

## The Three Cities within Toronto:

### *Income polarization among Toronto's neighbourhoods, 1970–2000*

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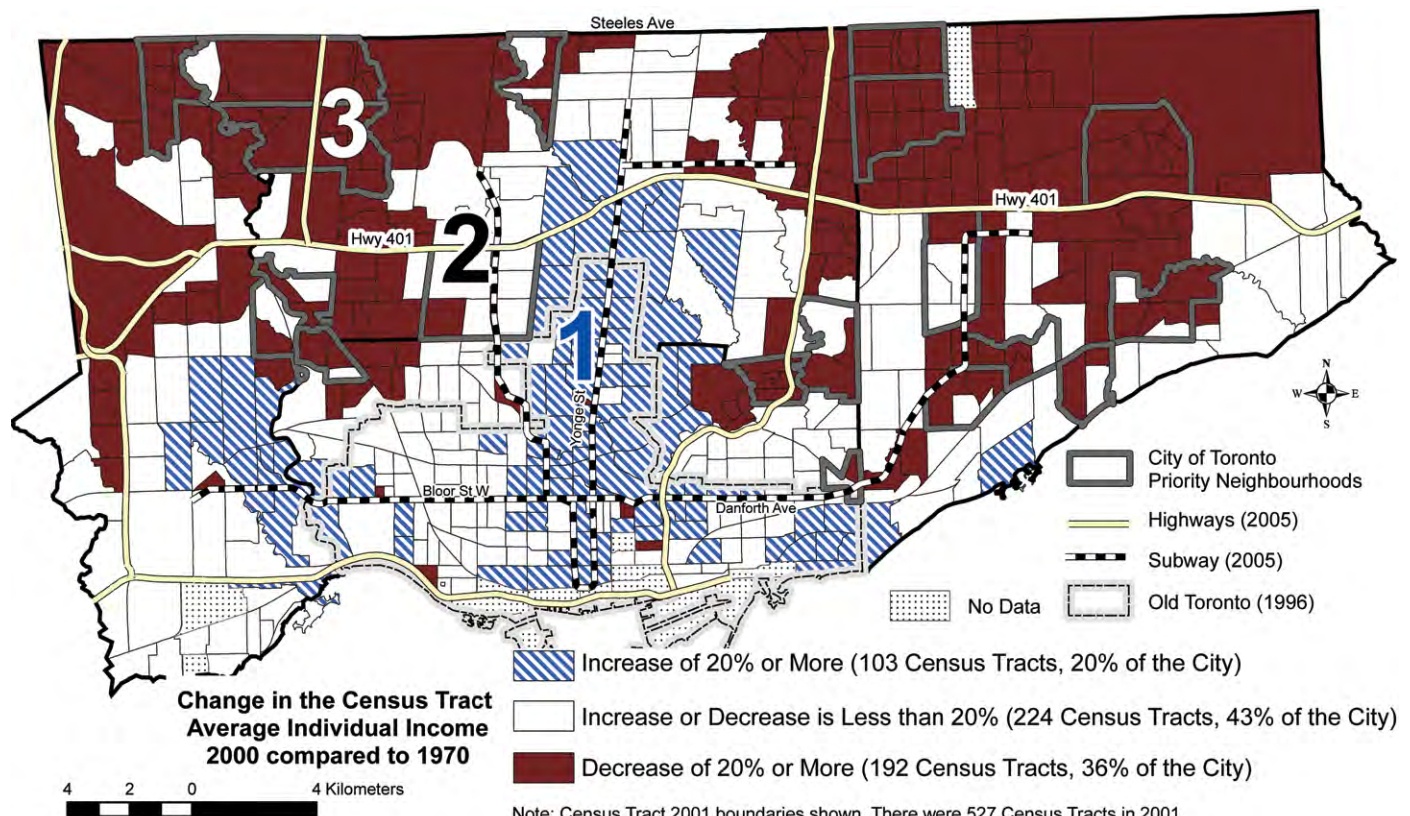
Toronto is sometimes described as a “city of neighbourhoods.” It seems an odd description, since nearly all cities contain neighbourhoods, but it is intended to imply that Toronto’s neighbourhoods are especially varied and distinctive. However, neighbourhoods

are not fixed entities. Although some neighbourhoods change very little in their physical, social, and demographic composition over time; others may change significantly in the course of a few years.

This report provides a new way of looking at Toronto’s neighbourhoods – who lives where, based on the socio-economic status of the residents in each neighbourhood, and how the average status of the residents in each neighbourhood has changed over a 30-year period. And it shows that Toronto’s neighbourhoods fall into one of three categories, based on neighbourhood change over

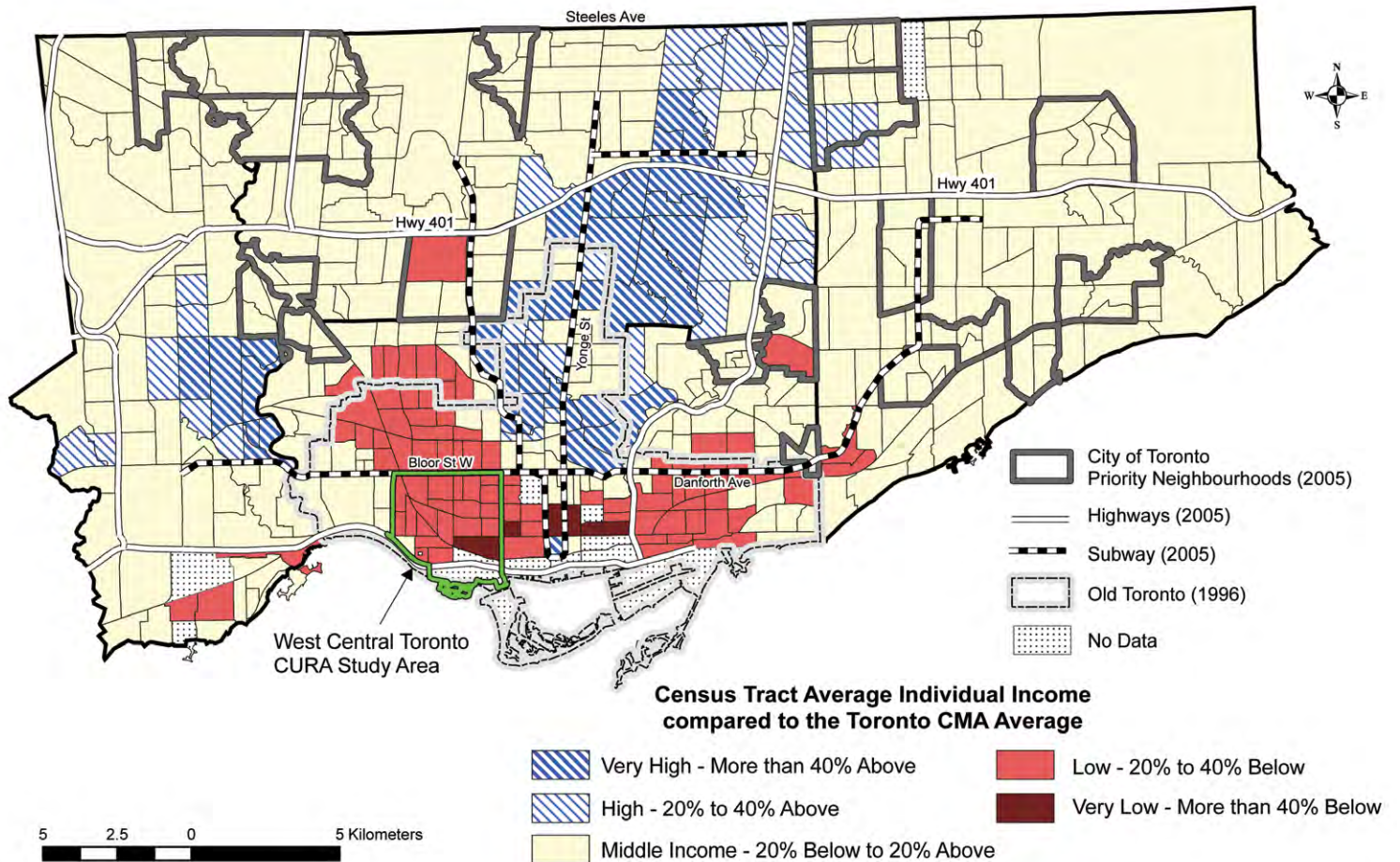
#### MAP 1 Change in Average Individual Income, City of Toronto, 1970 to 2000

