

# TACKLING POVERTY in HAMILTON *We can do it!*

## Investing in Social Development

### Background Information for the Hamilton Roundtable for Poverty Reduction

#### INTRODUCTION

Poverty is a complex social issue, with no single solution. While one in five residents of Hamilton experiences the direct effects of poverty on a daily basis, the overall well-being of our community is also affected.

Poverty costs, both socially and economically. It's a barrier that prevents individuals and families from participating fully in the life of the community, and it results in higher costs to the health care, education, justice and social services systems.

The City of Hamilton has developed a Social Development Strategy as part of its overall strategic direction. This report describes poverty reduction/prevention programs in three key areas identified as "flagship initiatives" under the Social Development Strategy:

- 1) Investing in children and families;
- 2) Investing in labour force and skills development; and
- 3) Investing in affordable housing.

This report also shares research that demonstrates the value of investing in poverty reduction, particularly in the three areas identified. It identifies promising practices used in Hamilton or in other communities that contribute to effective investment in each key area.

As the Roundtable for Poverty Reduction begins to identify strategies or initiatives aimed at poverty prevention and reduction, additional research can be conducted to determine the most appropriate model or approach for supporting best practices locally.

#### 1. INVESTING IN CHILDREN AND FAMILIES

As part of Hamilton's Social Development Strategy, the goal of the Skills Development Flagship Initiative is as follows:

- To ensure that all children have the best possible start in life by meeting their basic needs and by providing a range of opportunities for physical, intellectual, emotional and social development.

## Why Invest?

Currently in Hamilton, 25 per cent of children under the age of six live in poverty. Research related to early childhood development demonstrates that critical brain development that occurs between 0 to 6 years affects one's future academic performance and success in the labour market. Research related to the impacts of accessible and high-quality early learning and regulated child care presents a clear case that these interventions are effective in preventing poverty in future generations.

The following statements describe some of the benefits of investing in early learning and child care, not only to children, but also to parents and the community as a whole. These statements reflect findings from evidence-based research that assessed the outcomes of various early learning and child care programs. In the next section, "What's the Proof?" we provide some background on a selection of these studies and their findings.

- **Benefits to Children and Parents**

Children enrolled in high-quality early learning and child care programs benefit through improved readiness for school, as demonstrated by higher academic achievement, high school completion, and fewer grade repetitions; parents benefit from a stronger attachment to the labour force and higher lifetime earnings.

- **Benefits to the Community**

The benefits of quality early learning and child care programs to the economy are returns on every dollar invested in savings to the health care, education, justice, and social services systems.

## What's the Proof?

There is extensive research that confirms the importance of investing in early learning and child care initiatives. One of the best-known studies of the long-term benefits of preschool is the High/Scope Perry Preschool Project in Ypsilanti, Michigan (Schweinhart, L., 2003). Researchers tracked 123 African-American children born into poverty. The study took place between 1962 and 1965, with researchers following up with the children yearly until age 11, then at ages 14, 15, 19, 27, and 39 to 41.

Compared with the control group, those in the preschool group had higher academic achievement scores at age 14 and higher literacy scores at age 19. Moreover, 71 per cent of preschool participants graduated from high school or received their GED, compared with 54 per cent of non-preschoolers.

Similar findings were reported in a study conducted through the Chicago Child-Parent Centers (CPCs) (Reynolds, A.J.; Temple, J.A. et al., 2001). The CPCs are the oldest federally funded early childhood intervention program in the U.S. They serve low-income children between the ages of three and nine. The study sample included 1,150 children attending preschool and kindergarten at a Child-Parent Center from 1983 to 1986, comparing these children to a separate sample of 389 children of the same age who did not attend a structured preschool program.

In this study, program participants achieved a 29 per cent higher rate of high school completion overall, with a 47 per cent higher rate among male participants. In terms of grade repetition, program participants experienced a 40 per cent lower failure rate than non-participants.

Research related to educational attainment shows a clear connection to success in the labour market. An individual's level of education is directly linked to employability and the level of income one can expect from the labour market.

Parents living in poverty can also benefit from preschool programs that allow them to engage in full-time employment. These benefits include a stronger connection to the labour market, and higher lifetime earnings.

This was demonstrated through the Carolina Abecedarian Project in Chapel Hill, N.C., which provided intensive preschool programs to children in low-income families in the early 1970s (Masses, L.N. and Barnett, W.S., 2002). Random assignment placed children between six and 12 weeks of age either in a full-time preschool program or in a control group.

