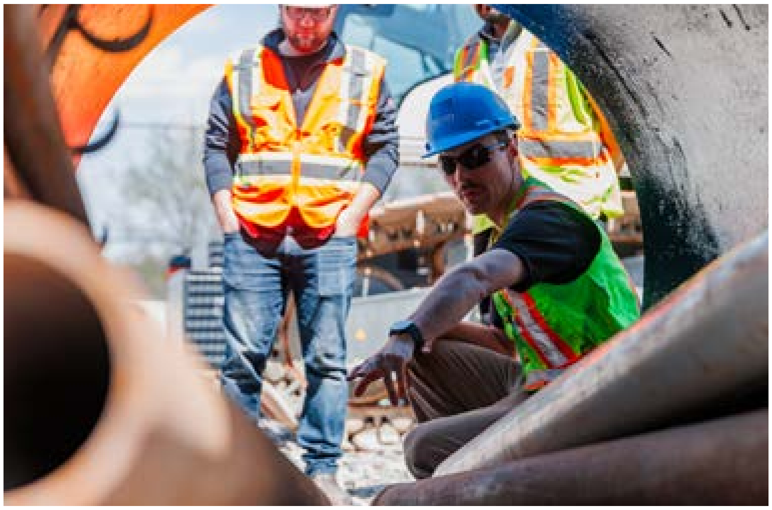
Peel Region

2026 Federal Pre-Budget Submission

Peel Region

Introduction

Peel Region is facing a converging set of housing, infrastructure, affordability, and social services pressures that require a sustained, all-levels-of-government approach, including a strong federal partnership. Rapid population growth, rising costs, housing instability, and increasing demand for essential services are placing significant pressure on residents, communities, and municipalities, with broader implications for Canada's economic growth and social well-being.

These pressures are being compounded by continued global economic uncertainty, unprecedented U.S. tariffs and a challenging housing market. Despite these conditions, Peel Region remains committed to supporting federal priorities related to housing supply, affordability, economic productivity, and resilient communities. This includes significant investment, innovative approaches to service delivery, and an all-of-Peel collaborative approach that leverages municipal, community, non-profit, and private sector capacity.

However, municipalities cannot address these challenges alone. Declining development charge (DC) revenues, rising construction and operating costs, and growing demands on municipal services are increasingly constraining Peel Region's fiscal flexibility. At the same time, pressures related to housing affordability, homelessness, food insecurity, and affordable child care are placing greater strain on households and community services. Without coordinated action, these challenges risk increasing reliance on costly downstream interventions while limiting the ability of municipalities to invest in the infrastructure and services required to support long-term growth.

A strengthened federal-provincial-municipal partnership is critical. Predictable and sustainable federal investment can help municipalities plan and deliver the infrastructure needed to unlock housing development, expand and preserve affordable housing, strengthen responses to homelessness and affordability, and sustain essential social infrastructure. Federal policy and funding approaches that recognize local growth, service pressures, and municipal fiscal capacity will also help ensure investments are targeted where they can achieve the greatest long-term impact.

Peel Region's priorities for Budget 2026 reflect an upstream approach that combines immediate action with investments that address the underlying drivers of housing and affordability pressures. By partnering with municipalities, the federal government can help reduce pressures on households while supporting workforce participation, economic productivity, and stronger, more resilient communities.

As the Government of Canada develops Budget 2026, Peel Region recommends consideration of the following solutions and challenges as outlined in this submission:

1. **Building sustainable housing through housing-enabling infrastructure**
2. **Affordable housing solutions**
3. **Food security: Growing affordability gap**
4. **Strengthening Canada's early learning and child care system**

Summary of recommendations

Peel Region recommends that the Government of Canada:

Building sustainable housing through housing-enabling infrastructure

- Provide predictable, allocation-based housing-enabling infrastructure funding that reflects the scale of growth-related capital needs in high-growth municipalities and complements development charge relief.
- Continue federal partnership on development charge relief while recognizing that relief alone will not address the full fiscal gap created by accelerated infrastructure investment, lower development charge collections, and legislated deferrals and discounts.
- Support Peel Region's three projects submitted under Phase 1 of Build Canada Homes and provide sustained capital funding for new affordable, supportive, and community housing, as well as state-of-good-repair investments to preserve existing units.

