

Somewhere to Live or Something to Eat:

Housing Issues of Food Bank Clients
in the GTA
August 2004



Apartment for rent

One bedroom, in apartment building

Close to subway, grocery store

\$975/month



Daily Bread
Food Bank

Acknowledgements

Somewhere to Live or Something to Eat: Housing Issues of Food Bank Clients in the GTA

August 2004



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Daily Bread Food Bank is a non-profit, charitable organization dedicated to eliminating hunger in and around Toronto. Daily Bread solicits and distributes food to individuals and families in immediate need of assistance through our network of over 190 food programs. We also aim to put an end to the root causes of hunger by educating the public, conducting research, and advocating realistic government policies to end poverty and hunger. Other research reports are available at www.dailybread.ca.

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Introduction

It should not come as a surprise to anyone that food bank use and poverty are closely related. But it is important to state from the outset that hunger is an exceptional form of poverty. It is a level of poverty in which poverty lines are aspirations. It is a level not where luxuries are put off or forgone, but in which very basic needs are left unmet. More concretely, it is not about putting off the roast beef dinner for a can of stew, but putting off the can of stew and not eating at all. It is a level in which the basic nutritional and caloric needs for day-to-day living are not reached. As one expert describes it, it is "a key element of absolute poverty and consequence of relative deprivation."⁽¹⁾

It should also come as no surprise that housing and food bank use are closely linked. Housing is for most people, including food bank clients, the single biggest monthly expense. It stands to reason that for people with limited incomes, the more money spent on housing the less money for other basic needs, including food. However the impacts of housing go far beyond their effect on household budgets. Housing is security and a retreat from the pressures of the outside world; housing is source of pride and personal identity; housing is a prerequisite for social inclusion and for healthy beginnings for children; and housing is a source of economic stability for families and individuals.

This report compiles housing statistics from the Daily Bread Food Bank's Annual Survey of Food Bank Clients. It is particularly timely given that the Ontario government has just completed its consultation process for new landlord-tenant legislation and is currently engaged in writing a new act in which new rent control guidelines will be established. This paper should be viewed as a contribution to that process.

But primarily this report seeks to clarify the housing context for low-income residents of the Greater Toronto Area. It starts by outlining the policy framework that has directly impacted housing and housing affordability for low-income Ontarians, paying particular attention to the changes made in rent regulation in the late 1990s. Section two reports on the basic demographic information of food bank clients in the GTA, including income, sources of income, and general housing indicators. Section three utilizes Daily Bread survey data from 1990 to examine the impact housing affordability has had on food bank clients over time, as well as on food bank use in general. Section four looks specifically at food bank clients in social housing. The report concludes with a review of the social policy tools available to address housing affordability issues, and recommendations for confronting the current crisis food bank clients face when dealing with income and housing affordability.

Policy Framework for Housing in Ontario

The 1990s were characterized by a retraction in the social welfare state at both federally and provincially in favour of tax cuts and reduced spending in most program areas. For the purposes of this paper, the following section outlines three specific areas of change in government policy relating to housing affordability (2):

Disinvestment in income security programs for working age adults

In Ontario, welfare (Ontario Works or OW) was cut by 21.6% in 1995. Ontario Disability Support Plan or ODSP rates were also frozen at 1993 levels. Until the 2004 Ontario budget when the Liberal government committed to a 3% increase of both OW and ODSP, neither welfare nor disability benefits had increased in 11 years. As a result, they declined in value in real terms by over 35% for the former and 12% for the latter. Minimum wages were also frozen since 1995, and as of 2003 lost \$1.56 per hour or 18.5% of its value. A halt was put on this retraction in value in February 2004 when the new Liberal provincial government raised minimum wages from \$6.85 per hour to \$7.15. This was the first in a series of scheduled increases that will see the minimum wage rise to \$8.00 per hour by 2008.

Cancellation of affordable housing programs at the federal and provincial levels

The Liberal government in Ottawa halted its funding of affordable housing construction in 1993, and was soon followed by the Conservative government in Ontario in 1995. The result was that by 1999 spending on affordable housing initiatives in Ontario had declined from \$1.1 billion to zero (3). In May 2002 Ottawa and Ontario came back to the table on a new Affordable Housing Framework Agreement that would commit \$245 million to the construction of new units. However, the province of Ontario only committed \$20 million as part of its "matching share," and only a handful of these new units have actually been built as of 2004.

Changes in landlord-tenant laws

In 1998 the Tenant Protection Act (TPA) became law in Ontario, significantly altering rent regulations. These changes loosened rent controls and allowed rental prices to rise to what the market would bear.

i. Vacancy Decontrol

The most significant change instituted in the Tenant Protection Act was the implementation of "vacancy decontrol." Vacancy decontrol refers to the ability of the landlord to negotiate a new rent on a vacant unit with the incoming tenant, while maintaining controlled rent increases for sitting tenants. This means that for tenants on the move, rent controls no longer exist; landlords were permitted to rent at whatever price the market would bear. However, once a tenant entered into a lease agreement with a landlord, the new rent became the base rent, and controls once again applied. Certain aspects of the rent control system were therefore maintained while some market oriented principles were introduced.

Policy Framework for Housing in Ontario

The government at the time said this new arrangement was a move toward protecting the "tenant rather than the apartment," and argued that tenants and landlords were sufficiently capable of negotiating a new rent without government interference. They also argued the new system represented a middle ground between the often contradictory desires of tenants to keep rent increases, if any, predictable and affordable, and of landlords to derive a healthy return from their investment.

ii. Guideline Rent Increases

As previously explained, the Tenant Protection Act allowed landlords to set rents at market levels on vacant units. However, once a tenant occupied a vacant unit, or for sitting tenants, a form of rent control was triggered. As in previous legislation, landlords were constrained to two options for pursuing rent increases:

The first was the guideline rent increase determined by the Ministry of Municipal Affairs and Housing. The guideline is determined using a formula introduced in Ontario in 1987 called the "Rent Control Index." The guideline increase can be automatically applied by the landlord on a yearly basis (ie. on the anniversary date of the lease, or alternatively, a year from the last rent increase)⁽⁴⁾ without requiring the consent of the Ontario Rental Housing Tribunal (ORHT), provided the rules regarding rent increases are followed ⁽⁵⁾. Once applied, the new rent becomes the base from which future increases are calculated.

In the years since the Tenant Protection Act became law (1998-2004), the guideline increases have been 3.0, 3.0, 2.6, 2.9, 3.9, 2.9 and 2.9% respectively ⁽⁶⁾. While low by historical standards (the guideline in the early years of rent control in Ontario, 1975-1980, never dipped below 6.0%, although this was a high inflationary period), these rates still outstripped the prevailing rates of inflation in every year.

