



MAYOR
OLIVIA CHOW

February 1, 2024

RE: Getting Toronto Back on Track — 2024 Operating and Capital Budgets

I write to you to present the Mayor's proposed 2024 Operating and Capital Budgets for the City of Toronto. This letter outlines my changes to the Staff Budget to respond to the feedback I have heard from Torontonians and Councillors over the past several weeks.

Over the last decade, Toronto has become a harder place to live. The City has struggled to keep up with the task of providing the services people rely on.

We also know the financial challenges the City faces. We are facing a financial mess: a massive \$1.8 billion budget shortfall. While this unprecedented shortfall reflected the heavy costs incurred during the pandemic, it also reflected the end result of a financial strategy that papered over prior budget shortfalls.

Our budget process is always about choices, and we can no longer avoid the hard ones. In this budget, we can choose to fix what is broken. We can choose to address the financial mess that has left many parts of our city in disrepair. We can choose to protect our City's public services that make life more affordable and the city more liveable. With these choices and this year's budget, we can choose to **get Toronto back on track**. We can choose to start filling the hole and strengthen foundations as we build a city that's more **caring, affordable** and **safe**.

The 2024 budget protects the key services that are important to the people of Toronto. We're making critical investments in housing, transit, safety and getting the basics right by focusing on services that Torontonians expect, need and deserve, day in and day out. At the same time, we are addressing our \$1.8 billion shortfall responsibly, as we have delivered \$620 million through reductions and offsets. That is no easy task. I thank the City Staff and the Budget Chief and Budget Committee for their recommendations, all of which I have carefully considered for my budget.

I also thank the people of Toronto for their participation in the process. Torontonians responded to the online survey and participated in public meetings last fall. Even more people joined telephone town halls and made presentations at the Budget Committee sessions held

around the city. And I thank all the Councillors who held budget town halls with hundreds of local residents sharing their views and ideas. This participation has clearly demonstrated that the people of our city want and need us to succeed, and share our goal of getting Toronto back on track.

Securing the New Deal and federal funding

Immediately after assuming office, I turned my sights to the City's Long-Term Financial Plan. Together as a Council, we asked real estate speculators leaving their apartments empty in the middle of a housing crisis and those who can afford to buy luxury homes to pay a bit more. And most importantly, we re-engaged with the provincial and federal governments in a long-overdue conversation about our relationship, each order's responsibilities and the long-term financial future of our city.

As a result, we secured a New Deal for Toronto with Ontario Premier Doug Ford that provides historic, multi-year investments in transit and shelter operating funds. Through the upload of the Gardiner and Don Valley Parkway, we have unlocked billions in desperately needed capital funds. The capital budget I'm presenting to you reflects the new investments available in 2024 made possible by the New Deal funding from the Province and the highway upload.

The Government of Canada has also stepped up. The Prime Minister agreed to carry some of the costs of sheltering refugee claimants in the summer of 2023 and plans to do more. Last fall, I updated and re-submitted Toronto's application for the federal Housing Accelerator Fund. In December, I stood alongside Prime Minister Justin Trudeau, Deputy Prime Minister and Minister of Finance Chrystia Freeland and Housing Minister Sean Fraser to announce \$471 million in housing funds. I am confident the federal government will step up again to provide the funding necessary to support newly arrived refugee claimants based on the needs in our city. This promising dialogue continues as our budget process unfolds.

The New Deal also includes a shared commitment to continued intergovernmental collaboration toward securing Toronto's long-term financial sustainability. The New Deal Working Group continues to meet. I am optimistic since we are collectively committed to the success of Toronto, which is fundamental to the success of Ontario and of Canada.

PROPERTY TAX RATES

We all know that fixing the City's financial mess means tough choices. It's not easy to get back on track. In the face of the \$1.8 billion hole in our budget, while Torontonians are facing an affordability crisis, we cannot use cuts to the services people depend on as our way out of a mess. Addressing this opening pressure requires multiple approaches. First, City Staff have identified

over half a billion dollars in efficiencies and offsets. Second, we secured crucial operating funding through both the New Deal with the Province and Federal partnership. Finally, we have drawn on reserves as much as can be done responsibly to help close the gap. While we do all of this, we must increase revenues.

