

City of Toronto Inclusive Economic Development Framework

Date: March 24, 2026

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture, and Executive Director, Social Development

Wards: All

SUMMARY

[Sidewalks to Skylines: A 10-Year Action Plan for Toronto's Economy \(2025-2035\)](#), adopted by City Council in November 2024, identifies economic polarization as a key challenge. It recognizes that attracting investment and sustaining economic growth requires a different approach—one that ensures that residents and workers across the city can participate in, and benefit from, economic growth. To advance this shift, Action #4 directs the City to collaborate with external partners to reduce barriers to economic inclusion. This was further complemented by direction in [EC17.2 – A Partnered Approach to Inclusive Economic Development](#) in December 2024 for the City to work with partners to develop an Inclusive Economic Development (IED) Framework.

This report presents the IED Framework, co-developed over one year with an external IED Working Table representing different sectors and organizations. The IED Framework consists of definitions and principles previously approved by Council, a set of indicators of an inclusive economy, and a clear scope for City action:

- Inclusive employment and sector pathways
- Inclusive entrepreneurship and ownership

The IED Framework aims to support alignment, coordination, and accountability across existing and new City initiatives while reinforcing Council's direction that inclusive economic development be embedded within the City's broader economic strategy, Sidewalks to Skylines. Progress on the IED Framework will be tracked in Sidewalks to Skylines annual reporting, including the forthcoming Year One update report in Q2 2026. The IED Framework was developed through a collaboration among Economic Development and Culture (EDC); Social Development (SD); Toronto Employment and Social Services (TESS); City Planning; Purchasing and Materials Management (PMMD); People and Equity (P&E); Parks and Recreation (P&R); Children's Services; Housing Secretariat; and Environment, Climate & Forestry (ECF).

RECOMMENDATIONS

The General Manager, Economic Development and Culture and the Executive Director, Social Development recommend that:

1. City Council adopt the Inclusive Economic Development Framework, as outlined in Attachment 1 to the report (March 24, 2026) from the General Manager, Economic Development and Culture and the Executive Director, Social Development as part of the implementation of Sidewalks to Skylines: A 10-Year Action Plan for Toronto's Economy (2025–2035).
2. City Council request the General Manager, Economic Development and Culture to include a summary of progress toward inclusive employment and entrepreneurship outcomes within Sidewalks to Skylines: A 10-Year Action Plan for Toronto's Economy (2025–2035) annual progress reports.
3. City Council request the Chief Planner and Executive Director, City Planning, to work with Economic Development and Culture, Social Development, and other relevant City divisions, as part of new or updated Secondary Plans, to identify opportunities to advance inclusive economic development through land use, commercial space, and related policies that support local employment, diverse business activity, and improved access to jobs.

FINANCIAL IMPACT

There are no immediate financial impacts resulting from the adoption of recommendations contained within this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact section.

DECISION HISTORY

At its meeting on December 17 and 18, 2024, City Council requested the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the General Manager, Toronto Employment and Social Services, and the Chief Planner and Executive Director, City Planning, to report back on an Inclusive Economic Development Framework co-developed with the Working Table for Inclusive Economic Development as part of the Year One Progress Report on the Action Plan for Toronto's Economy in the first quarter of 2026.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC17.2>

At its meeting on December 17 and 18, 2024, City Council requested the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the General Manager, Employment and

Social Services, and the Chief Planner and Executive Director, City Planning, in collaboration with other divisions and agencies, to leverage the Working Table for Inclusive Economic Development to identify any additional Inclusive Economic Development actions to be added to the Action Plan for Toronto's Economy.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC17.2>

At its meeting on December 17 and 18, 2024, City Council adopted the definition and key principles of Inclusive Economic Development, developed with community-based partners, with the goal to support the City to apply Inclusive Economic Development in the development of policies, programs and partnerships while not creating legal obligations or entitlements against the City except as explicitly authorized by Council.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC17.2>

At its meeting on November 13 and 14, 2024, City Council directed the General Manager, Economic Development and Culture, in partnership with relevant divisions, to implement the actions in Sidewalks to Skylines: An Action Plan for Toronto's Economy 2025-2035, and report annually to the Economic and Community Development Committee on the progress of implementation, starting in the first quarter of 2026.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC16.2>

In November 2024, City Council adopted Sidewalks to Skylines: An Action Plan for Toronto's Economy (2025-2035), which provides a roadmap for the City to maximize its levers and collaborate with its partners to enhance Toronto's economy. Sidewalks to Skylines outlines 73 actions, including creating a Working Table for Inclusive Economic Development and monitoring the progress of inclusive economic growth.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC16.2>