iii. Above Guideline Increases

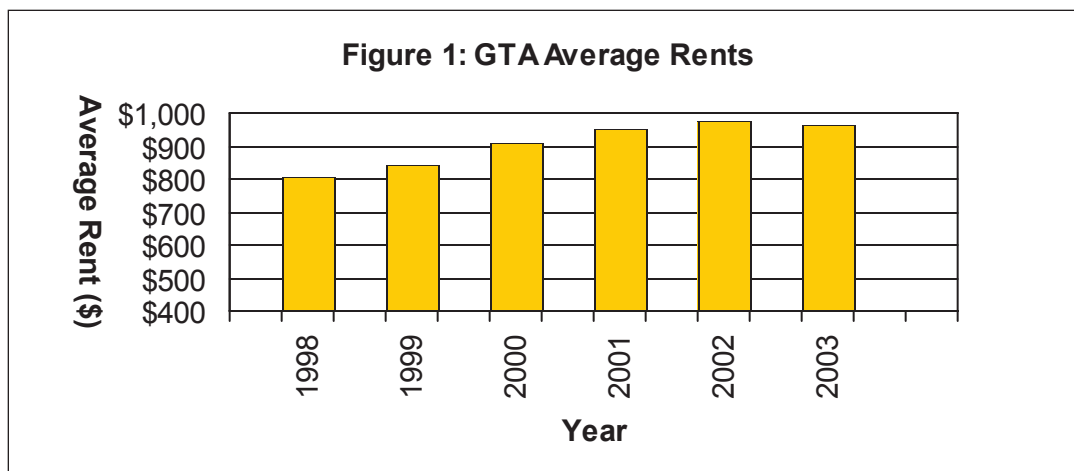
The second avenue for rent increases under vacancy decontrol is Above Guideline Increases (AGIs). The relevant area of the Tenant Protection Act is section 138(1) which allows the landlord to apply to the Ontario Rental Housing Tribunal for a rent increase above the guideline in cases of "increased operating costs and capital expenditures." Three categories of costs are eligible: operating costs relating to extraordinary increases in municipal taxes and utilities or both; "capital expenditures incurred respecting the residential complex," and operating cost increases "related to security services." Section 138(9) then limits an increase the Tribunal can impose to 4% in any given year. An increase of more than 4% can be assessed; however such an increase must be carried forward into subsequent years until the full amount is taken ⁽⁷⁾. The 4% rate (above and beyond the guideline increase), represented a 1% increase on the cap from previous legislation ⁽⁸⁾.

Policy Framework for Housing in Ontario

Critics argued that the regulations for AGIs were more lax from previous laws, stating that "it is clear that the TPA weakens the logical connection between rent paid and service/amenities received. A tenant's rent will now buy only the right to occupy a unit. Upkeep of the building, capital improvements and service are extra." (9)

Impact of Tenant Protection Act on Rents

Concerns were expressed by advocates of affordable housing and low-income people that the Tenant Protection Act really represented the end of rent controls in Ontario, and that spiraling rents would be the inevitable result. It was pointed out by opponents of the legislation that there was an estimated 20% turnover of tenants in any given year. Meaning, that almost the entire rental housing market would be under decontrolled rents within five years; a rather chaotic upheaval that could not result in anything but significantly higher rents (10). Indeed, from 1998-2003, the period in which the Tenant Protection Act has been in place, rents have increased significantly.

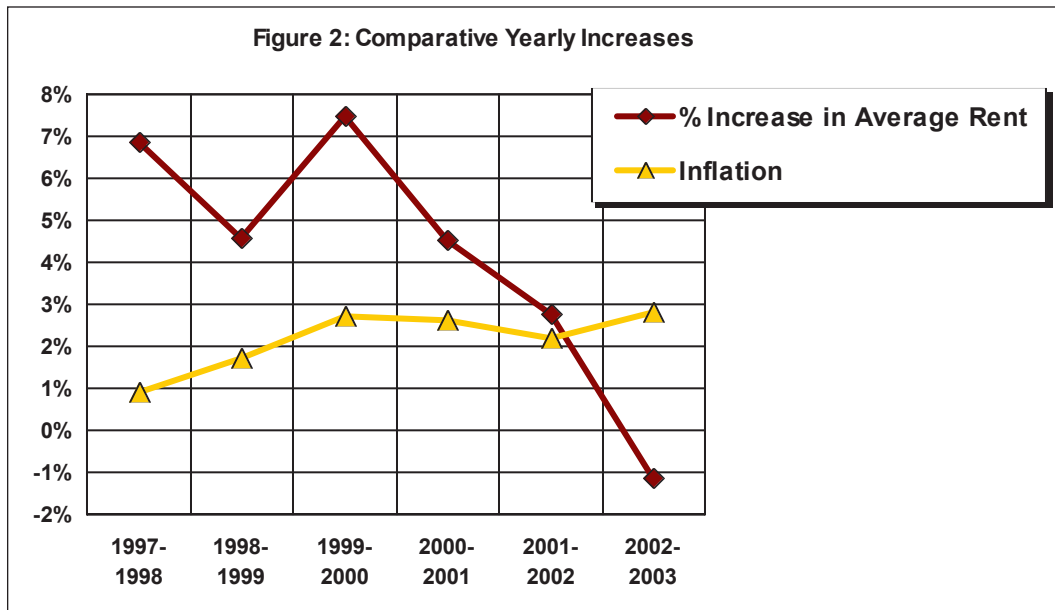


Source: Canada Mortgage and Housing Corporation

As the above chart shows, the average apartment rent in the Greater Toronto Area increased steadily from \$808 in 1998 to \$964 in 2003, the last year for which numbers are available.

In terms of the percentage increase in rent, rental prices increased at greater than the rate of inflation for each of the first five years that the Tenant Protection Act has been in force. The rate of increase was particularly remarkable in 1999-2000, two years after the TPA became law, when rents increased by over 2.5 times the rate of inflation. 2002-2003 was the only year in which inflation outstripped rent increases as rents actually fell slightly.

Policy Framework for Housing in Ontario



Source: Canada Mortgage and Housing Corporation and Statistics Canada

Over the course of the six year period from 1997-1998 to 2002-2003, rents increased by a total of 19.3%, significantly higher than the 12.9% rate of inflation during the same period.

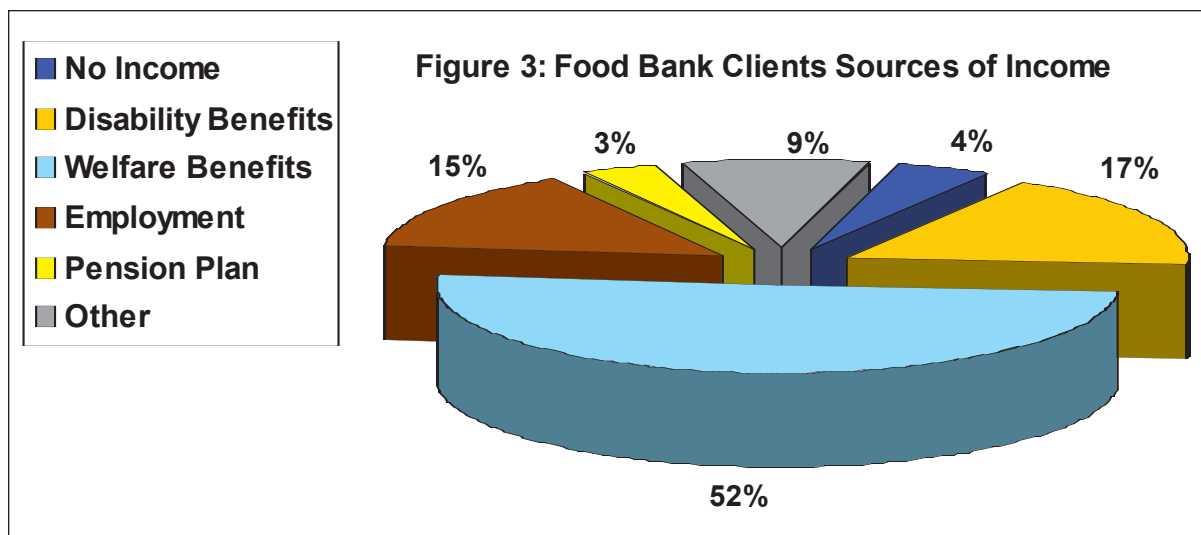
This section has outlined the factors that impact on housing affordability during the 1990s. The emerging pattern is one of greater reliance on market forces to provide both income and housing and this has led to higher overall housing costs in the private rental market. Before documenting the impacts of these changes on food bank clients it is necessary to understand the general characteristics of food bank clients.



Who are Food Bank Clients?

The median annual income of food bank clients is \$11,160⁽¹¹⁾ which places them squarely within the bottom 10-15% of all income earners in Toronto. Apart from being appallingly low, the source of that income is important in understanding the housing options available to low-income individuals and families. Figure 3 identifies the main sources of income for individual food bank clients.

