Driving Public Value Together: Regional Perspectives on Infrastructure and Housing

Speakers:
Gary Kent, Chief Administrative Officer, Regional Municipality of Peel
Elaine Baxter-Trahair, Chief Administrative Officer, Regional Municipality of Durham
Erin Mahoney, Chief Administrative Officer, Regional Municipality of York

Moderator:
Shirley Hoy, Senior Advisor, StrategyCorp

February 6, 2024
Land Acknowledgement

We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional lands of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.
Questions?

Ask in person

@imfgtoronto|#IMFGtalks
Driving Public Value Together

Regional Perspectives on Infrastructure and Housing

Gary Kent
Chief Administrative Officer, Peel Region
February 6, 2024
Peel Region 50 YEARS of SERVICE 1974–2024
Legitimacy and support + Operational capabilities = Public Value
Magnitude, Scale, Integration of Services & Complexity of Peel

- **1.5 Million** Peel’s population is larger than six of Canada’s provinces
- **1 in 10** Ontarians live in Peel
- **69%** of residents identify with a racialized group, the highest percentage in the GTA
- **$3.4 Billion** annual operating budget and **$2.5 Billion** annual capital budget
- **$10.3 Million** annual funding to over 150 community agencies in the non-profit sector
- **$1.8 Billion** worth in goods travel to, from, and through Peel every day
- **$42 Billion** the total value of Peel assets

- **3rd** largest community housing provider in Ontario
- **21%** of all goods movement GDP in Ontario carried on Peel Region roads
- **2nd** largest police service in Ontario and **3rd** largest in Canada
- **2nd** largest public health service in Ontario by population size and one of the largest in Canada
- **2nd** largest water and wastewater system in Ontario and **4th** largest in Canada
- **2nd** largest waste management program in Ontario and **4th** largest in Canada
- **30%** lower utility rates than other GTA municipalities
- **2nd** largest in paramedic service in Ontario

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$3.4B Operations & $20.3B Capital

- Property tax: $1481M; 43%
- Grants & subsidies: $975M; 28%
- Utility rate: $572M; 17%
- Other: $404M; 12%

Of the $3.4B, less than half is funded by property tax.

Regional services $20.3 billion

- DCs: $12,210M; 60%
- Debt: $861M; 4%
- External: $210M; 1%
- Reserves: $7092M; 35%
Public Value: Building Homes Faster (with Water)

Peel residential unit growth forecast

Bill 23 Provincial Target

2051 Peel Official Plan Forecast

2020 Master Servicing Plan Forecast (current budget alignment)

Actual Historical Rate of Growth
**Queen St.**

<table>
<thead>
<tr>
<th></th>
<th>2020 master servicing plan</th>
<th>2051 ROP growth</th>
<th>Brampton growth forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total growth 2021-2051</td>
<td>35,400*</td>
<td>67,200</td>
<td>144,540**</td>
</tr>
<tr>
<td>Challenges Advancing Capital Delivery</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>-------------------------------------------------</td>
<td></td>
<td></td>
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<tr>
<td>Debt servicing costs (and ability to fund debt)</td>
<td>Major impacts to traffic, goods movement, and service disruption to the community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal <strong>resources</strong> to deliver projects - Engineering, Procurement, Legal, Property</td>
<td>Provincial Regulations - Environmental Assessments, <strong>consultation</strong> requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Potential loss of DC revenue</strong> further complicated by need to advance capital</td>
<td><strong>Loss of coordination</strong> with local municipalities capital works - roads, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property procurement challenges, scarcity, expropriation needs</td>
<td>Loss of coordination with <strong>external agency work</strong> - Metrolinx, MTO, Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need for consideration of climate change implications</td>
<td>Materials and supply chain challenges due to increased demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister’s Zoning Orders (MZOs)</td>
<td><strong>Construction contractor scarcity</strong> and increased cost of construction where demands increase</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Bill 23 Budget Implications for 2024

- Cost to achieve Provincial housing target is over double the 10-year capital budget
- Master plans must be completed to determine full cost

*Figure does not include the cost of property acquisition and other soft costs
Housing Affordability Crisis Is Deep, Unprecedented, and Inequitable

| An average household needs to save for about **30 years** for an affordable 25-year mortgage | A minimum wage household needs to save for at least **50 years** for an affordable 25-year mortgage | Average rents are **102%** of after-tax minimum wage income | 4,000 people used shelters in Peel last year |
| It takes, on average, **six times as long** to save for a down payment in 2021 than it did in 2005 |
Two Housing Crises

Unprecedented market housing prices impacting moderate income households renting, aspiring to own, or trying to upsize for a growing family.

Lack of deeply affordable and supportive housing for people with low incomes, or who experience family, physical, mental health, and addiction struggles.

