

THE VERY POOR AND THE AFFORDABILITY OF HOUSING

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SUMMARY

A considerable momentum has developed around the perceived need for a national affordable housing strategy. The design of any such strategy should recognize who is in need, the size of the need, and where that need is greatest. This report presents facts on the affordability of housing for those at risk of the most serious form of housing crisis, namely, the threat of homelessness. The facts span the period 1990-2014 to better understand if housing affordability is a new issue or one of long-standing. The facts identify the affordability of housing in each of Canada's nine largest urban centers because national averages have little relevance for describing housing markets that are decidedly local. The facts focus on the affordability of the lowest-cost housing available to the very poor and identify the affordability of housing for different family compositions and for different types of accommodations. These facts show that the affordability of housing for the very poor is not, and has not always been, uniformly bad in all cities and for all family compositions. In some cities and for some family compositions however, the affordability crisis has been very serious and prolonged and shows little sign of abating. Any housing strategy must recognize these facts and needs to target support to those most in need.

INTRODUCTION

A considerable amount of attention has been paid lately to what is being called a housing crisis. Some commentators have demanded for a national affordable-housing strategy and the federal government is actively searching for a solution to the issue.¹ The momentum for this policy response is often driven by the cost of housing for the average Canadian and whether the average-priced house in large centres is beyond his or her reach. Our focus in this note is on the cost of housing for those with incomes that are considerably lower than that of the average Canadian. For people at the low end of the income distribution, the issue of affordable housing is far more serious than it is for the average Canadian. People with very low incomes are at risk of undergoing the greatest affordable-housing crisis of all: namely, homelessness.

This note presents measures of how the affordability of housing has changed over time for those at the low end of the income spectrum. Our data span the period 1990–2014 and examine the affordability of the lowest-cost housing available to the very poor living in Canada’s nine largest urban centres.² We examine the affordability of housing for different family compositions (singles, lone parents and couples with two children) and for different types of rental accommodations (studio, one-bedroom and two-bedroom apartments). Our results show that the affordability of housing for the very poor is not, and has not always been, uniformly bad in all cities and for all family compositions. In some cities, however, the affordability crisis has been very serious and prolonged and it shows little sign of abating.

In the next section, we look at what defines housing affordability. We then turn to the measure we use in this paper of the income received by the very poor, those who are at the greatest risk of the most serious form of a housing crisis. After that we discuss the data we use on the cost of rental accommodations. With that background, we finally turn to measures of housing affordability for the very poor in Canada’s nine largest urban centres.

WHEN IS HOUSING AFFORDABLE?

For those seeking to buy a home, the answer to this question is relatively simple and one they obtain from their bank manager: it is housing that may be purchased by allocating some maximum percentage of their income to mortgage payments. To establish a better answer than that is difficult, especially for those seeking to rent rather than buy.

A measure of housing affordability that is often used says that 30 per cent of a household’s before-tax income can be assigned to housing costs, before the household becomes “housing burdened.”³ This measure is, however, largely arbitrary. It would seem to have as its source

¹ The federal minister of families, children and social development has indicated such a strategy may be in place by the end of 2016.

² The nine urban centres are the CMAs of Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, Hamilton, Montreal and Quebec City.

³ The Canada Housing and Mortgage Corp. (CMHC) makes an assessment of whether a household is in “core housing need” based on three criteria: suitability, adequacy, and affordability. Satisfaction of the affordability criterion is based on whether the household spends more than 30 per cent of its gross income on housing. If a household spends more than 30 per cent of income on housing, and if its income is not sufficient to afford the median rent on a suitable and adequate dwelling with 30 per cent of its income, then that household is said to be in core housing need. Pomeroy notes that failing the affordability criteria is far and away the main reason households become classified as being in core housing need: Steve Pomeroy, “Toward a Comprehensive Affordable Housing Strategy for Canada” (Caledon Institute of Social Policy, October 2011).

an underwriting standard from the 19th century that defined housing as affordable if its cost was no more than one week's wages every four weeks. Thereafter, various provisions of government legislation intended to benefit poor families have been based on a similar standard. Thus, the United States National Housing Act of 1937 placed a limit on the income of those eligible to access public housing: Their income could not exceed five to six times the rent on public-housing units. Over time, the threshold for establishing access to public housing in the U.S. has landed on the 30-per-cent-of-income measure.⁴ David Hulchanski⁵ describes a similar evolution in Canada: A 20-per-cent rule of thumb was used until the 1950s, but it gradually shifted upward to 25 per cent during the 1960s and 1970s before settling on 30 per cent in the 1980s. Since that time, in both Canada and the U.S., the 30-per-cent measure has seemingly firmly established itself as a rule of thumb for measuring housing affordability. As noted by Schwartz and Wilson,⁶ while there are many underwriting standards, none of them have made their way into the public policy lexicon quite so firmly as the 30-per-cent-of-income indicator of housing affordability.

That is unfortunate, as this question surely deserves an answer more firmly grounded in data describing the consumption patterns and family composition of those for whom housing affordability is a serious issue. Very simply, families with children spend more on food and clothing than do single adults. Thus, a family with children that spends 30 per cent of income on rent is surely more cost-burdened than a single adult with an equivalent income paying the same amount for rent. Families with children are also less tolerant than singles of living in poor-quality housing and so might be less inclined to live in accommodations renting at the low end of the rent distribution. This makes families more likely to be cost-burdened.

Efforts to refine measures of housing affordability also involve looking at issues such as the source of income, since income volatility and security surely have important roles to play in determining one's ability to remain housed. Having two earners rather than one presumably also matters for similar reasons. Finally, expenditures on other major costs of living — food, utility costs, clothing and transportation — matter for determining housing affordability.⁷ High or rising food costs, for example, may constrain households with low incomes from being able

⁴ Mary Schwartz and Ellen Wilson, "Who Can Afford to Live in a Home?: A Look at Data from the 2006 American Community Survey" (Washington, D.C.: U.S. Census Bureau, 2008), www.census.gov/hhes/www/housing/special-topics/files/who-can-afford.pdf, accessed July 6, 2016.

⁵ J. David Hulchanski, "The Concept of Housing Affordability: Six Contemporary Uses of the Housing Expenditure-to-Income Ratio," *Housing Studies* 10, 4 (1995). Hulchanski provides a thorough review of the origins of the 30-per-cent rule of thumb for housing affordability and assesses its usefulness for various purposes. He emphasizes that it is inappropriate to apply an expenditure-to-income rule of thumb when defining housing need for public policy purposes. However, showing how the expenditure-to-income ratio changes over time is a valid description of societal trends. This is our focus.