Average individual income from all sources, 15 years and over, census tracts



## MAP 2 Average Individual Income, City of Toronto, 1970

Average individual income from all sources, 15 years and over, census tracts



time – creating three distinct Torontos. Cities have always had pockets of wealth and poverty. Neighbourhoods in the great cities of the industrialized world have undergone many transitions over the course of their history. However, the City of Toronto’s neighbourhood transition has been relatively sudden and dramatic.

### How and why do neighbourhoods change?

Neighbourhoods are complex blends of physical, social and psychological attributes which have well-known effects on their residents’ health, education, and overall well-being. Each one provides different access to physical infrastructure and social and community services. Each has its own history. Each is the outcome of an ongoing process of collective action involving various social, political, and economic forces, both internal and external. These processes can lead to neighbourhood change.

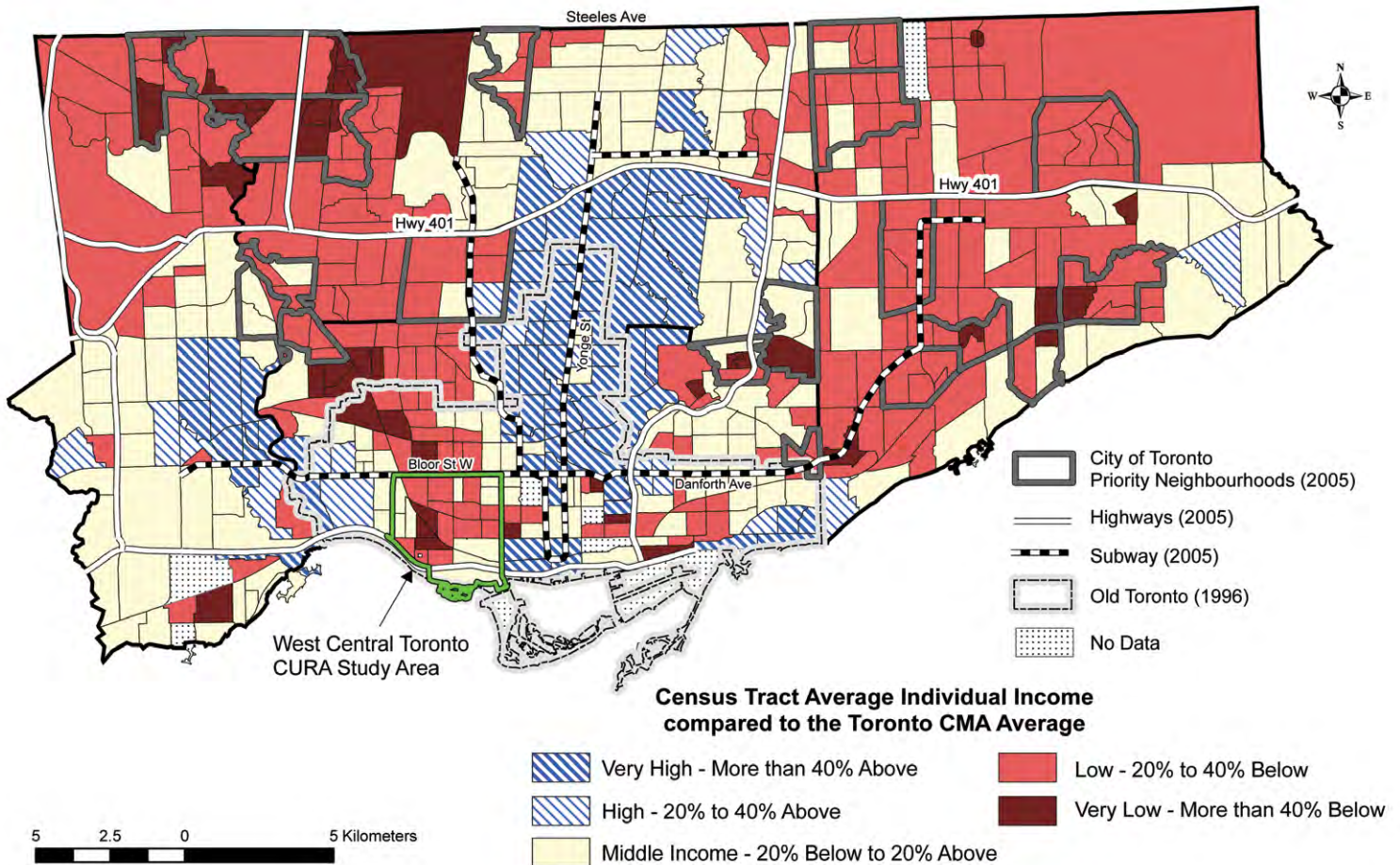
The price of housing is a key determinant of neighbourhood stability or change in societies where the real estate market governs access to housing, with only limited public intervention. Higher-income households can always outbid

lower-income households for housing quality and location. If a lower-income neighbourhood has characteristics that a higher-income group finds desirable, gentrification occurs and displacement of the original residents is the inevitable result. The opposite also occurs. Some neighbourhoods, once popular among middle- or higher-income households, fall out of favour and property values fail to keep up with other neighbourhoods. Over time, lower-income households replace middle- and higher-income households.

All these processes can be observed in the “city of neighbourhoods.” Rapid growth and a culturally diverse population have affected not only Toronto’s performance in national and world arenas, but also its neighbourhoods. In the 30 years between 1970 and 2000, the incomes of individuals have fluctuated owing to changes in the economy, in the nature of employment (more part-time and temporary jobs), and in government taxes and income transfers. These changes have resulted in a growing gap in income and wealth and greater polarization among Toronto’s neighbourhoods.

### MAP 3 Average Individual Income, City of Toronto, 2000

Average individual income from all sources, 15 years and over, census tracts



### What is a neighbourhood?

There is no one way to draw boundaries that define specific neighbourhoods. Defining a neighbourhood is, in the end, a subjective process. Neighbourhoods encompass each resident’s sense of community-based lived experience. There is no doubt, however, about the importance of neighbourhoods. Neighbourhoods have well-known effects on health status, educational outcomes, and overall well-being.

