

FEDERATION OF CANADIAN MUNICIPALITIES

QUALITY OF LIFE IN
CANADIAN COMMUNITIES

*Incomes,
Shelter and
Necessities*

THEME REPORT #1



PRESIDENT'S MESSAGE

AS THE CAMPAIGN FOR THE NEW DEAL moves into its second year, with commitments from the federal government to share federal fuel taxes with municipal governments, it is time to reinforce the message that the New Deal must be about more than money.

FCM has long argued that “partnership is the heart of the New Deal” and that a new intergovernmental partnership is essential to preserve and improve the quality of life in our communities.

As this report indicates, much remains to be done to ensure all Canadians enjoy quality of life. During the 1990s, the period under review—a period of general prosperity for many—specific groups of people fell further behind.

If this can happen during an economic boom, we can only imagine what may happen when times are tough. Clearly, the systems and structures we have in place are not adequate to ensure all Canadians quality of life.

This report points to the severe lack of affordable housing as a prime cause of economic hardship among children, single-parent families and seniors living in the 20 QOLRS communities.

The shortage of affordable housing is among the most pressing issues facing municipalities. It means too many people, particularly single-parent families, living in temporary shelter or crowded into sub-standard and sometimes unsafe housing. It also means more people living on the streets and straining the ability of social service agencies to help them.

Municipal governments, already struggling in the face of shrinking resources and growing responsibilities, cannot respond to this growing need on their own. The purpose of the QOLRS reports is to provide the objective data needed to inform citizens and policy makers in all orders of government of the true state of those factors that contribute to quality of life.

We hope that, as governments sit down to make the New Deal a reality, the information in this report will help to inform the discussion and shape effective policy action.

Our thanks go to the mayors and chairs of the 20 participating municipal governments for their support; to the FCM Standing Committee on Social Infrastructure for its contribution; and to the members of the Quality of Life Technical Team for their participation in preparing the report.

Ann MacLean
President, Federation of Canadian Municipalities

CHAIR'S MESSAGE

ONE OF THE REALITIES DRIVING the campaign for a New Deal is that Canadian communities are struggling to maintain their quality of life, trying to meet growing responsibilities with shrinking resources.

This report, QOLRS Theme Report I, indicates some of the stress points where this struggle affects people the most: incomes, shelter and necessities. It also highlights the need for a new intergovernmental partnership.

Much of the public discussion about the New Deal focuses on money, particularly on the federal government's proposal to share federal fuel taxes with municipal governments.

This is understandable. During the 1990s, other governments cut transfers to municipalities by 37 per cent, while steadily offloading services.

But while revenue sharing is certainly important, the New Deal must be about more than money. It must be primarily about partnership—governments working together to preserve and improve the quality of life in Canada's communities.

FCM has been actively involved in promoting the federal-municipal partnership for many years, and we see the New Deal as furthering the cooperation that has accomplished so much for our communities.

As this report indicates, we need federal government investment in our communities, particularly in the area of affordable housing.

Housing is critical to the health, personal well-being and quality of life of all Canadians. But although housing is a basic necessity, especially in a country with Canada's climate, municipal governments cannot deal with this complex social issue with the revenues available to them.

The New Deal, with its promise of revenue sharing, a new intergovernmental partnership, and a municipal lens for federal government policies and programs, offers the prospect of real change in the way governments manage issues, like affordable housing, that cross jurisdictions.

And this new partnership gives hope to the many Canadians for whom everyday life is a struggle to meet the basic necessities.

My thanks to all those who assisted in the preparation of this report: FCM staff, the members of the Quality of Life Technical Team, and consultants Michel Frojmovic, Director of Acacia Consulting and Research, and Steve Pomeroy, Focus Consulting.

Councillor Brenda Hogg
Chair, Quality of Life Technical Team

FCM QOLRS INDICATORS

Figure 1 FCM QOLRS Indicators²

Demographic & Background Information (DBI)	Affordable, Appropriate Housing (AAH)	Civic Engagement (CE)	Community and Social Infrastructure (CSI)	Education (ED)	Employment (EM)	Local Economy (LE)	Natural Environment (NE)	Personal & Community Health (PCH)	Personal Financial Security (PFS)	Personal Safety (PS)
DBI1 Population Growth	AAH1 30%+ Income on Shelter	CE1 Voter Turnout	CSI1 Social Housing Waiting Lists	ED1 Education Levels	EM1 Unemployment Rates	LE1 Business Bankruptcies	NE1 Air Quality	PCH1 Low Birth Weight Babies	PFS1 Community Affordability	PS1 Young Offenders
DBI2 Household & Family Composition	AAH2 50%+ Income on Shelter	CE2 Women in Municipal Government	CSI2 Rent-Geared-to-Income Housing	ED2 Literacy Levels	EM2 Quality of Employment	LE2 Consumer Bankruptcies	NE2 Urban Transportation	PCH2 Teen Births	PFS2 Families Receiving EI/Social Assistance	PS2 Violent Crimes
DBI3 Average Income	AAH3 Core Housing Need	CE3 Newspaper Circulation	CSI3 Social Assistance Allowance	ED3 Adult Learning	EM3 Long Term Unemployment	LE3 Hourly Wages	NE3 Population Density	PCH3 Premature Mortality	PFS3 Economic Dependency Ratio	PS3 Property Crimes
DBI4 Renters & Owners	AAH4 Substandard Units	CE4 Volunteering	CSI4 Subsidized Child Care Spaces	ED4 Education Expenditures	EM4 Labour Force Replacement	LE4 Change in Family Income	NE4 Water Consumption	PCH4 Work Hours Lost	PFS4 Lone Parent Families	PS4 Injuries and poisonings
DBI5 Population Mobility	AAH5 Changing Face of Homelessness	CE5 Charitable Donations	CSI5 Public Transit Costs	ED5 Classroom Size		LE5 Building Permits	NE5 Wastewater Treatment	PCH5 Suicides	PFS5 Incidence of Low Income Families	
DBI6 Foreign Born	AAH6 Vacancy Rates		CSI6 Social Service Professionals	ED6 Student/Teacher Ratio			NE6 Solid Waste	PCH6 Infant Mortality	PSF6 Children Living in Poverty	
DBI7 New Immigrant Groups	AAH7 Rental Housing Starts		CSI7 Private Health Care Expenditures	ED7 Post-Secondary Tuition			NE7 Ecological Footprint		PFS7 Income Gap	
DBI8 Language Spoken at Home	AAH8 Monthly Rent			ED8 Spending on Private Education			NE8 Recreational Water Quality			
DBI9 Visible Minorities										
DBI10 Aboriginal Population										

Report 1 Income, Shelter & Necessities

² Figure 1 identifies the 72 indicators included in the Quality of Life Reporting System. Shaded cells refer to indicators presented in this report.

TABLE OF CONTENTS

Overview	i
Summary and Conclusions	ii
Part 1 Trends in Income, Poverty and Basic Needs	1
Widening income disparities between vulnerable groups and the general population	1
Significant declines in unemployment, and less dependency on government transfers	3
Lower rates of poverty among singles and single parents, while child poverty was on the rise	3
Increase in the number of working poor families	5
General ability to afford basic needs, with some important exceptions	5
Part 2 Demographic Change and the Housing Market	7
Demographic shift toward older singles and away from the two-parent family	7
New housing construction moves from away from rental	8
Social housing starts decline and waiting lists lengthen	10
Substantial growth in homeownership	11
A period of declining rental vacancy rates	12
Growing housing affordability challenges	15
Widening gaps between rents and incomes	19
Housing stock is generally of good quality	20
Part 3 Homelessness	21
Evidence of an increased risk of homelessness in the QOLRS communities	21
The challenge of measuring the numbers of homeless	24
The “Changing Face of Homelessness” in the QOLRS communities	25

The following technical Annexes and supplementary charts for this report are available in the Quality of Life Reporting System section of FCM’s Web site at <http://www.fcm.ca>.

Annex 1	QOL Issues Report #1 Technical Sub-Team Members
Annex 2	Glossary of Terms
Annex 3	Issues Report #1 Chart References
Annex 4	Data Tables
Annex 5	Supplementary Chart References
Annex 6	Guide to the QOLRS Geography
Annex 7	The QOLRS Indicators

OVERVIEW

The information provided in this report on quality of life in 20 Canadian communities builds on the findings of the 2004 *Highlights Report*.³ The *Highlights Report* presented selected indicators from the Quality of Life Reporting System (QOLRS) to show changes from 1991 to 2001 in six factors of quality of life. The analysis relied on a framework defined by FCM, based on the understanding that quality of life is enhanced and reinforced in municipalities that:

1. Develop and maintain a vibrant local economy;
2. Protect and enhance the natural and built environment;
3. Offer opportunities for the attainment of personal goals, hopes and aspirations;
4. Promote a fair and equitable sharing of common resources;
5. Enable residents to meet their basic needs; and
6. Support rich social interactions and the inclusion of all residents in community life.

Quality of life in any given municipality is influenced by interrelated issues related to the state of: affordable, appropriate housing; civic engagement; community and social infrastructure; education; employment; the local economy; the natural environment; personal and community health; personal financial security; and personal safety.⁴

Using this framework, the *Highlights Report* found that quality of life in the 20 communities was at risk and had deteriorated for a significant number of people between 1991 and 2001. While general improvements in rates of post-secondary education, employment growth and home-ownership suggested a positive picture overall, these improvements were offset by a growing income gap, changes to social programs, and an increased strain on the urban environment. The *Highlights Report* also portrayed a roller-coaster period of severe economic decline between 1991 and 1996, followed by recovery in levels of income, falling incidences of poverty and reduced housing affordability problems between 1996 and 2001. Not all households shared equally in this recovery, however.

This report focuses on a narrower set of trends occurring during the same 10-year period related to personal incomes, shelter and the affordability of basic needs. This report places particular emphasis on two of the six factors contributing to quality of life: promoting a fair and equitable sharing of common resources (Factor 4) and enabling residents to meet their basic needs (Factor 5). In addition, the report provides an in-depth analysis of demographic groups more vulnerable to the effects of falling incomes, high rates of poverty and more severe housing affordability challenges. These include singles, single parent families, recent immigrants and the Aboriginal population.

As with previous reports, the focus is on trends affecting all municipalities. However, the report also pays attention to variations within the 20 QOLRS communities, and to differences between trends in the QOLRS communities and those evident in the rest of Canada. A series of statistical charts and local stories from QOLRS member municipalities are used to illustrate these broader trends.⁵

³ Federation of Canadian Municipalities. 2004. *Quality of Life Reporting System. Highlights Report 2004*. Ottawa.

⁴ This definition was developed and endorsed by the QOLRS Technical Team, which includes representatives of FCM and each of the 20 QOLRS municipalities.

⁵ A full set of tables and supplementary charts are located at (<http://www.fcm.ca/>). Some caution is required when using the QOLRS to compare the 20 communities. For example, largely urban communities like the City of Vancouver have very different characteristics than regional municipalities with more suburban and rural areas.

SUMMARY AND CONCLUSIONS

The report's overall findings suggest a period of deepening poverty for some in the face of overall prosperity for most, exacerbated by rising shelter costs, which have consumed household income required for other necessities. While the percentage of the overall population living in poverty remained largely unchanged over the 10-year period, several economically marginalized groups experienced a further deterioration in their situations.

Some indicators of overall prosperity

The period from 1991 to 2001 was characterized by falling rates of unemployment for all household types and a historically significant increase in rates of homeownership across all demographic groups, including singles and single parent families. Only a small proportion of homeowners faced housing affordability challenges, and this rate fell over the 10-year period. Furthermore, targeted social programs during this period resulted in substantial improvements in the economic well-being of two groups with well-above average levels of poverty—single parent families and seniors.

Reflecting these economic trends, the large majority of singles and families in most of the 20 QOLRS communities earned incomes more than sufficient to afford their basic needs.

Demographic Shifts and a Trend Towards Homeownership

While various types of “families” accounted for two-thirds of all QOLRS households, the traditional two-parent family represented only one-third of the total in 2001, with this group's share on a slow

downward trend since 1991. By 2001, two-parent families were the majority household type in only one QOLRS community. Instead, non-family households (consisting of singles) and couples without children created a significant and growing demand for dwelling types other than the traditional single detached home.

The housing market's response to the combination of these demographic shifts and historically low mortgage rates was a dramatic shift towards a wider variety of forms of homeownership. In 2001, the combination of single family and semi-detached homes, townhouses, and condominiums accounted for over 90 per cent of all housing starts.

Housing market trends contributed to greater affordability challenges for renters

The shift to homeownership was accompanied by inadequate supplies of new, private and non-market rental housing. This in turn contributed to very low rental vacancy rates, dramatically rising rents and lengthening social housing waiting lists. Furthermore, vacancy rates for the most affordable rental units in larger rental markets were typically lower than those for higher rent units.

As a result, rents for appropriately sized units generally exceeded the ability of low-income earners to afford them, with the gap between rents and incomes widening between 1991 and 2001. While families generally fared better than singles, this was not the case in the largest population centres in the QOLRS, where the rental housing affordability problems for families was far more severe than for singles.

Groups such as single parent families and single seniors, recent immigrants and Aboriginals, while growing substantially in numbers, were generally unable to afford either homeownership or most rental housing. Seniors dependent on the rental sector faced by far the largest deterioration in their ability to afford shelter, with 60 per cent of single senior renter households facing affordability problems in 2001.

The social safety net was inadequate for a broadening portion of the population

The 10-year period was characterized by fewer families and singles in receipt of social assistance and other government transfers; however, the decline in overall levels of dependency on government transfers did not translate into comparable reductions in levels of poverty. Data from Statistics Canada clearly indicate that overall rates of poverty remained largely unchanged over the 10-year period, and grew for certain segments of the population, notably two-parent families. This suggests a growing number of working poor.

Those who continued to rely on social assistance as their sole source of income fell deeper into poverty due to a steady deterioration in the value of social assistance benefits over the 10-year period. Similarly, the absence of new subsidized housing development further narrowed the choices for lower income families and singles facing severe housing affordability challenges and lengthy social housing waiting lists.

In effect, the role previously played by the social safety net—including social assistance, and social housing—was increasingly being played by emergency shelters and food banks, or not all.

Economic marginalization is affecting a wide range of vulnerable groups

Widening economic disparities affected a variety of vulnerable demographic groups. While two-parent families generally fared well, a growing proportion of this group moved into poverty. This in turn widened the divide between “have” and “have-not” individuals, families and children.

Declining incomes and rising costs of living placed a significant minority of families and singles dangerously close to, or at the point of, being unable to afford their basic needs.

