REPORT FOR ACTION

Implementation of the Development Charges Reduction Program

Date: July 22, 2026
To: City Council
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

On June 23, 2026, the Government of Canada, the Province of Ontario, and the Mayor of Toronto confirmed $1.5 billion in funding for the City over 10 years through the Development Charges Reduction Program (DCRP), as part of the Canada-Ontario Partnership to Build. The DCRP will provide the City of Toronto with federal and provincial infrastructure funding to support existing housing-enabling growth-related capital projects already included in the City's 10-Year Capital Plan. The funding will reduce reliance on development charges (DC) that would otherwise support these projects, thereby enabling time-limited DC residential rate reductions of 40% to 60% for over a three-year period to reduce development costs, enhance viability and increase housing supply.

At its meeting on June 24, 2026, City Council directed staff to report back with proposed by-law amendments and any other technical considerations required to implement the DCRP. This report recommends amendments to the City's Development Charges By-law to implement the rate reductions, suspend annual indexing through 2029 to ensure rates remain flat during this period for all development, and make further administrative adjustments required to implement the program. The proposed by-law amendments establish eligibility requirements for the reduced rates, including that a development's first building permit be issued during the program period and that an above-grade building permit be obtained either by the end of the program period or within 24 months, whichever is later. These requirements are intended to support the viability of new residential developments while promoting timely construction and new housing supply.

City Council also authorized the Chief Financial Officer and Treasurer to negotiate and execute a Transfer Payment Agreement (TPA) with the provincial and/or federal governments to secure the funding. Those discussions are still ongoing, with an expected execution date by August 15, 2026. Once the TPA is executed, the proposed DC by-law amendments and reduced DC rates will come into effect.

This report is urgent and cannot be deferred as Council approval is required to amend the Development Charges By-law to implement the DC rate reductions upon finalization of the TPA, expected in mid-August.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council amend City of Toronto Municipal Code Chapter 415, Development of Land to introduce time-limited decreases to development charges under certain circumstances and to pause indexing in 2027, 2028 and 2029, by adopting a by-law amendment substantially in the form set out in Attachment 1 of this report.

2. City Council authorize the Chief Financial Officer and Treasurer to take any necessary steps to implement the by-law amendments described in Recommendation 1, including providing refunds, as appropriate.

3. City Council authorize the Chief Financial Officer and Treasurer to make any adjustments to the 2026-2035 Capital Budget & Plan as required to replace development charge funding with intergovernmental funding for the applicable capital projects, following execution of the Transfer Payment Agreement, with no change to total approved project costs.

4. City Council authorize the Chief Financial Officer and Treasurer, in consultation with the City Solicitor, to terminate existing agreements entered into under section 27 of the Development Charges Act, 1997 that provide for a reduced interest rate on rental installment payments in exchange for financial security, at the request of the applicant.

FINANCIAL IMPACT

The financial impacts of the $1.5 billion in funding from the DCRP and the proposed DC rate reductions were outlined in the Chief Financial Officer and Treasurer's report to City Council in June 2026 (Item MM42.44). This report implements enabling by-law amendments and administrative mechanisms, without materially changing the financial implications previously considered.

Intergovernmental funding is intended to reduce reliance on DCs to fund existing infrastructure projects. The funding will enable the City to implement time-limited DC residential rate decreases ranging from 40% to 60% contained in Attachment 1 to this report (the "Decreased Amounts"). Through the DCRP, funding will support a portion of the growth-related costs of housing-enabling infrastructure projects in the 10-Year Capital Plan, with the program structured to target revenue neutrality. The City is expected to receive $1.5 billion in DCRP funding over a 10-year period, while the rate reductions apply for approximately 40 months. This funding is fixed and will not vary with the level of development during the reduction period, providing greater certainty than market-dependent DC revenue which is subject to annual fluctuations.

Adjustments to Capital Budget and Plan

The funding does not provide capacity to accelerate approved capital projects or to advance new, currently unfunded priorities. Rather, budget adjustments to the 2026-2035 Capital Budget & Plan will replace currently planned DC reserve funding with DCRP funding for the identified capital projects, totalling $1.5 billion. The capital project list can be found in Attachment 1 of the June City Council report (linked here) and includes funding for:

- Expanded road network ($661 million);
- Water and wastewater infrastructure ($327 million); and
- Enhanced transit capacity ($511 million).

These budget adjustments would be made following execution of the TPA, and would maintain previously approved project scope, timing, and total costs. There is no net impact to the overall size of the Capital Plan or to Council-approved priorities. DCRP funding applies only to the growth-related portion of the identified projects, with the non-growth-related portions continuing to be funded from other sources.