As well as the educational benefits and increase in long-term earning potential for children, the full-day, year-round preschool program also allowed mothers to work at full-time and better paying jobs, providing significantly higher earnings over the long term. Based on an assessment of projected earnings, mothers of enrollees could expect on average to earn \$133,000 more over their lifetimes than mothers of control group members.

Investments in programs for children living in poverty demonstrate high returns, with long term savings to the health care, education, justice, and social services systems.

The largest benefit was the participants' increased earning ability, which linked to higher educational attainment. The top public benefit categories include increased tax revenue from the higher earnings of participants and criminal justice savings associated with lower rates of arrest. Researchers estimate the total net public cost benefit from the 1,150 study subjects in the CPC project amounts to about \$26 million.

**Program Comparison Table**

<b>Program</b>	<b>Program Cost</b>	<b>Social Benefit</b>	<b>Ratio</b>
<b>Abecedarian Project</b> Full-day, year-round program in Chapel Hill, N.C.	\$36,000	\$136,000	4:1
<b>Chicago Child-Parent Centers</b> Half-day program in Chicago public schools	\$7,000	\$48,000	7:1
<b>High/Scope Perry Preschool Project</b> Half-day program in Ypsilanti, Mich. public schools	\$12,000	\$108,000	8:1

SOURCE: National Institute for Early Education Research

## How Can We Invest?

The province of Ontario has recently announced plans for a large public investment in early childhood development and child care services. As part of an agreement with the federal government, the province is delivering approximately \$1.1 billion in federal funds over the next three years, \$93 million of which are dedicated to Hamilton.

A network of community agencies is preparing for the implementation of the Best Start plan locally. The plan includes an expansion of child care spaces for children in junior and senior kindergarten; a half-day learning program and child care spaces for two-and-a-half to four-year-olds; early and ongoing screening of newborns to assess support needs; early and ongoing identification of specialized hearing and language needs; and a comprehensive 18-month well-baby checkup.

The goal of Best Start is to establish a network of early learning and care hubs that are centrally located. These hubs, called Early Years Centres, will offer a single point of contact for services and supports based on local needs and available resources.

While these new initiatives represent promising practices in investing in early childhood development, the outcomes of these efforts could be enhanced by broader community commitment and collaboration. The following are some examples of how the benefits of current efforts can be improved:

- **Raise Awareness**

Raising awareness about the importance of early childhood development is key to increasing participation in early years programs and, as a result, increasing the benefits to individuals and the community. Education and awareness raising can be supported through workplace campaigns, media campaigns, social marketing campaigns or through other creative means. Targeted outreach to diverse communities is particularly important where language or cultural barriers may affect the impact of mainstream public education.

- **Facilitate Community Partnerships**

There are countless opportunities to enhance early childhood development programs by facilitating partnerships with other sectors and groups in the community. The arts community, for example, could partner with local Early Years Centres or child care services, and provide professional support in developing creative activities and outlets for children. Similar partnerships could be developed with recreation services or cultural groups.

There are also opportunities for community groups, organizations or businesses to support early learning programs through volunteerism, particularly with literacy programs.

- **Ensure Accessibility**

Ensuring that early learning and child care programs are accessible to all families is critical to their success. Barriers to access might include cost, lack of transportation, conflict with work responsibilities, or language barriers, to name a few. Where barriers are identified, creative strategies or solutions can be developed.

## 2. INVESTING IN LABOUR FORCE AND SKILLS DEVELOPMENT

As part of Hamilton's Social Development Strategy, the goals of the Skills Development Flagship Initiative are as follows:

- To ensure that the knowledge and skills of workers match the needs of the core clusters of the Hamilton economy; and
- To assist workers that have been marginalized from the labour market to gain access to opportunities for meaningful employment.

### Why Invest?

Labour is the single largest asset to companies and organizations. Competing in a global economy requires that we develop a highly skilled labour force that is adaptable to change. At the same time, our labour force is aging rapidly. It is projected that by 2011, labour force growth will begin to decline, with the number of persons reaching retirement age exceeding the number of young people reaching working age.

Ultimately, a shrinking labour force results in a shrinking economy. Currently in Hamilton, there are thousands of potential workers who experience barriers to employment. New Canadians, many of whom have exceptionally high levels of education and skills, have difficulty connecting with the local labour force and practising in their field; many persons with disabilities who have been marginalized from the labour force could be gainfully employed with some assistance or flexibility in the workplace; young people often have little work experience and limited skills; while others have skills that do not match the demands of the labour market.

