Lifting All Boats: Promoting Social Cohesion and Economic Inclusion in the Toronto Region

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BACKGROUND

In November 2009, the Toronto Board of Trade (the Board) launched its VoteToronto2010.com campaign with the release of the discussion paper *VoteToronto2010: Framework for a Better City*. The purpose of the Board's VoteToronto2010.com campaign is to frame the debate and develop solutions to the major issues in the upcoming 2010 municipal election.

The VoteToronto2010.com campaign is the latest component of the Board's focus on the global competitiveness and economic development of the entire Toronto region, building on previous work by the Board, such as *From World Class to World Leader: An Action Plan for the Toronto Region* (October 2009) and *Toronto as a Global City: Scorecard on Prosperity* (inaugural report in April 2009 and second edition in March 2010).

Four key themes were outlined in *VoteToronto2010: Framework for a Better City*:

1. Fixing the City's Finances
2. Growing the City and Regional Economy
3. Promoting Social Cohesion and Economic Inclusion
4. Improving Civic Democracy

This discussion paper represents, in combination with the discussion contained in the *VoteToronto2010* discussion paper, the policy background for the third theme of the Board's VoteToronto2010.com campaign: **Promoting Social Cohesion and Economic Inclusion.** The Board's final recommendations on social cohesion and economic inclusion policies to be championed by mayoral candidates will be unveiled in the Board's final platform document, to be released in early fall 2010.

This discussion paper explains that there is a strong, if not always recognized, link between social issues and economic development. Actively pursuing strategies that improve social cohesion and economic inclusion offer valuable returns to the Toronto region, such as increased global competitiveness, a more engaged population and reduced expenditures on health and other outcomes.

This paper is not meant to develop a comprehensive strategy to issues of social cohesion and economic inclusion. There are many organizations, such as United Way Toronto, the Maytree Foundation, the Wellesley Institute, the Toronto Community Foundation, the Toronto City Summit Alliance (and its DiverseCity initiative), the Toronto Region Immigrant Employment Council (TRIEC) and Skills for Change, that focus on issues of social cohesion and economic inclusion and, in many instances, are better placed to advance such comprehensive strategies. Through this document, the Board seeks to highlight, through a municipal government lens, that many of the issues of social cohesion and economic inclusion have importance to the business community and have significant economic impacts on the entire region's prosperity. While many of the regulatory and legislative levers rest with the federal and provincial levels of government, at the municipal level there are many 'grassroots' actions that can be taken to create momentum for economic improvement and social progress.

INTRODUCTION AND RATIONALE

Social issues, such as poverty and crime, are usually viewed as being separate from business issues. The reality, though, is that many of these issues impact the business community and a region's economic growth. Focusing on such issues presents a significant opportunity from an economic development perspective and, for these reasons, the Board is also concerned with such issues.

The Toronto region has enormous potential. With its skilled and educated workforce; diverse and robust commercial and industrial base; and a population that reflects the world's cultures, speaks the world's languages and has connections to all parts of the globe, the Toronto region is endowed with resources that other global city-regions can only dream of.

Now is the time to translate this into economic results. The Board's *Toronto as a Global City: Scorecard on Prosperity – 2010* showed that the Toronto region is one of the world's leading locations for liveability and labour attractiveness, coming second only to Barcelona in this domain. But the Toronto region only produces middling economic results on a global basis. In particular, the Toronto region posted poor results in the core economic indicators of productivity growth and GDP growth.

There are a myriad of factors behind the Toronto region's middling economic performance. Issues of social equity and economic inclusion are among these. For example, the Toronto region's performance with respect to the integration, settlement and economic participation of skilled immigrants has a significant impact on our region's productivity. Similarly, increasing the economic success of individuals and creating socially cohesive communities yields outcomes that are positive for a jurisdiction's business climate. In turn, this helps in attracting skilled labour and investment and resulting in higher rates of employment, better educational outcomes and lower crime rates. Further, our immigrant population's ties to their countries of origin help position the Toronto region to prosper in emerging markets, such as the BRIC countries.

Beyond the clear negative social implications, this situation presents a strong business case for effectively addressing issues of social cohesion and economic inclusion. Actively pursuing strategies that improve social cohesion and economic inclusion offer valuable returns to the Toronto region. Engaging the entire population broadens our base of skills and expands our networks to better prepare us to compete in a global marketplace. Further, successful investments in social cohesion and economic inclusion have been shown to reduce public expenses in health, education and justice;[1] in some instances, the returns on these investments are so strong that they are offset within the first year (with the cost savings continuing in future years).[2]

Toronto's immigrant population and our record in effectively integrating this group into the economy reflects the magnitude of these issues and provides a case in point for the business case for addressing these issues.

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[1] Among the literally thousands of research papers on this topic are several consolidated studies of the collected research, including: Sampson, Robert J., Jeffrey D. Morenoff and Thomas Gannon-Rowley (2002). "Assessing Neighborhood Effects: Social Processes and New Directions in Research." *Annual Review of Sociology* 28:443-478. Kawachi, Ichiro , S.V. Subramanian and Daniel Kim (2008). *Social Capital and Health: A Decade of Progress and Beyond*. New York: Springer.

[2] Browne, G., C. Byrne, J. Roberts, A. Gafni and S. Whittaker (December 2001). "When the Bough Breaks: Provider-initiated Comprehensive Care is More Effective and Less Expensive for Sole Support Parents on Social Assistance." *Social Science and Medicine* 53(12):1697-1710.