⁶ Schwartz and Wilson, "Who can."

⁷ In a recent study, the U.S. Bureau of Labor Statistics reports that in 2011, for those in the lowest 20 per cent of before-tax incomes, the largest shares of total expenditures were on housing (39.9 per cent), food (16.1 per cent), transportation (14.8 per cent), and health care (6.8 per cent). A similar study of low-income households in Calgary reports the four largest expenditures as rent (53 per cent), food (19 per cent), debt (10 per cent) and utilities (nine per cent). See Charla Vall, "Building on the Basics: Impact and Insights from the Basic Needs Fund," Summary Report (Calgary and Area United Way, 2014), <http://www.calgaryunitedway.org/images/uwca/our-work/poverty/public-policy-research/Basic%20Needs%20Report%202014.No%20Crop%20Marks.pdf>.

to dedicate the same percentage of their earnings to housing as they once did.⁸ Clearly, the 30-per-cent rule vastly oversimplifies the issue of housing affordability.⁹

In the absence of a more firmly grounded metric of housing affordability we rely on two largely arbitrary measures; the 30-per-cent rule and a second benchmark increasingly used in studies to identify the severity of the affordable housing crisis, namely, a 50-per-cent rule.¹⁰ The 50-per-cent rule judges a household to be *severely cost burdened* if it must pay more than 50 per cent of its gross income for rent and utilities. In our presentation of affordability measures, we will highlight a 40-per-cent rent-to-income measure, an arbitrary choice between the arbitrary measures of a household being “housing burdened” and being “severely cost burdened.” Readers of our data can, of course, apply their own criteria and observe how the facts stack up against the criteria they choose. Our emphasis, however, is examining how housing affordability — however it is measured — has changed over time. For this purpose, the exact definition of what ratio of housing expenditure to income is appropriate for defining affordability is irrelevant.

THE INCOME OF THE VERY POOR

The data in Table 1 present, for 2011 and for each province, alternative measures of the income received by persons and families defined as having low incomes. The first three columns compare the after-tax social-assistance benefits received by two alternative family sizes to the total after-tax income of family units of two or more persons with incomes in the lowest quintile.¹¹ The comparisons across family definitions and income sources are not exact, but the values in the table certainly support the claim that social-assistance benefits are a reasonable measure of the income of households in the lowest quintile of incomes. The final two columns provide a comparison involving unattached individuals and present a more direct comparison.

⁸ Recognition of this issue — that the rising cost of non-housing expenditures may make spending 30 per cent on housing no longer affordable — supports the “residual income” concept of housing affordability. This approach recognizes that housing is the largest and least-flexible claim on after-tax income. As a consequence, non-housing expenditures are limited by how much is left after paying for housing. Whether housing is affordable, then, depends on whether non-housing needs can be met at some basic and minimal level after paying for housing. The appropriate indicator of the relationship between housing costs and incomes is thus the difference between them — the residual income left after paying for housing — rather than the ratio. For a discussion, see Michael Stone, “What is Housing Affordability? The Case for the Residual Income Approach,” *Housing Policy Debate* 17, 1 (2006).

⁹ Hulchanski is particularly clear:
“Why did the specific ratio used by government and by the private sector shift upward from 20 to 25 per cent and then to 30 per cent over the course of this century? ... The only possible answer to the question lies in the absolute lack of validity any ratio has as a universal measure or indicator of housing need and ability to pay. No ratio as a generalisable statement about affordability makes any empirical sense. Any ratio used is, therefore, simply arbitrary. All an arbitrary measure requires is for many people to uncritically agree to use it and not another measure.” Hulchanski, “The Concept,” 488-489.

¹⁰ See, for example, Stephen Gaetz et al., “The State of Homelessness in Canada 2013” (Toronto: Canadian Homelessness Research Network Press, 2013).

¹¹ The income reported as being received by those on social-assistance includes basic income assistance provided by the provincial government, federal and provincial child benefits, the GST credit, provincial tax credits and the value of any additional benefits granted by the provincial government.

TABLE 1 SOCIAL-ASSISTANCE INCOME BENEFITS AND AFTER-TAX INCOME FOR LOWEST QUINTILE, 2011

Province	Social-Assistance Income, Lone Parent	Social-Assistance Income, Couple with Two Children	Lowest Quintile After-Tax Average Income, Two or More Persons	Social-Assistance Income, Single Employable	Lowest Quintile After-Tax Average Income, Unattached Individuals
British Columbia	17,402	22,005	27,200	7,947	7,000
Alberta	15,852	22,297	36,700	7,248	10,400
Saskatchewan	18,039	24,161	31,000	8,891	11,800
Manitoba	14,932	21,662	29,400	6,922	8,200
Ontario	18,652	24,631	29,600	8,104	7,500
Quebec	18,041	23,271	28,000	7,560	8,300
New Brunswick	16,374	20,162	26,700	6,796	9,000
Nova Scotia	15,588	21,919	28,300	6,954	8,300
Prince Edward Island	17,674	25,892	26,400	7,152	11,400
Newfoundland & Labrador	19,923	23,072	27,100	10,071	9,300

Sources: Quintile incomes are from CANSIM Table 2020703 and represent after-tax and after-transfer values. Data on after-tax social-assistance income are reported in Anne Tweddle, Ken Battle and Sherri Torjman, *Welfare in Canada, 2014* (Caledon Institute of Social Policy, November 2015). The data in that publication are reported in inflation-adjusted dollar terms. We thank Sherri Torjman for providing us with the nominal values of social-assistance incomes we use in this table and in the figures that follow.

In what follows, we use social-assistance incomes as our measure of the income received by those households most at risk of the gravest type of housing affordability issue: the threat of homelessness. We do so because the information on social-assistance income is available for three family compositions — single, lone parent and couple with two children — and these can each be paired reasonably well with the cost of three types of rental accommodations: studio, one-bedroom and two-bedroom apartments, respectively.¹² Social-assistance income is also a useful measure as it is a policy variable chosen by provincial governments and one that tracks very closely the total income reported for people in the first quintile of earned incomes.¹³

HOUSING COSTS FOR THE VERY POOR

We make the assumption that people with low incomes are restricted in their housing options for rental accommodations. Rents are determined by demand-and-supply conditions in local markets and so differ by city. Within a city, rents vary because of differences in apartment

¹² All else being equal, a lone parent would presumably prefer a two-bedroom to a one-bedroom apartment and a single person would likely prefer a one-bedroom to a studio apartment. Our goal, however, is to identify the minimum possible cost of housing for each family composition. Different measures of affordability can be calculated that consider other living arrangements. For example, a single person may seek to share a two-bedroom apartment with a non-relative. In that case, the measure of housing affordability would compare social-assistance income paid to a single person to one-half the rent on a two-bedroom apartment. We discuss this issue below.

