



# Housing For Manitobans: A Long-Term Plan

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# Housing For Manitobans: The Next Ten Years

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# Housing for Manitobans: The Next Ten Years

## A Ten Year Housing Strategy For Manitoba

### Executive Summary

*Housing fits in the middle of everything. It is physical design, it is community economic development, it is social development, it is important to health and educational outcomes, it can be a poverty reduction tool, and it is investment, a wealth creator and a generator of economic development. It is both an individual and public good.*

Modified from D. Myers

If housing is to play its proper role in public policy and make a positive contribution to strengthening families, building communities and improving the quality of life of Manitobans over the next ten years, Manitoba Housing must adopt a different way of doing business, change the culture of the organization and introduce key policy initiatives.

### *Why Develop a Ten Year Housing Strategy?*

Good policy is policy that is always being re-evaluated against the current circumstances and changing trends. The Province needs a “Made in Manitoba” housing policy that addresses provincial social, economic and demographic circumstances and supports initiatives in other policy areas. In recent years no significant effort has been focused on developing new housing policy in Manitoba. In the face of significant economic, demographic and social change and the need for a major upgrade and refocusing of the existing portfolio, now is a good time to review current, and develop new, policies.

### *How the Ten Year Strategy was Developed*

The Strategy was prepared on the basis of approximately 150 key informant interviews, analysis of trends based on a variety of data bases, provincial, national and international program information, academic articles and government documents, and other housing social and economic indicators.

### *Key Housing Issues to be Addressed*

There are a number of key trends and issues that a Housing Strategy will have to deal with over the next ten years:

- there is little evidence in the future market outlook to suggest housing will be more affordable or accessible for low and modest income households in the future. **Addressing affordability problems must be a priority**

- population trends emphasize the importance of providing adequate, affordable housing and a range of housing options for an aging population, newcomers (immigrants and refugees), the Aboriginal population and special needs groups. **Housing with support services must be a priority**
- special needs groups, which include the homeless, aging seniors, those with mental or physical disabilities, ex-offenders, people coming out of addiction rehabilitation, youth aging out of care and women fleeing violence need a combination of stable, affordable housing and support services to address a complex set of health, social, economic, educational and housing problems. **Housing with support services must be a priority**
- others have only affordability problems – some Aboriginal people, lone parents, families with children, the working poor, low income seniors and recent immigrants and refugees. Their incomes are too low to access adequate, affordable accommodation in the private market. **Increasing the supply of affordable housing is a priority**
- future population growth in Manitoba will not be uniform across the Province so Manitoba Housing must carefully consider where it invests housing dollars. Most housing expenditures must focus on centres exhibiting population growth plus a diversified social and economic infrastructure. **Careful targeting of resources will be necessary.**

A long term strategy must be developed around the three broad themes of: **Reducing Affordability Problems, Addressing Supply Problems and Providing Housing and Support Services.**

### *Manitoba Housing Priorities of the Next Ten Years*

To improve housing for Manitobans over the next ten years Manitoba Housing must:

1. broaden its working partnerships and be more proactive in the community
2. broaden departmental activities under a renewed and enhanced mandate so housing can play a more supportive role in other public policy sectors
3. repair, modernize and re-target the existing portfolio
4. address affordability problems with both demand and supply side programs
5. work to provide the stable housing base for clients who need a range of services to address complex health, physical and social problems.

These initiatives work best when they work together. Integration is imperative.

## *Action Steps in the Ten Year Strategy*

### *Better Housing Outcomes for Manitobans Requires the Fulfilment of a Broader Mandate by Manitoba Housing*

In a broad sense the mandate of Manitoba Housing is all about “**Strengthening Families and Building Communities**.” There is a commitment to improving the quality of life for Manitobans.

More specifically the purpose and objectives of the organisation are:

- a) To ensure that there is an adequate supply of housing stock in Manitoba;
- b) To enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income or those with special needs;
- c) To maintain and improve the condition of existing housing stock; and,
- d) To stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

Although this mandate is relatively broad and provides Manitoba Housing with considerable policy and program flexibility some expansion may be necessary. Adding another point as follows would bring the mandate more in line with the role that housing can play in public policy development

- e) To facilitate the introduction and successful outcomes of initiatives in other policy sectors.

Designing housing policy and programs just to improve the housing circumstances of low income and special needs households, although an important part of Manitoba Housing’s mandate, is too narrow a focus for a Provincial Housing Policy. Manitoba Housing must work to facilitate policy development in Health Care, Social and Community Development, Education, Poverty Alleviation, Immigration, Economic Development and Labour Force Attraction, Stability and Mobility.

### *Changing the Way of Doing Business at Manitoba Housing*

Develop a plan to add the capacity and expertise to Manitoba Housing to broaden working partnerships, be more proactive in communities and increase the range of activities of the organization to support Public Policy in other sectors. This may require

- refocusing the activities of some of the existing staff
- adding more staff with the necessary expertise
- increasing the budget to support activities to fulfill a broader mandate.

General areas that will require redefinition or expansion include: community services/outreach; tenant outreach/liaison; strategic planning and policy development; strategic initiatives and partnership development; communications; and, intergovernmental affairs.

### *Repair, Modernize and Retarget the Existing Stock*

Repair and modernization of the existing portfolio has to be a priority because of the poor condition, the high vacancy rates, the current funding available from the federal government, to improve the tarnished reputation of Manitoba Housing and to permit retargeting to priority clients.

A retargeted portfolio should place an emphasis on two types of clients: families and individuals working to increase their self-sufficiency through skills development and educational upgrading; and, families and individuals who require stable, affordable housing as a prerequisite for accessing other support services they need to address health and social problems.

### *Addressing Affordability Problems Facing Manitobans*

Increasing the affordable rental stock and reducing the affordability problems of low income people living in the private rental sector must be a high priority for a Ten Year Strategy.

A Shelter Enhancement program is the most cost effective way of serving a broader range and larger number of clients. It is also a program that can be developed and introduced quickly. It will serve the needs of low income households in both large and small communities and may encourage the private sector to provide additional rental units.

Smaller communities, however, may require a more integrated approach and a more proactive role by Manitoba Housing to work with communities to identify a range of initiatives to increase the supply of affordable rental accommodation.

These initiatives are not stand alone. They have to be introduced as an integrated package. Their success depends on their integration.

There are many other suggested initiatives and possible policy changes discussed in the detailed strategy material, but the key steps mentioned above are the ones that should be given immediate priority.

**Given the significant role of housing in people's lives and society in general housing is worthy of stronger policy development and increased levels of funding.**



# Housing For Manitobans: The Next Ten Years

## Why Develop a Ten Year Housing Strategy?

*Good policy is policy that is always being re-evaluated against the current circumstances and changing trends. The Province needs a “Made in Manitoba” housing policy that addresses provincial social, economic and demographic circumstances and supports initiatives in other policy sectors.*

Provincial housing policy is developed for a number of reasons: political reactions to real or perceived issues that capture the public’s attention; to spend money made available by other government jurisdictions; to respond to actions by other policy sectors; or, to address current and emerging trends that require a housing response to address housing problems.

Often policy and programs – once introduced – become entrenched and as circumstances change are no longer appropriate. Policy often becomes irrelevant because it lags behind trends, as opposed to anticipating them. Good policy is policy that is always being re-evaluated against the current circumstances and changing trends.

Key questions in policy development include: are current policies, and the programs used to achieve these policies, addressing current needs? How have the circumstances changed since current policies were introduced? What are the emerging issues of importance to the housing sector? What will be the major trends affecting housing over the next ten years? How do current policies have to change? and, What new policies are necessary?

In recent years no significant effort has been focused on developing new housing policy in Manitoba. Instead, the Province has reacted to, or built on, federally funded initiatives, either through HRSDC or CMHC; continued to operate and/or administer the existing portfolio of public and non-profit units; and, at times reacted to initiatives from other government departments. However, there has been no real effort to put a “Provincial Stamp” on housing policy in the Province.

In the face of significant economic, demographic and social change and the need for a major upgrade and refocusing of the existing portfolio, now is a good time to review current, and develop new, policies.

The following report will:

- highlight current and anticipated trends;
- identify current and emerging housing issues;
- assess the need for new policies and programs; and,
- establish a new policy framework for the next ten years.



# Housing For Manitobans: The Next Ten Years

## Study Methodology

This strategy has been prepared using:

- approximately 150 key informant interviews representing municipalities, non-profit and community based organizations, government officials (federal and provincial), institutions and interest groups;
- analysis of trends established by using Statistics Canada databases, market information, housing needs data, municipal and provincial information, characteristics of the current inventory of social housing units in the Province and other housing data variables from a variety of sources;
- provincial, national and international program information;
- a review of relevant academic articles and government documents;
- various economic indicators;
- information on immigration and the characteristics of those arriving; and,
- trends analysis and synthesis of information from the above sources.

The following report has been structured to provide a) overview material containing a concise summary of policy priorities the government should pursue over the next ten years; b) major program initiatives to address these policy priorities; c) changes to the mandate necessary to meet the ten year objectives; and, d) structural changes within the organization that may be necessary to address the ten year objectives

This overview section is followed by a series of Fact Sheets focusing on key issues, client groups, program thrusts, etc. that provide more detailed background material to inform the identified priorities. This, in turn, is followed by additional and more comprehensive material on a number of relevant theme areas.



# Housing For Manitobans: The Next Ten Years

## Setting the Stage

### **Setting the Stage: Past, Present and Future Circumstances**

Development of a housing strategy requires a perspective that looks to history for lessons learned, takes account of the current situation and circumstances, and looks to the future in an effort to capture changing trends and issues.

Looking backward, through the lens of current circumstances: provincial housing agencies including Manitoba Housing:

- built their program responses around federal initiatives and have never really recovered from the significant withdrawal of federal funds intended for new development. The absence of funding during the 1993 to 2002 period generated a long term deficit in affordable housing supply. The additional supply that was not built during the 1993 to 2002 period will never be redressed without significant increases in federal and/or provincial funding;
- focused the majority of their effort, initiatives and funding on the provision of housing for families, seniors and individuals who generally experienced only affordability problems;
- built housing with little regard for other services that tenants might need, except for some projects built for senior citizens;
- focused most of their effort on supply side initiatives (building units, providing a land supply, renovation of existing units). There has been little attempt to build a comprehensive demand side response to address affordability problems. Such an approach would require integration of shelter payments under social assistance with shelter enhancements that go beyond the housing assistance under welfare. It would also require much better policy integration between housing and income security;
- generally focused on housing in a “silo” fashion without any extensive effort to collaborate with other policy sectors;
- generally viewed the provision of housing as a “shelter only” initiative without recognizing the broader objectives that can be achieved with housing – CED, education and training, positive health and education outcomes, etc.;

- failed to recognize the true capacity and role of housing in neighbourhood and community building and downtown revitalization. The focus has been building projects, not community;
- operated under a mandate that focused almost entirely on providing housing for the very low income (a commendable mandate in itself) without attention to the broader objectives one can achieve with housing; and,
- viewed housing as an expensive social cost as opposed to a positive business and economic investment. The concentration has been on the “cost” as opposed to the “savings” in other areas. Housing agencies were too much a slave to bottom line costs at the expense of durability, sustainability and energy efficiency of the stock. It is not only the amount of money spent, but how the money that was available was spent.

Granted these observations are from a lens based on current circumstances, and past decisions seemed correct at the time. However, it is clear that in the past Manitoba Housing’s interpretation of its mandate has been too narrow. The existing mandate is broad and the potential exists to achieve many other objectives with housing, particularly to achieve positive outcomes in other policy areas.

