

Community Improvement Plan Amendment for the EDGE Incentive Program to Increase Tax Increment Equivalent Grants and Annual Program Update Report

Date: November 19, 2025

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning; General Manager,
Economic Development and Culture

Wards: All

SUMMARY

This report proposes temporary changes to the City-Wide Community Improvement Plan (CIP) for the Economic Development and Growth in Employment (EDGE) Incentive Program to support the Mayor's Economic Action Plan in Response to United States Tariffs. The CIP amendment would temporarily increase the value of development grants offered through the incentive program to encourage business investment and job creation in the near term.

Specifically, a new program stream would provide development grants equal to 100 percent of the municipal tax increment over a five-year period. This enhanced support would be available for eligible applications submitted by December 31, 2027, including any applications submitted prior to the Council approval of amendments. All other program eligibility requirements would remain unchanged, and the program would continue to operate within its existing annual funding cap of \$20 million.

These proposed changes respond to City Council's direction to explore ways to boost industrial investment and job creation in Toronto and align with priorities outlined in the Action Plan for Toronto's Economy (APTE), including actions to encourage investment, support job growth, and maintain the city's competitive edge through tools such as tax incentives. The amendment ensures the program remains responsive to current market conditions, including economic uncertainty and competitive pressures resulting from ongoing U.S. trade policy issues. The report and recommendations were developed in consultation with the Chief Financial Officer.

This report also fulfills City Council's direction for staff to provide an annual update on the EDGE Incentive Program, which is otherwise required in the first quarter annually.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning and General Manager, Economic Development and Culture recommend that:

1. City Council adopt the amendments to the City-Wide Community Improvement Plan for the Economic Development and Growth in Employment (EDGE) Incentive Program, as shown in Attachment 1 to increase the Development Grants to 100% of the municipal tax increment for successful applications submitted by December 31, 2027, including any applications submitted prior to the Council approval of amendments.
2. City Council authorize the City Solicitor to make such stylistic and technical changes to the draft By-law to amend the Community Improvement Plan for the Economic Development and Growth in Employment (EDGE) Program, as may be required.

FINANCIAL IMPACT

Potential Impact of the Time-Limited Enhancement

The actual uptake, costs, and benefits of the proposed temporary enhancement to the EDGE Incentive Program will depend on factors such as prevailing market conditions, demand for new and upgraded employment space, interest rates, technological changes, and other government policies that influence investment decisions. Given that these factors are hard to predict, the financial impact of EDGE grants is tracked on an annual basis, with a report submitted to City Council in the first quarter of each year.

Under the current program, approved projects receive a grant equal to 60 percent of the municipal tax increment over five years (up to 70 percent for eligible enhanced projects), whereas the proposed temporary stream would increase this support to 100 percent of the municipal tax increment for five years.

Initial projections for the EDGE Incentive Program estimated that each approved project would receive about \$1.9 million in grants over five years, with total disbursements reaching approximately \$40.1 million over the first 10 years of program uptake. While this is already significantly lower than the annual funding cap of \$20 million, applications received to date have been smaller in scale than originally projected, mostly involving moderate expansions or new developments. On average, these projects are now projected to receive around \$1.0 million per 5-year grant.

Based on current projections, staff estimate that the proposed temporary enhancement would increase the average EDGE grant from \$1.0 million to \$1.7 million over five years. This higher grant amount would apply only to applications submitted during the enhanced program period.

With the proposed enhancements, total grant expenditures would remain below the original program estimates. Grant expenditures are expected to begin in 2027, starting

at approximately \$836,000, increasing to \$4.3 million by 2034 in foregone municipal tax revenues.

The changes being proposed will continue to be implemented within the program's approved annual budget cap of \$20 million.

EDGE Incentive Program Applications Received and Under Review

Since program implementation, the City has received and is reviewing EDGE Incentive applications for 2 projects, as described in Table 1 below.

Table 1: EDGE Incentive Applications Under Review

Sector	Development Type	Total GFA (sq/m)	Est. New Jobs	Est. Grant Value* (Original)	Est. Grant Value* (Proposed)	Approval Authority
Manufacturing	New Development	12,232 sq/m	100	\$753 thousand	\$1.2 million	GM, EDC
Biomedical	Expansion	500 sq/m	10	\$1.2 million	\$2 million	GM, EDC

*Estimated grant values are based on information provided by applicants in their submissions. The construction value reported is used as a proxy for the increase in assessment. Final grant amounts will be determined once the property is constructed and reassessed by the Municipal Property Assessment Corporation (MPAC).