For statistical reporting and research purposes, Statistics Canada defines “neighbourhood-like” local areas called census tracts. In defining census tracts, Statistics Canada uses easily recognizable physical boundaries to define compact shapes, within which can be found a more or less homogeneous population in terms of socio-economic characteristics. The population of a census tract is generally 2,500 to 8,000. In the City of Toronto, there are 527 census tracts (2001 Census). Each has an average population of about 4,700 people. “Census tract” is used here interchangeably with the term “neighbourhood.”

The City of Toronto has defined and named 140 neighbourhoods. Each represents a group of census tracts – on average, 3.7 census tracts and about 17,600 people. The city’s

definition of neighbourhoods helps define and provide names for districts within the city, but they are too large to represent the lived experience of a neighbourhood. Individual census tracts come closer to that experience, even though they are statistical artefacts and do not always capture the true notion of neighbourhood.

### Neighbourhood polarization since 1970: Three distinct cities emerge within Toronto

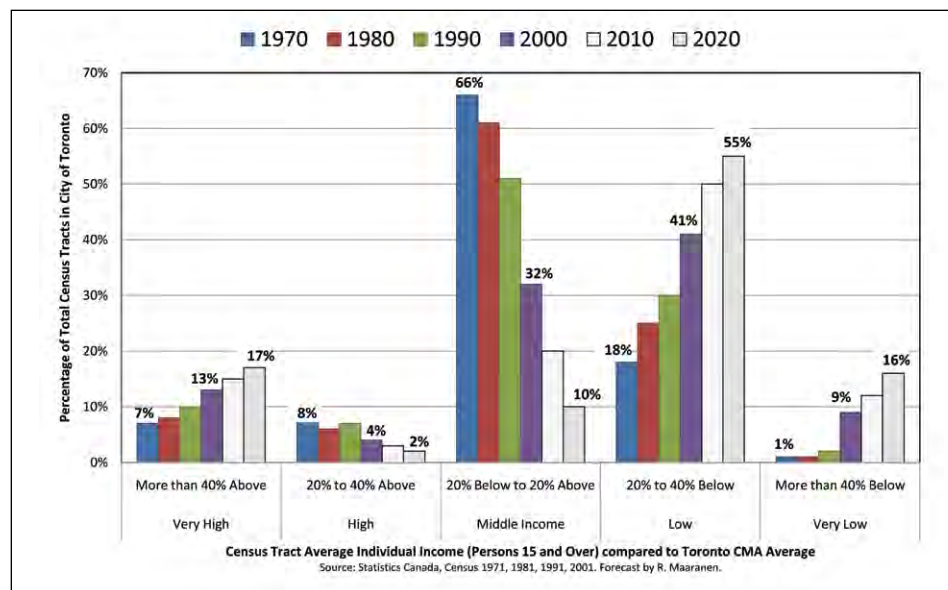
The City of Toronto is huge: 632 square kilometres (244 square miles). With more than 2.5 million people living in its residential areas, a 20% increase since the early 1970s, the nature of these neighbourhoods will change over time to reflect significant changes in the demographic characteristics and economic situation of their residents. Thirty years is an adequate period to examine the nature of change in neighbourhood characteristics and to identify trends.

A sufficient number of the questions asked in the 1971 census are still used in current census forms to permit analysis of neighbourhood change since that time. Thanks to a research grant from the Social Sciences and Humanities Research

Council, a data analysis team at the Centre for Urban and Community Studies and the University of Toronto's new Cities Centre has organized census data at the census tract level for the City of Toronto between 1971 and 2001. (This research will be updated when the 2006 census is fully released, but there have been few major economic and government policy changes between 2001 and 2006 that would significantly affect the 30-year trends reported here.)

A note at the end of this report explains how the neighbourhood income trends were calculated and mapped. To avoid confusion with dates, note that incomes from the 1971 and 2001 censuses are for the preceding calendar years (1970 and 2000).

**FIGURE 1 Change in Neighbourhood Income Distribution in the City of Toronto 1970 to 2000 and forecast to 2020**



**What have we found?**

Over the course of 30 years, the pattern of who lives where in Toronto on the basis of socio-economic characteristics has changed dramatically. There has been a sharp consolidation of three distinct groupings of neighbourhoods in the city. No matter what important indicator of socio-economic status is used, the results are very similar.

We will start with a comparison of the neighbourhood average individual income of people 15 years and older in 1970 and in 2000 (see **Map 1** and **Table 1**). To control for inflation, we compared the census tract average to the average of the entire Toronto census metropolitan area (the CMA). We did this for every census tract for 1970 and for 2000 (the incomes as reported in the 1971 and 2001 censuses). The note on methods at the end of this report provides details on how **Map 1** was calculated and why we used the CMA average.

**Map 1** shows that, instead of a random pattern of neighbourhood change, Toronto's neighbourhoods have begun to consolidate into three geographic groupings.

Neighbourhoods within which the average income of the population increased by more than 20% on average between 1970 and 2000 are striped in blue on **Map 1**. These neighbourhoods represent 20% of the city (103 census tracts) and are generally located near the centre of the city and close to the city's two subway lines. This area includes some of the waterfront, much of the area south of Bloor Street and Danforth Avenue (where gentrification is taking place), and in central Etobicoke, an area that from the time of its initial development has been an enclave of higher-income people. We will call this City #1.

The neighbourhoods that have changed very little, that is, in which the average income of individuals 15 years and over

went up or down by no more than 20%, have been left white on **Map 1**. This area represents 43% of the city (224 of the 527 census tracts). For the most part, this group of neighbourhoods is in the middle, located between the other two groups of neighbourhoods. This is City #2.

Neighbourhoods within which the average income of the population *decreased* between 1970 and 2000 are shown as solid brown on **Map 1**. These neighbourhoods comprise about one-third (36%) of the city's neighbourhoods (192 census tracts). They are mainly located in the northern half of the city outside the central corridor along Yonge Street and the Yonge Street subway. This is City #3.

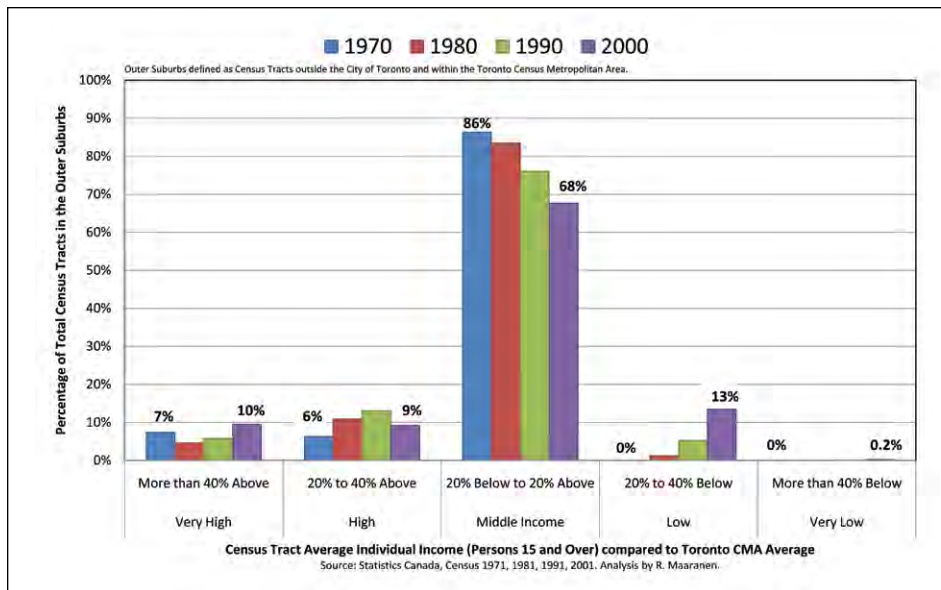
The trends shown on **Map 1** are both surprising and disturbing. Surprising, because 30 years is not a long time. Disturbing, because of the concentration of wealth and poverty that is emerging. Each of the three cities within Toronto also has sharply contrasting populations based on key ethno-cultural and socio-economic variables.

