



Tuesday, January 28, 2025

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Re: WOWC Submission to Ontario 2025 Budget Consultations

Dear Minister Bethlenfalvy,

On behalf of the Western Ontario Wardens' Caucus (WOWC), thank you for this opportunity to provide a submission to the Provincial government on the Ontario 2025 Budget consultations, including recommendations for the Province's consideration.

The WOWC is a not-for-profit organization representing 15 upper and single-tier municipalities and 1.6 million residents across rural Western Ontario, aiming to enhance the prosperity and overall well-being of rural and small communities across the region.

Both levels of government must use their expertise and collective regional knowledge to work through their mutual priorities – from workforce and housing challenges to social services and health care improvements. Provincial investment in municipal services will lay foundations for the continued recovery and future prosperity of our communities.

Eligible Development Charges Costs

Housing affordability, particularly in rural areas, continues to remain a strong focus within rural Western Ontario. Given the current housing and rental market, it is crucial to focus on increasing the supply of affordable housing, of all forms, so that all residents regardless of income level have a safe place to call home.

The WOWC requests that the Province of Ontario reinstate housing services and the cost of land as eligible development charges (DC) costs. The WOWC appreciates the elimination of the five-year phase-in of DC rates as well as development-related charge exemptions and discounts for affordable residential units. However, as the Association of Municipalities of Ontario (AMO) has highlighted, there is a need to reinstate both housing services and the cost of land as eligible DC costs. Together, these changes cost municipalities approximately \$4 billion over a 10-year period and will have a material impact on municipalities' ability to invest in community housing.



Without DCs, there is no guarantee that developers would pass along significant savings to homebuyers. Property taxes would have to cover the costs to extend services to new homes, impacting both homebuyers and existing residents.

Homelessness Prevention Program (HPP) for Rural Areas

The mental health and addictions epidemic is deeply affecting and impacting the communities in small and rural municipalities. The WOWC recognizes the Ministry of Municipal Affairs and Housing's investment in the Homelessness Prevention Program (HPP) and the increase in funding in the 2023 Budget, which announced \$190.5 million in additional annual funding through the HPP. Homelessness, however, continues to increase in small and rural communities, and service managers across rural Western Ontario are struggling to respond to the growing need for homelessness resources.

In small and rural communities, for example, a lack of access to adequate community health services – and integrated mental health and addictions services – is a major barrier to reducing homelessness and poverty. Regional data from service managers in the WOWC region confirms that housing wait lists, shelter usage, and social assistance clients have all increased significantly between 2018 and 2023. Despite the welcomed increase in HPP funding, the current financial support is simply not adequate.

The WOWC wishes to reiterate that smaller areas do not benefit from economies of scale and require more funding to meet the same service standards as larger areas. Furthermore, rather than have unhoused populations relocate to urban areas for homelessness supports, the WOWC would like to provide these services in its communities and explore solutions to address these concerns in the long term.

Permanent Funding for Mobile Crisis Response Teams (MCRT)

The WOWC's meetings with regional stakeholders have revealed the excellent collaboration and multi-partner efforts that are being undertaken in rural Southwestern Ontario to address the growing mental health and addictions crisis. One of the best examples of such partnerships are the Mobile Crisis Response Teams (MCRT) – also known under various other names – which combine front-line OPP officers with experienced mental health professionals, to apply new approaches to police interventions and provide additional support and follow-up to individuals.

Communities in rural Western Ontario have felt the direct benefits from the pairing of specially trained police officers and mental-health professionals to respond to 911 emergency calls involving mental health or addictions. To date, however, this funding



has been delivered from the Province to various police forces and their partners through case-by-case, application-based grant funding – for example, through the MCRT Enhancement Grant delivered by the Ministry of the Solicitor General (SOLGEN).

The WOWC appreciated the announcement last year from SOLGEN regarding the new MCRT Enhancement Grant cycle, which will operate on a three-year period from 2024-25 through to 2026-27. This is an important step in the right direction. The WOWC continues to recommend and request the permanence of these programs – through annualized funding and permanently-funded mental health officer positions – using a formula based on the number of calls, population size, and geographic area.

This permanent, predictable funding would provide much-needed stability to small and rural partners that provide these services to our communities. These service providers are stretched thin and have noted that these programs could eventually be expanded to provide more resources – in some cases up to 24 hours a day, seven days a week.

