Association of Municipalities of Ontario

BACKGROUNDER

August 2026

Ontario's Homelessness Crisis Worsens

AMO Position

- Ontario municipalities are on the front lines of the homelessness crisis and the growing human and financial costs associated with it.
- Municipalities do not have the tools or financial resources to meet the complex health and social challenges that communities across Ontario are now facing.
- The unprecedented scale of homelessness and its intersection with the mental health and addictions crisis demands bold, transformative action on an urgent basis.
- AMO is calling on both the provincial and federal governments to expand their investments in deeply affordable community, supportive and transitional housing in the immediate term.
- Over the long term, AMO is urging the provincial government to take decisive steps to address the root causes of homelessness to prevent it in the first place, including improving income support and increasing funding for mental health and addiction services.
- A renewed National Housing Strategy beyond 2028 can help end chronic homelessness.
- Investing in community housing is the right thing to do socially and economically. It supports future productivity growth and job creation, essential at this time of economic uncertainty.

Overview

- The homelessness crisis is taking a devastating toll on people and communities, undermining a healthy and prosperous Ontario. Homelessness imposes unnecessary costs on our institutions, community agencies, economy, health system and government. There is a cost to inaction.
- Homelessness is complex. It intersects with the mental health and addictions crisis, income insecurity, and a lack of affordable and supportive housing.
- Provincial action to date has been limited. Investments in HART hubs are appreciated but will create only a fraction of the supportive housing units needed.
- Through Build Canada Homes, the federal government has earmarked $1 billion nation-wide to create new supportive and transitional housing for people experiencing or at risk of homelessness, which could result in more than 1,200 new units in Ontario. This is a step in the right direction, however AMO is calling on the provincial and federal governments to work collaboratively together to commit operating funding to fully leverage federal Build Capital Homes capital investments in supportive and transitional housing. [1]
- We need a new approach – one that invests in long-term housing solutions, including deeply affordable community, transitional and supportive housing units across Ontario.
- The federal and provincial governments have publicly committed to renewing the National Housing Strategy beyond 2028; this is an excellent platform for collaboration to end chronic homelessness.

Key Facts

- There were 85,000 Ontarians who experienced homelessness in 2025, growing more than 8% from the previous year. Without action, this will only get worse. The number could grow to nearly 300,000 people over the next 10 years if we hit an economic downturn.[2]

- There is an urgent need for significantly more supportive housing units. Estimates of the shortfall of units just for mental health and addiction are about 36,000 units.[3]
- There is not enough deeply affordable community housing. The wait list for social housing has grown to over 300,000 households.[4]
- Municipalities are doing their part. Municipal spending on homelessness and housing programs grew to $2.3 billion in 2025, an 11.3% increase from 2024.[4]
- According to in-depth modeling, an additional $11 billion over 10 years would end chronic homelessness. It would include investments into capital, an increased focus on prevention, and create more than 75,000 new affordable and supportive housing units. This approach creates pathways to housing that help prevent people from becoming chronically homeless.[4]

Other Resources and Reports

- Municipalities Under Pressure: An Update on the Human and Financial Cost of Ontario's Homelessness Crisis
- AMO's 2026 Pre-Budget Submission
- Homelessness Encampments in Ontario: A Municipal Perspective
- The Opioid Crisis: A Municipal Perspective

For more information: Contact the AMO Media Team at media@amo.on.ca

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[1] AMO, 2026, Provincial Budget Spending Priorities and Build Canada Homes Operational Funding

[2] AMO, 2026, Municipalities Under Pressure: One Year Later of Ontario's Homelessness Crisis

[3] Addictions and Mental Health Ontario, Addictions and Mental Health Ontario 2026 Pre-Budget Submission: Building a System of Profound Support

[4] AMO, NOSDA, OMSSA, 2026, Municipalities Under Pressure: An Update on the Human and Financial Cost of Ontario's Homelessness Crisis

