



# RESEARCH HIGHLIGHTS

Tom Janzen, Tom Carter, and Brian McGregor

Research Highlight No.3  
February 2004

## A NEW FACE ON POVERTY: SOCIAL ASSISTANCE IN WINNIPEG’S INNER CITY

### Introduction

Like many indicators of poverty, Winnipeg’s social assistance caseload is highly concentrated in the inner city. At the same time, people on social assistance find their monthly assistance is declining relative to costs. With less purchasing power they face increasingly limited housing options.

The implications of the caseload concentration in combination with decreasing assistance levels are most troubling. While the high concentration of social assistance recipients in the inner city results in tens of millions of dollars flowing into inner city neighbourhoods on an annual basis, the neighbourhoods and the housing stock recapture few, if any, benefits as a result of these expenditures.

### Distribution of Households on Social Assistance

While the inner city accounts for less than 20% of the city’s total population, it accounts for more than half (54.6%) of Winnipeg’s total caseload (Figure 1). Correspondingly, 28% of all inner city households receive social assistance, compared to 10.6% of all households in Winnipeg. An even greater concentration exists in what have been recognized as seven of the most distressed neighbourhoods in Winnipeg<sup>1</sup> (City of Winnipeg Social Development Committee 1995). With only 4.2% of Winnipeg’s total population, the

“distressed seven” account for 23% of the city-wide caseload. In addition, more than half (53%) of the households within the “distressed seven” neighbourhoods receive social assistance.

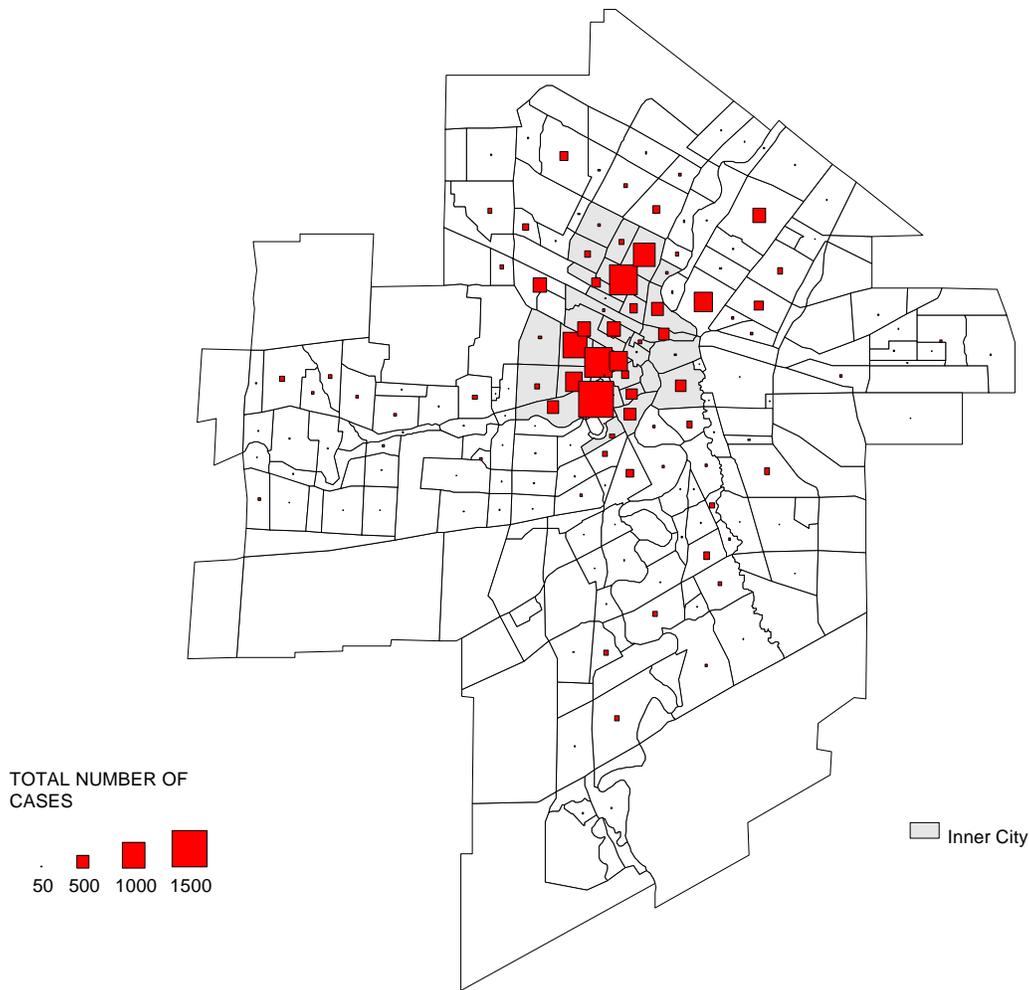
**28% of households in the inner city depend on social assistance**

