



Stephen Conforti
Chief Financial Officer & Treasurer

Finance and Treasury Services
City Hall
100 Queen Street West
4 Floor East Tower

Stephen Conforti
Chief Financial Officer & Treasurer

Tel: 416-397-4229
Stephen.Conforti@toronto.ca
www.toronto.ca

2026 OPERATING BUDGET BRIEFING NOTE

Extensions of Provincial and Federal Responsibilities

Issue/Background:

- This briefing note provides a summary City of Toronto tax funding invested in services delivered by the City that align with, or extend, provincial and federal responsibilities.
- This is an update to the 2025 Budget Briefing Note #16 presented to the January 24, 2025, Budget Committee meeting:
<https://www.toronto.ca/legdocs/mmis/2025/bu/bgrd/backgroundfile-252584.pdf>

Key Points:

- As reported during the 2024 and 2025 Budgets, a significant portion of Torontonian's annual property taxes is directly invested in areas which reduce the financial burden for other orders of government including: housing; social services; and health services.
- The 2026 Staff-Prepared Net Operating Budget **totals \$1.576 billion** to invest in these three areas which is detailed in Table 1. Overall, **this represents 27% of property tax funding**.
 - In total, the \$1.576 billion represents an increase of \$115 million over the 2025 Operating Budget, which included \$1.461 billion in property tax funding to support these services. The increase reflects changes in service demand, staffing requirements, inflationary adjustments, and approved program expansions. Key drivers include:
 - \$12.5 million net increase for non-TCHC housing provider subsidies, including an inflationary increase for 2026.
 - \$15.3 million net increase in Toronto Shelters and Support Services reflecting salary and benefit adjustments, inflationary impacts on per diems, grants, room rent, utilities and food costs across the shelter system, and Purchase of Service shelters.
 - \$14.4 million net increase in Social Development for the transition and sustained operations of the Toronto Community Crisis Service (TCCS) dispatch within Toronto Paramedic Services, and an increase in client growth and ridership volume for Fair Pass, the transit equity discount program.

- \$34.9 million net increase to support staffing in Paramedic Services, including the annualized impact of the Council-Approved Multi-Year Staffing Plan (112 staff complement) and 94 additional operational staff to address increased call demand and hospital and health care system pressures.
- \$19.6 million net increase in Seniors Services and Long-Term Care for salary and benefit adjustments and inflationary increases for contracted services and equipment.
- \$9.5 million net increase includes funding for the expansion of the Student Nutrition Program enabling up to 155 new school communities to deliver student nutrition programming beginning in Spring 2026.

Table 1: 2024-2026 Net Property Tax Funding (\$ millions)*

City Division	2024	2025	2026
Housing Secretariat	158	207	220
Toronto Shelter and Support Services	241	220	235
Toronto Community Housing Corporation / Seniors Housing Corporation	346	375	378
Housing Services Sub-Total:	746	802	833
Social Development, Finance & Administration	111	133	147
Toronto Employment & Social Services	82	96	100
Children's Services	95	100	102
Social Services Sub-Total:	288	329	349
Toronto Paramedic Services	113	140	175
Seniors Services & Long-Term Care	81	96	116
Toronto Public Health	80	94	103
Health Services Sub-Total:	274	330	394
Total City Property Tax Funding:	1,307	1,461	1,576

*Values are based on Council Approved Net Expenditure Operating Budgets including in-year adjustments as of Q3 2025.

- Since 2025, overall net investments have increased across housing, social services and health services by \$115 million (8%). Notably, the largest increase to investments by the City has been in health services, which has grown by 19%.
- While net City investments have grown, it is important to note that continued engagement with provincial and federal government has enabled greater intergovernmental funding contributions in some of these services.
 - The 2026 Operating Budget includes \$200 million in provincial funding under the New Deal Agreement, representing the third year of a three-

year commitment (2024-2026) providing up to \$600 million in total funding for shelter and homelessness supports.

- The 2026 Operating Budget also reflects increased provincial funding for Toronto Paramedics Services' Multi-Year Staffing Plan (\$175 million) to help mitigate frontline staff workload as a result of increased emergency call demand pressures.

Additional comments on the three areas of service are provided below:

- **Housing** - the City's net investments in housing-related services are delivered by the Housing Secretariat, Toronto Shelter and Support Services, the Toronto Community Housing Corporation and the Toronto Seniors Housing Corporation.

The 2026 Operating Budget includes \$833 million in property tax funding to support these programs, including \$220 million for Housing Secretariat, \$235 million for Toronto Shelter and Support Services, and \$378 million for TCHC/TSHC. This represents a \$31 million increase over the 2025 Budget, reflecting the City's continued focus on promoting housing supply and affordability.

- **Social Services** - the City delivers a variety of social services which act as extensions of other governments' responsibilities and offer benefits which directly reduce the financial burden for the provincial government. This includes Toronto Employment and Social Services, high-quality and affordable childcare delivered by Children's Services, and social programming administrated by Social Development which aims to drive positive outcomes for the community including equity and reconciliation, community safety and wellbeing, poverty reduction, and neighbourhood development.

The 2026 Operating Budget contains a total of \$349 million in property tax funding to deliver these social services, an increase of \$20 million over the 2025 Budget.

- **Health Services** - the City positively contributes to the provincially led healthcare system through the delivery of services including Toronto Paramedic Services, Seniors Services and Long-Term Care, and Toronto Public Health. While long-term care and care for seniors is a responsibility of the Ontario Ministries of Long-Term Care and Seniors and Accessibility respectively, the City contributes a significant portion of funding each year to delivering these services, given the existing cost-sharing agreements with the Province. In some instances, these cost-sharing agreements have a cap to program reimbursements. In addition, as the sole provider of emergency medical response for the City of Toronto, Toronto Paramedic Services is the largest municipal paramedic service in Canada and a critical component of the healthcare system. Toronto Public Health also acts as an extension of the provincial health-care system, providing key services in support of family health, promotion of healthy living, and aims to reduce illnesses and chronic diseases, directly resulting in cost avoidance for the provincial government.

In total, the 2026 Net Operating Budget for these three divisions totals \$394 million, an increase of \$64 million over the 2025 Budget.

Prepared by: Linh Chu, Senior Financial Planning Analyst, Financial Planning Division, (416)- 338-8717, linh.chu@toronto.ca

Further information: Amanda Hanniford, Manager, Financial Planning Division (416) 392-5380, amanda.hanniford@toronto.ca

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