



Growing Better Together

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

February 2025

Niagara  Region

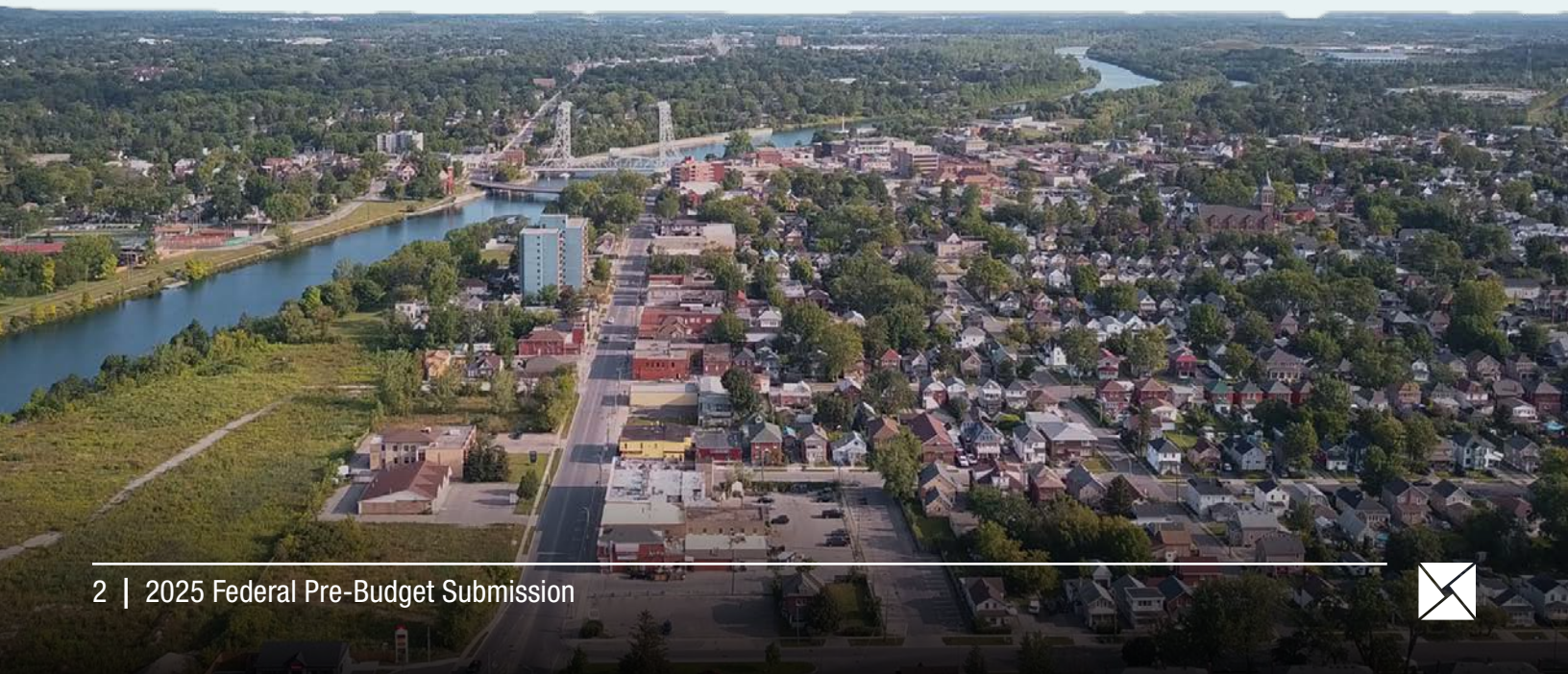


NIAGARA

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Recommendations

- **Recommendation:** that the Ministry of Housing, Infrastructure and Communities introduce a dedicated water and wastewater fund to support infill and net-new housing development
- **Recommendation:** that the Ministry of Finance commit to a new Municipal Growth Framework to modernize municipal funding
- **Recommendation:** that the Ministry of Health create sustainable funding programs to support municipalities in addressing the complexities of homelessness, mental health and addictions



Letter from Jim Bradley, Niagara Regional Chair

On behalf of Niagara Regional Council, thank you for the opportunity to participate in Canada's 2025 pre-budget consultation. As our governments continue to tackle the ongoing housing crisis and affordability challenges across our country, one thing remains clear: more collaboration is needed to ensure we are adequately supporting today's residents and businesses while preparing for tomorrow.

Niagara continues to grow. Our region added over 30,000 people between 2016 and 2021, representing the largest increase in a five-year period since the baby boom era. Provincial growth projections confirm that our community remains an area of choice for Canadians, with 694,000 people estimated to make Niagara their home by 2051.