Shifts in the labour market over the past decade have resulted in a proliferation of "non-standard" jobs, which offer low wages, few benefits and little security (part-time, contract or temporary positions). To reduce the growing numbers of working poor, we need also to consider the quality of work, ensuring adequate wages and benefits.

Given these trends and circumstances, it is important to the sustainability of our community that we ensure that all working-age adults have the skills and supports to effectively integrate into the local labour market. Skills development is an ongoing process. Beginning with a solid foundation in early childhood, life skills and basic education are gained during elementary, middle and high school. While the education system provides the foundation skills, opportunities to develop job-related skills must be accessible and relevant to Hamilton's labour market.

The following statements describe some of the benefits of investing in early labour force and skills development not only to individuals, but also to the economy and community as a whole. These statements reflect findings from evidence-based research that assess the outcomes of various labour force and skills development programs and studies on current labour market trends. In the next section, "What's the Proof?" we provide some background on a selection of these studies and their findings.

- **Benefits to Individuals**

Individuals with employable skills benefit from increases in both job security and employment income.

- **Benefits to the Community**

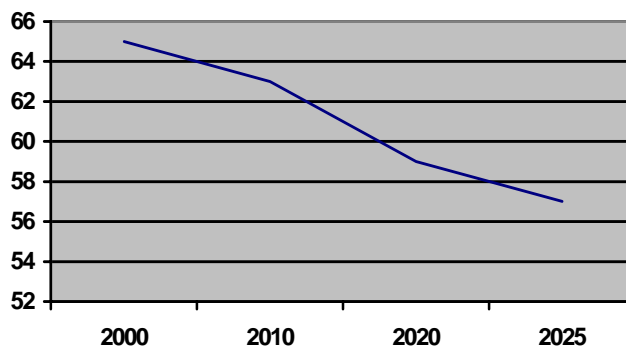
Investment in skills development benefits the local economy by creating a highly skilled and adaptable labour force that attracts new industry and business development.

### What's the Proof?

As reported in *Area Development*, a U.S.-based journal that focuses on business and industry site selection, “availability of skilled labour” is the number one criteria for investment for new business. In fact, availability of skilled labour was identified as more important than the cost of labour, taxes, or proximity to markets.

In Hamilton, the labour force is actually shrinking. This decline is the result of a number of factors, including an aging population coupled with a low birth rate, workers opting for early retirement, and young people staying in school longer. While new Canadians account for 70 per cent of growth in the Canadian labour market, they have lower rates of labour force participation than the Canadian-born population. As displayed in the following chart, between 2000 and 2025, the local labour force is projected to drop from approximately 65 per cent to approximately 57 per cent.

**Chart 1: Projected Shift in Hamilton's Labour Force Participation Rate – 2000 to 2025**



To avoid significant and negative impacts on the local economy, it's essential that Hamilton attract skilled labour, and remove any barriers to employment faced by marginalized groups. Barriers, in this case, include skills that do not match the demands of the local labour market.

The U.S.-based *Jobs Initiative* is a good example of how employment outcomes can be improved for unemployed and underemployed workers by collaborating with government agencies, employers, labour, community colleges and community organizations. Initiated in six cities across the U.S. (St. Louis, Milwaukee, New Orleans, Denver, Seattle and Philadelphia), the program offers a mix of employment services, including job training.

The participants in the program were considered to be disadvantaged, based on the following characteristics: 53 per cent were single parents with children living at home; 35 per cent had

less than a high school diploma; close to 20 per cent did not speak English as their primary language; 56 per cent had reported annual family incomes of \$9,000 or less at the outset of the initiative, and 45 per cent received public assistance at the time of enrolment.

Participants also faced a range of barriers to steady work, including family problems, health issues, addictions, criminal records and, most often, systemic problems related to transportation and child care needs.

After just over three years, *Jobs Initiative* provided individualized supports to more than 12,500 people. In a follow-up survey, 65 per cent of program participants reported being employed 18 months after enrolment. The success of the program is largely attributed to the model of providing individualized supports, rather than a single stream. Identifying and addressing employment barriers beyond the need for skills development (such as child care responsibilities, transportation, etc.), contribute to employability and employment retention.

