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Federal Budget 2024

FCM analysis

April 2024

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Highlights

The Deputy Prime Minister and Minister of Finance, The Hon. Chrystia Freeland, tabled the 2024 federal budget in House of Commons on Tuesday, April 16.

In our [response](#), FCM welcomed Budget 2024 as "a promising step towards supporting growth and tackling homelessness" while committing to "redouble efforts to advance an intergovernmental conversation on a new funding model for municipalities to make life better for the Canadians who call them home."

Heading into Budget 2024, FCM's top priorities were: infrastructure, especially near-term funding for water infrastructure and community, culture and recreation facilities; homelessness; climate resilience; and securing a federal commitment to convene a discussion on a Municipal Growth Framework. The budget responded directly to the first two of these priorities with important new investments in municipal infrastructure and critical near-term funding to address homelessness. The budget also included **measures to support rural communities** that respond directly to FCM advocacy, including an increase to the tax credit for volunteer firefighters and student loan forgiveness for health care professionals that choose to practice in rural and northern communities.

Budget 2024 failed to increase funding for the Disaster Mitigation and Adaptation Fund (DMAF) as called for by FCM. While the federal government has taken significant recent steps on climate adaptation through the release of the National Adaptation Strategy, which included dedicated funding for FCM to support local climate resilience through the Green Municipal Fund, municipalities are not currently equipped to protect residents from climate-related events like floods and wildfires. DMAF provides municipalities with a much-needed source of infrastructure funding to address local climate risks, and FCM will continue to call adequate, long-term federal funding to enable communities to adapt to climate change.

Budget 2024 includes 53 new measures meant to increase housing supply and improve housing affordability. Most of these commitments were highlighted in [Solving the Housing Crisis: Canada's Housing Plan](#), which was released on April 12 by the Prime Minister and includes three overall goals: Building more homes; making it easier to own or rent a home; helping Canadians who can't afford a home. FCM [welcomed](#) the announcement as a comprehensive and serious plan to address the housing crisis. Intergovernmental collaboration is a key theme, and building on recent federal measures (e.g. the Housing Accelerator Fund), the plan calls on municipalities to take further action to enable more housing development, both by increasing the pace of development and by modernizing land-use plans to increase density. Towards that end, the federal government has included housing policy conditions in new federal infrastructure funding programs. Details are outlined below along with the housing commitments from Budget 2024 that most impact municipalities.

The positive steps taken by Budget 2024 to address current challenges show meaningful progress but should not overshadow the pressing need for a national conversation on modernizing the funding model for Canadian municipalities. As Canada continues to grow, in order to ensure Canadians have the local services and infrastructure they need, FCM urges the federal government to bring together all orders of government to discuss a new Municipal Growth Framework that would provide more effective long-term support for communities.



Key Budget Commitments

Municipal infrastructure

Canada Housing Infrastructure Fund

- Budget 2024 proposes to provide \$6 billion over 10 years, starting in 2024-25, to Infrastructure Canada to launch a new Canada Housing Infrastructure Fund. **The Fund will accelerate the construction and upgrading of housing-enabling water, wastewater, stormwater, and solid waste infrastructure** that will directly enable new housing supply and help improve densification. This Fund will be comprised of:
 - **\$1 billion available directly to municipalities to support urgent infrastructure needs** that will directly enable housing supply.
 - \$5 billion for agreements with provinces and territories to support long-term priorities. Provinces and territories can only access this funding if they commit to key actions that increase housing supply:
 - Legalize more housing options by adopting zoning that allows four units as-of-right and that permits more “missing middle” homes, including duplexes, triplexes, townhouses, and small multi-unit apartments;
 - **Implement a three-year freeze on increasing development charges from April 2, 2024, levels for municipalities with a population greater than 300,000;**
 - Adopt forthcoming changes to the National Building Code to support more accessible, affordable, and climate-friendly housing options;
 - Provide pre-approval for construction of designs included in the government’s upcoming Housing Design Catalogue; and,
 - Implement measures from the forthcoming Home Buyers’ Bill of Rights and Renters’ Bill of Rights.
 - Provinces will have until January 1, 2025, to secure an agreement, and territories will have until April 1, 2025. **If a province or territory does not secure an agreement by their respective deadlines, their funding allocation will be transferred to the municipal stream.** The federal government will work with territorial governments to ensure the actions in their agreements are suitable to their distinct needs. To ensure this funding reaches communities of all sizes and needs, **provinces must dedicate at least 20 per cent of their agreement-based funding for northern, rural, and Indigenous communities.**

