FEDERATION OF CANADIAN MUNICIPALITIES
FÉDÉRATION CANADIENNE DES MUNICIPALITÉS

Partners for Canada's recovery

Municipal solutions for Canada's 44th Parliament

Contents

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Ce document est aussi disponible sous le titre *Partenaires de la relance du pays.*

Welcome to Canada's 44th Parliament

Dear Parliamentarians,

On behalf of Canada's local order of government—whether you are a new or returning MP, in government or in opposition—please accept our congratulations. As fellow elected officials, we understand that serving Canadians is a calling and a privilege, whether it's on Parliament Hill or a municipal council.

The Federation of Canadian Municipalities (FCM) unites more than 2,000 local governments, representing over 90 percent of Canadians. That means we serve the same people you do, in communities of all sizes nationwide. We also share key priorities, from promoting productivity and public safety to raising everyone's quality of life.

Our two orders of government have worked together to build this country. We've progressively deepened our partnership to get more done for Canadians. And faced with the unprecedented challenges of COVID-19, we've worked together to keep people, communities and commerce protected. We've kept frontline services going strong, and we've supported the most vulnerable among us when they needed us most.

Continues...

Now we have an opportunity to learn from this pandemic and come out stronger than ever on the other side. But we can do this only by working together, as partners, for Canada's recovery.

As frontline governments, municipalities deliver cost-effective solutions directly in the places where Canadians live, work and raise their families. These are the places where many of our biggest national challenges can be tackled most directly, from creating jobs to ending homelessness to achieving net-zero emissions. And FCM is a delivery force in its own right: our federal-funded programs are driving results on the ground nationwide.

After everything Canadians have been through, they're looking for progress they can see and feel in their lives. That's what local governments and FCM deliver. In this new minority parliament, progress will require active bridge-building among federal parties and among governments. That's what local governments do best. We come to the table united and ready to deliver results, and this document outlines proposed next steps.

Canadians will be watching all of us closely on the road ahead. Let's seize this opportunity—together—to shape the strong, sustainable and truly inclusive recovery they deserve.

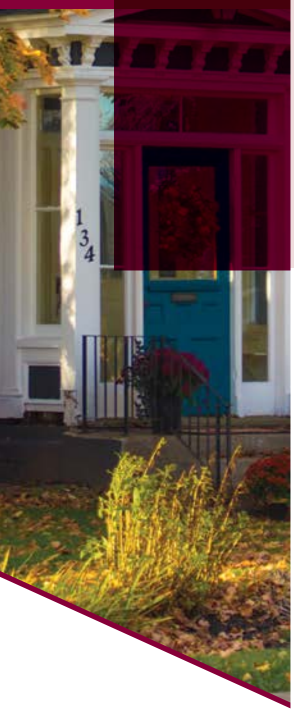
Joanne Vanderheyden
FCM President
Mayor, Strathroy—Caradoc

Carole Saab
Chief Executive Officer
Federation of Canadian Municipalities

Who we are

WHO WE ARE

Municipalities: closest to Canadians



Municipalities are the governments closest to Canadians—and we deliver concrete results every single day. That makes us essential partners in achieving key national goals on the road ahead.

Canada's cities and communities are where people live, work, raise families and start businesses. These are the places where national challenges unfold in people's daily lives. These are the places where municipalities turn broad federal objectives into real results that make life better for Canadians.

As Canada's frontline order of government, municipal leaders are uniquely positioned to respond to local needs, to maximize local opportunities, and to build solutions that work. While collecting only a small fraction of Canada's tax revenue, we make the most of every dollar to deliver concrete results. This makes local governments essential partners in achieving national goals—from creating jobs and reaching net-zero emissions to ending chronic homelessness and making housing more affordable for Canadians.

Canada's municipalities are diverse. Some of our big cities have populations exceeding those of many provinces. A growing segment of mid-sized cities offers Canadians their own unique quality of life. Hundreds of smaller communities, from rural towns to Northern hamlets, come to the table with their own array of opportunities and challenges—demographic, geographic, economic and climatic.

Municipalities turn shared federal-municipal aspirations into action on the ground. We're renewing job-creating infrastructure and retrofitting buildings to cut emissions. We're making this country more resilient to extreme weather and building the next generation of sustainable public transit. We're working on the front lines of the pandemic to keep people safe, and we're gearing up to drive a strong and inclusive recovery. We're doing all of this and more in ways that are efficient and cost-effective—and that make a difference people can see and feel every day.

Local governments are on the front lines of daily life and commerce.

Municipal responsibilities include:

- 60 percent of Canada's public infrastructure
- local policing and public safety measures
- local transportation, including road maintenance and public transit
- local social services and housing
- water and wastewater services
- waste management and recycling
- climate action: GHG reductions and resiliency
- parks, recreation, libraries and culture
- public health, including school outreach programs and community vaccinations

Shared municipal-federal priorities include:

- job creation
- economic growth and productivity
- infrastructure renewal and expansion
- affordable housing
- disaster mitigation and climate adaptation
- environmental and climate stewardship
- immigrant and refugee settlement
- partnership and reconciliation with Indigenous peoples
- emergency management
- community safety and wellbeing
- crime prevention

FCM: national voice, national impact

The Federation of Canadian Municipalities (FCM) is the national voice of Canada’s local order of government—and is itself a proven delivery partner to the federal government.

FCM unites more than 2,000 cities and communities of all sizes, representing more than 90 percent of Canadians living in every province and territory. That gives us unparalleled ability to convene Canada’s on-the-ground leaders, and to help design and deliver federal initiatives that build better lives for Canadians.

Municipal leaders trust FCM to represent their priorities and perspectives at the federal level. We work constructively with every federal party to bring local expertise and realities to national policy—from the Canada Community-Building Fund to the Universal Broadband Fund to the Rapid Housing Initiative. We also partner with the Government of Canada to deliver programs that build municipal capacity in everything from asset management to green innovation to Indigenous partnerships.

