

# Circumstance not Choice:

## 2005 Report on Homelessness and Housing in Winnipeg

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In Winnipeg, being homeless is the result of circumstance not choice said a group homeless people who participated in a May 2005 focus group. Who are the homeless people in Winnipeg and what circumstances led to their homelessness? Read on for the answers to these and other questions and for information about strategies to reduce and eliminate homelessness.

### What is Homelessness?

According to the United Nations there are two types of homelessness: absolute and relative. Absolute homelessness refers to people who live on the street or who lost their homes during a disaster. In contrast, relative homelessness refers to people who live in dwellings that they cannot afford or that do not meet basic standards for providing protection from the elements, providing access to safe water and sanitation, etc.<sup>1</sup>

In Winnipeg, as in other communities across Canada, there are people who live in absolute homelessness and people who live in relative homelessness.

**Visible homelessness:** Some homeless Winnipeggers are visibly homeless—they sleep on the street or in shelters and spend their days at drop-in centres, at soup kitchens, on street corners or in other public places. Raising the Roof, a national organization working to eliminate homelessness, estimates that 20% of homeless people in Canada are visibly homeless.

**Invisible homelessness:** Most homeless people —about 80%—are invisibly homeless; they live in unsafe or unstable housing, abandoned buildings, cars, or welfare hotels. Some invisibly homeless are called “couch surfers” because they rely on temporary accommodation provided by a succession of family members and friends.

### What Circumstances Lead to Homelessness?

While every person’s story is different, there are three general causes of homelessness.

**Transitional homelessness:** A sudden trauma such as job loss, bankruptcy, eviction, domestic violence, a divorce, death of a spouse or caregiver, an accident or an illness can lead to transitional homelessness. Sometimes transitional homelessness occurs when an apartment or area is gentrified and rents increase, when a landlord abandons or demolishes a rental property, or when low-income makes it impossible to find affordable housing. An accumulation of disadvantages such as poverty, illiteracy, lack of job skills, or being born into a family with addiction or other problems can also lead to transitional homelessness.

This type of homelessness is temporary but often recurring. Most of the homeless people in Winnipeg are transitionally homeless; it is difficult for them to find appropriate housing due to low or disrupted income so they stay with friends and family members or sleep in crisis shelters, rooming houses, and cheap hotels.

**Discharged into homelessness:** People who are released from foster care, prison, mental health care facilities, hospitals, and other public institutions without a place to go are said to be discharged into homelessness. Often these people lack basic life and job skills and do not have the support from family members and friends that would help them successfully transition into mainstream society.

**Chronic homelessness:** Physical or mental illness, disabilities, and substance abuse cause less than 20% of homelessness. Generally these are the people who are visible on the streets and in public places. Theirs is chronic homelessness because it occurs over a long period of time or if interrupted, recurs frequently.

## How Many Winnipeggers are Homeless and Who are They?

By definition, homeless people have no fixed address and are therefore difficult to count during a national census or by other means. However, one group of homeless people—the visibly homeless—can be counted if they spend a night in a shelter.

### Visibly homeless

**Adults:** Statistics Canada conducted a one-night shelter count as part of the 2001 Census and found that on May 14, 2001, 775 people (245 females and 530 males) stayed overnight in a Winnipeg shelter.

Based on a shelter survey conducted in 2005, the Winnipeg Housing and Homelessness Initiative now estimates that approximately 1,370 adults and 545 youth use the city’s shelters. Just over 80% of shelter-users are male.

Adults	1,370
Youth	545
	<hr/>
	1,915

**Youth:** In recent years, the number of young people using Winnipeg shelters has increased.

- Between 1999-2000 and 2004-2005, the percentage of youth under age fourteen using MacDonald Youth Services’ shelter doubled from 7% to 14%.
- Between 1997 and 2004, the percentage of young adults aged 18 to 34 staying overnight at Main Street Project almost tripled from 12% to 32%.

### **Profile of Youth Staying at MacDonald Youth Services’ Shelter: 2004-2005**

<b>Gender</b>	
Male	60%
Female	40%
	<hr/>
	100%
<b>Ethnicity/race</b>	
Caucasian	47%
Aboriginal	45%
Unstated	4%
Black	3%
Asian	1%
	<hr/>
	100%
<b>Reason for using shelter</b>	
Kicked out	41%
No place	28%
Conflict	18%
Other	13%
	<hr/>
	100%

### Invisibly homeless

No one knows how many invisibly homeless people—those who sleep in cars or on someone else’s couch—live in Winnipeg. However, if the national organization Raising the Roof is correct in estimating that 20% of homeless people live on the street and use shelters an 80% are invisibly homeless, then Winnipeg could have as many as 7,600 invisibly homeless people.