Current circumstances present difficult challenges for Manitoba Housing

- the existing portfolio of units is in need of extensive modernization, renovation and repair;
- the supply of affordable housing is too limited to adequately address the need;
- the federal funding available, although it is of considerable benefit, is limited. Delivered through programs with a limited time horizon, it is insufficient to address the housing needs of the very low income;
- the types of clients in need of housing have expanded and they are characterized by a more complex set of social and affordability problems;
- the families and individuals that Manitoba Housing has to serve often have multiple and complex problems that need a range of services best delivered within a housing environment that provides security and stability in residents’ lives;
- the changing nature of clients may require retargeting of the existing portfolio of units; and,
- in addition to clients with more complex needs, there is a growing recognition that there are other households that can benefit from (good shelter) housing programs.

To address these needs Manitoba Housing will have to move quickly to modernize, retrofit and re-target the existing social housing portfolio and increase the supply of affordable housing (through demand or supply side initiatives) for low and modest income households.

- the number of stakeholders pushing for improved housing with a range of design features and services has increased; health, education, immigration, economic development and more. The pressure to provide more housing units, different types of housing, improved housing and housing with a range of services is growing;

- other stakeholders have recognized the broader objectives that can be achieved with housing, increasing the pressure on Manitoba Housing;
- Manitoba Housing generally has the mandate necessary to deliver a broader set of initiatives but may have to refocus its mandate and change its organizational and administrative framework to implement such initiatives;
- if there is an adequate framework in place, the organization can obtain the necessary capacity and expertise; and,
- Manitoba Housing has been “tagged” as a slum landlord by the public and the media. Regardless of the validity of this characterization, it is something the organization has to overcome before it can effectively move forward.

Manitoba Housing is not well equipped to deal with current housing circumstances – the portfolio is not in good shape, the mandate has been interpreted too narrowly and the public perception of the organization negates even the positive achievements of the organization.

Looking ten years into the future there are some trends and circumstances that seem certain:

- the future will be characterized by rapid and globally driven change;
- energy prices will fluctuate but will generally trend upward, as will other utilities such as water;
- climate change and continued global warming will place increased pressure for measures to reduce energy consumption and greenhouse gas emissions. This will require improvements to the existing stock and changes to the design and standards of new construction;
- an aging population will increase pressure to provide a broader range of services in conjunction with housing and housing with different design options;
- immigration to supply a spectrum of labour skills will continue, particularly with the aging of the population. This will place pressure on both ends of the housing market – the need for affordable rental accommodation and the demand for homeownership units;
- there will be continued stress on the health care and educational systems which will make competition for housing funds difficult unless the contribution housing makes to positive health and educational outcomes can be used to strengthen the argument for housing dollars;
- there will be a growing need to partner and collaborate with more stakeholders as the type and characteristics of clients increase and the housing and service package they require expands;
- the rise of “wicked problems” that are complex, deeply rooted, interwoven, territory specific and beyond the reach of a single actor will continue. This translates into clients who have multiple problems and further increases the need for intersectoral approaches and a combination of housing and services;

- spatial clusters of poverty and exclusion will continue to exist, perhaps expand, in distressed urban neighbourhoods and declining rural communities;
- these clusters of poverty and exclusion in distressed urban neighbourhoods and declining rural communities will require locally appropriate solutions – “place based policies” which will have to be delivered within the broader policy framework;
- horizontal and vertical collaboration to support multi-purpose and multi-level government approaches will be required;
- harnessing local knowledge and networks at the community level to establish creative solutions and better program and policy options will be necessary. Developing and harnessing community capacity will take on growing importance;
- developing a better community lens will be necessary. Knowing more about communities and partnering with them to design better housing interventions for distressed areas and households who need stable affordable housing must be a priority;
- the Federal Government, although it is seeking renewed policy legitimacy and relevance and seems more inclined to engage with community and local governments, is not likely to provide significant increases in sustainable funding beyond the current stimulus package. The short term incentives to address the current economic “crisis” may actually reduce federal funding in years to come as the Federal Government works to get deficits and debt under control again. Programs will still carry limited time frames;
- federal funds continue to flow for the operation of the existing portfolio until the end of project or program agreements, but when these agreements expire other funding sources will have to be found to provide the necessary subsidies if current low income tenants are to be accommodated;
- depending on the length of the current economic difficulties there may be growing levels of poverty. Regardless of the current economic downturn, the depth and duration of the number of people in poverty is likely to increase;
- current trends in the settlement pattern of Manitoba are likely to continue. Growth will continue to centralize in the larger urban centres, commuter centres near larger communities and in amenity areas (cottage country). Decline will continue in smaller rural communities with a limited economic and service base;
- growth will continue on Reserves as will migration from these Reserves to larger urban communities – principally Winnipeg, Brandon and Thompson;
- the economic base of northern and reserve communities will remain limited and subject to swings in industrial and resource based economies. Provision of housing (a long term investment) will remain high risk;

- regionalization of basic services – health care, education, government and agricultural services will continue;
- the ability of the private sector to respond to housing and land supply needs in rural areas will remain limited; and,
- the “environmental imperative” addressing energy and climate change initiatives will dictate a need to plan our communities and housing in a more environmentally sustainable fashion. Smart growth, increasing densities, a better relationship between land use and transportation alternatives, energy efficient housing, etc. will become imperatives.

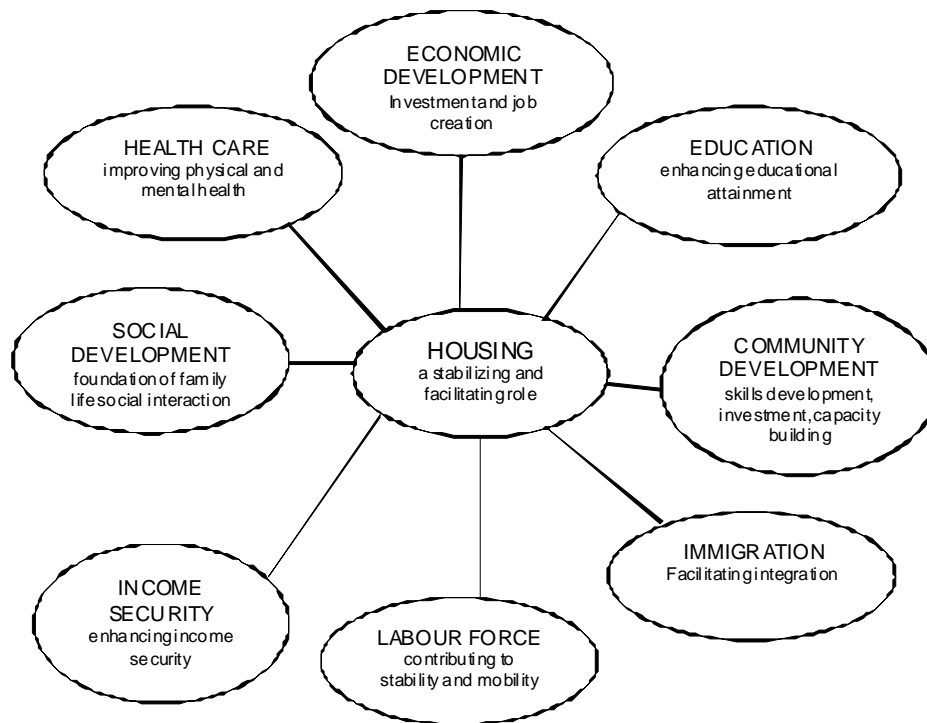
The challenges are numerous and difficult and Manitoba Housing certainly needs to fulfill the broader aspects of its mandate to address these challenges. Development of a new policy framework over the next Ten Years is required to ensure housing in Manitoba contributes to the continued social and economic development of the Province.

# Housing For Manitobans: The Next Ten Years

## The Central Role Of Housing In Public Policy

*Designing housing policy and programs just to improve the housing circumstances of low-income and special needs households, although commendable, is too narrow a focus for a Provincial Housing Policy over the next ten years. Housing has to facilitate policy development in other areas.*

Policy analysts from many sectors, housing providers and politicians are now starting to realize how important housing is. The diagram below illustrates the importance of housing to the success of other policy and program areas.



*Housing fits in the middle of everything. It is physical design, it is community economic development, it is social development, it is important to health and educational outcomes, it can be a poverty reduction tool, and it is investment, a wealth creator and a generator of economic development. It is both an individual and public good.*

Modified from D. Myers

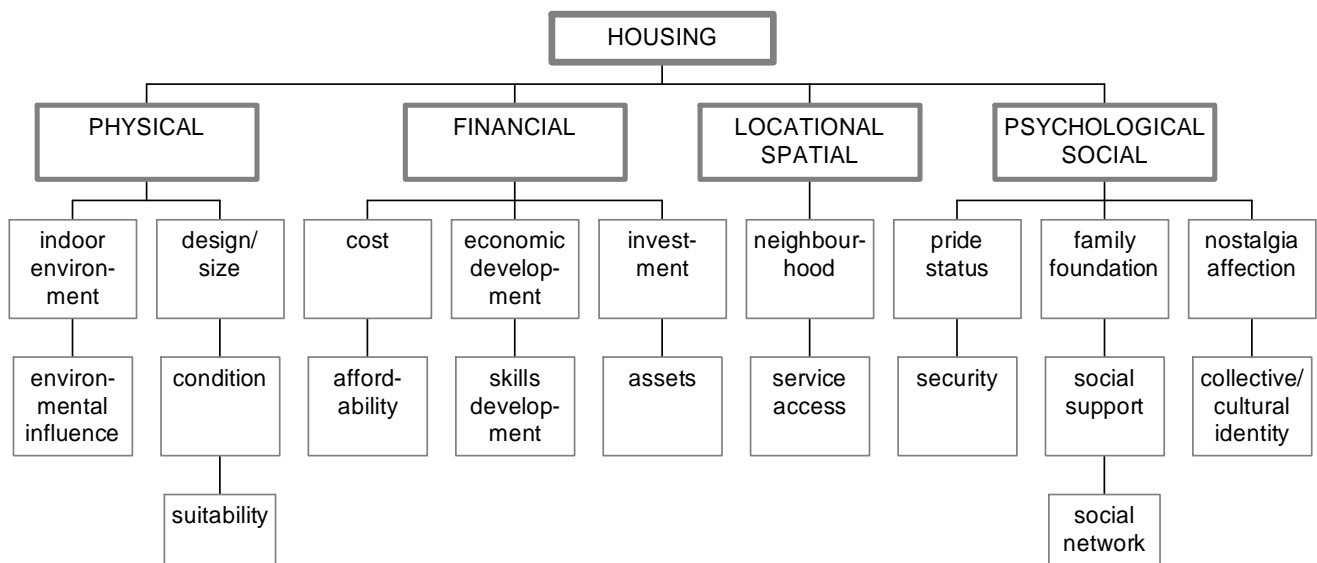
Over the next ten years the Province must work to ensure that Manitoba Housing initiatives support the objectives of other policy sectors where housing can make the difference between success and failure. Housing can be the platform for the success of other public policy initiatives. For example:

- housing must provide the stable base for low and modest income households who need access other supportive and preventive services;
- affordable housing is a poverty alleviation tool;
- the availability of affordable housing facilitates labour force objectives, particularly the accommodation of new arrivals (temporary foreign workers, immigrants) required to address labour shortages in the Province;
- affordable housing is an integral component of neighbourhood and downtown revitalization – bringing purchasing power back into the downtown, stability and investment to inner city neighbourhoods and improving the quality of life for inner city residents;
- reducing the presence of poor quality, overcrowded housing results in positive education and health outcomes;
- provision of housing can be used in community revitalization initiatives to support other programs such as youth builder programs for skill development;
- improving the quality and energy efficiency of housing addresses other broad provincial initiatives such as reducing greenhouse gas emissions, energy conservation (also reduces energy poverty) and climate change objectives; and,
- providing new affordable housing, renovating existing housing and modernizing and retrofitting the existing social housing portfolio creates jobs and investment.