### Caseload Trends

Not unexpectedly, trends in Winnipeg’s social assistance caseload show a striking resemblance to national (and international) trends in welfare caseloads over the past two decades (Figure 2). According to Michael Prince’s analysis, the recent history of social assistance caseloads can be broken down into four main phases (1998). The first phase, marked by the recession of the early 1980s, was characterized by a considerable increase in provincial caseloads nation-wide. The second phase, from 1984 to 1993, was characterized by a period of post-recession recovery and economic growth. However, the national unemployment rate remained elevated and as a result, caseloads remained high but relatively stable for about a decade.

<sup>1</sup> The “distressed seven” neighbourhoods include the West Broadway, William Whyte, Spence, Centennial, West Alexander, North Point Douglas, and Lord Selkirk Park Neighbourhood Characterization Areas. These neighbourhoods are characterized by very high levels of poverty, high unemployment and crime rates, low education attainment levels, etc (City of Winnipeg Social Development Committee 1995).

**Figure 1: Total Number of Social Assistance Cases by Neighbourhood Characterization Area in Winnipeg (1999)**



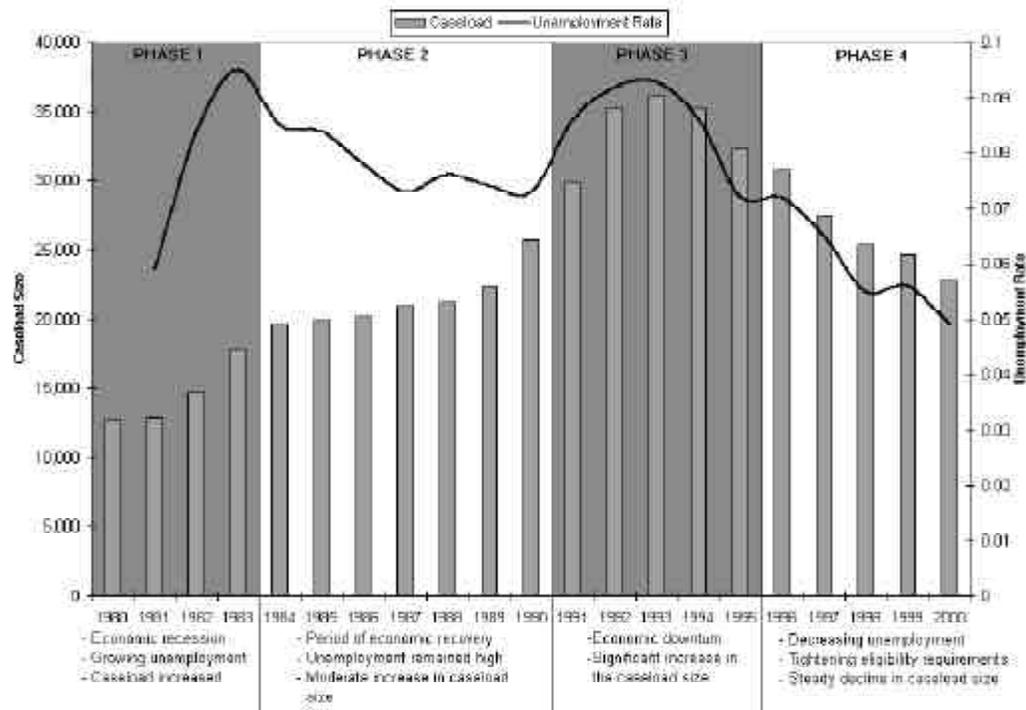
Source: Calculations and mapping performed by authors; based on special tabulations from Manitoba Family Services and Housing.

