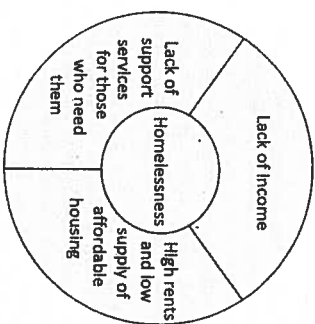


In the 1970s and 1980s there was barely any visible homelessness in big cities like Vancouver and other parts of BC. What has changed? Why are so many more people homeless today?

People are vulnerable to homelessness as a result of a combination of factors:

1. They lack income, and
2. They live in a place where rents are high and there is a low supply of affordable housing, and
3. They do not have access to support services if they need them.

**Figure 1 -**  
A combination of factors contributes to homelessness



The homelessness we see on the streets today and have seen over the past decade is a new phenomenon. It has emerged as the product of two major trends: first, market forces have increased economic inequality in Canada, and, second, successive governments have made decisions that have left our society's most vulnerable people without access to income, affordable housing and support services.

**1. LACK OF INCOME**

**A) ECONOMIC INEQUALITY**

Over the last 30 years, all rich countries including Canada have seen increased economic inequality. Despite overall economic growth in BC and Canada, and although average incomes have risen slowly over time, the incomes of people at the bottom of the income distribution have stagnated or fallen. This means that they have less money available to spend on housing and other necessities, and may not have enough to sustain a reasonable standard of living.

**B) GOVERNMENT POLICY**

One of the characteristics of the Canadian mixed-market economy is the role of government in influencing the economy "in an attempt to rectify some of the failures of the market system"<sup>265</sup>. The federal and provincial governments develop programs to redistribute income in favour of the less fortunate in order to reduce poverty and to ensure that all members of society live safe, healthy, secure lives.

<sup>265</sup> *Economics: A Canadian Perspective* by James D. Thornton, Toronto: Oxford University Press, 1992.

*Learning About Homelessness in BC*, Simon Fraser University, 2010

Our governments do this by transferring income and other resources from people who have a lot of money to people who have little or nothing. For example, the BC provincial government provides income assistance (or welfare) to people who have very little or no income by writing them a cheque each month. The provincial government also regulates minimum wage and training wage levels. Minimum wage is the lowest hourly wage that employers may legally pay employees. It is meant to ensure that employees earn enough to keep them from living in poverty. One of the reasons that we see so many more homeless people in BC today is because of government policies and regulations.

#### Government Policy Example 1 - Changes to Income Assistance in BC

**a) The purchasing power of income assistance has declined:** Income assistance rates in BC have not kept pace with the cost of living. While incomes at the bottom end of the income distribution have stagnated or declined, the income assistance rates of the provinces across the country have also declined, with the result that income assistance rates relative to cost of living are at their lowest level since the mid-1980s and, in all provinces, are far below Statistic Canada's Low Income Cut-Offs (\$14,303/year before taxes for a single person in a rural area, and \$20,778/year in an urban area<sup>246</sup>).

Since April 1, 2007, the rate of income assistance in BC for a single adult has been \$610/month (\$7320/year). Of this, \$375 is allocated to shelter costs. A person receives this shelter component only if they are paying rent (so someone in an emergency shelter will not receive it) leaving \$235 (the support component) for all other expenses (food, transportation, bills, etc). In Metro Vancouver, the average rent for a one-bedroom apartment is \$935/month and for a bachelor is \$755/month. In BC, the average rent for a one-bedroom apartment is \$862 and for a bachelor is \$703<sup>247</sup>. There is virtually nowhere that a single person can rent for \$375/month.

A 2008 study by the Fraser Institute<sup>248</sup> computed the amount of money necessary to survive for a year without endangering one's health. They found that a minimal poverty line for a single adult in 2007 in Canada was about \$10,520 per year, suggesting that *single individuals on income assistance need approximately 35-50% more money than current rates just to survive*.

**b) Changes in eligibility rules make it harder to obtain income assistance:** Not only are income assistance rates low relative to the cost of living, but, in 2001, the BC government introduced new rules, making it more difficult to navigate through the system and to receive income assistance.

