Two Solutions for Urban Poverty
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Introduction

*The signs of stress are growing.* That was the assessment of Toronto that appeared in the New York Times on June 16, 2002. In a profile of Toronto’s social infrastructure, the article highlighted Tent City, a community of squatters on the shore of Lake Ontario in Toronto’s downtown east end. Growing homelessness and other indicators “suggest that the quality of life in Toronto, as in many other Canadian cities, is beginning to fray under financial and demographic strain.”

The New York Times article attracted enormous attention in Canada because of the growing and diverse chorus of voices demanding stronger, healthier and more sustainable urban governments, and urban communities. The TD Bank Financial Group has played a key role in these developments through its two reports, “A Choice Between Investing in Canada’s Cities or Disinvesting in Canada’s Future” (April 22), and “The Greater Toronto Area: Canada’s Primary Economic Locomotive in Need of Repairs” (May 22). The interim report of the federal government’s Caucus Task Force on Urban Issues recommended a national urban strategy for the 21st century. In early June, the Mayors of Canada’s biggest cities demanded that senior levels of government work together to address the need for viable cities, and that municipal governments participate in these discussions.

In this paper, I will concentrate on my community, Toronto. But Toronto is not unique. Social science data reveals profound distinctions between Canada’s large urban communities and the rest of the country. In June 2002, Statistics Canada’s Senior Social Scientist, Dr. Paul Reed, gave a presentation on the growing distinctions between Canada’s large city regions and the rest of the country, on a wide range of social and economic indicators. Statistics Canada plans to release this data in its entirety later this fall. There are, of course, many elements of complex urban life that are particular to each city region. But the size and nature of the social, physical, and fiscal problems common to each of Canada’s large cities has been a driving force behind the national call for a new deal for cities.

Most participants in this debate have agreed on one central thesis: our economic competitiveness and quality of life are inextricably linked. A recent study by Neil Bradford, commissioned by the Canadian Policy Research Network, quotes from a range of studies that establish the relationship between healthy cities and strong economies. Simply put, economic success increasingly depends on the creative intersection of highly-skilled workers who choose to live in vibrant urban communities. Studies by Richard Florida make the specific connection between a community’s attraction to high-technology workers and the city’s cultural diversity and tolerance. The growing disparity between rich and poor, and the stubborn correlation of race and poverty, and immigration and poverty, are two of a number of significant threats to the quality of life in Canadian
cities. Good places to live are good places to invest. If large Canadian cities are unable to attract investment, the standard of living of Canadians in every community will suffer.

In this paper I will first describe the distinctive nature of urban poverty, and its threat to our country’s standard of living. I will then turn to two solutions which I believe are necessary: a reconsideration of immigrant settlement policies that would coordinate the settlement activities of different governments, and reorient settlement services toward economic integration; and a national housing policy that promotes affordable, mixed-income housing. Please be assured that this paper is not intended to provide a comprehensive framework for addressing urban poverty in Canada. No such plan would be complete without considering a spectrum of other policy issues such as income security, and community issues such as aboriginal urban poverty. Nevertheless, I believe that significant progress on the issues of immigration settlement and affordable housing would be encouraging signals that governments and the private and community sectors are committed to livable, humane cities.

I would like to commend the TD Bank Financial Group and its Chairman, Charles Baillie, for his leadership and initiative. United Way of Greater Toronto is pleased to contribute to this publication, and to participate in the multi-stakeholder roundtable on Canada’s standard of living.

The Distinctive Nature of Urban Poverty

In March 2002, United Way of Greater Toronto released *A Decade of Decline: Poverty and Income Inequality in the City of Toronto in the 1990s*, prepared in conjunction with the Canadian Council on Social Development. For the first time, this report tracked income levels in Toronto for the entire decade of the 1990s and, among its findings were the following:

*Despite the economic boom in the late 1990s, there was an increase in the poverty rate among every household type in Toronto.* Median incomes decreased sharply over the 10-year period, particularly during the first half of the decade. More surprising, during the period of economic expansion in the late 1990s, the overall poverty rate increased from 22.6% to 23.3%. The boom was no boom at all for the poorest in Toronto. There were 11,300 more senior citizens in poverty in 1999 than in 1995; there were 14,310 more children in poverty.

