

**Written Submission for the Pre-Budget Consultations in  
Advance of the Upcoming 2024 Federal Budget**

**By: The Federation of Canadian Municipalities**

## Recommendations:

- **Recommendation 1:** That the government work with FCM in the development of a Municipal Growth Framework, redefining the way we engage across orders of government and identifying new revenue tools that better link municipal resources with national economic and population growth, to improve the local services Canadians depend on.
- **Recommendation 2:** That the government partner with municipalities through the next generation of infrastructure funding programs to build, renew, and revitalize local infrastructure that supports thriving and growing communities, and meets the unique needs of municipalities no matter the size or region.
- **Recommendation 3:** That the government fully implement the National Adaptation Strategy by continuing to partner with municipalities to adapt to and mitigate growing climate risks—including through long-term investments in the Disaster Mitigation and Adaptation Fund—while building resilient, low-carbon communities that can accommodate future growth and meet Canada’s climate objectives.
- **Recommendation 4:** That the government work with municipalities to ensure a better quality of life for all Canadians by addressing housing affordability, building the right kind of housing supply to support population growth, and taking the critical steps needed to achieve our shared goal of ending chronic homelessness in Canada.
- **Recommendation 5:** That the government meaningfully consult municipalities about decisions related to the future of RCMP contract policing, and work with all orders of government to address and invest in community-based mental health and substance use care.

Dear Members of the Standing Committee on Finance,

The Federation of Canadian Municipalities (FCM) unites and convenes over 2,000 municipalities across Canada, representing more than 90 percent of Canadians. Our membership includes urban, rural, northern, and remote communities of all sizes. On behalf of our membership, I am pleased to share this overview of local priorities ahead of Budget 2024.

Local governments are the governments of proximity, and have found themselves on the frontlines of some of the most pressing challenges facing Canada today. FCM is seeking the support of all orders of government to ensure our members can deliver the quality-of-life Canadians expect and deserve. Our recommendations for the upcoming Fall Economic Statement and Budget 2024 are focused on securing a new framework that better links municipal resources with national economic and population growth—more accurately reflecting and resourcing the services that municipalities are now providing to Canadians directly in their communities.

### ***A New Partnership for Growth***

Canada's population just surpassed 40 million people. This historic growth is a good thing and brings with it both immense opportunity and pressing challenges.

Every day, Canadian workers, families and businesses rely on municipal roads, bridges, transit services, water and wastewater infrastructure, policing, emergency services, recreational and cultural facilities, public events, and much more. Municipalities manage and maintain more than 60 percent of Canada's public infrastructure, yet receive only between 8 and 10 cents on each tax dollar collected.

Today, Canadians also expect local leaders to rise to the challenge and address pressing on-the-ground issues such as homelessness, housing, mental health and addiction, adapting to the impacts of climate change, and setting their communities on a path to reducing GHG emissions.

Municipalities are rising to these challenges with leadership and innovation but are constrained by a nineteenth century framework never designed for the realities of the twenty-first century. The status quo is just not working.

Canadians need all orders of government to work together—no matter the circumstances or jurisdiction—to address modern challenges and protect quality of life for citizens. And there is room to innovate, whether it's through efficient funding tools like the Canada Community Building Fund, or tripartite agreements between orders of government on specific policy priorities such as affordable housing.

Our country's successful growth is intrinsically linked with our cities, towns and communities. That's why Canada's municipalities, through FCM, are calling for a new Municipal Growth Framework that empowers local governments with a revenue tool that grows with Canada's national population and economy.

When paired with a new way of collaborating across all orders of government, this framework would ensure a future where Canadians see their communities growing confidently, with scale and ambition that delivers services beyond just the basics: greener public spaces, reliable and efficient transit for students and workers, more affordable housing, supports for the most vulnerable, and core infrastructure that can support generations of residents. This growth framework is crucial to ensuring municipalities can continue to support Canadians in the ways they need most.

### ***A New Generation of Infrastructure***

Investing in public infrastructure is a pre-requisite to growth and is the foundation for a high quality of life for Canadians. To increase the supply of new housing units, municipalities must invest in water and sewer pipes, reliable transit and transportation infrastructure, natural spaces and community amenities. And in a country as vast as Canada, the connective power of high-speed internet and improved intercommunity bus services are crucial for rural and remote communities.

FCM expects Budget 2024 to make significant investments to renew core infrastructure, including doubling the Canada Community Building Fund (CCBF) to \$4.4 billion annually with a 3.5% indexation, a \$1 billion annual investment over 10 years to establish a new federal water and wastewater infrastructure program and an investment of \$500 million annually in municipal community, culture, and recreational infrastructure. To ensure uninterrupted federal funding for public transit, FCM is calling for the Permanent Public Transit Fund (PPTF) to be established in legislation in 2024, with new funding available for planning and design costs and a mechanism to approve projects for capital funding. Starting in 2026, the PPTF should provide no less than \$3 billion per year for a full range of eligible capital expenses and should be indexed at 3.5% per year.