Our strong track-record of partnership and results—and our broad and diverse membership of local governments—make FCM one of Canada’s most respected and effective change-driving organizations.

Leadership

FCM's President and Vice-Presidents are elected from every region of Canada and serve one-year terms. Our current President, **Joanne Vanderheyden**, is the Mayor of Strathroy-Caradoc, Ontario. FCM's CEO, **Carole Saab**, is a renowned advocate for cities and communities, and in 2020 was named one of "Canada's Top 40 Under 40."

FCM's elected **Board of Directors** comprises local leaders from across the country. They meet regularly to set policy and priorities on behalf of our member municipalities. FCM Board members also make up various issue-based standing committees and regional caucuses that recommend policy on key issues.

FCM's **Rural Forum**, our **Northern and Remote Forum**, and our **Big City Mayors' Caucus** regularly convene municipal leaders from across the country to tackle pressing national challenges—from housing affordability to universal broadband to climate change.

Policy & advocacy

As the national voice of local government, FCM actively moves national conversations forward with support from a team of professionals. We are in continual contact with federal officials—from policy specialists to opposition parties to the Prime Minister—and with stakeholders in the public sector, industry and civil society.

FCM conducts research and analysis that supports Board priorities, drives advocacy positions, and shapes capacity-building tools for municipalities. From housing to public safety to the state of Canada's infrastructure, successive governments have relied on FCM's policy work. Our subject-matter experts are recognized leaders in their fields. From budget consultations to committee hearings, many are familiar faces on the Hill.

As a communications force, FCM is known for driving media coverage, managing multiple digital channels, and framing shared federal-municipal priorities as compelling storylines. Our major events include the Sustainable Communities Conference and FCM's Annual Conference and Trade Show, which routinely draws thousands of municipal delegates and the leaders of Canada's major political parties.

Direct programs

For more than 30 years, FCM has partnered with the Government of Canada to deliver an evolving suite of national and international programs that empower municipalities to achieve both local and federal objectives—social, economic and environmental.

FCM's Green Municipal Fund (GMF) has brought life to some 1,300 sustainability initiatives, cutting 2.75 million tonnes of GHG emissions by helping communities switch to climate solutions faster. FCM's Municipal Asset Management Program and our Municipalities for Climate Innovation Program are helping communities optimize infrastructure and climate adaptation planning to make every dollar go further.

Continuing FCM's leadership on social inclusion, Canadian Women in Local Leadership is empowering local leaders and community partners to promote gender parity and diversity on municipal councils. And the Community Economic Development Initiative is supporting partnerships between First Nations and municipalities—fostering sustainable prosperity while laying foundations for reconciliation.

With long-standing support from Global Affairs Canada, FCM is also taking our unique peer-to-peer capacity-building approach to municipalities around the world, raising Canada's profile in key regions where the federal government is seeking enhanced engagement.

Our federal-municipal partnership

Successive federal governments have deepened their partnership with municipalities, through FCM, to tackle pressing national challenges and strengthen Canada from coast to coast to coast.

To meet their 21st-century responsibilities to Canadians, municipalities must rely on an outmoded fiscal framework designed for earlier times. Their core revenue tool is the property tax, amounting to barely 10 cents of Canada's tax dollar, supplemented by user fees for services like transit and parking. These revenues do not grow directly with the economy, and municipalities cannot run operating deficits. To move transformational community-building initiatives forward, they increasingly rely on partnership with other orders of government.

Our federal-municipal partnership has a strong record of achieving progress for Canadians. Together, we've built core infrastructure, creating jobs, driving growth and improving people's quality of life. We've expanded transit networks and the affordable housing supply. We've brought high-speed Internet to more rural communities. We've modernized community and recreation centres to provide equitable opportunities for more Canadians. Together, we've addressed some of Canada's biggest economic, social and environmental challenges.

When the pandemic hit, municipal leaders were Canada's eyes and ears on the ground. Federal and municipal governments worked side-by-side to shape Canada's pandemic response, protect frontline services, support frontline workers, house vulnerable Canadians, and gear up for recovery. And on the road ahead, our partnership will be critical to driving the strong, inclusive and sustainable recovery Canadians deserve.

Recent highlights of shared progress

- **Renewing community infrastructure:** The Canada Community-Building Fund (CCBF, formerly the federal Gas Tax Fund) shows what's possible when we empower municipalities with direct and reliable tools. Every year, the CCBF supports thousands of local infrastructure projects that create jobs and improve people's quality of life—from new roads to upgraded wastewater facilities to renewed local arenas. FCM has worked with successive federal governments to shape this tool since its launch in 2005. Recognizing its effectiveness, Budget 2019 and Budget 2021 each included a one-time doubling of the CCBF transfer to get more projects moving, faster.
- **Driving emission reductions:** Since 2000, FCM's federally endowed Green Municipal Fund (GMF) has been at the cutting edge of community-focused climate action, bringing to life some 1,300 local initiatives, boosting Canada's GDP by $1.1 billion, and reducing GHG emissions by 2.75 million tonnes. Budget 2019 invested nearly $1 billion more through GMF to drive deeper emission reductions in the buildings sector. That's already directly responsible for faster adoption of greener community buildings, more efficient affordable housing, and local programs that help people retrofit their own homes—all critical to achieving Canada's net-zero objectives.
- **Promoting housing affordability:** The 2017 National Housing Strategy, developed in consultation with FCM, marked a breakthrough federal re-engagement on affordable housing. The federal-municipal Rapid Housing Initiative, created mid-pandemic, is helping our communities create housing options for at least 9,200 Canadian households facing the reality or risk of homelessness—by repurposing available buildings and lands and by deploying modular housing. At the same time, FCM's new Federal-Municipal Housing Working Group is convening senior decision-makers to jointly develop solutions to the housing crisis.

