

A Framework to Advance Inclusive Economic Development in Toronto

Date: March 14, 2024

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture; Executive Director, Social Development, Finance and Administration; Executive Director, Employment and Social Services; Interim Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This report proposes the endorsement and application of a three-pillar framework to advance city-wide inclusive economic development (IED) and neighbourhood / area focused community economic development (CED) in Toronto. The three pillars of the proposed IED framework are (a) inclusive workforce development and sector pathways; (b) inclusive entrepreneurship and asset ownership; and (c) research, monitoring and equity impact.

This framework posits that inclusive economic development occurs when economic opportunities and outcomes improve across Toronto's population and neighbourhoods - including its Indigenous, Black and equity-deserving communities - in parallel to overall growth of the city and regional economy. IED refers specifically to municipal touchpoints with the labour market and Toronto business sectors, particularly focussed on supports for employment pathways, entrepreneurship and business development.

This framework provides definitions of key terms that can be consistently used by City divisions and agencies. Further, it clarifies how existing initiatives being led by different divisions complement each other but also what gaps remain and what tools may not be available to municipal government. Finally, the report positions inclusive economic development as a necessary objective of the City's forthcoming Action Plan for Toronto's Economy (APTE), where further IED actions will be specified.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the Executive Director, Employment

and Social Services, and the Interim Chief Planner and Executive Director, City Planning recommend that:

1. City Council adopt the three-pillar framework to advance inclusive economic development, shown in Appendix A, and direct City staff to apply it as the basis for relevant program development and service reviews, plans and strategies related to Toronto's economic development, including the forthcoming Action Plan for Toronto's Economy.
2. City Council direct the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration and the General Manager, Employment and Social Services, in collaboration with other relevant divisions and agencies including the Toronto Public Library, to identify available metrics of economic inclusion/polarization across Toronto and include these in the City's Economic Dashboard and other reports to Council on city and regional economic development trends.
3. City Council direct the Interim Chief Planner and Executive Director, City Planning, when commencing new or updated Secondary Plans and associated community engagement processes, to consult with the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, and the General Manager, Employment and Social Services on ways to integrate inclusive economic development and mitigation of commercial displacement into the area-based planning process and whether a parallel Community Development Plan process should be initiated jointly.
4. City Council direct the General Manager, Employment and Social Services and the General Manager, Economic Development and Culture, in consultation with the Executive Director, Social Development, Finance and Administration, and Chief Librarian, Toronto Public Library to formally align previous Council directions provided on workforce development with the inclusive economic development framework shown in Appendix A and report back in Q1 2025 on opportunities to better coordinate City-led workforce development initiatives in addition to collaborating with other orders of government with a focus on improving economic outcomes for low-income residents, social assistance clients and equity-deserving communities.

FINANCIAL IMPACT

There are no additional current year financial implications resulting from the adoption of the recommendations contained in this report. The staffing resources required to implement the recommendations in the report can be accommodated within the 2024 Council Approved divisional operating budgets. Any new program or policy areas will be included in the forthcoming Action Plan for Toronto's Economy to be considered as part of future budget processes, subject to the City's financial and resource capacity against other critical City-wide impacts.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

In May 2023, City Council considered item EC3.5 - Employment Services Transformation: Recommendations on the City's Role and directed staff from the Employment and Social Services (TESS) division, in consultation with Social Development, Finance and Administration (SDFA), Economic Development and Culture (EDC), and the Toronto Public Library (TPL), to provide an overview of City of Toronto workforce development initiatives and report back in 2024, alongside the Economic Development Plan and Inclusive Economic Development reports, on opportunities to strategically coordinate and collaborate with other orders of government on City workforce development initiatives, with a focus on low-income residents, social assistance clients and equity-deserving communities.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EC3.5>

In July 2022, City Council considered item EC31.19 - Economic Development and Culture Division Strategic Directions 2022-23. One of the five strategic directions proposed to guide the work of the Economic Development and Culture division over the following 18 months was addressing economic inequity and developing a coordinated approach to inclusive economic development. Recognizing economic development as a City-wide function involving multiple divisions, City Council requested staff "to continue to collaborate and bring forward a report on a coordinated approach to advance inclusive economic development with the objective that economic opportunities and outcomes improve across Toronto's population - including its Indigenous, Black and equity-deserving communities - in parallel to overall growth of the city and regional economy."

