

# CALCULATING THE COST OF LIVING IN NIAGARA REGION 2021

The Niagara Poverty Reduction Network



This brief provides context on the cost of living in Niagara region in 2021, as well as a description of the methodology used to calculate the expenses in each category.

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# CONTEXT

Calculating the cost of living in Niagara region requires a thoughtful process that determines and calculates expenditures necessary to meet basic needs and to participate both economically and socially in the community. As the living wage movement began building momentum in Ontario under the leadership of the Ontario Living Wage Network (OLWN) it became clear that consistency in living wage calculations and employer recognition would serve to strengthen the conversation. With support from local living wage organizers, the OLWN launched a province wide employer certification program in April 2017. They continue to evaluate their calculation tools to ensure expenses reflect current realities in our province. As such they have made some adjustments to their methodology for the 2021 living wage rate calculations.

In 2009, the Canadian Centre for Policy Alternatives (CCPA) released a report "Canadian Living Wage Framework: A National Methodology for Calculating the Living Wage in Your Community". This framework provided the specifics for a reference family household of four and a list of basket items to source expenses to calculate the living wage. As new public policies that provide support to families with children have been introduced by the federal and provincial governments and family/household demographics continue to change it has become clear that expenses for a reference family household of four are no longer the best reference for living wage calculations in Ontario. The 2021 cost of living and living wage calculation tools from the Ontario Living Wage Network use a weighted average of three different reference households.

- Reference Household 1 - A family of four with two adults each age 35, a 7-year old boy and a 3-year old girl
- Reference Household 2 - A single parent family with one 35-year-old female and a 7-year old boy
- Reference Household 3 - A single male adult age 35

The weighted average cost of living in Niagara region calculation includes items for a household to:

- meet basic needs (i.e. shelter, food, transportation, child care, laundry, phone)
- participate in the economic and social fabric of the community (i.e. local monthly outing, recreation membership), and
- buy goods or purchase services that can help to escape marginal subsistence (i.e. school supplies, internet service).

**The weighted average is used to calculate the living wage and is fully explained in the Calculating the Living Wage for Niagara Region, 2021 report found on [www.wipeoutpoverty.ca](http://www.wipeoutpoverty.ca)**

The list of expenses contains no extravagances. For example, it does not include:

- savings for children's post-secondary education
- debt repayment
- home ownership (which can include costs for house down payment, mortgage, insurance, property taxes, maintenance and repairs, large appliances, and more)

The cost of living in Niagara region calculation only demonstrates household expenses; it does not calculate for possible subsidies, coupons, or discounts which an eligible household could try to access, nor does it look at government taxes or benefits. It is strictly expenditures.

FOR 2021, THE CONSERVATIVELY ESTIMATED COST OF LIVING EXPENSES FOR A REFERENCE HOUSEHOLD OF FOUR (TWO PARENTS, TWO CHILDREN) IN NIAGARA REGION TOTALED **\$74,984**

THE TOTAL COST OF LIVING COULD BE REDUCED BY OVER **\$3,400 ANNUALLY**, IF A WORKER RECEIVED COMPARABLE EMPLOYER-PROVIDED GROUP HEALTH BENEFITS AND INSURANCE.

TABLE 1: NIAGARA REGION'S 2021 COST OF LIVING: SUMMARY OF ANNUAL REFERENCE HOUSEHOLD OF FOUR EXPENSES

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$9,657
Clothing/Footwear	\$2,842
<b>SHELTER</b>	
<i>Rent, 3 bedroom apartment</i>	\$15,167
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$12,514
<b>CHILD CARE (before subsidy)</b>	
<i>Daycare/Camps</i>	\$14,438
<b>ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION</b>	
<i>Cell Phone</i>	\$949
<i>Internet and Cable</i>	\$722
<i>Other – Includes Family Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, School Supplies/Fees, Reading Materials, Bank Fees</i>	\$9,424
<b>OTHER</b>	
<i>Non-OHIP Medical Insurance</i>	\$2,952
<i>Critical Illness and Life Insurance</i>	\$469
<i>Adult Education</i>	\$661
<i>Contingency</i>	\$2,883
<b>TOTAL HOUSEHOLD EXPENSES</b>	<b>\$74,948</b>

FOR 2021, THE CONSERVATIVELY ESTIMATED COST OF LIVING EXPENSES FOR A REFERENCE HOUSEHOLD OF TWO (ONE PARENT, ONE CHILD) IN NIAGARA REGION TOTALED **\$42,966**

THE TOTAL COST OF LIVING COULD BE REDUCED BY OVER **\$1,900 ANNUALLY**, IF A WORKER RECEIVED COMPARABLE EMPLOYER-PROVIDED GROUP HEALTH BENEFITS AND INSURANCE.

