

Edmonton Food Bank and Edmonton Social Planning Council/AFSS Project Interim Report

Background:

The Edmonton Food Bank and Edmonton Social Planning Council (ESPC) met with the former Minister of Family and Social Services to discuss recommendations outlined in their report "*Two Paycheques Away: Social Policy and Hunger in Edmonton*". A joint working group was formed to review issues identified in the report, and examine possible initiatives.

The working group agreed to examine 5 key issues:

1. shelter and related costs
2. circumstances surrounding denial or termination of benefits
3. clients with multiple barriers to independence
4. benefits offered by AFSS
5. other employment supports

Issue #1:

A sub-working group was formed to examine the first issue of shelter and related costs. The scope of the project was restricted to the urban Edmonton area. A research framework (see Appendix A) was developed. This interim report provides information on the following research framework questions:

1. Are SFI clients experiencing hardship due to shelter and related costs? (To determine the scope of housing issues, financial and housing quality, experienced by SFI clients.)
2. Do SFI clients have a choice in determining their housing situation? (To determine the nature of the housing issues identified in question #1.)

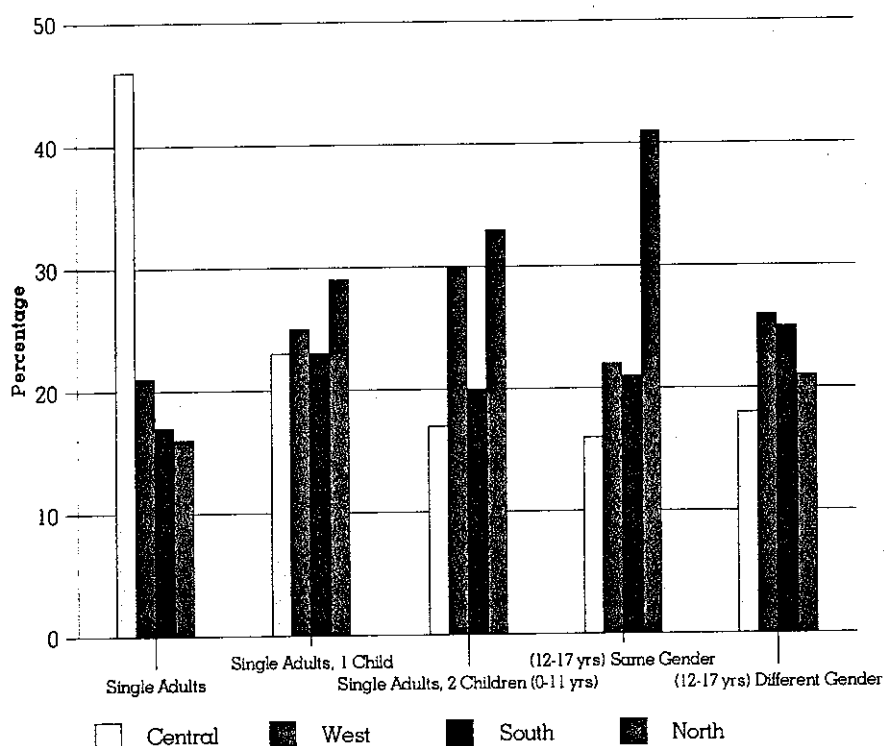
A sub-set of research questions were further developed within the above main question.

Sources:

The main data sources for the following sub-set of research questions, which examined shelter and related costs, were:

- SFI database
- Canada Mortgage and Housing Corporation Rental Market Report, October 1996 Survey
- Utility companies, Aqualta and the City of Edmonton

- *Where do clients live who experience hardship due to shelter and related costs – measured by district office boundaries.³*



The bar chart indicates that a high percentage of singles in the Edmonton Central area, and single parents with one or two children in the Edmonton North area, reported actual shelter costs above the shelter maximum.

2. Do SFI clients have a choice in determining their housing situation? (To determine the nature of the housing issues identified in question #1.)

- *What is the cost of housing – measured by the average housing cost by neighbourhood and number of bedrooms (including utilities).⁴*
- *What is the availability of affordable housing – measured by the vacancy rate by neighbourhood and number of bedrooms.*

Data contained in the following table was taken from CMHC's Rental Market Report, October 1996 Survey. CMHC indicates that "the rent data refers to the actual amount tenant pays for their unit. Amenities and services such as heat, light, parking, hot water and laundry facilities may or may not be included in the monthly rent reported in individual cases.

The average rent figures reported in this publication represent the average of different units in the market area, some of which may have some or all of these services."

³ District office boundaries – see attached map (Appendix B).

⁴ Figures represent CMHC data for apartment dwellers, where average rental costs were used.

Location	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	Avg. Rent	Vac. Rate	Avg. Rent	Vac. Rate	Avg. Rent	Vac. Rate	Avg. Rent	Vac. Rate	Avg. Rent	Vac. Rate
Edmonton										
Central	\$434	9.3%	\$347	9.4%	\$411	9.2%	\$508	9.6%	\$606	6.2%
South	\$485	3.8%	\$384	1.7%	\$440	3.2%	\$534	4.7%	\$617	3.6%
West	\$480	9.8%	\$359	7%	\$424	10.6%	\$528	9.8%	\$606	6.7%
North	\$459	10.3%	\$326	20%	\$406	7.4%	\$480	11%	\$545	15.5%
Total	\$459	7.7%	\$355	7.7%	\$421	7.5%	\$518	8.0%	\$595	7.6%

The above table indicates that average rents are comparable across the city of Edmonton.