Overlap between categories exists. For example, nearly 7% of those receiving benefits have additional income from employment. However, the graph clearly demonstrates that the majority of food bank clients rely on social assistance, a social assistance system based on asset-stripping of the individual. Unable to accumulate savings it is of little surprise that 94% of food bank clients have to rent their dwellings and only 3% own property. Housing options are extremely limited.



Source: Daily Bread 2004 Annual Survey

This section will focus on food bank clients who live in market rental housing. Those people living in subsidized housing will be addressed separately in this paper. 75%⁽¹²⁾ of food bank clients live in market rental housing. Market rental housing is expensive in the Greater Toronto Area, none more so than for the low-income bracket (under \$20,000)⁽¹³⁾. Besides the majority of their sparse income going towards housing costs, which will be discussed further on, low-income families are likely to live in over-crowded housing with poor conditions, despite making many sacrifices to ensure the rent is paid on time.

Renting an apartment is the most frequently used (57%). However, the second most frequent option is renting a room in a rooming house or someone's home (23%), meaning that nearly a quarter of food bank clients are relying on this relatively inexpensive option, but one that is transient and generally lacks tenant protection, privacy, security and an overall feeling of comfort.

Who are Food Bank Clients?

The overall living conditions for those in the low-income bracket are poor. Primarily, over-crowding is a serious concern. 32% of food bank-using single parents live in a bachelor apartment or single-bedroom accommodation and 31% of food bank-using couples with children live in a bachelor apartment or single-bedroom accommodation. Overall 38% of children whose families use food banks live in over-crowded conditions. This equates to 20,000+ children living in cramped and unhealthy housing across the GTA. Worryingly, these are conservative figures because they do not take into account the age or the sex of the children (14).

Living conditions are equally poor. 38% of food bank clients rate at least one of their conditions as being very poor (15). With appliances, kitchens and bathrooms faring equally bad with 15% of food bank clients rating each of these individual conditions as very poor. Also, close to 25% of food bank clients do not have either a private bathroom or kitchen, and 22% have neither. In short, many food bank clients have to do without some basic amenities or have to live with facilities that are in a state of disrepair.

Despite living in sub-standard accommodation the over-whelming majority of food bank clients are timely with their rent payments. 71% pay their rent on time every month and a further 14% pay their rent on time most months. As a result, 78% have neither been threatened with eviction nor evicted within the last twelve months. This indicates that food bank clients are reliable tenants. However, ensuring the rent is paid on time comes at a cost. That cost is normally sacrificing the ability to eat. 50% of food bank clients and 33% of their children go hungry at least one day a week.

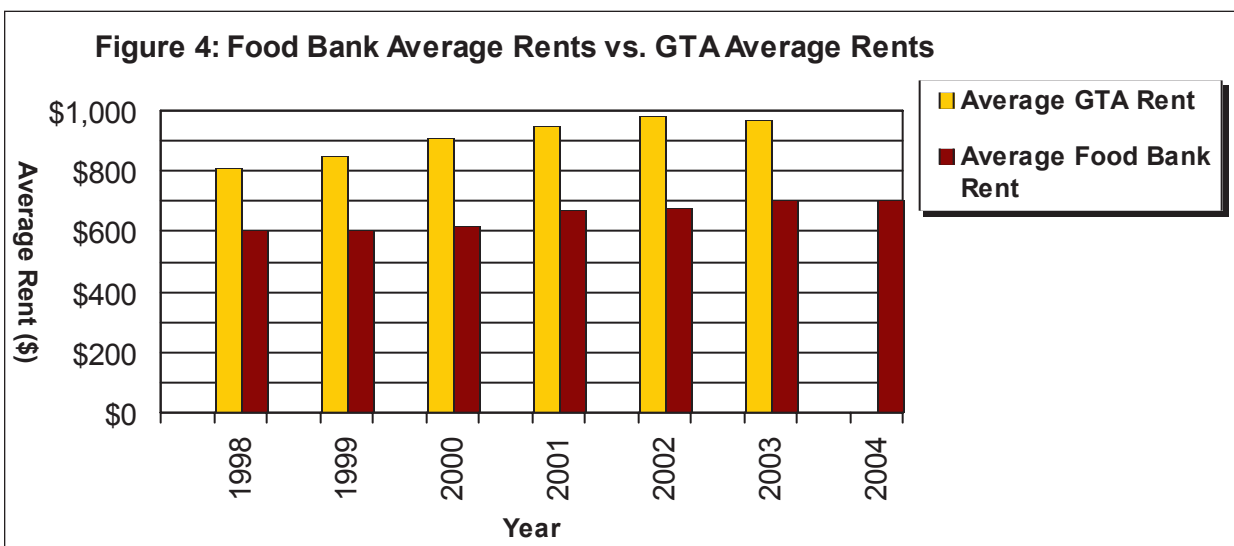


Market Housing and Food Bank Clients

For all food bank clients, rent is the single largest expense. It is also the most non-negotiable expense (as mentioned, 71% say they pay their rent on time every month), as the alternative to not paying the rent is quite often to be homeless. However, paying for rent typically means sacrificing other basic needs. Food is one of the items that tend to be negotiable. It is a basic need that is likely to be sacrificed when money runs short. As a result, housing affordability has a direct impact on food bank need - the more income housing consumes the less that is available to meet other basic needs such as food. It is therefore important to document precisely the impacts of the changing policy framework for housing noted in the first section on food bank clients.

Rents for Food Bank Clients in Market Housing

As has been discussed, the rental housing market experienced rapid rent increase since it was deregulated in 1998. What has that done to the rents of food bank clients? There exist some misconceptions about the level of rents the lowest income earners in the GTA pay. Some believe that because of the instability of housing for low-income earners, combined with the vacancy decontrol described in the first section of this paper, food bank clients are likely to be paying near average or average rents. Further, they believe that the rent paid increased over the period of deregulation of rent controls through greater exposure of low-income earners to the private rental market. Others suggest that the slight decline in average rental prices experienced in 2003 have also benefited low income earners with lower rents. The following chart sets the record straight on precisely what has happened in those six years since the rental market was deregulated.

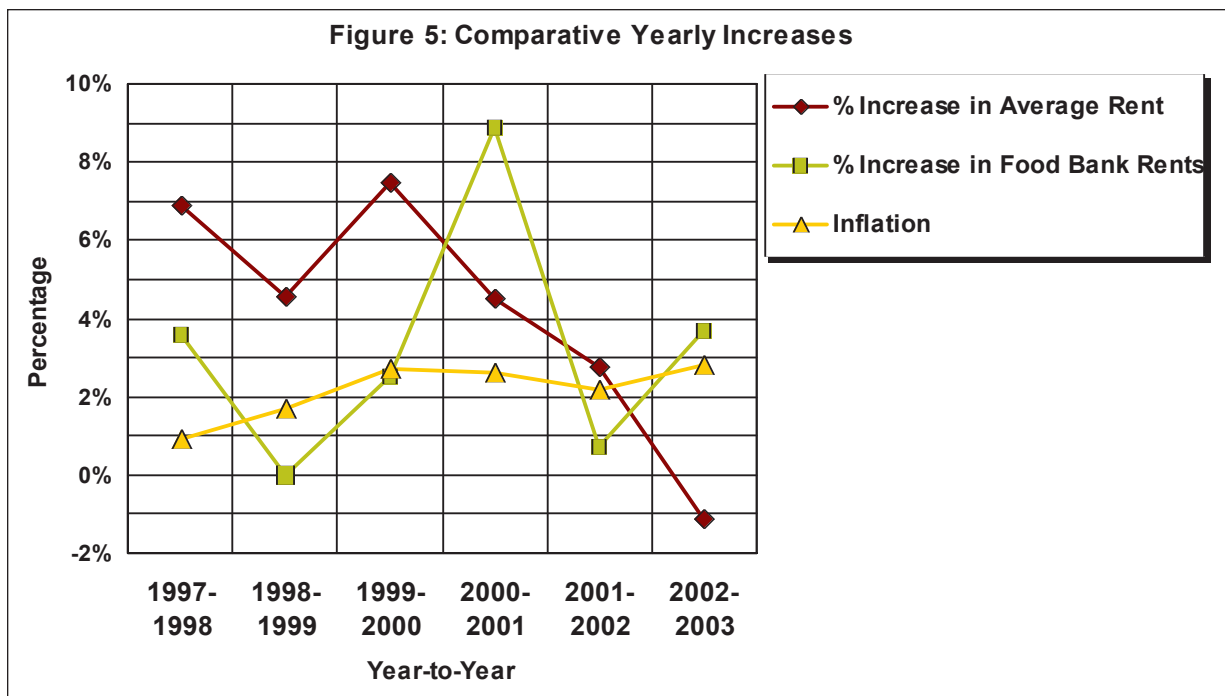


Source: Canada Mortgage and Housing Corporation and Daily Bread 2004 Annual Survey

