TORONTO

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In reply please quote:
Ref.: 26-CC38.1

(Sent by Email)

Feburary 25, 2026

TORONTO PARKING AUTHORITY BOARD OF DIRECTORS:
tpaboard@toronto.ca

Subject: **New Business Item 38.1**
Budget Implementation Including Property Tax Rates, User Fees and Related Matters (Ward All)

City Council on February 10, 2026, adopted Item CC38.1 as amended and, in so doing, has requested the Toronto Parking Authority Board direct the President, Toronto Parking Authority, to consider applying an inflationary adjustment or modified rates for parking locations for 2026.

Przezdziecki

for City Clerk

S. Przezdziecki/ss

Attachment

Sent to: Toronto Parking Authority Board of Directors
President, Toronto Parking Authority

c. City Manager

City Council

New Business - Meeting 38

CC38.1 - Budget Implementation Including Property Tax Rates, User Fees and Related Matters

Decision Type: ACTION
Status: Amended
Wards: All

City Council Decision
City Council on February 10, 2026, adopted the following:

2026 MUNICIPAL PROPERTY TAX RATES AND RELATED MATTERS

1. City Council adopt the 2026 tax ratios shown in Column II for each of the property classes set out below in Column I:

Column I	Column II (to be adopted)
Property Class	2026 Recommended Tax Ratios
Residential	1.000000
Multi-Residential	1.737361
New Multi-Residential	1.000000
Commercial	2.313431
Industrial	2.500000
Pipeline	1.923425
Farmlands	0.250000
Managed Forests	0.250000

2. City Council elect to raise the tax rates as follows:

a. On the restricted property classes:

i. On the Commercial Property Classes, by one-half of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class; and

b. On the unrestricted property classes:

i. On the Multi-Residential Property Classes, by one-half of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class; and

ii. On the Industrial Property Classes, by the full tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class.

3. City Council adopt the following tax rates, subject to the 2026 Mayor's Proposed Budget being adopted as the City's 2026 Budget, and in the event City Council amends the 2026 Mayor's Proposed Budget so as to impact the following tax rates and such amendments are not subsequently vetoed by the Mayor, City Council direct the Chief Financial Officer and Treasurer to report to City Council with any necessary adjustments to the tax rates to reflect the final budget amendments for Council's consideration:

a. the tax rates set out below in Column IV, which will raise a general local municipal tax levy for 2026 of $6,174,269,194.00, inclusive of a 0.7 percent residential, new multi-residential, industrial, pipeline, farmlands and managed forest tax rate increase, and a 0.35 percent commercial and multi-residential tax rate increase; and

b. the additional tax rates set out below in Column V, which will raise an additional special general tax levy of $74,996,117.00 dedicated for priority transit and housing capital projects (the "City’s Building Fund levy").

Column I	Column II	Column III	Column IV	Column V	Column VI
Property Class	2026 Tax Rate for General Local Municipal Levy	2026 Additional Tax Rate to Fund Budgetary Levy Increase	2026 Municipal Tax Rate* (Column II+III)	2026 Additional Tax Rate for City Building Fund	2026 Municipal Tax Rate Inclusive of City Building Fund Rate* (Column IV+V)
Residential	0.601087%	0.004208%	0.605295%	0.009016%	0.614311%
Multi-Residential	1.044305%	0.003655%	1.047960%	0.007832%	1.055792%
New Multi-Residential	0.601087%	0.004208%	0.605295%	0.009016%	0.614311%
Commercial	1.390573%	0.004867%	1.395440%	0.010429%	1.405869%
Industrial	1.502718%	0.010519%	1.513237%	0.022541%	1.535778%
Pipelines	1.156146%	0.008093%	1.164239%	0.017342%	1.181581%
Farmlands	0.150272%	0.001052%	0.151324%	0.002254%	0.153578%
Managed Forests	0.150272%	0.001052%	0.151324%	0.002254%	0.153578%

4. City Council elect to have the subclasses set out in Column II for each of the property classes set out in Column I apply for the 2026 taxation year, and to apply the respective tax rate reductions set out in Column III below, as amended by Part 5 below.