As a result, some people no longer qualify for income assistance and many others have given up applying because the process is too difficult and takes too long – even though they are eligible to receive it. Although the provincial government has since removed some of the barriers to getting income assistance, many who are eligible still do not get it. When people are cut off from income assistance, they cannot even afford a room in a single-room occupancy (SRO) hotel, the least expensive housing that the market can provide. Without money to pay rent, moving inside is impossible.

<sup>246</sup> *Low income before tax cut-offs for economic families and persons not in economic families, 2005*, Statistics Canada, <https://www12.statcan.ca/census-recensement/2006/inf/dict/tables/tabletablaeu-18-eng.cfm>

<sup>247</sup> Rental Market Report: British Columbia Highlights, Canada Mortgage and Housing Corporation, Spring 2009 [https://www.cmhc.ca/adm/cesub/cesub/65485/65487\\_2009\\_BCLand](https://www.cmhc.ca/adm/cesub/cesub/65485/65487_2009_BCLand)

<sup>248</sup> *What is Poverty? Providing Clarity for Canada* by Chris Sarlo, The Fraser Institute, May 2008, [http://www.fraserinstitute.org/commarts/wab/product\\_files/What\\_is\\_Poverty.pdf](http://www.fraserinstitute.org/commarts/wab/product_files/What_is_Poverty.pdf)

**Random Life Events Matter:** The random events that people experience in life can play an immense role in individual outcomes (i.e. how a person's life turns out). Random events are different from choices. Choices are what we control. Random events (or personal circumstance), whether fortunate or unfortunate, difficult or easy, are beyond a person's control. Some people refer to this as luck or bad luck.

*"Whether we are rich or poor may depend in large measure on our inheritance. It may depend on how fortunate we were in owning a plot of well-located or mineral-rich land. Or, it may depend on having the kind of skills that just happen to command a high price in the market"*<sup>254</sup>

**Examples of fortunate random events:** inheriting a lot of money; buying land before the price increases; training in a career in which there are jobs today and that happens to pay well; being born with great health; being born into a caring, nurturing family.

**Examples of difficult random events:** job loss; illness; dissolution of marriage; training in a vocation for which there are no jobs today; mental illness; being born with a disability; violent death of a close family member; sexual abuse (often by a parent or other trusted family member); brain damage through an accidental head injury or "shaken baby syndrome"; being born with autistic spectrum disorder or foetal alcohol syndrome.

**Some people experience difficult random events, but will end up ok because they have supports in other areas of their lives.**

- A man loses his job and can't afford to pay rent, but because he has a supportive family, he has a place to live while he looks for another job.
- A teenager develops a mental illness. Because his family fully supports him and he is able to receive the appropriate medical care, he is able to complete high school and eventually go to university and get a good job.
- A woman's marriage dissolves and she and her children have to move out of their home, but because she has a good job and enough money, she can easily support herself and her children on her own.

**Some people experience great difficulties and they have very little money or no support from family, friends or the government to help them out.**

**They can end up poor and homeless because of difficult random life events that are beyond their control, not because of the choices they made.**

<sup>254</sup> Economists: A Canadian Perspective by James D. Thornton, Toronto: Oxford University Press, 1992, p. 261.

**Government Policy Example 2 – Low Minimum Wage and Training Wage in BC**

Many people who are homeless are employed, in Metro Vancouver in 2008, 19% of homeless people had full-time, part-time or casual employment.<sup>255</sup> In Kamloops in 2005, 15% of homeless people had full, part-time or casual employment.<sup>256</sup> Even with an income, they still could not afford a place to rent.

It is likely that they are working for minimum wage. In 2001, the BC provincial government increased minimum wage in BC from \$7.60 to \$8 per hour. Today in 2010 it is still \$8/hour, now the lowest rate in Canada.<sup>257</sup> Also in 2001, the BC government introduced a 'first job' or 'training wage' of \$6 an hour, which applies to the first 500 hours worked in any job and applies to all new workers.<sup>258</sup>

Not only are these rates low in absolute terms (a full-time employee earning minimum wage would make about \$14,000 per year), but the value of minimum wage has declined over the past 30 years. In 1975 a person earning minimum wage would earn 122% of the poverty line. Today, minimum wage is about 80% of the poverty line for a single person.<sup>259</sup> Minimum wage has thus not kept pace with inflation or cost of living.

