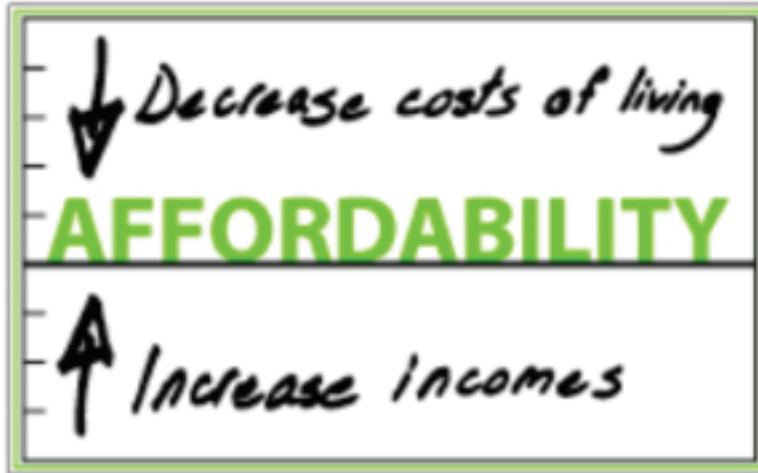


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# AFFORDABILITY INDEX 2011

*The Affordability Index is a tool we can use to track progress in improving the affordability of BC's Capital Region.*

*Similar to a thermometer reading, it is the symptoms behind the number that are important.*

By any measure, BC has one of the highest poverty rates in the country.<sup>1</sup> With a very high cost of living (particularly housing costs), far too many British Columbians find it impossible to make ends meet.

The Affordability Index, calculated and released each year by the Community Social Planning Council, reflects the real costs of living through the hourly wage required to enjoy an adequate quality of life in our region. When we look behind the number to see the costs that drive that required wage up or down, we have an opportunity to engage our community in dialogue around strategies to prevent and reduce poverty. Our region's affordability, especially the high costs of housing, childcare, and transportation, affects our ability to attract and retain staff and sustain a healthy and vibrant economy and community.

**In 2011, the wage required to maintain an adequate quality of life in BC's Capital Region is calculated at \$18.03 per hour, a 4.2% increase from 2010.** This calculation assumes two adults working 35 per week each while providing a home for two children.

## Hourly Wage rates - 2006 to 2011

Data Release	Hourly wage	Difference	Change rate
2006	\$15.63		
2008	\$16.39	\$ 0.76	+ 4.9% <sup>2</sup>
2009	\$17.02	\$ 0.63	+ 3.8%
2010	\$17.31	\$ 0.29	+1.7%
2011	\$18.03	\$0.72	+4.2%

<sup>1</sup> CANSIM Table 202-0802, Statistics Canada 2006

<sup>2</sup> Note this increase is over a two year period, and averages 2.5% per year.

## BACKGROUND

### What does the affordability index measure?

It is the hourly rate of pay that allows a family to enjoy an adequate quality of life. While it is more than a survival wage or minimum wage, it is not an affluent wage, and it is lower than what is needed to obtain much of what it considered normal in our community.



With these earnings, a family:

- Can adequately feed, clothe and shelter their household
- Can maintain the health of family members
- Can participate in activities that are an ordinary part of community life
- Can receive up to two weeks paid time off for illness annually
- Rents rather than owns their home
- Can own a car and uses public transit
- *Cannot save for children's education, home, holidays or retirement*
- *Cannot service loan debts or credit card bills*
- *Cannot afford to care for an elderly relative or a disabled family member*

### Monthly Costs of Living for a family of four in BC's Capital Region - December 2010

Item	Monthly	% of total expenses
Shelter: 3-bedroom unit, telephone, utilities, contents insurance	\$1,370.77	27.2%
Food	744.19	14.7%
Clothing	185.08	3.7%
Transportation	425.96	8.4%
Other: see note below	696.02	13.8%
Child Care	1,075.00	21.3%
Medical Services Plan (MSP)	121.00	2.4%
Non MSP Health Expenses	133.00	2.6%
Emergencies (2 weeks pay)	210.35	4.2%
Parent Education	87.50	1.7%
<b>Total</b>	<b>\$5,048.86</b>	<b>100%</b>

Note: "Other" expense includes personal care items, household supplies and furnishings, small appliances, recreation, laundry, banking, computer, internet, and children's toys.

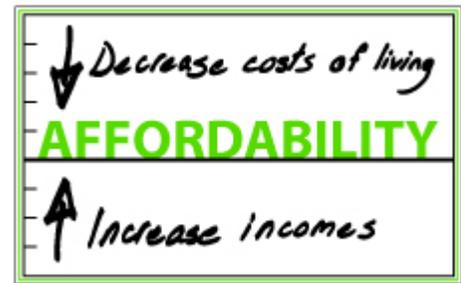
## Family Facts

The most typical family in this region:<sup>3</sup>

- is a two parent family (84% of all families)
- earned a median income of \$71,500 in 2006.

The required wage has been calculated for a typical family in BC's Capital Region, a two parent family:

- with two children: one who is seven and one who is four-years-old
- with two parents who each working 35 hours-per-week
- with the four-year-old in day care because both parents are employed
- renting a 3 bedroom unit (apartment or townhouse)



## The Challenges of Housing

Families face increasing challenges related to housing. Between 2007 and 2008, rents increased at a rate far above the 2% rate of inflation.

