

Income Disparity and the Impact on Affordable Housing

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The following is a transcript of an Alberta College of Social Workers podcast recorded January 23, 2008. [Click here](#) to hear the audio version.

INTERVIEWER: What's the impact of income disparity on affordable housing?

CAROL: Well, affordable housing is a huge topic. Income disparity is a huge topic. What's influencing both of those and is making people quite unstable is the Alberta boom. Alberta has never, I don't think, been in a situation like this before. We've had booms before, but we've never had this kind of a housing crisis, this kind of an income disparity crisis.

Basically what's happening is that people of higher incomes are now taking over rental accommodations and available accommodations that normally would have been there for people of lower incomes. I can give you a "for instance": The old three storey walk-ups have now become condominiumized. They would have been seen to be low-income housing, although not subsidized in the past.

But there are young couples now that are buying them so they do not have to pay huge rental increases - they can have something that they actually own. Then they buy them and they get in there and they discover the paint job has covered a lot of problems. And they end up having to totally replace the plumbing, or find that their reserve for that condominium isn't enough and they wonder if they've got an affordability problem. In fact, they do.

They also have affordability issues when they buy into older units that have not been maintained. So, affordability is a big issue for many people in the city. In fact, I think it's a much bigger issue than just a low-income issue. It's a middle-income issue as well.

INTERVIEWER: How does this affect Albertans in general?

CAROL: Well, all of us are feeling a pinch. We have an almost no vacancy rate. Edmonton actually is 1.5; so is Calgary right now. But the vacancy rate is very, very little, and what's happening in Edmonton is we've lost major amounts of rental housing. In the last year, we've lost 3,700 units of rental housing. The housing that is out there, that rental has gone up in price for everybody. So, for instance, we've had rental increases of \$300 on top of an \$800 rent.

The average rent right now in Alberta is over \$900. The average rent in Edmonton is closer to \$1,000 a month. What that means is if you don't have a salary for the housing you're paying for, if you don't have a salary of about \$40,000, you cannot afford the average rents in Edmonton. People don't know that and they don't understand that.

People on income support for instance. A family of six children on income support with one parent, they're allotted \$665 a month. That is what you can basically purchase a bachelor suite for right now so the disparity is just huge. Singles on income support get about \$400 per month. They are expected to pay \$120 out of that for their rent and that's what subsidized housing charges them - \$120 for rent, out of \$400. They are living on just over \$200 to \$300 per month! People are in real desperate situations out there right now.

INTERVIEWER: So what happens to singles? Where do they go?

CAROL: Well, the homeless situation has gotten really much larger. I think we used to see homeless as the single male, most likely Aboriginal, likely with a mental health or alcoholic problem. Now what we're finding is there's an iceberg of homeless and we've noticed that what's visible out there might have been those single males, but that's maybe 20% of the population.

The other 80% are the hidden homeless. The hidden homeless are couch surfers. They are living in basements, they're living in sub-standard housing units, they are living in places that they couldn't escape. If they're sleeping in units where they don't have proper windows in their sleeping areas where they can escape, there could be major issues in terms of death and loss of life. This is just because of what's going on in the housing market.

People are living in garages and all kinds of things. There are men sleeping in dumpsters and women on occasion. We know what happens with that, so it just has a huge impact. One of the impacts that we don't often think about is the number of people that are working and living in hotels and motels. If you are in a small community, you may be living and working in a hotel or motel for a very long period of time and your social and recreational options are basically the pub.

Alberta has got major issues with drug and alcoholism, major issues, and that's in a part due to our transient workforce and in part of the way we house our transient workforce. We could house our transient workforce in stable staff housing with real recreational space. We could be doing other options and that's a real frustration that we're not.

INTERVIEWER: How does all of this affect you as a social worker - and your abilities to help others?

CAROL: Well, in a number of different ways. I guess the first way is it's very frustrating to get phone calls with people desperate for housing. I think it was just in the middle of January when I got a call. A daycare owner had a family of five sleeping in his daycare. She was working in his day care and she had four children and she had no place to live. So he said "What can I do? She's gone for help".

The nearest available appointment was... actually it was over ten days to get an appointment, when she was in a desperate, unhoused, homeless situation. So I did pull strings with the contacts that I know and said "Hey, this can't happen." People realize you can't keep babies and young children in situations like that.

What happens is she goes to a hotel. She's in a hotel now. She'll likely be in a hotel for at least three months. She's the highest priority now, in terms of subsidized housing, but it'll take at least three months for her to find a space in a subsidized unit, even though she's probably at the very top of priority because the government is paying for her hotel space.

INTERVIEWER: Do you see the situation getting better or worse in the future?

CAROL: As long as we're in a boom; and as long as we don't make plans in that boom, it's going to get a lot worse. There are countries like Norway where they planned before they brought in the oil industry. They don't have the impact, they just have the money. They had to figure out what to do with the money and that's an issue for them, but they don't have the social impacts in Norway at all. It's because they pre-planned. It can be done.

What's happening right now is we've got three years of funding. That funding is not guaranteed, and it's not even given to the communities that it belongs in. For instance, the City of Edmonton has not been able to sign their contract yet; it is for \$45 million a year for three years. Will they get that \$45 million for three years? If the rental vacancy rate goes slightly above 1.7 - the vacancy rate right now is 1.5 - but if it goes above 1.7, they lose that funding. How can they plan and build an administration around creating housing for not even necessarily a full three years of funding?

