

February 9, 2026

Mayor Olivia Chow and Members of Council
City of Toronto
100 Queen St. W.
Toronto, ON M5H 2N2

Re: Toronto Regional Real Estate Board 2026 Toronto Budget Submission

Dear Mayor Chow and Council Members,

On behalf of our 70,000 REALTOR® Members of the Toronto Regional Real Estate Board (TRREB), I am writing to provide input on the City of Toronto's 2026 Budget and the City's policy priorities for the year ahead.

Toronto's housing market continues to face significant challenges as the City strives to meet the needs of a growing, diverse population. The demand for family-friendly housing options that is affordable remains a key issue for young families, while barriers in zoning, development approvals, and financing frameworks continue to constrain the development of missing middle housing. At the same time, the City's long-term fiscal sustainability depends on growth that is sustainable, predictable, efficient and inclusive. It also depends on leveraging existing infrastructure, encouraging smart density, and ensuring that housing policies remain viable within current market conditions.

As a leading industry voice, TRREB brings together insights from REALTORS®, residents, and housing stakeholders across the region to identify practical, data-driven solutions. I want to highlight three key recommendations that will help Toronto achieve a more balanced housing growth, improve fiscal stability, and enhance affordability for residents.

Recommendation 1: Lower the Barrier to Entry for First-Time Buyers

Toronto residents have absorbed significant housing-related tax increases in recent years, including some of the highest development charges in Canada, and increases to the Municipal Land Transfer Tax (MLTT). While the City has justified these measures as necessary to improve and maintain services, housing costs remain out of reach for many, particularly first-time buyers.

Toronto is the only municipality in Ontario with a municipal land transfer tax, and with average home prices hovering around \$1 million, the MLTT adds more than \$12,000 to upfront closing costs after the current first-time buyer rebate. It cannot be rolled into a mortgage. Despite successive MLTT increases in 2017, 2023, and again for higher-value homes in the 2026 budget, the City has not updated its first-time homebuyer MLTT rebate since 2016. As a result, first-time buyers now face more than \$25,000 in combined land transfer taxes on an average home, creating a significant barrier to entry and intensifying competition for more affordable housing. When the MLTT was

introduced in 2008, first-time buyers did not pay any land transfer tax after the rebate was applied.

In December 2025, Council appropriately directed staff to examine options to increase the MLTT rebate for first-time buyers. This is not the first time the Council has directed City staff to study this long-overdue adjustment, so we trust it is being taken seriously this time around. Council should give serious consideration to prioritizing an increase in the rebate. Supporting first-time buyers would help counterbalance the cumulative impact of housing taxes, improve market mobility, and advance the Council's stated affordability goals. A majority of Torontonians still share the dream of homeownership; however, continuing to increase the upfront cost of buying a home will not make housing more affordable in the City and will continue to push Torontonians to leave for other parts of the province.

Recommendation 2: Rightsize Development Charges in the Next DC Review

Development Charges (DCs) play an important role in funding municipal infrastructure. Still, the rate structure must remain aligned with both housing market realities and the City's capacity to deliver capital projects. In recent years, the sharp increase in DC rates has significantly affected project feasibility, particularly for mid-sized developments and missing middle projects. These costs are passed directly to homebuyers and renters, exacerbating affordability challenges. With both sales volumes and new housing starts declining, the current slowdown in Toronto's housing market underscores the need to recalibrate DCs in the City's next review.

In Toronto, the DCs have increased exponentially—from \$4,985 in 2010 to \$52,676 in 2025 for a 1-bedroom unit, and a staggering \$80,690 for a 2-bedroom unit, while DCs for a single-detached home have increased to \$137,846. Furthermore, the City's consistent under-expenditure of its capital budget suggests that current DC rates may exceed near-term funding needs for infrastructure growth and the City's capacity to spend.

