Urban Spotlight

Findings for Canada's cities

NEIGHBOURHOOD FINANCIAL HEALTH INDEX

Canadian Council on Social Development
Conseil canadien de développement social

Prosper Canada

1

Introduction

This report examines the financial health and vulnerability of households in Canada's 35 largest cities, using a new composite index of household financial health at the neighbourhood level, the **Neighbourhood Financial Health Index** or **NFHI**. The NFHI is designed to shine a light on the dynamics underlying national trends, taking a closer look at what is happening at the provincial/territorial, community and neighbourhood levels.

Canada ranks consistently as one of the best places to live in the world and one of the wealthiest.[1] When it comes to looking at the financial health of Canadian households, however, we often have to rely on incomplete measures, like income alone, or aggregate national statistics that tell us little about the distribution and drivers of financial health and vulnerability in our neighbourhoods, communities or provinces/territories. This is worrisome because household financial vulnerability is on the rise in Canada.

While the net worth of Canadians overall has increased in tandem with rising housing prices in key markets and investment wealth,[2] many Canadians have actually seen little if any gain.[3,4,5] At the same time, rising household debt is outpacing income growth[6] and total household debt now exceeds Canada's GDP.[7] While the aggregate debt-service ratio on mortgages for Canadian households has been very stable – between five per cent and seven per cent since the early 1990s – heavily indebted Canadians will have increasing trouble managing their debt as interest rates rise.[8] This in turn creates vulnerabilities for the economy overall, specifically the risk of a national debt crisis triggered by excessive household debt.[9]

Many Canadians are also finding it hard to save adequately, leaving them ill prepared to weather short-term emergencies or to secure their retirement. Canada's household savings rate averaged 7.6 per cent of annual income over the period 1961 to 2019,[10] with an all-time high of 21.6 per cent in the first quarter of 1982 and a record low of 0.3 per cent in the first quarter of 2005.[11] Today, however, the average Canadian household saves just 1.7 per cent of their annual income.[12] Survey data indicate that 41 per cent of employed Canadians live paycheque-to-paycheque[13] and just under one in five cannot manage an emergency expense of $2,000 within 30 days.[14]

In this report, we look at Canada's largest urban areas – those with populations over 100,000 – where 70 per cent of Canadians currently live.[15] By exploring key dimensions of financial health and vulnerability within and across specific communities, we can learn more about the diverse experiences of households across Canada, as well as what may be driving troubling national trends we need to address. All NFHI findings are based on 2016 data.

1.7%
Canadians' average household savings relative to their yearly income

41%
of Canadians live paycheque to paycheque

19%
of Canadians
cannot manage a
$2,000
Emergency expense
within
30 DAYS

8%
of indebted Canadians
carry
20%
of all household debt[16]

2

Neighbourhood Financial Health Index

The **Neighbourhood Financial Health Index (NFHI)** is a new composite measure of household financial health at the neighbourhood level that takes into account critical factors that determine our financial well-being – today and in the future.

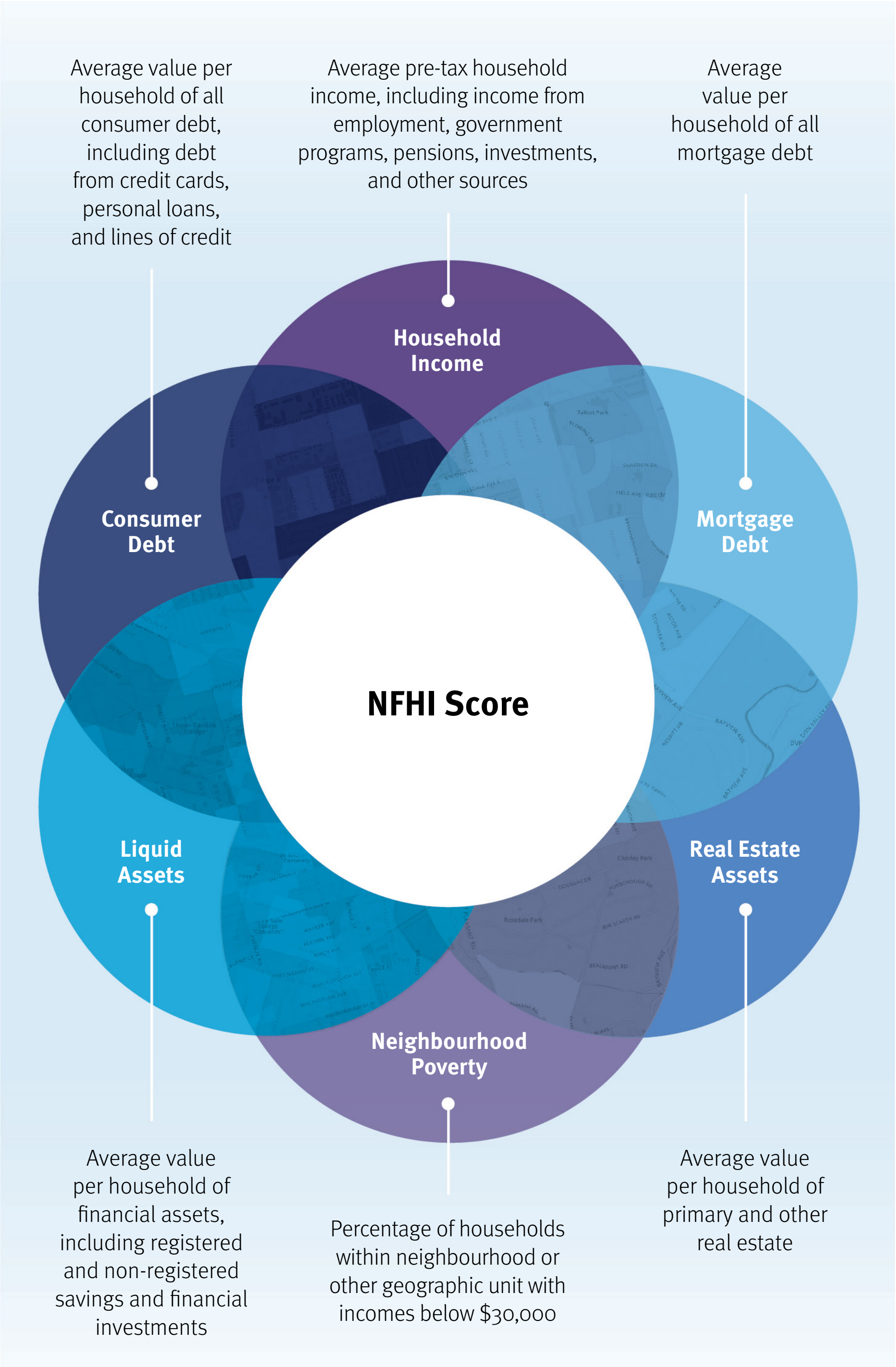
Financial health is about more than just income. We achieve financial health by balancing our household income, spending, saving, borrowing, and investing over our lifetime in ways that help us to meet our basic needs, provide for our families, participate fully in community life, and achieve our life goals.

