Metro Vancouver’s Debtscape

Scott Graham (SPARC BC), Emily Hawes (UBC), David Ley (UBC)
Overview

1. Research questions
2. Quantitative methods
3. Qualitative methods
4. Discussion of results
Research Questions
1. How has the distribution of debt (consumer and mortgage) at the neighbourhood level (FSA) in Vancouver CMA changed in recent years (2007-2012)?

2. What are the factors behind and manifestations of high household indebtedness?

3. What policies can alleviate high debt stress for households in Metro Vancouver and do such policies vary across variables such as the type of debt, the rapidity of accrual, the relative wealth of the household, etc.?
Quantitative methods
Tax filer Income Data (2007-2012)

Equifax Debt Data (2007-2012)

Extraction

Extraction

Data Merging at FSA

Combined Tax filer and Equifax Data

Consumer and Mortgage Debt Balance

Median Calculations

Ratio Calculations and Change Analysis

Data File with:
- Median Debt and Totals by Debt Type;
- Median Income;
- Ratios of Income to Debt by Type;
- Changes in Debt Totals by Type, Medians and Ratios from 2007-2012 at FSA level
Context

Data
### Median after-tax annual income (for all families and all non-family persons) and median consumer debt, Metro Vancouver, 2007-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Median after-tax annual income</th>
<th>Median consumer debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$41,920</td>
<td>$13,515</td>
</tr>
<tr>
<td>2008</td>
<td>$43,520</td>
<td>$15,050</td>
</tr>
<tr>
<td>2009</td>
<td>$43,290</td>
<td>$14,821</td>
</tr>
<tr>
<td>2010</td>
<td>$42,780</td>
<td>$14,748</td>
</tr>
<tr>
<td>2011</td>
<td>$43,790</td>
<td>$14,523</td>
</tr>
<tr>
<td>2012</td>
<td>$45,120</td>
<td>$14,755</td>
</tr>
</tbody>
</table>

% change, 2007-2012: 8% 9%
Maps
FSA Debt Balance (Mortgage and Consumer) to Asset Value Ratio (2012)

Debt Balance to Asset Value Ratio in 2012 by Forward Sortation Area (FSA)
- 0.08 - 0.14
- 0.15 - 0.19
- 0.20 - 0.25
- 0.26 - 0.31
- 0.32 - 0.38
- No data available

Prepared by: Social Planning and Research Council of BC
Supported by: Neighbourhood Change Research Partnership
Data Sources: Environics
Change in Consumer Debt to Income Ratio (2007-2012) and Consumer Bankruptcy (2007-2012)

Percent Change in Individual Median Consumer Debt to Median Income (2007-2012)
- Increase
- Decrease
  - > 0% - 2%
  - > 2% - 4%
  - > 4% - 6%
  - > 6% - 9%
  - > 9%

Percent Change in Number of Individuals with More than 50 Percent of Total Liabilities Related to Consumer Goods and Services
- < -50% - -25%
- > -25% - 0%
- > 0% - 25%
- > 25% - 50%
- > 50%
- No data available

Total Number of Individuals in Metro Vancouver
- 2007: 3149 individuals
- 2012: 3331 individuals

Prepared by: Social Planning and Research Council of BC
Supported by: Neighborhood Change Research Partnership
Data Sources: Equifax
Qualitative methods
Interview process aims to generate an understanding of:

1. The emotional, lived experience of high indebtedness among residents of Vancouver;
2. Coping strategies that households employ to deal with high debt stress;
3. Causes and contributors to high indebtedness among residents of Vancouver;
4. Services needed to help prevent, cope with, and solve indebtedness.
Summary of interview methods

• Non-participant observation
• In-depth expert interviews with Credit Counselors (n=10)
• In-depth interviews with past clients of the Credit Counseling Society (n=29)
Select Characteristics of Sample

67% female

29% immigrants

83% white European

50% between 20 and 35 years old at the time of debt accrual

62.5% married or in a long-term partnership

46% had an annual household income between $25,000 - $50,000
Participant Recruitment

• Past clients selected + recruited through Credit Counselling Society
• Reside in high debt, low median income FSAs (2012 data)
• Successfully completed DMP or CP
• Contacted by CCS then interviewer
• $50 Honoraria
• Interviews .5 – 1.5 hrs
Blue = Home FSA of Interviewees  [Red, Pink, White = N/A]
Green = Interviews desired but not achieved
Discussion of Results
Maps

• Ranging from a minimum of $210,823 to a maximum of $657,017, median (combined mortgage and consumer) debt levels in Metro Vancouver are high.

• In comparison, the median debt (mortgage and consumer debt), nationally, for all indebted Canadian families was $60,100 in 2012 (though it varied substantially by family type) (Uppal and LaRochelle-Côté, 2015).
Maps

- North Shore and Vancouver West: *High income, high debt*
- The Tri-Cities, Maple Ridge and Pitt Meadows: *Middle-income, low debt*
- The Eastern Suburbs (Surrey, Langley): *Middle income, moderate debt*
Maps

• Whereas the North Shore/Vancouver West FSAs displayed, in 2012, both the highest median income and median debt levels, the highest debt-to-asset ratios instead appear in the FSAs of the medium-income, moderately indebted suburbs of Surrey and the City and Township of Langley.
• Conversely, the North Shore/Vancouver West FSAs exhibit the lowest debt-to-asset ratios.
• The FSAs of the Tri-Cities, Pitt Meadows and Maple Ridge also displayed high relative debt-to-asset ratios (>=26%). Moreover, they experienced some of the highest increases in (median) consumer debt-to-income ratios (a measure of debt burden).
Interviews with People in Debt

Employment is sacrificed to cover child care during debt repayment…

“…I had just taken over custody of my daughter full time. So I was forced to quit my construction job. And then I was kind of in limbo trying to find a job where I was able to drop my daughter off at daycare at 7:00 and be able pick her up by 5:30.”
Interviews with People in Debt

Spending can be a coping mechanism for people experiencing mental health issues...

“I also found that when I was down… I was reckless. Because of that whole depression, all of that stress. Whenever I wanted a relief I would spend extra money instead… there was a lot of guilt about it.”
Interviews with People in Debt

Easy access to borrowing money exacerbates individual and family economic insecurity...

“The [Payday lender] that I went to... was right across from the bus stop where I went to work. And I remember cashing my pay cheque and ...I realized I didn't have enough to pay for rent or something... the first 300 dollars you get for free, [with] no interest. And then it became, like, 75% of my paycheck I was borrowing. But by the time you get it back, with the interest, it's 100 per cent of your pay check that you're giving to them.”
Our Conclusions and Recommendations are Works in Progress to be Released in June…
Questions and Discussion