**How have the three groups of neighbourhoods changed?**

**Maps 2 and 3** provide the same data used in **Map 1** except for a specific year rather than the summary 30-year trend.

The maps indicate in light yellow neighbourhoods that were "middle income," defined as having an average individual income 20% above or below the CMA average. In 1970, in 66% of the city's census tracts (341 census tracts), the average income of the residents from all sources (wages, pensions, social assistance, investments) was close to the average for the entire Toronto area.

**FIGURE 2 Change in Neighbourhood Income Distribution in Toronto’s Outer Suburbs (the “905 region”) 1970 to 2000**



As **Map 3** indicates, by 2000 the proportion of these middle-income neighbourhoods had fallen to 32% of the city’s census tracts (167 census tracts). Meanwhile, the proportion of low- and very low-income neighbourhoods increased from 19% to 50%, and the proportion of high- and very high-income neighbourhoods increased from 15% to 18%. And the low- and high-income areas are much more consolidated. In 1970, in general, there was more of a dispersed pattern of low- and higher-income areas, and there were fewer very low-income or very high-income neighbourhoods.

**The number of middle-income people in the City of Toronto has declined**

**Maps 1, 2, and 3** indicate the *location* of the neighbourhoods with particular income averages. Figure 1 provides a decade-by-decade summary of the change in the number of neighbourhoods in each income group, together with a straight-line forecast to the year 2020. The forecast assumes the current trends continue.

In **Figure 1** we see what has happened to Toronto’s middle-income neighbourhoods – those with average incomes 20% above or below the CMA average. There has been a 34% drop in the proportion of neighbourhoods with middle incomes between 1970 and 2000 (see the middle group of bars). Most of this loss in the middle can be accounted for by increases in low-income neighbourhoods. The low and very low-income neighbourhoods increased from 19% of the city to 50% of the city over the 30-year period.

The poorest and wealthiest neighbourhoods have something in common: both were more numerous in 2000 than in 1970. The poorest category in **Figure 1** – those with average

incomes of *less* than 60% of the CMA average – increased from 1% to 9% of the city’s neighbourhoods. Similarly, the mirror opposite neighbourhoods – those with incomes *greater* than 40% of the CMA average – increased, from 7% of the city to 13%.

In short, the City of Toronto, over a 30-year period, ceased being a city with a majority of neighbourhoods (66%) in which residents’ average incomes were near the middle and very few neighbourhoods (1%) with very poor residents. Middle-income neighbourhoods are now a minority and half of the city’s neighbourhoods are low-income.

**Where are Toronto’s middle-income people? Did they move to the suburbs (the “905 region”)?**

The decline in the number of middle-income neighbourhoods has also occurred in the rest of the Toronto CMA (which includes the suburban municipalities around the city, collectively referred to by their area code as the “905 region”), although to a smaller extent.

**Figure 2** shows that in 1970 a vast majority (86%) of the neighbourhoods in the suburbs around the City of Toronto (the rest of the Toronto CMA) were in the middle-income group. As in the city, this share fell, but by a smaller amount (18%, compared to the 34% drop in the city). As in Toronto, most of these neighbourhoods (13% of the 18%) shifted to the next-lowest-income category; neighbourhoods with higher average incomes also became more numerous, increasing from 13% to 19%.

What this means is that middle-income people in the city have not simply moved to the outer suburbs. Neighbourhoods with incomes near the CMA average are far less numerous in 2000 than in 1970 in *both* the city and the outer suburbs, although the decline is more pronounced in the city. The overall trends are the same.

**Why not use employment income or household income rather than individual income?**

The census provides data on income in many forms, such as individual, employment, household and family income, and for different subsets of the population, such as men and women, single parents and two-parent families. Average rather than median is used because the average income is provided by Statistics Canada more consistently than median income over time and for the different types of income we examine. In any case, for the purposes of this research, average income is a better measure than median income, because it is more sensitive

to the presence of very low- or very high-income persons in a census tract.

Individual income is the census category for income from all sources. Employment income includes only the wage income of individuals, and excludes people on pensions or social assistance and people receiving investment income. We use individual income rather than employment income because it is more comprehensive (including pension, social assistance, investment and employment income) and includes more people (everybody who reports income and not just those with employment income).

When we carried out the analysis using employment income and the same five income categories we found that for 1970 only 31 census tracts (6% of the city) are in a different income category. In 2000 only 17 census tracts (3% of the city) are different.

We also tested the results using household income and the same five income categories. We found that only 11 census tracts (2% of the city) were different in 1970 and only 36 census tracts (7% of the city) were different in 2000. This increased difference (the 2% in 1970 compared to 7% in 2000) is due to the greater unevenness of household size across the City in 2000 relative to 1970. The number of income earners per household is shrinking in City #1 (2.2 per household in 1971 versus 1.9 per household in 2001) and growing in City #3 (2.0 in 1971 versus 2.2 in 2001). For this reason, individual income provides a better measure for our purposes than house-

hold income, as it controls for changes in income earners in households across the City.

There is, in short, no significant difference in the trends, whether we use employment, household, or individual income. All census tracts have some households with a few adults employed and some with only one adult. All census tracts have people who are temporarily unemployed or on social assistance or on low retirement incomes or have investment income in addition to their wages. Employment income tends to show slightly more census tracts near the middle if we use the same five income categories. Household income and individual income show very similar patterns for high and middle incomes. There is a slight difference in the results for low and very low incomes. An analysis by household income shows slightly more very low-income census tracts in 2000, whereas that for individual income shows slightly more low-income census tracts.

There is, therefore, no universal “best way” to measure neighbourhood income change. We used individual income in the analysis rather than employment income because it is a more inclusive category – more people are included and more sources of income are included. Any factors that might bias the results tend to balance themselves out, given the large population being studied (2.5 million people in the city and an additional 2.5 million in the outer suburbs).

We also used the CMA average income rather than the City average, because the labour and housing markets of the city and the outer suburbs are connected. Many people living in Toronto earn their income from jobs in the suburban municipalities and vice versa. Also, using the CMA average as our benchmark allows us to compare Toronto neighbourhoods with neighbourhoods in the outer suburbs.

### Characteristics of the three cities in Toronto

Income is only one defining characteristic of the socioeconomic status of individuals. The three cities shown in **Map 1** also differ on other important characteristics.

**Size and population.** City #1, City #2 and City #3 are about 20%, 40%, and 40%, respectively, in terms of size and population (lines 1 to 4 on **Table 1**). City #3 has had the largest population increase over the 30 years (line 5), because many of those parts of the city were undeveloped in 1970. However, between 1996 and 2001, the population of City #1 increased, while the other two declined slightly (line 6).

