

2026 City of Toronto Budget

Submission to Members of the Budget Committee

January 21, 2026

Submission by: Right to Housing Toronto



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Councillor Shelley Carroll
Chair of the Budget Committee
Toronto City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Dear Members of the Budget Committee,

Re: 2026 City of Toronto Budget

We are representatives of the Right to Housing Toronto (R2HTO), a network of organizations and individuals working to support the implementation of the right to housing by the City of Toronto. We are writing in response to the City's proposed [2026 Capital and Operating Budgets](#).

Current context

Toronto is in the midst of an escalating housing and homelessness crisis. Rents are too high for many people to afford, there are insufficient affordable housing options for people in need, and renters have limited protections against evictions, disrepair, discrimination, and other critical issues.

For example, despite an increase in rental housing supply, rents continue to rise and remain out of reach for many households. According to the Canada Mortgage and Housing Corporation's most recent [Rental Market Report](#), average rents for a two-bedroom apartment in Toronto rose by 3.5 per cent to \$2,034 last year. Households earning an average income must now spend 42 per cent of their income – well above the 30 per cent affordability threshold – to rent a one-bedroom unit, while households earning minimum wage must spend two-thirds of their income to rent a studio apartment.

Homelessness has also been rising. According to the City's most recent [Street Needs Assessment](#), over 15,000 people were experiencing homelessness in October 2024, more than double the rate in 2021. While it is encouraging that the number of visible encampments across the city is starting to fall, many [advocates](#) note that the City's more aggressive approach to encampment clearing may be pushing people into more hidden forms of homelessness, with many people still struggling to find a safe and affordable place to live. Key drivers of homelessness beyond access to safe, affordable housing include unmet health needs and inadequate income supports, which disproportionately impact equity-deserving people.



While the City has important levers that it can use to help address these challenges, we recognize that there are also external conditions beyond its control that continue to shape the housing and homelessness context in Toronto, including:

- Inadequate provincial supports, such as low social assistance rates and limited renter protections, which will be exacerbated following recent decisions, including the passage of Bill 60 and the closure of many supervised consumption sites.
- Insufficient investments from the federal and provincial governments in the development and preservation of affordable housing, as well as direct supports for renters, such as the Canada-Ontario Housing Benefit (COHB).
- Poor conditions for affordable housing development, such as project cost increases, trade uncertainty, and market fluctuations.
- Limited municipal revenue tools and powers.

Proposed budget commitments

The City recognized housing as a human right in the Toronto Housing Charter and HousingTO 2020-2030 Action Plan, committing to progressively realize the right to adequate housing for all Toronto residents. The budget process is a critical way for the City to tangibly uphold this commitment by prioritizing, maximizing, and dedicating investments in programs, services, and infrastructure that will meet the needs of residents most impacted by the housing and homelessness crisis.

Following significant investments in the 2024 and 2025 budgets, we are encouraged to see some modest new and enhanced funding proposed for critical City programs that support renters and protect affordable housing in the 2026 Operating Budget, including:

- **\$2.6 million for the Rent Bank**, which provides critical support to maintain tenancies and prevent evictions. The proposed increase would bring the total program budget to \$10.8 million and is expected to provide loans and grants to approximately 2,800 households. Despite this increase, the program would support the same number of households as it did in 2025, likely due to increasing rent costs.
- **\$996,500 for RentSafeTO**, which helps ensure rental units are maintained in a state of good repair. The proposed increase (fully funded by registration fees) would add 11 new staff to support the program, including implementing the new colour-coded audit signs, alongside ongoing inspections, enforcement, and education. This increase would build on RentSafeTO's work in 2025, which included 1,785 evaluations, 56 audits, 1,904 orders and notices, and over 200 engagements.



- **\$1 million for the Air Conditioner Pilot Expansion**, which helps mitigate the impacts of extreme heat events for low-income and vulnerable residents. The proposed increase would provide up to 1,000 portable air conditioners, double the number provided in 2025, when the program was directed solely to low-income seniors. The program is meant to complement the City's ongoing work to develop a [maximum temperature bylaw](#) for rental units.

However, we are concerned that the 2026 Operating Budget proposes a roughly **\$126 million decrease to the City's shelter system**. While we understand that this proposed decrease is largely due to the planned closure of temporary hotel sites (which are more expensive to operate) and a projected reduction in demand for refugee claimant beds, it is important to ensure that the City's shelter system is able to respond to people when they are in need. In particular, with [homelessness growing across the province](#), no signs of greater investments in the COHB, and a volatile international environment that could lead to job instability and increased refugee and asylum claims, we are concerned that this proposed decrease could create ongoing strain in the shelter system and, ultimately, inadequate support for people experiencing homelessness.

In addition to these and other proposed changes to the 2026 Operating Budget, the proposed 10-year Capital Budget includes \$8.8 billion (13 per cent) for housing and homelessness projects (including \$3.6 billion in financial incentives). The vast majority of the City's \$3.4 billion 10-year Capital Budget for housing would be dedicated to **community housing repairs and upgrades (\$1.9 billion)** and **City-led and supported rental development projects (\$1.4 billion)**, with very modest investments in programs that protect existing affordable housing, including the **Multi-Unit Residential Acquisition (MURA) program** and **Multi-Tenant Housing (MTH) Renovation Program (\$100.8 million)**. This would include \$46.8 million to support the next call for proposals for MURA. It appears that \$5 million is currently dedicated to the [MTH Renovation Program](#), with annual commitments of \$2 million until 2029.