¹³ This is not surprising since, as reported in CANSIM Table 2020703, earned (market) income makes up about half of total after-tax income of those in the first quintile of incomes. There is also considerable movement between people reliant on social assistance and those classified as “working poor”; they are not distinct groups. Another advantage of using social-assistance income is that it is available in nominal dollars, whereas the data from CANSIM Table 2020703 is only available in inflation-adjusted dollars. We need nominal-dollar values of income to compare to our data on rents, which are also measured in nominal dollars. A final advantage of using social-assistance income is that it is available up to 2014, whereas the CANSIM series was terminated with the release of the 2011 data.

quality, a measure affected by considerations such as location, square footage, building age, and state of repair. Thus, a one-bedroom apartment might rent for a lot or a little depending on these characteristics.

This observation is important to emphasize as it means the average or the median rent in a city is not necessarily a good measure of the housing cost that is relevant for the very poor. Figure 1 illustrates this by showing the range of rents charged on accommodations priced in the second, third and fourth quintiles of rents.¹⁴ The data are for 2014 and are presented for three types of rental accommodations in each of the nine cities.

Noteworthy from Figure 1 is the dramatic difference in rents across cities. With respect to one-bedroom apartments, for example, a fourth-quintile apartment in Montreal in 2014 was far cheaper than a first-quintile apartment in Calgary. To put it differently, a more desirable one-bedroom apartment in Montreal was much less expensive than a less desirable one-bedroom in Calgary.

The comparison across types of apartments is also telling. A more desirable two-bedroom apartment in Montreal (that is, one priced in the fourth quintile of rents) was the same price as a less desirable studio apartment in Calgary (one priced in the first quintile of rents). Thus, not only are rents significantly different across cities, but so too is the size and quality of accommodations available to those with low incomes.

Figure 1 also shows how misleading it can be to use average or median rents to identify the affordability of housing for those with low incomes. The price of a lower-quality apartment — one renting at the top of the first quintile of rents — is considerably less than an apartment priced at the median or average rent. In Vancouver, for example, a two-bedroom apartment priced at the top of the first quintile of rents was 79 per cent of the median-priced two-bedroom apartment, and 72 per cent of the average-priced apartment.¹⁵ In what follows, then, we focus on the rents charged on the least-expensive units available in that rental market.¹⁶

HOUSING AFFORDABILITY FOR THE VERY POOR

Our measure of housing affordability is simply the ratio of the rent paid on an apartment relative to income. As discussed earlier, we identify the 40-per-cent ratio — rent requiring 40 per cent of income — but we emphasize that this ratio is an arbitrary measure of affordability. Our greater interest is in identifying how affordability has changed over time.

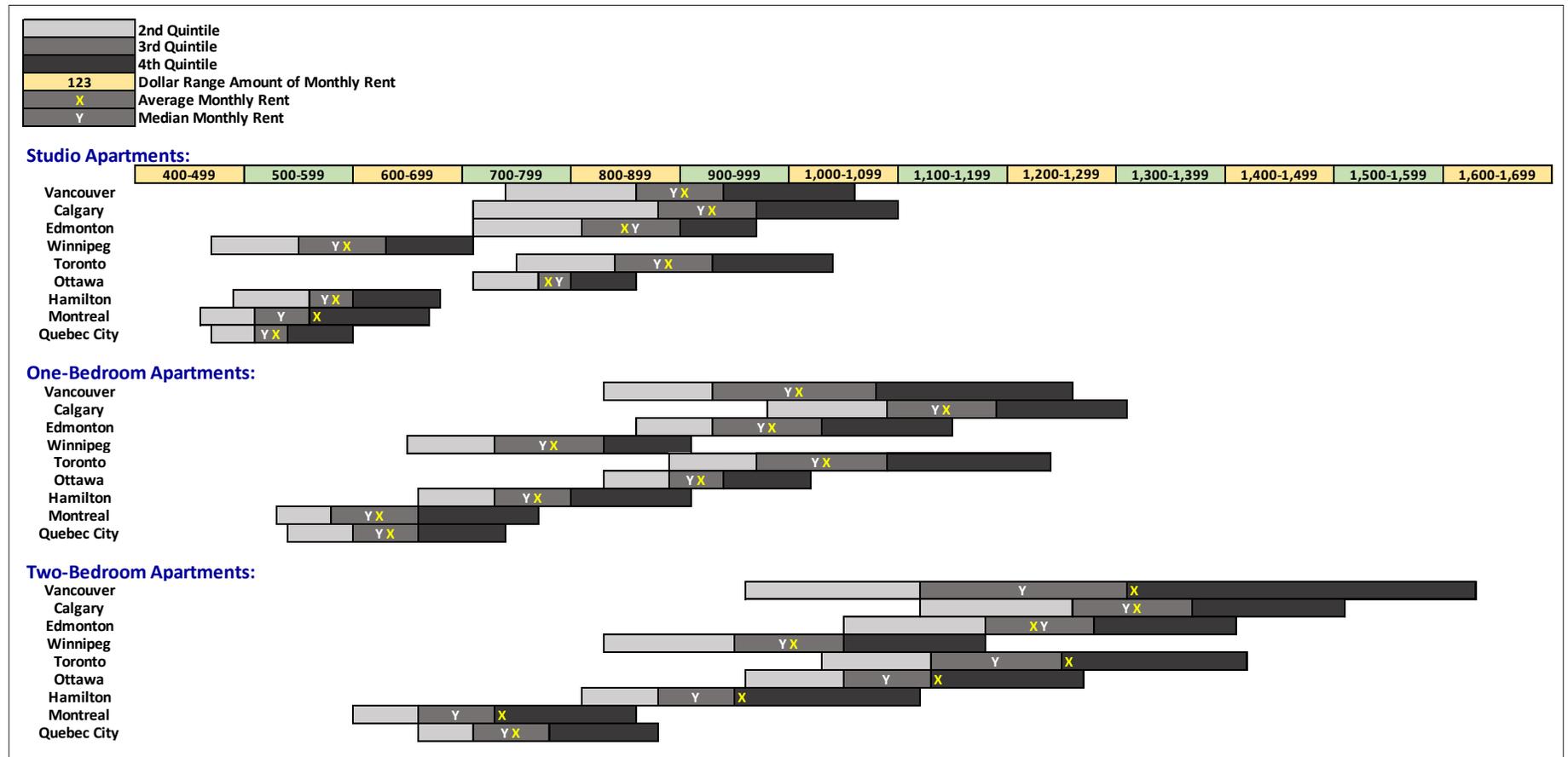
We look at how housing affordability has changed since 1990 in each of Canada's nine largest cities and we distinguish between families of different size and structure. For income, we use

¹⁴ If there were 100 apartments available and if they were ordered from least to most expensive, the rent we identify as that representing the first quintile would be the rent on the 20th most-expensive unit. Similarly, the rent on the unit identifying the second quintile would be the rent of the 40th most-expensive unit, and so forth. Given this approach, one is only able to define the range of rents identifying the second, third and fourth quintiles. Data on rents by quintile were provided in response to a special request made to the CMHC. Data provided by CMHC are distributed on an “as-is” basis with no representation of warranty as to the quality or accuracy of the information.