- **Modernizing public transit:** The 10-year transit stream of the Investing in Canada Infrastructure Program has been a game-changer: its predictable funding allocations are empowering municipalities to deliver vital system expansions nationwide. In February 2021, the federal government added a $14.9 billion recovery-driving transit package that will create jobs, boost productivity and reduce emissions. It responds directly to FCM recommendations, with support for zero-emission buses, rural transit needs, and active transportation infrastructure—and a commitment to a permanent transit fund starting in 2026.
- **Connecting rural Canada:** When the pandemic forced millions of Canadians online for work, school and human connection, many rural, remote and northern Canadians simply didn't have that option—because they still can't access a fast and reliable Internet connection. The $2.75 billion Universal Broadband Fund (UBF) takes important steps to bring high-speed Internet to more Canadians. The UBF responds to years of FCM advocacy, and it's an important step forward for smaller communities—for their economies and local quality of life.
- **Elevating rural communities:** FCM has worked with successive federal governments to bring a rural lens to more federal programs and decision-making. Beyond broadband, our results include a dedicated $2-billion rural and northern stream of the Investing in Canada Infrastructure Program, for better roads, wastewater facilities, and other infrastructure that supports a strong rural quality of life. We've secured distinct support for rural and regional transportation needs as part of Canada's national transit plan. And working with the Minister of Rural Economic Development, we're bringing rural expertise to the table more often as national solutions are developed.

FCM's Western Economic Solutions Taskforce

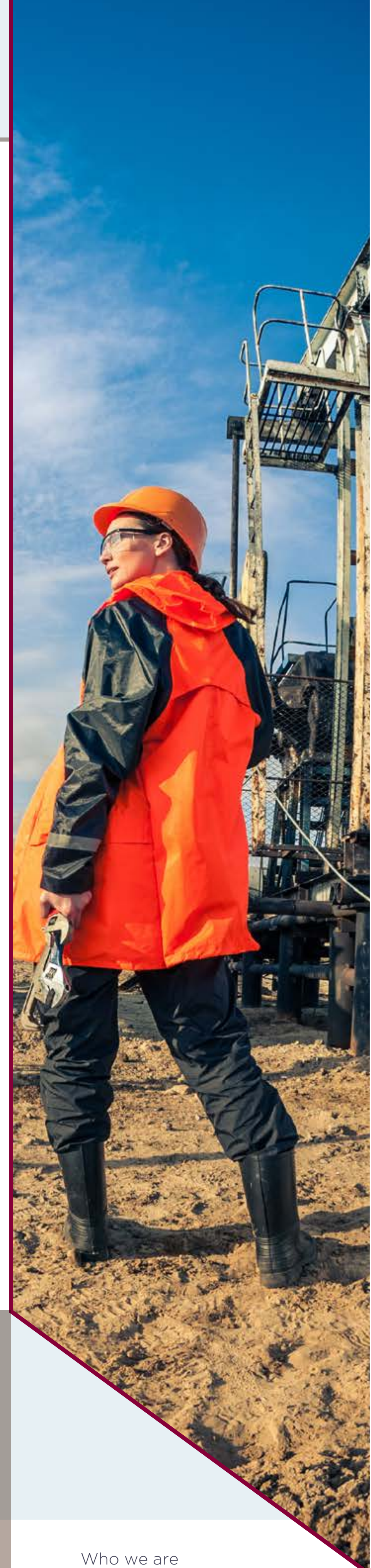
In 2019, FCM launched its Western Economic Solutions Taskforce (WEST) to help tackle the deep economic anxiety facing western communities. Our WEST taskforce brought together municipal leaders from Canada's four western provinces to propose concrete solutions that support communities, workers and families.

WEST's final report, released in October 2021, highlights our recommendations to the federal government and presents our vision for a thriving western Canada. This includes engaging western municipal leaders on place-based economic development and pathways to net-zero emissions, while continuing investments that address abandoned oil and gas wells, trade infrastructure, economic diversification and energy sector transformation.

Key recommendations include:

- **Supporting energy communities** as part of a "just transition" to net-zero emissions, including by creating an Energy Community Infrastructure Fund that supports the needs of municipalities in oil and gas producing regions; and by incorporating municipal perspectives into the proposed Futures Fund for Alberta, Saskatchewan and Newfoundland and Labrador, and the proposed *Just Transition Act*.
- **Supporting regional economic development** by engaging municipalities in establishing the new PacifiCan and PrairiesCan economic development agencies, and in developing the National Trade Corridors Fund's next intake.
- **Fully implementing compensation for farmers** for the cost of carbon pricing, as announced in Budget 2021.
- **Establishing national utility corridors** for new energy infrastructure, including pipelines and power transmission lines.

Read WEST's full report at fcm.ca/WEST



Driving recovery together

Secure, affordable housing

Federal parties agree: tackling Canada's housing challenges must be a cornerstone of a strong, inclusive recovery. Local governments bring crucial frontline expertise to our shared objectives of improving housing affordability, addressing inequality and eliminating chronic homelessness.

Secure housing empowers us to be our best selves, as workers, as families and as community members. But long before COVID-19 hit, Canadians were facing a punishing, worsening disconnect between housing costs and income levels. That's why the federal government launched Canada's first-ever National Housing Strategy in 2017: to ensure more Canadians can access appropriate housing they can afford.

While we've made progress, the pandemic has exposed the sheer depth of Canada's housing crisis. We've seen it in the lives of too many frontline workers—disproportionately racialized—who go home to overcrowded or inadequate housing that's less and less affordable. We've seen it in the lives of Canadians who've struggled to stay safe with no home at all. But amid this pandemic, we've also seen what's possible when governments come together with urgency and focus.

The new Rapid Housing Initiative (RHI) is helping local leaders help Canadians facing homelessness—by repurposing available buildings, lands and modular housing to deliver at least 9,200 *permanent* affordable homes. Scaling up the RHI can anchor a full-court press to finally end chronic homelessness. But this is also the time to go further and scale up the *principle* that makes the RHI work: direct, intentional partnership among our governments. As partners for Canada's recovery, let's seize this opportunity to drive real progress on housing affordability for Canadians—across the housing spectrum, in communities of sizes.