Staff continue to advocate for payment based on current project cash flow timing, or, at least, annually recurring amounts spread out over the 10-year period, rather than a reimbursement approach once the projects have been completed. Any requirements for upfront financing to proceed with infrastructure investments will be assessed against capital project timing once the TPA terms are confirmed.

The DCRP requires that capital project components be initiated prior to July 2030 and be completed by the end of October 2035. The City expects that the TPA will permit the ability to substitute capital projects, within the above defined groupings, should, for some reason, infrastructure investments not proceed within the required timeframe. Further, staff are requesting that the TPA includes clear language that funds will not be clawed back for any reason based on actual development activity, given the role of external market factors in ultimately determining development viability.

DCRP funding will be provided for DC-eligible projects within the four DC service areas identified in Table 1. The eligible in-period development-related costs shown below are based on the City's 2022 DC Background Study, indexed to Q1 2026.

Table 1: DCRP Funding by Service Area*

DC Service	DCRP Funding	In-Period Development Related Costs ($Q1 2026)	Proportional Funding Share
Transit	$511 M	$5,696 M	9%
Roads and Related	$661 M	$4,331 M	15%

DC Service	DCRP Funding	In-Period Development Related Costs ($Q1 2026)	Proportional Funding Share
Water	$17 M	$882 M	2%
Sanitary Sewer	$310 M	$1,997 M	16%
Total	**$1,500 M**	**$12,906 M**	**12%**

*Announced on June 23, 2026 and subject to confirmation through the TPA

DC Rate Reductions

The DCRP funding will enable a reduction of 40% for one-bedroom and studio units and 60% for all other unit types, including two-bedroom and larger units, dwelling rooms, and singles and semi-detached homes for an approximate 40-month period. The funding amount does not provide for additional rate discounts to be offered before March 30, 2026. Based on forecasted development activity, the blended average rate reduction will be 51.3%. The reduced rates are set out in Schedule D of the draft by-law included as Attachment 1 to this report. All reductions are calculated as a function of the DC rates currently in effect as of June 6, 2024, and build upon the discounts already incorporated into those rates, such as the existing rental discount provided by the City.

For the four services receiving DCRP funding, the revised rate structure considers the share of each service's in-period development-related costs that the funding will offset, as shown in Table 1. A greater DC rate decrease will be applied to these specific funded services, while a smaller decrease will be applied across all other DC services. This tiered approach recognizes the funding certainty achieved for the four areas, while balancing an appropriate level of incoming revenue for other services and the prioritization of housing-enabling infrastructure, which is in alignment with the DCRP requirements. Collectively, these adjustments will result in the 40% to 60% overall rate reductions.

The actual revenue impact across all services, and subsequently, any potential implications to future capital spending, will depend on the volume and unit-type composition of residential development that proceeds during the reduction period and will vary with market conditions. For example, if housing activity exceeds baseline forecasts during the DCRP reduction period, the City would collect more DC revenue than currently projected. However, as DCRP funding amounts are fixed and DCs will be collected at reduced amounts, any additional revenue would still be challenged to address the increased demands that higher levels of growth place on housing-enabling infrastructure. Sustained activity above forecast levels would therefore continue to create a net funding pressure, with infrastructure requirements outpacing the combined support available through the DCRP and reduced DC revenues. Further analysis and commentary regarding longer-term implications of growth will be included as part of the City's Comprehensive Development Charges Review.

Refunds for DCs Already Paid

As of June 19, 2026, three applications that obtained their first building permit on or after March 30, 2026, had already paid DCs at the current rates before the reductions took effect. Totalling approximately $517,000, these applications would be entitled to a refund for the difference between the amount charged and the reduced rate, provided they satisfy the eligibility requirements set out in the by-law, as confirmed at occupancy. This report authorizes the CFO & Treasurer to issue refunds where an applicant pays their DCs early and the amount is later determined to have been an overpayment.

