01

INCOME AND WEALTH

Toronto is a city of great wealth and great poverty. Income and wealth not only determine people's ability to access everyday necessities, but they also drive critical health and well-being outcomes. In a recent study by the Toronto Public Health, 20 of 34 health indicators[25] in the city had significant differences based on income.[26]

In many ways, income and wealth shape every aspect of the report: where you live, how happy you are, whether you can afford education, how often you go out and enjoy the many events and cultural activities in the city, your opportunities to connect with friends, and even the basic ability to afford food and housing. As can be seen in this report, income has been growing, but not for everyone; wage and wealth growth have improved dramatically for the top 20%, but they have declined or remained stagnant for many other parts of the population.

KEY INSIGHTS

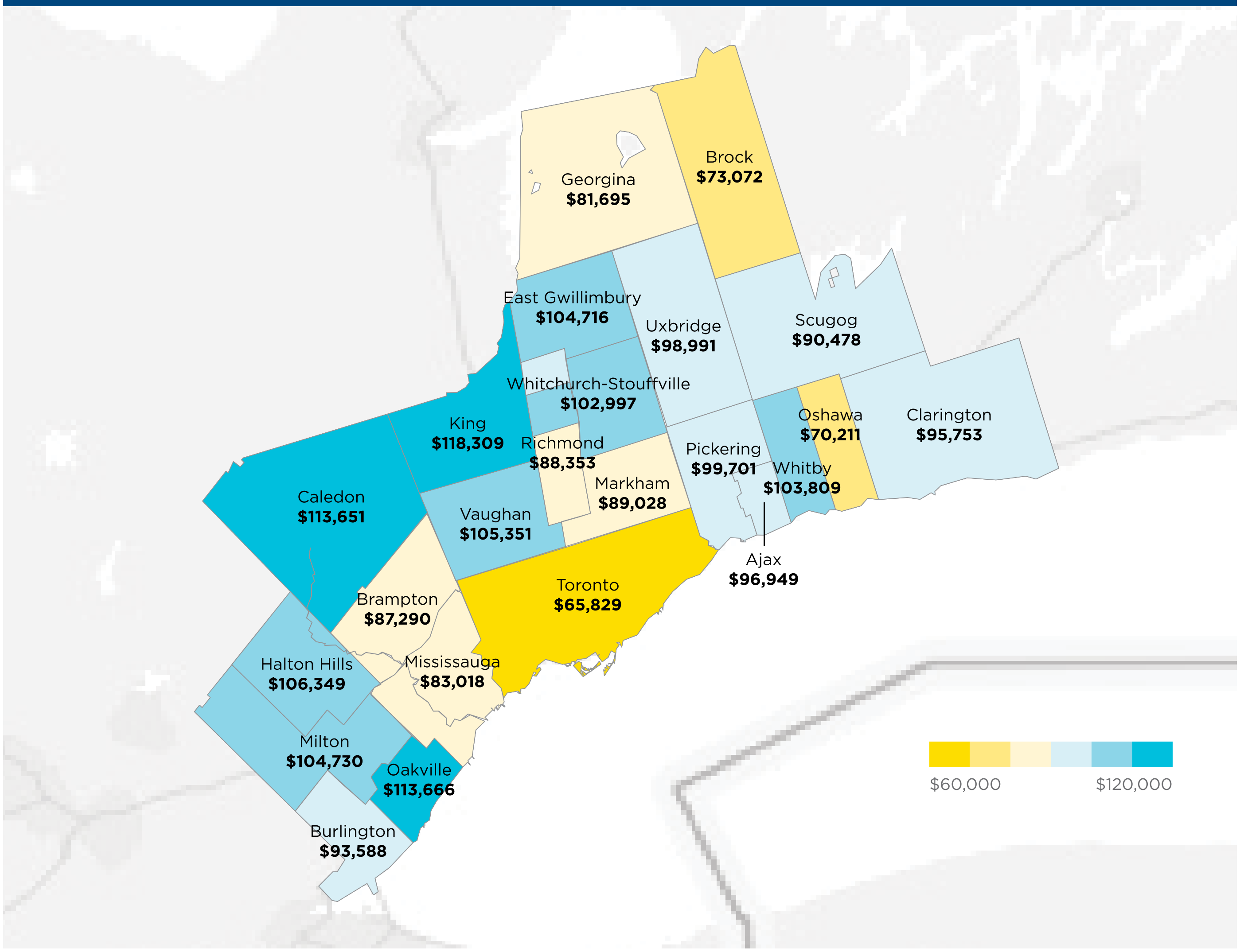
- By many measures, Toronto is the city with the most inequality in Canada, and this inequality has grown extremely rapidly over recent decades.
- Over the last 35 years, racialized populations, newcomers, and young people have had no income growth, while the rest of the population has often had greater than 50% income growth.
- Poverty rates have started to decline in the last several years, but poverty rates remain among the highest of any city in the country for most people, with particularly high poverty rates for certain demographics, including racialized populations, newcomers, and single parents.
- Toronto is the most expensive major city in which to live in Canada, and costs of child care, tuition, transit, and housing have all skyrocketed, while incomes for most people have barely budged.
- The top 20% have had their net worth increase by an average of more than $600,000 from 1999 to 2016, while the bottom 20% have had their net worth grow by $2,100.
- Indebtedness among low-income groups in the city is incredibly high, with the debt of the lowest-income group in Toronto more than four times their after-tax income.

