



## MAYOR OLIVIA CHOW

January 30, 2025

### **RE: The Road Ahead - 2025 Operating and Capital Budgets**

I write to you to present the Mayor's proposed 2025 Operating and Capital Budgets for the City of Toronto.

Over the last decade, Toronto has become a harder place to live. Far too many in our city are living paycheck to paycheck in the midst of a housing affordability crisis. Renters are fighting illegal evictions and soaring rents. Seniors on fixed incomes are facing increasing challenges aging in their home. Families are considering leaving because a good life in our city seems out of reach. Food Bank use is at record levels with more than 1 in 10 Torontonians relying on foodbanks, a third of which are children, youth and students. Our kids, the future of our city, are going to school on empty stomachs, unable to focus and learn.

And through these challenges over the last decade, the City struggled to keep up with the task of providing the services people rely on most. Financial challenges from heavy costs incurred during the pandemic, decades of underfunding from other orders of government, alongside the City's own failed financial strategy of papering over prior budget shortfalls, raiding reserves, and avoiding the hard choice of property tax increases have contributed to this decline.

From TTC service disruptions, to leaking roofs and overflowing shelters, the cracks from a decade of neglect are clear. Now, in this affordability crisis, people need public services most. Now is the time for rebuilding our city.

In 2024 we faced a \$1.8 billion budget shortfall. That's why, after a decade of neglect, we brought in a bold budget and a New Deal with the provincial government that worked to get our city back on track. We made significant progress over the last year with improved City services, faster emergency response times, and more shovels in the ground building affordable housing. And, for the first time in decades, we improved the City's credit rating to AA+ – saving Torontonians money on borrowing costs related to transit, housing, and more.

**BUDGET 2025**

Of course, our challenges are too great to solve in one year, but the hard choices made in 2024 are paying off for Toronto as seen in this year's budget. We started off the 2025 Budget with a \$1.2 billion budget shortfall. That's a \$600 million improvement from 2024. For the 2025 Budget we have successfully negotiated intergovernmental agreements that help us do more for Torontonians. At the same time, we are also addressing our budget shortfall by delivering another \$680 million in reductions and offsets.

The 2025 Budget makes important investments in building more homes faster, getting Toronto moving with historic investments in the TTC and traffic agents, feeding more kids through expanded school food programs and summer camps, and keeping Toronto safe by investing in anti-violence initiatives, including city-wide crisis response, and more front line emergency responders.

I thank Torontonians for helping to create this budget from the very beginning through the pre-budget consultations and again recently in response to the proposed budget. Thank you to the tens of thousands of people who participated in person, online, and on telephone town halls. People shared their ideas, their stories and told us about their priorities for how to make our city safer, more caring and more affordable.

I also thank the City Staff, the Budget Chief, and the Budget Committee members for their hard work and recommendations in this budget.

And thank you to all the Councillors who held budget town halls with hundreds of local residents sharing their views and ideas. It's clear Torontonians love our city and want to work together to make changes that will make lives better for themselves and all their neighbours.

The City budget is always about choices and, as Mayor, I refuse to avoid the hard ones. We must choose to fix what's broken. We must choose to address a decade of neglect and work to build a better life for Torontonians – to build a city that is more caring, affordable, and safe, where everyone belongs.

## **BOLD CHOICES IN 2024 DELIVERED RESULTS**

While there is much more work to do, it is important to share that the 2024 Budget delivered results for people.

We helped move 4,344 people out of shelters and into permanent housing. We established incentives to develop more than 12,000 new rental homes quickly, including homes people can afford.

We increased library hours across the city, added Sunday library service, opened youth hubs, added more recreation spaces, and increased the number of students fed in the School Food Program.

We filled 42% more potholes than the previous year, hired traffic agents to keep people moving and added TTC service while freezing fares. With the addition of 52 Firefighters, 59 Paramedics, and 307 Police officers in 2024, and the move to 24/7 city-wide crisis response service – we reduced police response time by 5.7 minutes over the last year.

In late 2024 we surveyed Torontonians to see if our work was delivering results. The Listening to Toronto Survey, presented to our Service Excellence Committee in November, showed satisfaction is very high with nine out of ten Torontonians who use our recreation programs or services saying they are satisfied with their experience. And a large majority in Toronto, 80%, saying they are satisfied with our parks and indoor spaces. Among those who contacted the City, three quarters told us they are satisfied with their most recent interaction. And there's still much more work to do.