Market Housing and Food Bank Clients

Figure 4 shows the increase in rents for food bank clients since the introduction of the Tenant Protection Act in 1998 and the deregulation of the rental market. The chart depicts that rents have increased steadily for food bank clients in the years that the TPA has been in effect and in a pattern similar to the increase in overall average rents. In 1998, the average rent of all food bank clients was \$600 per month, rising to \$700 by 2003 and remaining at that level in 2004. This compares to the average rent in the Toronto CMA of \$808 in 1998, rising to \$964 in 2003 (note that 2004 numbers are not yet available for GTA average rents).

As a percentage, the increase in average food bank rents exceeded inflation over the period 1998-2003, but was slightly below the increase in average GTA rents, as the following chart shows:



Source: Canada Mortgage and Housing Corporation and Statistics Canada

Over the six year period 1998-2003, rents for food bank clients increased 16.7%, compared to the overall increase in average rents in the GTA of 19.3%. Both considerably exceeded the rate of inflation for the same period of 12.6%. It is particularly notable that the rate of increase of food bank rents took a considerable jump of 8.9% in 2000-2001. This was two years after the Tenant Protection Act was implemented and sufficient time for the changes in rent regulation to work their way into the system. It is also notable that, while the average GTA rent has declined slightly in 2003 as vacancy rates increase, there has yet to be any corresponding decrease in the rents of food bank clients (in 2004, not represented in this chart, food bank rents remained the same as the previous year).

Market Housing and Food Bank Clients

The chart also shows that during the period, food bank average rents were about 71% of the average GTA rents. By comparison, a special run of 2003 data from the Canada Mortgage and Housing Corporation shows that the 1st quintile of rents in the GTA averaged about 75.2% of the average rent. In addition the CMHC reports an average rent of \$725 on the 1st quintile of rents in the GTA compared to an average of \$700 for food bank clients. Through this data it can be concluded, not unexpectedly, that the rent for food banks clients fall squarely within the 1st quintile of all rents in the private rental market in the GTA. In other words, the lowest income earners are generally renting the lowest priced apartments.

Table 1: Vacancy Rates and Average Rents in Rental Quintiles

Toronto	Vacancy Rates			Average Rents			Boundary		
	2002	2003	Yr to Yr Change	2002	2003	Yr to Yr Change	2002	2003	Yr to Yr Change
1 st Quintile	2.3	4.7	2.4	711	725	1.9%	800	800	0.0%
2 nd Quintile	2.6	4.3	1.7	854	853	-0.1%	895	899	0.4%
3 rd Quintile	2.4	3.8	1.4	936	934	-0.2%	975	975	0.0%
4 th Quintile	2.8	3.9	1.1	1048	1038	-1.0%	1125	1100	-2.3%
5 th Quintile	3.2	3.7	0.5	1340	1315	-1.9%	N/A	N/A	N/A

Source: Canada Mortgage and Housing Corporation

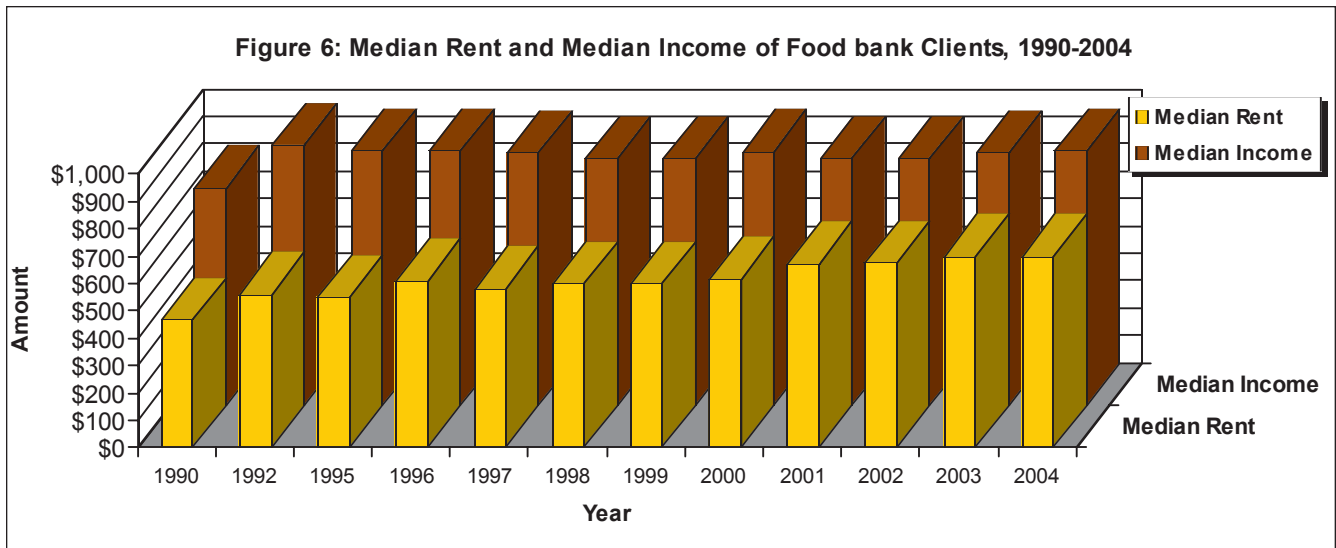
The chart also confirms the food bank data that low-income earners have yet to see any positive impact from increasing vacancy rates and the slight decline in the overall average rent. In fact, while the 1st quintile of rents had both the highest vacancy rate and the highest percentage increase in the vacancy rate between 2002-2003, it was also the only quintile that actually experienced an increase in the average rent.

Rent and Income

An increase in the rents of food bank clients is not necessarily, in and of itself, a serious issue. However, it does become an issue when the incomes of food bank clients are not rising proportionately to meet those additional costs. Figure 6 takes a longer view on this question, and looks at the average rent and average income of food bank clients over the fourteen year period 1990-2004 (16). The graph shows that rent levels of food bank clients throughout the last fourteen years have increasingly eroded their income. It is possible to compare the differences in income and rent levels between food bank clients and the GTA norm. Figure 7 highlights the disparity of the situation that food bank clients have to face compared to the Toronto average.

