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SENIOR CITIZENS HOUSING

A PROPOSAL FOR SUBSIDIZATION ON BEHALF OF PENSIONERS CONCERNED

The following report was commissioned by Pensioners Concerned (Edmonton) and was carried out under the auspices of the Edmonton Social Planning Council. The report examines senior citizen housing in Alberta with a specific look at Edmonton and Calgary. It examines the building plans of the three levels of government and the roles they play with regards to building for seniors. Most importantly, it looks at the rental situation in Alberta for senior citizens and indicates that the fixed incomes for senior citizens cannot keep up with current inflationary trends. Finally, a system of subsidization for seniors who are renting is suggested.

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SENIOR CITIZENS HOUSING

A PROPOSAL FOR SUBSIDIZATION ON BEHALF OF PENSIONERS CONCERNED

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This brief is written in response to current inflationary trends in the area of housing rental. It was felt that although many people are affected by recent rental increases, senior citizens are one of the most heavily hit groups because of the nature of their fixed incomes. There is a growing concern among seniors that their limited pension dollars can no longer stretch the distance they could in the past. In the area of housing, it is becoming increasingly obvious that larger portions of the limited monthly incomes are being poured into rent. It is with this in mind that an examination of the housing situation pertaining to senior citizens has been carried out.

It shall be suggested that despite the programs presently being sponsored by the three levels of government in the housing field there remains an urgent need for some other action to be taken now. A system of rental subsidization shall be suggested for seniors who are paying excessive portions of their monthly income in rent. This brief will examine the present programs as well as those planned for the near future. It will consider the benefits of such programs and compare the costs between the private and public sector. It will also examine the income structure of senior citizens and indicate that there is a discrepancy between what seniors can pay and what they are being asked to pay.

A. Following is a brief examination of the roles that the three levels of government play with respect to housing for seniors.

1. Central Mortgage and Housing

This is the major federal agency through which the majority of financing for senior citizen housing is carried out. There are three main ways in which the National Housing Act reaches senior citizens:

Section 15-1: This allows funds for non-profit organizations and gives up to 100% low-cost loan and a 10% maximum forgiveness. In this case CMHC buys land and leases it back to a group for less than it costs.

Section 40: This allows for the Federal Government to enter into a partnership arrangement with the province. The Federal Government contributes 75% of capital and operating costs while the province supplies the other 25%.

Section 43: This allows for the Federal Government to loan the province 90% of its monies and the province then decides on building projects.

Although CMHC is primarily a lending agency it is beginning to take a greater role in urging groups to initiate projects into which it may be able to plug some of its resources, both financial and technical. It would also appear that CMHC is becoming more aware of the social needs of the country and the emphasis of some of its programs with regards to senior citizen housing is a good indication of its responses to those social needs.

2. Alberta Housing Corporation

This is the agency within Alberta that looks after the provincial-wide housing needs. Although housing falls into provincial jurisdiction, the corporation borrows most of its money from the federal agency and must therefore adhere to some of its guidelines. This would apply in the area of expenses and CMHC must also approve both workings and plans for the projects that AHC wishes to undertake. It should be emphasized that under the cost sharing guidelines set up in Section 40 and 43 of the National Housing Act, the province is able to determine how it wishes to spend the money it is sharing or borrowing.

Alberta Housing Corporation seems to follow three separate styles of development:

- 1) Building new units - this would include the purchasing of land, the removal of any possible existing buildings and the construction of new buildings.

- 2) Rehabilitation - this would include any major or minor repairs to extend the life of any existing buildings.
- 3) Infill housing - this would include buying groups of lots, some vacant, and putting new units onto the vacant lots while already existing housing is left alone.

The major emphasis of the corporation at this point seems to be in the area of construction. Programs such as the Senior Citizens Home Improvement Program (SCHIP) which contributes \$1,000 grants to senior receiving the Guaranteed Income Supplement (G.I.S.) for home improvement would fall under the rehabilitation category.

AHC has a senior citizens branch which is concerned with improved housing for seniors. The response of this branch to the housing situation will largely be determined by their understanding of the need for housing as projected by social service groups dealing with seniors.

3. Civic Housing Authority

A main function of the Edmonton and Calgary housing authorities is to look after the maintenance and operation of existing public housing. They also offer assistance to those groups who are interested in becoming involved in a building project and will assist them in the operation of the buildings once they have been completed.