Ending homelessness

Canada's recovery is a critical moment to rally behind our shared objective of ending chronic homelessness in this country. By scaling up our recent successes, by bringing all governments to the table, and by prioritizing frontline solutions, we really can get the job done for Canadians.

- **Establish a timeline with clear milestones and measurable objectives** to achieve our shared goal of ending chronic homelessness, working with municipalities and our community housing partners—and actively align the mandates of the Canada Mortgage and Housing Corporation and partnering departments and ministries to support this goal and timeline.
- **Scale up the proven Rapid Housing Initiative (RHI):** Building on the 9,200 new units already in the RHI pipeline, commit an additional $5.5 billion over five years to create at least 18,000 more supportive and deeply affordable homes for Canadians experiencing homelessness—maintaining the allocation-based Major Cities Stream and maximizing program flexibilities to help communities meet the goal of housing at least 27,000 vulnerable Canadians. This is roughly the number of Canadians facing chronic homelessness as the pandemic set in.
- **Ensure the sustainability of new permanent supportive housing,** including units developed through the Rapid Housing Initiative, by working with provinces and territories to ensure long-term funding for the wraparound services these units require. Supportive housing is specifically designed as a comprehensive, serviced pathway out of homelessness for Canadians facing substance use, mental health and other significant challenges.
- **Build on the proven Reaching Home program** to strengthen community-based systems, supports, services and other paths out of homelessness. Budget 2021 temporarily doubled program funding through 2023–24. Making this growth permanent will require $282 million annually starting in 2024, including at least $50 million for the Rural and Remote stream. FCM also welcomes a conversation on finding synergies between community supports developed through Reaching Home and physical homes developed through the Rapid Housing Initiative—and to re-assess the overall availability of funding for community-based paths out of chronic homelessness.

Championing housing affordability

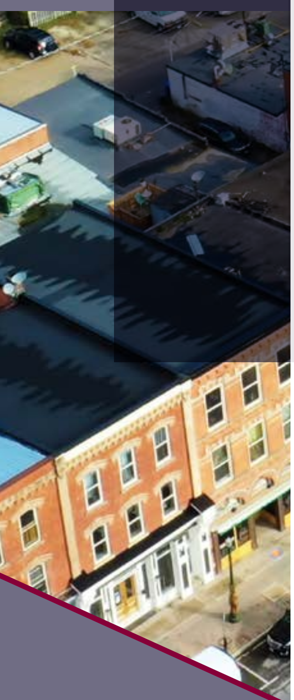
Working to end homelessness addresses one tragic expression of Canada's housing crisis. But to come out of this pandemic with more livable and competitive communities, we'll need to continue raising our ambitions to deliver affordable housing options for more Canadians across the housing continuum.

- **Prioritize the launch of the Housing Accelerator Fund** and engage FCM on its design to ensure it meets ambitious *affordable* market and non-market supply objectives. This new fund should build on proven delivery mechanisms like the Rapid Housing Initiative, empowering municipalities to both deploy new strategies and scale up existing programs and initiatives to expand housing supply. Municipalities are best placed to determine the interventions that will measurably expand supply and accelerate local innovation in their own unique housing markets—with attention to low-carbon intensification, transit-oriented development, inclusionary zoning and climate resilience.
- **Move quickly to protect low-rent market housing from "renoviction" and conversion** through an acquisition program that empowers community land trusts, non-profits, cooperatives and municipal agencies to acquire and preserve existing low-rent market housing at risk of being bought by investment companies. Combined with strengthened incentives for landlords to repair and energy-retrofit properties and other regulatory measures, Canadians will be better protected from renovictions.
- **Create more affordable housing and purpose-built market rentals:** Work with FCM to optimize existing federal housing programs—including the National Housing Co-Investment Fund and Rental Construction Financing Initiative—to create more affordable rental supply, deliver deeper market and non-market affordability, and streamline rapid approval processes for municipal applicants and their community housing partners. Let's ensure that new commitments to invest $2.7 billion over four years in affordable housing quickly deliver funding to communities. In Quebec, funding should flow directly through existing provincial "non-market" housing programs.

- **Begin co-developing a dedicated Indigenous housing strategy** to complement the National Housing Strategy. Building on the initial commitment of $300 million, we urge the federal government to commit at least $3 billion over the next five years to establish long-term funding for at least 20,000 new housing units for Indigenous households in communities—urban, rural and northern.

- **Convert vacant commercial space to affordable housing:** Work with FCM to ensure this $600 million federal commitment effectively supports both new and existing municipal initiatives to convert vacant office and retail space to affordable housing for Canadians—as pandemic-accelerated shifts toward e-commerce and telework drive up commercial vacancy rates in some cities.
- **Work with FCM to redesign and expand the Federal Lands Initiative** to align with local programs, making more federal land available faster, empowering municipalities to identify surplus federal and/or other publicly available lands, and ensuring the Canada Lands Company's mandate prioritizes affordable housing.
- **Commit to stronger intergovernmental coordination on housing affordability,** building on FCM's new Federal-Municipal Housing Working Group that convenes senior federal and municipal representatives to jointly identify and develop solutions to Canada's housing crisis across the full housing continuum—including solutions that address the inequities that Black, Indigenous and other racialized people face in accessing housing.

Strong communities of all sizes



Our cities and communities are where Canadians live, work, raise families and start businesses. From big cities to rural towns, these are the engines of our economy and everyday quality of life. These are the places where a strong and inclusive national recovery needs to take root.

Housing and transit are cornerstones, but people and businesses also rely on safe roads and bridges, clean water, waste management, community/recreation facilities, protection from extreme weather, and other infrastructure. While municipalities own 60 percent of this core infrastructure, they collect just 10 cents of Canada's tax dollar to maintain and renew it, while also managing a growing slate of frontline services. That's why our federal partnership is key to strengthening local infrastructure to meet Canadians' growing needs.

Every year since 2005, the Canada Community-Building Fund (formerly Gas Tax Fund) has directly empowered communities of all sizes to deliver thousands of infrastructure projects. We've also welcomed targeted federal investments in key priorities—including rural and northern communities; community and recreational facilities; and disaster mitigation and climate adaptation. But Canada's recovery is an essential moment to scale up.