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EC31.19>

In November 2019, City Council considered item EX10.1 and adopted the Toronto Poverty Reduction Strategy (PRS) 2019-2022 Action Plan, with recommendations to advance the City's poverty reduction priorities for the term. Among the actions in the 2019-2022 PRS Term Action Plan was a commitment to "develop sustainable models of inclusive economic development."

<https://secure.toronto.ca/council/agenda-item.do?item=2019.EX10.1>

EQUITY IMPACT STATEMENT

The inclusive economic development framework proposed in this report responds to ongoing and growing disparity of economic outcomes and opportunities within Toronto's labour force and between communities. It aims to support the coordination and alignment of various City policies and programs across divisions, including those related to employment and entrepreneurship. In so doing, it is anticipated that the proposed IED framework will align and complement several of the City's Reconciliation and equity strategies and help to address barriers to employment and entrepreneurship facing Indigenous, Black and equity-deserving communities. The city's definition of equity-deserving communities includes racialized people, newcomers, persons with disabilities, women, 2SLGBTQ+ communities, youth and persons with low income.

This report recommends continued interdivisional collaboration in the community planning process to more effectively address place-based community economic development while mitigating displacement pressures. Additionally, the IED framework includes a research, monitoring and equity impact pillar that can help illustrate and track how economic polarization is correlated or particularly acute for equity-deserving communities and to what degree these trends persist across generations.

Finally, while the IED framework encompasses programs and initiatives targeted to directly benefit Indigenous, Black and equity-deserving communities, it aligns these with initiatives that apply a different lens focussed, for example, on specific industries. The coordinated approach can have a positive equity impact even in addressing career pathways and entrepreneurship opportunities within a sector, giving more prominence to sectors that draw on a labour force composed of many diverse demographic groups.

COMMENTS

Background

With significant shifts in global economic trends over the past several decades, most jurisdictions have aimed to foster a competitive environment and attract new investments to ensure continued growth. This focus has often been accompanied by the assumption that overall economic growth would lead to improved economic outcomes and opportunities across labour force members, households and neighbourhoods. Even if better jobs and higher incomes were not available to all, at least expanded social programs could be funded by a growing tax base. However, a growing body of evidence suggests these assumptions were incorrect or incomplete.

As compared to other jurisdictions in North America, Toronto has thrived economically over the past several decades, avoiding the decline of other manufacturing centres by successfully attracting investment and workers and growing clusters in a variety of strategic industries. The region is firmly embedded as a hub in international supply chains, and Toronto continues to appear near the top of many global city rankings. The city has successfully re-established its competitive business environment relative to surrounding municipalities and now competes with other globally significant economic city-regions.

Yet overall economic growth has not been equally or equitably shared and many Toronto residents and neighbourhoods have not, historically, participated in the benefits of this growth. According to the 2021 Canadian Census, close to 35% of Toronto residents made an after-tax income of less than \$30,000 a year, whereas an estimated 10% made an income of more than \$120,000. The overall average after-tax income was reported at \$49,080. Census data collected every five years shows a pattern of average income levels in individual Toronto neighbourhoods moving further away, both up and down, from the overall city average.¹

¹ [The Three Cities Within Toronto \(neighbourhoodchange.ca\)](https://neighbourhoodchange.ca)

