

Request for Decision City Council

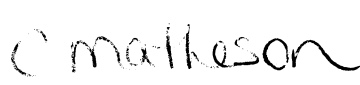


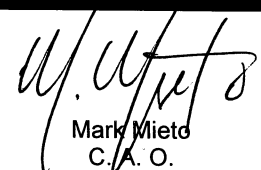
Type of Decision									
Meeting Date	November 25, 2004				Report Date	November 18, 2004			
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority		High	<input checked="" type="checkbox"/>	Low
	Direction Only				Type of	<input checked="" type="checkbox"/>	Open		Closed

Report Title
FCM Quality of Life Issues Report Summary: Incomes, Shelter and Necessities

Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<input checked="" type="checkbox"/>	Background Attached

Recommendation
For information only.
Recommendation Continued

Recommended by the General Manager
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BACKGROUND

The Federation of Canadian Municipalities (FCM) and staff from 20 Canadian municipalities (representing 40% of Canada's total population), have compiled statistics from national and municipal sources to form the Quality of Life Reporting System (QOLRS), consisting of 75 indicators measuring social, economic and environmental change from 1990 to 2002. As a follow-up to the Quality of Life Reporting System Highlights Report 2004, the FCM has published the first of a series of reports to provide an in-depth analysis of specific indicators. This issues report specifically focuses on the trends relating to incomes, shelter and necessities.

SUMMARY OF RESULTS

Demographic Change: Transformation of the Traditional Family

- In Quality of Life communities, singles aged 35 years to 64 years grew 40.4% between 1991 and 2001, followed by lone parent families (38.6%). However, non-family households and couples without children accounted for 68% of household growth.
- In 2001, unattached individuals and couples with no children accounted for approximately 58% of Greater Sudbury's households. Hence, non-traditional families make up 42% of Greater Sudbury's households.

In planning for Greater Sudbury's future, household configurations should be monitored. The needs of each family type differ from each other. With an increase in singles and couples with no children, quality of life issues should be devised accordingly by all City departments.

Increase in Low Income Families, Decreased Social Assistance Usage

- The number of children living in families with incomes below the Low Income Cut Off (LICO) has increased slightly between 1991 and 2001, however, Greater Sudbury's standing is slightly less than both the FCM average and the rest of Canada.
- In general, across the FCM communities, fewer singles and families were receiving social assistance in 2000; however, there were only small changes in the number of singles and families with incomes below the LICO.

Although fewer families and single individuals are accessing social assistance benefits, it is important to note that families continue to live below the Low Income Cut Off. It is therefore important that the City of Greater Sudbury ensure that programming continues to meet the needs of all children in our community.

Rental Market Decreasing, Vacancy Rates Increasing

- Rental housing accounted for 55% of all housing starts in 1991, and dropped to 0% by 2001. For all QOLRS communities, the average drop was from 29% to 8% during the same ten-year period. The one prominent exception was Vancouver, where rental starts rose from 23% in 1991 to 45% in 2001.

Although 1991 represents a year with abnormally high rental housing starts for Greater Sudbury, that drop in ten years is still significant. Since the rental sector has traditionally provided an important form of housing for individuals and lower income families, this trend could reduce the availability of housing for renters. Although this does not appear to have happened, given the higher than normal vacancy rate in 2001, this shortage may just be masked by the out-migration of our youth, who are traditionally renters. Should population increase in the future, vacancy rates may drop and remain low again.

- Contrary to the general trend of declining vacancy rate in the QOLRS communities (dropping from 3.2% to 1.3% between 1991 and 2001), vacancy rates in Greater Sudbury rose significantly from 0.7% in 1991 to 6% in 2001.

A vacancy rate of 3% is generally considered as an indicator of a healthy housing market in a community. However, the higher vacancy rate in Sudbury is at least partially the result of out-migration of our population. This higher than normal vacancy rate is not necessarily an indication that there is no housing affordability problem in the City, since there are renters who cannot afford market rents. Moreover, vacancy rates in Sudbury had remain very low for many years prior to 1991.