TORONTO HAS SURPRISINGLY LOW TYPICAL INCOME COMPARED TO THE REST OF THE GREATER TORONTO AREA

Median income in Toronto lags behind the rest of Canada, the rest of Ontario, and many other major cities in Canada. The typical person in Toronto makes almost $4,507 less than the typical Canadian.[27] The median income refers to the point where half of the population is below the number and half above. While half the households in Toronto make less than the median of $65,829 per year, the average household in Toronto made $102,721. This is an extra $36,000 per year[28], reflecting that a portion of people at the top have much higher incomes, and the average household in Toronto is almost $10,000 higher than the rest of the country.[29]

No other part of the GTA has household incomes as low as the city of Toronto itself. And while part of this is due to smaller household sizes and larger proportions of single-person families, it still reflects the challenging experience that the typical household faces in ensuring it has enough money to pay the bills. And at the very heart of Toronto, in the Toronto Central Ward that contains the centre of Canadian industry, including the financial district, 45% of children live in poverty[30], higher than any other part of the city.

Median Household Income in the Greater Toronto Area, 2015



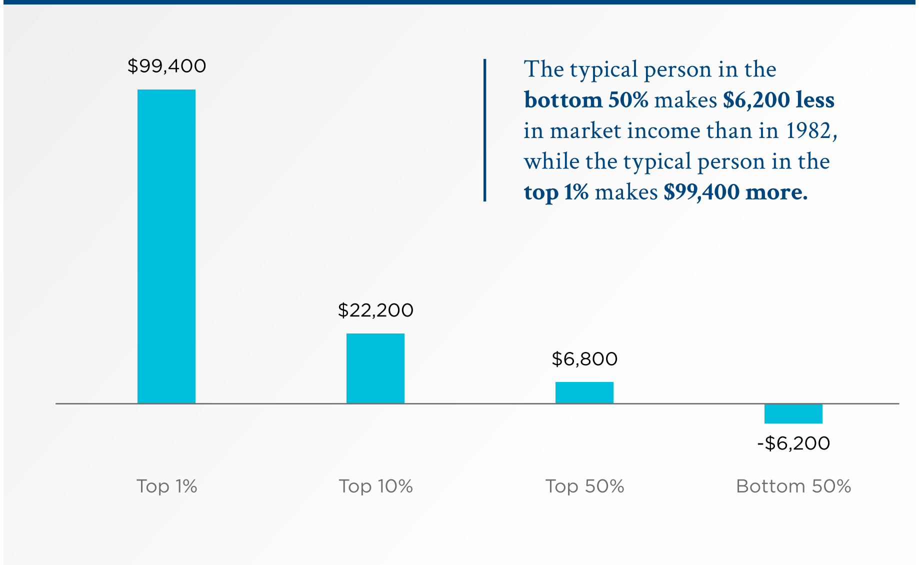
Source: Statistics Canada, 2016 Census of Population.[31]

INCOME INEQUALITY HAS INCREASED SIGNIFICANTLY

Much of the differences between median income and average income have grown over time due to increased inequality. The typical person in the bottom 50% has had their "market income" — the total income before tax, minus income from government sources — decline by $6,200 (-54%)[32] since 1982, after adjusting for inflation.[33] The top 10% and top 1% have had huge growth, with the median market income growing an average of $99,400 (45%) after inflation for the top 1%.