These findings were echoed in a report commissioned by the City of Ottawa entitled *Job Retention Services Evaluation Report* (2002). The report assessed the outcomes of a skills training program paired with “job retention services.” Job retention services, in this case, included customized workshops, regular on-site visits, short-term counselling, advocacy, referral to community-based support services, problem solving and mediation.

The report compares an experimental and control group. Three months after enrolment, 78 per cent of individuals receiving job retention services were employed, compared to only 48 per cent among those receiving skills training with no additional supports.

Already possessing high levels of skills and education, internationally trained professionals face a number of barriers to employment; consequently, they possess high unemployment rates. *Career Bridge* is an innovative strategy to connect internationally trained professionals to careers in their field. The program addresses the lack of Canadian work experience among many newcomers that creates a significant barrier to employment. Piloted in Toronto in 2003, the program supports the development of paid internship opportunities in local companies. The cost of the program is shared between the Government of Ontario (infrastructure) and employers (administration and monthly stipend).

In terms of outcomes, the Toronto pilot program has successfully placed 200 internationally trained professionals with Toronto-area companies. Of the 200 interns, 170, or 85 per cent, were hired by their host company, with high satisfaction ratings from both interns and employers.

## **How Can We Invest?**

A number of positive steps are currently being taken in Hamilton to support skills development and workforce integration. For example, the City of Hamilton has recently announced changes to the Ontario Works program that ease the transition from social assistance to work. These changes include extended health benefits for six months after leaving Ontario Works for employment, an increase in the amount of employment income an individual can retain over and above benefit rates, and a campaign to increase work placement opportunities.

In terms of school-to-work transition programs, the Industry and Education Council of Hamilton has been actively promoting skilled trades within the public and separate school systems.

Skilledtrades.ca provides online information about skilled trades, and connects youth with apprenticeship opportunities. The Passport to Prosperity program connects high school students with meaningful opportunities to gain work experience.

The Threshold School of Building is another example of a local initiative that focuses on skills development. Part of this innovative program connects community volunteers and construction professionals with at risk youth. Participants complete the program with both the experience and skills to connect with the construction industry.

There are also a number of community-based programs designed to help students in the public school system reach graduation. Stay-in-school programs are particularly important, as social work and guidance counselling have been either eliminated or substantially scaled down over the past several years.

While these programs and initiatives represent promising practices in terms of skills development and workforce integration, all would benefit from support and enhancement. While the private sector has a significant role to play in the area of skills development, the effectiveness of these programs and initiatives would be enhanced through multi-sector collaboration.

Local employers could support skills development by providing more opportunities for marginalized groups and individuals to gain meaningful work experience through work placements, internships or apprenticeship opportunities. Sector-specific skills development programs could also be developed and enhanced. The Threshold School of Building program, for example, could be enhanced with increased support and resources. This model could be adapted to develop skill sets relevant to other sectors, such as IT. Programs could be developed as a collaborative effort between the public, private and not-for-profit sectors.

Education is an important component of engaging employers and the broader community in skills development and workforce integration. Employers who are not already experiencing difficulty in finding skilled workers will certainly be impacted by a shrinking labour force. Employers need to understand emerging labour market trends, and adapt their human resources practices accordingly. Future success of the local economy will depend on how effective we are as a community in integrating marginalized groups into the labour force, and creating or contributing to opportunities for ongoing skills development through multi-stakeholder collaboration.

### **3. INVESTING IN AFFORDABLE HOUSING**

As part of Hamilton's Social Development Strategy, the goals of the Affordable Housing Flagship Initiative are as follows:

- To increase the supply of affordable housing in the city of Hamilton;
- To promote the availability of affordable housing through such measures as rent subsidies, funds for home improvement, and assistance with payment of first and last months' rents; and
- To ensure the availability of emergency and shelter arrangements in order to reduce substantially the rate of homelessness in Hamilton.

## Why Invest?

Hamilton, like many urban centers in Canada, is facing what many would consider to be an affordable housing crisis. While household incomes, particularly among low and middle income earners, have not kept pace with the rising cost of housing, the development of affordable housing has not kept pace with growing need.

Individuals and families that struggle with affordable housing issues experience a range of circumstances. While some sleep in parks or on the street, others turn to emergency shelters or the couch or floor of a friend or family member. Many others are adequately housed, but are paying so much of their income on rent that even a minor unexpected expense could result in homelessness.

