

Friday, February 9, 2024

Submitted via email to Budget2024@fin.gc.ca **and** chrystia.freeland@parl.gc.ca

The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
Department of Finance Canada
James Michael Flaherty Building
90 Elgin Street
Ottawa ON K1A 0G5

RE: City of Guelph 2024/25 Federal Pre-Budget Consultation Submission

Dear Deputy Prime Minister Freeland,

The City of Guelph (the City) welcomes the opportunity to provide comments as part of the federal government's 2024 pre-budget consultation process. The City is pleased by the strong alignment between the federal government's priorities and our own, including on infrastructure, protecting the environment, and increasing housing supply along the housing continuum, and on working collaboratively to jointly tackle the significant challenges of our day, including addressing climate change, homelessness and mental health.

Below you will find the City's top five recommendations for the federal government's upcoming budget. These recommendations focus on what matters most to the City and our local community, and serve to advance our priorities under our [2024-27 Strategic Plan](#).

Infrastructure:

1. Work with municipalities, municipal associations, and provincial governments to develop a new Municipal Growth Framework:

Municipalities across Canada, including the City of Guelph, are on the frontlines dealing with the mounting challenges facing our communities. While maintaining service levels and core public infrastructure in the face of rising costs and inflationary pressures, municipalities are also addressing issues such as climate resilience, housing, homelessness, mental health, and addictions among others. These are long-term and complex challenges that transcend the jurisdiction of municipal governments, and that will require collaboration to find solutions.

The existing revenue tools available to municipalities are unable to keep up with these pressures. While average inflation adjusted municipal tax revenues in Canada have declined by 1.1% annually since 2016, Guelph and other Ontario

municipalities have also had their alternative revenue sources put at risk by Provincial legislation such as Bill 23, More Homes Built Faster Act, 2022, and Bill 109, More Homes for Everyone Act, 2022. As you develop the 2024 Federal Budget, we want to echo the Federation of Canadian Municipalities request that the federal government develop a new Municipal Growth Framework which provides municipalities with revenue tools for capital and operating expenditures, and fairly distributes tax revenue between levels of government relative to expenditures and service mandates.

2. Continue to invest in green infrastructure projects in partnership with municipalities and adapt funding eligibility criteria to accommodate long-term municipal financial planning.

From minor municipal facility upgrades to full scale transit electrification enabled through the Investing in Canada Infrastructure Program (ICIP), the City of Guelph is dedicated to making climate investments at all scales, wherever possible. The federal government has been a supportive partner in enabling the construction of these large-scale green infrastructure projects. Dedicated and long-term funding opportunities, such as the Green and Inclusive Community Buildings (GICB) program are instrumental to not only meet our shared climate goals, but also to address major infrastructure and community service gaps within our communities.

While these funding opportunities have proven to be a success, the current practice of only allocating grant funding to fully or near “shovel-ready” projects makes it challenging for municipalities to build more impactful and complex green infrastructure. As municipalities deal with rising costs and mounting pressures on municipal services, local governments are faced with the tough choice between long-term climate investments and addressing urgent day-to-day needs. Without a guarantee of capital funding, even the soft planning costs required to prepare major “shovel-ready” green infrastructure projects present a financial risk for municipalities.

We want to call on the funding agencies of the federal government to expand the eligibility criteria for future green infrastructure funding opportunities to include projects which are in the early stages of planning, but demonstrate major greenhouse gas reduction potential. The ability to secure funding for these “shovel-worthy” projects will allow municipalities to safely plan for major and meaningful green infrastructure investments alongside other urgent municipal priorities. It will also ensure that federal funds only go towards initiatives which make the greatest contribution towards reducing municipal greenhouse gas emissions and meeting our shared climate goals.

Indigenous Relations:

3. Prioritize creating stronger collaboration between municipalities and Indigenous governments:

As your government continues to work towards reconciliation with Indigenous Nations, the City of Guelph encourages the federal government to provide support and resources to municipalities as we navigate building and strengthening relationships with Indigenous Peoples. This includes guidance as municipalities continue to advance the Truth and Reconciliation Calls to Action that are applicable to local governments. The City of Guelph is committed to advancing reconciliation and is currently undertaking an Indigenous Relations Framework to help guide this work.

Housing:

4. Explore the potential of a shared intergovernmental funding program to support the investments needed to enable housing development:

First, we want to extend our gratitude for the \$21.4M awarded to the City through the Housing Accelerator Fund. With the help of these funds, we will be undertaking 8 initiatives which will help fast track and unlock the construction of 739 new housing units above the City average. This kind of support for policy and process enhancements and modifications will help to accelerate the pace of enabling more diverse housing options.

As Guelph sees rising costs and challenges related to municipal revenue streams, funding for essential housing-enabling capital projects remains a priority. This is a large and complex problem which requires all levels of government at the table. As such, we call on your government to consider the potential of a shared, intergovernmental funding program to support major housing-enabling capital projects. The Investing in Canada Infrastructure Program (ICIP) could provide a highly successful funding model for these major capital projects. As an example, through the success of the recent ICIP Public Transit stream, Guelph is able to accelerate the electrification and enhancement of its public transit system, which would have been impossible without coordinated federal, provincial, and municipal support.

One example of a housing-enabling project that would greatly benefit from this kind of support is brownfield remediation. The City of Guelph owns four major contaminated sites totalling nearly 10 hectares within prime developable locations. While they currently represent a \$24M liability for the City, their desirable locations make them highly suitable for housing, mixed-use, and community development. A joint intergovernmental funding program could support Guelph in remediating these sites and unlock them for housing development to help address the housing affordability crisis.

5. Continue the flow of supplementary funding through the Reaching Home program to reflect the pressures faced by the supportive housing system in Guelph-Wellington:

The availability of affordable and supportive housing options is at a crisis level in Ontario. Many supportive housing providers are facing increased demand following the reverberating impacts of COVID-19, with evolving and often complex needs of their tenant communities, and significant financial barriers to operating and building additional units. Since 2019, the Reaching Home program has provided \$1.48M in base operational funding to Wellington County as our Consolidated Municipal Service Manager for housing and support services in Guelph-Wellington, as well as further supplementary funding throughout the COVID-19 pandemic. This supplementary funding has proven essential to support the increased demand for emergency and supportive housing. However, the 2024-2027 Wellington County Reaching Home allocation will see the funding reduced to pre-pandemic levels for 2026 and beyond. As the supportive housing system continues to face significant pressures into the future, and the costs of providing support services continues to rise, we want to call on your government to continue to provide supplementary funding throughout the duration of the Reaching Home program to help us achieve our joint goal of reducing chronic homelessness by 50% by 2028.

Thank you for the opportunity to share our recommendations for the upcoming federal budget. Should you have any questions, I encourage you to reach out to the Intergovernmental Services division for the City of Guelph at intergovernmental.relations@guelph.ca.

Sincerely,

Final approved draft to be signed by Mayor Guthrie

CC: The Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities; the Honourable Gary Anandasangaree, Minister of Crown-Indigenous Relations; the Honourable Dan Vandal, Minister of Northern Affairs; the Honourable Steven Guilbeault, Minister of the Environment and Climate Change; Lloyd Longfield, Member of Parliament for Guelph; Scott Stewart, Chief Administrative Officer, City of Guelph;