Column I	Column II	Column III
Property Class	Tax Subclass	Applicable Municipal Tax Rate Reduction
Commercial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Commercial rate
	Small Business subclass	15% of Commercial rate
	Excess Land	30% of Commercial rate
	Vacant Land	30% of Commercial rate
	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	30% of Commercial rate
Industrial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Industrial rate
	Excess Land	35% of Industrial rate
	Vacant Land	35% of Industrial rate

	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	35% of Industrial rate
Residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate
Multi-residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate
New Multi-residential	New Multi-Residential Property (Municipal Reduction) Tax subclass	15% of Residential/New Multi-Residential rate

5. City Council increase the tax rate reduction set out in Part 4 above, Column III, from 15 to 20 percent for the Small Business Property Tax Subclass of the Commercial Property Tax Class, effective for the 2026 taxation year, and direct that the incremental 5 percent reduction be funded through a 0.76 percent increase to the balance of the commercial property tax class, and direct the Chief Financial Officer and Treasurer to make any necessary amendments to implement the 20 percent Small Business Subclass reduction for the 2026 taxation year.

6. City Council request the Chief Financial Officer and Treasurer to initiate in 2026 a review of the eligibility criteria for inclusion in the Small Business Property Tax Subclass.

7. City Council adopt the following property tax capping polices for the 2026 taxation year, consistent with the 2025 taxation year:

a. limit tax increases for the commercial, industrial, and multi-residential property classes by capping taxes at 10 percent of the preceding year's annualized taxes, by opting to have subsection 292(1), paragraph 1, of the *City of Toronto Act*, 2006, apply for the 2026 taxation year;

b. continue to provide that the 10 percent cap on tax increases apply to any property within the commercial, industrial and multi-residential classes, regardless of whether the property had reached full Current Value Assessment taxation levels in a prior year, subject to the threshold adopted in Part c. below; and

c. for the purposes of subsection 292(1), paragraphs 3 and 4 of the *City of Toronto Act*, 2006, adopt a threshold limit of $500 to determine the taxes for municipal and school purposes, such that properties that are within $500 (plus or minus) of their full Current Value Assessment level of taxation in the current year are taxed at full Current Value Assessment taxation levels for the year, and are therefore excluded from capping/claw-back provisions for that year.

8. City Council determine that:

a. the instalment dates for the 2026 final tax bills be set as follows:

i. the regular instalment dates be July 2, August 4, and September 1 of 2026;

ii. for taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 17, September 15, October 15, November 16 and December 15 of 2026; and

iii. for taxpayers who are enrolled in the two-installment program, the final instalment date be July 2, 2026; and

b. the collection of taxes for 2026, other than those levied under the interim levy By-law 1336-2025, be authorized.

PROPERTY TAX, WATER AND SOLID WASTE RELIEF PROGRAMS

9. Effective January 1, 2026, City Council amend the eligibility criteria for the Tax Deferral and Tax Cancellation programs, the Solid Waste Single Family Residential Low-Income Relief Program and the Water Rebate for Low-Income Seniors and Low-Income Disabled Persons, the Co-Operative Housing Grant program, comprised of the Co-Operative Housing Property Tax Grant Program, the Co-Operative Housing Solid Waste Grant Program and the Co-Operative Housing Water Grant Program, and amend, as may be required to give effect to Council's decision, the City of Toronto Municipal Code Chapter 767, Taxation, Property Tax, Chapter 844, Waste Collection, Residential Properties, and Chapter 849, Water and Sewage Services and Utility Bill, and any other necessary Municipal Code Chapters, to increase the maximum household income for an eligible person to $62,000.00, and for each calendar year after 2026, effective January 1 of the year, to annually adjust the maximum household income for an eligible person in accordance with the Statistics Canada, All-Items Consumer Price Index by City, Annual Change – Toronto.

10. City Council approve the continuation of the previously approved interim water rebate for eligible low-income seniors and low-income persons with disabilities at a rate of $1.4589 per cubic metre, representing a 30 percent reduction from the Block 1 rate (paid on or before the due date).

11. City Council determine that the 2026 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of $7,274,452.00 to fund the mandatory 2026 property tax rebates to registered charities in the commercial and industrial property classes, which provision is to be funded, for a net impact on the 2026 operating budget of zero, by the following:

a. an additional tax rate of 0.005381 percent be levied as part of the general local municipal levy on the commercial class to raise a further additional local municipal tax levy of $6,771,766.00 to fund the total estimated rebates to registered charities for properties in the commercial class in 2026; and

b. an additional tax rate of 0.000996 percent be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of $502,686.00 to fund the total estimated rebates to registered charities for properties in the industrial class in 2026.

