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Quickfacts

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Shelter allowances and poverty: Putting Alberta families at risk

Alberta's low welfare allowances are putting poor Alberta families at risk of not being able to provide the basics of shelter and food.

Alberta consistently pays the lowest or second to lowest welfare rates in Canada. Welfare rates for a single parent with one child have dropped by 23.6 per cent in constant dollar terms since 1986 (see Figure 1).

Canada Housing and Mortgage Corporation reports Edmonton's vacancy rate has dropped three full percentage points in 1997 (from 7.6 to 4.6 per cent). CMHC projects another two percentage point drop in 1998. Meanwhile, average rents increased by 1.5 per cent across Greater Edmonton in 1997.

Although a tight rental market is conventionally interpreted as a positive economic indicator, it is sure to leave an increasing number of people who receive benefits from Supports for Independence (SFI, Alberta's welfare program) unable to find affordable housing.

The Edmonton Joint Planning Committee on Housing, comprised of government and community planning groups, recently reported a loss of 1,434 "low income affordable" units in the city since 1991. The number of people receiving welfare benefits who are unable to find affordable housing in this shrinking rental market has almost certainly increased since the May 1997 date of that report.

Very low income people move frequently to find cheaper rent or to improve employment prospects. A study by the Edmonton Social Planning Council and Edmonton's Food Bank showed that about two out of every three food bank recipients (64.5 per cent) moved at least once in the previous year. The number one reason given was to find "more affordable rent" (20.3 per cent). The second most common reason given was to "accommodate work or school" (18.3 per cent). Frequent moving is destabilizing for children, families and communities.

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When asked what expenses they would consider cutting, only 5.9 per cent of respondents said they would cut back on rent; 69.1 per cent said they would cut back on food. A pattern emerges: people on welfare pay rent first and use whatever is left for groceries. If there is nothing left, they are forced to go to the food bank.

Calgarians on welfare must be even harder hit. Shelter costs allowed by Supports for Independence are the same across the province, but Calgary's average rent for a one-bedroom apartment was \$83 higher than Edmonton's, and \$110 higher for a two-bedroom. Calgary's vacancy rate was 0.5 per cent as of December 1997.

There is no evidence to support the Alberta government's contention that increasing housing allowances would encourage landlords to increase rents. Currently, SFI reimburses recipients for rental costs up to a predetermined amount. Unscrupulous landlords may over-value their properties to collect the maximum amount, keeping rental rates for SFI recipients artificially high.

But paying recipients a flat rate for rent, as the Edmonton Social Planning Council and Edmonton's Food Bank proposed, would eliminate that problem. The onus would be on the recipients to use their budgeting skills to find the lowest cost, suitable accommodations. Their savings can then be used to feed their families and avoid going to the food bank. A flat shelter allowance would also create competition in the rental marketplace and eliminate the administrative step of verifying the recipients' rent, as in the current "reimbursement" method.

According to the report, the "majority" of welfare recipients who are paying more than the shelter allowance for rent are over by only \$26 to \$50, or about a week's worth of groceries for one person. Implementing a flat rate increase of \$26 to the hardest hit groups (in Edmonton, families headed by single parents) would cost \$14.5 million per year. This would be an increase of only 4.3 per cent to the 1998/99 SFI budget.

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Figure 1: ALBERTA WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	Single Employable	Disabled Person	Single Parent, One Child	Couple, Two Children
1986	8,220	n/a	12,036	17,895
1989	5,711	7,063	10,708	15,777
1990	5,451	6,742	10,222	15,060
1991	5,922	7,092	10,715	16,585
1992	5,922	7,053	10,700	16,622
1993	5,628	6,845	10,271	16,006
1994	4,903	6,811	9,532	15,007
1995	4,804	6,693	9,339	14,856
1996	4,728	6,588	9,192	14,622
% Change 1995-1996	-1.6%	-1.6%	-1.6%	-1.6%
% Change 1986-1996	-42.5%	n/a	-23.6%	-18.3%

Source: National Council on Welfare

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