Through our extensive public consultations, we heard that Torontonians understand that this year they are being asked to pay more for their city. We also heard that affordability is an ongoing concern for many. Reflecting this feedback, the operating budget I am presenting is based on a property tax increase of 8%, which amounts to about 80 cents a day for the average Toronto household.

The impact of this increase will be offset with property tax relief programs for qualifying lower income people and seniors. They will also qualify for water rebate and solid waste rebate programs.

I am reducing the total multi-residential tax rate increase to 3.5%, so that it is below the provincial threshold whereby landlords apply for above-guideline rent increases. At a time when we know renters are already feeling squeezed, this reduction is an important measure.

The Capital Plan is based on the continued extension of the City Building Levy to 2035 as approved by City Council in previous years. As per the Budget Committee's recommendation, a proposed plan to allocate the majority of the capital funds made available by the upload of the Gardiner and DVP by Premier Ford in the New Deal will be brought forward in July 2024.

GETTING HOUSING BACK ON TRACK

To build a more affordable city we have to face the housing crisis head on. We need to meet the urgency of the crisis with the urgency of our actions. We need to build more housing, faster, empower and protect renters, prevent evictions and all while better supporting those experiencing homelessness.

Generational Housing Transformation

Last fall, I introduced an ambitious plan to build 65,000 rent-controlled homes, with thousands of below market and rent-geared-to-income units. This budget includes investments to help us meet these goals. The Housing Secretariat and Toronto Community Housing Corporation capital and operating budgets support the delivery of 24,500 new homes. Further, the budget provides for an additional 1,296 rent-geared-to-income units. These investments were included in the Staff Budget and I maintain them here.

Making Homes Affordable Forever

Drawing from revenue from the Vacant Homes Tax, the Federal Housing Accelerator Fund, the Provincial Building Faster Fund, and the CreateTO dividend, in my budget I am adding a historic \$100 million dollar investment, over three years, in the Multi-Unit Residential Acquisition program (MURA) for the City to expand its partnership with community nonprofits, Indigenous housing providers, land trusts and co-operatives to help them purchase units, take them off the market, and keep rent affordable. This allows us to protect thousands of affordable homes and prevent evictions, all without drawing from the property tax base.

With Toronto losing affordable housing 14 times faster than we're building it, this is one of the most immediate ways we can address our city's urgent housing affordability crisis.

Protecting and Empowering Renters

My budget includes new investments in crucial programs that keep a roof over people's heads, prevent homelessness before it happens and help ensure families aren't pushed out of our city.

I am investing an additional \$3.1 million for more support through the **Eviction Prevention in Community** program, more inspectors to uphold housing standards for **RentSafe**, and more funding for both the **Rent Bank** and **Tenant Support Program**. Together, these public services will help thousands of Torontonians stay housed, relieving impending pressure on our shelter system.

To better support people experiencing homelessness in our city, I am adding \$1.4 million for the 22 City-supported drop-in centres that provide services including food, healthcare, laundry, and referrals to people who are homeless or at risk of homelessness. This is on top of the \$82 million increase outlined in the Staff Budget for shelters and warming centres, which also includes \$200 million expected provincial support as part of the New Deal.

GETTING TRANSIT BACK ON TRACK

Torontonians deserve affordable, reliable and safe public transit. My budget maintains the improvements passed by the TTC board, including the plan to increase transit service to nearly pre-pandemic levels system-wide and hiring over 160 highly-visible TTC workers to improve safety.

Affordability is top of mind, so in keeping with the Staff Budget I will not be raising TTC fares.

I will continue to work with other orders of government to secure partnership and funding for the Line 2 subway cars that are in need of replacement.

Delivering the Scarborough Busway

My budget includes the funds to build the Scarborough Busway. There is no more salient an example of underinvestment in our city than the derailment and shutdown of the Scarborough RT. An entire rapid transit line - with a daily pre-pandemic ridership of around 40,000 people — closed with no replacement for 7 years. Transit riders deserve better. Scarborough deserves better.