2026 EDUCATION PROPERTY TAX RATES AND LEVY

12. City Council adopt the 2026 tax rates for school purposes, as shown in column II, which will generate an education tax levy on rateable properties for 2026 in the total amount of $2,213,525,317.00 in accordance with Ontario Regulation 400/98 as amended, prescribing such rates for the City of Toronto, of which $4,223,129.00 (0.2 percent of the total education levy) is to be retained by the City pursuant to Ontario Regulation 121/07:

Column I	Column II
Property Class	2026 Tax Rates for Education Levy
Residential	0.153000%
Multi-Residential	0.153000%
New Multi-Residential	0.153000%
Commercial	0.880000%
Commercial Shared Payment-in-Lieu	0.980000%
Industrial	0.880000%
Industrial Shared Payment-in-Lieu	1.067220%
Pipelines	0.880000%
Farmlands	0.038250%
Managed Forests	0.038250%

USER FEES

13. City Council approve the 2026 fees and charges in Appendix 1 of the 2026 Mayor’s Proposed Budget, and amend City of Toronto Municipal Code Chapter 441, Fees and Charges, and any other necessary Municipal Code Chapter accordingly.

14. City Council direct that the water and wastewater consumption rates for metered and flat rate consumers and water and wastewater services fees in the amounts set out in Appendix 3 to the Mayor's Proposed Budget, which is consistent with the 2026 interim water and wastewater consumption rates for metered and flat rate consumers and water and wastewater services fees adopted by Council in Item 2025.EX28.9 at its meeting on December 16 and 17, 2025, are the final rates and fees for 2026.

15. City Council direct that the solid waste management service rates and fees in the amounts set out in Appendix 3 to the Mayor’s Proposed Budget, which is consistent with the 2026 interim rates adopted by Council in Item 2025.EX28.10 at its meeting on December 16 and 17, 2025, are the final rates and fees for 2026.

16. City Council delegate authority to the Chief Financial Officer and Treasurer to approve automatic annual inflationary adjustments to the fees and charges set out in Table 1 of Appendix A in this report, effective January 1 of each year, commencing in January of 2027, and amend City of Toronto Municipal Code Chapter 441, Fees and Charges accordingly.

OTHER

17. City Council approve the suspension of the 2024–2026 City of Toronto–Toronto Parking Authority Net Income Share Agreement, effective January 1, 2026, to enable all Toronto Parking Authority net revenues to be remitted to the City of Toronto, while a longer-term fiscal and governance review is underway, consistent with the Toronto Parking Authority Board decision (Agenda Item 2025.PA17.3).

18. City Council request the Toronto Parking Authority Board direct the President, Toronto Parking Authority, to consider applying an inflationary adjustment or modified rates for parking locations for 2026.

19. City Council authorize the Chief Financial Officer and Treasurer, in consultation with the General Managers and Division Heads, to accelerate the cash flows included in divisional 2026-2035 Capital Budgets and Plans as operationally required to enable implementation of the 2026 Mayor's Proposed Budget, consistent with direction communicated in the 2026 Mayor's Proposed Budget.

20. City Council direct the Chief Financial Officer and Treasurer to report back to Council in the annual Year-End Capital Variance report on accelerations of cash flows that were operationally required to enable the implementation of the 2026 Mayor's Proposed Budget.

21. City Council direct the General Manager, Solid Waste Management Services to distribute all future waste collection schedules through a full standalone mailing.

22. City Council direct the consolidation of major capital reserves through the transfer of the balance of the Scarborough Transit Reserve Fund in the amount of $332.996.00 million to the City Building Reserve Fund, while preserving funds for their intended purposes.

23. City Council amend the Toronto Municipal Code Chapters contained in Appendix C to this report to increase the maximum fine amount for offences to $100,000.00 and provide that a director or officer of a corporation who knowingly concurs in the contravention of the chapter by the corporation is guilty of an offence.

24. City Council direct that the amendments to Toronto Municipal Code Chapters, to give effect to City Council's decision in Recommendation 21, come into force on September 1, 2026.