- Among the QOLRS communities, Sudbury not only had the fourth lowest rise in average monthly rent between 1991 and 2001, but also the lowest average gross rent in 2001 except for three cities (Quebec City, Regina, and Winnipeg).

Lower rents as compared to other communities does not necessarily mean that there is no affordability problem. Housing affordability is a relative measure. It is determined by both the rent level and the incomes of renters.

- Vacancy rate for the lowest cost rental stock (i.e., those in the 1st rent quintile) actually saw the greatest rise between 1991 to 2001 (from 0.3% to 10%).

This may reflects a housing quality issue, as there are older housing stock in the City which are in a poorer state of repair. In 2001, over 5000 housing units or 8.5% of the total housing stock in Sudbury were deemed to require major repairs, even though not all of those are rental units. With higher than normal vacancy rates across the cost ranges of rental housing, it appears that lower income households who could afford market rents chose not to accept poor quality housing by opting for better ones at only marginally higher rent levels.

- The lowest rental rates in Greater Sudbury increased by approximately 20% between 1991 and 2001; however, the City's increase remained considerably less than the average for all Quality of Life communities.

Challenge in Meeting Shelter Costs

- Greater Sudbury experienced a peak in 1995 in the proportion of private households paying 30% or more of their income on shelter. This trend was consistent with all QOLRS communities and the rest of Canada. Subsequently, this proportion decreased slightly in 2000.
- Nationally, single parent families experienced the most difficulty in meeting shelter costs, followed by aboriginals and recent immigrants. Single seniors experienced a significant increase (20%) in the lack of affordability between 1991 and 2001.

- Rents for bachelor apartments in Greater Sudbury exceeded 30% of individual's income by \$122 in 2001, an increase of about \$30 since 1991. In comparison, that discrepancy ranges from a low of \$39 to a high of \$448 in the other communities.
- In both 1991 and 2001, families in Greater Sudbury were able to afford average rents for a three bedroom apartment. In fact, with the exception of Quebec City, Greater Sudbury had the lowest disparity (\$49) between average rent and the 30% mark of average income in all participating Quality of Life communities.

It is clear that affordable housing is an issue in every community. Lobbying efforts are need to ensure adequate funding for new social housing projects. Social housing developments are paramount to reducing social housing waiting lists and alleviating the affordability issues faced by low income individuals and families.

Defining and Recording Homelessness

The FCM reports that there is an increased risk of homelessness in all Quality of Life reporting communities. The QOLRS definition of homelessness includes singles or families experiencing rooflessness, living in an emergency shelter, invisible homelessness or houselessness. Seven indicators to measure homelessness have been identified based on factors that are recorded in each municipality. The seven indicators include: households spending 50% or more of income on rent; rental housing starts; social housing waiting lists; vacancy rates; incidence of low incomes; unemployment rates; and lone-parent families. A detailed statistical analysis for each community's status on homelessness has not been included in the issues report. However, the City of Greater Sudbury, along with community partners, is actively addressing the issue of homelessness by funding numerous programs and initiatives that assist the homeless find and maintain housing and other necessary services.

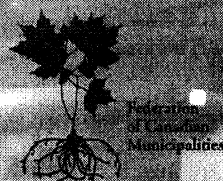


FEDERATION OF CANADIAN MUNICIPALITIES

QUALITY OF LIFE IN CANADIAN COMMUNITIES

Incomes, Shelter and Necessities

THEME REPORT #1



The FCM Quality of Life
Reporting System



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	PFS6 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.

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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^a	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

^a 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.