- FCM welcomed the announcement of the Canada Housing Infrastructure Fund as a response to our advocacy in the lead-up to Budget 2024. In recent weeks, through FCM’s “Update Required” advertising campaign, we increased our calls for investment in infrastructure to sustain growth, build new housing units, and bring to Canadians the quality-of-life they expect. While the amount announced falls short of what FCM was calling for, the commitment represents important progress at a time when the federal government is facing increased fiscal pressure. Prior to this announcement, the federal government had signaled that Budget 2024 may not include new investments in municipal infrastructure.
- Specific concerns with the funding announced include:
 - **Development charge freeze:** The proposed three-year freeze on increasing development charges in cities of more than 300,000 people will put pressure on municipalities to offset this planned revenue through property taxes or other sources. There are approximately 30 cities in Canada with more than 300,000 people, around half of which are in Ontario; and the share of own-source revenue made up by DC’s varies considerably across the country, with BC and Ontario at the top. FCM will work with members to fully understand the impacts of this proposed change and will advocate for these financial impacts to be offset by federal and provincial governments as necessary. This proposed policy change further underlines the need for structural reforms to how municipalities are funded through a new Municipal Growth Framework. Faced with increased pressure from population growth, municipalities must choose between a limited set of revenue tools (primarily property taxes and DCs) to pay for the infrastructure that growth requires. FCM is calling of federal, provincial and territorial governments to come to the table to develop a sustainable funding model that will enable the housing development that is needed.
 - **Scale and timeline of funding:** The federal government intends to allocate the \$5 billion portion of the Canada Housing Infrastructure Fund, to be delivered through agreements with provinces and territories, over 10 years. Even combined with the Canada Community Building Fund (\$2.4 billion per year) and the Permanent Public Transit Fund (\$3 billion per year), this level of funding falls short of what FCM has called for in our Budget 2024 submission, our Next Generation Infrastructure recommendations, and what we will be calling for in our forthcoming Municipal Growth Framework discussion paper.
 - **Focus on housing-enabling infrastructure:** FCM is also concerned that municipalities will be required to only use this funding for growth-related infrastructure. Municipalities continue to struggle to keep up with a backlog of deferred maintenance on existing infrastructure and require the financial resources to be able to invest adequately in asset management. This is part of a wider trend in how the federal government is approaching funding for municipal infrastructure. The Canada Community-Building Fund remains the only source of federal funding that municipalities have the flexibility to use for a wide range of local infrastructure priorities. FCM will continue to advocate for the renewal of the CCBF to enable municipalities to invest in the renewal of existing assets. According to Statistics Canada’s 2020 Core Public Infrastructure Survey, 14 percent of municipal waste and water infrastructure and 14 percent of municipal transportation assets are currently in “poor” or “very poor” condition and require immediate repair or replacement. Data from the CCPI survey highlights that the cost of renewing or rehabilitating all municipal assets currently in “poor” and “very poor” condition was in the range of \$170 billion in 2020.

- **Increasing federal involvement in municipal jurisdiction:** Budget 2024 represents the latest step by the federal government to weigh into municipal land-use planning. While increasing density has multiple policy benefits and municipalities are actively taking steps to reform zoning by-laws for those reasons, top-down FPT requirements can undermine local autonomy and decision-making. FCM continues to oppose similar requirements under the Canada Community-Building Fund (CCBF) and will engage with the federal government to better understand the details of this proposed policy measure.

Municipal building retrofits

- Budget 2024 proposes to provide \$500 million over five years, starting in 2024-25, to Infrastructure Canada to support more projects through the Green and Inclusive Community Buildings program.
- The extension of the existing Green and Inclusive Buildings program, while welcome, falls short of what FCM was calling for, which was \$500 million annually in municipal community, culture and recreational infrastructure for the next 10 years starting in 2024–2025.
- In FCM’s recommendations on the federal Green Building Strategy we called on the federal government to prioritize public dollars for retrofitting municipal and community buildings that provide public services.
- This program complements the Green Municipal Fund’s Community Building Retrofit program.