*The gap between rich and poor widened in the 1990s.* Income polarization increased substantially in the 1990s. There was a significant increase in the number of high-income families, a larger increase in the number of low-income families, and a decline in the number of middle-income families. The difference in income by neighbourhood was even more striking. The median income in Toronto’s 12 poorest neighbourhoods declined by 16% in the decade, while the median income in Toronto’s 12 most affluent neighbourhoods increased by 10%.
The difference between local and national poverty statistics was stark. During the economic boom in the second half of the decade, poverty in Toronto went up; the national poverty rate, however, was stable. While the national child poverty rate was unchanged, the Toronto child poverty rate increased. The poverty rate for single-parent families went down in the country, yet went up in Toronto.

Poverty is widespread throughout the City of Toronto. While most Torontonians would associate urban poverty with the downtown core, there are large and growing concentrations of poverty in the “inner suburbs.” (These are communities that were not part of the pre-1997 amalgamated Toronto, but part of Metropolitan Toronto; they are now part of the new City of Toronto.) Poverty in these neighbourhoods is particularly linked to the rapidly increasing number of immigrants who make their first homes in communities in the inner suburbs.

A Decade of Decline did not analyze the race or ethnicity of those in poverty. Because the data came from tax filings, rather than census data, there was no such information available. But previous reports – based on the 1996 census – have painted a grim picture of inequality in Toronto. A report by York University’s Michael Ornstein, commissioned by the City of Toronto, suggests enormous demographic and income differences among those who provided information on race and nationality. The Ornstein report found:

The population of non-European communities is young. The percentage of Europeans under 24 years of age was 24%; at the same time, 40% of Arab/West Asian, 42% of Latin Americans, and 45% of African/Black/Caribbean communities were under 24.

Non-European families are far more likely to be poor. In Toronto, 23% of families were poor (using the Statistics Canada low-income cut-off). Yet 45% of Arab/West Asian families, 35% of South Asians, and 45% of African/Black/Caribbean families were poor. And these aggregate totals do not tell the full picture; 70% of Ethiopian families, and an astonishing 87% of Ghanaian families, lived in poverty.

There were enormous discrepancies in median income, by race and nationality. The median income for African/Black/Caribbean families was 60% lower than the median income for European families. For Arab and West Asian families, median income was 45% of the median income of European families.

These data raise troubling questions about the link between immigration and poverty. A recent report by the Maytree Foundation in Toronto has described the failure of the current immigration settlement system to address the emergence of concentrations of urban, immigrant poverty. It is important to remember that the link between racialized minority status and immigration status is far from absolute. There have been visible minority communities in Canada for generations. But the past ten years have witnessed two coincident social phenomena. First, despite being more highly skilled than previous cohorts of immigrants, the economic experience of recent immigrants relative to native-born Canadians is not as strong as previous generations of immigrants. At the same time, there has been a remarkable transformation in the profile of Canadian immigrants, from
92% European in 1961 to 17% European in 1996. The increased concentration of poverty in visible minority immigrant communities in large urban centres requires us to review our approach to immigrant settlement.

**Urban Poverty and Immigration Settlement**

Never in our history has our ability to welcome and integrate immigrants been such an enormous determinant of our standard of living. Yet those who provide settlement services can see very little evidence that governments have recognized this priority. A quick scan of the data will make the point.

During the 1980s, immigration accounted for less than 50% of the Greater Toronto Area’s (GTA) population growth. In addition to immigration, the GTA has historically been able to count on natural population increases, as well as migration from within Ontario, and from other provinces. Throughout the 1990s, however, net domestic migration declined. As the recent census demonstrated, our birth rate is low. By the early 1990s, immigration represented over 94% of net population growth. By the year 2011, it is estimated that 100% of Canada’s net labour force growth will depend on immigration. And by 2030, immigration is predicted to account for 100% of the entire net population growth.

