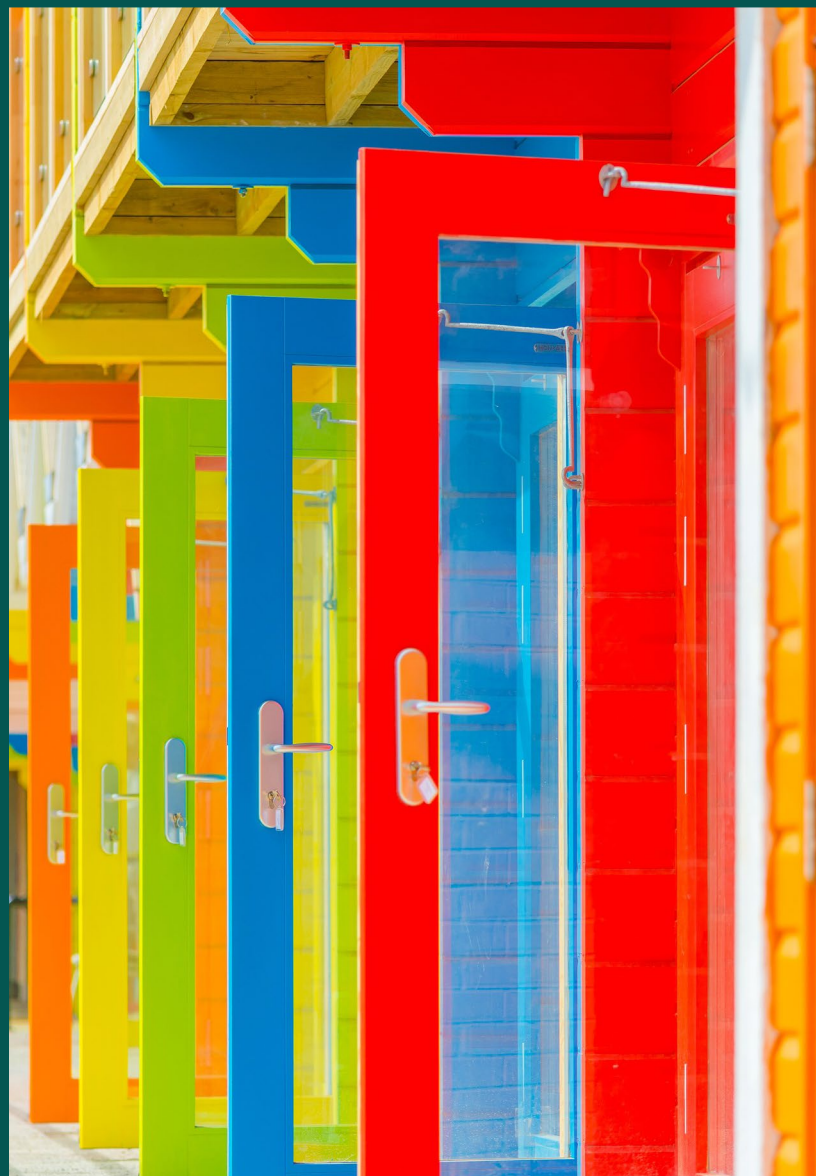


# Finally, A National Housing Strategy

## Now Let's Work Together

*by Josh Brandon*



**Right  
to Housing**



**Social Planning Council  
of Winnipeg**

# CONTENTS

<b>A FEDERAL STRATEGY: 25 YEARS IN WAITING</b>	<b>2</b>
<b>THE CONTEXT OF HOUSING IN MANITOBA: FRAGMENTARY POLICIES WITH GAPS</b>	<b>4</b>
<b>CAN THE NATIONAL HOUSING STRATEGY FILL THESE GAPS?</b>	<b>9</b>
<b>CONCLUSION</b>	<b>10</b>
<b>RECOMMENDATIONS</b>	<b>11</b>
<i>ENDNOTES</i>	<i>13</i>

Finally, a National Housing Strategy  
Now Let's Work Together

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## A FEDERAL STRATEGY: 25 YEARS IN WAITING

