

Capital Region Interfaith Housing Initiative

Research Overview for Housing FAQ: How Much is Too Much?

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Over the last two years, CRIHI has hosted workshops and attended housing conversations in several communities around Edmonton. Recognizing the importance of providing good answers to people's questions, CRIHI has formulated answers on several frequently asked questions. These answers are framed on our website: interfaithhousing.ca. The answer framed here was pursued in response to a question CRIHI heard from communities in several local contexts around the city.

How much affordable housing is too much in a given community?

Q. We know that quality affordable housing is a solution, not a problem. Well-built and well-managed housing tends to have no negative impacts on the local community and frequently triggers significant benefits. But is it possible to build too many units of affordable housing in the same community? When does it become unhealthy for both the local community and the low-income tenant? What does the research say?

A. It's complicated and direct research in the Edmonton context is scarce, but here at least is a partial answer we have discerned based on the research available on related topics. There are four movements to this paper in framing the answer:

1. Research on impacts of high levels of poverty in a community.
2. How affordable housing factors into the equation
3. Framing sound guidelines for Distribution
4. Acknowledging Complicating Factors

PART ONE: Research on the impacts of high levels of poverty in a community

Much of the research available chronicles the impact of the high levels of poverty in a local community. The vast majority of this research is from the American context, which as you will see is problematic. But here are some widely agreed upon numbers in the Canadian context*:

Lower Poverty Areas: 0 – 12.9 percent of households live in poverty, which is below the 1981 national average poverty rate of economic families (13 percent)

Moderate Poverty Areas: 13.0 – 25.9 percent of households live in poverty, which is just above to nearly double the 1981 national average poverty rate of economic families (13 percent)

High Poverty Areas: 26.0 – 39.9 percent of households live in poverty, which is double (26.0 percent) to three times higher than the 1981 national average poverty rate of economic families (13 percent), and

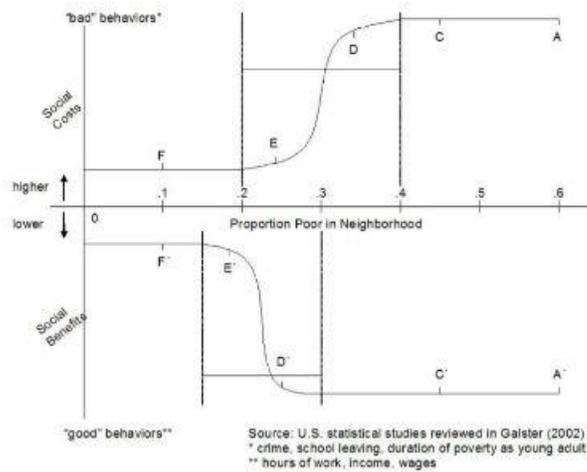
Very High Poverty Areas: 40.0 percent of households or more live in poverty

(Source: *Stroick and Sawatsky, Thresholds for Locating Affordable Housing: Applying the Literature to the Local Context, 2005, for the City of Calgary*)

*It should be noted that these thresholds are framed on very dated information – National Poverty Rate, 1981; and ordered in suggested alignment with American data, which is also problematic.

In the United States, a 40% concentration of poverty has been widely accepted as a point where a local community becomes critically distressed. The chart below highlights a point of around 30% as a sort of tipping point where a community begins a steep decline. The chart also contrasts corresponding effects on good and bad behaviors when that tipping point is reached.

Summary of Observed Relationships Between Neighborhood Poverty Rates and Individual Behavioral Outcomes in U.S.



In the Canadian context, such a graph may follow a similar pattern, but the corresponding numbers would be very different. Here are three significant dynamics that effect the life of low-income people for the better in the Canadian context:

1. Universal Health Care. An enormous benefit to low-income Canadian families!
2. A Higher base income level. Households can qualify for help at a higher income level, as can be seen in the chart below (US incomes in USD; Canada incomes in CAD – dollar values close to par in this period). So a person who qualifies as low-income in Canada makes more money and qualifies for assistance easier than those who qualify as low-income in the United States.

US - Health and Human Services Poverty Guideline (Federal Registry)

The 2009 Poverty Guidelines for 48 Contiguous States and D.C.