To be in the top 10%, a Toronto tax filer had to have at least $90,900 in market income, while to be in the top 1% they had to have $224,200 in market income. Along the way, we've seen the disappearance of Toronto's middle-income neighbourhoods and a huge rise in low-income neighbourhoods concentrated in the northeast and northwest parts of the city (for maps and further discussion, see page 23).[34]

Change in Median Market Income from 1982 to 2016, 2016 Constant Dollars, Toronto CMA



Source: Statistics Canada. Table 11-10-0055-01. High income tax filers in Canada.[35]

Note: Additional analysis by the authors to adjust for inflation.[36] Unlike other data in this chapter that uses Toronto CMA inflation, national inflation rates were used, as income rankings were calculated nationally.

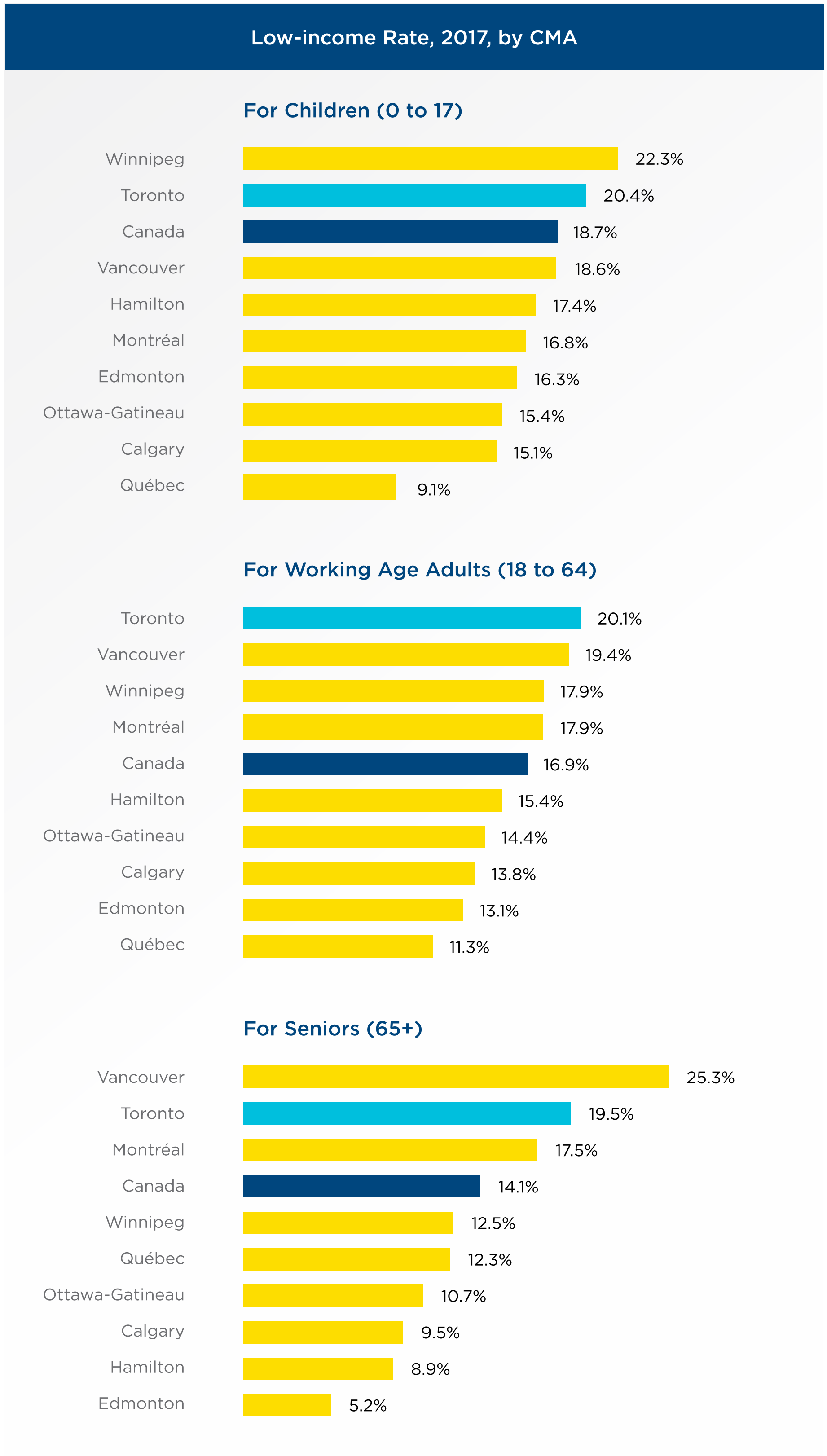
POVERTY TRENDS VARY BASED ON THE MEASUREMENT TOOL, BUT OVERALL POVERTY IS DECREASING

