



Report of the Commissioner of Finance
2026 Property Tax Policy

1. Recommendations

1. Council approve the 2026 property tax ratios to be established in accordance with the recommendations in this report:

Broad Property Class	Proposed 2026 Tax Ratios
Residential	1.000000
Multi-Residential	1.000000
New Multi-Residential	1.000000
Commercial (incl. office)	1.332100
Industrial	1.643200
Pipelines	0.919000
Farmland	0.250000
Managed Forests	0.250000
Landfill	1.100000
Aggregate Extraction	1.337082

2. The Regional Solicitor and General Counsel be authorized to prepare bylaws to implement the above recommendations.
3. The Regional Clerk circulate this report to the local municipalities.

2. Purpose

This report provides recommendations for property tax ratios to fulfill the Region's obligation under Section 308 of the *Municipal Act, 2001* (Municipal Act), which requires upper-tier municipalities to establish tax ratios for both upper-tier and local municipalities.

Key Points:

- Tax ratios determine how the tax rate for each property class compares to the residential class (ratio of 1.00). Tax ratios distribute the overall property tax burden among property classes
- With property assessments frozen at January 1, 2016 levels by the Province, Council has maintained the same tax ratios since 2020. For 2026, no changes are proposed to ensure continued stability for taxpayers in absence of a reassessment
- Since 35% municipal tax reduction for the New Multi-Residential subclass was implemented in 2025, there has been increased purpose-built rental development activity, and maintaining the discount helps sustain this momentum and encourage long-term rental development
- In 2025, the Province introduced a new optional subclass allowing municipalities to offer a separate discount for affordable rental housing of up to 35%. Adoption is not recommended because the incremental benefit is minimal given existing incentives and subsidies

3. Background

Tax ratios influence the share of taxation paid by each class of property

Tax ratios influence the relative share of taxation borne by each property class. The tax rate for a given property class is determined by multiplying the residential tax rate by the tax ratio for the class. For example, if the proposed tax ratios are adopted, the tax rate for a property in the commercial class would be 1.3321 times the residential tax rate per one hundred dollars of assessment. Table 1 shows the tax ratios the Region has had in place since 2020.

Table 1
Property Tax Ratios Since 2020 Taxation Year

Property Class	2020-2024 Ratios	2025	2026 Ratios (Proposed)	Ranges of Fairness ¹
Residential	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0000	1.0000	1.0000	1.0 to 1.1
New Multi-Residential ²	1.0000	1.0000	1.0000	1.0 to 1.1
Commercial (incl. office)	1.3321	1.3321	1.3321	0.6 to 1.1
Industrial	1.6432	1.6432	1.6432	0.6 to 1.1
Pipelines	0.9190	0.9190	0.9190	0.6 to 0.7
Farmland	0.2500	0.2500	0.2500	0.25
Managed Forests	0.2500	0.2500	0.2500	0.25
Landfill	1.1000	1.1000	1.1000	0.6 to 1.1
Aggregate Extraction ³	N/A	1.3371	1.3371	0.6 to 1.1

¹ Ranges of fairness are the tax ratios established by the Province per [O. Reg. 386/98](#) and Sections 308.1(3) and 308.1(2) of the *Municipal Act, 2001*, to ensure properties of similar assessment levels pay similar amounts of taxes

² Includes New multi-residential (Municipal Reduction) subclass, subject to the New Multi-Residential Class tax ratio

³ Rounded. Actual proposed tax ratio is equal to Provincially prescribed transitional tax ratio per [O.Reg. 510/24](#) under the *Assessment Act, 1990*. Aggregate extraction class was first mandated in 2025

With Ontario property assessments now a decade out of date, the assessed values used to set property tax rates no longer reflect current market conditions or shifts in relative property values. This prolonged freeze reduces transparency and raises concerns about tax equity. Consistent with [AMO's advocacy](#), the Region continues to call for the resumption of regular, province-wide reassessments to ensure fairness, accuracy, and confidence in the property tax system, including the Region's most recent submission to the [2026 provincial Budget consultation](#).

In 2025, York Region approved a 35% discount for eligible new purpose-built rental buildings

York Region adopted the New Multi-Residential (Municipal Reduction) subclass [May 23, 2024](#), and approved a 35% discount [May 22, 2025](#). The discount applies to eligible multi-residential properties built under a permit issued on or after May 23, 2024.

