



Report of the Commissioner of Finance
2026 Budget Direction

1. Recommendations

1. Council endorse the proposed timelines for the development and targeted approval of the 2026 Budget, as outlined in Table 2.
2. Council reaffirm the 2026 tax levy increase target of 3.22% and the Rapid Transit / Infrastructure Levy equivalent to a 1% tax levy increase consistent with the endorsed outlook in the 2025-2026 multi-year budget.

2. Purpose

To support development of the Region's 2026 Budget, this report seeks Council endorsement of proposed budget timelines and reaffirmation of the 2026 outlook included as part of 2025 Budget.

Key Points:

- With Council reaffirmation, the 2026 Budget will be developed based on the outlook endorsed as part of the 2025 Budget
- The 2026 outlook reflects key initiatives approved as part of the 2025 budget, including increased funding to support community safety, infrastructure investments to support growth in communities and ensuring resources are in place to keep people, goods and information moving
- The 2026 Budget is proposed to be tabled with Council in October 2025, with consideration and targeted approval by the end of November 2025

- Program or service areas with governing boards would be requested to finalize their budgets by end of September to meet the proposed timeline for the Region's 2026 Budget
- Should Council members wish to discuss specific budget priority items for potential inclusion in the 2026 budget, they are encouraged to follow up with the Regional Chair and the CAO by May 30, to facilitate timely investigation of the feasibility of incorporating such requests within the endorsed budget outlook

3. Background

The 2026 Budget will be the final year of the 2023-2026 multi-year budget

The Region implemented multi-year budgeting in 2015, which includes an approved budget and annual outlooks aligning with the Council term. This approach enables better coordination of budgeting and strategic priorities, provides greater certainty for departments to manage expenditures, and supports long-term financial sustainability through the Fiscal Strategy.

On November 28, 2024, Council approved the third year of the 2023-2026 Multi-Year Budget and endorsed an outlook for 2026. The 2025 Budget included a tax levy increase after assessment growth of 3.55% and a 1% Rapid Transit / Infrastructure Levy. The outlook for 2026 includes a tax levy increase of 3.22% and a 1% Rapid Transit / Infrastructure Levy. With Council reaffirmation, this outlook would guide budget development.

The 2027-2030 Multi-Year Budget (including 2027 Budget and 2028-2030 outlook) would build on the 2026 budget and align with priorities in the next Strategic Plan. As in previous years, it would be presented for Council's consideration in early 2027 following the start of the next Council term.

York Region maintained a competitive tax levy position for 2025

York Region is committed to balancing financial sustainability with affordability for residents, ensuring services are maintained without placing undue burden on taxpayers. As shown in Figure 1, the Region's 2025 tax levy increase of 3.55% and a 1% Rapid Transit / Infrastructure Levy is the lowest across comparable municipalities. The Region's cumulative tax levy increase has also been competitive historically, as is shown in Figure 2, which shows the Region's cumulative tax levy increase of 23.62% over the past 7 years, the second lowest among its comparators.

Figure 1
York Region Annual Net Tax Levy Increase Compared to Other Regions
(2019-2025)