TABLE 2: NIAGARA REGION'S 2021 COST OF LIVING: SUMMARY OF ANNUAL REFERENCE HOUSEHOLD OF TWO EXPENSES

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$4,810
Clothing/Footwear	\$1,627
SHELTER	
<i>Rent, 2 bedroom apartment</i>	\$13,644
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$6,257
CHILD CARE (before subsidy)	
<i>Daycare/Camps</i>	\$5,055
ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION	
<i>Cell Phone</i>	\$475
<i>Internet and Cable</i>	\$722
<i>Other – Includes Family Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, School Supplies/Fees, Reading Materials, Bank Fees</i>	\$4,853
OTHER	
<i>Non-OHIP Medical Insurance</i>	\$1,676
<i>Critical Illness and Life Insurance</i>	\$276
<i>Adult Education</i>	\$331
<i>Contingency</i>	\$1,653
<b>TOTAL HOUSEHOLD EXPENSES</b>	<b>\$42,966</b>

FOR 2021, THE CONSERVATIVELY ESTIMATED COST OF LIVING EXPENSES FOR A REFERENCE HOUSEHOLD OF ONE (SINGLE ADULT) IN NIAGARA REGION TOTALED **\$30,649**

THE TOTAL COST OF LIVING COULD BE REDUCED BY OVER **\$1,400 ANNUALLY**, IF A WORKER RECEIVED COMPARABLE EMPLOYER-PROVIDED GROUP HEALTH BENEFITS AND INSURANCE.

TABLE 3: NIAGARA REGION'S 2021 COST OF LIVING: SUMMARY OF ANNUAL REFERENCE HOUSEHOLD OF ONE EXPENSES

ITEM	ANNUAL AMOUNT <i>(rounded to the nearest dollar figure)</i>
Food	\$3,336
Clothing/Footwear	\$767
SHELTER	
<i>Rent, 1 bedroom apartment</i>	\$11,496
<i>Utilities</i>	\$1,384
<i>Tenant Insurance</i>	\$204
Transportation/Vehicle	\$6,257
ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION	
<i>Cell Phone</i>	\$475
<i>Internet and Cable</i>	\$722
<i>Other – Includes Outings, Personal Care, Laundry, Recreation, Household Items/Furnishings, Reading Materials, Bank Fees</i>	\$3,094
OTHER	
<i>Non-OHIP Medical Insurance</i>	\$1,165
<i>Critical Illness and Life Insurance</i>	\$240
<i>Adult Education</i>	\$331
<i>Contingency</i>	\$1,179
<b>TOTAL HOUSEHOLD EXPENSES</b>	<b>\$30,649</b>

# METHODOLOGY

## FOOD

Nutritious food is an important part of a healthy life. The cost of food for a local community continues to be sourced from the Nutritious Food Basket calculated by local public health units. This does not include any nutritional supplements, special diets, or organic food products. Costs are broken down by age and gender and are matched to the living wage reference household. Public health units in Ontario did not report on this data in 2020 due to the pandemic so the most current available data for each community was used. The Consumer Price Index (CPI) from January to June of 2021 was used to adjust for inflation.

## CLOTHING AND FOOTWEAR

The cost for clothing and footwear is sourced through the Survey of Household Spending (2016) and adjusted for inflation. These numbers are provided by the Ontario Living Wage Network for all local communities across the province. The costs are lower for this year's calculation than they were in 2019.

## SHELTER

The costs of shelter include rent, utilities, and tenant insurance and this ranks as the highest total expense category for Niagara region households. It is assumed that parking is included in the cost of rent.

