

2020 Region of Peel

Federal Pre-Budget Submission



REFERRAL TO _____
RECOMMENDED _____
DIRECTION REQUIRED _____
RECEIPT RECOMMENDED _____

Introduction

The Region of Peel is responsible for providing services and programs to a rapidly growing community consisting of the cities of Brampton and Mississauga and the Town of Caledon. Peel is projected to grow from the current 1.5 million people to a population of nearly two million by 2041. The Region's vision for Peel is 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.

To meet the growing needs of Peel residents and businesses, the Region uses best practices based on evidence and risk-informed decision-making, consistently maintains a triple "A" credit rating and is the recipient of Excellence Canada's Platinum Award for continuous improvement efforts.

While the Region of Peel is recognized as a leader in service and program delivery, it relies on financial support from other orders of government. Like many other municipalities across Ontario and Canada, the Region is increasingly doing more with less. Without sustainable funding tools, the Region does not have the financial resources to maintain and build the necessary infrastructure and provide the appropriate level of services to support Peel's growth.

To that end, the Region is eager to work with the federal government to address challenges impacting Peel and has a number of recommendations that align closely with the following key priorities laid out in the 2019 Speech from the Throne:

- Growing the Economy and Strengthening the Middle Class
- Keeping Canadians Safe and Healthy
- Fighting Climate Change



Growing the Economy and Strengthening the Middle Class

Municipal Fiscal Sustainability

Municipalities are the level of government closest to the people and are therefore most familiar with their hopes, needs and challenges. The infrastructure (roads, bridges, transit, housing, water and wastewater and waste management) and services municipalities provide are essential to maintaining and enhancing the excellent quality of life enjoyed by residents.

The Region, like other municipalities, has limited revenue sources and cannot do this on its own. Existing revenue tools available to municipalities - property tax, development charges, federal/provincial funding and user fees - have remained relatively unchanged and provide limited flexibility to address the evolving needs of the municipal sector. Support from our federal and provincial partners is needed to continue to build safe, healthy and connected communities. Municipalities are vital partners for the federal government and want a modern and renewed partnership in which they are around the table and regarded as true partners.

A modernized relationship with municipalities is becoming more critical as Canada's economy shifts from being producer/manufacture-based to one that is more technological/digital-based. Technological change has automated many work processes and contributed to businesses requiring less land and fewer workers. Technology has also enabled a more mobile, globalized labour force.

In response to this transformation, building forms have become less expansive and production spaces are smaller, but used more intensely. As a result, actual business land consumption has fallen below expected levels and has affected non-residential revenue growth. As municipalities continue to work towards meeting the growing needs of their communities, it is essential that the federal and provincial governments work with municipalities to explore sustainable and predictable funding sources that go beyond property taxes.

The Region of Peel recommends that the federal government:

- Work with provincial and municipal counterparts to address the fiscal gap left between the decreasing revenues generated from outdated municipal revenue tools and the 21st century challenges municipalities face. The increased risk to municipal fiscal sustainability stemming from this gap should also be more widely understood.

Infrastructure

Long-term, sustainable investment in municipal infrastructure, such as wastewater plant rehabilitation, inflow and infiltration projects, and road construction projects, help strengthen Canada's economy by ensuring families and businesses have the infrastructure necessary to prosper and thrive.

Consider the following facts:

- For every dollar increase of GDP in Peel, Canada's GDP will increase by \$1.62.
- For every dollar of municipal revenue in Peel due to growth, federal revenue increases by \$6.22.

In addition, efficient and effective utility services require timely and purposeful mitigation of and adaptation to climate change. Without this, the negative effects of climate change will have costly impacts to balance sheets of businesses and the individual family's monthly/yearly expenses.

For fast-growing municipalities such as Peel, providing and maintaining infrastructure is becoming increasingly difficult, due to unpredictable and unsustainable funding sources. The Region relies on collaboration with the federal and provincial levels of government to plan, build and maintain the infrastructure required to meet the needs of their communities.

The Region recognizes that the federal government, through Phase 2 of the Investing in Canada Infrastructure Plan (ICIP), intends to invest over \$1.4 billion in infrastructure dollars in Ontario's municipalities. While the Region looks forward to this investment, the federal government is encouraged to work with its provincial counterparts to improve funding program design to better meet the needs of the municipal sector.

