

City of Toronto's Submission to the Development Charges Reduction Program & Updates to Purpose-Built Rental Incentives

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Summary

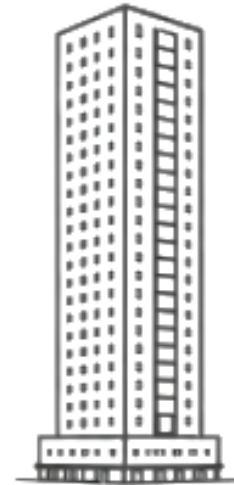
- March 30, 2026: **Canada-Ontario Partnership to Build** announcement
 - Includes funds to reduce municipal development charges
- **Development Charge Reduction Program (DCRP)** released on June 1
 - Municipal applications to the DCRP were due June 19
 - City expedited intergovernmental discussions to ensure successful application
- June 23, 2026: Announcement confirming **funding of \$1.5 billion** for City of Toronto
- Funding enables **DC rate reductions of up to 60% for all residential development**, aimed at:
 - Lowering development costs
 - Improving project viability
 - Increasing housing supply
- Enhanced funding certainty enables City to complement reductions with **Phase 2 of the Purpose-Built Rental Homes Incentives Stream**



2025 groundbreaking on over 400 homes at 8-16 Locust St., in York-South Weston

DCRP Submission Process & Funding

- **\$1.5 billion in DCRP funding confirmed:**
 - Expanded road network (\$661 million);
 - Water and wastewater infrastructure (\$327 million); and
 - Enhanced transit capacity (\$511 million)
- Funding **reduces reliance on DCs to fund existing eligible growth-related capital projects** in 10 Year Capital Plan
 - 10Y Capital Plan includes \$6.5 billion in DC funding
 - DCRP does not represent added funding for new or expanded capital infrastructure projects
 - Existing capital projects *not* included in the DCRP will continue as planned, subject to usual budget process



DCRP Project Application & Prioritization Criteria:

- ✓ Start no later than July 2030
- ✓ Completed by October 2035
- ✓ Included in DC Background Study
- ✓ Informed by Capital Plan
- ✓ City contribution must be >10%
- ✓ Maximum of 5 project bundles
- ✓ Housing-enabling infrastructure

Additional Factors Considered:

- ✓ Expected impacts on DC rates
- ✓ Existing intergovernmental funding restrictions
- ✓ Tax vs. rate-supported impacts
- ✓ Project timing & cash flow

As of Right Rate Reductions

- **DC rate reductions of 40% to 60% for all residential development**
 - Above DCRP requirements
- Reductions applied to current DC rates
- Applicable from March 30, 2026, to three years after agreement (**~40 months total**)
- Promotes mixed-income developments with more family-sized homes
- **“As of Right”** – No application process, program caps or limits
- Staff to report back in July with further technical implementation considerations

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

Impacts & Program Benefits

- DC reductions **complement existing City actions** to incentivize housing
 - City of Toronto has implemented targeted DC relief, property tax discounts and fee waivers (**\$1.2 billion in financial contributions** since 2024)
- DCRP provides **added funding certainty** to support 10 Year Capital Plan
 - Recent decline in DC revenue (payment timing & market conditions) challenged City investments in infrastructure
 - DCRP funding provides reliable source of funding and added financial sustainability for growth enabling infrastructure
- DC rate reductions to **spur additional development activity**, which will positively impact **job creation**



Reductions anticipated to spur an **additional 18,750 units** over three years, above base estimates

Added units expected to **generate 28,000+ direct jobs** and 33,000+ indirect or induced jobs

Total estimated impact (base and added development):