Corresponding studies over the past decade, in Toronto and elsewhere, have highlighted the existence of an 'hourglass' economy with growing concentrations of both relatively high-paying and low-paying jobs and a thinning or squeezing out of middle-income jobs.² Additionally, jobs at the lower end of the income scale are increasingly likely to be precarious in other ways including variability of hours, lack of security and fewer non-monetary benefits.³ Recent Toronto Employment Survey data also shows volatility over the past five years in part-time employment. Prior to 2020, part-time work was increasing much faster than full-time work, but in 2020 and 2021 many more part-time jobs were lost as a result of the pandemic. Between 2022 and 2023, growth in the share of part-time versus full time jobs resumed.⁴

These trends have left many Toronto residents more vulnerable to economic shocks. In the early months of the pandemic, workers in workplaces and industries that did not enable or allow for work from home or provide adequate paid sick leave would have had to navigate bigger challenges to their health and economic livelihood. Further, wealth and asset ownership inequality between communities has also dramatically increased over time, as house prices and rents have risen much faster than median incomes.⁵

Inclusive economic development (IED) is defined here as an approach that will deliver improved economic opportunities and outcomes across Toronto's population and neighbourhoods - with an intentional focus on Indigenous, Black and equity-deserving communities - in parallel to overall growth of the city and regional economy. The IED framework expands the standard definition of economic development success (based solely on growth) by adding measures of economic opportunity, inclusion and inter-generational mobility. While growth and economic resilience remain as key economic development goals, this new approach applies City resources and policies to shape an economy that provides more residents with the opportunity to participate in and benefit from growth.

Alignment with Reconciliation and Equity Strategies

Recognizing the negative impacts of systemic, structural bias and inequity, Council has directed staff to apply an equity lens to all policy and program development, guided by strategies like the Toronto Action Plan to Confront Anti-Black Racism (CABR) and the Reconciliation Action Plan (RAP). In alignment with these and other City Reconciliation and equity strategies, the IED framework establishes key definitions and aligns City strategies to more effectively advance programs and policies that impact Toronto job seekers and entrepreneurs. Many of the policies and programs that fit within each of the three pillars of the IED framework were shaped by engagement between the City and equity-deserving communities.

² [TWIGpaper3 \(icecommittee.org\)](#)

³ [Working Without a Net | The Mowat Centre \(utoronto.ca\)](#)

⁴ (Source: Toronto Employment Survey, Planning Research and Analytics, City Planning Division)

⁵ (Source: Statistics Canada for income data and Toronto Region Real Estate Board for house price data)

Several of the City's reconciliation and equity strategies include actions and objectives that respond to economic exclusion faced by Indigenous, Black and equity-deserving communities. These strategies address barriers with tailored actions. For example, the RAP contains actions to improve Indigenous economic development, including enhancing support for Indigenous businesses. The CABR Action Plan encourages the City to increase the number of Black vendors engaged annually via procurement alongside other measures to increase economic opportunities for Black Toronto residents. The City's Poverty Reduction Strategy includes a recommendation to leverage the economic power of the City to stimulate job growth, support local businesses and drive inclusive economic growth and the Community Benefits Framework and Social Procurement Policy aim to achieve these objectives. Further, the City has long applied a community building lens through the Official Plan and the Toronto Strong Neighbourhood Strategy, and more locally focused Secondary Plans and Community Development Plans.

This framework to advance IED supports all of these equity-advancing strategies and actions by helping staff across divisions align efforts. The framework enables a broader understanding and application of the City's workforce and business support levers, whether focussed on specific equity-deserving groups and communities or on broader business sectors and overall polarization of economic outcomes.

Alignment with Official Plan

Similar to its alignment with the City's Reconciliation and equity strategies, the IED framework's focus on employment, entrepreneurship and ownership supports is aligned with and informed by the goals and policies of Toronto's Official Plan (OP). Section 3.5.1 of the OP includes a set of policies to create a strong and diverse civic economy including "promoting infrastructure and support programs to ensure that all Torontonians, particularly equity-seeking groups, such as racialized youth, persons with disabilities, single mothers and newcomers, especially refugees, have equitable access to employment opportunities."