## **A BETTER DEAL FOR OUR CITY: SUCCESSFUL INTERGOVERNMENTAL NEGOTIATIONS**

Through the Toronto-Ontario New Deal, we secured \$1.2 billion in operating support over 3 years. The Gardiner Expressway and Don Valley Parkway upload to the province provided \$1.9 billion relief in the City's capital budget which we have now allocated to fix the TTC, the housing crisis, parks, community centres, Toronto Community Housing repairs and more. We secured \$73 million from the provincial government to get construction on the Gardiner completed sooner and drivers out of congestion one year faster.

We exceeded our housing targets and received \$114 million from the Provincial Building Faster Fund and negotiated hundreds of millions in Federal Housing Accelerator

Funding, which we are using to build more housing faster. We also landed a \$975 million Waterfront deal, to build 14,000 new homes, including thousands of units of affordable housing, and the needed infrastructure to support new neighbourhoods along the waterfront.

We secured \$1.2 billion from the Canada Public Transit Fund, which combined with the provincial commitment in the New Deal and Toronto's own contribution means we are finally able to purchase new subway cars and bring in a new modern signaling system for Line 2.

We worked hard and secured hundreds of millions in Federal Interim Housing Assistance Program (IHAP) funding to support refugees in our shelter system. This was paired with negotiated increases to the Canada-Ontario Housing Benefit, a rent supplement that gets people out of the shelter system and into homes, freeing space to bring people inside from cold encampments. And just recently, we secured federal funding to support our housing first approach to bringing more people inside from encampments in parks across our city.

## **A BALANCED BUDGET IN 2025**

Tough choices have to be made as we continue to climb out of a decade of neglect. With an affordability crisis in our city, we cannot balance our budget on the backs of cuts to the City services people rely on. Instead, we must improve those services so people can get to work on time, kids can eat a healthy meal at school, people sleeping outside can finally find a warm place to lay their heads, emergency responders can get to you faster, and transit riders don't face yet another fare increase.

That's why in the 2025 Budget we have worked hard to negotiate and secure historic investments from the federal and provincial governments. We continue to ask real estate speculators leaving their condos empty during a housing crisis and the wealthiest who buy the top two percent of the most expensive luxury homes, to pay a bit more. And, in this budget we have found significant savings. We are delivering \$680 million in reductions and offsets.

Alongside the intergovernmental funding and savings, in this budget we are asking Torontonians to pay a property tax rate increase of 5.4%. While this is less than last year, I understand that it is challenging for many across the city.

That's why with this increase, we are expanding property tax relief programs. We are increasing the property tax deferral and cancellation income threshold for seniors and persons with disabilities by 5% to \$60,000. This will mean thousands more qualify for support. The home value threshold for the property tax cancellation program is \$975,000. More people will also qualify for water rebate and solid waste rebate programs.

Importantly, the total multi-residential tax rate is set lower, so that it is below the provincial threshold where 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.

## **BUILDING HOUSING FASTER AND SUPPORTING RENTERS**

To build a more affordable city we have to tackle the housing crisis head on. In this budget we are building more housing faster, preventing evictions, and supporting renters.

### ***Building Housing Faster***

Faster and more efficient development approvals are key to getting more homes built to address our urgent housing needs. Significant progress has been made on this front.

The City of Toronto is reviewing development applications 80% faster than the previous five year average, and affordable housing projects even faster through our priority approval stream. The 2025 Budget continues to invest in accelerating approvals and is significantly improving coordination and delivery of the City's own housing developments through the new Housing Development Office.

We are also working to rapidly increase the supply of affordable and non-market housing, after years of inaction. The City is supporting 18 not-for-profit rental housing projects to enable them to start construction, unsticking almost 6,000 new rental homes including 2,600 affordable and 3,380 rent-controlled units.

Meanwhile, through our new Rental Housing Supply Program, we are unlocking over 8,000 purpose-built rental housing units, including over 2,000 affordable units. For these projects the City waived 100% of development charges and reduced the property tax rate. This will support shovel-ready projects that were stuck to get in the ground faster across the city in 2025 and 2026.