The two most commonly used measures of poverty are the market basket measure (MBM) and the low-income measure after-tax (LIM-AT), along with the related census family low-income measure (CFLIM). When you want to discuss poverty trends in the city, whether poverty is improving significantly or staying relatively constant depends on which you believe is the most accurate measure of poverty. The MBM of poverty shows substantial reductions in poverty over the last five years in the Toronto CMA (11.5%, down from 18.2% in 2012), while the CFLIM of poverty shows very slight decreases in poverty over the last five years (21.9% to 20.1%).[37] Currently, there is no data available on the MBM over time in the city of Toronto, though 2017 data found that poverty rates using the MBM were 1.5 times higher in the city of Toronto than the Toronto CMA, 1.7 times higher than the province, and 1.8 times higher than the national rate.[38]

The LIM-AT identifies that someone is in "low income," commonly described as "poverty," if a person or household has income less than half of the typical Canadian person or household. The MBM of poverty attempts to estimate how much it costs to live in a city at a basic living standard. The federal government recently announced the MBM of poverty as Canada's official poverty line. This report focuses on the low-income measure of poverty due to limitations with the market-based measure, especially in large cities like Toronto, where rent is extremely expensive. One example: the MBM of poverty assumes that a one-person household will spend half as much on shelter as a four-person household[39], which underestimates the amount a one-person household would spend on rent versus a four-person household by almost $5,000 over a year (assuming it's a one bedroom versus a three bedroom).[40] Given that a one-person household in Toronto with less than $23,513 in annual household income was considered living in poverty by the low-income measure, this difference is huge. For reference, a family of four with less than $47,026 in annual income is living in poverty, using the low-income measure.[41]

TORONTO IS THE WORKING-AGE POVERTY CAPITAL OF THE COUNTRY AND HAS HIGH POVERTY RATES FOR SENIORS AND CHILDREN COMPARED TO OTHER CITIES

In 2017, of major Canadian cities, Toronto had the second highest rate of poverty for children, the highest for working age adults, and the second highest for seniors. While this is somewhat positive news on the child poverty front that the Toronto region is not the child poverty capital of the country[42], being the second worst major city still leaves considerable room for improvement. For working age adults, Toronto has become the place most likely for them to be living in poverty, reflecting some challenging labour conditions discussed further in the chapter titled "Work," despite improving unemployment rates. To help put the rates of poverty among working age adults in a global context, the Organisation for Economic Co-operation and Development (OECD) statistics for 2018 show that it takes more working hours in Canada to exit poverty than any of the other 36 countries included in the measurement.[43]



Source: Statistics Canada. Table 11-10-0018-01. After-tax low-income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.[44] Caution should be used when comparing this to data from the census, especially for seniors.[45]

