



Office of the Commissioner
Finance
Memorandum
FOR INFORMATION

To: Committee of the Whole
Meeting Date: January 15, 2026
From: Laura Mirabella
Commissioner of Finance and Regional Treasurer
Re: **2026 Ontario Budget Consultation Submission**

This memorandum provides an update on staff's submission as part of the Province of Ontario's 2026 Budget consultation process, taking place until January 30, 2026. Details are in Appendix A. While the Province has not yet announced the date the 2026 Budget will be released, based on recent years, it is expected to be delivered in March.

Staff's 2026 Ontario Budget submission reinforces ongoing advocacy and builds on key priorities

Building on previous advocacy efforts, staff's 2026 Ontario Budget submission continues to advance key priorities first outlined in the [2025 Ontario Budget Consultation](#), Council's [June 2025 resolutions](#), participation at the [August 2025 Association of Municipalities of Ontario \(AMO\) Conference](#), and the [2026 Budget Report](#). These requests aim to strengthen economic resilience, expand employment opportunities, build a more affordable future, enhance safety and service delivery, and accelerate housing-enabling infrastructure.

Senior government funding is required for the Region to advance critical housing-enabling infrastructure

York Region's 2026 capital budget of [\\$1.5 billion](#) is part of a \$14 billion 10-year capital plan, the largest in its history. Of this amount, \$3.3 billion is for growth-related water and wastewater infrastructure, including the expansion of the North York Durham Sewage System, which is only partially funded.

While the Province provided almost \$140 million towards Phase 1 of the North York Durham Sewage System (YDSS) expansion through the Housing-Enabling Water Systems Fund, an additional \$1.9 billion is required to support all three phases of the project, including \$1.4 billion over the next decade. The Region was ineligible for subsequent intakes of the program, creating uncertainty about future funding. Reliance on development charges and developer financing carries significant risk, particularly under recent legislative changes.

As of the end of 2024, the Region had the capacity to service nearly 70,000 new homes, representing almost half of the provincial housing target. Predictable provincial funding is needed to deliver growth-enabling water and wastewater infrastructure, unlock additional capacity for new development, and enable York Region's local municipalities to meet provincial housing targets.

Almost \$1 billion funding required to offset Provincial development charge reductions and other deferrals to help deliver growth infrastructure

Recent provincial legislative changes have constrained the Region's ability to fund growth-related infrastructure. Bill 23 introduced Development Charge (DC) exemptions and discounts for affordable and rental housing and removed Housing Services as a DC- eligible service, while Bill 17 introduced exemptions for long-term care. In total, these measures are projected to reduce DC collections by \$265 million through 2035, shifting 61% of the shortfall to tax levy and 39% to user rates, and increasing cost pressures on residents and businesses.

Legislative deferrals put pressure on the Region's debt capacity. Bill 17 requires DC payments to be deferred, delaying collections and increasing reliance on debt to deliver infrastructure needed to support provincially mandated growth. DC deferrals adopted in 2025 to support priority developments are expected to delay approximately \$0.7 billion in DC collections by 2035, creating further cash- flow pressures and potentially requiring further borrowing.

While York Region continues to support provincial housing objectives, the combined impact of DC reductions and deferrals has transferred significant timing and financing risk to municipalities. Provincial participation is critical to mitigate these impacts, reduce reliance on debt financing, and ensure the timely delivery of infrastructure required to meet provincial housing targets.

Despite historic investments, \$2.2 billion in housing and transit projects remain unfunded without senior government support

While the 2026 capital plan demonstrates the Region's commitment to advancing priority projects, \$2.2 billion in critical investments remain outside the plan, including \$318.1 million for five community housing sites and \$1.9 billion for bus rapid transit (BRT).

The capital plan funds construction for around 580 new community housing units, along with pre-construction work for another approximately 765 units across five sites. However, funding shortfalls for the 580 planned units are temporarily being managed with internal reserves until senior government funding is secured, and construction costs for 765 units remain unfunded. To meet a one-third funding share toward approximately 1,345 community housing units and address the growing subsidized housing waitlist of [18,419 households in 2024](#), a total of \$216 million is needed from the Province. These projects cannot move forward without long-term funding commitments from senior levels of government.

