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**REPORT TITLE:     Improving Housing Outcomes - Advocacy in a Time of Pandemic**

**FROM:                 Janice Sheehy, Commissioner of Human Services**

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## **RECOMMENDATION**

**That the Region of Peel seek enhanced operational and capital funding from the federal and provincial governments to improve housing affordability outcomes in Peel;**

**And further, that the Region of Peel seek additional funding from the federal and provincial governments to mitigate and manage the negative impacts of the COVID-19 crisis upon the homeless, those at risk of homelessness, and the community housing sector in Peel;**

**And further, that the Region of Peel seek legislative and policy changes at the federal and provincial levels to increase local autonomy and improve housing affordability outcomes in Peel;**

**And further, that the priorities outlined in Section 2 and Appendix I of the report from the Commissioner of Human Services, titled “Improving Housing Outcomes – Advocacy in a Time of Pandemic” define the Region of Peel’s housing and homelessness advocacy efforts at the federal and provincial levels of government;**

**And further, that housing is included in Regional advocacy for improved cost-sharing funding arrangements with other levels of government that addresses the unique levels of demand in Peel.**

## **REPORT HIGHLIGHTS**

- Current ownership and rental housing prices are out of reach for 80 per cent of Peel households.
- The 10-year Peel Housing and Homelessness Plan (2018-2028) identified that more than one in 10 new homes that are built must be affordable to low-income households to keep up with forecasted growth – since 2018, less than one in 2,600 new ownership homes built have met that threshold.
- The Region of Peel and local municipalities are limited in their ability to support residents in getting and keeping affordable housing, as such, federal and provincial governments must do more.
- Greater capital and operational funding, regulatory changes, including improvements to autonomy, are required from other levels of government to improve housing affordability outcomes in Peel.
- The COVID-19 crisis exacerbated the significant challenges within the community housing sector for the homeless and at-risk of homelessness, residents, providers, Service Managers, and municipalities.
- Additional COVID-19 specific supports are required from other levels of government to improve housing affordability outcomes in Peel.

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- Staff therefore recommend that the actions and priorities identified in Section 2 and Appendix I of this report inform advocacy activities by the Region of Peel in its responsibilities as a service manager for community housing.
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### **DISCUSSION**

#### **1. Background**

There is a housing affordability crisis in Peel.

At more than \$802,000 for ownership housing and \$2,300 a month for rental accommodations, average housing prices as reported by the Toronto Real Estate Board by the end of the first quarter of 2020 were out of financial reach for 80 per cent of Peel households (as calculated on the basis of 30 per cent of income for housing). In the last two years, fewer than one in 2,600 new ownership homes built were estimated to be affordable to low-income households in the Region. Over the last 20 years, the Canada Mortgage and Housing Corporation records that there have only been approximately 2,300 purpose-built rental units developed in Peel. While price growth may have slowed as a result of COVID-19, the pandemic has created other issues, such as higher unemployment, which will attenuate affordability gains.

With no end in sight to the housing affordability crisis, a crisis that disproportionately impacts racialized, 2SLGBTQ and Indigenous communities, the role of the Region as the legislated Service Manager for community housing is critical in improving affordable and equitable housing outcomes for Peel residents. However, despite housing supports representing 10 per cent of the 2020 tax supported operating budget, on par with waste management, the Region is limited in its ability to respond, and COVID-19 has placed further pressure on its capabilities.

It has been demonstrated that there are significant returns from investments in affordable housing. Modelling by the Canadian Centre for Economic Analysis has indicated that in the Toronto area, every \$1 spent on affordable housing could result in reducing social assistance costs by \$0.95, reducing healthcare costs by \$0.50, increasing Gross Domestic Product by \$2.40, and increasing federal and provincial tax revenues by \$0.60. This same modelling also indicated reductions in neighborhood crime.

To achieve the objectives of the Peel Housing and Homelessness Plan, and consistent with the all-of-government approach to housing recommended by the Association of Municipalities of Ontario, more supports are required by the Region from all levels of government.

#### **2. Greater Support and Autonomy to Address Housing Affordability Outcomes**

Municipalities have limited revenue tools to fund programs and services for residents. Property taxes, user fees, and municipal debt are insufficient to address the housing affordability crisis. Further, as reported to Regional Council on April 9, 2020, COVID-19 has placed additional demands on Regional finances. Improved capital and operational funding from the federal and provincial governments is critical to improve housing affordability outcomes.