- 44,000 units
- 65,800 direct jobs
- 78,000 indirect & induced jobs

Delivering Phase 2 of Purpose-Built Rental Incentives Stream

Phase 2:
10,000 net new rental homes

**Up to 8,000
market rental
homes**

**At least 2,000
affordable rental
homes**

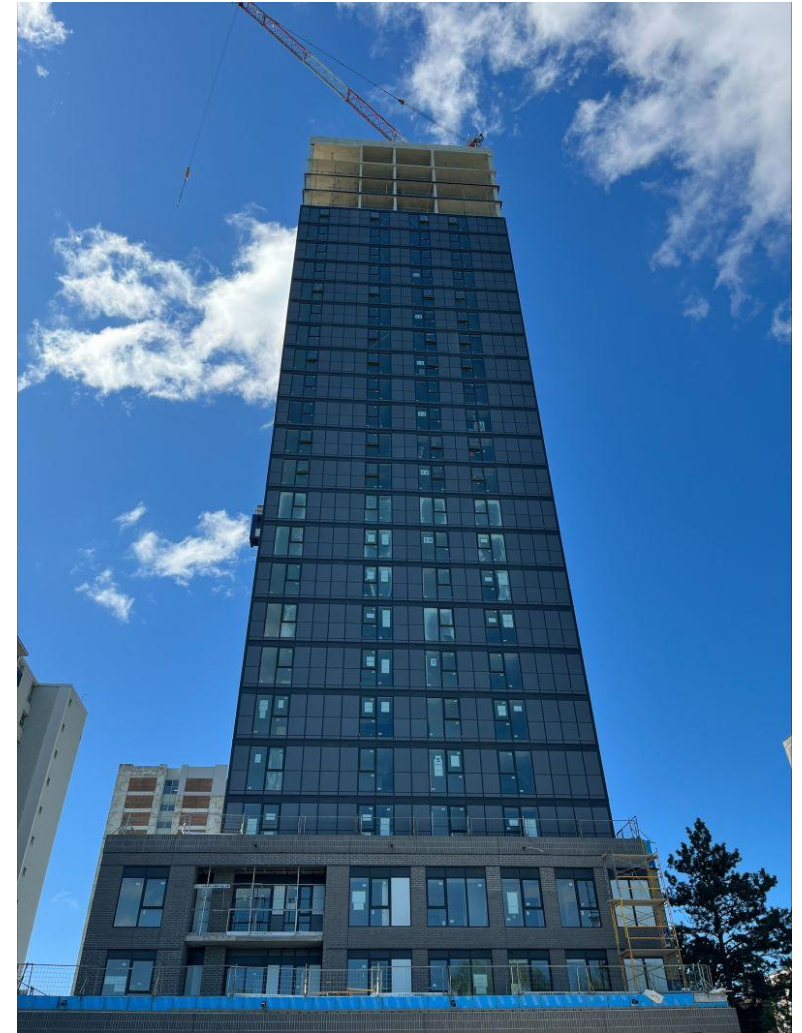
- Indefinite DC deferrals
- 15% property tax reduction

- DC exemptions
- Parkland, CBC & building permit fee exemptions
- Property tax exemption

- **100% DC relief** for developments with at least **20% affordable housing**
- Builds on success and lessons learned from **Phase 1**
 - Prioritize shovel-ready projects on a rolling basis, which demonstrate construction progress
- Phase 1 & Phase 2 to create **over 18,000 new rental homes**
 - Including at least 4,000 affordable rental homes
- Complements and enabled by the DCRP
 - Improves viability for developments with **affordable housing**
 - Enhanced growth-related funding certainty
 - Reduced impact of foregone DC revenue

Next Steps

- **Execution of the intergovernmental transfer payment agreement by August 15**
 - Enable DC rates to be reduced for all residential development for 3-year period
 - Launch Call for Applications for Phase 2 of PBR program
- **Continue discussions and explore opportunities with other orders of government to:**
 - Mitigate DC rates for a longer period of time
 - Limit expected impact to development industry in 2029
 - Support affordable housing and further investments in capital infrastructure
- **City's Comprehensive Development Charges Review** is underway and will continue into 2027



26 Gilder Dr. creating 341 new rental homes supported by PBR Phase 1

Thank you

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Appendix: City of Toronto Project List - DCRP Funding

Project	Project Component	Project Component Timing	Total Project Funding in 10 Year Capital Plan	DCRP Funding Amount
Expanded Road Network				
Steeles Widening	Widening of Steeles Ave East (Tapscott Road to Ninth Line) and construction of Morningside Ave extension	2028 - 2030	\$60 M	\$25 M
St. Clair Transportation Master Plan	Corridor widening and network expansion along St. Clair Avenue West including associated extensions	2026 - 2030	\$460 M	\$391 M
Liberty New Street	Construction of new street from Dufferin Street to Strachan Avenue	2027 - 2029	\$75 M	\$64 M
John Street Revitalization	Streetscape reconstruction from Front Street to Stephanie Street to support intensification in a high-density area	2028 - 2031	\$69 M	\$41 M
Broadview Extension	Extension of Broadview Avenue south from Eastern Avenue including grade separation works at rail corridor	2026 - 2035	\$120 M	\$102 M
Doris Avenue Extension	Construction of road connection from Tradewind Avenue to Sheppard Avenue East via Bonnington Place	2027 - 2028	\$12 M	\$10 M
Scarlett Road Bridge	Integrated bridge replacement and intersection reconstruction project	2027 - 2031	\$89 M	\$28 M
Expanded Road Network Sub Total Funding:				\$661 M
Water and Wastewater Infrastructure				
Watermain Replacement	City-wide watermain upsizing program to support growth-related servicing capacity	2027 - 2033	\$67 M	\$17 M
New Sewer Construction – Port Lands	Construction of new gravity sanitary sewer along Carlaw Avenue	2027 - 2032	\$237 M	\$60 M
Black Creek (Phase 1)	Keele relief trunk sewer serving the Black Creek sewershed	2027 - 2032	\$743 M	\$250 M
Water and Wastewater Infrastructure Sub Total Funding:				\$327 M
Transit Capacity				
Purchase of Buses	Procurement of new buses to increase transit capacity supporting population growth	2026 - 2035	\$492 M	\$66 M
Yonge-Bloor Capacity Enhancements	Bloor-Yonge Station platform, concourse and entrance expansion to increase passenger capacity	2027 - 2035	\$1,316 M	\$143 M
Line 2 Automatic Train Control	Line 2 resignalling (Kipling to Kennedy) to increase service frequency and capacity	2026 - 2035	\$1,011 M	\$302 M
Transit Capacity Sub Total Funding:				\$511 M
Total DCRP Funding:				\$1.5 B