

# Canada's mayors pushing federal government for housing, transit cash

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Canada's mayors are pushing Ottawa to speed up the flow of federal infrastructure cash as signs mount that the billions in promised spending have been slow to enter the economy.

After months of behind-the-scenes negotiations, the Federation of Canadian Municipalities will call on the federal government to cover the cost of 50 per cent of new infrastructure projects when the lobby group releases its final prebudget recommendations.

The Globe and Mail obtained an advance copy of the report, which will be formally released on Tuesday.

Transit and housing dominate the federation's wish list as Ottawa prepares to launch Phase 2 of its infrastructure plan, which is aimed at financing major new projects such as ports, highways and transit expansion that produce long-term benefits.

Canada's big-city mayors are heading to Parliament Hill later this week for a last-minute lobbying push ahead of Finance Minister Bill Morneau's second budget, which could come as early as next month.

Traditionally, Ottawa, the provinces and municipalities have split the cost of major infrastructure projects evenly as a general rule, with many exceptions. Ottawa broke with that pattern last year, by agreeing to fund up to 50 per cent of the cost of projects announced under Phase 1 of its infrastructure plan. The federation wants a similar arrangement to continue in the much larger second phase. Municipalities also want provinces to contribute 33 per cent of the cost of major projects, leaving municipalities on the hook for the remaining 17 per cent. Ottawa has not formally agreed to such an arrangement for Phase 2 funding.

The Liberals have been eager to win the approval of municipal leaders and FCM officials have been in regular contact with federal officials throughout the year. Last year's final FCM prebudget report came out just a few weeks before the 2016 budget and it proved to be a reliable guide as to what the Liberals were prepared to support. That means this latest report could provide a window into what Ottawa will approve in the 2017 budget.

“We’ve had very substantive discussions for a good year and half now, and we saw real progress in the last budget and fall update. Now I feel that we’ve made an incredibly strong case for this next budget,” FCM president Clark Somerville said in a statement. “Seizing the moment here will mean more affordable housing, shorter commutes, less pollution and stronger economic growth.”

The federal Liberals came to power in 2015 on a platform pledge to spend billions on infrastructure to boost economic growth, even at the cost of running deficits. A first phase worth \$11.9-billion was approved last year for projects focused on maintaining existing assets.

The government’s fall economic statement expanded the available funds, promising to spend a total of \$186.7-billion on infrastructure over 12 years. Municipalities expect the budget will announce how that money will be spread across the country.

Brook Simpson, a spokesperson for Infrastructure Minister Amarjeet Sohi, said it is too early to confirm details about the government’s long-term infrastructure plans.

“It’s a conversation that’s ongoing,” he said Monday.

Tension surfaced late last year over the issue of social and affordable housing. The FCM said in September that \$12.6-billion of a promised \$20-billion social-infrastructure fund should go to affordable housing.

Canada Mortgage and Housing Corp. president and CEO Evan Siddall stirred the pot in November with a speech that criticized Vancouver municipal leaders for not doing enough to lower housing costs.

“Municipal leaders talk of a housing crisis and their primary solution is to demand \$12.6-billion in urgent funding from the federal government,” he said, suggesting that municipalities should also be looking at zoning restrictions, density limits, development fees and approving new housing of all kinds.

“If there’s a crisis, we should all act like it,” he said.

The FCM complained in writing to Jean-Yves Duclos, the federal minister who is responsible for the CMHC and Ottawa’s promised national housing strategy. The FCM’s report this week restates its request that \$12.6-billion should be dedicated to housing.

The FCM’s prebudget report also cautioned that Liberal plans for a new Canada Infrastructure Bank “must not delay Phase 2 funding for public infrastructure programs.”