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advancing urban health

Backgrounder

Income inequality, increased housing insecurity, and growing health inequities

An Analysis of Statistics Canada's Income and Housing Census Figures

New income numbers confirm growing income inequality; One-in-four Canadian households below fair housing income; New figures underline urgent need for national housing strategy

Canada's growing income inequality is causing increased housing insecurity and is, in turn, leading to growing health inequities, according to the Wellesley Institute, an independent policy and research institute based in Toronto. One-in-four Canadian households have incomes below the fair housing income, according to a new calculation released today. That number rises to one-in-three households in Toronto.

“This disturbing trend underlines the urgent need for increased social investment in new affordable housing. The period from 2000 to 2005 was a time of strong growth in the Canadian economy,” says Michael Shapcott, Director of Community Engagement with the Wellesley Institute. “Yet the benefits of that growth didn't flow equitably. Low, moderate and even middle-income households faced big increases in the cost of housing, food, energy and other necessities while, at the same time, their household income was stagnant or declining. Canadians caught in this income-cost squeeze are paying with increased illness and premature death.”

Median income stagnant even as cost of living increases

Statistics Canada has released a large amount of new data on the income of Canadians based on the 2006 Census. The picture that emerges reveals a Canada where the median household income (the statistical middle of the income scale) remained the same at \$53,634 in 2005 compared to \$52,438 in 2000 even as the cost of living increased by 12%. In plain language, the income for half of all households was stagnant over five years, even though the cost of housing, food, transportation, medicine and other necessities increased. Low, moderate and even middle-income households had the same amount of money to cover greater costs.

Income inequality is even more dramatic in Canada's largest metropolitan region. In the Toronto Census Metropolitan Area, the median household income fell from \$66,757 in the year 2000 to \$64,128 in 2005, even with inflation up 12% over that time. Torontonians faced the terrible squeeze of declining incomes for low, moderate and middle-income households at the same time that the cost of the necessities was rising. Toronto has the highest rents in Canada.

More households falling below fair housing income threshold

The Wellesley Institute compared the latest Stats Canada numbers on household income with the annual income required to afford a typical two-bedroom apartment in the private rental market to identify the “fair housing income” – the minimum amount required to afford a basic home. In the year 2000, a Canadian household needed an annual income of \$25,920 to afford a typical two-bedroom rental home. About 2.5 million households – or 22% of all Canadian households – were below that level. By 2005, the number had jumped to 3.2 million households – or 26% of all households. For Toronto, the fair housing income was \$39,160 in 2000 and 469,680 households

(29% of all households) were below that level. By 2005, fully 35% of all households were below the fair housing income of \$42,080, or a total of 624,615 households.

	2000	2005
Canada fair housing income	\$25,920	\$29,280
Households below fair housing income	2,538,685	3,200,125
% households below fair housing income	22%	26%
Toronto fair housing income	\$39,160	\$42,080
Households below fair housing income	469,680	624,615
% households below fair housing income	29%	35%

On the ownership side, the affordability barriers are growing equally high. More than half of all Canadian households no longer qualify for the purchase of even an entry-level standard condominium unit, let alone more expensive townhouses or detached homes. RBC Economics, in its March 2008 housing affordability report, notes that Canadians need a qualifying income of \$53,874 to purchase a standard condo, while the Stats Canada numbers reveal a median Canadian household income of \$53,634. In Toronto, RBC Economics reports that a household needs an annual income of \$69,767 for a standard condominium, compared to a median household income in that city of \$64,128.

Recent immigrants fare worst than those born in Canada

The new Stats Canada figures show that the income of recent immigrants is about half that of those born in Canada. Recent immigrants who came to Canada with a university degree had a median income of \$24,636 in 2005, compared to the median income of \$51,656 for people with a university degree born in Canada. Immigrants who had been in Canada more than five years came out in the middle – with a median income of \$36,451 for those with a university degree.

More households being priced out of private housing markets

Canadian housing policy over the past two decades at the federal level, in most provinces and many municipalities has been to rely almost entirely on private landlords and private developers to deliver that housing that Canadians need. However, as the fair housing numbers reveal, an increasing number of households are literally being priced out of the private rental and ownership markets.

Canada does not have a comprehensive or properly-funded national housing policy. The three major national housing programs – the national affordable housing initiative, the national housing rehabilitation program and the national homelessness program – are all due to expire at the end of the current fiscal year.

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