DECISION HISTORY

At its meeting of June 24, 2026, City Council adopted Canada-Ontario Partnership to Build: City of Toronto's Submission to the Development Charges Reduction Program and Updates to Purpose-Built Rental Incentives, which authorized the Chief Financial Officer and Treasurer to negotiate and execute a Transfer Payment Agreement and approved the next phase of the purpose-built rental housing incentives stream to support additional rental housing supply.
Item MM42.44 https://secure.toronto.ca/council/agenda-item.do?item=2026.MM42.44

At its meeting on November 12 and 13, 2025, City Council adopted the 2024 to 2025 Annual Progress Report on the HousingTO 2020–2030 Action Plan and Housing Action Plan (2022–2026), including requests to the federal and provincial governments for funding and financing to support purpose-built rental, affordable, and supportive housing delivery.
Item PH25.4 https://secure.toronto.ca/council/agenda-item.do?item=2025.PH25.4

At its meeting on July 23 and 24, 2025, City Council adopted amendments to Chapter 415 of the Toronto Municipal Code (Development of Land) to expand development charge and parkland dedication exemptions for multiplex housing. The changes exempt multiplexes of up to six units and permit an additional garden or laneway suite to qualify for exemptions when subject to a development charge deferral agreement.
Item MM32.5 https://secure.toronto.ca/council/agenda-item.do?item=2025.MM32.5

At its meeting on June 25 and 26, 2025, City Council adopted changes to remove mandatory rate indexing in 2025 and 2026, and rescinded the requirement for applicants seeking conditional below-grade permits to enter into agreements to pay Development Charges at the higher of the rate in effect at permit issuance or the rate applicable at the time of payment.
Item EX24.2 https://secure.toronto.ca/council/agenda-item.do?item=2025.EX24.2

At its meeting on February 11, 2025, City Council adopted Budget Implementation Including Property Tax Rates, User Fees and Related Matters which requested staff initiate a comprehensive review of development charges and introduced a 15% property tax reduction for new multi-residential properties.
Item CC27.1 https://secure.toronto.ca/council/agenda-item.do?item=2025.CC27.1

At its meeting on December 17 and 18, 2024, City Council adopted a report advancing Phase 1 of the purpose-built rental housing incentive stream, including additional approvals beyond EX18.2 to defer development charges for 528 purpose-built rental units and authorize property tax exemptions for eligible units.
Item CC24.16 https://secure.toronto.ca/council/agenda-item.do?item=2024.CC24.16

At its meeting on November 13 and 14, 2024, City Council adopted a report to create a new Purpose-Built Rental Housing Incentive Stream, including approximately $461M in total financial incentives, comprised of $325M for market purpose-built rental homes (5,600 units) and $136M for affordable rental housing (1,400 units), through development charge deferrals, property tax reductions, and other fee waivers.
Item EX18.2 https://secure.toronto.ca/council/agenda-item.do?item=2024.EX18.2

At its meeting on June 26 and 27, 2024, City Council adopted the launch of the Rental Housing Supply Program, transforming the City's former Open Door Affordable Rental Housing program into a new program to support the delivery of rent-geared-to-income, affordable rental, and rent-controlled homes in response to updated HousingTO 2020-2030 Action Plan targets and current market conditions.
Item PH13.8 https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.8

At its meeting on March 21, 2023, Executive Committee adopted the Housing Action Plan 2022-2026: Priorities and Work Plan, outlining the City's strategy to meet or exceed the provincial housing target of 285,000 homes through a combination of market, non-market, and mixed housing production.
Item EX3.1 https://secure.toronto.ca/council/agenda-item.do?item=2023.EX3.1

At its meeting on July 19 to 22, 2022, City Council adopted the City's Development Charges By-law, which incorporated a municipal discount on rental units and expanded exemptions for multiplex units.
Item EX34.1 https://secure.toronto.ca/council/agenda-item.do?item=2022.EX34.1

At its meeting on February 2, 3 and 5, 2021, City Council adopted Development Charges Policy Updates, which authorized the Chief Financial Officer and Treasurer to enter into agreements under section 27 of the Development Charges Act, 1997 to provide for reduced interest charges where financial security is provided in connection with the payment of development charges.
Item EX20.4 https://secure.toronto.ca/council/agenda-item.do?item=2021.EX20.4

COMMENTS

Canada-Ontario Partnership to Build Initiative

On March 30, 2026, the Government of Canada and the Province of Ontario announced the Canada-Ontario Partnership to Build, committing $8.8 billion in joint funding for infrastructure investments, including a portion intended to reduce municipal DCs. This funding stream is prioritized for municipalities that decrease DCs for all residential development by at least 30% to 50% for a minimum of three years. Under the program, decreases are to apply retroactively to the announcement date of March 30, 2026, and remain in place for three years following execution of a TPA, for a total duration of approximately 40 months.