BY THE NUMBERS: THE ECONOMIC COSTS OF NON-INTEGRATION

$3.42 to $4.97 billion
The cost per year to the Canadian economy resulting from failure to recognize the qualifications and experience of immigrants.
Source: Conference Board of Canada and TRIEC

45 per cent
The percentage of new immigrants to Canada that settle in the Toronto region.
Source: Toronto Region Research Alliance, 2008 Annual Toronto Region Innovation Gauge

$1.5 to $2.25 billion
Approximate cost to the Toronto region for failing to recognize the qualifications and experience of immigrants based on the above sets of numbers.

$13 billion and 400,000
The rise in personal income for Canadians and the number of additional people employed in the workforce if immigrants had the same likelihood of employment at the same average income as people born in Canada.
Source: RBC Financial Group," The Diversity Advantage: A Case for Canada's 21st Century Economy" (October 2005)

21 per cent and 1.3 million
The rise in personal income for Canadians and the number of additional people employed in the workforce if we achieved identical labour market outcomes for men and women regardless of their birthplace.
Source: RBC Financial Group," The Diversity Advantage: A Case for Canada's 21st Century Economy" (October 2005)

63 per cent and 56 per cent
The incomes earned by recently immigrated men and women, respectively, expressed as a percentage of incomes earned by Canadian-born men and women in 2005. In 1980, these figures were 85 per cent for both recently immigrated men and women. In 2000, the relative incomes of newly immigrated men and women were 67 and 65 per cent respectively.
Source: TD Economics, "Time for a Vision of Ontario's Economy" (September 2008)

2011
The year by which it is estimated that Canada's net labour force growth will be entirely dependent on immigration; the Toronto region is already dependent on immigrants for its labour force growth.
Source: Conference Board of Canada, "Renewing Immigration: Towards a Convergence and Consolidation of Canada's Immigrant Policies" (October 2008)

In part as a result of our aging population, Toronto's future economic growth has long been dependent on immigration. As noted above, essentially all labour market growth in the Toronto region is now dependent on immigration. The region's economic prosperity will be lost without the ability to continue attracting – and effectively integrating – talent from around the world.

This paper is not meant to develop a comprehensive strategy to issues of social cohesion and economic inclusion. There are many organizations, such as United Way Toronto, the Maytree Foundation, the Wellesley Institute, the Toronto Community Foundation, the Toronto City Summit Alliance (and its DiverseCity initiative), the Toronto Region Immigrant Employment Council (TRIEC) and Skills for Change, that focus on issues of social cohesion and economic inclusion and, in many instances, are better placed to advance such comprehensive strategies. Through this document, the Board seeks to highlight, through a municipal government lens, that many of the issues of social cohesion and

economic inclusion have importance to the business community and have significant economic impacts on the entire region's prosperity. While many of the regulatory and legislative levers rest with the federal and provincial levels of government, at the municipal level there are many 'grassroots' actions that can be taken to create momentum for social progress and economic improvement.

With the municipal election upon us, it is critical that municipal candidates understand the business perspective of these important issues and outline how they intend to tackle these challenges. The Board's recommendations for the social cohesion and economic inclusion policies to be championed by mayoral candidates will be unveiled in the Board's final platform document, to be released in early fall 2010.

Transcending Boundaries: A regional issue

Internationally, Toronto has a reputation that reflects our longstanding commitment to social cohesion and economic inclusion. Without always knowing or naming it, Toronto has worked to connect residents together by being a welcoming, engaging community that respects and supports our diversity. We have worked to develop a society where all residents have the necessities required to pursue opportunity and achieve success. This reputation, though, is the result of communal efforts across a number of public policy areas and our region's welcoming culture rather than the product of a concerted strategy. Past progress through piecemeal efforts is not a guarantor of future success. There is a real possibility of gradual erosion of the Toronto region's social conditions through inattention to small but critical details – a fate some critics argue is already approaching.[3]

Issues of social cohesion and economic inclusion have historically been seen as "inner city" issues within the city of Toronto. As highlighted in recent works by Prof. David Hulchanski[4] and by the United Way,[5] within the past two decades the primary locales have become Toronto's inner suburbs of Scarborough, Etobicoke, and North York. At the same time, the other municipalities within the Toronto region are increasingly facing challenges with the settlement of new Canadians, poverty, housing, transportation and community social infrastructure. The pattern of change in these municipalities is similar to what has been experienced in the city of Toronto over the past 20 years. With a view to the municipal election, many of the examples and much of the data in this paper is specific to the city of Toronto. However, the same or similar issues are being experienced throughout the Toronto region. Like many of the challenges facing the Toronto region, issues of social cohesion and economic inclusion are currently addressed on a municipal basis, but would benefit from a region-wide perspective and approach.

Connecting Issues, Communities and the Economy

The words cohesion and inclusion denote connections and bonds. Public policy measures in the area of social cohesion and economic inclusion are generally directed at individuals, communities and neighbourhoods that are disconnected from the rest of the Toronto region. Whether they are new Canadians who are disconnected from appropriate professional opportunities or low-income Canadians, these individuals tend to live in neighbourhoods that lack sufficient access to transit, other forms of social infrastructure, services (commercial and government) and local economic opportunities, creating a sense of being remote from the rest of the region and their elected officials. Ultimately, these communities are disconnected from the region's economic growth and prosperity, which impedes the

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[3] City of Toronto, Roundtable on Economic Competitiveness and Social Inclusion (April 2007). *Prosperity and Opportunity in Toronto: Getting it Right*.