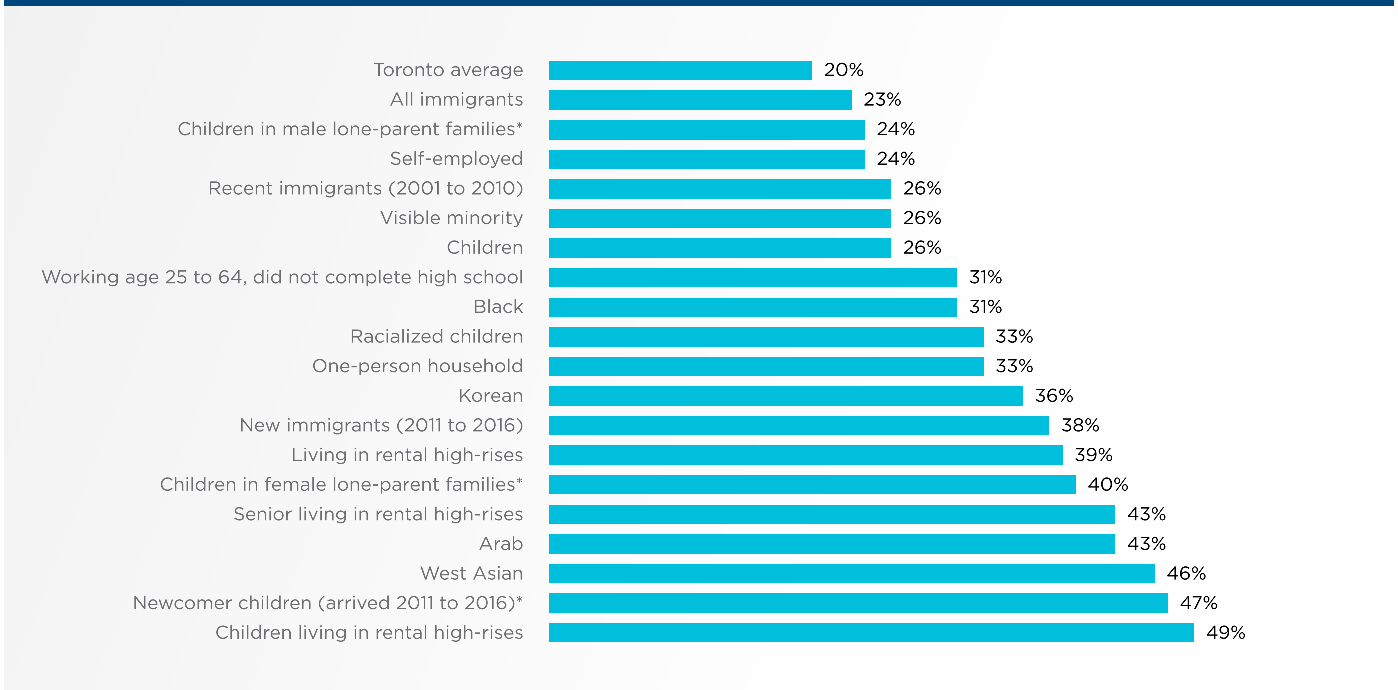
POVERTY IS PERSISTENT FOR CERTAIN POPULATIONS

The 2016 census estimated that more than 543,000 people are living in poverty in the city, including more than 125,000 children and youth[46], with almost four in 10 newcomers below the low-income measure (38%) and just under half of newcomer children (49%).[47] In *Our Health Counts Toronto*, researchers found that 87% of Indigenous peoples in the city were living below the low-income cut-off[48] ($20,998 in after-tax income for one person[49]), another commonly used measure of poverty. Racialized people were also particularly likely to be in the low-income category, especially West Asian, Arab, Korean, and Black people.[50] Failure to complete high school was also a major risk factor for poverty[51], which makes some of the trends around increasing high-school graduation rates all the more encouraging (see page 101).

Lone-parent families were also more likely to be in the low-income[52] category, and children in female-headed lone-parent families had much higher low-income rates (40%) than those in male lone-parent families (24%) [both data points are for Toronto CMA], a dangerous consequence of income inequality between genders, especially among racialized populations (see page 31). Unsurprisingly, many of the overlooked groups with particularly high rates of poverty are also most likely to experience homelessness and have been disproportionately affected by the lack of investment in new social housing in the city, discussed further in the “Housing” chapter on page 39. Certain neighbourhoods also have much lower income than others, visualized in a map on page 23.

Finally, a huge portion of people who live in our aging high-rises (greater than five storeys) do so in poverty, with almost half of children in families renting in these high-rises having low income (49%). These towers present a significant challenge for the city, as well an opportunity to improve the living conditions of some our most vulnerable residents (see page 39).

Percentage Living in Low Income, Toronto, 2015



Source: Statistics Canada Census of Population 2016.[53,54] Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue No. 98-400-X2016206. Data on high-rises was provided by Harvey Low at the City of Toronto.

Notes: Poverty refers to the Low-Income Measure After-Tax. Many calculations in the chart were done by the author and are not in the original source documents, typically dividing the number in low income by the population. Data with an * is for the Toronto CMA. Children in female and lone-parent families are for the Toronto Census Metropolitan Area.[55] There are numerous groups that have below average rates of poverty in the city but this chart only shows those with above average rates of poverty.

MORE THAN A BILLION DOLLARS IN SOCIAL BENEFITS GO UNCLAIMED PER YEAR

Even as government programs are created to help those in poverty, often they are complicated and insufficiently promoted to those who need them. According to Prosper Canada, more than $1 billion per year in benefits go unclaimed, with most of these intended for the most vulnerable.[56] Many of the major barriers to accessing benefits are being addressed by Toronto-based organizations working in their local communities. One example is the **Jane/Finch Centre**'s Financial Empowerment and Problem Solving Program. Its support to help overlooked populations file taxes and apply for benefits helped residents secure more than $7.3 million in benefits last year.[57] An external evaluation of the work of this organization and its partners found that they helped low-income Canadians generate more than $55 million in tax benefits, for a total cost of $1.5 million.[58] For other benefits, government top-ups of registered education savings plans for low-income families are discussed on page 104.