Persons in family	Poverty guideline
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

For families with more than 8 persons, add \$3,740 for each additional person.

CANADA 2008 LICOs (before tax Statistics Canada) (by Household Size and Community/Population)

Rural	Less than 30,000	30,000 - 99,999	100,000 - 499,999	500,000 and over
\$15,262	\$17,364	\$18,946	\$19,094	\$22,171
\$19,000	\$21,615	\$23,623	\$23,769	\$27,601
\$23,358	\$26,573	\$29,041	\$29,222	\$33,933
\$28,361	\$32,264	\$35,261	\$35,480	\$41,198
\$32,165	\$36,594	\$39,992	\$40,239	\$46,272
\$36,287	\$41,272	\$45,105	\$45,385	\$52,699
\$49,390	\$45,950	\$50,218	\$50,529	\$58,673

3. A better integration of immigrant populations, with higher levels of dispersal throughout the city resulting in less segregation of communities. These dynamics result in far less racial tension.

This combination of factors in Canada make any comparison to U.S. research tenuous. Those qualifying as low-income in a Canadian context tend to be better off financially, and benefit greatly from a much stronger network of supports and services.

Because of these factors, the levels of poverty required for Canadian communities to become 'distressed' in comparable form to American communities are markedly different. So, for example: American cities widely use the threshold of 40% to connote an extremely distressed community. Numbers in Canada could be as high as 60% before the local community might experience similar effects, with a falling-off point (or threshold) *perhaps* beginning to materialize around 40%.

PART TWO: How Affordable Housing factors into this equation

We'd like to again highlight the limited availability of specific research on this topic in the Canadian/Edmonton context, but the following is clear: Having a safe and affordable home ordinarily stabilizes both people and families and reduces incidents of disorder in a local community. This is especially true when the provider has good property management skills, and when there are appropriate supports in place. This combination of both stability and good management usually enables both low-income residents of Affordable Housing and the corresponding development to be good neighbours, and even give back to the local community.

But at what point might the creation of additional units become a negative for the local community?

The central concern in the placement of new units of affordable housing in a neighbourhood is that it may push an already-impooverished community towards a higher level of poverty, crossing a tipping point that could prompt a steep decline in the local economy, with a corresponding rise in negative behaviors and stigma.

Two key observations:

1. It is not clear that rates of affordable/non-market housing correlate in any negative fashion to local neighbourhood distress. Research done in Edmonton (2010) showed

“...an uncertain link between distressed neighbourhoods and the rate of non-market housing. Only seven of the thirteen neighbourhoods categorized as distressed (based on two poverty measures and a quality of life score) were among the top twenty-five neighbourhoods with the highest rates of non-market housing. Only three of these seven areas had a rate of non-market housing over twenty percent of all housing. This finding led to the conclusion:

Neighbourhoods are affected by the concentration of non-market housing in unique ways as the effects are influenced by the type and concentration of the housing and other local conditions. These local conditions (such as poverty, demographics, employment rate, etc.) are the real stressors in neighbourhoods and they are arguably more significant than the ratio of non-market housing in determining the overall neighbourhood health.” (Discussion Paper: *Why not in all our back yards?*, Phil O’Hara, 2015)

2. It is clear that a high concentration of poverty (30% in the US; perhaps 40% in Canada), and other demographic indicators like employment can prompt a decline in the health and vitality of the local community.

Observation: we see this dynamic unfolding in some corners of the city where an area has experienced a decline in investment or interest; resulting in stagnant and aging housing stock, and a decline in new business development, along with a negative stigma that discourages new investment interest.

Summary: Affordable Housing is unlikely to have a negative impact on the local community. This is especially true if a project is well-managed, well-designed and integrated in such a way that reduces any stigma or social isolation of residents. But a high concentration of poverty, along with other demographic challenges and high unemployment do show themselves as compounding factors. In neighbourhoods such as these, it is possible that the addition of new social housing could become a negative (recognizing that very little Canadian or Edmonton research is available to clearly support this concern). These dynamics suggest an intentional shift toward a distributive model as a healthy response to the central concern *as framed above*.

