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**REPORT TITLE: Overview of 2024 Provincial and Federal Housing Announcements: Implications for Region of Peel**

**FROM: Andrea Warren, Acting Commissioner of Human Services**

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## **RECOMMENDATION**

**That the Regional Chair, on behalf of Regional Council, write to the Federal Minister of Housing, Infrastructure and Communities, and, the Provincial Minister of Municipal Affairs and Housing to request that:**

- **As one of Canada’s largest communities, the Regional Municipality of Peel be provided grant-based funding allocation, commensurate to the need in the community, for housing affordability-related funding, programs, and initiatives contemplated in the 2024 Federal and Provincial Budgets; and**
- **Service Managers and District Social Services Administration Boards be eligible for all application-based housing affordability-related funding, programs, and initiatives contemplated in the 2024 Federal and Provincial Budgets; and**
- **Service Managers and District Social Services Administration Boards are party to any negotiations related to the CMHC-Ontario Bilateral Agreement; and**
- **Significant investment and expansion of a publicly-led community housing sector be made to address growing numbers of low-income families and those requiring housing with supports whose needs will never be met adequately by the for-profit market alone.**

## **REPORT HIGHLIGHTS**

- The federal and provincial governments continue to focus on building more new homes more quickly to ease the housing affordability crisis.
- The federal government has launched the new multibillion dollar Canada Housing Plan as part of the 2024 federal budget, to primarily assist in boosting the production of new purpose-built rental housing.
- The provincial government has proposed further reforms to the province’s land use planning system, in addition to extending the ability to institute a vacant home tax to municipalities to improve housing availability, and, rolled back some development charge changes.
- Announced measures do little to address the significant investment and expansion needs of community housing, specifically housing affordable to low-income households or those who need supportive housing.

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- There are limited, earmarked, funding opportunities for service managers and district social services administration boards in announced new initiatives.
  - There are signals there will be future enhancements to funding for the community housing sector, however, the recently resolved dispute related to existing funding for Ontario's community housing sector through the CMHC-Ontario Bilateral Agreement suggests a need for service managers and district social services administration boards to be more directly involved in the negotiation of the final tranche of funding.
  - Decisive municipal leadership through an enabling land use planning environment, policy coordination, and 'stacking' funding, can provide opportunities for municipalities in Peel to fully leverage the array of new announcements by the federal and provincial governments aimed at spurring much needed rental housing supply production.
  - Implementation of a vacant home tax could support Peel Region's efforts to ensure the use of housing for homes as part of a comprehensive approach to improving housing affordability outcomes.
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## **DISCUSSION**

### **1. Background**

As in most communities across Canada, the housing affordability crisis remains dire in Peel: emergency shelters continue to run significantly overcapacity; households need to earn \$40 an hour to be able to afford average rents, and; continuing high average resale ownership prices mean that an average income family needs over 20 years, and a minimum wage family needs over 40 years, to save a large enough downpayment for an affordable 25-year mortgage.

Addressing the housing affordability crisis requires an all of government approach. However, simply building more for-profit market homes and waiting for a trickle-down effect, is not enough to provide affordable housing for all families in need. Low-income households and those who need housing with supports, require a thriving community and supportive housing sector in order to get and keep safe, affordable housing.

Several announcements have been made in recent months by both the federal and provincial governments about addressing the housing affordability crisis: this report provides Council with an overview of these announcements and the implications for Regional services.

### **2. Upper Levels of Government Continue to Respond to the Housing Affordability Crisis**

Over the last several months, several announcements have been made by federal and provincial governments to address the housing affordability crisis. Taken together, the focus of these announcements has been to address a housing shortage by making it easier to build more homes more quickly, with a particular emphasis by the federal government on creating more rental housing.

The announcements have not focused on enhancing investments in the community housing sector, a sector that continues to be disproportionately funded by municipal service

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managers and district social services administration boards (DSSABs) across Ontario despite growing need.