RACIALIZED POPULATIONS HAVE HAD NO INCOME GROWTH, WHILE OTHERS HAVE HAD TREMENDOUS GROWTH OVER THE LAST 35 YEARS

The experiences of different groups in the city have been dramatically different. One example is racialized populations. The United Way of Greater Toronto recently compared data over 35 years to see how average income had changed among different groups over time, after controlling for the impact of inflation. For White people in the city of Toronto, average income has grown 60% over this time period, while for racialized populations, it was only 1%.[59]

Much of this lack of progress is due to the shifting nature of work, with an increasing percentage of jobs in the city of Toronto being non-standard, including, contract, temporary, and part time. While income levels for non-standard jobs have increased over the last 35 years, a much higher percentage of racialized populations and newcomers are working these types of jobs, which pay far less than standard jobs.[61] Precarious work is discussed more in the chapter entitled "Work" (see page 51).

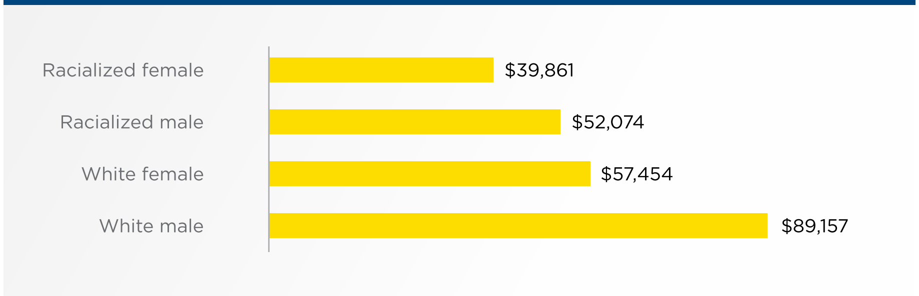
Lower-income challenges are even more concentrated among women. White males make 2.2 times as much as racialized females. A racialized female in the city of Toronto in 2015 had an average of $39,861 in employment income compared to $89,157 for a White male.[62]

Average Income (constant $2015) by Racialized Status, 1980 to 2015, City of Toronto

Source: United Way Greater Toronto: Rebalancing the Opportunity Equation.[60]

Note: Constant $2015 refers to the fact that all dollars are adjusted for inflation and all figures in the chart are shown in 2015 dollars.

Average Employment Income, Those Aged 25 to 64, Toronto CMA, 2015



Source: Statistics Canada, Census of Population, 2016.[63]

YOUNG PEOPLE HAVE ALSO HAD NO INCOME GROWTH

Similar challenging trends are seen for young adults (25 to 34 years old) in the city of Toronto. They have seen no income growth whatsoever in the last 35 years after adjusting for inflation (-1%)[64], while those 35 to 64 years old have had their income increase by 29% and those over age 65 by 53%.[65]