# Housing For Manitobans: The Next Ten Years

## The Role Of Housing In People's Lives

*Housing, given its significance to society is certainly worthy of stronger policy development by all levels of government.*



Source: Adapted from Dunn (2003), Platt (1996) and Porteous and Smith (2001).

Housing plays a very central role in people's lives. Housing policy analysts feel the importance of housing to the population has never been matched by the importance it has received at the public policy level. Housing policy has never been given the attention received by other basic necessities such as education and health despite the fact that good quality, affordable housing results in positive education and health outcomes and other positive spin-offs.

Four very important dimensions of housing in people's lives include the **physical**, **financial**, **locational/spatial** and **psychological/social** aspects of housing (see above). The physical dimension can include the quality of the indoor environment, the condition of the home and design features. The environmental aspects of a home have health implications and design features are important for an aging population and people with disabilities. Size and number of bedrooms affect suitability and crowding, particularly important for large families. Crowding does not facilitate good health and educational outcomes.

Financial aspects include the cost of purchase or rental and operation. This determines affordability and also income remaining to spend on health, recreation, education and nutrition and how much (if

any) people can save. Housing generally represents the largest expenditure people make and for owners the equity can be of significant financial benefit.

The locational aspects of the home include the location relative to services and the characteristics of the surrounding neighbourhood. Neighbourhood characteristics affect how people feel about their home and their residential satisfaction. Isolation from services can be a significant barrier for high need households and those who depend on public transportation.

Homes also carry psychological meaning. A home can be a source of pride, status, the foundation of family life, a hub for social networking with family and friends, the front line in the social support system and central in the development of personal, collective and cultural identity. It is a place where one finds refuge, rest, security and personal freedom.

Housing is also an industrial good providing jobs for economic development, a focus for skills development in the community, and a generator of wealth for individuals, communities and the economy in general. Housing also has environmental importance as homes consume resources and generate waste and emissions, important aspects of environmental planning.

None of these functions or characteristics in themselves necessarily justify government involvement in housing or government assistance and intervention but collectively they are very instrumental in the health and well-being of individuals, community health and vitality, the state of the environment and the successful operation of the economy.

Housing is certainly worthy of stronger public policy support.

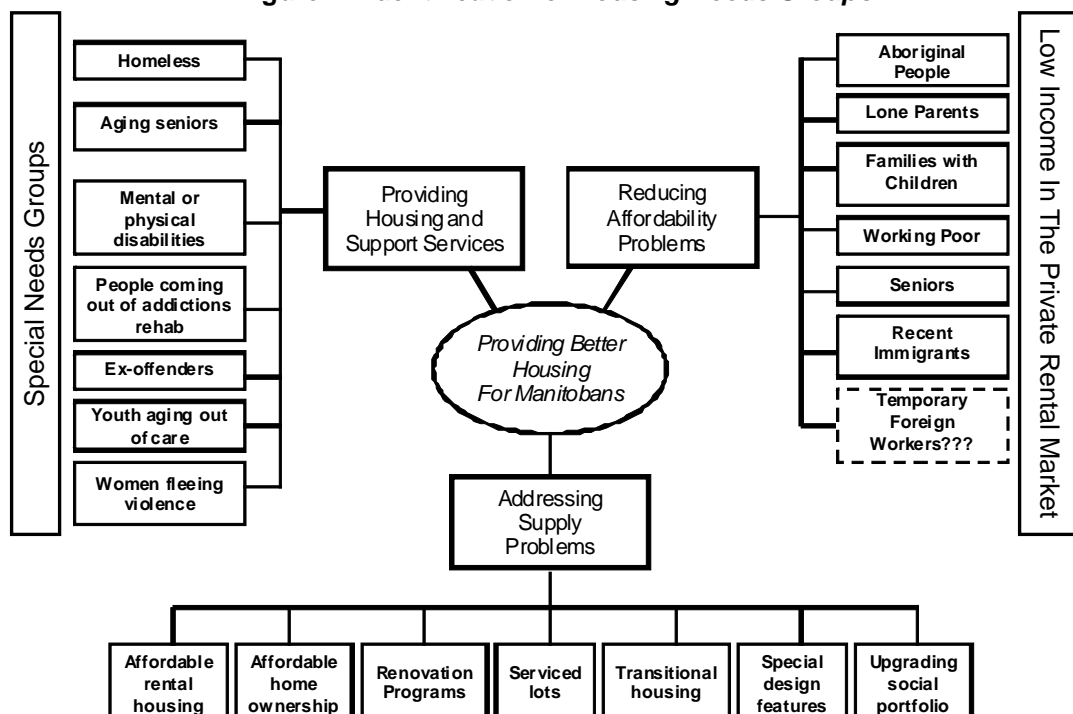
# Housing For Manitobans: The Next Ten Years

## Clients Requiring Housing Assistance

*There are a diverse range of groups in the Province who can benefit from varying types of housing assistance. Some have only affordability problems. Others have a complex set of needs that require initiatives that combine housing and support services.*

The population of Manitoba can be divided into three broad groups: those who are able to take care of their own needs in the private sector; those living in private sector housing but requiring varying amounts and types of public assistance; and, those who live in public sector housing and also require varying levels and types of assistance. Those able to take care of themselves in the private sector may have complex needs associated with health issues, aging and disabilities, but have sufficient money to purchase the services they need. There are also many households living in the private sector that need (but do not necessarily receive) varying levels of support. Their needs may range from affordability problems of varying degrees to lack of the appropriate designs and adequate services to address physical or mental disabilities. Many of these households might be better housed if they were in public housing but access is limited. Most of the households in public housing are characterized by persistent affordability problems or a combination of affordability problems and need for social support services.

**Figure 1: Identification of Housing Needs Groups**



Many of the clients that fall into these three general categories are illustrated in Figure 1. There are a group of clients that need a combination of housing and support services – the homeless, aging seniors, those with mental or physical disabilities, people suffering from addictions or in addiction rehabilitation, ex-offenders, youth aging out of care and women fleeing violence. The needs of these groups are complex and require multiple program response. Affordable stable housing is an imperative, but it is not enough. They need “housing plus” or housing and a range of health care, educational, counselling and supervisory services to name a few. These clients are also not a mutually exclusive group. The homeless, for example, may be ex-offenders, youth aging out of care, those with mental or physical disabilities, or people with addictions and substance abuse problems.

The solutions for these clients with their complex and multiple problems require extensive partnerships. Housing has to play a role, but in partnership with other departments and agencies that deliver the other necessary services.

There are also a group of people who pay more than an acceptable amount for housing. Their only problem may be affordability. They cannot find affordable housing in the private sector. Some are the working poor, many are on social assistance and notable amongst them are Aboriginal people, lone parents, families with children, seniors, recent immigrants and refugees and young singles. Many of these groups are noted in Figure 1. Also noted in this schematic are temporary foreign workers. It is generally acknowledged that the employer is responsible for housing, but consultations during work on this strategy clearly illustrate that many temporary foreign workers fall through the cracks and housing, if it is provided by the employer at all, is not always adequate or affordable.

The housing problems of this group of people could be solved in two ways: provision of more affordable housing (a supply side approach) or a shelter allowance (income assistance) to help reduce their rent to a reasonable portion of their income (less than 30% of gross income). Many of these households do not permanently or persistently have affordability problems and they are not without a home. Hence demand side initiatives (shelter allowances or enhancements) may be the best, and most cost effective, approach.

Although demand side initiatives that help people pay for their housing should be a key component of a ten year strategy there must be an increase in the supply of affordable housing. Increasing supply must include a range of options: initiatives to increase the supply of affordable rental housing; incentives to build, or help people become home owners; continuation of renovation programs for rental properties and for moderate income home owners; initiatives to ensure that there is an adequate supply of serviced lots, particularly in smaller urban communities; transitional housing for women fleeing violence, ex-offenders, youth aging out of care and other groups that require a safe, secure, affordable and stable housing base while they access other services they need to get their life “back in order”; with the aging population, visitable housing and housing with special design features will obviously become more important.

Upgrading and retargeting the existing portfolio of public and non-profit units can address some of the need for new supply. Incorporating new design features, amenity space for functions ranging from offices for support staff, training initiatives and meals must be part of this retargeting. Targeting to new clients, particularly those who require stable housing while they engage in “upgrading initiatives” will also help address many of the special needs clients. However, “refitting” the existing portfolio for long term special needs groups also has to be a priority.

The existing portfolio has been used, to a large extent, to accommodate those with affordability problems. If there is a sufficient supply of units in the private rental market, affordability problems may be addressed in other ways – shelter enhancements, for example. This would facilitate retargeting the existing portfolio to those with more complex needs, including a stable housing base, and those working to upgrade skill levels, and trying to become more self-sufficient members of society.



# Housing For Manitobans: The Next Ten Years

## Demographic Change and Housing Demand

*In general, population trends emphasize the importance of providing adequate, affordable housing and a range of housing options for an aging population, newcomers, the Aboriginal population and special needs groups.*

The basic element of housing demand is population change – growth, decline and stagnation. Key population trends that will affect housing in Manitoba over the next ten years include:

- Immigration trends. The Province is committed to further increases in the number of immigrants it plans to attract to the Province. Current international arrivals approximate 11,000 annually and the Province plans to increase this by 1,000 a year until a total of 20,000 annually is achieved. Although the recent economic slow-down may temper the number of new arrivals in the short term, immigration will continue to be a prominent factor in provincial population growth. It will also increase the ethnic and cultural diversity in the Province.
- There will continue to be an increasing number of elderly people as the population ages.
- There will continue to be a shift of the Aboriginal people to major urban centres – Winnipeg, Thompson, Brandon, etc. Currently the number of Aboriginal people is increasing at 1,000 a year in Winnipeg.
- Household size will continue to decline, which increases household growth and housing demand.
- Population growth will be concentrated in a few key centres such as Winnipeg, Brandon, Steinbach, and Winkler/Morden with a modest growth or even decline in other centres. The demand for housing will be focused on a few centres and provincial housing policy must carefully consider where it invests its housing dollars.
- There will be continued growth in special needs groups such as single parents, people with mental and physical challenges, youth aging out of care, ex-offenders and other households with complex problems.

Further detail on population trends is provided on the Demographics Fact Sheet.



# Housing For Manitobans: The Next Ten Years

## The Market Place

*There is little in the future market outlook to suggest housing will be more affordable or accessible for low and modest income households in the future*

Predicting market place trends over a ten year period is fraught with a great deal of uncertainty. Some aspects important to housing demand, like demographic trends, can be predicted with considerable certainty but labour force trends, changes in income and levels of international and interprovincial migration are more difficult to predict. Looking forward to the immediate future (two to three years), however, is possible with a considerable level of comfort. The following brief discussion provides key highlights and commentary on trends in housing over the next few years.

### **The Manitoba Economy**

Predicting economic growth faces a high degree of uncertainty in today's environment. It seems certain that real GDP growth will moderate from the strong pace of recent years, although the Province will be among the leading provinces in terms of anticipated growth or at least more modest decline. Rates of growth will fall from the recent rates of 2-4% per year to 1-2% over the next two to three years. The value of exports is likely to decline as the value of oil has fallen, metal demand and prices are down, and world record crop yields will cut into farm exports and prices. Government expenditures, however, may rise. Work on the Wuskwatim project, the Riel converter station, the floodway, airport terminal and Human Rights Museum will contribute to investment and labour force demand in the Province.

