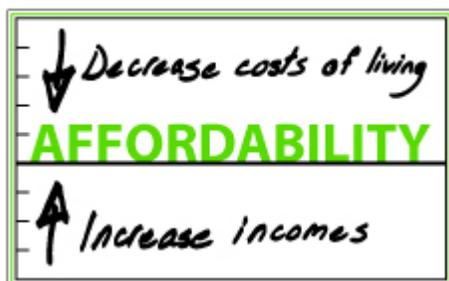


The Affordability Index is a tool we can use to track progress in improving the affordability of BC's Capital Region. Similar to a thermometer reading, it is the symptoms behind the number that are important.



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 Council's Quality of Life CHALLENGE, reflects the real costs of living through the hourly wage required to enjoy a modest 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 2009, the wage required to maintain a modest quality of life in BC's Capital Region is calculated at \$17.02 per hour, a 3.8% increase from 2008. This calculation assumes two adults working 35 per week each while providing a home for two children.

## Hourly Wage rates - 2006 to 2009

Data Release	Hourly wage	Difference	Change rate	Rate of inflation
2006	\$15.63			
2008	\$16.39	\$ 0.76	+ 4.9% <sup>2</sup>	1.3%
2009	\$17.02	\$ 0.63	+ 3.8%	2.0%

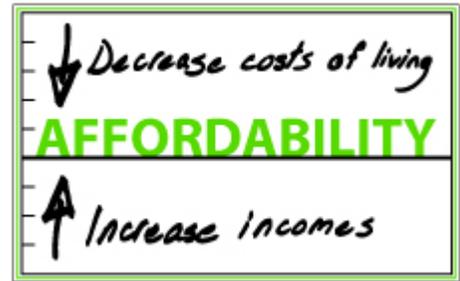
<sup>1</sup> CANSIM Table 202-0802, Statistics Canada 2006

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

## BACKGROUNDER

### What does the affordability index measure?

It is the hourly rate of pay that allows a family to enjoy a modest 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 is 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 2008

Item	Monthly	% of total expenses
Shelter: 3-bedroom unit, telephone, utilities, contents insurance	\$1,418.93	29.7%
Food	\$ 639.16	13.4%
Clothing	\$ 190.11	4%
Transportation	\$ 461.36	9.7%
Other: see note below	\$ 559.75	11.7%
Child Care	\$ 984.00	20.6%
Medical Services Plan (MSP)	\$ 108.00	2.3%
Non MSP Health Expenses	\$ 133.00	2.8%
Emergencies	\$ 198.57	4.2%
Parent Education	\$ 83.33	1.7%
<b>Total</b>	<b>\$4,776.21</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.

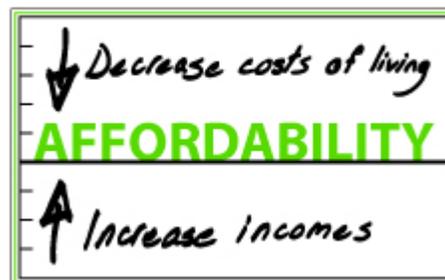
## Family Facts

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 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		Increase*
	2007	2008	
* includes apartments and row/townhouses			* Oct 07 to Oct 08
Bachelor	\$589	\$625	6.1%
1 Bedroom	\$715	\$764	6.9%
2 Bedroom	\$908	\$964	6.2%
3+ Bedroom	\$1,210	\$1,303	7.7%

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

### Number of Apartments in the Victoria Census Metropolitan Area 2007<sup>5</sup> to 2008

Apartment Size*	Total Units		Change
	2007	2008	
* includes apartments and row/townhouses			
Bachelor	2,668	2,568	-3.8%
1 Bedroom	13,327	13,170	-1.2%
2 Bedroom	7,238	7,402	+2.3%
3+ Bedroom	817	808	-1.1%
All Units	24,049	23,948	-0.4%