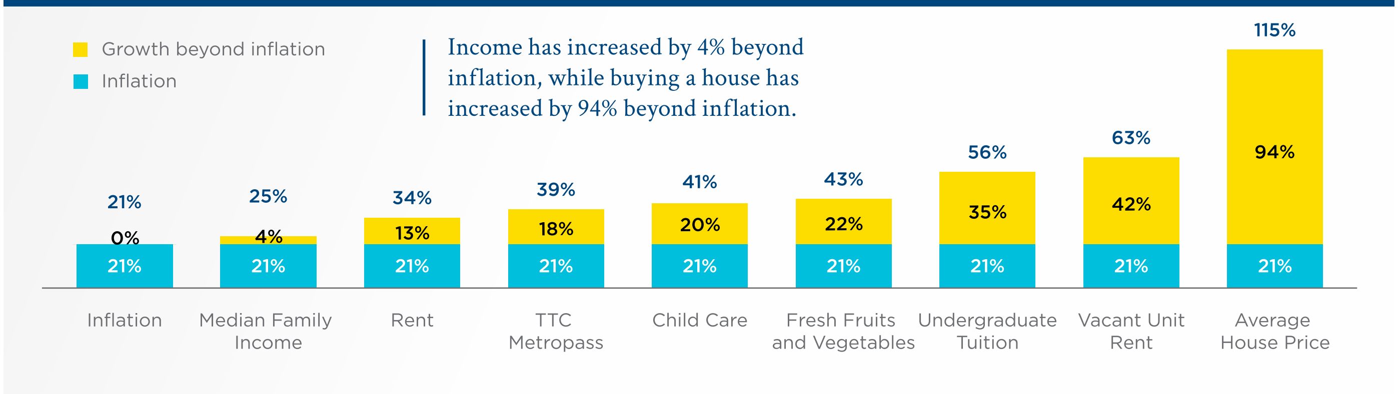
CRITICAL COSTS FOR LOW-INCOME FAMILIES ARE RISING FAR FASTER THAN INFLATION

According to Statistics Canada, living in Toronto is 7% more expensive than Vancouver, 10% more expensive than Calgary, and 18% more expensive than Montreal.[66] Between 2008 and 2018, housing costs increased by 115% in the Toronto CMA, a vacant rental unit by 63%, undergraduate tuition by 56%, child care by 41%, a Toronto Transit Commission (TTC) Metropass by 39%, and fresh fruits and vegetables by 44%, while the median income has only increased by 25%, and overall inflation was 21% (see chart on following page). Overall inflation is not adequately measuring the disproportionately rising costs for a low-income family. Similarly, for young graduates, the tuition increases, combined with rent and housing price increases, leave them in an incredibly difficult position compared to those graduating even a decade ago.

This is combined with income growth for young people (discussed in this chapter) and immigrants in the last 35 years (see page 53) being non-existent, and increasingly they are in temporary or part-time jobs with no benefits (see page 51).

One cost that is expected to increase at the rate of inflation for the coming years is property taxes.[67] Toronto currently has the lowest property tax rate in Ontario[68] and even in terms of actual dollars paid, it has one of the lowest taxes paid of any community in the Greater Toronto Hamilton Area.[69] Some researchers have noted that the City is limited in its ability to deal with shortages in services that are discussed throughout this report due to lack of increases in property taxes.[70]

Growth in Costs and Income Versus Inflation, Toronto CMA, Most Recent 10 Years of Data Ending 2018



Sources: Statistics Canada. Table 11-10-0009-01. Selected income characteristics of census families by family type.[71] Table 18-10-0005-01. Consumer Price Index, annual average, not seasonally adjusted.[72] Table 37-10-0045-01. Canadian and international tuition fees by level of study.[73] TTC.[74,75] CMHC Rental Market Survey.[76] MLS Housing Price Index.[77]

Notes: Cost calculations were calculated for 2018 versus 2008 for most but not all calculations. For income, 2017 was compared to 2007. Cost data for child care, undergraduate tuition, or fruits and vegetables is for Ontario. All inflation data is for the Toronto CMA comparing 2008 to 2018.

DEBT LEVELS ARE STAGGERING FOR THOSE WITH LOW INCOME

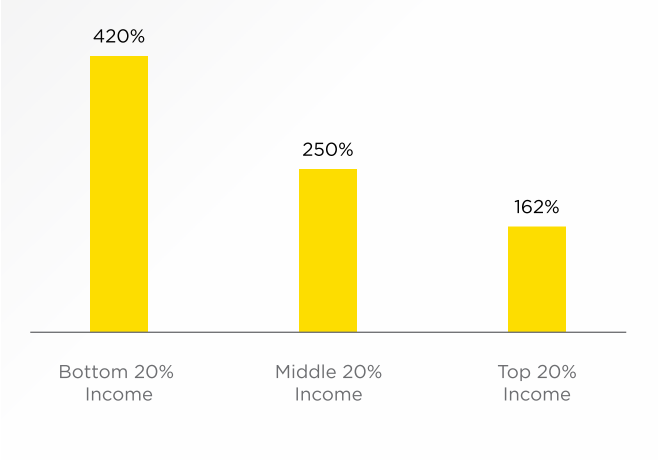
In 2005, debt-to-income levels in Canada and the United States were the same.[78] In 2018, debt-to-income levels in Canada were 70% higher than in the United States. Debt levels in Toronto are even higher than the rest of Canada and have been growing even more rapidly.[79]

With little income growth for 30 years and rapidly rising costs, the lowest income groups in Toronto now have average debt four times their income (420%), a level of debt that some will never be able to conquer.[80] Considering that many low-income families are struggling to afford their current food and housing, the likelihood of ever being able to pay off this debt is low. And the level of debt related to income for low-income individuals in Toronto is higher than any other city in the country.[81]