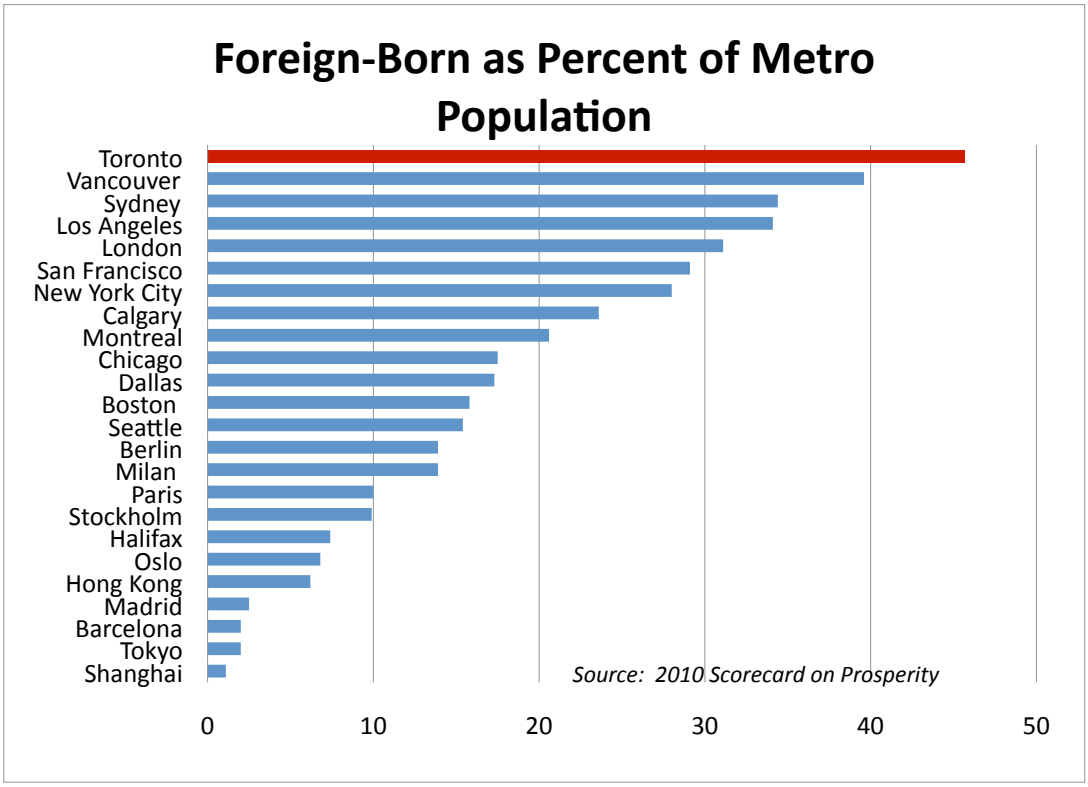
[4] David Hulchanski (December 2007). *The Three Cities Within Toronto: Income Polarization Among Toronto's Neighbourhoods, 1970 – 2000*, Research Bulletin 41. Centre for Urban and Community Studies, University of Toronto.

[5] United Way Toronto and the Canadian Council on Social Development (April 2004). *Poverty by Postal Code: The Geography of Neighbourhood Poverty, 1981 – 2001*.

entire region's economic vitality and job creation. In many instances, social cohesion issues also impact children's education, which detrimentally impacts the Toronto region's future economic potential.

Making our Diversity an Economic Advantage: Integrating Our Immigrants

The Issue: The Toronto region is diverse, attracting talented newcomers from all over the world. In the *Scorecard on Prosperity*, the Toronto region came first in the percentage of its population that is foreign-born, with over 45 per cent of all residents being born outside of Canada.



The Toronto region's diversity in turn attracts more talented newcomers, enhancing the range of skills in the Toronto workforce and our capacity to connect to new markets in the local and global economy. This diversity is critical to the Toronto region's future prosperity. As well, our immigrant communities help to drive our international trade and investment linkages, as individuals seek to create commercial ties and other connections with their countries of origin.

Unfortunately, we are not making the most of this wealth of diversity. According to Statistics Canada, the wages earned by Canadian immigrants are lower, while the rates of involuntary part-time work, temporary employment and over-qualification are all higher than non-immigrants. Specifically, in 2008, the average hourly wage earned by employed immigrants aged 25 to 54 was about 10 per cent lower than Canadian-born employees, with the greatest difference (over 20 per cent) for immigrants who had arrived in Canada within the last five years.[6] Additionally, in 2008, immigrants aged 25 to 54 with a university degree earned about 20 per cent less than their Canadian-born counterparts.[7] All of these differences in earnings and employment between immigrants and non-immigrants occurred despite the fact that, in 2008, employed immigrants aged 25 to 54, particularly those who arrived in Canada more recently, were younger and better educated than their Canadian-born counterparts.[8]

