



CONSIDERATIONS AND OPTIONS FOR SUPPORTING LOW-INCOME HOUSEHOLDS

A SUPPLEMENT

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The Policy Issue:

- The City of Saskatoon (City) is changing how residential curbside waste services are funded. To help the transition from a property tax-based model to a user fee-based utility, City Council directed the Administration to develop options aimed at minimizing the financial impacts that the transition may have on low-income households. What potential approaches can the City take? Should any potential program be universal for low-income groups, or targeted to specific populations? Should it be limited to solid waste, or should consideration be given to developing broader low-income support measures?

The Background

- Issue has become multi-dimensional, originally focused on waste but concepts can and should be applied more broadly
- Look at our current approaches and what others do and are doing
- Extensive multi-variable data analysis
- Public engagement raised some good points some supported by literature and jurisdictional scan.

The Supporting Documents

1. Public Engagement
2. City's Current programs
3. Approaches Elsewhere
4. A Statistical Profile of Low Income in Saskatoon
5. Program Design Principles/ Considerations

Defining Low-Income: In Canada, Low Income Lines (LILs) are used to determine who is in low-income. There are three LILs that are often used in Canada, with one, the Market Basket Measure, used as Canada's Official Poverty Line. The Low-Income Measure is often used to determine the size of the population in Low Income

DEFINITION OF LOW INCOME LINES	
Low Income Line	Definition and Summary
Market Basket Measure (MBM)	refers to Canada's official measure of poverty based on the cost of a specific basket of goods and services representing a modest, basic standard of living developed by Employment and Social Development Canada. The MBM thresholds represent the costs of specified qualities and quantities of food, clothing, shelter, transportation, and other necessities for a reference family of two adults and two children. When the disposable income for the MBM of an economic family or a person not in economic family falls below the threshold applicable to the family or the person, the person, or every member in the case of an economic family is considered to be in poverty according to MBM.
Low Income Measure (LIM)	refers to a fixed percentage (50%) of median adjusted after tax income of private households. The household after tax income is adjusted by an equivalence scale to take economies of scale into account. This adjustment for different household sizes reflects the fact that a household's needs increase, but at a decreasing rate, as the number of members increases. When the unadjusted after tax income of household pertaining to a person falls below the threshold applicable to the person based on household size, the person is considered to be in low income using this line.
Low Income Cut-Off (LICO)	refers to come thresholds, defined using 1992 expenditure data, below which economic families or persons not in economic families would likely have devoted a larger share of their after tax income than average to the necessities of food, shelter and clothing. The thresholds represented income levels at which these families or persons were expected to spend 20 percentage points or more of their after tax income than average on food, shelter and clothing. These thresholds have been adjusted to current dollars using the all items Consumer Price Index (CPI). When the after tax income of an economic family or a person not in an economic family falls below the threshold applicable to the person, the person, or every member in the case of an economic family is considered to be in low income according to LICO AT.

Comparing the LILs: This table offers a comparative perspective on each of the LILs noting their key differences and similarities. For example, the MBM is calculated at regional levels whereas the LIM is set at the national level. The LIM and LICO are each calculated before tax and after tax. The LIM uses households whereas the MBM and LICO are based on economic families.

Table 1: Summary of Low Income Lines
Source: Statistics Canada Census of Population Dictionary, 2021

Dimensions	Low income line (or concept)		
	Market basket measure (MBM)	Low income measure (LIM)	Low income cut off (LICO)
Geography	53 regions	One level across Canada	Size of area of residence
Unit for income	Economic families and persons not in economic families	Households	Economic families and persons not in economic families
Adjustment factor	Square root of economic family size	Square root of household size	Different lines based on size of economic family up to the 7 or more members category
Income	Disposable income for MBM for economic families and persons not in economic families	After-tax (AT) income of households	After-tax (AT) income of economic families and persons not in economic families
		Total, Before-tax (BT) income of households	Total, Before-tax (BT) income of economic families and persons not in economic families
Line	Price of the basket of goods and services for the reference family	Half the median of adjusted income	Income level at which families usually spend 20 percentage points more than the average family on shelter, food and clothing

