

**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming 2023 Federal Budget**

By: The Federation of Canadian Municipalities

Recommendations:

- **Recommendation 1:** That the government partner with municipalities to build resilient communities by rapidly scaling up local climate mitigation and adaptation efforts and building municipal capacity to assess and respond to climate risks.
- **Recommendation 2:** That the government work with municipalities to promote a better quality of life for Canadians by addressing housing affordability, building the right kind of housing supply, and taking the critical steps needed to achieve our shared goal of ending chronic homelessness in Canada.
- **Recommendation 3:** That the government partner with municipalities and work directly with FCM to design and deliver the next generation of infrastructure in Canada, with a focus on local delivery that meets the needs of Canadians directly in their communities, no matter the size or location.
- **Recommendation 4:** That the government work with municipalities to ensure critical community services, by absorbing all retroactive costs associated with the latest RCMP bargaining agreement, and scaling up access to local safe supply programs, alongside other harm reduction and treatment strategies.

Dear Finance Committee Members,

The Federation of Canadian Municipalities (FCM) unites and convenes 2,100 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 2023.

We have all seen the strength of Canadians and what we are capable of when we work together to recover from a global pandemic, from economic shocks, from the ongoing effects of extreme weather due to climate change, and more. Municipal governments are on the frontlines of these challenges – our communities are where Canadians see and feel it first.

Now in 2022, as Canadians seek to turn a corner from the pandemic to a brighter future, the focus for every order of government must be on building up Canadians' quality of life so they can look confidently ahead for themselves and their communities.

A resilient quality of life

In September of this year, eastern Canada was devastated by a generational storm. Hurricane Fiona ripped through the region and left a trail of destruction that is anticipated to cost as much as \$700 million in insurance claims, and more to the broader economy and household savings as Canadians work to recover.

This is just the latest disaster in a now annual onslaught of what previously were once-in-a-generation events: wildfires, drought seasons, floods and storms of historic proportions. The extreme weather events of the past are being made to feel less extreme – but no less destructive – by their regularity, and yet Canada is dangerously behind when it comes to shielding our communities from this trend.

This summer, FCM submitted our recommendations for the National Adaptation Strategy. Among the 24 recommendations, we are calling on the federal government to rapidly scale up investment in resilient public infrastructure and nature-based solutions for communities of all sizes, and to invest in climate data and local and regional climate risk and vulnerability assessments. It is also critical to build up local capacity for planning, studies, pilots and capital projects that will ensure municipalities of all sizes can better generate local solutions that mitigate extreme weather, and ease adaptation to this new reality.

Now is the time to act, and municipalities are expecting to see new investments in Budget 2023 that are commensurate with the risks presented by climate change. That includes an immediate \$2 billion increase to the Disaster Mitigation and Adaptation Fund (DMAF) and at least \$1 billion per year in ongoing funding for disaster mitigation infrastructure.

These are not small considerations, but they are not optional, either. If all orders of government are going to better protect Canadians from extreme weather that shuts small businesses, destroys homes, and disrupts major industries, we need aggressive targets and we need action by the 2023 federal budget.

An affordable quality of life

Canadians are facing a wave of affordability concerns as the lingering effects of the global pandemic and pressures from widespread inflation have caused the cost of living to skyrocket. And the challenge most top of mind for Canadians right now is finding an affordable place to live.

Canada's housing crisis is affecting everyone from young families looking for their first home, older couples wanting to downsize, to students struggling to land a rental within their means. And for the most vulnerable among us, the challenge is more than simply affordability – it is a dire search for housing that protects them from succumbing to chronic homelessness.

Access to housing one can afford is not just critical to improving quality of life – for some Canadians, it is the key to a better future. And yet, market dynamics, inflation and rising costs are squeezing Canadians' wallets tighter than ever before, and are also causing delays and jeopardizing major construction projects – including important affordable housing projects.

Municipalities have a critical role to play here, from zoning to planning and permitting. Local governments are on the frontlines and are key to making housing projects move. Like so many national policy challenges of our time, Canada's housing crisis requires local governments to dedicate more resources than ever before to deliver solutions that vary greatly across the country.

But no order of government can do it alone.

In the last federal budget, the federal government committed \$4 billion to a new Housing Accelerator Fund (HAF). Through direct and flexible investments, the HAF can deliver transformative progress and help get housing built faster. This critical program will allow municipalities to tackle the most serious local barriers to supply like access to financing, the availability and cost of land, and the regulatory context and systems in place to review and approve development applications.