25. City Council authorize the General Manager, Parks and Recreation to negotiate and execute an agreement with Park People to implement a citywide initiative to support and strengthen community-led park groups, with funding of up to $120,000.00 to be provided to and matched by Park People, for a term expiring on December 31, 2026, on terms and conditions satisfactory to the General Manager, Parks and Recreation and in a form satisfactory to the City Solicitor.

26. City Council direct the Executive Director, Environment, Climate and Forestry, and the Executive Director, Social Development, or their designates, to expand the existing Air Conditioner Pilot Program for Low-Income Seniors by renaming the program as the Air Conditioner Pilot Program for Low-Income and Vulnerable Residents and by authorizing the Executive Director, Environment, Climate and Forestry and Executive Director, Social Development, in consultation with the Medical Officer of Health, to expand eligibility criteria to include other low-income or vulnerable groups based on similar City programs, together with the following:

a. other program eligibility criteria;

b. collection of personal information for the purpose of determining eligibility;

c. administration of air conditioner benefits;

d. evaluation framework; and

e. the geographic equity component proposed on page 5 of the revised report (May 7, 2025) from the Executive Director, Environment, Climate and Forestry, and the Executive Director, Social Development, without limitation.

27. City Council authorize the Executive Director, Environment, Climate and Forestry and the Executive Director, Social Development, to accept donations for the purpose of the Air Conditioner Program for Low-Income and Vulnerable Residents.

28. City Council authorize the City Manager to reallocate FIFA related funding included in Division and Agency 2026 Operating and Capital Budgets within the FIFA hosting costs envelope of $380 million, as required to address emerging cost pressures, operational requirements, delivery risks, and schedule constraints.

29. City Council direct the City Manager to report back to Council on FIFA-related funding reallocations for which the City Manager exercised the authority granted by City Council under Recommendation 26.

30. City Council direct the City Manager, the Executive Director, FIFA World Cup 2026 Toronto Secretariat, and the Chief Procurement Officer:

a. to exercise their authorities currently delegated under Municipal Code Chapter 71, Financial Control, and Municipal Code Chapter 195, Procurement, to make commitments, awards, amendments, and to authorize over-expenditures for procurements required for the delivery of the FIFA World Cup 2026 that are not included in the Council approved

Procurement Plan, and to report to every meeting of the FIFA World Cup 2026 Subcommittee on all such commitments, awards, amendments, and over-expenditures made during the previous reporting cycle; and

b. for commitments, awards, amendments, and over-expenditures for procurements under Part 31.a. above, City Council rescind any requirement for the Chief Procurement Officer to exercise their discretion to bring forward recommendations to Executive Committee, via the FIFA World Cup 2026 Subcommittee.

31. City Council delegate authority to the City Manager or their delegate to approve over-expenditures up to $1,000,000 in addition to the original amount of the commitment, and to execute any necessary purchase order amendments required in compliance with Chapter 195, Procurement, required for the delivery of the FIFA World Cup 2026, provided that:

a. City Council has provided funds in the Operating or Capital budgets for that purpose, or donated funds are provided in accordance with Chapter 71, Financial Control;

b. sufficient funds remain within the Capital project or program's budget or within the relevant Operating budget; and

c. the City Manager and the Chief Procurement Officer report, for information, on the use of this authorization to each meeting of the FIFA World Cup 2026 Subcommittee.

32. City Council authorize the City Manager, in consultation with the Executive Director, FIFA World Cup 2026 Toronto Secretariat and the Chief Procurement Officer, to award, negotiate, and enter into non-competitive procurement contracts valued up to $1,000,000, in accordance with Section 7.1(P) of Chapter 195, Section 7.1(P), for the purposes of delivering the FIFA World Cup 2026, provided that:

a. the City Manager and the Executive Director, FIFA World Cup 2026 Toronto Secretariat have determined that the agreement is necessary to meet the requirements of the FIFA Host City Agreement;

b. the agreements do not conflict with the Council approved FIFA World Cup 2026 Procurement Plan;

c. the costs are funded through the approved 2026 FIFA World Cup 2026 Operating and Capital budgets;

d. the City Manager and the Executive Director, FIFA World Cup 2026 Toronto Secretariat report, for information, on the use of this authorization to the Executive Committee through the FIFA World Cup 2026 Subcommittee; and

e. the terms and conditions are satisfactory to the City Manager and the Executive Director, FIFA World Cup 2026 Toronto Secretariat, and are in a form satisfactory to the City Solicitor.