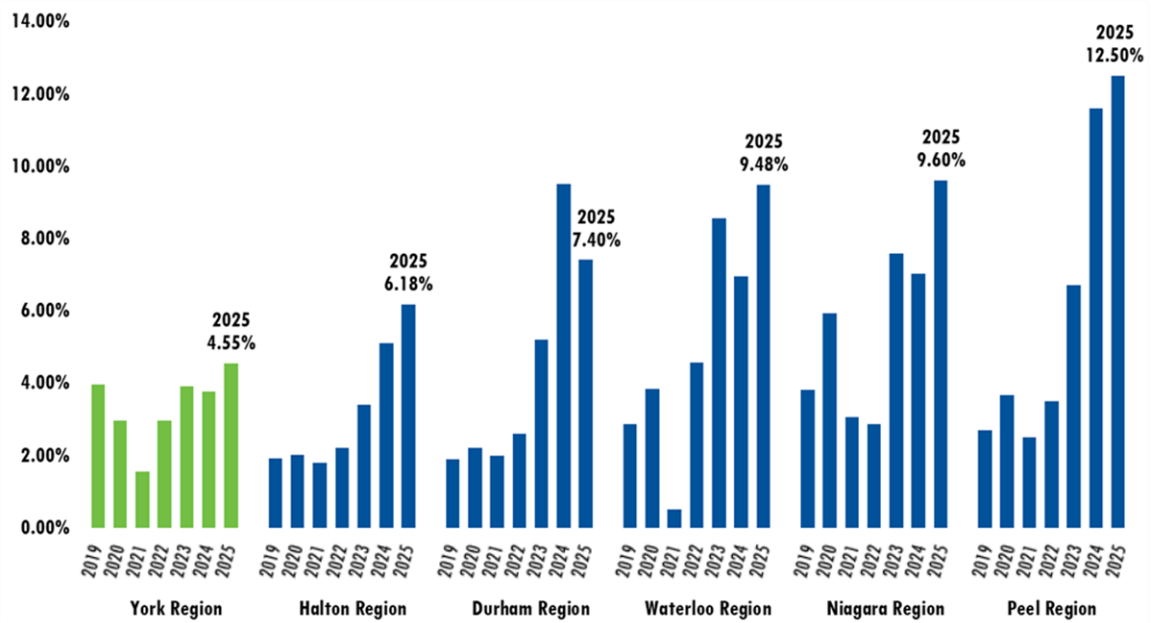
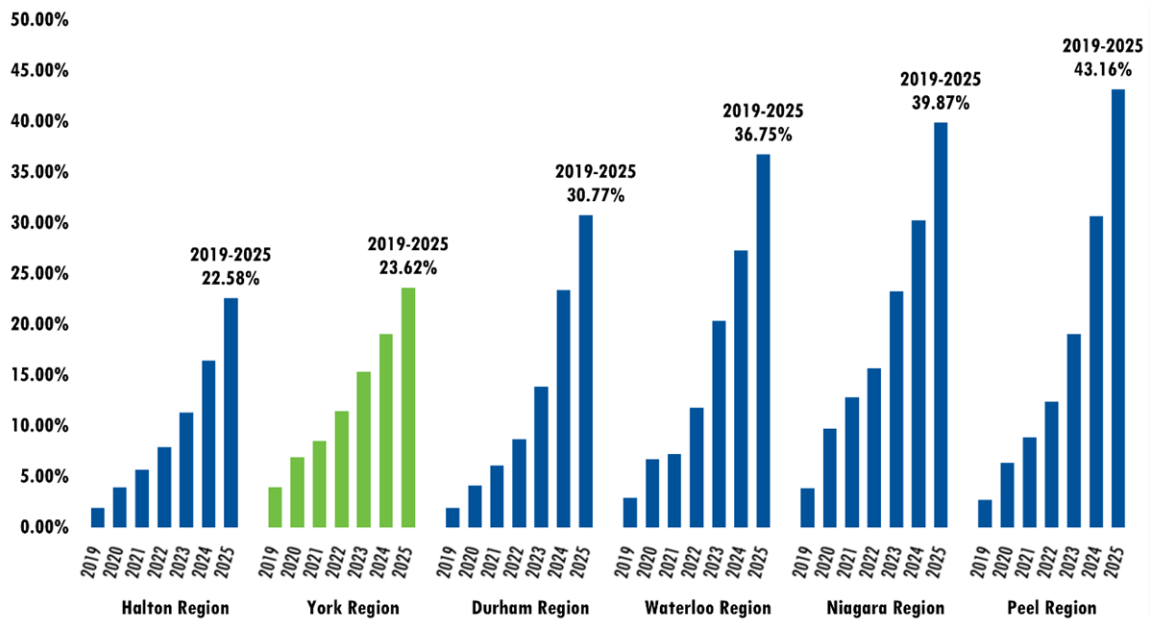


Figure 2
York Region Cumulative Net Tax Levy Increase Compared to Other Regions
(2019-2025)



Note: Figures are based on a review of publicly available budget materials (2020-2025)

The 2026 Budget would continue to focus on long-term financial sustainability

The Region's Fiscal Strategy, first adopted by Council for the 2014 Budget, would be updated and approved annually as part of the budget process. The Fiscal Strategy consists of three related elements: capital management, reserve management, and debt management, and would continue to be guided by the following key principles:

- Keeping growth affordable and existing infrastructure in a state of good repair
- Maintaining an AAA credit rating, the highest possible
- Having the fiscal flexibility to respond to evolving needs and economic changes
- Treating current and future tax and rate payers fairly by striving for intergenerational equity

The Fiscal Strategy would continue to focus on alignment of capital spending with expected timing of growth and would be informed by long-term asset management plans. It would also seek to make reserve contributions to meet the Region's growing asset management needs without issuing new tax levy or rate-supported debt.

