

Building a Community Asset: The Ongoing Need for Social Housing in Manitoba

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These tiny box houses were created by the community, children and adults, for at Right to Housing rally at the Legislature on April 9th, 2016 calling for the construction of 300 more units of social housing.



Social Planning Council
of Winnipeg

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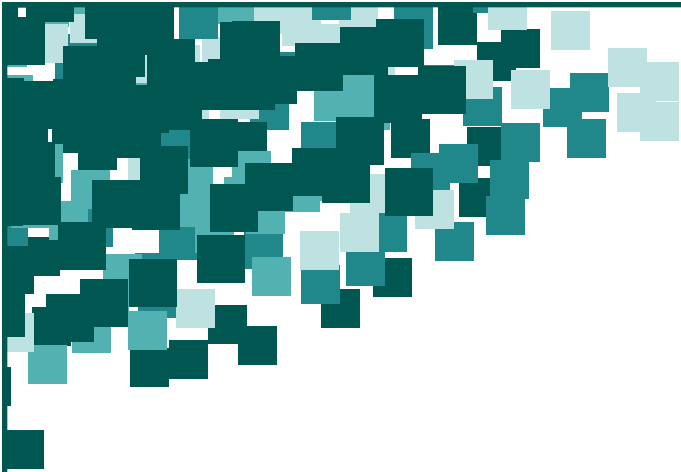
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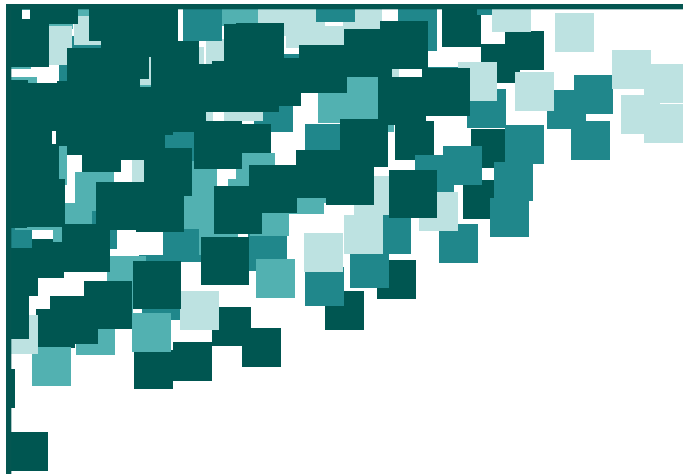
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BUILDING A COMMUNITY ASSET:

THE ONGOING NEED FOR SOCIAL HOUSING IN MANITOBA

Without housing, none of us can survive, let alone thrive. Housing is the single largest expense for low income families. When families have good homes, success in employment, education, access to health services and social participation are all improved. One of the best ways to ensure families have access to housing they can afford is for government to support the construction of new social housing and make it available on a rent geared to income (RGI) basis, either as publicly owned housing, or in partnership with non-profit, co-op, or Indigenous organizations. Our analysis shows that there is a large unmet need for new social housing in Manitoba. We also show that building social housing is a cost effective investment with significant positive social dividends from which all Manitobans benefit.

Social housing is an essential element in the infrastructure of modern communities. It is generally managed through non-profit, co-op or public housing entities, which have a dedicated mandate to provide low-income

housing. It is rented on a rent-geared-to-income (RGI) basis, which means that rent is based on a percentage of income, usually 25 to 30 percent, or in the case of households receiving Employment and Income Assistance (EIA), rent is equal to the shelter portion of their EIA allowance. It provides affordable, quality and stable housing regardless of income.

Housing is a social determinant of health with significant physical, psychological and community health impacts. It is recognized by international law as a right and as a precondition for well-being by the World Health Organization (1986). For many families and individuals, social housing, with deep subsidies and stable tenancy relationships provides the supportive housing environment that best suits their needs, allowing them access to a right to housing which would otherwise be elusive. Social housing creates good places to live and forms the building blocks of strong communities.

Good homes translates to better success in employment, education, access to health services and community participation.

Manitoba has been a leader in the construction of social housing and has made the construction of new social housing a significant priority. 1,500 units of social housing were created between 2009 and 2014, more than half of which were newly built units, the rest were created by supplying subsidies to existing units. The current Manitoba Housing three-year plan calls for the creation of 500 units of social and affordable housing (Housing and Community Development 2014). This plan was the result of sustained community

pressure and the recognition that the lack of available and affordable housing is one of the biggest barriers for people living in poverty to improve their lives and increase their social participation.

Building an asset for current and future generations is efficient and effective spending that provides value for all Manitobans.

These gains were achieved at a time that most provinces in Canada were holding back from building new social housing. The federal government has been without a plan for housing since 1992 offering only ad hoc investments, without national prioritization. It is a testament to the strength of the housing movement in Manitoba that so much has been accomplished even in the absence of federal support. The 2015 federal election potentially marks a turning point for housing in Canada. In the short term, Canada's Budget 2016 invests over 1 billion in housing, including doubling the Investment in Affordable Housing Plan and \$574 million for renovations and retrofits (CMHC 2016). Under the current federal government, with its promise of renewed investment and a national housing plan, even more seems possible.

However, even as the federal government is re-engaging in housing investment, the Province is reconsidering its housing strategy. To date, Manitoba's recently elected Progressive Conservative government has not re-affirmed a commitment to building at least 500 units of social housing over three years. While Manitoba's Budget 2016 provided increased funding for housing by \$46 million, this increase will not fund new construction of social housing, but is instead targeted to cover the cost of past housing construction as well as to make up shortfalls created by the

end of federal operating agreements (Bernas 2016). Requests for Expressions of Interest for the development of new cooperative and non-profit family housing and housing for vulnerable populations closed last spring, without projects being awarded (Manitoba Housing and Community Development 2016). New expressions of interest have not been posted and new construction has been put on hold pending a government-wide value for money audit.