Our economy increasingly depends on the skills and expertise of immigrants. At the Toronto City Summit in June, 2002, a partner with one of Toronto’s leading executive search firms described a major shift in the past 20 years: attracting and retaining talent has become a crucial driver of business decisions. A recent survey by the Canadian Federation of Independent Business found that two-thirds of the firms that hired during the last year stated that their firm’s long-term growth is threatened by their inability to find employees with the right skills. The demand for skills and higher education is anticipated to increase at a much faster rate than the entire labour force. About 70% of new jobs created in the next few years are expected to require post-secondary education (and the proportion of immigrants who are university graduates is substantially higher than that for Canadians in the same age group). The combination of skills shortage and low birth rate is not an exclusively Canadian phenomenon, of course. Many of our OECD competitors face the same reality, which means that the competition for skilled immigrants will intensify. The ability to attract and retain skilled immigrants will be a key determinant in the success of our economy.

**Immigration and Settlement – The Search for Solutions**

The following section sets out three strategies for improving Canada’s capacity to welcome immigrants, and provide them with the tools to enter our economy. In all cases, the objective is to reduce urban poverty by making full use of the skills and expertise of immigrants to Canada. The public sector, the private sector, and the voluntary sector each have an important role to play.
Governments must work together to improve the funding and coordination of settlement policies and services. Canada’s large cities must play a key role in leading this coordination. The federal government devotes considerable resources to the settlement of immigrants, and particularly to language training. The provinces also provide some services. In Toronto, the City government plays a key role through community grants to agencies that serve immigrants. The school boards help to provide language training. These contributions to the settlement of immigrants are poorly coordinated.

The federal government must establish a fundamental objective of making Canada the world’s most innovative and comprehensive provider of settlement services for immigrants. But this does not mean that the federal government can act alone. The experience of non-profit agencies in my community is that the municipality is the level of government best placed to assume an increased role as facilitator and policy-maker. All levels of government must make the settlement of immigrants, and the incorporation of foreign skills and expertise into the Canadian economy, a higher priority.

There are two immediate challenges to this strategy. The first is fiscal. The leadership of municipal governments will require financial resources. The lack of a sustainable financial base for Canadian cities, and the consequences of their dependence on non-progressive property tax, is well documented. Between 1995 and 2001, while the revenues of municipal governments rose by only 14%, provincial and federal government revenues increased by 30% and 38% respectively. At the same time, municipal governments have assumed additional service responsibilities, particularly in the area of social infrastructure. Until senior levels of government recognize this imbalance, and provide for revenue streams that are more congruent with the demands placed on our cities, municipal governments will be focused on fiscal survival. They will be in no position to assume leadership in the area of immigration settlement.

The second challenge is institutional. The leadership role of a municipality would require senior levels of government to work cooperatively with the cities as an equal partner. While there is unfortunately very little success in intergovernmental cooperation that includes cities as full partners, there are some examples. The federal government’s Green Funds work uses a broker model, working directly with the Federation of Canadian Municipalities. The federal government’s Supporting Communities Partnership Initiative (SCPI), part of the National Homelessness Initiative, recognizes a “community entity” in each municipality (which, in many cases, is the municipality itself). These models recognize that different municipalities have different capacities, and different needs.

Civic leaders – and particularly employers – must provide leadership in the development of more efficient recognition of credentials. Business, labour and community groups must recognize the link between the integration of immigrant skills and expertise and our future prosperity, and look for opportunities to make tangible progress in the recognition of foreign-trained workers. For many years, political leaders have responded to the concerns of constituents by demanding greater access to trades and professions. For the most part, there has been very little progress. Institutions that are charged with protecting
the integrity of trades and professions have resisted political attempts to make certification more accessible.

