

Backgrounder

Hamilton to make historic investment in people by increasing affordable housing and reducing poverty

\$50 million in non-tax, non-rate supported revenue to fund plan

What is the poverty reduction plan?

We are all striving to make Hamilton the best place to raise a child; we want every child in Hamilton to grow up to meet their full potential, thereby preparing the next generation of adults to be full participants in their own communities.

Hamilton is investing in community health and wellbeing by committing an unprecedented \$50 million toward poverty reduction over a ten-year period. The City is developing a cross-sector strategy with community partners and residents to leverage existing partnerships toward broad collective impact.

Why invest in people? Why now?

Poverty exists in all Hamilton postal codes, ranging from 5% to 46%ⁱ, and the effects are far-reaching. Children born into poverty are more likely to: experience chronic illness and disease; live in inadequate housing; receive inadequate nutrition; and experience multiple barriers to educational attainment and employment. These factors perpetuate the cycle of poverty across multiple generations. Individuals living in poverty are at risk of many poor health and social outcomes, including: homelessness, social exclusion, mental illness, and lowered life expectancy.

Hamilton has several collaborative initiatives focused on poverty reduction, such as the Hamilton Roundtable for Poverty Reduction, Hamilton Best Start Network, and the Neighbourhood Action Strategy. Despite this investment in people and neighbourhoods, 19.1% of Hamiltonians live below the Low Income Cut-off while 22% of all Hamilton children live in poverty¹. We see many trends that contribute to long-term poverty:

- Over the last 10 years, child vulnerability in Hamilton, as measured by the Early Development Index, remains stagnant at an average of 30%, meaning that about a third of children arrive at school not prepared to learn and be successful.
- Youth employment has dropped from 70% in 1987 to 53% in 2014.ⁱⁱ
- Of Hamilton's working age adults living in poverty, 25% did not complete high school; 17% completed high school with no further education; 11% have some post-secondary education.ⁱⁱⁱ
- Single people working full-time on minimum wage make approximately \$18,655 per year, falling more than \$3,000 short of the \$21,722 poverty threshold.^{iv}

- There are over 5,700 individuals and families on the waiting list for social housing in Hamilton. The deferred maintenance of the social housing stock in Hamilton would require approximately \$200 million to be brought into a state of good repair.
- CityHousing Hamilton (CHH) has annualized capital requirements of \$16 million and this year received \$8.2 million, resulting in an annualized shortfall of \$8 million; and, further, CHH this year received \$11.4 million for operating maintenance expenses, and requires an additional \$2 million annually to keep all units maintained and available for rent, resulting in about 90 units that are currently unavailable for rent.
- Rents in Hamilton have increased by 22% over the past 8 years and in 2015 rose faster than in any other Ontario city. The result is that 43% of renters in Hamilton pay more than 30% of their income on rent, compared to 42%. Those with the lowest incomes pay up to 69% on rent, putting them at risk of homelessness and with minimal resources to meet other needs, such as nutrition and transportation.^v

The cycle of poverty is difficult to break. Poverty comes with high costs to the health of individuals, communities, and the economy. Poverty costs federal and Ontario governments between \$10.4 and \$13.1 billion per year. Lost productivity costs add to this burden; “Federal and provincial governments across Canada lose between \$8.6 billion and \$13 billion in income tax revenue to poverty every year.”^{vi} As a municipal government, Hamilton also has a hand on many levers that influence the overall health and wellbeing of our communities. Poverty reduction is an investment in our people, City, and economy. It requires long-term coordinated action, commitment, and measurement across sectors and levels of government. Hamilton’s new investment in poverty reduction will build on the success of existing inter-agency partnerships and align with provincial and federal poverty reduction strategies.

How will the Poverty Reduction Initiative Build on Success?

Over the last 10 years, the City of Hamilton has worked alongside community partners to create a solid foundation for tackling important issues around poverty and housing, child development, and vibrant neighbourhoods. In the next 10 years, the City will maximize and integrate existing services, strategies, and community partnerships – leveraging our collective impact to reduce poverty and improve the lives of Hamiltonians.

