

# 2024 Peel Region

## Federal Pre-Budget Submission



## Introduction

With Peel's rapidly growing population projected to reach more than two million by 2051, it is critical for partners at all levels of government to work together to address the priorities and challenges associated with this growth and ensure that the necessary investments are made to support our thriving community.

Peel Region has a strong track record of working with the federal government to find solutions for our shared challenges and remains committed to working with all partners to meet the needs of Peel's residents and businesses. This includes working with the federal government on advancing shared priorities, such as transit and housing.

Peel Region appreciates the approval for the remainder of its Investing in Canada Infrastructure Program (ICIP) Public Transit Stream funding that will invest just over \$3 million to help support Peel's TransHelp Life-Cycle Bus Replacement Project. Peel Region looks forward to learning more about what comes next after ICIP, as infrastructure is essential in efforts to increase housing units in Peel and across Canada.

Peel Region's 2024 Pre-budget submission includes several policy solutions outlining a collaborative approach to address the needs of Peel's residents that respects taxpayers while providing support to the community in a way that is compassionate and culturally appropriate. Included in this submission are solutions that focus on:

- Long term municipal fiscal sustainability
- Peel's infrastructure shortfall
- Affordable housing solutions
- Support for asylum claimants
- Support for sustainable communities
- Food Security

# Summary of recommendations

## Municipal fiscal sustainability

- To address chronic underfunding and increased service demands of Peel's growing population, the federal government should partner with the Province of Ontario to ensure all funding programs adequately **keep pace with inflationary pressures** and **to address existing funding deficits**.
- The federal government should also work with provincial counterparts to develop **more appropriate funding solutions through income-based revenue sources**, including grant programs, that are appropriately designed and enhanced to provide adequate levels of funding.
- To address the systemic chronic funding challenges, the federal government should engage with municipalities to **update municipal revenue sources and collection tools** to address the changing needs of local communities.

## Addressing Peel's infrastructure funding shortfall

- To ensure infrastructure is in place to meet housing targets, the federal government should partner with the provincial government to **ensure sustainable and timely infrastructure investments**, that use an **allocation-based funding model** and address challenges related to **inflationary pressures and long-term planning**.
- Federal funding for housing and transit projects should **consider potential impacts on other areas, such as water/wastewater infrastructure** to avoid delays and **align funding across inter-dependent programs** for timely and sustainable completion of essential projects.

## Peel's affordable housing challenges

- Sustainable and predictable funding is required to support the Peel Community Housing Development Program to **create much-needed affordable rental housing and shelter facilities**. This includes state of good repair funding to prevent loss of existing affordable housing and adapting to climate breakdown.
- Peel Region will require **\$50 billion over the next 10 years** to eliminate core housing need, while creating significant economic and employment returns.
- The federal government should **enable housing system managers to apply for Housing Accelerator Funding** to support Peel Region-led affordable housing projects in the form of **contributory grants that are allocation-based and flexible**.
- To maximize housing stability, **increased funding for wrap-around supports and expanded income and social programs** is needed to help with high housing carrying costs.

### Supports for asylum claimants

- An influx of asylum claimants continue to arrive in Peel, overwhelming Peel Region's support system and exceeding shelter capacity. Supports such as housing, emergency financial assistance and other health and social service supports are **costing Peel Region \$4.6 million per month**.
- Additional support from the federal government is needed, particularly for the Regional Reception Centre, to address these unbudgeted, unsustainable costs to Peel, which are expected to accelerate in 2024, **resulting in an expected budget shortfall of approximately \$68 million** for Peel Region.

### Support for sustainable communities

- The climate emergency has serious environmental, health and socio-economic implications for all communities across Canada. The federal government can support high-growth communities, such as Peel, by providing funding to **ensure critical infrastructure is resilient to the impacts of climate change** and through **targeted investments to decarbonize the economy**.
- As Peel communities continue to rapidly grow, **increased funding is needed for active transportation initiatives and transit infrastructure** to support sustainable transportation and reduce greenhouse gas emissions.

### Food security

- To support better health and educational outcomes, while addressing the pressing issues of poverty and food insecurity, the federal government should **establish a National School Food Program and dedicate appropriate funding in Budget 2024**.

