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2021 OPERATING BUDGET BRIEFING NOTE

Toronto Poverty Reduction Strategy

Issue/Background:

- In 2015, City Council approved the Toronto Poverty Reduction Strategy, a 20-year strategy to address immediate needs, create pathways to prosperity, and drive system change for those living in poverty in Toronto.
- The Poverty Reduction Strategy has 17 recommendations linked to a set of actions to be carried out over consecutive four-year terms of Council. In November 2019, City Council approved the 2019-2022 Term Action Plan which consisted of 32 Actions to be carried out over the course of the term, some of which require new investments.
- The Poverty Reduction Strategy focuses action on Housing Stability, Service Access and Coordination, Transportation Equity, Food Access, Quality Jobs & Liveable Incomes, and Systemic Change to advance equity, opportunity and prosperity for all Toronto residents.
- This briefing note provides a general status update for the strategy in light of the COVID-19 public health crisis and proposed new/enhanced investments for 2021.
- This note also responds to previous Council direction to provide a historical analysis of City spending related to the reduction and amelioration of poverty in an appendix. This analysis provides an upper bound analysis of this spending as it includes expenditures that have not previously been included in estimates of Poverty Reduction Strategy expenditures.
- A full update on the Poverty Reduction Strategy is scheduled to be submitted to City Council for consideration in the second quarter of 2021.

Key Points:

The COVID-19 pandemic has clearly demonstrated that there are significant systemic vulnerabilities in the social and economic infrastructure of communities. These vulnerabilities have resulted in COVID-19 taking advantage of social and economic inequities that are a result of poverty in Toronto. As summarized in Toronto Public Health's COVID-19 dashboard, about half (48%) of reported COVID-19 cases with valid income data up to October 31st were living in households that could be considered lower income, compared to 30% of the population of Toronto in 2016 that met the same definition.

Though troubling, this is not surprising. The City of Toronto has long understood that social and economic conditions, particularly poverty and systemic racism and discrimination, have a determinative impact on health outcomes.

Consequently, the work of the City of Toronto in supporting residents in poverty rapidly adapted in 2020 to mitigating and responding to the most immediate social and economic impacts of

COVID-19. Supports that were delivered to vulnerable residents to address their immediate needs include:

- Over 400 community organizations engaged as part of the Community Coordination Program
- Over 5,600 calls for referrals to mental health supports have been made, with over 59,000 mental health contact sessions
- Over 36,000 food hampers and over 513,000 prepared meals to vulnerable Torontonians who were unable to get groceries or access food supports
- 40 new shelter locations opened to create physical distancing in the shelter system and provide spaces for more than 1,000 people to move indoor from encampments
- 2,500 people successfully connected to permanent housing from shelters, through a combination of housing allowances and rent-geared-to-income units (a 50% increase compared to the same time last year)
- Free 24/7 Emergency Child Care Centres for essential workers from March to June

Notably, COVID-19 has demonstrated that the City can adapt and implement new, innovative models of collaboration and support for residents living in poverty. These innovations, such as rapid rehousing, development of more collaborative community engagement processes, and relaunching the Fair Pass Transit Discount Program using a modernized, digital-first approach can and will be leveraged to improve supports for residents living in poverty in the future.

Implementing the 2019-2022 Poverty Reduction Strategy Action Plan

The Poverty Reduction Strategy Office will be reviewing the 2019-2022 Poverty Reduction Strategy Action Plan to identify ways in which its activities can contribute to the City's recovery and rebuild efforts. For example, in 2021 the Poverty Reduction Strategy Office will be working on developing models of community wealth building to contribute to more inclusive economic recovery and development, as well as ensuring that the development of an Indigenous-led poverty reduction plan, the Tkaronto Prosperity Plan, continues without interruption.

However, this work is constrained by the reality that COVID-19 is placing a significant financial strain on the City. This includes a significant pressure on the shelter system, costing over \$273M to sustain the COVID-19 shelter response in 2021. City staff will be working to identify ways to implement key strategic priorities in the Poverty Reduction Strategy in light of these significant financial pressures, including advancing first those activities that can be achieved within existing resources.

Overall, the current Poverty Reduction Strategy Action Plan, adopted by City Council in Fall 2019, includes 90 discrete activities. Currently:

- 36 of these activities (40% of all Poverty Reduction Strategy activities) are classified as being achievable within existing resources
- 31 activities (34%) are classified as in development
- 23 activities (26%) are subject to budget approval and increased funding from other orders of government

A full update on the Strategy, including status for each of these activities, is scheduled to be submitted for Council consideration in the second quarter of 2021.