More income helps, but only if we are also balancing day-to-day income and expenses, setting aside savings for emergencies and the longer term, minimizing unnecessary borrowing, and investing for the future in assets like education, housing or a business. The extent to which we are able to achieve this balance is heavily influenced by where we live – in a community or neighbourhood marked by entrenched poverty or one where resources and opportunities abound.

Produced for communities and neighbourhoods across Canada, the NFHI is a weighted index of six indicators: average household income, mortgage debt, consumer debt, real estate assets, liquid assets, and the proportion of low-income households in each neighbourhood or area.[17]

The NFHI and accompanying online **Community Financial Health Maps** (NFHI.ca) enable Canadians to see, for the first time, how financial health and vulnerability are distributed in their communities and better understand the underlying drivers of financial health and vulnerability at the local level.

NFHI data can also be used to see how individual neighbourhoods and communities measure up against others across Canada. This report explores the different dimensions of neighbourhood financial health in Canada's 35 largest cities using data from 2016.



3

Overall household financial health: How do city regions rank?

The NFHI paints a variable and complex picture of household financial health across Canada, showing cities where households are doing well on average, but have important vulnerabilities, and cities where households face greater financial challenges, but also have some important strengths. This information is critical to efforts to build more financially resilient communities.

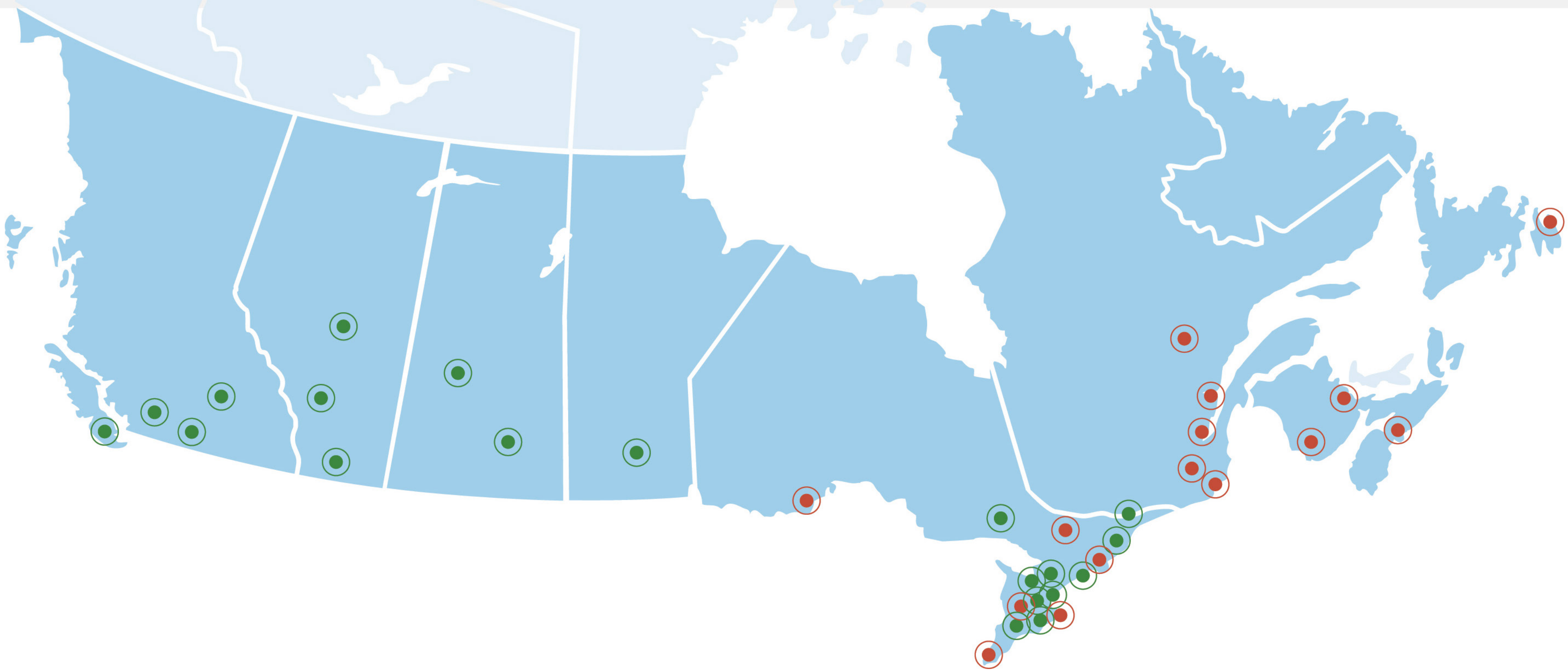


FIGURE 1 Census Metropolitan Areas ranked by NFHI scores, relative to national average benchmark (2016)

