

# B.C. “Housing Budget” Offers Few Housing Solutions

Tax cuts, a meagre increase to Income Assistance, some shelter beds, and a handful of subsidized housing units will do little to fix the large and growing housing problem in B.C., writes **Robyn Newton**.

WELL, AT LEAST IT CAN BE SAID that Finance Minister Carol Taylor has been consistent: last year she announced a “Children’s Budget” that did very little for children.<sup>1</sup>

On February 20, 2007, she delivered a “Housing Budget” that does very little to address housing needs in the province.

What is absent in the budget is any real plan to address the shortfall in affordable housing units in B.C. With over 14,400 households on BC Housing’s waiting list to get into subsidized housing, the 250 units promised by the Provincial government over the next two years will not even begin to meet present demand, let alone address the anticipated short-

fall<sup>2</sup> of over 2,000 units a year.

The conversion of 300 cold/wet weather shelter beds to year round beds and the addition of

600 beds announced in the provincial budget will provide some welcome but short-term relief for the homeless. However, the 900 beds for the entire province will not even house the 1,127 people found living on the streets in Greater Vancouver during the

2005 Homeless Count. And in truth, shelters are an expensive way to address homelessness. In 2001, the BC Ministry of Community, Aboriginal and Women’s Services published a study that revealed that the combined service and shelter costs of the homeless people ranged from \$30,000 to \$40,000 on average per person per year (including the cost of staying in a homeless shelter), while the combined costs of service and housing for housed individuals ranged from \$22,000 to \$28,000 per person per year, assuming they stayed in supportive housing.

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<sup>1</sup> See “A Children’s Budget” in the Spring 2006 edition of *SPARC BC News*, available on the web <[www.sparc.bc.ca](http://www.sparc.bc.ca)>.

<sup>2</sup> Pricewaterhouse Cooper (*Forecast Demand for Affordable Housing in Greater Vancouver*, April 2004) are predicting a need for approximately 45,120 additional low-cost units in the Vancouver region by 2021 or an annual increase of approximately 2,256 rental units per year.

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Nor does the increase in the shelter allowance for people on income assistance do much to increase recipients' access to adequate shelter. Perhaps Minister Taylor misheard the advocates of the Raise the Rates campaign, who were calling for a 50% increase to the income assistance rates, which would have allowed recipients access to lower end market units. Instead, she raised the shelter allowance by a mere \$50 a month. The B.C. shelter allowance for a single parent with one child is now \$570 per month, a full \$475 a month less than average rent. In *Left Behind* (2005), SPARC BC estimated the cost of a two-bedroom apartment for a family on Assistance at the 25<sup>th</sup> percentile of the rental universe, or \$850 a month. This means that with the increased shelter allowance, a single parent with one child would need to use at least \$280 a month from their support allowance to cover shelter costs, assuming they were even able to find a lower priced apartment. According to the GVRD, there are virtually no vacant units available at the lower end of the cost range (*Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver*, November 2006).

One of the most preposterous claims of the Finance Minister is that tax cuts will address housing affordability. In 2006, B.C.'s rental vacancy rate dropped to 1.2 per cent. There are approximately 35,220 renter households in the Greater Vancouver Region that are paying at least half of their income on shelter<sup>4</sup> Of the 2 bil-

**Table 1. Percent of basic living costs covered by Employment Assistance\***

	2005	2007
	(pre-2007 budget)	(post 2007 budget)
Single Adult	41%	49%
Couple without children	45%	48%
Single Parent with 1 child	57%	62%
Couple with 2 children	57%	63%

\* Method of calculation based on *Left Behind: Comparison of Employment Assistance Rates to Living Costs*. SPARC BC (2005).

lion in spending on housing announced by the Minister, three-quarters of the total (\$1.5 billion) is for tax cuts, which will do nothing to increase the supply of housing. Tax cuts do little to assist people at the lowest income levels, and provide larger benefits to those at the upper end of the income range. For example, a taxpayer earning \$50,000 will save \$315 per year, while someone making \$100,000 will save \$864 per year. Based on a per unit cost of \$200,000, the Provincial government could have created 7,500 affordable units over the next 3 years with the money they are putting into income tax cuts.

In addition to the 10% cut to income taxes, many of the housing initiatives announced are for the benefit of the middle class: a waiver of property transfer tax for first-time home buyers up to a ceiling of \$375,000, expanding homeowner grants to cover homes worth up to \$950,000 in value, and providing the full homeowner grant to low income seniors no matter

<sup>3</sup> Most shelters provide a maximum 30-day stay.

<sup>4</sup> Source: Affordable Housing Supply Analysis (March 2006), Prepared for GVRD by McClanaghan and Associates.

what the value of their assets.

While the announced increases to income assistance rates are a step in the right direction, in truth they are only restoring rates to the 2001 levels in terms of real purchasing power. In fact, a single parent was better off ten years ago, in 1997, when assistance covered 70% of the family's basic needs.

The bottom line is that the increase in rates does not go far enough to provide unemployed people with the supports they need to leave welfare or even meet their most basic needs. Moreover, significant barriers to accessing Employment Assistance still remain for many people in need.

This is a budget of missed opportunities. With the surplus, our Provincial government could have made real strides in addressing housing affordability, alleviating poverty, and providing supports to families in need.

Specifically, SPARC BC would like to see a BC Budget that:

1. Allocates funding to build a target of 2000 social housing units in B.C. per year, in partnership with the federal and local governments,
2. Increases Employment Assistance Rates to reflect the actual costs of living in B.C.,
3. Indexes Assistance rates to cost of living increases,
4. Restores earnings exemptions for

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- Employable Assistance Recipients,
5. Removes barriers to accessing Employment Assistance for people in need by:
    - i. Eliminating the 3-week waiting period,
    - ii. Eliminating the 2-year independence rule, and,
  6. Invests in child care, including:
    - i. Provision of stable funding to Child Care Resource programs,
    - ii. Restoring Child Care Operating Funds, and
    - iii. Committing funds to build new child care spaces and replace aging facilities, so that our children get the best possible start in life.

Over the coming year, SPARC BC will be working hard on the advocacy front to encourage the provincial government to make Budget 2008 a provincial budget that truly addresses social needs in British Columbia and supports a just and healthy society for all. ■