The total estimated grant amount for the applications submitted to-date with the proposed changes equals approximately \$3.2 million in foregone revenues over 5 years, which represents a \$1.2 million increase compared to what would have been provided under the original program design and benefit levels.

All other staffing resources and expertise needed to support the actions identified in this report for the Community Improvement Plan Amendment for the EDGE Incentive Program will be accommodated within existing divisional operating budgets.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information presented in the Financial Impacts section.

DECISION HISTORY

At its meeting on July 23 and 24, 2025, City Council directed the General Manager, Economic Development and Culture, in consultation with the Chief Planner and Executive Director, City Planning and the Chief Financial Officer and Treasurer, to bring forward options by Q4, 2025, to amend the city-wide Community Improvement Plan for the Economic Development and Growth in Employment (EDGE) Incentive Program to create a time-limited enhancement to incentivize businesses to invest in job creation in the short-term.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX25.6>

At its meeting on December 17 and 18, 2024, City Council adopted a city-wide Community Improvement Plan ([By-law 1386-2024](#)) for the Economic Development and Growth in Employment (EDGE) Incentive Program, replacing the Imagination, Manufacturing, Innovation and Technology (IMIT) program to align with Council direction via the Long-Term Financial Plan.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH17.1>

Further decision history regarding the EDGE Incentive Program is outlined in the [Final Report](#) that was brought before Council in December 2024.

PROPOSAL

The recommended amendment to the city-wide CIP for the EDGE Incentive Program would allow for a time-limited increase to the grant in accordance with the following:

- The grant limit would be increased from 60 percent of the Municipal Tax Increment for the General Development Grant Stream or 70 percent of the Municipal Tax Increment for the Enhanced Development Stream to 100 percent of the Municipal Tax Increment over a five-year period.
- The same increase to 100 percent of the Municipal Tax Increment would apply when Development Grants are provided in conjunction with Brownfield Remediation Tax Assistance over a seven-year period, or until all eligible remediation costs have been compensated, whichever occurs first.
- All basic program eligibility requirements would remain unchanged except that Transformative Projects, which are defined as large-scale developments that meet specified criteria, such as a minimum investment of \$1.5 billion and the creation of at least 3,000 new jobs, would be ineligible for this increase.
- The time-limited increase in EDGE grant funding would only be available for applications submitted on or before December 31, 2027, after which this enhanced support would no longer be offered.
- Applications received after December 31, 2027, would be considered under the original benefit levels and program design, as outlined in Appendix 1 and 2 of the EDGE Incentive Program CIP By-law (1386-2024).

Given that these proposed amendments are being introduced shortly after the EDGE Incentive Program was adopted, staff propose that any applications submitted prior to City Council approval of the amendments be deemed eligible for the temporary increase in the EDGE grant outlined in this report. This approach would ensure that early applicants who applied under the original program can benefit from increased support and help advance projects during these challenging economic conditions.

COMMENTS

The EDGE Incentive Program Overview

The City's Economic Development and Growth in Employment (EDGE) Incentive Program, adopted by Council in December 2024, supports new construction and major renovations in targeted employment sectors. The program provides tax increment equivalent grants, whereby the City refunds a portion of the increase in municipal property taxes resulting from new development or redevelopment. The EDGE Incentive Program was designed to attract and retain investment, promote job creation, encourage the adaptive reuse of existing industrial building stock, and strengthen Toronto's economic competitiveness, particularly in key employment areas.

The EDGE Incentive Program helps advance a range of provincial and municipal policy and city-building goals, particularly those related to a competitive business environment, inclusive economic development and the growth of high-quality employment opportunities across Toronto. This includes priorities outlined in the Action Plan for Toronto's Economy (APTE) focused on creating jobs and improving job quality, as well as actions that help stimulate investment and development, drive broader city-building goals, advance inclusive economic development and enhance Toronto's competitive edge by working with a variety of partners, including through the provision of tax incentives. The program also aligns with the Mayor's Economic Action Plan in Response to U.S. Tariffs, which emphasizes protecting at-risk businesses, preserving jobs, and supporting Toronto's manufacturing and industrial sectors during heightened economic uncertainty. By encouraging continued investment and job creation in Toronto-based operations, the EDGE Program contributes to strengthening local economic resilience in line with the Plan's immediate actions. As well as directions of the City's Community Benefits Framework that aim to maximize City policy levers to create inclusive and equitable economic opportunities, such as community workforce development, when the City buys and builds.