The City's \$1.1 billion 10-year Capital Budget for homelessness and shelters would primarily be directed toward **service improvement and growth (\$1 billion)**, including an additional \$209.4 million for the **Homelessness Services Capital Infrastructure Strategy (HSCIS)** to advance the design and construction of new shelter sites. The remaining funds would support **repairs for aging infrastructure (\$69.9 million)** and **health and safety measures (\$13.9 million)**.

It is encouraging to see ongoing investments in affordable housing development to help the City meet its target of 65,000 rent-controlled, affordable, and rent-geared-to-income (RGI) home approvals by 2030, alongside additional investments to expand shelter capacity across the city. However, protecting existing affordable housing – and the people who live there – is among the



most efficient and effective ways to preserve affordability, protect renters, and prevent homelessness. What's more, MURA is one of City's most successful housing programs, well exceeding targets. As such, it is critical for the City to invest adequately in programs that protect the existing stock of affordable housing, including MURA and the MTH Renovation Program.

Recommendations

To better address the current housing and homelessness crisis, the City must take a human rights-based approach in its budget by prioritizing supports for renters and people experiencing homelessness and maximizing investments in affordable housing preservation. Not only are these approaches more cost effective from a municipal budgeting perspective, but they will also help uphold the right to housing, prevent displacement, homelessness, and the loss of affordable housing, and, ultimately, mitigate the social and economic impacts of homelessness. These include pressure on costly public services, such as shelters, healthcare, justice, and other social services.

However, the City's shelter system must continue to be supported alongside long-term investments in affordable housing, so that people experiencing or at risk of homelessness have access to urgent support when they need it. What's more, the majority of respondents to the [City's initial 2026 budget consultation survey](#) identified affordable housing and shelters as the top services requiring increased support.

To effectively respond to both the current crisis and public feedback, we encourage the Budget Committee to explore further opportunities to expand and build upon the following initiatives:

1. Increase funding for renter supports

- a. **Eviction Prevention in the Community (EPIC) and Toronto Tenant Support Program (TTSP):** Alongside the Rent Bank, EPIC and TTSP provide essential supports to renters facing eviction, helping to protect tenancies and prevent homelessness. In addition to increasing funding for the Rent Bank, the City should expand investments in EPIC and TTSP, considering rising rents and homelessness rates, alongside recent [commitments](#) to expand outreach to MTH renters and the launch of the Situation Table for Housing-at-Risk (STAR).
- b. **Targeted supports for MTH renters:** MTH renters are among the most vulnerable members of our communities and at [risk of displacement](#) under the City's MTH framework. The City should develop targeted programs and policies to support MTH renters facing displacement, such as emergency and/or portable housing benefits, alternative housing solutions, and/or system navigation.



2. Increase funding for affordable housing preservation

- a. **MTH Renovation Program:** The MTH Renovation Program is critical to help MTH operators come into compliance with the MTH framework and prevent renter displacement. Alongside recent [changes](#) to improve access to the program, the City should also increase program funding to ensure it reflects costs reported by MTH operators.
- b. **MURA:** Supporting the non-profit sector to acquire private rental stock is critical to preserve affordability and protect renters. The City should prioritize and maximize funding for MURA to preserve affordable rental housing across the city, including MTHs, especially in light of challenging market conditions to build new affordable housing.
- c. **RentSafeTO:** RentSafeTO is critical to ensuring rental units remain in a state of good repair, ultimately helping to protect existing affordable housing stock over the long-term. Alongside increased staffing, the City must ensure additional staff complete assessments and repairs in a timely fashion. Moreover, given the current parameters of the program, the City should also explore opportunities to expand the scope and impact of RentSafeTO through a more robust landlord licensing system.

3. Increase funding for homelessness response

- a. **Shelter capacity and safety:** The City's shelter system continues to face ongoing capacity challenges, turning away 125 people daily. The City should increase funding to deliver the [HSCIS](#) with urgency, prioritizing purpose-built, community-integrated shelters, while upholding standards for safety and other [human rights](#). It should also maintain funding to be able to respond to ongoing political and economic uncertainty, such as labour market volatility and potential increases in refugee and asylum claims.
- b. **Encampment response:** To ensure the decrease in visible encampments is leading to positive housing outcomes, the City should engage closely with people with lived experience of homelessness and service providers to ensure that its homelessness response meets the growing needs across the city (especially in light of recent provincial policy changes). This should include taking a [human rights-based approach to encampments](#) and increasing the supply of and access to supportive housing.

4. **Ongoing provincial and federal collaboration:** Despite securing significant funding commitments from higher orders of government to date, further provincial and federal contributions are needed to tackle Toronto's housing and homelessness crisis. The City should continue to advocate for increased funding to:



- a. Improve income supports, such as the COHB and social assistance, to increase both access and the amount of support provided to reflect the actual cost of living**
- b. Develop and preserve more affordable housing**
- c. Increase shelter capacity and homelessness support programs**

The recommendations above provide key opportunities for the City to uphold its commitment to the right to housing by prioritizing and maximizing investments to meet the needs of communities most impacted by the housing and homelessness crisis. R2HTO looks forward to reviewing the final budget documents and welcomes ongoing opportunities to support the City in taking a human rights-based approach to its housing policies and programs.

Thank you,
On behalf of Right to Housing Toronto (R2HTO)