## Municipal fiscal sustainability

Municipalities, including Peel Region, are facing huge growth pressures. In order to provide the infrastructure required to support its growing population, Peel Region requires funding to support both growth infrastructure and existing asset management.

Municipalities own and manage the majority of public infrastructure, including roads, bridges, water systems, transit, buildings, and recreational facilities. This infrastructure is required to meet federal priorities, such as the development of more residential housing and transit networks. A 2021 Review of Ontario's Municipal Infrastructure and an Assessment of the State of Repair, issued by the Financial Accountability Office of Ontario (FAO) estimated the cost of maintaining existing municipal infrastructure to be approximately \$52 billion. These numbers will continue to grow as municipalities do not have the tools to manage this infrastructure deficit on their own, nor do they have the funding to manage the significant cost overruns in projects currently underway, due to inflation.

Suggested federal investments to achieve these shared priorities include:

- Wastewater plant rehabilitation, energy resiliency projects, including energy efficiency, recovery and generation;
- Inflow and infiltration projects; and
- Road construction (widening, extension of active transportation and green infrastructure) projects.

### Meeting new housing targets

Peel's updated housing targets include the municipal housing pledges for Brampton (113,000 units), Caledon (13,000 units) and Mississauga (120,000 units). While Peel Region shares the federal and provincial government's commitment to increasing housing units across Peel, accelerated timelines and targets place significant pressure on Peel Region to plan and fund the infrastructure needed to support this growth. Peel's new residential unit target of 246,000 units, between 2022-2031, is close to the 273,000 units previously planned to 2051 in Peel Region's Official Plan.

# Addressing Peel's infrastructure funding shortfall

Accelerated housing targets are forcing Peel Region to leapfrog infrastructure investments that were originally planned for the outer years of its previously established plan to be advanced and in place over the next 10 years.

The Water/Wastewater and Transportation infrastructure required to support housing targets is estimated to cost an additional \$11.5 billion, on top of the \$8.9 billion needed to service infrastructure for the 10-year capital plan 2023-2032. This does not include land acquisition costs or debt servicing costs and does not reflect the impact of inflation.

In the absence of federal or provincial funding, these accelerated housing targets will result in higher debt and debt servicing costs to finance the higher spending that will be required, as revenues are not expected to increase at the same pace.

## Funding requirements

Peel Region has pivoted its processes and techniques to accommodate new housing targets and is ready with plans to build the water/wastewater infrastructure required to build more homes faster.

However, planning is not enough. There are significant infrastructure requirements to meet current and forecasted growth. The majority of this infrastructure must be in place before the development of housing units.

In addition, Peel is currently facing a capital infrastructure deficit of \$4.2 billion over the next 20 years, just to maintain its existing infrastructure in a state of good repair. Peel Region has instituted property tax levies and utility rate increases to cover these gaps.

## Funding program design

Peel Region's 2024 Budget includes a focus on priority growth areas and specific development applications. There are several new projects aimed at addressing short-term development needs, including substantial enhancements to local servicing in Mississauga, Brampton, and Caledon to support growth priority areas.

Municipalities like Peel need funding certainty to deliver on the infrastructure required to address the housing crisis and serve a growing population. Peel is anxiously awaiting details about what funding programs will replace the Investing in Canada Infrastructure Program (ICIP), the government's main infrastructure funding program, which has been fully allocated since March 31, 2023.

Absence of funding from senior levels of government will result in deferral of capital projects and/or higher borrowing to support the increased capital requirements. In addition, for infrastructure investment to be effectively utilized, the timing of infrastructure must be prioritized and phased accordingly.

It is important to note that additional housing and transit construction can mean additional costs in other areas. Construction projects may force premature replacement or updating of water/wastewater infrastructure, and expanded infrastructure implies greater life cycle and asset management costs.

Funding for such projects should include the costs to be borne by impacted services to ensure inter-dependent assets are in place in a timely and sustainable manner. Aligning the funding of related programs to avoid delays or barriers that can be created when one type of infrastructure project is contingent on the timely completion of another will help expedite these much-needed projects.

To support efficient use of infrastructure funding, the federal government's next generation of funding programs should also support the implementation of an allocation-based model, aligned with each municipality's asset management plan. This approach can reduce costs by avoiding price fluctuations and contractor shortages associated with application-based funding. The allocation funding model used for the COVID-19 Infrastructure Resiliency Stream serves as a positive example.