While it is critical to address the housing shortage by making it easier to build more homes more quickly, the for-profit market housing market will not address the housing needs of low-income households and those who need supportive housing. Significant investment and expansion of a publicly led community housing sector remains critical to ending the housing affordability crisis.

Indeed, the federal Minister of Housing, Infrastructure and Communities has suggested that the immediate focus is to make it easier to build homes more quickly by striking a better balance between land use planning and housing development. Separate, future measures are being considered to more directly support the community housing sector.

### **a) Federal Announcements**

The centerpiece of recent federal announcements is the Canada Housing Plan. The Plan seeks to enable a significant expansion of rental housing supply across the nation through a combination of legal, financial, policy, and technological measures.

Intended to be implemented through the 2024 budget, it complements the National Housing Strategy but does not immediately replace it.

Highlights of the federal government's approach include, but are not limited to:

- \$8.5 billion in new spending on housing, complemented by as much as \$55 billion in financing to encourage a rapid expansion of rental housing supply nationally through the Canada Housing Plan;
- Additional federal Housing Accelerator Fund agreements across the country to spur a more permissive planning and development approvals environment for supporting housing production;
- A federal housing 'catalogue' of standardized home designs for proponents to rapidly manufacture and deploy in communities across the country – essentially updating the Second World War-era Victory Homes approach using 21<sup>st</sup> century technology, and;
- Enhancements to the federal Interim Housing Assistance Program to assist with local emergency housing pressures driven by a surge of port of entry and inland asylum claimants.

Additional detail related to programs of note and possible Regional alignment opportunities are detailed in Appendix I.

### **b) Provincial Announcements**

Provincial announcements remain focused on achieving an expansion of housing supply to create 1.5 million new homes by 2031, including long-term care beds.

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Examples of recent announcements towards this goal include:

- 2024 Provincial Budget which extends vacant home taxation authority to municipalities, rolls back some development charge changes, and commits to considering funding new supportive housing units in future budgets;
- Provincial Planning Statement replacing the Provincial Policy Statement and Growth Plan, reducing regulatory requirements associated with urban growth boundary expansions and employment land conversions;
- Bill 162, *Get It Done Act*, in part, approving several official plans and their pathways to achieving housing supply expansion targets by 2051, and;
- Bill 185, *Cutting Red Tape to Build More Homes Act*, in part, enabling post-secondary institutions to create new student housing on their lands more quickly.

### 3. Opportunities and Considerations for Peel

The announcements profiled in this report do little to change the fundamental funding inequities within Peel's community housing sector – only about a quarter of funding comes from federal and provincial governments *combined*.

Though these federal and provincial announcements do not address the significant investment and expansion of community housing required, they nevertheless can contribute to a significant expansion of rental housing, including greater affordable housing options, with decisive leadership by municipalities, including the Region.

Examples of leadership opportunities could include:

- Moving rapidly to align municipal planning for the types of developments new federal and provincial changes and funds seek to enable;
- 'Stacking' regional funds with federal and provincial funds, and;
- Ensuring the use of housing for homes by capitalizing on provincial changes permitting Peel Region to enact a vacant home tax. Such a measure can be important to shape housing demand and raise critical funds for affordable housing initiatives in the near-term, while more new housing continues to be built over the longer-term.

However, there are several considerations with announced measures that communities in Peel must navigate.

- In some cases, eligibility requirements impose financial conditions such as a development charge freeze. These financial conditions require further analysis by municipalities in Peel.
- With the cessation of responsibilities under the *Planning Act* on July 1, 2024, Peel Region will be more limited in its ability to directly shape a permissive land use planning environment to maximize the use of announced programs, funds, and initiatives.

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- There is no indication at this time whether regional municipalities will be directly eligible to access announced funds, including the new tranche of Housing Accelerator Fund. Local municipalities are likely to have significant influence over how much funding will flow into Peel through their decisions.