Today, we are discussing investments needed to address the second crisis to deliver Public Value
The Exit from Non-Profit Housing

Most provinces play a large role in social housing. Ontario is an outlier – an average of 77% of social housing expenditures are funded by municipal governments

- In the **1970s**, income tax reforms created principal home capital gains exemptions, encouraging ownership, and land reforms triggered consolidation in the development industry, easing large scale subdivision development

- In the **1980s** and **1990s** social housing spending was reduced then eliminated, 17,000 units cancelled, and social housing was downloaded to the municipalities

- In **2000**, Bill 128, *Social Housing Reform Act*, transferred responsibility for administering social housing to municipal Service Managers and District Social Services Administration Boards (DSSABs) without adequate funding
Housing Snapshot in Peel

**Housing and Homelessness plan**

To get and keep housing by

- **Providing** more affordable housing options
- **Ending** chronic homelessness
- **Preventing** homelessness

**Core housing need (CHN)**

- 91,000 households are in CHN
- Only 19% of CHN is being served
- 40.2% need **additional supports** to remain stably housed
- 77,700 low-income households are in CHN
- Households that immigrated in the last 5 years are **150% more likely** to be in CHN
- Single income households are **120% more likely** to be in CHN
- Black households are **the most likely** to be in CHN
## Service Levels Don’t Meet the Need

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Need</th>
<th>Current Supply</th>
<th>Meeting % of Need</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supportive</strong>*</td>
<td>4.5k</td>
<td>141</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Transitional</strong></td>
<td>870</td>
<td>72</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Affordable</strong></td>
<td>52.7k</td>
<td>17.9k</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Shelter</strong></td>
<td>590</td>
<td>442</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Additional supports</strong></td>
<td>31k</td>
<td>181</td>
<td>&lt;1%</td>
</tr>
<tr>
<td><strong>Street visits</strong></td>
<td>8.1k</td>
<td>4.9k</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Cases</strong></td>
<td>10.9k</td>
<td>6.9k</td>
<td>64%</td>
</tr>
<tr>
<td><strong>Prevention</strong></td>
<td>3.9k</td>
<td>2.9k</td>
<td>73%</td>
</tr>
</tbody>
</table>

* = Non-housing supports
** = Meeting as of October 1, 2023
To Meet 100% of Need in 10 Years

$50B

This level of funding is not possible from property tax alone. Addressing the housing crisis requires an all-of-government approach and increased investment from all levels of government, private, and non-profit sectors.
## Municipal Comparisons

<table>
<thead>
<tr>
<th></th>
<th>Peel Region</th>
<th>City of Hamilton</th>
<th>City of Ottawa</th>
<th>City of Toronto</th>
<th>Waterloo Region</th>
<th>York Region</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total expenditure</strong></td>
<td>$257M</td>
<td>$90.2M</td>
<td>$206M</td>
<td>$1.55B</td>
<td>$123M</td>
<td>$145M</td>
</tr>
<tr>
<td><strong>Regional expenditure</strong></td>
<td>$155M</td>
<td>$60.4</td>
<td>$124M</td>
<td>$911M</td>
<td>$73.5M</td>
<td>$86.9M</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>1,506,320</td>
<td>569,355</td>
<td>1,067,310</td>
<td>2,794,356</td>
<td>617,870</td>
<td>1,173,103</td>
</tr>
<tr>
<td><strong>Spend per capita</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(based on regional expenditure)</td>
<td>$103</td>
<td>$106</td>
<td>$117</td>
<td>$326</td>
<td>$119</td>
<td>$74</td>
</tr>
<tr>
<td><strong>Federal/Provincial funding</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of total expenditure</td>
<td>24%</td>
<td>31%</td>
<td>39%</td>
<td>37%</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Federal portion</td>
<td>8%</td>
<td>N/A</td>
<td>13%</td>
<td>22%</td>
<td>8%</td>
<td>N/A</td>
</tr>
<tr>
<td>Provincial portion</td>
<td>16%</td>
<td>N/A</td>
<td>26%</td>
<td>15%</td>
<td>20%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Federal/Provincial spend per capita</strong></td>
<td>$41</td>
<td>$49</td>
<td>$76</td>
<td>$203</td>
<td>$55</td>
<td>$44</td>
</tr>
<tr>
<td>Federal portion</td>
<td>13.7</td>
<td>N/A</td>
<td>25.3</td>
<td>119.7</td>
<td>15.1</td>
<td>N/A</td>
</tr>
<tr>
<td>Provincial portion</td>
<td>27.3</td>
<td>N/A</td>
<td>50.5</td>
<td>83.6</td>
<td>39.5</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Direction on Future Service Levels

Market housing won’t help low-income and households requiring daily living supports.

Peel can’t solve the crisis alone, but we, as service manager and primary funder, can make a dent in it.