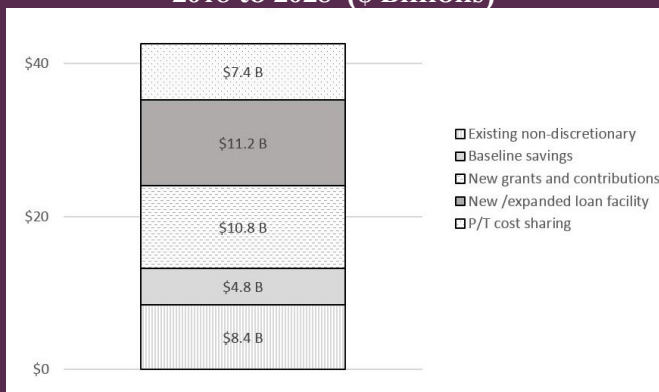
Housing advocates optimistically welcomed the release of the federal government’s National Housing Strategy in November 2017. All of its elements, when added up, could amount to over \$40 billion over 10 years.<sup>1</sup> As many as 100,000 units of housing built and 240,000 units repaired will help maintain the existing stock of affordable and social housing. While this is only a down payment compared to what is required, it is a step closer to making housing a right for all Canadians.

This \$40 billion includes money from federal and provincial sources and will be delivered over 11 years. It adds to existing non-discretionary funding (\$8.4 billion), more than \$15 billion in new federal spending. This includes a

commitment to reinvest in the housing sector \$4.8 billion that the federal government would otherwise have saved as long-term operating agreements with housing providers are set to expire over the next decade and \$10.8 billion in new grants and contributions to housing programs. Another tranche of funding comes from new and expanded loan guarantees (\$11.2 billion). Finally, there is an expected \$7.4 billion in matching provincial and territorial funding.

*While this is only a down payment compared to what is required, it is a step closer to making housing a right for all Canadians.*

**Figure 1: Funding in National Housing Strategy, 2018 to 2028 (\$ Billions)**



(Source: Pomeroy: 2017)

However, as we celebrate these steps, we would be naïve to think that this investment is sufficient to fully repair our badly damaged housing infrastructure. Over decades of neglect, a housing crisis has grown up around us. Approximately 1.7 million Canadian households are in core housing need, living in homes that are overcrowded, in poor condition or unaffordable.<sup>2</sup> There are 300 000 Canadians in homelessness – over 1,400 in Winnipeg alone.<sup>3</sup> The nation’s stock of social housing,

built up largely in the generations after the Second World War, is steadily deteriorating and in dire need of repairs.

Nowhere are the effects of Canada's housing crisis felt more deeply than among Indigenous communities. Indigenous and Northern Affairs Canada has estimated that just to meet existing housing demand on Manitoba First Nations will cost over \$2 billion.<sup>4</sup> This backlog of needed repairs and construction forces residents to inhabit overcrowded or substandard housing, or in many cases, leave their home communities. This present report does not specifically deal with the deep housing crisis of Indigenous communities across Canada. We believe that a separate Indigenous housing strategy is needed on top of the proposed National Housing Strategy. By right, the Indigenous housing strategy ought to have come as the federal government's first consideration, as Indigenous peoples have been waiting too long for action already. We support Indigenous communities and having advocates as they continue to demand redress.

The federal government promises to draft legislation declaring a rights-based approach to ending homelessness and guaranteeing housing for all Canadians. This would pass into Canadian law rights which Canada already recognizes internationally. Legislation could push provinces and municipalities to adopt stronger regulations in areas such as rent control and inclusionary zoning. Over the long term, housing rights legislation could have the potential to reshape the way Canadians think about housing and reframe the debate concerning our social obligation to ensure housing is available for all.

For the first time in a generation, the federal government will be an active participant in building new housing. In 1992, the Canadian government transferred housing responsibility to the provinces. Ever since, governments have dodged their social housing responsibilities, pleading poverty, deficit or lack of jurisdiction. Sporadic investment and varied responses by

provinces have been the norm.