## Who Is at Risk of Becoming Homeless?

In addition to those who are already homeless, thousands more individuals and families are at risk of homelessness because they are unable to find or keep affordable accommodation.

As a general rule, housing is considered unaffordable if rent or mortgage payments consume 30% or more of household income. Using this guideline, the 2001 Census found that 53,785 households, 21.3% of all Winnipeg households, had unaffordable housing. Renter households were three times more likely than owner households to have affordability problems because renters generally have lower incomes than homeowners.

Some believe that a 30% threshold for determining housing affordability is too low and that housing truly becomes unaffordable if it consumes 50% of household income. Using 50% as the cut-off, 2001 Census data shows that 21,870 households, 8.7% of all Winnipeg households, have unaffordable shelter. This represents between 31,000 and 33,000 individuals or one in twenty Winnipeggers.

% of Household Income Spent on Rent or Mortgage	Winnipeg Households Number	Per Cent
30% or more	53,785	21.3%
50% or more	21,870	8.7%

The Canada Mortgage and Housing Corporation (CMHC) uses a more comprehensive method for determining whether a family is at risk of homelessness. CMHC's measure of core housing need considers three factors to determine whether housing is acceptable: 1) adequacy—the need for major repairs to a dwelling, 2) suitability—the number of bedrooms relative to the size of the family, and 3) affordability—rent or mortgage payments cost less than 30% of before-tax income.

Applying this measure to Winnipeg reveals that in 2001, 38,400 households (14% of Winnipeg households) were in core housing need and were spending an average of 44.8% (\$541) of their monthly income on housing. Approximately one-third of these households spent an average of 66.1% of their income on shelter.

Why were 38,400 Winnipeg households in core housing need? The answer: Because their 2001 household incomes averaged \$15,736—72% below the Winnipeg average of \$56,038.

In 2004, a Winnipegger working full-time (forty hours per week for fifty-two weeks) at the \$7.00 minimum wage would have earned an annual income of \$14,560 before taxes, enough to provide a standard of living 30% below Statistics Canada's low-income cut-off for a person living in a city the size of Winnipeg.

Low employment income relative to the cost of living has created a class of working-poor Canadians who are almost three times less likely than other workers to have employee benefits such as disability insurance, a dental plan, etc.<sup>2</sup>

In 2000, the National Council of Welfare reported that "welfare incomes have never reached the poverty line for any family type at any time anywhere in Canada."<sup>3</sup> In its most recent report, the Council shows that depending on family type, in 2004 Manitoba's welfare rates would provide an income ranging from 28% to 53% of the poverty line as determined by Statistics Canada's low-income cut-off.<sup>4</sup>

**Statistics Canada Before Tax Low-Income Cut-Off for Cities of 500,000+: 2004**

Family Size	Before-Tax Low-Income Cut-Off
1	\$20,337
2	\$25,319
3	\$31,126
4	\$37,791
5	\$42,862
6	\$48,341
7	\$53,821

Source: Canadian Council on Social Development, *Poverty Lines* fact sheet

The National Council of Welfare also reports that “the distribution of personal income in Canada is quite skewed. Even after the impact of government transfer payments and income taxes, the poorest 20 percent of the population had only five percent of the income in 2001. The richest 20 percent had 43 percent of the income.”<sup>5</sup>

Although the economy has been strong in recent years, it has not benefited all families. Between 1995 and 2000, the 5% of Winnipeg families with the lowest incomes saw their after-tax income go down by 6.0%. After-tax incomes improved steadily as family incomes grew larger with the 5% of families with the highest incomes realizing the most income growth: 12.9%.<sup>6</sup>

In a September 8, 2005 media release, TD Economics, part of the TD Bank Financial Group, commented on the challenges faced by both employed and unemployed low-income Canadians:

In recent years, welfare systems have been pressed into service to paper over too many cracks in the rest of the income security system—a prime example being poverty among working adults. Many adults outside the welfare system today aren’t earning an adequate income, despite having a significant attachment to the labour force. ...

