

Community Investment in Edmonton

• *Challenge* •

The average rent in Edmonton is \$597 a month for a one-bedroom apartment and \$730 a month for a two-bedroom unit. At current levels, the average family that rents would need to earn \$2,433 a month (the equivalent of full-time employment paying \$15.21 an hour) to not exceed the 30 percent rent-to-income proportion that's generally used as an indicator of living within one's means. More than 70 percent of Edmonton households whose members are finding it hard to meet their accommodations expenses are renters. Safe, affordable rental housing is difficult to find.



Buying a home is a possible solution, but adding to difficulties low-income families face in saving for home ownership is the increased presence of payday loan companies. Although they fill service gaps left by the traditional banks, payday loans contribute to family debt through high interest rates on short-term loans. Reconnecting people with mainstream financial services is important in helping families achieve the financial stability needed to purchase a home.

• *Strategy* •

As envisioned by Vibrant Communities Edmonton (VCE), a community-investment strategy is one that focuses on strengthening services in the community, such as providing reasonably priced banking and opportunities for home ownership for people who are working and earning low wages. Through research and partnerships, VCE is advancing innovative ideas around home ownership, savings and banking services.

• *Impact* •

Called the HOME Program, this initiative operates in municipalities across Alberta, offering education, matching down payment assistance and providing individual counselling to low-income people who wish to become home owners (see www.homeprogram.ca). VCE would like to see businesses participate in an employer-sponsored HOME ownership savings program. Based on models put forward in the US, a continuum of options could be made available to employers who wish to provide a unique retention package for their employees. These could range from offering on-site financial literacy and home-ownership education workshops to matching employee savings for a set period of time. In early 2006, VCE — in partnership with The HOME Program — plans to launch a range of products for employers through the Employer Sponsored Employee HOME Ownership Program.

In its efforts to provide families with reasonably priced financial services, VCE will carry out a feasibility study to suggest community alternatives to payday loan operations. Research conducted in Canada and the US shows that more and more people are using unregulated

payday loan companies, often located in storefronts that were once occupied by banks. VCE will review consumer banking habits over the last decade, including the mapping of major bank branch locations from five years ago and providing a comparison with current locations of payday loan operations and banks. VCE is conducting research to determine alternate banking products and services that people can use instead of turning to payday loans and the cheque-cashing services. VCE's proposed feasibility study will review ways to offer banking services that fit the needs of people earning low wages. The study will be guided by a multisectoral sub-committee, with completion expected by May 2006.



In From the Field: Preliminary Initiatives from Trail Builders in Vibrant Communities



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