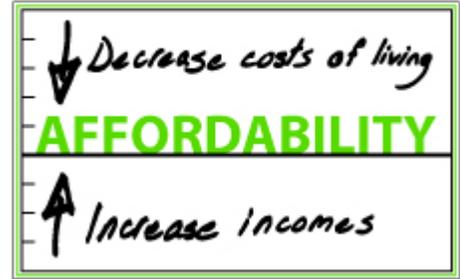
<sup>3</sup> Statistics Canada 2006

<sup>4</sup> CMHC, Rental Market Report, Victoria CMA. December 2008

<sup>5</sup> CMHC, Rental Market Report, Victoria CMA. December 2008

# \$17.02 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	\$30,976.40	\$2,309.08	<b>\$17.02</b>
2 <sup>nd</sup> parent: 35 hours/week	\$30,976.40	\$2,193.71	<b>\$17.02</b>
<b>Total</b>	\$61,952.80		

## Calculating the wage

Total Gross Income	<b>\$61,952.80</b>
<i>minus</i> EI, CPP, provincial and federal taxes	- 7,919.37
<i>equals</i> Take Home Pay	<b>54,033.43</b>
<i>plus</i> Child Tax Benefit and GST Rebate	+ 3,291.29
<i>equals</i> <b>Total Take Home Income</b>	<b>\$57,324.72</b>
<b>Family Expenses</b> (\$4,776.21 x 12)	\$57,314.52
Income less expenses equals	10.20

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.

**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.**

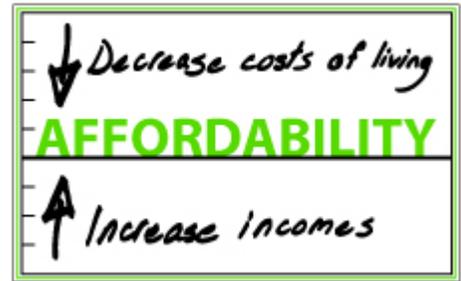
## Poverty Statistics for BC's Capital Region

In 2006, 19.2% or about one out of every five children 17 years and under in Greater Victoria were considered to be living in poverty. Based on annual estimates for census families and individuals (Statistics Canada, 2006), in BC's Capital Region significantly more than one out of four two-parent, two-children families (27.2%) earn an income that is less than required to sustain a modest quality of life.

With sky-rocketing housing costs, the lack of either affordable or available child care options, and wages that can't keep pace with costs, families in this region are struggling. Employers have responded by increasing wages, with average wages for our region now rising faster than inflation. Nevertheless, with the costs of living among the highest in the country, employers are having difficulty attracting and retaining staff and the economic vibrancy of the region is being undermined.

## Addressing community affordability is a CHALLENGE

There are many excellent efforts and initiatives actively working in our community to address issues related to housing, child care, transportation, access to food and more. Some of these include:



The Greater Victoria Coalition to End Homelessness is working tirelessly to find housing for the homeless in our community. The provincial government's Rental Assistance Program is providing some support for working families living in poverty. Municipalities in this region are making annual contributions to the Regional Housing Trust Fund, which is managed by the CRD. Through the Capital Region Housing Corporation, additional housing is being developed for individuals, families and people with disabilities. The United Way of Greater Victoria's Impact Council on Housing and Homelessness is investing in projects that are making a difference. Employers are getting together to share their needs around housing for their workforce.

The Regional Child Care Coalition advocates on behalf of families for more child care spaces. A private members' bill related to early learning and child care put forward by local MP Denise Savoie is raising awareness about child care issues at a federal level. And here in BC, the move to fund full day kindergarten will undoubtedly ease the burden of costs on families.

Employers are taking steps to increase incomes and decrease costs of living through their HR practices. Every employer is faced with difficult choices regarding wages and benefits. Most employers in this region are small business owners. The cost of doing business is rising.

The Quality of Life CHALLENGE will be tracking how all of these and many more initiatives are impacting our wage requirements and affordability over time.

Despite all of these efforts, though, the affordability rate in our community is still climbing. There is more work to be done.

## 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 a modest 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 the Quality of Life CHALLENGE's "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 – some of them are listed at:  
[http://www.qolchallenge.ca/resources/the\\_employer.php](http://www.qolchallenge.ca/resources/the_employer.php)
- 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

**More information: [info@qolchallenge.ca](mailto:info@qolchallenge.ca)**

**[www.qolchallenge.ca](http://www.qolchallenge.ca)**

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