As a result of the restrictive timelines and lack of flexibility under Phase 1 of ICIP, project costs were elevated by an average of 30 per cent due to the lack of available contractors, high demand for materials, and municipalities going to market for similar materials and services at the same time. A 30-per cent premium on \$30 billion in investments under Phase 2 would translate into \$9 billion in lost purchasing power. This must be avoided.

In addition, the Region would like an allocation-based approach for distributing infrastructure funding to municipalities such as the gas tax funding program. This approach is more predictable than application-based funding as it enables investments in priority projects that are consistent with each municipality's asset management plan. As a result, it helps avoid price spikes and contractor shortages associated with application-based funding.

The Region of Peel recommends that the federal government:

- Work with the Ontario government to expedite the distribution for Phase 2 funding.
- Implement an allocation-based approach for distributing infrastructure funding to municipalities similar to the gas tax.

Affordable Housing

Many of the same challenges and opportunities that have underpinned the federal government's approach to affordable housing, also exist in Peel, where families, seniors, first-time buyers and our most vulnerable residents face obstacles in simply finding a place to call home.

A collaborative approach with the private sector, non-profit sector and all levels of government will drive solutions to help ease these housing pressures, which in Peel include the following:

- 80 per cent of households can't afford to buy a home or move into a new rental unit in Peel (based on a 30 per cent of household income affordability threshold)
- Peel's current vacancy rate stands at just 1.2 per cent, whereas a vacancy rate that results in zero real rent increases is considered to be at least 3 per cent
- Home ownership prices in Peel have increased three times faster than the ability of households to own (2006 to 2018).

As a Service Manager, the Region continues advocating for affordable housing that is available for all Peel residents, as well as the prevention of homelessness in Peel. The Region has undertaken a number of initiatives with the aim of maintaining and increasing the supply of affordable housing, while also improving service for residents, including:

- Approving a housing master plan to build over 5,600 new shelter beds, supportive, and affordable rental housing units in Peel, including immediate funding to build the first two phases of this plan
- Implementing a new client service delivery model
- Planned improvements to wait list and subsidy management
- Private stock strategy to bring privately-held units already in the market into the affordable housing system

While regional and federal investments in affordable housing are improving lives in Peel, additional ongoing support from all orders of government is needed in order to continue address affordable housing needs. In particular, the federal government should provide long-term, allocation-based, sustainable capital and operational funding that does not impact the Region's borrowing ability and provides flexibility in its use towards addressing affordability through leveraging current housing stock and new rental development.

The Region looks forward to continued investments through the National Housing Strategy and is also encouraged by the recent \$1.4-billion investment by the provincial and federal governments through new Canada-Ontario Housing benefit. The Region will identify and recommend households on the Central West List eligible for the benefit.

The Region of Peel recommends that the federal government:

- Provide long-term, allocation-based, sustainable capital and operational funding for affordable housing that does not impact the Region's borrowing ability and provides flexibility in its use towards getting and keeping Peel residents housed (e.g. existing affordable housing stock, new affordable supportive and rental development, subsidies, incentives).

Keeping Canadians Safe and Healthy

Human Sex Trafficking

The Region of Peel and the federal government share a common interest in eradicating human sex trafficking, which is a growing problem. In 2017, Peel Regional Police saw the highest number of human sex trafficking charges in Peel in a decade. The most current data shows that Peel police conducted over half the human sex trafficking investigations in Canada and 62.5 per cent of Canadian cases originate in the Greater Toronto Area.

The Region has taken decisive action on this issue, demonstrating leadership through its Strategy to Address Human Sex Trafficking in Peel Region, which outlines three key pillars: prevention, intervention, and exits/housing. To address these pillars, a three-year pilot program is being implemented, which includes one safe/emergency house, one transitional house and wrap-around services for individuals at risk.

However, the Region of Peel cannot tackle this growing problem on its own; more can be done through partnerships with stakeholders, including all orders of government, to help drive positive outcomes for victims and survivors of human sex trafficking. The current pilot program is being funded by the Region through reserves and if these services are discontinued at the end of the pilot, the ability to address the needs of sex trafficking victims and survivors and the trust that has been built with this vulnerable population will be put at risk.

