

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

**By: The Federation of Canadian Municipalities**

## Recommendations:

- **Recommendation 1:** That the government engage in deep, meaningful collaboration with municipalities and all orders of government to address national challenges.
- **Recommendation 2:** That the government work with municipalities to drive economic growth by empowering local expertise and prioritizing smart investments in infrastructure and public transit.
- **Recommendation 3:** That the government work with municipalities to promote inclusivity and community well-being by addressing housing affordability, prioritizing access to digital infrastructure, and ensuring a rural lens on federal policies and programs.
- **Recommendation 4:** That the government work with municipalities to build more resilient communities by scaling up local climate mitigation and adaptation efforts and building municipal capacity to assess and respond to climate risks.

Dear Finance Committee Members,

The Federation of Canadian Municipalities (FCM) unites and convenes 2,000 municipalities across Canada, representing more than 90 percent of Canadians. Our membership consists of 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 2022.

We've all learned so much throughout the COVID-19 pandemic – and saw how the pandemic exposed cracks in the foundation of our incredible country. We saw how unequally people thrive, and we resolved to become more resilient to future threats—whether that's a virus or climate change. Most of all, we learned how much we can achieve when we work together.

Collaboration between all orders of government throughout the pandemic has been essential - and our federal-municipal partnership has been particularly effective. FCM commends the federal government for game-changing investments through Budget 2021 that will enable economic recovery in communities of all sizes.

As the order of government closest to Canadians, municipal leaders see people's real challenges up close, and we deliver solutions that make life better. We know what's needed and what works on the ground in our own communities, and we're already working hard to build better lives for Canadians after COVID - that means more jobs, more opportunity, more equality and more resilience.

Many of Canada's biggest challenges can be addressed first, most quickly and most effectively at the local level – from job creation to affordable housing, to digital inclusion and climate change. This will require unprecedented collaboration among orders of government, with cities and communities directly at the table. Our frontline expertise is key to ensuring that national efforts drive concrete results for Canadians.

### ***Driving Economic Growth***

Directly empowering local expertise and prioritizing smart infrastructure investments is a fast and effective way to create economic growth while tackling net-zero emissions goals and improving community well-being. Municipalities are responsible for more than 60 percent of the community infrastructure that supports our economy and quality of life. These are the roads, bridges, recreation centres, wastewater facilities—and more—that people and businesses rely on every single day.

The Canada Community Building Fund (CCBF) is the best tool local leaders have to strengthen Canada's front lines. It directly and predictably empowers every community in Canada to create good jobs and raise quality of life on the ground. Doubling the CCBF for one year through Budget 2021 was an important step toward driving a strong, community-rooted recovery. It's enabling local leaders to kickstart job-creating infrastructure projects that meet local needs—from safer roads to move people and goods to more modern recreation centres for kids and seniors. With every dollar

invested in infrastructure increasing real GDP by \$1.60, permanently doubling the CCBF will help drive a truly nationwide post-COVID recovery.

Also key to our recovery is public transit - the backbone of livable, competitive cities and communities. Every dollar invested in public transit generates \$3 in economic growth and reclaims more of the \$15 billion in productivity we're losing each year to traffic congestion. Budget 2021 pledged landmark permanent transit funding to give municipalities and transit agencies the predictability they need to continue growing their transit systems over the long-term – connecting people, businesses, communities, and regions, while reducing emissions. Now we need to take the next step to lock in this critical funding through legislation, phasing it in as current programs end to ensure continuity and to enable municipalities to take a long-term view, building communities around transit.

In parallel, supporting our transit systems through ongoing pandemic impacts is a big opportunity that we can't afford to miss. Significantly lower ridership continues to cause transit operating shortfalls across Canada – forcing cities to look at scaling back service levels and planned capital improvements. With ridership projected to stay well behind pre-pandemic rates for several years, these kinds of cuts would be felt disproportionately by the millions of Canadians who rely on transit to access essential services and participate in economic life. Federal action is required to support vital transit systems through their pandemic-related losses. Repairing what the pandemic left behind will help ensure an inclusive recovery for all Canadians and will help us stay the course with job-creating infrastructure projects. The longer operating shortfalls linger without a clear commitment for continued federal and provincial support, the more we delay a true on-the-ground recovery for Canadians, workers, and local businesses.

We know that moving and connecting people safely matters everywhere. This year, rural and remote communities across Canada were devastated by the loss of inter-community bus service. We need national action and new partnerships to maintain critical transportation links for smaller communities, local businesses, and our national economy.

There are also critical infrastructure needs emerging that will require more dedicated focus, including water and wastewater infrastructure. Upgrading and maintaining systems to comply with federal regulations is essential – but it's proving to be a massive financial challenge especially for small and rural communities without a dedicated source of support.

### ***Promoting Inclusivity & Community Well-Being***

Municipal leaders are focused on building their communities in a way that addresses inequalities, promotes inclusivity, and supports our most vulnerable – while improving quality of life and creating opportunities for everyone. This is a key priority for communities of all sizes – and housing is a top way to accomplish this.