Every dollar invested in infrastructure generates at least $1.60 in economic growth, and the projects that municipalities are ready to move forward will support the inclusive, sustainable recovery we all want. That includes setting this country on a path to reliable path to safe, clean water supplies for all Canadians. We're also looking to our federal partners to support frontline services and efforts to build safer, healthier communities on the other side of COVID-19.

Renewing core infrastructure

The Canada Community-Building Fund (formerly Gas Tax Fund) is the permanent, predictable federal funding tool that empowers municipalities of all sizes to renew core infrastructure. Federal Budgets 2019 and 2021 recognized its untapped potential by doubling the transfer for those two years. Canada's recovery is the time to *permanently* grow this tool, while also committing targeted new investments to water and rural/northern infrastructure.

- **Expand Canada's proven infrastructure renewal tool** by permanently doubling the Canada Community-Building Fund, increasing the annual transfer in 2022–23 to $4.6 billion—and boosting its annual growth index from 2.0 to 3.5 percent to reflect construction inflation realities. This will directly empower local leaders to create jobs and build better lives—from upgrading roads and bridges that keep people and goods moving, to expanding the cultural and recreation facilities that that bring people together and promote social inclusion.
- **Ensure cleaner water for Canadians nationwide** by investing at least $500 million annually for 20 years in municipal water and wastewater infrastructure—including treatment system upgrades, sewer separations, septic projects and asset renewal such as lead pipe replacements, culverts and lagoons. FCM supports the call for the federal government to prioritize safe drinking water as a human right and to work with Indigenous communities to end boil water advisories and provide long-term water certainty. FCM also looks forward to helping shape the new Canada Water Agency, the Freshwater Action Plan, and the modernization of the *Canada Water Act*.
- **Bolster rural and northern infrastructure** by committing at least $250 million annually in new funding for 10 years at the conclusion of the Investing in Canada Infrastructure Program's rural and northern stream (i.e., starting 2028–29 or earlier if all funding is committed). This provides communities with vital predictability for rural and northern infrastructure solutions that cannot by fully funded through other federal programs.

Strengthening local climate resilience

From floods and wildfires to coastal surges, 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. Municipalities are working hard to build more resilient communities, and the federal Disaster Mitigation and Adaptation Fund (DMAF) has been an essential tool. But even with a DMAF top-up in Budget 2021, we are nowhere near the funding levels communities need to protect Canadians from what's coming.

- **Rapidly scale up support for disaster mitigation and climate resilience projects** protecting communities from climate impacts—including wildfire mitigation, drought reduction, flood prevention and restoration of wetlands, shorelines and other natural assets. We are calling for $2 billion over a three-year recovery period, followed by at least $1 billion in long-term annual funding starting in 2024–2025.
- **Strengthen natural infrastructure** that stabilizes landscapes and buffers climate hazards, by investing $100 million annually for 10 years, including to enable munic-ipalities to purchase forests, wetlands and green spaces to create or expand parks and protected areas—supporting local conservation, urban biodiversity, low-carbon resiliency and access to nature This can build on existing investments, including new commitments to expand the Natural Infrastructure Fund by $200 million over five years and establish 15 new national urban parks.
- **Continue strengthening local adaptation capacity** by investing $500 million over five years to:
  - update regional climate modelling and natural hazard maps, and fund local vulnerability and risk assessments
  - integrate equity, Indigenous knowledge and social infrastructure considerations into project planning, and
  - integrate climate considerations into asset management planning at the asset and community levels.

Ensuring safe and healthy communities

For a strongly inclusive recovery, we'll also need to work together to strengthen service-based responses to community challenges. This includes strengthening responses to gun violence, hate speech and the opioid crisis, while helping to modernize local policing through community partnerships. As an emergency priority, we're also calling for action to ensure that municipalities are not destabilized by major new policing costs on the horizon.

- **Urgently protect the sustainability of local policing** by ensuring the federal government covers all retroactive costs associated with implementing the new RCMP labour relations regime—and ensuring municipalities are properly consulted before implementing measures that impact their ability to maintain effective local police services.
- **Modernize the RCMP contract policing program**, working with municipalities to ensure it provides not only police resources but also resources for partnership development with health and social service agencies at the local level, particularly those run by and serving Black, Indigenous and other racialized communities.
- **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, supporting access to pharmaceutical alternatives to the illegal drug supply.
- **Address handgun violence:** Launch a study of the most effective levers to prevent cross-border trafficking of unregistered handguns into our cities, ensuring that any proposed measures are analyzed through an equity lens so they do not contribute to the disproportionate criminalization of Indigenous and racialized groups.
- **Strengthen the federal response to hate speech**, by developing legislation to clarify and strengthen the definition of hate speech, including explicit recognition of the psychological harm that can be caused by hateful symbols, and work with all orders of government in addressing root causes of hate speech.

Local pathways to net-zero

Municipalities are on the front lines of new climate extremes, and they are leading the way on bringing emissions down. Scaling up local initiatives is essential for Canada to achieve our 2030 GHG reduction targets and put communities on a clear path to net-zero emissions by 2050.

Canada is warming 2–3 times faster than the global average, and the world is getting closer to irreversible tipping points. Doing our part to turn the tide requires unprecedented investments in low-carbon infrastructure nationwide. Meeting Canada's emission targets is a complex challenge that always traces back to front-line realities—like how we move around, design our buildings, manage our waste and build our communities. This is the world of local governments, and this makes them vital partners on the road to net-zero.

Municipalities are setting ambitious reduction targets, and federal investments are helping to scale up local efforts. Building sustainable communities around efficient transit systems is becoming a cornerstone of our partnership (see p. 30). At the same time, FCM's federally endowed Green Municipal Fund (GMF) has enabled some 1,300 sustainability projects that have cut 2.75 million tonnes of GHGs. And since 2019, GMF has been driving much deeper emission reductions in the buildings sector (see p. 29).