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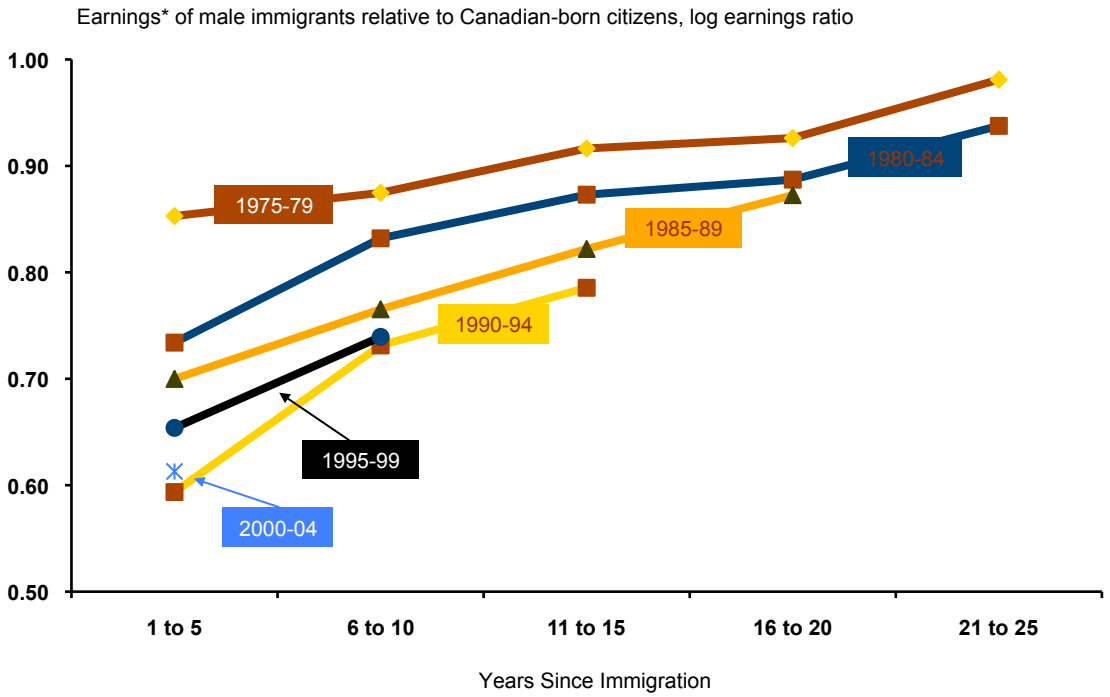
[6] Statistics Canada (November 2009). "Study: Quality of Employment in the Canadian Immigrant Labour Market," *Statistics Canada Daily*. <http://www.statcan.gc.ca/daily-quotidien/091123/dq091123b-eng.htm>.
[7] *Ibid.*
[8] *Ibid.*



*Full-time, full-year earners; Source: Statistics Canada, Censuses of Population,TD Bank

Failing to recognize the qualifications and experience of new immigrants costs the Toronto region's economy approximately $1.5 - $2.25 billion each year. RBC Financial Group has estimated that, on a national basis, personal income for Canadians would rise by $13 billion and 400,000 additional people would be employed if Canada's immigrants had the same likelihood of employment at the same average income as people born in Canada.[9]

The Challenge: Research shows that 40 per cent of new immigrants have to make a downward shift in their career upon arrival in Canada.[10] Ontario's Fairness Commissioner, tasked with addressing the barriers to accreditation of foreign trained professionals, found "a majority (76%) of domestically trained individuals were currently employed in their professions while less than half (44%) of internationally trained individuals were employed in their field. Three times as many internationally trained individuals (37%) were unemployed or underemployed than those trained in Canada (11%)." The Commissioner found that obtaining Canadian credentials is more onerous and time consuming for internationally trained professionals than it is for those trained in Canada.[11]

For internationally-trained professionals, employment barriers are often related to the difficulties associated with having their foreign credentials recognized. For immigrants in other fields, a primary barrier is the failure of Canadian employers to recognize non-Canadian experience.

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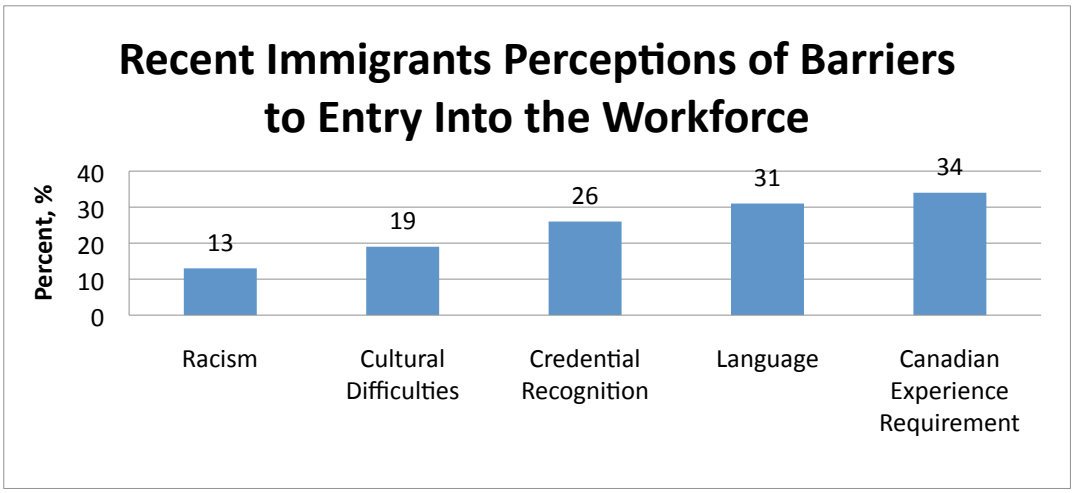
[9] RBC Financial Group (October 2005). *The Diversity Advantage: A Case for Canada's 21st Century Economy*.
[10] Statistics Canada (November 2009). "Study: Quality of Employment in the Canadian Immigrant Labour Market," *Statistics Canada Daily*. <http://www.statcan.gc.ca/daily-quotidien/091123/dq091123b-eng.htm>.
[11] Office of the Fairness Commissioner, Ontario (March 2010). *Clearing the Path: Recommendations for Action in Ontario's Professional Licensing System*.