Economic marginalization was particularly evident for Aboriginal people and recent immigrants. These two groups faced significant and widening differences in unemployment rates, income levels, levels of poverty, and shelter cost burden relative to the general population. This is of particular concern in

municipalities with the largest proportion of immigrants (notably Toronto, Vancouver and Peel) and Aboriginal people (including Winnipeg, Saskatoon and Regina).

Homelessness

While the QOLRS does not monitor the numbers of homeless, five of seven indicators used to measure the risk of homelessness showed significant signs of deterioration. These were strongly influenced by the shortage of affordable rental housing in the 20 QOLRS communities. An increased risk of homelessness is evident in the largest cities of the QOLRS, but also affects, to varying degrees, small and suburban municipalities.

These findings are reinforced by the analysis of the emergency shelter system in the QOLRS communities. The presence of a mix of men, women, families and youth in emergency shelter systems across the 20 QOLRS communities was one indicator of the outcome of deepening economic marginalization for certain vulnerable groups.

All municipalities are affected by these trends—but in different ways

While there were significant differences in overall levels of poverty, unemployment and income, and housing affordability among the 20 communities, no single municipality was immune to all the overall trends: increasing child poverty; high rates of poverty among lone parent families and seniors; increasing rates and size of income inequality; growing levels of housing affordability problems; and homelessness.

Certain types of poverty are concentrated in the QOLRS communities

Several economic indicators were relatively strong in QOLRS communities compared to the rest of Canada. Among these, rates of unemployment and levels of dependency on government transfers were significantly lower in QOLRS communities for all demographic groups, in comparison to the rest of Canada. Similarly, incomes were measurably higher and increasing at a faster rate for all demographic groups living in QOLRS communities.

However, the story was less consistent with respect to the income gap, a measure of the ratio of the highest to lowest incomes, and rates of poverty, measured in terms of the proportion of households with incomes below the Low Income Cut-Off (LICO).

The income gap for both individuals and families was marginally lower in the QOLRS communities in comparison with the rest of Canada, but was growing by almost twice the rate of the rest of Canada. Rates of poverty were generally lower in the 20 QOLRS communities and underwent larger

declines in comparison with the rest of Canada. This was especially true for lone-parent families. However, poverty among two-parent families and associated child poverty, as well as poverty among single seniors, was higher in the QOLRS communities, and widening further in relation to the rest of Canada.

Housing affordability challenges for both renters and owners were more severe in the QOLRS communities than in the rest of Canada, though this was much more prevalent among renters.

Table 1 FCM QOLRS Members—2003

Municipality ⁶	Short Name used in QOLRS Tables and Charts	Province	Population (2001)
Calgary (City)	Calgary	Alberta	878,870
Edmonton (City)	Edmonton	Alberta	666,105
Halifax (Regional Municipality)	Halifax	Nova Scotia	359,185
Halton (Regional Municipality)	Halton	Ontario	375,230
Hamilton (City)	Hamilton	Ontario	490,265
Kingston (City)	Kingston	Ontario	114,195
London (City)	London	Ontario	336,540
Niagara (Regional Municipality)	Niagara	Ontario	410,575
Ottawa (City)	Ottawa	Ontario	774,075
Peel (Regional Municipality)	Peel	Ontario	988,945
Quebec (Metropolitan Community)	CMQ	Quebec	674,700
Regina (City)	Regina	Saskatchewan	178,225
Saskatoon (City)	Saskatoon	Saskatchewan	196,810
Sudbury (City of Greater)	Sudbury	Ontario	155,220
Toronto (City)	Toronto	Ontario	2,481,495
Vancouver (City)	Vancouver	British Columbia	545,670
Waterloo (Regional Municipality)	Waterloo	Ontario	438,515
Windsor (City)	Windsor	Ontario	208,405
Winnipeg (City)	Winnipeg	Manitoba	619,545
York (Regional Municipality)	York	Ontario	729,255

⁶ While the 20 participants in the Quality of Life Reporting System are referred to throughout the report as either “municipalities” or “communities,” their legal status differs. As described in Table 1, they are made up of 13 cities, six regional municipalities, and one metropolitan community. A Guide to the QOLRS Geography providing a more detailed description of these terms and associated issues is available at <http://www.fcm.ca>.

PART 1 | TRENDS IN INCOME, POVERTY AND BASIC NEEDS

This section describes several trends evident in the 20 QOLRS communities during the period 1991 to 2001 in relation to incomes, unemployment, levels of poverty and the resulting ability of singles⁷ and families to afford basic needs.

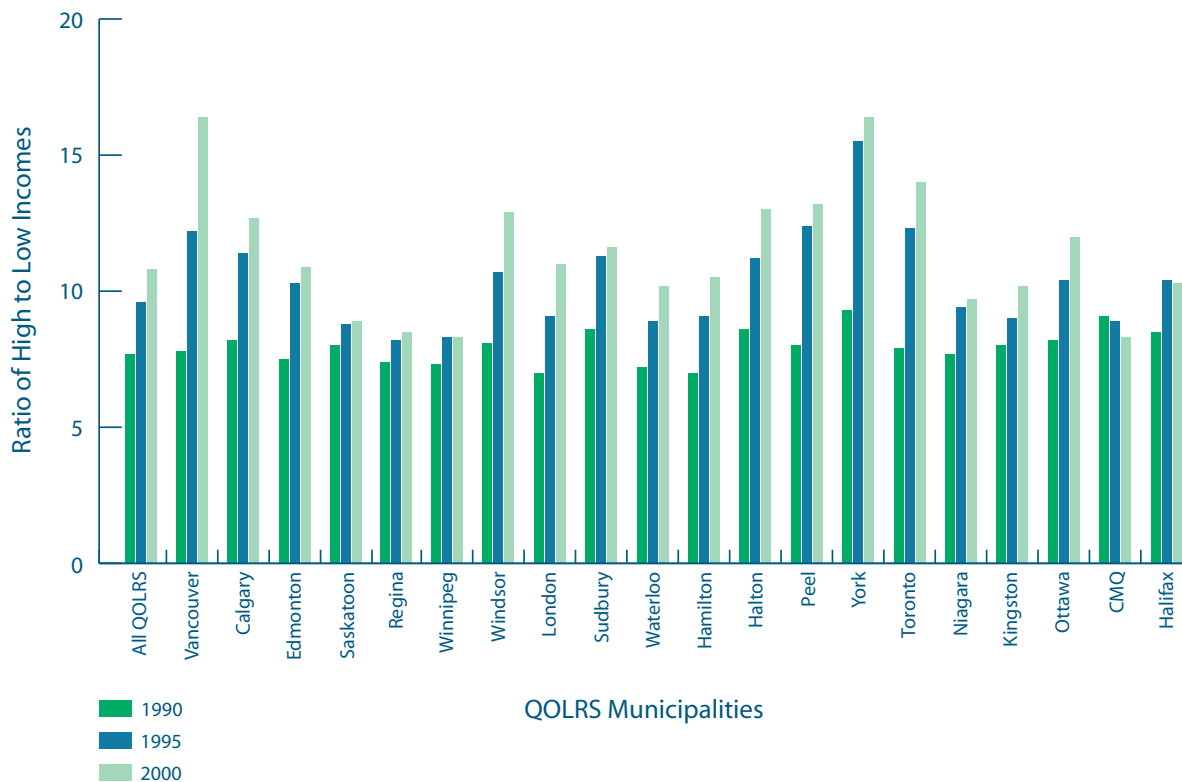
Widening income disparities between vulnerable groups and the general population

The *Highlights Report* identified several key trends related to personal incomes. In particular, the report found that both low- and modest-income individuals and families generally did not share in overall inflation-adjusted income gains over the 10-year period. On the basis of real pre-tax income, Statistics Canada taxfiler data indicated that only the wealthiest 30 per cent of families and 20 per cent of individuals in the 20 QOLRS communities experienced any increase in

income between 1990 and 2000. In contrast, the real incomes of individuals and families at the lowest 30 per cent on the income scale decreased by eight per cent or more during this time.

The income tax system had only a limited impact on the gulf between the highest and lowest income earners, so that the after-tax income gap for both individuals and families still widened during the 10-year period. This gap was wider among individuals than families. Chart 1 shows that in 2000 the income of an individual at the 90th percentile was 11 times that of an individual at the 10th percentile, as an average for all QOLRS communities. Ten years earlier, this ratio had been lower than eight. In contrast, high-income families earned less than six times as much as low-income families in 2000.

Chart 1 Income Gap – Individuals
Ratio of the 90th Percentile Individual Income to the 10th Percentile Individual Income, After Tax, QOLRS Municipalities – 1990, 1995, 2000



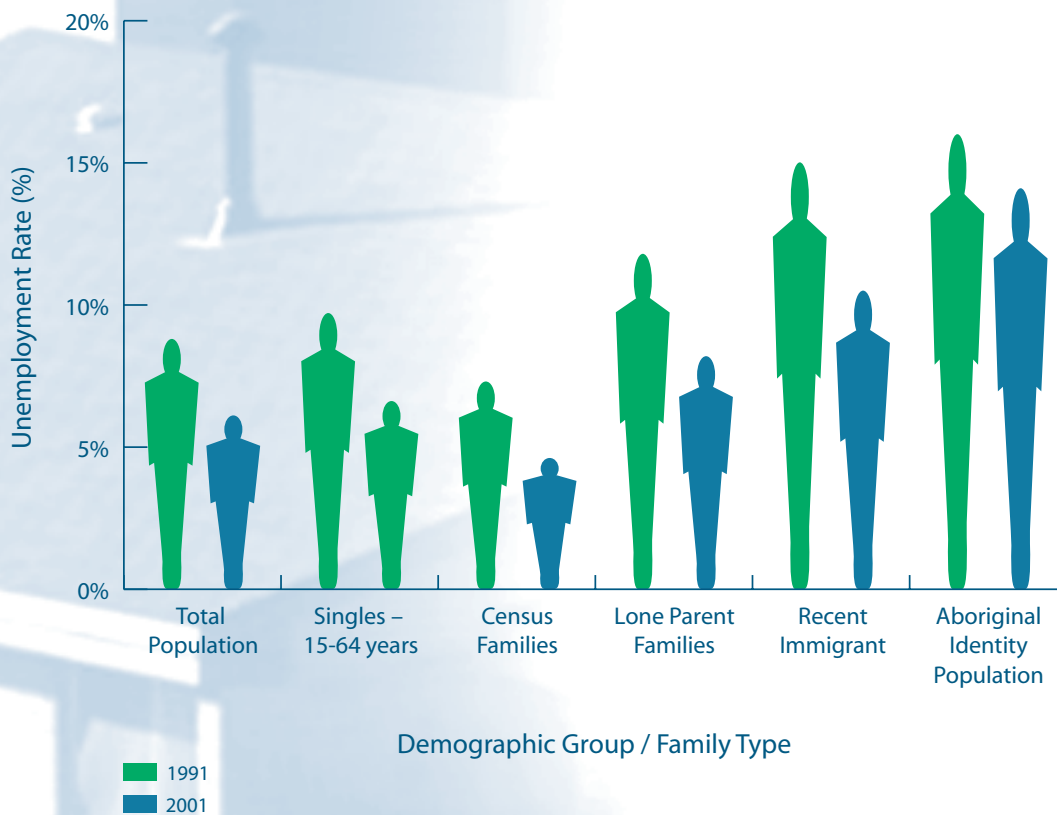
Source: Statistics Canada, Small Area and Administrative Databank, 1990, 1995, 2000

⁷ The term “singles” as used in this report denotes individuals living either alone, with one or more other unattached individuals or with a family, but not constituting a part of that family. This is as defined by Statistics Canada. See also “non-family persons” in the glossary of terms located in the Technical Annex.

As will be discussed later in this section, one factor contributing to this widening income gap was the declining value of social assistance benefits. In Calgary, for example, real incomes of the poorest individuals shrank by 16 per cent between 1990 and 2000, roughly equivalent to the decrease in the inflation-adjusted value of provincial social assistance benefits during that time. This trend was evident in other communities as well. In contrast, the Quebec Metropolitan Community (CMQ) was the only QOLRS community to have experienced reduced inequalities among both families and individuals. This was likely due, in part, to an increase in social assistance benefits in the province of Quebec over the same 10-year period.

The *Highlights Report* also illustrated a substantial and widening discrepancy between the incomes of vulnerable groups and those of the general population. For example, there was a marked contrast between incomes and income growth experienced by recent immigrants and the Aboriginal population in comparison to the general population. Incomes for newcomers fell in real terms in those municipalities with the largest numbers of recent immigrants, Toronto and Vancouver. Incomes of local Aboriginal populations also fell in most municipalities.

Chart 2 Unemployment
Unemployment Rate by Demographic Group and Family Type, QOLRS Average – 1991, 2001



Source: Statistics Canada, 1991, 2001 Census, Custom Tabulation

Significant declines in unemployment, and less dependency on government transfers

Employment levels throughout Canada and the QOLRS communities showed strong improvement between 1991 and 2001, with unemployment rates falling by one-third from just under nine per cent to 6.1 per cent.⁸ In addition, unemployment rates were lower in the 20 QOLRS communities than in the rest of Canada. This trend was mixed among the QOLRS communities, however, with unemployment rates rising in three communities during this time.

All demographic groups shared in this decline. The decline was weakest for the Aboriginal population. Overall unemployment rates for the Aboriginal population living in the QOLRS communities were more than twice the rate of non-Aboriginal population in 2001, but had been only 1.7 times greater in 1991.

General increases in employment rates were reflected in far lower levels of dependency on government transfers for all family types over the 10-year period. However, single parent families and singles were still three times more dependent on non-employment income sources compared with couples and two-parent families.⁹ Levels of dependency on government transfers were significantly lower in the QOLRS communities in comparison with the rest of Canada.

The rate of reliance on social assistance, in particular, saw a marked change. The period 1995 to 2000 included a substantial decrease—by close to one-third—in the proportion of families and singles receiving social assistance benefits.¹⁰ By 2000, 11 per cent of the population of QOLRS communities was receiving social assistance payments as their sole source of income (15 per cent in 1995), including 13 per cent of singles (17 per cent in 1995), and 29 per cent of single-parent families

(42 per cent in 1995). While falling rates of unemployment may explain some of this decline, the period was also characterized by the introduction of more stringent eligibility criteria for social assistance. In Ontario, for example, 16- to 18-year-olds were excluded from eligibility during this time, as were single parents living with an employed person of the opposite gender.

Information from several municipalities suggests that this downward trend in the numbers of social-assistance recipients has slowed and, in some cases, reversed since 2000. For example, the City of Calgary reported an increase of 12 per cent in social-assistance recipients between 2001 and 2003.¹¹ Data available for the City of Toronto indicate an increase in overall social-assistance caseloads from 2000 to 2003, though caseloads have declined more recently.

