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## 2025 BUDGET BRIEFING NOTE

### Community Benefits Charge (CBC) Allocation Framework

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#### Issue/Background:

- This briefing note provides the Community Benefits Charge (CBC) Allocation Framework which will be used to guide allocation of future CBC funds, including guiding principles for its application and governance processes to ensure alignment with financial best practices and compliance with legislative requirements. Additionally, further information on the allocation through the 2025 budget process of CBC funds collected in 2023 and 2024 is included.
- At its [meeting](#) on July 19, 2022, City Council endorsed the Community Benefits Charge [Strategy](#) and [Addendum](#) from the Chief Financial Officer and Treasurer, and Chief Planner and Executive Director, City Planning ([EX34.2](#)) that allows the City to levy a charge against certain forms of higher density development to fund associated development-related capital infrastructure and capital program needs, replacing the former Section 37 height and density bonusing.
- Each year, the City must allocate or spend at least 60% of funds in the CBC Reserve Fund. To ensure compliance with this requirement, allocations to capital projects and initiatives are to be reviewed and recommended through the annual budget process, with provision for in-year adjustments.
  - Councillors will have the opportunity to work with City staff to allocate CBC funds from within their local geographies, to projects to meet the needs of their communities, either through the budget process or Notices of Motion.

#### Key Points:

- The CBC which replaces the former Section 37 density bonusing is capped by provincial legislation at 4% of land value and is levied against land to pay for the capital costs of facilities, services, and other matters required as a result of development or redevelopment.
- The City estimates to receive annual revenue from CBCs of \$35 million when considering exemptions/transition provisions. To date, **the City has received \$5.9 million in CBCs** which has been allocated through the 2025 budget process.

- As outlined in the memo “2025 Budget - Community Benefits Charge (CBC) Allocations” circulated to Members of Council from the Chief Financial Officer & Treasurer on December 19, 2024, the CBC Reserve Fund balance of \$5.9 million has been allocated, based on geographic location of collection, as follows:

**City CBC To-Date Collections by Ward**

Ward	Ward #	Amount (\$Ms)	Percentage
Toronto Centre	13	1.293	22%
Parkdale-High Park	4	0.967	16%
Etobicoke-Lakeshore	3	0.898	15%
Davenport	9	0.883	15%
Eglinton-Lawrence	8	0.619	10%
Toronto-St. Paul's	12	0.506	8%
Scarborough Southwest	20	0.418	7%
Scarborough-Rouge Park	25	0.327	5%
Scarborough-Guildwood	24	0.022	0.4%
<b>TOTAL</b>		<b>\$5.934</b>	<b>100.0%</b>

- The 2025 budget allocations will support growth-related priorities across Parks and Recreation, Public Realm, and Affordable Housing, as follows:

- Parks and Recreation (\$2 million)**

Funding allocated to parkland improvement projects to advance the construction phases of improvements to four parks (David Crombie, Dunkip, Six Points, and Geary Avenue). Cash flows of \$0.712 million in 2026, \$1.288 million in 2027.

Ward	Ward #	Percentage	Project(s) Applied to	Amount (\$Ms)
Toronto Centre	13	22%	David Crombie Park	1.288
Etobicoke-Lakeshore	3	15%	Dunkip Park	0.465
			Six Points Park	0.141
Davenport	9	15%	Green Line -Geary Ave	0.106
<b>TOTAL</b>				<b>\$ 2.000</b>

- Public Realm (\$2 million, City-wide)**

Funding allocated for neighborhood improvement projects through Transportation Services to commence projects for streetscaping, public art, and urban design enhancements. Cash flows in 2027.

- Affordable Housing (\$1.934 million)**

Funding allocated through the Housing Secretariat to advance implementation of programs that support and oversee the creation of new RGI (Rent-Geared-to-Income), supportive, affordable rental, and rent-

controlled homes. Cash flows of \$1.508 million in 2025, \$0.426 million in 2026

Ward	Ward #	Percentage	Project(s) Applied to	Amount (\$Ms)
Toronto-St. Paul's	12	8%	140 Merton	0.155
Toronto Centre	13	22%	405 Sherbourne	0.426
Scarborough Southwest	20	7%	705 Warden	0.136
Scarborough-Guildwood	24	2%	40 Bushby Drive	0.036
Scarborough-Rouge Park	25	5%	25 Sewells Rd - Building B	0.097
Etobicoke-Lakeshore	3	15%	970 Kipling (BLK 5)	0.290
Parkdale-High Park	4	16%	1325 Queen St W Parkdale Hub	0.310
Eglinton-Lawrence	8	10%	20 Shortt Street	0.194
Davenport	9	15%	640 Lansdowne	0.290
<b>TOTAL</b>				<b>\$ 1.934</b>

- Future CBC funding allocations will be provided to eligible City divisions/agencies as part of the annual budget process. CBC funding can be applied as a supplemental source to support capital projects included in a division's 10-Year Capital Plan or to fund new projects.
- To maintain agility, in-year adjustments will allow for additional case-by-case allocations of CBC funds, particularly in response to specific planning applications or Councillor requests to address local needs. For these instances, City staff, in consultation with the Chief Financial Officer and Treasurer and the Executive Director of Financial Planning, will be available to assist with the in-year adjustments to ensure alignment with city priorities.

