

BUILDING CANADA STARTS LOCALLY

FCM's recommendations for Budget 2026

Building infrastructure, addressing homelessness and improving affordability: municipalities are where Canada's ambitions are realized through local action.

Budget 2026 is a critical opportunity for the federal government to continue partnering with local governments to strengthen our economy and improve Canadians' quality of life.

The Federation of Canadian Municipalities (FCM)'s recommendations focus on:

1. INCREASING INVESTMENTS IN LOCAL INFRASTRUCTURE AT PACE AND SCALE

Canadians need modern infrastructure to unlock housing, diversify trade, increase economic growth, strengthen our national defence and ensure climate resilience. However, **the country is facing a \$240 billion capital repair backlog.**

Crucially though, every \$1 billion in municipal infrastructure spending supports \$1.06 billion in GDP growth, \$2.19 billion in economic impact and 7,700 jobs. Municipalities are ready to turn federal investment into results for Canadians. That's why FCM is recommending:

- **Topping up dedicated municipal infrastructure investments through the Build Communities Strong Fund**, including doubling the community stream to \$53.4 billion over 10 years and securing matching dollars from provinces and territories.
- **A dedicated fund for rural and northern infrastructure renewal.**
- **An expanded municipal fund for multi-use infrastructure that supports Canada's defence expansion**, including a review of the Capital Assistance Program.
- **A direct investment of \$2 billion annually in local climate adaptation to protect Canadians from extreme weather and natural disasters. Every dollar invested in climate adaptation infrastructure generates \$4.80 in direct savings, with up to \$13-15 in economy-wide savings.**

- **Restoring the full \$30 billion, 10-year Canada Public Transit Fund commitment, indexing the fund to 3.5% per year**, and accelerating implementation through streamlined funding mechanisms for both urban centres and rural communities.

2. INVESTING IN A RENEWED NATIONAL HOUSING STRATEGY, PRIORITIZING HOMELESSNESS PREVENTION WITH A HOUSING FIRST APPROACH

Since 2018, homelessness has increased by 20%. The upcoming iteration of the National Housing Strategy must respond and set the federal housing policy for at least the next decade. Canada needs stronger tools to prevent homelessness, better coordination across its housing and social systems, as well as greater access to non-market and fully operational supportive housing. FCM is recommending:

- **A shared national approach for reducing homelessness**, by enhancing the Reaching Home program and investing \$3.5 billion in permanent annual funding indexed to inflation.
- **Increasing non-market housing** from 3.5% toward the 7% OECD average.
- **Building on existing rental assistance initiatives and portable housing benefits to prevent homelessness.**
- **Renewing and improving the Housing Accelerator Fund** to empower municipalities to deliver housing objectives.
- **Expanding federal investments** in community-based mental health and substance use care.

3. INVESTING IN PROVEN AND WELL-ESTABLISHED FEDERAL-MUNICIPAL DELIVERY PLATFORMS THAT ARE DEPLOYMENT-READY AND IMMEDIATELY SCALABLE TO MEET NATIONAL CLIMATE RESILIENCE GOALS THROUGH FCM'S GREEN MUNICIPAL FUND (GMF)

Canadians are looking for leadership on climate adaptation—and practical ways to take action while lowering their electricity bills. FCM's Green Municipal Fund is a proven, deployment-ready, federal-municipal delivery platform that can help Canadians with home retrofits, adapting community buildings for extreme weather and improving energy efficiency—all while keeping costs down for Canadian taxpayers. FCM is recommending:

- **Investing \$800M over 8 years to support an additional 250-300 shovel-ready GMF projects and 10,000 new energy-saving home retrofits.** This will reduce electricity bills in participating households by \$1,300 annually, create an estimated 4,000 jobs and generate approximately \$500 million in GDP.

From infrastructure and housing to homelessness and affordability, municipalities transform investments into progress Canadians can see, feel and rely on every day.

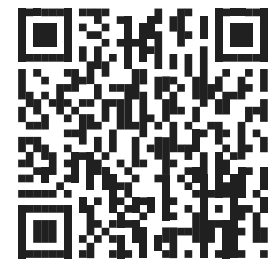
When communities succeed, the whole country moves forward.

INFORMED BY OUR 2,000 MEMBER MUNICIPALITIES, FCM'S RECOMMENDATIONS FOCUS ON:

1. Increasing investments in local infrastructure at pace and scale

2. Investing in a renewed National Housing Strategy, prioritizing homelessness prevention with a Housing First approach

3. Investing in proven and well-established federal-municipal delivery platforms that are deployment-ready and immediately scalable to meet national climate resilience goals through FCM's Green Municipal Fund (GMF)



Scan the QR code for FCM's full Budget 2026 recommendations and see how we can deliver more—***together.***

