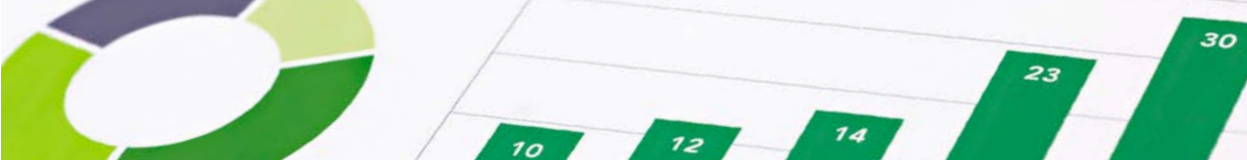


# Peel Region

## 2025 Federal Pre-Budget Submission



## Introduction

Peel Region is dedicated to collaborating with the federal government to safeguard essential frontline services for residents, support local businesses, and drive innovative solutions that will address challenging communities across Canada. As Peel continues to thrive as one of Canada's most dynamic municipalities, it faces several critical challenges that require ongoing federal support. This includes addressing emerging but persistent challenges related to Peel Region's asylum claimant and encampment response.

In addition, as the federal government turns its attention to strategies aimed at mitigating U.S. trade policies, there is an opportunity to work with the municipal sector to help ensure Canadian communities are resilient during times of economic and political uncertainty. This includes providing Peel and local area municipalities with ongoing support to address housing-enabling infrastructure needs, accessible, safe and affordable child care and long-standing municipal fiscal sustainability issues.

Peel Region also remains a committed partner in delivering critical infrastructure projects that will be required to ensure Canadian long-term economic stability. It is essential that all three levels of government work together effectively to ensure any economic stimulus package implemented effectively meets municipal needs.

Peel Region supports a collaborative approach to addressing these challenges, ensuring that support is provided to the community in a fiscally responsible, compassionate, and culturally appropriate manner under a theme of economic resilience and competitiveness, including policy solutions focusing on the following areas:

- Asylum claimant response
- Early years and child care
- U.S. Trade Policy mitigation measures - economic stimulus
- Climate change funding for resilience
- Affordable housing solutions, funding and encampment response

Continued partnership with the federal government is essential to ensuring that Peel Region can effectively address these critical challenges while fostering economic resilience, social well-being, and long-term sustainability. By aligning federal investments with municipal priorities, Peel Region can continue delivering essential services, strengthening infrastructure, and supporting vulnerable populations. Peel Region looks forward to ongoing collaboration to build a stronger, more inclusive future for all residents.

# Summary of recommendations

## Asylum Claimant Response

- Ensure adequate funding is available to quickly stand up a sustainable national asylum seeker system, so pressures in urban centres like the Greater Toronto Area can be distributed across the country.
- Provide municipalities with flexibility to utilize Interim Housing Assistance Program (IHAP) funding to achieve the shared goal of getting asylum claimants housed independently in the shortest timeframe.
- Reimburse Peel Region for 100% of the costs incurred to support asylum claimants.

## Early Years and Child Care

- Provide flexible, multi-year capital funding to support the non-profit sector in their efforts to expand.
- Provide flexibility of auspice thresholds to give Peel Region the opportunity to approve expansion for all providers ready to expand.

## Peel Services and Pressures/Municipal Fiscal Sustainability

- Engage with municipalities to discuss 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.
- Implement funding programs using an allocation model to distribute stimulus funds expeditiously.
- Partner with the provincial government to create infrastructure funding programs based on an allocation model to ensure that Peel Region can secure sustainable and timely infrastructure investment.

## **Sustainable Communities and Climate Change**

- Provide sustained climate change funding to ensure Peel Region's services and assets are more resilient to extreme weather events and future climate conditions.

## **Affordable Housing**

- Provide adequate funding for housing and supports through flexible, allocation-based flexible programs, such as Reaching Home, to meet the true level of need in the community.
- Increase the supply of new affordable housing in complete communities by providing further funding to support the implementation of the Peel Community Housing Development Program.
- Ensure the longevity of existing affordable housing by providing state of good repair funding to prevent loss of affordable housing and adapt to climate change.
- Ensure federal infrastructure programs enable upper tier municipalities to access funding required to support housing development.
- Provide continued, flexible funding to complement existing resources, ensuring the successful implementation of Community Encampment Response Plan initiatives and the completion of critical housing projects.