### **Policy opportunity and solutions**

Moving forward, when developing and implementing funding programs in collaboration with the Ontario government, the federal government should:

- Ensure funding is commensurate with expected elevated inflation through 2023/2024 to maintain real spending levels.
- Engage with municipalities in discussion on the need for updated municipal revenue sources and collection tools to address the changing needs of local communities.
- Partner with the provincial government to ensure Peel Region receives sustainable and timely infrastructure investments.
- Align the funding of related infrastructure programs to avoid delays or barriers that can be caused when the start of one type of project is dependent on the completion of another.
- Implement funding programs using an allocation model to distribute stimulus funds expeditiously.

## Addressing Peel’s affordable housing challenges

Peel is facing an unprecedented housing crisis that is affecting residents from all walks of life. Middle income earners cannot afford high housing prices and rents and there is not enough deeply affordable and supportive housing for people with low incomes. These statistics underscore the extent of the crisis:

- An average household needs to save for about 30 years for an affordable 25-year mortgage.
- Peel Region can only help one in five of the current 91,000 families who are in core housing need.
- Investing \$50 billion over the next 10 years would eliminate core housing need while creating significant economic and employment returns.
- It would take five times as much housing supply, as proposed by the provincial housing targets, to create affordable housing conditions for all households. A for-profit, trickle-down supply-only approach will not alone address the housing affordability crisis.

To advance effective solutions on the housing affordability crisis, Peel Region has developed the “HOME framework”, with the following four principles:

- 1. Homes are for living** so we must eliminate speculation and hoarding through policy tools.
- 2. Offer more funding for wrap-around supports** because housing stability is not just about supply.
- 3. Maximize affordable supply** by maintaining existing and building new not-for-profit community, and supportive housing because for-profit market supply alone will not solve the housing affordability crisis.
- 4. Expand income and social supports** because individuals shouldn’t have to choose between their home and other basic necessities.

The HOME framework is a tool to help focus governments’ discussions and decisions around housing affordability interventions among the hundreds of plans that have been proposed. HOME is intended to help focus government efforts on the most meaningful policies, programs and funding interventions based on decades of experience and expertise.

## Policy opportunity and solutions

Addressing housing challenges in Peel will require increased federal and provincial investments for affordable housing and adopting measures to improve housing affordability as highlighted below:

- Encourage the use of housing for homes
  - Increase taxes on each additional home that someone owns.
  - Regulate or restrict short-stay rentals.
  - Implement a publicly-accessible, beneficial ownership registry of homes.
- Increase the supply of new affordable housing in complete communities and ensure the longevity of existing affordable housing.
  - Prioritizing non-profit, co-operative, and social housing through a public housing builder.
- Providing state of good repair funding to prevent loss of existing affordable housing and adapting to climate breakdown.
- Expand income and social programs to help with high housing carrying costs.
  - True universal healthcare, including pharmacare, mental healthcare, dentalcare.
  - National school food program.
  - Livable social assistance and disability benefit levels.
- Provide funding to support the implementation of the Peel Community Housing Development Program to create the much-needed affordable rental housing and shelter facilities.
- Enable Service Managers like Peel Region to apply for Housing Accelerator Funding to support Peel Region-led affordable housing projects.

## Support for asylum claimants

Peel continues to experience an influx of asylum claimants arriving at our shelters. Peel Region has supported asylum claimants seeking refuge by providing housing, emergency financial assistance and other health and social service supports, but this situation is exceeding our capacity.

Federal support to date, including the recently announced additional \$362.4 million across the country through the Interim Housing Assistance Program for the 2023/24 fiscal year, as well as the \$7 million in support for capital costs for an asylum seeker reception centre in Peel Region is appreciated. However, these unbudgeted, escalating costs have steadily risen to \$4.6 million per month, resulting in a significant expected budget shortfall of approximately \$68 million for Peel Region. These costs can be reduced through additional federal support, directed toward reception centre operating costs. This funding will enable the centre to operate more efficiently, allowing Peel Region to better optimize limited shelter resources, while advancing our shared goals of supporting asylum claimants.