Hamilton Roundtable for Poverty Reduction

The Hamilton Roundtable for Poverty Reduction was formed in 2005 to tackle the City’s unacceptable levels of poverty. The City of Hamilton’s vision is to be the best place to raise a child. Poverty reduction requires investment in Hamilton’s youngest citizens to prepare the next generation of fully participating adults in our community. Roundtable members come from across Hamilton and include leaders from the business and non-profit sectors, from government, education, and faith communities as well as individuals who experience poverty daily.

Hamilton Best Start Network

The first six years of life are a critical time for cognitive and physical development, both of which are negatively impacted by the conditions of poverty. Early childhood programs can help reduce the effects and likelihood of long-term poverty. For example, low income children in high-quality infant and preschool care are found to have lower juvenile crime rates, lower drop-out rates, and higher adult earnings. Early childhood programs are well-documented to have positive impacts across the life course.

In 2005, the Ministry of Children & Youth Services selected Hamilton as the urban demonstration community for the Provincial Best Start Initiative. The City of Hamilton convened the Hamilton Best Start Network, comprised of more than 50 individuals from early learning, education, health, and social service organizations. Through strategic investments and direction from the provincial government, Hamilton Best Start partnerships have enabled the City of Hamilton to expand family support programs, such as prenatal home visiting and Ontario Early Years Centres. Early intervention programs, such as Check It Out Drop -In Clinics, have reduced need for speech and language services. The City has also increased the number of licensed child care spaces, and eliminated the waitlist for child care subsidy services.

10 Year Housing and Homelessness Action Plan

Housing is critical to health and wellbeing of individuals and communities. We can't begin to address social and employment needs of our citizens until basic needs for housing and security are met.

This 10-year plan will guide decision-making and investment in addressing affordable housing and homelessness issues. The scope of the plan is broad given the City's mandate as Service Manager for affordable housing and homelessness. It encompasses the entire housing continuum including homelessness prevention and services, emergency shelters, transitional and supportive housing, rent-geared-to-income housing, market rental housing and affordable homeownership.

Neighbourhood Action Strategy

Neighbourhood Action Strategy is focused on helping neighbourhoods be great places to live, work, play and learn. The City, in partnership with Hamilton Community Foundation, Hamilton Best Start Network, and the Social Planning and Research Council is working with community partners, neighbourhood groups and residents to develop action plans to build healthier communities. The core elements of this strategy are: enhancing community development work; developing resident-led neighbourhood plans; increasing investments in neighbourhoods; and building new partnerships to support healthy neighbourhoods.

How will it be paid for?

Funding will come from three main sources:

- \$20 million to increase affordable housing derived by extending the payback term for existing City loans from the Future Fund from 2031 to 2036;
- \$3 million annually over 10 years for poverty reduction derived from the dividend uplift to the City resulting from the merger of Horizon Utilities Corporation and several other local utilities into the new entity provisionally called MergeCo; and,
- Leveraging to the maximum extent possible funding commitments in the form of loans and grants from senior levels of government, school boards, foundations, as well as other potential contributors from the private sector.

The City's contribution of \$50 million will be paid for using non-tax and non-rate supported revenues and reserves and spread over 10 years. With leveraged investments from senior levels of government and other contributors including the private sector the total investment could be much more.

ⁱ The Rich and the Rest of Us. Social Planning and Research Council Hamilton.

ⁱⁱ Hamilton Community Foundation (2016). Hamilton's Vital Signs. Social Planning and Research Council, Hamilton, p. 10

ⁱⁱⁱ Hamilton Roundtable for Poverty Reduction (2007). Making Hamilton the Best Place to Raise a Child: Starting Point Strategies, p.16.

^{iv} Mayo, S. (2013). The Rich and the Rest of Us. Social Planning and Research Council Hamilton.

^v Hamilton Community Foundation (2016). Hamilton's Vital Signs. Social Planning and Research Council, Hamilton, p. 15

^{vi} Laurie, N. (2008). Costs of Poverty. Ontario Association of Food Banks, pp.4-5.