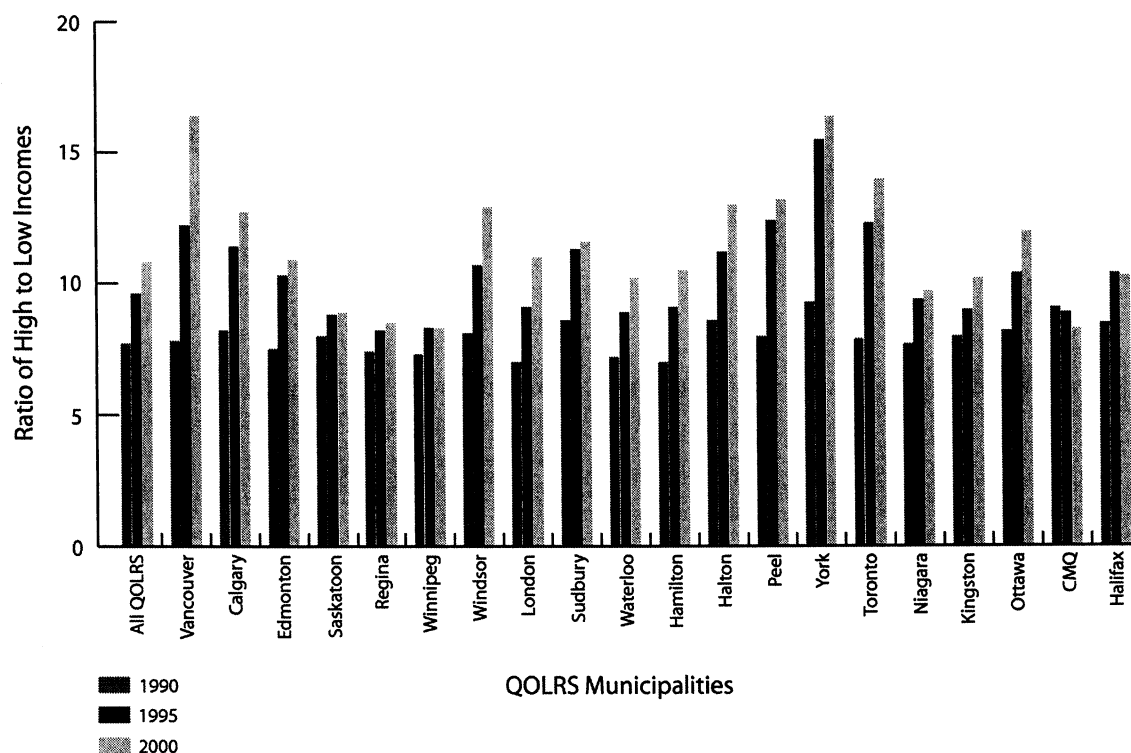
Widening income disparities between vulnerable groups and the general population