The time has come to establish an on-going, non-governmental watchdog on access to professions and trades. No self-regulating body or trade group would be asked to lower its standards, or reduce the quality of those who are certified. But these institutions – at the request of employers – would be asked to reorient their procedures for customer service, to provide more and better information for applicants seeking entry. These bodies would be asked to provide efficient, individually oriented strategies for matching the education and skills of immigrants with domestic standards. Colleges and universities may be asked to play an increased role in the development of programs of individual training, combined with fieldwork and mentoring. These issues are complex, and vary considerably from one trade or profession to another. Nevertheless, there are strategies that can be employed by professional/trade bodies or non-profit agencies to ensure that the individual experience of attempting to gain access to trade/professional bodies can be improved. One such strategy was documented in a recent study published by the Joint Centre of Excellence for Research on Immigration and Settlement, Toronto (CERIS) – in which United Way of Greater Toronto participates. The report concluded that language training designed specifically for certain trades has been successful in facilitating the accreditation of foreign-trained professionals.

The potential barriers to the success of such a strategy are as old as institutions themselves: some institutions may resist changes in their assessment and decision-making processes. The key to eliminating this barrier is to make the strong connection between employers, and professionals already accredited in the field, community organizations that provide settlement services to immigrants, with the bodies responsible for determining access to the profession or trade. Mentorship programs, for example, provide crucial technical advice and moral support to the individual immigrant; these programs also help to break down the institutional barrier between the accreditation body and the applicant. The non-governmental “Access to the Workplace” coalition could develop a framework for developing and promoting these types of strategies.

The non-profit sector is able to play an increased role in the development of strategies for immigrant settlement. The CERIS study also provided data on the wide gaps in the ability of different immigrant communities and cohorts to enter the workforce, and attain wage rates comparable with native-born Canadians. This disparity, the study notes, “suggests that service agencies should have a repertoire of flexible strategies that can be adapted to changing demographic components in the communities.” This agile response is one of the distinguishing characteristics of the voluntary sector. In Toronto, for example, many United Way agencies provide mentorship programs targeted at specific trades, and specific communities. Many of these programs have high success rates.

The barriers to this approach are both financial and cultural. The past decade has been very difficult for community agencies that provide services to immigrants, and reductions in many government grant programs have threatened the capacity of the non-profit system. The generosity of Torontonians has allowed the United Way of Greater Toronto
to increase its funding for newcomer services by 106% over the past five years. But the
decline in core public funding for community agencies has eroded the overall capacity of
the non-profit sector. There may also be concerns that money is not being spent in the
most effective manner. In programs where there is already significant public investment,
many in the voluntary sector have described the inflexibility of program criteria. This
makes local problem solving very difficult. In both cases, the answer is improved
coordination of government and non-government initiatives, and better coordination
between governments and among government departments. Particularly important is the
development of commonly accepted measures of outcomes and accountability procedures
to address the demands of all funders for responsive and effective programs.

**Urban Poverty and Affordable Housing**

The issues of urban poverty and affordable housing are inseparable. Every major effort
to address urban poverty since industrialization has concentrated on the need for safe and
adequate shelter for the poor. History provides valuable lessons about the consequences
of inaction and, on occasion, the consequences of choosing the wrong action.

In Canada, until recently, the record of government-owned and supported affordable
housing was not a bad one. The decision of the federal government to assume leadership
in housing immediately following World War II had enormous consequences. The
establishment of the Central (now Canada) Mortgage and Housing Corporation in 1946
addressed the public demand for affordable mortgages, and extended the reach of the
private housing market, which has historically met the housing needs of an overwhelming
majority of Canadians. Social housing – units built and operated by government
agencies, cooperatives, and non-profit organizations – account for only about 7% of all
housing units in Canada, and about one-fifth of rental housing stock.

The ability of the marketplace to provide most Canadians with adequate housing does not
diminish the important role played by governments. As a result of national resolve in the
mid-1940s, the federal government established a program of slum clearance and urban
renewal. There was significant investment in large public housing developments,
particularly in the 1960s and early 1970s. In 1973, the National Housing Act changed the
orientation of federal support for housing. The large urban redevelopment project was
replaced by federal support of cooperative or non-profit housing built for mixed low- and
middle-income households. This policy shift was coincident with the move in municipal
government away from the megaproject, and toward the preservation of mixed-income
neighbourhoods. The most successful social housing in my community are the medium-

Over the past ten years, governments in Canada have been determined to reduce their
obligations for affordable housing, primarily by placing increased demands on lower
levels of government. At the same time, the disparity between the financial resources of
home-owners and renters has steadily increased. Between 1984 and 1999, the median
income of homeowners increased, while the median income of renters decreased. The
median wealth of homeowners in the same period increased by 24%; the median wealth
of renters decreased by 48%. For the first time since the 1930s, the consequences of inadequate (or disappearing) housing policy is manifested in absolute homelessness.