York Region is advancing priority Bus Rapid Transit (BRT) projects along Jane Street in Vaughan and Highway 7 East in Markham, supporting over 271,000 residents and 59,000 jobs and fostering

long-term economic growth. Although the 2026 10-year capital plan includes funding to make these projects construction-ready, [\\$1.6 billion](#) in costs for priority projects and over \$300 million for future transit initiatives remain unfunded. These projects cannot proceed without the support of the province.

Provincial funding shortfalls for mandated human services projected to be \$77 million in 2025, requiring tax levy funding

York Region delivers provincially mandated programs in homelessness, long-term care, paramedic services, and public health. Provincial funding has not kept pace with population growth and inflation, creating a [\\$77 million shortfall](#) in these four programs based on 2025 budget alone. As echoed by the [Association of Municipalities of Ontario](#) and York Region's [January 2024 resolution](#) calling for a Social and Economic Prosperity Review, unlike provincial revenues, municipal revenues do not grow in line with the economy, leaving property taxpayers to shoulder growing costs for these provincially-mandated services. This limits the Region's ability to maintain service levels without further tax increases.

Closing this funding gap will safeguard necessary health and human services, protect Ontario's social safety net and drive economic stability by reducing homelessness, supporting aging populations, and ensuring resilient emergency and public health systems.

Community safety and well-being require dedicated provincial investment

Public safety remains a top concern for York Region residents. While early intervention and prevention programs under the provincially mandated Community Safety and Well-Being Plan are showing positive results, with York Regional Police reporting reductions in hate crimes, firearm-related offenses, shootings and carjackings between 2024 and 2025, this momentum is at risk without a permanent funding source for these programs.

Since 2023, initiatives have engaged over 56,000 residents and 45 community partners. Over 1,850 high-risk individuals were supported, and risks were reduced in 85% of situations. Provincial support for continued implementation of the Community Safety and Well-Being Plan will secure these results and contribute directly to Ontario's ability to prevent crime, protect communities, and reduce long-term policing and justice costs.

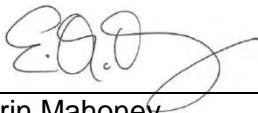
Next steps include submitting priorities, monitoring and continued advocacy

Staff will submit advocacy priorities to the Province as part of the 2026 budget consultation process. Following submission, staff will monitor provincial budget announcements, expected in the Spring of 2026, and provide updates to Council as information becomes available.

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



Laura Mirabella
Commissioner of Finance and Regional Treasurer



Erin Mahoney
Chief Administrative Officer

December 16, 2025
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Appendix A – 2026 Ontario Budget Consultation Submission

2026 Ontario Budget Consultation Submission

Areas to address	Key Requests
Strengthening Economic Resilience for York Region Communities	<ul style="list-style-type: none"> • Confirm the Region will be made financially whole given changes to the Development Charges Act, including exemptions and discounts from Bill 23 and Bill 17: <ul style="list-style-type: none"> • Provide funding to cover the shortfall currently estimated to be at least \$265 million over the next ten years • Provide \$0.7 billion funding to offset lower DC collections resulting from DC deferrals <ul style="list-style-type: none"> ○ Reinstate Housing Services as eligible for funding under the Development Charges Act ○ Provide increased, direct, and predictable funding to help fund Region's initiative and incentives, specifically for First-Time Home Buyers DC-equivalent rebate and repeal of the Interest Policy for frozen development charges • Continue to focus on growth within municipally serviced areas where infrastructure is planned and financially sustainable through greater economies of scale • Provide York Region with an opportunity to participate in Ministry consultations for enacting regulations required to bring certainty to approval timelines for municipal infrastructure projects • Increase funding for net-new infrastructure as well as for the maintenance and repair of existing assets that services current development and support intensification • Coordinate with Federal counterparts in removing Provincial requirements where Federal requirements exist