4. Housing Registries

Both the cities of Edmonton and Calgary have housing registries for seniors. They are under the auspices of the Society for the Retired and Semi-Retired in Edmonton and the Kerby Centre in Calgary. These organizations are in the process of gathering names of seniors who are actively looking for housing. By using lists from various organizations within the cities they are attempting to make comprehensive and accurate lists by eliminating duplication of names on many lists. Once these registries are finished, a reliable number should be arrived upon of seniors looking for housing. The Alberta Housing Corporation should be able to use these statistical findings in determining some of their building programs.

B. Following is an examination of the proposed building projects of the aforementioned agencies within the near future. Again, much of the future building plans will be determined by the outcome of the projected need on behalf of the housing registries in Edmonton and Calgary.

In the forthcoming year, the Alberta Housing Corporation has stated it has an extensive plan of building for senior citizens. With reference to capital construction costs

Self-contained units: \$30,000,000 for approximately 1,000 units

Lodges: no direct numbers in the area of money but approximately 350-400 units to be built at an estimation of \$20,000 per unit.

The way in which this sort of financial outlay is determined is through a government sponsored need and demand study. Both CMHC and AHC make use of these studies and are presently keeping a close watch on the results of the housing registries. Waiting lists and application forms for mortgages also serve as an indicator of demand.

Despite the fact that CMHC and AHC are using the resources of the registries, it might be suggested that, in fact, these organizing bodies are not entirely aware of the actual desires and needs of senior citizens. It has often been noted (Operation New Roof, 1974; Programs and Services for Seniors in Alberta, 1975) that senior citizens prefer a private accommodation and a feeling of independence and yet money continues to be poured into lodges. It is not a novel idea that seniors may prefer to remain at the location in which they live and yet money is being aimed at new housing.

It might also be noted that even though the final outcomes of the housing studies are not known, major building projects are underway in response to a need that has not clearly been identified as of yet.

C. While these studies have not been completed, a general overview of the housing situation can be given. Both Calgary and Edmonton are in the process of verifying their lists at this point. The numbers given here are projected final outcomes of the registry: Calgary - approximately 2,000; Edmonton - approximately 3,000.

The numbers above are senior citizens who are actively looking for housing. They include people who are dissatisfied with their present living accommodation, those who can no longer afford to pay high rents, those who must move because of health reasons and various other causes. While housing registries are a valuable indicator of the need for building for seniors, they are not designed to indicate a need for subsidization. These numbers are only speculative and are included in the appendix.

Perhaps an examination of costs for housing between the private and public sector would be useful here. The following figures are only average numbers for the purposes of comparison. They are also Edmonton figures although the differences between Edmonton and Calgary are not dramatic.

A single-room dwelling:

Public:	Lodges	-	\$143.00
	Self-contained	-	\$165.00
Private:	average of \$190 and up outlying		
	\$200 and up core.		

Examination of the rental structure indicates there are people who are paying much more and those who are paying much less. It does give one the idea, however, that those who are living in private housing are certainly paying a great deal more for their accommodation than are those living in public.

D. At this point it might be valuable to look at the income of a pensioner in order to get a better understanding of the financial limitations that have been placed on him, and how these, in turn, will determine his ability to pay excessive rents.

1. Old Age Security Pension

- available to anyone 65 years and over
- must follow certain residential limitations
- a federal pension

Presently: \$132.90/month

2. Guaranteed Income Supplements

- to supplement OAS payments for low income seniors
- same residency requirements as OAS
- a federal pension
- numbers vary for single seniors and married couples

Presently: full supplement \$93.22 single
\$82.78 each member of a couple

- the supplement is reduced by \$1 for every \$2 of extra income up to a maximum of \$180. If there is \$180 or more of extra income, there is no supplement.

3. Alberta Assured Income Program

- available to all those receiving the G.I.S.
- application must be made for funds
- a provincial program

Presently: full supplement \$45.01 single
\$47.20 couple

E. Summary

Many senior citizens today are on a fixed monthly income. Although there may be a certain amount of money put away in savings, a large portion of the monthly income goes towards rental payments. Over half of Alberta's senior citizens are receiving the Alberta Assured Income Supplement. This would seemingly indicate that senior citizens are facing a great deal of financial hardship. Studies indicate that one in four senior citizens are below the poverty line (Alternatives to Poverty and Welfare in Alberta, 1973). Most importantly, however, it must be stressed that seniors are on fixed incomes and that our present inflationary trend affects seniors deeply.