**Ethnicity.** City #1 is mainly White (84%) and has very few Black, Chinese, or South Asian people, who are disproportionately found in City #3 (lines 8, 9, 10). Only 10% of City #1 compared to 43% of City #3 are Black, Chinese or South Asian. In most of the characteristics listed on **Table 1**, City #2 is close to the overall City of Toronto average.

**Income.** **Map 1** and **Table 1** show 30-year income trends. City #1 not only has the highest income (lines 13 to 17), but

## Research on neighbourhood change in Toronto and policy options for more inclusive communities

THIS RESEARCH WAS MADE POSSIBLE by a grant from the Community University Research Alliance (CURA) program of the **Social Sciences and Humanities Research Council of Canada**. In addition, the University of Toronto’s funding of its new **Cities Centre** also provides support for data analysis and for the assessment of urban trends. Additional maps, graphs and documents from this analysis are available on the website of the Greater Toronto Urban Observatory ([www.gtuo.ca](http://www.gtuo.ca)).

**St. Christopher House**, a multi-service social agency, is the lead community partner in the CURA project called *Neighbourhood Change and Building Inclusive Communities from Within*. The study area – the neighbourhoods in west central Toronto – is identified on many of the maps in this research bulletin ([www.NeighbourhoodChange.ca](http://www.NeighbourhoodChange.ca)).



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has had a significant increase (+71%) in income over the 30 years (line 11). More recently, 1996 to 2001, the increase was +32% (line 12). In City #1, 14% of all individuals had incomes of \$200,000 or more, compared to the city-wide average of 4% (line 17). In Cities #2 and #3, representing 80% of the City of Toronto, average income declined. Income in City #3 declined the most, by -34%.

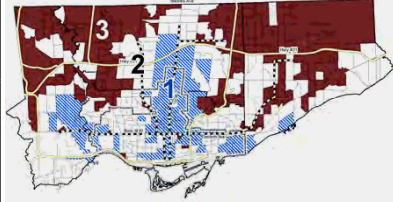
**Owning and renting.** Renters are found in most areas of the city, but they have about half the income of owners (lines 20 and 21). The widest gap is in City #1. Renters pay much more of their household income on housing than owners do (lines 24 to 27). In City #3, 45% of all renters and 27% of owners spend more than 30% of household income on rent compared to City #1, where 36% of renters and 18% of owners spend more than 30% of household income on rent (lines 26, 27). City #2 is between these two, close to the city-wide average.

**Immigrants.** In City #1, the percentage of foreign-born people declined from 35% to 32% between 1970 and 2000, whereas in City #3 the number of immigrants increased dramatically over the 30-year period (line 31); in 2001, 62% of the population of City #3 was not born in Canada. City #2 is close to the citywide average of 50%. This pattern has changed over time. Immigrants who arrived in Canada between 1961 and 1981 were found in all areas of the city in 2001 (line 32). In the past 20 years, however, 1981 to 2001, the proportion of immigrants in City #1 remained at about 12%, while the proportion in City #2 increased to 25% and that in City #3 to 42% (line 32).

**Households.** In City #1, households are smaller (2.2 people per household on average), and there are more one-person households and fewer two-parent families with children than in the other two cities (lines 34, 35, 37). City #3 has a higher percentage of children and youth, 26% of the population in 2001, than City #1, 20%. Overall, there has been a citywide 30-year decline

**TABLE 1 The Three Cities in Toronto**

Characteristics of the Three Cities, grouped on the basis of 30-year average income trends, 1970 to 2000, by census tract

		Characteristics of the Three Cities, grouped on the basis of 30-year average individual income trends, 1970 to 2000, by census tract			
		City #1 Income Increased 20% or more since 1970	City #2 Income Increased or decreased less than 20%	City #3 Income Decreased 20% or more since 1970	City of Toronto
					
OVERVIEW & POPULATION	1. Number and % of census tracts in the City	103 / 20%	224 / 43%	192 / 36%	100%
	2. Land area, square kilometres and % of City land area	109 / 17%	265 / 42%	257 / 41%	632
	3. Total Dwellings (thousands) and % of the City, 2001	185 / 20%	412 / 44%	340 / 36%	934
	4. Population in 2001 (thousands) and % of City	417 / 17%	1,035 / 42%	1,002 / 40%	2,481
	5. Population change, 1971 to 2001 as a % of 1971	-7%	-3%	+80%	+20%
	6. Population change, 2001 to 2006 as a % of 2001	+3%	-1%	-1%	+1%
	7. White population, 2001	84%	67%	40%	60%
	8. Black population, 2001	2%	6%	12%	8%
	9. Chinese population, 2001	6%	9%	14%	10%
	10. South Asian population, 2001	2%	6%	17%	9%
INCOME	11. Change in average individual income, 1970 to 2000, as a % of the CMA average	+71%	-4%	-34%	-5%
	12. Change in average individual income, 1996 to 2000, as a % of the CMA average	+32%	-1%	-7%	+2%
	13. Average individual income, 2000	\$66,700	\$31,300	\$24,700	\$35,600
	14. Average employment income, 2000	\$70,200	\$34,300	\$27,400	\$37,800
	15. Average household income, 2000	\$126,000	\$64,500	\$54,800	\$76,400
	16. Households with incomes \$100,000 or more, 2000	38%	17%	13%	19%
	17. Households with incomes \$200,000 or more, 2000	14%	2%	1%	4%
	18. Avg. household income, primary maintainer is White, 2000	\$132,300	\$66,900	\$58,800	\$77,700
	19. Avg. household income, primary maintainer is non-White, 2000	\$87,100	\$59,200	\$52,300	\$53,900
	20. Homeowner average household income, 2000	\$158,500	\$80,000	\$70,600	\$93,700
	21. Renter average household income, 2000	\$65,300	\$45,200	\$41,400	\$44,400
HOUSING & TENURE	22. Property value of owner-occupied houses, 2001	\$452,300	\$262,200	\$215,300	\$273,400
	23. Rented dwelling share in 1971 / 2001	48% / 46%	43% / 46%	46% / 54%	48% / 49%
	24. Owner households spending more than 50% of income on housing, 1981 / 2001	6% / 7%	6% / 9%	5% / 11%	6% / 9%
	25. Renter households spending more than 50% of income on housing, 1981 / 2001	12% / 16%	13% / 20%	11% / 22%	12% / 20%
	26. Owner households spending more than 30% of income on housing, 1981 / 2001	17% / 18%	17% / 22%	16% / 27%	17% / 23%
	27. Renter households spending more than 30% of income on housing, 1981 / 2001	27% / 36%	28% / 42%	26% / 45%	28% / 42%
	28. Social housing units, 1999, & share of total dwellings, 2001	11,000 6%	35,000 8%	39,000 11%	91,000 10%
EDU	29. Persons 20 or over with a university degree, 1971 / 2001	18% / 50%	8% / 24%	9% / 20%	8% / 27%
	30. Persons 20 or over without a high school diploma, 2001	8%	15%	17%	14%
IMMIGRANTS	31. Not born in Canada in 1971 / 2001	35% / 32%	38% / 48%	32% / 62%	37% / 50%
	32. Immigrants arrived between 1961 & 1981 / 1981 & 2001	11% / 12%	14% / 25%	13% / 42%	13% / 31%
	33. Immigrants arrived between 1996 & 2001	4%	9%	16%	11%
HOUSEHOLDS	34. Persons per household, 1971 / 2001	3.0 / 2.2	3.4 / 2.5	3.6 / 3.0	3.3 / 2.7
	35. One-person households, 1971 / 2001	22% / 34%	12% / 27%	8% / 19%	14% / 28%
	36. Children and youth under 20 years, 1971 / 2001	25% / 20%	34% / 22%	40% / 26%	32% / 23%
	37. Families (2 parents) with children of any age at home (% of households), 2001	28%	32%	43%	38%
	38. Non-families (% of households), 2001	41%	34%	23%	32%