Forty-five million dollars buys you basically 450 units at this rate right now, given inflation. A lot of the funding that you use as back up - multiple funding options - isn't out there anymore. The Federal Government is not coming through with funding options and the money that they should be providing. So basically, we've got 450 units per year that we might be able to develop.

It takes a minimum of two years just to get land and to start the development process. We've got to have a whole new city administration to do this, and we don't have guaranteed funding. If you can't even guarantee funding for ten years for something like this, what are we doing building a whole new administration to fund, to build, 450 new units.

We've just lost 3,700 rental units in one year. I can't understand the logic behind what we're doing, because we're not doing enough. We're not. So, we're doing way too little, way too late. The Alberta Affordable Housing Task Force has a report that's very clear about what the issues are out there. We have a lack of safe bed space, everywhere, at every level and hospitals can't get rid of patients because they have no place to go. We've got a backlog in Hospitals and other services.

There is just no place for people to sleep safely, so we have people sleeping on mats in shelters. There can be up to 150 people in one room, sleeping on mats. Can you imagine sleeping, number one on a mat; number two in a room with 150 people getting up for pee breaks all the time? Just the pee breaks alone would drive anybody crazy. Then those people are going off to try and work the next day. They can easily end up in a hospital with injuries, just because they're not sleeping.

INTERVIEWER: What changes in social policies are needed to make things better?

CAROL: We need at least a ten-year commitment to a much larger funding base than what has actually been committed. \$285 million is just not enough. They (the province) found that when they actually started their own homeless prevention and eviction program, that the dollars they have had to put out are much larger than they predicted. I think they predicted \$7 million and I think they put out something like \$27 million dollars just in that program alone.

That's true also of the direct rent subsidy. Initially they thought they could do that short-term, but the request for that is huge across the province. That subsidizes people up to \$550 per month and yet if you're getting a rent increase for \$300, you're already not able to afford next year's rent. People are moving and families are moving and a lot of programs that are trying to service those families are not able to continue service.

Staff in those programs are often being paid at levels where they can't afford the housing. So staff is working with people, and if it's in a housing agency, they're trying to help people find housing when there's nothing out there. They themselves are struggling to keep housing. Staffing at pre-school programs and Headstarts and things like that are also finding that their staff can't get and keep affordable housing.

We really need a long-term, ten-year, really in-depth funding plan. We also need the short-term. Let's do something so people don't have to pay more than 10% rent increases a year because most people are that close to being homeless. They're one pay check from being homeless with the next rent increase. If we can't do something around that and if those rent increases continue as they have over this last holiday season - we've heard huge numbers of people talking about \$300 dollar rent increases - our whole economy; our whole social system here becomes very unstable.

You know, when you think about trying to get staffing for places, how can we expect to staff places where the per-hour rate that we're paying those people does not come anywhere near the cost of housing. If you don't have housing, how can you expect to staff? So, what do we do? We take maybe young students out of school programs so that they can actually fill our service industries, and that's really sad for long-term planning. That is really sad.

INTERVIEWER: So resolving the housing issue is certainly one of the ways to stop this growing income disparity gap because it's all related. Are there other changes that you think are necessary to stop that gap from growing any further and perhaps getting to a point where we can start to see that gap close?

CAROL: I think everybody has to be realistic about how people actually do live and what they need to live. We have so many people that are so worried about the next pay check that unless we do something pretty major we're going to continue to be in trouble.

We do have people making huge amounts of money in the oil field but the service industry is a crucial area. None of us want to live if we can't have some kind of service industry out there serving us. If we can't get a coffee, what's the point? What's the quality of life in Alberta?

There are issues around wages. There are issues around certain income supports that are out there. All those issues are huge. But for me, I think the biggest issue is we don't have a safe, stable place to sleep. If we can't sleep without feeling safe, how can you expect children to grow up and be healthy and learn? How can we expect families to support their children?

Many parents don't have time - in many situations - to be there for their children and that's a huge issue. That's a booming economy issue, that's an uncontrollable economy. It's really about planning.

INTERVIEWER: Carol, how would you define affordability?

CAROL: That affordability term has been used in many, many different ways. For some people it means housing that is really for people that have multiple problems. That hasn't been the way that, for instance, the City of Edmonton has tried to use it. The province itself when it had an affordable housing program, they were defining affordability as what you could afford in terms of applying for funding; if you were 10% below market.

We know that there is a whole group of people that 10% below market just won't come anywhere near what they can actually afford to pay. But affordability generally has been seen as if you are paying 30% of your gross income towards your housing, anything that or under is affordable. Of course even that is an issue if you are only getting \$1,000 a month or if you are only getting \$400 a month. I mean is 30% still affordable? Many, many, many people are paying a lot more than that right now.

INTERVIEWER: Do you have any idea how many people might be below that threshold?

CAROL: Well statistically, about two years ago, they were saying about 15% are below that threshold. I think if you ask people in terms of affordability and what's out there anybody below \$40,000 right now is below that threshold in terms of their family unit income. That's a little different than a statistic of 15%.

INTERVIEWER: So in the City of Edmonton & the City of Calgary you would be talking about tens of thousands of people?

CAROL: That's right!