



Paying More, Getting Less: How Governments Create Hunger and Force Poor People into Decrepit Housing by Driving Rents Up

Decisions in the last decade by the federal and Ontario governments to slash funding for affordable, public housing programs and to eliminate rent controls across the province have devastated low-income households. They have placed poor people at an immediate risk of homelessness *and* in an acute hunger crisis: low-income people have little money for food as increasing proportions of their income must be spent on deteriorating housing.

These decisions have resulted in an astounding 29% increase in rents in Toronto between 1995 and 2001,¹ while in both 2000 and 2001 average rents in Ontario increased by more than double the rate of inflation.² Housing experts have shown that when a household spends 50% of its income on housing it is at risk of homelessness.³ Given the jump in Toronto's rents, on average, food bank clients in the GTA spend 65% - 15% more than the at-risk level - of their income on rent, and two-thirds spend at least half of their income on housing.⁴

Increasing rents mean that since 1995 food bank clients' after rent income has dropped by an astonishing 44%, leaving only \$4.11 a day for all expenses, not just food, once housing costs are paid. The result is two-fold: first, in an attempt to minimize housing costs, low-income people are forced into the cheapest homes, which typically are of decrepit quality. Second, with so little money left for food, poor people are facing a severe hunger crisis: 45% of food bank clients in Greater Toronto go hungry at least once a week. It is not surprising, then, that the number of people coming to food relief programs in Greater Toronto has increased by 35% over the last seven years, from 115,000 people per month in 1995 to 155,000 per month today.

Cutting Costs, Raising Rents and Spreading Hunger

Throughout the 1970s and 1980s, the federal government funded the development of affordable co-op and non-profit housing units in Ontario (and across the country). But as a cost cutting measure, in 1993 Ottawa stopped all funding of new housing initiatives.⁵

As a result, affordable housing options for low-income people began to disappear. When tenants have fewer options to choose from, landlords gain the leverage to increase rents.⁶ As affordable housing has disappeared, low-income renters have been forced to compete with higher income earners for increasingly expensive housing. Unable to compete for housing that costs more and more every year, low-income households have been forced into overcrowded, decrepit housing because they cannot afford anything more.

¹Canada Mortgage and Housing Corporation 1995 - 2001. *Toronto CMA Vacancy Rates and Rents*. October

²Shapcott, Michael 2002. "Profiting from a Manufactured Housing Crisis," *Ontario Alternative Budget*, Technical Paper #5. Ottawa: Canadian Centre for Policy Alternatives, June. p. 8

³Ontario's Non-Profit Housing Association. *Where's Home? A Picture of Housing In Ontario*. p. 21. A home is generally considered affordable if no more than 30% of household income is spent on housing. See Mayor's Homeless Action Task Force *Taking Responsibility for Homelessness: An Action Plan for Toronto* (The Golden Report). p. 137

⁴For a more detailed discussion, see Daily Bread's report called "How Affordable is the New Federal-Provincial Housing Program?" available online at www.dailybread.ca.

⁵Shapcott (2002)

⁶Ibid.

The Government of Ontario further exacerbated the affordable housing shortage in 1995, when, to cut costs, it cancelled 17,000 co-op and non-profit housing units, and stopped all funding for new social housing. Over the next three years, the province cut more than \$300 million in housing programs, then downloaded the entire cost of social housing to cash-strapped municipalities. By 1999, “Ontario moved from spending more than \$1.1 billion annually on housing to spending zero.”⁷

Further, in 1998, the provincial government changed rental housing laws to remove limits on rental increases. Now “landlords are allowed to charge any rent they want once a unit is vacant, which creates an incentive for landlords to evict tenants.”⁸ As a result, between 2000 and 2001, the average rent for a two-bedroom apartment increased by double the rate of inflation,⁹ while 23% of food bank clients were evicted or threatened with eviction in the last year, up from 16% in 1998.

Figure 1. Deteriorating Housing Conditions of Food Bank Clients in Greater Toronto

	2001	2002
Average household size of food bank clients	2.8	2.6
Average size of homes of food bank clients	1.8 bedrooms	1.5 bedrooms
% of food bank clients without a private kitchen	11.5	17.9
% of food bank clients without a private bathroom	11.8	16.7
% of food bank clients evicted or threatened with eviction in the last year	22	23
% of households with three or more people who can afford to live in only a bachelor or one bedroom apartment	21	27
% of food bank clients who rate at least one aspect of their housing (i.e. heating, walls, roof/ceiling, kitchen, bathroom, appliances) as poor	56.1	58.2
<ul style="list-style-type: none"> • % of these people who rated at least one other aspect as poor, as well 	78.2	82.2

Source: Daily Bread Food Bank annual survey of food recipients.