Employment gains such as the Province has experienced in recent years will not be repeated over the next two to three years and real wage gains will also moderate from the significant gains of '07 and '08. The annual employment growth rate of 2% plus in '07 and '08 will be replaced by rates in the 0.5% range. Unemployment rates will increase but will be lower than the national average and amongst the lowest of all the provinces.

Net migration will continue to be strong but certainly down from the record high of 9,000 in 2007. Increases in the range of 7,500 over the next three years are more likely. Losses to other provinces are likely to be minimal as the economies of Alberta and British Columbia weaken.

In summary, economic growth, labour force growth, wage gains and positive net migration will all moderate from recent strong levels. However, the Province will do better than most other provinces. Winnipeg and the South Central and South East sectors of the province will continue to be the "drivers" of economic growth. Brandon, Winnipeg, Steinbach, Winkler, Morden and Altona will be key centres in the continued economic strength of the Province.

## **The Housing Market Outlook**

### *Sales and Starts*

In the Province as a whole, sales of existing units, which have already fallen from a peak of 14,000 units in 2007, will continue to moderate over the next few years. Sales levels are likely to drop back to the area of 11,000 units, closer to the long term average in recent years. The average MLS price which topped \$200,000 in 2008 will also moderate and move closer to \$185,000. Price increases, which have been in double digits in recent years will decline, at least in the short term. Increases in the new house price index, which topped 15% in 2008, will fall back closer to 5% annually which has been the recent long term average. Spikes in the price of serviced lots created much of this increase, but a better supply and fall in demand have moderated land prices. The more modest demand has shifted the existing market from a sellers' to a buyers' market with the sales to listing ratio falling from a peak of 90% in early 2008 to a ratio that will be in the range of 50-60%. Housing starts will fall from recent high levels of 5,500 to levels that approximate 4,500 –5,000 in the next two to three years. There is a considerable inventory of completed and unabsorbed multiple and single-detached units and this will temper activity levels.

### *Home Equity and Mortgage Loans*

Equity of mortgage holders in Manitoba is quite high – about 60% of the average house price and mortgage arrears are very low – about 0.2% of total mortgages or less than 300 mortgage holders in the Province. This is not anticipated to change in the next few years so mortgage defaults are not likely to be a problem in the Province.

### *The Manitoba Rental Market*

The 2008 rental vacancy rate of 0.9% is well below the Canadian average of 2.2% and the lowest of any province in Canada. With continued high net migration figures, relatively low rental housing starts, loss of rental stock in recent years and demographics that favour rental demand (high proportion of young people) vacancy rates are not anticipated to increase a great deal. They may move upward to 1.5% over the next two to three years. Rents, although well below the national average, have been increasing at rates (3.5%) well above the rental control guidelines (2.5%). A growing share of rental units are new and exempt from rent guidelines and newly renovated units can apply for exemptions so rents are likely to continue to increase more than the rent control guideline amounts over the next few years. The Manitoba rental inventory contains very few three bedroom units – 91% of the CMHC survey universe are one and two bedroom units. This is proving to be a problem for new arrivals as their family size is often larger than the Canadian born.

### *The Winnipeg Rental Market*

The 2008 vacancy rate of 1.0% in Winnipeg is one of the lowest amongst major metropolitan areas. Although there have been much higher additions to the rental stock since 2002, rental starts dropped significantly in 2008 – to 322 units. No substantive increase in private rental starts is expected in the near future. Multiple units under construction remain high (over 1,000 units) and there are over 300 multiple units complete and unoccupied. Not all of these multiple units will be rental. With continued high in-migration and rental stock losses to demolition and condominiumization, vacancy rates are not anticipated to rise significantly – perhaps to 1.5% over the next two to three years. Average rents for two bedroom units approximate \$770 and are anticipated to continue to rise more than rent control guidelines for the same reasons noted in the comments on the Manitoba rental market. Average rents

in 2 bedroom units in 2010 and 2011 will be well over \$800. Average rents are much higher in new units – over \$1,000 for a two bedroom unit.

#### *The Rental Market in Other Centres*

In centres like Brandon, Portage, Thompson and Steinbach, the demographics favour the rental sector – a higher proportion of young people. Brandon and Steinbach have also been the destination of significant numbers of immigrants. Rental vacancy rates are very low in Brandon (0.2%) and Thompson (0.0%), slightly higher in Steinbach at 1.6% and much higher in Portage at 4.6%. Although rents are lower in these centres they are trending upward with quite significant increases in Brandon and Thompson. No significant private sector activity in the rental sector is forecast for these centres so vacancy rates are unlikely to trend upward to any significant extent over the next few years and rental rates will continue to increase. The availability of affordable rental housing is particularly tight in Brandon and Thompson – characterized as a housing crisis in Brandon. Thompson can be more volatile with swings in demand for metals.

#### *The Winnipeg Ownership Market*

In Winnipeg the baby boom bulge has aged into the move-up market category. This has kept demand for single detached ownership units high and the aging of this group has also stimulated demand for condominiums. Single detached housing starts increased significantly over the 2000 – 2008 period and although they will drop over the next two to three years it will not be a significant decline – perhaps from levels of 1,800 – 2,000 units to 1,600 – 1,800 units. Prices have continued to rise in recent years from an average of approximately \$200,000 in 2002 to over \$350,000 in 2008. Price increases will moderate over the next few years and modest declines can be expected. Sales of existing units exceeded 12,000 in 2007 will fall to just over 10,000 units (the long term average) over the next few years. The average annual increase in the sales price of existing units has been in double digits since 2003, hitting 13% in 2008. Prices are anticipated to decline in 2009 with only modest increases over the next two to three years. Sales demand for existing units has outstripped supply since about 2001 but this has changed with sales dropping and listing rising (increase in the sales to listing ratio). It is now a buyers' market and this is likely to continue to be the situation over the next few years. Lower sales activity with modest declines in prices will be the trend for the next few years.

#### *The Ownership Market in Other Centres*

Single detached starts increased in Brandon, Portage, Thompson and Steinbach over the past couple of years and sales and prices of existing units have been rising to close to \$150,000 in Brandon and \$120,000 in Portage. Trends in these centres are likely to “mirror” those in Winnipeg but at much lower activity and price levels.

#### *The Renovation Market*

Winnipeggers have the highest propensity to renovate of any city in Canada with the average renovation costing about \$8,000. With the initiatives under the stimulus package, the Manitoba Hydro incentives, the higher cost of purchasing new homes and more limited resale listings, renovations are likely to remain a significant aspect of the market over the next five to ten years.

#### *Conclusion*

In conclusion, there is little in the future market outlook to suggest housing will be more affordable for low and modest income households. Vacancies in the rental market will also remain below the rate

that is considered necessary to provide low and modest income renters adequate choice – approximately 3%.

Both single and multiple starts will fall in 2009 but recover slightly in 2010. Vacancy rates may trend upward slightly because of the higher inventory of multiple units under construction and completed and unoccupied, but vacancy rates even by 2010, will still be 1.5% or lower. The price of new and existing homes will moderate slightly but there will be no significant drop that would make ownership accessible to low and modest income households. Those households that require assistance under public programs will not experience improving circumstances because of changes in the market.



# Housing For Manitobans: The Next Ten Years

## Changing Settlement Patterns and Housing Investment

*The Province must channel most housing expenditures and initiatives to centres exhibiting population growth with a diversified social and economic infrastructure.*

Future population growth in Manitoba will not be uniform across the Province. Certain communities have established themselves as places that have attracted, and will continue to attract, population and economic growth over the next ten years.

Centres that have experienced considerable growth and exhibit stronger and more diversified economies and offer an extensive range of services include: Winnipeg, Brandon, Steinbach and the Winkler/Morden area.

Centres experiencing less rapid growth, but still amongst the larger centres in the Province with a relatively diversified social and economic infrastructure to service a large hinterland population include Thompson, Portage, Selkirk and Dauphin.

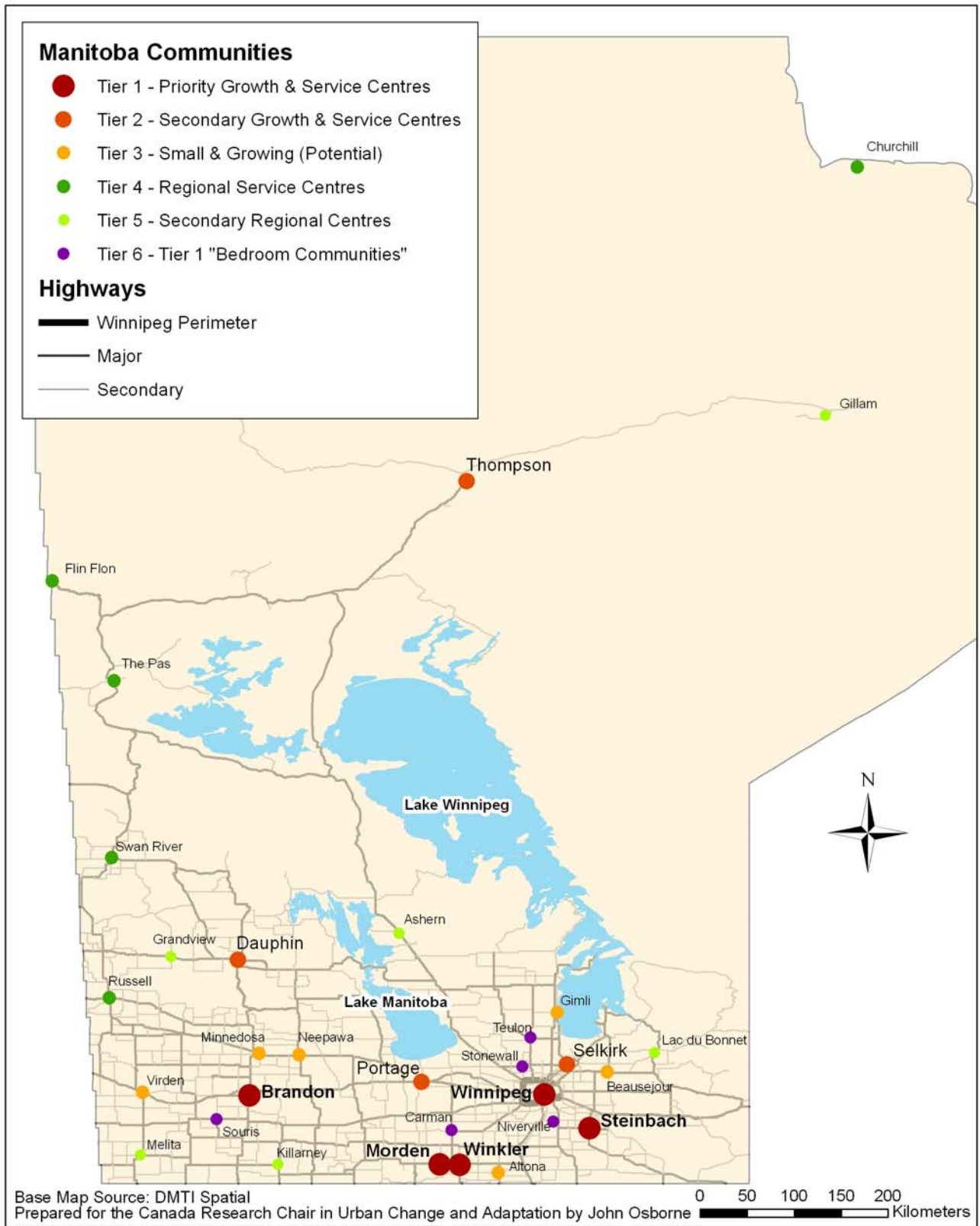
Smaller centres, generally with populations under 3,500 but exhibiting growth, or have the potential for growth because of their service base, and their importance as regional service centres include Altona, Neepawa/Minnedosa, Virden, Beausejour and Gimli.