The progress we are driving shows what's possible when our governments work together. But to meet the scale of our climate challenge, and with municipalities influencing more than half of Canada's emissions, we need to scale up our joint efforts now. Canada's recovery phase presents a critical opportunity to do exactly that.

Local solutions to Canada's 2030 challenge

To enable a path to net-zero by 2050, Canada has committed to reduce GHG emissions by 40–45 percent from 2005 levels by 2030. Achieving this target will require ambitious investment and a disciplined focus on scaling up proven solutions. Many of the fastest and most effective solutions are found at the local level, but municipalities cannot scale up to meet this 21st-century challenge with the 19th-century revenue tools available to them.

FCM recommends building upon federal investments that are already being made—including through FCM's Green Municipal Fund (GMF)—to drive high-value capital projects and capacity building in key areas:

- **Deep energy retrofits** of market and non-market housing and large buildings—residential, commercial and institutional—including municipally-driven neighbourhood-wide and community-wide projects. (GMF's Community Efficiency Financing initiative is supporting the development of permanent residential retrofit programs across Canada, and the Sustainable Affordable Housing initiative is supporting early pilots and deployment of the "Energiesprong" approach in social housing.)
- **Community energy generation**, including energy storage and district energy for community buildings and neighbourhoods, reducing reliance on natural gas for heating and helping to achieve the federal target of a net-zero electricity system by 2035.
- **Zero-emission vehicles**, supporting the federal target of installing 50,000 zero-emission chargers, and accelerating the adoption of zero-emission municipal fleet vehicles, including heavy-duty vehicles like waste collection trucks—complementing the $2.7 billion federal commitment to electrify 5,000 transit buses.

- **Landfill gas capture** and other innovative municipal waste diversion and wastewater initiatives that create valuable end-products, including compost, fertilizer, biofuels and biogas—which can be used to generate heat and/or electricity, or refined into renewable natural gas.
- **Active transportation and multi-modal systems**, including bike paths, pedestrian bridges, and first-and-last-km solutions like bike-share, e-bikes and cargo bikes to reduce reliance on personal vehicles.
- **Net-zero community planning**, integrating mobility, housing and equity considerations into land-use planning—including through the new Housing Accelerator Fund and permanent transit fund, and by co-developing a federal climate lens and climate toolkits for infrastructure owners.
- **Local resiliency and natural climate solutions**, including tree planting, canopy preservation and natural asset management. A typical hardwood tree can store a ton of carbon dioxide by the time it reaches 40 years old.

Achieving net-zero by 2050

Achieving net-zero emissions will require ambitious, coordinated efforts from all orders of government. This work starts now, and with the ability to influence half of all emissions, municipalities will be critical. Through FCM, frontline local governments are ready to work with federal partners to develop and implement successful strategies to achieve net-zero by scaling up these critical pathways:

- **Buildings:** The federal government must take the lead to align **building retrofit** incentive programs across all orders of government, including through the proposed National Net-Zero Emissions Buildings Strategy, to ensure limited public dollars achieve the greatest emissions reductions while fostering energy affordability and equity. This will require tailored policies and programs for different types of tenants, owners and buildings: social/affordable housing, purpose-built rental, community-wide residential and commercial. FCM also supports using **building codes** to drive down emissions quickly. This will require strong federal-provincial collaboration to implement the net-zero building code and the retrofit code fully and quickly.
- **Transportation:** FCM welcomes new federal targets for **zero-emission vehicles**: 50% by 2030 and 100% by 2035. Upgrading electrical grids and deploying charging infrastructure in public spaces and private homes, apartments and businesses will require a massive lift by public and private sectors, and municipalities are ready to work with federal partners to scale up proven strategies to install 50,000 on-street and public-space **charging stations**. With the $2.7 billion Budget 2021 commitment, municipalities are committed to electrifying 5,000 buses, setting **public transit** on course to net-zero. To reduce overall vehicle-kms travelled, we'll also need to build more 15-minute neighbourhoods, invest in active transportation infrastructure, and continue expanding transit.

- **Waste:** FCM supports federal aspirations to **reduce methane emissions** from municipal landfills. We have advanced design principles for a national standard that works for municipalities and delivers the cost-effective results we all need. We will also continue to work with the federal government to **reduce plastic waste**, with its impacts on ecosystems, health and climate change. FCM is calling for a national approach that shifts responsibility for the costs of managing waste to industry (i.e., Extended Producer Responsibility), creating the market-based incentives we need to move towards a circular economy.
- **Place-based energy transition:** As part of its strategy to achieve net-zero by 2050, the federal government must put local communities in oil and gas producing regions at the very heart of the transition. That includes directly supporting municipal governments as part of a "just transition." This will also require federal investments to position the energy sector to achieve net zero, including by advancing Canada's Hydrogen Strategy, shifting to non-emitting power across the value chain, and supporting methane and carbon capture, utilization and storage.

GREEN MUNICIPAL FUND
FONDS MUNICIPAL VERT

Since 2000, FCM's Green Municipal Fund (GMF) has helped communities adopt climate solutions faster.

GMF's unique approach leverages federal investments to support local innovation, from the idea phase to capital project completion. Focusing on five priority sectors—energy, waste, transportation, land use and water—we're unlocking scalable solutions, accelerating market transformation and clearing paths to net zero.

To date, GMF's 1243 completed projects have avoided **2.75 million tonnes of GHGs**—equivalent to taking 843,558 cars off the road or planting 3.2 million acres of boreal forest. They have also generated $1.1 billion in economic growth and 13,000 person-years of employment. And nearly 500 more projects are approved or in progress.

GMF drives frontline outcomes fast. Through new programs launched in 2020 with a new federal funding injection, GMF has scaled up its mission to drive transformational emission reductions in the buildings sector.