There is no end in sight to the trend toward increased polarization between renters and homeowners. About 40% of Canadian tenants live in Toronto, Montreal and Vancouver, where the high costs of housing makes it difficult to become a homeowner, and high rents make it difficult to save for a downpayment. At the same time, CMHC projects a national requirement of about 50,000 new rental units per year through the next decade. The current production of rental units is less than 9,000 annually, down from over 30,000 units each year in the 1980s. Much of the social housing stock, among the most affordable rental housing in the country, is now 30 to 40 years old; significant investment in repairs and maintenance is necessary, and will not create new affordable housing.

The gap between the incomes of tenants and rents is also growing. In Toronto, more families of all descriptions were living in poverty in 1999 than before the late-1990s’ economic boom, using the Low-Income Measure (LIM). The median income of low-income families with two children was sufficient to afford average rent for a three-bedroom apartment, but the average rent would consume 83% of the family income. The situation is far more grim for low-income, lone-parent families with one child; the average rent for a two-bedroom apartment was 110% of their median income. At the same time, the waiting list for public housing continues to grow. There are currently over 60,000 households on the waiting list for public housing in Toronto.

**Housing Solutions**

The Mayor’s Homelessness Action Task Force in Toronto report (January 1999) offered a broad range of solutions for homelessness in Toronto, and recommended specific actions for all levels of government and the voluntary sector. The Task Force was chaired by my predecessor as President of United Way in Toronto, Anne Golden. The two central themes of the report, sadly, still bear repeating: long-term approaches to homelessness must replace emergency responses; and every level of government must assume responsibility for the problem. Three years later, we propose the following solutions:

*Canada needs a national housing strategy.* A renewed commitment to the federal government’s National Homelessness Initiative would be a welcome first step. Ultimately, however, Canada needs a housing strategy, not a homelessness strategy. The Toronto Homelessness report indicated that “the federal government’s withdrawal from social housing has affected cities throughout Canada and is a primary reason for the rise in homelessness in all cities.” A recent study in New York confirmed that, despite the diversity of mental health, addiction, family breakdown and other problems that often trigger homelessness, only one factor determines whether emergency shelter users were able to make the shift to housing stability: the availability of affordable housing. But affordable housing does not only benefit the homeless. Employers in Toronto have expressed concern about the need for housing for low- and middle-income households in
the City’s labour force. Municipal and provincial government expenses on short-term shelter arrangements are increasing.

The Homelessness Task Force concluded that the Greater Toronto Area requires an annual increase of 7,500 to 9,500 rental units per year. Of the 3,800 to 4,800 rental units required in the City of Toronto, at least 1,900 must be accessible at below-market rates. The federal government’s reappearance in housing through the 2001 budget’s $680 million commitment is a demonstration of its willingness to assume a measure of leadership. But the recent housing agreement between Canada and the Ontario, for example, will have very little impact on the housing affordability crisis in the province. This agreement is expected to create about 500 units per year in Toronto, at market rents. Two-thirds of renters cannot afford market rents, which is currently $1,027 for a two-bedroom apartment. There is nothing in the federal provincial agreement that directly addresses the need for affordable housing. Because of the high cost to municipalities, many communities have expressed a reluctance to participate in the program.

It must be noted that the sum of all the ad hoc arrangements with each province and territory does not constitute a national strategy. The federal government must more clearly articulate its national housing objectives, and negotiate agreements that comply with these objectives. A national housing strategy must address the country’s broad range of housing needs. For Canada’s large urban areas, a strategy must establish the following national goals: an increase in the supply of housing that is affordable to Canadians on low and modest incomes; a commitment to mixed-income, medium density, intensified development; funds for the redevelopment and refurbishment of aging public and social housing. There is simply no greater contribution that the Government of Canada could make toward the reduction of urban poverty.