August 2026

Infrastructure

AMO Position

- Municipalities need to invest more than $250 billion in infrastructure over the next decade to accommodate growth, manage climate change, and keep existing assets in good repair.
- Municipalities continue to fund about 80% of local infrastructure costs, and the federal and provincial share of funding is shrinking.
- Municipalities' ability to pay for infrastructure is constrained by the growth limitations of property taxes. Ontario already has the second-highest property taxes per capita in Canada, while the Ontario municipal share of government revenue is at a 14-year low – only 10.2% in 2024.
- This problem has compounded in recent years with mandatory development charge reductions, freezes and deferrals, which shift more of the infrastructure costs onto municipalities and existing taxpayers.
- Structural change is needed in how we pay for infrastructure. Shifting these costs onto the property tax base isn't a fiscally sustainable or affordable solution
- Ontario municipalities need long-term, predictable, and substantial infrastructure funding that supports the needs of all communities across Ontario

Overview

- Ontario municipalities own infrastructure vital to economic productivity, public health, social and cultural activity, and quality of life. These include:
    - roads and bridges
    - water and wastewater
    - stormwater
    - recreation facilities and community centres
    - social housing
    - long-term care homes
    - transit, and many others.
- Many of Ontario's systems were built between the 1950s and 1970s and must be renewed or expanded to serve a growing population and support economic growth.
- While municipalities own and manage more infrastructure than other levels of government combined, they have the fewest resources and tools, such as user fees, property taxes, and DCs, to help fund asset management needs and growth.
- The gap between municipal revenues and infrastructure needs remains substantial. Ontario municipalities continue to fund about 80% of infrastructure costs, despite sharply rising construction costs and growing demand for housing-enabling infrastructure.[1] Raising property taxes or user fees can't be the only answer. Such increases disproportionately impact low and fixed-income households and could compromise critical municipal services.
- Through AMO and municipal advocacy, the federal and provincial governments have announced a series of housing-enabling infrastructure grants. These investments are a great start to building new communities – but infrastructure funding must increase significantly to meet the need, now and in the long term.
- Trade disruptions and tariffs continue to drive up the cost of municipal infrastructure projects. Over the past six years, construction costs have increased by 86%. To effectively deliver on capital plans in the face of

these rising costs, municipalities require long-term, predictable, and substantial infrastructure funding.

Development Charges (DC)

- DCs have been a cornerstone of Ontario's municipal fiscal framework for decades, providing a crucial mechanism to fund the infrastructure necessary to support housing and growth.
- To get more shovels in the ground faster and to address Ontario's housing crisis, the provincial government has implemented several DC reforms since 2019.
- The most recent policy initiative, introduced on June 1, 2026, is the Development Charge Reduction Program (DCRP) to encourage DC reductions of up to 50% over 3 years. Participation in this provincial-federal program is voluntary and municipalities opting into the program receive infrastructure funding, that's up to 90% of eligible project costs, in exchange for DC cuts.
- Last year, the province collaborated with AMO and the Ontario Home Builders' Association to modernize and standardize DCs. These changes provide the clarity and consistency needed to reduce municipal-developer friction, clearing the path for housing and economic growth.
- These changes have also exacerbated the need for stable, long-term infrastructure funding to offset municipal revenue losses from reduced development charges.[2]

Water & Wastewater

- Municipal Services Corporations (MSCs) offer another way to finance and operate water and wastewater infrastructure.
- MSCs can offer some benefits, particularly for communities who want to increase borrowing capacity or work across municipal boundaries to realize economies of scale in finance and operations. However, the approach is not a silver bullet. MSCs present risks and trade-offs, and they only work in certain contexts.
- To guard against risks, water/wastewater systems and assets must remain publicly owned, be voluntary for municipalities, and continue to access DCs or "connection charges" to avoid unsustainable pressure on user rates. To implement MSCs, a comprehensive, phased plan to manage the complex transition from a financial, operational and governance perspective would be needed.