## ***Supporting Renters***

We are protecting thousands of affordable homes and preventing evictions, without drawing from the property tax base, through our historic three-year investment in the Multi-Unit Residential Acquisition program (MURA). MURA helps keep rental homes affordable forever as the City works with community nonprofits, Indigenous housing providers, land trusts and co-operatives to help them purchase units and take them off the market.

And last November, City Council passed a new renovictions by-law to stop landlords from unfairly evicting tenants. This budget includes the support needed to bring this by-law into effect on July 31, 2025 and protect tenants from illegal evictions.

This budget also adds more RentSafe inspectors to uphold better living conditions for renters, provides greater support through the Rent Bank and the Eviction Prevention In Community program so tenants who have fallen on hard times don't become homeless, alongside more investments in the Tenant Support Program to ensure tenants know their rights and can access legal services.

## **GETTING TORONTO MOVING**

### ***Historic TTC Investments***

Over the past year, service interruptions, slow zones, leaks and infrastructure challenges made life difficult for thousands of transit riders. Your daily commute should not be unpredictable. Torontonians should be able to rely on the TTC without thinking twice.

The 2025 Budget invests in service improvements on the subway, with a commitment that by the Fall Line 1 and Line 2 will operate at five-minute or better service on the weekend and six-minute or better service will be restored on Line 4. Also by Fall three key streetcar routes: Dundas, St. Clair, and Bathurst will arrive every 6 minutes or better, seven days a week from 7am to 7pm. Starting April, nine of the TTC's most crowded routes during weekends and other off-peak hours will arrive more often. This includes the 96 Wilson, 116 Morningside, and 944 Kipling South Express.

We are launching a special pilot to tackle bus bunching on the TTC's 10 worst routes, including the Dufferin bus. Six key locations, including Scarborough Town Centre and Finch will be piloting a new station management model that will improve safety, security



and cleanliness to make the TTC more welcoming. Thanks to a dedicated Back on Track fund, Torontonians will also see cleaner and brighter stations with better public address systems – so you can actually understand the announcements in the station. For those who need shelter instead of public transit, 10 street outreach workers will be added to downtown streetcar routes to help connect vulnerable people to shelter services.

On the capital side, 55 new subway cars for Line 2 are on the way, thanks to the New Deal with the Government of Ontario and the Canada Public Transit Fund. With the upload of the Gardiner Expressway, we are able to cut the TTC repair backlog by half through a historic \$4 billion investment.

Finally, and critically, for the second year in a row, we are freezing TTC fares to keep transit affordable.

### ***More traffic agents***

Toronto Traffic Agents are on the front lines tackling congestion. In 2024, they reduced travel time for drivers by 33% on King Street and helped the King streetcar move 3 times faster. On Spadina, their presence reduced bus travel times by as much as 40 minutes.

Traffic agents are the boots on the ground that get people, cars and transit moving. They make our intersections safe and easy to move through no matter the conditions. We had dozens deployed in 2024. The 2025 Budget will increase the total number of traffic agents to 100, helping to get Toronto moving and helping us save precious time.

## **A SAFER, MORE CARING CITY**

### ***Feeding More Kids***

Food insecurity is an emergency in Toronto. Far too many kids in our city rely on foodbanks and go to class hungry. Children can't learn when they are hungry. School Food Programs fill tummies. They boost grades and attendance, support student well-being and help families save on food costs.

That's why I am committed to expanding our School Food Program so that kids at every school across the city have access to a mid-morning meal by 2026. In addition to unlocking new federal funding for the School Food Program, the 2025 Budget expands access to 21,500 more kids, including adding programs to 48 more schools across the city.

Hunger and high food costs don't stop at the end of June when schools let out for summer. The 2025 Budget includes adding food for 31,000 kids across 45 CampTO locations around the city, prioritizing feeding kids in lower income neighbourhoods.

### ***Opening Libraries 7 Days a Week***

Libraries are places of learning and for many, places of refuge, especially when you are feeling isolated or experiencing hard times. They are one of the greatest tools we have to build a more equal city and ensure everyone has the opportunity to succeed. And at a time when so many people are struggling with the cost of living, the library is one of the last public places that is completely free for families to enjoy on weekends.

