

Federal Municipal Infrastructure Programs and Housing

ISSUE

The federal government is focused on increasing housing supply across Canada. Over the past couple of years, the Government of Canada has launched a suite of policies and programs aimed at increasing housing supply, summarized in Canada's Housing Plan.¹ As explicitly noted in that plan, municipalities need to meet specific housing conditions to access future federal infrastructure funding.

BACKGROUND

n/a

CURRENT STATUS

As City Council contemplates the proposed recommendations in the various Housing Accelerator Fund reports, it should be aware of how upcoming federal-municipal infrastructure programs link to housing targets. This report provides an overview of the specific housing conditions linked to future federal municipal (or municipal-eligible) federal infrastructure funding programs, such as the previously announced Permanent Public Transit Fund (PPTF)² and the newly announced Canada Housing Infrastructure Fund (CHIF).³ While full details including allocations under these programs have yet to be released, various federal announcements and publications explicitly link housing targets with funding from these programs.

DISCUSSION/ANALYSIS

PPTF and Housing Conditions

The PPTF was originally announced by the Prime Minister in 2021, but the program does not start until fiscal year 2026/27. The PPTF provides \$3 billion annually, primarily to communities with eligible public transit systems. At time of writing, full program details including funding splits, different streams, and allocations have yet to be released. Nevertheless, as announced by the Prime Minister and explicitly stated in Canada's Housing Plan:

"...to access long-term, predictable funding for public transit through the federal government's forthcoming public transit fund, any community that wants transit funding will be required to take action that will directly unlock housing supply where it's needed most, including:

- *Eliminating mandatory minimum parking requirements within 800 metres of a high-frequency transit line;*
- *Allowing high-density housing within 800 metres of a high-frequency transit line;*

¹ <https://www.infrastructure.gc.ca/alt-format/pdf/housing-logement/housing-plan-logement-en.pdf>

² <https://www.infrastructure.gc.ca/transit-transport/index-eng.html>

³ <https://www.canada.ca/en/department-finance/news/2024/06/budget-2024-building-homes-communities-and-getting-major-projects-done.html>

- *Allowing high-density housing within 800 metres of post-secondary institutions; and,*
- *Completing Housing Needs Assessments for communities with a population over 30,000.”⁴*

These conditions are in general alignment with those under the Housing Accelerator Fund.

CHIF and Housing Conditions

The CHIF was announced prior to and during Budget 2024.⁵ The purpose of this fund is to accelerate the construction and upgrading of critical housing infrastructure and includes water, wastewater, stormwater, and solid waste infrastructure to support the construction of more homes.

CHIF provides \$6 billion in total funding, with \$1 billion available to municipalities and another \$5 billion to Provinces and Territories. Although access for municipal funding is unclear, there are specific conditions placed on the provincial-territorial stream, namely:

- *Legalizing more housing options by adopting zoning that allows four units as-of-right and that permits more “missing middle” homes, including duplexes, triplexes, townhouses, and small multi-unit apartments;*
- *Implementing a three-year freeze on increasing development charges from April 2, 2024 levels for municipalities with a population greater than 300,000.⁶*

The Government of Canada has given Provinces to January 1, 2025 to have an agreement in place, otherwise their funding will be transferred to the municipal stream. However, it is unclear at this stage what, if any conditions, will apply to the municipal stream.

Canada Community Building Fund (CCBF) Update

The CCBF (formerly the Federal Gas Tax Fund) provides about \$2.4 billion in funding to all municipalities across Canada to invest in a variety of different project types.⁷ The City of Saskatoon receives approximately \$16 million per year from the CCBF. For the funding to be delivered, Administrative Agreements between the Government of Canada and the Provinces and Territories need to be negotiated. In 2024, the federal government proposed changes to the CCBF, including adding more explicit reporting on housing supply and affordability.

The Government of Canada and the Government of Saskatchewan have yet to sign a renewed agreement. However, the federal government is requiring all Provinces to have

⁴ See the reference in note 1.

⁵ <https://www.pm.gc.ca/en/news/news-releases/2024/04/02/growing-communities-and-building-more-homesfaster>

⁶ See the reference in note 1.

⁷ <https://www.infrastructure.gc.ca/ccbf-fdcc/index-eng.html>

communities larger than 30,000 persons conduct Housing Needs Assessments, like those under the Housing Accelerator Fund.

It is clear from these examples that the federal government is intent on establishing clearer links between housing and infrastructure. In fact, as Infrastructure Canada has publicly stated, it will:

“be developing its next generation of infrastructure funding programs, including the Canada Public Transit Fund and the Canada Community-Building Fund, with the objective to link these infrastructure investments to advancing housing supply and improving affordability across the country. Housing Needs Assessments will be key to this approach to ensure that the right kind of supply is built for those who need it the most and to maximize the ability of federal dollars to drive housing outcomes in an evidence-based manner.”⁸

The Parliamentary Consensus on Housing and Infrastructure

There appears to be a strong parliamentary consensus to have federal infrastructure funding linked to housing conditions and specifically increasing housing supply. For example, Bill C-59 was recently passed by Parliament. One measure in that bill was to establish the Department of Housing, Infrastructure and Communities, which transfers parts of the federal housing portfolio to the Department, with the “aim to advance public infrastructure and housing outcomes”.⁹ Bill C-69 was also recently passed, advancing the various housing measures announced in Budget 2024-25¹⁰.

The Leader of Her Majesty’s Official Opposition introduced a Private Member’s Bill, Bill C-356, colloquially called *the Building Homes Not Bureaucracy Act*, on September 20, 2023.¹¹ Although the Bill was recently defeated,¹² it nonetheless contained several housing and infrastructure funding conditions; namely:

- (a) establish a target for the completion of new homes in high-cost cities that increases 15% every year and ties federal infrastructure funding allocated to high-cost cities to that target;*
- (b) provide for the reallocation of \$100 million from the Housing Accelerator Fund to municipalities that greatly exceed housing targets;*
- (c) require that federal transit funding provided to certain cities be held in trust until high-density residential housing is substantially occupied on available land around federally funded transit projects’ stations; and*
- (d) make it a condition for certain cities to receive federal infrastructure and transit funding that they not unduly restrict or delay the approval of building permits for housing.*

⁸ https://www.infrastructure.gc.ca/pd-dp/parl/2023/11/banc/banc-a-eng.html#toc_17

⁹ https://lop.parl.ca/staticfiles/PublicWebsite/Home/ResearchPublications/LegislativeSummaries/PDF/44-1/PV_44-1-C59-E.pdf

¹⁰ <https://www.parl.ca/legisinfo/en/bill/44-1/c-69>

¹¹ <https://www.parl.ca/DocumentViewer/en/44-1/bill/C-356/first-reading>

¹² <https://www.parl.ca/legisinfo/en/bill/44-1/c-356>

FINANCIAL IMPLICATIONS

There are no direct financial implications to the City of Saskatoon resulting from the information in this report. However, failure to meet certain housing or housing-related (e.g., zoning) requirements or conditions may result in the City being ineligible for federal infrastructure funding programs, have the funding delayed, or reduced.

NEXT STEPS

The Administration will provide updates to City Council on these and other federal-municipal or federal-provincial-municipal infrastructure programs as details emerge.

REPORT APPROVAL

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