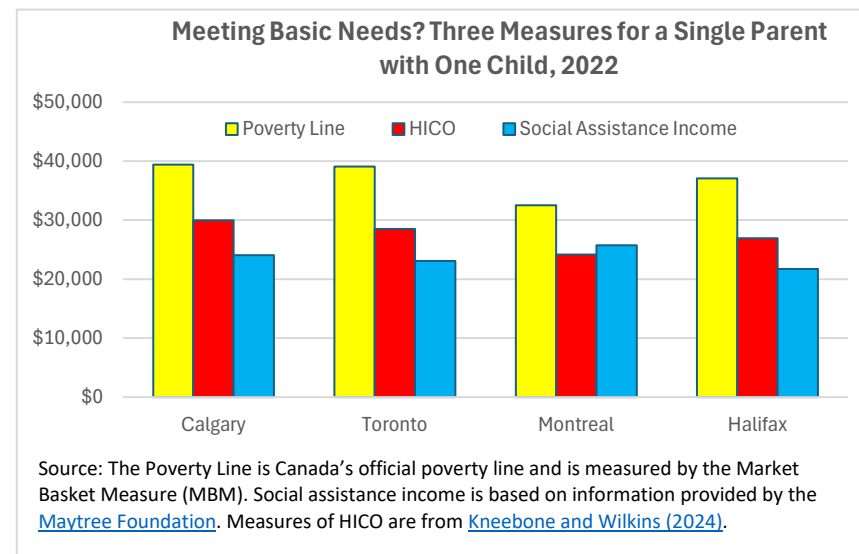## THE HOMELESSNESS INCOME CUT OFF

Homelessness is an increasingly important public policy issue. Yet policymakers have not had a measure of the income required to keep people from experiencing homelessness. Until now.

Canadian programs of social assistance are not designed to lift individuals and families out of poverty. As explained here, they are intended to provide financial assistance to cover the cost of *basic living needs,* when all other financial resources have been exhausted. That amount of income is quite different from what is measured by Canada's official poverty line. That income is defined as being sufficient for an individual or family to support a *modest, basic standard of living*. A close reading of what defines the official poverty line makes it clear the individual or family with that level of income is not at risk of homelessness.

Very few individuals and families with income below Canada's official poverty line are homeless.

Certainly, a particularly useful public policy for addressing homelessness is to ensure people have sufficient income to maintain housing. Regardless of whether that means increasing incomes or reducing the cost of housing, policymakers need to know what level of income is required for individuals and families to remain housed. Such a measure would provide a gauge against which policymakers could determine whether their policies are effective at keeping people housed.

In a recent report, we derive such a gauge. We refer to it as the Homelessness Income Cut Off, or HICO. The HICO measures the income a person or family requires to minimize their risk of homelessness after all other resources have been exhausted. In the chart we show three income measures, relevant for a family consisting of a lone parent with one child, living in one of our four cities in 2022. The height of the yellow bar identifies each city's official poverty line. It shows that in Calgary, for example, an income just short of $40,000 is required for this family to sustain a modest, basic standard of living. This amount varies by city, because calculation of the poverty line

Meeting Basic Needs? Three Measures for a Single Parent with One Child, 2022

Source: The Poverty Line is Canada's official poverty line and is measured by the Market Basket Measure (MBM). Social assistance income is based on information provided by the Maytree Foundation. Measures of HICO are from Kneebone and Wilkins (2024).

accounts for local costs for things such as food, rent, clothing, and transportation. The height of the red bar represents the measure of HICO, the income a family requires to minimize the risk of homelessness. In all cities, HICO is noticeably less than the official poverty line. This explains why most families with incomes below the poverty line are not homeless.

The blue bar measures the income supports provided by provincial and federal governments that were available to this hypothetical family in 2022. In Calgary, Toronto, and Halifax, income supports were less than the HICO and so were insufficient for our hypothetical family to maintain housing despite that family's own best efforts to do so. The exception was Montreal, where income supports were just sufficient for families like the one in our example to minimize their risk of homelessness.

Public policies meant to address homelessness must include levels of income support sufficient to enable people to maintain housing. Our calculations show we are falling short of meeting that goal.