Infrastructure investments are key to setting cities and communities on a path to net-zero, whether by supporting local economic development or growing the scale of proven emissions-reduction projects. Investments in public transit, active transportation, municipal building retrofits, zero-emission municipal fleet vehicles and capturing methane from municipal landfills will all help Canada meet its 2030 GHG emissions reduction targets.

It's often in rural and remote communities where infrastructure funding is most acutely needed, but also where it lags behind. Let's work together to bolster rural and northern infrastructure for the next decade by committing at least \$250 million annually over and above the doubling of the CCBF to rural and northern communities, adding an annual \$150 million needs-based stream to the Universal Broadband Fund, establishing a federally-led national strategy for inter-community passenger bus service, and investing in the ports and airports that connect Canadians. We must also work across governments to close the Indigenous infrastructure gap that is a real barrier to improving quality of life for Indigenous communities.

Investments in infrastructure are investments in people's quality of life and can deliver long-lasting, generational benefits. If we can collaborate and deliver the next generation of infrastructure, Canadians will benefit for decades to come.

## ***A Renewed Focus on Climate Resilience***

Canada's cities and communities are where people live, work, raise families and start businesses. It's also where the impacts of climate change are most strongly felt.

Local leaders are responding as new weather extremes force families from their homes and cost our economy billions each year in property damage and lost productivity.

The federal Disaster Mitigation and Adaptation Fund (DMAF) has been an essential source of support for local resilience but is nowhere near the funding levels needed to protect Canadians from what's coming. That's why FCM is calling for an immediate top-up to the DMAF program totalling \$2 billion, with an additional \$1 billion earmarked each year for the next decade.

FCM recognises the federal government's action via the newly launched National Adaptation Strategy (NAS) and sees the potential of the NAS to better protect Canadian communities from the effects of extreme weather. The recent federal investment in FCM's Green Municipal Fund will support, accelerate and scale up community-based climate adaptation initiatives across the country. FCM is also a recognized leader and key federal delivery partner internationally, sharing best practices and building the capacity of local communities around the world to adapt and respond to climate change.

These investments are critical to helping local communities adapt to the changing climate, to reduce risk from extreme weather, and drive better results for Canadians.

## ***New Canadians, New Homes***

The housing challenge in Canada is urgent. CMHC estimates that an additional 3.5 million new housing units are needed above the current trend if we are going to restore housing affordability by 2030. This crisis affects Canadians from every walk of life and is most devastating to vulnerable populations. Making the federal immigration strategy a success is deeply entwined with action from all orders of government on housing.

Providing shelter rapidly to the unhoused is critical. The Reaching Home program is an essential component of the federal government's response strategy for chronic homelessness. Yet the growing presence of encampments in many urban centres, and within rural communities, highlights the need for continued support. Reaching Home's funding, including its dedicated Rural and Remote stream, should be scaled up and made permanent to address current needs and engage in preventative measures. We must also build on what is working - the Rapid Housing Initiative (RHI) is a groundbreaking direct transfer to municipalities and shows what we can achieve when our communities are directly empowered. FCM urges the conversion of the RHI into a long-term program, with predictable funding beyond 2024, and ensuring that each RHI unit has funding for wrap-around health and social supports and permanent operating funding to maintain affordability.

The Housing Accelerator Fund (HAF) is now open to municipalities—a welcome and important federal-municipal tool that provides critical support to speed up construction and increase our national housing supply. To support Canadians in search of rental options, FCM continues to urge the federal government to optimize and invest in critical National Housing Strategy programs such as the National Housing Co-Investment Fund and Rental Construction Financing Initiative to create more affordable rental supply.

Whether you're a new immigrant or a long-time resident of Canada, whether you're in a rural, urban or remote setting, everyone needs a place to call home. Canada's municipalities will be there to support them every step of the way.

### ***A New Approach to Safer and Healthier Communities***

Municipalities are the governments of proximity and are on the front lines of Canada's unmet mental health needs, often providing essential services like social and community programming, supportive housing, community outreach, and substance and addictions support services.

To add to the complexity of the issue, mental health challenges are often linked with the dual crises of addiction and homelessness – with municipal governments often needed to lead on community wellbeing. The lack of affordable and supportive housing, inadequate mental health care and the impacts of systemic racism on Indigenous people and racialized communities are contributing to the mental health and addictions issues manifesting in municipalities of all sizes.

Municipalities, through FCM, are calling on the federal government to develop a comprehensive national mental health strategy that addresses the interconnected issues of housing, homelessness, and substance abuse, while increasing mental health investments in communities with sustainable, long-term funding.

Community safety is also deeply connected to how we police our communities. Municipalities across the country have complex and unique public safety needs, and local leaders understand those best. That's why FCM is calling on the federal government to meaningfully consult municipalities about decisions related to the future of RCMP contract policing.

### ***Conclusion***

Municipalities are the order of government closest to Canadians. We see their challenges up close, and we know how to improve quality of life for Canadians and their communities. It starts with giving people the confidence of a community that can weather even the worst storms, ensuring a safe and secure place to call home for more Canadians, and building Canada from the ground up.

Sincerely,



**Scott Pearce**

FCM President

Mayor, Canton de Gore, Québec