# Economic Resilience and Competitiveness

## Ensuring Sustainable Federal Support for Asylum Claimants in Peel

Peel Region has been a critical partner in Canada's asylum claimant response, ensuring federal investments translate into real, measurable outcomes. Since the spring of 2023, Peel Region has been on the front lines, delivering emergency shelter, income assistance, and critical wraparound services.

A key example of this successful partnership is the joint opening, in early 2025, of the Peel Reception Centre in Mississauga, one of the largest asylum claimant shelters in Canada. This initiative demonstrates Peel Region's ability to collaborate effectively with the federal government to stabilize the asylum system and provide much-needed support to newcomers. Federal funding through the IHAP has been instrumental, covering 95 per cent of Peel's eligible expenses to date.

However, upcoming changes to IHAP in 2025 will significantly shift financial responsibility onto municipalities, creating an unsustainable burden for Peel's taxpayers and putting essential asylum support at risk. As Canada continues to respond to evolving asylum claimant needs, Peel Region remains committed to working with all levels of government to ensure a smooth transition for claimants. To maintain this vital partnership and sustain Peel Region's capacity to support asylum claimants, continued federal investment is critical.

### Implications of IHAP Funding Changes

In December 2024, Immigration, Refugees and Citizenship Canada (IRCC) announced changes that will shift IHAP from a reimbursement model to upfront allocations while reducing the federal cost-share. By 2027, municipalities will be responsible for 100 per cent of program costs, even though asylum claimants remain a federal responsibility.

As a result, Peel Region faces a significant funding shortfall, with an estimated gap of **\$15.9 million from January 2025 to March 2027**. While reserves will be used to cover the 2025 shortfall, if necessary, the remaining \$12 million for 2026 and 2027 will need to be addressed through the 2026 budget process.

Beyond 2027, costs are projected to escalate, reaching **\$26.2 million in 2027 and \$33.4 million in 2028** to sustain services for 790 asylum claimants. These projections assume full federal funding through the IHAP application. Without continued and adequate federal support, Peel Region will be forced to either divert resources from other essential services or significantly reduce its asylum claimant response.

Further, the new IHAP directives limit funding eligibility to “sustainable and cost-effective” housing solutions, which penalizes municipalities like Peel that must continue relying on hotels due to a lack of transitional housing options. Peel Region has applied for funding to acquire a dedicated family site to reduce dependence on hotels, but even if approved, additional support is necessary to ensure the long-term viability of this solution.

To address these challenges and ensure a coordinated, sustainable response to the growing number of asylum claimants, the federal government must provide municipalities with the necessary funding, flexibility, and support. To achieve this, the federal government must take the following actions to stabilize the system, reduce reliance on emergency accommodations, and help asylum claimants secure independent housing as soon as possible:

- Ensure adequate funding is available to quickly support a sustainable national asylum seeker system, so pressures in urban centres like the Greater Toronto Area can be distributed across the country.
- Provide municipalities with flexibility to utilize IHAP funding to achieve the shared goal of getting asylum claimants housed independently in the shortest timeframe.
- Reimburse Peel Region for 100% of the costs incurred to support asylum claimants, as declining cost shares should not be allocated to the municipal tax base.

Moving forward, to maintain the success of Peel Region and the federal government’s shared efforts, continued sustainable federal investment is crucial. By working together, Peel Region can remain a strong, stable partner in advancing Canada’s commitment to welcoming and supporting asylum claimants.

## **Strengthening Child Care to Support Workforce Participation**

Peel Region appreciates the federal government’s ongoing commitment to making child care more affordable for families through the Canada-Wide Early Learning and Child Care (CWELCC) program. Access to affordable, high-quality child care is essential to supporting workforce participation, economic stability, and long-term growth.

Since the implementation of CWELCC, Peel Region has added 8,789 new child care spaces. While the program has been widely adopted by providers, significant challenges remain in expanding access, particularly due to restrictive allocation thresholds and limited capital funding. These barriers prevent Peel Region from meeting the growing demand for child care, which directly impacts the ability of parents to participate in the workforce and contribute to economic growth.