¹⁵ Also interesting in Figure 1 is the comparison between median and average rents. When the average rent exceeds the median rent, it is indicative that rents are skewed toward the high end. This is particularly noticeable with respect to two-bedroom apartments in Vancouver.

¹⁶ To be precise, and as explained in footnote 14, we focus on the rent paid on that apartment at the top of the first quintile of rents.

FIGURE 1 MONTHLY RENT BY QUINTILES, BY CITY, AND BY TYPE OF APARTMENT, 2014

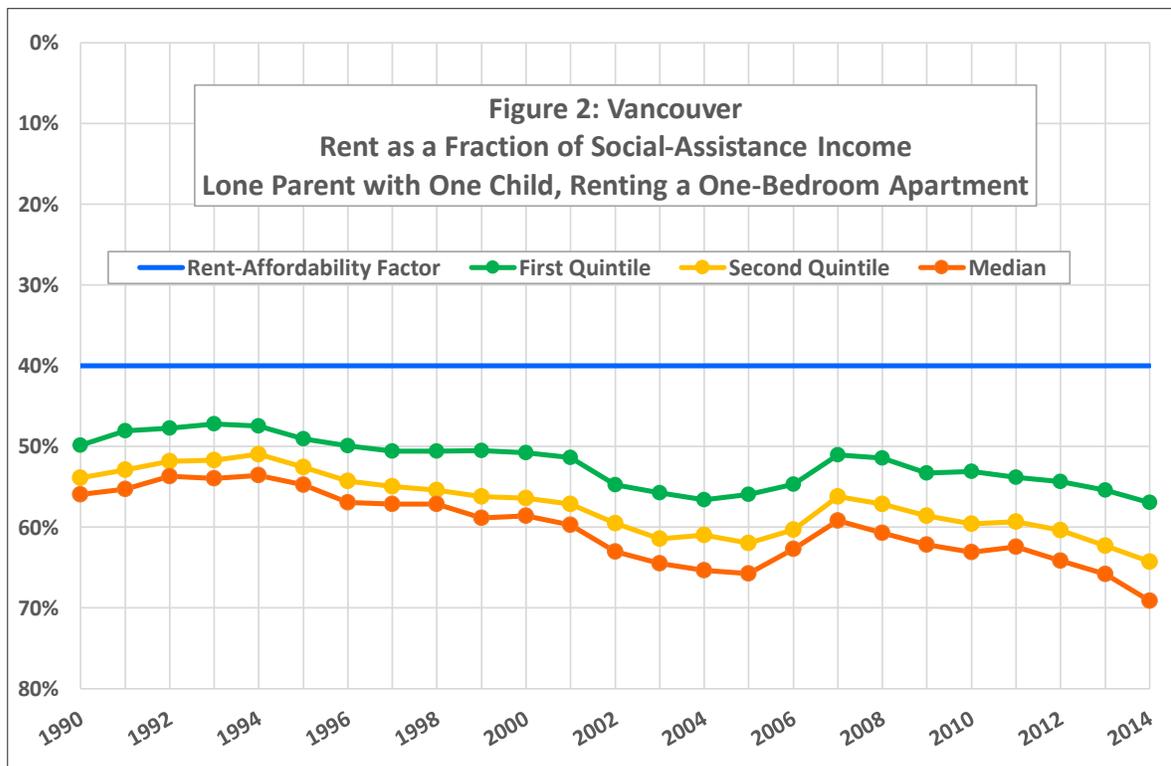


the social-assistance income received by a single person, a lone parent, and a couple with two children. For housing costs, we use market rents charged on a studio, one-bedroom and two-bedroom apartment. Since our focus is on the cost of housing realistically faced by people with low incomes, we define affordability using the first quintile of rents. As noted earlier, we assume a single person seeks to rent a studio apartment, a lone parent seeks a one-bedroom apartment, and a couple with two children considers a two-bedroom apartment.

In an online appendix (<http://www.policyschool.ca/publication-category/research-data/>), we provide graphs showing how rental affordability has changed since 1990 in each of nine cities and for each of three household types. In addition, we show for each city how rental affordability varies by rent quintile. Rather than present and discuss the implications of all of those figures in this note, in what follows we highlight only a few key results and leave it to the reader to examine figures in the online appendix.

Housing affordability has always been a problem in some cities...

