

December 10, 2020

**AMO Policy Update – COVID-19 Municipal Financial Impacts, Supportive Housing Expansion, COVID-19 Modelling and Emergency Orders Extended, and Fall Legislative Session Adjourned**

**Financial Accountability Office Reports on Financial Impacts of COVID-19 on Ontario Municipalities**

Today, the Financial Accountability Office (FAO) released its [report](#) on COVID-19 and Ontario's Municipal Finances, finding that the pandemic will ultimately result in a cost of \$6.8 billion in lost revenues and expenses for municipal governments. The report also affirms the importance of federal and provincial support through the Safe Restart Agreement (SRA) which provides \$4 billion in critical assistance to municipalities which, together with municipal cost saving measures, has mitigated the negative financial impact in 2020. However, support in 2021 is limited to transit impacts in the first quarter.

The FAO report's conclusions are consistent with AMO's understanding of the pandemic's financial impact on municipalities and the importance of access to continued support to avoid service reductions, use of reserves for capital projects, increased property taxes, or resort to deficit budgets.

AMO responded to the report through a [new release](#) acknowledging the financial impacts and noting that AMO and FCM continue to advocate for the extension of the Safe Restart Agreement to address 2021 financial impacts.

**Report Highlights:**

COVID-19 Impact on Municipal Finances:

- COVID-19 will have a negative impact on municipal budgets of \$6.8 billion ultimately, projected to be \$4.1 billion in 2020 and \$2.7 billion in 2021.
- The pandemic reduced revenues by \$4.7 billion and will likely increase expenses by 2.1 billion over the two years.
- Municipalities saved of \$1.1 billion through layoffs, reduced transit, recreation services, and cancelled programming in 2020.
- The Safe Restart Agreement funding provided \$2 billion to municipalities to date. The remaining \$2 billion is to be provided for those able to demonstrate

outstanding general operating pressures in 2020 and transit pressures in 2020 and Q1 of 2021.

### 2021 Implications:

- Together municipal cost savings and federal and provincial financial support have mitigated negative municipal budget impacts in 2020, but the projected \$2.7 billion (\$0.9 billion transit and \$1.8 billion operating) in 2021 will only be partially offset by SRA support.
- This may require municipalities to access reserves, the availability of which will vary throughout the sector; reduce services or other measures to contain costs; or reduce budget surpluses/run deficits to manage financial needs.

AMO has cautioned that service reductions or deferring capital investments because of COVID-19 cost pressures would have the affect of undermining Ontario's economic recovery.

### **Ontario Expanding Supportive Housing**

The government announced it is expanding funding for Supportive Housing. Over \$47 million in investments will strengthen supports for individuals with mental health and addictions issues who are either homeless or at-risk of becoming homeless. The initiative is part of the implementation of the Roadmap to Wellness plan.

### **COVID-19 Modelling and Emergency Order Extension**

Solicitor General, Sylvia Jones, announced today that the Province would extend all Emergency Orders under the Reopening Ontario (A Flexible Response to COVID-19) Act, 2020 (ROA) until January 20, 2021. These include orders related to the reopening stages and areas currently in lockdown.

Later in the day, the Ontario Chief Medical Officer of Health, Dr. David Williams, released updated pandemic modelling showing growth in cases, ICU bed occupancy, and mortality. The modelling suggests that relaxing current public health restrictions would increase cases, ICU demand and mortality, and noted that current restrictions were much less restrictive on mobility than during the spring.

In addition, the presentation noted that inadequate housing, multi-generational housing, and the prevalence of essential workers outside of health care settings all presented risks for case growth.

### **Ontario Legislature Adjourned**

The Fall session of the Legislature wrapped up on Tuesday. The next session will begin on February 16<sup>th</sup>, 2021.

AMO's [COVID-19 Resources](#) page is being updated continually so you can find critical information in one place. Please send any of your municipally related pandemic questions to [covid19@amo.on.ca](mailto:covid19@amo.on.ca).

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