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Wellesley Institute Toronto operating budget backgrounder: Toronto City Council must invest in building a great city with homes for all

Three key messages regarding Toronto's 2007 Operating Budget:

1 **The poorest Torontonians are paying among the highest property tax rates.** Municipal property taxes are profoundly unfair and Toronto City Council urgently needs to expand its revenue base.

2 **Toronto City Council should reject the recommendation for a \$25 million cut** in fiscal 2007 to Shelter, Support and Housing Administration. The 2007 cut will mean fewer homeless shelter beds and only 524 new affordable homes.

3 **Toronto City Council should adopt a new housing and homeless strategy** that would cost one dime per person per day. Senior levels of government have abandoned Toronto. City Council should take the lead and reverse this trend.



Municipal budgets are about choices in spending and revenue:

Municipal budgets – like any government budget – are about choices.

What are the priorities that will help build Toronto as a great city – an affordable, equitable, green and safe city where all Torontonians can find a good place to call home, great neighbourhoods, clean air and safe communities?

The first set of choices is about spending: *How much money is required to support the many important activities of the City of Toronto?*

But budgets are not just about where the money goes. They are also about where the money comes from: How much money does the City of Toronto need, and where should it come from, to properly support the spending that is needed?

The second set of choices is about revenue: *What is the right mix of property taxes, user fees, other taxes and revenue to build the Toronto that we all want to live and work and play in?*

Our old and outdated system of property taxes has been stretched beyond all comprehensible limits. And let's not forget how unfair Toronto's municipal property taxes really are. Renter households in Toronto face a property tax rate more than three and one-half times higher than owners, even though renter households have annual incomes less than half of owners.

***Renters: High tax rate, low income
Owners: Low tax rate, high income***

Last year, Toronto's city tax rate for owners was 0.5668587%, while the tax rate for renters was 2.0605153%. Recent data from Statistics Canada shows that median renter household income was \$31,600 in 2004, while median owner household income was \$65,700.

Secret budget process has produced bad choices:

Toronto's proposed 2007 operating budget at \$7.8 billion is one of the largest governmental budgets in Canada, but it was prepared entirely in secret. The important choices to date have been made, not by debating the choices of community members and experts, but by unnamed people working behind closed doors. The officials involved in preparing the budget are no-doubt well-meaning and intelligent, but they were given instructions – such as a zero net increase over 2006 – that profoundly limit their choices.

Toronto faces difficult challenges. Our rich neighbourhoods are getting richer, and our poor neighbourhoods are getting poorer. This dramatic and growing gap between rich and poor is affecting all aspects of life: Where and how we live, where and how we work, our personal health, our cultural, recreational and social lives, the economic health of our city and all other parts of our lives.

These challenges are made worse by two decades of downloading and cost-cutting by federal and provincial governments. The federal government, starting in the early 1990s, and the provincial government, following suit in the mid-1990s, has forced the City of Toronto to take on the responsibility for a wide range of vitally important services without giving the City of Toronto enough money to pay for those services.

The last time City officials took the time to ask the people of Toronto about the important choices that make up a municipal budget was Mayor David Miller's Listening to Toronto meetings in 2003 and 2004. Two detailed reports were presented to City Council. In summary, the people of Toronto called for the City of Toronto to get more involved in affordable housing and homelessness, public transit and public health and to invest in vibrant communities – in other words, the City of Toronto needs to invest in building the City of Toronto.

The draft 2007 Toronto Operating Budget doesn't follow these choices. The numbers call for:

- ✓ an overall spending cut of \$25.2 million for Toronto's housing and homelessness programs;
- ✓ a 3.5% cut in homeless shelter beds, which means fewer beds for people forced out on the streets;
- ✓ a net spending cut of \$13.5 million for public health programs;
- ✓ a net spending increase of \$32.6 million for the Toronto police (the single biggest dollar increase of any municipal department or activity);
- ✓ only 524 new affordable homes in Toronto in 2007, well below the already-low target of 1,000 new affordable homes set by City Council (The 2007 budget list a total of 863 housing units, but 339 of those were carried over from 2006);
- ✓ a flat-lining of the overall budget for social development, which includes support for the city's 13 priority neighbourhoods, plus community partnerships throughout Toronto;
- ✓ a small increase in property taxes, but big increases in a range of user fees, along with the shutdown of some city services.