- Our **Sustainable Affordable Housing (SAH)** initiative has already approved $47 million for 68 projects that will retrofit or build more than 21,000 units of net-zero or deeply efficient housing—with $140 million more at various stages of approval. SAH is on track to fully commit its allotted federal funding by 2023.
- Our **Community Efficiency Financing (CEF)** initiative has already approved $109 million to help plan, implement and scale up local residential energy-upgrade financing programs—with nearly $65 million more in the project pipeline. At this pace, CEF is on track to fully commit its allotted federal funding by 2023.

With two decades of experience on the ground, GMF is a proven partner for Canada's recovery.

Read GMF's latest annual report:
annualreport.greenmunicipalfund.ca

Modern transit and mobility

Growing and modernizing Canada's transit systems—urban, rural and regional—is another cornerstone of an inclusive, sustainable recovery. It's a reliable way to drive economic growth while supporting both socio-economic inclusion and Canada's progress to net-zero emissions.

Public transit is a backbone for inclusive, livable, competitive communities. It connects people with employers, schools and community services—especially frontline workers, women, new immigrants, people living with disabilities, seniors, and low-income and racialized communities. Every dollar invested in modernizing local transit generates three dollars in economic growth, even as it drives higher productivity, shorter commutes, less congestion—and reliable progress toward our national goal of net-zero GHG emissions.

Since 2017, the 10-year federal transit investment stream has been enabling vital system expansions, from Surrey to Edmonton to Montreal. Budget 2021 provided another recovery-supporting injection of $14.9 billion over five years for expansions, fleet electrification, active transportation and rural mobility solutions. From on-demand services to electric ride shares, this marked the first time rural needs have been systemically included in a national transit plan. And another key first: the federal government has committed to a *permanent* transit fund.

All of this gives local leaders real tools to drive Canada's recovery through transit. But before they can fully lean into this work, we'll need to tackle the COVID-driven farebox revenue shortfalls that continue to plague transit systems across the country. And to promote mobility *among* municipalities, FCM is also seeking federal leadership on the deepening crisis in inter-community passenger bus services.

Emergency: Transit operating support

While essential workers have continued relying on transit through the pandemic, overall farebox revenues plummeted. Emergency funding through the 2020 Safe Restart Agreement helped municipalities avoid major cuts, but this was designed for a 6–8-month span. Every 10 per cent drop in ridership costs transit authorities $475 million per year, and as of August 2021, ridership had recovered to just 42 percent of pre-pandemic levels.

With no solution to ongoing operating shortfalls, municipalities will be forced to (a) cut transit services that frontline workers and marginalized communities rely on; and/or (b) delay fleet electrification and other infrastructure projects, to redirect funds to operating needs. Both will dampen recovery, imperil our climate commitments, and create a vicious cycle where reduced service further reduces ridership.

FCM is calling for urgent leadership from our federal partners:

- **Urgently commit to covering transit operating shortfalls for 2022, in partnership with provinces.** Municipal budgets are being drafted now, with final approvals scheduled for late 2021 and early 2022. To avoid damaging cuts, municipalities therefore require a political commitment by **December 2021**.
- **Develop a durable solution to remaining COVID-induced transit operating shortfalls**, which are predicted to remain for at least the next three years. FCM recommends a solution based on predictable multi-year contributions from both federal and provincial governments, shaped on a province-by-province basis.

Modernizing transit and mobility

With transit operating hurdles cleared, local leaders can continue to transform federal investments into recovery-driving outcomes: jobs and growth, higher productivity, shorter commutes and more inclusively livable communities for Canadians. The modal shift in transportation that we are fostering together—building communities around better and greener transit—is fundamental to Canada's progress to net-zero emissions.

- **Design and implement the promised permanent transit fund** in close consultation with FCM. Establishing this tool as a new pillar of our intergovernmental partnership—alongside the Canada Community-Building Fund—will provide municipalities with long-term funding stability for system growth and transit-oriented urban development, as we build truly inclusive net-zero cities and communities. Establishing this tool in *legislation* will give municipalities and transit authorities the predictability they need to move the next phase of expansion projects forward before this new funding stream commences in 2026.
- **Show leadership on inter-community passenger bus service** by identifying a lead federal department and working with the provinces and territories to develop and implement a comprehensive plan that includes sustainable funding. The loss of Greyhound and long-distance routes is a special threat to women, racialized and Indigenous people, students, seniors, persons with disabilities and others who disproportionately rely on bus services—including for access to healthcare, education and employment. Building on the recent launch of the Rural Transit Solutions Fund, as well as the federal commitment to rail service between Toronto and Quebec City, we are calling for a clear commitment to bus services connecting communities big and small.
- **Expand the Rail Safety Improvement Program:** Municipalities are critical partners in improving rail safety at the local level. In response to the federal *Grade Crossing Regulations*, municipalities, provinces, railways and landowners are working together to improve safety at about 20,000 prescribed road crossings, and additional federal funding is required to ensure compliance.

Digital inclusion for all Canadians

Fast and reliable broadband Internet is essential to our economy and our daily lives. Ensuring all Canadians can connect online is key to building a strong recovery that everyone can take part in.

Having a fast and reliable Internet connection means entrepreneurs can sell their products globally. It means doctors can access patient records, farmers can find real-time data, municipalities can serve residents better, and communities can reach their potential. Yet COVID-19 has exposed how unequally people access this vital tool.

When lockdowns forced Canadians online for work, school and human connection, some simply didn't have that option. That's because two million of us still can't access an affordable, reliable, high-speed Internet connection—fixed or mobile. Most live in rural, remote, northern and Indigenous communities, but the pandemic has also underscored how income inequality can put digital services out of reach in communities of all sizes.

FCM has worked with successive government to prioritize Internet access for all Canadians. We're ready to work with the current government as it applies a "use it or lose it" approach to spectrum rights policy. Above all, we have welcomed new investments in broadband infrastructure, including the $2.75 billion Universal Broadband Fund. Now let's work together to ensure these investments drive results for people on the ground.

The pandemic laid bare the digital divide, but our recovery response can go a long way toward tackling it. Together, we can build a Canada where everyone can connect to modern commerce, to modern opportunities, and to each other. We know that's a goal this minority parliament can get behind.