Between 1998 and 2002, the number of people accessing emergency shelters increased by 123 per cent. Many women attempting to access women's shelters continue to be turned away, as demand exceeds capacity. In 2002, a total of 2,386 women were turned away from two shelters in Hamilton. Many of these women were fleeing from abusive situations. Applications for social housing also continue to rise. Between 1998 and 2002, the waiting list for social housing units in Hamilton almost doubled, from 4,016 to 7,914.

The following statements describe some of the benefits of investing in affordable housing not only to individuals, but also to the economy and community as a whole. These statements reflect findings from evidence-based research that assessed the outcomes of various affordable housing programs. In the next section, "What's the Proof?" we provide some background on a selection of these studies and their findings.

- **Benefits to Individuals:**

Individuals and families with adequate, stable and affordable housing benefit from better physical and mental health, better educational outcomes for children and adults, a stronger connection to the labour market and higher income levels.

- **Benefits to the Community:**

The benefits of providing adequate, affordable, and stable housing to the economy are reduced costs in providing health care, education, and social services.

## What's the Proof?

### Affordable Housing and Employment

There is extensive evidence through outcome-based research that stable and affordable housing not only benefits individuals and families living in poverty, but also results in positive impacts on the economy. For individuals and families who receive social assistance, supports to ensure stable and affordable housing result not only in increased employability, higher incomes, and increased quality of life for individuals and families, but also in substantial cost savings to the income security system, increases in local spending, and increases in revenue from income taxes.

For example, a study conducted by the U.S.-based *Manpower Demonstration Research Project* looked at the impact of housing supplements on employment and income. The study looks at individuals and families receiving social assistance, and compares the outcome for those who

lived in public housing or received a housing supplement, versus those with no additional supports for housing.

The study shows a significant increase in employment and income as a result of ensuring stable and affordable housing. The experimental group, long-term welfare recipients who also received housing supports, reported an 18 per cent increase in employment rates during the first year. This increase in employment was more than double that of the control group who received no housing supports. In terms of income, there was a 25 per cent increase among those with housing supports, compared to an increase of only two per cent among long-term welfare recipients with no additional housing supports.

Similar findings were reported in studies related to the impact of employment programs on long-term welfare recipients. Adequate, stable and affordable housing was critical to establishing a solid connection to the labour market. Two key explanations for these outcomes are: 1) households with affordability problems move frequently, or experience tension with landlords. Frequent moves, in particular, can interrupt work schedules and compromise employment; and 2) by reducing the cost of housing, families have more resources to dedicate toward work-related expenses such as child care, transportation, work clothing, etc.

### **Affordable Housing and Child Development**

Housing instability has also shown to result in negative effects on child development. A study conducted by the Applied Research branch of Social Development Canada (1998) investigated the impact of environmental changes on specific competencies of children.

The study showed that frequent moves (often related to affordability of housing) can result in reduced competencies and educational achievements, as demonstrated by lower math scores, more grade failures, poorer receptive vocabulary scores and more behavioural problems. As a result, these children require more remedial education, and experience more grade repetitions.

There are statistically significant relationships between housing quality and neighbourhood conditions on the socio-emotional health of Canadian children. These relationships remain even when other factors such as gender, family income, family type (i.e. lone-parent versus couple family) and the education levels of parents are controlled.

A study commissioned by the Canada Mortgage and Housing Corporation (2003) conducted detailed assessments of 95 children, ages 9 to 12, in two Canadian cities, Victoria, British Columbia and Quebec City, Quebec. The study considered 310 factors related to both residential and neighbourhood conditions. By comparing behavioural assessments by both parents and teachers with detailed assessments of housing and neighbourhood conditions, researchers observed a correlation between poor quality housing and increased behavioural problems in children.

### **Reducing Shelter Use**

A number of programs targeting the chronically homeless have also demonstrated successful outcomes in terms of benefits to individuals and families, as well as significant cost savings to emergency shelter systems. A good example is the *Rapid Exit Program* implemented in Hennepin County, Minnesota.

Starting from the time a family enters shelter, staff from the shelter system prepare the family to re-access permanent housing. As part of this program, local not-for-profit agencies under

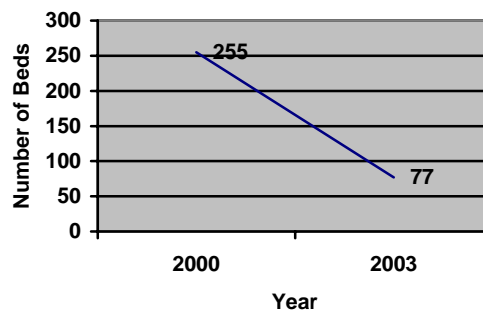
contract with the county help families find housing in the private market, and provide follow-up services for up to six months to promote housing stability. While most families are expected to quickly assume the full cost of rent, the county provides some financial resources that can be used flexibly by the agencies to help families access housing (e.g. security deposit assistance, first month's rent, etc.). Much of the program's success in finding housing for clients relies on the agencies' ability to cultivate relationships with landlords in the private sector.

