

## **Briefing Note to the CEO of Federation of Canadian Municipalities**

**Issue:** Municipalities need further support from the federal and provincial government in order to create well-coordinated housing policy and increase affordable housing options for Canadians.

### **Background**

#### *Legislation*

- The National Housing Strategy Act enacted by the federal government in 2019 is Canada's first nationwide housing strategy that seeks to increase affordable housing options for Canadians. .
  - Ontario: Bill 23, More Homes Built Faster Act was passed in 2022 and allows for;
    - The freezing, reduction and exemption of developers fees used for the construction of affordable housing units
  - British Columbia: Bill 43, the Housing Supply Act was passed in 2022 and outlines the provincial and municipal collaboration on affordable housing initiatives.
    - This act stipulates; establishing affordable housing definitions and housing targets that are meant to be worked on through provincial and municipal collaboration.

#### *FCM Tools*

- The FCM supports initiatives that seek to improve the capacity of municipalities to create effective housing policy. These include:
  - The Municipal Growth Framework: a capacity building program.
  - The Green Municipal Fund's Community Efficiency Financing (CEF) initiative: infrastructure financing programs.
  - The Canada Community-Building Fund: infrastructure funding program.

### **Key Considerations**

#### *Financial Capacity of Municipalities*

- According to an FCM report, the federal and provincial governments expect municipalities to approve 5.8 million homes by 2030 which could cost up to \$600 billion in municipal infrastructure investment.
  - Municipalities do not have enough funds or capacity to meet this target.
  - For instance, projects that were primarily funded through developer fees had to come to a halt in Ontario after the implementation of Bill 23.
- Some provincial legislation focuses on taxes and increasing land opportunities for municipalities to build housing options on, rather than focusing on building on space that is already available.

#### *Municipalities have their own unique needs*

- The provincial and federal government must geographic, population, and demand differences across municipalities when creating funding proposals for municipalities across the nation.
  - A 2023 Global News article reflects that families living in Toronto, have opted to relocate to more affordable and less populated cities in Alberta due to the city's unaffordable and inaccessible housing options.

- Provinces have their own legislation on housing development, resulting in discrepancies between municipality run housing initiatives across the nation.

**Policy Option 1:** Advocating for increased federal investments in the FCM's tools and services to better support municipalities.

- **Strengths:** Improving the FCM's capacity to support municipalities will better equip municipalities to create affordable housing projects that meet federal and provincial government expectations and benefit Canadians. Since the FCM already provides tools and supports for municipalities, improved investment in these areas will empower municipalities to create policy initiatives that will best serve their citizens, as their unique needs will be considered.
- **Considerations:** Creating a long-term funding model to this may be difficult, therefore, this solution may be the most impactful in the short-run. It may also be challenging to ensure that municipalities are supported equitably. However, this could be mitigated by equally supporting the tools that the FCM offers and offering more specific support to municipalities that are in need of further assistance.

**Policy Option 2:** Improve federal-provincial/territorial-municipal negotiations by advocating for municipality specific clauses to allow municipalities to adjust housing policies to their specific needs.

- **Strengths:** This will address critiques of the varying needs of municipalities and will further empower city governments by involving them in the decision-making process. These clauses can ensure that municipalities are held accountable and supported in their affordable housing plans. This option also aligns with the FCM's current advocacy for a new Municipal Growth Framework that seeks to improve the capacity of municipalities to meet housing targets.
- **Considerations:** Municipalities may need guidance on how to effectively create housing policies based on the clauses in legislation. This will require collaboration and coordination across governments, as new legislation may need to be created to implement these clauses. This option does not enhance municipality capacity, making it unlikely to solve the issue on its own.

**Policy Option 3:** Advocating for increased federal investments in the infrastructure plans for municipalities through flexible funding streams (Recommended Option).

- **Strengths:** This recommendation is likely to gain support from FCM members as it is similar to other organization-endorsed investments like the federal government's \$1.24 million investment in the Green Municipal Fund's Community Efficiency Financing (CEF) initiative. Similarly, this option could include investments directed through the Canada Community-Building Fund. Investing in the infrastructure of municipalities in flexible funding streams can also allow municipalities to not over-rely on one funding source. For instance, funding could be invested in grant and subsidies opportunities, land and property contributions, amongst others.
- **Considerations:** The federal government may not want to invest more funds into the infrastructure of municipalities, therefore, the longevity of this option is unknown. Municipalities may have difficulty prioritizing which projects receive funding through these investments. This can be mitigated by identifying factors like the alignment with community needs and priorities. This option will likely have the most impactful result on municipality-led housing initiatives as it ensures that municipalities have the tools and funds they need to meet housing targets.

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