



John Tory  
Mayor

Date: December 11, 2019  
To: Executive Committee  
From: Mayor John Tory  
Re: City Building Fund

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Dear Executive Committee Members:

I write to you today ahead of what I expect to be another tough budget year for our city.

Toronto is booming – we are the fastest growing city in North America. But over the last year, it has become clear as we have examined our long-term transit and affordable housing needs and finalized our plans to build up Toronto, that we need to invest in our future to accommodate that growth and to protect our city's success.

Just a few months ago, for the first time, TTC staff determined that the TTC State of Good Repair needs and capital requirements necessary to support ridership growth to be \$33 billion over the next 15 years – over \$20 billion of which is just to upgrade and maintain our existing subway system.

We also know that over the next 10 years, through our HousingTO Action Plan, the City, the province and the federal government will all be asked to contribute \$8 billion each to ensure we are building more affordable housing – homes for young professionals, families, and seniors who want to live here in our city, as well as supportive housing for those who need it.

Each and every year that I have been Mayor, we have worked to find efficiencies to keep the cost of the City government low so we can invest in key services like transit, recreation and community safety, while keeping the annual property tax increase for the operating budget at or below the rate of inflation, particularly out of deference to issues of affordability for lower income residents and seniors.

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Three years ago we introduced a separate City Building Levy to help invest directly and only in major transit and housing capital initiatives, while limiting property tax increases for the day-to-day operating budget at inflation.

This dedicated levy ensured we have the funding to partner with the other governments to build SmartTrack stations within the city and transform Yonge-Bloor station for increased passenger capacity – something we need to do as we expand our transit system and make up for years of inattention.

But we know the work to make sure our house is kept in good order is never done.

The Ernst & Young study before Executive Committee today identifies millions in efficiencies that we will be implementing in the 2020 Budget, and that will lead to tens of millions in repeated and expanded savings in the following years for our operating budget. These include measures such as contract compliance and changes to procurement.

But what the E&Y report also shows and what we are hearing from our professional City staff is that despite our continuing efforts to run an efficient, well-managed and responsible government, we need to do more to make sure we are actually building up our city.

We are saving millions a year – over the last five years we have saved \$891 million - but we still need billions to build for the future and to invest in maintaining what we have built so far.

Building up the city will take investments from the federal and provincial governments. I have successfully secured billions from both those governments and I am committed to continuing to work to secure billions more over time from those governments to move our city forward - but it will also take us doing what we can at the municipal level to make these necessary additional investments.

The City of Toronto simply cannot wait for road tolls nor can we wait for a return of additional gas tax funding, both of which were denied us by successive provincial governments.

We cannot lament the current political climate as a reason for inaction in our city.

That is why I am proposing to extend the City Building Levy further into the future to raise approximately \$6.6 billion to invest directly in our transit system – including new subway cars, new streetcars, station improvements, and signal upgrades – and in building more affordable housing across our city.

This is the right thing to do to build up our city and protect its prosperity.

By approving an extension of this levy – which would translate to a 1.5 per cent City Building Levy per year for the next six years - we can raise needed funds that will be

dedicated to improving our existing transit system and building more affordable housing across our city.

Ensuring this is dedicated funding, unlike our general property tax revenue, will protect it through this term and beyond so that it is collected and spent for one purpose and one purpose only - building up and investing in our transit and housing infrastructure.

You know I have not made this recommendation lightly but you also know that this funding is absolutely needed. It is the only way given the limited current tools available to us and the current political climate, that we can raise the billions of dollars we need to invest in the future of this city.

This funding will help raise the approximately \$5 billion we need to invest in new subways, new subway signal systems, new streetcars, and station upgrades as our share of the almost \$30 billion transit agreement with the province.

It will help fund affordable housing projects so that we hit our target of approving 40,000 housing units within the next 10 years.

I believe City Council is ready to move forward to build up our transit and our affordable housing.

I am confident that this is the best way forward to protect Toronto's economic success which - given our economic power and the need for that prosperity to continue - is good for our city, our province and our country.

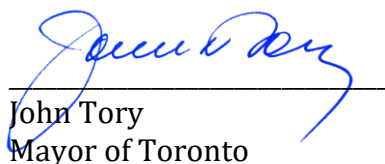
**Background:**

At its meeting on February 15, 2017, City Council approved the City Building Levy for priority transit and housing capital projects equal to a 0.5 percent residential property tax increase in 2017, with additional 0.5 percent increases in each year from 2018 to 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

**Recommendation:**

It is recommended that City Council direct the City Manager and Chief Financial Officer and Treasurer to develop the 2020 to 2029 tax-supported capital plan incorporating the additional revenue generated by an increase to the City Building Levy for priority transit and housing capital projects. The increase to the City Building Levy would start by adding 1% in 2020 and 2021 to the existing 0.5% increment, and an additional 1.5% annually from 2022-2025, inclusively.

  
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John Tory  
Mayor of Toronto