TRREB recommends that the City adopt a more responsive and transparent DC framework that acknowledges the sharp increases over the past decade and prioritizes housing affordability. This includes:

- Working with both the province and the federal government to reduce development charges for new housing.
- Evaluating opportunities to reduce or defer charges for larger 2-3 bedroom units and family-oriented developments; and
- Linking future DC rate adjustments to demonstrated infrastructure spending capacity rather than estimated housing competition projections alone.

A rightsized DC approach will not only support continued housing production during challenging market cycles but also ensure that the City's revenues remain stable and sustainable over time.

Recommendation 3: Reduce Barriers to Missing Middle Housing

Toronto's current housing mix is dominated by high-rise condominiums and detached single-family homes, leaving a significant gap in the "missing middle" housing, such as low-rise multiplexes, townhomes, and mid-rise developments that often offer more family-oriented options. These housing forms are essential to creating inclusive, livable neighbourhoods that accommodate residents at different life stages and income levels.

While recent policy initiatives, such as the as-of-right zoning for fourplexes and the approval of sixplexes in nine wards, represent meaningful progress, numerous barriers remain that make

missing middle projects financially and logistically challenging. Restrictions related to lot coverage, building setbacks, parking minimums, and infrastructure servicing continue to limit the feasibility of these projects across much of the City.

TRREB recommends that the City expand the current planning permissions to apply more broadly across residential zones, accompanied by streamlined approvals and modest design flexibility. Much of this work is occurring under the City's Avenues Review policy and Major Transit Station Zoning framework.

Ensuring zoning standards align with modern housing typologies, such as reducing minimum lot sizes, allowing gentle density increases, and revisiting setback requirements, can help unlock new housing supply in neighbourhoods that have strong infrastructure capacity. Reducing barriers to missing middle housing not only supports affordability and choice but also helps create pathways for residents to move up the housing ladder and remain in their neighbourhoods.

Recommendation 4: Focus on Sustainable Growth by Enabling Infill and Unlocking Idle Development Capacity

Sustainable growth is critical to Toronto's fiscal health and long-term competitiveness. The City's infrastructure and public service costs are most efficiently managed when new housing is located near existing transit, utilities, and community facilities. Enabling infill housing and addressing "idle" development capacity are key strategies for achieving this balance.

Across Toronto, many neighbourhoods contain underused land and infrastructure capacity that could accommodate modest increases in density. At the same time, a range of housing industry stakeholders, including TRREB, have identified the high costs of development charges as a core factor driving up the base cost of new housing.

Encouraging infill and gentle intensification within the City helps avoid the high capital costs of extending infrastructure to greenfields, underdeveloped areas, or existing, complex, high-density areas. In addition to these benefits of capital spending, infill development also supports walkable, transit-oriented communities, reducing both congestion and environmental impacts.

To achieve this, the City should conduct a comprehensive review of existing approvals and proposed projects that have not yet proceeded to construction. By identifying and addressing the financial or regulatory obstacles that delay these projects, such as prolonged permitting timelines or complex site plan approvals, the City can help unlock additional housing units more quickly.

TRREB also recommends that the City explore targeted incentives for 'missing middle' development, particularly in projects with a larger share of 2-3 bedroom units. These measures could include modest DC relief and expedited approvals. Prioritizing sustainable, compact growth through infill will not only improve housing supply but also strengthen the City's fiscal position by maximizing return on past infrastructure investments.

Conclusion

Toronto's ability to meet its housing and fiscal challenges depends on its willingness to modernize how it plans, finances, and delivers growth. By reducing barriers to missing middle housing, promoting sustainable infill and the use of existing infrastructure, and recalibrating development charges to reflect current market realities, the City can take meaningful steps toward building a more affordable, inclusive, and financially resilient Toronto.

TRREB and its Members remain committed to working collaboratively with City staff and Council to advance policies that enable more homes, smarter growth, and better outcomes for residents across Toronto.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Steinfeld', with a stylized flourish at the end.

Daniel Steinfeld
President