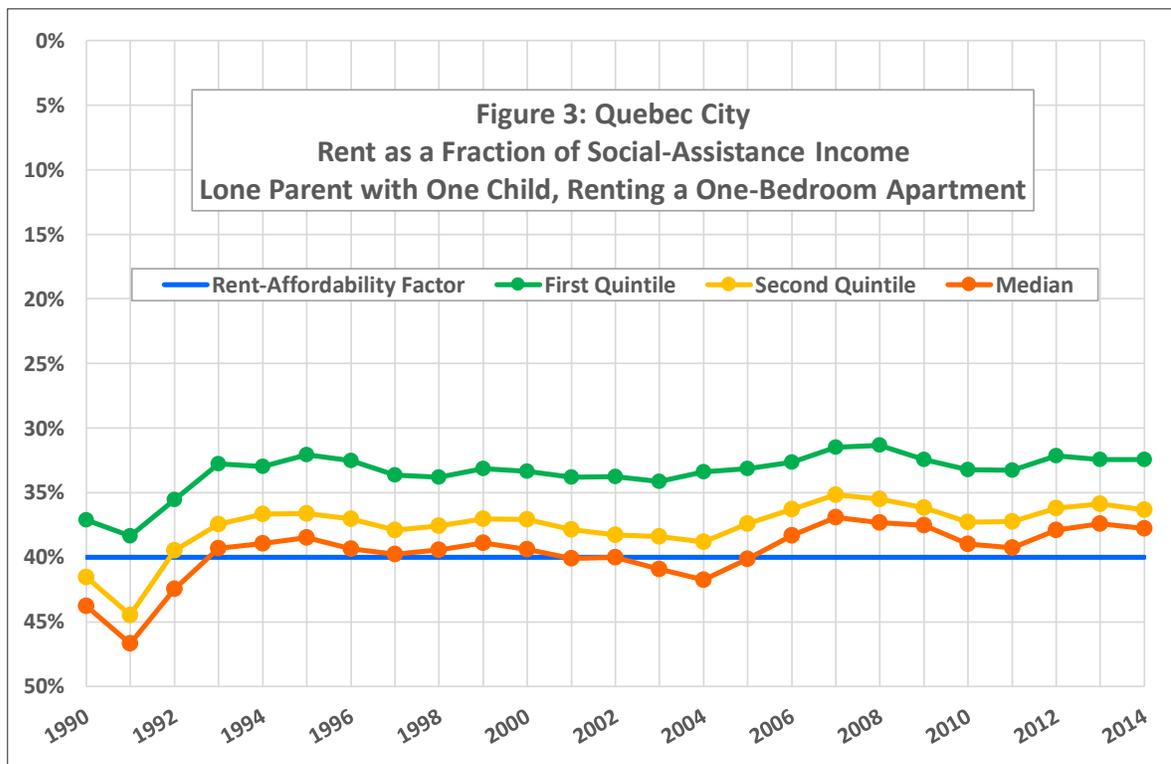
Figure 2 presents data on the fraction of the social-assistance income received by a lone parent with one child that is spent on renting a one-bedroom apartment in Vancouver. The vertical scale in the graph is inverted so that housing affordability is worse the lower the line is in the graph. The horizontal blue line demarks the 40-per-cent expenditure-to-income ratio discussed earlier. Three measures of the ratio of rent to income are provided. The green line uses the upper-limit first quintile of rents on one-bedroom apartments, the least expensive 20 per cent of rents available in this market. The gold line uses the next 20-per-cent upper limit of rents, while the red line uses the median rent.



These data show that, since 1990, a lone parent with one child living on an income provided by the social-assistance program in British Columbia would have consistently needed to devote about 50 per cent of his or her income to paying rent on one of the 20 per cent of the least-expensive one-bedroom apartments in Vancouver.

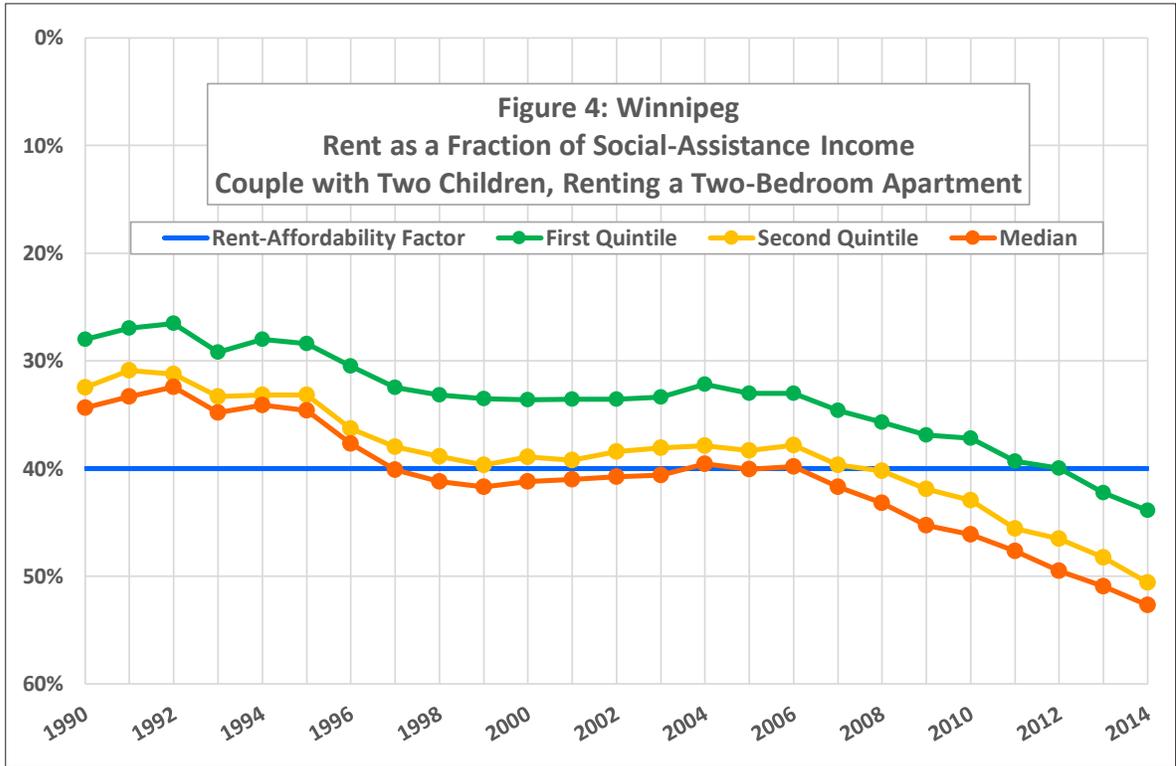
... but not in all.

By way of contrast, Figure 3 presents data on the fraction of the social-assistance income received by a lone parent with one child that is spent renting a one-bedroom apartment in Quebec City. Here we see that a lone parent with one child has more or less consistently since 1990 been able to spend less than 40 per cent of his or her income on rent. Importantly, this was possible without having to limit housing options to the 20-per-cent least-expensive and presumably least-attractive apartments.



