Sustainable infrastructure solutions

Partnering to meet Peel's housing needs

Recent changes to the Development Charges (DC) regime and the introduction of a time-limited DC deferral and grant program to support provincial housing targets have resulted in significant funding shortfalls. While Peel Region is engaging in productive discussions with provincial officials to identify dedicated federal and provincial funding to offset these impacts, firm commitments are needed to avoid shifting the burden to property taxpayers and utility ratepayers, putting affordability and key infrastructure at risk.

Supporting provincial targets

Peel Region remains committed to meeting Ontario's housing targets; 113,000 units in Brampton, 13,000 in Caledon, and 120,000 in Mississauga, through its established capital program. Successful implementation of this program depends on strong collaboration with the province.

Recent provincial investments through the Housing-Enabling Water Systems Fund ($35 million) and the Municipal Housing Infrastructure Fund ($16.1 million) are appreciated.

Peel Region is working closely with the province to identify additional opportunities to address Peel's significant capital needs, including federal funding opportunities.

Peel Region is also working with the province to explore a new public utility model for water and wastewater servicing in Peel to support critical housing infrastructure.

Accelerated funding required

To meet local housing targets, Peel Region must accelerate new infrastructure required to support new housing. This requires an additional $8.4 billion in DC-related funding in the 10-year Capital Plan (2025–2034), which is over and above the 2023 10-year plan. Without stable and predictable funding, infrastructure development will be delayed.

Background and context

- DCs are Peel Region's main tool to fund infrastructure that enables housing development.
- Infrastructure investments must be made upfront, creating a timing gap between infrastructure costs and DC collection.
- To manage this, Peel Region relies on debt. $1.36 billion in DC-related net debt is currently outstanding, with $136 million in annual payments funded through DCs.
- Another $5 billion in DC supported debt is projected between 2025–2034 to accommodate growth.
- New DC deferrals could cut revenues by $300 million annually (2025–2026).
- A 50% residential DC discount could result in a permanent $400 million loss, without funding from upper levels of government, which could shift costs to taxpayers.
- Increased funding for the expanded capital program is also required.

Peel Region

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Funding design and delivery

Provincial and federal collaboration is essential to create funding programs that meet today's challenges and support sustainable growth in Ontario's communities. Allocation-based models aligned with municipal asset management plans help reduce costs by avoiding market fluctuations and contractor shortages tied to application-based funding.

To meet growth demands, infrastructure programs should:

- Provide stable funding to offset DC revenue losses.
- Preserve municipal discretion over DC incentives.
- Increase funding to reflect inflationary construction costs.
- Invest in infrastructure that supports transit services in non-transit municipalities.
- Align funding streams to avoid delays in interdependent projects.
- Offer operating funding for services with rising costs.
- Streamline transfers, monitoring, and reporting.
- Allow allocation-based, multi-year funding.

Key takeaway

A modernized, coordinated funding approach will help ensure Peel Region can build the infrastructure needed to support housing, growth, and livable communities.