Areas to address	Key Requests
	<ul style="list-style-type: none"> Align Building Ontario Fund’s program with its mandate to allow municipalities to leverage available financing to increase housing supply Provide predictable operating subsidies, upfront grants, and technical/legal support to accompany Building Ontario Fund financing, ensuring municipalities can sustainably manage repayment obligations and project delivery
Expanding Employment Opportunities Across York Region	<ul style="list-style-type: none"> Contribute funding to support \$1.6 billion for two priority Bus Rapid Transit projects along the Jane Street and Highway 7 East corridors Elevate two priority Bus Rapid Transit projects in the Provincial submission for the Permanent Transit Fund and prioritize within the larger Provincial ask being coordinated through the Metrolinx Regional Transportation Plan Convert One Fare Program into a permanent program for all participating transit agencies in the GTA
Building a More Affordable Future for York Region Communities	<ul style="list-style-type: none"> Match the discount on the education portion of property tax discount for the New Multi-Residential and Affordable Rental Housing subclasses to support housing affordability and support new rental development Resume Ontario’s property assessment cycle to support tax fairness and ensure property taxes reflect current market conditions
Enhancing Safety and Service Delivery	<ul style="list-style-type: none"> Provide stable Provincial funding for Paramedic Emergency Services program beyond 2026. The 2025 budget for paramedic emergency services assumes a \$4.6 million shortfall in the province’s share of funding Establish a multi-year funding formula that covers total cost of operating municipal long-term care homes. The 2025 budget for long-term care assumes a \$27.1 million funding shortfall, requiring additional tax levy to meet legislative provincial mandates

Areas to address	Key Requests
	<ul style="list-style-type: none"> • Increase and index Ontario Works rates with inflation, similar to Ontario Disability Support Program • Increase annual Public Health funding to align with the 75%/25% provincial-municipal cost share. The 2025 budget for Public Health assumes a \$20.7 million shortfall in the province’s share of funding • Allocate funding to York Regional Police for community safety initiatives based on level of criminal activity and victimization within the area for which a police service board has policing responsibility • Increase Victim Services of York Region funding by \$1 million, with annual inflation adjustments to reduce financial reliance on York Region and York Regional Police • Provide dedicated, long-term funding for implementation of Community Safety and Well-being Plans as mandated • Provide capital and operating funding commitments for supportive housing projects, including \$21.8 million capital and \$2 million annual operating funding for a Safe House and Service Hub for sex trafficking survivors in York Region • Provide predictable and long-term funding commitments to invest in emergency and transitional housing to meet growing need • Provide increased, sustained operating funding that keeps pace with population and system growth, evolving community needs, and is indexed with inflation. The 2025 budget for Homelessness Community Programs identified a \$24.5 million shortfall in provincial funding • Provide increased multi-year funding under the Federal/Provincial Ontario Priorities Housing Initiatives and Canada-Ontario Community Housing

Areas to address	Key Requests
	<p>Initiatives for new supply and capital repairs. \$90 million is needed to address capital repairs needs for non-profit and cooperative housing providers</p> <ul style="list-style-type: none"> • Provide increasing, permanent long-term and predictable benefit programs like Canada-Ontario Housing Benefit beyond 2029 along with multi-year and sustained funding to tackle homelessness and expand access to affordable housing of all types
<p>Accelerating Housing-Enabling Infrastructure</p>	<ul style="list-style-type: none"> • Explore additional provincial funding contribution towards the York Durham Sewage System North expansion program (25% to 50% of \$1.9 billion project costs), with flexibility in scope and timelines to support achieving provincial housing targets and reduce reliance on development charges • Provide an opportunity for the Region to apply for the unallocated portion of the Building Faster Fund (estimated to be \$390.4 million for 2023 - 2024) to support critical infrastructure needed to enable housing growth and achieve provincial targets • Expand eligibility for future Municipal Housing Infrastructure Program (MHIP) intakes, allowing the Region to access additional and unallocated funding across all MHIP streams to advance housing-enabling infrastructure • Contribute a one-third Provincial funding share (\$216 million) to support the construction of approximately 1,345 new community housing units over the next decade, helping local municipalities address the growing subsidized housing waitlist • Provide York Region with its share of Provincial Non-Resident Speculation Tax revenues to support affordable housing initiatives, reported to be \$298.6 million to the end of 2024

Areas to address**Key Requests**

- Allocate a portion of Provincial Land Transfer Tax revenues raised from transactions of York Region properties to York Region
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