Affordable housing solutions

- Build on the $6.8 million allocated to Peel Region through the Unsheltered Homelessness and Encampments Initiative (UHEI) by providing sustained, flexible homelessness funding through UHEI and Reaching Home that reflects demonstrated local need.
- Provide dedicated housing, shelter, and homelessness funding for gateway municipalities facing disproportionate pressures associated with newcomer and asylum claimant arrivals.

Food security: Growing affordability gap

- Invest in coordinated regional food security infrastructure and stabilize long-term funding for the National School Food Program, while advancing federal measures that address the underlying income and affordability drivers of food insecurity.

Strengthening Canada's early learning and child care system

- Renew and strengthen the Canada-Wide Early Learning and Child Care agreement beyond March 31, 2027, with sustained, multi-year operating funding that reflects population growth, local demand, equity, and workforce requirements.

Building sustainable housing through housing enabling infrastructure

As one of Canada's fastest growing regions, Peel Region has accelerated its growth-related capital program to support the delivery of more than 246,000 new homes across Brampton, Caledon and Mississauga through the building and maintenance of housing enabling infrastructure, such as water and wastewater. However, Peel Region's fiscal stability is being severely impacted by a stalled housing sector, DC legislative changes, and global market uncertainty.

A stagnant housing market reduces the revenue necessary for growth

Peel Region funds its growth-enabling infrastructure projects through a combination of DC revenues as well as debt, which is then paid down through DC collections when growth occurs. Should anticipated growth not occur or should adequate DC revenues not be realized, the resulting shortfall in DCs to cover debt must be funded, if not through federal or provincial funding, then through increased property taxes and utility rates for Peel residents and businesses.

New housing construction has slowed significantly, reducing the DC revenues traditionally used to finance growth related infrastructure. In Peel, DC collections declined from an average of $295 million annually between 2021 and 2024 to $114 million in 2025. Data from 2025 shows this downward trend, deepening the fiscal challenges of funding growth-related infrastructure, which is eroding Peel Region's long-term financial flexibility.

As DC revenues plummet, Peel Region continues to face significant financial pressures resulting from accelerating new housing-enabling infrastructure dependent on future DC collections. As a result, DC spending has roughly doubled to approximately $510 million over the 2024–2025 period, when compared with the previous three-year period (2021–2023).

Development Charge deferrals and discounts require federal partnership

Peel Region appreciates the federal government's partnership with Ontario to establish the Development Charge Relief Program (DCRP), recognizing that municipalities require sustainable infrastructure funding to support housing growth. This investment represents an important step toward addressing the fiscal impacts of development charge policy changes while enabling municipalities to accelerate the infrastructure needed to achieve Canada's housing objectives.

While Peel Region's application under the DCRP remains under review, the scale of infrastructure required to support planned growth exceeds the funding currently available through existing programs. To ensure municipalities can continue delivering the infrastructure required to unlock housing supply, federal support is needed to ensure that funding through the DCRP reflects the scale of infrastructure needs in high-growth communities. DC policy and legislative changes, including deferrals and discounts, have added significant risk to Peel Region's growth-related capital program. These changes have created immediate and permanent revenue shortfalls:

- Shifting payments from building permits to occupancy will reduce revenues by up to $300 million annually in 2025 and 2026.
- A 50% residential DC discount over the 2025–2026 period represents a permanent loss of approximately $448 million.

This fiscal strain creates high levels of uncertainty regarding the scale and timing of housing-enabling projects. Future federal infrastructure investments should also remain predictable, allocation based and aligned with municipal capital and asset management plans, while continuing to streamline program administration and support integrated infrastructure delivery.

Affordable housing solutions

Peel Region is experiencing an unprecedented housing affordability and homelessness crisis. In 2024, more than 100,000 households, or 1 in 5 households, were living in core housing need, while current service levels meet less than 17% of overall affordable housing need. At the same time, homelessness continues to rise sharply, with 8,610 individuals accessing emergency shelter and homelessness services in 2024, a 44% increase over the previous year. These pressures cannot be addressed through municipal property taxes alone and require sustained federal partnership to expand affordable housing supply, preserve existing community housing and strengthen long-term responses to homelessness.