### *Manitoba should commit to matching federal funding.*

All levels of government must work together in a sustained effort in investing the required resources to provide adequate affordable and suitable homes for all Canadians. Negotiations between the federal government and the provinces are continuing through 2018. Manitoba should commit to matching federal funding. It is equally important that Manitoba work to ensure that where federal dollars are available, they be directed to helping fill the gaps in existing programs rather than duplicating resources or simply trading responsibility for programs from one level of government to the other. To help facilitate effective discussion on how to best mobilize federal funding, in this paper we;

- analyse the gaps in existing housing programs in Manitoba,
- highlight areas where cooperation would be beneficial,
- and offer recommendations on how federal and provincial governments can work together to make housing a right for all Canadians.



## THE CONTEXT OF HOUSING IN MANITOBA: FRAGMENTARY POLICIES WITH GAPS

In the absence of a national strategy, provinces have applied a partial and piecemeal approach. The situation in Manitoba is representative. Rents have risen dramatically, while the vacancy rates of low cost housing hover close to zero. For example, at the time of the Winnipeg Street Census in 2015, there were at least 50 individuals experiencing homelessness for every affordable vacant bachelor suite in Winnipeg.<sup>5</sup> The Province made significant investments in new construction and maintenance over the last several years, but overabundant need has resulted in long wait lists. Many projects are struggling to remain financially sustainable, and up to 35,000 thousand units are at risk once their federal operating agreements expire over the next fifteen years.<sup>6</sup> Rent Assist, introduced in 2015, is the best-funded, most universal housing allowance program in Canada, but still falls short of making private market housing affordable for many low income households.<sup>7</sup>

It requires all levels of governments to join the table to do more than tread water against the rising tide of Canada’s housing crisis.

*Lack of integration among these pillars of housing policy in Manitoba limits their effectiveness in ensuring housing stability.*

Due to the lack of a national strategy, Manitoba – like most other provinces - has developed a fragmentary set of housing programs over the past 25 years. Social housing, affordable housing and Rent Assist provide components of a system of housing supports but gaps remain and these pieces do not always fit well together. As we argue below, lack of integration among

**Table 1: Housing Programs in Manitoba**

Housing Program	Target group	Type of subsidy
Social Housing	Low income	Rent geared to income
Rent Assist	Low income	Financial subsidy for market housing
Affordable Housing	Moderate income	Median market rent

these pillars of housing policy in Manitoba limits their effectiveness in ensuring housing stability.

Social housing provides deeply subsidized housing for low income families and individuals in core housing need. Social housing offers rents geared to income, now set at 28 percent of household income. Affordable housing increases supply for moderate income households. The Province sets limits for rent in affordable housing annually based on median market rent. Rent Assist allows low-income households to access private market housing and provides eligible households an income-based benefit up to 75 percent of median market rent. Unfortunately, lack of coordination among these programs leaves significant gaps in coverage. Many households that could qualify for support either have inadequate benefits to afford private market housing or no benefits at all.

Supply of social housing in Manitoba offers an example of the failure of coordination between governments. Between 2009 and 2016, Manitoba built approximately 1,700 units, but total supply increased by only 1,172 units. At the same time as it was building new supply, the Province removed hundreds of other units

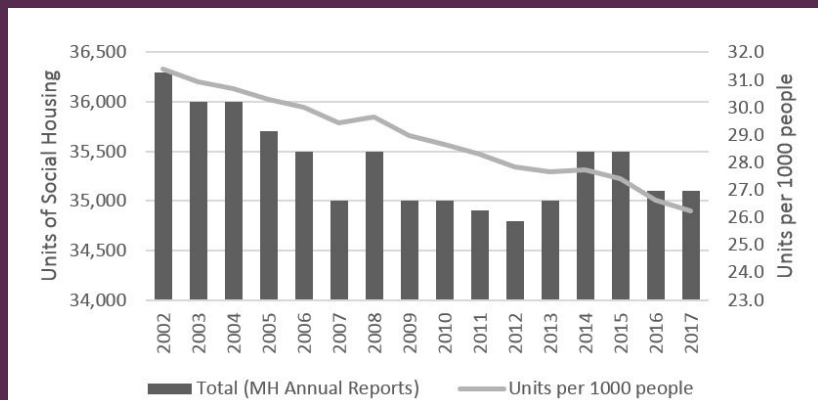
from its housing portfolio. Over the past two years, total supply has actually fallen, while housing units per capita have continued a long downward trajectory (see figure 2).