The strategies put forward by the Region and the federal government offer numerous opportunities to align shared priorities. The federal government-funded Canadian Human Trafficking Hotline is an important resource, as is the National Strategy to Combat Human Trafficking; the Region looks forward to hearing more about this initiative.

The Region of Peel recommends that the federal government:

- Support the leadership demonstrated through the Region's human sex trafficking strategy and provide sustainable funding to be used for capital and operating initiatives.

Fighting Climate Change

Climate Change

The complexity, urgency and scale of climate change means no single government or organization can address it alone. For more than a decade, the Region of Peel has worked closely with its local municipalities and conservation authorities on specific initiatives and through the Peel Climate Change Partnership to advance plans that together transition Peel toward a low-carbon and resilient future.

However, while municipalities are at the front line responding to increased impacts, they lack the capacity to adapt. To address this, there needs to be greater coordination across all levels of government, including the federal level.

The 2018 Federal-Ontario Bilateral Agreement and the Pan-Canadian Framework on Climate Change includes key climate change and infrastructure outcomes, which are aligned with the Region's climate change priorities. As the federal government moves forward in achieving these outcomes, greater consideration is needed to align federal infrastructure and climate change policies and plans with municipal priorities. This includes developing policy that establishes adaptation targets and defines municipal resilience to climate change.

In addition, to help the federal government further its goal to increase efficiency of buildings and generate clean energy, increased funding and incentives are required for municipalities to build or retrofit affordable housing building stock to achieve low-carbon targets.

The Region of Peel recommends that the federal government:

- Provide sustained funding to reduce GHG emissions and address climate change risks to critical municipal infrastructure.
- Work with the Region of Peel to develop policy that establishes adaptation targets and defines municipal resilience to climate change.

Transportation

The Region of Peel consists of some of the most diverse and fastest-growing communities in Canada. Direct access to the 400-series network of highways, GO and intermodal rail, public transit services and Pearson International Airport has shaped Peel as a destination of choice for business and for the thousands of newcomers every year who choose to make Canada their home. This diversity continues to be a strength for the Region, however, growth does not come without its challenges. Gridlock and lost productivity threaten to stall this momentum without ongoing investments by the federal government in more sustainable and integrated transportation.

The Region of Peel's population and employment is expected to grow by about 500,000 residents and 250,000 jobs, to a total of approximately two million residents and 970,000 jobs by 2041. Current travel trends show that Peel is expected to see more than 300,000 new trips during the morning peak, on a daily basis, by 2041. This will have significant pressures on the transportation network.

Sustainable Mobility

The Region applauds the federal government for continuing to make environmental issues key among its strategic priorities. Sustainable mobility is a cornerstone of the Region's Long-Range Transportation Plan. It includes more than 50 recommended actions that call for reduced GHGs and shorter trips times for residents.

Peel recognizes that the expected growth to the region cannot be met simply by adding more road lanes, rather, the Region has identified long-term solutions that includes a transportation system in which 50 per cent of peak period trips are made using sustainable transportation modes.

The Region was encouraged by the federal government's decision to double transfers to municipalities from the Gas Tax Fund, investment in the expansion of the GO network, as well as transit stream funding under the Investing in Canada Infrastructure Plan. These initiatives demonstrate how intergovernmental relations continue to drive the transformative change from which all Canadians benefit.

Goods Movement

Peel's economic indicators tell the story of a region that has shown significant improvements in many areas, including a growing and diverse population that benefits from an increasingly diversified economic base, spanning numerous sectors which create jobs for both residents and non-residents of Peel.

In 2019, there were improvements in key areas of Peel's economy:

- Peel's unemployment rate fell to 6.6 per cent, its lowest level since 2008.
- In June of 2019, the number of businesses in Peel was 182,477, 5.5 per cent higher than a year earlier.
- The Region issued \$3.13 billion worth of building permits from January to September 2019 – a 32.3 per cent increase.
- The number of people in Peel's labour market increased by 3.9 per cent to approximately 938,000.

