

2018 Region of Peel

Federal Pre-Budget Submission



Introduction

Located in the heart of the Greater Golden Horseshoe, the Region of Peel is made up of the cities of Brampton and Mississauga and the Town of Caledon. Peel is the second largest municipality in Ontario with a population of 1.4 million people – approximately 10 per cent of the population of Ontario. Peel is also a fast-growing community as its population is expected to increase to almost 2 million people by 2041. In addition, by this same time period 20 per cent of all jobs in the Greater Toronto and Hamilton Area will be located in Peel.

The Region of Peel's strategic vision is to build a *Community for Life* where everyone enjoys a sense of belonging and has access to the services and opportunities they need to thrive throughout each stage of their lives. Achieving this vision and accommodating the anticipated growth will require stakeholders, community partners and all levels of government to jointly develop solutions to ensure the right infrastructure, programs and services are in place.

The Region of Peel's pre-budget submission identifies five strategic priorities for the federal government to consider as it plans investments for the 2018 Budget.





Summary of Recommendations

Affordable Housing

- Ensure that funding through the National Housing Strategy is sufficiently flexible to address local needs and engage municipalities on how this can be achieved.

Transportation

- Invest in projects to improve transportation around Pearson International Airport.

Infrastructure Funding

- Favour an allocation-based approach for distributing infrastructure funding.
- Ensure that infrastructure funding programs promote the best use of funds by implementing timelines for project completion that reflect the reality of the construction and development processes.
- Provide clarity regarding the principle of incrementality and how municipalities can demonstrate that federal funding will not replace municipal funding, and allow municipalities to use infrastructure dollars from other orders of government to address gaps in infrastructure funding.

Affordable Housing

Nothing is more important to our safety and well-being than having a secure place to live – a home. Unfortunately, many in Peel struggle to find a home they can afford. The Region of Peel has one of the longest waitlists for subsidized housing in Ontario and the need is growing.

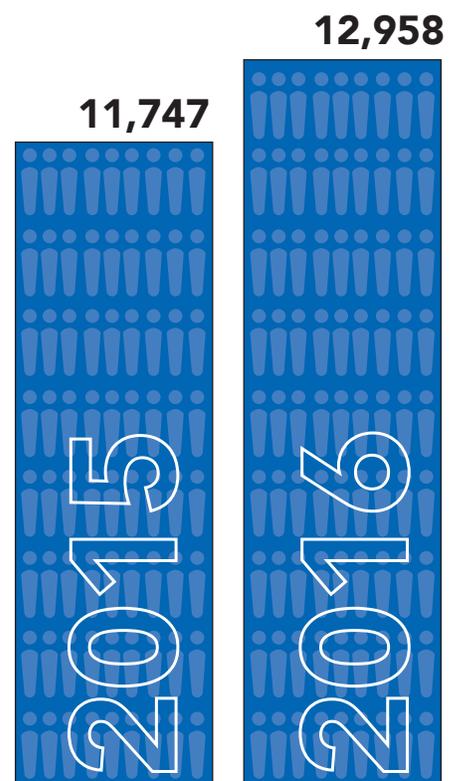
- As of December 2016, there were 12,958 households on the centralized wait list for subsidized housing and the average wait time was six and a half years.
- This is an increase from 11,747 households (+10.3 per cent) and 5.9 years (+10.2 per cent) respectively in 2015.
- In addition, 14,861 individuals accessed a Region of Peel Emergency Shelter in 2016.

The Region of Peel is appreciative of the significant support it receives from both the federal and provincial governments for affordable housing. In particular, the new National Housing Strategy (NHS) is a major step forward and the increased federal commitment to housing is encouraging. The NHS responds to calls from housing system managers for funding to support key priorities such as:

- Building new housing units;
- Ensuring state of good repair in existing rental units;
- Providing rent subsidy; and
- Preventing the loss of housing stock through the expiry of operating agreements.

While the increased funding available through the NHS will be a benefit, the cost of addressing needs within the housing system in Peel far surpasses the available resources.

- An additional \$109 million per year would be required to subsidize the 12,958 households on the centralized wait list.
- It is also estimated that the funding gap for state of good repair in Peel’s subsidized housing system is over \$350 million within the next 10 years.



Number of households on the centralized wait list for subsidized housing

It is essential that NHS funding be flexible enough to enable housing system managers, like the Region of Peel, to address local needs as identified through provincially mandated housing and homelessness plans. Unlike other provinces and territories, in Ontario, the subsidized housing system is managed by municipal governments. As such, it is also critical that the municipal voice be heard in discussions regarding how NHS funding can be spent.

Moving forward, as the federal government begins negotiations regarding the NHS, the Region of Peel encourages the federal government to work collaboratively with its municipal and provincial partners to ensure NHS funding is used effectively.