Housing Accelerator Fund

- In March 2023, the government launched the \$4 billion Housing Accelerator Fund to work with municipalities to fast-track the creation of at least 100,000 new homes across Canada. Through 179 agreements signed to date, the government has committed nearly \$4 billion to spur the construction of 750,000 new homes across the country over the next decade.
- Budget 2024 proposes to provide an additional \$400 million over four years, starting in 2024-25, to the Canada Housing and Mortgage Corporation, to top up the Housing Accelerator Fund. This will help fast track 12,000 new homes in the next three years.
- FCM welcomed the top-up of the Housing Accelerator Fund. HAF funding is providing much-needed infrastructure funding and supporting municipalities to modernize land-use planning policies and processes in order to reduce development timelines and increase housing supply. FCM successfully advocated for the Housing Accelerator Fund to include a rural stream. We have been pleased to see that more than a third (60+ communities) of the HAF funding agreements signed to date are with small or rural municipalities. FCM will work with the federal government on the implementation of this new funding to ensure that municipalities do not need to reapply to the program and that small and rural communities receive a portion of the funding.

Housing affordability

Public Lands Acquisition Fund

- Budget 2024 includes a series of new measures to utilize public land owned by the federal government, provinces and territories, municipalities, and public entities, including crown corporations like Canada

Post, for housing development. The proposed approach leverages the federal government's ability to acquire public land for housing development, and to retain ownership of the land in perpetuity, helping to ensure affordability for the long-term. This approach has significant potential to develop deeply affordable non-profit and public housing alongside affordable market housing. The federal government estimates that these measures could create as many as 250,000 units.

- Most importantly for municipalities, Budget 2024 proposes to create a new Public Lands Acquisition Fund that will provide **\$500 million over five years, starting in 2024-25, to purchase land from other orders of government, including municipalities**, to develop sustainable, mixed-market housing.
- FCM will engage with Infrastructure Canada, the Canada Mortgage and Housing Corporation, Public Services and Procurement Canada and the Canada Lands Corporation to ensure that the design of the Public Lands Acquisition Fund works for municipalities, and that other complementary measures, such as the proposed Public Land Bank and geo-spatial mapping tool and the creation of a Public Lands Action Council, are developed with municipal input.

Non-market housing: Affordable Housing Fund & Rapid Housing Initiative

- To build and maintain more affordable housing, Budget 2024 proposes to provide \$976 million over five years, starting in 2024-25, and \$24 million in future years, to the Canada Mortgage and Housing Corporation to launch a new Rapid Housing stream (based on the former Rapid Housing Initiative) under the Affordable Housing Fund (former National Housing Co-Investment Fund) to build deeply affordable housing, supportive housing, and shelters for our most vulnerable.
- FCM welcomes the acknowledgement, in Budget 2024, that investment in non-market housing is critical to ensure all Canadians have adequate and affordable homes. Currently, Canada's non-market housing stock is only half of the Organization for Economic Cooperation and Development average. Canada needs a significant increase in the number of housing units that are developed and owned outside of the private market to truly address housing affordability for all Canadians over the long-term.
- FCM advocated for and helped design the Rapid Housing Initiative, which included a direct allocation to municipalities (a first for a federal housing program) and was highly successful as an efficient and effective program delivery model. We are still waiting for details on how the Rapid Housing stream will be delivered and the extent to which it will maintain program design elements from RHI like the direct allocation.

Non-market housing: Canada Rental Protection Fund

- Budget 2024 proposes \$477.2 million over five years, starting in 2024-25, and \$147.8 million in future years, to launch a new \$1.5 billion Canada Rental Protection Fund, to be administered by the Canada Mortgage and Housing Corporation, to protect the stock of affordable housing in Canada. The Fund will provide \$1 billion in loans and \$470 million in contributions to support affordable housing providers to acquire units and preserve rents at a stable level for decades to come, preventing those units from being redeveloped into out of reach condos or luxury rental units. This new Fund will be co-led and co-funded by the federal government and other partners. This program will help mobilize investments and financing from the charitable sector, private sector, and other orders of government.
- FCM has been calling for investment in an acquisition fund to protect rental housing from 'renoviction' and conversion for a number of years. We are losing existing affordable housing supply faster than we

can build new supply – between 2016 and 2021, Canada lost 370,000 homes that rented at below \$1,000 per month.