Wellesley Institute – HAN consultation produced specific plans

The Wellesley Institute – an institute dedicated to advancing urban health – partnered with Housing Action Now – a coalition of housing and homelessness organizations to ask the people of Toronto about their budget choices. We sponsored a public meeting at Toronto City Hall that drew almost 100 people on the morning of one of the worst late winter blizzards. We launched a housing and homelessness wiki – an on-line site to share information and collaborate about housing and homelessness – that has drawn almost 1,000 visitors in the last two weeks.

The Wellesley Institute released our *Blueprint to End Homelessness* in Toronto last fall. This is a practical, effective and fully-costed plan to end homelessness in Toronto. Since then, we have met with federal, provincial and municipal officials, community-based housing providers, private sector groups, service agencies, faith communities and many others to further develop the Blueprint and roll-out targets.

In the short time available at today's public meeting, there's isn't time to fully summarize all the information and ideas from our public meeting, our wiki and our Blueprint process. We are preparing a detailed report that will be distributed to all members of Toronto City Council with plenty of specifics.

Here are four key recommendations that have come out of these collaborative processes:

- ✓ **“Hey Toronto, can you spare a dime”** – a proposal to invest \$95 million in housing and homelessness programs (one dime per Torontonian per day) to fund 1,000 new homes; provide enhanced development assistance funding for 40 new project; \$6.3 million to maintain and enhance homeless shelter beds; and implement a comprehensive extreme heat response system;
- ✓ **No cuts to existing housing and homelessness funding** – reverse the recommendations in the draft 2007 budget to cut \$25 million from Shelter, Support and Housing Administration;
- ✓ **Enhance inclusive planning powers** – enhance the zoning and planning powers of the City of Toronto to require a range of income and housing types in all new developments in the city. This will require additional responsibilities for city planners and Toronto's Affordable Housing Office.
- ✓ **Expand Toronto's revenue base** – we support Mayor David Miller's campaign to get one cent of the existing GST for municipal needs. But this alone, combined with other revenues available to the City (including property taxes, grants and user fees) still falls short of the money required. Toronto needs a broad revenue base including new taxes that are available under the City of Toronto Act. We're glad that City Council has, somewhat belatedly, called for a review of possible new revenues, including new taxes. One useful new tax would be a land transfer tax to be devoted to new housing initiatives.

Thank you for the opportunity to make these submissions.

The Wellesley Institute is a community-based urban health institute that advances the social determinants of health through rigorous community-based research, reciprocal capacity building, and the informing of public policy.



The Wellesley Institute launched its **Blueprint to End Homelessness in Toronto** in the fall of 2006. For information, point your browser to www.wellesleyinstitute.com

The Wellesley Institute – Housing Action Now housing and homelessness wiki is posted at www.wiki.wellesleyinstitute.com

Hey, **Toronto**, can you spare a **dime**?

Housing Action: TO operating budget 2007



One dime per person per day would fund 1,000 new homes

Hey, Toronto – can you spare a dime? That’s what it would cost to launch a housing and homeless strategy. The City of Toronto will unveil its 2007 operating budget in March. Toronto has a multi-billion dollar budget, but City Council has not talked to the people of Toronto about their priorities. A broad-based group of housing and homelessness experts have prepared this plan to kick-start the municipal budget process. This is not a final list, but a start to the discussion. Toronto needs a range of responses from shelters to transitional and supportive housing to permanent, affordable homes, including housing and services that are targeted to, and controlled by, specific communities, such as Aboriginal people. We need measures that help people move from shelters to homes, but – at least in the short term – there will be a continuing need for more shelter beds to clear the huge backlog and the large number of “hidden homeless”.