PART THREE: Framing Sound Guidelines towards healthy distribution

Here are some key numbers currently at play here in Edmonton:

- More than 20,000 Edmonton households pay over 50% of their income toward the rent. Some of these are paying more than 60%, with waiting lists for help taking as long as three years.
- The City of Edmonton is considering a target of 16% non-market housing in every neighbourhood.
- Approximately ten neighbourhoods in Edmonton have more than 16% of their housing stock as non-market. Over two hundred and fifty Edmonton neighbourhoods have between 0-5% non-market housing.
- Thirteen Edmonton neighbourhoods experience a higher rate of poverty, with an excess of 25% low-income after tax.

Our research suggests the following answer:

1. A 16% guideline for distribution of affordable housing across Edmonton is not high, and in itself poses no threat to neighbourhood vitality.
2. If non-market housing developers and communities were to no longer develop additional affordable housing in communities with more than 30% low income (a recognized tipping point in the American context), the research says these would be **very safe and conservative** parameters within which to protect the health and vibrancy of the local neighbourhood.

Which neighbourhoods would be beyond reach with the suggested guidelines? Only a few, but among these are those few asking most vigorously for a pause in further non-market housing.

Prevalence of Low Income* After Tax

Federal Census 2006 by Neighbourhoods

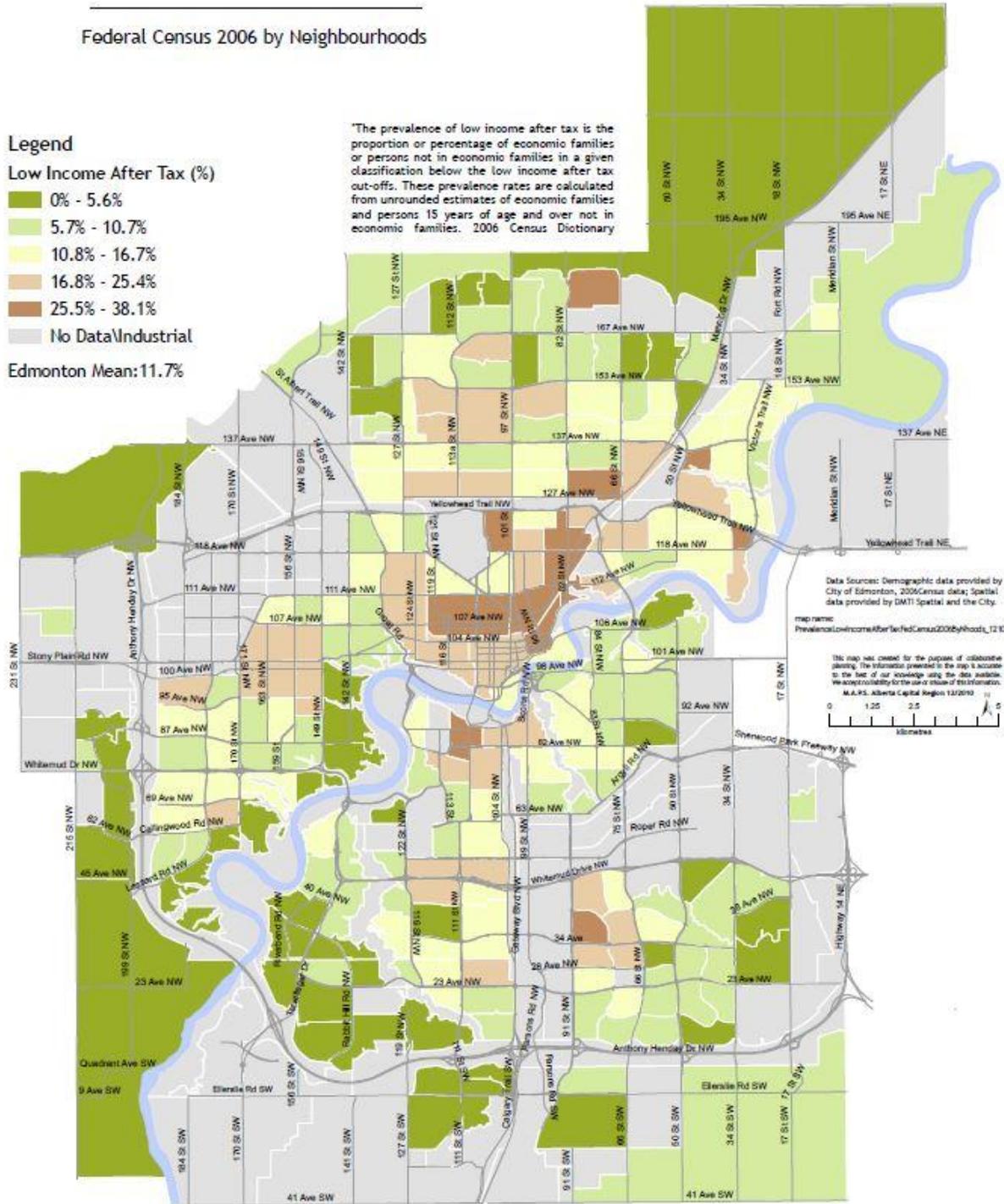
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Low Income After Tax (%)