### Rising Cost of Housing in the Victoria Census Metropolitan Area 2007 to 2008<sup>4</sup>

Apartment Size*	Average Rent		Percentage Change
	2009	2010	Oct 09 to Oct 10
* includes apartments and row/townhouses			
Bachelor	\$646	\$665	2.9%
1 Bedroom	\$789	\$805	2.0%
2 Bedroom	\$1,000	\$1,025	2.5%
3+ Bedroom	\$1,357	\$1,368	0.8%

Apartment Size*	Total Units		Gain/Loss of Units*
	2009	2010	Oct 09 to Oct 10
Includes apartments and row/townhouses			
Bachelor	2,577	2,548	-29
1 Bedroom	13,263	13,299	36
2 Bedroom	7,409	7,299	-110
3+ Bedroom	841	807	-34
All Units	24,090	23,952	-138

### Number of Apartments in the Victoria Census Metropolitan Area 2008<sup>5</sup> to 2009

\*Although the population of the region is increasing, we see each year that rental housing stock is decreasing.

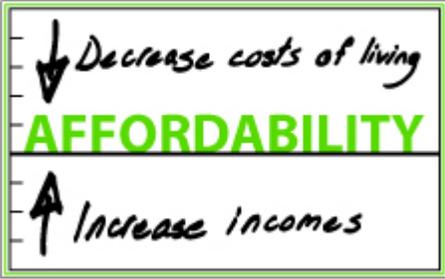
<sup>3</sup> Statistics Canada 2006

<sup>4</sup> CMHC, Rental Market Report, Victoria CMA. October 2009

<sup>5</sup> CMHC, Rental Market Report, Victoria CMA. October 2010

# \$18.03 per hour

for a household with  
2 employed parents and 2 children,  
one school-aged and one preschooler



## Understanding the Income

Income Earner	Annual Wage	Monthly after tax Wage	Hourly Wage
1 <sup>st</sup> parent: 35 hours/week	\$32,814.60	\$2,437.18	<b>\$18.03</b>
2 <sup>nd</sup> parent: 35 hours/week	\$32,814.60	\$2,325.08	<b>\$18.03</b>
<b>Total</b>	<b>\$65,629.20</b>	<b>\$4,762.26</b>	

## Calculating the wage

<b>Total Gross Income</b>	<b>\$65,629.20</b>
<i>minus</i> EI, CPP, provincial and federal taxes	- 8,482.09
<i>equals</i> Take Home Pay	<b>57,147.11</b>
<i>plus</i> Child Tax Benefit and GST Rebate	+ 3,454.46
<i>equals</i> <b>Total Take Home Income</b>	<b>\$60,601.58</b>
<b>Family Expenses</b> (\$4,776.21 x 12)	<b>\$60,586.36</b>
Income less expenses equals	15.22

*This Affordability Index calculation does include a sick time benefit but does not include other employment benefits such as extended health, pension plans, bonuses or transportation incentives.*

The Affordability Index is based upon the hours worked per week by both parents employed all year, each working 35 hours-per-week.

If either parent is unable to work this number of hours-per-week, or does not have year-round employment, the wage amount will have to increase or the family will not afford their monthly expenses.

## Poverty Statistics for BC's Capital Region

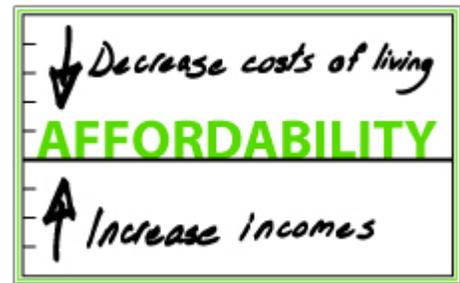
While the poverty level dropped in 2008, according to the Statistics Canada, the proportion of children living in poverty in BC is still too high - 14.5% if counting total income before tax, 10.4% if looking at income after tax – and this was before the full impacts of the recession appeared in the province in 2009. Even still, BC had the highest after-tax child poverty rate in Canada in 2008 despite other provinces taking harder hits from the recession as early as fall 2008. The poverty rate for BC children in two-parent families in 2008 was 12.2% down from 12.8% in 2007.<sup>6</sup>

Based on annual estimates for census families and individuals (Statistics Canada, 2006), in BC's Capital Region more than one out of four two-parent, two-children families (27.2%) earn an income that is less than required to sustain an adequate quality of life.

<sup>6</sup> 2010 BC Child Poverty Report Card, First Call BC

## Some Options for Action

The Affordability Index is intended to engage the community to take action to reduce costs of living and increase incomes.



### Decision-makers:

- Support the development of affordable housing options in neighbourhoods
- Begin to legalize secondary suites in all municipalities
- Improve accessibility and reduce costs of child care
- Explore solutions to reduce costs of transportation
- Sign on to the call for a Poverty Reduction Plan with legislated timelines and targets (<http://bcpovertyreduction.ca>)

### Employers:

- Look at your wage scales to see how long a person must be employed before earning a wage required for an adequate quality of life. Consider how you can improve that over the next year, 2 years and 5 years
- Besides pay increases look for other ways to improve the quality of life of your lowest wage earners such as flexible work hours, bus passes, on the job training
- Learn more about your staff's housing and child care challenges and solutions
- Demand the same integrity you aspire to from your suppliers and colleagues. Look beyond the lowest financial offer and consider how the firms you deal with treat their employees when awarding contracts
- Find more practical suggestions in our publication, "HR Options for Action", which is full of helpful tips and local examples
- Consider ways you and your business partners and employees can take action to reduce costs of living related to child care, housing, food and transportation

### Consumers:

- Support local businesses that treat their employees well
- Speak out in support of the development of affordable housing options in your neighbourhoods
- Consider your wage rates when hiring people for work around your home
- Consider ways you, your family and friends can take action to reduce costs of living related to child care, housing, food and transportation

### For more information, contact:

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