Under the current program, approved projects receive a base grant equal to 60 percent of the municipal tax increment over five years, increasing to 67 percent over seven years when combined with Brownfield Remediation Tax Assistance. The program also currently includes an Enhanced Grant Stream for projects in eligible sectors that align with Council objectives, such as sustainability, workforce development, and job quality, or for developments in Neighbourhood Improvement Areas or Emerging Neighbourhoods. These projects receive a grant equal to 70 percent of the municipal tax increment over five years, increasing to 77 percent with Brownfield Remediation Tax Assistance.

Additional details about the EDGE Incentive Program, including eligible and ineligible uses, the community workforce development requirement, budget oversight, monitoring strategies and alignment with city-approved plans and strategies, are provided in the [Final Report](#) from December 2024.

Program Uptake and Early Outcomes

Since the implementation of the EDGE Incentive Program in January 2025, staff have undertaken targeted outreach to promote the program and engage prospective applicants. To date, staff have provided over 15 one-on-one consultations with businesses and property owners exploring eligibility under the program. In September 2025, program staff also launched public information sessions, which will be held monthly, to raise awareness and provide ongoing support to potential applicants and other industry stakeholders, including commercial and industrial realtors as well as industry associations.

Early outcomes indicate interest primarily from the manufacturing sector. Two formal applications have been received to date; if approved, these projects would collectively receive approximately \$3.2 million in grants over a 5-year period, assuming the projects receive the time-limited enhancement to the EDGE grant, as recommended in this report.

Current Conditions

Based on the applications received to date and slower market interest, staff are observing a reduction in the number and scale of projects under discussion with interested businesses. Projects put forward through consultations are mostly smaller in scope, representing moderate expansions of existing facilities rather than new-build investments. The timing and likelihood of these projects proceeding remain uncertain, as many businesses continue to assess broader economic conditions before committing to major capital investments.

Ongoing U.S. trade policy changes and associated tariffs have introduced uncertainty into cross-border supply chains, production costs, and export markets. These factors have contributed to a slower pace of industrial investment activity in Toronto and across Ontario. Staff have also noted a shift in development strategies, with more projects proceeding as design-build developments, where facilities are constructed specifically to meet a tenant's requirements, rather than as speculative developments built without a committed tenant in place. This trend reflects a cautious approach by both developers and businesses as they seek to reduce risk and ensure that investments align closely with operational needs. At the same time, as U.S. firms increasingly consider reshoring or near-shoring their manufacturing and supply-chain operations, competitive dynamics across North America are shifting, underscoring the importance of updating the EDGE Incentive Program to strengthen Toronto's ability to attract investment and support job creation.

Planning and Policy Framework

Provincial Land Use Policies: Provincial Planning Statement 2024

The recommended amendment to the EDGE Incentive Program's CIP By-law would support key policy directions of the Provincial Planning Statement (PPS 2024). By strengthening the program in response to US tariffs, the amendment aims to reduce barriers to industrial investment, encourage more intensive employment uses, and help build a more modern and competitive economy.

Toronto Official Plan

The EDGE Incentive Program is aligned with and seeks to implement Chapter One of the Official Plan, which outlines principles for ensuring that a strong and competitive economy is accessible to all Toronto's residents, and that the positive impacts of growth and development are shared with and focused on traditionally under-funded communities. The recommended amendment will further support this aim by maintaining the Community Workforce Development (CWD) target for applicants, while potentially expanding the program's reach through the increased incentive.

The recommended amendment to the EDGE Incentive Program CIP By-law is also aligned with Chapter Two policies that speak to Toronto's economic leadership role, as well as Chapter Three policies calling for a multi-faceted approach to economic development, and Chapter 5 directions outlining potential focus areas of CIPs.

Next Steps

In light of current economic challenges, the proposed amendment to the EDGE Incentive Program can serve as a critical tool to stimulate near-term investment. By temporarily increasing grant support, the program can help advance projects that might otherwise be deferred, giving businesses greater confidence to invest and grow in a challenging economic environment.

The Economic Development and Culture Division will continue rolling out the EDGE Incentive Program through targeted outreach, monthly public information sessions, one-on-one consultations with prospective applicants and yearly report-backs to Council on progress in implementation. Program staff will prioritize engagement with industrial businesses and stakeholders to support uptake during the limited application window for the augmented program, and ensure projects are aligned with the program criteria.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Recommended Community Improvement Plan By-law Amendment