A new purpose-built rental building was added to the assessment roll in 2026 and is eligible for the discount

In the 2026 tax year, the first property was included in the new multi-residential subclass. The property is located in Newmarket with an assessed value of \$4.3 million. The 35% discount, proposed to remain in place for the 2026 tax year, amounts to Regional tax savings of approximately \$5,900 for the eligible property.

Several more eligible purpose-built rental buildings are expected to be added to the assessment roll in the coming years. For example, one building was in the final stages of construction at the end of 2025. Based on development applications data in [YorkTrax](#), a further twenty-one planned rental buildings are in the process of obtaining building permits, while five are in earlier stages of approval process. If completed as planned, these developments could add approximately 4,800 new rental units, representing a 148% increase over the number of new units built in the ten years prior to the adoption of the subclass.

Province introduced an optional “Affordable Rental Housing” subclass

In May 2025, the Province introduced O. Reg. 73/25 and O. Reg 74/25 under the *Assessment Act, 1990*, establishing a new optional property tax subclass for affordable rental housing. Municipalities may, by bylaw, adopt the subclass under the multi-residential and/or new multi-residential property classes and apply a discount of up to 35%. Eligible properties include new and existing buildings required by an agreement or legislation to provide units at affordable rents, as defined under the *Development Charges Act, 1997*. Because a property can only belong to one subclass, this discount cannot be combined with the Region’s existing 35% reduction for the new multi-residential subclass.

4. Analysis

Affordable rental subclass discount would not further encourage new rental development

In York Region, all newly built multi-residential properties already qualify for the new multi-residential discount, which provides the maximum 35% tax discount across the housing continuum. The affordable rental housing subclass discount of up to 35% would not be additive, since a property can only be in one of the two subclasses. Given the existing new multi-residential property tax discount, offering the same discount through the affordable rental subclass would not create an additional incentive for affordable rental development.

Only existing community housing units would potentially be eligible, and most already receive full tax subsidies through operating agreements with the Region

Although the Municipal Property Assessment Corporation is responsible for classifying properties, analysis of Provincial eligibility criteria suggests that no secondary market rentals or

private market purpose-built rental properties in the Region would be eligible for a potential affordable rental discount. It is estimated that only 64 community housing properties owned by non-profit housing providers and Housing York Inc. would potentially meet the eligibility criteria.

Of these, nearly three quarters already have their property costs fully covered through operating agreements under the *Housing Services Act, 2011*. Non-profit housing providers and Housing York Inc. receive subsidies tied to net operating costs, including property taxes, ensuring stable financial support and providing a greater benefit than the 35% discount available through the affordable rental subclass.

Maintaining tax ratios aligns with Council decisions throughout the assessment freeze

Maintaining current tax ratios for 2026 aligns with Council's approach over the past five years, while property assessment values have remained frozen at January 1, 2016 levels. This consistency helps provide stability for property taxpayers. Continuing the 35% municipal tax reduction for the new multi-residential subclass would also support housing supply objectives, as this was likely a contributing factor supporting recent increases in purpose-built rental development planning activity. Keeping this measure in place is recommended to continue to encourage long-term housing supply growth.

Establishing tax ratios supports the Region's Vision, including Good Government and Economic Vitality

The Region's Vision for Good Government includes providing residents with good value for their tax dollars. Tax ratios support this Vision as they determine how the tax burden is distributed among different property classes. Tax ratios also support economic vitality by ensuring the Region's tax policies are competitive with neighbouring municipalities, as equitable tax burdens across property classes can help the Region continue to attract businesses and residents.

5. Financial Considerations

Tax ratios do not affect the total amount of taxes collected by the Region

The adoption of tax ratios enables the Region to set tax rates to raise the amount of revenue Council approves through the annual budget process. The ratios do not affect the total amount of taxes collected, but rather the distribution of the tax burden among different property classes. By maintaining the existing tax ratios, each property class will contribute approximately the same share of tax revenues as in 2025.

6. Local Impact

Maintaining phased-in 2016 assessment values for the 2026 taxation year, along with existing tax ratios, will result in only minor changes to the shares of the tax burden borne by each broad property class and each local municipality, driven mainly by growth.

7. Conclusion

Proposed 2026 tax ratios will enable the Region to set tax rates to raise the property tax levy requirement approved by Council.

For more information on this report, please contact Bonny Tam, Director, Treasury Office at 1-877-464-9675 ext. 75885. Accessible formats or communication supports are available upon request.

Recommended by:



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Approved for Submission:



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