What is the desired level of regional investment over the next 10 years?
Regional Governance Reviews

Standing Committee on Heritage, Infrastructure and Cultural Policy will conduct a study on Regional Governance, overseen by the Ministry of Municipal Affairs and Housing.

Bill 112 – Dissolution will not happen

Partnerships - Working with Municipalities and the Public Sector Network, and groups such as Metamorphosis, unions

Opportunity cost
May 18, 2023
Proposed Bill 112 legislation introduced

July 5, 2023
Transition Board appointed

August 2023
Transition Board onboarding and meetings with key stakeholders

November 2023
Regional review to standing committee

December 2023
Minister’s decision to not dissolve Peel Region and to cancel audits

Spring 2024
Bill 112 to be amended

Fall 2024
Legislation (Part 2) addressing any outstanding restructuring matters

January 1, 2025
Peel Region is dissolved & Mississauga, Brampton, and Caledon become single-tier municipalities

June 1, 2025
Transition Board is disbanded
Creating Public Value?
Lessons Learned

Brownfield is not greenfield
Peel is not Toronto; Niagara is not Peel
Perspective of magnitude and scale

• Public consultation
• Value for taxpayers
• Our biggest asset is our employees
• 4 years of crisis

You can’t shrink your way to greatness
Thank You

Gary Kent
Chief Administrative Officer, Peel Region
Driving Public Value Together: Regional Perspectives on Infrastructure & Housing

Elaine Baxter-Trahair, CAO

IMFG, University of Toronto
February 6, 2024
About Us

• Region of eight municipalities
• Population of 748,495
• Rapid growth
• Mix of urban and rural
Overview of Region of Durham Finances

2023 Approved Budget
$2.44 billion

- Water Supply and Sanitary Sewerage Business Plans and Budget
  $0.51 billion

- Property Tax Supported Business Plans and Budget
  $1.93 billion

Water and Sewer Bill

Water Supply and Sanitary Sewerage Budget
20.8%

Property Tax Supported Budget
79.2%

Property Tax Bill

- Durham Region Municipal
- Local Municipal
- Provincial Education

durham.ca
10-year Capital Needs

$9B and growing by 2032
10-year Estimated Development Charge Loss Revenue

- Impact on 2024 Property Tax and Water and Sewer User Rate Budgets:
  - Proposed 0.50 percent on property taxes
  - Approved 2.50 percent on water and sewer user rates

<table>
<thead>
<tr>
<th></th>
<th>Estimated Loss Revenue ($ millions)</th>
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<tr>
<td>Property Tax</td>
<td>$373</td>
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<tr>
<td>Water &amp; Sewer User Rates</td>
<td>$540</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$913</strong></td>
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</table>
Status Update: Homelessness

- 85% increase in families experiencing homelessness
- Prediction: Durham residents experiencing homelessness will increase by 48% by 2025
Housing System Models

• A range of housing options
• Intersectional and multi-directional
• Services and supports available

Source: City of Kelowna

Source: CMHC
A Vision for Housing in Durham Region
Master Housing Strategy

Under the Master Housing Strategy, the Region is committed to exploring all opportunities to support the delivery of affordable, suitable, and sustainable housing for all people in Durham.

- Revitalization of the Regionally owned Durham Regional Local Housing Corporation portfolio
- Review of public surplus lands and their potential social and community benefits
- New partnerships and incentives for affordable, community, supportive, and transitional housing
- Support for the preservation and modernization of community housing
- Review and modernization of the homelessness and emergency shelter system to reduce chronic homelessness
Affordable Housing Development and Renewal Division

• Increase the supply of affordable, suitable, and sustainable housing based on best practices in financial, social, and environmental sustainability
  o Development and implementation, including re-development and renewal of community housing
  o Identify and support shovel-ready or near shovel-ready projects

• Enhance meaningful community engagement

• Focus on community-centred outcomes, social determinants of health, wrap-around services, alternative financing mechanisms, and integrated project delivery
Emergency Shelter and Supportive Housing Projects

1635 Dundas Street

Beaverton Transitional Supportive Housing
Affordable Housing Development & Renewal

• Redevelopment into mixed-income communities
• Possible disposition of surplus land
• Infrastructure improvements required
• Desire to increase mixed-use space and sense of community
Ritson School Project

- Community engagement underway
- Priorities: increase the supply of affordable rentals, provide access to community programs and services, increase supply of housing with supports
- Opportunities: various forms of housing, health, social and community service hub
Municipal Services that Enable Housing

Regional services
- Paramedic Services
- Police Services
- Durham Region Transit
- Supportive and Transitional Housing
- Affordable Housing
- Long-term Care Homes
- Child Care Centres
- Drinking Water
- Wastewater
- Waste Management
- Recycling and Green Bin Programs

Collaborative responsibilities
- Economic Development
- Sustainability Programs
- Land-use Planning
- Roads and Bridges
- Traffic Management

Local area services
- Parks and Recreation
- Community Centres
- Fire Services
- Libraries
- Heritage, Arts and Culture
Thank you!