The total proposed spending of \$95.3 million represents ten cents per Torontonian per day. It would fund 1,000 new affordable homes (the goal set by Toronto Mayor David Miller); plus 400 new hostel beds to ease the crowding in the city’s homeless shelters; along with the launch of a maximum temperature bylaw and other extreme heat relief measures. The upfront costs are significant, but initial investment would pay big dividends over time. A truly comprehensive housing and homelessness strategy – such as the Wellesley Institute’s *Blueprint to End Homelessness in Toronto* or the Toronto City Summit Alliance’s *Affordable and Adequate Housing for All* – requires reinvestment by federal and provincial governments. But Toronto cannot afford to wait for a new national or Ontario program to emerge from the current patchwork. Just as Winnipeg did with its Housing and Homeless Initiative in 2000, Toronto can take leadership in 2007 by putting municipal dollars on the table and continuing its advocacy with other orders of government.

Budgets are about choices

Budgets are about dollars and cents, and choices: What gets funded, what doesn’t. When it comes to housing / homelessness and Toronto’s 2007 operating budget, two facts emerge:

- **First, Toronto is facing a desperate affordable housing crisis and homelessness disaster. The costs of “doing nothing” is far greater than the costs of solutions.**
- **Second, the longer that the city delays, the higher the costs.**

For more information:

- The Wellesley Institute’s *Blueprint to End Homelessness in Toronto*
www.wellesleyinstitute.com/blueprint.

- The Toronto City Summit Alliance's *Affordable and Adequate Housing for All* www.torontoalliance.ca/summit_2007/pdf/Housing_Backgrounder.pdf.

Municipal budget fact\$:

In 2006, Toronto's operating budget was \$7.6 billion. Toronto has the eighth largest governmental budget in Canada – just behind provinces of Saskatchewan and Manitoba in annual spending; and well ahead of the four Atlantic provinces and the three northern territories.

DOLLARS IN: For every dollar that went into the 2006 municipal operating budget: 41 cents came from property taxes (tenants bear a bigger property tax burden than homeowners, though tenants' property taxes are "hidden" in rent payments); 25 cents from the province; 20 cents from other sources (including federal transfers); and 14 cents from users fees.

DOLLARS OUT: The biggest budget line is the police. In 2006, the police had an annual budget of \$796 million. After other revenue is added, the net cost to the city was \$751 million. The city's Shelter, Support and Housing Administration is a relative bargain: The annual budget was \$698 million in 2006. After federal and provincial subsidies, the net cost was \$276 million.

PER CAPITA: Torontonians paid 29 cents per day during 2006 for municipal housing and homelessness services.

Key housing and homelessness facts and figures:

- On the supply side, the ***overall number of rental units is dropping***, even as the population continues to increase. There have been no new affordable homes in more than half the city's municipal wards in recent years and, city-wide, more than half the so-called "affordable" units are not truly affordable to low and moderate-income households.
- On the affordability side, ***rents are continuing to increase*** even as tenant household incomes are stagnant or declining. The year 2005 saw an all-time record high number of renter households facing eviction in Toronto (up by 10% over 2004).
- There is a ***big gap between rich (mostly homeowners) and poor (mostly renters)*** and it is getting worse. During the 1990s, the richest 10% of Torontonians saw their family income increase by about 8%, while the poorest 10% had a drop of almost the same amount. The median (middle) household income in the Moss Park neighbourhood is \$15,357, while the median household income for the Bridle Path is \$183,377.
- ***Growing poverty and growing housing insecurity is triggering increased illness and premature death*** in Toronto. Geographic mapping shows that the poorest neighbourhoods also have the worst housing, and also the worst health. In the past 20 years, poverty and housing insecurity has radiated out from the inner city to the outer suburbs.
- The city's ***homeless shelters are crowded***: Hostels had 1,403,881 bed-nights in 2005 (number of occupied beds throughout the year), up from 1,363,593 in 1998. The occupancy rate in shelters was

consistently above 90% in the latter part of 2006, especially in shelters for women and in co-ed shelters (90% is the mark established by Toronto City Council that is supposed to trigger the opening of new shelter beds). The number of families in city shelters, after falling to 700 people in 2005, has increased by almost 25% in the past year.