FCM recommends a predictable up-front allocation-based model that will allow municipalities of all sizes to begin unlocking supply immediately and create the fiscal space and flexibility for concrete action.

Municipalities are prepared to take action and to lead the housing charge in bold new directions that see all orders of government working together. Local leaders are prepared to ensure the success of a collaborative HAF by enabling more housing options for Canadians and doing so in alignment with our shared federal-municipal priorities on affordability, equity, low carbon intensification, transit-oriented development, inclusionary zoning and climate resilience.

And to kickstart housing solutions across the entire spectrum, the National Housing Strategy also needs urgent and overdue optimization to better reflect the needs of housing-hopeful Canadians on the ground. This is not an optional step—it is critical that the gains made by the NHS so far be scaled up to meet the current challenges in the housing sector, as a complement to the potential that HAF represents. The federal commitment to optimize existing federal housing programs is welcome—FCM is ready

to work with the government to improve NHS programs. This includes the National Housing Co-Investment Fund and Rental Construction Financing Initiative, which are crucial to creating more affordable rental supply.

Municipalities will also continue to work closely with the federal government to achieve our shared goal of ending chronic homelessness. We must build on proven successes: that means scaling up the Rapid Housing Initiative and Reaching Home. We must also ensure the sustainability of new permanent supportive housing by working with provinces and territories to ensure long-term funding for the wraparound supports that people living in these homes require. Creating supportive housing designed as a comprehensive, serviced pathway out of homelessness for Canadians facing substance use, mental health and other significant challenges is critical.

A growing quality of life

Canadian towns and cities are growing quickly. That's a good thing. Canada's reputation for offering a world class quality of life continues to draw in people from across the globe.

Investing in public infrastructure is a pre-requisite to growth. To build more of what Canadians need in their communities, municipalities need to first lay the foundation for tomorrow's Canada. To increase the construction of new housing units, municipalities must invest in water and sewer pipes. To grow our economy, municipalities need to ensure people can move via reliable transit and transportation infrastructure. To build a sense of community and belonging, municipalities need to keep community amenities like libraries and recreation centres in good repair. To keep a country as vast as Canada connected, we need to deliver high-speed internet and improved intercommunity bus services to rural and remote communities.

And while the need for investment in public infrastructure is greater than ever, all federal infrastructure programs are either oversubscribed, ending this year, or up for renewal next year. That is why FCM wants to further work with the federal government to shape the next generation of infrastructure in Canada. This crucial next phase must be matched by a willingness to partner together, and the ambition to see it through.

In the near-term, FCM is looking to Budget 2023 to leverage proven models like the Canada Community Building Fund to renew core infrastructure, to establish a new federal program for water infrastructure, and to advance the Permanent Public Transit Fund. And we must ensure that critical infrastructure projects already approved aren't derailed by construction price inflation. These investments will unlock new housing supply and improve the quality of life for current and future generations.

Infrastructure investments are also key to setting cities and communities on a path to net zero, whether it's through a transition that supports local economies 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 reduction target.

And a new approach to federal infrastructure funding needs to be tailored to communities of all sizes. It's often in rural and remote communities where the need is most acute, but the attention is often missing. Let's work together to recommit to bolster rural and northern infrastructure for the next decade, adding a needs-based stream to the Universal Broadband Fund, and investing in the rural water infrastructure, roads and bridges, ports and airports that are positioned to serve the communities that need them most. 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. By meaningfully working with Indigenous communities to support a full range of core infrastructure renewal, prioritizing safe drinking water, and developing a robust Indigenous Housing Strategy, Canada and Indigenous communities can thrive in real partnership.

Investments in infrastructure are ultimately investments in people—and if we do this in collaboration, Canadians will benefit for years to come.

A secure quality of life

There are critical steps the federal and municipal orders of government can take together to ensure Canadians have the community services they expect us to deliver.

Ensuring the safety of our communities through effective police services is a top priority for local governments across the country. To prevent serious repercussions on community services, the federal government must absorb all retroactive costs associated with the signing of the new RCMP bargaining agreement.

We must also work together to tackle the opioid crisis and save lives by scaling up access to local safe supply programs, alongside other harm reduction and treatment strategies. This can include building on emergency funding through Health Canada's Substance Use and Addictions Program and supporting access to pharmaceutical alternatives to the illegal drug supply.

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,



Taneen Rudyk

FCM President & Councillor, Town of Vegreville, Alberta