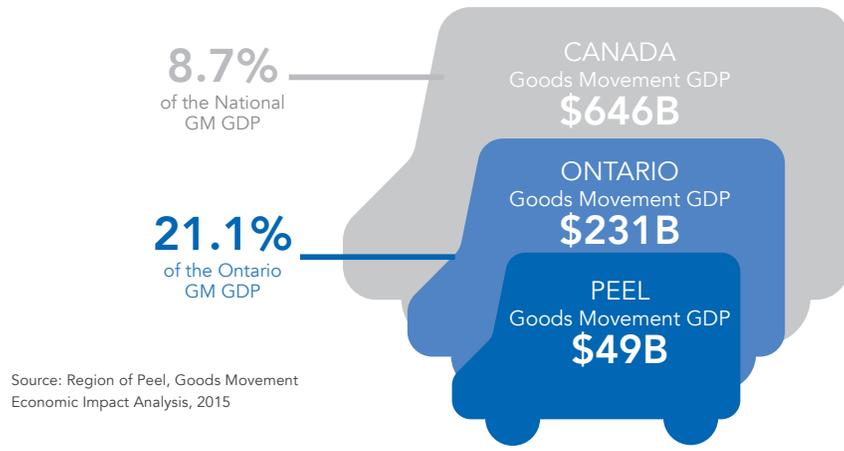


The Region of Peel recommends the federal government:

- Ensure that funding through the National Housing Strategy is sufficiently flexible to address local needs and engage municipalities on how this can be achieved.

Transportation

The goods movement industry in Peel is a significant contributor to both the local and national economies. Goods movement-related industries account for 43 per cent of jobs in Peel which translates into roughly \$29 billion in labour income. The goods movement industry in Peel also represents almost 9 per cent of the goods movement gross domestic product in Canada.



The Region of Peel is a major goods movement hub for Canada and a strategic location for national distribution. It contains the densest network of 400-series highways in the Greater Toronto and Hamilton area, mainline tracks and facilities for Canada’s two major railroads – CN and CP. Peel is also home to Canada’s largest international airport.

Toronto Pearson International Airport is a very important component of the goods movement industry in Peel. It handles more air cargo than the Vancouver and Montreal airports combined. In fact, it is estimated that by 2034, Pearson Airport will be processing almost a million tonnes of cargo per year. Pearson Airport has almost 50 thousand employees and accounts for nearly one in 10 of all jobs in Peel. In addition, it currently serves 44 million passengers each year with this number expected to rise to 65 million by the mid-2030’s.

With so much activity taking place around the airport, it is little surprise that traffic congestion continues to be a significant concern. As Pearson Airport evolves into a mega-transportation hub, the need to relieve congestion in the surrounding area will be even greater.

To improve the movement of people and goods around Pearson Airport, the federal government could invest in projects such as the proposed Pearson Transit Hub. The proposed Hub could encourage more people to use public transportation when travelling to and from the airport which could help alleviate congestion.

The Region of Peel recommends the federal government:

- Invest in projects to improve transportation around Pearson International Airport.

Infrastructure Funding

Allocation vs. Application-Based Funding

Historically, one of the significant challenges with certain types of infrastructure funding has been its application-based nature. This creates an unpredictable funding environment, making it more difficult for municipalities to plan on a long-term basis. Applications for funding can be labour intensive, both for the municipalities that complete them and for the government issuing the funds that has to evaluate them. In addition, ebbs and flows of funding can result in spikes in contractor and/or material costs.

The Region of Peel recommends the federal government:

- Favour an allocation-based approach for distributing infrastructure funding.

Timelines

Another important challenge with infrastructure funding has been the short timelines for applications and project completion. The Regional Public Works Commissioners of Ontario (RPWCO) and the Ontario Regional and Single-Tier Treasurers (ORSTT) have highlighted several challenges related to infrastructure funding program design:

- Proposed projects that must be abandoned (or not even considered) due to an insufficient amount of time for construction;
- Premature replacement of assets that have not reached the end of their lifecycle;
- Rushed projects that compromise the level of service or design quality (e.g. “shave and pave” transportation projects);
- Construction delays due to limited capacity in sectors whose input is needed to facilitate construction, including utility and rail companies; and
- Complications related to acquisition of land.

These challenges can result in an ineffective use of the funding offered and communities not gaining the full benefit of infrastructure investments. Over the long-term, this can affect the quality of life for a community and ultimately limits the success of infrastructure funding programs.

The Region of Peel recommends the federal government:

- Ensure that infrastructure funding programs promote the best use of funds by implementing timelines for project completion that reflect the reality of the construction and development processes.

Incrementality

While the federal and provincial governments have indicated that projects in a capital or asset management plan will not be disqualified from infrastructure funding, there is still a requirement that federal infrastructure funding not replace municipal investments. It is unclear how this works in practice. By definition, anything in a capital or asset management plan is a planned project that would otherwise be paid for through the municipal tax base or utility fees.

It is critical that federal-provincial funding and the incrementality requirement not have the perverse effect of redirecting time and resources away from essential projects that are priorities in municipal capital plans to low-priority projects that can demonstrate incrementality but that are non-essential. Furthermore, municipalities should be permitted to use federal-provincial infrastructure dollars to address gaps in infrastructure funding and the strict application of incrementality should be withdrawn.

This change to infrastructure program design would better support municipalities in funding timely infrastructure renewal and replacement based on extensive work completed through asset management and long-term financial planning and avoid the deployment of projects from future years to meet funding program guidelines.

The Gas Tax allows for projects to be funded that are in a capital or asset management plan, so long as the municipality can demonstrate that the funding is increasing average spending over a period of time, thus resulting in an incremental increase in infrastructure investment overall.

The Region of Peel recommends the federal government:

- Provide clarity regarding the principle of incrementality and how municipalities can demonstrate that federal funding will not replace municipal funding, and allow municipalities to use infrastructure dollars from other orders of government to address gaps in infrastructure funding.

Thank You

The Region of Peel understands that outcomes are always greater when all stakeholders, including the federal and provincial governments, work together to serve the residents and businesses of our communities. Peel will continue to work with the federal government as it seeks to improve the quality of life for all residents. Thank you for your support.



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