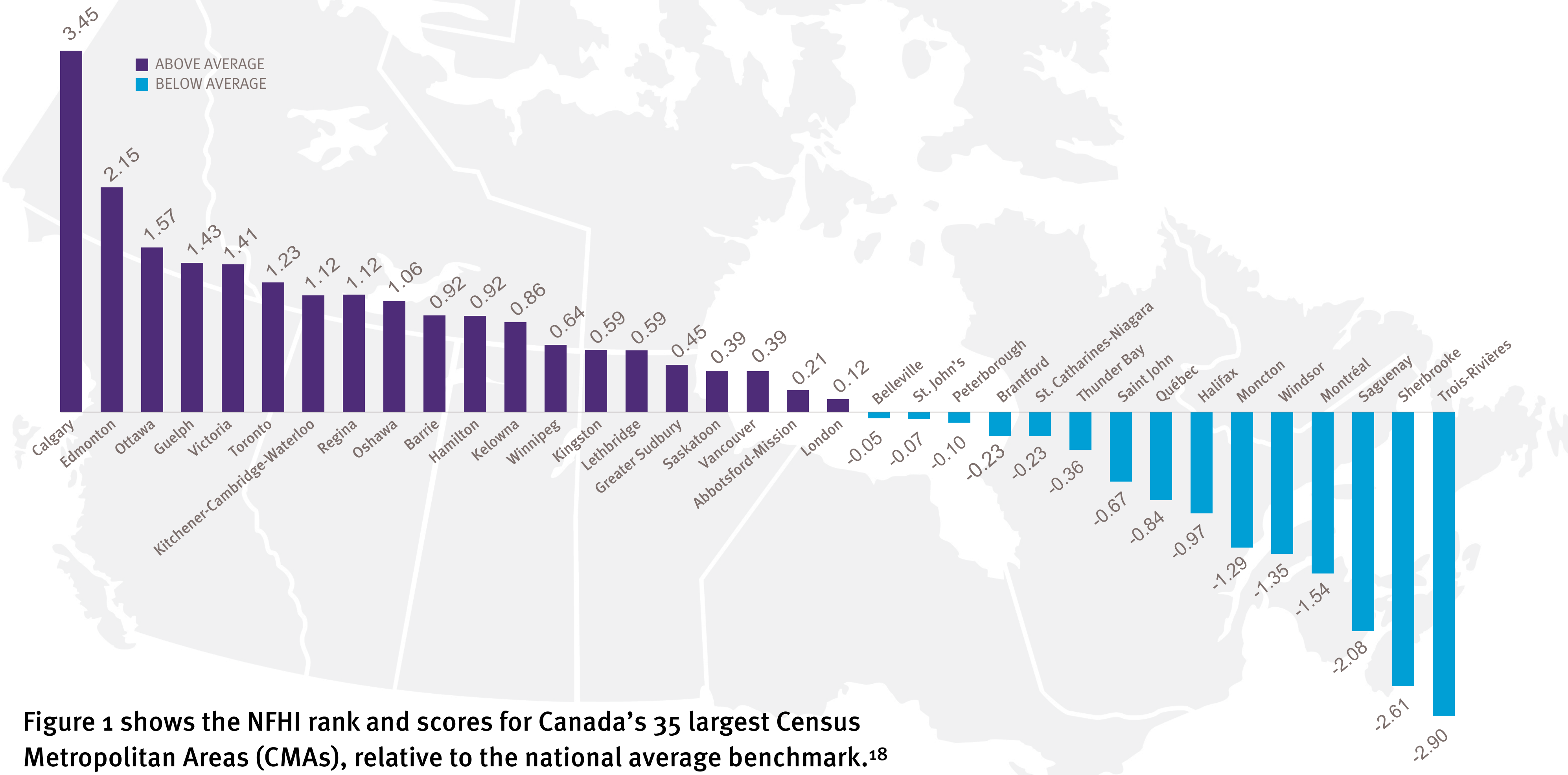


Figure 1 shows the NFHI rank and scores for Canada's 35 largest Census Metropolitan Areas (CMAs), relative to the national average benchmark.[18]

Overall, 20 city regions (CMAs) have above-average NFHI scores, meaning these cities demonstrate higher than average household financial health when compared to Canada overall.

Fifteen cities fall below the national average, indicating lower than average household financial health.

Twenty cities occupy the middle range, straddling the national benchmark.

Western cities have above average levels of financial health, while cities in Quebec and the Maritimes tend to score below the average. This is consistent with our analysis of 2016 NFHI results for provinces and territories (see Cross Canada Check-up).[19]

Calgary and Edmonton place at the top of the Index by a wide margin.[20]

Ottawa, Guelph and Victoria round out the cities in the top third of the NFHI scale (-4.0 to 4.0).

The remaining Ontario cities mainly cluster just below the national average.

Three cities in Quebec rank the lowest on the NFHI scale (Saguenay, Sherbrooke and Trois Rivières).

Three maritime cities – Moncton, Halifax, Saint John – also placed in the bottom third of the Index, along with Montreal, Quebec and Windsor.

FIGURE 2

Proportion of CMAs scoring better/worse than national average, by NFHI indicator (2016)

	NATIONAL AVERAGE BENCHMARK	WORSE THAN AVERAGE	BETTER THAN AVERAGE
TOTAL INCOME	$94,365	51%	49%
REAL ESTATE ASSETS Average value per household of primary and other real estate	$485,011	71%	29%
LIQUID ASSETS Average value per household of liquid financial assets, including registered and non-registered savings and financial investments	$278,038	77%	23%
MORTGAGE DEBT Average value per household of all consumer debt, including debt from credit cards, personal loans, and lines of credit	$99,836	40%	60%
CONSUMER DEBT Average value per household of all mortgage debt	$39,551	37%	63%
NEIGHBOURHOOD POVERTY Percentage of households within neighbourhood block with incomes below $30,000	17.2%	26%	74%

FIGURE 3 NFHI score and indicators – performance relative to national average, by CMA (2016)

- BETTER THAN NATIONAL AVERAGE
- AT NATIONAL AVERAGE
- WORSE THAN NATIONAL AVERAGE

Ontario

	NFHI SCORE	AVERAGE HOUSEHOLD INCOME	AVERAGE REAL ESTATE ASSETS	AVERAGE LIQUID ASSETS	AVERAGE MORTGAGE DEBT	AVERAGE CONSUMER DEBT	POVERTY LEVEL
BARRIE	Better	Better	Better	Worse	Worse	Worse	Better
BELLEVILLE	Worse	Worse	Worse	Worse	Better	Better	Better
BRANTFORD	Worse	Worse	Worse	Worse	Better	Better	Better
GREATER SUDBURY	Better	Better	Worse	Worse	Better	Better	Better
GUELPH	Better	Better	Better	Better	Worse	Worse	Better
HAMILTON	Better	Better	Better	Worse	Worse	Better	Better
KINGSTON	Better	Better	Worse	Worse	Better	Better	Better
KITCHENER-CAMBRIDGE-WATERLOO	Better	Better	Worse	Worse	Better	Better	Better
LONDON	Better	Worse	Worse	Worse	Better	Better	Better
OSHAWA	Better	Better	Better	Worse	Worse	Worse	Better
OTTAWA	Better	Better	Worse	Worse	Better	Better	Better
PETERBOROUGH	Worse	Worse	Worse	Worse	Better	Better	Worse
ST. CATHERINE'S–NIAGARA	Worse	Worse	Worse	Worse	Better	Better	Better
THUNDER BAY	Worse	Worse	Worse	Worse	Better	Better	Worse
TORONTO	Better	Better	Better	Better	Worse	Worse	At
WINDSOR	Worse	Worse	Worse	Worse	Better	Better	Worse

- BETTER THAN NATIONAL AVERAGE
- AT NATIONAL AVERAGE
- WORSE THAN NATIONAL AVERAGE

Manitoba

	NFHI SCORE	AVERAGE HOUSEHOLD INCOME	AVERAGE REAL ESTATE ASSETS	AVERAGE LIQUID ASSETS	AVERAGE MORTGAGE DEBT	AVERAGE CONSUMER DEBT	POVERTY LEVEL
WINNIPEG	Better than national average	Worse than national average	Worse than national average	Worse than national average	Better than national average	Better than national average	Better than national average

Saskatchewan

	NFHI SCORE	AVERAGE HOUSEHOLD INCOME	AVERAGE REAL ESTATE ASSETS	AVERAGE LIQUID ASSETS	AVERAGE MORTGAGE DEBT	AVERAGE CONSUMER DEBT	POVERTY LEVEL
REGINA	Better than national average	Better than national average	Worse than national average	Worse than national average	Worse than national average	Worse than national average	Better than national average
SASKATOON	Better than national average	Better than national average	Worse than national average	Better than national average	Worse than national average	Worse than national average	Better than national average