There are several, often interrelated, factors that trigger the loss of social housing units. In some cases, buildings are not in locations where low income households need social housing. In some smaller communities, social housing units may sit vacant for long periods of time while requiring costly upkeep. The department calls the process of selling off unneeded units “asset rationalization”. Elsewhere, poor maintenance renders buildings difficult to rehabilitate – as with 185 Smith in Winnipeg, a Manitoba Housing building with 373 units, vacant since 2015. Last June, the Province announced it intends to sell the building.<sup>8</sup>

Meanwhile, the expiration of historic federal funding arrangements has left hundreds of units without subsidies. Many of these buildings, now more than twenty-five years old, require costly repairs. Operating agreements have expired on approximately 2,000 units in Manitoba since 2005. A further 667 units will lose their subsidies this year. In January 2018, residents in Lions Place, a mixed income seniors housing building in Winnipeg, learned their operating

agreement ends later this year. As a result, rents could go up by as much as \$169. If these rent increases go into effect, residents on fixed incomes will need to find new sources of income or have to move. Hundreds of residents of non-profit and co-op housing could face similar dilemmas each year as this problem multiplies

**Figure 2. Total and per capita social housing units supported by Manitoba Housing**



Sources: Manitoba Housing/Family Services Annual Reports<sup>11</sup>; Statistics Canada<sup>12</sup>

in scale over the next decade. Neither level of government until now has had a comprehensive plan to address it.<sup>9</sup>

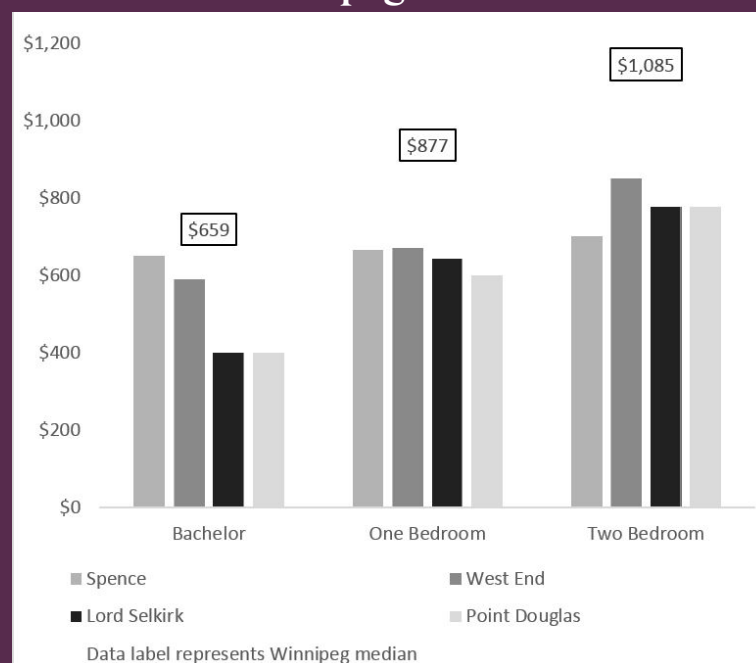
Right to Housing has long called on the Provincial Government to reinstate its commitment to build at least 300 units of social housing per year, the level it maintained between 2009 and 2014. However, even a sustained level of commitment at this level will only stop the gap in the growing need for social housing. In *The View From Here: Manitobans call for a poverty reduction plan (2009)*, community organizations called for the federal and provincial levels of government to work together to complete at least 1000 units per year, with 300 units per year representing the proposed provincial contribution.<sup>10</sup> All levels of government need to cooperate and each do their part to achieve this end.