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



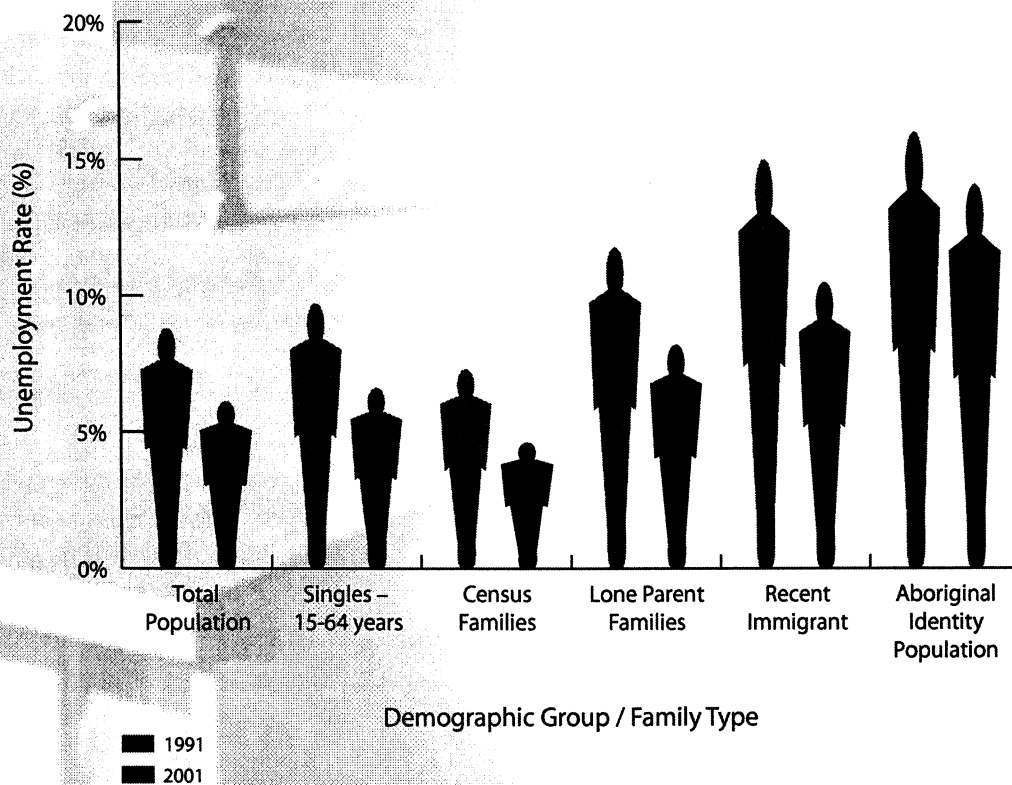
Source: Statistics Canada, Small Area and Administrative Databank, 1990, 1995, 2000

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.

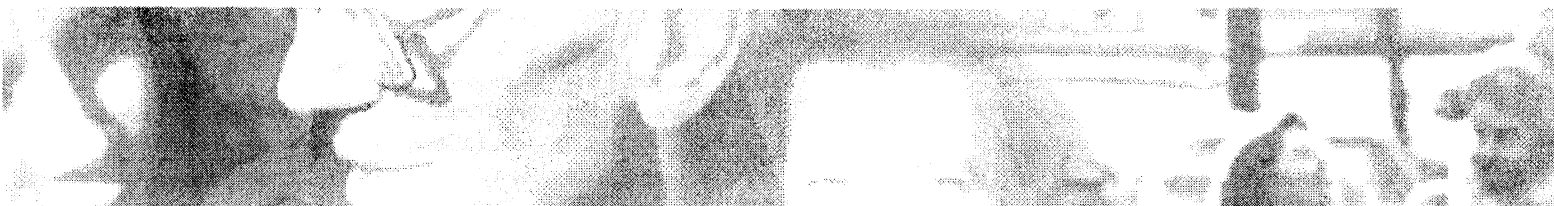
As will be discussed later in this section, one factor contributing to this widening income gap was the declining value of social assistance benefits. In Calgary, for example, real incomes of the poorest individuals shrank by 16 per cent between 1990 and 2000, roughly equivalent to the decrease in the 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.

