



March 5th, 2021

The Honourable Ahmed Hussen, Minister of Families, Children and Social Development

Cc:

Hon. Dan Vandal, Minister of Northern Affairs

Hon. Rochelle Squires, Minister of Families

Cindy Gilroy, City Councillor for Daniel McIntyre

Dear Minister Hussen,

It has come to our attention that Starlight Investments has recently changed its request for federal support for its proposed project to redevelop the Portage Place Mall. We learned this week that Starlight has upped its request for federal support from \$20 million to \$50 million plus \$240 million in loan guarantees. These developments have raised fresh concerns for Right to Housing about the role of government subsidies to support private for profit developers in the construction of rental housing.

While Right to Housing supports some of the promised outcomes of the proposed development, such as the creation of some lower cost rental housing as well as community amenities including an as yet undefined community space, the escalating demands from the proponent for public support raise questions and concerns about the overall public benefit of the proposal.

We are concerned that public support for Starlight's proposed Portage Place redevelopment would set a precedent for greater reliance on the private sector for the delivery of affordable housing, sidestepping community involvement through public, non-profit, co-op and Indigenous housing partners who have been the cornerstones of Canadian public housing for several decades. Right to Housing has consistently opposed the privatization of public housing in Manitoba. The proposed development would be privatized housing at the outset.

Starlight has resisted including a non-profit, co-op or Indigenous partner as a co-applicant in the development, instead preferring to go alone in its negotiations with all levels of government for public support. The guidelines for applicants to the National Housing Strategy co-investment fund make clear that projects with non-profit, co-op or Indigenous applicants are eligible for higher levels of support. They specify that private developers are only able to access up to 15% of eligible costs, while other groups could be eligible for up to 40%.¹ Without an eligible partner with an equity stake in the affordable housing component of the development, there is no reason that Starlight should be given special consideration for public support.

We highlight the danger of private control of access to public housing. We do not want access to subsidized housing to be in the hands of a private corporation, with no regulatory requirements that it be accessible for communities such as Indigenous, people with disabilities, women, newcomers, or other priority groups. Moreover, we have learned from CMHC that there is not even a low-income criterion for residence in National Housing Strategy funded housing. According to recent research, "there is no other specific income limit for potential residents for them to be able to access the units in a project, with the MMRs [median market rents] taken off our HMI [housing market information] portal being the only benchmark."²

A report from Ontario's Office of the Auditor General found that private developers supported through public funding to create affordable housing do not maintain it as affordable for long. According to the 2017 study, "once their contract periods had expired, nine out of 10 private developers converted their affordable buildings to condominiums or increased rents to market rates."³

Under these terms, Starlight would potentially have unilateral control over who rents in the building. If social housing is in the hands of private developers, access will be based not on the needs of the community, but on the requirements of profit. We also know that adding a layer of profit taking will increase the cost of building and providing social housing, money that must be directed to meeting the housing needs of low-income Manitobans.

One of the other available funding streams through the National Housing Strategy is the Rental Housing Finance Initiative (RHFI). Some research has criticized this for being an ineffective use

¹ CMHC 2020. 'National Housing Co-investment Fund' available at: <https://assets.cmhc-schl.gc.ca/sites/cmhc/nhs/co-investment-fund/nhs-co-invest-fund-highlight-sheet-en.pdf>.

² CMHC, personal communication.

³ Office of the Auditor General of Ontario. 2017. *Social and Affordable Housing (Ministry of Housing)*. https://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf

of tax dollars and poorly directed towards the funding of affordable housing.⁴ Whatever its value in supporting the construction of rental housing more broadly, this fund is not well designed to meet the needs of low income households seeking more affordable housing. For example, one project in Transcona funded through this initiative has rents starting at \$1345 for a one bedroom. Funds from the RHFII should not be used to support forgivable loans for for-profit development.

Starlight's request for \$50 million of forgivable loans as federal support would consume an inordinate amount of the total funds available for Manitoba in a single project. Manitoba's bilateral agreement with the federal government provides \$450m over 10 years for all of Manitoba . If accepted, 10% of that total would be dedicated to this development. This would make it more challenging for Manitoba to meet the goals set out in the agreement of preserving all of the social housing in the province and increasing it by 15%.

In light of the increased requests for additional public support from Starlight, we are asking all levels of government to re-think support for this project and consider community-based alternatives that will preserve and enhance public housing in our community and across Winnipeg and Manitoba.

Sincerely,



Lindsey McBain

Chair, Right to Housing Coalition, Steering Committee

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⁴ Pomeroy, Steve. 2020. "Toward Evidence Based Policy: Assessing the CMHC Rental Housing Finance Initiative (RCFI)". <https://carleton.ca/cure/wp-content/uploads/CURE-Brief-12-RCFI-1.pdf>