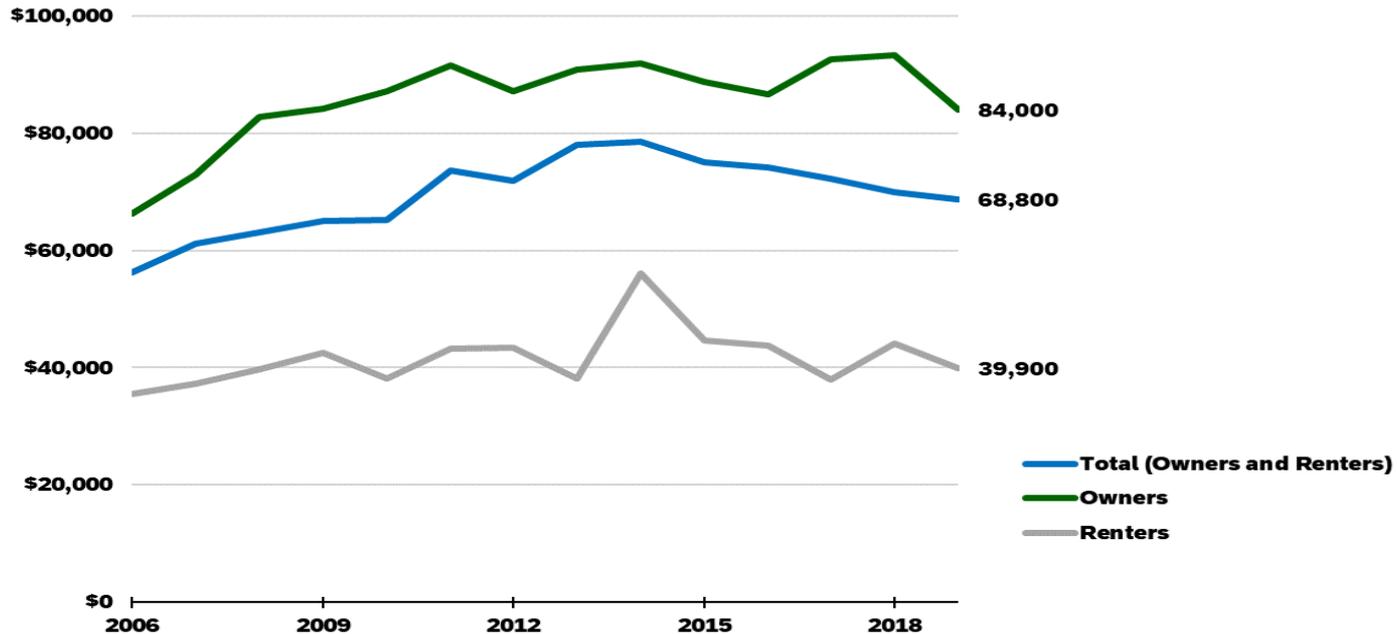
Poverty/ Low-Income by Age Cohorts: Depending on the line, different age cohorts

Low-Income Lines for Saskatoon (2020)

Age Cohort	MBM Counts	MBM Rates (%)	LIM-AT Counts	LIM-AT Rates (%)	LICO-AT Counts	LICO-AT Rates (%)
Total (all ages)	27,780	10.7	30,675	11.8	13,685	5.2
0-17years	7,445	13	9,000	15.7	3,285	5.7
18-64 years	18,535	11.2	17,205	10.4	9,775	5.9
65 years & over	1,885	5	4,470	11.9	625	1.7