Lower rates of poverty among singles and single parents, while child poverty was on the rise

The *Highlights Report* showed that overall rates of poverty remained largely unchanged between 1991 and 2001, though they underwent significant increases between 1991 and 1996, followed by substantial declines in the second half of the 10-year period. (See text box on page 5 for a definition of poverty.) However, there was considerable variation across the different demographic groups.

The proportion of families with incomes below the Low Income Cut-Off (LICO) rose slightly over the 10-year period, despite decreasing unemployment rates. The rise in family poverty was linked to a marked increase in the proportion of two-parent families with incomes below the LICO. Poverty

⁸ Labour force participation rates also declined during this period, from an average of 70.5 per cent to 68.4 per cent in the 20 QOLRS communities. However, declines in unemployment are not fully accounted for by falling labour force participation rates.

⁹ To some extent this is influenced for singles by a core group of permanent dependents on long term disability benefits and for lone parents experiencing difficulties securing work when children are young.

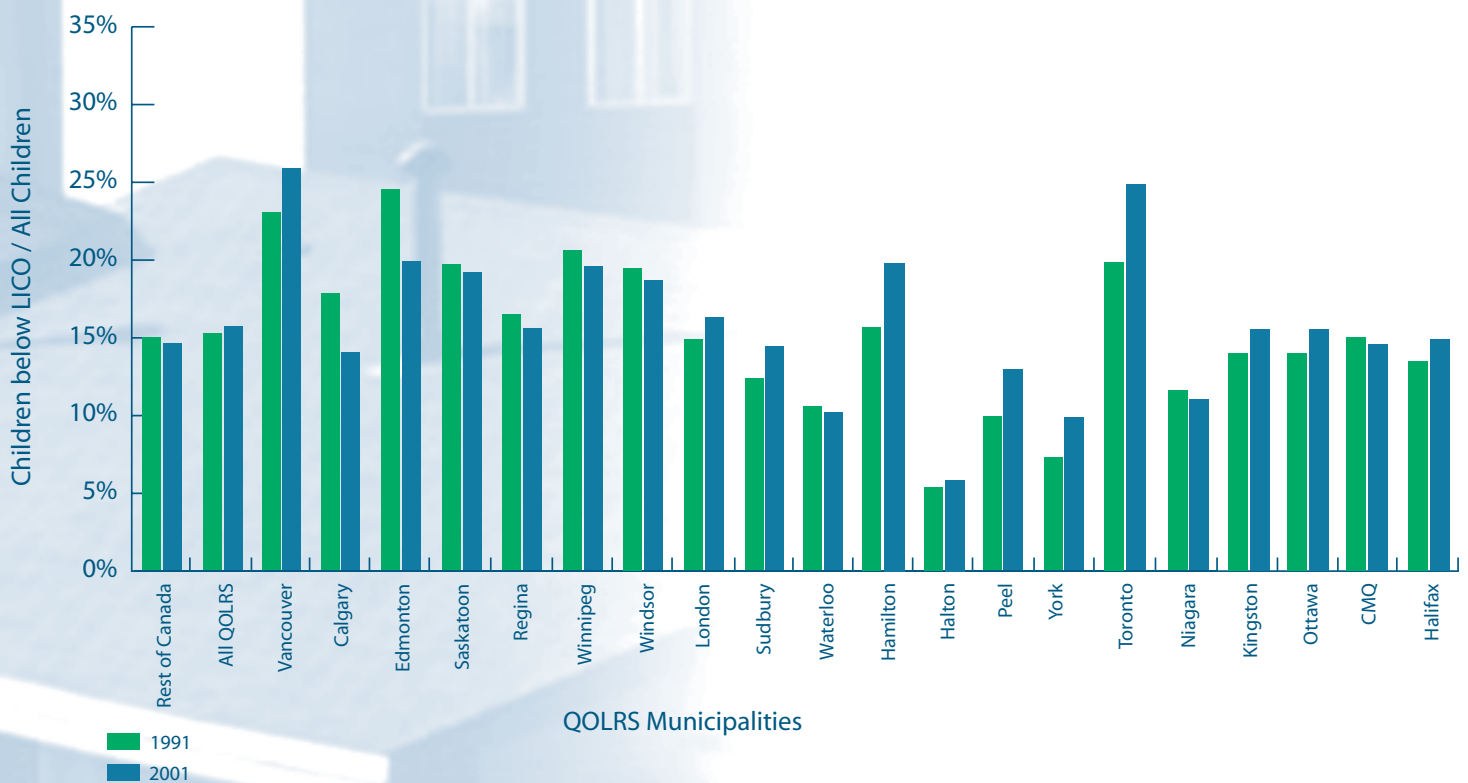
¹⁰ Social assistance data from 1990 were not available from taxfiler tables, as these data were combined with other provincial government transfers at that time. See Glossary of Terms for a definition.

¹¹ Data are from the province of Alberta, as the City of Calgary does not administer social assistance.

among two-parent families was also more prevalent in the QOLRS communities, relative to the rest of Canada, and growing far faster. While the incidence of two-parent family poverty was unchanged in the rest of Canada, the 20 QOLRS communities experienced an average 15 per cent increase. Similarly, the proportion of children living in families with incomes below LICO fell slightly in the rest of Canada, but increased by an average of six per cent in the QOLRS communities (see chart 3 below)¹².

As shown in chart 3, the overall trends in family and child poverty mask very different stories occurring across the QOLRS communities. In fact, family and child poverty fell in many smaller Ontario communities, in the Prairie cities and in Quebec. At the same time, one half of the QOLRS communities experienced increases in family and child poverty, led by large increases in the largest urban centres of Vancouver and Toronto.

Chart 3 Children Living in Poverty
Children in Families with Incomes below the Low Income Cut-Off as a Percentage of All Children,
QOLRS Municipalities – 1991, 2001



Source: Statistics Canada, 1991, 2001 Census

¹² As used in this report “child poverty” refers to the number of children in families with income below the LICO as a proportion of children living in all families. The QOLRS also monitors changes in child poverty relating to young children (aged 0 to 12). See Annex 2 Glossary of Terms for definition of “Children.”



POVERTY AND BASIC NEEDS

The report relies on three measures of poverty. While none of these represents a universally agreed poverty line, the proportion of singles and families with incomes below the income thresholds defined by each of these measures can be treated as an indicator of the extent of poverty.

Low Income Cut-offs (LICOs) are income thresholds determined by analyzing family expenditure data. Families with incomes below these thresholds are likely to devote a larger share of income to the necessities of food, shelter and clothing than would the average family. LICOs are defined for five categories of community size and seven of family size. For example, the year 2000 after-tax income threshold for a family of four was \$29,653 in communities with a population of 100-500,000 and \$34,572 for populations greater than 500,000.

Low Income Measures (LIMs) are set at 50 per cent of adjusted, median family income. These measures are categorized according to the number of adults and children in families. The year 2000 after-tax income threshold for two adults and two children was \$24,936.

Market Basket Measures (MBMs) include estimates of the cost of food, clothing and footwear, shelter, transportation, and other goods and services related to local costs of living. Year 2000 after-tax income thresholds for a family of four using the MBM ranged from \$22,156 in the CMQ to \$27,343 in Greater Toronto Area (GTA) municipalities.

In contrast to families, the proportion of singles with incomes below the LICO fell slightly. This was due largely to a close to five percentage point decrease in the rate of poverty among older singles (aged 65+) in nearly all of the QOLRS communities, from an average of 49.5 per cent in 1991 to 44.8 per cent by 2001. Even with this decrease, however, almost one in two single seniors had incomes below the LICO by 2001. Seniors living in the 20 QOLRS communities were also more likely to be living in poverty than seniors in the rest of Canada.

The proportion of recent immigrant households with incomes below the LICO was more than twice as high as for non-immigrants. The poverty rate for the Aboriginal population was 2.5 times greater than for non-Aboriginal people by 2001.

Increase in the number of working-poor families

Comparing the changes in the proportion of the population receiving social assistance with changes in the proportion of those with low incomes suggests a growing number of working-poor households. Most significant was the increase in the numbers of working-poor families. On the one hand, far fewer singles and families were receiving social assistance benefits by 2000 in comparison to 1995. At the same time, there were only marginal changes in the proportion of those with incomes below LICO, including a larger percentage of low-income families. In effect, two-thirds of singles with incomes below the LICO relied on income sources other than social assistance in 2000 (under 60 per cent in 1995). Similarly, half of low-income two-parent families and couples were dependent on income other than social assistance in 2000 (up from one-third in 1995).

General ability to afford basic needs, with some important exceptions

The incomes of the majority of families and individuals in the 20 QOLRS communities were more than sufficient to afford basic needs, measured by the Market Basket Measure (MBM). For example, modest income families and individuals—those at the 50th after-tax income percentile (or median income)—in all 20 communities were able to afford a basic basket of goods comfortably.

The same was not true for low-income individuals and families—those at or below the 25th percentile. The combination of declining incomes and decreased social assistance benefits placed added burdens on the ability of low-income families and individuals to afford basic needs. Households devoting all or most

of their income to basic needs are prevented from building up personal savings, supplementing future retirement income, and withstanding temporary shortfalls in income.

The City of Hamilton represents the QOLRS average in terms of family income. A four-person family with two adults working at full-time minimum wage jobs in Hamilton earned an annual after-tax family income of approximately \$25,700 in 2000. The MBM for a family of four living in Hamilton was \$23,745 in 2000, leaving a family in this situation with under \$2,000 after acquiring their basic needs. Any future combination of an increase in local costs and a decrease in family income could require this family to devote 100 per cent of its earnings to basic needs.

Low-income individuals were generally less able than low-income families to afford the cost of a basic basket of goods. Low-income individuals (those at or below the 25th percentile) in Toronto and Vancouver faced the largest challenges, with their incomes accounting for only 73 per cent and 65 per cent, respectively, of the MBM.

Affordability problems were particularly severe for the 11 per cent of households in the 20 QOLRS communities in receipt of social assistance in 2000. The *Highlights Report* described a general and continuous trend of declining social assistance benefit levels in comparison to basic needs.¹³ Depending on the community where they lived, social assistance allowances for a lone-parent family accounted for anywhere from 79 to 116 per cent of the cost of basic needs in 1991. By 2000, this had fallen to a range of 66 to 79 per cent. Singles on social assistance were in the weakest position, with social assistance benefits accounting for anywhere from 54 to 81 per cent of basic needs in 1991, and only 37 to 55 per cent of basic needs by 2000.

THE ROLE OF FOOD BANKS

One effect of shrinking incomes and rising costs is an increased reliance on food banks, as families and individuals are forced to choose between basic needs of food and housing. They would risk eviction by missing rent payments. In addition to food banks, access to food is also made available by social service agencies providing free food as a part of their programs, as well as breakfast and lunch programs made available to children attending inner-city schools.

Toronto and Calgary both reported recent increases in the use of food banks. Calgary's Inter-Faith Food Bank—the city's largest—experienced a 13 per cent increase in the number of users between 2000 and 2003. Low-income workers were the most frequent users of the food bank in Calgary, followed by persons in receipt of social assistance.

The Cities of Toronto and Waterloo reported a growing number of families with children relying on the local food bank system. Users of Waterloo's food bank system also include a growing number of individuals claiming full and part-time employment as their primary source of income.¹⁴

¹³ In this case, basic needs are defined in terms of the Low Income Measure (LIM). The LIM was used to demonstrate this trend because LICO income thresholds are not available for 1991.

¹⁴ The information provided in the text boxes included throughout the report is anecdotal and does not comprise part of the Quality of Life Reporting System database.

PART 2 | DEMOGRAPHIC CHANGE AND THE HOUSING MARKET

This section addresses indicators of the changing demographic makeup of the 20 QOLRS communities and the corresponding trends in the housing market during the period 1991-2001.

Demographic shift toward older singles and away from the two-parent family

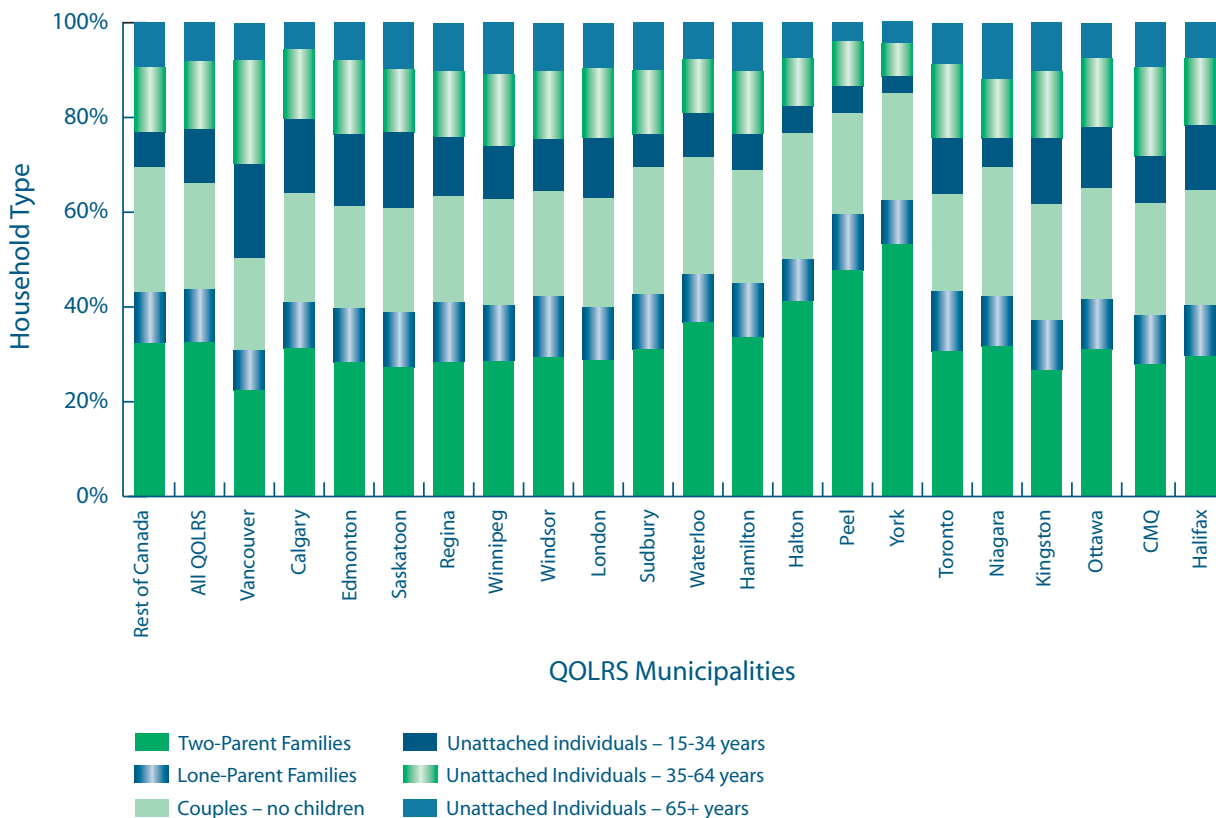
Chart 4 shows an increasingly diverse set of household structures in the 20 QOLRS communities, including a large proportion of non-family households consisting of one or more single people. The traditional two-parent family represented only one-third of all households by 2001, with this group's share of the total on a slow downward trend since 1991. As shown in Chart 4, two-parent families were the majority household type in only one QOLRS community, while one and two-parent families together accounted for a majority of households in

only the newer GTA suburban communities of Halton, York and Peel.