- FCM and sector organizations were calling for at least \$2.5 billion in federal grants and low-interest loans. There is substantial need and opportunity through an acquisition fund to preserve existing affordable market rental and move it into non-market, affordable housing provider stock to protect tenants and low rents – accordingly, FCM’s [response](#) framed the announcement as an important starting point.
- Details on the implementation of the fund are not currently available, including eligibility. FCM will work with the federal government to make sure existing and future municipally-led residential acquisition initiatives (e.g. existing programs in place in Toronto and Montreal) are eligible.

Apartment Construction Loan Program

- Budget 2024 proposes a \$15 billion top-up to the Apartment Construction Loan Program to build a minimum of 30,000 new apartment units. The program is also being reformed with extended loan terms, extended access for students and seniors, and a new portfolio approach and fast-track stream for builders. As specified in the existing program guide, eligible borrowers include for-profit developers, non-profit developers and municipalities. In addition, the new Canada Builds program will make the current \$55 billion Apartment Construction Loan Program available to provinces and territories to finance their housing plans. To access the financing, provinces and territories will have to meet benchmarks set by a BC program, BC Builds, that the federal program is modelled after.
- The ACLP is the former Rental Construction Financing Initiative (RCFI). FCM has previously called on the federal government to update this program, criticizing the outcomes of the program in terms of affordability and its ability to create housing supply for low-income Canadians. This announcement includes creating “additional flexibility on affordability, energy efficiency and accessibility requirements.” This shift, along with the additional funding to support provincial programs through Canada Builds indicates a focus on rental broadly. While rental supply is much needed, FCM will be looking for additional investments to support non-market and supportive housing for people with low incomes and those at risk of or experiencing homelessness. Further, the Canada Builds program may have municipal implications, with an expectation to cut development timelines to no longer than 12 to 18 months. FCM will work with the federal government on the implementation of this program.

Secondary suites

- Budget 2024 proposes to provide \$409.6 million over four years, starting in 2025-26, to the Canada Mortgage and Housing Corporation to launch a new Canada Secondary Suite Loan Program, enabling homeowners to access up to \$40,000 in low-interest loans to add secondary suites to their homes. Details of this program will be announced in the coming months.
- Budget 2024 announces the government’s intention to make targeted changes to mortgage insurance rules to encourage densification and support the efficient functioning of the housing finance market, by enabling homeowners to add more units to their homes. The government will consult stakeholders on proposed changes to regulations, including for refinancing, maximum loan and home price, as well as other mortgage insurance rules where homeowners are adding additional units.

Taxing vacant land to incentivize construction

- Budget 2024 announces that the government will consider introducing a new tax on residentially zoned vacant land, and that the government will launch consultations on the topic later this year.
- Municipalities in some provinces are already able to tax vacant land and vacant or under-utilized residential properties. The taxation of vacant land is an important source of revenue for municipalities. Rather than a federally administered tax, municipalities in all provinces should be able to tax vacant land as part of their property tax regime. Taxing vacant land is an example of the new or improved revenue tools that municipalities are seeking as part of FCM's advocacy on a Municipal Growth Framework.
- FCM will participate in the federal consultations on taxing vacant land and will consult with members and provincial and territorial associations as part of that process.