Sectors with direct or indirect linkages to goods movement have been expanding in Peel. In particular, the proportion of Peel's business sector accounted for by transportation and warehousing increased from 15.4 per cent to 21.0 per cent in the last decade, while the proportion of Peel's residents working in the sector increased from 9.6 per cent to 11.4 per cent.

Clearly, the efficient movement of goods continues to play a significant part in Peel's economic success, which is supported by continued federal investments in projects to support improved transportation access for people and goods around Toronto Pearson International Airport. With a high volume of trips and movements associated with the airport, these efficiencies would align with the federal government's plan to reduce GHGs.

The Region of Peel recommends that the federal government:

- Increase funding for transit infrastructure to contribute to reductions in greenhouse gas emissions.
- Work with the Ontario government to move forward with implementing GO Expansion in the Region of Peel:
 - Two-way, all-day, 15-Minute GO Expansion on the Kitchener Line from Bramalea GO Station to Union Station and further to Mount Pleasant GO Station; and
 - Two-way, all-day, 15-Minute GO Expansion for the Milton Line.
- Invest in projects to support improved transportation access for people and goods around Toronto Pearson International Airport.

Waste Management

Moving from a linear “take-make-waste” economy to a circular economy, that keeps resources in use for as long as possible, will generate business, economic, environmental and social benefits for the Region of Peel and all of Canada. The federal government can advance a circular economy by continuing to support the development and use of innovative resource recovery technologies and sustainable business models and practices, including sustainable procurement in all levels of government.

The Region continues working toward its 75 per cent waste diversion goal by 2034. While it has developed its own extensive waste management strategies to meet this objective, support from the federal and provincial governments is needed to achieve national, provincial and municipal diversion targets.

The Region supports a province-wide single-use plastics strategy, as well as participation in discussions with the Province, the Retail Council of Canada and other stakeholders to develop a harmonized strategy for single-use plastics. With that in mind, the Region is encouraged by the federal government’s plan to ban single-use plastics by the end of 2021, as well as a national plan to reduce the amount of packaging that has overwhelmed municipal waste programs.

Federal investment in waste infrastructure is needed as current infrastructure does not have the capacity to handle the increasing amount of materials collected from all regions and all types of buildings, including business and public spaces. Federal investment will increase capacity to process and recover value from all types of plastic waste.

The Region of Peel recommends that the federal government:

- Support the advancement of a circular economy by investing in and promoting innovative resource recovery technologies and sustainable business models and practices.
- Continue work in understanding the effects of plastic pollution and in developing a national ban on single-use plastics.
- Invest in waste infrastructure and technologies to increase resource recovery from plastics and recyclable materials.

Conclusion

The Region of Peel appreciates the opportunity to participate in the federal government's pre-budget consultation process and provide recommendations on issues that are most important to residents and businesses in Peel.

The Region shares many of the federal government's key priorities, including embracing the strength of our diversity, igniting economic opportunities and ongoing community investments that support the highest quality of life for the Region's residents, and looks forward to continuing to work collaboratively to meet the needs of Peel.

Summary of Recommendations

Municipal Fiscal Sustainability

- Work with provincial and municipal counterparts to address the fiscal gap left between the decreasing revenues generated from outdated municipal revenue tools and the 21st century challenges municipalities face. The increased risk to municipal fiscal sustainability stemming from this gap should also be more widely understood.

Infrastructure

- Work with the Government of Ontario to expedite the distribution for Phase 2 funding.
- Implement an allocation-based approach for distributing infrastructure funding to municipalities similar to the gas tax.

Affordable Housing

- Provide long-term, allocation-based, sustainable capital and operational funding for affordable housing that does not impact the Region's borrowing ability and provides flexibility in its use towards getting and keeping Peel residents housed (e.g. existing affordable housing stock, new affordable supportive and rental development, subsidies, incentives).

Human Sex Trafficking

- Support the leadership demonstrated through the Region's human sex trafficking strategy and provide sustainable funding to be used for capital and operating initiatives.

Climate Change

- Provide sustained funding to reduce GHG emissions and address climate change risks to critical municipal infrastructure.
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Transportation

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