Chapter 5 of the OP speaks to implementation and making things happen. Section 5.3.4 provides direction on leadership and advocacy, stating how OP goals ought to be achieved through "partnerships with other levels of government, the business sector, labour and non-governmental and community organizations." Under Great City Campaigns in Section 5.3.5, the role of communities is elaborated: "Campaigns and campaign projects will promote creative community partnerships, public engagement and community-based leadership and where appropriate, link with existing City initiatives, to maintain a vital, attractive and economically competitive Toronto."

Framework to Advance Inclusive Economic Development

While it is recognized that economic outcomes and opportunities are linked to multiple policy areas including access to quality childcare, safe and reliable transit options, bridging the 'digital divide' and housing affordability, the coordinated approach to

advance IED proposed as a framework in this report primarily addresses municipal touchpoints with the labour market and Toronto business sectors, including supports for employment pathways, entrepreneurship and business development.

With this specific policy scope, this framework seeks to establish definitions of key terms, develop key metrics and data sources to track progress and outcomes, clarify City roles and responsibilities, and strengthen opportunities for collaboration across City divisions and with external partners. This is a critical step for the development of impactful policies and program actions, some of which will be further specified in the forthcoming Action Plan for Toronto Economy.

The chart in Appendix A provides an illustration of the key elements of the IED framework. The framework includes three pillars, each with specific policy/program areas, and one cross-cutting community economic development component to enable the place-based application of inclusive economic development in particular communities. These elements of the framework are summarized below. Appendix B explains policy/program areas within each pillar, provides examples of existing initiatives and lists opportunities for further exploration.

- *Pillar A: Inclusive Workforce Development and Sector Pathways*

Inclusive workforce development is a key pillar of the IED framework and can be advanced with a focus on pathways through specific industry sectors. Workforce development refers to a collection of services, supports and programs aimed at developing a skilled workforce (supply) that meets labour market need (demand). To best achieve this outcome, workforce development initiatives should simultaneously focus on the jobseeker and the employer. Workforce development approaches may be place-based, focused on the needs of jobseekers within a specific community, or sector based, focused on the needs of employers and labour force members in growing and in-demand sectors.

Current City-led workforce development initiatives tend to focus more on jobseekers than employers or in-demand sectors and have traditionally prioritized the needs of residents further from the labour market. These programs include a combination of key elements of workforce development such as training/skills development, employment services, wrap around supports and policy levers intended to promote equitable access to the labour market, poverty reduction and economic inclusion.

Historically, workforce development and economic development were seen to have different missions, with the primary link between them being labour market information. However, increased polarization highlights the need for both employment and entrepreneurship/ownership approaches that consider the barriers that limit and impact the economic wellbeing of Toronto residents including Indigenous, Black and equity-deserving communities.

The City's Council-adopted Community Benefits Framework is a concrete example of achieving inclusive workforce development. When the City buys and builds, this policy and program framework guides City divisions and agencies to leverage City agreements, such as procured services or leases. Community benefits clauses

embedded in City agreements can require parties to create inclusive workforce development opportunities that reach Torontonians who identify with Indigenous, Black or equity-deserving communities. Community benefits inclusive workforce development approaches involve an ecosystem of players (including community partners, skilled trades unions, developers, employers, employment service providers and training programs) that must work together in various roles and capacities to support the supply of job seekers to meet the demand of community benefits hiring opportunities.

Council has directed TESS in collaboration with other City divisions to report back on City-led workforce development initiatives and opportunities to strategically coordinate and collaborate with other orders of government on City workforce development initiatives, with a focus on low-income residents, social assistance clients and equity-deserving communities.

Establishing inclusive workforce development as a pillar of inclusive economic development provides an opportunity to bring greater coordination to City-led or supported initiatives to improve labour market outcomes for residents. It will help the City and its partners to navigate significant jurisdictional policy changes resulting from the Ontario Provincial Government's implementation of Employment Services Transformation (EST) over the next two years. Positioning this pillar within an overall coordinated framework helps demonstrate how programs focussed on jobseekers and career pathways can align with efforts to support the growth of economic sectors on the business side. The link to community economic development shows how city-wide workforce and sector development initiatives can be tailored to respond to the needs of specific neighbourhoods and communities.