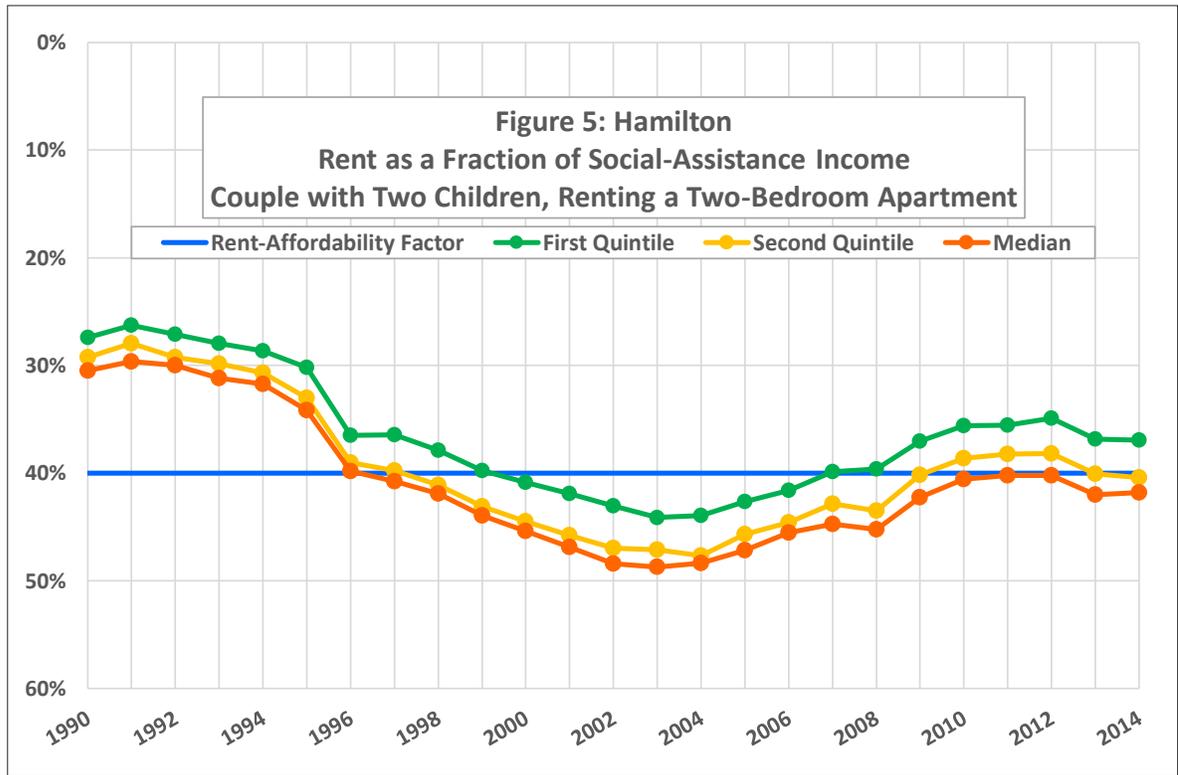
In some cities affordability has recently grown worse ...

Figure 4 presents data on the fraction spent on rent of the social-assistance income received by a couple with two children living in a two-bedroom apartment in Winnipeg. In Winnipeg, the income provided to a couple with two children by the social-assistance program in Manitoba has only recently proved to be insufficient to keep the rent-to-income ratio above the 40-per-cent line. Stating it differently, it is only recently that a family like this would have needed to search for housing in the lowest quintile of rents to spend less than 50 per cent of income on rent.



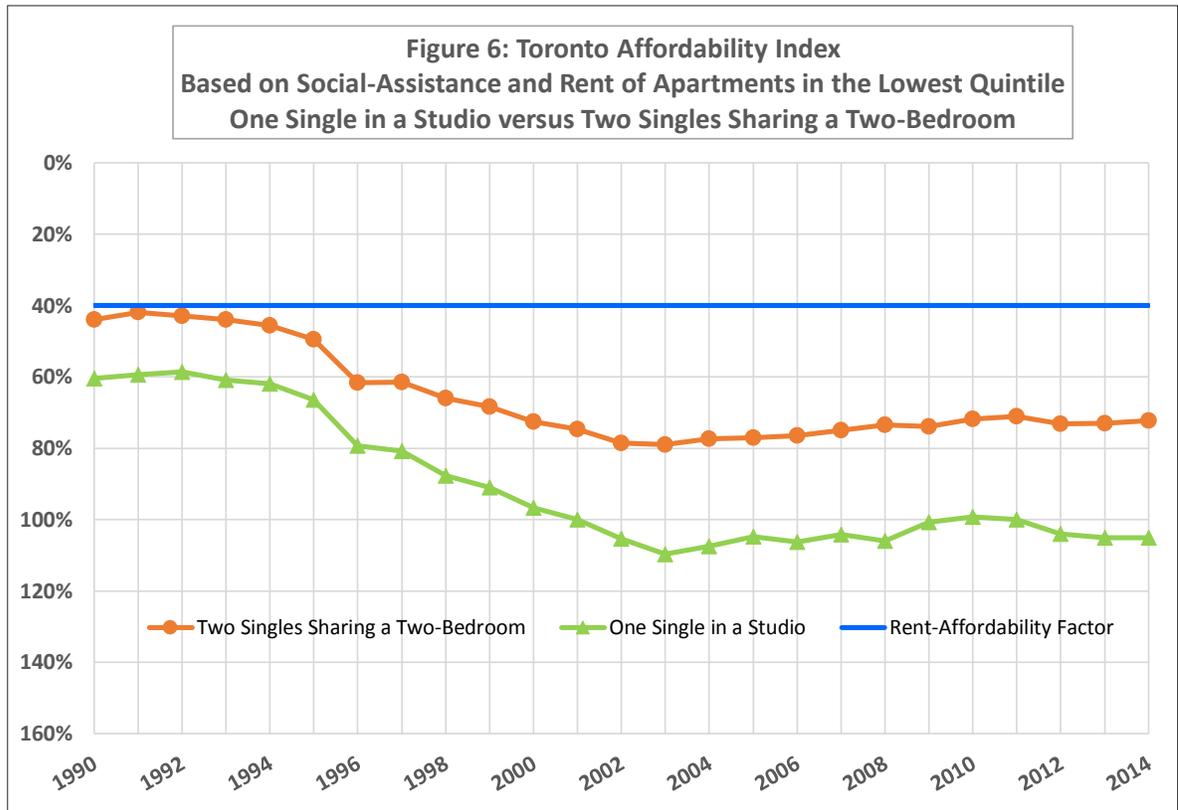
... while in others, affordability has recently improved.

In contrast to the experience in Winnipeg, a similar family in Hamilton has recently evidenced an improvement in affordability. Thus, in Figure 5, a couple with two children in Hamilton has in recent years realized an improvement. A family that in the early 2000s might have had to limit its housing search to the 20 per cent of the cheapest rental units might now be able to consider a broader set of options.



It's hard being single....

Figure 6 shows data for Toronto but it is broadly representative of the situation in any of our nine cities. The green line shows the percentage of income that a single person receiving social assistance needs to devote to renting a studio apartment. If one imagines devoting 60 per cent of income to rent as being barely affordable, then even this level of affordability fell well out of reach in the mid-1990s. By 2000, spending even 100 per cent of income on rent was insufficient.