There are other centres such as Flin Flon, The Pas, Swan River, Churchill and perhaps Russell that provide services to a significant geographic area but growth is not necessarily guaranteed. In fact some of these centres have actually lost population.

Other centres in the province are experiencing population losses or the population change is stagnant. They are characterized by limited diversity in services and economic activity and do not function as regional service centres of any significance.

The Province must carefully consider where it invests housing dollars. Major investments, particularly in long term assets such as new housing units and major renovations to the existing portfolio, should largely be limited to centres that are growing or have the potential for growth, have a diversified service base, particularly health care and education, and have a more diversified economic base (not dependent on a single industry). Basically these centres are identified as Tier 1, 2 and 3 on the accompanying map. Investments in other centres should occur only after very careful analysis of need and long term demand for the initiative. Options other than adding to the existing portfolio of social housing units should be considered to limit the risk of loss of funds.

# Prioritized Ranking of Manitoba Growth Centres





# Housing For Manitobans: The Next Ten Years

## A Housing Policy Framework

*Effective housing policy over the next ten years must be developed within a threefold framework: reducing affordability problems; enhancing the supply of affordable housing; and, facilitating the delivery of a combination of housing and support services.*

Housing policy has to be developed with a number of parameters in mind. Good housing policy in Manitoba has to be:

- flexible enough to address both short term and long term goals and objectives;
- broad enough to encompass urban (big city), small town, rural, remote and northern needs;
- comprehensive enough to address diverse client needs;
- supportive of policy initiatives by other government departments, municipalities, community groups, the Aboriginal community and the private sector;
- flexible enough to take advantage of funding from the Federal Government;
- funded at sufficient levels to make measurable progress toward meeting goals and objectives; and,
- constantly under review to accommodate changing circumstances.

A review of social, economic and demographic circumstances in the Province and information from key informant interviews suggest there are three broad areas policy has to address over the next ten years. These broad policy areas are identified in the schematic below.

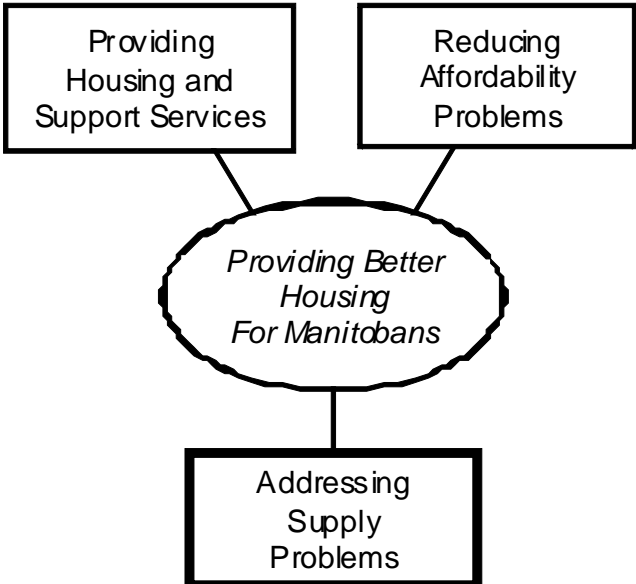
The three major themes of housing policy are: **housing and support services, reducing affordability problems, and addressing supply problems**. Activities and initiatives of Manitoba Housing over the next ten years have to be structured within and around these three areas.

Selection of these three themes or areas of focus, for housing policy development over the next ten years is also related to identification of the sectors of society that housing policy must help over the next decade. Each one of these sectors or clients has a need or “set of needs” that can only be addressed if housing initiatives are part of the solution.

To expand on the broad brush strokes and the schematic above, housing policy responses can be grouped into three broad categories: **supply side responses** or initiatives to build new, or renovate existing, units to increase the supply of affordable housing, **demand side initiatives** or initiatives that help Manitobans pay for their housing, and the **provision of a combination of housing and support services** to enhance the quality of life of citizens who need a range of support services to maintain a safe, healthy, and for many, independent lifestyle in their homes. These three broad themes require Manitoba Housing to partner with a range of government, community and private sector groups to achieve effective policy. The provision of services necessitates very extensive partnership

development within which Manitoba Housing provides the stable affordable housing base with appropriate designs and amenities to facilitate the delivery of services by other organizations such as health, home care and other government and community based organizations.

## ***A Housing Policy Framework***



Subsequent sections of this report will expand on each of these theme areas and the necessary program options and initiatives to deliver effective policy.



# Housing For Manitobans: The Next Ten Years

## Housing Priorities for the Next Ten Years

To improve the housing circumstances of Manitobans over the next ten years, the Province must focus on five key policy areas:

- broadening the working partnerships with government departments, community based organizations and municipalities to pursue housing and housing and support service initiatives. Being more proactive in the community is key to addressing housing priorities over the next ten years;
- broadening departmental activities under the existing mandate so the department can take a more proactive role in initiatives where housing policy can play an important supportive role in public policy, for example, neighbourhood and downtown revitalization, community development, environmental initiatives, sustainable subdivision design, improved health and educational outcomes, immigrant integration and retention, etc.;
- repair, modernization and retargeting of the existing social/public housing stock;
- addressing affordability problems with initiatives ranging from a shelter enhancement program for existing units and programs to increase the supply of affordable rental stock; and,
- working to provide the stable housing base for clients with multiple and complex problems who require this base to facilitate the delivery of the services they need.

In summary, a more proactive role in partnership building, more active involvement with other policy sectors where housing can play a supportive role and the provision of more affordable housing units, including those that provide the stable base for delivery of services to clients with multiple and complex problems, must be the focus of the organizations' activities over the next ten years.

Activity in these five areas has to be integrated. Initiatives in these areas will work best when they work together.

Broadening partnerships and a more proactive role in communities will assist the Department in its attempts to assist households with multiple and complex problems. It is also necessary if Manitoba Housing is going to develop housing initiatives that play a broader role in public policy. A shelter enhancement program will assist with the work of modernizing and retargeting the existing social housing portfolio – providing other shelter options for households that have affordability problems but are no longer considered a priority for units in the existing portfolio.

Successful policies are those that are integrated and supportive of each other. These policy initiatives will work best when they work together.

# Housing For Manitobans: The Next Ten Years

## Fulfilling and Broadening the Mandate

*Better housing outcomes for Manitobans requires the fulfilment of a broader mandate by Manitoba Housing*

### Manitoba Housing Mandate

In a broad sense the mandate of Manitoba Housing is all about “**Strengthening Families and Building Communities**.” There is a commitment to improving the quality of life for Manitobans.

More specifically the purpose and objectives of the organisation are

- a) To ensure that there is an adequate supply of housing stock in Manitoba;
- b) To enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income or those with special needs;
- c) To maintain and improve the condition of existing housing stock; and,
- d) To stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

Although this mandate is relatively broad and provides Manitoba Housing with considerable policy and program flexibility some expansion may be necessary. Adding another point as follows would bring the mandate more in line with the role that housing can play in public policy development

- e) To facilitate the introduction and successful outcomes of initiatives in other policy sectors.

If Manitoba Housing is to effectively respond to the issues identified as part of a comprehensive housing strategy over the next ten years it will be necessary to broaden its activities to fulfill this mandate. Key informant interviews and other work undertaken during development of this strategy indicate that Manitoba Housing has not operated in a fashion that promotes the broader value of housing, nor does it effectively integrate housing and housing policy with other policy sectors to achieve broader objectives.

It was stated by key informants on many occasions that Manitoba Housing has to work outside the “old boundaries” and realize that housing is much more than shelter, bricks and mortar. It was noted often that one cannot separate housing policy from other policy areas and housing initiatives should not be planned in isolation. Fulfilling the mandate means working to incorporate housing more effectively in downtown redevelopment strategies, urban renewal, sustainable urban development, the health of an aging population, facilitation of immigration policy and integration of immigrants and refugees, labour

force strategies, community development in rural and northern areas and other policy sectors and initiatives.

There is an argument to be made that Manitoba Housing thinks too much like a social service agency and too little like a housing agency. Working to provide better housing for low-income households must remain a priority but other initiatives less directly focused on the poor can have positive outcomes for the poor as well as other sectors in society. If housing initiatives work to improve the operation of the market overall, make positive contributions to urban development, neighbourhood renewal, community economic development and quality of life in general then the poor in society also benefit. Such initiatives may cost money, but public investment can yield a positive financial as well as a social return.

Unless Manitoba Housing develops a new vision and works to fulfill its broadly defined mandate, it is difficult to see how Housing will be able to play an active role in addressing the key concerns in what communities define as the housing sector.

Manitoba Housing has been moving in this direction with partnership initiatives with Health and partnership land development initiatives with the private sector in Royalwood and Waverley West and the investment of the profit in the inner city.



# Housing For Manitobans: The Next Ten Years

## Retargeting the Existing Social Housing Portfolio

*A re-targeted portfolio should place an emphasis on two types of clientele: families and individuals working to increase their self-sufficiency through skills development and educational upgrading; and, families and individuals who require stable affordable housing as a prerequisite for accessing other social support services.*

There are approximately 31,000 subsidized housing units in the Province. Approximately 13,000 of these units are managed directly by Manitoba Housing, 4,600 are Rural and Native Units and 10,600 are managed on behalf of the Province by non-profit and sponsoring organisations.

Over the next ten years Manitoba Housing should consider retargeting some of these units to a different clientele and re-focusing the portfolio to serve different needs. Currently most units are occupied by families and the elderly. Some of the projects for the elderly incorporate support services, and some family projects in the larger centres have built-in programs (educational, recreational, health and skill development) offered in partnership with other agencies. However, most of the units provide independent living at a subsidized rent – 27 percent of gross before tax income in the direct managed portfolio. Projects managed by non-profits and sponsoring organizations are more likely to incorporate some level of services, and most of these projects are for the elderly. A large percentage of the family units are occupied by people on social assistance.

Over the next ten years the Province should consider retargeting a proportion of the portfolio for a number of reasons:

- the introduction of other programs to assist with affordability problems may permit some tenants with slightly higher incomes and tenants, whose only problem is affordability, to move to private sector rental options;
- units that carry deep subsidies under federal/provincial programs should be retained for households who have very persistent long term affordability problems in conjunction with other problems that prevent these households from obtaining sustaining employment;
- units that carry deeper subsidies should also be targeted to those working to upgrade their skills, taking educational and training courses, or generally taking the initiative to reduce their dependence on government subsidies and become more self-sufficient;

- some units/projects should be modified (design changes) to accommodate those with physical and mental challenges that require a combination of housing and services. This might include the redesigning of some projects to facilitate the delivery of services – dining rooms, offices for professionals, food services activities, visitable units, etc.;
- some unit designs are no longer attractive to the elderly clientele they were designed to accommodate – bachelor units, for example. Many of these units sit vacant. At least two options exist to make better use of these units: renting to other clients – younger single individuals, for example; or changing the design through renovations that turn two or three bachelor units into one. The first option has been attempted with limited success as younger singles and seniors do not always appear to be a positive mix. Complete retargeting to younger people such as students may be a more realistic option; and,
- chronic vacancies, particularly in rural communities, may require targeting to a new group of clients, sale of the units, moving units to other centres, or as a last resort, demolition of units/projects or sale for non-residential uses.

Retargeting the portfolio will require changes in at least three areas: the type of client eligible for units, the design of units, and, the services provided in the units. The proportion of units re-targeted will vary from centre to centre and depend on the nature of housing needs in each community. Analysis will have to be done on a community by community basis.