As of January 14, 2024, 1,574 asylum claimants are residing in Peel's emergency shelter system, accounting for 74 per cent of the shelter population and shelter capacity sitting at 370 per cent. This sharp, unexpected, and unprecedented increase in the number of refugee claimants seeking temporary shelter and supports, is putting significant strains on Peel's already overburdened shelter system.

These costs to Peel are simply unsustainable. While Peel Region appreciates the \$2.1 million allocated through the Canada Ontario Housing Benefit (COHB) in 2023, it is not near proportional to the high number of asylum claimants being served in Peel, relative to other GTHA municipalities (excluding Toronto) and this funding has been fully spent. Therefore, an ongoing, specific housing subsidy stream, such as COHB for 2024 to support asylum claimants, is essential.

The significant commitment of additional IHAP funding by the federal government is welcomed, however, the asylum claimant case load in Peel is second only to Toronto. As such, we urge the federal government to allocate funding on a per capita basis, based on the number of asylum seekers being supported through Peel's shelter system, which currently stands at roughly 1,600. If we receive the same level of support provided to Toronto, covering full 2023 shelter costs and projected first quarter costs for 2024, Peel should be allocated \$46 million in IHAP funding and \$7.1 million in COHB, for \$54 million in total support to date.

Further, we encourage the federal government to move toward an allocation-based approach to disbursing IHAP funding, as opposed to an application-based process, in order to defray cumulative costs to date and going forward. We also encourage the federal government to work with all levels of government, including Peel Region, its lower-tier municipalities and stakeholders to establish an intergovernmental strategy that will outline roles and responsibilities to support and care for our most vulnerable and those who come to Canada for a safe and better life.

### **Policy opportunity and solutions**

To help address the current asylum claimant crisis in Peel, the federal government should:

- Provide funding for all reported 2023 costs for the Interim Housing Assistance Program (IHAP) to Peel for asylum claimants, and ensure funding to address ongoing costs, estimated to be \$68 million in 2024.
- Provide immediate IHAP funding using an allocation-based funding approach, rather than application-based model for 2024 going forward.
- Provide sufficient operating funding toward the Regional Reception Centre.
- Create a suitable parallel, federally funded program, distinct from the community housing and homelessness system, for asylum claimants.

# Support for sustainable communities

## Climate change

The climate emergency has serious environmental, health and socio-economic implications for all communities across Canada, including Peel Region where bold action and federal support can safeguard critical services for residents and businesses.

As climate events become more extreme and occur more frequently, damage and disruption to Peel Region's infrastructure and services will likely increase, driving up costs to maintain a state of good repair and affect the delivery of services.

Public infrastructure has a long service life, which supports more proactive investment through resilience-focused programs, such as the Disaster Mitigation and Adaptation Fund (DMAF). Analysis suggests that for every \$1 invested in adaptation, governments and businesses can save \$5 to \$6 in direct damage costs, and another \$6 to \$10 in economic benefits, such as avoiding work stoppages or productivity slowdowns.

As such, in response to rising greenhouse gas emissions, Peel Region is leading through several initiatives, including the following:

- A commitment to reduce Greenhouse Gas (GHG) emissions to 45 per cent below 2010 levels by 2030.
- Assessing the impact of climate hazards on \$36 billion of infrastructure and updating asset lifecycle strategies to ensure continuity of service.
- Adoption of a Net Zero Emissions Standard for new construction of corporate building and completing a similar standard for retrofit projects.

Prioritizing the reduction of health-related impacts and hazards of climate change as a strategic priority to support increasing resiliency among Peel residents. Municipalities are at the front line responding to increased impacts of climate change, however, without ongoing, sustainable federal support, Peel Region lacks the capacity to adapt.

## Clean energy transition

As Peel Region responds to the climate emergency its capital reserves are being leveraged to support Peel's climate change plan, the implementation of which is already facing pressures, including escalating demand on the energy grid.

The success of decarbonizing our economy and communities can be achieved through sustainable energy generation and Peel Region is encouraged by federal initiatives, including draft clean energy regulations.

Support for more sustainable forms of energy production is an important component of sustainability planning in Peel. However, as the Institute on Municipal Finance and Governance notes, local governments are limited in their ability to shift energy production methods and emission levels to tackle climate change without support from other orders of government.

Planning for climate change adaptation and building environmental resilience are key priorities for the federal government and Peel Region. Through federal funding and initiatives, achievable outcomes can be supported in communities in Peel and throughout Canada.