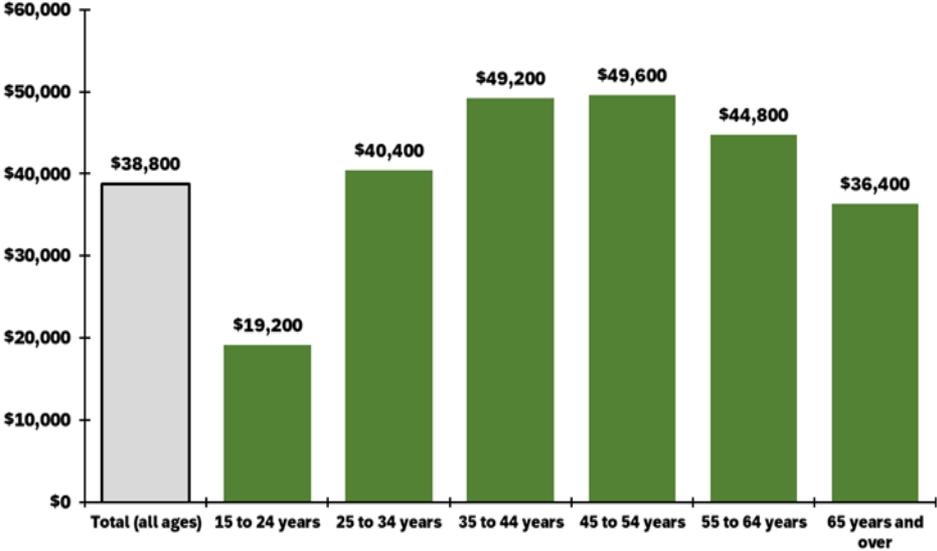
Incomes and Housing Tenure: The median after-tax household incomes in Saskatoon for homeowners are over double that of renters.

**Saskatoon CMA:
Median After-Tax Household Incomes By Housing Tenure**
Source: Canada Mortgage and Housing Corporation, Statistics Canada, Canadian Income Survey

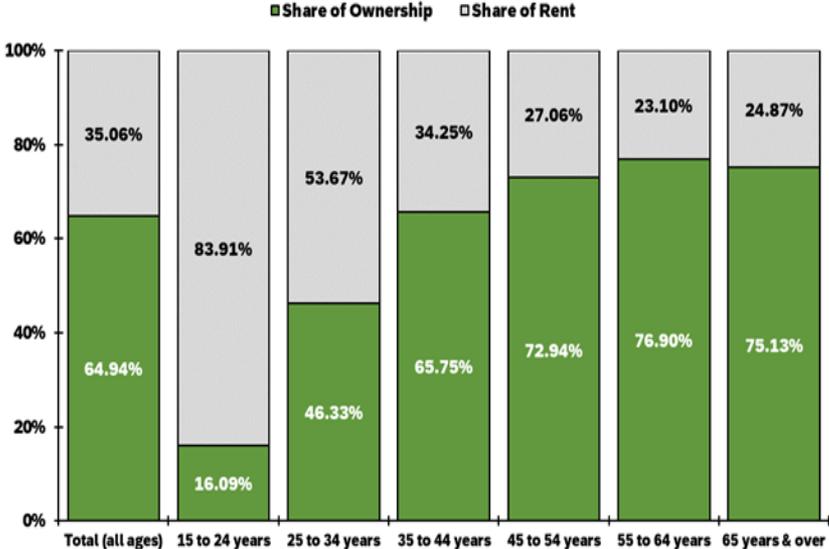


Incomes and Housing Tenure: The left chart shows the median after tax income by age cohort for individuals the right chart shows the homeownership rates by age cohort. Homeownership rates generally rise with age and incomes.

Saskatoon CSD- Median After-tax income in 2020
By Individual and Age Cohort
Source: Statistics Canada Table 98-10-0073-01



Saskatoon CSD- Housing Tenure By Age of
Primary Household Maintainer
Source: Calculations from Statistics Canada Table 98-10-0232-01



Income Statistics by Housing Tenure: About 14 percent of homeowners spend 30 percent or more of their incomes on shelter costs. The number falls substantially for those households without a mortgage, at 5.4 percent. Conversely, almost 37 percent of renters spend 30 percent or more of their incomes on shelter costs, with higher rates for those in subsidized housing.

Saskatoon CSD – Shelter Cost to Income Ratio by Housing Tenure
Source: Statistics Canada Table 98-10-0255-01

Housing Tenure	Spending Less Than 30% of Income on Shelter Costs	Spending 30% plus of Income on Shelter Costs
Owner	85.71%	14.08%
<i>With Mortgage</i>	80.85%	18.93%
<i>Without Mortgage</i>	94.38%	5.40%
Renter	62.30%	36.71%
<i>Subsidized Housing</i>	52.23%	47.43%
<i>Not Subsidized Housing</i>	63.68%	35.28%

General Low Income Subsidy programs in Canada: The common approach is to offer subsidies to low-income seniors and/or persons with disabilities and very few are for utilities.