Alberta

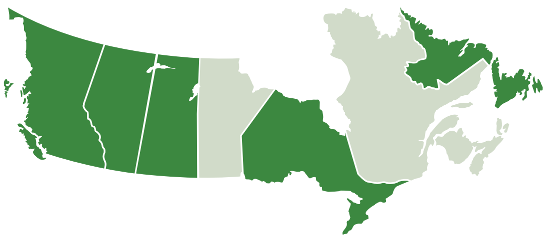
	NFHI SCORE	AVERAGE HOUSEHOLD INCOME	AVERAGE REAL ESTATE ASSETS	AVERAGE LIQUID ASSETS	AVERAGE MORTGAGE DEBT	AVERAGE CONSUMER DEBT	POVERTY LEVEL
CALGARY	Better than national average	Better than national average	Better than national average	Better than national average	Worse than national average	Worse than national average	Better than national average
EDMONTON	Better than national average	Better than national average	Worse than national average	Better than national average	Worse than national average	Worse than national average	Better than national average
LETHBRIDGE	Better than national average	Worse than national average	Worse than national average	Worse than national average	Better than national average	Worse than national average	Better than national average

British Columbia

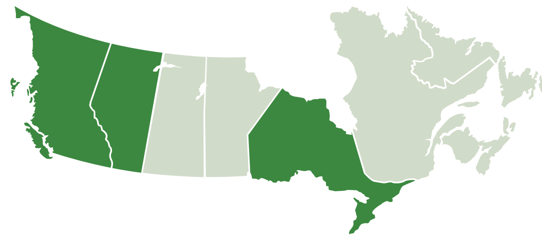
	NFHI SCORE	AVERAGE HOUSEHOLD INCOME	AVERAGE REAL ESTATE ASSETS	AVERAGE LIQUID ASSETS	AVERAGE MORTGAGE DEBT	AVERAGE CONSUMER DEBT	POVERTY LEVEL
ABBOTSFORD-MISSION	Better than national average	Worse than national average	Better than national average	Worse than national average	Worse than national average	Worse than national average	Better than national average
KELOWNA	Better than national average	Better than national average	Better than national average	Better than national average	Worse than national average	Worse than national average	Better than national average
VANCOUVER	Better than national average	Better than national average	Better than national average	Better than national average	Worse than national average	Worse than national average	Better than national average
VICTORIA	Better than national average	Better than national average	Better than national average	Better than national average	Worse than national average	Better than national average	Better than national average

As Figure 3 (preceding pages) illustrates, the mix of financial strengths and vulnerabilities varies significantly across CMAs, but particular strengths and vulnerabilities tend to concentrate in some regions of the country more than others:

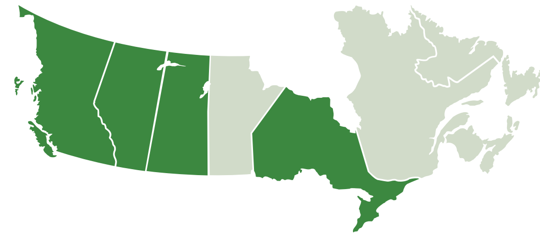
The 17 CMAs with above average household incomes are most heavily concentrated in Ontario (Barrie, Greater Sudbury, Guelph, Hamilton, Kingston, Kitchener-Cambridge-Waterloo, Oshawa, Ottawa, Toronto), followed by **British Columbia** (Kelowna, Vancouver, Victoria), **Alberta** (Calgary, Edmonton), **Saskatchewan** (Regina, Saskatoon) and **Newfoundland** (St. John's).



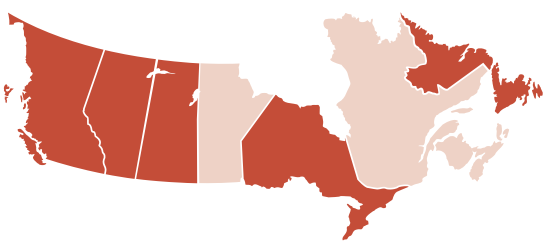
The 10 cities with above average household real estate assets are all in Alberta (Calgary), **British Columbia** (Abbotsford-Mission, Kelowna, Vancouver, Victoria) or **Ontario** (Barrie, Guelph, Hamilton, Oshawa, Toronto).



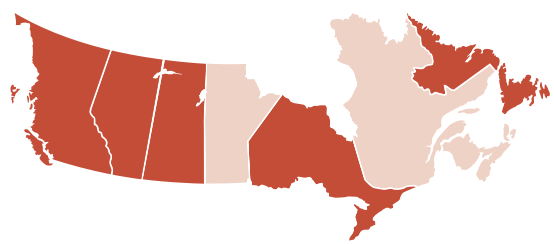
The eight cities with above average household liquid assets are also in Alberta (Calgary and Edmonton), **British Columbia** (Kelowna, Vancouver, Victoria) or **Ontario** (Guelph and Toronto), as well as **Saskatchewan** (Saskatoon).



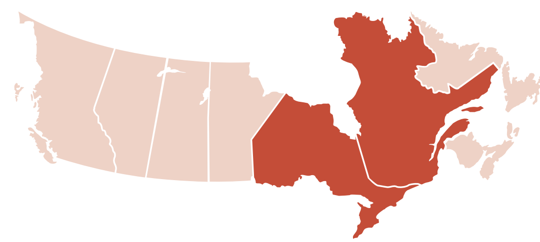
The 13 cities with above average household consumer debt are found in Alberta (Calgary, Edmonton, Lethbridge), **British Columbia** (Abbotsford-Mission, Kelowna, Vancouver), **Newfoundland** (St. John's), **Ontario** (Barrie, Guelph, Oshawa, Toronto) and **Saskatchewan** (Regina, Saskatoon).



The 14 cities with above average household mortgage debt are also concentrated in Alberta (Calgary and Edmonton), **British Columbia** (Abbotsford-Mission, Kelowna, Vancouver, Victoria), **Newfoundland** (St. John's), **Ontario** (Barrie, Guelph, Hamilton, Oshawa, and Toronto), and **Saskatchewan** (Regina, Saskatoon).



Of the nine cities with above average poverty levels (as defined by the proportion of households with incomes below $30,000 per year), all except Halifax are concentrated in **Ontario** (Peterborough, Thunder Bay, and Windsor) and **Quebec** (Montreal, Quebec, Saguenay, Sherbrooke, Trois Rivières).



While there is significant variation between Canadian cities, reflecting the influence of regional and local factors shaping household financial health, some cities stand out for their unique profile:

Victoria is the only city that performs better than average on all NFHI indicators but one – mortgage debt levels.

St. John's is the only city that performs better than average with respect to income and poverty levels, but also has below average wealth and above average debt. This combination leaves households vulnerable to higher interest rates and economic shocks.

There are also striking similarities across groups of cities:

Living challenged

Some cities can be characterized as "living challenged," with lower income, lower wealth, lower debt and higher poverty relative to the Canadian average.

Cities in Quebec, as well as Halifax, Peterborough, Thunder Bay, and Windsor display this profile. While income and assets may be harder to come by in these communities, low debt levels make households more resilient in the face of potential interest rate increases.

Living constrained

A second group of cities displaying a similar pattern, but with lower than average poverty levels, can be described as "living constrained."

These include Moncton and Saint John in New Brunswick and Belleville, Brantford and St. Catherine's-Niagara in Ontario. Below average income and asset levels in these communities contribute to lower overall financial health, despite lower poverty levels.