- 0% - 5.6%
- 5.7% - 10.7%
- 10.8% - 16.7%
- 16.8% - 25.4%
- 25.5% - 38.1%
- No Data/Industrial

Edmonton Mean: 11.7%

*The prevalence of low income after tax is the proportion or percentage of economic families or persons not in economic families in a given classification below the low income after tax out-offs. These prevalence rates are calculated from unrounded estimates of economic families and persons 15 years of age and over not in economic families. 2006 Census Dictionary



Infographic above from MAPS Alberta displays breakdowns according to federal census tracts

Key observations supporting this paper's suggested upper threshold of 30% Low Income:

1. In the American context, when a community reaches 30-40% low-income, it usually begins to experience a steep decline. As has been shown above, Canadian communities are much more resilient than American Cities (for very good reasons) and so those numbers would be significantly higher here; with a conservative guess being somewhere between 40-50% before comparable negative impacts begin to accrue. A 30% guideline applied in the Edmonton context would thus be a very safe and conservative working threshold.
2. The research shows little correlation between rates of non-market housing and neighbourhood distress here in Edmonton. However, poverty, demographics, employment rate etc. are known to be real stressors and pose significant challenges to neighbourhood health. In most cases, the provision of non-market housing is a critical part of the solution to stabilize people and communities. However, in communities with very high levels of poverty (over 40%) and other demographic stressors it is possible the addition of new units could become a negative for both the tenant and the local community.
3. The 16% suggested target is not high when one considers the practice of other jurisdictions with social safety nets comparable to Canada. For example: the floating city of Ijburg in the Netherlands is intentionally designed with 30% Social housing, 30% home ownership, and 40% market rental on each block. The Netherlands has been intentionally designing communities with the steady integration of mixed-income developments since WWII.

PART FOUR: Acknowledging Complicating Factors

1. **Strict enforcement might hinder renewal efforts.** Sometimes communities with high levels of poverty are home to large numbers of low-end market housing, with a sizable group of neighbours paying more than they afford. In these communities, the creation of quality affordable housing could be *a critical tool for renewal*; directly assisting local households with meaningful help. A strict enforcement of the rule may prevent a helpful tool from being used. So informed reflection, conversation and discernment is recommended as guidelines are reached.
2. **The culture of the local community matters:** the posture of neighbours to each other is significant. There are many communities around the world that experience high levels of poverty (especially compared to the Canadian context), but have a culture of neighbouring that emphasizes cooperation and interdependence. Strong local cohesion and community values that emphasize inclusion, hospitality and cooperation contribute greatly to a community's health and resilience.
3. **Access to services is important.** Low-income households generally require access to services such as transit, daycare, grocery stores and local clinics. These resources are not usually in place prior to a demonstrated need, and so will sometimes need to be developed in response. Critical to any such development effort is having willing local

partners to advocate and generate support to meet these needs. Some neighbourhoods will have these structures in place ahead of time, which is a great advantage for new tenants.

This paper is presented with gratitude to our learning and research partners at Edmonton Social Planning Council, Edmonton Coalition on Housing and Homelessness, and researchers at the City of Edmonton.

Sources

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