Most of the recently built non-profit housing in Manitoba has included a mix of social and affordable housing. While this has had the beneficial effect of building mixed income

communities, it also hinges the viability of many non-profit and co-operative housing projects on filling the affordable units which are priced close to the median market rent – \$1,092 for a two bedroom in 2017. This is far above the level that low income households are able to pay. Housing organizations in some cases have had difficulties filling their affordable units. This risks reducing their overall financial sustainability.

The affordable housing program does not meet the needs of most low income Manitobans in housing need. Firstly, the median rent in inner city neighbourhoods, where much of the social housing stock is located, is often lower than the city as a whole. This leaves these “affordable” units among the more expensive apartments in their neighbourhood. Figure 3 shows median rents in several inner city neighbourhoods compared with the median Winnipeg rent. Data were not available for three bedroom apartments in these neighbourhoods, but for other unit types, inner city rents are typically

**Figure 3: Median rents by neighbourhood compared with Winnipeg median**



Source: CMHC Housing Market Information Portal<sup>13</sup>

lower than the Winnipeg median. For example, a median two bedroom in Spence neighbourhood is \$700 per month, less than two thirds the cost of median rent city wide, at \$1,085 per month.

*Hundreds of residents of non-profit and co-op housing could face similar dilemmas each year as this problem multiplies in scale over the next decade.*

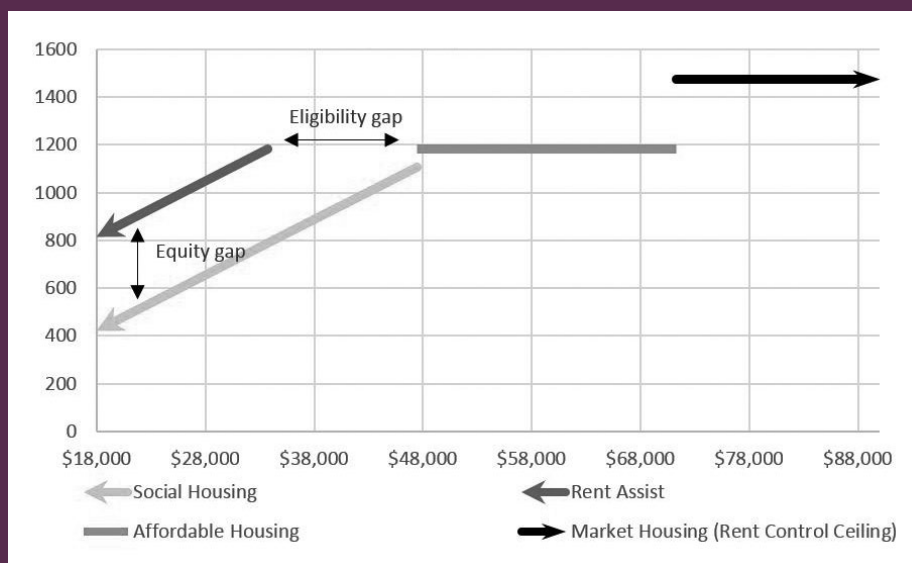
Secondly, affordable housing is geared towards mostly middle-income households, for example with income between \$47,500 and \$71,000 for families requiring a three-bedroom. Within this band, households may afford median rents while paying between 30 percent and 20 percent of their monthly income for accommodation. Households with incomes below this level are eligible for more deeply subsidized social housing to keep their rents at 28 per cent of income or less. However, there is limited supply of social housing and long waiting lists to get in.

Figure 4 identifies the income ranges which various housing programs target. We base these figures on a household of four renting a median three-bedroom apartment in Winnipeg. For households receiving Rent Assist, we define effective rent as actual rent minus benefit received. So for example, a household with a rent of \$1,200 receiving \$300 through Rent Assist would have an effective rent of \$900.

The Province implemented Rent Assist partly to help fill the gap created by the lack of supply of social housing. However, there remains a gap in income eligibility between Rent Assist and social housing, with households above the Rent Assist cut-off still unable to afford median market rents. A family of four with an income over \$33,729 is no longer eligible for Rent Assist, even though they remain below the Market Basket Measure of poverty. In this case, median market rent would be unaffordable, representing 42 percent of income.