Table 1: General Low Income Support Programs

Location	Eligibility			Program Type			
	Low-income household	Low-income Senior	Low-income with disabilities	Tax deferral	Tax credit	Utility deferral	Utility credit
Saskatoon, SK		X		X			
Regina, SK		X	X	X			X
Nanaimo, BC		X					X
Calgary, AB	X				X		X
Mississauga, ON		X	X		X		
Brampton, ON		X	X		X		
Hamilton, ON		X	X	X			
Toronto, ON		X	X	X	X		X
Richmond Hill, ON		X		X	X		
Burlington, ON		X			X		
Oshawa, ON		X			X		
Ottawa, ON		X	X	X		X	
Waterloo, ON		X	X	X			
Vaughan, ON		X	X	X	X		
Halifax, NS	X			X	X		
St John's, NL		X			X		
Mount Pearl, NL	X			X			
Corner Brook, NL		X		X			

Low Income Subsidies Specific to Solid Waste: Research found four major cites, who each offer different approaches.

City	Support Programs for Waste	Eligibility	Value
Calgary, Alberta	<p><u>Property Tax Assistance Program (PTAP)</u></p> <p>Provides a credit/grant of the increase in property tax for your property; anyone who is approved will receive an additional rebate from Waste and Recycling Services.</p>	Low-income homeowner based on the Statistics Canada Low Income Cut-Off (LICO).	\$25 per year
Toronto, Ontario	<p><u>Solid Waste Rebate Program</u></p> <p>Provides a rebate on the solid waste portion of a participant’s utility bill. If eligible, a single rebate per household will be applied to the household’s largest size bin.</p>	Low-income senior or person with disabilities with a combined household income of \$50,000 or less.	Average solid waste assistance was \$181 per household (2021)
San Francisco, California	<p><u>Low Income Rates</u></p> <p>Provides a discount on waste services. Residents must participate in the California Alternate Rates for Energy (CARE) program which provides discounts on electricity and natural gas.</p>	Low income based on State income guidelines	25% Discount (Approximately \$110/year)
Denver, Colorado	<p><u>Low Income Discount</u></p> <p>Provides an instant rebate based on household income and the number of people in the home. Renters are eligible to apply for the rebate as well.</p>	Low income based on percent Area Median Income (AMI).	<p>100% rebate for 0-30% AMI (\$108-\$252/year)</p> <p>75% rebate for 31-50% AMI (\$81-\$189/year)</p> <p>50% rebate for 51-60% AMI (\$54-\$126/year)</p>

The Options

1. Calgary Approach
2. Toronto Approach
3. Modified Denver Approach
4. Phased Transitional Approach
5. Comprehensive Low-Income Support Approach

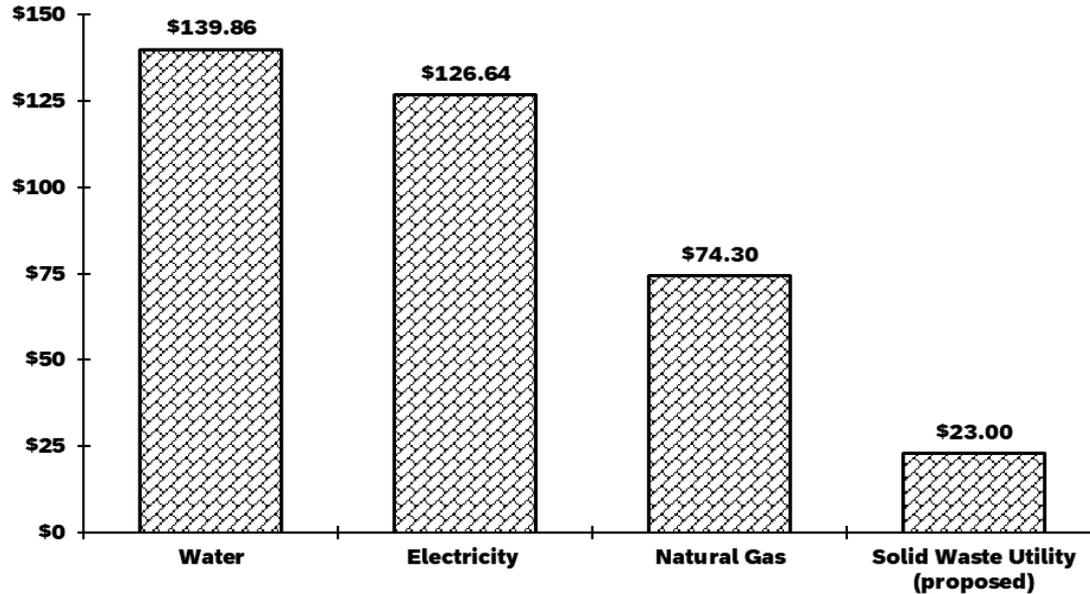
The Recommendation(s)