The voluntary sector must assume leadership in the development of specific strategies for preventing and eliminating homelessness. Many of the homelessness initiatives of the past few years have been joint voluntary sector/government initiatives. Some have been sterling examples of inter-governmental cooperation. The Toronto Homeless Community Economic Development program, for example, has helped many long-term homeless people sustain an income, and move into permanent housing. It has been an extraordinary success. This project is led by United Way of Greater Toronto, and receives funding and input from a private donor and all three levels of government. The key to its success is the leadership of staff and volunteers from non-profit agencies with a long history of working with homeless populations.

The 1999 report recommended a rent bank. The idea behind the rent bank is pretty simple: we should do everything we can to prevent people from losing their apartments, and ending up in city shelters, or on the street. A revolving fund that provides emergency loans to families facing eviction is one strategy to keep families in their homes. With funding from the City of Toronto and a private United Way donor, the rent bank was established. Since December, 1999, over 400 families have received Rent Bank loans; 94% of these families have avoided eviction. As a result, more than 600
children were able to stay in their homes, and in their local schools. The City of Toronto is saving about $400,000 each year in shelter costs.

Unfortunately, there are significant barriers to meaningful cooperation between governments and the voluntary sector. Governments too often ignore the fundamental need to maintain and build capacity in the voluntary sector, by providing only program funding. This approach assumes that agencies can count on a pre-existing base of financial support for operations. Even more dangerous is the need for governments to demonstrate immediate results from public expenditures. The time horizons of community initiatives are rarely a comfortable fit with the fiscal year and reporting requirements of governments. The administrative burden of working with governments can be a significant deterrent. Concerns about the long-term sustainability of funding do not encourage the development of long-term solutions. There are too many in the voluntary sector who would describe their experiences with government as thoroughly unpleasant; the arbitrary and demeaning treatment of the sector has often demonstrated a fundamental lack of respect and generated a sense of mistrust. The Voluntary Sector Initiative has begun to address the mechanisms for establishing genuine and equal partnerships between government and non-profit organizations.

Fortunately, there is experience to suggest that there are solutions to the barriers that exist between governments and the voluntary sector. The federal government’s three-year homelessness program is an interesting case study of what works well, and what does not. The Supporting Communities Partnerships Initiative (SCPI) encouraged cities to develop community plans for addressing homelessness, and has recognized many municipalities as the community entity to develop and implement the plan. For the most part, this has worked well, and fostered important relationships among governments, and between governments and non-profit agencies. Municipal staff had already worked extensively with many in the voluntary sector on initiatives to address homelessness, which means that trust had already been established. SCPI was able to build on these relationships, and allow for extensive community input in the development of specific projects. A renewed SCPI program would be an important step in addressing homelessness, and in continuing to build the community capacity to prevent and eliminate homelessness. A renewed SCPI could also address some of the deficiencies of the initial program: the haste with which the program was implemented, and the absence of long-term commitment. These two shortcomings worked as a disincentive to building innovative, long-term solutions, which must involve an increase in the supply of affordable housing.

Conclusion

At the Toronto City Summit in June 2002, the former Mayor of New Orleans, Marc Morial, described the post-war decay of large American cities. While policy makers ignored large urban areas, economic and racial divisions created cities that did not work, with downtowns that looked like ghost towns. But with the economic realities of the 1990s – along with substantial public (largely federal) investment – American cities were reborn. There was a recognition that as the cities go, so go the nations. Mayor Morial had a warning for our country: act while the sun is shining.
The remarkable, peaceful, at times joyful co-existence of people that are racially, ethnically, religiously, linguistically and economically diverse is our country’s greatest accomplishment. This internationally recognized accomplishment is manifested most distinctly in our large cities. But the greatest threats to this remarkable achievement are also found in our large cities. Cities are the destination of the vast majority of immigrants, and they are the site of increasingly concentrated poverty and affordable housing shortages. Should we squander the triumph of peaceful diversity, we will lose much more than a good feeling about our country. Should the social cohesion of our large cities be lost, the standard of living of every single Canadian – no matter where they live – shall suffer the consequences.