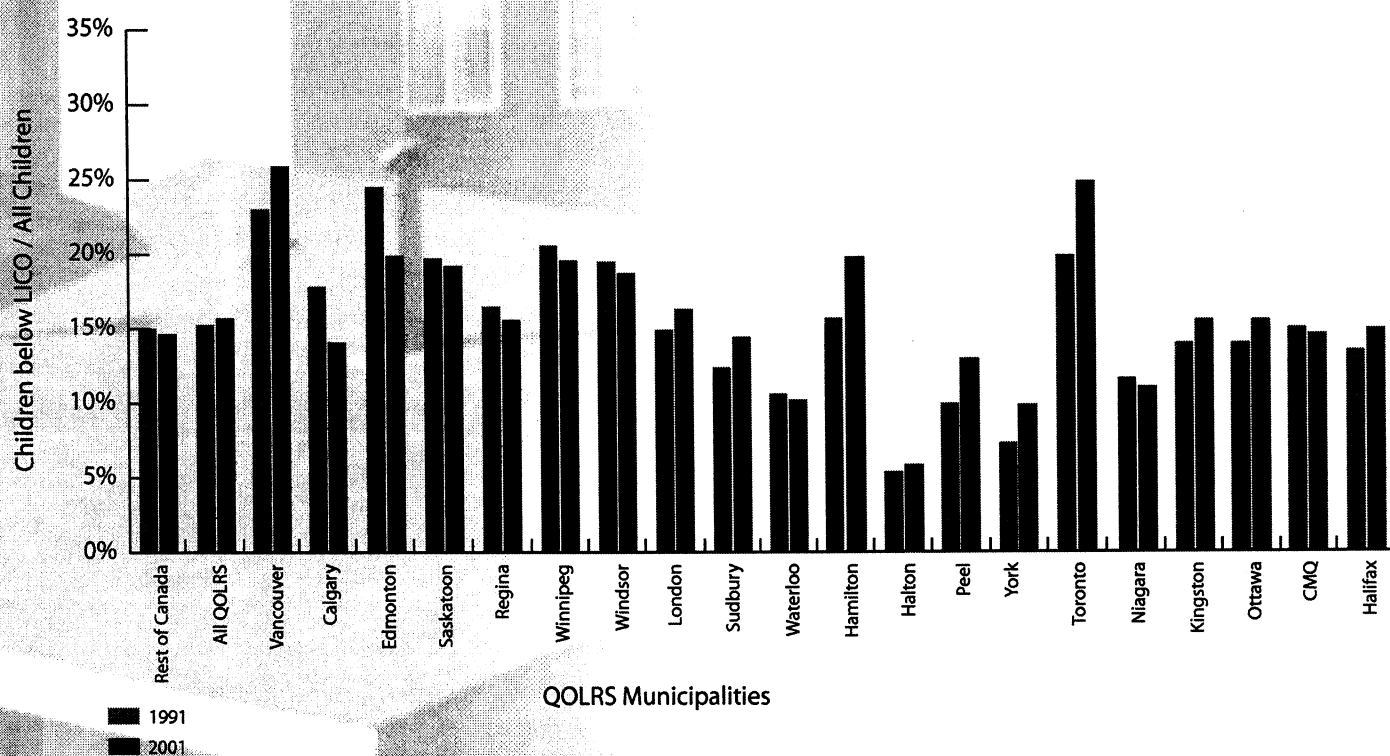
¹⁰ Social assistance data from 1990 were not available from taxfiler tables, as these data were combined with other provincial government transfers at that time. See Glossary of Terms for a definition.

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.

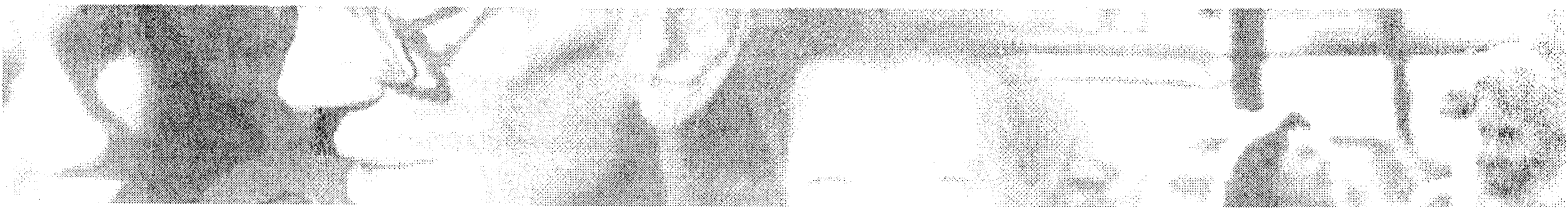
As shown in chart 3, the overall trends in family and child poverty mask very different stories occurring across the QOLRS communities. In fact, family and child poverty fell in many smaller Ontario communities, in the Prairie cities and in Quebec. At the same time, one half of the QOLRS communities 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.