The program has demonstrated significant outcomes related to the goal of ending homelessness. For example, between 2000 and 2002, the number of homeless children in Hennepin County dropped by 28 per cent. During that same period, homelessness among children actually increased in the rest of Minnesota. Homelessness among families also declined from 1,819 in 2000 to 1,046 in 2004. This represents a decrease in homeless families of 43 per cent.

Prevention efforts also contribute to the decline in the demand for shelter. From 2001 to 2003, the *Rapid Exit Program* served 2,012 families. Ninety-eight per cent of families who received prevention services did not use shelter for at least one year after receiving assistance. One year after receiving prevention services, 91 per cent remained housed, dropping slightly to 85 per cent by the end of year two. The county now spends less money on shelters for families.

As displayed in Chart 2, the average nightly shelter usage declined by 70 per cent over three years, from an average of 255 beds each night in 2000, to an average of 77 beds each night in 2003.

**Chart 2: Change in Average Nightly Shelter Usage:  
Hennepin County, Minnesota – 2000 to 2003**



### **How Can We Invest?**

Some creative multi-stakeholder partnerships are currently underway in Hamilton, with the goal of developing affordable housing. The Affordable Housing Flagship Committee, for example, connects representatives from the business community, construction industry, financial sector, municipal government and not-for-profit sector. The committee is focusing on three areas: 1) creating/facilitating the development of local affordable housing projects; 2) policy advocacy; and 3) community development.

There are a number of options for creating or facilitating the development of affordable housing, including the renovation of existing structures and the development of new projects. Given the

high vacancy rates in Hamilton, there is also the option of striking partnerships with local property managers in order to connect low-income tenants with existing vacant housing units.

Policy advocacy is another important component in the development of affordable housing. A range of policy barriers exist at the municipal, provincial and federal levels that have an impact on development efforts in Hamilton. At the municipal level, for example, as local development opportunities are identified, the City of Hamilton could support these opportunities by expediting approval processes. While resources for the development of affordable housing are available at all three levels of government, respective funding streams are not well integrated. As policy barriers are identified, efforts to advocate for change should be made.

In terms of community development, the community needs to be fully prepared to move forward on projects as opportunities are identified. Community development, in this context, relates to community readiness. This involves the mobilization and coordination of a range of key players/sectors that are committed to the development of affordable housing, including, but not limited to, developers, architects, financial institutions, appropriate government departments at all levels, and community services.

While larger-scale development opportunities are being considered, there are other local initiatives that are developing housing one unit at a time. With the supervision of construction professionals, students at the Threshold School of Building renovate neglected inner-city houses and create decent and affordable homes for low-income families.

Through partnerships with the Realtors Association of Hamilton-Burlington, the City of Hamilton, the Hamilton-Halton Home Builders' Association and Scotiabank, the Home Ownership Affordability Partnership (HOAP) was formed. The partnership draws on the expertise of its members to continue to help low-income families realize the dream of home ownership.

Both Threshold and HOAP rely on donated funds and building materials from over 40 local companies. In terms of human resources, Threshold students, volunteers and the homeowners do most of the actual construction and renovation. As of March 2005, Threshold completed three affordable housing projects in Hamilton, two with its HOAP partners, and one on its own.

A number of opportunities exist to support local efforts to create affordable housing. As a foundation, education around the benefits of affordable housing is a key to promoting "buy-in" among various sectors and in the broader community. Community education could be achieved through local media, or through targeted marketing campaigns.

Models such as the Threshold School of Building could be enhanced and expanded by securing donations of resources (including material, financial) from a broader range of donors. This could be achieved through coordinated fundraising efforts. Supports in the form of human resources could be mobilized through corporate or community-wide volunteer campaigns.

Once low-income families are housed in affordable and adequate units, other supports may be required to ensure sustainability. Any new affordable housing initiatives should link tenants or homeowners to an appropriate range of social supports that currently exist in the community (such as employment supports, income supports, health services, and services for children and youth). This would require the coordination of various social services sectors to create a wraparound service delivery model.