33. City Council request the Executive Director, Transit Expansion conduct a high-level analysis of grade separation, underground, or at-grade alternative options for the Eglinton East Rapid Transit project and report in 2026 on a high-level assessment of risks and considerations of an alternative alignment, including necessary changes to current approvals, and the timeline that an alternative approach would impose on the project.

34. City Council direct the City Manager conduct a review of the homelessness outreach programs delivered by Toronto Shelter and Support Services, Toronto Public Health, Social Development and the Housing Secretariate to support better coordination of services aimed at improving the impact of these programs to deliver more long-term housing solutions for vulnerable individuals.

35. City Council authorize the General Manager, Fleet Services, to donate up to five generators at no cost to Kyiv City State Administration in Ukraine for humanitarian purposes.

36. City Council authorize the Medical Officer of Health to enter into agreements and other suitable arrangements, on behalf of the City of Toronto, for the transfer of funds to the Angel Foundation for Learning ($100,000.00) and the Toronto Foundation for Student Success ($700,000.00) for the purpose of administering municipal funds to eligible new school communities as part of the Phase 3 expansion of the Student Nutrition Program, on terms satisfactory to the Medical Officer of Health and in a form satisfactory to the City Solicitor.

37. City Council authorize the City Manager and the Chief Financial Officer and Treasurer to allocate the $75.0 million in-year expenditure management target, across applicable City divisions, which will amend the Council-adopted 2026 Operating Budgets for specific divisions while maintaining the overall consolidated City Budget.

38. City Council direct that funding for the Amsterdam Bridge Rehabilitation project, amended by Part 76 of Item MPB38.1, be provided to CreateTO's managed corporation, Toronto Port Lands Company, for the delivery of the project management, design, construction and commissioning on the City's behalf of the Amsterdam Bridge Rehabilitation Project from the Economic Development and Culture Capital Budget, with a total City funding contribution $1,090,000 of which represents an increase of $450,000 over the contribution amount adopted in item 2025.MM34.9.

39. City Council direct the General Manager, Parks and Recreation to seek opportunities to expedite the pre-construction work on the splash pad and playground at Bluffer's Park, set out in Part 84 of Item MPB38.1, and, if necessary, work with the Chief Financial Officer and Treasurer to bring forward necessary recommendations in a future variance report to advance funds allocated to 2027 pre-construction work into 2026.

40. City Council request the General Manager, Parks and Recreation, in consultation with the Chief Planner and Executive Director, City Planning and the General Manager, Transportation Services, to engage with the Aga Khan Foundation to explore park improvement opportunities within the Aga Khan Park, in accordance with the City's Parkland Strategy and the ongoing Wynford Concorde Focused Area Study.

41. City Council direct the General Manager, Parks and Recreation to work with the local Councillor and community partners in accelerating the design work for the Downsview Community Centre listed in the budget documents.

42. City Council direct the Deputy City Manager, Community Development and Social Services, and the Deputy City Manager, Community and Emergency Services, in collaboration with the Executive Director Corporate Real Estate Management, to report to the April 9, 2026, meeting of the Economic and Community Development Committee with options to secure the long-term, sustainable future of Applegrove Community Centre, including an option for a hybrid model co-locating Applegrove at S.H. Armstrong Community Recreation Centre with a shared global budget, and also report on the current option to advance a new facility.

43. City Council request the General Manager, Toronto Shelter and Support Services to work with the drop-in sector to assemble a working group to review core wage principles, adequate resourcing and overall stabilization of the sector to help inform the 2027 budget, with a progress report back to the June 9, 2026, meeting of the Economic and Community Development Committee.

44. City Council request the General Manager, Transportation Services, in consultation with relevant City Divisions, to report to the June 10, 2026, meeting of the Infrastructure and Environment Committee on the feasibility, potential costs, and implementation considerations of providing enhanced snow clearing support for seniors and residents living with disabilities during declared major snow events, including options such as City-delivered services and financial assistance programs for eligible residents, with a pilot in 2027.