Key Facts

- Ontario municipalities own and operate almost $1 trillion of public infrastructure.[3]
- Over the next 10 years, municipalities are planning for more than $250 billion in capital expenditures – with around $100 billion related to growth.
- Municipal governments' share of government tax revenue has continued to steadily decline after peaking in 2010. At the end of 2024, only 10 cents of every tax dollar collected went to municipalities.
- DC reserve funds are mainly committed to specific projects.[1] Reserve funds are heavily regulated by the province, dictating minimum allocations/expenditures and uses.
- Every dollar in infrastructure spending creates an additional six dollars in economic activity.[4]

Other Resources and Reports

- AMO's 2026 Pre-Budget Submission, calling for long-term investments in municipal infrastructure and social housing, informed by a new macroeconomic analysis report that AMO commissioned from Oxford Economics
- A Framework for Navigating the Development Charge Reduction Program
- 2024 Housing Targets in Ontario
- AMO-MFOA Water & Wastewater Municipal Service Corporation Backgrounder

For more information: Contact the AMO Media Team at media@amo.on.ca

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[1] AMO, 2026, Pre-Budget Submission: Partnering to Protect Ontario's Communities
[2] AMO, 2026, Funding Development Charge Reductions under the Canada-Ontario Partnership to Build & Bill 98 Building Homes and Improving Transportation Infrastructure Act
[3] AMO, 2026, Asset Management Outcomes
[4] The Centre for Spatial Economics, 2017, The Economic Benefits of Public Infrastructure Spending in Ontario

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[1] Financial Accountability Office of Ontario. https://www.fao-on.org/en/Blog/Publications/municipal-finances-2020

Association of Municipalities of Ontario

BACKGROUNDER

August 2026

AMO's Indigenous Reconciliation Action Plan

AMO Position

- Last year, AMO released its first Indigenous Reconciliation Action Plan (IRAP), demonstrating AMO's commitment to fostering positive relationships, listening, learning and honouring Indigenous Peoples' rights. Reconciliation work is important because First Nations and urban Indigenous people are our neighbours and live in our communities.
- Municipalities have a responsibility to uphold Indigenous rights. Good Indigenous-municipal relations is about being good neighbours to adjacent First Nation communities while delivering culturally respectful supports to the Indigenous residents who call our towns and cities home.
- The Action Plan provides a roadmap for municipalities and for AMO itself, helping inform policy, training, membership services, and municipal engagement work going forward.
- AMO's recent work on IRAP has focused on measurable action, tangible impacts, and deepening Indigenous-municipal relationships through continued collaboration, engagement, and long-term partnership building.

Overview

- Strong relationships with Indigenous rights-holders and organizations are increasingly central to municipal success in addressing:
    - Rapid growth and housing development
    - A growing role in energy projects and economic infrastructure, and
    - Increasing social challenges that disproportionately impact Indigenous people.

IRAP Highlights

- The Action Plan sets out 19 concrete actions to support member municipalities in improving local Indigenous relations, as well as how AMO will advance reconciliation internally.[1]
- Internally, the plan calls on AMO to:
    - Strengthen its reciprocal relationships with Indigenous partners
    - Implement internal policies to improve Indigenous inclusion within the organization, and
    - Engage with Indigenous partners to integrate their perspectives into AMO policy and jointly advocate to provincial and federal governments.
- AMO will encourage and support member municipalities by providing training, guidance and action-focused resources on:
    - How to fulfill municipal responsibilities in advancing Indigenous rights, and
    - Delivering programs that strengthen local municipal-Indigenous relationships, address systemic inequities, and improve service delivery for Indigenous People.

Plan Development

- AMO's Indigenous Advisory Council initiated and guided the plan's development and is now guiding its implementation. The Council is comprised of leaders from the Ontario Native Women's Association, the Ontario Federation of Indigenous Friendship Centres, the Métis Nation of Ontario, and Indigenous municipal officials.
- AMO's first year of implementation is focusing on deepening relationships with Indigenous partners, updating AMO's corporate policies to support reconciliation and supporting Indigenous people to run in the next municipal election, among other actions.
- Following a competitive procurement, AMO contracted the award-winning First Nation, woman-owned firm Tawi:ne Consulting Inc to support the development and implementation of the plan.
- This plan is based on AMO's commitment to building strong relationships with Indigenous partners and guided by the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), the Truth and Reconciliation Commission (TRC) Calls to Action, and the Missing and Murdered Indigenous Women and Girls (MMIWG) Calls for Justice.
- It is also grounded in extensive consultation. Nearly 200 individuals from municipalities, Indigenous governments and Indigenous organizations were consulted.[1]