**C) UNFORTUNATE OR DIFFICULT PERSONAL CIRCUMSTANCE**

Sometimes, people are poor because of unfortunate or difficult circumstances beyond their control which impact their ability to earn an income. Difficulties can happen to anyone, but they can leave a person poor and at risk of homelessness when that person has no forms of support or income.

These circumstances can include job loss; long-term unemployment; substance abuse; mental illness; physical illness; disability; marital/family breakdown and violence; childhood physical, emotional and sexual abuse; brain damage through an accidental head injury; being born with foetal alcohol syndrome; history of foster, group and institutional care; neglect in childhood; low levels of education; history of reading and learning difficulties; untreated systemic disease; and many others.

Any number of things can happen, all of which can impact a person's ability to earn an income. This does not mean that all people experiencing some sort of misfortune will be poor. Rather, people who are poor tend to have had something happen to them that makes it hard for them to earn an income and afford housing and, possibly, hard for them to live independently without support services in the housing that is available to them. These factors can leave them extremely vulnerable to homelessness.

Each misfortune can also lead to, as well exacerbate, others, so that one person can have many factors in his or her background that make it more and more difficult for the person to earn an income. The Province of BC uses the term "Persons with Persistent Multiple Barriers" to recognize individuals who are unable to achieve financial independence because of specific and severe multiple barriers to employment.

<sup>255</sup> *Still on Our Streets: Results of the 2008 Metro Vancouver Homeless Count*, Commissioned by the Greater Vancouver Regional Steering Committee on Homelessness, <http://www.metrovanoc.gov.bc.ca/plan/plan/homes/homes.html>, Feb 12, 2009.

<sup>256</sup> *Kamloops Homeless Count, 2005*, [http://www.cbc.kamloops.bc.ca/odis/homelessness2006/hesal\\_projectreport.pdf](http://www.cbc.kamloops.bc.ca/odis/homelessness2006/hesal_projectreport.pdf).

<sup>257</sup> *Current and forthcoming minimum hourly wage rates for experienced adult workers in Canada*, Department of Human Resources and Skills Development, Government of Canada, <http://hrsd136.sar.ca/sc/direct-w/direct-w.html?lang=eng>.

<sup>258</sup> *Current and forthcoming minimum hourly wage rates for young workers and specific occupations*, Department of Human Resources and Skills Development, Government of Canada, <http://hrsd136.sar.ca/sc/direct-w/direct-w.html?lang=eng>.

<sup>259</sup> *Background on housing and homelessness*, Carnegie Community Action Project (CCAP), 2007, [http://linktrkddk.vancouver.ca/writing\\_or\\_downloading/files/ccap\\_background\\_on\\_housing\\_and\\_homelessness.pdf](http://linktrkddk.vancouver.ca/writing_or_downloading/files/ccap_background_on_housing_and_homelessness.pdf).

## 2. HIGH RENTS AND LACK OF AFFORDABLE HOUSING

**WHY ARE RENTS HIGH?** Rents are high because, while the demand for rentals has stayed high, the supply of rentals has declined (supply and demand – for a fixed demand, if the supply decreases, the price rises).

**WHY IS THE SUPPLY OF RENTAL AND AFFORDABLE HOUSING UNITS LOW?** The supply of rental and affordable housing units (including social and cooperative housing and other low-cost housing) is low because governments and developers in the private housing market stopped building them. We have had a shrinking supply of affordable housing and rental units for a few decades.

### A) GOVERNMENT POLICY: Decrease in the supply of government funded affordable housing

**Federal government** - In 1993, the federal government ended Canada's national housing program. This program used to provide funds to each province to build affordable, social housing. In the 1970s and 1980s, the federal government built a lot of housing, financed a lot of housing and supported socially-mixed housing developments, cooperative housing and other forms of low-cost housing across Canada. During those years, there was very little homelessness across Canada. With the decentralization of federal responsibilities starting in the 1980s and continuing to the present day, the federal government stopped providing housing and let provincial governments take control. We have seen a great increase in homelessness since then.

**BC provincial government** - BC Housing, the provincial crown agency that develops, manages and administers subsidized housing options in BC, was actively building affordable social housing in the 1990s. In the early 2000s, BC Housing stopped building affordable, subsidized housing. Only recently has BC Housing started building units again. As a result of BC Housing's lowered activity over the last decade, there has been an overall drop in the supply of affordable housing units.

