

ABORIGINAL PEOPLE IN AN URBAN HOUSING MARKET: LETHBRIDGE, ALBERTA

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Abstract / Resume

A survey of rental units in Lethbridge, together with interviews with realtors, builders, lenders, landlords, and nearby Reserve housing authorities, was used to explore reasons for high rates of relocation from Reserves to the city, the impact of this immigration on urban housing markets, and the possibility of discrimination.

Une étude de locataires à Lethbridge, ainsi que des entrevues avec des agences immobilières, des entrepreneurs de construction, des sociétés de crédit, des propriétaires, et aussi des bureaux de logements établis par les Réserves indiennes qui sont proches de la ville, a été utilisée pour comprendre les causes de l'émigration considérable des Réserves indiennes vers la ville, les conséquences d'une telle émigration pour les marchés de logements urbains, et la possibilité de l'existence de distinctions illicites.

Despite Federally-subsidized construction programs, the supply of new housing on Indian Reserves continues to lag behind demand, and the rapid deterioration of the existing stock threatens to make housing on Reserves a far more severe problem in the future (Barsh 1994:22). The effects of Reserve housing shortages on Native urban migration, and on the dynamics of urban housing markets, have received little attention. We interviewed realtors, builders, lenders and landlords in Lethbridge (Alberta) and surveyed Native tenants and their non-Native neighbours, to explore the response of an urban market to Native immigration.¹

Theoretical Framework

It has been estimated that fewer than one-fifth of the Aboriginal people living in Canadian cities are home-owners, lower than any other ethnic group (Balakrishnan and Wu, 1992). Is this situation a function of income, discrimination, or cultural preferences? How do Aboriginal people cope with perceived discrimination in housing (compare Lalonde, Majumber and Parris, 1995)?

Average rents in Canada have fallen, in real terms, over the past 30 years, but the accessibility of housing for the poorest Canadians—including Aboriginal peoples—has not necessarily improved. There is more long-term unemployment than previously, hence a larger proportion of poorer tenants depend on relatively fixed transfer payments to pay their rent (Fallis, 1990:57). Very low vacancy rates in Canadian cities mean that new tenants may have to pay significantly higher rents than long-established tenants for physically identical units. The aging of the population will exacerbate these effects: more Canadians on fixed incomes and less construction as population growth slows (compare Rose, 1980:189).

Fallis (1990:55) observes that tight rental markets increase the likelihood of discrimination by landlords, reflected in longer housing searches by relatively unattractive tenants such as single parents and "visible minorities". He furthermore contends that rental markets are segmented between landlords who insist upon "trouble-free tenants" and landlords who will accept high-risk tenants at premium rents. Fallis' hypothesis predicts that low-income Aboriginal tenants in tight rental markets will experience longer searches, higher rents, and segregation in buildings owned by non-risk-averse landlords.

The Case-Study Setting

Lethbridge is a relatively small and relatively young city, which owes its existence to the discovery of coal along the planned route of the Canadian

National railway through southern Alberta. For more than 50 years, coal not only dominated the city's fortunes but determined its original ethnic mixture of Anglo-American entrepreneurs with Scottish, Polish, Czech, and German mineworkers (Palmer, 1982:27). City neighbourhoods evolved strong class and ethnic characteristics. The Southside, middle-class and Protestant, retains its high-status associations today, while the Northside, dominated by Catholics and Orthodox "Galicians," has always been the wrong side of the tracks.

When coal lost its lustre in the 1930s, the economy and ethnicity of the city began to change. Mormon and Dutch Reformed farmers gained social prominence, while government services, including a new regional university campus on the west side of the Oldman River, became the new engines of growth.² By the 1970s, Lethbridge had been transformed from a gritty mining and grain-milling town into a relatively more affluent administrative and services centre. Planned residential developments, architecturally reflecting the city's growing white-collar population, have completely encircled the central core of older neighbourhoods.