When couples without children are included, "the family" accounted for two-thirds of all households in 2001. When couples without children are separated out, the total count of families falls well below a majority of households. The combination of two-parent and lone-parent families lost ground to other categories between 1991 and 2001, falling from 46.3 to 42.9 per cent of all households in the 20 QOLRS communities.

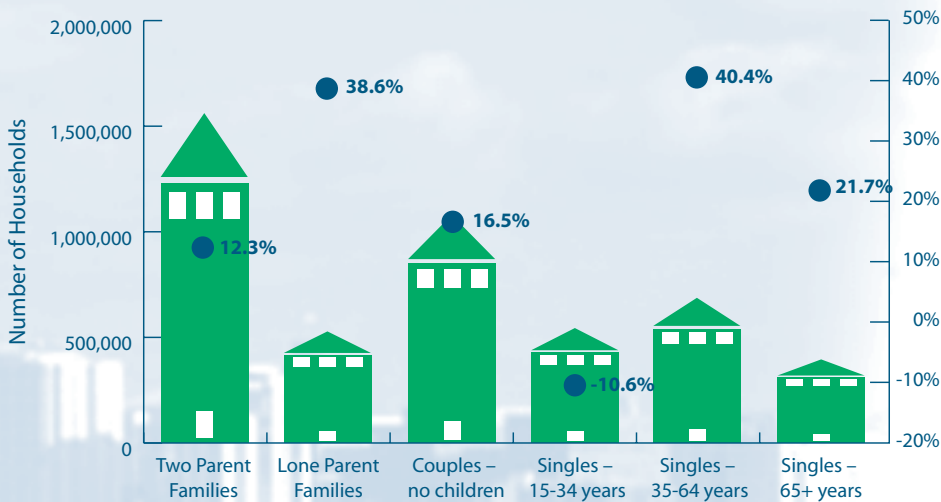
In contrast, the largest source of household growth between 1991 and 2001 came from non-family households, a highly diverse group including youth just leaving the parental home as well as single professionals with higher incomes. Chart 5 (see page 8) presents both the number of households in each cate-

Chart 4 Population Demographics
Family Composition as % Total Families, QOLRS Municipalities – 2001



Source: Statistics Canada, 2001 Census – Custom Tabulation

Chart 5 Household Types
Households, by Type (2001) and 1991-2001 Growth of Each Type, QOLRS Average



Source: Statistics Canada, 1991-2001 Census

gory and the percentage growth of each category. According to these statistics, the number of households comprising singles aged 35 to 64 grew by more than 40 per cent between 1991 and 2001, the fastest growth rate of any of the six categories. This sub-category was also the largest within the non-family group. As a result, and even with negative growth in the number of younger non-family households (singles aged 15 to 34), the three non-family household categories together had eclipsed the number of two-parent family households by 2001.

Taken together, non-family households and couples without children create a significant and growing demand for dwelling types other than the traditional single detached home. They have been an important contributing factor in the rise in the homeownership rate due to purchases of condominium units. However, dwelling type preferences also vary across communities. Detached dwellings remain popular and relatively affordable in smaller cities, while condominiums are more popular in the largest and higher-cost central areas of the major metropolitan areas.

New housing construction moves from away from rental

While the rental sector has traditionally provided an important form of housing for individuals and lower-

income families, construction of new dwellings between 1991 and 2001 was dominated by a shift towards various forms of non-rental housing. Chart 6 illustrates how rental starts for both private and non-market housing fell by more than 50 per cent over the 10-year period, accounting for only eight per cent of all starts in QOLRS communities in 2001. Between 1991 and 2001, rental starts declined in all but four communities—Vancouver, Edmonton, Calgary and Waterloo.¹⁵

The City of Vancouver's rental sector stands out in this regard, since it was the only municipality where new rentals accounted for the single largest share of all housing starts in 2001. High levels of rental starts in Vancouver in 2001 were due in large part to a provincial social housing program in which commitments were doubled in the previous year. In addition, as a relatively built-out community, the City of Vancouver offers a much lower opportunity for the construction of detached singles. Finally, this composition of housing starts reflects local demographics, with nearly half of Vancouver's households consisting of unattached individuals.

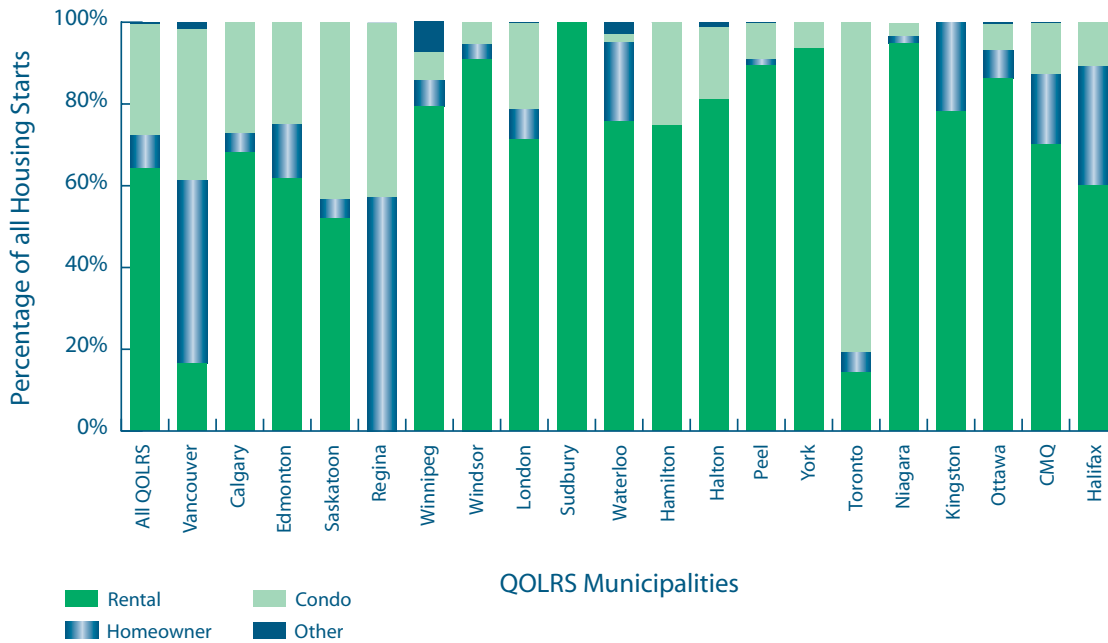
Housing starts comprising single-family and semi-detached homes and townhouses dominated the market, accounting for 64 per cent of all starts by 2001, substantially larger than 1991 when it accounted for close to 50 per cent of all starts.

A further trend in the housing market was the expansion of the condominium as a tenure type. As indicated in Chart 6, condominiums saw the largest percentage growth of all housing types, approaching 30 per cent of the share of all new starts by 2001, more than double their share in 1991. However, this phenomenon was concentrated in a relatively small number of communities. By 2001, condominiums accounted for 25 per cent or more of all starts in seven of the 20 communities, most of which were in Western Canada.

¹⁵ The pattern in the two Alberta cities reflects a much weaker provincial economy in 1991, compared with high in-migration and demand driving the market in 2001. The increase in starts in Waterloo reflects a municipal stimulus to build affordable housing. Higher levels of rental construction in Ontario communities in 1991 were particularly influenced by social housing programs, since cancelled.

Chart 6 Housing Starts

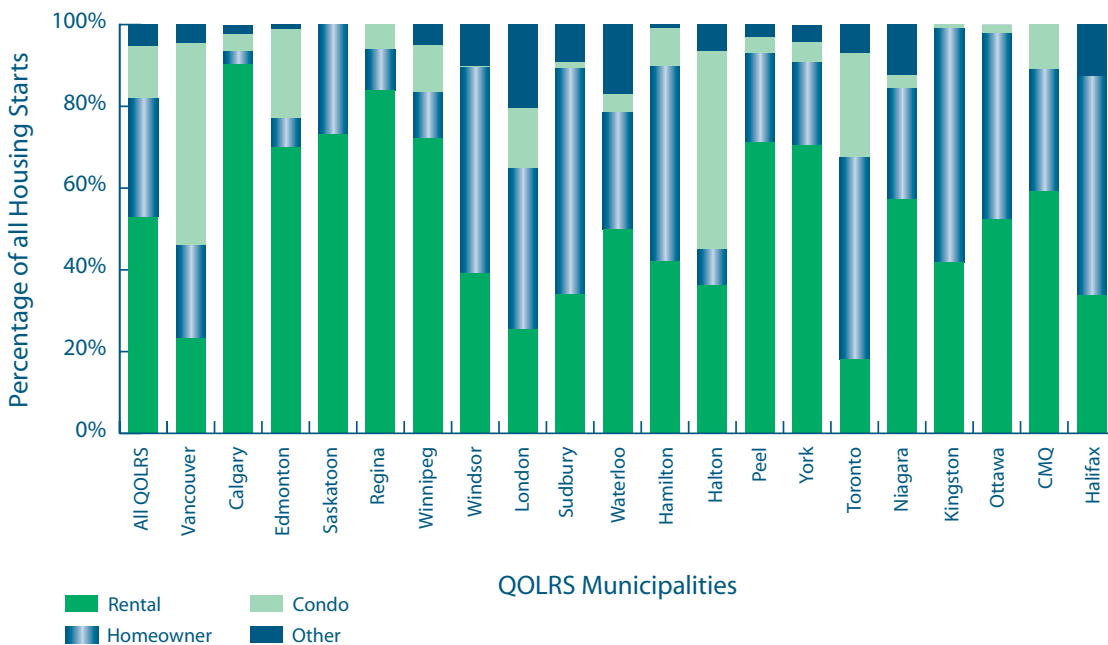
Housing Starts, by type, as a Percentage of all Starts, QOLRS Municipalities – 1991, 2001



Source: Canada Mortgage and Housing Corporation, Starts and Completions Survey, 1991, 1996-2001

Chart 6 Housing Starts

Housing Starts, by type, as a Percentage of all Starts, QOLRS Municipalities – 1991



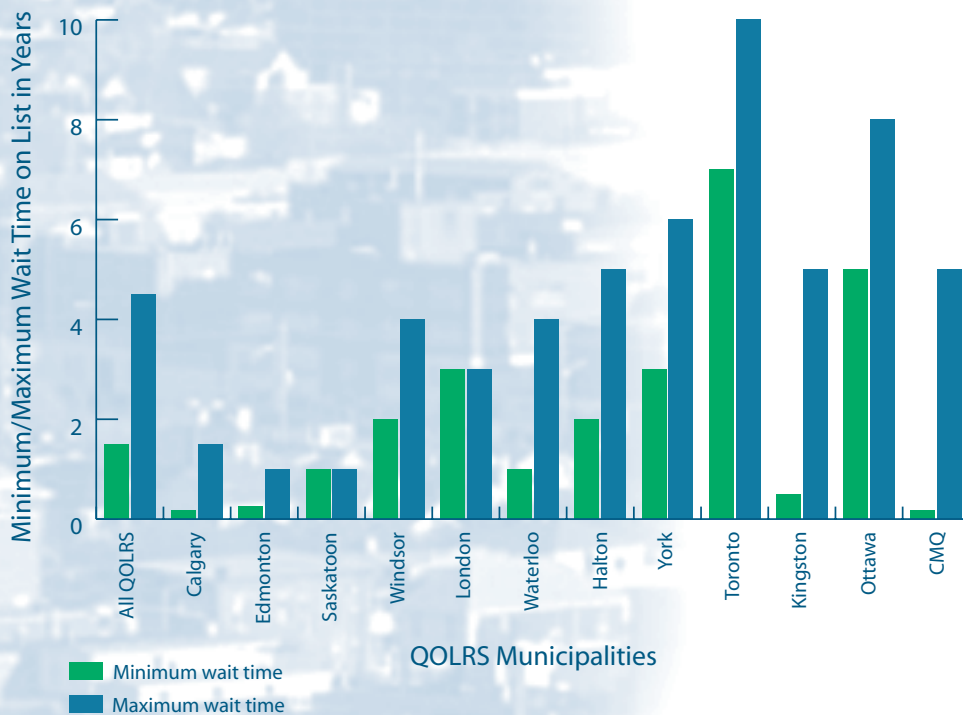
Source: Canada Mortgage and Housing Corporation, Starts and Completions Survey, 1991, 1996-2001

Social housing starts decline and waiting lists lengthen

Another feature of this period was the federal government's withdrawal of funding for social housing in 1993. Only British Columbia and Quebec sustained a significant level of new social housing development after the federal withdrawal.¹⁶ The combination of a near-freeze on construction of new social housing and substantial reductions in overall rental starts translated into increased volumes of renters with affordability problems, (a trend discussed separately below) and growing waiting lists for existing social housing. Waiting-list data for a limited number of municipalities are presented in Chart 7.

The difference between minimum and maximum wait times identified in Chart 7 reflects the reality that households facing different risk factors are experiencing different wait times. Wait times vary depending on provincially mandated and locally defined priorities.¹⁷ For example, both Ontario and Manitoba give special priority to victims of family violence. Other local priorities identified by members of the QOLRS include: making available some proportion of social housing vacancies to residents experiencing homelessness, families separated from their children due to lack of housing, and persons with serious medical, health and/or social needs.

Chart 7 Social Housing Waiting Lists
Minimum and Maximum Wait Times on Social Housing Waiting Lists, in Years
Selected QOLRS Municipalities – 2002



Source: FCM Municipal Survey Database, 2003; complete data are not available for all municipalities.

¹⁶ More recently, various forms of affordable housing development have emerged in other jurisdictions with new federal and provincial/territorial initiatives, often supported by municipal efforts.

¹⁷ The length of time on the list is also influenced by the unit size required, notably units with more than two bedrooms, and geographical preferences of applicants.