- *Pillar B: Inclusive Entrepreneurship and Asset Ownership*

This pillar of inclusive economic development aims to support more Toronto residents to start and grow businesses or secure an ownership stake in assets with potential to appreciate in value over time.

As with workforce development, the City has long provided entrepreneurship services and has increasingly focussed programming to support entrepreneurs from equity-deserving communities. For example, the Indigenous Centre for Innovation and Entrepreneurship, scheduled to begin operations in 2025, is a space committed to empowering Indigenous entrepreneurs and innovators.

Policies and programs within this pillar aim to ensure that appropriate production and retail spaces are available and affordable. Other policies, programs and partnerships address the risk of commercial displacement and help support longstanding community serving businesses, particularly in the retail sector, to thrive even as neighbourhoods change. This pillar also captures inclusive asset ownership which refers to emerging models like community land trusts and employee-owned businesses and trusts.

By including and distinguishing this pillar within the overall IED framework, it becomes clear how workforce development is not exclusively responsible for more inclusive economic outcomes. Many Toronto residents earn a living as business owners and entrepreneurship supports are an important and distinct element of a coordinated

approach. The community economic development component overlaid across the three pillars addresses how inclusive entrepreneurship and asset ownership policies and programs can be applied with a focus on residents of a particular neighbourhood or community.

- *Pillar C: Research, Monitoring and Equity Impact*

New City of Toronto economic development objectives need corresponding metrics of progress, to be measured and evaluated over time. This pillar acknowledges that the City will need to utilize new data and indicators to track IED impact and needs, including metrics of economic inclusion/polarization to be included in the City's Economic Dashboard and updates provided to City Council with particular emphasis on years when Census data is published.

Key indicators of IED will include different dimensions of individual and household incomes; for example, how household income varies across neighbourhoods and occupations. It will also be instructive to track part-time versus full-time jobs and growth in self-employed contract work. Additionally, this research, monitoring and equity impact pillar will endeavour to capture diversity and inclusion of workplaces and industries to reflect economic opportunities for equity-deserving communities, highlighting where the demographic composition of a labour force within an industry or occupation category does not represent Toronto's population.

Additionally, the research, monitoring and equity impact pillar relates not just to labour force outcomes in the inclusive workforce and sector development pillar, but also to the inclusive entrepreneurship and asset ownership pillar. For example, other key metrics to be tracked can help determine whether Indigenous, Black and equity-deserving communities have higher or lower rates of business formation than the overall population, and how access to financing and government procurement opportunities differ for different communities.

- *Community Economic Development*

As shown in the chart in Appendix A, overlaid on the three pillars explained above, a key feature of the IED framework is the application of place-based tools focused on particular neighbourhoods or geographic areas. The appendix chart labels this place-based application of IED as community economic development or CED. Although these terms have been used interchangeably in the past, this report suggests that CED be understood as a subset or specific place-based application of IED.

Residents and community organizations consistently identify place-based economic opportunity barriers with the expectation that the City can respond with effective policies and programs. But presently there is no a) recognized process that outlines when and where local economic development strategies should be developed and implemented, nor b) an established 'playbook' of studied and broadly understood policy, program and partnership approaches that can be implemented by municipal government and partners. In 2023 staff across divisions formed a Community Economic Development Working Group to begin to address these gaps.

There is an opportunity for the City to advance community economic development at the neighbourhood level through place-based area studies and community engagement initiatives. For example, a new model of inter-divisional community planning is being implemented in the Jane Finch and Downsview neighbourhoods which aligns an area-specific land use framework (Secondary Plan) with a Community Development Plan. City staff anticipate this model will result in more effective community engagement and draw on a fuller range of City policy and program levers and partnerships to address the complex intersection of economic, social, cultural and land use matters in a given community. Accordingly, this report recommends that City Council direct divisions to apply this approach in future area studies and community plans, as appropriate.