Source: Statistics Canada

Across the board, recent immigrants find their long term economic prospects are weaker than those who arrived in previous generations. Unemployment rates are higher for recent immigrants now than they were two decades ago. Underemployment is increasingly common, with growing numbers of newcomers employed in fields that do not utilize their skills and training and in the burgeoning part-time, temporary or casual employment markets.

Closely connected to these weaker employment prospects, relative incomes for newcomers are falling.[12] The incidence of low incomes was higher in the years after 2000 than they were between 1990 and 2000; there has also been widespread deterioration in family welfare outcomes since 2000. The incidence of chronic low incomes for newer immigrants are now about two and a half times that of Canadian-born residents.[13]

Our diminished success in facilitating settlement and supporting a rapid transition to full participation in the economy is, in part, the result of the changing demographics of immigration. Many of our immigration systems and practices were developed in the 1950s, 1960s and 1970s when our immigration policies attracted workers in fields outside the knowledge-based industries from a small number of European countries. Settlement and associated services struggle to keep pace with a rapidly diversifying client base, and with linguistic, cultural, and training needs that outpace the capacity of the service infrastructure. Newcomers are increasingly turning to informal networks, often based in religious or cultural institutions, for support and guidance.[14]

Some Potential Solutions: Better coordination of these formal and informal service provisions will help to ensure that newcomers to the Toronto region can receive the support they need within their respective communities. This coordination will help new immigrants remain connected to government services and the broader community, while also ensuring that limited resources are not unnecessarily duplicated (and hopefully can then increase capacity).

The Region of Peel provides an example of such coordination. Working with the United Way of Peel Region, the Region of Peel has founded and leads the Peel Newcomer Strategy Group (PNSG). PNSG's service plan includes the linking of settlement services with funders and business leaders at a single

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[12] TD Economics (September 2008). *Time for a Vision of Ontario's Economy*.

[13] Picot, Garnett, Feng Hou and Simon Coulombe (2007). *Chronic Low Income and Low-income Dynamics Among Recent Immigrants*. Statistics Canada: Analytical Studies Branch Research Paper Series, 11F0019 No. 294.

[14] Peel Newcomer Strategy Group (May 2010). *Community Hubs, Networked Services and No Wrong Door: A Model for Enhancing Settlement and Integration in Peel*.
Boston, Tony et al (March 2010). *West Downtown Toronto Local Immigration Partnership Research Findings*.

coordinated table. Together, they will work to ensure settlement and employment programs are coordinated systematically and lead effectively to the opportunities newcomers seek. The regional government is also reaching out to the faith and cultural sectors, through PNSG and independently, to ensure organizations that provide services and support to immigrants on a cultural basis are connected to the broader infrastructure of community services and can benefit from the ideas, information, and resources located outside their own cultural enclaves.

The PNSG was the pilot project for an initiative known as "Local Immigration Partnerships" (LIPs). These provide a collaborative framework for, and facilitate the development and implementation of, sustainable local and regional solutions for successful integration of immigrants to Ontario. There are now 14 LIPs in the Toronto region.

The Peel example provides a glimpse of what can be accomplished on a municipal level. However, newcomers to Canada are found throughout the Toronto region, with similar concerns and needs. In particular, employment issues are regional in scope and common to newcomers, regardless of location within the Toronto region. This regional reality suggests that regional coordination could benefit this underutilized source of human capital.

Toronto's sizeable immigrant community also presents a significant business opportunity. Local governments could look to leverage the Toronto region's diversity in their economic development and job creation strategies, for example by looking to the immigrant communities for the design of services or strategies that serve multilingual communities. Taking such an approach would also assist our regional investment attraction efforts, as government officials would better understand foreign cultures and preferences, helping investors from other countries to feel welcome in Toronto's business community. From a private sector perspective, Toronto's diversity represents an excellent staging ground for determining the likely global success of a particular product or service. Having seen the reception a product or service receives in various ethnic communities, these companies could then look to export to or invest in foreign markets with a better understanding of the likelihood of profit in these markets.

Not just a Paris Problem: Addressing Toronto's "Middle Ring"

The Issue: Recent analysis shows that Toronto's wealth is becoming more spatially polarized and segregated by ethnicity.[15] In *Vote Toronto 2010: Framework for a Better City*, the Board called this phenomenon Toronto's "Paris problem" – an affluent urban core is being surrounded by a "middle ring" of marginalized and vulnerable populations, encircled in turn by an outer layer of affluent suburbs.

The Challenge: The development of this "middle ring" means that many throughout the Toronto region are disconnected from prosperity, missing out on the benefits that come from a growing economy and suffering disproportionately when the economy is weak. Further, the provision of services within these neighbourhoods is much scarcer than in more affluent areas. The services in short supply are not just governmental ones, such as hospitals and community centres, but also commercial ones, such as grocery stores and local employment opportunities. In many low income neighbourhoods, the lack of grocery stores makes healthy and affordable food options unavailable to neighbourhood residents.

The concentration of poverty in the "middle ring" neighbourhoods poses growing challenges over time, which continuously diminish the prospects of these communities and their residents – not just in Toronto, but in all jurisdictions. With little local capital in neighbourhoods with pervasively low incomes, the local economy falters, retail activity is diminished and local jobs dry up. Vibrant, active

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[15] David Hulchanski (April 2004). *The Three Cities Within Toronto: Income Polarization Among Toronto's Neighbourhoods, 1970 – 2000*, Research Bulletin 41. University of Toronto: Centre for Urban and Community Studies.
United Way Toronto and the Canadian Council on Social Development (April 2004). *Poverty by Postal Code: The Geography of Neighbourhood Poverty, 1981 – 2001*.

streetscapes are replaced with empty stores and empty streets. Residents find the environment undesirable and those who can move will. Turnover in the community rises.