Working with our TTC Chair and TTC Staff, the funds for the busway have been prioritized in the TTC's Capital Plan. My budget fully funds the construction of the proposed busway along the RT corridor, based on the preliminary cost estimates. Should additional funds be required once the design is fully complete, I will work with TTC to deliver incremental funding for this critical project.

GETTING BACK ON TRACK TOWARDS A MORE LIVEABLE CITY

Toronto should be a place people can rely on and enjoy because it gets the basics right, with services that are there for us when we need them.

A liveable city should have parks that are beautiful, welcoming places for families to enjoy. Roads that are well-maintained and not choked with gridlock. Garbage bins that aren't overflowing, and washrooms you can use when you need them. Rapid repairs to the infrastructure we rely on each day. That's the city we all know Toronto can be. And it's the city we all want.

That's why, leveraging capital funding made possible by the New Deal and upload of the Gardiner and DVP, my budget includes a new \$50 million **Back on Track Fund** — that will be available for urgent state of good repair work, accelerating much needed capital projects as well as fixing potholes, and beautifying our parks and public spaces across the city.

A SAFER, CARING CITY

Safety starts with investing in communities and improving neighbourhoods so that people have hope for the future. We accomplish this in many ways: through more affordable housing, more transit connections, attracting jobs and importantly, investing in youth. We need to give young people more places to be, and more programs that help them build their confidence and skills for the future.

Investing in young people

My budget will provide more opportunities for youth by investing in more community-driven, locally-developed youth programming for priority neighbourhoods. I am setting aside an additional \$2 million to this effort. This will include more community recreation workers to design and run programs, more employment and skill-building programs, and better priority access for local residents to programs. Further, through the Toronto Public Library, we're adding three additional Youth Hubs, which are drop-in spaces that give young people a place to go after school and to access programming. Last year, the Library's 24 Youth Hubs had 141,617 drop-in visits.

Keeping with the Staff Budget, my budget helps 220,000 young people access nutritious food in schools by funding the Student Nutrition Program to meet the inflationary rise in grocery prices.

This budget also expands community grants, through the Community Partnership and Investment Program, focused on building strong neighbourhoods and youth violence prevention in priority neighbourhoods. An investment of an additional \$795,000 here goes a long way toward helping young people and families thrive.

Care as a first response

In keeping with the Staff Budget and Council direction, my budget fully funds the new, fourth emergency service: the Toronto Community Crisis Service (TCCS). The TCCS is a caring approach to supporting people in crisis, where trained crisis workers respond, de-escalate, and refer people to appropriate mental health and other social services. By the end of this year, the service will be available city-wide.

Investing in Emergency Services

To keep people safe in emergencies, the budget also includes hundreds more firefighters, paramedics and support staff, and police officers and civilian staff.

There has been considerable debate over the police budget. In total, the police budget has \$59.7 million more operating budget space for 2024, that includes:

- \$25 million in direct, additional, property tax funding.
- \$10 million in a reserve for major events.
- \$24.7 million in operating budget space created through bridging strategies — for example, deferring contributions to reserves.
- More will be added for salary increases following collective bargaining this year.

Accountability and measuring progress

With added investments in City services, there must also be demonstrated improvements and efficiencies. As we get back on track, we will measure progress. Torontonians can expect clear service delivery targets, measurements and results, including:

- Number of housing approvals (both market and affordable) and the speed in which they were approved;
- Number of evictions prevented;
- Service levels, response time and user satisfaction of emergency services, TTC, libraries, community centres and other basic services tracked through 311, 911 and community crisis calls.

I have outlined my investments above on emergent priorities, with additional investments in programs totalling \$8.979 million and \$41 million for MURA (not from the property tax base). In addition, I have heard from many Members of Council and Torontonians about additional priorities. Some have a desire to restore windrow services into the budget. Others are interested in more funding to festivals, the arts and community safety. I have allocated \$8 million for the February 14 City Council meeting for a collective decision on these and other outstanding issues.

I'm proud of the budget we have built together. As always there's more work to be done with you, City Council, to make it final, and ensure it addresses the needs of Torontonians. We are getting our city back on track so we can build a caring, affordable and safe city, together.

Sincerely,



Mayor Olivia Chow