It is inevitable that retargeting will result in the displacement of some families and individuals already in social housing. With low vacancy rates and rents that are not always affordable to current tenants in social housing, other options for these households must be provided. An enhanced shelter allowance program may be required to ensure households leaving social housing can afford market rents. Movement to other social housing projects may also be an option. With low vacancy rates in the private sector, retargeting of the social housing portfolio should be undertaken in conjunction with other initiatives to increase the supply of, or access to, private sector rental accommodation.

Retargeting should first be introduced in the Direct Managed Portfolio but could be extended to the portfolio of non-profit and sponsoring agencies.

# Housing For Manitobans: The Next Ten Years

## Provision of Affordable Rental Housing

*Increasing affordable rental stock and improving the affordability of low income people living in the private rental sector is a high priority for a Ten Year Housing Strategy. Incentives to private rental investors to encourage the development of more units is an option, but a Shelter Enhancement Program is a more effective way of serving a broader range and larger number of clients.*

Rental vacancy rates are very low throughout the Province, rents are rising and housing for low income renters is difficult to access and unaffordable for many. There is little evidence to suggest that this situation is going to improve over the next few years. Provision of affordable rental housing has to be a high priority under a Ten Year Housing Strategy.

There are three basic ways the Province can improve the supply of, and access to, rental housing:

- incentives to the private sector to invest in building affordable rental units;
- increasing the stock of publicly owned and subsidized rental units; and,
- providing assistance to households to help them pay for rental accommodation in the private market without exceeding reasonable amounts of their income.

Brief discussions of the first and third options above are outlined below.

### *Incentives to the Private Sector*

The private market provides over 90% of the rental housing available in Manitoba. There are two broad sub-markets in the private rental sector. The primary market which consists mainly of large rental projects (three units or more) purpose built for the rental market; and, the secondary market which consists of rental single detached, semi-detached or duplexes, rented condominiums, rental freehold row or town houses and one or two apartments that are part of a commercial or other type of structure.

Because of the lower incomes of renters and low financial returns relative to other investments, the private sector has built very few purpose built units targeted to the rental market in recent years. There is certainly a need to increase the supply of affordable private rental units, and incentives may be required to encourage the private sector to invest. There are a number of options open to the Province to encourage private sector investment in the primary rental sector:

- reduction of taxes on private rental investment in new dwellings – PST and GST
- low interest loans to developers
- capital grants to reduce the cost of construction

- changes to tax regulations to enhance write-offs of construction and development costs against other income
- property tax forgiveness for the first five to ten years
- reduced mortgage loan insurance premiums
- reduction in development charges and simplification of development regulations
- grants and tax breaks for conversion of non-residential buildings or heritage buildings to rental accommodation.

To encourage more rental accommodation in the secondary market, initiatives such as the following would help:

- changes to the regulatory environment, building and occupancy codes to facilitate the development of accessory apartments in private homes;
- incentives (grants or loans) to homeowners to build secondary suites; and,
- changes to the regulatory environment and incentives (grants, loans, property tax rebates) to encourage development of apartments above commercial dwellings.

Although these incentives may encourage private investment in rental accommodation, they are not without their difficulties. Some approaches like those that use the tax regime or regulatory environment, require partnerships with other levels of government. Others reduce revenue flows in other areas and in some cases to other governments – tax rebates for example.

#### *Subsidies to Low Income Renters: Shelter Enhancements*

A Shelter Enhancement Program, which provides a subsidy payment directly to a household to assist those trying to find affordable rental accommodation, and also to those living in rental accommodation and paying an excessive amount of their income for housing may be a better approach.

Program criteria would include:

- a subsidy that amounts to the difference between thirty percent of gross household income and a fair market rent for a unit suitable for the household. Subsidies would be available up to a certain limit
- housing condition checks would be mandatory under the program and units eligible for subsidies would have to meet certain standards
- units in both the primary and secondary rental markets would be eligible
- subsidies would be transferable, facilitating labour force movement in the Province
- certain groups would not be eligible: people on Income Assistance, those renting from Manitoba Housing, homeowners, people living in institutions, students, temporary foreign workers, and households on Reserves.

#### *Program Advantages*

The Program would:

- reduce affordability problems
- encourage private landlords to renovate and modernize their stock
- facilitate labour mobility

- address the lack of assistance for the poor living in the private rental sector and help those who cannot access public housing. This improves horizontal equity
- reduce the need for public housing and facilitate retargeting of the public stock to others with complex needs
- increase the number of units available in the secondary market and make rental accommodation more affordable, particularly in smaller centres where the secondary market is more important.

### *Program Disadvantages*

The Program is not without its problems:

- where vacancy rates are very low, people may still have difficulties accessing rental housing, although it will help those already in rental housing
- it may not be incentive enough to encourage investors to build more rental housing. Supply side incentives like those discussed in the first part of this document may still be needed
- it may be more difficult to control costs under this approach than under supply side initiatives
- work will be required to properly integrate the program with the Manitoba Shelter Benefit Program, shelter assistance under Employment and Income Support and tenants on RGI in social and public housing.

A Shelter Enhancement Program, however, has much greater potential to assist more households throughout the Province.

# Housing For Manitobans: The Next Ten Years

## Rental Incentives for Small Rental Markets

*To address the shortage of affordable rental housing in small communities requires an integrated approach including a range of initiatives a more proactive role by Manitoba Housing and greater engagement at the community level.*

Small Community Rental Markets: Small rental markets are defined as the rental markets in communities outside the major urban centres of Winnipeg and Brandon. Commuter communities in the Winnipeg commutershed are also excluded.

### *Key Characteristics of Small Rental Markets*

Rental markets in small centres have a number of characteristics in common:

- rental markets in these communities are small, there is limited demand and there has been little new investment over time;
- the current rental stock is characterized by relatively high rates of need for repair and units tend to be older and often lack the amenities of newer stock in larger urban centres;
- the rental stock is characterized by small scale (eight to sixteen units) apartments, some fourplexes and single and semi-detached houses. It is not uncommon for mobile homes to be part of the rental stock in these communities;
- much of the rental stock in small centres is part of what is known as the secondary rental market. The units were not purpose built for the rental sector. The units include rented single detached homes, rented semi-detached and duplex units, rented freehold row or townhouse units, apartments (one or two units) above commercial operations, basement suites, etc.;
- households living in, or seeking, rental accommodation in small rental markets include low income single parents and two parent households, young professionals working in banks, government offices, health care and education, in some centres new immigrants or temporary foreign workers, and students in those centres with community colleges. In most small rental markets, however, a disproportionate number of households seeking rental accommodation are seniors, many with low incomes;
- rents in small markets are generally lower than in the larger urban centres, but often incomes of renter households are also lower, so affordability problems still persist; and,

- increases in rents are generally driven by input costs – electricity, heat, supplies, repairs, contract labour for management and repairs, replacement of appliances and local property taxes. As the cost of all these items has increased in recent years, rents have been going up – often at a rate faster than incomes.

### *Barriers to Providing Affordable Housing in Small Rental Markets*

Provision of rental housing in small rental markets faces a number of barriers:

- the local construction and development community is characterized by limited capacity to build and manage;
- competition with local social housing projects for seniors and low income families often reduces the demand considerably – making private investment risky;
- the local economy is often very fragile and jobs depend on the success of one or two major employers. Demand can fluctuate significantly, making investment in rental property a risky venture;
- the lower incomes in these communities create challenges for investors. They struggle to find a balance between charging enough to earn a profit and charging what the lower end of the market can afford. Often if they charge more than the lower end of the market can afford, they run the risk of higher vacancy rates;
- when only small projects are feasible, generally under twelve units, even one long term vacant unit can mean the difference between profit and loss;
- although there are several demographics (household types) seeking rental accommodation in small centres, there are relatively few households in each demographic. Projects have to target a mix of household types requiring different units and bedroom number configurations;
- construction financing and mortgage insurance is often harder to get in small rental markets because of the higher market viability risk. Often the smaller developers with fewer assets operating on lower volumes have more difficulty obtaining financing and mortgage insurance;
- smaller developers also have more difficulty financing front end and holding costs and have more difficulty obtaining the equity necessary to achieve financing; and,
- there is generally inadequate market information available in such communities. Developers often rely on their local knowledge, information from their local networks and their “gut feeling” about what will work. Often they are wrong. Better market intelligence is required.

### *Options to Help Increase the Supply of Affordable Rental Housing in Small Rental Markets*

There are a number of initiatives Manitoba Housing can pursue to improve the supply of affordable rental housing in small rental markets:

- work with communities to improve the “market intelligence” in the centre and conduct community needs assessments. Information from such assessments should be available to municipal officials, representatives of community based organizations and potential private investors in housing and other commercial and industrial ventures;
- work with municipalities to build their knowledge and awareness of the need for affordable housing, the programs that are available to help municipalities and partnerships they could pursue to encourage investment in rental housing – including partnerships with government;
- work with communities to ensure pre-zoning of land for multi-unit development so there is adequate and suitable land to facilitate new rental development;
- encourage the community to approve a “residential mixed use” zone to facilitate mixed use development that includes housing;
- encourage municipalities to change zoning and building and planning regulations to facilitate the development of accessory suites in the secondary market;
- provide modest grants, property tax rebates or low interest loans to encourage the development of secondary suites;
- work with the municipality to clean up vacant property, demolish derelict housing and other buildings and prepare property for new housing development. Grants, forgivable loans or loans factored into the cost of future development could be made available to facilitate this process;
- work with municipalities and/or private investors to convert existing non-residential buildings to residential units. Manitoba Housing’s role could range from advice on the type of need, through planning and design of the conversion, help with seeking financing, help with the contractual process and construction management, to interim financing and capital grants and low interest loans to support construction;
- provision of incentives to investors in the development of affordable rental accommodation. These incentives could range from capital grants to low interest loans, to property tax breaks and guarantees to rent a certain number of units using rent supplement or enhanced shelter allowance programs;
- introduction of a province-wide shelter enhancement program would improve the market demand and stability for private investors and help reduce affordability problems amongst low income households. This option may only be applicable in the larger of the smaller communities where there is more private sector interest but the significant number of rental units in the secondary rental sector could help make this a viable option in smaller communities;
- refocusing or retargeting of existing social housing stock (if any) in the community could also add to the affordable housing stock. Making vacant social housing units (if any) available

would also add to the affordable stock. This will require addressing the problems (repairs, retargeting) responsible for the vacancies in the first place;

- the use of manufactured housing and/or portable units, particularly to accommodate transitory demand from temporary foreign workers. This should be done in partnership with employers;
- ensure that current rental property owners and local municipalities are aware of renovation grants and loans for repair and upgrading of rental property; and,
- consider promoting the purchase, by non-profit organizations, of existing rental properties or buildings that can be converted to rental accommodation. This would be particularly appropriate in centres where the private sector is no longer interested in offering rental accommodation. The difficulty with this approach is that most small communities also lack active non-profit organizations.

### *Concluding Comments*

When it comes to small rental market centres, the Province has three main approaches to increase the supply of affordable rental housing. It can attempt to solve this problem by:

- introducing an enhanced shelter allowance program for those with affordability problems in conjunction with stimulus programs directed at the private sector to encourage them to build or provide additional rental housing. These incentives could apply to both the primary and secondary rental sectors. In some communities, particularly the smaller centres, the first approach will not work without the second, as there are fewer units people can find to use the shelter allowance program;
- building more publicly subsidized social housing; or,
- designing a more integrated strategy that incorporates a number of initiatives from the various options above.