The western edge of the city abuts the Blood Reserve, the largest Indian Reserve in Canada in terms of area, and third largest in terms of population, with an estimated 5,700 residents. Another half-hour's drive to the west is the Peigan Reserve, with a resident population of 1,500. In a random survey of 234 Reserve households in 1994, we found median household incomes of roughly \$15,000, or two-fifths of the 1991 median household income for Lethbridge; 80 percent of reported Indian income was derived from the public sector or social assistance. There are few on-Reserve retail services, moreover, so more than 90 percent of Reserve residents' income is spent off-Reserve. One-third of Blood Reserve residents' income, and one-fourth of Peigan Reserve residents' income is reportedly spent in Lethbridge alone.

The 1991 regular census found 1,490 Aboriginal people in the city while the special Aboriginal census that year put the number at 1,038, of whom 27 percent were Métis (Lethbridge, 1994:17; Métis Nation, 1993). The school district estimates that enrolments of Native pupils exceed 600, however, which suggests that the total number of Native residents may be closer to 1,800. Aboriginal people therefore comprise between 2 and 3 percent of the population of Lethbridge, and we estimate that they occupy between 4 and 7 percent of the city's rental units.

Housing, educational opportunities, and concerns about corruption and violence on the Reserves are the reasons most frequently given for moving to Lethbridge. Employment is certainly not a magnet. The Sik-Ooh-Kotok Friendship Centre (1988) has reported that only 3 percent of Lethbridge

businesses employ any Native people. According to our 1994 survey of 91 Native households in the city, 63 percent were completely dependent on social assistance, and their average household income was not significantly greater than on the Blood and Peigan Reserves.

Respondents to the 1991 special Aboriginal census were found in all Lethbridge neighbourhoods. They were six times more concentrated on the west side of the city near the University of Lethbridge campus, and three times more concentrated in the city centre, however, than in the relatively exclusive Lakeview (Henderson Lake) area. This pattern probably reflects the importance of the university as a magnet for Native immigration, as well as the fact that Native people are rarely homeowners, and therefore more likely to be found in older sections of the city that have a high proportion of rental buildings (compare Bohland, 1982).

The city's only public housing agency is the Treaty Seven Housing Authority, jointly managed by the five treaty Indian bands in southern Alberta. It owns 115 singles and duplexes dispersed widely throughout the city, which are leased to qualifying families at a subsidized rent of \$200 per month. There are 70 eligible families on the waiting list for these units at present, and they will wait up to two years before they can be served. Another 39 families are in the queue for homes in other southern Alberta towns, such as Cardston and Fort McLeod. It is significant that far more families have applied for subsidized housing on the Blood and Peigan Reserves, than off-Reserve. This supports the conclusion that migration reflects shortages of Reserve housing rather than the lure of economic opportunities in the city.

Methodology

Open-ended, informal ethnographic interviews were conducted with realtors, landlords and mortgage officers, as well as the directors of the Blood Tribe and Peigan Nation housing authorities and Treaty Seven Housing Authority. Trends in housing stock and supply were determined through a telephone survey of the builders and home contractors listed in the local yellow pages (36 of 81 responded).

We also conducted a door-to-door survey of Native and non-Native families in comparable rental units on the Northside and the Southside of the city. Two sampling strategies were used. One team visited two known clusters of rental units on the Northside and interviewed every willing tenant on those blocks (28 Natives and 62 non-Natives responded). A second team contacted Native families who were either tenants of the Treaty Seven Housing Authority (7 Natives responded), or living in Lethbridge while

waiting for a Treaty Seven house (26 Natives responded). Treaty Seven clients were found on both the Northside (14) and Southside (20).

This enabled us to make comparisons between Native and non-Native neighbours in comparable rental units, as well as test the possibility that clients for subsidized Native housing differ from Natives renting privately-supplied units. Interviewers worked in pairs of one Native, and one non-Native, to avoid any effects with respondents' ethnicity.

We had also planned a "naturalistic" experiment, using the method of Chandras (1973), Hakken (1979) and Rivaud, Madiot and Ville (1992), among others. Interviewers would have inquired by telephone about the availability of units advertised in the local newspapers, either using distinctly Native surnames or ethnically-ambiguous surnames. This was deemed unjustifiably deceptive by the University Human Subject Review Committee, however, and was not pursued.