Social assistance recipients do face major barriers to entering the workforce. But even if they succeed in making that transition, their problems are far from over. “People want to work, but when they find a job and still can’t make ends meet, it’s terribly discouraging for them”...

A decline in the share of the unemployed population covered by the federal government’s EI program has left low-income adults with fewer resources to fall back on when they lose their jobs.

The following table shows the average monthly rent in Winnipeg as a percentage of the monthly income for three Winnipeggers: someone receiving employment insurance based on a previous salary of \$30,000, a senior living on government pensions, and a person earning minimum wage. Depending on the person and the size of the apartment—a bachelor, one bedroom or two bedroom—monthly rent consumes between 27% and 57% of income.

### Monthly Rent as Per Cent of Income

		2005 Monthly Income for One Adult					
		EI		Government Pension		Minimum Wage	
Accommodation		E.I income	% of	Senior on	% of	\$7.25/hour	% of
Unit Size	Monthly Rent*	from \$30,000 Salary	Income Spent on Rent	Average CPP, OAS & GIS**	Income Spent on Rent	for 40 hours per week	Income Spent on Rent
Bachelor	\$388	\$1,269	31%	\$1,456	27%	\$1,160	33%
One bedroom	\$519	\$1,269	41%	\$1,456	36%	\$1,160	45%
Two bedroom	\$664	\$1,269	52%	\$1,456	46%	\$1,160	57%

\*Average 2004 cost in Winnipeg  
Source: CMHC

\*\* CPP: Canada Pension Plan, OAS: Old Age Security pension, GIS: Guaranteed Income Supplement  
Source: HRSDC and Manitoba Family Services and Housing

### Welfare Rates in Manitoba: 2004

Family Type	Annual Welfare Rates	As Percent of Poverty Line
Single employable	\$5,572	28%
Person with a disability	\$8,337	42%
Single parent, one child	\$9,636	52%
Couple, two children	\$14,151	53%

Source: National Council of Welfare, *Welfare Incomes 2004*, Spring 2005, pages 46 and 70

In addition to low income, low apartment vacancy rates make it difficult for many to find appropriate housing. Between 1995 and 2004, the number of private sector rental units/apartments in Winnipeg decreased by 4.8%. By October 2004, this reduction in supply coupled with rising demand had reduced vacancy rates to 1.1%, the lowest level in twenty years.

## How does homelessness affect a community?

TD Economics reports that many studies have shown that neighbourhoods with poor quality housing have lower health outcomes.<sup>7</sup> If poor quality housing has a negative affect on health, it is reasonable to assume that a total lack of housing affects health even more. Information from other communities suggests that the cost of providing health, social, and other government services to homeless people is significantly higher than the cost of providing the same services to people who are adequately housed.

Not having a home makes it difficult for individuals and families to participate in the economic and social life of their communities. This contributes to social exclusion and marginalization and can lead to other social problems such as addiction, crime, and violence. The result is an undermining of the social cohesion that the World Bank believes is “critical for societies to prosper economically and for development to be sustainable”<sup>8</sup>

In addition to the negative effects on social cohesion and the increased cost of providing public services, homelessness and inadequate housing hurt communities in other ways. The chief economist for TD Financial Group says that “An inadequate housing supply can be a roadblock to business investment and growth...Addressing this serious situation ties in well with the goal of raising the standard of living for all Canadians.”<sup>9</sup>

## What can be done to address homelessness?

Early in 2005, the federal government conducted a series of consultations on homelessness and housing in several communities across Canada. One of the key themes that emerged from the consultations was agreement that communities need shelters for homeless people but that “the goal should not be to simply get people off the streets; it should be to help them move along the housing continuum into affordable, supportive housing that restores their dignity and provides a necessary base from which to rebuild their lives and to make progress towards self-reliance.”<sup>10</sup>

In addition to providing people who are already homeless with services and supports that will help them rebuild their lives, steps can be taken to prevent people who are at-risk of homelessness from losing their homes. For example, some institutions ensure that their patients, inmates, and clients have a home to go to or a plan to secure housing before they release them into the community. Some cities such as Ottawa operate housing loss prevention programs that help tenants retain their housing by providing them with information about tenant rights, by intervening on their behalf with landlords, and by offering financial assistance to cover back rent.