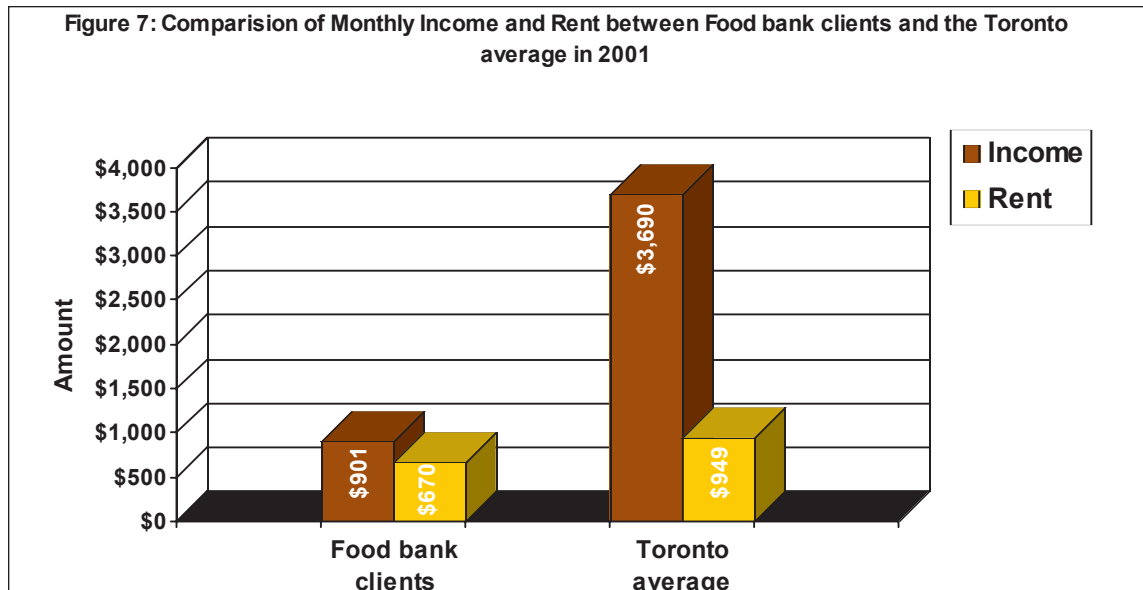
The rental prices for the Toronto (17) average was 42% higher than the rents paid by food bank clients. However, the monthly income was 310% better in the Toronto average. This equates to 26% of income was spent on rent in the Toronto average. Meanwhile, food bank clients paid, on average, 74% of their income on rent. Despite this comparison dating back to 2001 the picture remains the same, if not worse, in 2004.

Market Housing and Food Bank Clients



Source: Daily Bread 2004 Annual Survey

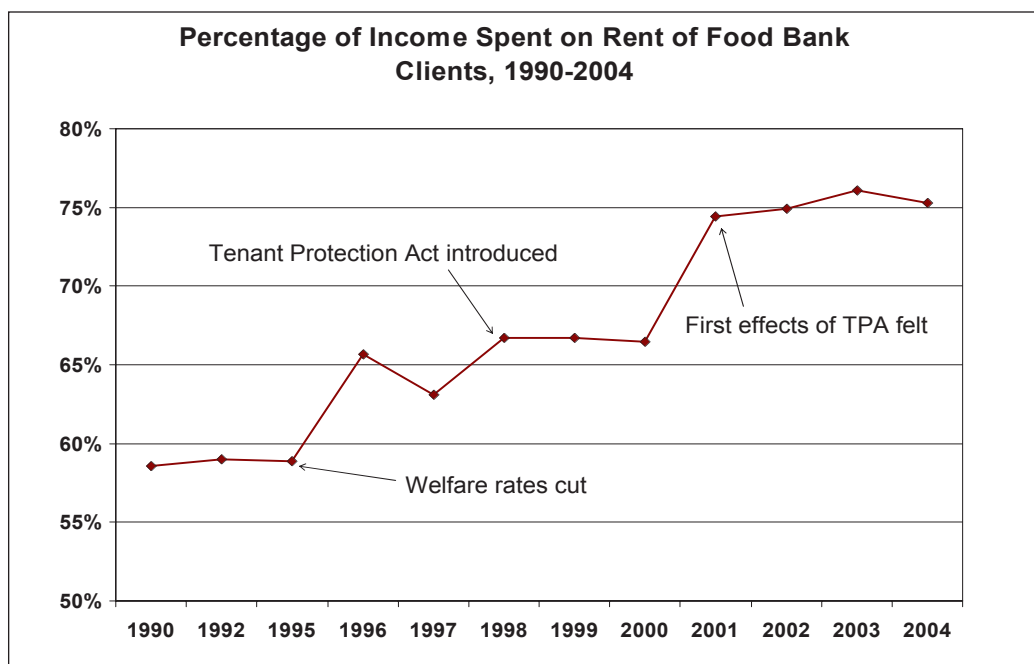
This increasing percentage of income spent on rent has been brought about by the changing policies noted above, particularly the freezing of social assistance rates since 1993, and subsequent cut to welfare rates in 1995, and the jump in market rents since 2000. The impact of these policies can be more clearly seen in the following chart, which traces the percentage of total income spent on rent during the same period.



Source: Daily Bread 2001 Annual Survey and Statistics Canada

Market Housing and Food Bank Clients

Figure 8 shows that housing costs as a percentage of gross income have taken two significant jumps in between periods of being relatively flat-lined. Further, each of these increases has resulted in structurally higher levels of income being devoted to housing costs. The first of these occurs in 1996, one year after welfare rates were cut by 21.6% in Ontario, thus significantly lowering the income side of the rent-income equation. Not surprisingly given the high number of food bank clients who receive social assistance, the percentage of income spent on rent immediately increased from 58.9% in 1995 to 65.7% in 1996. Another jump occurs in 2001, one year after the Tenant Protection Act was introduced in 1998, thus significantly increasing the cost side of the rent-income equation. The percentage of income spent on rent immediately increased from 66.7% in 2000 to 74.5% in 2001.



Source: Daily Bread 1990-2004 Annual Survey

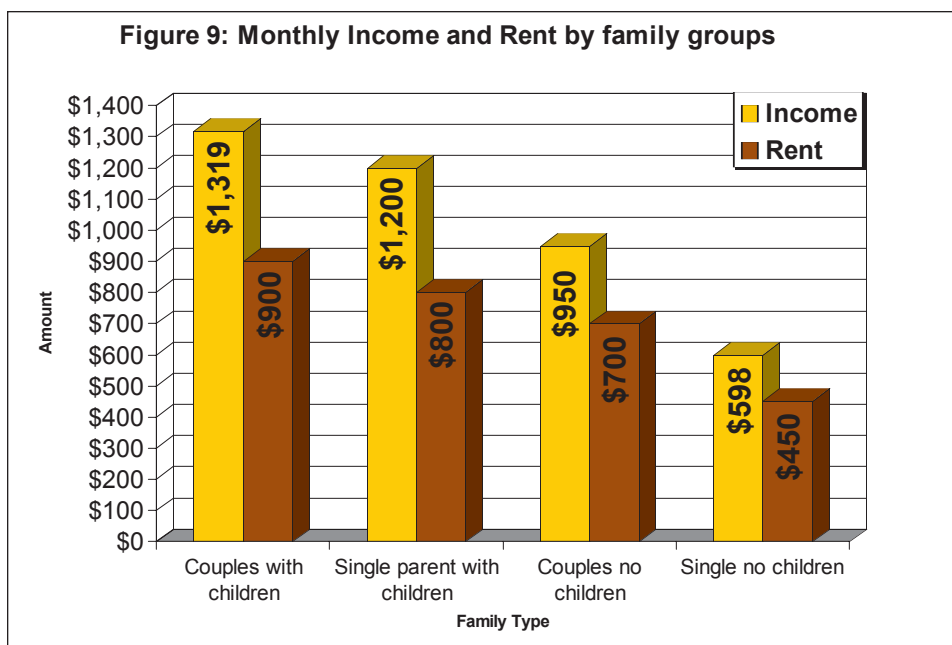
Following four years of relative stability where the percentage of income spent on rent hovers around 66-67%, a second jump occurs in 2001. This increase was prompted by the introduction of the Tenant Protection Act in 1998. Although brought into law two and half years earlier, the real impacts of the change in rent regulation took time to work their way through the system, thus creating a short lag between its implementation and its impact. This is corroborated in Figure 5, which shows the first significant percentage increases in the rent of food bank clients occurring in 2000-2001. Following this increase, rent as a percentage of income has remained over 75% for food bank clients in the GTA, and currently sits at 75.3% in 2004. This is representative for 130,000 people, or roughly 50,000 families who use food banks.