Key Facts

- Ontario municipalities are on the traditional territories of Indigenous Nations and within Treaty areas. Indigenous Peoples, including First Nation, Inuit, and Métis, live in nearly every Ontario community and are vital to its social and economic life.
- Ontario has Canada's largest Indigenous population, making up 2.9% of the total[1]. In some cities, like Thunder Bay and Sault Ste. Marie, the urban Indigenous population can be as high as 14%.[2]
- Many municipalities and First Nations are neighbours, sharing resources, infrastructure, and common goals for community well-being and regional development.
- Municipalities must uphold Indigenous rights as affirmed by the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Canadian Constitution.
- Municipalities also have a responsibility to address the lasting effects of colonization by advancing reconciliation. This includes implementing the Truth and Reconciliation Commission's Calls to Action and the Missing and Murdered Indigenous Women and Girls' Calls for Justice, some of which are specifically for municipalities, such as staff training.

Other Resources and Reports

- AMO's Municipal Governance & Indigenous Relations website.
  - AMO-OFIFC MOU and Declaration of Mutual Commitment and Friendship
  - AMO-ONWA MOU
- United Nations Declaration on the Rights of Indigenous Peoples Act
- Truth and Reconciliation Commission of Canada: Calls to Action
- The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls

For more information: Contact the AMO Media Team at media@amo.on.ca

[1] AMO, 2025, Indigenous Reconciliation Action Plan

[2] Statistics Canada, 2021, Focus on Geography Series, 2021 Census of Population

Association of Municipalities of Ontario

BACKGROUNDER

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Local Government

AMO Position

- Local democracy is the engine of community life. It is the most direct and accountable way for residents to shape the world they live in. Our neighbourhoods should be guided by the people who call them home.
- When we champion vibrant municipal democracy, we aren't just protecting a system, we are empowering the local leadership and diverse voices necessary to build a resilient, self-determined future for every community in Ontario.
- Changes in Bill 100 to appoint regional chairs with "strong chair" powers are fundamentally undemocratic. Municipalities must retain meaningful authority over decisions that directly affect their communities, supported by transparent and accountable governance frameworks.
- While AMO supports efforts to improve the efficiency and effectiveness of municipal governance systems, it stresses that reforms must be developed in partnership with municipalities and reflect local priorities. Neighbourhoods belong to the people who call them home, not to the province.

Overview

- Municipalities play a key role in delivering services and infrastructure that Ontarians rely on, and effective governance requires clear roles and responsibilities across orders of government.
- <u>Bill 100 establishes a provincial authority to appoint regional chairs with strong chair powers. AMO opposes these changes and maintains that municipal leaders should be elected by their communities.</u>
    - These changes cannot be considered in isolation. They come against a background of ongoing provincial action in areas of municipal jurisdiction that serve to undermine municipal authority and centralize decision making at the province.
    - From conservation authorities to special economic zones to appointed "strong chairs," the list of provincial intrusion into municipal jurisdiction continues to grow.
- AMO is concerned that these changes weaken accountability to voters, erode trust in democratic institutions, and undermine the ability of councils to represent the interests of their residents, move forward on local priorities, and deliver effective services.
- Strong mayor powers have been divisive with strong opinions on both sides. AMO continues to have concerns about the impact of strong mayors on the collaborative decision making that is a hallmark of local governance.
    - For the first time, Ontario voters will have the chance this October to choose the Heads of Council they think will best wield these powers.
    - But under Bill 100, voters will not have a say in choosing the provincially appointed strong chairs making critical decisions on their behalf. These appointees will be able to turn decisions made by democratically elected council members without a mandate from the public.
- It is important that regional chairs are seen to have democratic legitimacy, a strong, locally driven mandate, so they can build consensus that brings council and the public together to deliver ambitious goals like housing and economic development.