### B) PRIVATE HOUSING MARKET: Decrease in the supply of affordable rental units in the private market

**Condominiums versus rentals** - Prior to the mid-1970s, private developers built apartment buildings primarily for rent. Essentially, this was because there was no law to govern how people could own a building in common. The easiest solution at that time was to have one owner, and that owner would rent out all the apartments to different people.

Then, starting in the late 1960s, provincial and city governments began supporting the creation of **condominiums**, which are buildings with multiple units, each of which is owned by someone different. This legal innovation essentially eliminated the advantage of building apartment buildings for rent. Since that time, almost all privately built apartment buildings in Canada have been condominiums rather than rentals. People who live on low incomes lack the large down payment for condos.

**'Building booms' of new expensive housing** - Increased economic inequality (seen in all rich countries over the past three decades) has resulted in a greater number of rich people living in big cities like Vancouver and elsewhere in BC. In cities where land is scarce this has resulted in rising land prices. Since housing uses land, this has pushed up the price of housing (including rentals) in general.

Because wealthy people can afford to pay for expensive new housing, these cities have experienced large 'building booms' of expensive new housing as well as the conversion and renovation of old housing into expensive housing that is 'just like new', or the demolition of old housing that is replaced with expensive new housing. As a result, older, less expensive housing becomes scarce, and the older housing that remains becomes more expensive (given stable demand, the decreased supply of less expensive older housing leads to a growth in its price).

**Effect of rent control** - Another legal device that may affect the price of rents and the supply of rentals is rent control. Rent control is great for people who already have rental accommodation—their rents don't rise quickly. However, where rents are controlled, but owned prices are not, private developers have a further reason to favour building accommodation they can sell to owners rather than building rental units. Over time, this reduces the amount of rental stock private builders want to build.

## 3. LACK OF SUPPORT SERVICES

Many homeless people are homeless because they cannot manage their affairs effectively without support. Many have substance addictions; many have or show symptoms of a mental illness; many have multiple challenges. Generally, when support services are lacking, hard to access or poorly coordinated, homeless individuals may find it difficult or impossible to get off the streets and into housing, or to remain housed once in housing. Supportive housing (housing with appropriate support services) is seen as a best practice for people with one or more challenges, and is crucial to ending homelessness.

Also, when support services are not culturally appropriate for the population they are serving, then people in need may not use them. For example, Aboriginal homeless services must be culturally appropriate and controlled by Aboriginal service providers in order to be effective, and support services that target Aboriginal women need to increase. A high percentage of BC's homeless population is Aboriginal. If support services are not culturally appropriate for Aboriginal people or relevant to their particular needs, then a large number of homeless people may not be well served by the existing services.

As well, support services that are appropriate and adequate for other groups, including youth, women, seniors, people with disabilities, immigrants and refugees, and other groups with special needs (e.g. people with HIV/AIDS, people with head/brain injuries), also need to be provided.

### Support services typically include:

Outreach programs	Abuse prevention and victim support	Good nutrition
Drop-in centres	Community networking and referral systems	Substance abuse services
Legal aid, advocacy	Education and training opportunities	Employment services
Mental health services	Life skills training and counselling	Health / dental care services

Many support services are funded by the provincial government, so the lack of these services is tied to government decisions about how to spend its money. In some cases, the responsibility for homeless services is spread among a number of different government departments, including health, social services, housing, corrections, education and policing. This can result in a lack of coordination of services and uneven levels of service provision for different homeless populations in different regions.

## **Backgrounder: Factors of Homelessness** **/15**

Please read over the pages on homelessness. Consider EACH of the bolded sections and jot down key notes in each.

### **LACK OF INCOME**

#### **1) ECONOMIC INEQUALITY**

#### **2) GOVERNMENT POLICY**

**a) Purchasing power has declined**

**b) Changes in eligibility rules**

**c) Low minimum wage**

**3) UNFORTUNATE OR DIFFICULT CIRCUMSTANCES**

**HIGH RENTS / LACK OF AFFORDABLE HOUSING**

**1) GOVERNMENT POLICY**

**a) Federal**

**b) Provincial**

**2) PRIVATE HOUSING**

**a) Condos v. rentals**

**b) Building booms**

c) Rent control

**LACK OF SUPPORT SERVICES**

**RANDOM LIFE EVENTS**