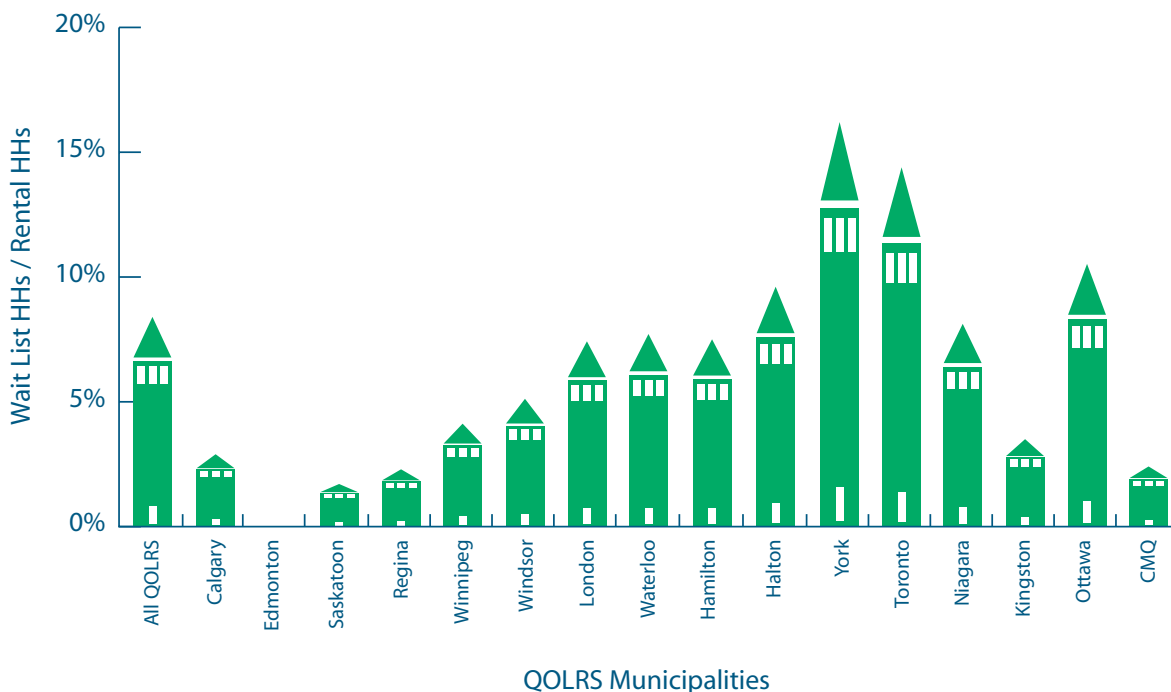
In contrast with much shorter wait times in Western Canada, wait times in Ontario municipalities are often measurable in numbers of years. For example, City of Toronto wait times increased from a range of five to seven years in 1998 to seven-to-ten-year waits by 2002. In Ottawa, wait times grew from three to five years in 1999 to five to eight years by 2002. As indicated in Chart 8, waitlisted households accounted for over 10 per cent of renter households in the Ontario municipalities of Ottawa, Toronto and York.

along with falling mortgage rates, a significant shift in housing tenure.¹⁸ Nationally the rate of homeownership had not shifted significantly for over 20 years, hovering between 62.5 per cent and 63.5 per cent from 1976 to 96. However, between 1996 and 2001, the national rate increased to 65.8 per cent. This transition in tenure was also evident in the QOLRS communities, where the rate of homeownership grew from 57 to 62 per cent between 1991 and 2001, with all household types participating in this tenure shift.

Substantial growth in homeownership


The combined effect of little or no new construction of private rental housing and the discontinuation of federal funding for social housing contributed to,

Chart 8 Social Housing Waiting Lists
Households on Social Housing Waiting Lists as a Percentage of all Renter Households,
Selected QOLRS Municipalities – 2002



Source: FCM Municipal Survey Database, 2003; Statistics Canada, 2001 Census; Complete data are not available for all municipalities.

¹⁸ The impact of low mortgage rates has recently improved access to homeownership and removed some of the overall pressure on rents, although the effect is unequal across rent levels.



By 2001, renters were the majority tenure in only one city (Vancouver), though five other municipalities had renter populations exceeding 40 per cent of all households (Edmonton, London, Kingston, Quebec and Toronto). In contrast, four regional municipalities had renter populations accounting for less than 30 per cent of all households (Peel, York, Halton and Niagara).

The rental sector continued to be dominated by non-family households, comprising mainly singles. Over 60 per cent of singles were renters in 2001 (down from close to 70 per cent in 1991), while 50 per cent of single parent households were renters in 2001 (down from 58 per cent in 1991), with this group accounting for one in seven of all renter households.

The homeownership sector continued to be dominated by family households, with 70 per cent of these being two-parent families and couples without children. However, this composition was changing, with the share of singles and lone-parent families growing, and the share of two-parent families and couples decreasing.

A period of declining rental vacancy rates

Income dynamics of different demographic groups described earlier in this report represent one part of the housing affordability picture. This section describes changes in levels of rents. A principal consequence of the drastic reduction in the production of private rental housing and social housing was a shortage of rental supply and upward pressure on rents. Furthermore, the lowest-cost rents generally increased at rates considerably faster than the overall rental market.¹⁹

One indicator of the pressure on the rental market is the vacancy rate. The widely accepted equilibrium point for residential vacancy rates is three per cent, meaning that three out of every 100 rental units are vacant and available for rental. Vacancy rates consistently below this level generally correlate with upward pressure on rents.

¹⁹ Declining levels of rental starts are a contributing factor, as are demolitions and conversions of existing rental stock to ownership condominiums and other forms of non-rental housing.



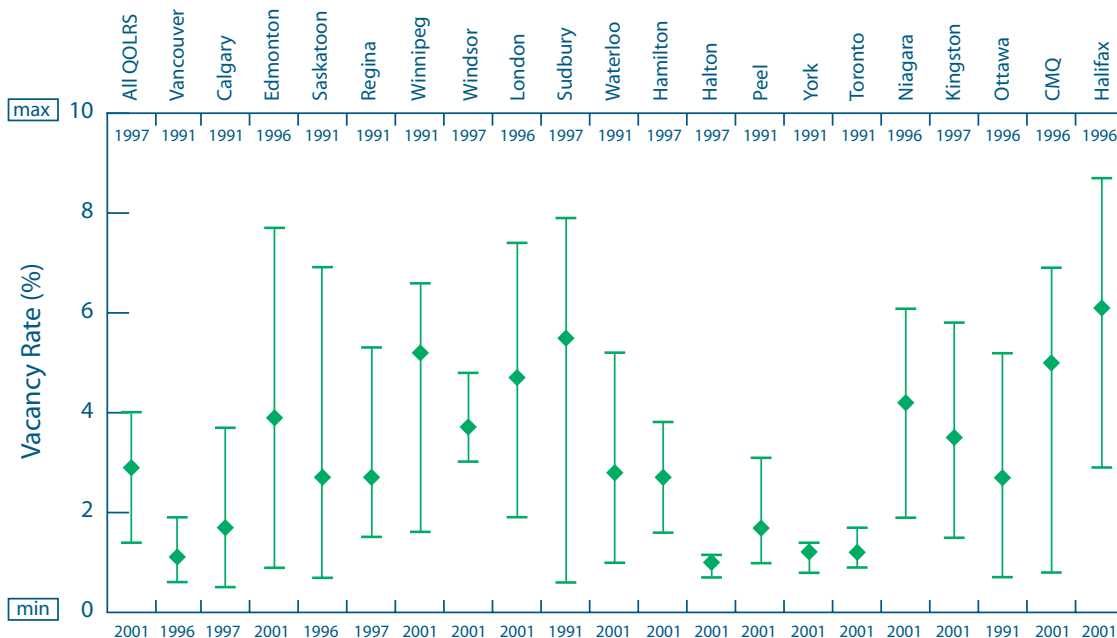
Vacancy rates in the 20 QOLRS communities were generally on a steady decline over the decade. Several characteristics of this decline are described by Chart 9, which presents data for the four years 1991, 1996, 1997 and 2001.²⁰ Chart 9 identifies the year of the highest and lowest vacancy rate in each community, as well as the average vacancy rate over the four years. These data indicate that vacancy rates fell from levels reaching three to six per cent in several markets between 1991 and 1996, to levels below one and two per cent by 2001.

Chart 9 also indicates that a number of municipalities experienced vacancy rates that remained close to one per cent throughout the period and never exceeded two per cent. These included the country's largest rental markets, such as Toronto and Vancouver, as well as suburban GTA communities of York and Halton.

RECENT TRENDS IN VACANCY RATES

National housing data indicate that rental vacancy rates increased since 2001. This is confirmed by reports from several QOLRS members. However, changes in vacancy rates remain uneven across rent levels and have tended to be lower for more affordable rents. For example, in Waterloo, although vacancy rates have increased in recent years from one per cent or less to an average of over three per cent, higher vacancy rates correspond to the more expensive units. Toronto's overall vacancy rate has risen, though the supply of less expensive apartments in Toronto (rents under \$800) have continued to decrease from 65 per cent in 1996 to about 20 per cent of the market today. The vacancy rate in Calgary reached a nine-year high in 2003. However, the units with the highest average rents (\$1,000 to \$1,099 per month) also had the highest vacancy rate at 8.5 per cent.

Chart 9 Vacancy Rates
Average Reported Vacancy Rate with Maximum and Minimum Vacancy Rates shown,
QOLRS Municipalities – for selected years – 1991, 1996, 1997, 2001

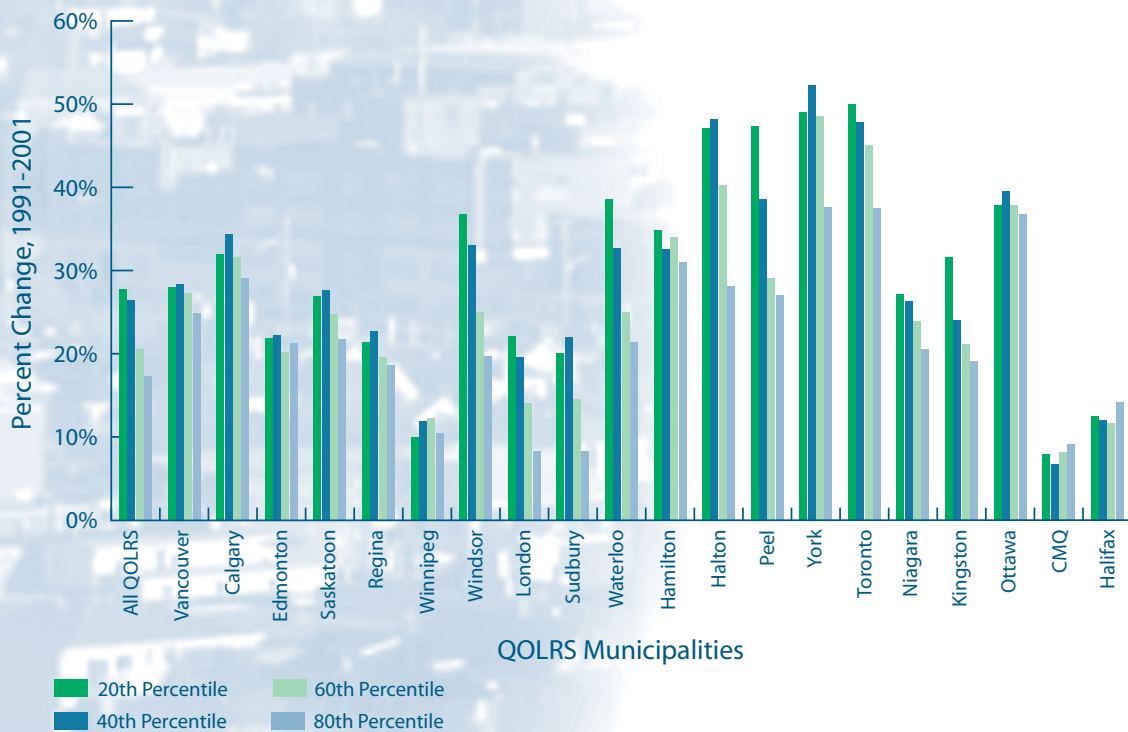


Source: Canada Mortgage and Housing, Rental Market Survey, 1991, 1996-2001

²⁰ The four years presented in Chart 9 are most indicative of the trends occurring in the 20 QOLRS communities during the period 1991-2001.

These low vacancy rates, in turn, were reflected in rising rents. As shown in Chart 10, the lowest rents in many communities often grew at the fastest rate between 1991 and 2001, at a time when low-income households were generally experiencing stagnant or declining incomes.

Chart 10 Monthly Rent
Per cent Change in Average Monthly Rent, by Rent Quintile,
QOLRS Municipalities (nominal \$) – 1991-2001



Source: Canada Mortgage and Housing, Rental Market Survey, 1991, 1996-2001



Another important phenomenon in the rental sector was the lack of consistency of vacancy rates across rent ranges, with the most affordable rents often characterized by very low vacancy rates. For example, Chart 11 illustrates how vacancy rates for the most affordable rental units (those at the 1st quintile) in the GTA municipalities, Vancouver, Calgary and Edmonton were at or near one per cent. In the cases of Toronto, Ottawa and Peel, vacancy rates for rental units in the 1st quintile were even lower than vacancy rates for higher cost rental units in the 3rd and 5th quintiles.

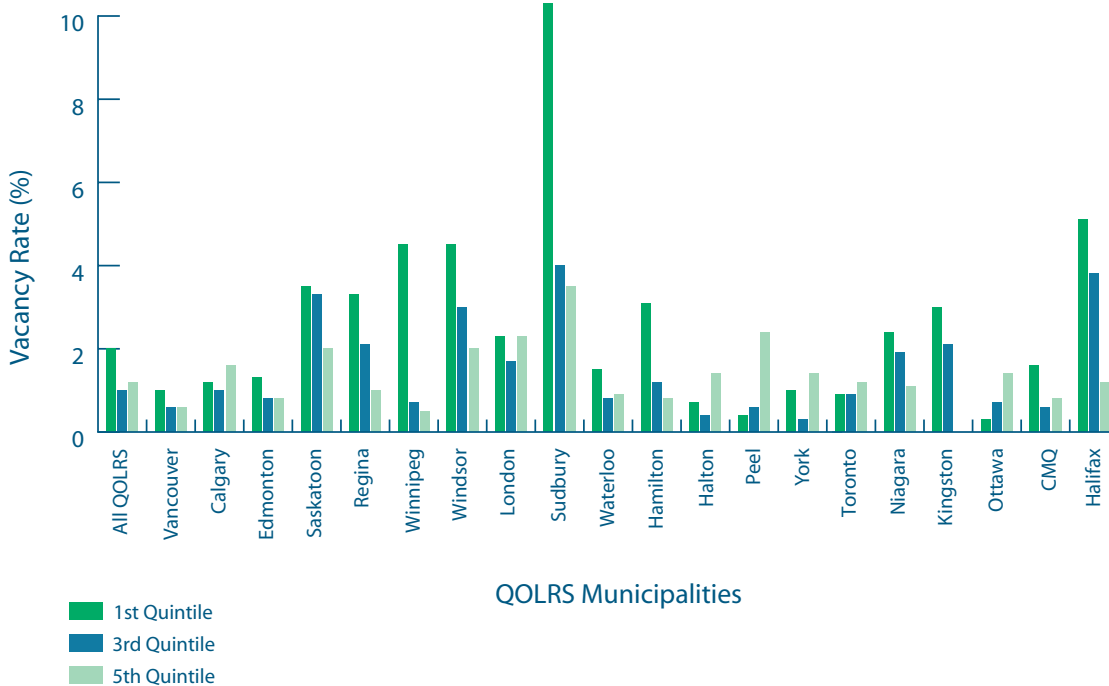
At the same time, the lowest cost rental stock had a relatively large number of vacancies in communities with generally high vacancy rates and low rents (e.g., Sudbury, Halifax, Winnipeg). This may reflect a housing quality issue, as these are also cities with

older stock that in some cases may be in a poorer state of repair. Given a choice of units at only marginally higher rent levels, it appears that low-income households in these cities chose not to accept poor quality housing.

