

HOUSEHOLD INCOME STUDY

Standard of living slips for young families

B.C. falls behind the rest of the country in giving the age 25-34 crowd an affordable lifestyle

BY TARA CARMAN
VANCOUVER SUN

Heather Hansen and her husband are left with almost no spending money after they pay their regular bills.

Mortgage payments on their New Westminster townhouse, daycare costs for their two-year-old son, transportation, groceries and servicing student loans suck all the income out of the household as fast as Hansen, a health care social worker, and her husband, an apprentice welder, are able to earn it.

The family is not eligible for any kind of income assistance because their salaries are too high.

"But we continue to [accrue] debt because we actually don't make enough money to live," Hansen, 31, said. "At present, we are barely able to maintain any form of personal or social life because we can barely afford our groceries."

Hansen's experience is not unique. In fact, a new study indicates it is the norm for couples with young children in B.C., whose standard of living has deteriorated more than that of their counterparts in any other part of Canada over the last 35 years.

Since 1976, household incomes for couples aged 25 to 34 in B.C. have dropped by six per cent after adjusting for inflation, said the study by Paul Kershaw of the University of B.C.'s Human Early Learning Partnership.

This is especially significant given that the proportion of young women who contribute to household income increased by 42 per cent over the same time period, while the number of men in the workforce remained relatively constant.

B.C. is the only province in Canada to report a drop in average income for this age group, the study found.

At the same time, housing prices have skyrocketed across Canada, and nowhere more so than in B.C. Real estate prices have risen 149 per cent in this province since 1976, when housing costs accounted for less than three times the average household income for young couples. Today, it is seven times as much.

The bottom line?

"B.C. is now the hardest province in which to raise a family," study author Kershaw said in an interview. "And that's because we're the only jurisdiction in the country where household income for young couples has actually fallen behind where it



Ian and Christina King, parents of a 22-month-old boy and two-month-old girl, reassessed their priorities in the face of high housing costs. "We've chosen a lifestyle over making a ton of money," says Christina.

BRUCE STOTESBURY/POSTMEDIA NEWS

was a generation ago."

This reality is setting the stage for "a silent generational crisis occurring in homes across Canada," he said.

"While the generation raising young kids are squeezed for time at home and squeezed for money after housing and squeezed for services like health care, for the generation about to retire, it's become far easier," he said.

And because they are the demographic that tends to vote in higher numbers, policy priorities typically reflect their interests, Kershaw said, citing the focus on funding health care to treat end-of-life diseases as an example.

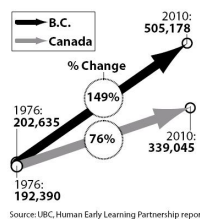
Baby boomers are also leaving behind a national public debt that has nearly tripled over their adult lives as well as an environmental debt in the form of per capita carbon dioxide emissions they have made little effort to reduce, Kershaw said. At the same time, they are

Young couples feeling the squeeze

Skyrocketing housing prices and stagnant incomes are combining to make B.C. the hardest province in Canada in which to raise a family.

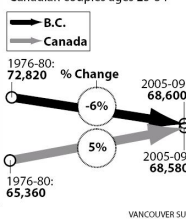
Average cost of Canadian housing

Adjusted for inflation (\$)



Median household income

Adjusted for inflation (\$), Canadian couples ages 25-34



cashing in on the rising housing prices as their children struggle to scrape together a down payment, he added.

In fact, Hansen and her

husband would not have been able to afford their townhouse without the help of their parents. The previous generation did not necessarily have it any

easier, but they were able to find jobs without as much formal education, Hansen said.

"I find that a large number of my peers, anyhow, are entering the workforce after incurring a large amount of debt and are then trying to buy a home with very little equity."

Christina King and her husband Ian are not among them. The couple, who have a 22-month-old son and a two-month-old daughter, recently decided to give up the idea of ever owning property because they are not willing to sacrifice time with their children to make the kind of money a B.C. mortgage demands.

"I'm not interested in working my butt off to pay a mortgage that we really can't afford and then totally lose out on enjoying our children and giving them the benefits of having me at home," she said.

King, 34, teaches yoga, but works around her husband's schedule so one of them is

always home with the children. The family rents a house in Metchocin, a bucolic community west of Victoria, from Ian's parents. But Ian will soon be moving into a position as a farm manager in the same community, and a house on the farm will be part of his compensation.

"We've chosen a lifestyle over making a ton of money," King said. "We've chosen that lifestyle because it's something that we love to do, it goes with our values. It keeps us happy and not stressed, which I think makes us better parents."

"We're still able to do what we love, but we're not going to have to pay a mortgage for the rest of our lives."

Sacrificing family time to pay for housing and child care is a decision young parents should not have to make, Kershaw said.

He recommends three policies to help these families afford to spend more time together: Extending parental leave to 18 months from 12, generally reserving the extra six months for fathers (except in the case of same-sex couples or single parents); reducing child care service fees to no more than \$10 a day and making it free for families earning less than \$40,000 a year; and adapting overtime. EI and CPP premiums paid by employers to make it more expensive to use employees more than 35 hours a week, thus creating flex time and reducing the work week by three to five hours. He puts the cost of implementing these policies at \$22 billion, or about \$1.67 per adult Canadian per day.

B.C. Children and Family Development Minister Mary McNeil called the proposals "interesting," but said they will require discussions by all levels of government.

"I'm really welcoming this report," McNeil said, adding that the study dovetails well with work the province is already doing with communities to develop regional poverty reduction plans.

She said she is eager to sit down with Kershaw to discuss his findings. "There is a challenge for young families, we recognize it."

tcarmann@vancouversun.com
With a file from Jonathan Fowle

» SATURDAY: RENT OR BUY? VANCOUVER BOASTS CANADA'S HIGHEST MEDIUM HOUSE PRICES, BUT IT'S A QUESTION THAT CAN'T BE ANSWERED BY NUMBERS. HARVEY KALCHIN EXPLAINS.