

## BACKGROUND



### What does it cost to live in BC's Capital Region?

Poverty in British Columbia's Capital Region, particularly among the working poor, is unacceptably high despite the historically low unemployment rates and healthy economy of the past few years.

Employees are squeezed between sky-rocketing housing costs, lack of affordable and available child care options, and wages that can't keep pace with costs. With buying power diminished, many families are choosing to raise their children elsewhere and schools have been closing. The numbers of working poor and the number of people who are homeless or unstably housed in the Capital Region is growing year over year.

Employers are also struggling with rising costs and labour shortages. They have responded by increasing wages with average wages in this 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.

The Quality of Life CHALLENGE is a partnership of businesses, community agencies, academic institutions, the faith communities and people experiencing issues relating to poverty. Its goal is to engage all sectors of the community to prevent and reduce poverty in the Capital Region. Working collaboratively, the CHALLENGE explores ways to reduce costs of living and increase sustainable incomes and to create learning opportunities about poverty, how to move out of poverty and how to take action.

The Living Wage calculation is a recognized tool across Canada for stimulating dialogue and action around strategies to prevent and reduce poverty. In the Capital Region it serves to illuminate the costs of living, the income that is required to maintain a modest quality of life, and serves as a key indicator in tracking the affordability of our region.

The Quality of Life CHALLENGE has calculated the Living Wage 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)

For 2008, the Living Wage is \$16.39 per hour per person.

# The 2008 Living Wage Calculation

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**Table 1: Monthly Costs of Living for a family of four in BC's Capital Region**

<b>Item</b>	<b>Monthly</b>	<b>% of Total Expenses</b>
Shelter: 3-bedroom unit, telephone, utilities, contents insurance	\$ 1,299.39	28.1%
Food	618.74	13.4%
Clothing	191.64	4.2%
Transportation	496.94	10.8%
Other: see note below	547.01	11.8%
Child Care	946.83	20.5%
Medical Services Plan (MSP)	108.00	2.3%
Non MSP Health Expenses	133.00	2.9%
Emergencies	191.22	4.1%
Parent Education	83.33	1.8%
<b>Total</b>	<b>\$ 4,616.10</b>	<b>100.0%</b>

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

# The 2008 Living Wage Calculation

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**Table 2: The Living Wage Calculation:**

Total Gross Income	<b>\$59,659.60</b>
<i>minus</i> EI, CPP, provincial and federal taxes	- 7,550.43
<i>equals</i> Take Home Pay	<b>52,109.17</b>
<i>plus</i> Child Tax Benefit and GST Rebate	+ 3,306.58
<i>equals</i> <b>Total Take Home Income</b>	<b>\$55,415.75</b>
<b>Family Expenses</b> (\$4,616.10 x 12)	\$55,393.22
Income less expenses equals	\$ 22.53

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

**Table 3: 2008 Living Wage:**

<b>Income Earner</b>	<b>Living Wage Annually</b>	<b>Living Wage Monthly</b>	<b>Living Wage Hourly</b>
1 <sup>st</sup> parent: 35 hours/week	\$29,829.80	\$2,485.82 <sup>1</sup>	<b>\$16.39</b>
2 <sup>nd</sup> parent: 35 hours/week	\$29,829.80	\$2,485.82	<b>\$16.39</b>
<b>Total</b>	\$59,659.60		

The Living Wage does include a sick time benefit but does not include other employment benefits such as extended health, pension plans, bonuses or transportation incentives.

The Quality of Life CHALLENGE was the first initiative in British Columbia to calculate living wage data, releasing its first Living Wage calculation in 2006.

Research for the 2008 Living Wage was conducted as part of the Economic Security Project, a multi-year research alliance led by the Canadian Centre for Policy Alternatives (BC Office) and Simon Fraser University.

The project is funded primarily by a grant from the Social Science and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance program. The Quality of Life CHALLENGE joined the Economic Security Project to contribute to the creation of a standard Living Wage calculation across British Columbia enabling comparison of community data.

# Background Information

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## Family Facts

The most typical family in this region:<sup>2</sup>

- is a two parent family (84% of all families)
- has children living at home (41% of the two parent families)
- earned a median income of \$84,700 in 2005.

Based on annual estimates for census families and individuals (Statistics Canada, 2005), in BC's Capital Region, 27.2% of two-parent, two-children families earn an income that is less than the Living Wage.

## The Challenges of Housing

Families face increasing challenges related to housing. Between 2006 and 2007, rents increased at a rate above the rate of inflation.

**Rising Cost of Housing in the Victoria Census Metropolitan Area 2006 to 2007<sup>3</sup>**

Apartment Size*	Average Rent		Increase*
	2006	2007	
* includes apartments and row/townhouses			* Oct 06 to Oct 07
Bachelor	\$561	\$589	6.6%
1 Bedroom	\$680	\$715	5.4%
2 Bedroom	\$875	\$908	4.5%
3+ Bedroom	\$1,168	\$1,210	5.7%

Although the population of the region is increasing, the rental housing stock is decreasing. The problem is particularly acute for families looking for three bedroom apartments.

**Number of Apartments in the Victoria Census Metropolitan Area 2006<sup>4</sup> to 2007**

Apartment Size*	Total Units		Change
	2006	2007	
* includes apartments and row/townhouses			
Bachelor	2,679	2,668	-0.4%
1 Bedroom	13,421	13,327	-0.7%
2 Bedroom	7,331	7,238	-1.3%
3+ Bedroom	856	817	-4.6%
All Units	24,287	24,049	-1.0%

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<sup>2</sup> Statistics Canada 2006 Census

<sup>3</sup> CMHC, Rental Market Report, Victoria CMA. December 2007

<sup>4</sup> CMHC, Rental Market Report, Victoria CMA. December 2006