Growing housing affordability challenges

Trends in the supply of housing were generally responsive to the broad demographic changes described earlier. However, there was an increasingly evident mismatch between available rental housing and the ability of households to pay for it. As a result, changes between 1991 and 2001 point to deepening housing affordability problems for renter households. By comparison, the housing affordability challenges facing the growing number of households moving into homeownership were far less severe.

Chart 11 Vacancy Rates
Vacancy Rates by Rent Quintile, QOLRS Municipalities – 2001

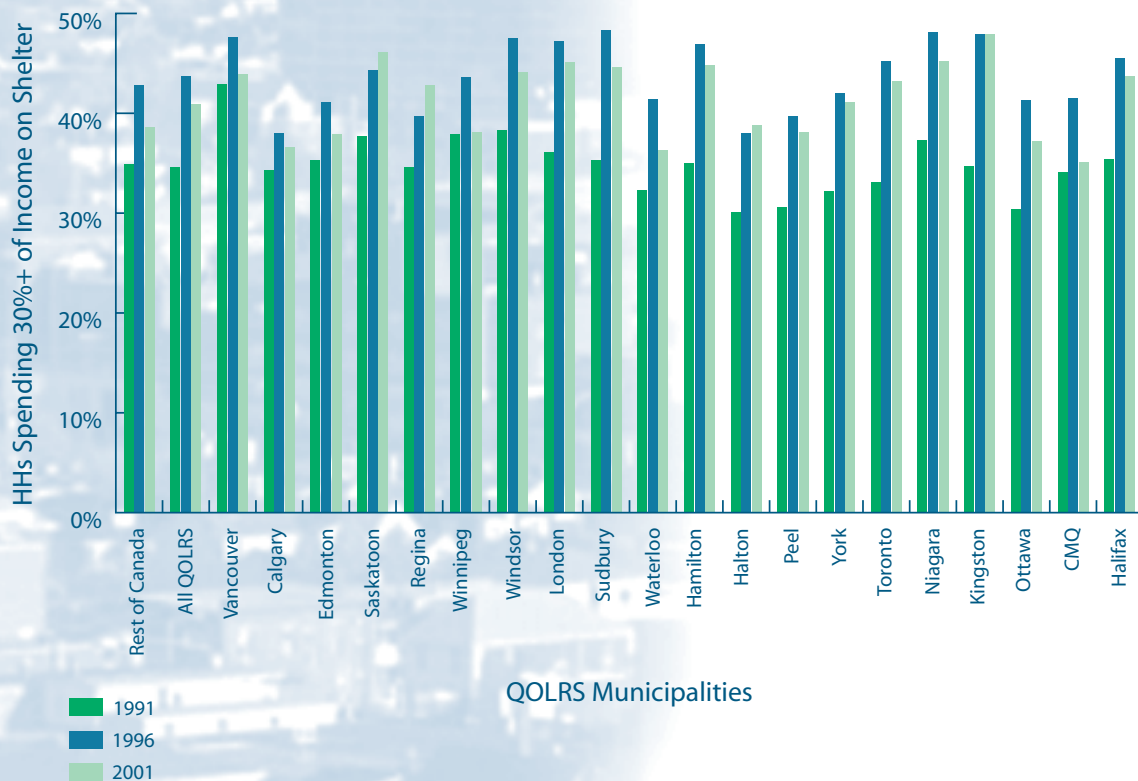


Source: Canada Mortgage and Housing, Rental Market Survey, 1991, 1996-2001

As shown in Chart 12, the proportion of renter households in the 20 QOLRS communities spending 30 per cent or more of their income on shelter increased from 1991 and peaked in almost all communities in 1996. Although the incidence of affordability problems declined somewhat from the 1996 peak, by 2001 it remained significantly above the 1991 level in all 20 communities. From 1991, this statistic grew from 35 per cent to 41 per cent across all QOLRS communities.²¹ Similarly, the proportion spending 50 per cent or more of their income grew from 16 to 20 per cent.

Unlike the pattern seen in rates of employment and dependency on income transfers, in which QOLRS communities fared better than the average in the rest of Canada, there was a significantly higher proportion of renter households spending more than 30 per cent of income on shelter in QOLRS communities as compared to the rest of Canada. Furthermore, the rate of increase in the proportion of renter households facing housing affordability challenges over the 10-year period was nearly twice as high for the QOLRS group, where it grew by 18 per cent, as compared to the rest of Canada, which experienced a 10 per cent increase.

Chart 12 Rental Housing Affordability
Proportion of All Private Households, Living in Rental Dwellings Spending 30% or more on Shelter Costs, QOLRS Municipalities – 1991, 1996, 2001



Source: Statistics Canada, 1991, 1996, 2001 Census

²¹ In this report census data for households spending more than 30 per cent or 50 per cent of income on shelter is used to assess affordability problems. CMHC uses a different methodology in which it applies an income limit (specific to each household size and composition and city) to filter the number of problems. The CMHC data also exclude households paying more than 100 per cent of reported income for rent. Although CMHC recently released these core need estimates for 2001 data at CMA level, it was too late for inclusion in a form comparable with the municipality-specific data used in this report. There are other ways to define “affordable housing”. For example, Peel Region relies on CMHC’s average market rent.



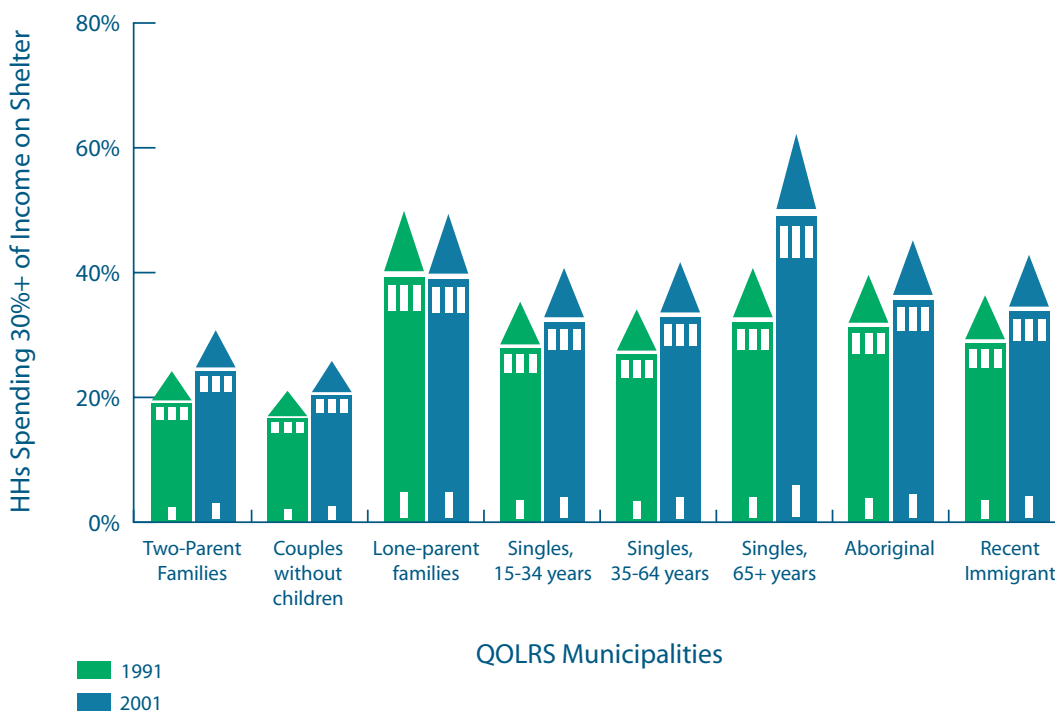
QOLRS homeowners were far better able to afford their housing than renters. In 2001, 17.3 per cent of all owner households in the QOLRS communities were spending more than 30 per cent of their income on housing, a modest decrease from the 1991 level of 17.4 per cent. There was considerable variation across the QOLRS, with more than 25 per cent of owners in Vancouver spending more than 30 per cent of their income on housing. Vancouver was also one of a handful of municipalities which did not experience any improvements to housing affordability for homeowners between 1996 and 2001.

Housing affordability in the rental sector varied dramatically across different demographic groups, with

singles and single-parent families facing the most serious affordability challenges (illustrated in Chart 13). Among non-family households, the most significant change over the 10-year period was the increase in the proportion of single-senior households spending over 30 per cent of their income on shelter, from 40 to just over 60 per cent between 1991 and 2001.

The rental housing affordability challenges facing seniors were acute in municipalities such as Halton and Peel, where more than 70 per cent of single-senior households were spending in excess of 30 per cent of their income on rent by 2001, and nearly one in three were spending over 50 per cent. However,

Chart 13 Rental Housing Affordability
 Proportion of Households Living in Rental Dwellings Spending 30% or more on Shelter Costs, by Household Type, QOLRS Average – 1991, 2001



Source: Statistics Canada, 1991, 2001 Census

the situation was not consistent across the QOLRS communities. For example, less than 15 per cent of single seniors in western municipalities were spending more than 50 per cent of their income on shelter.

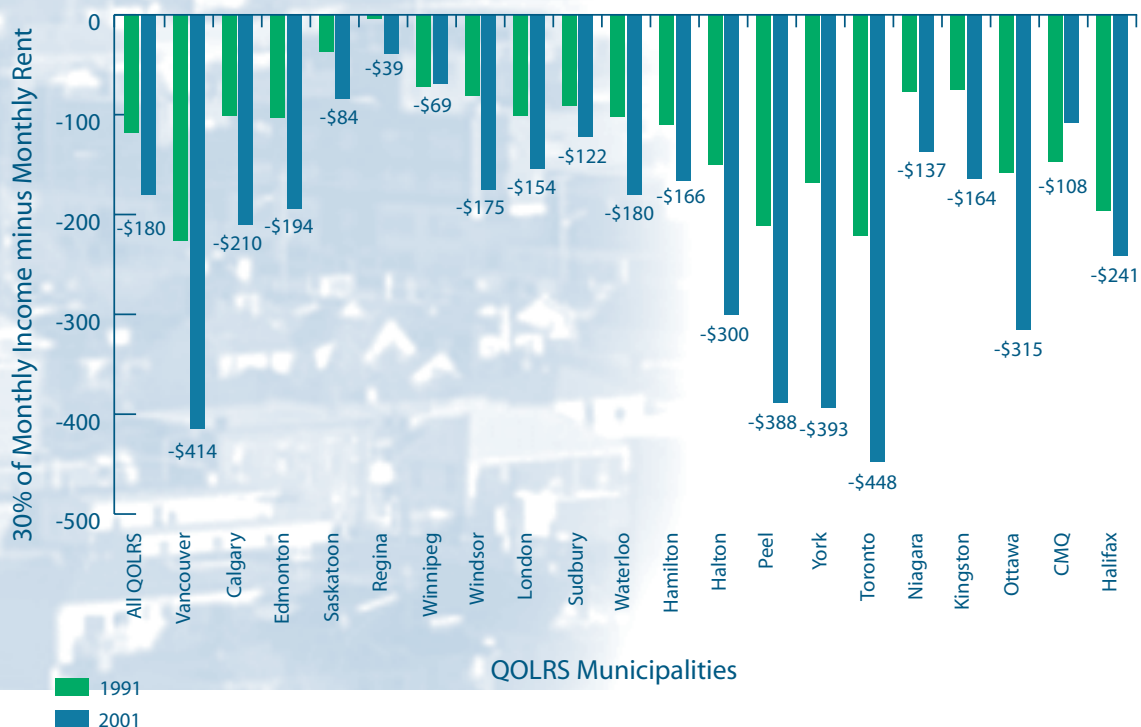
The deterioration in housing affordability for single seniors was in marked contrast to the decreases in rates of poverty for this group described earlier. This suggests that seniors' gains in personal incomes were eroded by higher rental costs.

While single-parent families were the only type of renter household to experience a net improvement in their ability to afford housing between 1991 and 2001, one in two of these households was still spending more than 30 per cent of their income on shelter by 2001. One in four was spending more than 50 per cent, roughly twice the proportion of other family types.

Both new immigrants and the Aboriginal population faced relatively severe rental-housing affordability challenges in comparison with the general population. Close to one in four recent immigrants and Aboriginals was spending 50 per cent or more of household income on shelter by 2001. In contrast, one in six non-immigrant/non-Aboriginal households faced similar rental housing affordability challenges.

Affordability challenges facing recent immigrants were particularly significant due to this group's strong reliance on rental housing. QOLRS data indicate that recent immigrants are about twice as likely as non-immigrants to seek rental housing, particularly within the first five years of their arrival. An inadequate supply of affordable rental housing is therefore even more significant in communities like Toronto, Vancouver and Peel, where the majority of population growth is based on immigration.