#### Additional Information:

- The Council endorsed CBC Strategy, developed by Hemson Consulting Ltd. in collaboration with City staff, was used to inform the eligible City capital programs for CBC allocations within the CBC Allocation Framework. See Appendix 1 for further details on the eligible City capital programs within the framework. The eligible City capital programs included are a direct result of the eight Capital Programs within the CBC Strategy study.
- The City has flexibility in allocating CBC funds; however, the CBC Strategy provides a data-driven foundation by assessing the City's growth-related capital needs with insights from historical data and aligning with key planning documents—such as the 10-Year Capital Budget and Plan, the 2022 Development Charges (DC) Background Study and the Official Plan.
- Under the enacted CBC By-law, the City is required to develop a framework to support a plan for allocating CBC monies to capital projects and to meet legislative requirements. The CBC Allocation Framework offers a principles-based approach that ensures compliance with statutory requirements,

transparency, and effective allocation of funds. The framework will follow four guiding principles that are pillars of prudent capital budgeting for growth-related projects:

- **Growth Pays for Growth:** Funds will primarily support development in the areas where they are collected. However, there is flexibility in the framework to address citywide priorities such as affordable housing and public realm.
- **Complete Communities:** Funds will be allocated across eight key service categories identified in the CBC Strategy to ensure vibrant neighborhoods with essential amenities.
- **Capacity to Deliver:** Funds will prioritize projects that are ready to proceed, can utilize funds efficiently, and align with City priorities.
- **Prioritization of Funding Sources:** CBCs are a supplemental funding source and will be coordinated with other capital funding sources to optimize impact.

See Appendix 2 for further details on these principles.

### **Monitoring & Reporting:**

- CBC payments will be tracked and monitored by the Accounting Services and Financial Planning divisions, with in-kind CBC contributions tracked by the Development Review division. All contributions collected (cash and in-kind) will be tracked by ward.
- Reports to Council on CBC reserve fund balances will be provided by the Accounting Services division through the quarterly reserve and reserve fund balances report. Planned capital investments funded through CBCs will be tracked and reported out by City staff, in collaboration with the Financial Planning division, through the annual budget process. CBC collections and allocations (payments and in-kind) by ward will be provided on an as-requested basis.
- Guidelines for in-kind contributions are in development by the City Planning division and will be presented to the Planning and Housing Committee on January 23, 2025, offering clarity on their assessment and alignment with the CBC Allocation Framework.

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**Date:** January 13, 2025

### **ATTACHMENTS**

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Appendix 1 – CBC Allocation Framework: Eligible City Capital Programs

Appendix 2 – CBC Allocation Framework: Guiding Principles

## Appendix 1

### CBC Allocation Framework: Eligible City Capital Programs

CBC Strategy Capital Program	Eligible City Capital Program
<b>PRIORITY AREAS</b>	
AFFORDABLE HOUSING	Affordable Housing (HS <sup>3</sup> , TCHC <sup>4</sup> )
PARKS AND RECREATION	Parks, Recreation & Forestry
	Waterfront Revitalization Initiative
	Community Centres (SDFA <sup>1</sup> , CREM <sup>2</sup> )
COMMUNITY FACILITIES	Waterfront Revitalization Initiative
	Economic Development & Culture
	Toronto Zoo
	Toronto Public Library
	Children's Services
PUBLIC REALM	Parks, Recreation & Forestry
	Waterfront Revitalization Initiative
	Economic Development & Culture
	Transportation Services
	Toronto Zoo
	City Planning
	Business Improvement Areas
	Heritage Toronto
<b>OTHER ELIGIBLE AREAS</b>	
WASTE MANAGEMENT	Solid Waste Management Services
PROTECTIVE SERVICES	Toronto Paramedic Services
	Toronto Emergency Management
ACTIVE & SUSTAINABLE TRANSPORTATION	Transportation Services
	Toronto Parking Authority
CIVIC ADMINISTRATION	Administration (RSD <sup>5</sup> )

1 - Social Development, Finance and Administration

2 - Corporate Real Estate Management

3 - Housing Secretariat

4 - Toronto Community Housing Corporation

5 - Revenue Services Division

## Appendix 2

### CBC Allocation Framework: Guiding Principles

- 1) **Growth Pays for Growth:** This principle is based on the idea that new development should contribute directly to the infrastructure and community services required to support growth. To achieve this, in most cases CBC funds will be directed to the geographic areas where they are collected. For example, if 20% of CBC funds are collected from new developments in Scarborough, the intent is to allocate approximately 20% of those funds to projects that benefit Scarborough's communities.

While CBC funds will be directed to growth areas, the framework provides flexibility to address citywide priorities, such as affordable housing. To meet essential citywide needs, CBC funds will be allocated to high-impact citywide projects, even if they are outside the immediate growth areas.

- 2) **Complete Communities:** CBC funding should be strategically allocated across the eight service categories (Capital Programs) identified in the CBC Strategy, which represent key areas within the City's capital programs. This principle is centered on fostering well-rounded, vibrant neighborhoods by ensuring access to a wide range of essential community amenities and services.
- 3) **Capacity to Deliver:** This principle is focused on ensuring that CBCs are allocated to projects that are both viable and well-positioned to move forward efficiently. The goal is to maximize the impact of available funding by supporting projects that demonstrate a high level of readiness to proceed, have the capacity to utilize funds within a reasonable timeframe, and align with broader City priorities.
- 4) **Prioritization of Funding Sources:** CBC funding will be coordinated with other funding and capital budgeting tools, including development charges (DCs) and parkland dedication levy, for efficient resource use. This is not to restrict access to CBC funds, but rather to encourage consideration of larger non-debt funding sources first, given that CBC funding is limited and, in most cases, will be used as a supplemental source.