**TABLE 1 (continued from page 7) The Three Cities in Toronto**

Characteristics of the Three Cities, grouped on the basis of 30-year average income trends, 1970 to 2000, by census tract

	39. Single-parent families (% of families) in 1971 / 2001	11% / 13%	10% / 20%	8% / 22%	10% / 20%
	40. Seniors, 65 and over, 1971 / 2001	13% / 14%	8% / 15%	5% / 13%	9% / 14%
	41. Multiple-family households, 2001	1%	3%	6%	4%
EMPLOYMENT	42. White-collar occupations, 1971 / 2001	24% / 60%	14% / 39%	18% / 32%	17% / 40%
	43. Blue-collar occupations, 1971 / 2001	17% / 5%	30% / 18%	26% / 25%	27% / 18%
	44. Arts, literary, recreation occupations, 1971 / 2001	3% / 10%	1% / 5%	1% / 2%	2% / 5%
	45. Self-employed, 15 years and over, 1971 / 2001	6% / 19%	4% / 11%	4% / 8%	5% / 12%
	46. Total jobs by place of work, 2001 (thousands)	472	439	353	1,327
	47. Jobs in the manufacturing industry by place of work (thousands) and % of the City, 2001	16 (10%)	68 (40%)	85 (50%)	173
	48. Jobs in the finance, insurance and real estate industry by place of work (thousands) and % of the City, 2001	101 (60%)	37 (22%)	25 (12%)	171
	49. Working age residential population (persons 15 to 64 years) per 100 jobs located in the area, 2001	60	160	190	125
TRAVEL	50. Travel to work by car as driver or passenger, 2001	53%	58%	63%	59%
	51. Travel to work by public transit, 2001	31%	34%	33%	33%
	52. Number of Toronto Transit subway stations within the area or on the immediate edge of the area, 2006	42	45	16	68

Note: Totals across the columns may not add up to City of Toronto totals and City totals may differ slightly from other sources due to data suppression, rounding, aggregation, weighting and estimation effects that are inherent in calculations using Census data.  
Sources: Statistics Canada, Profile Series, Basic Cross-Tabulations, Metropolis Core Data and Custom Tabulations, Census 1971 to 2006; City of Toronto, Social Development and Administration, 2006.

in the proportion of children and youth under 20 years old as a percentage of the population, from 32% to 23% (line 36).

**Employment.** City #3 has a more blue-collar residential population than City #1, which has a largely white-collar population (lines 42, 43). Most of Toronto's manufacturing jobs are located in City #2 and City #3 (line 47). At the same time, there are more working age people living in City #2 and City #3 than there are jobs in those parts of the city (line 49).

**Travel.** Residents of City #3, the neighbourhoods with the lowest average income, have to travel farther to find employment (line 49), yet they have the poorest access to the Toronto Transit Commission's subway stations (line 52). Only 16 of the system's 68 subway stations are within or near City #3.

### A blip or a real trend?

There is a great deal of change in a dynamic city like Toronto. People move in and out of neighbourhoods in the context of ever-changing economic, social and government policy conditions. Are the trends identified here the result of a persistent pattern, or might they be a somewhat random result?

The emergence of these three relatively consolidated and distinctly

different cities within the City of Toronto has occurred, to a large extent, in a persistent manner. Many neighbourhoods have consistently gone up or down in average individual income compared to the CMA average during each census period we studied. That is, there is no evidence that the trends identified here result from temporary fluctuations or aberrations.

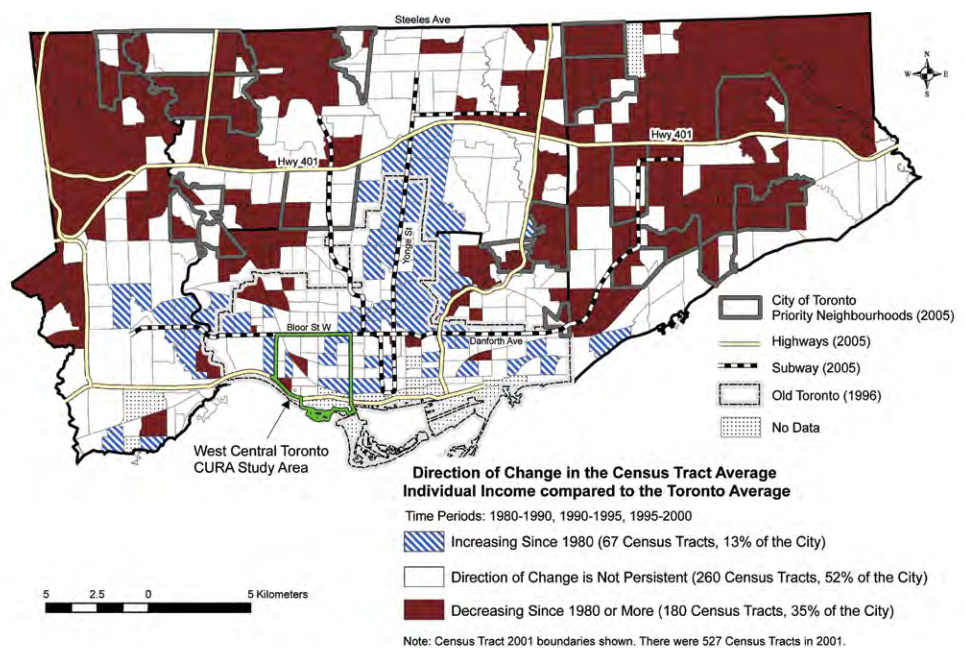
In the entire City of Toronto, over the 20 years from 1980 to 2000, for example, only 13% of all census tracts went up in average individual income. Most of these are in City #1, where in 53% of the census tracts, average incomes have been consistently rising for 20 years or more (Table 2, line 1).

The same holds true for census tracts in which average incomes are falling. In the City of Toronto, in 35% of all census tracts, average individual income consistently went down relative to the CMA average during each census period; 73% of these census tracts are in City #3 (Table 2, line 2).