Reserve and City Housing Stocks

There were 1,300 occupied homes on the Blood Reserve in 1989, and 465 occupied homes on the Peigan Reserve in 1995. At the end of 1995, there were 860 Bloods and 300 Peigans in the queue for new, on-Reserve housing, and the queue has been growing by about four percent yearly. The Blood Tribe built 13 new units in 1995 and the Peigan Nation built 10, down by nearly 80 percent compared to 15 years ago. At this rate, on-Reserve construction cannot meet the annual growth in demand, much less the backlog of pending applications.

Home-construction funding is provided by the Department of Indian Affairs (DIAND), under agreements with the Canada Mortgage and Housing Corporation (CMHC). The level of support available to each Reserve is determined annually by the Minister and combines grants and guaranteed loans. If the Band borrows, it must then collect rent from tenants to repay. Most of the tenants, in turn, rely on social assistance to pay their rent. In recent years, social services permitted up to \$425 per month towards rent for a family with children, but this ceiling is now being lowered.

Federal construction standards must be observed. The Blood Tribe will build within one of the Reserve's three existing townsites, or on the individual's own land³ if no more than 1/4 mile from power and 1/2 mile from a road. Blood Tribe officials report that applicants prefer to be on their own land, to avoid social conflicts and violence in the townsites.

Applications for Blood and Peigan housing are ranked according to a point system, and final selections made by a committee consisting of elected councillors and program directors. There are perceptions, at least, of favouritism.

Under the circumstances, it is not surprising that one-fourth of all Bloods, and nearly half of all Peigans currently live off-Reserve, according to Band-office estimates.

Housing in Lethbridge, by comparison, has been expanding rapidly. New sub-divisions have added nearly 10 percent to the city's developed area in the past five years. Annual construction starts of dwellings averaged 297 for 1985-1995 (standard deviation=102).

According to our survey of 36 Lethbridge building contractors, new homes currently sell for \$95,000 to \$225,000, or nearly twice the price range of single-family dwellings in neighbourhoods where Native people are most concentrated. None of the contractors we surveyed had ever built a home for a Native person. Nearly all of them (33, or 92 percent) felt that non-Natives are selling or leasing older structures in the city's core, and building larger homes on the city's fringes. Exactly half of them believed that retired people are responsible for most new home construction.

Survey Results

Our door-to-door survey confirmed that Native homes are dispersed throughout much of the city, with no distinctive clusters of more than a few families. This is only partly due to the policy of Treaty Seven Housing to disperse its holdings, since these properties constitute no more than one-fifth of Aboriginal dwellings in Lethbridge.

Native tenants who responded to our door-to-door survey reported experiencing greater difficulty securing housing than did non-Natives we interviewed. Just over half (53 percent) of the Native respondents rated their home search experience as "difficult," as opposed to about one-fifth (22 percent) of the non-Native respondents ($N=124$, $\chi^2=19.13$, $p.001$). Within the Northside sample of matched neighbours, however, the difference was much smaller (31 percent versus 22 percent) and not statistically significant ($N=90$, $\chi^2=0.04$). Comparing non-Natives from the Northside sample with the sample of Treaty Seven Housing clients, moreover, the difference was greater (71 percent versus 22 percent) as well as statistically significant ($N=96$, $\chi^2=19.20$, $p.001$). What this suggests is that frustrated Native home-seekers tend to-become Treaty Seven clients.

More than half (56 percent) of the Native respondents had looked at three or more rental units before finding the one they now occupy, compared with one-fifth of non-Native respondents (18 percent). Once again, comparisons between the two samples differed considerably.

Within the Northside sample of matched neighbours, one-third (32 percent) of the Native tenants had examined three or more rental units before choosing their present home, while among the clients of Treaty

Seven Housing clients this proportion was more than half (53 percent). Although the difference between matched Northside neighbours was not statistically significant ($\chi^2=1.56$), the difference between non-Native Northside tenants and Treaty Seven clients was significant ($\chi^2=11.29$, $p.001$).

There was no significant difference in means or median rents paid to private landlords by the Native and non-Native tenants we surveyed, and the roughly same proportion of Native and non-Native tenants felt that their rents were fair (76 versus 74 percent). More of the Native tenants were dissatisfied with the accessibility of schools and other services (18 percent versus 3 percent of non-Natives, $\chi^2=5.50$, $p.025$) however, and this difference was even greater for Treaty Seven Housing clients (29 percent versus 3 percent, $\chi^2=11.48$, $p.001$).