Social and Economic Prosperity Review

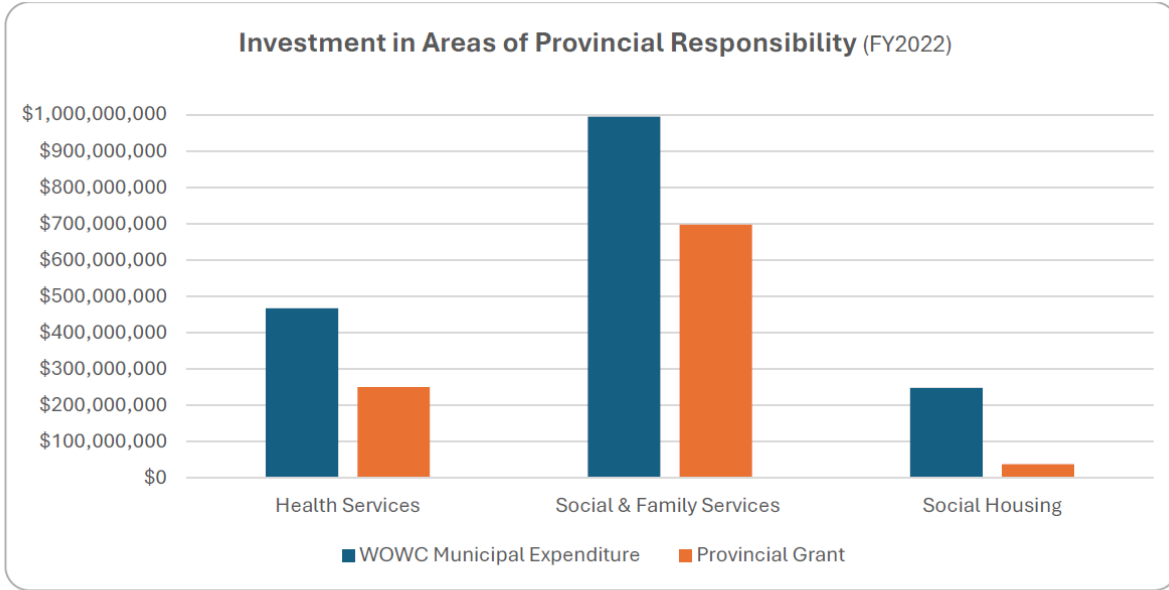
In October 2023, the Association of Municipalities of Ontario (AMO) called upon the Premier to agree to an update of the provincial-municipal partnership by conducting a social and economic prosperity review: a joint review of revenues, costs and financial risks and a detailed analysis of Ontario's infrastructure investment and service delivery needs. The WOWC provided its support to AMO in calling for this review.

Ontario's municipal governments provide critical services that residents rely on every day. The ability to provide these services depends on a fiscal framework that enables municipalities to balance revenues and expenditures responsibly and fairly, reflecting local circumstances and priorities.

More specifically, WOWC municipalities collectively invest more than \$1.7 billion in three areas of provincial responsibility: housing, health, and social services (see graph on following page). This accounts for close to half of the WOWC municipal revenues. In addition, WOWC municipal investments in these areas represent almost 11% of all the provincial-municipal expenditures across the three areas of service, while WOWC revenues account for only 5% of the provincial-municipal total.

There is a substantial discrepancy between WOWC municipal investments and provincial grants across the three areas of provincial responsibility leading to a total funding gap of more than \$723 million, which is comprised of approximately \$210 million for housing, \$216 million for health services, and \$297 million for social and family services. And this gap does not account for the ever-increasing societal needs.

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data compiled from FIR2022 reports

Beyond this, municipalities across Ontario continue to face increasingly complex challenges, such as tackling homelessness and climate change, without the financial tools to solve them. The current arrangement makes it impossible for municipalities to invest in the infrastructure needed to support housing and economic growth, or to prepare for the impacts of climate change. Property taxpayers – including small business owners and seniors on fixed incomes – cannot afford to pay for the province’s affordability and homelessness crisis.

Being part of the process and the conversation will be crucial as we move forward. This strong partnership between our governments will help ensure collective success for both Southwestern Ontario and the Province of Ontario as a whole. Governments need to be all in this together.

Sincerely,

Mayor Amy Martin
Chair, Western Ontario Wardens’ Caucus