While the review of priorities is normal and healthy for any new government and ensures that existing programs and plans match both the province's needs and the government's mandate, Manitoba's current government should take care not to throw out well-designed programs that serve vital community needs. There continues to be strong demand for social housing and continuing need for new supply. Government and community groups should work together to ensure that the new supply is built in the amounts, types and in the places where it is needed most. Building an asset for current and future generations is efficient and effective spending that provides value for all Manitobans.

IS THERE OVER SUPPLY OF LOW INCOME HOUSING?

Since 2013, Canada Housing and Mortgage Corporation (CHMC) has begun to characterize Manitoba's housing market as "balanced" (CMHC 2015). Winnipeg, which represents 60 per cent of Manitoba's housing market and population, has had relatively stable house prices, moderate mean rent increases and vacancy rates between two and three per cent. This represents a marked shift from the previous decade of turbulence in which critically low vacancy rates – at times below one per cent – and double digit annual price increases were typical. While balanced conditions have not been universal across the province, and some cities like Brandon,

Figure 1: Vacancy rates, various Manitoba communities, October 2015

	Bachelor	1 Bedroom	2 Bedroom	3+ Bedroom	Total
Brandon	0%	1.1%	2.5%	1.4%	2%
Portage la Prairie	3.3%	6.7%	7%	4.5%	6.5%
Steinbach	7.7%	1.2%	5.1%	4.4%	4%
Thompson	0%	1.9%	2.2%	2.2%	2.1%
Winkler	N/A	1.2%	1.2%	0%	1.2%
Winnipeg	2.9%	2.7%	3.2%	3%	2.9%
Manitoba	2.9%	2.7%	3.2%	2.7%	2.9%

Source: CMHC Housing Market Information Portal. (Housing data in this report is derived from the Housing Market Information Portal, except where otherwise noted)

Thompson and Winkler continue to have low vacancy rates, housing availability has increased for some Manitoba communities, most importantly, in Winnipeg.

5000 housing units were lost between 1992 and 2008 but we have only increased rental units by 4000 since 2013.

These conditions are a welcome change for the many families seeking housing. Steep housing cost increases earlier in the 2000s created a critical shortage of housing available to low income households and to people receiving Employment and Income Assistance (EIA). Families lived under threat of homelessness and stress from unaffordable living accommodations. It was in this context that community housing activists formed the Right to Housing Coalition in 2006 to demand the province build more affordable housing. There is concern, however, that the relative evening out on the housing market could prompt Manitoba Families, the government

department which oversees the province’s low income housing and housing programs, to change its housing strategy, in particular its commitment to build new social housing.

Private developers and landlords have supported shifting government intervention in the housing market away from the direct supply of social housing. John Dickie (2016), president of the Canadian Federation of Apartment Associations writes: “Rather than building new social housing to address affordability concerns, vastly more people can be helped by financial assistance for their housing needs when governments provide rent top-ups to low-income people renting in the private market.” Social housing competes with private landlords for potential tenants, and private developers view social housing as competing with the private sector for land and skilled labour which are in limited supply for the construction of new homes, motivating developer and landlord associations to argue against social housing. Nonetheless, this analysis provides a valuable perspective and asks a relevant question: what is the most effective way of providing housing assistance

to the largest number of families?

Income-based housing supports are called demand-side programs since they increase the ability of households to effectively obtain housing, without directly influencing the supply of available housing. Demand-side programs can be directed to both home buyers, including low interest loans or other forms of mortgage relief, or to renters, as rental allowance programs. Proponents of demand-side solutions contend that if existing income supports are insufficient for some households to meet their housing needs, it would be cheaper and provide low income households better housing options, to increase rental supplements and subsidies than to build more supply of social housing.

The crux of the demand-side argument depends on an analysis that adequate supply is available. A balance between supply and demand in the overall market may be an indicator that a new supply of social housing is not needed. Rather, low income households could rely on Rent Assist or other government

subsidies to purchase accommodations in the private market. As we show below, while housing supply in some cases may be sufficiently available, it is frequently not available in the right places or is not of the needed housing size. Moreover, the housing that is available on the private market is frequently too expensive, even with large subsidies. Much of what is available at rents affordable to low income Manitobans is overcrowded or requires extensive repairs. It continues to be the case that the private market does not supply sufficient affordable housing even if large subsidies are made available. Rental allowance programs like Rent Assist are an essential component of a functioning housing system, but to house all Manitobans, social housing is also needed.

RENTAL HOUSING SUPPLY

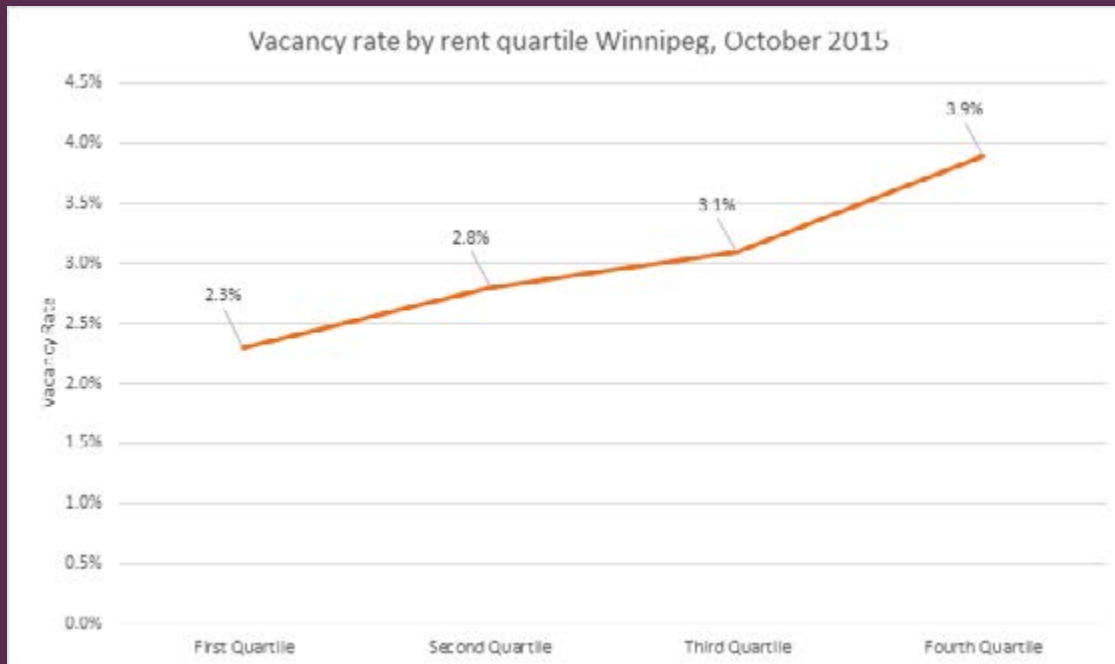
Demand side advocates argue that government should make cash subsidies available, so that low income households can purchase or

Figure 2: Rental housing universe, Winnipeg



Sources: CMHC Housing Market Information Portal; City of Winnipeg 2016.