Elaine Baxter-Trahair
Chief Administrative Officer

durham.ca
@RegionofDurham
## York Region Services

<table>
<thead>
<tr>
<th>YORK REGION</th>
<th>INTEGRATED SERVICES</th>
<th>LOCAL CITIES AND TOWNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children’s Services</td>
<td>Bylaw Enforcement</td>
<td>Building</td>
</tr>
<tr>
<td>Forestry</td>
<td>Borrowing / Tax Collection</td>
<td>Fire</td>
</tr>
<tr>
<td>Housing</td>
<td>Economic Development</td>
<td>Libraries</td>
</tr>
<tr>
<td>Long-Term Care</td>
<td>Emergency Planning</td>
<td>Licensing</td>
</tr>
<tr>
<td>Paramedic Services</td>
<td>Planning</td>
<td>Parks, Recreation and Heritage</td>
</tr>
<tr>
<td>Police Services</td>
<td>Roads</td>
<td>Storm Water Drainage and Management</td>
</tr>
<tr>
<td>Court Services</td>
<td>Waste Management</td>
<td></td>
</tr>
<tr>
<td>Public Health</td>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Social Assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transit</td>
<td></td>
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</tbody>
</table>

### Operating Budget
- Total: $3.2B
- Tax Supported: $1.4B

### Capital Budget
- 2024: $1.0B
- 10-year plan: $11.6B
Provincial Housing Targets Prompt Significant Infrastructure Needs

### 2021 Population and Growth to 2051

<table>
<thead>
<tr>
<th>Region</th>
<th>2021</th>
<th>2031</th>
<th>2051</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peel</td>
<td>1.49M</td>
<td>1.64M</td>
<td>2.28M</td>
</tr>
<tr>
<td>York</td>
<td>1.21M</td>
<td>1.45M</td>
<td>2.09M</td>
</tr>
<tr>
<td>Toronto</td>
<td>3.03M</td>
<td>3.64M</td>
<td>3.65M</td>
</tr>
<tr>
<td>Durham</td>
<td>723K</td>
<td>907K</td>
<td>1.30M</td>
</tr>
<tr>
<td>Halton</td>
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</table>
York Region Needs $2.6 Billion in Additional Capital to Meet Housing Target

**CAPITAL SPENDING NEEDS**

- Unfunded Capital: $2.6 Billion
- Additional Costs: $0.6 Billion
- Accommodated Growth: $7.0 Billion
- Renewal: $4.0 Billion

**$2.6 BILLION UNFUNDED CAPITAL**

- Transit/Subway: 874
- Roads: 1,163
- Housing: 304
- Water and Wastewater: 240

10-year Capital Plan
Guiding Principles for Financially Sustainable Growth

- Align infrastructure emplacement with timing and location of growth
- Manage debt and reserves
- Drive innovation and collaboration to achieve economies of scale
Cross-Boundary Partnerships Enable Efficient Servicing of Growth
Regional service planning across municipal boundaries delivers efficient and effective economies of scale and scope to service Durham, Toronto, Peel, and York.
Infrastructure Placement Must Align with Local Planning Decisions

Local Municipality: plans location for growth

Development Industry: builds and pays development charges

Region: plans and delivers growth-enabling infrastructure

GROWTH
Collaboration and Sharing Risk Helps to keep Growth Affordable

- Servicing capacity must be available before growth can occur and often requires debt funding
- Accommodating unplanned growth will require additional infrastructure investments
- Additional debt could jeopardize Region’s credit rating if forecasted growth does not materialize
- Collaboration with local municipalities and developers to align infrastructure with growth
- 2024 Budget assumes developers share financial risks through prepaid DCs
- Housing and BRT priority projects remain unfunded, and Bill 23 impacts remain
- External funding required to offset these pressures

GROWTH CAPITAL NEEDS

UNFUNDED CAPITAL (NOT IN PLAN) $2.6B

ADDITIONAL COSTS $0.6B

ACCOMMODATED PLANNED GROWTH $7.0B

EXTERNAL FUNDING $3.3B

DEVELOPER CONTRIBUTIONS $0.8B

TAX LEVY / OTHER $2.1B

DC DEBT $1.9B

DC COLLECTOINS (NET OF BILL 23 IMPACT) $2.1B

FUNDING SOURCES
Bringing the Future to Life Together

GROWTH (PACE AND LOCATION)

USE EXISTING SERVICING CAPACITY

CHANGING PROVINCIAL PRIORITIES
Thank you