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Key Facts

- Ontario municipalities deliver a wide range of core services and infrastructure, including transportation, housing-enabling infrastructure, emergency services, and community facilities that impact the day-to-day life of residents.
- Bill 100 made changes to regional governance structures that affect municipal council composition, voting arrangements, and regional decision-making processes.
    - Changes including provincial appointment of the head of council affect the Regional Municipalities of Durham, Halton, Niagara, Peel, Waterloo, and York, the District Municipality of Muskoka, and the County of Simcoe.
- Bill 100 makes changes to the council composition of Niagara Region and Simcoe County, reducing the number of council members, and allows the Minister to make similar changes to the councils of the Cities of Thorold and Port Colborne, and the Town of Niagara-on-the-Lake.
    - Ontario municipalities already represent about 4,000 residents per councillor—roughly triple the national average, and over 30,000 residents per councillor in regional municipalities.
    - AMO supports keeping decisions on council size local to maintain effective representation and decision-making capacity.[1]
- AMO opposes provincially appointed regional chairs and is concerned that appointed heads of council lack a direct democratic mandate from local residents and weaken accountability to voters.

Other Resources and Reports

- AMO's 2026 Pre-Budget Submission
- Bill 100, *Better Regional Governance Act, 2026*
- AMO's Presentation to Standing Committee on Heritage, Infrastructure and Cultural Policy on Bill 100
- "Protecting Democracy and Local Governance", AMO's Submission to Standing Committee on Bill 100
- AMO's Letter to Minister Flack on Appointed Regional Chairs
- AMO Policy Update, "Strong Mayor Powers Expanded"

For more information: Contact the AMO Media Team at media@amo.on.ca

[1] AMO, 2026, Protecting Democracy and Local Governance
[2] AMO, 2026, Presentation to Standing Committee on Heritage, Infrastructure and Cultural Policy

Association of Municipalities of Ontario

BACKGROUNDER

August 2026

Municipal Fiscal Sustainability

AMO Position

- The current provincial-municipal funding framework is broken. Municipalities are struggling to deliver essential services and infrastructure that Ontarians depend on, and which are the foundation of Ontario's prosperity.
- AMO continues to call on the provincial government to commit long-term municipal infrastructure funding for housing and the economy; fully fund health and social services that are provincial responsibilities, and bring together municipal and federal partners to address the homelessness crisis
- Investment in municipal infrastructure, including long term care and social housing, is the best way to strengthen our economy amid tepid economic growth.

Overview

Government services should be more effective and affordable for taxpayers

- Municipal governments invest $68 billion annually in Ontario, providing critical services that Ontario's residents and businesses rely on every day and building our economic resilience.
- Municipalities in Ontario are responsible for services that are typically provincial jurisdiction in other provinces. Provincial contributions only offset part of these costs.
- Provincial and municipal services don't operate in a vacuum.
  - When public health, long-term care, and ambulance funding cannot keep pace with need, Ontarians see the impact in hospitals across the province.
  - When the province doesn't invest in services for mental health, addictions, and homelessness, it strains property tax-funded police resources.
- Trying to fill gaps in areas of provincial responsibilities reduces municipal resources to build the infrastructure and support core municipal responsibilities.
- Municipalities depend on property tax revenues, which unlike income or sales tax, do not grow with the economy or inflation.
- Municipalities cannot keep up with increasing costs of construction and labour. They are further strained by rising service standards imposed by the province.
- Continually raising property taxes is not an option. Property taxpayers, including people on fixed incomes and small businesses, cannot afford to pay more to subsidize provincial programs.

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Key Facts

- Municipalities funded provincial responsibilities by almost $5.4 billion, an amount that is 1.5 times greater than in 2019.
- Over the next 10 years, municipalities are planning for more than $250 billion in capital expenditures – with about $100 billion related to growth.
- Ontario has the second highest property taxes in Canada, and they have continued to rise in 2024 as municipalities deal with inflation and issues like homelessness.
- Ontario's provincial transfer payments to municipalities, which was $6,380 per capita is the second lowest in Canada.