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While federal and provincial programs such as the National Housing Strategy, Community Homelessness Prevention Initiative, and the limited COVID-19-related emergency funding continue to be helpful, they are not enough. The Association of Municipalities of Ontario recognizes that improving housing affordability outcomes are essentially a means of income redistribution and should not be funded primarily through property tax revenue.

Over the last seven years, the Region of Peel has provided approximately 73 per cent of the operational funding for housing services, with remaining operational funding flowing from the federal and provincial governments. While this funding has generally kept pace with inflation, it has not increased sufficiently to address the growing need. Similarly, the Region of Peel has provided approximately 71 per cent of capital funding during this time.

All funding from the upper levels of government must be indexed to increases in inflation, market housing prices, and client need. Further, this funding should be in the form of contributory grants, allocation-based and flexible, in order to allow the best application towards the Region's priorities. It must also ensure cost-sharing proportional to the funding capacity of the revenue tools of the respective government.

In addition, legacy regulations and legislation governing many aspects of the housing system limit the ability of the Region of Peel to create and sustain innovative responses to address the housing affordability crisis. While some recent changes proposed to the *Housing Services Act, 2011* could be a step in the right direction, improvements in autonomy and flexibility must continue. Further, there must be a shift away from a chronological towards a needs-based approach to providing supports to clients.

The actions and priorities identified in Section 2 and Appendix I of this report will inform the advocacy activities by the Region of Peel in its responsibilities as a Service Manager for community housing.

### **3. Next Steps**

Upon Council approval, the report will be referred to the Government Relations Committee and staff will work with community partners and other stakeholders to initiate an advocacy campaign that is focused, concise, and impactful. It will highlight both the social return on investment from affordable housing, and the positive change it creates in the lives of Peel residents. The tactics of this advocacy campaign will be geared to elected officials and administrators at federal and provincial levels of government. In addition, it will engage the general public through education and encourage their involvement in highlighting the need for affordable housing investments. Further, staff will bring forward an additional report in the fall of 2020 outlining additional advocacy positions targeted at opportunities beyond the immediate jurisdiction of the Service Manager that can improve affordability outcomes for Peel residents.

### **RISK CONSIDERATIONS**

This report identifies operations-related needs recommended for advocacy. Further, it highlights challenges presented by COVID-19 to also be considered for advocacy.

With increased funding and operational flexibility that aligns to Regional needs, risk to clients, assets, services, and employees will be further reduced.

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In addition, risks to the Region of Peel's property tax base, user fees, and debt levels in order to improve housing affordability outcomes in Peel will be diminished.

### **FINANCIAL IMPLICATIONS**

For every \$1 spent on regional services, 10 cents go to housing supports. This is on par with waste management. However, in the absence of improved funding and flexibility from other levels of government to address operational needs and challenges, including those that arose from COVID-19, there will be further pressure on the Region of Peel's property tax base, user fees, and Regional debt to increase funding to improve housing affordability outcomes in Peel.

### **CONCLUSION**

With no end in sight to the housing affordability crisis, the role of the Region as the legislated Service Manager for community housing is critical in improving affordable housing outcomes for Peel residents. The challenges faced by the Region to address this crisis have been exacerbated by COVID-19.

Greater capital and operational funding, regulatory changes including improvements to autonomy, and additional COVID-19 specific supports are required from other levels of government to improve housing affordability outcomes in Peel.

As such, it is recommended that the actions and priorities identified in Section 2 and Appendix I of this report inform advocacy activities by the Region in its responsibilities as a Service Manager for the community housing sector.

A second report in the fall of 2020 will identify broader changes necessary to improve affordability outcomes for Peel residents.

### **APPENDICES**

Appendix I – Service Manager Supports

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*For further information regarding this report, please contact Aileen Baird, Director – Housing Services, Ext. 1898, [aileen.baird@peelregion.ca](mailto:aileen.baird@peelregion.ca).*

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***Reviewed and/or approved in workflow by:***

Department Commissioner, Division Director and Financial Support Unit.

Final approval is by the Chief Administrative Officer.



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N. Polsinelli, Interim Chief Administrative Officer