The Native tenants we surveyed were generally less satisfied with their landlords than their non-Native neighbours. One-third of Treaty Seven Housing clients (32 percent)⁴ and two-fifths of Northside Native tenants (43 percent) reported difficulties contacting their landlords, or obtaining assistance, compared with one-eighth (13 percent) of non-Native tenants. The differences between Native and non-Native tenants were statistically significant for both the Northside and Treaty Seven Housing comparisons ($\chi^2=8.36$, $p.005$ and $\chi^2=4.08$, $p.05$). This may be evidence of discriminatory treatment, or it may simply reflect Native families' mistrust of their non-Native landlords.

Taken as a whole, then, the data suggest that Native families not only have greater difficulty finding appropriate housing, but are less satisfied with what they get.

Significantly, the average rent paid by Native tenants to private landlords (\$475) is comparable to the current monthly instalment on a \$55,000 mortgage, sufficient to finance most of the small, older homes being rented in the neighbourhoods where Native families chiefly live. Only one-fifth (21 percent) of Native respondents had ever considered purchasing a home, however, compared to two-thirds (69 percent) of the non-Native respondents ($\chi^2=15.98$, $p.001$).

When we asked Native tenants *why* they had not considered buying a house, most of them referred to lack of commitment to remaining in the city, fear of debt, and the belief that they could not afford to carry a mortgage. There was virtually no mention of possible discrimination by lenders, realtors or sellers.

Objective Risk or Discrimination?

At least two of the landlords we interviewed spoke frankly about their reluctance to rent to Natives.

I like to see people in their previous residence for more than one year. People who are on welfare are not stable; if they don't have a job then they are too much of a risk to rent to. I do not look at Native people as potential tenants; they don't have a good reputation. You can never tell how many people are going to be living there. They don't take care of things. I don't have my stuff locked up, so it all comes down to a matter of trust. A bad one makes it bad for all of them.

Native people are very family-oriented and they tend to let people stay with them for long periods of time. I rent to one Native girl who is a very good tenant. She keeps things clean and minds her own business. There are people out there who do not want Native people as their neighbours. There was a man on the West side who owned a home for twelve years. Treaty Seven bought the property next door to him, and within a year he listed and sold his house. He blamed stolen bikes and toys on his Native neighbours.

At least some landlords therefore consider family size and number of minor children as risk factors. Native families nationwide tend to be larger, and more likely to include minor children (Barsh, 1994:6-7). Within Lethbridge, however, our survey found an average of 3.4 persons and 1.7 children per Native household, compared to 3.2 persons and 1.2 children per non-Native household. The small differences in household size and structure were not statistically significant.

The Native households we surveyed were somewhat more likely to be headed by a single parent than their non-Native neighbours (50 percent compared to 30 percent), a risk factor in the minds of some landlords, but this difference was also not statistically significant. Landlords may nevertheless be evaluating the risk of Native tenants on the basis of stereotypes of large, messy households.

Another stereotype of Native families is transiency, but a larger proportion of the *non*-Native families we surveyed had moved more than twice in the past five years: 56 percent compared to 40 percent of the Native families. The difference does not quite meet the threshold for statistical significance ($\chi^2=2.62$, $p.075$), but the conclusion remains that the Native families we surveyed were *no more* transient than their non-Native counterparts.

There were significant differences in employment status, however. While the majority of non-Native tenants we interviewed were employed, nearly all in blue-collar and skilled trades, only one-fifth of Native tenants were employed, and two-fifths were students in post-secondary institutions. Native tenants are therefore much more likely to be on *fixed incomes*, including social assistance and student loans, a factor contributing to perceived additional risk even at comparable levels of income.

Economic and cultural factors taken together help explain why few Native people attempt to purchase homes. Most Native city-dwellers we interviewed seem to regard themselves as only temporary residents, and would prefer living on the Reserve if adequate housing were available. Furthermore, the fact that they tend to be on fixed incomes undermines their creditworthiness in the view of the lenders we interviewed. As a result, Native tenants spend enough rent to support modest mortgages but do not seek, and probably could not secure mortgage credit towards a home purchase.

