

Raising the Luxury Homes Tax and Other Steps to Prevent Service Cuts in Toronto's 2026 Annual Budget



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"Cut taxes for the wealthy and cut public services" has been the mantra for almost all governments in Canada for the past 40 years, with few exceptions.

One of those exceptions is Toronto Mayor Olivia Chow - who late last year increased the Luxury Homes Tax to fund programs that make life more affordable for families, like the workers and union members the Labour Council represents.

While Prime Minister Mark Carney pitches crippling cuts to our public service and Doug Ford continues to underfund education, healthcare, housing — and pretty much every public service imaginable — Mayor Chow has stood in stark contrast.

She recently announced a cap on monthly transit fares, to go along with the previously announced expansions to the school food program, a 3-year TTC fare freeze, and expansion of library hours. Chow has also set aggressive targets for building thousands more affordable homes, which is helping drive an overall reduction in Toronto rents in the current housing market. Housing programs initiated by the Mayor and Councillor Gord Perks have meant that the City of Toronto's public builder model is the largest developer working right now.

This is a breath of fresh air for working people in the City.

The new "mansion tax," along with strategic withdrawals from stabilization reserves to fight tariffs, mean the City is taking steps to make sure that Toronto's 2026 Budget maximizes the revenues we have available to us, protects public services and jobs, and aims to deal with our most pressing challenges. While we can and must demand more from Toronto City Council, at least we are on the right path.

Even in good financial times John Tory, stuck with the business-as-usual of cuts during his tenure. He ignored raising revenue on the wealthy, instead choosing to raise TTC fares and cut services and staffing. That means that working people shoulder more of the burden, even though they were already under serious financial strain.

And it's still hard out there for a lot of working families - Ontario's unemployment rate is one of the highest in the country with 700,000 people out of work. Families are still reeling from the post-COVID increase in inflation of prices in both groceries and housing.

On the flip side, the rich have never had it so good. Wealthy Torontonians have benefited most from decades of cutting taxes and cutting public services. The Luxury Homes Tax only hits the top 2% of wealthy property buyers. People who can afford a \$3, \$4 or \$5 million home can afford to chip in towards making Toronto affordable for the rest of us.

Municipalities are very constrained in how they can raise revenues to pay for quality services. But many conservative politicians don't even try. Back in 2016, former Toronto City Councillor Joe Cressy moved a motion to consult on a more progressive property tax system (a "graduated residential property tax rate"). It failed by a whisker, with John Tory and most of his Executive voting against it.

The new direction in Toronto has seen approval of the mansion tax in 2023 and also looked to explore other ways to raise revenue: city lottery, tax on large commercial parking lots...they even passed a version of Cressy's 2016 motion to explore the possibility of a progressive property tax. Creative solutions like this are needed, because despite having the weakest taxation and spending powers, municipal governments provide

the most direct services to people. That's why we desperately need a new deal for municipalities across Canada.

The Labour Council will continue to call on Toronto City Council to fight for a new deal for cities, which would require Ontario's government to commit to work with the federal government and key municipalities to establish a new deal for cities, including appropriate funding arrangements and powers. Until such a time however, creative use of the tools we do have which shift the burden from working people onto the wealthiest in our society is a step in the right direction — and one we wholeheartedly support.

With the release of the proposed 2026 Budget, the Toronto & York Region Labour Council will review the proposal, consult with members of the Municipal Committee, and provide feedback to Mayor Chow and Toronto City Council.

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