In comparing rents to shelter allowances, using the 3 groups most significantly impacted as identified in Question #1, the following were the findings:

- single adults (shared accommodation/room and board/bachelor/1 bedroom) – the maximum shelter allowance is from \$165 (expected to work) to \$300 (not expected to work). Using Edmonton Central as an example, the average rent for a bachelor suite is \$347.
- single adults with 1 child (1-2 bedrooms) – the maximum shelter allowance is from \$380 (expected to work) to \$430 (not expected to work). The average rent for a 1 bedroom apartment in the Edmonton Central area is \$411 and \$508 for a 2 bedroom apartment.
- single adults with 2 children (2-3 bedrooms) – the maximum shelter allowance is from \$460 (expected to work) to \$510 (not expected to work). The average rent in the Edmonton Central area for a 2-3 bedroom apartment is \$508 and \$606 respectively.

Impact differs for expected and not expected to work clients due to the different shelter allowances provided to the two categories.

Vacancy rates are also comparable, from 9% for a bachelor to 6% for 3 or more bedrooms. According to CMHC the vacancy rate in Edmonton is 7.6%, its lowest level since 1993. Edmonton South has vacancy rates significantly below the average vacancy rates, most notably for a bachelor apartment. Edmonton North has significantly higher vacancy rates for bachelor and 3 or more bedrooms due to availability of units.

The data indicates that average rents for the identified groups of clients are higher than the SFI maximum shelter allowance, and it is likely that some welfare clients may be experiencing hardship in finding shelter within these rates, particularly in areas with a low vacancy rate. However, the report findings at this stage are not conclusive and further analysis is required using the lowest 20th or 25th percentile (i.e. the lower basic range of rental units) rather than the average rent.

Next Steps:

- Average rents for the identified groups of clients were found to be higher than most SFI maximum shelter allowances. However, since welfare is a temporary income support program and clients are expected to reside in housing that is at the “low end” of the rental market, it cannot be concluded from the above data that SFI clients have no choice in determining their housing situation. In order to determine whether affordable housing is available to welfare clients within the program’s shelter rates, the study needs to analyze rental and vacancy rates of the “low-end” housing market and not only the “average” housing market which may include luxury penthouse suites.
- A further requirement of welfare clients is that they access and utilize all available resources. The GST Rebate and the Child Tax Benefit, both of which are fully exempted by SFI, are designed to assist low-income households with their basic living costs, including shelter. In addition, employable clients may have a portion of their earnings exempted by the program, part of which may be used towards meeting ongoing needs. Unemployable clients receive a slightly higher shelter allowance from the program since they are not expected to have earnings from employment. The study needs to (a) separate the employable and the unemployable clients into two separate categories due to their different SFI shelter rates and (b) take into account the other resources identified above when assessing the extent of choice clients have in determining their housing situation.
- The above data analysis has shown that 26% of the urban Edmonton clients have actual shelter costs under the maximum shelter allowance. In order to answer the remaining two questions of the Research Framework, the study needs to select a random sample of the clients in this situation and review their case files to identify factors that make it possible for them to manage within the maximum shelter allowance.
- This study is limited to urban Edmonton clients only. In order to arrive at any program-wide conclusions, the study needs to expand the analysis to province-wide data. In that case, it may be necessary to distinguish between the two cities, other urban centres and the rural areas. Specific high growth locations or boom towns may also need to be assessed separately due to their unique housing shortage at the time of rapid growth.

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Date: May 30, 1997

		Estimated Costs (Annual)				
		One time Increase			Incremental Increase (over 3 years)	
Options	Pros	Cons	\$13	\$26	\$50	\$26
<p>3. Increase Shelter Rates by implementing a "flat rate",² with an increase for:</p> <p>a) hardship groups</p> <p>b) all clients</p>	<ul style="list-style-type: none"> Shelter allowance not based on "actual" shelter cost so it is an incentive for clients to keep costs down Places more decision-making with client Ease of administration Positions program for future directions (e.g., program re-design proposal approved by Cabinet) 	<ul style="list-style-type: none"> Cannot restrict the increase only to the hardship groups since other groups with same family size will get the increase too Increases would also go to clients who have shelter costs below the current shelter ceiling 	<p>a) No. of cases = 22,829 hardship groups @ \$13 Program cost = \$11 million</p> <p>b) No. of cases = 22,829 hardship groups @ \$13: 7,166 remaining clients @ \$5 Program cost = \$11.4 million</p>	<p>a) No. of cases = 22,829 hardship groups @ \$26 Program cost = \$14.5 million</p> <p>b) No. of cases = 22,829 hardship groups @ \$26; 7,166 clients @ \$10 Program cost = 15.4 million</p>	<p>a) No. of cases = 22,829 hardship groups @ \$50 Program cost = \$21.1 million</p> <p>b) No. of cases = 22,829 hardship groups @ \$50; 7,166 clients @ \$20 Program cost = 22.8 million</p>	<p>a) Program cost = \$4.8 million per year</p> <p>b) Program cost = \$5.1 million</p>
						<p>a) Program cost = \$7 million per year</p> <p>b) Program cost = \$7.6 million</p>

² Estimated costs include \$7.4 million to implement a "flat rate".
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