The third phase, from 1991 to 1995, reflected "...the impact of the worst economic downturn in Canada since the great depression of the 1930s" (Prince 1998). Consequently, the national caseload experienced considerable swelling. The fourth and final stage, from 1995 to present, has seen a gradual decline in the provincial caseloads. From 1995 to 2000, Manitoba's average monthly caseload was reduced by just over 22%, while

Winnipeg's caseload was reduced by nearly 30%<sup>2</sup>. As Prince notes, this has been partly due to declining unemployment rates, but also due to the tightening of eligibility requirements, particularly in terms of financial assistance for youth (1998, 841-842; NCW 2000, 4).

<sup>2</sup> Author's calculations based on data in Manitoba Department of Family Services and Housing *Annual Report (1995-2000)*.

Figure 2. Winnipeg's Average Monthly Caseload Size and Unemployment Rate



Source:

Calculations performed by authors, based on data from Family Service and Housing Annual Report (1980-2000); Prince 1998.

### Funding Levels

Despite an overall reduction in the caseload size, annual social assistance expenditures remain substantial. Annual social assistance expenditures in Winnipeg's inner city surpass the combined level of funding delivered through all of the current short-term government affordable housing initiatives. While about \$51 million is spent annually on shelter assistance in the inner city – barely enough to cover the rents of social assistance recipients – housing programs have only committed approximately \$20 million in new funding over a five-year period in order to develop new affordable housing in the inner city.