There also is a gap in equity between social housing and Rent Assist, given that Rent Assist pays only up to 75 per cent of median market

**Figure 4. Effective rent by income level under various programs (Winnipeg, 2017)**



Sources: Manitoba Program Income Limits<sup>14</sup>; Rent Assist Estimator<sup>15</sup>

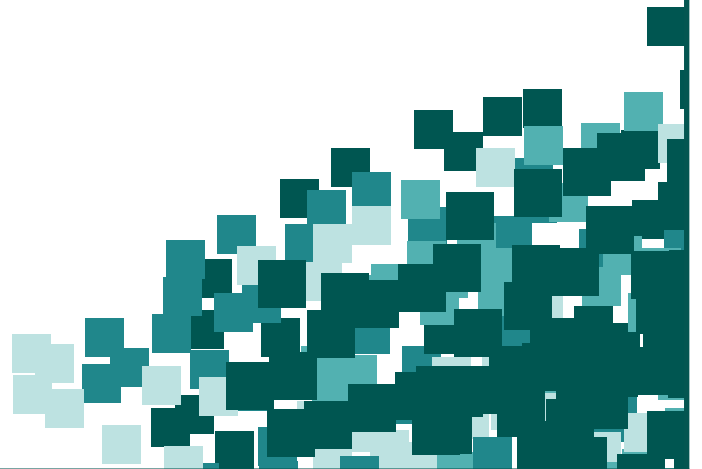


rent. A family of four receiving Rent Assist pays approximately \$300 more in effective rent than a similar household in social housing. This leaves renters in the private market who receive Rent Assist paying over 50 per cent of their income in effective rent in some cases, while households in social housing pay no more than 28 percent for their income towards rent.

Thirdly, households are not eligible to receive Rent Assist in any housing owned or operated by the Manitoba Housing and Renewal Corporation, or housing for which the Province provides an ongoing subsidy. This excludes thousands of low income households on Rent Assist from accessing affordable housing units. At least 1,100 units have been completed through the Affordable Housing program since 2009.<sup>16</sup>

*A family of four with an income over \$33,729 is no longer eligible for Rent Assist, even though they remain below the Market Basket Measure of poverty.*

Given these constraints, existing affordable housing does not always serve to bridge the gap between social and private market housing. Paradoxically, in a province where affordable housing is in short supply, some units listed as “affordable” sit vacant.





## CAN THE NATIONAL HOUSING STRATEGY FILL THESE GAPS?

Despite these challenges related to affordable housing, the government's 41 page strategy document "Canada's National Housing Strategy: a Place to Call Home" primarily stresses the need for affordable housing. Discussion of "social housing" is primarily in the context of "legacy agreements" that the new housing strategy will replace with more "flexible" arrangements, better "coordinated with the National Housing Strategy and its intended outcomes".<sup>17</sup> As much as three quarters of proposed investments could be directed to affordable housing. In Manitoba, the greatest need for new supply is primarily for the social housing.

Some housing activists have raised concerns the federal strategy focuses too much on investment in affordable housing at or close to median market levels, with very little to more deeply subsidized social housing. Jean Swanson and Sara Sagai warn it is a "national strategy to maintain homelessness into the coming decades".<sup>18</sup> Ultimately, the effectiveness of the national strategy will depend on how well it is able to bridge the gap of existing programs, versus how much they reproduce the barriers to adequate housing. Cooperation between levels of

government to ensure they address local housing realities will be essential.

*Ultimately, the effectiveness of the national strategy will depend on how well it is able to bridge the gap of existing programs, versus how much they reproduce the barriers to adequate housing.*

This cooperation will be nowhere more critical than as the federal government implements its proposed Canada Housing Benefit, a top up for low income renters. The details on this program are scant, but the government expects to provide assistance of approximately \$200 per month to as many as 300,000 households across the country. At this scale, it would be somewhat smaller and less generous than Manitoba's Rent Assist program, for which average benefits were over \$300 last year. Because several provinces have housing allowance programs, each with unique structures, there will be challenges

in developing a national program that works across all jurisdictions.

