

The fact that the DTC is non-refundable means that it is of little or no value to Canadians with disabilities who are too poor to pay income tax, except for any benefits resulting from the DTC being a gateway to other programs. Yet these individuals and households still face high costs if they have a severe disability. To address this problem, the DTC should be converted from a non-refundable DTC into a refundable credit. This represents a policy shift from a non-refundable tax credit that recognizes the impact of non-itemizable, disability-related expenses on an individual's ability to pay income tax to a refundable credit providing a degree of income support.

A refundable DTC would be of great assistance to low-income Canadians with severe and prolonged disabilities. By virtue of the fact that they have a disability that is severe and prolonged, they incur the same disability-related costs as higher-income households. A refundable DTC would help offset these costs and ensure that any Canadian who qualified for the DTC would be eligible to receive some benefit from the federal government, even if they owed very little or no income tax.