Figure 8 also highlights an additional issue in terms of housing affordability problems. It is conventionally understood that housing costs that are "affordable" should not exceed 30% of income. In addition, housing costs surpassing 50% of income put individuals and families at severe risk of homelessness. At 75%, food bank clients in market rental housing are, by any standard, at severe risk of homelessness. With such a significant component of income being spent on one item, it is not surprising that the ability to purchase food and other basic needs suffers as well.

Market Housing and Food Bank Clients

Impact of Rents on Family Groups

Figure 9 breaks down the monthly income and rent of food bank clients by four main family groups. Despite paying higher rents, groups with children tend to have a higher level of income than groups without children. This is reflected in the fact that the percentage of income these groups pay on rent is slightly lower than the two groups without children. On average, couples with children pay 68% of their income on rent. Single parents pay 67% of their income on rent. The group couples with no children pay 74% of their income on rent and the group single with no children pay 75%. All of these figures are high when rated against the benchmark that paying over 50% of income on rent puts one at high risk of homelessness. It is notable that over 80% of all four groups are paying over the 50% benchmark.



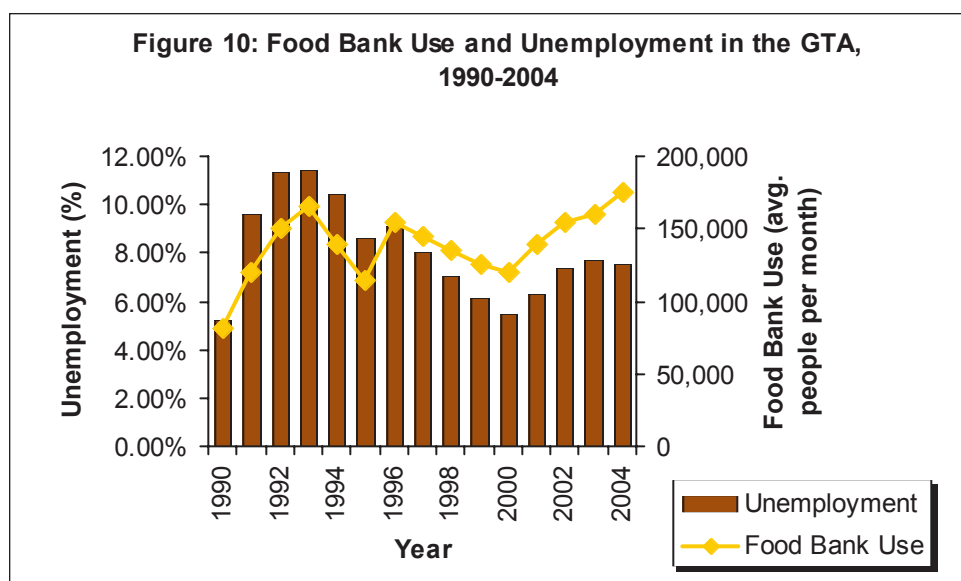
Source: Daily Bread 2004 Annual Survey

Overall 63% of food bank clients in market rental housing rely on some form of benefit from the Provincial government, predominantly Ontario Works (50%) rather than the Ontario Disability Support Plan (13%). Social assistance rates are determined by marital status and also the number and age of children. This, along with the Child Tax Benefit, explains why the groups with children seem to have more income than the groups without children. However, this does not necessarily mean the groups with children have more disposable income as the cost of raising children is ever-increasing. On average, groups with children state an additional \$455 a month is needed to avoid the use of a food bank. Whereas, groups without children believe that an additional \$330 is needed to avoid visiting a food bank.

Market Housing and Food Bank Clients

Impact of Rents on Food Bank Use

While the previous sections focused on the impacts of rents and income on people using food banks, this section will examine the impact of rents on food banks in the GTA themselves. The conventional wisdom regarding food bank use has been that use tends to fluctuate roughly in line with prevailing rates of unemployment. Not surprisingly, when unemployment is high, such as in periods of recession, need of the social safety net increases and this, in turn, results in greater use of food banks. However, as the following graph shows, this pattern has been upset in recent years.



Source: *Daily Bread 2004 Annual Survey and Statistics Canada*

As Figure 10 shows, food bank use was high in the early 1990s, when Ontario was experiencing one of the worst economic recessions in a century, peaking at 165,000 people per month in 1993 when unemployment in the Toronto CMA registered 11.4%. As recovery set in during the mid-1990s, food bank use declined to a low of 115,000 people per month in 1995.

After a brief surge in food bank use following the welfare cuts of 1995, lower unemployment rates again carried food bank use down from 155,000 people per month in 1996 at an unemployment rate of 9.1% to 120,000 at 5.5% unemployment in 2000. However, since 2000 food bank use rose rather dramatically, despite relatively stable rates of unemployment in the Toronto CMA.

Market Housing and Food Bank Clients

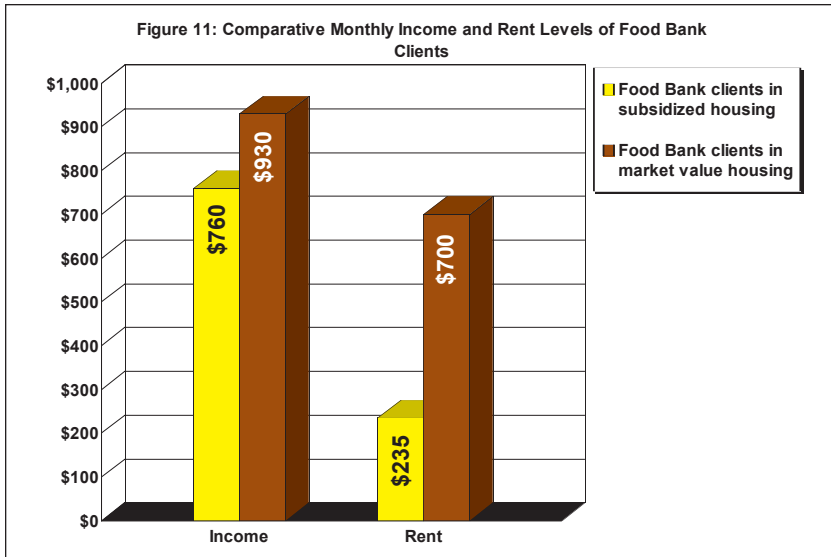
In fact, food bank use in 2003 (at 160,000) nearly matched the high of 165,000 reached in 1993 during the recession, but at a considerably lower unemployment rate of 7.7% compared to 11.4% a decade earlier. Similarly, 2004 has eclipsed the previous high for monthly food bank use, but at unemployment rate of 7.5% so far this year, considerably lower than the 11.4% in 1993. It is evident that, although unemployment clearly influences food bank use, a gap now exists between unemployment rates and the levels of food bank use one would expect from past history. If unemployment was relatively low, then what was responsible for the dramatic rise in food bank use since 2000?

It is beyond this paper's scope to identify causal links affecting the increasing levels of food bank use. Rather this section points out factors clearly impacting on the sharp increase in food bank need since 2000. First, it is evident from Figure 10 that relatively low and stable unemployment rates have not raised all boats. Unemployment is less a driving factor in food bank use than it was earlier in the decade. Furthermore, the increasing cost of rent seems to have become a significant new driving factor in food bank use in recent years. For instance, between 1996 and 2000, the percentage of income spent on rent plateaued at around 66%, and was accompanied by a drop in food bank use during those years. Since the effects of the TPA have started to be felt since 2000, causing an overall increase in the amount of income spent on rent, food bank use has consistently risen beyond what one would expect from unemployment rates alone.