In July 2024, the Economic and Community Development Committee considered item EC14.1 - A Framework to Advance Inclusive Economic Development in Toronto. The report presented a framework to align the City's existing and future inclusive economic development policies, programs and partnerships led across City divisions. The Committee referred the item back to staff with the request that they report to the November 26, 2024 meeting of the Economic and Community Development Committee with a revised framework building on input from community partners.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC14.1>

In July 2022, City Council considered item EC31.19 - Economic Development and Culture Division Strategic Directions 2022-23. One of the strategic directions was addressing economic inequity and developing a coordinated approach to inclusive economic development. 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 adopted item EX10.1 the Toronto Poverty Reduction Strategy (PRS) 2019-2022 Action Plan. Among the actions was a commitment to "develop sustainable models of inclusive economic development."

COMMENTS

Sidewalks to Skylines: A 10-Year Action Plan for Toronto's Economy (2025–2035) identifies economic polarization as a key challenge for Toronto's economy. It notes that, since 2009, Toronto's GDP has increased by 2.2% annually, 0.4% more than the national average of 1.8% over the same period. Yet, it also highlights that, despite Toronto's sustained economic success over recent decades, the benefits of a high-performing economy have not reached all residents. Toronto has experienced strong economic growth relative to national trends; however, structural shifts in the labour market and rising costs of living have limited access to stable employment and economic security for many residents. Recent data illustrates growing polarization:

- While the mean hourly wage continues to rise, the Toronto labour market has seen a rise in unemployment and insecure work, alongside a decline in full-time employment as a share of total jobs.¹
- Toronto continues to report higher rates of low income than provincial and national averages.²
- In 2023, one in ten Toronto residents relied on food banks, representing a sharp increase over the past decade.³
- Toronto remains among the higher-inequality Census Metropolitan Areas (CMAs) with a higher measured Gini coefficient than Ontario and Canada overall.⁴

In the past decade, City Council has consistently recognized these challenges and has adopted multiple strategies with actions to strengthen employment pathways, support local businesses, and expand access to economic opportunity—including the Poverty Reduction Strategy, Social Procurement Policy, Action Plan to Confront Anti-Black Racism, Toronto Strong Neighbourhoods Strategy, Neighbourhood-based Community Development Plans, and the Reconciliation Action Plan.

The Inclusive Economic Development (IED) Framework brings this work together under a shared, Council-endorsed approach. It establishes common definitions, principles, a scope, and indicators to support coordinated action across divisions and with partners, while strengthening accountability through the consistent tracking of outcomes. Through the adoption of the IED Framework to be embedded in the implementation of Sidewalks to Skylines, the City of Toronto affirms that long-term economic success goes beyond

¹ StatsCan Census data cited in An Analysis of the City of Toronto's High-Level Census Indicators. Diversity Institute, CivicLabTO.

² StatsCan Low Income Measure After Tax (LIM-AT) data cited in Sidewalks to Skylines: An Action Plan for Toronto's Economy 2025-2035.

³ Who's Hungry Report, Daily Bread Food Bank, 2023 and 2025.

⁴ StatsCan income data; the Gini coefficient is a standard measure of income inequality that shows how evenly income is distributed across a population, ranging from 0 (everyone earns the same) to 1 (one person earns all the income).

economic growth; it is also dependent on enabling all labour force participants to have the means to contribute to and benefit from an economy that works for all.

1. Developing the Inclusive Economic Development (IED) Framework

Following the adoption of Sidewalks to Skylines, the Economic Development and Culture Division and the Social Development Division convened an **Inclusive Economic Development Working Table** in alignment with Action #4, which called on the City to collaborate with external partners to reduce barriers to economic inclusion, and in response to City Council direction (EC17.2) requesting staff to co-develop an IED Framework with an IED Working Table.

The Working Table included approximately 20 organizations⁵ across labour, community, nonprofit, philanthropic, academic, and advocacy sectors.⁶ Two co-chairs—Colette Murphy, CEO of the Atkinson Foundation and City of Toronto Councillor Alejandra Bravo—provided overall leadership. Over seven in-person meetings, the Working Table:

- Identified the scope of the IED Framework.
- Determined indicators of an inclusive economy.
- Highlighted the need to see the City's role as part of an economic ecosystem.
- Supported the creation of an internal tool for program/policy design and evaluation.
- Identified a focused set of IED actions to bolster Sidewalks to Skylines.