### RENT

The Canada Mortgage and Housing Corporation (CMHC) provides updated information on median rental costs in rental markets across the country. The cost of rent for this calculation is drawn from CHMC's Fall 2020 Rental Market Report for Ontario and, specifically, the St. Catharines/Niagara area (Grimsby and West Lincoln are excluded).

- Reference Family of Four Household (two parents, two children of different genders): 3-bedroom apartment
- Reference Family of Two Household (one parent, one child): 2-bedroom apartment
- Reference Single Adult Household: 1-bedroom apartment

Home ownership, while often desirable, is not always fully affordable for many families or individuals and has many additional cost variables including house down payment, mortgage and home insurance, municipal/regional property taxes, home maintenance and repairs, large appliance purchases, and more.

### UTILITIES

The cost of utilities was estimated based on the average monthly energy usage of 750 kWh from three local utility companies: Horizon Utilities (St. Catharines), Welland Hydro Electric Corp. (Welland), and Niagara Peninsula Energy (Niagara Falls) in a unit in a low- or high-rise apartment building. It assumes the cost of water is included in the rent.

## TENANT INSURANCE

Tenant insurance is an important component of any renter's shelter costs because if fire or flooding damages the contents of an apartment, a household would be hard-pressed to be able to afford to replace their possessions. The cost of tenant insurance is based on the lowest quote available on-line from Kanetix for a replacement value of \$35,000. The annual cost of tenant insurance will vary based on where the apartment is located, the age and construction of the building, whether or not the apartment is in a basement, and other factors. Therefore, the true cost of tenant insurance could be slightly lower or higher for some families; this is only a representative estimate of what is available.

## TRANSPORTATION

In a large geographic area such as Niagara region (nearly 1,900 square kilometers), that currently lacks a seamless, robust regional public transit system, a vehicle is a necessity for commuting throughout the region to and from work, and for shopping, appointments, errands, and child care. Data from the Niagara Workforce Planning Board shows the typical commuting patterns of employed Niagara residents – see Appendix A. The numbers of employed residents who commute within the municipality in which they live, compared to employed residents who commute outside the municipality in which they reside are about evenly split. However, most of Niagara's smaller, more rural communities' rates of outside commuting are much higher – these are also typically communities with limited or no public transit.

Based on these commuting patterns, as well as Niagara region's vast geography and continued lack of an all-inclusive regional public transit system, Niagara region's cost of living calculation includes the cost of owning, operating, and maintaining two used vehicles for a reference household with two adults and one used vehicle for a reference household with one adult.

The cost of owning and operating a vehicle includes: depreciation costs, the annual cost of a license plate sticker/registration, car insurance, gasoline, and repairs/maintenance. The 2021 cost of living methodology uses the cost of owning and operating a four-year-old Honda Civic.

As per other cost of living expense calculations, these are only estimates and may not reflect the reality of all households and their vehicle ownership experience. An unexpectedly high repair bill, a spike in gasoline prices, or the need to drive longer distances are realities many households face and can make the annual vehicle operation costs higher than our estimate. In order to maintain employment outside the home in Niagara region, having a reliable vehicle is an absolute requirement and is one of the single largest costs a household faces.

Note: The cost for car ownership and operation has come in slightly lower this year than in 2019 due to a change in the cost of car repair as provided by Statistics Canada.



## CHILD CARE

Child care is one of the single most expensive items on the list of expenses for households with children in Niagara region (and is often the case in other municipalities). Both reliable full-time, as well as before- and after-school care, are essential when parents are working. In the summer months, during Christmas and March Break school closures, and on school professional development days, camps or child care are also being required for older children.

Child care options are either home-based or centre-based. This calculation has assumed the household has chosen to use centre-based child care available through the YMCA of Niagara, which operates many centres in or near local schools. There is a range of prices available in different centres and home-based care options; the YMCA of Niagara rates are in line with average centre rates across Niagara. The household's income may qualify for a subsidy to offset some of the costs. The YMCA of Niagara also offers day camp during the summer months and holidays that are amongst the lowest priced and accessible across Niagara region.