Supporting progress on the ground

To ensure federal dollars drive cost-effective and rapid results where they are needed the most, FCM recommends the following additional steps.

- **Support broadband for hardest-to-reach areas** by adding a needs-based stream to the Universal Broadband Fund (UBF)—at least $150 million more annually for the next four years—targeting small ISPs and community partners who struggle to compete with high-scoring UBF applications in easier-to-serve areas.
- **Launch a municipal digital capacity-building program** to develop technical expertise and support local and regional broadband infrastructure planning and deployment in underserved communities.
- **Create a one-window intake process** to access all federal broadband funding streams to make the process more accessible to all applicants, building on progress made through the coordinated funding approach with the Universal Broadband Fund and Canada Infrastructure Bank.

Building a framework for success

To optimize federal investments and accelerate progress toward universal Internet access, FCM recommends key steps to align government actors, clarify goals and promote accountable progress.

- **Convene a national roundtable on digital infrastructure**—with all orders of government—to develop a Canada 2030 vision for broadband connectivity, including ensuring deeper coordination with provinces and territories so broadband funding streams and deployment strategies are complementary and future-proof.
- **Establish a national target for digital affordability** that reflects the diverse economic realities of communities across the country, as an essential counterpart to Canada's existing universal service objective for fixed broadband speeds (50/10 Mbps).
- **Establish a broadband progress monitoring framework** to ensure communities see results, including an obligation on the federal government to report to Parliament annually on progress toward achieving the universal service speed objective and the recommended affordability target—in communities of all sizes and regions.
- **Continue enhancing federal broadband mapping data** and commit to an accelerated process for correcting mapping errors, to support efficient progress toward achieving universal high-speed Internet access.

A resilient partnership

The pandemic has exposed strengths *and* vulnerabilities in Canada's social and economic systems—and our intergovernmental systems as well. Canada's recovery needs to boost our resilience on all fronts, including the resilience of the federal-municipal partnership.

Municipalities own 60 percent of Canada's infrastructure, deliver vital services, and help achieve federal social, economic and environmental objectives. Yet they are rarely at the table when other governments discuss national challenges. With no ability to run deficits, they are confronting 21st century challenges with 19th-century fiscal tools: user fees, property taxes and other land-based tools that will continue to erode with COVID-accelerated transitions to e-commerce, telework and digitization.

The pandemic has already laid bare the sheer inadequacy of today's fiscal arrangements. When rising public safety costs collided with plummeting user-fee revenues—including from transit, parking and recreation—municipalities were forced to the brink of financial crisis. It took pitched advocacy across orders of government to secure emergency funding, through the Safe Restart Agreement, to protect the frontline services Canadians need.

Federal leadership was crucial in averting that crisis, and we're seeking fresh leadership to overcome COVID-driven revenue shortfalls that continue to plague our transit systems (see p. 30). Fundamentally, we are calling for federal leadership on modernizing municipalities' tools and authorities, to reflect their 21st-century role in the lives of Canadians. Change will take time, but the pandemic's lessons compel us to accelerate the conversation.

In the meantime, there are practical steps we can take to deepen our collaboration. Steps that will bring local leaders and local expertise to the table more often. Steps that will ensure every dollar invested in Canada's recovery will drive the best possible outcomes on the ground. Steps that will help us all drive the recovery Canadians deserve: strong, sustainable, inclusive and nationwide.

Next steps

- **Advance place-based approaches to local and regional challenges** such as post-COVID downtown renewal, neighbourhood-level revitalization, economic transition and regional economic development—by leveraging innovative tripartite agreements, including the Urban Development Agreement model.
- **Continue to formalize federal-municipal collaboration** by **(a)** establishing political-level working groups on key priorities, including housing affordability, pathways to net zero, digital inclusion and mental health; and **(b)** engaging municipalities in federal-provincial/territorial processes at the administrative and technical level where policy and operational issues are discussed.
- **Elevate rural communities federally** by working with FCM and municipal leaders to ensure a rural lens is applied to federal policy development and program design—better empowering local leaders to succeed in the context of their unique local realities. This starts but does not end with priorities identified in this document, including broadband, housing, rural mobility, regional economic development, and core infrastructure.
- **Advance the Truth and Reconciliation Commission's Calls to Action** by deepening engagement and coordination with all orders of government, to redress the legacy of residential schools and move forward on reconciliation between Indigenous and non-Indigenous people (see p. 37).
- **Commit to a dialogue with FCM on municipal resilience,** including federal leadership required to modernize municipal finances and authorities over the long term, to align with local governments' contemporary role in Canadians' daily lives and national economy.

Our commitment to reconciliation

FCM recognizes municipal leaders' duty to respond to the Calls to Action of the Truth and Reconciliation Commission (TRC) and acknowledges the profound ways in which the legacy of residential schools continues to affect the lives of First Nation, Inuit and Métis peoples. We commit to playing a constructive role in deepening intergovernmental coordination to drive action and change.

One venue for coordination has been the First Nation–Municipal Community Economic Development Initiative **(CEDI)**—a partnership of FCM, the Council for the Advancement of Native Development Officers (Cando) and Indigenous Services Canada. CEDI uses the Stronger Together approach to support resilient, sustainable economic partnerships between municipalities and adjacent First Nations. CEDI tangibly addresses TRC Calls to Action 43, 47, 57, 79 and 92 and has been described by TRC Commissioner Dr. Wilton Littlechild as an example of "reconcili-action." After concluding its second phase in June 2021, CEDI has launched a new call for applications.

As Canada works toward meaningful reconciliation with Indigenous peoples, the importance of this work becomes more and more evident. Working with Indigenous and federal partners, municipal priorities include co-developing an urban-rural-northern housing strategy with long term funding to address key gaps; supporting the call to end boil water advisories and ensuring *every* family has reliable access to clean drinking water; and ensuring safe and accessible mobility options, including inter-community bus services.

FCM FEDERATION OF CANADIAN MUNICIPALITIES

FÉDÉRATION CANADIENNE DES MUNICIPALITÉS