The trends in City #2 are less consistent. Only 23% of City #2's census tracts show a consistent pattern over the last 20 years (Table 2, line 3). The strongest persistent pattern in City #2, however, has been the 18% of census tracts in

### MAP 4 Toronto Neighbourhoods with a Persistent Change in Income, 1980 to 2000

Average individual income from all sources, 15 years and over, census tracts



**TABLE 2 Consistency of Income Change over 20 or more years** Consistency of the individual income trend in each of the neighbourhood groups

		Consistency of the Individual Income trend in each of the neighbourhood groups			
		City #1 Income Increased 20% or more	City #2 Income Increased or decreased less than 20%	City #3 Income Decreased 20% or more	City of Toronto
CONSISTENCY	1. Consistency of the income <i>increases</i> within each city for 20 or more years prior to 2000 (number and % of census tracts in the column)	55 / 53%	12 / 5%	0 / 0%	67 / 13%
	2. Consistency of the income <i>decreases</i> within each city for 20 or more years prior to 2000 (number and % of census tracts in the column)	0 / 0%	40 / 18%	140 / 73%	180 / 35%
	3. <i>Inconsistency</i> of income change direction within each city for 20 or more years prior to 2000 (number and % of census tracts in the column)	48 / 47%	172 / 77%	52 / 27%	260 / 52%

Note: Consistency for 20 or more years refers to average income levels moving in the same direction by any amount from 1970 to 2000 or from 1980 to 2000. This is based on income measurements for Census years 1971, 1981, 1991, 1996 and 2001. Inconsistency refers to census tracts that experienced at least one increase and at least one decrease, however small or large, 1980 to 2000.

which average income has consistently fallen in each census period. This strongly suggests that some of the census tracts in City #2 will eventually become part of City #3 (rather than joining City #1). Moreover, some of the increases in incomes and housing prices occurring in City #1 could very well result in spillover gentrification into adjacent, relatively lower-income census tracts that are part of City #2, as these areas become more attractive to middle- and upper-income people. When the income data from the 2006 census is available for analysis, we will be able to determine how much of City #2 is becoming more like City #1 and how much is becoming more like City #3.

A map showing only census tracts that have persistently gone up or down for 20 years or more (Map 4) looks very similar to Map 1. Our conclusion that the City of Toronto has polarized into three distinct cities is based on long-term persistent trends.

**Metro’s Suburbs in Transition:  
A warning ignored**

In the late 1970s, the Social Planning Council of Toronto launched a detailed study of change in what we would now call Toronto’s “inner suburbs” – the suburban areas within the City of Toronto. It was the first research organization to recognize and document the changing nature of the suburban neighbourhoods in Metro Toronto (today’s City of Toronto, following amalgamation in 1998). The suburbs that were in transition at that time are mainly the areas of the city that are coloured brown on Map 1.

That study, titled *Metro’s Suburbs in Transition*, included this comment:

“The post-war suburbs assumed one set of family conditions for child-rearing, and the physical environment incorporated these assumptions. The prototype suburban family – father in

the labour force, mother at home full-time, ownership of a ground level home with private open space, two–four children, homogeneous neighbours – is no longer the dominant reality of suburban life in the seventies. It is now an image that belongs to the social history of the post-war period of rapid growth.” (p. 236)

It is these specific post-war suburbs that now form much of City #3 – the concentration of people with incomes well below the area average, an urban landscape that has a 30-year history of abandonment by people who have a choice. The start of this process was already clear by the late 1970s. The 1979 report concludes:

“The traditional suburban

neighbourhood may remain physically intact, but it is no longer the same social environment as in earlier days. Within it, around it, at the periphery, in local schools, in neighbourhoods nearby, are the visible signs of social transformation. The exceptions have continued to grow. There reaches a stage when the scale of the exceptions can no longer be ignored for

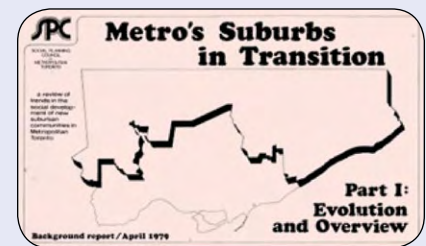
**AN EXCERPT FROM THE REPORT**

“Equally important was the concern that if Metro did not understand itself, how it had grown and what it had become, traditional divisions would persist and weaken the resolve to address important urban issues, and present strong and united positions to Ontario and Ottawa in policy areas vital to the future well-being of Metro...

“The message which emerges from this report is not an appeal for compassion for the needs of dependent social minorities, as might have been the case during earlier post-war suburban periods. It is a call for responsible public frameworks of policy, planning, and service provision which will address and respond to the special needs of the new social majority...

“In existing and future areas of urban concern, the fate of Metro’s post-war suburbs and the central urban area are linked closely together.”

— A PDF of *Metro Suburbs in Transition*, Marvyn Novick, is available at [www.neighbourhoodchange.ca](http://www.neighbourhoodchange.ca)



they have in fact become an integral part of the community. Each of the exceptions may be a social minority in relation to established earlier settlers. Nevertheless, we would conclude that the social minorities taken as a whole now constitute the new social majority in Metro's post-war suburbs." (p. 236)

The shift from a traditional post-war suburban environment in the 1970s resulted largely from the development of highrise apartment buildings, including many that contained social housing, and the consequent shift in social composition. Many census tracts included two contrasting urban forms – highrise apartments on the major arterials and single-family, more traditional suburban housing on residential streets. Over the ensuing decades, particularly in Scarborough, western North York, and northern Etobicoke, highrise housing became home for newly arrived, low-income immigrant families who came to Canada as a result of the shift in immigration policy in the late 1960s and early 1970s.

In 2005 the City of Toronto and the United Way of Greater Toronto identified 13 “priority neighbourhoods” – areas with extensive poverty and without many social and community services. All 13 are in the “inner suburbs” and were the subject of the 1979 Social Planning Council report. City #3 includes the 13 priority neighbourhoods.

### Poverty by Postal Code, another warning

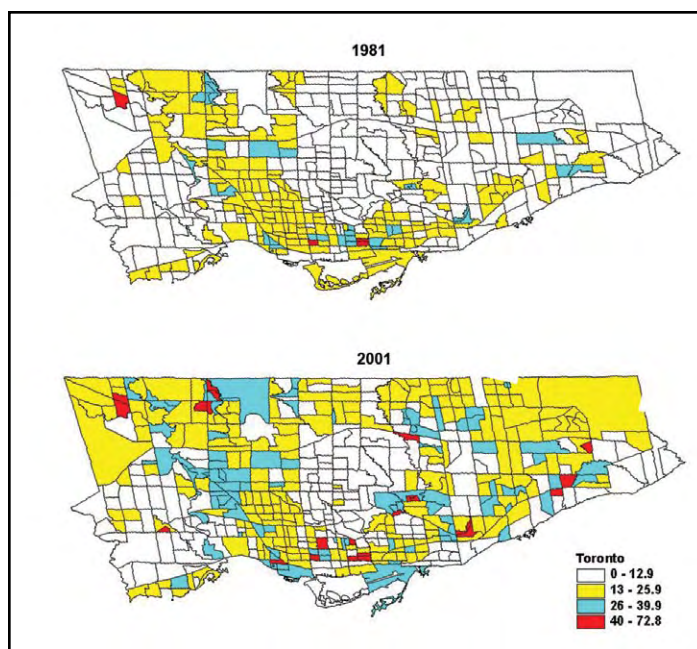
In 2004 the United Way of Greater Toronto established beyond all doubt not only the growing extent of family poverty in Toronto, but also the concentration of poverty in particular neighbourhoods. The report, *Poverty by Postal Code*, used census tract data for a 20-year period (1981 to 2001) and focused on family income trends (rather than incomes of all individuals, as in this report), using the federal government's Low Income Cut-offs to define poverty (rather than comparing neighbourhood incomes to the area average).

Though the measures used were different, the results are echoed in this report. The pattern of neighbourhoods identified by the United Way study is the same general pattern identified in this research and in the 1979 Social Planning Council report. There are more neighbourhoods in 2001 with concentrations of very low-income families and these neighbourhoods are increasingly found in the “inner suburbs” of the City of Toronto, rather than the central area where most social services for lower-income people are located. **Maps 2 and 3** (in this report) do not differ very much from the United Way's maps (**Map 5**).