**More money is spent on shelter through the social assistance programs than on providing affordable housing**

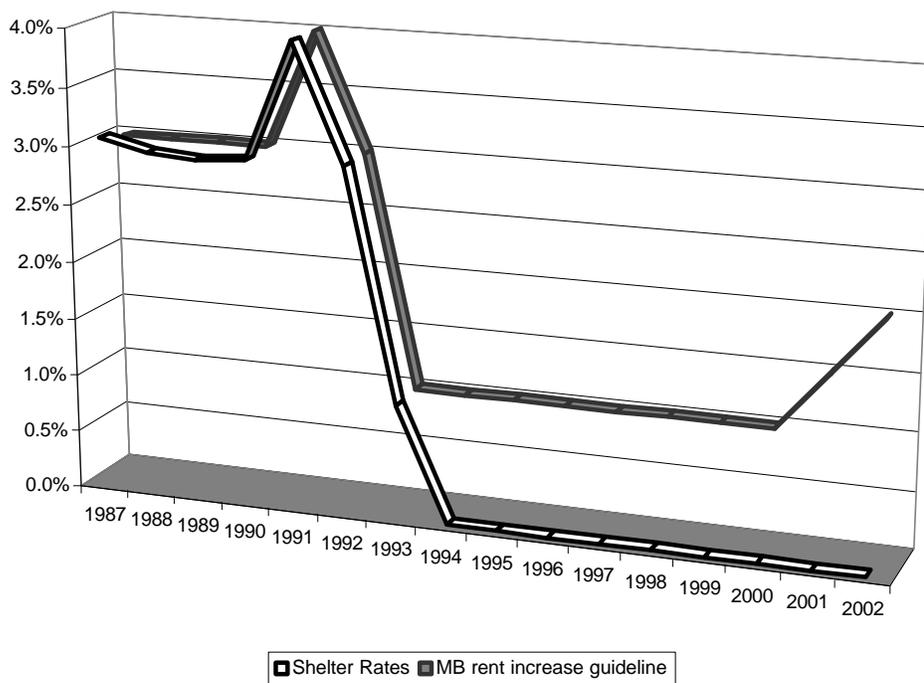
### Rates Relative to Other Costs

Due to steps taken by the federal government in the 1990s to limit its “cost-sharing” of provincial social assistance programs, Manitoba, like many provinces, was forced to freeze its social assistance rates. With the exception of some minor rate increases to single individuals and persons with disabilities in the 2003 provincial budget, Manitoba's social assistance rates (both the basic assistance and shelter component) remain frozen at their 1993 levels<sup>3</sup>.

<sup>3</sup>After a ten year freeze on social assistance rates, Manitoba's 2003 provincial budget restored the National Child Benefit for families on social assistance with children 17 and under, and increased rates for single individuals and persons with disabilities by an additional \$20 per month.

As a result, the purchasing power of social assistance recipients in Manitoba has been reduced as social assistance rates fail to reflect the current costs of basic necessities. Furthermore, at the same time that rates have been frozen, housing costs in Winnipeg have steadily increased, making it increasingly difficult for social assistant recipients to secure adequate and affordable housing (Figure 3).

**Figure 3. MB Rental Increase Guidelines vs. In-year Increase in Shelter Assistance**



Source: Calculations performed by authors, based on data from MB Rent Increase Guidelines and Manitoba Family Services and Housing.

To illustrate this, the Manitoba Rental Increase Guidelines have been compared to in-year increases in the shelter assistance rates. As shown in Figure 3, from 1987 to 1993, in-year increases in both the rent increase guidelines and shelter assistance rates were uniform. However, in 1993 shelter assistance rates were frozen, while rent increase guidelines allowed for continued annual increases in rent. While rent has steadily increased, stagnant social assistance rates have meant that adequate housing has become less and less affordable for social assistance recipients.

Comparing the average city-wide and inner city<sup>4</sup> rents to shelter assistance rates<sup>5</sup> demonstrates the significant gap that exists between monthly shelter assistance rates and average monthly shelter costs even in the inner city where rents are lowest. In 2001, average inner city rents were approximately 50% higher than the average shelter assistance rates, while city-wide rents were about 58% higher. A single person on social assistance received \$243 per month in 2001 to cover shelter costs, compared to inner city average bachelor and one-bedroom apartment rents of \$345 and \$428 respectively.

In Winnipeg as a whole, average bachelor and one-bedroom rents were \$357 and \$473 respectively. Similarly, a family of four on social assistance would have received a total of \$351 for shelter costs, significantly less than an average monthly rent of \$555 for an inner city two-bedroom apartment. In Winnipeg as a whole, the average rent for a two-bedroom apartment in 2001 was \$605. As a result of the gap between shelter assistance rates and actual rental rates, many social assistance recipients are forced to allocate money from their basic assistance – intended for covering the costs for basic needs like food and clothing – to pay for rent.

***Shelter allowances under social assistance have fallen far behind rent increases***

Of the total provincial social assistance expenditure, it is estimated that approximately half is directed at shelter, utilities, and other shelter-related expenses. Therefore, roughly \$96 million in shelter assistance flows into Winnipeg on an annual basis, \$51 million of which is spent the inner city.

Despite the enormous flow of social assistance funds into Winnipeg’s inner city, very little, if any, of this money has contributed to the rehabilitation of the housing stock. Considering the high portion of social assistance recipients living in private rental accommodations, a large percentage of this money is flowing into deteriorating rental stock that landlords have not been able to maintain due to budgetary constraints or that have been mismanaged by absentee owners. Due to this considerable leakage, it is essentially impossible for a neighbourhood to recapture any benefits from the steady stream of social assistance funding into inner city neighbourhoods annually.