**Key Barriers to Expansion:**

- **Auspice Allocation Thresholds:** Peel Region has maximized its for-profit allocation, leaving **1,460 for-profit spaces on a waitlist**, while non-profit allocations remain underutilized. Greater flexibility in balancing for-profit and non-profit expansion would accelerate the creation of much-needed spaces.
- **Limited Capital Funding:** Existing funding does not adequately support infrastructure needs for child care expansion, further restricting growth.

**Peel Region's CWELCC Expansion to Date:**

	Non-Profit	For-Profit	Total
<b>Provincial Allocation</b>	7,170	4,810	11,980
<b>Approved to Date</b>	3,979	4,810	8,789
<b>Waitlisted Spaces</b>	0	1,460	1,460

To ensure families have equitable access to child care and to support Peel's economic resilience, will require the federal government to:

- Provide flexible, multi-year capital funding to support the non-profit sector in their efforts to expand.
- Provide flexibility of auspice thresholds to give Peel Region the opportunity to approve expansion for all providers ready to expand.

Investing in a viable child care system is a direct investment in Canada's economic recovery and growth. Peel Region looks forward to continued collaboration with all levels of government to strengthen child care access and support economic resilience in our communities.

**Strategic Infrastructure Investment for Economic Stimulus**

Investing in infrastructure is essential for stabilizing Canada's economy, particularly during times of economic uncertainty. Sustainable, predictable funding for municipal infrastructure not only strengthens local economies but also creates jobs and helps mitigate the risks associated with economic downturns, such as trade-related disruptions.

With evolving U.S. trade tariffs and other external pressures, such investments are crucial for safeguarding Canada's long-term economic resilience and maintaining economic stability across regions.

## Peel's Critical Role in Canada's Economy

Peel is a vital economic hub, playing a key role in Canada's trade and transportation networks. Its strategic location and infrastructure expertise help meet local needs, manage construction timelines, and maximize federal investments. However, continued strategic investments are essential for sustaining growth.

Investment in Peel's infrastructure supports efficient goods movement, business competitiveness, and reliable services for its growing population. As a critical transportation hub, Peel is central to Canada's supply chains and economic productivity. Without adequate investment, aging infrastructure and service gaps could hinder local and national economic growth.

Fostering long-term resilience by prioritizing infrastructure funding in Peel will help protect jobs, safeguard businesses, and drive national economic stability.

## Trade and Employment Risks in Peel

Peel's economy is highly dependent on trade and employment, making it particularly vulnerable to external shocks. Without strategic infrastructure investments, Peel faces significant risks that could have far reaching consequences:

- Nearly **40% of Peel's GDP and 42% of its employment are tied to manufacturing, trade, and transportation sectors** heavily impacted by trade tariffs and supply chain disruptions.
- **Over a third of Peel's businesses operate in industries directly affected by tariffs**, with rising production costs potentially slowing business growth by approximately 4 percentage points over the next two years.
- New trade barriers could trigger an economic shock, pushing **unemployment into double digits**. The manufacturing and transportation sectors would bear the brunt of this impact, leading to greater reliance on social services.
- Rising unemployment and inflation will exacerbate housing unaffordability and food insecurity, driving up demand for Peel Region's services, including housing support, shelters, and emergency aid.

Given these risks, strategic infrastructure investments are more important than ever to mitigate the impact of trade disruptions, sustain local employment, and support Peel Region's ability to meet the needs of its growing population.



## **New Infrastructure Programs – Funding & Design**

Addressing potential challenges related to U.S. tariff implementation will require robust infrastructure funding programs that are accessible, flexible, and designed to meet the needs of growing communities like Peel. However, the current reality is that Peel Region faces significant barriers to accessing essential infrastructure funding, including facing restrictive criteria in the Canada Housing Infrastructure Fund (CHIF) and the Canada Public Transit Fund (CPTF) application processes.

The new CPTF, for example, is a step forward, as it includes baseline funding within the larger program. However, Peel Region, which plays a key role in active transportation infrastructure, has been excluded from this funding due to the requirement of operating a fixed-route transit service, criteria that should only apply to the specific funding component, not the Active Transportation portion.

To address these challenges, stable, predictable, and adequate funding is essential. This includes working with provincial and municipal partners to design new funding programs to ensure a funding model that uses allocation-based approaches, aligned with municipal asset management plans. This will reduce costs by avoiding price fluctuations and contractor shortages typically linked to application-based programs.