To ensure alignment with existing Council-approved strategies and initiatives, this work was supported by ongoing collaboration among multiple City divisions and agencies, including: Economic Development and Culture; Social Development; Toronto Employment and Social Services; City Planning; Purchasing and Materials Management; People and Equity; Parks and Recreation; Children's Services; Housing Secretariat; and Environment, Climate & Forestry.

2. City of Toronto Inclusive Economic Development (IED) Framework

The IED Framework presented in Attachment 1 consists of definitions, key principles, indicators of an inclusive economy and scope for City action. The definitions of Inclusive Economic Development and Community Economic Development (CED) were approved

⁵ Organizations invited to participate in the IED Working Table included the Atkinson Foundation, Black Urbanism TO, Buy Social Canada, CEE Centre for Young Black Professionals, CP Planning, Labour Education Centre, MaRS Discovery District, Metcalf Foundation, the Mississaugas of the Credit First Nation, North York Harvest Food Bank, Ontario Human Rights Commission, Social Capital Partners, Social Economy Through Social Inclusion, Social Planning Toronto, Toronto Aboriginal Support Services Council, Toronto Region Board of Trade, Toronto and York Region Labour Council, Toronto Community Benefits Network, Toronto Region Immigrant Employment Council, United Way of Greater Toronto, University of Toronto Institute for Inclusive Economies and Sustainable Livelihoods, WCG Services and the Workers Action Centre.

⁶ While invitees included Indigenous partners, preliminary discussions indicated that engagement will primarily occur as part of the process for a new Indigenous Economic Strategy.

by City Council in December 2024⁷ and were central for the development of the IED Framework elements. The key principles to support the City's efforts for more inclusive economic outcomes, now part of the IED Framework, were also previously adopted by City Council and aim to guide the IED work through shared values. These principles, as adopted by Council through [EC17.2](#), do not create legal obligations or entitlements, except as explicitly authorized by Council.

Building on the Council-adopted definitions and key principles, and as a result of the work with the IED Working Table, indicators of an inclusive economy were identified. They reflect desired outcomes to guide City action: incomes rising with the cost of living, reduced demographic disparities, reduced employment precarity, education/training leading to career pathways, and new business formation and reduced business displacement. Flanking the indicators are the IED Framework's two pillars—inclusive employment and inclusive entrepreneurship/ownership. These were identified as the scope for action to achieve the desired outcomes and see positive shifts in the indicators of an inclusive economy. Attachment 1 presents the IED Framework.

3. Implementing the IED Framework: Governance, Monitoring and Accountability

To ensure that the City of Toronto is equipped to successfully implement the IED Framework as part of *Sidewalks to Skylines*, the IED Working Table worked alongside City staff to develop governance, accountability and monitoring tools. Relevant updates—including a summary of progress toward inclusive employment and entrepreneurship outcomes—will be included in *Sidewalks to Skylines* annual reports.

Governance and Accountability

Inclusive Economic Development is a shared responsibility across City divisions and agencies that lead or support aligned initiatives. As the Framework is embedded within the City's overall approach to economic development, the Economic Development and Culture Division (EDC) supports coordination and a consolidated City-wide view of progress. EDC will continue to work closely with Social Development, and other partner divisions and agencies, and will provide high-level progress updates on IED initiatives as a sub-set of *Sidewalks to Skylines* actions through future annual update reports. In these future updates, as an overview, EDC will also summarize anticipated relevant City of Toronto work with key progress updates in the calendar year (as done in Attachment 3). Responsibility for delivery, performance, and reporting remains with the respective divisions and agencies, in accordance with Council-approved mandates. The IED Framework does not introduce new governance or reporting requirements. Rather, it provides a common policy lens to strengthen alignment, coherence, and transparency across existing initiatives, reinforcing accountability to City Council.

Monitoring: Toronto's Economy

Progress toward inclusive economic outcomes will be assessed using a set of macroeconomic data identified with the IED Working Table as essential to understand the evolution of the indicators of an inclusive economy. These indicators are central to

⁷ EC17.2 – A Partnered Approach to Inclusive Economic Development.

the IED Framework. Some of them are updated regularly (monthly/quarterly) and publicly reported through the [Toronto Economic Dashboard](#), maintained by EDC, which currently reports indicators related to overall economic growth and some aspects of IED (e.g., unemployment rate, number of Employment Insurance claimants, average wages, etc.). In collaboration with City staff, the IED Working Table identified additional indicators that will be added to the dashboard to strengthen its ability to track inclusive economic outcomes—these include the number/percentage of people in ‘involuntary part-time’ employment; average wages compared to home prices and asking rents; business turnover, and labour force indicators with demographic overlays.