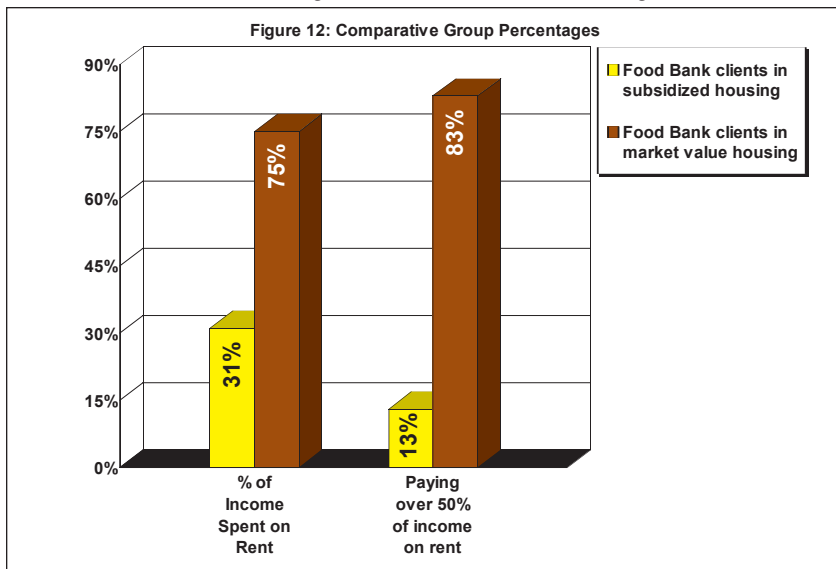
In short, it is neither just high levels of rent nor just low income that impacts on food bank use. It is a combination of both. The cost of living in the GTA is one of the highest in Canada and housing costs are the key component of cost of living. However, this needs to be considered alongside the low income levels of food bank clients due to poor social assistance rates and a lack of sustainable employment. Together they explain the high percentage of income spent on rent by food bank clients. 75% of one's income channeled on rent is clearly an unacceptable amount to be paying. Like the problem, the toolkit of solutions is also multi-faceted. This will be discussed in further detail in the final section.



Subsidized Housing and Food Bank Clients



Source: Daily Bread 2004 Annual Survey



Source: Daily Bread 2004 Annual Survey

Only 25% of food bank clients live in subsidized housing. The advantage is considerable compared to those living in market value housing. Figure 11 demonstrates that although food bank clients in market housing have, on average, a 22% better monthly income than those in subsidized housing; they pay 198% more in monthly rent compared to the average subsidized rent.

This translates into a hefty cost of living for food bank clients in market housing. It is considered that spending 30% of one's income on rent is normal and anything over 50% increases the risk of becoming homeless. Figure 12 shows the subsidized group is at the right level but the market housing group spends approximately 75% of their income on rent. Furthermore, a massive 83% of this group is paying over the 50% mark.

It is not surprising, therefore, that the fear of becoming homeless is doubled for this latter group. With 37% fearing they could become homeless compared with just 18% of the subsidized housing group who share that fear.

Subsidized housing allows a greater proportion of income to be spent on other necessities such as food. On the whole people in subsidized housing visit food banks less than people in market value housing. 82% of food bank clients in subsidized housing visit food banks less than every two weeks. On the other hand, 75% of food bank clients in market housing visit food banks less than every two weeks. However, these results are strongly dictated by the operating times of the food bank. A clearer indicator is that 35% of food bank users in subsidized housing have stopped using food banks for a period of 2 years or more. Only 17% of food bank users in market housing can say the same thing.

Subsidized Housing and Food Bank Clients

The demand for subsidized housing is high, with 18% of food bank clients on the waiting list. Currently, people have been on the waiting list, on average, a little over 3 years for subsidized housing. Although, this figure does not take into account the overall waiting time experienced by those in subsidized housing. Some estimates put that figure as high as 10 years (18).



Conclusions and Policy Directions

It is often debated whether housing affordability is function of high housing costs or low incomes. As previous discussion shows, the simple answer is that it is both. Debate on affordable housing should not exclude the pressing need to modernize income security programs. Thus raising market incomes, as the TD Bank points out, should be at the heart of the issue (19). But by the same token, market rents in urban areas have far exceeded the capacity of what low-income people, and food bank clients in particular, can pay. Both the demand and supply sides matter.

The following table outlines the primary policy tools available to address housing affordability issues. Most of these programs rest principally at the Ontario provincial level although most are cost-shared to a certain extent among all three levels of government. The affordable housing program, for example, while funded mainly at the federal level, also includes funding components at the other levels of government. The Home Buyers Plan is almost entirely a federal program, but has implications for provincial income tax and was therefore included. It also serves to demonstrate that rental housing is not the only form of affordable housing program in Canada, and that home ownership is also subsidized. The list is not intended to be comprehensive - programs such as Mortgage Loan Insurance (administered by CMHC), or individual municipal programs such as the shelter fund enhancement (administered by the City of Toronto) are not included.

Housing Policy Tools - Overview	
Demand Side	Comment
Shelter Allowances	<ul style="list-style-type: none"> - Distributed through Ontario Works and Ontario Disability Support Program. - Pay actual rent up to a maximum; have not kept pace with rental increases in last eleven years - single parent with one child receives \$554 compared to 2003 average Toronto rent of \$1,040 for a 2 bedroom apartment. - 3% overall increase in ODSP and OW announced in 2004 Ontario Budget.
Strong Communities Rent Supplement Program	<ul style="list-style-type: none"> - Originally announced in 1999 by previous Ontario government and committed to by current Liberal government; will provide up to \$50 million in annual funding once fully implemented. - Subsidizing private market rents contributes to increasing housing prices for low-income earners.
Ontario Property Tax Credit	<ul style="list-style-type: none"> - Raised by \$125 for seniors in 2004 Ontario Budget; no increase for working age adults.
Provincial Rent Bank	<ul style="list-style-type: none"> - \$10 million in provincial grants announced in March 2004 to initiate program. - Does not address chronic housing affordability issues.
Ontario Home Ownership Savings Plan	<ul style="list-style-type: none"> - Scrapped in 2004 Ontario Budget. - Aimed at affordable home ownership - asset testing of provincial income security benefits (OW and ODSP) prevent low-income people from accumulating savings, effectively barring them from participating in the program.
Home Buyers Plan	<ul style="list-style-type: none"> - Allows up to \$20,000 to be withdrawn without penalty from RRSPs by first-time home buyers for the purchase of a home. - Aimed at affordable home ownership - asset testing of provincial income security benefits (OW and ODSP) prevent low-income people from accumulating savings, effectively barring them from participating in the program. - Impact of RRSPs on low-income people constitutes further barrier to participation. <p><i>Note: federal program with implications on provincial income tax.</i></p>

Conclusions and Policy Directions

Supply Side	Comment
National Affordable Housing Program	<ul style="list-style-type: none"> - Signed in May 2002, Ottawa to deliver \$245 million in federal funds to Ontario for affordable housing. - Ontario has only committed to \$20 million of its "matching" share, resulting in only a handful of affordable units being delivered as of 2004. - Timeline for housing construction long term.
Rent Controls	<ul style="list-style-type: none"> - Largely eliminated in 1998 - Ontario government currently in consultation process for new rent control legislation
Existing Social Housing Stock	<ul style="list-style-type: none"> - Toronto has 108,000 social or other assisted housing units; in the rest of the GTA (Peel, York, Durham and Halton) there are approximately another 25,000 units - Waiting lists of up to 10 years has resulted in rationing of available units.

While this section is not intended to offer specific program recommendations, it will offer, from the food bank perspective, guidelines for "what makes sense" in terms of adequately addressing the extreme precariousness of housing for food bank clients:

- First, programs such as shelter allowances should be based on a market basket approach that considers the real costs of living, especially in an urban environment such as the GTA. However, this approach should reflect realistic costs that low-income people actually face. For example, it is evident from the face-to-face interviews conducted for the Daily Bread Annual Survey, that food bank clients do not face average rents with respect to shelter. Yet average rents are typically the reference point used both by market basket poverty measures and anti-poverty activists. An alternative approach to determining what would constitute a minimal benefit level can be found in the Winnipeg Harvest Food Bank/Social Planning Council of Winnipeg report on "Acceptable Living Levels" which employs "evidence-based research" in direct consultation with low-income people to allow them to determine how poverty should be defined (20).