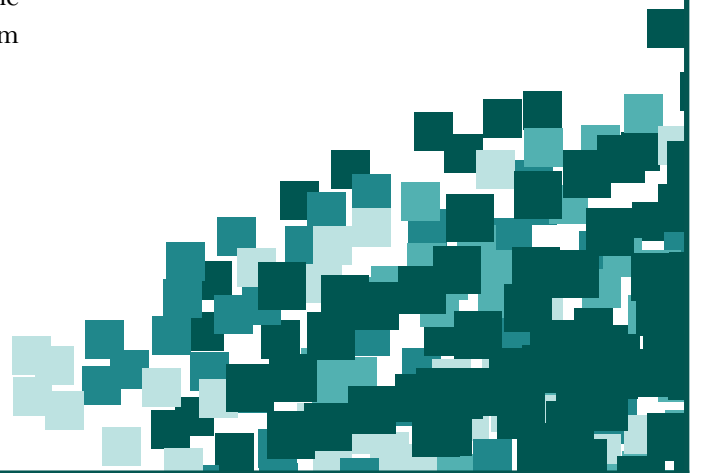
As we saw above, under the existing Rent Assist program there are gaps and inequities that continue to need to be addressed. A federal housing allowance could be effectively used to fill the holes in Manitoba's program. However, this will require greater cooperation than we have seen between Ottawa and the Province than has been the norm over the past year and a half. The largest concern housing advocates have here in Manitoba is that the federal dollars will simply be used to replace provincial funding for rent assist, with no real benefit for Manitoba renters.

## CONCLUSION

The federal strategy will result in the largest investment in housing in decades. However, it is important to keep historical perspective. Even this proposed \$40 billion pales in comparison to the scale of public housing investments that were typical in the 1970s and 1980s. At that time, approximately 10 percent of all new residential construction was dedicated to social housing. Moreover, a large chunk of the allocated funding for the strategy is coming from windfall profits from CMHC. The crown housing corporation paid Ottawa \$4 billion last summer for special dividends, profits due to rising prices in an unbalanced national housing market.<sup>19</sup> Between 2003 and 2013, CMHC provided 17 billion in profits to the federal government.<sup>20</sup> Very little of the upfront spending for the plan is coming from current tax revenue.

Canadians have for decades demanded that their right to housing be recognized and supported. Now, finally, Canada has acknowledged what every other industrialized nation has long taken as given: to achieve housing, a basic precondition of health, well-being and social inclusion, for all citizens, Canada needs a national strategy.

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## RECOMMENDATIONS

Now that the federal government has laid out the outlines of its National Housing Strategy, the implementation of the plan will depend on cooperation with other levels of government. Federal-provincial negotiations are expected to start early in 2018, with bilateral agreements to be worked out by mid 2018. The ability of the provincial and federal government to cooperate will be critical for realizing the success of this strategy. Here we offer recommendations for areas we hope the two levels of government to work together on to maximize the plan's chances of success.

### **1. Matching Provincial Funding:**

Unless provinces match federal funding, the proposed national strategy will fall well short of its promise. Approximately \$15 billion of the \$40 billion plan is dependant on provincial cost sharing. Manitoba's provincial government's obligation could be between \$250 and \$300 million over 10 years. This suggests Manitoba will need to reverse recent budget cuts to its housing capital program and return to a more robust level of investment. Manitoba stands to gain tremendously from the National Housing Strategy, but only if we put up our share. The Province cannot afford to leave federal funds on the table.

### **2. Social housing:**

The provincial and federal governments must work together to build new social housing. Both levels of government should work together for the construction of 1000 units of new social housing annually, of which the provincial portion should be maintained at 300 units per year. These units should give priority to provide bachelor suites for single individuals and three bedroom and larger units for families as this is where there is the greatest need in Manitoba's housing market. Units should be built in areas where the need is the greatest.