Homelessness

Increase to Reaching Home

- Budget 2024 proposes to provide an additional \$1.3 billion over four years, starting in 2024-25, to Infrastructure Canada for Reaching Home: Canada's Homelessness Strategy, as follows:
 - \$1.0 billion over four years, starting in 2024-25, to stabilize funding under the program. Recognizing the enduring nature of this challenge, this investment reflects the government's commitment to support organizations that do vitally important work across the country to prevent and reduce homelessness. Of this investment, \$50 million will focus on accelerating community-level reductions in homelessness. This investment will support communities across Canada as they adopt best practices and lessons learned from other jurisdictions to reduce the time it takes to move individuals and families into more stable housing.
 - \$250 million over two years, starting in 2024-25, to address the urgent issue of encampments and unsheltered homelessness. This funding will require provinces and territories to cost-match federal investments, leveraging a total of \$500 million. This will help communities scale-up their efforts to train homelessness support workers, respond to the unique experiences of those affected by unsheltered homelessness, including those living in encampments, and renovate and build more shelters and transitional homes for those who need them.
- These investments respond directly to FCM's Budget 2024 recommendations and FCM welcomes these critical near-term investments in combatting homelessness. In addition to increasing Reaching Home in the near term, FCM has also been calling for the program to be made permanent. FCM will continue working with the federal government to advance longer-term investments in housing and homelessness, including a supportive housing program and funding for wraparound supports towards the goal of ending chronic homelessness.
- FCM is seeking additional information on the design and implementation of the \$500 million (\$250 million federal share) to help communities respond to encampments. FCM is concerned that FPT negotiations could delay the implementation of this funding, which is urgently required in communities of all sizes across the country.
- As part of a Municipal Growth Framework, FCM is calling for a comprehensive federal-provincial/territorial-municipal plan to end chronic homelessness. By clearly identifying roles and

responsibilities, this plan will lead to better outcomes for Canadians, reduce overall public spending on homelessness and reduce financial pressure on municipal governments.

Support for asylum claimants

- Budget 2024 proposes to provide \$1.1 billion over three years, starting in 2024-25, to Immigration, Refugees and Citizenship Canada to extend the Interim Housing Assistance Program.
- Given the increasing pressures on municipalities as a result of the influx of asylum claimants over the past two years, FCM welcomes additional investments to the IHAP program which has been an integral tool for municipalities to address the immediate short-term needs of asylum claimants. This commitment responds directly to FCM recommendations.
- The increase to IHAP funding comes with the condition that provincial and municipal investments in permanent transitional housing solutions for asylum claimants. While transitional housing for asylum claimants is needed in order to restore capacity within temporary shelters, FCM will work with IHAP recipient municipality to better understand the impact of this condition.
- FCM also welcomes the commitment from the federal government to work with all orders of government to find long-term solutions to prevent asylum seekers from experiencing homelessness. However, FCM noted concerning language in Budget 2024, which claims that providing asylum claimants with housing falls only under municipal and provincial jurisdiction. This might have implications in negotiations with the federal government around the development of a long-term federal asylum seeker resettlement system.

Rural, remote and northern communities

Volunteer firefighter tax credit

- Budget 2024 announces the government's intention to amend the Income Tax Act to increase the tax credits, from \$3,000 to \$6,000, in recognition of the important role played by these volunteers in contributing to the security and safety of Canadians. Enhancing the tax credits will provide these essential volunteers with up to an additional \$450 back on their taxes, at an estimated cost to government of \$105 million over six years, starting in 2023-24.
- In September 2023, FCM's Board approved a resolution on [Increasing the Tax Credit for Volunteer Firefighters and Search and Rescue Volunteers](#), which called on the federal government to increase the existing tax credit from \$3,000 to \$10,000 in recognition of the invaluable contributions of our essential volunteer firefighters and volunteer search and rescue personnel across the country.

Healthcare

- Budget 2024 announces the government's intent to introduce amendments to the Canada Student Financial Assistance Act and the Canada Student Loans Act to permanently expand the reach of the Canada Student Loan Forgiveness Program to more health care and social services professionals working in rural and remote communities. This is in addition to new student loan forgiveness for rural and remote early childhood educators, and recently expanded student loan forgiveness for doctors and nurses in rural and remote communities.

- When it comes to the health workforce, rural northern communities are experiencing high turnover and vacancy rates, as well as attraction and retention issues. While this issue is not solely a rural/northern problem, it is being felt more acutely in rural and remote areas.
- In March 2024, FCM's Northern and Remote Forum passed recommendations calling on the federal government to take steps within its jurisdiction to help address the acute shortage of healthcare professionals in northern and remote communities.