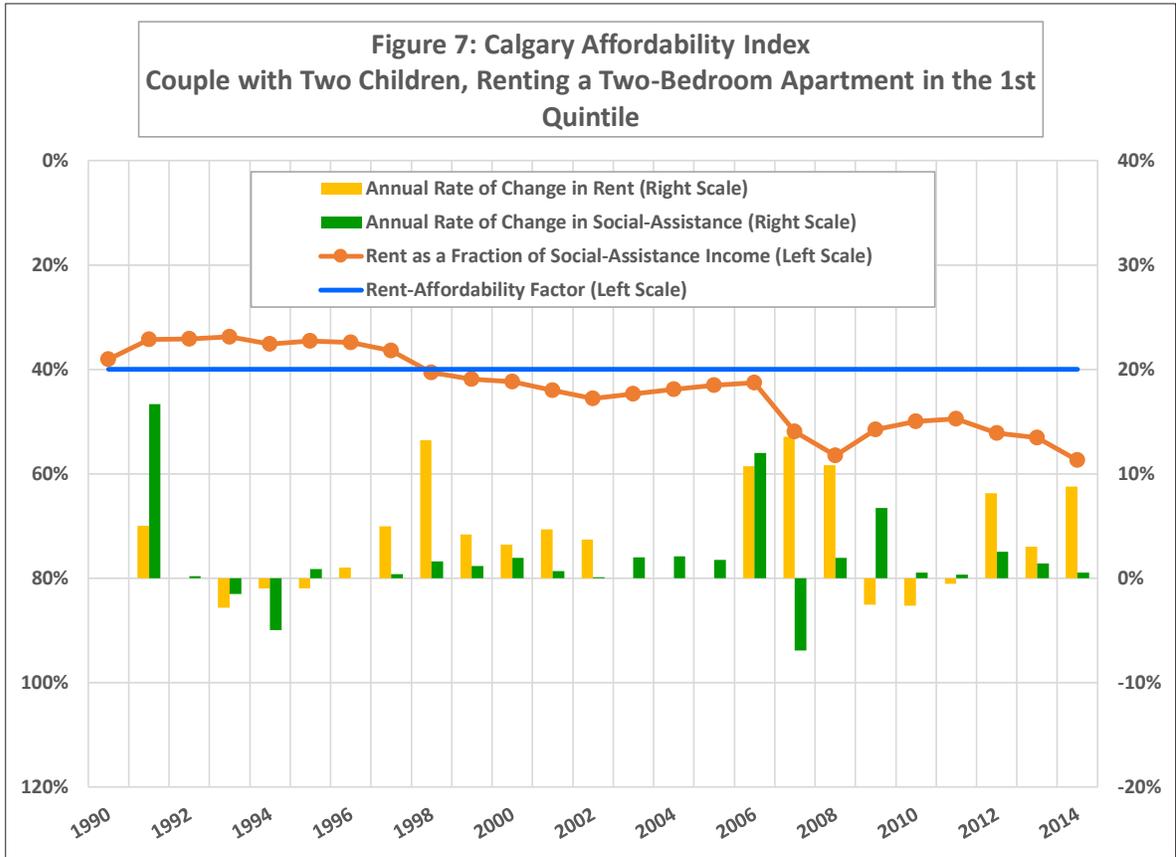
... even if sharing the rent.

Single people, of course, are better able than other family units to share accommodations with non-family members. The increase in affordability resulting from combining two incomes is, however, offset by the need to rent a larger residence, presumably a two-bedroom apartment. The orange line in Figure 6 shows the percentage of income that two single people, each receiving the income provided by Ontario’s social-assistance program to someone classified as a “single employable” person, would each need to devote to rent. The affordability of rent is certainly better with sharing, but in 2014, two people would still need to devote about 70 per cent of their combined income to rent.

WHAT HAS BEEN THE SOURCE OF CHANGES IN AFFORDABILITY?

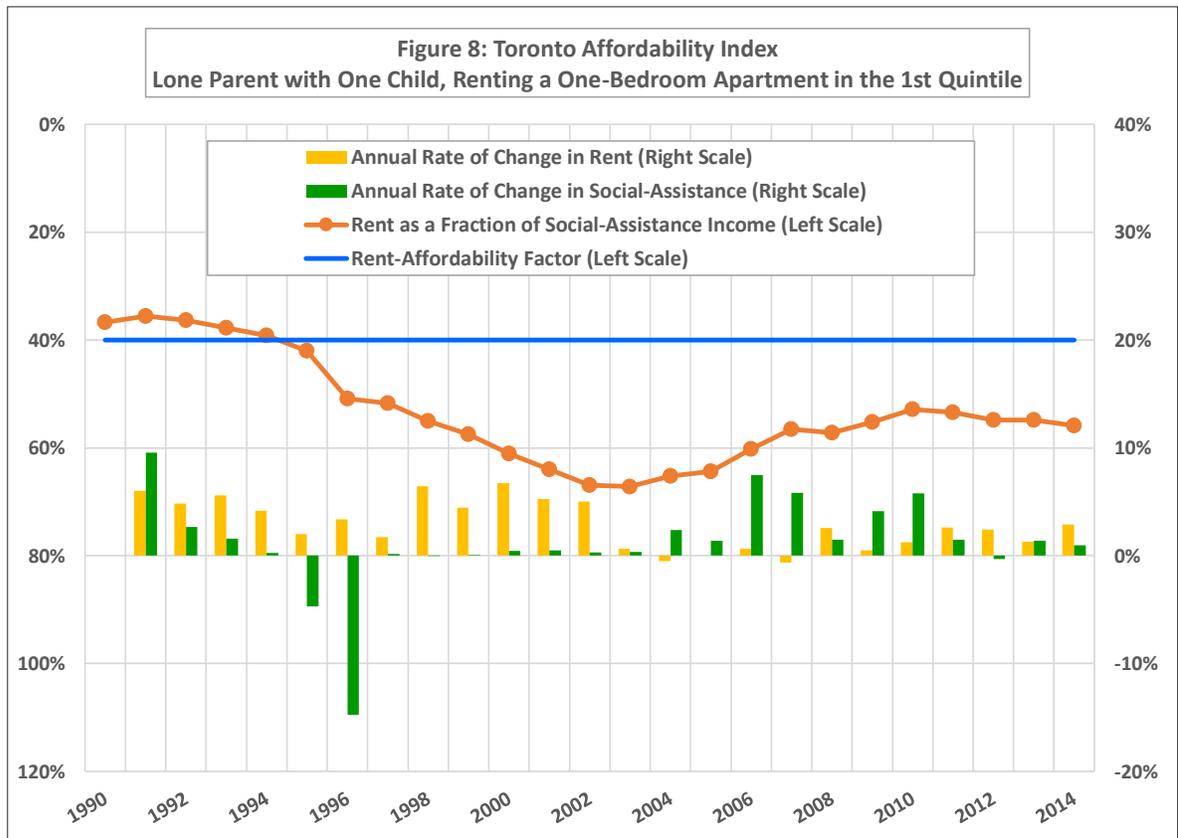
Changes in affordability are a reflection of changes in either income or rent, or both. In the following figures we focus on the percentage of income necessary to dedicate to paying rent on the 20-per-cent least-expensive apartment units. For each year, we report the annual percentage increase in rent and the annual percentage increase in social-assistance income.