### **3. Harmonize definitions of affordable housing:**

While the first priorities of investment in Manitoba should be in more deeply subsidized social housing, in some areas of the province, there is ongoing need for affordable housing. Brandon, in particular has an acute shortage of rental housing at all income ranges. However, differences between federal and provincial definitions of affordable housing introduce confusion into the program, limiting its effectiveness. While in Manitoba, affordable housing is set at median market rent, the federal definition focuses on

80% of median market rent. A harmonized definition would send a clearer signal to both developers and potential program recipients of the goals and requirements for the program.

#### **4. Repair existing social housing**

The National Housing Strategy promises to repair at least 300,000 units of existing housing over the next 10 years. Manitoba should seek a sufficient share these resources that it is able to complete the backlog of needed repairs in existing social housing in this province. Right to Housing has estimated that at least \$126M annually are needed for capital repairs and maintenance in public housing units by 2020. Manitoba should estimate and plan to meet the need for annual investments in capital repairs and maintenance in public housing beyond 2020.

#### **5. Long term plan for units ending operating agreements**

As the case of Lions Place demonstrates, Canada and Manitoba need a long-term strategy focused on ensuring a successful transition from the end of operating agreements. In the National Housing Strategy, the federal government has committed to long-term security for residents of federally administered community housing whose operating agreements are expiring between 2016 and 2027. The strategy sets out \$500 million for a federal community housing initiative to protect residents from rising rents. Unfortunately, this commitment does not extend to provincially administered operating agreements like Lions Place. Instead, the plan promises new flexibility for Provinces and Territories under existing Social Housing Agreements. It is unclear if this flexibility will be sufficient to provide the supports needed to protect residents.

The provincial and federal governments must work together with non-profit and co-op housing providers to grandfather existing tenants to prevent rent increases as operating agreements expire. Moreover, both levels of government should cooperate

to proactively engage with housing providers and invest to ensure there is no net loss of rent-geared-to-income housing units due to expiring federal operating agreements.

#### **6. Canada housing benefit should fill the gaps in Manitoba's Rent Assist program, supplementing the benefit.**

The Canada Housing Benefit holds great promise for allowing low income households to access the private market. In combination with a strong base of social and affordable housing, housing allowances can give renters access to better choice of quality housing at rents they can afford.

However, the application of the Canada Housing Benefit should be flexible across the country to take account of differences in programs across the country. Manitoba already has an existing housing allowance program, Rent Assist. While better funded than most other allowance programs, there remain gaps in equity and eligibility compared to social housing. In Manitoba, the Province should seek to direct the application of the new federal benefit towards addressing these gaps.

*Manitoba should start by re-instating the full amount of Rent Assist that was available prior to changes in July 2017.*

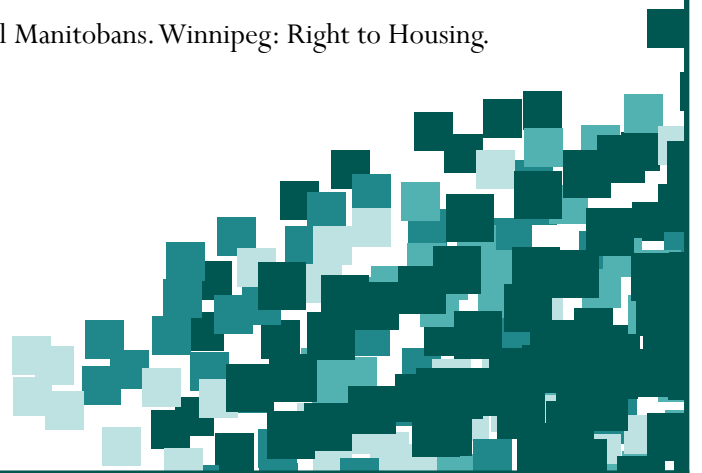
The new Canada Housing Benefit must not be used to claw back Manitoba's Rent Assist benefit. It must instead build on Rent Assist to further narrow the affordability gap low-income families experience in the private housing market. Manitoba should start by re-instating the full amount of Rent Assist that was available prior to changes in July 2017.

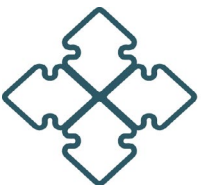


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