In the 2024 Budget we expanded hours at branches across the city, opening more branches on Sundays and Mondays and improving hours in early mornings and evenings. We saw significant increases in library visits. With the 2025 Budget, we will build on this progress. In 2025, 34 library branches will begin Sunday hours, 66 will be open longer and by September 2026, all Toronto library branches will be open 7 days a week.

### ***A More Liveable City***

Following a decade of decline, we are making investments to make the city more liveable so that Toronto can be a city that gets the basics right, with services there for us when we need them.

As part of this, we are improving 311 to increase access to support. We are improving 311 email service and working to ensure response times within 24 hours for email inquiries and service requests.

The 2025 Budget continues significant investments in urgent state of good repair work, fixing our community centres, roads, parks, and public spaces across the city.

We are opening outdoor pools and wading pools sooner and longer so people can cool off more easily or have somewhere free to take their kids. And for more heat relief, we are piloting a program to provide 500 air conditioners to seniors and vulnerable tenants as we face potentially deadly heat this summer.

We are also expanding open hours for recreation centres and providing more support for artists and cultural festivals across the city so Torontonians can enjoy the diversity and free events our city has to offer.



For hundreds of Toronto Community Housing Corp (TCHC) children, an Inspire summer camp will provide them with exposure to STEM, nature and sports activities across Toronto. Skills training will be provided to TCHC staff through a TradeSkills program to deliver faster and more effective maintenance requests in-house.

### ***Helping Torontonians Reduce their Climate Footprint***

In 2024, we funded energy efficient, net-zero renovation projects through the Home Energy Loan Program (HELP) and provided homeowners incentives for heat pumps, solar panels, and deep retrofit projects. In 2025, we will grow this program to support more Torontonians as they make changes to reduce their climate footprint. We will also bring forward a plan for a green infrastructure incentive program that adds subsidized rain barrels to the existing program that provides sump pumps and backwater valves.

### ***Investing in Youth and Youth Safety***

The 2025 Budget makes significant investments in youth. From the rapid expansion of the School Food Program, to increased after school programs, additional youth gathering places – to a new total of 51 youth hubs in libraries and community centres, more recreation hours, employment and training opportunities, and increases to grants for youth-serving and grassroots organizations, we are taking the steps needed to build a better future for the next generation.

The 2025 Budget also includes a new \$5 million investment in Youth Safety Initiatives that will allow for targeted and proven investments in neighbourhoods most in need of support to help stop rising youth violence in our city.

### ***Building a Safer City***

The 2025 Budget is the first full year of the Toronto Community Crisis Service (TCCS) operating city-wide. TCCS is now Toronto's fourth emergency response service. It 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.

The 2025 Budget supported the adoption of a multi-year hiring plan by the Toronto Police Service. That means 109 net new police officers will be added this year, including an expanded neighbourhood officer program. We are also adding 95 new paramedics and 52 new firefighters to improve emergency response times across the city.

## ACCOUNTABILITY AND MEASURING PROGRESS

The 2025 Budget aims to make meaningful changes that make Toronto safer, more affordable and more caring. The City must show value for every tax dollar spent. To this end, I have clear expectations for our public service to deliver results and, alongside our Budget Chief, will work with them to stay on track.

Some of the important things we will track include:

- Continuous improvement on fast tracking housing, especially purpose built rental and projects with housing people can afford
- Meeting TTC service targets and ensuring the TTC develops a Ridership Growth Strategy and multi-year hiring plan to inform the 2026 Budget
- Our progress towards a universal mid-morning meal for kids across the city and an expanded food program offered in CampTO
- Staying on track to get all libraries open 7 days a week
- Improved service through 311 including through better email service requests and response times
- Improved response time for emergency services

Through this budget process, I have heard from many Members of Council about additional priorities they would like to see reflected in the City Budget. I have allocated \$3 million for the February 11 City Council meeting to address these priorities.

I am proud of the 2025 Budget, the work of our City Budget Chief and the Budget committee. This budget continues our path forward to a better financial footing, while working to make real improvements in people's daily lives after a decade of neglect.

Together, we are building a more affordable, caring, and safe city where everyone belongs.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Olivia Chow', with a long horizontal flourish extending to the right.

Mayor Olivia Chow