**Distribution of Expenditures**

In 1999, a total of \$191 million in social assistance expenditures flowed into the City of Winnipeg representing roughly 75% of the total provincial expenditures. Of this \$191 million, approximately \$102 million or about 53% flowed directly into the inner city. With the substantial social assistance expenditures directed at the inner city, money running through individual inner city neighbourhoods in the form of social assistance is significant. The “distressed seven” neighbourhoods combined receive nearly \$42 million annually, more than 16% of the total annual provincial social assistance expenditures.

***Very little money spent on social assistance is re-invested in the community***

If even a small proportion of the annual shelter assistance expenditures were reinvested back into the inner city housing stock, considerable rehabilitation would be possible.

<sup>4</sup> Inner city average rent calculations were based on data from Canada Mortgage and Housing Corporation’s rental market reports. These reports divide the City of Winnipeg into 12 zones. For the purposes of this analysis, the Centennial, Midland, and Lord Selkirk zones were used to define the inner city. Although CMHC’s defines the core area using these three zones in addition to the Fort Rouge zone, it was deemed that only a small portion of the Fort Rouge zone was actually included in the inner city boundary illustrated in Figure 1. Furthermore, the Fort Rouge zone represents a more upscale area with higher average rents than the other three zones, and as a result its caseload size is not significant.

<sup>5</sup> Does not include fuel or utilities.

## Conclusion

Even if existing social assistance rates were increased by an additional 10%, increasing total annual provincial expenditures about \$20 million, individual households would receive an additional amount of less than \$100/month divided between the basic rate and the shelter component. For most households on social assistance, an additional \$100/month would still mean that their housing options would be limited to poor quality rental accommodations. In addition, there is no guarantee that any investment back into the housing stock would occur as a result of a rate increase.

The situation discussed here presents an interesting policy dilemma. Social assistance is a very necessary and basic program but current rates are ineffective in dealing with poverty alleviation and adequate housing provision. Raising social assistance rates might help alleviate poverty but there is no guarantee that raising the shelter component would result in more adequate affordable housing. The money may flow through to landlords without any significant improvement to the stock. On the other hand, there are currently no new housing programs that provide accommodation for very low-income households. Unless these households can access existing low-income units, many will continue to be forced to live in poor quality private rental stock. **These households fall between the cracks.** There are currently no new housing options that provide sufficient funding to address their needs and social assistance rates are too low to alleviate poverty and ensure they can access adequate affordable housing. A policy dilemma indeed!

Future research highlights will focus on possible solutions to this dilemma.

## List of References

- City of Winnipeg Social Development Review Committee and the Institute of Urban Studies. 1995. *Planning for Equity in Winnipeg*. Winnipeg: City of Winnipeg.
- CMHC. 1986-2001. *Rental Market Report: Winnipeg*. Canada Mortgage and Housing Corporation.
- Manitoba Family Services and Housing. 1980-2001. *Annual Report*. Province of Manitoba, Dept. of Family Services and Housing.
- NCW. 2000. *Welfare Incomes 1999*. Ottawa: National Council of Welfare.

### CONTACT US:

**Tom Carter**  
Canada Research Chair  
in Urban Change and Adaptation

The Institute of Urban Studies  
The University of Winnipeg  
103-520 Portage Avenue  
Winnipeg MB R3C 0G2  
Canada

Phone: 1 (204) 982-1148

Fax: 1 (204) 943-4695

E-mail:

[t.carter@uwinnipeg.ca](mailto:t.carter@uwinnipeg.ca)

Please visit the IUS website at  
<http://ius.uwinnipeg.ca/>  
Canada Research Chairs website at  
[www.chairs.gc.ca](http://www.chairs.gc.ca)



Institute of Urban Studies  
The University of Winnipeg