On June 1, 2026, the Province released further details regarding the DCRP, outlining eligibility, timing, and program requirements. The DCRP provides intergovernmental funding over 10 years for existing housing-enabling infrastructure projects already included in the City's 10-Year Capital Plan, replacing DC revenue that would otherwise fund these projects.

On June 23, 2026, the federal and provincial governments and the Mayor of Toronto confirmed $1.5 billion in DCRP funding for the City. This funding supports residential DC rate reductions of 40% to 60%, exceeding the program minimum.

Market Activity Trends

Toronto is experiencing a significant slowdown in development activity relative to recent trends. Canada Mortgage Housing Corporation (CMHC) reported only 4,557 housing starts in the City of Toronto in the first half of 2026, similar to the depressed levels experienced in 2025. In comparison, during stronger market conditions, Toronto recorded 10,372 housing starts over the same months in 2024 and 12,475 in 2023.

A review of building permit activity identified 514 dwelling units associated with below-grade permits issued after March 30, 2026, for which a full building permit has not yet been obtained. Based on the proposed eligibility framework, these units may be eligible for the reduced rates provided an above-grade building permit is issued within 24 months of the first building permit. Developments that were issued a building permit prior to March 30, 2026, are not eligible for the Decreased Amounts, but still benefit from other measures the City has implemented to support residential construction, including the removal of mandatory annual DC rate indexing and the 15% property tax reduction for new multi-residential properties.

The window of eligibility for Decreased Amounts, which partially overlaps in timing with the enhanced new housing HST rebate, is anticipated to stimulate development activity above current baseline conditions. Staff will continue to monitor development activity and permit volumes throughout the reduction period.

Implementing Time-Limited DC Rate Reductions

The City of Toronto has committed to implementing time-limited decreases to residential DC rates by 40% to 60%, depending on housing unit type. As outlined in Table 2 below, singles and semi-detached homes, units with two or more bedrooms, and dwelling rooms would receive a 60% reduction, while one-bedroom and studio units would receive a 40% reduction. As specified by the DCRP requirements, eligibility for reductions must apply retroactively to March 30, 2026 (the date of the federal-provincial announcement of the Canada-Ontario Partnership to Build) and remain in place for three years following execution of the TPA. Further details respecting eligibility for the decreases are identified below and in the draft by-law included as Attachment 1 to this report. Any rate reductions applied before March 30, 2026, or extending beyond the program period, would not be supported by current DCRP funding.

Table 2: Discounted DC Rates by Development Type

Development Type	Current Rate	Proposed Discount	Discounted Rate
Rental			
Dwelling Room	$23,759	60%	**$9,504**
Apartment: Studio & 1 Bedroom	$33,497	40%	**$20,098**
Apartment: 2 Bedroom	$48,299	60%	**$19,320**
Apartment: 3+ Bedroom	$45,280	60%	**$18,112**
Multiples: Studio & 1 Bedroom	$36,351	40%	**$21,811**
Multiples: 2 Bedroom	$68,199	60%	**$27,280**
Multiples: 3+ Bedrooms	$63,937	60%	**$25,575**
Non-Rental			
Dwelling Room	$37,356	60%	**$14,942**
Apartment: Studio & 1 Bedroom	$52,676	40%	**$31,606**
Apartment: 2+ Bedroom	$80,690	60%	**$32,276**
Multiples: Studio & 1 Bedroom	$57,153	40%	**$34,292**
Multiples: 2+ Bedroom	$113,938	60%	**$45,575**
Singles & Semis	$137,846	60%	**$55,138**

The reductions are proposed to be implemented through an amendment to the City's Development Charges By-law. Subsection 19(1.1) (c) of the *Development Charges Act,* 1997, added through Bill 17, allows an amendment that decreases DCs for specified types of development in specified circumstances to proceed without a new background study, public meeting, or a right of appeal. This report brings forward such an amendment. This provision of the Act allows municipalities to limit the DC decrease according to development type and define the circumstance under which the decrease will be applicable.

In this case, the decrease will only apply to developments where the first building permit is issued within the reduction period, provided that an above-grade building permit for the development is issued either within the program period (i.e. from March 30, 2026 to three years following the execution of the TPA) *or* within 24 months of the first building permit, whichever is later. The intent is to ensure that the DC rate reductions achieve their intended outcome of incentivizing timely development and construction by requiring developments to achieve development milestones within certain timeframes. Staff have assessed the average time taken for a development to proceed from first building permit to above grade permit to ensure a recommended timeframe that is fair and achievable.