New/Enhanced Poverty Reduction Strategy Investments in 2021

Between 2015, when the Poverty Reduction Strategy was first adopted and 2020, the City of Toronto has invested a total of \$282M (gross), \$186M (net) in new and enhanced services to support poverty reduction.

For 2021, the staff recommended operating budget recommends an additional \$8.1M (gross), \$4.5M (net) in new and enhanced services. These new and enhanced investments include a mix of investments that meet immediate needs, create pathways to prosperity and drive systemic change:

- Increasing transit affordability for approximately 25,000 more low-income residents by expanding eligibility to the Fair Pass Transit Discount Program
- Unlocking employment and economic opportunities created by City of Toronto development projects by providing backbone support to implement community benefits agreements
- Increasing the City's capacity to identify, monitor and address inequities in Toronto through the creation of a Disaggregated Data Unit
- Increasing access to library services through the elimination of children's library fines

Table 1. New and Enhanced Services in Staff Recommended 2021 Operating Budget

Service	In \$ Thousands		
	Gross	Revenue	Net
Expand Fare Pass Program Eligibility	\$2,900	\$0	\$2,900
Community Benefits Framework	\$582	\$0	\$582
Creating a Data for Equity Unit	\$389	\$0	\$389
Confronting Anti-Black Racism and Poverty Reduction Alternative Service Delivery Model Development	\$389	0	\$389
Children's Library Fines Elimination	\$0	(\$300)	\$300
Housing Now Initiative (City Planning)	\$455	\$455	\$0
Housing Now Initiative (Engineering and Construction Services)	\$266	\$266	\$0
Housing Secretariat Small Sites Pre-development and Pre-acquisition Work Funding	\$2,000	\$2,000	\$0
Housing Now - Small Sites Pre-development & Pre-Acquisition	\$922	\$922	\$0
AnchorTO Dedicated Support	\$189	\$189	\$0
Confronting Anti-Black Racism - Fee for Consultation Service	\$0	\$50	(\$50)
Total	\$8,092	\$3,582	\$4,510

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Appendix 1:

Historical City of Toronto Expenditures on Programs that Support Residents Living in Poverty

The strategic actions carried out to implement the Poverty Reduction Strategy are a subset of a much larger portfolio of programs, supports and initiatives that carry out the ongoing mandate of the City of Toronto to support vulnerable residents, including those living in poverty.

In response to a request from Council (2019.EX10.1), the Poverty Reduction Strategy Office has identified and summarized historical budgeted expenditures from City of Toronto programs that are relevant to supporting the needs of residents in poverty starting from 2016.

To conduct this analysis, divisional and agency program budgets were disaggregated by functional service areas as defined in the City's financial reporting systems. Service areas that include programs, supports or initiatives that are relied upon by residents living in poverty were included in the analysis. Specifically, service areas that were included were those that aligned with addressed one or more of the following 6 conditions of poverty, as defined in the Poverty Reduction Strategy:

- Housing instability and unaffordability
- Lack of access to quality, effective services or programs resulting from social and economic disadvantage
- Inequitable access to transportation
- Lack of access to food
- Unemployment, precarious work and inadequate wages
- Systemic barriers, including policies, that exclude residents from supports, meaningful economic participation or decision-making processes due to their social and economic status

Note that functional service areas are broad programmatic categories, so not all work that is associated with the budgeted expenditures are necessarily intended to only support residents living in poverty. Many of these expenditures are universal or general programs available to all residents. Moreover, not all programs and supports that residents living in poverty utilize are necessarily considered strategic investments associated with the specific activities identified in the Poverty Reduction Strategy's action plans.

For capital expenditures, the City's capital budget does not classify projects based on whether it supports residents living in poverty. In most cases, capital projects actually serve many purposes and cannot be disaggregated cleanly based on whether it specifically is designed to support residents in poverty. For this analysis, a tally of capital programs within which there are projects that contribute to supporting residents in poverty can be estimated.