### **Policy opportunity and solutions**

To help high-growth communities, such as Peel Region, respond to the harmful effects of climate change, the federal government should:

- Provide sustained climate change funding to ensure Peel's services and assets are more resilient to extreme weather events and future climate conditions.
- Provide support to enable the clean energy transition and ensure adequate grid mix and capacity.

## Support for active and sustainable transportation

The communities of Brampton, Mississauga and Caledon, combine to make Peel one of the fastest-growing regions in Canada. Peel businesses continue making meaningful contributions to Canada's economic growth. The strength of Peel's diversity continues to make it a destination of choice for newcomers. And Peel is also home to the country's busiest airport – Toronto Pearson International Airport, which supports thousands of jobs, investment, trade and tourism, which can be significant contributors to local and national GDP.

Peel Region is committed to fostering this sustainable growth through several notable initiatives, including the Region's Sustainable Transportation Strategy, which sets a goal of a 50 per cent sustainable mode share by 2041. However, gridlock, longer commute times and increases in GHGs threaten to stall this momentum. Ensuring that this progress continues requires key strategic investments from the federal government, including support for active transportation and funding to advance sustainable initiatives.

Consider the following growth pressures in Peel:

- Peel's population and employment are expected to grow to a total of approximately 2.28 million residents and over 1 million jobs by 2051.
- Current travel trends show that Peel is expected to see more than 300,000 new trips during the morning peak by 2041 – placing significant pressures on the transportation network, as most regional roads have already met their maximum.

A recent report by the Institute on Municipal Finance and Governance recommends that Active Transportation should be a priority in the same way as other types of transportation, and that government actions at all levels should reflect that priority.

Peel sustainability initiatives can benefit greatly with further support from our federal partners. Our respective levels of government have a strong track record of working together, including ensuring federal funding is optimized to advance our shared transportation priorities. This includes a recent grant from Infrastructure Canada's Active Transportation Fund for the sustainable transportation component of Peel's 2051 Transportation Master Plan.

Similarly, Peel Region is encouraged by the \$3 billion per year commitment to sustainable transportation solutions through the Permanent Public Transit Fund (PPTF) and support continued collaboration as the federal government works toward the 2026/27 start of the PPTF.

With the support of the federal government, sustainable transportation investments can be leveraged to promote community health, social and economic benefits, such as full participation in the economy, enhanced access to affordable housing, and lowered GHG emissions and transportation related air pollution in Peel and communities throughout Canada.

**Policy opportunity and solutions**

As Peel communities continue to rapidly grow, the federal government should:

- Increase funding for active transportation initiatives and transit infrastructure to support sustainable transportation and reduce greenhouse gas emissions.

# Food security

## National school food program

Although school food programs exist in some form in all provinces, territories, and many Indigenous communities, they only reach around 21 per cent of school-age children. Proper student nutrition is crucial for learning, health, and overall well-being, which underscores the importance of these programs.

Analysis suggests already high food prices are expected to increase in 2024, further impacting food programs for children and marginalized Canadians in Peel. According to the 2021 Census Bulletin, Peel had the second highest prevalence of low-income earners (7.8 per cent) among the GTA municipalities, with Peel residents under 6 years of age (10.4 per cent) being the most likely to live in low-income households.

Poverty in Peel Region continues to be a complex issue, with 7.8 per cent of the population living in poverty, including 9.7 per cent of children aged 0-17 years. Further, in 2021, 19.8 per cent of Peel residents lived in households that were marginally, moderately, or severely food insecure.

While school food programs do not solve the problem of food insecurity, well-designed, consistent programs can significantly benefit children and their education in numerous ways. These programs support all school-aged children in Peel Region and across Canada to have access to nutritious meals, contributing to better health and educational outcomes while addressing the pressing issues of poverty and food insecurity. Stable funding from the federal government and a national school food program will lead to a more aligned approach and can better address gaps currently being filled by community groups providing free and subsidized meals to children.

## Policy opportunity and solutions

To address the pressing issues of poverty and food insecurity in our communities, the federal government should:

- Establish a National School Food Program and allocate appropriate funding in Budget 2024 for municipalities, provinces and territories across Canada to implement a program this year.