- Affordable housing programs should address current barriers to labour force entry for social assistance recipients. Barriers to labour market entry, often termed the "welfare wall," are numerous and can include current rent-geared-to-income programs. For example, social assistance recipients in RGI housing experience an increase in rent as income rises - such as when taking a job. This can have the impact of negating any increases in income a job provides, particularly when combined with other programs that operate in the same manner (such as day care subsidies). Furthermore, shelter allowances are currently only provided through social assistance programs, and are lost when recipients move to the work force.

- Any affordable housing program should not create new barriers to labour market entry for social assistance recipients. To continue with the first point, setting shelter allowances at average rent levels can disturb the welfare-to-work equation such that people on social assistance are better off than those working at low and moderate wage jobs. This neither makes policy sense, nor is justifiable either to the public or to low-wage workers.

Conclusions and Policy Directions

- Affordable housing programs should be sensitive to the asset poverty of low-income Canadians. The primary income support programs in Ontario - ODSP and OW - are asset tested, effectively barring low-income people from accumulating wealth and the savings required to purchase a home. By the same token, RRSPs in particular are detrimental to low-income earners (21). Hence, the federal Home Buyers Plan strikes out on two counts in terms of the ability of low-income people to participate. At the very least, low-income people should have the same option to participate in such programs as any other Canadian would.

- Programs should be designed in such a way as to minimize the possibility of housing cost inflation for low-income earners. Rent supplementation and other similar approaches such as housing vouchers have been shown to create housing price inflation for low-income earners, thus ensuring any rise in income gets swallowed up by increasing rents (22). Such approaches need to be combined with stricter rent controls to ensure income benefits reach the pockets of low-income people, and to ensure that program costs can be kept reasonable. Alternatively, programs can be designed to make it difficult for landlords to set rental prices in line with benefit levels, and induce low-income renters to shop around for the best price. The Ontario Property Tax Credit, for example, is one currently available alternative that would fit within this framework. Re-designed social assistance shelter allowances that pay a portion of actual rent (for example 75%), instead of the actual rent up to a maximum as it currently does would have the same effect.

- Programs should be constructed and delivered in a non-stigmatized way. This should include a focus on mixed-income and mixed-tenure urban environments for affordable housing supply projects in order to prevent low-income enclaves. The same focus should also be applied to demand or income side approaches. Again, the Ontario Property Tax Credit is a good candidate here, as it can deliver benefits to low-income people regardless of income source, and, because it is delivered through the tax system, minimizes contact with welfare bureaucracies which recipients often view as demeaning and arbitrary.

- Governments need to continue to create new supply at the lower end of the housing market. All levels of government should ramp up investments in this area.

Endnotes

- (1) Dr. Lynn McIntyre, presentation to the Canadian Association of Food Banks Conference, May 2004.
- (2) This list is not intended to be exhaustive. For example, issues such as Employment Insurance, Workers Compensation and Senior's Benefits are not discussed.
- (3) Shapcott, M, 2002. "Profiting from a manufactured housing crisis," Ontario Alternative Budget Technical Paper #5, Ottawa: Canadian Centre for Policy Alternatives, p. 7.
- (4) See TPA Section 126(1) known as the "12-Month Rule."
- (5) Such as, for example, providing the required 60 day notice.
- (6) Ontario Ministry of Municipal Affairs and Housing, available at http://www.orht.gov.on.ca/userfiles/HTML/nts_3_16027_1.html.
- (7) See subsection (10) of TPA.
- (8) For example, then Housing Minister Al Leach argued in Committee debates that "tenants are protected by a cap on rent increases above guideline for capital repairs, as they are now" while failing to mention the increase in the cap. See Hansard Debates, Monday 19 August, 1996.
- (9) Mahoney, E, 2001. "The Tenant Protection Act - A Trust Betrayed," p. 7.
- (10) See for example former Liberal Housing Minister Alvin Curling, Hansard, Thursday 21 November 1996.
- (11) Estimated from Daily Bread Food Bank's 2004 annual survey. Unless stated otherwise all figures are from the survey.
- (12) Ibid. This calculation excludes individuals living in subsidized housing.
- (13) City of Toronto Ward information at www.toronto.ca
- (14) Overcrowding of children is regularly calculated by taking into account the relative age and the sex of the children. Although the survey does have information about ages, it does not ask about sex. Therefore, to simplify the overcrowding statistic both these factors were left out of the equation.
- (15) The conditions rated were: Heating, Kitchen, Bathroom, Roof/ceiling, Walls, Appliances and Privacy.
- (16) Note data from 1991, 1993 and 1994 is either missing or incomplete.
- (17) The Toronto rental average is taken from the Toronto CMA Rents information. The Toronto income average is taken from the ward information at www.toronto.ca. It is the monthly average from only the wards where the food banks used in the annual survey are located. The Toronto average is slightly higher-\$4112.
- (18) Shapcott, M, 2003. "State of the Crisis, 2003: Ontario housing policies are de-housing Ontarians," Ontario Alternative Budget Technical Paper # 2, Ottawa: Canadian Centre for Policy Alternatives, p. 3.
- (19) TD Bank Financial Group, 2003. "Affordable Housing in Canada: In Search of a New Paradigm," TD Economics Special Report: July.
- (20) See "Acceptable Living Level 2003," Winnipeg Harvest Food Bank and the Social Planning Council of Winnipeg. See also "Income for Living," National Council of Welfare: Spring 2004 which uses the same approach.
- (21) Shillington, R, 2003. "New Poverty Traps: Means-Testing and Modest-Income Seniors," C.D. Howe Institute Backgrounder, No. 65, April.
- (22) Sussin, S, 2002. "Rent vouchers and the price of low-income housing," Journal of Public Economics, 83.

Daily Bread Food Bank Annual Survey Methodology

Collecting the Data

The Daily Bread Food Bank's annual survey takes place annually over a six-week period from February to March across the Greater Toronto Area. A survey-questionnaire (surveys) was devised to collect the data. Volunteers were specifically trained to administer the surveys in an open-style interview with food bank recipients. The interviews were held on location at the participating food bank agencies, as the recipients were waiting to collect food. The target number of interviews for each food bank agency was set at approximately 3% of their monthly client numbers. In all, 40 food banks participated and over 180 trained volunteers conducted interviews.

Analyzing the Data

The steps for analysis were three-fold. Firstly, a group of volunteers were trained to 'clean' surveys. This process involved going through each individual survey and primarily ensuring that the survey was sufficiently complete. Incomplete surveys were put aside and not considered for further analysis. Over 1400 surveys were conducted; 1258 were used for analysis. The secondary 'cleaning' task to ensure the data was sufficiently coherent for the data entry process, predominantly carried out by volunteers. Secondly, after all the surveys had been entered into the database the data was extensively checked by staff to minimize errors in the transfer of data from the hard copies to the database. Thirdly, results were generated using the software Statistical Package for Social Sciences v12.0 (SPSS).

Limitations of the Data

A fundamental assumption of the survey is that the interviewees give precise information about their situation. With regard to the financial aspects of the survey (questions on income and rent) precision is a vital element. There is no independent verification method on the figures that interviewees give. To overcome this problem, volunteers' training focused especially on the financial elements of the survey, so that they went into interviews knowing that when possible they had to retrieve accurate information about the financial situation of the interviewees. Also, in the cleaning process, volunteers were given the current welfare rates and child tax benefit rates to compare the rates stated by the interviewees. However, there was no way of checking the amounts earned from employment. Another issue arising from the process was that volunteers who were cleaning the data were not experts in the field of low-income families. However, they were under constant supervision of members of staff that were available to answer any questions regarding surveys.

The other key problem was concerning languages in the collecting data stage. For many food bank clients, English is not their first language, whereas the majority of volunteers spoke only English. The potential for our data to represent only English speaking food bank clients was a concern. To overcome this problem a concerted effort was made to attract volunteers with a variety of language skills and send them to food banks with the corresponding language sets. As the data shows, this was achieved to some extent.