Three-part recommendation:

1. Implement option 4 in 2024 and phase out by end of 2026, with goal of implementing Option 5 in 2027.
2. Report back with detailed implementation scope and timelines.
3. Administration develop an overall user fees and subsidies policy

Putting Waste Costs in Perspective: Based on City calculations, water and electricity monthly costs are on average at least 5.5 times than the proposed solid waste utility.

Figure 1: Average Estimated Monthly Utility Costs in Saskatoon
Source: City of Saskatoon Estimates (2022)

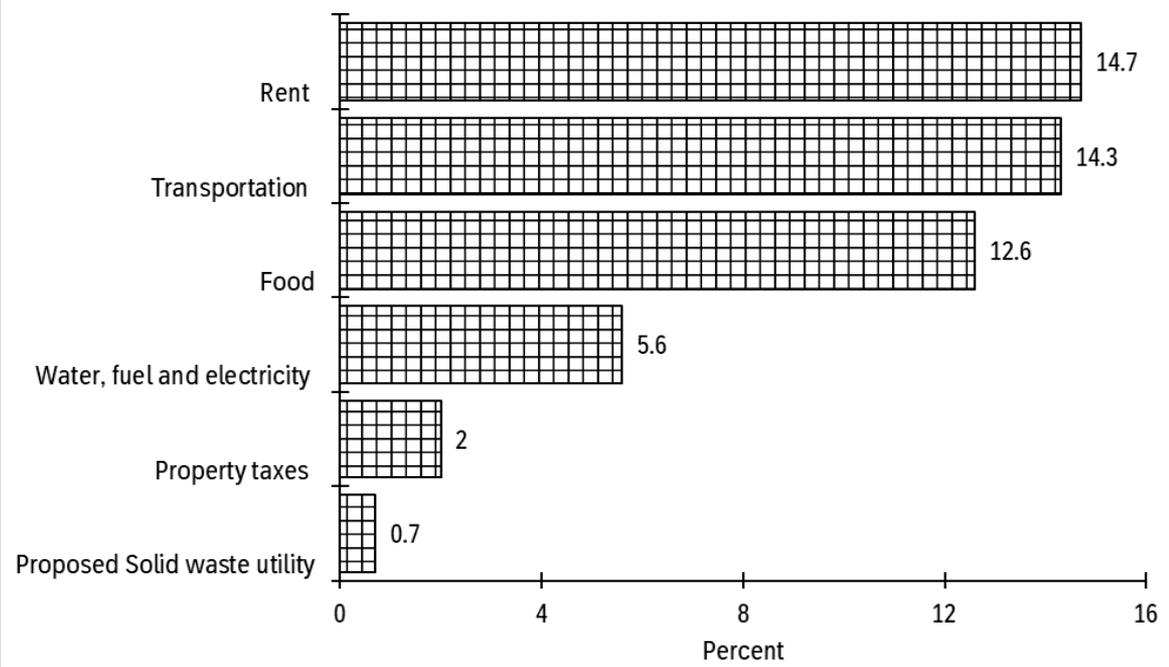


Putting Waste Costs in Perspective:

Based on Statistics Canada's Survey of Household Spending, Saskatoon's proposed solid waste utility accounts for, on average 0.7 percent of total annual expenditures for those in the lowest income quintile.

Figure 2: Share of Annual Total Household Expenditures By Lowest Income Quintile

Source: Calculations from Statistics Canada Table 11-10-0223-01





Thank You!