Annual reserve contributions are generally set at the start of a multi-year budget cycle and monitored each year to align with long-term needs. In the first year of the next multi-year budget, reserve contributions would be reset to reflect the most current projections of growth-capital and asset management needs.

4. Analysis

Assessing pressures and risks helps identify potential budget impacts and mitigation strategies

Multi-year budgets are prepared based on forecasts and are expected to be adjusted annually to accommodate any new information, including emerging pressures, while remaining within the overall target endorsed by Council.

Reviewing potential pressures and risks would be a key part of developing the 2026 Budget. This would include reviewing assumptions in the 2025 Budget and outlook for economic variables, such as inflation and interest rates, reviewing the impact of renewed labour agreements and assessing these factors in determining the cost of programs and services. The status of senior government policies, funding, and impact on legislated and cost-shared programs would also be reviewed. In addition, assumptions regarding growth-related needs and associated impact on demand for programs and services would be examined.

Other emerging factors the Region may need to consider while the budget is being developed include impacts from the recent Provincial election and potential Federal election that could

result in revised mandates and associated municipal funding approaches, any pressures on capital and operating budgets due to increased US and Canadian tariffs, and potential implications from new border security measures on refugees and asylum seekers.

Opportunities for efficiencies are reviewed as part of the annual budget process

To help manage potential pressures and minimize impacts on programs and services, an important part of the annual budget process is the review of base budget items for potential efficiencies, service adjustments, and other cost-saving opportunities. This includes analysis of historical budget to actual results to ensure budget resources are allocated efficiently. For the 2026 Budget, these potential savings could help offset risks or pressures identified through budget development or provide sustainable funding for initiatives that include temporary funding sources, such as the Supporting Critical Social Infrastructure initiative. Consideration would also be given to the impact of pressures or savings opportunities on the next multi-year budget, as this would help determine whether these initiatives are sustainable in the future.

Table 1 shows the savings framework and approaches used in previous budgets which may be considered as part of 2026 budget development. The framework helps identify potential savings initiatives and key considerations, including program and service impacts, and risks.

Table 1
Framework to Assess Potential Savings

Efficiencies	Service Level Adjustments	Risk Tolerance and Other
Identify programs and services for efficiencies, and other cost-savings	Adjust programs and service levels to reduce costs	Review assumptions for potential risks and update expenditure and revenue forecasts as necessary

The 2025 10-year capital plan is the basis for developing the 2026 capital plan

The 2025 10-year capital plan, endorsed by Council on November 28, 2024, would serve as the basis for developing the 2026 10-year capital plan. Changes to the previously endorsed plan would include a new tenth year of 2035 and may also include cost revisions to reflect updated estimates for inflation, scope and timing changes to existing capital projects, and growth assumptions based on current market and economic conditions. Departments may also propose new capital projects to help achieve Council priorities.

As part of the 2025 10-year capital plan, departments identified priority infrastructure projects that could not be fully included within the capital plan, as they remain reliant on senior government funding commitments. These initiatives include the next phase of bus rapid transit construction and six community housing projects.

The 2026 Budget is anticipated to continue with an annual incremental 1% Rapid Transit / Infrastructure levy, available to fund priorities such as bus rapid transit and community housing investments, first implemented in 2022 and consistent with the outlook. The feasibility of incorporating additional infrastructure and priority projects into the capital plan, however, is subject to funding availability and the Region's fiscal capacity. This would be evaluated as part of the development of the 2026 Fiscal Strategy and Long-Term Debt Management plan.

Through the 2026 Budget, Council would be asked to approve 2026 single-year capital expenditures and multi-year Capital Spending Authority, including associated funding sources. Capital Spending Authority is the authority from Council to commit funding to capital projects with clear and certain multi-year commitments. Council would also be asked to endorse the remaining nine years of the proposed 10-year capital plan.