In reflecting on the relationship between low-income and inadequate housing, TD Economics suggests strategies that will achieve two goals: increase incomes at the low-end of the income scale and increase the supply of affordable housing. Strategies to increase incomes include reducing high-school drop-out rates, making post-secondary education more accessible to lower-income people, recognizing immigrants’ foreign credentials, providing income and other subsidies to the working poor, and making employment insurance benefits available to more Canadians. Strategies to increase the supply of affordable housing include changes to the income tax that would, among other things, accelerate tax write-offs for new rental properties; changes to GST

rules to reduce or eliminate GST on rental properties; and changes at the municipal level to reduce property taxes on rental properties.<sup>11</sup>

Leaders in many communities are rising to the housing and homelessness challenge. For example, several American cities have joined the National Alliance to End Homelessness and are developing plans for comprehensive community initiatives to end homelessness within a specified period, generally ten years. Their strategies are designed to end and to prevent homelessness through programs and policies that do the following:

- preserve and increase the stock of permanent, safe, and affordable housing,
- provide support services including financial support, education, employment training, etc. and
- set new expectations within communities.

In May 2005, York University hosted the first national Canadian Conference on Homelessness. More than eight hundred people attended the conference and passed a resolution calling for a national effort to end homelessness in five years. Gradually, this call is being heard by leaders from all sectors in communities across Canada who understand that in addition to causing pain and hardship for individuals and families, homelessness and inadequate housing will prevent their communities from maintaining and increasing social cohesion and realizing their economic potential.

#### **Key Homelessness Indicators for Winnipeg**

Estimated number of visibly homeless individuals staying in shelters	2004-2005	1,915
Estimated number of invisibly homeless people	2004-2005	7,600
Households spending 50% or more of their income on housing	2001	21,870 – 8.7% of Winnipeg households
Households in Core Housing Need as defined by Canada Mortgage and Housing	2001	38,400 – 14% of Winnipeg households
Number of families on social housing waiting list	2004	3,800
Apartment vacancy rate	October 2004	1.1%
Average monthly rent for a one-bedroom apartment	2004	\$519
Monthly income (160 hours) at minimum wage of \$7.25	2005	\$1,160
Monthly social assistance for single person	2004	\$464

This report on homelessness was produced by the Proposal Fund Allocation Committee, the Winnipeg Housing and Homelessness Initiative, and the Social Planning Council of Winnipeg. It is the first in a series of periodic reports that will monitor Winnipeg's progress reducing and eliminating homelessness.

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<sup>1</sup> Raising the Roof, From Street to Stability: *A Compilation of Findings on the Paths to Homelessness & its Prevention*, June 2001, page 3.

<sup>2</sup> Dominique Fleury and Myriam Fortin, Social Development Canada, *Canada's Working Poor*, Government of Canada Policy Research Initiative, Research Brief, Volume 7, Number 2, December 2004, page 3 (available at <http://policyresearch.gc.ca>).

<sup>3</sup> National Council of Welfare, *Welfare Incomes 1999*, Autumn 2000, page 66.

<sup>4</sup> National Council of Welfare, *Welfare Incomes 2004*, revised August 2005, pages 46 and 70.

<sup>5</sup> National Council of Welfare, *Poverty Profile 2001*, Autumn 2004, page 5.

<sup>6</sup> Federation of Canadian Municipalities and Statistics Canada, *Small Area and Administrative Data, 1995 and 2001*.

<sup>7</sup> TD Economics, Special Report, *Affordable Housing in Canada: In Search of a New Paradigm*, June 17, 2003, page i.

<sup>8</sup> Source: World Bank – PovertyNet as referenced by United Way of Tucson and Southern Arizona in a presentation at United Way of America 2002 CLC conference.

Much of the information in this report comes from D.W. Lezubski's *Research Findings: Assets, Gaps & Factors Affecting Homelessness in Winnipeg*, June 2005.

<sup>9</sup> TD Economics, media release, "A New Way of Thinking on Affordable Housing Required, Say TD Economists", June 17, 2003.

<sup>10</sup> GPC Public Affairs and the Intersol Group, *Toward a New Canadian Housing Framework: Final Report*, July 15, 2005, page 8.

<sup>11</sup> TD Economics, Special Report, *From Welfare to Work in Ontario: Still the Road Less Travelled*, September 8, 2005, and *Affordable Housing in Canada: In Search of a New Paradigm*, June 17, 2003.

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