The Private Sector: An Inefficient Provider of Affordable Housing Services

When the provincial government started to cut spending on social housing in 1995, it claimed that the public sector had no business in housing; that government was an inefficient provider of housing services. Instead, it argued that the private sector was more capable of and efficient at meeting the demands of the housing market, and was better able to respond to needs for housing as they arose.

But the elimination of public funding for affordable housing over the last decade has created a housing crisis for low-income people as virtually no affordable housing has been built. In the last three years, the private sector in Ontario has built less than 2,000 new units per year across the province.¹⁰ And if one considers the number of units that have been lost due to

⁷Ibid, p. 7

⁸Shapcott, Michael 2001. “Made-in-Ontario Housing Crisis,” *Ontario Alternative Budget, Technical Paper #12*. Ottawa: Canadian Centre for Policy Alternatives p. 3

⁹Food and Hunger Action Committee 2001. *The Growing Season: Phase 2 Report*. Toronto: The City of Toronto p. 8

¹⁰Shapcott (2002: 12)

demolition and conversion over that period, there has been a net gain of only 300 affordable housing units since 1998.¹¹

In May, 2002, the federal and Ontario governments struck a new housing deal they argue will help ease the shortage of low-income housing.¹² The federal government has committed \$245 million to housing over the next five years, but Ontario will contribute just \$20 million in new money.¹³ These new funding levels are a mere drop in the bucket; the deal will provide less than 5% of the new housing that is required each year in Ontario.¹⁴

Low-income tenants, then, will continue to face a severe shortage of housing that gives landlords the leverage to charge high rents. When governments prioritize cutting costs over ensuring safe, affordable housing, they force their citizens into desperate decisions. Rising rents mean low-income people must choose between keeping housing costs low by moving into decrepit, unsafe housing, or sacrificing food and other basic necessities to ensure the rent is paid. All too often, they end up having to do both.

Paying More, Getting Less

While rents have skyrocketed in recent years, incomes of poor people have remained stagnant.¹⁵ As a result, today food bank clients use 65% of their income on rent, up from 55% in 1995.

Even though low-income people are spending more on rent, the quality of their housing is decreasing. While 30% of food bank clients who moved in the last year are paying more for housing now than 12 months ago, more have to share a kitchen (28.2% in this year's home, compared to 20.1% in their last residence) and more have to share a bathroom (26.5% in this year's home, up from 19.2% in last year's home). Indeed, low-income people are forced into cramped, overcrowded homes: 34% of households with three people or more who moved in the last year can afford only a bachelor or one bedroom apartment, up from 30% last year.

Moreover, the majority of those who moved in the last year were forced into homes they find unsatisfactory: 62.8% rate at least one aspect of their housing (i.e. heating, bathroom, kitchen, ceiling/roof, walls, appliances) as poor, and 82% of those also rate at least one other aspect of their home as poor.

¹¹Ibid.

¹²For a more detailed discussion of the impact of new housing deal on low-income people, see Daily Bread's report called "How Affordable is the New Federal-Provincial Housing Program?" available online at www.dailybread.ca.

¹³Shapcott (2002: 13)

¹⁴Ibid. p. 14

¹⁵When the effects of inflation are considered, the 21.6% cut to welfare rates imposed by the Ontario government in 1995 amount to more than a 30% cut to poor people's income today. At the same time, increasing numbers of working people are coming to food banks in Toronto as today's economic booms fail to provide the hours and incomes allowing low-income workers to meet their basic needs. As a result, the incomes of poor people have stagnated, if not declined, over the past seven years. For more information, see Daily Bread Food Bank 2001 "Damned if You Do (Receive Welfare), Damned if You Don't," *Sacrificing the Poor*. Toronto: Daily Bread Food Bank and Daily Bread Food Bank 2001. "Working More, Getting Less: How Government Policies Take Money from the Working Poor." *Sacrificing the Poor*. Toronto: Daily Bread Food Bank. Available online at www.dailybread.ca

In order to pay the rent, then, more and more low-income people are forced to choose the least desirable housing conditions: shared kitchens, shared bathrooms, overcrowded homes and decrepit conditions.

Declining Housing across Communities

Following is a series of charts that reveals the current state of housing in communities across Greater Toronto: rents are increasing, resulting in less after-rent income per household, while the quality of housing is decreasing. With high rents and less income, increasing numbers of low-income people throughout the GTA are forced to come to food banks more often.