Development charges reductions from existing discounts and exemptions are planned to be accommodated within the outlook while the Region continues to advocate for increased Provincial funding

As outlined in the Fiscal Strategy and Long-Term Financial Planning chapter of the 2025-2026 Budget Book, operating surplus will be used to fund development charge reductions resulting from Bill 23 and other existing legislated or Council directed discounts/exemptions. Where forecasted or actual surpluses are insufficient, funds would be drawn from the Debt Avoidance Reserve for tax levy-related service areas and the Water and Wastewater Rate Stabilization Reserves for user rate-related service areas. To help address the estimated \$279 million reduction in development charges collections over the next ten years, due to recent amendments to *Development Charges Act, 1997*, the Region has continued to advocate for Provincial funding including through Provincial budget consultations in [2024](#) and [2025](#), and the [response](#) to Bill 185, *Cutting Red Tape to Build More Homes Act, 2024*.

The 2026 Budget is proposed to be tabled in October 2025 and considered for approval in November 2025

The 2026 Budget is proposed to be tabled with Council in October 2025, with review and deliberations of departmental budgets taking place at the November Committee of the Whole meeting. Pending potential changes, final budget approval by Council is anticipated at the November Council meeting.

Development of the 2026 Budget would include several meetings of the Budget Leadership Team, comprised of senior staff from Regional departments and boards to shape budget development and track progress. The Regional Chair and the CAO would review the draft budget prior to tabling with Council in October 2025. Table 2 summarizes key dates in the proposed 2026 Budget process.

Table 2
Proposed 2026 Budget Timeline

Key Activities/ Milestones	Date
Consideration of Budget Directions Report by Committee of the Whole	March 6, 2025
Development of departmental budget submissions	April – June/July 2025
Date requested for Council members to identify any specific priority items to Regional Chair & CAO for potential inclusion in 2026 budget	Friday, May 30, 2025
Review of departmental budget submissions by senior management and development of recommendations to Council	July – September 2025
Review/approval of budgets for York Regional Police, York Region Rapid Transit Corporation, Housing York Inc., and YorkNet by respective boards	By end of September 2025
Budget Tabling with Council	October 2025
Review and deliberations of departmental budgets by Committee of the Whole	November 2025
Targeted Budget approval by Council	November 2025

Program or service areas with governing boards (York Regional Police, York Region Rapid Transit Corporation, Housing York Inc. and YorkNet) would be requested to finalize their budgets by end of September 2025 to meet the proposed timeline for the Region’s 2026 Budget, including review and approval for consolidation as part of the Region’s budget.

Council members are encouraged to discuss any specific priority items for potential inclusion in the 2026 budget with the Regional Chair and the CAO by May 30. This allows timely consideration of the feasibility of incorporating such requests within the 2026 budget.

The Multi-year Budget process supports the 2023 to 2027 Strategic Plan

The 2023 to 2027 Strategic Plan guides the multi-year business planning and budgeting process. Priorities outlined in the Strategic Plan would be reflected in the 2026 and future Regional budgets. Anchoring the Strategic Plan in core services ensures the Region continues to meet its legislative obligations while remaining flexible and responsive to the changing needs of our residents. Next year’s Progress Report demonstrating 2025 results on performance measures would reflect York Region’s ability to achieve the 2023 to 2027 Strategic Plan objectives.

5. Financial Considerations

While this report does not have a financial component or immediate financial implications, the directions outlined within would inform development of the 2026 Budget. The Budget establishes expenditures and funding for Regional services.

6. Local Impact

The 2026 Budget would fund services and capital infrastructure for residents and businesses in all local municipalities within York Region. Certainty, transparency, and discipline in the budget process would help local municipalities with their budget planning.

7. Conclusion

This report seeks Council endorsement of the proposed timelines for development and approval of the 2026 Budget and a target tax levy increase of 3.22% and a Rapid Transit / Infrastructure Levy equivalent to a 1% tax levy increase.

Staff propose to table the 2026 Budget with Council in October 2025, with consideration of approval in November 2025.

For more information on this report, please contact Joe Iannace, Acting Director, Office of the Budget, at 1-877-464-9675 ext. 71631. Accessible formats or communication supports are available upon request.

Recommended by:



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