45. City Council direct the City Manager to continue the Rolling Program Review to realize further in-year savings and efficiencies to mitigate any 2027 property tax increase.

46. City Council direct the City Manager to report to the June 16, 2026, meeting of the Executive Committee with an update and progress report on negotiations between the City of Toronto and the Province of Ontario on executing a Memorandum of Understanding for the uploading of the Gardiner Expressway and the Don Valley Parkway.

47. City Council direct the City Manager, the Chief Financial Officer and Treasurer and the Manager, Partnership Development and Support to report back to the July 29, 30 and 31, 2026, meeting of City Council on the feasibility of a road map to creating a Major Gifts office at the City of Toronto.

48. City Council direct the City Manager to work with the Chief Executive Officer, Toronto Transit Commission to explore and report back to City Council, as part of the 2027 budget process and in advance of the 2027 budget, with opportunities to strengthen the accountable and transparent relationship between the City of Toronto and the Toronto Transit Commission, including consideration of mechanisms to formalize agreements between both entities on key performance indicators, verification/auditing, service levels, safety and customer experience.

49. City Council request the City Manager to commence negotiations, in collaboration with other municipalities, with the Provincial and Federal governments for a share of the Harmonized Sales Tax commensurate with service downloads and municipal contributions to the economy in order to lessen reliance on property and land transfer taxes for social and civic infrastructure that benefits the entire country.

50. City Council request the Government of Canada to continue to fully fund youth violence prevention initiatives through the Building Safer Communities Fund and the Crime Prevention Action Fund.

51. City Council advise the Minister of Housing and Infrastructure Canada that it vigorously opposes and takes serious objection to his announced $10 million reduction in Housing Accelerator Fund funding for the City of Toronto.

52. City Council request the Government of Ontario to allow the City of Toronto to keep 100 percent of the property taxes collected within the City of Toronto.

53. City Council request the Toronto Transit Commission Board to explore fare scenarios to increase affordability for Wheel-Trans customers aged 65 and over, including fare options ranging from free to $1 for Wheel-Trans customers aged

65 and over during off-peak hours (10:00 a.m. to 3:00 p.m.) on weekdays and all day on weekends, and to report back on options and associated financial and equity implications for consideration as part of the 2027 Budget process.

54. City Council request the Toronto Police Service Board, in consultation with the General Manager, Transportation Services, the Executive Director, Municipal Licensing and Standards, and the Executive Director, Social Development, to provide, as part of its annual budget submission, starting with the 2027 budget, an accounting of budget impacts, including efficiencies and cost savings, from the following areas:

a. the approximately 40,000 crisis calls responded to by the Toronto Community Crisis Service since launching in 2022, which contributed to a 4.5 per cent decrease in overall mental health-related 911 calls;

b. the transfer to the City of the crossing guard program through Transportation Services;

c. redirecting the response to some noise complaints from Toronto Police Service to Municipal Licensing and Standards; and

d. increased traffic control done by the City through the traffic agents program.

Summary

The purpose of this report is to recommend the additional approvals required to give effect to the 2026 Budget and includes the following matters:

2026 Property Tax Rates and Related Matters

City Council must enact a by-law to levy property tax rates that generate the tax revenue set out in the City's budget. This report recommends the 2026 municipal tax rates, in alignment with the 2026 Mayor's Proposed Budget.

For 2026, an average budgetary tax rate increase of 0.57 percent is proposed, as detailed in Table 1. This includes a 0.70 percent increase for residential and industrial properties and a 0.35 percent increase for multi-residential and commercial properties. Additionally, this report recommends an incremental tax rate increase for the City Building Fund Levy to support critical capital investments in transit and housing. This includes a 1.50 percent increase for residential and industrial properties, and a 0.75 percent increase for multi-residential and commercial properties.

Table 1: 2026 Recommended Municipal Property Tax Rate Increases

Property Class	2026 Tax Rate Increase for Operating Budget	2026 Tax Rate Increase for City Building Fund	2026 Total Municipal Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, Pipelines	0.70%	1.50%	2.20%
Multi-Residential	0.35%	0.75%	1.10%
Commercial	0.35%	0.75%	1.10%
Industrial	0.70%	1.50%	2.20%
Total Tax Rate Increase	0.57%	1.22%	1.79%

This report also recommends continuation of the City's existing capping approaches, and annual adjustments to the income threshold for the City's property tax, solid waste and water relief programs.