Figure 3: Vacancy rate by rental quartile, Winnipeg



Source: CMHC: Housing Market Information Portal.

rent housing on the existing market. This could take the form of strengthening the existing Rent Assist program. Rent Assist is important. It helps some low income families access housing, but for many families, it is insufficient. Both demand and supply side housing solutions are needed. The availability of private market rental housing is inadequate to match the needs of low-income Manitobans. The rental housing universe has recovered in the past few years, but not enough to make up the losses of previous years or of population growth (figure 1). In Winnipeg, with its' over 60 percent of total households and close to 90 percent of Manitoba's primary rental market, construction since 2013 has increased the number of rental apartments by over 4,000 units. However, this does not quite make up the loss of 5,000 units experienced between 1992 and 2008. Meanwhile even these large gains have only barely kept pace with population growth. Last year there were only 7.15 units per 100 people. This is the same level that it was in 2010.

The increase in rental housing in Manitoba since 2013 is partly a result of market forces. Low interest rates combined with rising demand driven by population growth and preference for a more urban lifestyle among many Winnipeggers, has given the private sector some of the cues it needs to re-invest in rental housing. This shift has also been aided by government incentives including tax incentive financing (TIFs), and the Rental Housing Construction Tax Credit offered by the provincial and municipal governments. Approximately one fifth of new rental construction in downtown Winnipeg between 2005 and 2013 included social or affordable elements funded by the Province. Without incentives, the private market would not supply as much rental housing as it currently does.

While housing supply has increased overall since 2013, most of it is not available to low income households. Available housing would not be affordable to low income households even if programs such as Rent Assist were

substantially increased. While vacancies have increased in the Winnipeg market, availability is lower for cheaper apartments than for more expensive units. Canada Mortgage and Housing Corporation (CMHC) divides the housing market into quartiles. The cheapest 25 percent of apartments has just over half the vacancy rate (2.3 percent) of the most expensive 25 percent (3.9 percent) (see figure 2 below).

A conservative estimate indicates that more than 50 people were experiencing homelessness for every vacant affordable bachelor suite in October 2015.

The data for other communities in Manitoba are not as complete as for Winnipeg, but what data does exist shows that Winnipeg is not alone in this problem. While Portage and Winkler have relatively high vacancy rates, many other communities tracked by CMHC show a similar relationship between vacancy and affordability. In Brandon, the most affordable apartments have one fifth the vacancy rate of the least affordable. While in Thompson, the vacancy rate for the most affordable apartments is 0.5 percent compared to a vacancy rate of 6.6 percent for those in the fourth quartile – a thirteenfold difference.

When broken down into different apartment

types, the situation is even more serious for many households. Three bedroom apartments have a lower overall vacancy rate and even more discrepancy in availability. The vacancy rate for a three bedroom in the cheapest quartile in Winnipeg was only 0.7 percent. In absolute terms, this indicates that there were approximately four vacant units in this category in all of Winnipeg in October 2015. For low income families seeking to rent in the private market, availability is close to non-existent. For bachelor suites, the type of housing that is most needed by low income individuals experiencing homelessness or single individuals receiving Employment and Income Assistance, a 2.8 percent vacancy rate in the cheapest quartile translated into just 27 vacant units on the private market. In October 2015, the Winnipeg Street Census, a point-in-time count meant to capture a snapshot of homelessness in Winnipeg on a given date, found at least 1,400 people experiencing homelessness in the city (SPCW 2015). This census, which should be seen as a conservative estimate, indicates there were more than 50 people experiencing homelessness for every vacant affordable bachelor suite in Winnipeg.

CORE HOUSING NEED

Across Manitoba, 43,410 households experienced core housing need in 2011, including nearly 25,805 renters. Households are in core housing need when their housing does not meet one or more of the standards of adequacy, suitability or affordability and they

Figure 4: Households in core housing need by standard, Manitoba, 2011

	Below Affordability Standard	Below Adequacy Standard	Below Suitability Standard	Below One or More Housing Standards
Manitoba	34,080	11,355	7,595	43,405