Figure 2a. Declining Housing: Parkdale-Annex*

Parkdale-Annex	2001	2002	Average, all communities, 2002
After-rent income per person per day	\$4.50	\$4.05	\$4.11
Median monthly rent	\$458	\$637.50	\$600
% of households with three or more people who can afford only a bachelor or one bedroom apartment	33	33	24
% of households without a private kitchen	13	21	18
% of households without a private bathroom	9	26	16
% of households that rate at least one aspect of their dwelling as poor	55	74	57
Average number of times households use food banks per year	21.6	24	15

For example, the huge jump in median monthly rents in the Parkdale-Annex region of Toronto means food bank clients living there have seen their after-rent income decline by 10% since last year. As a result, food bank clients in the Parkdale-Annex region will come to food banks, on average, 24 times a year in 2002, up from 21.6 times in 2001. The high rents have forced food bank clients in Parkdale-Annex into decrepit, crowded homes: three-quarters rate at least one aspect of their housing as poor (up from 55% last year), while the number of people without a private kitchen has increased by 62% from a year ago and the number without a private bathroom has skyrocketed by 167%.

Figure 2b. Declining Housing: Regent Park-Cabbagetown*

Regent Park-Cabbagetown	2001	2002	Average, all communities, 2002
After-rent income per person per day	\$7.47	\$6.95	\$4.11
Median monthly rent	\$308.50	\$335	\$600
% of households with three or more people who can afford only a bachelor or one bedroom apartment	28	40	24
% of households without a private kitchen	18	28	18
% of households without a private bathroom	24	32	16
% of households that rate at least one aspect of their dwelling as poor	66	67	57
Average number of times households use food banks per year	13.2	19.2	15

In Regent Park-Cabbagetown, the after-rent income of food bank clients has decreased by 7% from last year. Nonetheless, it remains higher than the average after-rent income for all communities. The reason is clear: housing in Regent Park-Cabbagetown is much less expensive than in other communities in the GTA. But it is also of abysmal quality. Forty per cent of food bank households with three or more people in Regent Park-Cabbagetown can afford only a bachelor or one bedroom apartment (up by 43% since last year); 28% live without a private kitchen (up from 18%); one-in-three do not have a private bathroom; and two-thirds rate at least one aspect of their homes as poor.

Figure 2c. Declining Housing: East Toronto*

East Toronto	2001	2002	Average, all communities, 2002
After-rent income per person per day	\$4.57	\$4.47	\$4.11
Median monthly rent	\$519	\$511	\$600
% of households with three or more people who can afford only a bachelor or one bedroom apartment	33	30	24
% of households without a private kitchen	12	21	18
% of households without a private bathroom	15	14	16
% of households that rate at least one aspect of their dwelling as poor	55	61.5	57
Average number of times households use food banks per year	10.8	15	15

Figure 2d. Declining Housing: North York*

North York	2001	2002	Average, all communities, 2002
After-rent income per person per day	\$2.98	\$3.61	\$4.11
Median monthly rent	\$700	\$667.50	\$600
% of households with three or more people who can afford only a bachelor or one bedroom apartment	22	24	24
% of households without a private kitchen	9	13	18
% of households without a private bathroom	8	8	16
% of households that rate at least one aspect of their dwelling as poor	51	54	57
Average number of times households use food banks per year	13.2	13.2	15

In North York, the after-rent income of food bank clients actually increased from last year as, on average, food bank clients are paying less monthly rent this year. But not surprisingly, the quality of their housing has also declined. For example, the number of households with three or more people who can afford only a bachelor or one bedroom apartment has increased by 9%. Forty-four per cent more food bank clients in North York live without a private kitchen this year, while 54% rate at least one aspect of their housing as poor (up from 51%).

Figure 2e. Declining Housing: Peel*

Peel	2001	2002	Average, all communities, 2002
After-rent income per person per day	\$4.20	\$3.02	\$4.11
Median monthly rent	\$833.50	\$898	\$600
% of households with three or more people who can afford only a bachelor or one bedroom apartment	9	12	24
% of households without a private kitchen	9	13	18
% of households without a private bathroom	8	12	16
% of households that rate at least one aspect of their dwelling as poor	56	46	57
Average number of times households use food banks per year	10.8	12	15

*Source: Daily Bread Food Bank annual survey of food recipients.

Conclusion

The quality of housing low-income people must endure is in steady decline as they can afford only those homes with the least desirable living conditions. At the same time, rising rents mean they must pay more money for these poorer conditions, and must come to food banks and other food relief programs more often because so little money is left over once housing costs have been paid.

Over the past decade, the federal and Ontario governments have sacrificed the basic needs of low-income citizens to cut costs. By eliminating spending on affordable, public housing programs and by removing limits on rent increases, these governments have fostered a housing market that is too expensive for poor people.

With rents so high low-income people must scramble to find enough food and money to feed their families: 45% of food bank clients in the GTA have borrowed money from family or friends in the last month, and another 17% have received a gift of money or food from friends or relatives. Even so, almost half go hungry at least once a week, while more than a third have kids going hungry at least once a month.

Governments can alleviate this struggle by providing affordable housing and establishing rent controls that prevent dramatic rent increases. They can also ensure that all citizens have the incomes - through adequate, accessible social assistance programs, for example - that allow them to meet their basic needs.