### **4. Existing Community Housing Sector Funding under the CMHC-Ontario Bilateral Agreement is Set to Continue until the End of the Ten-Year National Housing Strategy**

While there are no substantial earmarks in recent announcements for the community housing sector, there have been indications of future dedicated funding for the community housing sector.

The recently announced agreement between the provincial and federal government has assured approximately \$357 million in federal funding for service managers and DSSABs across Ontario. This funding was temporarily in flux due to a dispute between the federal and provincial government regarding the province's underperformance in achieving new affordable housing supply targets under the CMHC-Ontario Bilateral Agreement (the Agreement). The Agreement is an initiative of the ten-year, \$82B, National Housing Strategy (NHS) launched in 2017.

The Agreement provides allocation-based funding to service managers and DSSABs through three programs: the Canada-Ontario Community Housing Initiative (COCHI), the Ontario Priorities Housing Initiative (OPHI), and the Canada-Ontario Housing Benefit (COHB). This funding is used for maintaining community housing assets in a state of good repair, building new community housing including emergency, transitional, supportive homes, and, providing provincially portable housing subsidies, respectively.

Given the significant risks that may have accrued to service managers and DSSABs from an interruption in funding due to the now-resolved dispute between the federal and provincial government, consideration should be given to ensure that service managers and DSSABs are at the negotiating table as terms are developed for the final tranche of funding under the NHS to minimize such risks.

Regional staff is in regular discussions with provincial and federal staff, and key municipal and sector associations. Staff will advise Council on next steps as required.

### **5. Establishing a Path to Ending the Housing Affordability Crisis**

While it is critical to address the housing shortage, focusing solely on building more market, for-profit homes, with the expectation they will trickle down in price over time, will not realize the right to housing for all Canadians and end the crisis that is here today.

One cannot simply build their way out of this crisis.

Peel Region Council has previously recognized that while more new for-profit market homes are built, it must be accompanied by a comprehensive approach to resolve the housing crisis that includes measures to:

- Ensure the use of existing housing for homes;

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- Fund housing services and supports that are delivered by service managers, DSSABs, and sector partner agencies appropriately;
- Prioritize the construction of new non-profit and affordable homes and the maintenance of existing non-profit and affordable homes, and;
- Enhance social and income supports to close the gap between earned income and affordability.

These principles have been most recently articulated in the 'HOME' framework (see Appendix II) that has been socialized with members of parliament, members of provincial parliament, regional councillors, and housing advocates in Peel, as a comprehensive path out of the affordability crisis.

The 'HOME' framework recognizes the need to eliminate the housing shortage and makes clear an achievable, comprehensive, approach to end the housing affordability crisis.

### **RISK CONSIDERATIONS**

Several risks must be addressed to achieve successful outcomes through recent announcements and events shaping the ongoing response by all levels of government towards the housing affordability crisis.

The considerations detailed in this section underscore the need for an all of government approach as the ability to improve broader housing affordability outcomes across Peel will be largely held by local, provincial, and federal governments going forward despite Peel Region's critical legislated function and responsibility as Service Manager.

Some considerations include:

- There are emerging concerns among analysts, including CMHC, that for-profit housing market production is slowing and likely to decline over the course of 2024 – with possible recovery in 2025. This increases risks for the success of the current 'build more homes more quickly' approach by provincial and federal governments as the primary response to the housing affordability crisis.
- Regional municipalities in Ontario were ineligible for the first tranche of the Housing Accelerator Fund (HAF) despite clear responsibilities for provision of affordable housing supports and services and housing enabling infrastructure. While eligibility details have not been announced, it is anticipated that the new, smaller, tranche of HAF will continue to flow to local municipalities for improvements in local land use planning approaches without strong advocacy.
- It is unclear at this time to what extent measures in the Canada Housing Plan will ensure eligibility for service managers and DSSABs.
- Regional experience with federal programs suggests a continued emphasis on competitive, application-based funding awards, rooted in low-cost loans alongside grants, that prioritize near-shovel and shovel-ready projects. With a lack of earmarked allocations for Peel

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Region, local municipalities in Peel must move speedily to create favourable conditions to ensure funding in Peel is maximized.