## **Housing-Enabling Infrastructure**

Stable, predictable, and adequate funding is critical to meeting Peel's infrastructure needs, especially in light of the Ontario government's latest housing targets. Federal and provincial collaboration is essential to designing funding programs that address funding challenges related to infrastructure programs and provide sustainable solutions for rapidly growing communities.

Ensuring efficient infrastructure funding requires the federal and provincial governments to work closely with the municipal sector to ensure new programs are aligned with municipal asset management plans. This will reduce costs by avoiding price fluctuations and contractor shortages that stem from application-based funding processes. Moving forward, new infrastructure programs should:

- Provide funding for infrastructure costs (e.g., water, wastewater, transportation, and active transportation) in municipalities without mass transit operations to support planned transit services.
- Align independent funding programs to prevent delays in interdependent infrastructure projects.
- Provide operating funding for projects that increase service costs.

- Streamline funding transfers, monitoring, and reporting to reduce administrative delays.
- Increase capital funding and adjust formulas to account for rising construction costs due to inflation.

Stable, predictable funding is essential to meet Peel's infrastructure needs and support housing targets. Federal-provincial collaboration is key to designing efficient funding programs that streamline processes and reduce costs. By adopting allocation-based funding and increasing capital investment, governments can help Peel Region strengthen its infrastructure, mitigate economic risks, and contribute to Canada's economic stability.

### **Municipal Fiscal Sustainability**

Ensuring municipal fiscal sustainability is essential to maintaining vital services for Peel's growing and diverse population. While there have been much appreciated marginal increases in provincial funding, in areas like housing, long-term care, and child care, these have been insufficient to address Peel's growing and complex needs.

Modernizing revenue tools can help create a more equitable and sustainable funding model that supports Peel Region's long-term needs. As such, Peel Region continues to support the Association of Municipalities of Ontario's (AMO) and the Federation of Canadian Municipalities' (FCM) position calling for a review of municipal revenue tools, responsibilities, financial risks, and a detailed analysis of infrastructure investments and service delivery needs.

Peel Region also continues to support the broader municipal sector position that land-based revenue tools available to municipalities, such as property taxes and development charges have not kept pace with technology-driven economic growth and/or present-day inflation.

Moving forward, to ensure long-term municipal fiscal sustainability, the federal government should:

- Engage with provincial governments and municipalities to explore updated revenue sources and collection tools that reflect local realities.
- Partner with the Province of Ontario to ensure Peel Region receives sustainable and timely infrastructure investments.

Strategic infrastructure investments are essential for long-term economic resilience and stability in Peel and across Canada. Addressing barriers related to funding programs and improving collaboration between federal, provincial, and municipal governments will help meet growing demands and mitigate risks from external shocks.

## Investing in Climate Resilience and Economic Growth

With Canada warming at twice the global average, 2024 set a new record as the hottest year to date. The escalating impacts of climate change are already straining municipal services and infrastructure, increasing costs, and disproportionately affecting vulnerable populations. Peel, like many urban centres, is facing intensifying climate risks that threaten local economic stability, public health, and essential services.

To date, 19 of 20 actions outlined in Peel's Climate Change Master Plan have been initiated, with key achievements including:

- Collaborating with area municipalities, conservation authorities, and the federal government to install 192 electric vehicle chargers across the community.
- Launching Ontario's first fully electric waste collection vehicle.
- Advancing low-carbon district energy opportunities using wastewater effluent.
- Transforming long-term capital planning to decarbonize affordable housing assets.
- Partnering with the Centre for Energy Transformation to support community-wide GHG reductions.

While these initiatives represent critical progress, sustained federal investment is required to scale up climate action, protect vulnerable populations, and ensure long-term resilience. Extreme weather events are increasing demand for Peel's services, from emergency response to housing support, food security programs, and social services. Without dedicated funding, the costs of inaction—rising insurance claims, infrastructure failures, and economic displacement—will far outweigh the investments needed today.

At the same time, green infrastructure must be central to Canada's economic strategy. While threatened by protectionist trade measures from the U.S., Canada must maintain competitiveness by investing in infrastructure that drives long-term economic resilience. Strategic investments in energy-efficient buildings, electrified transportation, and climate-adaptive infrastructure will not only create jobs and attract investment but will help also insulate local economies from external shocks. Without this focus, municipalities like Peel will face increasing challenges in maintaining economic stability and ensuring continued business growth.