Due to the frequent and consistent turnover, residents feel they have less of a stake in the neighbourhood and are less likely to make an effort to improve its circumstances or prevent its deterioration. Consequently, the condition of buildings and public spaces tends to decline. Residents spend less time in public spaces and become less engaged in the community around them. Overall, "middle ring" neighbourhoods are becoming increasingly disconnected from the rest of the region and those residing within these neighbourhoods are becoming disconnected and isolated from economic opportunities (as jobs and investment tend to exit these neighbourhoods) and their neighbours.

Isolated by different languages and ethnicities, disconnected from a crumbling community with few comfortable public spaces and confident in the expectation they will leave as quickly as they can, residents find little occasion to connect as a community and identify shared objectives. The casual communication networks residents normally engage in over the back fence, on the street corner or at the local school become smaller. Research shows these informal networks carry information about jobs, training opportunities or access to the child care services that free parents up for employment and learning.[16] In concentrated lower income neighbourhoods, where fewer people are connected to employment, information about new jobs opportunities is already scarce.

The social disconnection between residents also presents the biggest obstacle to neighbourhood regeneration: the extent to which people in the community believe they can make a difference, together, in the future of their neighbourhood.[17] When residents have confidence in their ability to make a change, they will contribute the thousands of volunteer hours and will confront the challenges that are necessary to repair the state of public amenities and other infrastructure in the neighbourhood. Even with government or private sector investment, regeneration efforts tend to fail unless they are supported by neighbourhood residents.

Some Potential Solutions: It is not an inevitability that local jobs and investment will exit from these "middle ring" neighbourhoods. There are numerous policy measures that governments can use to encourage the private sector to develop these areas, for example by designating these neighbourhoods as tax increment financing districts or by locating public sector offices within these neighbourhoods (which should spur greater transit service and businesses to serve the employees). The private sector can also partner with local government to create the right conditions for investment in low income areas, for example by negotiating service development partnerships or by building sponsored community centres (often done through a public-private partnership). Finally, the private sector can lead such development on its own, for example by directing corporate social responsibility efforts toward these communities.

United Way Toronto and the City of Toronto developed the Strong Neighbourhoods Task Force, resulting in the identification of 13 priority neighbourhoods.

At the community level, the United Way's Action for Neighbourhood Change program works to reconnect neighbours in joint efforts to revitalize their communities, re-engaging them in

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[16] Granovetter, Mark S. (May 1973). "The Strength of Weak Ties." *The American Journal of Sociology*, Vol. 78. No. 6, 1360-1380.
Granovetter, Mark S. (1974). *Getting a Job: A Study of Contacts and Careers*. Cambridge, Mass.: Harvard University Press.
[17] Sampson, Robert J., Stephen Raudenbush and Felton Earls (1997). "Neighborhoods and Violent Crime: A Multilevel Study of Collective Efficacy." *Science* 277:918-24.
Sampson, Robert J., Jeffrey D. Morenoff and Thomas Gannon-Rowley (2002). "Assessing Neighborhood Effects: Social Processes and New Directions in Research." *Annual Review of Sociology* 28:443-478.

neighbourhood associations and community projects that respond to the issues affecting the health of the neighbourhood.

At the local government level, the City of Toronto's Strong Neighbourhoods Strategy brings together key city departments, across the silos that normally separate staff, to address issues neighbourhood-by-neighbourhood. Staff from different departments, who serve a particular neighbourhood, work together on a Neighbourhood Action Team (NAT) and reach out to local groups to build a Neighbourhood Action Partnership (NAP). In one community, employment programs may work with recreation and health programs in an integrated way to support at-risk teens, while police in another neighbourhood may work with parks and recreation and public works staff to improve physical spaces that make communities unsafe. This process has helped make local services more customer-oriented, with the community's needs, not the departmental objectives, as the focus.

In spite of the progress within the neighbourhoods, the culture and structure within the City remains. As a result, front line staff still report through their department, even though NAT activities may transcend departments. Even the lead staff on this team have, first and foremost, their departmental duties to deliver on. This divided focus and responsibility has slowed the growth of the public-private (and not-for-profit) partnerships needed for NAPs to flourish, as community groups and businesses engage more tentatively, waiting to see if the focus on the community will be sustained.

Gimme Shelter: The state of "Middle Ring" Housing

The Issue: The majority of affordable housing units within the city of Toronto are found in these "middle ring" neighbourhoods. However, the affordable housing supply, in all parts of the region, has not kept pace with demand. Rents for other housing stock in these areas are generally more affordable than in other parts of the city. However, a large percentage of affordable and lower-cost housing is energy-inefficient and in poor condition.

The Challenge: More than 200,000 tenant households spend more than 30 per cent of their income on shelter (this is the generally accepted upper cut-off of 'affordability'). Currently, almost one in four Toronto tenant households spend more than half their income on housing.[18] With waiting lists of more than 70,000 applicants in the city of Toronto alone, people in need of affordable housing can anticipate 12 – 15 years on the waiting list before their needs are met.