To strengthen affordable housing and homelessness responses, the federal government should:

- Support the three Peel Region projects submitted under Phase 1 of Build Canada Homes to accelerate the delivery of affordable and supportive housing.
- Provide sustained capital funding for both the expansion of affordable, supportive and community housing, and the renewal of existing community housing assets through dedicated state-of-good repair investments that prevent the loss of affordable units.
- Expand flexible, allocation-based funding through programs such as Reaching Home and UHEI.
- Provide dedicated housing, shelter, and homelessness funding for gateway municipalities experiencing disproportionate housing demand associated with newcomer and asylum claimant arrivals, with allocations reflecting actual service pressures rather than population alone.

Unlocking federal housing capital and expansion and renewal of affordable housing

To accelerate the delivery of affordable and supportive housing, Peel Region has submitted three projects under Phase 1 of Build Canada Homes and is advancing a Pan-Peel approach that enables participation from municipal and non-profit housing partners. Federal investment in these projects will help increase the supply of affordable homes, strengthen the non-market housing sector and support economic growth through housing construction and manufacturing.

Affordable and community housing investments generate returns that extend well beyond housing outcomes contributing to economic growth, job creation, increased tax revenues, and reduced long-term pressures on healthcare, justice, and homelessness systems. Evidence demonstrates that across the Greater Toronto Hamilton Area (GTHA) combined investments in housing renewal and expansion were found to generate the strongest economic, social, and fiscal outcomes compared with either strategy alone.

In addition to expanding new housing supply, preserving existing community housing assets must remain a federal priority. Evidence from the GTHA Community Housing Alliance demonstrates that renewal and state-of-good repair investments prevent the loss of affordable units, avoid building closures, reduce future homelessness pressures, and generate stronger social and economic outcomes than new construction alone. Failure to maintain existing housing stock results in the permanent loss of affordable units, increases in homelessness pressures, and drives higher long-term costs across healthcare, justice and emergency response systems. Federal housing investment must also preserve existing affordable housing.

Addressing Peel's encampment and unsheltered homelessness crisis

Between 2021 and 2024, homelessness in Peel increased by 93%, yet existing resources allow Peel to meet the needs of only 1 in 5 individuals requiring support. Peel Region welcomes the Government of Canada's commitment of $6.8 million through the UHEI. This investment will help strengthen local responses, connect people experiencing unsheltered homelessness with services, and create pathways to safer, more stable housing. This is meaningful progress, but the scale and persistence of homelessness in Peel requires sustained federal partnership beyond short-term funding cycles. Peel Region encourages continued flexible, allocation-based funding through UHEI and Reaching Home that reflects demonstrated service pressures and supports housing-first interventions, outreach, case management, transitional and supportive housing, and other pathways from encampments and shelters to permanent housing.

Recognizing pressures on gateway municipalities

Peel Region also continues to face growing pressures from chronic homelessness and encampments. These challenges are occurring within a community that continues to serve as a primary destination for newcomers and asylum claimants. Peel has supported approximately 8,500 homeless asylum claimants since 2023 while managing one of Ontario's largest affordable housing waitlists. As home to Toronto Pearson International Airport, Canada's largest airport and a major newcomer settlement destination, Peel experiences housing and homelessness pressures that are closely tied to national immigration and asylum systems, creating housing, shelter, and homelessness pressures that cannot be sustainably funded through the municipal property tax base alone. Federal housing and homelessness funding should include a dedicated approach for gateway municipalities, with allocations based on actual service demand and newcomer and asylum claimant pressures rather than population alone. A more responsive funding model would reduce reliance on emergency municipal responses and support more stable, coordinated settlement and housing pathways.

Food security: Growing affordability gap

Peel Region is experiencing unprecedented affordability pressures that are driving record levels of food insecurity and increasing demand on emergency food services. Despite coordinated efforts by Peel Region, community agencies, and emergency food providers, food insecurity has become entrenched and systemic for a significant portion of the population with approximately 28% of Peel households experiencing some level of food insecurity.

Food insecurity is now increasingly being experienced by residents both above and below the official poverty line, reflecting growing affordability challenges across the region. Currently, 1 in 13 Mississauga residents and 1 in 16 Brampton residents rely on food banks, levels of demand that exceed the capacity of community donations and local resources. Demand for emergency food services has surged by 40–60% year over year as more residents struggle to meet basic needs.