As such, the figures in this analysis act as a "poverty amelioration and reduction lens" on the City budget, and should only be considered as an upper bound estimate of what the City of

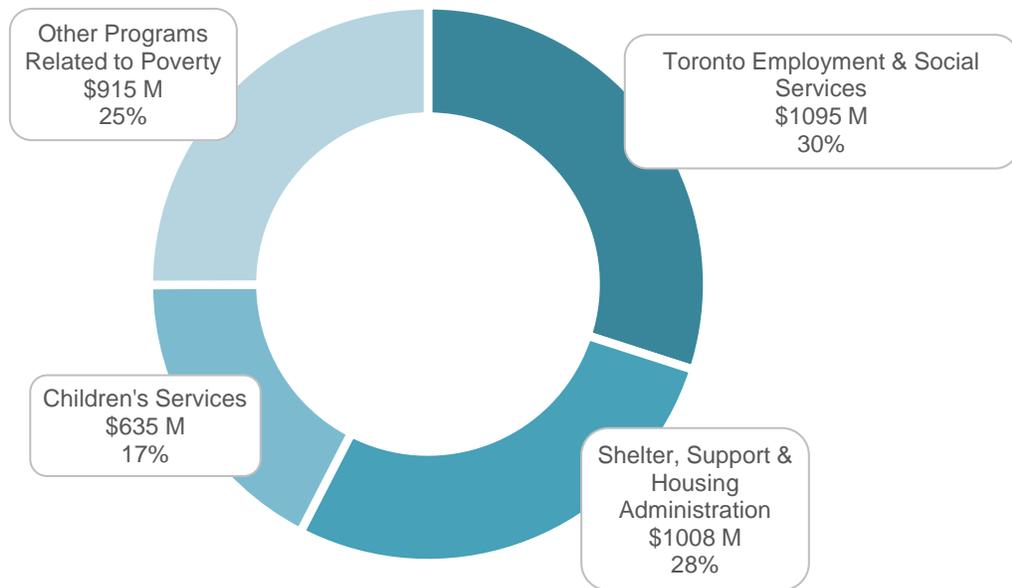
Toronto has allocated towards programs and capital infrastructure that support residents living in poverty. Expenditures for programs that are specifically targeted towards residents in poverty will necessarily be lower.

Operating Budget

Based on this methodology, up to \$3,652M (gross), \$1,337 (net), or 31% of the total planned gross expenditures the 2020 Operating Budget could be considered to be supporting residents living in poverty¹.

The majority of these planned expenditures were focussed on mitigating the worst impacts of poverty by working to meet their immediate needs. For example, around \$2,102M, or an estimated 58% of gross expenditures for poverty related programs in the 2020 Operating Budget was allocated to shelters, housing and social assistance supports.

Chart 1. Budgeted Gross Expenditures for Programs Related to Poverty in 2020 Operating Budget