Chart 14 Rental Affordability Gap – Individuals
30% of Individual 25th Percentile Monthly Income minus Average Rent for a Bachelor Apartment, QOLRS Municipalities – 1991, 2001



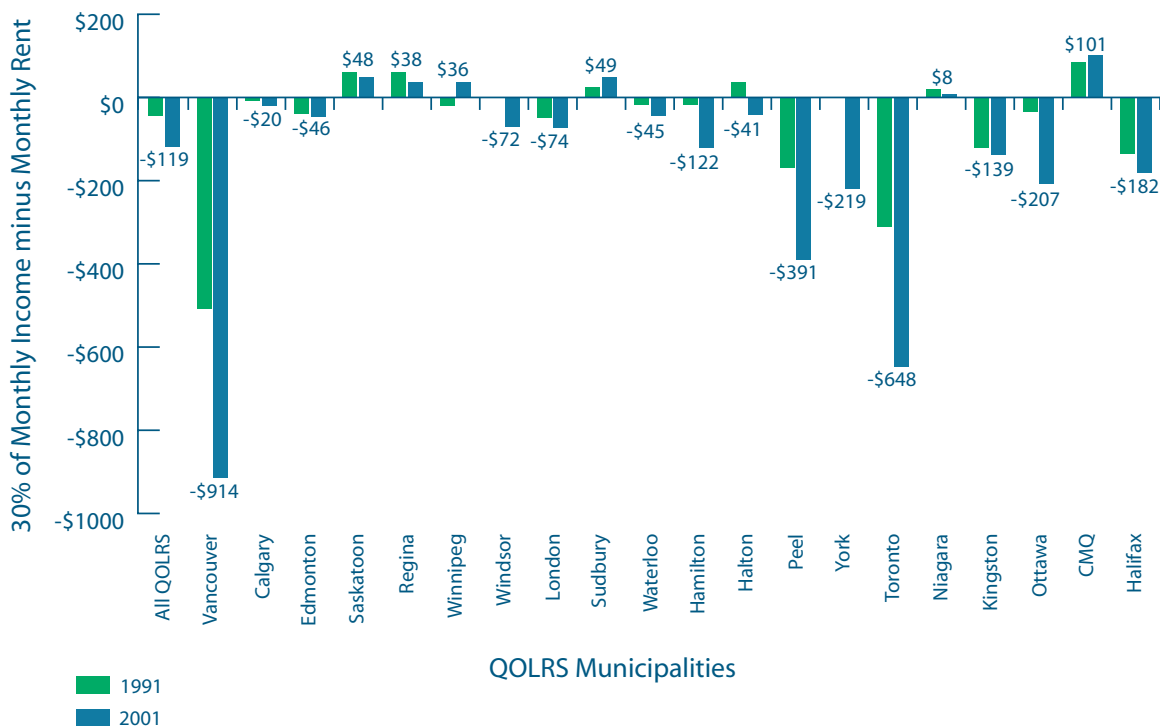
Source: Canada Mortgage and Housing, Rental Market Survey, 1991, 1996-2001; Statistics Canada, Small Area and Administrative Databank, 1990, 2001

Widening gaps between rents and incomes

The following analysis illustrates the result of rising rents and stagnant or declining incomes for low-income individuals and families. Chart 14 (opposite page) compares average monthly rents for a bachelor apartment with 30 per cent of the pre-tax monthly income of low-income individuals (those at the 25th income per centile) in 1991 and 2001. In 1991, average monthly rents across the QOLRS communities for bachelor apartments exceeded 30 per cent of this monthly income by \$118. By 2001, this gap had grown to \$180. Low-income individuals in all 20 communities faced an affordability gap. In addition, the ability of low-income individuals to afford rental housing was eroded over the 10-year period in 19 of the QOLRS communities, with the exception of the CMQ.

As with individuals, low-income families (those at the 25th income percentile) in the QOLRS faced a growing gap between their incomes and the cost of adequately sized rental units over the 10-year period. However, as shown in Chart 15, the story for families was somewhat different. The gap between rents and income was smaller for family units than individuals, mainly because incomes of families often include more than one earner. In contrast to individuals, families in six municipalities were still able to afford average rents for a three-bedroom apartment in 2001. Furthermore, families in four municipalities experienced a narrowing gap between rents and their incomes. At the same time, families in Vancouver, Toronto and Peel faced a gap as much as twice the size of that facing individuals in those same cities.

Chart 15 Rental Affordability Gap – Families
30% of Family 25th Percentile Monthly Income minus Average Rent for a Three-Bedroom Apartment, QOLRS Municipalities – 1991, 2001



Source: Canada Mortgage and Housing, Rental Market Survey, 1991, 1996-2001; Statistics Canada, Small Area and Administrative Databank, 1990, 2001



HIGH RENTS AND EVICTIONS

One outcome of the growing gap between rising rents and stagnant incomes has been an increase in evictions, or “night flight,” to avoid mounting arrears. This in turn contributes to poor credit ratings, difficulty accessing new accommodations, destabilization for children and loss of social networks. For example, in Toronto, about 80 per cent of applications for eviction filed by landlords are due to alleged rent arrears. In Waterloo, approximately 240 households over the last two years have received a loan through the Rent Bank for rental arrears to avoid eviction. Some become homeless as a result of evictions. In 2003, 17 per cent of the requests for shelter made through the City of Toronto’s Central Family Intake Telephone Line were due to evictions by landlords.

Housing stock is generally of good quality

Another challenge facing low-income households is the quality and adequacy of their housing. This often means: overcrowding; poor sanitation; irregular and/or inadequate maintenance of electrical, plumbing, or heating systems, as well as roofs, floors, and appliances; poor security; poor ventilation; and inadequate lighting and water supply. National data reported by CMHC emphasizes that the proportion of housing that is crowded or in need of major repair is relatively low. This was true in the 20 QOLRS communities, where approximately seven per cent of all dwellings were in need of major repair. While there was a marginal increase in this overall figure over the 10-year period, it remained largely unchanged.

There was some regional variation across the QOLRS communities in relation to this indicator. While the quality of the housing stock improved marginally in all municipalities in Central and Eastern Canada between 1996 and 2001, all western municipalities experienced increases in the percentage of buildings requiring major repairs during the same time.

There was also some variation depending on the urban or suburban character of municipalities. For example, GTA municipalities experiencing rapid population growth and house construction and had the lowest incidence of dwellings requiring major repair—under five per cent. In contrast, nine to 10 per cent of dwellings in the cities of Toronto, Winnipeg and Vancouver were considered to be in poor condition.

PART 3 | HOMELESSNESS

Evidence of an increased risk of homelessness²² in the QOLRS communities

Homelessness represents one of the starkest outcomes of a combination of inadequate income, poverty and unaffordable housing, and factors such as substance abuse and mental illness.²³

The QOLRS relies on a definition of homelessness that includes singles and families experiencing any of the following conditions:²⁴

- Rooflessness: staying overnight in a place not meant for human habitation (e.g., a vacant building, a public or commercial facility, a city park, a car or on the street);
- Living in an emergency shelter: singles and families relying on the emergency shelter system on a short-term or recurrent basis;
- Invisible homelessness: temporarily and/or involuntarily living with friends or relatives (“couch-surfing”), or exchanging favours in return for housing; and
- Houselessness: includes people who reside in long-term institutions because there is no suitable accommodation in the community, and youth living in care.

FCM has developed a measure of the risk of homelessness in Canadian communities based on seven indicators monitored by the QOLRS. The measure provides an indication of the extent to which factors commonly associated with homelessness are prevalent in a given community. Measuring this risk also demonstrates how homelessness is an indicator of a broader set of quality of life issues affecting a much larger proportion of the population. The risk of homelessness applies to singles and families not necessarily experiencing absolute homelessness. Instead, they are often at a point on a continuum that can, under various circumstances, lead directly to absolute homelessness.

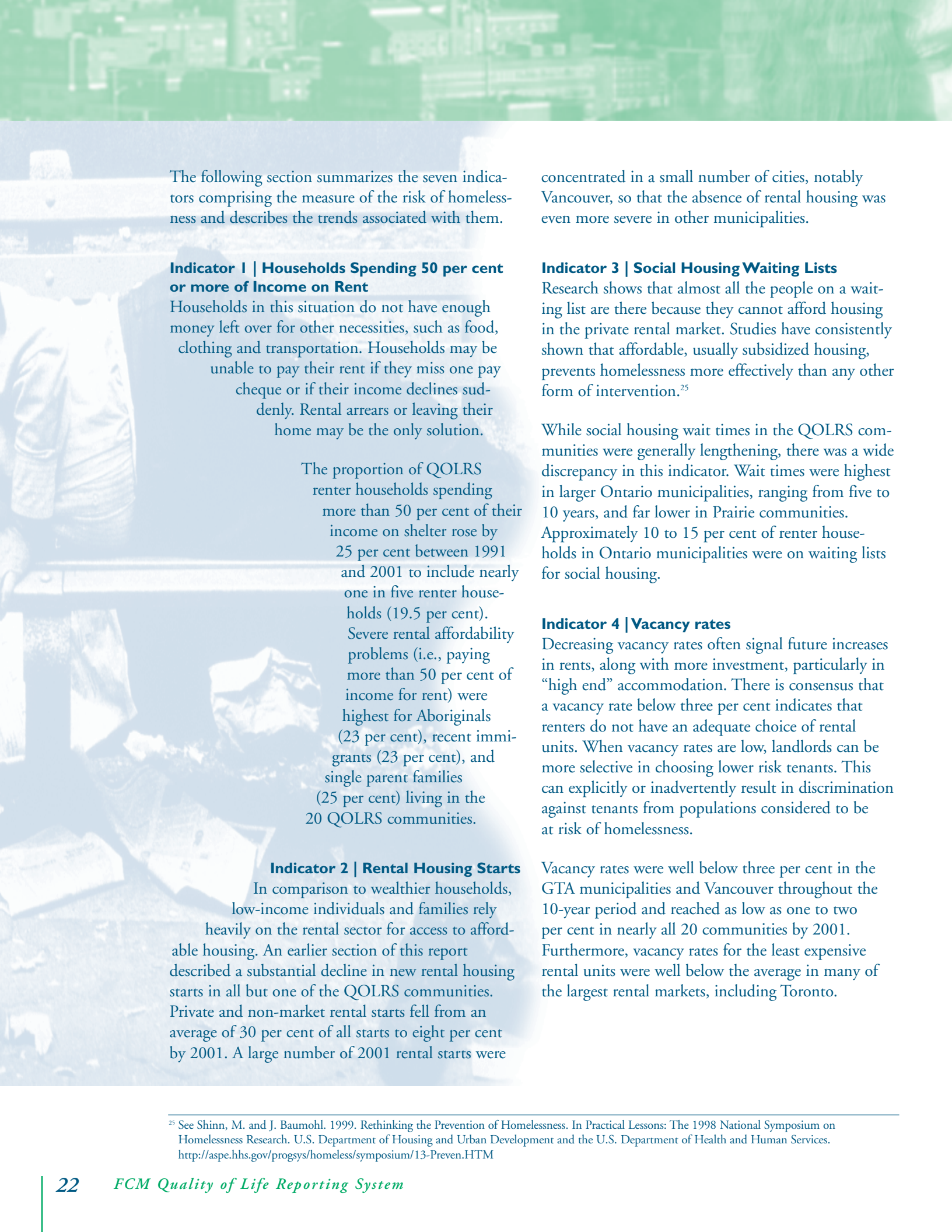
MENTAL ILLNESS, ADDICTIONS AND HOMELESSNESS

While the QOLRS does not report on it, the absence of supportive housing and services is another contributing factor to increased homelessness. In Toronto, serious and persistent mental health issues and substance abuse have exacerbated the homelessness situation. The city estimates that an additional 1,000 units of supportive housing is required every year for the next five years to support individuals at risk of homelessness due to mental illness. Only a quarter of this target has been met over the last three years. In Halifax, severe mental health problems, addictions and multiple needs, behavioural problems, and deinstitutionalization have all contributed to homelessness. Access to mental health services and addictions programs is a critical issue in the Halifax metropolitan area, since the number of beds in the general hospital has been reduced from 500 to about 50.

²² This section of the report is based on work carried out by FCM for the National Secretariat on Homelessness intended to contribute to a methodology for measuring and monitoring homelessness in Canadian municipalities.

²³ Individual circumstances may act as triggers when combined with structural factors not included in this analysis (e.g., leaving the parental home after arguments or abuse; marital or relationship breakdown; widowhood; leaving prison; a sharp deterioration in mental health or an increase in alcohol or drug misuse; a financial crisis; and/or eviction from a rented or owned home).

²⁴ This definition was developed as part of the research conducted by FCM for the National Secretariat on Homelessness.



The following section summarizes the seven indicators comprising the measure of the risk of homelessness and describes the trends associated with them.

Indicator 1 | Households Spending 50 per cent or more of Income on Rent

Households in this situation do not have enough money left over for other necessities, such as food, clothing and transportation. Households may be unable to pay their rent if they miss one pay cheque or if their income declines suddenly. Rental arrears or leaving their home may be the only solution.

The proportion of QOLRS renter households spending more than 50 per cent of their income on shelter rose by 25 per cent between 1991 and 2001 to include nearly one in five renter households (19.5 per cent). Severe rental affordability problems (i.e., paying more than 50 per cent of income for rent) were highest for Aboriginals (23 per cent), recent immigrants (23 per cent), and single parent families (25 per cent) living in the 20 QOLRS communities.

Indicator 2 | Rental Housing Starts

In comparison to wealthier households, low-income individuals and families rely heavily on the rental sector for access to affordable housing. An earlier section of this report described a substantial decline in new rental housing starts in all but one of the QOLRS communities. Private and non-market rental starts fell from an average of 30 per cent of all starts to eight per cent by 2001. A large number of 2001 rental starts were

concentrated in a small number of cities, notably Vancouver, so that the absence of rental housing was even more severe in other municipalities.

Indicator 3 | Social Housing Waiting Lists

Research shows that almost all the people on a waiting list are there because they cannot afford housing in the private rental market. Studies have consistently shown that affordable, usually subsidized housing, prevents homelessness more effectively than any other form of intervention.²⁵

While social housing wait times in the QOLRS communities were generally lengthening, there was a wide discrepancy in this indicator. Wait times were highest in larger Ontario municipalities, ranging from five to 10 years, and far lower in Prairie communities. Approximately 10 to 15 per cent of renter households in Ontario municipalities were on waiting lists for social housing.

Indicator 4 | Vacancy rates

Decreasing vacancy rates often signal future increases in rents, along with more investment, particularly in “high end” accommodation. There is consensus that a vacancy rate below three per cent indicates that renters do not have an adequate choice of rental units. When vacancy rates are low, landlords can be more selective in choosing lower risk tenants. This can explicitly or inadvertently result in discrimination against tenants from populations considered to be at risk of homelessness.

Vacancy rates were well below three per cent in the GTA municipalities and Vancouver throughout the 10-year period and reached as low as one to two per cent in nearly all 20 communities by 2001. Furthermore, vacancy rates for the least expensive rental units were well below the average in many of the largest rental markets, including Toronto.