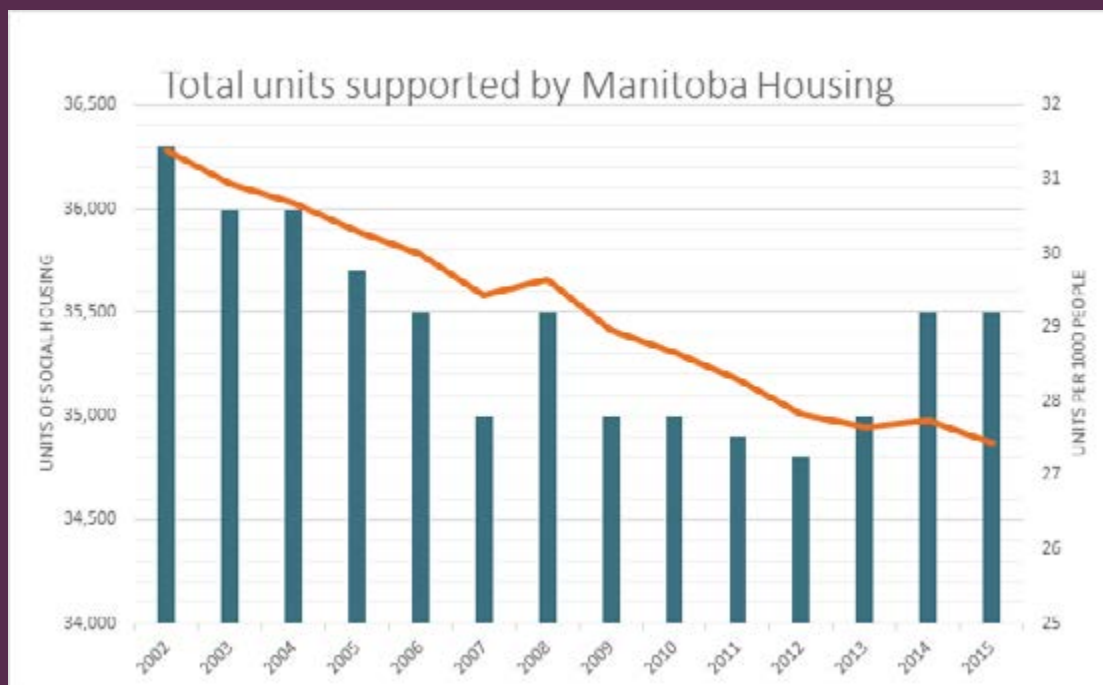
would have to spend 30 percent or more of their before-tax income to access acceptable local housing. The standard of adequacy refers to whether a building requires major repairs to provide adequate housing; suitability is a measure of overcrowding in which suitable housing has enough bedrooms for the size, age and gender make-up of the household's residents; affordability indicates if the housing costs are more than 30 percent of household income.

Each of the core housing need standards suggests a different set of policy interventions. Adequacy, where the building stock is not beyond repair, may be addressed with renovation and energy efficiency grant programs. Affordability in many cases may be improved by increasing income. Suitability and overcrowding, especially when it is systemic across the housing market, or in numbers exceeding total supply, often requires new supply to be properly addressed. The connection between policy

interventions and aspects of core housing need should not be taken as absolute: there are interactions among the different elements. Households may be forced to choose between overcrowding, adequacy and affordability. Also, many households in core housing need fall below more than one measure of housing acceptability. Thinking about how policies affect different aspects of core housing need is helpful for understanding how the core housing need in a particular market can be best addressed.

The majority of households experiencing core housing need in Manitoba suffer from affordability. For many of these households, an increase of income in the form of a rental subsidy could lift households out of core housing need. Most recent data on core housing need from 2011 do not reflect the introduction and expansion of Rent Assist to all low income households in 2014 and 2015. It will be useful to monitor if the Rent Assist program has reduced the number of

Figure 5: Units supported by Manitoba Housing



Source: Manitoba Housing and Community Development Annual Reports (2002 to 2015)

households experiencing core housing need when the 2016 Census numbers become available.

Research calculates that if core housing continues to decline at the rate it has in recent decades, it will take 226 years to provide affordable, quality and suitable housing for all Canadians.

According to CMHC data, approximately 7,595 households experience overcrowding and are unable to afford more suitable accommodations. The consequences of overcrowding include physical and mental health risks as well as reduced social, educational and employment opportunities. When quality and affordable housing is unavailable, households are required to stretch their accommodations, bringing in extra members either to make rent or to provide shelter to friends or family who would otherwise be at risk of homelessness. This practice is sometimes referred to as “couch-surfing” but is best understood as a form of hidden homelessness. Indigenous households are especially likely to experience overcrowding. Twenty-eight percent of Indigenous Manitobans live in overcrowded housing, nearly three times the rate for non-Indigenous Manitobans.

Many of the households experiencing problems of overcrowding have shortfalls of two or more bedrooms. Eight percent of overcrowded households in Manitoba had a shortfall of three or more bedrooms (Statistics Canada 2011). As indicated above, supply for larger family types is severely limited, and availability is low. The private market does not adequately supply rental housing for larger families, especially for families with low

incomes.

In theory, new housing could be supplied by either the private, public or non-profit sectors. However, the private market has historically done a poor job at supplying the housing that is needed. Historically, Canada has worked with a trickle up housing policy, encouraging wealthier families to purchase expensive new homes, leaving the old ones they vacate to be available for lower income families. This practice has only haltingly addressed the scope of the problem. Housing researchers, Sarah Cooper and Ian Skelton (2015) have calculated that if core housing need continues to decline at the rate it has in recent decades, it will take 226 years to provide affordable, quality and suitable housing for all Canadian families. For people experiencing core housing need today, a much more timely solution is needed.

SOCIAL HOUSING SUPPLY

Social housing provides a preferred option for some low income households. It offers affordable, quality housing and in some cases may also provide a community of social supports. Social housing provides stability and security of tenancy that is often difficult for low income households to achieve in the private market. Other social housing is especially geared to address temporary transitions of certain life stages or health needs, such as youth leaving care of Child and Family Services, newcomers in their first few years in Canada, or patients and families from Northern communities receiving healthcare services in Winnipeg. While social housing may not be a fit for all families who need more affordable housing, it is an essential part of the mix of the housing system in a healthy community.

Most housing in Manitoba is owned by the private market. However, public, non-profit, Indigenous and co-op housing make up a significant share of the rental market. Manitoba Housing supports approximately

35,500 households through a combination of housing owned or managed by Manitoba Housing, non-profits, co-ops and Aboriginal housing. This makes up approximately 8 percent of the total housing stock in Manitoba, or about 28 percent of the rental housing in the province (Brandon 2015).

Over time the amount of social housing has remained relatively stable, fluctuating between 35,000 and 36,000 units since 2002. Even as new housing units are built, some units disappear as a result of expiring operating agreements, consolidation of smaller units into larger units, or the selling of units in areas where they are no longer needed. As a result, the number of social housing units per capita has fallen between 2002 and 2015 from 31 units per 1,000 people to 27 units per 1,000 people.

