

RENTS, SOCIAL ASSISTANCE AND THE SMALL TOWN ADVANTAGE

In many large municipalities, with the exception of those in Quebec, families earning low incomes are crowded out of most rental properties.

The table presents 2017 data showing the monthly rent paid on one-bedroom housing in eight cities in Ontario, Alberta, Quebec and British Columbia, as well as the annual social assistance income received in each of the four provinces. Social assistance income is the same regardless of where one lives in a province.

In all communities there is a distribution of rents. The table shows the highest value of rent paid in each of the first three quartiles. The Rent to Income Ratio is the percentage of social assistance income that would need to be spent on rental housing in each of those quartiles. The “Annual Small Town Advantage” is the difference in annual rent paid in a small versus a big city in that province. This is the extra annual amount of income that is available to a lone parent with one child to pay for necessities, relative to the same family in a large city. For example, a lone parent living in Cornwall, renting a one-bedroom apartment in the lowest quartile of rents, has an extra \$4,980 to spend on non-housing necessities, relative to a lone parent with one child renting a similar accommodation in Toronto. The Small Town Advantage is less pronounced in Quebec, where a similar family would have had an advantage of only \$1,920 in 2017. The Small Town Advantage is largest in British Columbia.

In Toronto, Calgary and Vancouver, families can only consider accommodation at the lowest possible rents available, whereas those living in small cities, such as Cornwall, Medicine Hat and Port Alberni have a much wider choice of accommodation.

2017 Rents and Social Assistance in various CMAs for a Lone Parent with One Child:

CMA	Monthly Rent			Annual Social Assistance Income	Rent to Income Ratio			Annual Small Town Advantage		
	1st Quartile	2nd Quartile	3rd Quartile		1st Quartile	2nd Quartile	3rd Quartile	1st Quartile	2nd Quartile	3rd Quartile
Toronto	\$1,000	\$1,150	\$1,350	\$21,136	57%	65%	77%	\$4,980	\$5,808	\$6,660
Cornwall	\$585	\$666	\$795		33%	38%	45%			
Calgary	\$880	\$959	\$1,139	\$19,743	53%	58%	69%	\$2,760	\$2,508	\$3,768
Medicine Hat	\$650	\$750	\$825		40%	46%	50%			
Montreal	\$570	\$650	\$769	\$21,536	32%	36%	43%	\$1,920	\$2,340	\$3,048
Trois-Rivières	\$410	\$455	\$515		23%	25%	29%			
Vancouver	\$958	\$1,165	\$1,439	\$19,795	58%	71%	87%	\$5,136	\$6,660	\$8,868
Port Alberni	\$530	\$610	\$700		32%	37%	42%			

Notes: Rents include Townhouses, Apartments and Other. Each city is a Census Metropolitan Area (CMA).

The monthly rent in each quartile denotes the highest rent value for its respective quartile.

0-35%	35-50%	50-65%	> 65%
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Source: CMHC: Canada Housing and Mortgage Corporation for Rent Quartiles, Maytree Foundation for Social Assistance Summaries and authors’ calculations.

This wide variation in rents between big and small cities, raises the question of whether social assistance incomes should be uniform across all communities in a province. Since families with low income must allocate their budgets to the necessities of rent, food, and utilities, and since rent is the largest component of these expenses, then the risk of food insecurity and poor health is significantly greater in large cities than in smaller communities. These heightened risks also impose incremental costs to governments.

When families are able to consider only accommodation at the lowest available rents in a city, it can perpetuate the cycle of poverty by placing families in areas where jobs, education and other services, all of which assist families to be better placed later in life, are less attainable.

A potential solution to these problems is to follow the example of Employment Insurance, where benefits are sensitive to local employment conditions. Taking this same approach with respect to social assistance would make benefits sensitive to conditions in local rental markets.