Under the proposed by-law, the Decreased Amounts will not apply unless a TPA has been executed within the DCRP reduction period. The City expects a final TPA to be executed with the provincial and/or federal governments by August 15, 2026.

Eligibility Requirements

To qualify for the Decreased Amounts, a development must meet all the conditions set out in the by-law amendment, including:

a) that no building permit was issued with respect to the development before March 30, 2026 (with limited exceptions for buildings with a shared foundation);

b) that the first building permit is issued between March 30, 2026, and the date three years after the effective date of the TPA, inclusive;

c) that the first above-grade building permit is issued between March 30, 2026, and the date three years after the effective date of the TPA, *or* within 24 months after the issuance of the first building permit, whichever is later; and

d) that the above-grade building permit is not revoked before occupancy (subject to the *Ontario Building Code Act*, the Chief Building Official can revoke permits for various reasons including errors, non-compliance, or inactivity).

The use of the first building permit as a trigger for inclusion in the DCRP is consistent with the overall application of the *Development Charges Act*. Effective January 1, 2016, the first building permit issued is the DC payment trigger for developments requiring multiple permits, which for large developments is typically a below-grade permit such as a shoring or foundation permit.

DCs continue to be determined under the City's general DC rates set out in Schedules A-1 to C of Chapter 415 (the "General Rate Schedule"). The amount payable is determined in accordance with section 26.2 of the *Development Charges Act, 1997*, as the lower of the rate frozen at the time of the planning application plus accrued interest, or the rate in effect at the time of payment. Only developments that satisfy the conditions set out in the by-law, noted above and as confirmed at occupancy, will be eligible for the Decreased Amounts.

As referenced above, the Chief Building Official, under the *Building Code Act* and in accordance with existing processes, may revoke (i.e. cancel, withdraw or void) a building permit making it legally invalid for various reasons. This includes if the permit was issued on mistaken, false or incorrect information; if construction has not been seriously commenced, or is suspended, within a certain period of time; if the permit holder requests that it be revoked; or if the permit was issued in error. Should a building permit be revoked, the development will not be eligible to receive a discounted DC rate.

Where a development does not obtain its first above-grade building permit during the DCRP period or within 24 months of issuance of the first building permit, or otherwise fails to satisfy the circumstances in the by-law, the Decreased Amounts will not apply and DCs are payable in accordance with the General Rate Schedule.

The following examples illustrate how the reduction will apply in common situations, provided the TPA has been executed.

Example 1 (Eligible)

A development obtains its first building permit, a shoring permit, on May 1, 2026, and obtains its first above-grade building permit on April 1, 2027, which is both within the DCRP period and within 24 months. That permit is not revoked prior to occupancy. The development qualifies for the Decreased Amounts. DCs are payable at occupancy for residential uses, or in installments for rental, with the option to pay earlier.

Example 2 (Eligible)

A development obtains its first building permit on June 1, 2026, and obtains an above-grade building permit on October 1, 2028, which is not revoked prior to occupancy. While the first above-grade building permit was not issued within 24 months of issuance of the first building permit, it is still within the overall program period. The development therefore qualifies for the Decreased Amounts. DCs are payable at occupancy for residential uses, or in installments for rental, with the option to pay earlier.

Example 3 (Eligible)

A development obtains its first building permit, a shoring permit, on February 1, 2029, and obtains its first above-grade building permit on November 1, 2030, and that permit is not revoked prior to occupancy. As this occurred within 24 months, the development qualifies for the Decreased Amounts, although the above grade permit was issued beyond program timelines. DCs are payable at occupancy for residential uses, or in installments for rental, with the option to pay earlier.

Example 4 (Not eligible due to timing of first permit)

A development obtains a shoring permit on February 1, 2026, and its first above-grade permit on September 1, 2026. As a building permit was issued before March 30, 2026, the development does not qualify for the Decreased Amounts. DCs are payable in accordance with the General Rate Schedule, calculated as the lower of the rate at the time of the complete planning application plus accrued interest, or the rate in effect at the time of payment.

Example 5 (Not eligible due to timing of above grade permit)

A development obtains its first building permit on January 1, 2027, and its first above-grade permit on December 1, 2029. As the above grade permit was not obtained within the DCRP period *or* within 24 months, the development does not qualify for the Decreased Amounts. DCs are payable in accordance with the General Rate Schedule, calculated as the lower of the rate at the time of the complete planning application plus accrued interest, or the rate in effect at the time of payment.