The circumstances in these communities vary so significantly that the third approach may be the most realistic. The first approach may work in some of the “larger” of the smaller centres – Portage, Dauphin, Steinbach, etc. where demand is greater and sustainable over a longer period of time. The second may be necessary in centres (generally smaller) where there are no other options (Growth Hub Three Centres). There are several centres where integration of a variety of options may be possible. However this will require a new and expanded role for Manitoba Housing that includes:

- working with the Municipality, the private sector (if they are interested), local employers and perhaps other government departments to build awareness of possible approaches, structure partnerships and assist with planning and development of options;
- work with communities to conduct community needs assessments and collect market intelligence; and,
- work to re-target existing social housing units or make better use of vacant units in the social portfolio.

The success of an integrated approach will require a much more proactive role by Manitoba Housing and a much greater engagement at the community level.



# Housing For Manitobans: The Next Ten Years

## Homeownership Assistance Programs

*Although assisting people to become homeowners provides benefits to families and society as a whole, those households who could access ownership, with public assistance, are not priority clients for Manitoba Housing. Ownership assistance should be considered a low priority for the Ten Year Housing Strategy.*

Owning a home is part of the “Great Canadian Dream” and homeownership has many positive effects for society – the pride of ownership, security of tenure, a generator of wealth through equity, greater control over one’s housing costs and one’s environment, a source of income through renting space in the home and a better foundation for family and social development. Ownership also benefits broader society as owners provide greater community and social stability through an improved sense of community responsibility and stewardship.

In the past five to six years access to ownership has become more difficult, particularly for modest income first time buyers. Rising property values, construction and labour costs and the increasing cost of home operation because of rising energy prices have excluded many people from the market despite more flexible lending criteria and low interest rates.

Reduced access to ownership has contributed to a tighter rental market as fewer first time buyers are able to become owners and remain in rental accommodation. This makes access to affordable rental accommodation even more difficult for the very low income. Ownership, however, is not for everyone. The carrying costs of ownership – mortgage, taxes, insurance, upkeep and operating costs are beyond the financial carrying capacity of lower income households. Providing assistance to make them owners would be counterproductive as it would place these families at risk of default, increase their affordability problems and reduce expenditures they can use for other basic necessities.

As most of the priority clients of Manitoba Housing are low or very modest income households, providing ownership assistance should not be a high priority for a Ten Year Housing Strategy.

There are obvious benefits to helping people become homeowners and should Manitoba Housing decide to make this a policy priority at some point in time, there are number of program options available:

- down payment assistance, funding to cover all or some of the required down payment
- a forgivable grant covering 10-15% of the purchase price
- a second mortgage, based on a certain percentage of the market value, at a reduced interest rate to help lower monthly payments

- interest free top up loans from government which the purchaser uses together with a normal bank loan to help reduce monthly payments
- interest rate subsidies to reduce monthly payments
- reductions in sales taxes (provincial or federal) to reduce purchase prices of new homes
- shared equity loans where banks or governments provide loans at reduced rates for a share of future equity on sale of the property
- a second mortgage with deferred payments to reduce carrying costs in initial years until the household's income rises
- self-help housing where costs are reduced by the purchaser's contribution of labour (sweat equity).

The above are only a few of the examples that are available to improve access to ownership.

Other approaches, often carrying very little cost to government, include:

- changes in the regulatory environment, zoning for example, to allow or require reduced lot sizes, higher densities and smaller dwelling sizes (a Smart Growth approach)
- utilizing a "grow home" approach by allowing a housing form where the interior can be finished and expanded as the financial circumstances of owners improve
- encouraging modest income households to use individual development accounts (IDAs) where they can save funds (tax free) to use as down payments
- developer assisted housing where developers are required to sell a certain percentage of units (perhaps 10%) at affordable prices in return for higher densities, streamlined approval processes or other advantages.

There are many options, at varying levels of cost, open to Manitoba Housing should they wish to promote ownership during the Ten Year Strategy.

# Housing For Manitobans: The Next Ten Years

## Implementing Priority Policies 1

### *Broadening and Fulfilling the Mandate*

There are two key actions or aspects of the Housing Strategy that require immediate action if Manitoba Housing is to adequately fulfill its mandate and respond to the housing needs of Manitobans over the next ten years. These key areas are:

- broadening the working partnerships and being more proactive in the community; and,
- broadening departmental activities under the mandate to take a more proactive role in activities ranging from neighbourhood and downtown revitalization to immigrant integration and retention – support for public policy.

The second of these “action areas” will not be successful unless Manitoba Housing takes action on the first. A more proactive approach and partnership development is necessary if Manitoba Housing is to extend its activities to a supportive role in other public policy areas: renewal of our communities, community and economic development, improving education and health outcomes, community planning and development, environmental initiatives and others.

Broadening Manitoba Housing’s activities to address an enhanced mandate will require actions and changes in a number of areas:

- more involvement in community outreach;
- working with communities to assess housing needs and possible options to address housing problems;
- an enhanced role in communications – getting the positive stories out;
- development of a document outlining the “new” role for Housing in support of other policy areas – *the role of housing in Public Policy*;
- development of ongoing liaison with other departments in government and other levels of government to explore partnerships and possible projects where housing can play a supportive role that would lead to more positive outcomes;
- work with tenants, tenant organizations and non-profit housing organizations to develop adequate responses during modernization and improvement of the existing portfolio;
- ongoing liaison with business and major employers to develop effective housing approaches to issues such as “housing for temporary foreign workers”. Activity in this area facilitates labour market dynamics;

- work with Aboriginal groups, newcomer groups (refugees) and educational institutions to facilitate better educational outcomes. Stable housing is a prerequisite to better educational achievement; and,
- partnerships with municipalities and the private sector to plan and design more sustainable subdivision design, improved approaches to neighbourhood planning, better integration of housing and transportation and a move toward “smart growth” in general. The Waverley West Development represents a move in this direction but did not go far enough toward creating the type of development future urban growth should emulate.

The above are only a few of the areas that Manitoba Housing will be engaged in if it is to adequately fulfill and broaden its mandate.

The work in developing this Strategy, including the key informant interviews, constantly reinforced the fact that Manitoba Housing was not playing the role it should in the development and support of broader public policy initiatives. It was not proactive enough and if it was involved, it was generally “dragged” into the initiative as opposed to taking lead or playing an active supportive role. This criticism may be unfair, but the few examples above indicate Manitoba Housing could play a much more active role.

The importance of housing in people’s lives and the necessity of stable, affordable housing to positive outcomes in other policy areas certainly justify an expansion of the mandate and activities of Manitoba Housing. This expansion, however, will require changes within the organization. These changes will include redefining the roles and responsibilities of some of the existing staff and an increase in staff in certain areas. General areas that will require redefinition or expansion include:

- community services/outreach
- tenant outreach/liaison
- strategic planning and policy development
- strategic initiatives and partnership development
- communications
- intergovernmental affairs.

Although it is not the role of this Strategy to provide estimates of numbers of staff required, expansion in these and other areas will certainly be required.

If Manitoba Housing is going to effectively address the housing needs of Manitobans over the next ten years, there has to be a significant change in the way the organization does business – a **C Change** leading to an improved ability to adapt to, and serve, an evolving society and deliver a more modern housing policy.



# Housing For Manitobans: The Next Ten Years

## Implementing Priority Policies 2

### *Implementing Priority Policies: Upgrading and Modernization of the Existing Portfolio*

Once policy has been identified for a Ten Year Strategy a time frame for implementation has to be established. Some policies are of greater priority than others and most organizations do not have the capacity to implement all policies at the same time. There are also a number of stages or tasks involved in implementing any policy. These steps have to be identified and prioritized. The discussion below deals with one priority policy area and the tasks necessary to implement the policy.

#### *Upgrading and Modernization of the Existing Portfolio*

Of utmost priority is the modernization and retrofit of the existing portfolio of public housing. This has to be a priority for a number of reasons:

- the portfolio, particularly the direct managed units, are in terrible condition – reportedly amongst the worst in Canada, although efforts to improve the condition are underway;
- it is important to take advantage of the federal money from the stimulus budget as quickly as possible to create jobs and strengthen the provincial economy in a time of recession while at the same time upgrading the stock;
- the provincial money is already in place;
- a modernized and retrofitted portfolio will better position the Province to address the needs of some of the priority clients that require stable housing and other support services; and,
- improvements to the portfolio will help improve the organization’s “tarnished reputation”.

There are a number of steps required to effectively implement this priority policy:

- An assessment of the overall portfolio to determine if there is a demand for units in the project and if that demand can be accommodated given the design, bedroom configuration, and capacity to build in required amenities or facility supports for services. During the key informant interviews we heard on a number of occasions about public housing projects in centres that had high vacancy rates because there was no demand; the projects were designed for seniors but the demand was for family accommodation or the reverse; the projects were designed for seniors but lacked the design features to accommodate the services required; or, the projects had the facilities to support the services but the necessary partnerships were not in place to deliver the services.
- This broader assessment of the portfolio should be undertaken before decisions are made on the nature of repairs and modernization. It seems likely that some projects could be sold for other

purposes (a no demand situation); may have to be redesigned for, or retargeted to, a different client group; or, redesigned to accommodate support services the residents require.

- A complete assessment of the portfolio to identify needed repairs and modifications (hopefully this information is already available). This should include an energy audit.
- A plan has to be developed to take care of any displacement that might occur during repair and upgrading, particularly if an entire project is the focus of upgrading. Given the condition of some projects it is unlikely improvements can be carried out unit by unit.
- A careful needs assessment on a project by project, centre by centre, basis has to be undertaken if projects are to be re-targeted: What is the nature of demand? The characteristics of those in need? What services, if any, are required? Are there organizations or partnerships available to deliver needed services?
- In major urban centres (Winnipeg in particular) sale of some of the projects might be an option worth considering. High rise projects consisting almost entirely of bachelor suites may be an example. Unless they can be retargeted to a different client group (Aboriginal students coming to the City for education and skills upgrading, for example) or unless units can be combined and reconfigured at a reasonable cost, sale of the project might be worth considering. There may be private sector interest in the land alone or the land and the building. Educational institutions (Red River College, the universities) may be interested in partnering or purchasing. No options should be ruled out, including the sale of the stock.
- Although priority has to be the interior and exterior of the project itself, improvements to the site should also be taken into consideration when project upgrades are undertaken. During key informant interviews comments were made about poor landscaping, lack of play structures, poor condition of parking areas, poor maintenance of the site – like a “black eye in a face” to quote a key informant.
- Most of the emphasis should be placed on the Direct Managed portfolio initially – simply because of the greater control Manitoba Housing has on this portion of the subsidized portfolio in the Province. Moving beyond the direct managed portfolio requires working with community based organizations. This is a positive and necessary approach but may take more time.

In summary, upgrading and repairing the existing portfolio requires the following steps to ensure an effective and positive outcome:

- a broad assessment of the portfolio to determine if there is a long term sustainable demand for the units/project; what is the nature of the demand; can the current units meet this demand; do the units have to be reconfigured; what services, if any, may be necessary; and, can the design accommodate these services. There is little value in spending money upgrading unless the Department has proven there is a demand and the nature of the demand;
- an assessment of repairs and upgrading required, including an energy audit and possible design reconfigurations;
- a prioritization of projects. Should projects for upgrading be prioritized on the basis of condition (worst first) or demand?; and,
- the actual work itself.

Addressing the needs of the entire portfolio requires a long term commitment that will probably last ten or more years. It is important to get the process underway to spend the federal money but also to help initiate the process of retargeting the portfolio to a different clientele.

Hopefully Manitoba Housing has projects on the shelf to undertake the first work immediately. However, the worst that could happen is to charge ahead with repairs and modernization without first determining the long term need for the project and the nature of the tenants Manitoba Housing will accommodate in the project. There is a need to move quickly but too much haste could mean long term waste.