Living large

In contrast, another group of cities can be characterized as "living large" with high income, high wealth, but also high debt relative to the national average.

Toronto and Vancouver are the most extreme examples, due largely to their elevated real estate and mortgage levels, but this group also includes Calgary, Kelowna, and Guelph. These communities carry sizeable mortgages and credit card balances, but most households have the financial resources to manage their debt loads.

Living on the edge

Cities with good average income, but high debt and low savings may be ok financially for now, but can be characterized as "living on the edge" because they are highly vulnerable to future interest rate increases and economic downturns.

These cities include St. John's, Barrie, Oshawa, Regina and Abbotsford-Mission.

4

Assets and debt matter – not just income

Financial health is not exclusively a question of income. It also encompasses the ability of individuals and families to:

- Balance their spending and saving to advance their financial goals
- Use credit prudently and productively when needed
- Build savings and assets for their future.

The NFHI includes asset and debt indicators, along with income and neighbourhood poverty, to offer a more balanced assessment of financial health than income data alone can provide.

A city's income ranking, while important, is therefore not necessarily predictive of how well it ranks on the NFHI overall. In some cases, cities' NFHI rankings are higher than their income ranking, buoyed by the average value of household assets. In other cases, NFHI rankings are lower, weighed down by high levels of neighbourhood poverty and/or household debt. For example:

Victoria

Income ranking 16TH **NFHI ranking 5TH**

Victoria ranks 16th out of the 35 CMAs studied with respect to income – slightly above the national benchmark, but it ranks fifth on the NFHI overall, thanks to its high asset values and comparatively low levels of poverty.

Belleville

Income ranking 29TH **NFHI ranking 21ST**

Belleville also has a stronger financial outlook than its income rank alone might suggest. It jumps from 29th to 21st place on the NFHI overall due to low average debt levels.

Winnipeg and Lethbridge

NFHI ranking 5 positions higher than income rankings

Winnipeg and Lethbridge rank in the middle of the pack with respect to income (18th and 20th respectively), but higher when it comes to overall financial health. Both cities are ranked five positions higher on financial health thanks to relatively low debt levels and below-average neighbourhood poverty.

St. John's

Income ranking 9TH **NFHI ranking 22ND**

By contrast, St. John's NFHI ranking is 13 spots lower than its income ranking (22nd versus ninth), due to low asset levels and high levels of debt.

Saskatoon

Income ranking 5TH **NFHI ranking 17TH**

Comparatively high debt and low asset values play a similar role in Saskatoon – fifth in income versus 17th on the NFHI.

Halifax

Income ranking 22ND **NFHI ranking 29TH**

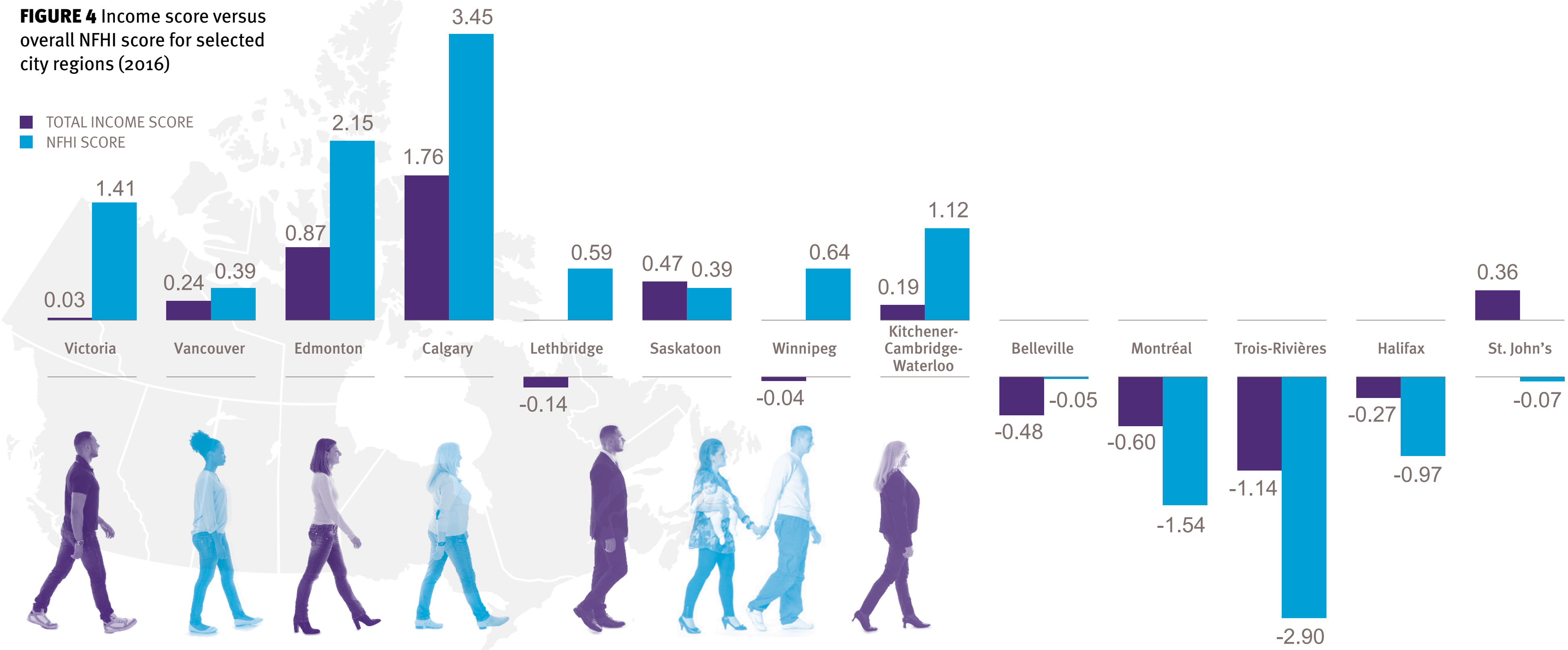
In Halifax, low asset levels and an above-average rate of neighbourhood poverty resulted in a lower NFHI than income ranking (29th versus 22nd).

Vancouver

Income ranking 11TH **NFHI ranking 18TH**

Finally, in Vancouver, exceptionally high asset levels are offset by very high debt levels, reducing their NFHI rank to 18th, versus their much higher income rank of 11th.

FIGURE 4 Income score versus overall NFHI score for selected city regions (2016)



Headlines in recent years have been dominated by stories about growth in household wealth, driven by sky-high housing prices – but this is not the case in many cities. In 2016:

- **25** CMAs showed below-average real estate assets
- **27** CMAs showed below-average investments and savings
- **14** CMAs carried above-average mortgage debt
- **13** CMAs carried above-average consumer debt
- **10** CMAs displayed levels of neighbourhood poverty at or above the national average.

2.8 million people live in the nine CMAs that had above-average rates of poverty in 2016. In Toronto, where neighbourhood poverty rates matched the national average (17.2 per cent), 380,000 households live on incomes below $30,000 per year.