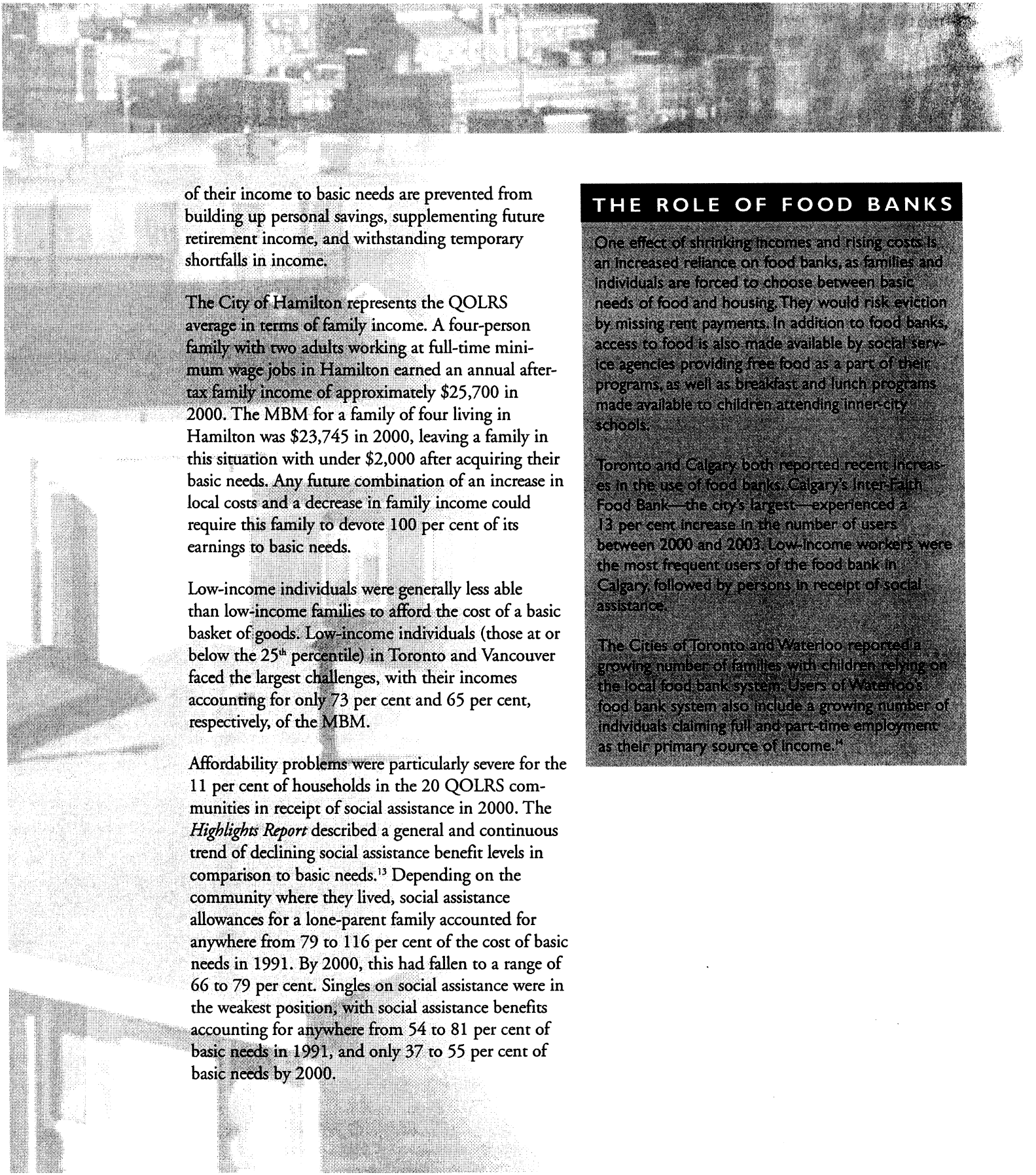
Increase in the number of working-poor families

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.