Child care expenses include the expectation that parents will take two weeks off per year and not be charged for or require child care. A family discount of 5% is available to all families through the YMCA – the child with highest daily fee pays full fee, additional children receive 5% discount. Not included in child care costs are any potential child sitting fees on evenings or weekends. Overall fees may be slightly higher or lower, depending on centre space availability and camp availability.

## ECONOMIC AND COMMUNITY PARTICIPATION/INCLUSION

The ability to participate in the social aspects of community life is an important component of a cost of living calculation. Dignity, respect and inclusion includes the ability to: communicate/learn digitally, take outings/a modest vacation, and ensure children can participate in school activities.

There are several items included in Niagara's cost of living calculation that were deemed important for economic and community participation and social inclusion, such as personal care and maintenance items, recreation, school supplies/fees, and communication.

### CELL PHONE

The calculation includes two basic cell phone plans (unlimited text/talk, 1GB data) and no home land-line phone. One in five households no longer has a land-line phone; cell phones provide flexibility and are a necessity for keeping in contact, making appointments, safety, and emergencies. The calculation is for the cost of two Freedom Mobile monthly service plans with taxes only, not the cost to purchase the phones.

### INTERNET/CABLE

The cost of basic residential internet access is sourced from Vaxxine, a low-cost internet service provider covering most of Ontario. A basic Netflix plan is also included. Taxes are included in the costs.

### OTHER INCLUSIONARY ITEMS

The Statistics Canada Market Basket Measure calculates the Other Inclusionary Items expenses at 75.4% of the combined expenses for Food and Clothing/Footwear. This amount is intended to cover such items as toiletries/personal care, furniture, household supplies/laundry, school supplies/fees, bank fees, recreation, local outings/vacation, birthday presents, and some sports and/or arts classes for children.

## OTHER EXPENDITURES

The expenditures listed so far fall into the categories of general expenses required for basic survival needs (i.e. housing, food) and community participation (i.e. communication, recreation). There are, however, a few other expenditures than the general expenses that allow a household health and security above subsistence levels to improve quality of life.

### NON-OHIP (ONTARIO HEALTH INSURANCE PLAN) MEDICAL INSURANCE

Non-OHIP medical expenses, including dental care, vision care, and prescription drugs, can quickly add up over the course of a year and may be impossible for a household to cover without having an insurance plan. While some employers provide an employee benefits package, not all do.

The lowest cost to purchase suitable, comprehensive non-OHIP medical insurance for each reference household is based on quotes sourced through Rates.ca. Each quote includes coverage for dental care, prescription drugs, vision care, and other health care practitioner care such as registered massage therapy, acupuncture, and chiropractic therapy.

Insurance plans can vary, depending on which services are included. Families/individuals may make a choice to customize a plan to better meet their needs. Some services and treatments may still require additional out-of-pocket expenditures.

### CRITICAL ILLNESS AND LIFE INSURANCE

Having critical illness and life insurance coverage for unexpected illness, injury, or death of an employed adult household member is very important to maintain the stability of the household and overall quality of life. While some employers provide an insurance benefit package, not all do.

Niagara region's cost of living calculation opted for a basic critical illness and life insurance plan, sourced through Rates.ca, which includes critical illness insurance and life insurance.

### ADULT EDUCATION

Improving one's skills is an important component of ensuring the ability to compete in today's labour market. The cost of living calculation assumes that each adult will complete one community college courses (either in-class or on-line) over the course of one year.

### CONTINGENCY AMOUNT

A contingency amount is included in the cost of living calculation to cover emergency costs, such as higher than expected vehicle operating expenses or repairs or services not fully covered through non-OHIP medical insurance. The contingency amount is four per cent of the total household expenditures, or roughly two weeks' pay.

**PLEASE REFER TO THE CALCULATING THE LIVING WAGE FOR NIAGARA REGION, 2021 REPORT TO SEE HOW THE COST OF LIVING CALCULATIONS ARE USED IN CALCULATING THE HOURLY LIVING WAGE RATE FOR NIAGARA REGION.**

The Calculating the Living Wage for Niagara Region, 2021 report can be found at [www.wipeoutpoverty.ca](http://www.wipeoutpoverty.ca)

APPENDIX A  
 NIAGARA REGION COMMUTING PATTERNS FOR EMPLOYED RESIDENTS –