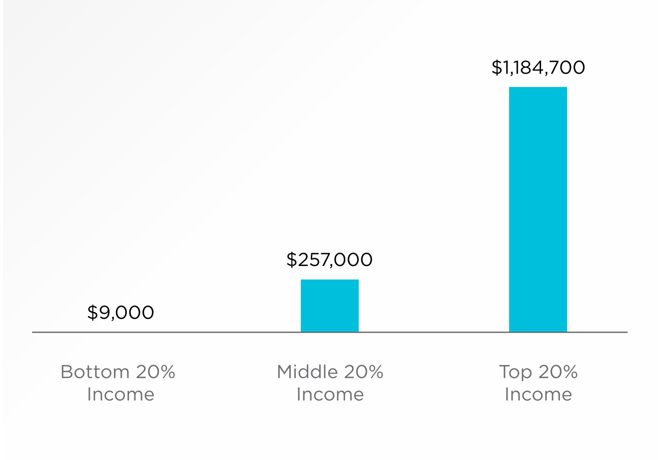
In contrast, those in the top 20% of income earned had only 162% debt as a percentage of income. Proportionally, those with the lowest income were 2.6 times as indebted as the wealthiest residents in the city.

Debt challenges are also closely tied to precarious work. In a 2018 study of millennials in Hamilton, 74% of those who had precarious jobs were worried about being able to meet their debt obligations compared to 22% of those with secure employment.[82] To learn more about the rise and consequences of precarious work in Toronto, see the "Work" chapter. For many of those with less income, they turn to payday loans out of desperation, only 13% of which are taken to pay for something that people want, opposed to necessities, avoiding late fees, or temporary reductions in income.[83] While Toronto is one of many jurisdictions that have taken steps to limit payday lending, and the provincial government has taken steps to cap the cost of payday loans, these vulnerable populations are still facing a huge challenge: many traditional lenders refuse to serve them, and the cost of payday loans are still high, even with caps.[84] Of course, not all debt is equal. Consumer debt with high interest rates like credit cards or payday loans represent a much larger portion of debt for low-income families versus high-income families[85], according to a recent report by Prosper Canada that summarizes Toronto data from its Neighbourhood Financial Health Index, which allows exploration and mapping of assets and debt at a local level within the city.

Debt as Percentage of After-Tax Income, Toronto CMA, 2016



Median Wealth by Income Group, Toronto CMA, 2016



Source: Statistics Canada Indebtedness and Wealth Among Canadian Households Economic I, No. 11-626-X No. 089 (2019).[86]

Note: Income groups are based on after-tax family income.

TORONTO'S RICHEST 20% HAVE ADDED A MEDIAN OF $644,600 TO THEIR NET WORTH SINCE 1999, WHILE THE BOTTOM 20% HAVE ADDED $2,100

The wealthiest in Toronto have accumulated phenomenal wealth, with the highest income group having more than 130 times more wealth than the lowest.[87] Generally, high-income groups have borrowed to buy assets and real estate, while low-income families have borrowed to cover the day-to-day cost of living.

Perhaps one of the most telling statistics about the growth of income inequality in Toronto is that the median net worth of the lowest 20% has grown by $2,100 in 2016 dollars between 1999 and 2016, while the median net worth of the top 20% grew by $644,600.[88]

THOSE WHO ARE STRUGGLING MOST DO NOT KNOW WHERE TO TURN FOR ADVICE

A recent survey by Toronto Foundation and the Environics Institute found that most people in Toronto feel they are able to get financial help when they need it (81%).[89] Those who need help the most are the least likely to feel they could access financial advice. Of those struggling the most to pay their bills, more than half felt they could not get access to financial advice if they needed it (51%). Racialized groups, newcomers, lower-income populations, those with less education, and younger people are most likely to say they do not have access to the financial advice they need. Those living in the Agincourt and Jane neighbourhoods are also more likely to say they do not have access.[90]

West Neighbourhood House is one organization serving the downtown west side, working to make sure more residents have access to the key advice they need. The organization's collaborative financial empowerment initiative provides free counselling, assistance applying to benefits, tax-filing support, debt-management strategies, and financial advice to low-income residents. A recent evaluation of the initiative and the work of their partners found that in addition to accessing millions of dollars in new benefits, 75% of participants with debt had implemented debt-management strategies due to the assistance of the program, and 59% had generally reduced stress in life after going through the program.[91]