The explanation for changing levels of affordability is quite specific to each city. While, in general, it is fair to say that the mid to late 1990s was a period of small or no increases in social-assistance incomes, the rate of change in rents varied widely by city. Figure 7 shows the sources of change in the affordability of a low-end apartment rental for a couple with two children in Calgary.



Noteworthy here was the period of the 2006 to 2008, when Alberta’s economic boom drove up rents by over 10 per cent per year. That caused a noticeable fall in affordability from which families have not yet recovered.

Affordability in Toronto, illustrated in Figure 8, shows the U-shaped pattern typical for cities in Ontario. The fall in affordability in the late 1990s and early 2000s was due to increases in rents combined with cuts, and then zero changes to social-assistance income. The recovery in affordability is due to the combined effects of muted rent increases and larger increases in social-assistance income.



OVER THE LONG TERM

Table 2 reports the average annual rate of change in first-quintile rents and social-assistance incomes over the period 1990 to 2014. Average annual increases of course hide what may be much different annual changes — changes that are reported for Calgary and Toronto in figures 7 and 8 and for other cities in the online appendix — but do provide an indication of long-term trends in housing affordability and the source of that trend.

TABLE 2 AVERAGE ANNUAL RATE OF CHANGE IN SOCIAL-ASSISTANCE INCOMES AND FIRST QUINTILE RENTS OVER THE 1990-2014 PERIOD

City	Single Employable, Studio Apartment		Lone Parent with One Child, One-Bedroom Apartment		Couple with Two Children, Two-Bedroom Apartment	
	Social-Assistance	Rent	Social-Assistance	Rent	Social-Assistance	Rent
Vancouver	1.1%	2.5%	1.6%	2.2%	1.5%	1.8%
Calgary	1.9%	3.3%	2.0%	3.9%	1.6%	3.4%
Edmonton	1.9%	3.7%	2.0%	3.8%	1.6%	3.8%
Winnipeg	0.7%	2.5%	1.6%	2.7%	0.8%	2.7%
Toronto	0.6%	3.0%	1.1%	2.9%	1.2%	2.7%
Ottawa	0.6%	2.9%	1.1%	2.7%	1.2%	2.4%
Hamilton	0.6%	2.2%	1.1%	2.4%	1.2%	2.4%
Montreal	1.9%	2.0%	2.5%	2.0%	2.6%	2.0%
Quebec City	1.9%	2.2%	2.5%	1.9%	2.6%	1.9%

Even if rents increase faster than incomes by only a small amount each year, a very large gap can open up over 24 years between a poor family's income and the amount it must dedicate to shelter. For the first seven cities listed in Table 2 we see a very strong trend of falling affordability brought about by a significantly faster average annual rate of growth in rents relative to social-assistance incomes. This is particularly so for those classified as "single employable" person by provincial social-assistance programs. The experience of those with low incomes living in the two cities in Quebec is much different. In the province of Quebec, the average annual increase in social-assistance is very close to (in the case of a single employable person) or greater than the average annual increase in first-quintile rents in the province's two largest cities.

SUMMARY AND DISCUSSION

No effort has been made in this note to explain why rents have changed more over time in some cities than in others, or in some years more than in others. Nor has an effort been made to explore the possible reasons for why social-assistance incomes have not been adjusted to more closely track housing costs, which are easily the largest expenditures for those with low incomes. The goal of this note was only to draw attention to some facts about how the cost of housing, relevant to those with very low incomes, has changed since 1990. A few key points are worth emphasizing:

- For those with low incomes, the affordability of rental accommodations differs widely across Canada's nine largest urban centres. Any national strategy intended to address concerns about affordability for those with low incomes must pay attention to these provincial and municipal differences.
- Housing affordability is significantly better for families than it is for singles. In large part this is thanks to the availability of federal and provincial child benefits. In Ontario in 2014, for example, these benefits provided 32 per cent of the total income given to a lone parent with one child and 37 per cent of the income given to a couple with two children.¹⁷
- Since 1990, the affordability of rental accommodations for those with very low incomes has actually improved in Quebec City and Montreal. This is unique in Canada. It has mainly been the result of significantly larger increases in social-assistance incomes provided in the province of Quebec than elsewhere and somewhat slower increases on rents on first-quintile apartment units.
- As noted earlier (footnote 13), there is considerable overlap of people reliant on social-assistance income and those classified as "working poor." Increases in social-assistance incomes and policies aimed at raising the level and stability of earnings for people in the first quintile of incomes would both increase housing affordability for that segment of society.
- As Steven Raphael¹⁸ notes, the connection between homelessness and housing affordability is straightforward: Even if one manages to pay for the minimum quality of housing available in a city, if there is little income left over for other life necessities one

¹⁷ See *Welfare in Canada, 2014*, Appendix A.

¹⁸ Steven Raphael, "Housing Market Regulation and Homelessness," in *How to House the Homeless*, ed. Ingrid Gould Elland and Brendan O'Flaherty (New York: Russell Sage Foundation, 2010).

might rationally choose to forgo conventional housing and try one's luck by doubling up with relatives or friends or temporarily using a city's homeless-shelter system. Thus, to the extent that minimum-quality housing is priced such that it would consume an extremely high proportion of one's income, a person may become homeless. Ronald Kneebone and Margarita Wilkins¹⁹ have recently shown that the perceived need to provide emergency-shelter beds is closely related to the affordability of housing for those with low incomes. An affordable-housing strategy, focused on helping those most at risk of the most serious form of housing crisis, could therefore go some considerable way toward relieving social agencies of the need to provide shelter beds.

¹⁹ "Shrinking the Need for Homeless Shelter Spaces," The University of Calgary, School of Public Policy Research Paper 9, 21 (May 2016).

About the Authors

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