There are other cities where many households labour under high debt with only modest levels of savings or other assets:

Barrie, for example, grew significantly over the last two decades as young families sought affordable housing on the periphery of the Greater Toronto Area. Barrie's average household income is above the national average benchmark and it has the lowest proportion of households living on incomes below $30,000 per year. At the same time, half of all households in Barrie carry mortgage debt – versus the national average (39 per cent) – and Barrie ranks 23rd out of 35 CMAs when it comes to household savings.

Oshawa also has a comparatively high average income level (eighth of 35 CMAs) and real estate values, but only ranks 32nd of 35 CMAs when it comes to liquid assets. Between 2015 and 2016, Oshawa households posted the second greatest percentage gain in net worth out of 35 CMAs, as real estate values grew by 25 per cent – nearly double the national average. Predictably, average mortgage debt grew as well, reaching $135,540 or 1.4 times the national average, while the value of investments and savings was only 60 per cent of the Canadian average benchmark ($165,932 – 31st of 35 CMAs).[21]

Vancouver's high cost of living threatens the quality of life of middle and modest income families, creating a barrier to home ownership and wealth generation for younger residents. Very high levels of average wealth mask significant disparities among residents, as many households attempt to balance high levels of debt with more modest incomes. In Vancouver, all households owe an average $2.27 in debt for every dollar of household income. This includes $1.77 of mortgage debt. However, among mortgage holders, the debt-to-income ratio is much higher at an average $4.74 of debt for every dollar in annual income. High levels of neighbourhood poverty, once concentrated in downtown Vancouver neighbourhoods, are now spreading throughout the Lower Mainland.[22]

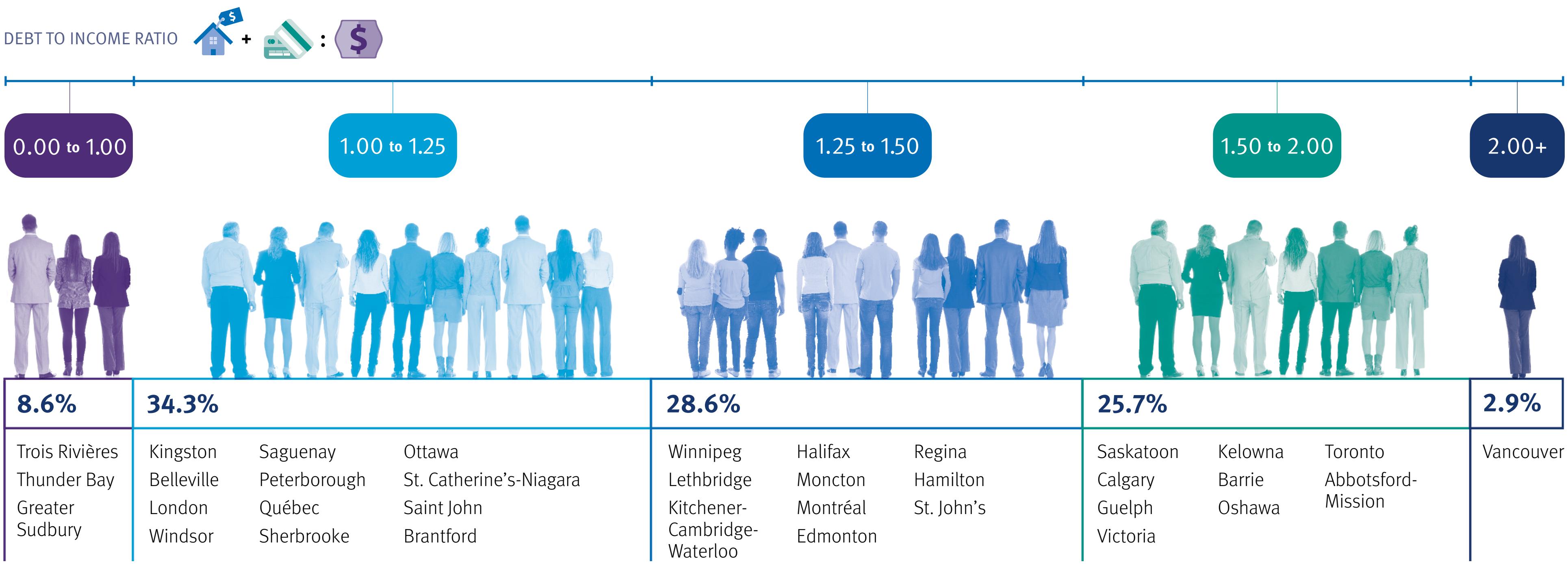
These examples demonstrate the inherent financial vulnerability of communities where many households struggle to balance their income, debts and assets; and where gains in net worth from rising real estate values are not evenly distributed across households.

Aided by record-low interest rates, growth in household debt – particularly mortgage debt – has outpaced income growth for many years. Mortgage carrying costs also grew at more than double the pace of wages from the 1980's into the 2010's.[23]

Twelve cities have above-average mortgage debt-to-income ratios,[24] including several in the Greater Toronto Area and B.C.'s Lower Mainland: Hamilton, St. John's, Calgary, Saskatoon, Kelowna, Guelph, Victoria, Barrie, Oshawa, Toronto, Abbotsford-Mission, and Vancouver.

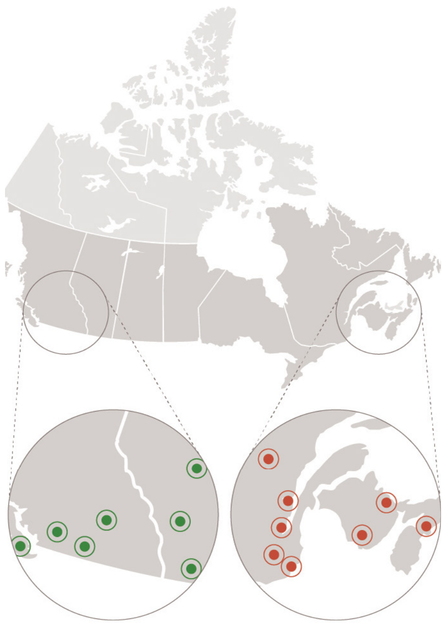
Twenty city regions have total-debt-to-income ratios of 125 per cent or higher (including all households). Of these, half (10) have ratios greater than 150 per cent. This group includes: Saskatoon, Calgary, Guelph, Victoria, Kelowna, Barrie, Oshawa, Toronto, Abbotsford-Mission and Vancouver.

FIGURE 5 Distribution of Census Metropolitan Areas by total debt to total income ratio, all households 2016



5

Summary of key findings



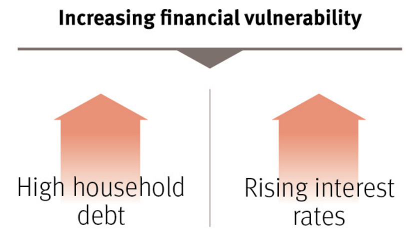
Western cities have above average levels of financial health, while cities in Quebec and the Maritimes tend to score below the average. This is consistent with our analysis of 2016 NFHI results for provinces and territories (see Cross Canada Check-up).