The pandemic has exacerbated chronic homelessness. Ensuring access to deeply supportive and affordable housing is key to tackling this challenge. The Rapid Housing Initiative (RHI) is a genuine COVID success story, and an example of deep federal-

municipal partnership. It's empowering frontline municipal governments and our community partners to provide supportive and affordable housing to Canadians experiencing chronic homelessness. We must build on this success by scaling the RHI up and providing key wrap-around support programs to ensure long term impacts and a clear pathway to ending chronic homelessness in communities of all sizes. COVID-19 has also clearly exposed the disproportional impacts housing equity has on racialized and Indigenous peoples, and those most vulnerable in our communities. Addressing disproportionate housing equity impacts – including through a dedicated Urban, Rural and Northern Indigenous Housing Strategy – must be a focal point of housing affordability conversations moving forward.

FCM and our members know that all pieces of the housing continuum are interconnected: increasing the supply of affordable rental options will alleviate the pressure on the homeownership market and prevent the negative spill over-effects that often have the most impact on those with the lowest incomes. To truly tackle Canada's housing crisis, we need to be more ambitious about addressing the full spectrum of housing issues.

We must substantially increase our affordable rental supply, through preservation and expansion of both market and non-market rental options. This will alleviate pressures on housing affordability for homeowners, renters and create a pathway for those most vulnerable out of homelessness. We must also ensure that new housing supply is suitable to the varied needs of Canadians – from growing families in search of more living space, to aging homeowners looking to downsize, to individuals and families under threat of eviction or with no home at all.

Tackling housing affordability will require dedicated and intensive intergovernmental partnership, looking beyond any one program. All orders of government have an essential role to play and unique tools to contribute – including federal, provincial/territorial, municipal and Indigenous governments.

Inclusivity and community well-being also relies on people and businesses being able to connect to their communities via the Internet. The pandemic has so clearly exposed the unique challenges that residents of rural, remote, Northern, and small communities face, with limited and often unreliable broadband access during the shift to virtual work, commerce and learning becoming a major concern. The Universal Broadband Fund (UBF) is an important tool, and municipal leaders welcomed Budget 2021's additional \$1 billion investment. Now, we must ensure these dollars really deliver for communities in every region of Canada and empower local solutions that support public and accessible digital infrastructure for underserved communities. Federal policies and programs must be developed with a clear rural lens to ensure that communities of all sizes will benefit.

### ***Becoming More Resilient***

Municipalities are on the front lines of new climate extremes. Just this summer, we've seen record-breaking heatwaves and devastating wildfires wreak havoc on homes, businesses and communities. These extreme weather events are becoming more frequent and severe.

Local leaders are already making the most of limited tools to protect their residents. As frontline governments, we're driving local adaptation projects that are cutting emissions and making communities more resilient to the next flood or fire—while improving residents' access to nature. Budget 2021 recognized this by scaling up Disaster Mitigation and Adaptation funding while creating more opportunities for small, rural and remote communities to access these important funds.

With the right tools, municipalities are ready to do more. Protecting Canadians from climate change takes ongoing investment on the front lines where new weather extremes are unfolding. Long-term, predictable funding to scale up local climate mitigation and adaptation projects and leverage natural infrastructure would build more climate-resilient communities, today and for years to come. Direct investments in enhancing municipal capacity to assess and respond to local climate risks and improve low-carbon resilience are an essential component of this strategy. FCM's Green Municipal Fund is a ready-made vehicle for investing in local climate action and capacity building, providing credible pathways to net-zero emissions.

Building a more resilient Canada will take bold and ambitious partnership. Canadians expect their governments to work together to keep them safe from future threats—whether it's a virus or climate change. As we've shown all pandemic long, local leaders know what's needed on the ground, and we know how to deliver solutions that work.

### ***Working Together***

As we move toward recovery, all orders of government must be at the table to achieve lasting results for Canadians. Municipal leaders must be part of the conversation to share local knowledge and experience that will make every dollar count and drive results for Canadians.

Establishing thematic working groups at political and technical levels, like the new Federal-Municipal Housing Working Group bringing together federal and municipal officials to develop shared solutions to housing affordability, will go a long way to address coordination on urgent national priorities, including the road to net-zero emissions, mental health, and digital infrastructure. Collaboration with local governments to continue place-based investments in resource communities will help ensure strong local economies in all regions of Canada. And deepened engagement and coordination with all orders of government will be key to advancing the Truth and Reconciliation Commission's Calls to Action.

Meaningful partnership is based on a foundation of trust, understanding and a willingness to learn and re-learn. FCM and our members are committed to equity, anti-racism and tackling systemic oppression. These principles must guide our intergovernmental collaboration and inform real action.

Canada's federal-municipal partnership has made tremendous progress. Now we face our greatest challenge yet—and our biggest opportunity: to emerge from COVID-19 stronger than ever. We've seen what orders of government are capable of when we work together. Municipal leaders are ready to work as partners, and we're ready to get to work.

Sincerely,

A handwritten signature in black ink that reads "Joanne Vanderheyden". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

**Joanne Vanderheyden**

FCM President

Mayor of the Municipality of Strathroy-Caradoc, Ontario