



DESIGNING A RDSP HOMEOWNERSHIP PLAN: EXPLORING THE CANADA DISABILITY SAVINGS PROGRAM FOR HOMEOWNERSHIP

EXECUTIVE SUMMARY



All people in Canada deserve a safe, affordable place to call home. But for too many people with developmental disabilities, homeownership is out of reach. Canadians with disabilities are more likely to be in Core Housing Need, at 15% versus 9% for people without disabilities.

For the many people with developmental disabilities who want the quality of life and housing stability offered by homeownership, the financial barriers are significant. With an average income less than half that of Canadians without a disability, homeownership can be out of reach.



But even for Canadians with developmental disabilities who have resources, public policy works to create barriers rather than on-ramps. The federal government's cornerstone policy to support the long-term financial stability of Canadians with disabilities is the Canada Disability Savings Program (which includes Registered Disability Savings Plans or RDSPs). With over \$4 billion in assets invested to benefit Canadians with disabilities, RDSPs could be a significant tool to help Canadians with disabilities own their homes. But the current policy design makes it nearly impossible to use these savings for homeownership.

JUNE 2020

What is Core Housing Need?

Core Housing Need is a measure used by the Canada Mortgage and Housing Corporation (CMHC) to help identify individuals in need of housing assistance. The concept looks at whether individuals live in housing that is overcrowded or in poor repair, and whether the household has the financial means to access acceptable housing in their community.



Homeownership can be a significant source of housing stability and long-term financial security. Data from the Canada Mortgage and Housing Corporation (CMHC) shows that people with disabilities living in homes they own are one-fifth as likely to be in Core Housing Need than those who rent. People who own their homes over the long-term can have more predictable and lower monthly shelter costs as well as an asset for their long-term financial security.

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 toward 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 developmental disabilities deserve access to the same range of housing options as other Canadians. While homeownership may not be a goal for all people with developmental disabilities – just as it is not a goal for every Canadian – public policy should not work against those who want to pursue it.

The final report is the outcome of a collaborative Solutions Lab process that focused on unlocking the potential of the Canada Disability Savings Program to support homeownership for people with developmental disabilities. Through the Lab, 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.

The plan has three key features:

- **A new withdrawal option** that would allow people to use funds from their accounts without penalty towards the purchase of a home. Current rules make it nearly impossible to use savings in one's RDSP plan to purchase a home, at least before they reach their 50s or 60s.
- **Increased flexibility in when people can match Grants.** Purchasing a home requires capital up front. The RDSP Homeownership Plan would provide opportunity to access more of their lifetime allotment when they need it, rather than being restricted to accessing only a portion of available grants within a given year, or waiting until much later in life and never being able to use their savings toward a home purchase.
- **Broadening the eligibility for government contributions.** Eligibility for government Grant and Bond contributions to Canadians' RDSP savings is tied to family incomes. However, the income limits mean that support is phased out at levels that exclude many people with disabilities who face housing affordability challenges.

Taken together, these changes could make homeownership much more accessible for Canadians with developmental disabilities. Financial modeling 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.

The potential of these changes would be further amplified by complementary policy changes and investments. These include increased investments and access to affordable housing, as well as greater investments in disability-related supports for people with disabilities living in their own home.

This summary and all related materials were produced as part of **My Home My Community**, a national initiative of the Canadian Association of Community Living and People First of Canada.

My Home My Community is a national partnership initiative that is opening doors to inclusive affordable housing for people with developmental disabilities. My Home My Community is driving innovation in housing development and community supports to ensure all persons with developmental disabilities have a home that offers choice and affordability, recognizes rights, addresses support needs, and fosters social inclusion in the community.

www.myhomemycommunity.ca

The Registered Disability Savings Plans & Homeownership Solutions Lab received funding from the National Housing Strategy under the NHS Solutions Lab to produce this work. The views expressed within are solely of the Canadian Association for Community Living, together with project partners where expressly stated. Canada Mortgage and Housing Corporation accepts no responsibility for the views expressed within.