²⁵ See Shinn, M. and J. Baumohl. 1999. Rethinking the Prevention of Homelessness. In Practical Lessons: The 1998 National Symposium on Homelessness Research. U.S. Department of Housing and Urban Development and the U.S. Department of Health and Human Services. <http://aspe.hhs.gov/progsys/homeless/symposium/13-Preven.HTM>



Indicator 5 | Incidence of Low Incomes

Generally speaking, one shared characteristic of homeless persons is that they have very limited, if any, financial resources. Inadequate incomes and the resulting inability to pay market rents is a contributing factor to homelessness among families and singles.

The largest increase in rates of poverty in the 20 QOLRS communities was for two-parent families, which grew to 11 per cent of families with incomes below the LICO by 2001. Aboriginal and recent immigrant populations also experienced above average increases in already high poverty rates (to 43 per cent and 34 per cent respectively). Poverty rates decreased but remained very high for lone-parent families (to over 30 per cent) and single seniors (to 45 per cent).

Indicator 6 | Unemployment Rates

Lack of employment income—even on a short-term basis—is a contributing factor to increased vulnerability. Unemployment rates fell in 17 of the 20 QOLRS communities between 1991 and 2001, declining to an average of six per cent for all 20 communities. However, a wide and growing gap in unemployment rates between the general population and other demographic groups placed the latter at greater risk of homelessness. These included the Aboriginal population, at 14 per cent unemployment, recent immigrants (11 per cent) and single parents (eight per cent).


Indicator 7 | Lone-Parent Families

The final indicator serves as a measure of social and economic vulnerability. Persons in lone-parent families are more likely to be in low-income situations. They also tend to face greater health and well-being risks, including poor housing conditions, and fewer employment prospects due to a lack of childcare. Persons in lone-parent situations may also require a range of social supports that are not always available in the community, thereby increasing their vulnerability.

Lone-parent families were the second-fastest growing demographic group in the 20 QOLRS communities (after individuals aged 35 to 64), accounting for 11 per cent of all households by 2001 and 17 per cent of all families.

Taken together, and despite the general improvements that took place between 1996 and 2001, the seven indicators suggest a significantly increased risk of homelessness in the 20 QOLRS communities. While two indicators showed either no change (the incidence of poverty) or an overall improvement (rates of unemployment), the remaining five showed clear signs of deterioration.

The most substantial and worrisome increases in the risk of homelessness were directly related to the lack of affordable housing. Between 1991 and 2001, 25 per cent of renter households in the QOLRS communities were spending 50 per cent or more of their income on shelter. At the same time, the number of private and non-market rental housing starts declined by more than 50 per cent and vacancy rates fell to sub-equilibrium levels in many communities. Fewer rental units translated into a general increase in the number of households on waiting lists for social housing and corresponding increases in waiting times. Finally, the number of lone-parent families—a demographic group generally considered to be more vulnerable to the effects of poverty—increased by nearly 40 per cent, more than three times the rate of increase of two-parent families.



While these numbers present a change in the risk of homelessness on average, there was considerable variation across different population sub-groups and different municipalities. For example, in contrast to other vulnerable groups, Aboriginals and recent immigrants faced relatively severe and growing housing-affordability problems, high levels and above average increases in the incidence of poverty and well above average levels of unemployment.

These trends varied considerably across the QOLRS communities. For example, declines in rental housing starts, chronic shortages of social housing, and waiting lists measured in years were most prevalent in the largest Ontario municipalities. In contrast, smaller communities had a higher concentration of lone-parent family households, measured as a percentage of all households, and considerably higher rates of unemployment. The incidence of child poverty was relatively high in western communities and lowest in the suburban GTA communities.

In effect, the risk of homelessness facing singles and families, single parents and seniors, recent immigrants and Aboriginal people is not limited to the largest cities, but also affects the smaller and suburban municipalities to varying degrees.

The challenge of measuring the numbers of homeless

While there is strong evidence of a growing incidence of homelessness in Canadian municipalities, the QOLRS does not specifically measure the numbers of homeless people. There are numerous obstacles to estimating this population. Some of the most significant are:

- There is no universally accepted definition of absolute homelessness, making it difficult to compare estimates of the population.
- Only a few municipalities conduct street counts, and the results of these surveys tend to be difficult to compare.
- There is currently no consistent or reliable measurement of the emergency shelter population. Data collection in different provinces is variously the responsibility of municipalities, provincial government agencies, or shelters themselves. As a result, data compilation methods differ substantially across jurisdictions.
- Data collection on shelter users that depends on the Homeless Individuals and Families Information System (HIFIS) and other reporting methods are not used by all shelter providers.
- Shelter users typically rely on numerous shelters and support services, leading to significant double-counting.

PROFILES OF HOMELESSNESS IN QOLRS MUNICIPALITIES

Homelessness exists in Halton Region despite one of the highest median incomes in Canada (\$74,946 in 2001). While considered a “hidden” problem in affluent Halton, 1,200 to 1,300 people are homeless or at risk of homelessness each year. These figures exclude homeless youth who “cruise” from couch to couch throughout the region. Halton’s first permanent emergency shelter will be opening in Oakville in the late fall of 2004. It will have 25 beds, including 10 for youth.

The City of Calgary has conducted a census of absolutely homeless persons every two years since 1992. In 2004, 2,597 homeless persons were enumerated, including 2,440 in shelters, representing an increase of approximately 23 per cent over 2002. This was a far smaller increase compared to the over 30 per cent growth rate trend seen in the preceding four counts (1996 through 2002).

A snapshot survey of homelessness conducted by the Halifax Regional Municipality in June 2003 found 234 homeless individuals in the metropolitan area. Sixty-seven per cent of those surveyed were men, while youth under 18 years of age accompanied by an adult comprised 15 per cent of the surveyed population. Ten per cent of the youth population were independent youth under 18. The Aboriginal population accounted for 14 per cent of the surveyed population, but comprised only one per cent of the total local population.

Hamilton’s 2004 Housing Strategy identifies considerable demand for emergency shelter by families. In 2003, 560 children and adults were living in hotels at some point during the year. The report also describes the presence of a disproportionate number of Aboriginal persons. While representing only 2.5 per cent of Hamilton’s overall population, Aboriginals make up an estimated 20 per cent of the city’s homeless population. Recent research in Hamilton also shows that the majority of people experiencing homelessness do not use emergency shelters. In fact, Hamilton’s Housing Help Centre has estimated that only one-third may do so.

The “Changing Face of Homelessness” in the QOLRS communities

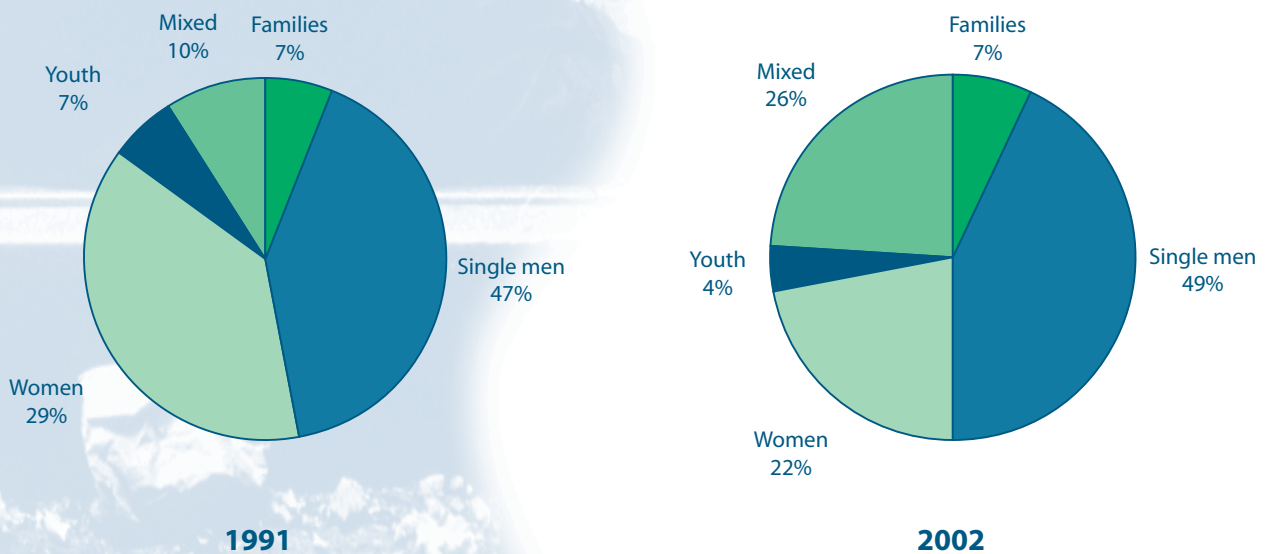
Rather than monitoring the overall size of the absolute homeless population, the QOLRS monitors its demographic composition. The measure of the “Changing Face of Homelessness” is based on an analysis of permanent and surplus emergency shelter beds devoted to the following demographic groups: single men; women (including victims of family violence); families (including single- and two-parent families); and youth (minors living without a legal guardian). Data were collected for the period 1991 to 2002 by means of a survey of the 20 QOLRS communities conducted in 2003, and included emergency shelter systems run by faith-based organizations, municipalities and other orders of government. While not a direct measure of the homeless population, the “Changing Face of Homelessness” is a useful and feasible proxy.

It is important to keep in mind that the reliability of FCM’s measure of the composition of the homeless population is limited by several factors.


- In several instances, survey responses on numbers of shelter beds corresponded to a subset of shelters present in the municipality. For example, shelter-bed data for the City of Vancouver were available only for four mixed shelters out of a total of 27 shelters being operated for a range of demographic groups and so could not be used in our analysis.
- While bed counts for shelters of different types are helpful in serving as an indicator of demographic composition, shelter overflow can dramatically alter the numbers. Only a limited number of municipalities reported on surplus beds.
- The composition of the shelter-bed system and the number of beds dedicated to specific client groups will have an impact on the client mix. For example, homeless families will not use the system if there is no appropriate shelter.

Consequently, the data presented in Chart 16 are limited to the eight QOLRS communities with the most comprehensive time-series emergency shelter-bed data. Despite these limitations, the FCM survey results suggest that the following conditions and trends are prevalent in the QOLRS communities.

Chart 16 Changing Face of Homelessness
 Composition of Shelter Beds, by Shelter Type, as Percentage of All Shelter Beds, Select QOLRS Municipalities, 1991, 2002



Source: FCM Municipal Survey Database, 2003; Data for Calgary, Edmonton, Regina, London, Waterloo, Peel, Kingston, and Halifax, including permanent plus surplus shelter beds. The category of "women" includes both single women and victims of domestic violence, which can include women and their children.



The first observation is that absolute homelessness is present in all municipalities, large and small. All 20 communities participating in the survey indicated that emergency shelters were present in their community and serving a range of users. While this was expected for the larger municipalities, both the smallest and wealthiest suburban communities represented by the QOLRS also reported growing numbers of emergency shelters serving their local population, including Sudbury, Kingston, York Region, and Halton Region (see Profiles of Homelessness, page 25).

A second observation is the diversity of demographic groups served by the shelter system. The composition of permanent and surplus emergency shelter beds presented in Chart 16 indicates the diverse and changing demands placed on the shelter system between 1991 and 2002. It reflects the attempts by municipalities, provincial and federal governments and non-governmental organizations to address these changes.

While the single largest group of beds in the emergency shelter system continues to be for single men, permanent beds devoted exclusively to single men accounted for just under 50 per cent of the total. Shelter beds devoted specifically to women, families or youth accounted for over 25 per cent of the total in 2001, with an additional 26 per cent devoted to beds in mixed shelters.

Chart 16 indicates that the proportion of beds devoted to single men rose only slightly over the 10-year period. The largest growth in the share of beds was under the category of mixed shelters, reflecting the increased flexibility of the shelter system as it responds to the diverse groups that make up the homeless population. A mixed shelter typically refers to a program or facility offering shelter to a population of both single men and single women, but can include any combination of men, women, youth and families. Several shelters also supported client groups comprising refugee claimants or

Aboriginal people in various household configurations. Some shelters in larger municipalities now also accommodate the particular needs of couples (with no children). Data available from the City of Toronto indicates that the proportion of all shelter users who were couples grew from 0.6 to 2.1 per cent between 1991 and 2002.

FCM's Quality of Life Reporting System

This is one of a series of reports on quality of life in Canadian communities prepared by the Federation of Canadian Municipalities (FCM) using information derived from a variety of national and municipal data sources. The first report, published in 1999, addressed the social effects of the severe economic recession of the early 1990s, focusing on the period 1991 to 1996. Trends identified in this first report showed that income disparities in Canada's urban communities were larger than provincial and national averages. FCM's 2001 report on quality of life re-affirmed that analysis. The first volume of the current, third report, released in April 2004¹, found that despite a recovery from the recession of the early 1990s, progress on quality of life has been mixed. While quality of life remained stable for many during the period studied, it deteriorated significantly for a growing number of people.

The statistics used in these reports are drawn from a larger reporting system containing hundreds of variables that measure changes in social, economic and environmental factors. These variables are structured into 72 indicators of the quality of life in 20 Canadian communities from 1990 to 2002 (see Figure 1). Taken together, these data form the Federation of Canadian Municipalities' Quality of Life Reporting System (QOLRS). QOLRS indicator tables and reports are available at <http://www.fcm.ca>.

The 20 communities participating in the QOLRS account for 40 percent of Canada's population. These communities comprise some of Canada's largest urban centres and many of the suburban municipalities surrounding them, as well as small and medium-sized municipalities in seven provinces (see Table 1).

By providing a method to monitor quality of life at the local level, the QOLRS ensures that municipal government is a strong partner in formulating public policy in Canada. Developed by FCM and municipal staff, each report is also intended to serve as a planning tool for municipalities. Each report considers quality of life issues from a municipal perspective and uses data segregated by actual municipal boundaries, not Census Metropolitan Areas, as is often the case in other studies.

The reporting system is equally important as a tool for community organizations, research institutes, and other orders of government, allowing them to:

- identify and promote awareness of issues affecting quality of life in Canadian municipalities;
- better target policies and resources aimed at improving quality of life;
- support collaborative efforts to improve quality of life; and
- inform and influence decision-makers across Canada.

Subsequent volumes in the QOLRS report series will examine in more detail issues such as income security and social inclusion, community safety and security and the urban environment.

Federation of Canadian Municipalities

The Federation of Canadian Municipalities (FCM) has been the national voice of municipal governments since 1901. The organization is dedicated to improving the quality of life in all communities by promoting strong, effective, and accountable municipal government. FCM membership includes Canada's largest cities and regional municipalities, small towns, rural municipalities, and the 19 provincial and territorial municipal associations.

¹ Federation of Canadian Municipalities. 2004. *Quality of Life Reporting System. Highlights Report 2004*. Ottawa.