Infrastructure

- As a condition of the \$5 billion component of the Housing Infrastructure Fund that will flow through provinces and territories, the federal government is directing that at least 20 per cent of the funding is allocated to northern, rural, and Indigenous communities.
- At \$100 million per year over 10 years, this commitment is less than the \$250 million per year that FCM was calling for rural and northern infrastructure. However, FCM is pleased to see the dedicated rural and northern carve-out as part of this initial announcement.
- FCM will engage with the federal government on the design of the \$6 billion Housing Infrastructure Fund, along with the renewal of the Canada Community-Building Fund and the design of the Permanent Public Transit Fund, to ensure that these programs are accessible to rural and northern communities and meet their needs.

Public safety and community wellbeing

Auto theft

- Budget 2024 announces the government's intent to amend the Criminal Code to provide additional tools for law enforcement and prosecutors to address auto theft. These include:
 - New criminal offences related to auto theft involving the use of violence or links to organized crime; possession or distribution of an electronic or digital device for the purposes of committing auto theft; and laundering proceeds of crime for the benefit of a criminal organization; and,
 - A new aggravating factor at sentencing if an offender involved a young person in committing an offence under the Criminal Code.
 - Budget 2024 also announces the government's intention to amend the Radiocommunication Act to regulate the sale, possession, distribution, and import of devices used to steal cars. This will enable law enforcement agencies to remove devices believed to be used to steal cars from the Canadian marketplace.
- The measures announced in Budget 2024 to combat auto theft build on announcements earlier this year, on the margins of the national re auto theft summit, in which the federal government announced \$28 million in funding for the Canadian Border Security Agency (CBSA) and \$15 million to enhance law enforcement efforts. These latest measures announce the federal government's intent to make changes to the criminal code and new regulations on importing and using technologies used to steal cars. FCM did not specifically request these specific changes, however is broadly supportive of the federal government's continued commitment to address auto theft crime. Given the continued increase in the rate of auto

theft and the increasing seriousness of the public safety risks posed by auto theft, FCM will continue to advocate to the federal government to take urgent action on this issue.

Combating the opioid overdoes crisis

- Budget 2024 proposes to provide \$150 million over three years, starting in 2024-25, to Health Canada for an Emergency Treatment Fund, open to municipalities and Indigenous communities to help provide rapid responses to emergent, critical needs related to the opioid crisis.
- This new funding to Health Canada for an Emergency Treatment Fund to assist with local rapid responses related to opioid crisis partially responds to FCM's recommendation for increased investment in community-based supports for substance use care. Of note, this fund specifically targets municipalities and indigenous communities for rapid response. This is a new concept and model, which is distinct from Health Canada's existing Substance Use and Addictions Program. FCM welcomes the announcement of this new fund and looks forward to hearing the full details about how the fund will work including eligibility criteria for municipalities and projects.

Youth mental health

- Budget 2024 proposes to provide \$500 million over five years, starting in 2024-25, for the creation of a new Youth Mental Health Fund which will help younger Canadians access the mental health care they need.
- At FCM's 2023 Annual Conference, delegates adopted a resolution calling on the federal government to develop a comprehensive national mental health strategy that addresses the interconnected issues of housing, homelessness, and substance abuse, while increasing mental health investments in communities with sustainable, long-term funding.
- This new program is welcome but does not respond wholly to FCM's requests for comprehensive community-based mental health care. FCM welcomes the community-based aspect of this program, as the federal government has committed to working with community health organizations, which will likely dovetail with programs that are funding by municipalities.

Food security

- Budget 2024 announces the creation of a National School Food Program, which will provide \$1 billion over five years to Employment and Social Development Canada, Crown-Indigenous Relations and Northern Affairs Canada, and Indigenous Services Canada, starting in 2024-25, to work with provinces, territories, and Indigenous partners to expand access to school food programs.
- In 2018 FCM's Board of Directors passed a resolution calling for a National School Food Program. In March, FCM's Board passed a resolution, which will be debated at FCM's upcoming Annual Conference, calling for federal support for local food banks and action to address the root causes of food insecurity. This commitment in Budget 2024 responds directly to FCM advocacy on this issue.