Calgary and Edmonton place at the top of the Index by a wide margin.

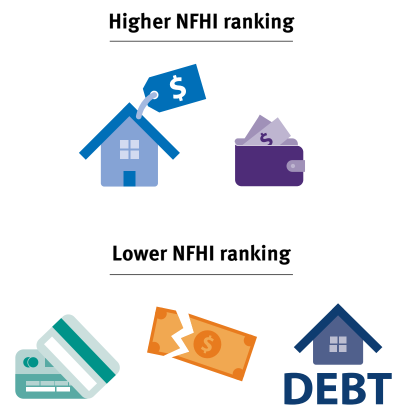
Nine cities can be characterized as "living challenged," with below average income, wealth, and debt and higher poverty relative to the Canadian average. Cities in Quebec, as well as Halifax, Peterborough, Thunder Bay, and Windsor display this profile. While income and assets may be harder to come by in these communities, low debt levels make households more resilient in the face of potential interest rate increases.

Five cities display a similar pattern, but with lower than average poverty levels, and can be described as "living constrained." These include Moncton and Saint John in New Brunswick and Belleville, Brantford and St. Catherine's-Niagara in Ontario.

Five cities can be characterized as "living large" with high income, high wealth, but also high debt relative to the national average. Toronto and Vancouver are the most extreme examples, due largely to their elevated real estate and mortgage levels, but this group also includes Calgary, Kelowna, and Guelph.



Cities with good average income, but high debt and low savings may be ok financially for now, but can be characterized as "living on the edge" because they are highly vulnerable to future interest rate increases and economic downturns. These cities include St. John's, Barrie, Oshawa, Regina and Abbotsford-Mission.



A city's income ranking, while important, is not necessarily predictive of how well it ranks on the NFHI overall. In some cases, cities' NFHI rankings are higher than their income ranking, buoyed by the average value of household assets. In other cases, NFHI rankings are lower, weighed down by high levels of neighbourhood poverty and/or household debt.

Headlines in recent years have been dominated by stories about growth in household wealth, driven by sky-high housing prices – but this is not the case in many cities. In 2016:

- **25** CMAs showed below-average real estate assets
- **27** CMAs showed below-average investments and savings
- **14** CMAs carried above-average mortgage debt
- **13** CMAs carried above-average consumer debt
- **10** CMAs displayed levels of neighbourhood poverty at or above the national average.

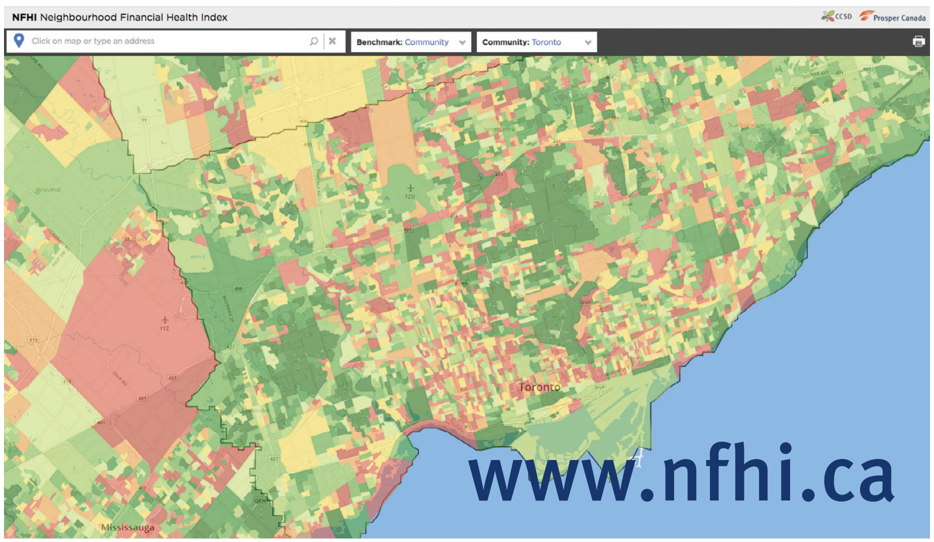
Aided by record-low interest rates, growth in household debt – particularly mortgage debt – has outpaced income growth for many years. Mortgage carrying costs also grew at more than double the pace of wages from the 1980s into the 2010s.

Twenty city regions have total-debt-to-income ratios of 125 per cent or higher (including all households). Of these, half (10) have ratios greater than 150 per cent: Saskatoon, Calgary, Guelph, Victoria, Kelowna, Barrie, Oshawa, Toronto, Abbotsford-Mission and Vancouver.

6

Visit the NFHI online

Visit the **NFHI** website and our interactive **Community Financial Health Maps** to learn more about neighbourhood financial health and vulnerability in your community and across Canada. Using the interactive online tool, you can visit any community in Canada to see how households are doing financially and explore, neighbourhood by neighbourhood, the underlying factors driving financial health and vulnerability.



YOU CAN SEE:

How each neighbourhood ranks in its community and against the national benchmark

How each neighbourhood is doing on income, assets, debt and poverty compared to national and community averages

"Heat maps" showing health and vulnerability by neighbourhood with respect to the NFHI overall and individual sub-indicators of financial health (e.g. income, assets, debt and poverty).

Please visit www.nfhi.ca to read the NFHI Final Project Report for more information about the development of the NFHI and the Index methodology.

For more information on the NFHI and how you can access information on your community, contact:

MICHEL FROJMOVIC

LEAD, COMMUNITY DATA PROGRAM

Enabling communities across Canada to measure and track local well-being

An initiative of the Canadian CED Network

michel@communitydata.ca
www.ccednet-rcdec.ca
www.communitydata.ca

For more information on NFHI sponsorship opportunities and financial empowerment solutions communities can use to help Canadians build their financial health, contact:

ELIZABETH MULHOLLAND

CEO, PROSPER CANADA

info@prospercanada.org
www.prospercanada.org

ACKNOWLEDGEMENTS

The NFHI was developed by the Canadian Council on Social Development and Prosper Canada, with data from Environics Analytics' WealthScapes product and the generous support and assistance of:

- City of Calgary
- City of Toronto
- Environics Analytics
- FuseSocial Wood Buffalo
- Government of Ontario
- Open Policy Ontario
- Regional Municipality of Peel
- Regional Municipality of York
- TD Bank Group
- United Way Calgary
- United Way Toronto & York Region
- Vibrant Communities Calgary
- West Neighbourhood House

The NFHI website, 2016 data and this report were generously funded by the Investment Industry Regulatory Organization of Canada.

Notes

1 There are several quality of life initiatives that compare countries and cities, including the United Nations Human Development Index and the OECD's Better Life Index. See also: Mercer's *Quality of Life City Rankings* and the Conference Board of Canada's *How Canada Performs*.