Twenty-eight percent of Indigenous Manitobans live in overcrowded housing, nearly three times the rate for non-Indigenous Manitobans.

This relative decline has reduced the availability of social housing as an option for some families. To bring social housing back to the per capita level it was in 2002 would require the construction of at least 5,000 net new units. Just to keep up with population growth requires more than 300 units per year. To bridge this gap would require all levels of government working together to build at least 1,000 units per year over several years. This was the community demand reflected in the *View from Here (2009)* report (Canadian Centre for Policy Alternatives 2009). The demand at that time was for each level of government, federal, municipal and provincial to contribute at least 300 units per year each of social housing. For several years, only the provincial government built its share. Now that the

federal government is re-engaging in social housing, there is an opportunity to rebuild our social housing infrastructure, but only if all levels of government are on board.

This relative decline in social housing is associated with lengthening wait times for accessing social housing. In 2014, 3,186 households were on eligibility lists for Manitoba Housing including 2,855 in Winnipeg (Manitoba Housing and Community Development, personal communication). This number should not be directly equated with a waiting list, since households may be on more than one eligibility list and some households already in Manitoba Housing Rehabilitation Corporation (MHRC) buildings but looking to move to another building are also included. On the other hand, households that could be eligible for social housing, but are discouraged by lack of availability would not be represented in this sample. Likewise, households applying for social housing at non-profit organizations and co-ops are not included in MHRC eligibility lists. MHRC does not track the total number of individual households on all waiting lists for social housing in Manitoba. However, evidence suggests a large unmet demand for social housing in the province.

GOOD PLACES TO LIVE

Part of the reason for the growing demand for social housing is that the Province has invested in improvements both to the bricks and mortar of social housing buildings as well as the social supports available. Over the past three years, the capital plan has budgeted \$98 million per year for deep refreshes and modernization improvement projects. So far, the department has had difficulty spending this full amount, with investments of only \$88 million in 2014-15 (Manitoba Housing and Community Development various years). Even so, this marks a vast improvement compared to prior to 2008 when investments

of less than \$10 million for capital improvements were common. As a result, MHRC buildings have become more secure, more comfortable and more energy efficient. Some of the improvements have made buildings better suited to the needs of current demographics seeking affordable housing, for example accommodating larger family sizes. For example, a deep retrofit of the IRCOM II project in Winnipeg includes flexible designs to house a range of family sizes up to ten individuals to accommodate the large families that are typical of the most recent wave of newcomers (Manitoba Housing 2012).

There have also been important social investments in social housing. Large developments like Gilbert Park and Lord Selkirk Park in Winnipeg have seen the

introduction of community resource centres, adult literacy training, employment services and access to child care. These social investments, in combination with capital improvements, have dramatically transformed these developments. At Gilbert Park, a community health coop promotes holistic health including education, advocacy and healthy food. Tenant Advisory Committees have provided residents the ability to have input on how improvements in their buildings should be prioritized and mobilized community knowledge, increasing support for the investments. Onsite resources are especially valuable since people worn down by poverty may be less likely to access resources off-site. Onsite access has led to an increase in the quality of life. Where at one time, large

Figure 6: Expenses and revenues for housing operations, Manitoba Housing and Renewal Corporation, 2015

	Direct Managed units	Monthly per unit
Revenue:		
Rental Income	\$59,561,172	\$350
Expenses:		
Administrative	\$38,641,961	\$227
Property operating	\$56,006,831	\$329
Grants in lieu of taxes	\$14,131,364	\$83
Amortization	\$20,312,100	\$119
Interest	\$22,328,802	\$131
	\$151,421,058	\$889
Operating Loss	\$91,859,886	\$539

Source: Manitoba Housing and Community Development, 2014-2015 Annual Report.

social housing developments in Winnipeg were seen as unsafe and poorly maintained, now, they attract families, have low vacancy rates and are seen as good places to live (Sarah Cooper 2013; Jim Silver, Janice Goodman, Cheyenne Henry and Carolyn Young 2015).

Tenants at Lord Selkirk Park express enthusiasm about importance of their Resource Centre for building community:

“We got a pre-school, a daycare centre you know. We got a Resource Centre, thank god for the Resource Centre. I wish they got more donations because they help the community out. You can spend time on the computer looking for work, you can find out more resources that can help with resumes .“

“If you need to use a phone, sit around those big tables – some people have a big family – sit around the table like it’s family time. I like it. It’s how you

meet everybody. It’s our meeting place and it’s got a friendly atmosphere. (Ryan 2014).”

This approach of combining social investments with traditional bricks and mortar capital investment provides widespread community benefits. Neighbourhoods become safer, residents have access to employment and training and there are greater opportunities for integration of newcomers or for adjustment to urban life for Indigenous people coming to Winnipeg from remote communities. Social housing may provide qualitative benefits that go beyond affordable accommodations.

An example of the beyond bricks and mortar approach to social housing is the new WestEnd Commons project in Winnipeg. This development built from a retrofitted 100-year-old St. Matthew’s Anglican Church

Figure 7: Cost of housing compared private and public sectors.

Manitoba Housing cost	Private sector average rent
\$889/unit (2015)	\$898/unit (2015)
Social dividends of social housing	Private housing
<ul style="list-style-type: none"> • Housing tenants with barriers to housing, low incomes • Stable housing costs • May include onsite provision of resource centres • Consistent standards of design, eg. accessibility, green retrofits • Stable employment/quality jobs • Employment/training of workers with barriers to employment 	<ul style="list-style-type: none"> • Landlord selects tenants based on profit maximization/risk minimization • Rents may be regulated by rent control • No onsite social supports • Design quality depends on price • Employment stability/Job quality is variable

building now houses 26 families in an inner city neighbourhood. The project includes a neighbourhood resource centre and several independent faith communities. It provides both affordable housing and social supports, and so it acts as an anchor for the community. The unique combination of social and economic inclusion provided by these supports is a model for what social housing can offer, when developed in partnership with the community.