Other Resources and Reports

- Municipalities Under Pressure: An Update on the Human and Financial Cost of Ontario's Homelessness Crisis
- AMO's 2026 Pre-Budget Submission, calling for long term investments in municipal infrastructure and social housing, informed by a new macroeconomic analysis report that AMO commissioned from Oxford Economics

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AMO Association of Municipalities of Ontario

BACKGROUNDER

August 2026

Tariffs and Trade

AMO Position

- Tariffs and trade disruptions harm Ontario's economy, causing major short- and long-term impacts on communities. AMO and its members applaud provincial and federal governments' economic and international relations leadership during these uncertain times.
- Ontario's municipalities want to do their part. Ontario municipalities own and operate about $1 trillion of public infrastructure. And, they are planning more than $250 billion in capital investments over the next decade, with $100 billion of that related to growth.
- Municipalities invest $68 billion annually in the provincial and local economies, and $25 billion procuring other related goods and services.
- Municipalities are core partners in re-orienting our economy by leveraging their purchasing power to support Ontario and Canadian firms, help attract new investment, and support local businesses to access new opportunities.

Overview

- Ontario's economic landscape continues to face significant uncertainty as Canada and the United States navigate ongoing trade and tariff negotiations.
- Continued tariff threats, public sector procurement restrictions, and broader trade disruptions present opportunities for Ontario municipalities, businesses, workers, and residents to strengthen local supply chains and economic resilience.
- Municipal finances will not be spared. They are expected to face continued pressure from lower revenues and higher costs from tariffs and the associated economic downturn.
- In times of economic uncertainty, AMO is committed to helping protect and grow Ontario's economy through procurement spending, including supporting efforts to source more Ontario and Canadian manufactured goods and services.[3]
    - Through Bill 72, the *Buy Ontario Act*, the province aims to support Ontario's economy by leveraging public sector procurement as a means of promoting, protecting and building Ontario's economy and businesses and safeguarding its supply chains.[4]
- This work will help alleviate some of the impact of tariffs on businesses, communities, and workers. And it will help re-orient Ontario's economy over the longer-term by using municipal purchasing power to support Canadian business, attract investment, and build the infrastructure needed to make our economy more productive and resilient.
- AMO and municipalities are supporting Ontario's generational energy investments as part of the province's broader economic growth strategy, working in partnership to enable the energy infrastructure needed to support housing, growth, and long-term economic competitiveness.

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Key Facts

- International trade is a key driver of the Ontario economy, accounting for about half of GDP. The three largest export categories are motor vehicles and parts, precious metals, and stones as well as mechanical equipment.[5]
- Municipalities spend over $17 billion annually to procure non-construction related goods and services, of this amount, 98% non-construction procurement is already from Canadian vendors.
- In 2024, the sector invested $12.2 billion in infrastructure. Municipalities have continued to fund a greater share of municipal infrastructure costs, driven by unchanged federal and provincial funding levels and rising construction costs.
- Municipalities are planning $51 billion in capital spending by March 2027, representing more than 27,000 infrastructure projects and over 19,000 new social housing units, helping underscore the sector's major role in delivering infrastructure and supporting economic activity across Ontario.

Other Resources and Reports

- Tariff Impacts on Ontario Municipal Capital Expenditure
- AMO's 2026 Pre-Budget Submission
- Macroeconomic Impacts of the US-Canada Trade War on Ontario
- Municipal Procurement Survey Summary – Impacts of US Procurement Ban
- AMO's Report on Community Housing as a Response to Tariffs
- Letter from AMO President Jones to Premier Ford on Trade and Tariffs – March 2025
- Letter from AMO to the Ontario Government on Procurement – February 2025
- AMO Board Statement – January 2025
- Building Ontario's Economy With Flexible Municipal Procurement – AMO's Submission on the *Buy Ontario Act*

For more information: Contact the AMO Media Team at media@amo.on.ca

[1] Oxford Economics, 2025, Macroeconomic Impacts of the US-Canada Trade War on Ontario
[2] AMO, 2025, Premier Ford announces $1.6 billion funding boost for municipal infrastructure at 2025 AMO Conference
[3] AMO, 2026, Building Ontario's Economy with Flexible Municipal Procurement
[4] Legislative Assembly of Ontario, 2025, Bill 72 Buy Ontario Act
[5] Government of Ontario, 2026, Ontario's population, labour market, economy and trade fact sheet
[6] Ontario Ministry of Municipal Affairs and Housing, 2023, FIR by Year and Municipality
[7] AMO, 2025, Municipal Procurement Impacts of US Procurement Ban