The chart in Appendix A shows policy/program areas and tools where each of the pillars intersects with CED. For example, the application of inclusive workforce development (Pillar A) in a specific neighbourhood could involve capital projects with local community benefits clauses; inclusive entrepreneurship (Pillar B) could involve procurement (where allowable under applicable trade agreements) from local suppliers or grants to mitigate the impact of new transit line construction; and research, monitoring and equity impact (Pillar C) can be used to benchmark neighbourhood level data and track change over time.

Community Economic Development supports many of the same goals as city-wide inclusive economic development and Toronto's Reconciliation and equity strategies, but maintains programmatic focus on employment, entrepreneurship and ownership opportunities in specific neighbourhoods and geographic areas.

Coordination of City Roles and Partnerships

While the proposed framework to advance inclusive economic development illustrates how existing City initiatives relate to each other, it also helps demonstrate and acknowledge the limitations of municipal government tools and where partnerships can be useful or necessary. By combining and illustrating the framework components, the proposed IED framework fosters a shared understanding and ability to manage the different roles the City plays when it comes to IED: policymaker, employer, procurer of good and services, convener, advocate/champion and funder, as shown in the chart and table in Appendix B.

For many relevant areas of jurisdiction, for example employment standards, authority rests with senior orders of government. In these cases, the City has a role to play to advocate for residents and City priorities via its intergovernmental communication channels. In other scenarios, the City can only be a convener and encourager of potential partners. For example, the AnchorTO network was convened with support from the City to share social procurement models and lessons learned with other public sector institutions like colleges, universities, hospitals and transit agencies to encourage them to adopt similar procurement goals.

The City also frequently partners with community-based organizations and foundations to help engage with residents and fund new initiatives, as with the Inclusive Local Economic Opportunities (ILEO) initiative funded by the United Way and corporate

partners. There is excitement that models like this can be scaled or applied to other locations, but given the external funding entities involved, the City will likely not have capacity to replicate them without the ongoing engagement of partners. Likewise, and maybe most notably in the realm of economic development, partnerships between municipal government and local private sector stakeholders are needed to advance several IED pillars and objectives including employment pathways, the provision of community benefits through land redevelopment and commitments to make services like banking accessible to all. Appendix C provides some examples of the contribution of partnerships and shared accountability in order to deliver various works to advance IED.

In the preparation of this report, staff intended to establish a clear coordinating framework across divisions and policy/program areas to leverage more inclusive economic development outcomes. But another very important goal is to clarify some of the levers that the City does and does not possess. In accepting accountability for certain roles and responsibilities, the City will be in a better position to identify other stakeholders, funders and decision makers as partners and to secure complementary commitments from them.

Next Steps

If adopted, the recommendations of this staff report offer some immediate next steps. First, the proposed coordinated approach to inclusive economic development can be a critical input to the development of the City's next Action Plan for Toronto's Economy, forthcoming later in 2024. Many of the actions to be evaluated for inclusion in that strategy will give shape to the City's commitment to more inclusive economic opportunities and outcomes.

Additionally, formally aligning Council direction regarding the City's workforce development efforts with its overall approach to inclusive economic development will inform the elaboration of workforce development policy and program options over the next year.

The report also gives direction to the Interim Chief Planner and Executive Director, City Planning to continue to lead a collaborative inter-divisional community planning process in upcoming area studies. A community economic development working group will continue to develop a toolkit as a starting point to be applied in these upcoming studies and plans.

And finally, the report gives staff direction to update research practices and products to be integrated in the City's Economic Dashboard and future presentations to City Council.

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ATTACHMENTS

Appendix A: Framework to Advance Inclusive Economic Development in Toronto

Appendix B: City Roles and Inclusive Economic Development Policy/Program Areas

Appendix C: Examples of Shared Accountability and Partnerships to Deliver Inclusive
Economic Development