Additionally, City staff will produce a detailed IED polarization/inclusion report following each Census year to be shared with members of City Council. The report will build on indicators that are only available through the Canadian Census of Population and will include in-depth analysis of longer-term trends, including income distribution, labour market outcomes, housing tenure, commuting patterns, educational attainment, and indicators of underemployment and self-employment. Combined, the indicators to be added to the Economic Dashboard and in-depth analysis in Census years will enable year-over-year monitoring of IED objectives and support City of Toronto work.

Monitoring: City of Toronto Initiatives

To support outcomes-focused implementation, a voluntary internal Inclusive Economic Development Indicator Development Tool was developed in collaboration with the IED Working Table. The tool is intended to support divisions and agencies in identifying appropriate process and outcome indicators aligned with the IED Framework. It does not replace existing performance management frameworks, introduce new reporting requirements, or address known data limitations, but can support consistency and clarity as divisions report to Council and community stakeholders.

4. IED in Action and the IED Ecosystem

Sidewalks to Skylines: IED Actions

As directed by City Council⁸, staff leveraged the input of the IED Working Table to assess whether additional actions could strengthen Sidewalks to Skylines. This work identified three targeted actions that reinforce existing priorities and can be advanced within existing resources, complementing actions already underway. They will be added to Sidewalks to Skylines as additional actions for its first five-year work plan.

Objective	Action	City Partners
Support small business and entrepreneurs	Monitor federal and provincial employee ownership and succession planning initiatives and assess opportunities for complementary City supports.	Economic Development and Culture, City Manager’s Office

⁸ EC17.2 – A Partnered Approach to Inclusive Economic Development.

Objective	Action	City Partners
Advance local workforce development	Expand Ontario Works client access to financial empowerment services and programs.	Toronto Employment and Social Services
Boost main street resilience	Apply commercial space and lease trend data to area-based studies and planning to inform main street retail policies and programs.	Economic Development and Culture, City Planning, Social Development

These will complement the many existing actions in Sidewalks to Skylines already aligned with the IED Framework pillars and illustrated in Attachment 2.

Other Ongoing City of Toronto IED Initiatives

While Sidewalks to Skylines introduced targeted actions to advance inclusive economic development, the City of Toronto has long supported a range of policies, programs, and plans that contribute to inclusive economic outcomes. Many of these initiatives pre-date Sidewalks to Skylines and are delivered across multiple divisions and agencies, each aligned with one or more pillars of the IED Framework and governed through existing Council-approved mandates. These initiatives are led by the responsible divisions and agencies—often in close partnership with communities—and retain their own governance and accountability mechanisms. The IED Framework provides a shared lens to situate this work within a coherent City-wide approach, without altering delivery or reporting responsibilities. Illustrative examples include:

- **Universal School Food Program** – Led through the City Manager’s Office, Toronto Public Health and Social Development, this initiative strengthens school food delivery while supporting community-based food systems, workforce development, and local suppliers.
- **Community Benefits Framework** – Led by Social Development, the framework enables City divisions and agencies to leverage major City agreements and capital investments to advance equity-focused hiring and business opportunities.
- **Social Procurement Program and Policy** – Administered by Purchasing and Materials Management, this program embeds supplier diversity and workforce development objectives within the City’s procurement practices.
- **Fair Wage Office** – Overseen by Purchasing and Materials Management, the Fair Wage Office ensures compliance with Council-approved fair wage and labour standards for workers engaged on City contracts.

- **Community Economic Development Fund** – Administered by Economic Development and Culture, the fund supports high-impact, community-driven initiatives that strengthen local economies and build community wealth, with funding provided by the Government of Canada.
- **Land Use and Planning Policies** – City Planning sets Toronto’s land-use direction through the Official Plan, which includes policies that protect and provide for industrial, commercial, and entrepreneurial places of employment and ensure a range of spaces for businesses and new enterprises. Working with Economic Development and Culture and Social Development, City Planning also advances CED by aligning new Secondary Plans with Community Development Plans, including in areas such as Downsview and Jane-Finch.