Economic investment in our region is also increasing. In May 2024, Asahi Kasei announced a \$1.56-billion investment to build a lithium-ion battery separator facility in Port Colborne. In September, Jangbunzlauer announced a \$200-million investment to build Canada's first xanthan gum facility. By 2051, Niagara is estimated to be home to 272,000 jobs.

To ensure we are ready to capitalize on the significant social and economic opportunities these investments offer, our governments must support the creation of healthy, prosperous communities in the long-term.

Increasing Niagara's housing supply, investing in safe and reliable infrastructure, and ensuring programs adequately meet the changing complexity of community need remain top priorities for Regional Council in 2025. Additional revenue tools at the municipal level are also imperative in ensuring local governments have a sustainable fiscal framework that can respond to future growth.

Regional Council is committed to working closely with our federal partners to create a stronger Niagara and a stronger Canada. I look forward to collaborating on the above mentioned initiatives so that we can continue Growing Better Together.



A handwritten signature of Jim Bradley in black ink. The signature is written in a cursive style and is positioned to the right of the circular portrait.

Jim Bradley, Chair
Niagara Region



About Niagara Region

Endless Opportunity Ready to be Harnessed

Located within the Southern Ontario Greenbelt, Niagara is home to over 525,352 residents living in a mix of urban and rural local area municipalities, each with their own distinct characteristics. Situated within 800 kilometres of 130 million people and in close proximity to Toronto and the USA, Niagara is at the heart of one of North America's business trade corridors. In 2021, \$842.9 billion worth of Canadian/US imports and exports passed through Niagara and the region has been designated as a Foreign Trade Zone Point, reaffirming the critical role our community plays in facilitating trade.

Niagara is the best region to work in and call home, and provincial growth projections confirm that our community remains an area of choice for Canadians. With an estimated 200,000 new residents and 85,000 new jobs coming to our region by 2051, Niagara offers significant social and economic potential for both our community and the country as a whole.

As we continue to grow, Niagara Region and the 12 Local Area Municipalities remain dedicated to delivering world class programs and services that are responsive

to and affordable for current and future residents. Our two-tiers of government are committed to continuous improvement and implementing innovative services that meet community need while achieving efficiencies and maximizing economies of scale.

From providing high-quality drinking water and maintaining regional roads, to operating long-term care homes and administering public health, Regional services support residents throughout every stage of life. Local area services, such as licensing and cultural and recreational services ensure day-to-day public programs are responsive to unique community needs. Shared services, such as Niagara Transit, are delivered by our two levels of government. This collaborative approach ensures consistent customer service across our Local Area Municipalities and allows for enhanced coordination of growth across the region.

Our population is growing, new businesses are being created and we continue to work together to deliver innovative and customer focused services to our residents.



5 international border crossings into the U.S.A.



Welland Canal connects the Great Lakes to the world



272,000 jobs
2051 projected employment



694,000
2051 projected population



2,810 housing starts (2023)
+ 3,570 housing permits (2023)



\$683.2 million
2022 non-residential building construction





Ask: Introduce a dedicated water and wastewater fund to support net-new and infill housing development

Local communities cannot accommodate housing development unless safe and reliable infrastructure is in place to service it. **Renewal of existing assets supports intensification while net-new infrastructure is needed to support growth.**

Municipalities own approximately 60 per cent of Canada’s infrastructure; however, the money needed to maintain it is beyond reach for local governments. For instance, Niagara Region oversees more than \$9.8 billion in assets. Fifty per cent of the Region’s water infrastructure assets are in a state of poor or very poor condition, requiring approximately \$3.1 billion to be brought to a state of good repair.

To restore housing affordability to levels that were last observed in 2004 and to support future population growth, the Canada Mortgage and Housing Corporation has estimated 5.8 million new housing units are needed by 2030. With an average investment of \$107,000 in municipally-owned capital assets required for one housing unit (FCM, 2024), partnership between all levels of government is needed to service this future growth.

Within Niagara, Regional wastewater infrastructure located within the City of Niagara Falls does not have the capacity to service population and economic growth forecasted by 2051.

A \$400 million South Niagara Wastewater Treatment Solution project is underway that will service 115,950 new homes, 9,200 new jobs and the forthcoming South Niagara Hospital; however, without support from upper levels of government the project cannot move forward.

While the recently announced Canada Housing Infrastructure Fund was a welcomed investment, it remains unclear if the program will provide sufficient

compensation to offset lost Development Charge (DC) revenue that would be experienced due to the required three-year DC freeze.