Jess Klassen (2016) documents the impacts WestEnd Commons is already having on its residents, even though the project was only completed in 2014. Residents are connecting with each other, sharing skills and resources. They are swapping children's clothing, providing childcare, and sharing information about opportunities and resources in the neighbourhood. The building's resource centre connects families to resources both within building and in the wider community. Residents requests for programming within the building for parenting or children's art classes are being met. Thanks to community and government investments, they are building a strong and engaged community and helping residents build healthy lives.

“So that’s a miracle, to move to a place here which is really far better than moving into say a senior housing project or an isolated apartment. Here there is built in community as you know. Lots of things going on. It connects me with people and there’s things to do. And one of the dangers if you have an addiction is isolation and, and withdrawal. When I say that it’s a miracle that I’m here, part of the miracle is that I’m in a community which offers me something to stay away from isolation and stay away from drugs.”(Klassen 2016).

WestEnd Commons provides a concrete example of how investment in social supports can multiply the benefits of subsidized housing. This is part of a growing literature of evidence which contradicts a commonly held view that the concentration of poverty in social housing leads to detrimental effects. The evidence in

Manitoba is increasingly showing that social housing does not inherently concentrate poverty, increase crime, or perpetuate social exclusion. Instead, it is possible for social housing to bring low-income communities together, thereby increasing their capacity. When the required investments in social supports are made, social housing can achieve results that cannot be duplicated by dispersed housing made available in the private sector through subsidies alone.

COSTS OF SOCIAL HOUSING

There is no question that social housing is expensive to build. Manitoba Budget 2016 allocated \$123 million for housing. A further \$56 million was authorized through the *Loan Act, 2016* for incremental borrowing for new construction. Between 2009 and 2013, Manitoba spent over \$220 million completing its commitments of 1500 units of affordable and social housing. Based on documents provided by Manitoba Families, of nearly 1,300 units of affordable housing for which we have cost estimates, the Province provided an average of \$177,000 per unit.

High public housing costs mirror those in the private market. The main reason for the high cost of social housing is that housing of any sort in Manitoba is very expensive to build and maintain. The cost of housing is reflected in the rising costs of private rent in Manitoba. In 2015, the average rent for a private apartment across all bedroom sizes in Manitoba was \$898 per month. This value reflects the amortized cost of the building and property, interest, administration, taxes, and operating expenses as well as providing a profit for its owners.

Public housing shares a similar list of expenses, although profit in the case of a public enterprise is not a necessary condition for its operation. In the analysis below, we compare only MHRC's direct managed units of public housing with private rental housing, since the direct managed portfolio is the simplest case

to analyze. Non-profits, coops and Aboriginal housing operators each have their own distinct structure and their financial operations are not readily comparable. Across its whole direct managed portfolio, MHRC had expenses of \$151.4 million in 2015, including administration, operating expenses, grants in lieu of taxes, amortization and interest. Divided among 14,200 direct managed units, this represents a monthly cost of \$889 – almost identical to private market rents.

Although public housing does not require the inclusion of a profit margin as a condition for its operation, it does face costs that are not experienced by the private sector. Private housing does not offer many of the services beyond bricks and mortar discussed in the previous section including literacy, child care or family centres that are increasingly part of the public housing experience in Manitoba. Public housing also provides housing for individuals and families who are often excluded from the private market, often because they suffer from discrimination, because they are seen as too high a risk, or because they require additional supports to be safely housed.

Manitoba Housing allocated \$5 million per year for work done by social enterprises. Six social enterprises that receive funding or contracts from the Province employ 194 workers with barriers to employment.

The cost of public housing supports the training of workers at social enterprises who are given preferential access to contracts through MHRC. In 2015/16, Manitoba Housing allocated \$5 million per year of its capital and renovations budget to work done by social enterprises (Manitoba Housing and Community Development 2015). This is scheduled to increase to \$7.5 million in 2016/17 and \$10.5 million in 2017/18, pending a government review. Six social enterprises that receive funding or contracts from the Province employ 194 workers with barriers to employment (Brandon and McCracken 2016). As well, both the department of Manitoba Families and the MHRC employ regular unionized staff with

Figure 8: MHRC losses from EIA rental rates

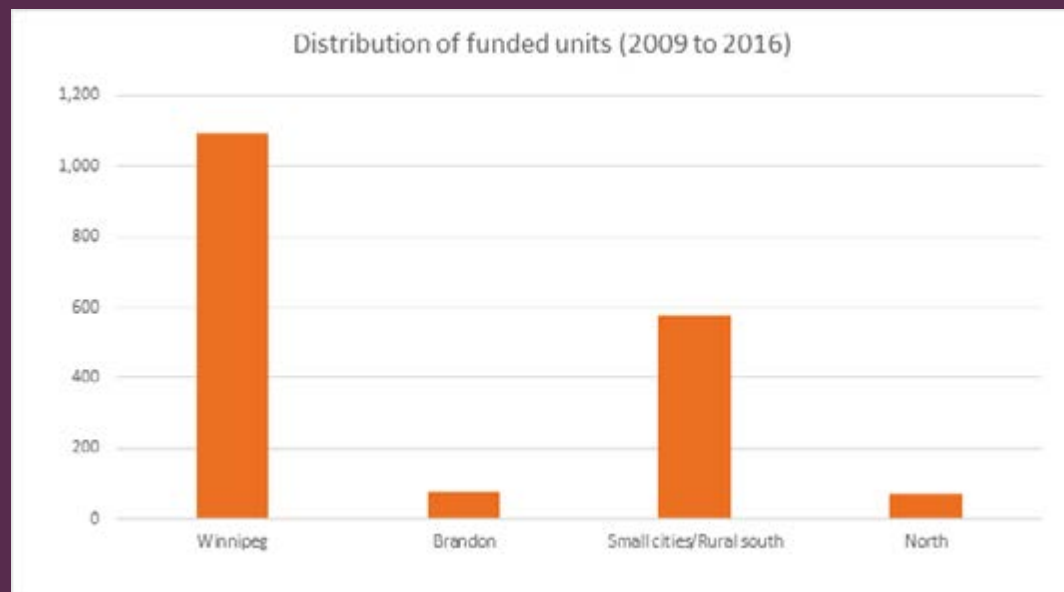
Difference between Rent Assist and EIA rates for social housing:

	Rent Assist rate	Social housing	Difference
Single	\$533	\$285	\$248
2 person	\$605-\$758	\$387	\$218-\$371
3 person	\$758	\$430	\$328
4 person	\$758	\$471	\$287

EIA households in social housing: 7,455 (2013)
 7,455 households * \$248 *12 months = **\$22.2 million**

Sources: Manitoba Assistance Regulation; EIA Rate Review, Fall 2013

Figure 9: Distribution of units funded between 2009 and 2016



Source: Manitoba Families 2016

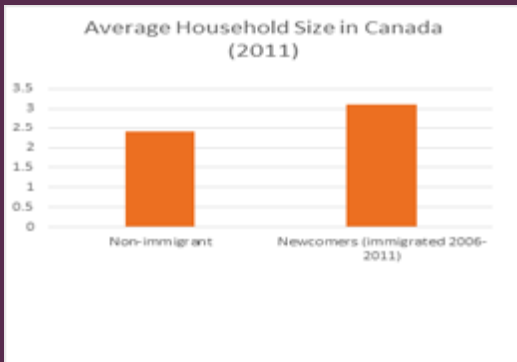
job security and benefits which help build community through the creation of quality jobs. Meanwhile, only 13 percent of private sector workers in finance, insurance, real estate, rental and leasing enjoy unionized jobs – a key indicator of quality work (Statistics Canada 2016).

New public housing in Manitoba is built to higher standards of accessibility. Between 2007 and 2013, 75 existing units converted to either the visitable standard, including a zero-step entrance, wider passages and wheelchair access to a bathroom, or made accessible including further modifications and 884 visitable units were constructed through public contributions (Manitoba Housing 2014). Of the \$98 million budgeted per year for upgrading public housing, some of this cost is to improve energy efficiency, helping the province meet its greenhouse gas reduction targets. One study of two social enterprises in Winnipeg found 2,696 tonnes of CO₂ savings as a result of these investments between 2011 and 2013 (Bernas and Hamilton 2013).

Rent in social housing is geared to income.

For example, Manitoba Housing's direct managed units charge tenants 25 to 27 percent of income. This provides stable tenancy protecting residents from unaffordable price increases as a result of changes in market conditions. In the private market, provincial rent control regulations are meant to protect tenants. However, many low income households lack resources to defend their rights. While many landlords are respectful of their tenants, landlords who do not live up to their obligations under the *Residential Tenancies Act* sometimes impose unlawful rent increases, or abuse rules concerning heat, repairs, security deposits and occupancy (Gotthilf and Stavem 2015). Some housing advocates have noted that since the introduction of Rent Assist in 2014, many units have seen rent increases at rates much higher than the posted rent control rate, especially those which are not registered with the Residential Tenancies Branch. A combination of education, enforcement and community support is needed to ensure that the benefits of rental allowances flow to the low income renters targeted by the program.

Figure 10: Average size of non-immigrant, newcomer households



Source: CMHC 2014

The multiple public benefits of social housing are not figured in MHRC's bottom line expense sheet. They represent social dividends of public housing. Figure 7 summarizes some of the dividends of social housing in comparison with the private sector. Private sector housing will generally externalize these costs, since it is driven by a profit motive. Despite externalizing these costs, the private market is not able to build and maintain housing cheaper than the public sector. The opposite is true: social housing in Manitoba provides cost effective, affordable, quality housing for low income families in Manitoba.

Despite MHRC's cost competitiveness in providing affordable housing, the corporation nonetheless experiences large losses annually. In 2015, it had a loss of \$106 million in its operations, including a \$92 million loss in its direct managed operations alone. The reason for the loss is not that it is inefficient at building and maintaining housing. Rather it is that the rents it collects are too low to pay the cost of the housing. Last year, it only collected \$59 million across its direct managed units, or \$350 per unit.

One reason the rental income of MHRC is so low is that residents on Employment and Income Assistance are generally charged a

fixed amount for rent, often an amount lower than they would receive as Rent Assist if they were in private market housing. In July 2016, Rent Assist was increased to \$533 per month for a single individual, but the amount EIA allocates to rent for a resident in public housing is only \$285 per month. In 2011, almost half of households receiving EIA lived in subsidized housing. If EIA paid shelter benefits equivalent to Rent Assist, the deficit would be at least \$22 million lower. This figure is calculated using the number of households in social housing receiving EIA (Manitoba Jobs and Economy 2013) and the difference between Rent Assist and the EIA Manitoba Housing allocation for a single individual. This should be seen as a minimum, since the difference is larger for most other family types.

Part of the annual operating loss of MHRC is merely an accounting loss.

In other words, part of the annual operating loss of MHRC is merely an accounting loss. From a whole government perspective, this portion of the loss does not make a difference to provincial finances, since one branch of Manitoba Families pays EIA shelter benefits, while another branch of the same department pays a subsidy to make up the deficit of the corporation. However, from a political or communications perspective, this accounting anomaly makes public housing appear less efficient than it otherwise would.

The greater portion of the loss experienced by public housing providers is related to the low incomes of their tenants. Families with very low incomes cannot pay for housing while meeting their other basic needs without a subsidy in one form or another from government. This is true, whether they live in public housing or in private housing with portable subsidies. Unless incomes of

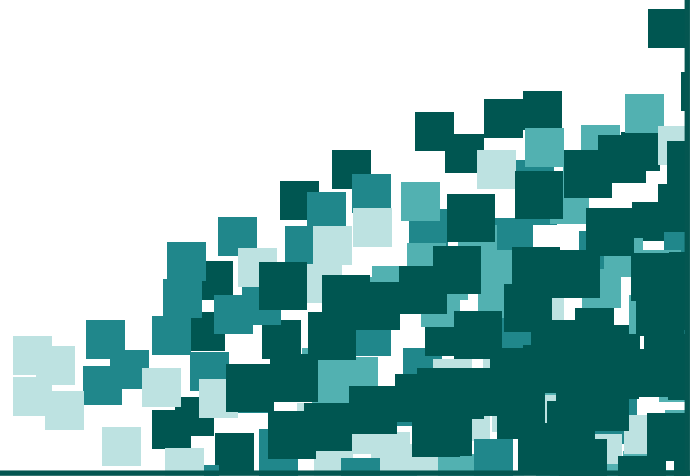
the residents are increased, either through higher EIA rates, a guaranteed annual income or through better access to employment and quality jobs, social housing based on a RGI model will necessarily run at a loss.

