

# Municipal Disaster Recovery Assistance

## Funding Incentive for Climate Resilience Improvements (Pilot)

### Overview

Ontario's climate is changing. People and municipalities across our province are feeling the impacts of climate change and paying more for costs associated with those impacts.

Under the Made-in-Ontario Environment Plan, the government committed to reviewing the Municipal Disaster Recovery Assistance program. As part of this commitment, the Ministry of Municipal Affairs and Housing is funding a new \$1 million pilot project under the program for municipalities to make climate resilience improvements. A municipality may be eligible to receive additional funding of up to 15 per cent above the pre-disaster condition costs to make climate resilience improvements to municipal property or infrastructure damaged by a natural disaster. Damage from recent flooding that occurred after March 1, 2019 may be eligible for the enhanced funding.

### How the climate resilience incentive works

The amount of the climate resilience funding incentive that is available for cost sharing is up to 15 per cent of total eligible capital costs across all program cost categories to repair or restore municipal property or infrastructure to pre-disaster condition. Eligible capital costs that can be counted towards calculation of the 15 per cent incentive are all labour, materials and equipment costs that would arise from repairs to pre-disaster condition.

The Municipal Disaster Recovery Assistance program's eligibility threshold of three per cent Own Purpose Taxation levy has not changed – it still includes incremental operating costs and capital costs incurred to repair public property or infrastructure to pre-disaster condition only. Costs that would be covered under the additional funding incentive for climate resilience improvements ("build back better costs") cannot be used to reach the three per cent Own Purpose Taxation levy threshold. The incentive is only available to municipalities after they qualify for the Municipal Disaster Recovery Assistance program.

A separate claim form is available for municipalities to record details about how they have applied the estimated climate resilience incentive amount. This form should be submitted at the same time as the main claim form. Eligibility of pre-disaster condition costs and climate resilience improvement costs will be determined by the ministry during the claim review process. The final overall eligible amount (including any incentive amount) will continue to be subject to the program's cost sharing formula.

Municipalities must complete the climate resilience improvements to be eligible to receive reimbursement. Evidence that the costs have been incurred and paid out will be required to determine the final eligible amount for reimbursement under the program.

Municipalities are encouraged to contact their regional Municipal Services Office to discuss the application of the climate resilience incentive to their specific circumstances.

## Project eligibility

The incentive amount may be used to make climate resilience improvements to one or more capital repair projects associated with the natural disaster. Municipalities are responsible for all costs in excess of the approved incentive amount.

**Eligible** climate resilience improvements may include:

- √ Improvements undertaken within specific repair or reconstruction projects to reduce vulnerability to future natural disasters, e.g. increasing the size of a culvert, raising a road bed, or repairing damaged shoreline infrastructure with a more durable material.
- √ Assessments or studies to determine appropriate climate change resilience improvement for property or infrastructure that was damaged in the disaster.

The above examples are accepted as eligible projects. For other types of projects, municipalities may be required to submit evidence that the improvements being made to the property or infrastructure damaged in the natural disaster will improve climate resilience.

Examples of **ineligible improvements** resulting from a natural disaster may include but are not limited to:

- X Improvements mainly designed to increase operational capacity (e.g. road widening to increase traffic volume).
- X Improvements solely to increase the life-cycle duration of infrastructure or property.
- X New construction or improvements to infrastructure or property not damaged in the disaster.
- X Non-structural disaster mitigation projects (e.g. flood plain mapping, pre-purchasing sand bags not affiliated with a disaster, public awareness initiatives).
- X General climate change adaptation or mitigation studies not specific to the damaged property or infrastructure.

**Municipalities must complete the climate resilience improvements to be eligible to receive reimbursement. Evidence that the costs have been incurred and paid out will be required to determine the final eligible amount for reimbursement under the program.**

## Climate resilience incentive calculation scenarios

### Assumptions for scenarios below

- Municipality has met the three per cent Own Purpose Taxation levy threshold and estimates eligible capital costs to repair infrastructure to pre-disaster condition at **\$50,000**.
- The maximum available climate resilience incentive (maximum amount that may be claimed for making climate resilience improvements to one or more projects) is 15 per cent of the eligible capital costs or **\$7,500** ( $\$50,000 \times 15\% = \$7,500$ ).

Scenario	Description	Capital Amount Eligible for Cost Sharing	Rationale
1	Municipality spends \$7,500 on climate resilience improvements to property or infrastructure damaged in the natural disaster	<b>\$57,500</b> (\$50,000 pre-disaster condition capital cost + \$7,500 incentive amount)	The municipality is eligible for the maximum incentive amount because it has incurred this amount for climate resilience improvements.
2	Municipality spends \$5,000 on climate resilience improvements to property or infrastructure damaged in the natural disaster	<b>\$55,000</b> (\$50,000 pre-disaster condition capital cost + \$5,000 incentive amount)	The municipality is not eligible for the maximum incentive amount because only costs that are incurred and paid are eligible.
3	Municipality spends \$10,000 on climate resilience improvements to property or infrastructure damaged in the natural disaster	<b>\$57,500</b> (\$50,000 pre-disaster condition capital cost + \$7,500 incentive amount)	Municipality is responsible for any amount spent on improvements that exceeds the maximum eligible incentive amount

### How to apply for the enhanced climate resilience funding

1. Complete the main Municipal Disaster Recovery Assistance application as outlined in the Program Guidelines (refer to section 4.5 Claim Submission). The Program Guidelines are available at [Ontario.ca/disasterassistance](https://ontario.ca/disasterassistance).
2. Complete the Climate Resilience Incentive Claim Form, using this information sheet as reference.
3. Submit the Climate Resilience Incentive Claim Form at the same time as the main Municipal Disaster Recovery Assistance application. The entire application must be submitted within 120 calendar days from the date of the onset of the disaster.