

Remarks by:

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(Check Against Delivery)

Thank you, Committee, for the opportunity to present today. My name is Lindsay Jones and I'm the Executive Director of the Association of Municipalities of Ontario, a non-profit, non-partisan organization that is the collective voice of Ontario's 444 municipal governments. Joining me virtually is Karen Nesbitt, our Director of Policy and Government Relations.

Municipalities deliver front line services that Ontarians

use daily, many of which are essential. From safe drinking water to electricity to emergency services; and, increasingly more health and social services. Municipalities' fiscal capacity to deliver these services affordably and sustainably is reaching a tipping point.

As you and your colleagues consider the views and requests gathered as part of the pre-budget consultation process, AMO encourages the province to consider the following three budgetary requests:

1. Provide municipalities with long-term and predictable infrastructure funding for housing and the economy
2. Fully funding health and social services that are provincial responsibilities

3. Bring together municipal and federal partners to address the homelessness crisis with new investments

These recommendations will sound familiar. They are largely consistent with what municipalities across Ontario asked the provincial government to focus on since 2024 – the increasing challenge of how to pay for everything that is asked of municipal governments to support our residents, businesses, and communities.

Municipal investments in services and infrastructure drive growth and build the communities that make this province a great place to live and a great destination for

people and investments.

But the fiscal arrangements that enable municipalities to deliver on their responsibilities is not sustainable, with implications for:

- housing supply and affordability
- cost of living
- public safety and
- overall quality of life in our communities.

Here are some of the fiscal challenges that municipalities face. First, for every dollar of tax revenue raised by all three levels of government, the municipal share is 10 cents. Increasing property taxes is not a sustainable option. Ontario property owners are

overburden and they continue to pay the second highest property taxes, per capita in Canada, at \$2,104. This is 34% higher than the Canadian median of \$1,569.

Second, provincial grants to Ontario municipalities, on a per capita basis is some of the lowest in the country, at \$6,360. British Columbia faces similar housing affordability and homelessness challenges as Ontario. In that province the per capita provincial grant is 31% higher, at \$8,317.

Municipalities across the province have been united in calling on the provincial government to sit down with us to review the provincial-municipal fiscal framework.

Over 160 municipal councils have called for a Social and Economic Prosperity review to jointly look at municipal needs, expenditures, debts and revenues and work together to generate solutions.

We know there are better, fairer, more affordable and more sustainable ways of paying for what communities need to thrive.

AMO's pre-budget submission focuses on three recommendations that go to the core of what needs to change in the provincial-municipal fiscal relationship:

First, municipalities need long-term, predictable

infrastructure funding for housing and the economy.

Here's what the situation looks like on the ground.

Municipalities own almost \$1 trillion in infrastructure.

A rapidly growing population, aging assets, and the

impacts of climate change are all driving an

unprecedented need for infrastructure at a time when

building costs have skyrocketed. Construction costs

have increased at 4 times the rate of inflation, since the

start of the COVID pandemic.

Municipalities across Ontario are planning for over \$250

billion in capital expenditures over the next 10 years.

Around \$100 billion of this is growth related.

Federal and provincial contributions to local infrastructure, which has remained at roughly \$3 billion annually for almost a decade, have not kept pace with growing needs or rising costs. This is happening despite the well documented economic benefits of infrastructure investments. Every dollar spent on infrastructure creates an additional \$6 in economic activity.

This brings me to our second request: fully funding health and social services that are provincial responsibilities.

AMO has calculated that municipalities, in 2024, spent \$5.4 billion more than they received in provincial funding,

to deliver services that everywhere else in Canada are provincial responsibilities. This includes social housing, long-term care, public health, land ambulance, childcare, and social services.

Every one of the \$5.4 billion that municipalities are spending on health and social services that should be funded by the province is a dollar diverted away from core municipal responsibilities – like police and transportation

Finally, our third request.

The province needs to take urgent and significant action

to address the homelessness crisis that is impacting the economy and quality of life in every community across Ontario. **AMO urges the province to use its convening powers to bring municipal and federal partners together to address the homelessness crisis and lead on new investments. Without them, homelessness in Ontario is projected to double by 2035 – an outcome our communities and our economy simply cannot afford.**

Last January, AMO – in partnership with the Ontario Municipal Social Services Association, the Northern Ontario Service Deliverers Association, and HelpSeeker Technologies – released a “first of its kind” report on

homelessness in Ontario. We updated the research this past fall and the 2025 results are staggering:

- 85,000 homeless in Ontario in 2025 – an increase of 50% since 2021
- Homelessness is no longer just an urban crisis. It's growing 30 to 37 per cent times faster in rural and northern communities
- The reality that if we don't act, homelessness is on a trajectory that will have devastating impacts on families, communities and businesses.

The growing impacts of homelessness continue to be major contributors to municipal fiscal sustainability

challenges. They drive not just housing and homelessness expenditures but big increases in police and paramedics budgets and costs that show up in parks, libraries, and transit operations.

We need the province to recognize what is happening, and the scale of what is needed across a variety of health and social systems to put the province on a different path.

AMO and its members believe that the foundation of our collective prosperity lies in strong partnerships between municipal governments and the Government of Ontario.

This partnership extends to responsible governance of municipal employees' retirement savings in the OMERS pension fund, and preserving municipal input into the fund's oversight.

We need to work together to think differently about how we're funding services and infrastructure for the benefit of all Ontarians. Thank you for your time.