### No longer a city of neighbourhoods, but a city of disparities

Toronto has changed in terms of who lives where on the basis of their income and demographic characteristics. Over the 30 years, the gap in incomes between rich and poor grew, real incomes for most people did not increase, more jobs be-

**MAP 5 City of Toronto 1981 & 2001, Economic Family Poverty Rates**



came precarious (insecure, temporary, without benefits), and families living in poverty became more numerous (as the 2007 United Way report *Losing Ground* documents).

These general trends played themselves out in Toronto's neighbourhoods to the point at which the city could be viewed as three very different groups of neighbourhoods – or three separate cities. This pattern did not exist before. At the start of the 30 years, most of the people in the city, and more of the people living in the outer suburbs (the “905 region”) were middle income (within 20% of the CMA average).

The City of Toronto is no longer a city in which a majority of neighbourhoods (66%) accommodate residents with average incomes and very few neighbourhoods (1%) have very poor residents (Figure 1). In 2000, only a third of the city's neighbourhoods (32%) were middle income, while exactly half of the city's neighbourhoods, compared to 19% in 1970, had residents whose incomes were well below the average for the Toronto area. It is not the case that middle-income people in the city have simply moved to the outer suburbs, since the trends are largely the same in those areas too.

It is common to say that people “choose” their neighbourhoods, but it's money that buys choice. Many people in Toronto have little money and thus few choices. Those with money and many choices can outbid those without for the highest-quality housing, the most desirable neighbourhoods, and the best access to services. When most of the population of a city is in the middle-income range, city residents can generally afford what the market has to offer, since they make up the majority in the marketplace and therefore drive prices in the housing market.


Before the late 1970s, few people spoke about a “housing affordability problem.” Poor people were housed, albeit in poor-quality housing, and the middle-income majority could afford what the market had to offer. It is only when the percentage of those in the middle declined that we began to hear about “housing affordability” problems. If the incomes of a significant share of people in a city fall relative to the middle, the gap between rich and poor widens. Those closer to the bottom are more numerous and find it increasingly difficult to afford the largest single item in their budget – housing (either in mortgage payments or rent). This is what has happened in the City of Toronto and its inner suburbs since 1970.

Geographical patterns have changed too. In the 1970s, most lower-income and new Canadians lived south of the east-west artery, Bloor Street and Danforth Avenue. This was the original “inner city.” This area still contains most of the social and community services that were created to serve what is now a declining population of low-income and newcomer households. Now the “inner city” has shifted north into City #3 (see Map 1). Gentrification in the neighbourhoods south of Bloor-Danforth has increased property values and rents, causing displacement and preventing new lower-income people from moving in. As wealthier people outbid low-income families for housing in the city, huge costs are imposed on municipal government (by the mismatch of services and people needing them), on low-income people (who are excluded from many

of the city’s best-served neighbourhoods, and must live in areas poorly served by transit), and on society in general (as the growing income gap creates an increasingly segregated city).

The polarization of the city need not continue. It is not inevitable. The jurisdiction and financial capacity of the federal and provincial government are sufficient to reverse the trend. A wealthy nation can use its resources to make a difference. Income support programs that keep up with inflation and are based on the cost of living and tax relief for households in the bottom fifth of the income scale can address inequality. Assistance with the most expensive budget item, housing, through social housing and rent supplement programs (which exist in most Western nations), will allow more of a household’s meagre monthly income to be available for other essentials.

The provincial and municipal governments could implement specific policies to help maintain and promote mixed neighbourhoods. These include inclusionary zoning, whereby any medium-to-large residential developments must include 15% or 20% rental and affordable units. Also, the Province of Ontario could keep its promise to end vacancy decontrol – the right of landlords to charge whatever they wish for a rental unit when a tenant moves – and thereby prevent the displacement of low-income residents in gentrifying areas.

The segregation of the city by socio-economic status need not continue. It can be slowed and reversed. 

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## A NOTE ON METHODS:

### How do we compare census tract changes over time?

For the two years, 1970 and 2000, Statistics Canada census data on the income of individuals aged 15 and over in the City of Toronto was used. This includes all types of income people earn, such as wages from employment, social assistance from the government, workplace pensions, and investment returns. Income is the total earnings for the entire calendar year before the year of the census.

We calculated the extent to which each census tract in 1970 and in 2000 was above or below the average income for the entire Toronto Census Metropolitan Area (CMA). We examined income ratio differences rather than straight dollar-to-dollar comparisons between 1970 and 2000 for two reasons.

First, the cost of living in Toronto has increased over time, making a \$10,000 income in 1970, for example, worth much more than \$10,000 in 2000. Furthermore, the rate at which a \$10,000 income loses its value over time will vary from neighbourhood to neighbourhood. In neighbourhoods experiencing gentrification and affluent upgrading, local housing costs and retail prices often increase faster than in stable or declining neighbourhoods, where a constant income generally loses its value more slowly. To adjust for inflation, the Consumer


Price Index (CPI) – which measures price changes in a fixed basket of goods people typically have to buy to live on – can be used, but it is only reported for Canada, the provinces and cities, not neighbourhoods.

Second, direct dollar comparisons cannot tell us how far up or down the income ladder the neighbourhood is located and the size of the gap between different income levels. Any income figure is meaningless on its own unless one has a benchmark that indicates whether it is high, middle, or low.

The CMA average is our income benchmark here because it takes into account the rapid growth in jobs and population in the surrounding outer suburbs – the “905 region” – which is expected to have a larger population than the City in the near future. Many people live in the area surrounding the City but earn their income from employers inside the City and vice versa. In other words, the labour market and the housing market are larger than the City of Toronto itself.

Since there were more census tracts in the City of Toronto in Census 2001 than in Census 1971 because of the growth of the population, we used the assumption that the boundaries of 2001 existed in 1971. For the census tracts that were subdivided into smaller ones between 1971 and 2001, we assumed that the smaller portions shared the same average income for 1970. This estimation introduces a small amount

of imprecision to the analysis, particularly in the more recently developed north parts of the City, but does not affect the overall trends, since most of the City was built up by 1970. The major advantage of our method is the creation of more detailed maps of change patterns, because one-to-one census tract comparisons between 1970 average income and average income in 2000 are possible. We did not map census tract changes using this method for the “905 region”, because much of it was undeveloped in 1970.

On **Map 1**, “Change in Average Individual Income, City of Toronto, 1970 to 2000,” we defined a small change in the average income of a census tract as any change from 1970 to 2000 that was less than 20% in the income ratio. In other words, the census tract did not move up or down much from the CMA benchmark on our income ladder. We left these census tracts white on the map. The census tracts that moved up the income ladder by 20% or more are shown with blue stripes and the census tracts that moved down the income ladder by 20% or more are shown shaded in brown. Census tracts for which we do not have the income for 1970 or 2000 (owing to data suppression by Statistics Canada), are shown with dots as a “no data” category. 

## Previous research bulletins on neighbourhood change

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- ▶ **Gentrification and displacement revisited: A fresh look at the New York City experience**, K. Newman and E. K. Wyly, #31, July 2006.
- ▶ **Liberty Village: The makeover of Toronto’s King and Dufferin area**, Thorben Wieditz, #32, January 2007.
- ▶ **Toronto’s Little Portugal: A neighbourhood in transition**, C. Teixeira, #35, March 2007.

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