# Housing For Manitobans: The Next Ten Years

## Implementing Priority Policies 3

### *Addressing Affordability Problems Facing Manitobans*

Although poverty rates have been declining in the Province in recent years, the cost of housing (ownership and rental) has been rising more rapidly than incomes. This has created a “*shelter cost to income gap*” for a significant sector of society. In 2005 eleven percent of households were in core need but housing costs have risen rapidly since 2005, so the current figure may be higher. The shelter component of welfare has also not been adjusted to keep pace with rising housing costs leaving 12,000 households at high risk of shelter poverty. Rising energy costs have contributed to the cost of housing operation, placing an extra burden on low and modest income households.

Households with affordability problems in the Province can be found in four different sectors of the market:

- living in the private rental sector;
- homeowners, generally those who have recently purchased a home;
- tenants of social housing, particularly those who are responsible for some or all of the cost of utilities; and,
- those living in shelters or homeless on the streets or the hidden homeless staying with friends, family, “couch surfers”, etc.

There are two basic approaches to assist those with affordability problems:

- increasing the supply of affordable rental stock; or,
- providing a supplement to households with affordability problems – a shelter allowance or enhancement – so they can afford the higher rents.

These two basic approaches have been described in more detail in other sections of this report so only a modest amount of explanation will be provided in this overview document. Steps required to implement initiatives in this area will be the primary focus of this discussion.

Increasing the supply of affordable rental housing can be accomplished in two ways: incentives to the private rental sector to build additional units; or, development of more publicly owned and subsidized social housing.

The shelter enhancement involves a direct payment to households with affordability problems (those who pay 30% or more of gross income for shelter). The payment helps reduce their shelter costs to thirty percent of gross income or brings it closer to this level.

Homeowners with affordability problems should not be considered a priority in the Ten Year Strategy. The greatest need exists in the rental market and addressing this need should be the first priority.

Further development of social and affordable housing will continue (although at a very slow rate) under existing program vehicles and the Province will be working to retrofit and retarget the existing portfolio to better serve the needs of priority clients. The needs of those in shelters and the homeless are also very complex, requiring much more than assistance to address affordability problems. Additional funding is required for this group, but this has to be a partnership approach with various other government departments (Health, for example), the Federal Homelessness Partnership Secretariat and various community based organizations. Funding is currently in place through other program vehicles to help develop the partnerships and address the housing and support services needs of this group.

The immediate emphasis should be placed on the development and implementation of a shelter enhancement program. By moving quickly to introduce a shelter enhancement program, Manitoba Housing can:

- address those with affordability problems already living in the private sector;
- assist those trying to access private sector housing;
- assist those in public and non-profit housing, particularly those moving into a retargeted portfolio and requiring extra assistance while they take educational courses and skills upgrading programs; and,
- encourage the private sector to build more affordable housing given the comfort it provides that low and modest income tenants will be able to afford to pay the higher rents necessary to make rental project investment feasible.

A number of steps are necessary to introduce such a program:

- research to determine the level of the subsidy required to ensure the shelter enhancement is effective. This requires detailed documentation of rents in various sub-markets of the rental market: inner city and suburban in Winnipeg; in other major centres (Brandon, Thompson, Steinbach, etc.); in various regions of the Province; by bedroom type; and, by rent controlled versus non-controlled components of the rental market. This also requires as much information as possible on the incomes of those having affordability problems;
- estimates on the choice of fair market rents in each sub-market. On what rent level will the subsidy be based?
- estimates on caps on subsidy amounts that will be required;
- developing estimates of possible take-up of assistance under the program – how many households will apply;
- determination of who will be eligible for assistance;
- determination of unit inspection processes and elements covered in inspections;
- determination of criteria for unit eligibility;

- development of guidelines for maximum rents eligible under the program and the maximum gross debt ratios that will be permitted;
- undertake work to integrate the Shelter Enhancement Program with assistance under the Manitoba Shelter Benefit Program, the Rent Supplement Program, the shelter component of welfare and the rent-geared-to-income assistance in public and non-profit housing. Horizontal equity (similar levels of assistance) should be a policy objective over the long term. If the amount of assistance is not similar then there must be a justification for different levels of assistance
- preparation of estimates of funding requirements; and,
- preparation of program brochures, application forms, inspection forms, change of address and income forms and other necessary program processing, administration and management material.

The program must be given priority because it will

- reduce the pressure to build extensive amounts of new public or non-profit housing;
- reduce the need for Manitoba Housing to become an even bigger landlord as more households will be able to access shelter in the private sector;
- provide those households that will no longer be priority clients for a retargeted social housing portfolio with other assisted housing options;
- provide those, who have affordability problems, living in private sector rental units with assistance;
- provide low and modest income households with more flexibility to search out and access their own housing choices. They will no longer be told where they have to live as is the case if they access social housing;
- as the subsidy moves with the household, people will have more flexibility in the labour market; and,
- it will help reduce the stigma of living in public housing. Those receiving assistance will be anonymous.

Many households in the Province have only an affordability problem and often that problem is short term as opposed to persistent. This program approach will provide them with the assistance they need without governments investing in more capital intensive “bricks and mortar” projects that require long term subsidies. It will also permit the Province to retarget the existing portfolio to tenants with more complex needs.

Introduction of the Program should be a high priority.



# Housing For Manitobans: The Next Ten Years

## Important First Steps in the Ten Year Strategy

Throughout the discussion on the Ten Year Strategy a great deal of emphasis has been placed on redesigning or refocusing the mandate of the organization, and the need for Manitoba Housing's involvement in a broader range of activities. A **modern housing policy** is a policy that is designed to provide much more than "bricks and mortar" units that are rented at subsidized rent levels to low and modest income households who cannot access affordable accommodation. A **modern housing policy** has to be designed to address many other objectives: support for economic development; facilitate labour force mobility; facilitate integration of immigrants and refugees; help achieve positive health and educational outcomes; provide a stable, affordable base for those with mental and physical disabilities; support for community development, neighbourhood revitalization, community capacity building and a host of other activities. There is a good reason the quote by Dennis Myers that "*housing fits in the middle of everything*" was used. Housing has to play a central role in the successful achievement of so many community, economic and social development initiatives.

Manitoba Housing, we discovered, has not played the central role that people feel it should have in Provincial Policy. It has been focused on management of the existing portfolio and housing development and management objectives at the expense of a broader range of activities that would have strengthened public policy in many other areas. Manitoba Housing has to adopt a "*new way of doing business*", and focus on new and different policies that will require new program vehicles.

The poor condition of the existing social housing stock and the vacancies that exist in this stock that should be available to address housing needs was also an issue of almost universal concern. The federal and provincial money currently available also makes this work a very high priority.

Finally, there was significant concern about the lack of affordable housing and the affordability problems many households living in the private rental sector face. The solution to affordability problems has depended to a large extent on adding supply and there has been very little funding for new supply in recent years. More emphasis should be placed on providing assistance to households to help them pay for rental accommodation in the private sector and provide them with more choice in finding their own accommodation.

To move Manitoba Housing in the right direction to address these concerns and introduce an effective Ten Year Housing Strategy, there are some immediate steps that should be implemented:

- Develop a plan to add the capacity and expertise to Manitoba Housing to broaden working partnerships, be more proactive in communities and increase the range of activities of the organization to support Public Policy in other sectors. This may require
  - refocusing the activities of some of the existing staff
  - adding more staff with the expertise necessary
  - increasing the budget to support activities to fulfill a broader mandate.
- Begin the work required to introduce a long term plan to repair, modernize and retarget the existing stock.
- Development of a shelter enhancement program to assist renters with affordability problems and provide them with expanded choices in the market place.

These activities should consume the first two to four years of the Strategy. These initiatives are not stand alone. They have to be introduced as an integrated package. Their success depends on their integration. Broadening the partnerships and being more proactive in the community will facilitate work on retrofitting and retargeting the existing portfolio as work with tenants and a range of partners will be necessary to make retargeting a success. Likewise a shelter enhancement program will provide shelter options for many households that would normally occupy social housing but may have to look for other options when many units in the portfolio are assigned to tenants with a different set of housing needs.

These key first steps have to be introduced together.



# Housing For Manitobans: The Next Ten Years

## Provincial/Federal Relations

*A “Made in Manitoba” housing policy is required and this policy should be developed to take advantage of and enhance federal funding initiatives.*

Working relationships with the Federal Government should be based on a few key principles:

- work to ensure a continued and enhanced funding role by the federal government;
- strive to enhance Provincial responsibility for the design of housing policy and programs within the Province;
- encourage the Federal Government to consider the Province the primary delivery partner on programs funded by the Federal Government;
- insist that the Province be consulted on decisions related to federal funding allocations;
- encourage the federal government to be the major funder of social housing and to provide funding on a predictable, long-term and sustainable basis so initiatives produce long-term positive outcomes;
- encourage the federal government to design programs that build in an emphasis on self-reliance and support for the development of individual and community capacity building. For many clients of assisted housing the program criteria should be developed on the basis of “a leg up” not “a hand out”; and,
- encourage the federal government to provide funding for a continuum of programs that range from initiatives to address affordability problems to support for services for those with mental and physical disabilities.

Most provinces, including Manitoba, have adopted the principle that federal funds should not come with a requirement for provincial matching. The Province has also insisted that provincial funding for other housing related programs be considered as cost sharing contributions. This position should be maintained. However, a successful Ten Year Strategy is not possible without an increase in Provincial funding.

The current debate around jurisdictional responsibilities seems counterproductive. Development of housing policy and funding of housing programs should be considered a shared responsibility. The Province should take the lead role in policy and program design and program delivery and it should also contribute more funding to housing initiatives.



# Housing For Manitobans: The Next Ten Years

## Provincial/Municipal Relations

*The Province must work with municipalities to identify housing needs and housing solutions.*

Some of Canada's major municipalities such as Vancouver, Toronto and Montreal provide significant amounts of money to support social housing initiatives. They can be considered **funders**. Other municipalities provide lesser amounts of funding, but contribute through in-kind contributions such as provision of land at no or low cost, waiver of development and permit fees, zoning and regulatory changes to facilitate project development and enforcement of maintenance and occupancy regulations to protect health and safety. They are more appropriately considered **facilitators**. There are also many municipalities who prefer to play virtually no role in the provision of housing beyond municipal responsibility for certain aspects of the regulatory environment. They can be considered **inactive**.

In Manitoba, Winnipeg certainly falls in the **facilitator** category and one might make the same argument for some of the other major municipalities like Brandon, Thompson, Portage and Steinbach. However, most municipalities in Manitoba fall into the third category – **inactive**.

It is unlikely that any municipality in the Province is going to take a lead role in housing. However, Manitoba Housing should be more proactive at the municipal level and work more closely with municipalities to promote housing initiatives.

This more proactive role should include:

- working with municipalities to assess needs;
- helping municipalities to develop housing strategies;
- working with municipalities to identify various approaches to increasing the supply of affordable housing – accessory suites, for example;
- assisting with land development, clean up of infill lots, conversion of non-residential structures to residential units;
- helping build public/private partnerships to develop and operate affordable housing;
- taking a more active role in neighbourhood and downtown renewal; and,
- work with municipalities to achieve more sustainable subdivision design, etc.



# Housing For Manitobans: The Next Ten Years

## The Role of Housing

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*Housing fits in the middle of everything. It is physical design, it is community economic development, it is social development, it is important to health and educational outcomes, it can be a poverty reduction tool, and it is investment, a wealth creator and a generator of economic development. It is both an individual and public good.*

Modified from D. Myers