From an economic perspective, the poor state of repair of housing in these neighbourhoods contributes to worker absenteeism (as there is a negative impact on workers' physical and mental health) and contributes to the Toronto region's emissions. Improving the condition of this housing presents a number of opportunities for governments to work with the private sector to improve social conditions and to generate positive returns to the Toronto region economy.

Some Potential Solutions: The City of Toronto plans to use a combination of tools and resources (including funds from the federal and provincial governments) – development charges, public lands, property tax waivers and other incentives for private developers – to add 1000 new rental units per year over the next 10 years.

At the same time, the Toronto Community Housing Corporation (TCHC) is setting out to revitalize the existing housing stock through its Community Revitalization efforts. In Don Mount Court, Regent Park, Lawrence Heights and Alexandra Park, TCHC has developed plans to replace and refurbish thousands of homes badly in need of repair. TCHC gains the capital needed to replace deteriorating homes by selling development rights to private sector partners who build new market housing in the same community. TCHC recently put out a tender for similar revitalizations of 11 additional public housing neighbourhoods in the city.

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[18] City of Toronto: Housing Opportunities Toronto. *An Affordable Housing Action Plan, 2010-2020*.
City of Toronto. *Neighbourhood Profiles, Income/Shelter Costs*.

The Tower Renewal program draws on energy efficiency savings as well as other opportunities, including increased density, to finance improvements to high-rise concrete slab residential buildings. Improvements could include cladding the exterior of buildings with insulating "skins" and developing retail facilities and community space in the ground floor. The Tower Renewal Office is pursuing several pilot sites, which include a mix of public and private sector owners, to demonstrate the effectiveness of the model. The project has drawn international attention, enthusiasm from private sector building owners and larger real estate investment trusts and funding from the Federation of Canadian Municipalities.

A number of jurisdictions are pursuing projects similar to the Tower Renewal program to repair and improve residential and commercial buildings by using innovative methods to finance, and lowering the cost of financing, the building retrofits. Two promising examples come from New York and California.

The State of New York recently launched a statewide initiative to retrofit one million homes and small businesses in five years. Called the Green Jobs/Green NY program, the plan costs the state $112 million and will leverage private investment of up to $1 billion. Municipalities have provided leadership in the development and execution of these programs: for example, Babylon, N.Y. (on Long Island) uses municipal reserves to fund energy efficiency retrofits for homeowners and arranges the work through trained and approved private sector contractors. The municipal program lowers housing costs immediately and recovers its investment plus interest by claiming a portion of the energy efficiency savings. Because municipalities already collect regular payments from homeowners in taxes and utility bills, garnering their portion of the savings requires no new infrastructure and minimal costs. At the same time, companies in New York State are gaining critical expertise in performing energy retrofits, a critical skill these companies can export to or advise on in other jurisdictions, where such retrofits will be a growth business in future years.

In San Francisco, similar principles are being used to promote the installation of renewable energy systems, such as wind and solar power. This program, based on Berkley's pioneering Property Assessed Clean Energy program (PACE), cost the City $150 million in seed capital, with the investment recovered over time through a surcharge on the property tax bill that costs less than the energy savings enjoyed by the property owner. The program creates thousands of private sector jobs in the home retrofit industry and has enabled San Francisco-based companies to move to the forefront of the growing home retrofit industry in California. Smaller PACE programs implemented in other Californian municipalities have generated positive results: for example, Sonoma County saw an 8.4 per cent increase in construction employment and a 100 per cent increase in the market for solar power installations.

Thinking Locally: Accessibility and Availability of Services

The Issue: Government and commercial services are often scarcer in lower-income neighbourhoods. The result is that residents of these areas are often disconnected from services, such as: local employment, recreational facilities or grocery stores.

The Challenge: With changing development patterns within the city of Toronto, there is now often a disconnect between the communities seeking to access facilities or services and the locations where such facilities or services are located. The result is a decreasingly effective social and recreational infrastructure that meets its goals and objectives less often and less well than taxpayers have a right to expect. Currently, a fraction of Toronto residents use our recreation programs; even free programs offered to low-income families are being utilized by less than 5% of the people who are eligible (approximately 29,000 people).[19]

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[19] City of Toronto, Department of Parks Forestry and Recreation (December 2007). *Improving Access to Recreation: "Everybody Gets to Play."*

Access to recreation has an economic impact. Research conducted in Hamilton showed that families whose children received free access to recreational programs through the YMCA showed lower rates of unemployment, as the time their children spent in these programs provided the parent with time to seek training, pursue employment and resolve other challenges. Of equal significance, research also showed the costs of those programs were more than offset by savings in public expenditures in health care and social services within the first year.[20]

Where there are adequate recreational facilities and programs to connect at-risk youth to the community, the results are encouraging. However, research at Columbia University and the University of California show sharp increases in crime and vandalism strongly correlate with reduced access to recreation for youth.[21] Youth crime rates in the hours immediately after school (3 – 6 p.m.) significantly exceed those of any other time of the day or night.[22]

While City-run recreational facilities tend to be scarcer (or more widely disbursed) in the inner suburbs, this does not mean that these neighbourhoods lack such facilities. The problem here lies in the fact that the facilities that do exist are often under-utilized and coordination between different bodies or organizations is lacking. Local school gyms sit idle at nights and during summers. These facilities theoretically could be used in City-run programs. Similarly, computer labs go unused in schools after hours, while community centers fundraise to offer the same facilities to their evening and weekend clients. Dozens of school swimming pools face perennial closure plans.