2026 Education Property Tax Levy

This report recommends adoption of the 2026 education tax rates and education property tax levy for school purposes, as required by legislation. The City of Toronto levies and collects education taxes on behalf of the Province of Ontario, based on the education tax rates set out in Ontario Regulation 400/98, as amended. The education property tax rates prescribed by the Province for 2026 remain unchanged from the previous year for all classes. Accordingly, the average household will see no increase in their education tax this year.

2026 User Fees

User fees are reviewed and adjusted through the budget process, including the final rates and service fees for Rate Supported Programs (Solid Waste Management Services and Toronto Water). The 2026 Mayor's Proposed Budget outlines estimated revenues from user fees, subject to City Council approval as required by the City of Toronto Act, 2006. This report seeks Council approval for user fee changes and the introduction of new fees.

Provincial Gas Tax and Build Communities Strong Fund

In accordance with the directive to report annually to City Council through the capital budget process, this report provides an overview of the Provincial Gas Tax and Build Communities Strong Fund programs, which are vital to supporting Toronto's public transit and infrastructure investments. These programs, as outlined in the 2026-2035 Capital Budget and Plan, have enabled the City to fund key projects aimed at maintaining and expanding its transit network. Details of the planned eligible projects funded under these programs are included in Appendix B.

Other Items

This report also makes recommendations with respect to matters related to the 2026 Budget that do not fall under the strong mayor powers:

- financial governance, budget implementation, and delegated authorities, including suspension of the Toronto Parking Authority Net Income Share Agreement, in-year expenditure management measures, capital cash flow acceleration, and related financial and expenditure authorities to support effective budget delivery;

- operational service delivery and capital management actions, including updates to solid waste collection communications and the consolidation of transit-related capital reserves into the City Building Reserve Fund to support long-term infrastructure priorities;

- regulatory framework and enforcement updates, including amendments to Toronto Municipal Code chapters to modernize maximum fines, enable officer and director liability, and enhance compliance and deterrence;

- program, community, and service-focused initiatives, including Parks and Recreation partnerships, expansion of the Air Conditioner Program for low-income and vulnerable residents, acceptance of donations, humanitarian assistance, community nutrition funding, and reviews of homelessness outreach services; and

- authorities and oversight measures to support major City initiatives, including funding flexibility, procurement and reporting authorities to support the delivery of the FIFA World Cup 2026, as well as targeted transit planning analysis.

Background Information (City Council)

(February 6, 2026) Revised Report from the Chief Financial Officer and Treasurer on Budget Implementation Including Property Tax Rates, User Fees and Related Matters (CC38.1)
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284368.pdf)
(February 3, 2026) Report from the Chief Financial Officer and Treasurer on Budget Implementation Including Property Tax Rates, User Fees and Related Matters (CC38.1)
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284333.pdf)
Appendix A: Summary of New Chapter 441 Fees Moving to Delegated Authority for Automatic Annual Inflationary Adjustment
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284334.pdf)
Appendix B: Provincial Gas Tax and Build Communities Strong Fund Projects Funded Through the City's 2026-2035 Capital Budget and Plan
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284335.pdf)
Appendix C: Amendments to Toronto Municipal Code Chapters
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284336.pdf)
Appendix D: 2026 Operating Budget Briefing Note - Impact of Increasing the Municipal Rate Reduction for the Small Business Property Tax Subclass from 15 to 20 percent
(https://www.toronto.ca/legdocs/mmis/2026/cc/bgrd/backgroundfile-284337.pdf)

Communications (City Council)

(February 5, 2026) Letter from Councillor Shelley Carroll, Chair, Budget Committee (CC.Supp)
(https://www.toronto.ca/legdocs/mmis/2026/cc/comm/communicationfile-204818.pdf)
(February 10, 2026) E-mail from Nicole Corrado (CC.New)

Declared Interests (City Council)

The following member(s) declared an interest:

Councillor Mike Colle - as his son, Josh Colle, works for the Toronto Transit Commission as the Chief Strategy and Customer Experience Officer.
Written Declaration: https://secure.toronto.ca/council/declared-interest-file.do?id=12882