Communities of every size are struggling to provide clean water at rates that are affordable to tax payers. **A dedicated water and wastewater fund is paramount to successfully accommodating growth.**



Housing intensification requires maintenance of existing assets

\$3.1 billion is needed to bring 50% of Niagara Region’s water infrastructure assets to a state of good repair



As the largest owner of core public infrastructure in Canada, the municipal order of government is responsible for maintaining, upgrading and acquiring the majority of public assets (FCM, 2024)



Net-new housing requires net-new infrastructure \$400 million is required for the South Niagara Wastewater Solutions Project. Once finalized, it will service:

- 115,950 new homes
- 9,200 new jobs
- The South Niagara Hospital





Ask: Commit to a new Municipal Growth Framework to modernize municipal funding

As Canada experiences historic population growth, the demand for local services continues to rise. For municipalities, revenue streams and the ability to take on debt is limited. In the absence of alternatives, significant increases to property taxes are required, contributing to higher costs of living at a time when Canadians are struggling with affordability.

The cost of goods required for municipal service delivery has also increased beyond inflation. In Ontario, the price of chemicals for water treatment has risen upwards of 25 per cent. With only two companies selling the product, municipalities have had to absorb cost increases to continue delivering the essential service.

Due to changing community need and the downloading of many provincial services to the local level, municipalities are facing increasingly complex challenges without the financial tools to solve them. For example, approximately one quarter of Niagara Region's general tax levy is allocated to housing, long-term care, public health, child care and social services, program areas traditionally within provincial jurisdiction.

As requested by the Federation of Canadian Municipalities, the time is right for the federal government to modernize municipal funding by:

- Tying federal transfers to population and economic growth by linking them to Canada's GDP
- Increasing direct annual transfers to municipalities by \$2.6 billion, bringing the total to \$5 billion when paired with the existing Canada Community-Building Fund
- Broadening eligible expenses under federal transfers to include operating costs as well as capital costs (infrastructure)

Modernizing municipal funding through a new Municipal Growth Framework will ensure local governments have sustainable, predictable funding to deliver the infrastructure and services Canadians rely on.



The current municipal revenue framework has not been updated since the 19th century, making it inefficient in funding 21st century services (FCM, 2024)



Municipalities only collect 9% of total tax revenue in Canada and face an expanding scope of services downloaded by the provincial government (OMSSA, 2024)



In 2022, Ontario municipal expenditures subsidized health services, housing and social and family services by \$4 billion (AMO, 2024)





Ask: Create integrated and sustainable funding programs to support municipalities in addressing the complexities of homelessness, mental health and addictions

Regional governments in Ontario play a vital role in providing the necessary services and supports for the unsheltered population. As the level of government responsible for paramedic services, public health, supportive housing, and income support, Regional governments are critical to helping the unsheltered address primary and mental health challenges and move through the continuum of supports to rise out of homelessness.

Ontario is also experiencing a mental health and addictions crisis that intersects with and contributes to homelessness. This adds complexity to how municipal programs and services must be delivered to best support our most vulnerable residents. While municipalities did not create the homelessness crisis, they are being forced to manage it without the resources or tools to sufficiently respond.

For instance, supportive housing that provides on-site support to help individuals achieve housing stability and prevent a return to homelessness, especially for those with mental health and addiction challenges, is greatly under supplied. Best practice estimates that there should be six units of supportive housing for every shelter bed.

Canada’s current non-market, affordable and social housing stock makes up only 3.5 per cent of the country’s overall supply, approximately half of the Organization for Economic Co-operation and Development (OECD) average (FCM, 2024).

Niagara Region allocates substantive levy dollars to the homelessness portfolio. However, community growth and changing complexity in client needs have resulted in service costs that are unsustainable for local tax payers.

Our community’s core housing need is approximately 10.3 per cent. Underfunding for the construction of community housing units has resulted in long wait times ranging from four to 13 years, and as of December 31, 2024, 629 residents were experiencing chronic homelessness.

In alignment with the Federation of Canadian Municipalities, we welcome the 2024 Canada Housing Plan and the focus of the 2024 Budget on housing and homelessness. Additional discussions about wrap around supports and primary and mental health services are required.



Niagara’s 2024 Point in Time Count Respondents

- **70% self identified experiencing a mental health issue**
- **54% identified having substance abuse issues**



Supportive housing should have 6 units of supportive housing for every 1 shelter bed. Niagara is below this ratio at less than 2:1



As of December 31, 2024, there were 1,136 residents on Niagara Region’s By-Name list of whom 629 were experiencing chronic homelessness





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