Some Potential Solutions: City parks continue to be dominated by baseball leagues, regardless of the cultural make-up of the surrounding community. Programs like Action for Neighbourhood Change and the Strong Neighbourhoods Strategy have had success in overcoming these programming barriers. By actively engaging residents in Scarborough Village in planning the budget for the local recreation centre, the community and the city worked together to create a successful cricket league and repopulate a largely abandoned park. They reprogrammed the local arena by removing the ice each summer and using the dry-pad for basketball to serve the shifting population's recreational needs. In the process, they dramatically increased participation among local youth. Creating a more active community engagement process for program planning in the city's recreational facilities could replicate these benefits and increase the benefit the city enjoys from its existing facilities.

Beyond the city's own facilities, a systematic approach to joint capital planning and service programming with the large school boards would also benefit both organizations, break down silos between school boards and municipal governments and develop sound long-term strategies for optimal facilities use. Protracted negotiations led to the City's adoption of 33 Toronto District School Board pools in 2008, preserving the facilities for schools and avoiding capital costs for the city's growing aquatics program needs.

Finally, access to essential commercial services, such as grocery stores, as well as local employment and investment opportunities is also an issue in these areas. Just as the departure of sources of local employment and investment has contributed to the physical deterioration that has taken place in these neighbourhoods, local employment and investment can play a significant role in the rejuvenation of these communities. The prospect of residents being able to work in the neighbourhood in which they live, rather than having to travel to another part of the region (which is compounded by the issue of

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[20] Browne, G., C. Byrne, J. Roberts, A. Gafni and S. Whittaker (December 2001). "When the Bough Breaks: Provider-initiated Comprehensive Care is More Effective and Less Expensive for Sole Support Parents on Social Assistance." *Social Science and Medicine* 53(12): 1697-1710.

[21] Schinke, S.P., M.A. Orlandi and K.C. Cole (1992). "Boys and Girls Clubs in Public Housing Developments: Prevention Services for Youths At Risk. *Journal of Community Psychology, OSAP Special Issue* 118-128.

[22] Fox, J.A. (2003). *Time of Day for Youth Violence (Ages 10-17), 1999*. Boston: Northwestern University Press. Richardson, J.L. et al (1989). "Substance Use Among Eighth-Grade Students Who Take Care of Themselves After School." *Pediatrics* 84(3), 556-66.

regional transit, as outlined below) would also contribute to reducing the turnover in, and increasing the connection to, these communities.

Connecting to the Region: The Importance of Public Transit

The Issue: Many Toronto residents rely on public transit as their only method of accessing opportunities for employment, education and recreation. For lower-income neighbourhoods, in particular, public transit is relied on as the main means of mobility. Yet these areas are the least well-served by transit and are often far removed from rapid transit lines. In essence, this lack of transit service has created islands within the region. We need to provide these communities with viable ways to get around and connect to the rest of the region.

The Challenge: After decades of under-investment, our regional transit system has not kept pace with our region's geographic expansion. Our regional system is often fragmented for riders crossing municipal boundaries. And there are parts of the region that cannot reasonably be reached by public transit, no matter how many modes or connections a rider makes.

Metrolinx's regional transportation plan, *The Big Move*, will address these issues, building a greatly expanded system that connects the region and provides improved service in many of these neighbourhoods. The primary impediment at this point is money — *The Big Move* remains over 80 per cent unfunded.

Some Potential Solutions: As the Board outlined in *The Move Ahead*, dedicated revenue streams will be needed to ensure that *The Big Move* gets built. There are a number of options that can be employed to meet this funding challenge. Certainly, social equity considerations should be a factor in determining which revenue tools ultimately are used.

CONCLUSION

Issues of social cohesion and economic inclusion are generally viewed from a social justice, rather than an economic, perspective. The reality is a strong business case exists for addressing these issues. As the Board's *Scorecard on Prosperity* showed once again, Toronto is a magnet for talented people from around the world. However, at present, the Toronto region's economy underperforms and experiences minimal productivity growth partly because foreign-trained professionals and other immigrants cannot put their skills to work. Toronto's diversity can become a competitive advantage if we maximize the potential of the region's citizens.

Small investments can yield significant social and economic results, such as: rising incomes; increased levels of employment; lower health expenditures; and higher educational attainment. Further, government working with the private sector can help to improve neglected neighbourhoods, while also building globally competitive industries whose expertise can be exported to other jurisdictions.

Social cohesion and economic inclusion is a regional issue that often will benefit from regionally-focused, rather than just municipally-focused, solutions. In many instances, better coordination between groups would yield better outcomes with the same or fewer resources. Partnering with the private sector, rather than increasing costs through new regulations, can help bring the benefits candidates seek to lower-income communities.

The Board will continue to work with the city-building organizations that focus on these issues to advance potential solutions and to ensure that the economic impact of social cohesion and economic inclusion is not overlooked.

As Toronto recovers from the global recession, the Board believes the 2010 municipal election should be about the economy; without strong economic development, we cannot create the jobs and support the programs or infrastructure we want in a great city. Residents and businesses should consider which measures will serve to make the Toronto region's economy the most globally competitive. While the regulatory and legislative levers surrounding these issues tend to reside with the federal and provincial governments, the municipal level of government has many powers within its jurisdiction to effect positive change on issues of social cohesion and economic inclusion. What can municipal officials do to better coordinate their immigrant settlement and integration efforts? How can government work with the private sector to improve outcomes in disadvantaged neighbourhoods throughout the Toronto region? With this paper, the Board is calling on municipal candidates to consider how they will address issues of social cohesion and economic inclusion to help grow the economic and employment opportunities of individuals and the region.