To strengthen local climate resilience and drive sustainable economic growth, it will be important for the federal government to:

- Provide sustained funding to ensure Peel’s infrastructure, services, and communities can withstand increasing climate risks.

Investing in climate adaptation requires continued collaboration between all levels of government to ensure that municipalities like Peel Region can effectively address climate risks, protect vulnerable communities, and support economic resilience. Strategic investments in sustainable infrastructure will not only mitigate future costs but also drive long-term economic growth and stability.

## Making Housing Affordable

### Partnering to meet Peel’s Housing Needs

Peel Region, like all municipalities across Ontario, continues to face an urgent housing affordability crisis impacting residents across all income levels. For middle-income earners, high housing prices and rents are increasingly out of reach, while those with lower incomes struggle to find deeply affordable and supportive housing. The current housing situation is unsustainable, with significant gaps in supply and affordability and creating long-term consequences for families and communities across Canada.

Addressing this issue requires not only increasing market housing supply but ensuring the use of housing for homes, strengthening the capacity of the community housing sector to support those in need, and enhancing income and social supports to ensure that all Peel residents have access to affordable, stable housing.

### Meeting Peel’s Core Housing Need

Core housing need in Peel affects approximately 97,000 households with nearly all tenants in Peel finding themselves in core housing need. Currently, Peel Region **can only meet 19 per cent of this need in the community**, highlighting the urgency of the housing situation in Peel.

Relying solely on for-profit market housing would require a fivefold increase in housing targets, underscoring the need for a comprehensive, multilevel government approach.

## Addressing the Non-Market Housing Gap

To close the affordable housing gap and meet the growing needs of Peel's residents, Peel Region is implementing the Peel Community Housing Development Program (PCHDP), and the housing development capacity building program for the non-profit sector. The PCHDP set a target of achieving 1,444 total units through 12 projects but **requires additional capital funding of \$214 million.**

This effort will help Peel's balance of affordable housing move closer to the OECD average of 7 per cent of housing supply, however, nearly an **additional 32,000 units of affordable housing are required** in the existing market to reach the OECD average share.

To address the full scale of the housing crisis, Peel Region requires the federal government to:

- Provide adequate funding for housing and supports through allocation-based and flexible programs, such as Reaching Home, to meet the true level of need in the community.
- Increase the supply of new affordable housing in complete communities by providing further funding to support the implementation of the Peel Community Housing Development Program to create much-needed affordable rental housing and shelter facilities.
- Ensure the longevity of existing affordable housing by providing state of good repair funding to prevent loss of affordable housing and adapt to climate change.
- Ensure federal infrastructure programs enable upper tier municipalities to access funding required to support housing development.

## Support for Community Encampment Response Plan (CERP)

The recent federal government announcement of \$91.5 million in funding under the Unsheltered Homelessness and Encampments Initiative (UHEI) is a critical step forward in addressing homelessness and encampments, in Peel and across Canada. While the \$13.4 million committed over two years, is appreciated, Peel Region **requires \$31.8 million to move forward with three "Ready-to-Build" projects** under the provincial government's Last Mile Funding criteria. These projects, in partnership with non-profit providers, aim to deliver 160 units of supportive and affordable housing.

Peel Region remains committed to working collaboratively with the federal and provincial levels of government to secure the necessary resources to address unsheltered homelessness. While the initial federal contribution is a critical first step, additional and flexible federal support is required to fully realize the potential of these homelessness initiatives. To address both immediate and long-term needs, expanded shelter capacity, enhanced case management services, and increased transitional housing options are essential.

To address homelessness and encampments, Peel Region requires the federal government to:

- Provide continued, flexible funding to complement existing resources, ensuring the successful implementation of CERP initiatives and the completion of critical housing projects.

Sustained federal investment will allow Peel Region to build on current progress, support the most vulnerable populations, and make meaningful strides in reducing homelessness in Peel.

## Conclusion

Strategic federal investments that align with municipal priorities will enable Peel Region to deliver essential services, strengthen critical infrastructure, and support vulnerable populations. By working together, all levels of government can address urgent emerging challenges and create a more inclusive, prosperous, and sustainable future for residents and communities across Canada.