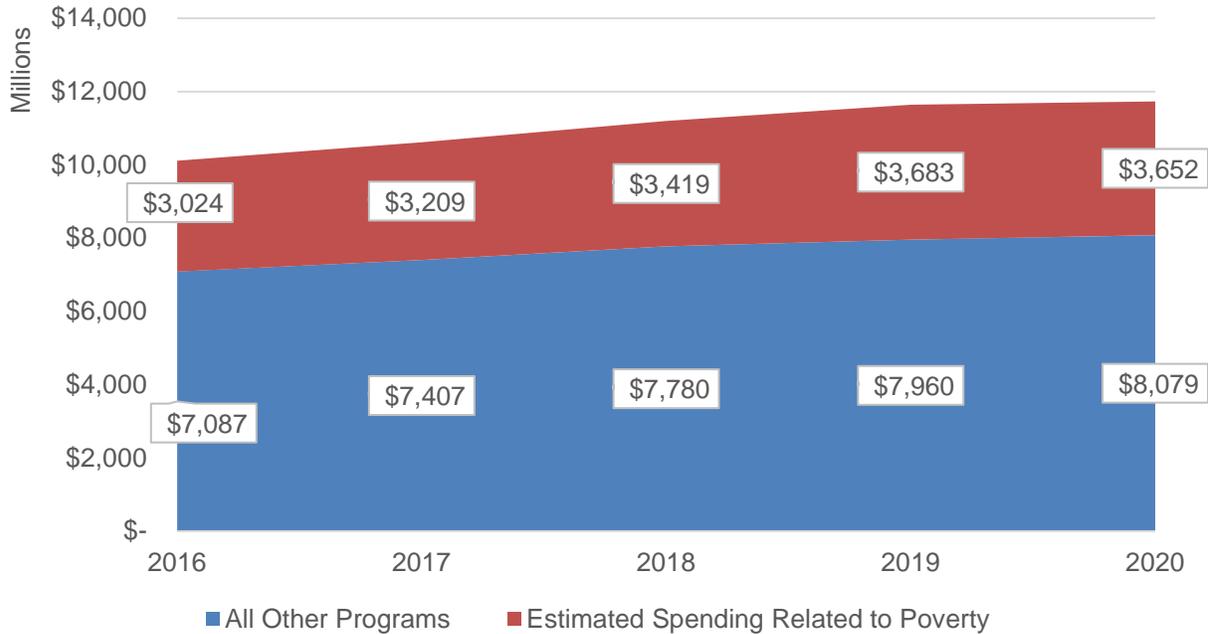


A significant proportion of this spending is funded by and delivered for the Provincial and Federal governments. In 2020, Provincial and Federal subsidies for poverty related programs at the City was \$2,000M, funding approximately 55% of these programs' gross expenditures.

¹ Due to the COVID-19 emergency response, actual expenditures for 2020 will vary from budgeted figures.

Between 2016 (the first budget year since the inception of the Poverty Reduction Strategy) and 2020, inclusive, the total budget allocation for program service areas that help to support residents in poverty totalled approximately \$16,988M (gross), \$6,107M (net).

Chart 2. Estimated Gross Expenditures for Programs Related to Poverty (2016-2020)

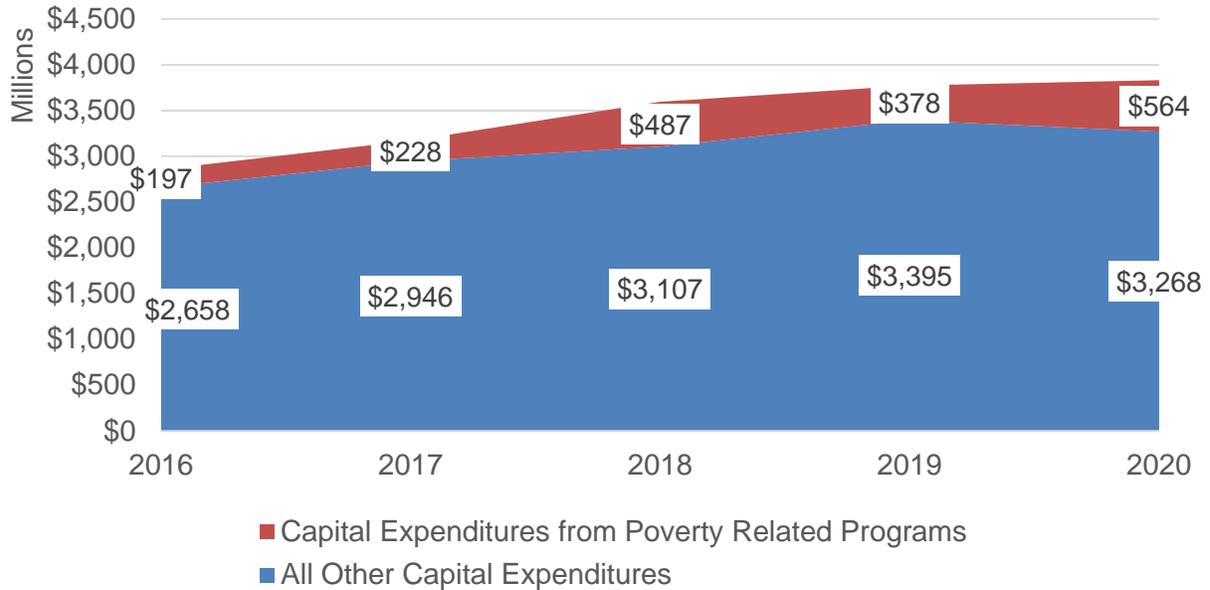


Capital Investments and Assets

Investments in capital infrastructure support these programmatic expenditures. In 2020, up to \$564M was projected (as of September 2020) to be spent from the capital budgets of programs, within which initiatives exist to help support residents in poverty.

Between 2016 and 2020, total capital investments from these programs totalled \$1,854M, or 11% of the \$17,227M in total capital spending over the last five years.

**Chart 3. Capital Expenditures from Programs Related to Poverty
(Actual Expenditures 2016-2020)**



(2020 expenditures are projections as of September 2020)

These figures do not include capital investments by the Toronto Community Housing Corporation which has a separate budget process from the City of Toronto.

Overall, these capital investments contribute to the broader asset portfolio of the City of Toronto, with an estimated total asset value of \$101.5B that includes 58,500 public housing units valued at \$10.5B.