By examining the income of seniors, one can see that a large portion of the monthly sum is being devoted towards rent. It should be noted that in a good many cases rental payments far exceed 25% of the monthly income.

Examination reveals that the three levels of government are presently launched on a building program. It has been suggested that even more money will be contributed towards building projects for seniors in the future. In many previous studies (Operation New Roof, 1974; and Programs and Services for Seniors in Alberta, 1975), it has been noted that not always do seniors wish to move from their familiar neighbourhoods. The sociological reasons for this are fairly obvious.

A system of subsidization for seniors who cannot afford to pay the disproportionate amounts of their incomes in rent is suggested. Rather than paying massive amounts of capital funds into new construction for seniors, it could actually save the government money to implement a subsidization program. It would also serve to maintain a sense of independence and choice for seniors.

It is not suggested here that building programs be eliminated. It is suggested, however, that careful consideration be given to subsidizing seniors in order that they be allowed to remain where they are -- most importantly, they must be given the freedom of choice. A balance between building projects and subsidization for seniors is a desirable way in which to deal with housing difficulties.

Appendix 1

Costs Associated with CMHC, Financed Senior Citizen Housing Units

Bachelor unit: maximum 500 sq. ft. floor area

1 bedroom unit: maximum 700 sq. ft. floor area

October 1975: unit cost in Edmonton - \$32 sq. ft.

A. Bachelor Unit

$$\text{Cost/unit} = 500 \text{ sq. ft.} \times \$32 \text{ sq. ft.} = \$15,000$$

Consider an interest rate of 9% and 25 year amortization of costs.
Monthly amortization cost - approximately \$124.00.

Estimated Monthly Operating Costs:

Electricity and heat - \$ 20.00

Maintenance - 10.00

Total 30.00

$$\text{Total monthly costs} = \$124.00 + 30.00 = \$154.00.$$

Assuming renter pays rent equal to 25% of gross pension income and is receiving full G.I.S. (approximately \$250.00 per month) rent would be 25% of \$250.00 = \$62.50.

$$\text{Government subsidy would be } \$154.00 - 62.50 = 91.50/\text{month}.$$

If renter pays rent equal to 40% of gross pension income and is receiving full G.I.S., rent would be 40% of \$250.00 = \$100.00.

$$\text{Government subsidy would be } \$154.00 - 100.00 = \$54.00/\text{month}.$$

B. One Bedroom Unit

$$\text{Cost/unit} = 700 \text{ sq. ft.} \times \$32 \text{ sq. ft.} = \$22,400.$$

Amortized at 9% over 25 years

Monthly cost = approximately \$185.00.

Estimated monthly operating costs: same as for bachelor unit.

$$\text{Total monthly costs to government: } \$185.00 - 30.00 = \$215.00.$$

Assuming two pensioners with combined monthly income of \$514.00,
rent = 25% of \$514.00 = \$128.00.

$$\text{Government subsidy would be: } 215.00 - 128.00 = \$87.00/\text{month}.$$

$$\text{Rent } 40\% \text{ of } \$514.00 = \$205.60.$$

$$\text{Government subsidy would be: } \$215.00 - 205.60 = 9.40.$$

It could be suggested that costs to the seniors will be less than the building costs and the government in fact will be subsidizing the seniors.

Appendix 2

The Housing Situation in Alberta

83 lodges in operation in Alberta

4,400 seniors in lodges

555 cottages attached to lodges

slightly more seniors because some are double

33 self-contained unit buildings in operation

2,347 units

slightly more seniors because some are double

(above includes both publicly owned and private)

Nursing Homes - 6183 seniors

Auxiliary Hospitals - 1678 seniors

Percentage figures:

10.9% are in lodges, private nursing homes, auxiliary
hospitals, public housing

60% own their own homes

29.1% renting their accommodation

135,000 senior citizens living in Alberta = approximately 40,500
renting.

If each senior was subsidized \$50.00/month for rental accommodation
= \$2,025,000/month government subsidy or \$24,000,000/year.