Native Demand and Urban Growth

Current unmet demand for housing on the Blood and Peigan Reserves is 1,160 units. At present rates of growth (just over two percent) an additional 75 units will be needed annually,⁵ and current rates of new home construction on the two Reserves will meet less than half of this increase. The population of Lethbridge is growing about half as fast, creating a need for approximately 430 new units annually. Unmet Blood and Peigan housing demand could therefore add 10 percent to the demand for housing in Lethbridge.

The economic significance of this additional demand should not be underestimated. One-third of all dwellings in Lethbridge are rentals, representing total annual rental receipts of \$40-50 million, of which an estimated \$3 million is paid by Native tenants.

Vacancy rates in Lethbridge rental properties have varied between 0.5 and 3.5 percent since 1988 (Lethbridge, 1994:11), implying that new construction has barely kept up with demand. Most (27, or 81 percent) of the contractors we surveyed expected construction starts to decline in 1997, however, and realtors anticipated a rise in vacancy rates for both rental and owned units, predicting that 1997 would be a very poor sales year.

This is not as paradoxical as it seems. Let us suppose that high rates of Aboriginal immigration have stimulated the Lethbridge housing market to the point that homeowners are tempted to rent their original homes in the city core and assume the higher mortgages of larger, more expensive houses in new subdivisions: a kind of "white flight". Based on current prices

and mortgage rates, such a roll-over would involve a doubling (at least) of monthly debt-service costs, which would need to be offset by rent collections. According to Lethbridge contractors, a large proportion of people engaging in roll-overs are pensioners, with fixed incomes. The Native people driving the local rental market also tend to be on fixed incomes. If the real value of pensions and social assistance payments fall, roll-overs become uneconomical.

The Lethbridge construction industry may have over-heated, during the early 1990s, in response to the growing housing shortage on nearby Reserves created by Federal Indian-program cutbacks in the 1980s. The expansion was further stimulated by the Liberal policy of low interest rates. Peak construction was in fact from 1992-1994, when new housing starts were nearly double the 1985-1995 average. Meanwhile, the costs of roll-overs may have exceeded what can be passed on, as rent, to the growing number of Native families seeking city housing.

If construction slows, vacancy rates should fall. Any rebound in interest rates would accelerate this process. A tighter market should in turn result in a greater selectivity and discrimination by landlords, according to Fallis (1990). We plan to monitor changes in the housing market, as well as the experiences of Aboriginal tenants, to test this possibility.

Conclusions

Severe housing shortages on the nearby Blood and Peigan Reserves have resulted in a backlog of unmet demand more than twice as large as the annual additional demand for housing produced by population growth in the city. Aboriginal people are not favoured as tenants, but they contribute significantly to non-Natives' rental income, which in turn may have helped finance "white flight" to new suburban subdivisions in the late 1980s and early 1990s. As Federal funding cuts bite into the fixed incomes of Native renters and non-Native pensioner-landlords the local housing market may be heading into a corrective slowdown.

Although we did not find evidence of rent discrimination, Natives search longer than non-Natives for comparably-priced housing, and are less satisfied with what they get. At least some Lethbridge landlords consider Natives high-risk and unreliable tenants. It may be inferred that vacancy rates have been high enough to maintain price competition among those landlords willing to do business with Aboriginal families. Price competition has been favoured by the fact that a large number of landlords are pensioners financing larger second homes, and by Federal policies of keeping interest rates low. If construction slows further due to a rebound in

interest rates, however, vacancy rates may decline enough to result in rent discrimination.

Notes

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2. In February 1994 the city estimated that 29 percent of all employed residents were working in Federal, Provincial or Municipal government.
3. Under the *Indian Act* and Blood Tribe by-laws, individuals may apply for certificates of possession entitling them to the exclusive use of designated tracts of land for homes or agriculture. Certificates are revocable, require approval before any transfer to another Band member and cannot be pledged as collateral (*Indian Act, 1985*, sections 21-29).
4. This figure was biased downwards because all of the respondents who already live in subsidized units gave their landlord—the Treaty Seven Housing Authority—a good report.
5. As long as marriages tend to be within the Blackfoot community, and young families prefer residence on or near the Reserves, the number of new households will be about half the size of each new cohort of Blood and Peigan children.

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