While investments in emergency food programs remain essential to supporting residents facing immediate hardship, food insecurity is fundamentally driven by broader affordability challenges. Sustainable reductions in food insecurity require upstream interventions that address these underlying drivers while ensuring community-based food supports can respond to the current need. Federal actions that address the root causes of poverty and affordability are critical to reducing food insecurity and creating lasting community resilience.

Partnering with Peel Region, community organizations, and emergency food providers, the federal government would help strengthen local food security through investments in both emergency food infrastructure and longer-term food system resilience. A coordinated regional approach would increase system capacity, reduce duplication, improve access to culturally appropriate, nutritious food and support a more resilient food network capable of responding to growing demand.

Federal investments in Peel would advance the objectives of Canada's National Food Security Strategy by increasing local capacity to procure, distribute, and deliver food more efficiently while supporting community-based responses to affordability pressures.

Sustainable funding for Peel's food security sector

To date, dedicated funding for emergency food services has been limited to short-term project grants, donations, and fundraising efforts. A strengthened federal partnership would enable Peel Region to move beyond an increasingly strained emergency response toward a more coordinated, and sustainable approach.

This includes increasing and stabilizing long-term federal funding for the National School Food Program (NSFP) in Peel to support universal access to nutritious school meals for children and youth.

Stable funding would enable school boards and community organizations to expand program reach, improve food quality, and provide culturally responsive meal options that reflect the diversity of Peel's communities. As food costs continue to rise, the NSFP represents a critical investment that supports child health, well-being, and learning outcomes while helping reduce the impacts of food insecurity and affordability pressures on families.

Despite increasing rates of food insecurity, funding for student nutrition programs in Peel has not kept pace with growing demand. Schools often rely on teachers, parents, school councils, and volunteers to raise additional funds to sustain and enhance nutrition programs. However, fundraising capacity varies significantly across school communities, resulting in inequitable access to health food for students. A more robust and sustainable funding model is needed to ensure that all children and youth, regardless of where they live or attend school, have access to consistent, high-quality nutrition supports.

Strengthening Canada's early learning and child care system

Peel Region recognizes that affordable, accessible, and high-quality child care is essential social and economic infrastructure that supports workforce participation, family financial stability, children's development, and long term economic growth. Since its introduction, the Canada Wide Early Learning and Child Care (CWELCC) program has significantly reduced parent fees and expanded access to licensed child care, delivering meaningful benefits to families across Peel Region and Canada.

Peel Region continues to experience increasing demand for licensed child care spaces. However, the current Canada Ontario CWELCC Agreement is set to expire on March 31, 2027. Without a renewed long term federal commitment, families could face higher child care costs, undermining affordability gains, reducing workforce participation, and creating uncertainty for municipalities responsible for planning and delivering local child care systems.

To address these challenges, the federal government should renew the CWELCC Agreement to preserve affordable parent fees and provide long term funding certainty and strengthen the program through sustained, long term operating funding that provides certainty for families, municipalities, and child care operators. Funding allocations should reflect population growth, local demand, and equity considerations, recognizing the pressures faced by rapidly growing municipalities such as Peel.

Further, the federal government can also support the CWELCC program through improved workforce recruitment, retention, and compensation measures, which are critical to sustaining a high-quality child care system and expanding access for families.

Renewing and strengthening the CWELCC program will protect affordability, support economic growth, and ensure families continue to have access to high quality, affordable child care. A renewed federal commitment will provide the stability needed to sustain the program's success while enabling growing communities to meet future demand.

Conclusion

Peel Region is doing its part to advance housing supply, affordability, economic productivity, and community resilience. Municipal investment and innovation, however, cannot substitute for sustained federal partnership where national policy objectives depend on local infrastructure and service delivery.

Budget 2026 is an opportunity to build on recent federal investments by providing predictable, long-term funding that responds to growth and demonstrated local need.

By investing in housing-enabling infrastructure, affordable housing and homelessness responses, food security, and early learning and child care, the Government of Canada can reduce downstream costs while helping families and communities remain stable, connected, and well positioned for long-term prosperity.

Peel Region

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