MAKING THE RIGHT INVESTMENTS

Given the cost, it is critical that investment decisions be based on solid data and reflect the needs of communities. Since 2009, 40 percent of the housing funded by the Province has been for seniors. There have been 1093 units funded in Winnipeg, 78 in Brandon, 71 in designated Northern communities and 576 in other small urban and rural southern communities. There should be further consultation and study to determine if this is the right mix of distribution for Manitoba.

Community activists have identified the need for more units in the North, and in inner city neighbourhoods in Brandon and Winnipeg, with a portion dedicated to larger family types (Bernas 2015). End Homelessness Winnipeg has identified a need for at least 7000 units of housing that would be available to people coming out of homelessness. Larger units with three or more bedrooms are needed for many Indigenous families and for newcomers. Further consultation is needed to determine the mix of housing that should be built, given limited resources.

The current model of social housing delivery does not readily respond to identified community needs. Only the most well-resourced communities have capacity to respond to requests for expressions of interest. Frequently, these are not the communities with the greatest housing need. To better meet demand, the Province should develop a clear plan, based on community input, of where housing is needed, and assist community groups in developing the capacity they need to develop successful proposals. A more pro-active approach to housing will lead to better use of scarce funds to better house the Manitobans in greatest need.





CONCLUSION

Manitobans all have a right to housing. However, too many Manitobans continue to lack the financial resources to afford quality housing. Social housing provides a necessary part of the infrastructure of our community. With proper investments in community supports, social housing provides quality homes and builds strong communities. Social housing is an important part of the mix of housing options in Manitoba. It should be maintained and strengthened.

The supply of rental housing has increased over the past three years in Manitoba. This has been linked to an overall rise in vacancy rates and a balanced housing market, especially in Winnipeg. Despite recent improvements in some parts of the rental market in Manitoba, there continues to be strong demand for the types of housing provided by social housing. While supply of rental housing in some areas is abundant, there are gaps in other regions, or of certain housing sizes, especially for larger families. Most importantly, the private market does not provide housing that is affordable to low income Manitobans. It fails to supply sufficiently housing that is available for Manitoba families and individuals in the greatest financial need. There is a large

discrepancy between the overall vacancy rate and the vacancy rates for housing at the lower end of the market. For some types of housing, such as affordable rental housing for families requiring three bedrooms in Winnipeg, only a handful of units are available in a given month. Government intervention in the supply of affordable rental housing provides a much needed community asset.

Across Manitoba, more than 40,000 households still experience core housing need. Unaffordable rent combined with low income is the most important driver of core housing need. However, many households also experience poor quality housing and overcrowding. Despite an increase in supply of rental housing, thousands of new units are still needed to alleviate overcrowding and to supply quality housing for low income families.

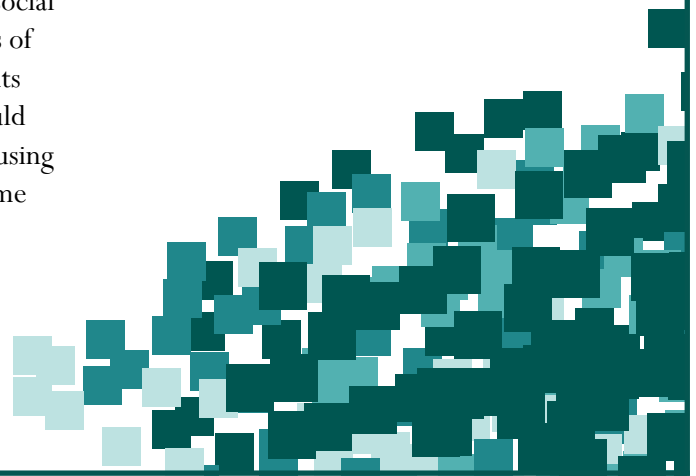
Social housing is a qualitatively distinct form of housing. As well as being more affordable, it can be a foundation for a strong community. Onsite resources allow residents to share and develop the skills they need to succeed. Investments in community resource centres, other community services and social supports have greatly improved the quality of life in social housing developments in Manitoba, upending the stereotype of social housing as concentrations of poverty, crime and social exclusion. Social housing can provide low income families stable, good places to live.

In this research we found that the cost of social housing is comparable to private market rental housing. When all costs are included, the average monthly cost of the direct managed portfolio of MHRC works out to \$889 per month in 2015, almost identical to the cost of average rent in Manitoba at \$898 per month.

The cost of housing in the private market, moreover does not reflect all the social benefits provided by social housing including social resources, community development, employment and environmental benefits.

Despite running cost effective housing, MHRC experiences a loss every year that must be made up with provincial subsidies. We found that part of the deficit reflects merely an accounting loss, owing to the way in which MHRC charges rent to the EIA program. Another part of the loss of MHRC is a result of nature of social housing. Social housing requires a subsidy because many families in Manitoba have incomes that are too low to afford the cost of building and maintaining housing. As such, they require subsidies of one form or another.

Housing is an investment. When done well, housing stimulates the economy, creates jobs, provides good homes and builds strong communities. It is essential that housing be built in the right places and in the appropriate amounts. The need for social housing in Manitoba remains very large even after several years of a provincial building program. Most recently, the federal government has indicated that it is considering launching a National Housing Strategy. Manitoba should complete its three-year plan to build 500 units of social housing. It should work with other levels of government so that provincial investments are multiplied. Most importantly, it should work with the community, so that all housing that is built meets the needs of low income households in Manitoba.



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