Example 6 (Not eligible due to revocation)

A development obtains its first building permit on January 1, 2027, and its first above-grade building permit on February 1, 2028, within 24 months of the first building permit. The above-grade permit is later revoked, after the end of the reduction period. The development does not satisfy the requirement that the above-grade building permit not be revoked at any time prior to occupancy and as such, the General Rate Schedule applies. The amount payable is determined under the General Rate Schedule, calculated as the lower of the rate frozen at the complete planning application plus accrued interest, or the rate in effect at the time of payment.

Removal of Indexing in 2027, 2028 and 2029

This report recommends suspending the annual indexing of DC rates for May 1, 2027, May 1, 2028, and May 1, 2029, for all development. This will not only ensure that residential DCs remain unchanged during the DCRP period (for both the General Rates and Decreased Amounts) but will also support non-residential development.

Section 415-11 of the Development Charges By-law allows rates to be adjusted annually on May 1 in accordance with the Statistics Canada Quarterly Construction Price Statistics, using the Non-Residential Building Construction Price Index (Toronto). Indexing was previously suspended for 2025 and 2026, in an effort to support new housing supply, and is currently scheduled to resume on May 1, 2027. The recommended amendment would extend that suspension through 2029.

Early Payment of DCs

Where DCs are paid early at the Decreased Amount and later, at occupancy, it is determined that the development is not eligible for the Decreased Amounts, the applicant will be required to pay the difference between the early payment amount and the amount determined to be due at occupancy. In the event an applicant paid at the General Rate Schedule amount and is later determined to be eligible for the Decreased Amount, a refund will be issued for the difference between the amount paid and the Decreased Amount.

Existing Agreements and Interest Provisions

Previously, City Council authorized the Chief Financial Officer and Treasurer to enter into 'section 27 agreements' to extend a lower interest rate on installment payments for rental housing developments in exchange for financial security for the DCs owing (Item EX20.4). Since then, Bill 17 removed the accrual of interest under section 26.1 of the Act on installment payments as of November 3, 2025. As a result, entering into new section 27 agreements of this type is no longer necessary to limit a developer's interest exposure.

Several applicants with existing section 27 agreements executed for this purpose have requested that their agreements be unwound. While these agreements remain valid, this report recommends that Council authorize their termination at the request of the applicant in order to eliminate the need to maintain financial security and incur interest costs under the agreements, and to promote consistency across developments.

Transfer Payment Agreement

In June 2026, City Council authorized the Chief Financial Officer and Treasurer to negotiate and execute a TPA with the provincial and federal governments for the purposes of receiving the DCRP funding. Staff are continuing to discuss the terms of the agreement, which is expected to be executed by August 15, 2026, based on provincial timelines.

The City of Toronto expects the TPA to permit the substitution of capital projects within the funded service areas, if required, to ensure the full provision of $1.5 billion in funding. Staff also anticipate the TPA will establish a resolution process for addressing project-level issues before any potential funding clawback is triggered should, for some reason, selected capital infrastructure projects not proceed within the required timeframe. Staff also continue to seek confirmation that funds will not be clawed back for any reason based on actual development activity, given the role of external market factors in ultimately determining development viability.

Provincial and City staff have also discussed the timing of annual payments and whether funding will be advanced on a regular frequency or provided as reimbursement for eligible expenditures. The City is advocating for funding based on project cash flow timing, to minimize any requirement for upfront capital financing which would result in an additional financial burden for the City of Toronto.

Comprehensive DC Review

The City's Comprehensive DC Review was initiated at the end of 2025 and is continuing in parallel with the DCRP, with an expected report back in 2027. The review is intended to establish a longer-term framework for DC policy, with a new background study and by-law expected to be in place for up to 10 years. In addition to updating DC rates, the review will encompass a broad range of policy considerations, including the structure of incentives and exemptions, updates to administrative processes, and enhanced alignment of funding with the City's long-term capital and growth management objectives. The review will take into consideration the DCRP funding as well as the impacts of the time-limited Decreased Amounts, as current residential rates will now be established until 2029.

The Comprehensive DC Review will explore options for implementing an updated rate and policy framework before the DCRP reductions expire, considering any transitions required as the time-limited decreases are lifted. As part of this work, staff will continue to assess measures to mitigate impacts on residential development, including phasing in rate changes over a longer period should additional intergovernmental funding become available.

CONTACT

Lauren Birch, Director, Financial Strategy & Policy, Office of the Chief Financial Officer & Treasurer, lauren.birch@toronto.ca, 416-392-4258

SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Attachment 1 – Development Charges By-law Amendments (Section 415-7, Section 415-11, and Schedule D)