Previous work illustrates that there is an opportunity to use land use and planning policies to advance a more inclusive economy. Through further collaboration with EDC, SD and other relevant City divisions, the City Planning division can identify opportunities as part of new or updated Secondary Plans to advance inclusive economic development through land use, commercial space, and related policies that support local employment, diverse business activity, and improved access to jobs. In the past, this has included non-residential replacement requirements in certain Secondary Plans, Residential Apartment Commercial (RAC) zoning that encourages small enterprises in Apartment Neighbourhoods, permissions for small-scale retail and service uses in residential areas, and the identification of priority retail streets.

The Need for a Collaborative IED Ecosystem

Taken together, the ongoing IED initiatives summarized above demonstrate the breadth of City-led and City-enabled work already underway to advance inclusive economic development across Toronto. Yet, in co-developing the IED Framework, the IED Working Table highlighted that municipal tools and work alone cannot fully advance inclusive economic growth. The IED Framework recognizes that the City is one participant within a broader ecosystem that includes federal and provincial governments, employers, labour organizations, nonprofit and community partners, post-secondary institutions, and the philanthropy sector.

Just as overall local or regional economic development relies on alignment among multiple stakeholders, IED also benefits from strong partnerships, shared understanding and coordinated action. Together, these actors can help reinforce and amplify the goals of the IED Framework. Recent examples of multi-sector collaborative efforts include:

- **Community Benefits Agreements**, leveraging government or private sector development to hire and train local and equity-deserving jobseekers, working in partnership with unions as applicable, supported by employment service provider agencies and informed/advocated for by community-based organizations.
- The **AnchorTO** network of Toronto-based ‘anchor institutions’ (including colleges/universities): the network grows social procurement supports and initiatives, including capacity-building through supplier networks and piloting changes to policy and scalable technologies to further enable social

procurement. AnchorTO also shares best practices where goods and services are procured from local supplier companies and social enterprises.

- **Employee Ownership Trust models (EOTs)** can be initiated by outgoing business owners and/or purchasing groups of employees, facilitated by government legislation and financing instruments, and use best practices advanced by research and advocacy organizations.
- The **Inclusive Local Economic Opportunity (ILEO)** initiative, first introduced in the Greater Golden Mile neighbourhood, is led/funded by the United Way of Greater Toronto and BMO Financial Group, with private, public and community sectors to find new ways to reduce gaps in economic prosperity at the neighbourhood level. Pilot initiatives include a joint venture construction company co-owned by Aecon and a consortium of community-based organizations.

Progress toward an inclusive economy depends on coordinated action across an ecosystem with multiple actors. The IED Framework provides a shared vision, definitions and scope to support ongoing collaboration and alignment efforts to maximize meaningful impact.

6. Next Steps

Through its coordinating role, EDC will continue to collaborate with other divisions and agencies to identify opportunities for alignment with the IED Framework, including the City's ongoing work towards a more resilient, sustainable and circular economy. Information on significant work aligned with IED with key progress updates and where they fit within the IED Framework (i.e. which pillar) will be included in Sidewalks to Skylines annual progress reports to City Council. Attachment 3 provides an overview of these initiatives for 2026.

The Inclusive Economic Development Framework provides City Council and staff with a clear, practical, and coordinated lens to advance economic growth that works for all residents. By embedding inclusive outcomes within the City's core economic strategy, the Framework reinforces Council's long-standing commitment to equity, opportunity, and shared prosperity.

With Council adoption of this IED Framework:

- New IED indicators will be added immediately to the Economic Dashboard.
- These will be supplemented with an in-depth polarization/inclusion report based on the 2026 Census to City Councillors once data is made available by Statistics Canada.
- Progress achieved on IED-related actions in Sidewalks to Skylines will be grouped as a sub-set and highlighted in future annual updates (including the forthcoming Sidewalks to Skylines Year One update report in Q2 2026).
- The City will continue to expand on the role of land use and planning policies for a more inclusive economy through collaboration among City Planning with Economic Development and Culture, Social Development and other relevant divisions.

- Economic Development and Culture and Social Development will distribute the internal IED Indicator Development Tool to divisions leading initiatives related to employment and entrepreneurship to support them in aligning their work with the IED Framework.

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ATTACHMENTS

Attachment 1: City of Toronto Inclusive Economic Development (IED) Framework

Attachment 2: Inclusive Economic Development Actions in Sidewalks to Skylines

Attachment 3: Overview - Anticipated 2026 City of Toronto Work with Key Updates aligned with the Inclusive Economic Development (IED) Framework