- **Newcomers face significant housing and homelessness struggles.** Immigrants arrive in Toronto poorer than the resident population (an average of 60% of the overall Toronto income), and stay poorer for longer. Official projections say that Toronto will grow by half a million people over the next 25 years – and almost all the growth will be from immigration.
- **Aboriginal people bear a big share of the homeless and housing burden** even though they represent a tiny fraction of the overall TO population. Aboriginal people have a lower employment rate and a higher unemployment rate than non-Aboriginal people in Toronto. Toronto's recent homeless count identified one-in-four homeless people as Aboriginal.

Counting the costs of housing and homelessness:

H**HEALTH COSTS:** The death rate for homeless people is eight to ten times higher than housed people of the same age. Health profiles show that the poorest neighbourhoods – those with the worst housing – have the poorest health. Increased illness and premature deaths are the personal costs of insecure housing and homelessness.

S**OCIAL COSTS:** Poor housing and homelessness shatters communities. Poverty is persistent and deep in downtown neighbourhoods, and increasingly in the outer suburbs. Poor homes, poor neighbourhoods and poor services combine to create poor outcomes. Disrupted neighbourhoods are the social costs of insecure housing and homelessness.

E**CONOMIC COSTS:** Toronto's affordable housing crisis is hurting our economy and undercutting productivity and our competitiveness in the national and global economies. The Toronto Board of Trade stated in 2003: "Ultimately, the supply of affordable housing affects the success of all businesses. Along with other infrastructure components, it helps to determine whether or not companies and employees locate in the city." A drag on our economic competitiveness is the economic cost of insecure housing and homelessness.

A**DDING UP THE TAX BILL:** Inadequate housing, and homelessness, are costly for taxpayers. Thousands of homeless people are forced into homeless shelters. Hundreds of homeless people end up in jails. Homeless people and those who are poorly housed have a higher rate of illness. The monthly cost of a shelter bed is \$1,932; the monthly cost of a rent supplement in a private rental unit is \$701; and, the monthly cost of a social housing unit is \$199.32. High tax bills for hospitals and health care, police and jails, and social services are the public costs of insecure housing and homelessness.

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<i>Issue</i>	<i>What's in TO budget?</i>	<i>Our 2007 budget target</i>
Increase capital support for new affordable homes to meet city's target of 1,000 new affordable homes annually	No dollars in budget (city is expecting senior levels of government to pick up entire cost of new development)	1,000 new homes at \$75,000-per-unit average cost for a total of <u>\$75 million</u>
Support increased inclusive planning principles for new affordable homes	No direct city costs	No direct city costs
Increase project development funding to make sure that new homes gets built	Limited allocations in various city budget lines.	Forty projects at \$100,000 each for <u>\$4 million</u>
<p>Ensure safe and adequate shelter system for homeless women, men and children</p> <p>New shelter beds required to meet growing needs, especially for families, women, newcomers, Aboriginal people; and for additional geographic reach</p>	<p>TO budget 2006 included a 7.1% cut in overall number of bed-nights, even though the number of bed-nights has been increasing in recent years</p> <p>Capital budget 2007 contains partial replacement for closing of Edward Street hostel beds</p>	<p>2% hostel services increase to cover increased annual costs (gross \$2.4 million)</p> <p>Additional 400 hostel beds in 2007 (on top of replacement of Edward Street beds) (gross \$11.8 million)</p> <p>Total gross: \$14.2 million Net cost for TO: <u>\$6.3 million</u></p>
<p>Implement "Cool Toronto" extreme heat response</p> <p>Implement maximum temperature bylaw to ensure human safety in housing</p> <p>Top up existing spending on extreme heat to provide transport, heat registry, food and other basics</p>	<p>No allocation to date</p> <p>Some current funding</p>	<p>Implement comprehensive maximum temperature bylaw, including new inspectors Net cost for TO: <u>\$2 million</u></p> <p>Top up funding with an additional <u>\$8 million</u></p>