



THE SCHOOL OF PUBLIC POLICY

Provincial poverty reduction policies need major overhaul based on geography – New School of Public Policy report

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Calgary – There is a big problem with income support in Alberta. It is a one-size-fits-all policy that is leaving many low-income Albertans facing a huge disadvantage. Low-income Calgarians reliant on social-assistance are especially hard hit. In 2017, a lone parent with one child renting a one-bedroom apartment in Calgary had to spend an additional \$2,220 a year on housing relative to a similar family renting an equivalent property in Medicine Hat. For a couple with two children renting a two-bedroom apartment, the impact is even more severe: The same family had to spend an additional \$3,348 a year more to rent in Calgary rather than in Medicine Hat. Because the amount of social-assistance provided is the same regardless of where families live in the province, these additional housing costs had to be found in the Calgary family's budget for food, heat, and other necessities.

Today, The School of Public Policy and authors Margarita Wilkins and Ronald Kneebone released a report that looks at income support through an entirely different lens.

According to Kneebone, "Alternative measures of poverty adopted by the federal and provincial governments are blunt and needlessly complicated measures of poverty that largely fail to account for differences in the cost of living across communities. Since the cost of just a few essentials – housing, food, and utilities – account for most of the spending of families with low income and since without secure housing a family has little hope of either health or recovery, a more appropriate method for measuring poverty is one focused on the cost of housing. Adjusting social-assistance income support so that all families devote the same percentage of their income to rent regardless of where they live would ensure no recipient family has to make do with less food, heat, or other necessities because they live in a more expensive rental market."

The benefits of this approach are similar to those of rent control because it protects families from the impact of rent increases. But while rent control has the effect of reducing supply as property owners pull out of the rental market, this approach would help increase the supply of rental units: as more families can afford to rent, more properties will come on the market. This proposal also makes it easier for social-assistance recipients to move to communities where employment prospects are more plentiful without worrying about higher rental costs making the move unaffordable.

This approach is surprisingly affordable, with the cost of shifting all families on social assistance in Alberta to a subsidy adjusted to their local rental market estimated to be \$200 million a year. That is less than one per cent of Alberta's health budget, with additional savings possible because it will improve health outcomes and reduce demand on shelters and other emergency housing supports. It is an effective way of targeting additional income support to individuals and families having to deal with higher local housing costs. Effectively supporting families in need is, after all, what a social-assistance system is meant to do.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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Media contact:

Morten Paulsen

morten.paulsen2@ucalgary.ca

403.220.2540