- The CMHC-Ontario Bilateral Agreement dispute highlights the unique circumstances of service provision in Ontario where service managers and DSSABs are ultimately responsible for service delivery despite limited authority and financial capacity. There may be a need to move beyond bilateral funding arrangements towards more direct funding agreements with the federal government (such as those underpinning Reaching Home and Rapid Housing Initiative), and/or trilateral funding agreements, in order to manage risks on such a high priority issue.
- The cessation of Peel Region's planning responsibility under the *Planning Act* on July 1, 2024, reduces the ability to directly influence housing affordability changes through land use policies.
- New funding tools such as a vacant home tax, though impactful when implemented, will do little to change the fact that only about one-quarter of funding for affordable housing supports and services come from the federal and provincial governments *combined*.
- As brought to the attention of Council on May 11, 2023, Peel Region's ability to support households in need will continue to diminish if significant policy, program and funding action is not taken to end the housing affordability crisis as outlined in the HOME framework.

### BILL 112 RISKS AND IMPLICATIONS

The passing of the *Hazel McCallion Act* (Peel Dissolution), 2023 on June 8, 2023, formalized a plan to dissolve the Peel Region effective January 1, 2025.

On April 10, 2024, Bill 185, *Cutting Red Tape to Build More Homes Act*, was tabled to amend various acts including the *Hazel McCallion Act* (Peel Dissolution), 2023. Bill 185 will amend the *Hazel McCallion Act* (Peel Dissolution), 2023 confirming that Peel will not be dissolved, and includes a recalibrated focus on options to support building more housing faster including an effective date of 1 July 2024 for the cessation of regional planning responsibility under the *Planning Act*.

The full implications of the *Hazel McCallion Act* (Peel Dissolution), 2023 as amended by Bill 185 cannot be determined at this time.

### FINANCIAL IMPLICATIONS

Based on the criteria in announced new initiatives, currently it is anticipated there is limited to no incremental funding for Peel Region. For example, while the federal budget commits to extending programs such as Reaching Home, Interim Housing Assistance Program, and Rapid Housing – programs through which millions of dollars have flowed into Peel Region to support critical social investments and services – it is unclear at this time how much funding may flow to Peel Region if at all, in what manner, and, whether program guidelines for eligible expenditures may change.

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### **CONCLUSION**

Recent announcements by provincial and federal governments present an unprecedented opportunity to rapidly grow much needed rental housing supply to address the housing shortage.

Municipal leadership through an enabling land use planning environment, policy coordination, and funding 'stacking', are required to maximize the opportunities presented by the array of new announcements by the federal and provincial governments. This is an important consideration as housing projects and proponents in an advanced state of readiness will be most able to take advantage of these programs.

In particular, Peel Region can build on announced initiatives by creating opportunities to 'stack' funding utilizing existing Regional programs like the Non-Profit Housing Development Fund, and assist in creating more housing options by returning existing housing to long-term residential use by pursuing a vacant home tax.

However, announced measures do little to address the significant investment and expansion of community housing required, specifically affordable to low-income households or those who need supportive housing.

Peel Region must enhance its advocacy efforts to ensure that service managers and DSSABs are eligible for announced funding programs, and, encourage all levels of government to enact measures highlighted in the 'HOME' framework: focusing solely on building more market, for-profit homes, with the expectation they will trickle down in price over time will not realize the right to housing for all Canadians and address the crisis that is here today.

### **APPENDICES**

Appendix I - Assessing Regional Alignment Opportunity with Recent Provincial and Federal Announcements

Appendix II - 'HOME' Framework Principles

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