2 Statistics Canada (2017), *Survey of Financial Security (SFS), assets and debts held by economic family type, by age group, Canada, provinces and selected census metropolitan areas (CMAs) (x 1,000,000)*. Table: 11-10-0016-01 (formerly CANSIM 205-0002)
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110001601

3 Between 1999 and 2016, the top 20 per cent of Canadians saw their net worth (total assets, less all debts) rise by more than $28 for each $1 increase gained by the bottom 40 per cent of Canadians, after inflation. The median increase (accounting for inflation) in net worth of the bottom 20 per cent rose just $1,100 while the top 20 per cent saw their net worth rise by a median of $844,300. Source: Analysis conducted by Dr. Jennifer Robson using Statistics Canada data (Table 11-10-0049-01, Survey of Financial Security, assets and debts by net worth quintile, Canada).

4 Statistics Canada (2017), "Survey of Financial Security, 2016," *The Daily*, December 7, 2017.
https://www150.statcan.gc.ca/n1/en/daily-quotidien/171207/dq171207b-eng.pdf?st=32jpoPk-

5 Among older families and mortgage-free homeowners, for example, asset accumulation has outpaced growth in debt to a significant degree. The reverse is true among singles, renters, and young families who have experienced significant increases in median debt, but have not benefited from asset appreciation. See:

- Sharanjit Uppal and Sebastien LaRochelle-Cote (2015), "Changes in debt and assets of Canadian families, 1999 to 2012," *Insights on Canadian Society*, p. 5, Statistics Canada. Catalogue no.75-006-X
https://www150.statcan.gc.ca/n1/pub/75-006-x/2015001/article/14167-eng.pdf
- Matt Hurst (2011), "Debt and family type in Canada," *Canadian Social Trends*, Statistics Canada. Catalogue no. 11-0008-X.
https://www150.statcan.gc.ca/n1/en/pub/11-008-x/2011001/article/11430-eng.pdf?st=8XPi_u-y

6 In 2016, total household debt rose by 4.4 per cent compared to a meagre 1.0 per cent for average incomes. Mortgage debt accounts for the largest proportion of total debt, rising by 5.1 per cent in 2016, while consumer and credit card debt grew by 2.6 per cent and 3.3 per cent, respectively. Source: Environics Analytics. *Environics Analytics' WealthScapes 2017 reveals Canadians' financial fortunes continue to rise*. News release, Sept 5, 2017
https://environicsanalytics.com/en-ca/resources/media-room/press-releases/2017/09/05/environics-analytics-wealthscapes-2017-reveals-canadians-financial-fortunes-continue-to-rise

7 Statistics Canada. *Financial indicators of households and non-profit institutions serving households, national balance sheet accounts*. Table 38-10-0235-01 (formerly CANSIM 378-0123).
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3810023501

8 Bank of Canada (2018), *Canada's Economy and Household Debt: How Big Is the Problem?* Remarks by Stephen S. Poloz, Governor of the Bank of Canada, to Yellowknife Chamber of Commerce, Yellowknife, Northwest Territories, May 1, 2018.
https://www.bankofcanada.ca/wp-content/uploads/2018/05/remarks-010518.pdf

9 The International Bank for Settlements and OECD both warn that Canada's excessive household debt levels place it at risk of a debt crisis. See:

- Anna Zabai. "Household debt: recent developments and challenges," *BIS Quarterly Review*, Dec 2017. Bank for International Settlements.
https://www.bis.org/publ/qtrpdf/r_qt1712f.pdf
- OECD. "Chapter 2 – Resilience in a time of high debt." *OECD Economic Outlook*, Volume 2017 Issue 2.
http://www.oecd.org/economy/outlook/Resilience-in-a-time-of-high-debt-november-2017-OECD-economic-outlook-chapter.pdf

10 Trading Economics. Canada Household Saving Rate.
https://tradingeconomics.com/canada/personal-savings

11 *Ibid*

12 Statistics Canada. 2019. *Current and capital accounts - Households, Canada, quarterly*. Table: 36-10-0112-01 (formerly CANSIM 380-0072). Data from Q2 2019.
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610011201

13 Canadian Payroll Association (2019), *NPW 2019 Employee Research Survey, National Press Release Results*, p.2.
https://payroll.ca/PDF/NPW/2019/Media/CPA-2019-NPW-Employee-Survey-as-at-June-25-2019-v1.aspx

14 *Ibid*, p.5.

15 Statistics Canada defines a Census Metropolitan Area (CMA) as an area consisting of one or more neighbouring municipalities situated around a major urban core. A CMA must have a total population of at least 100,000 of which 50,000 or more live in the urban core.

16 Poloz (2018) , p.4.

17 All NFHI data are drawn from WealthScapes (2016), an Environics Analytics database of national financial statistics modelled downward using panel controls and advanced estimation techniques. For this report, NFHI indicator data are aggregated at the Census Metropolitan Area (CMA) level. The accompanying online NFHI Community Financial Health Maps illustrate data at the Census Subdivision (CSD) and Census Tract (CT) levels within CMAs and Census Agglomeration Areas (CMAs). For more details on census geographies, please see Statistics Canada (2017), Illustrated Glossary, Catalogue No. 92-195-X, which provides definitions and related illustrations.

18 This benchmark is an average of NFHI scores for all communities in Canada.

19 Canadian Council on Social Development and Prosper Canada (2018). *Cross Canada Check-Up: Provincial/territorial findings from Canada's Neighbourhood Financial Health Index*. Nov 2018.
http://www.prospercanada.org/getattachment/9429d0d4-dadd-4332-ad59-38e298b07420/Cross-Canada-check-up-Provincial-territorial-findi.aspx

20 Overall, the gap between the CMA with the highest NFHI score (Calgary) and the CMA with the lowest score (Trois Rivières) is 6.3x, a larger spread than exists between the provinces and territories with respect to financial health (4.9x).

Notes

21 Environics Analytics (2017), *Environics Analytics' WealthScapes 2017 reveals Canadians' financial fortunes continue to rise*. News release, Sept 5, 2017.

https://environicsanalytics.com/en-ca/resources/media-room/press-releases/2017/09/05/environics-analytics-wealthscapes-2017-reveals-canadians-financial-fortunes-continue-to-rise

22 Yan, Andy (2017), *Dissecting Affordability: Root Causes and Implications*. PowerPoint presentation delivered to Union of BC Municipalities Convention, Sept 25, 2017.

https://www.ubcm.ca/assets/Convention/2017/Presentations/Monday~Sept~25/Yan-Dissecting_Affordability.pdf

23 MacDonald, Duncan and Chris Matier (2016), *Household Indebtedness and Financial Vulnerability*. Office of the Parliamentary Budget Officer, Ottawa, Jan 19 2016.

http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/Household%20Debt/Household_Debt_EN.pdf

Gellatly, Guy and Elizabeth Richards (2019), *Indebtedness and Wealth Among Canadian Households*. Economic Insights, Statistics Canada, March 26, 2019. Catalogue no. 11-626-X — 2019003 - No. 089.

https://www150.statcan.gc.ca/n1/en/pub/11-626-x/11-626-x2019003-eng.pdf?st=ZhLwFvOv

24 Taking all households into account, the national average benchmark for mortgage-debt-to-total-income ratio was 106% in 2016. Among mortgage holders, the ratio was 271%.