



# FINANCING SOCIAL HOUSING IN MANITOBA

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The Social Housing Action Plan report released by the Right to Housing Coalition last September outlined the urgent need for investment in social housing. Housing experts from around the world agree that deeply affordable, non-market housing will only be provided by the public and non-profit sectors. The **Manitoba Housing and Renewal Corporation (MHRC)** has the authority to oversee and support both these sectors and fulfill its legislated responsibility to provide an adequate supply of housing in Manitoba.

## MHRC must take the lead on:

- Building or acquiring social housing as crucial public infrastructure.
- Stabilizing funding for maintenance and operating expenses for new and existing social housing units.
- Ensuring social housing tenants have access to comprehensive supports.

## How it works

In the 1970s, a collaborative effort between the federal and provincial governments built more than 11,000 units of social housing. Starting in the 1990s, the federal government devolved responsibility to provincial governments. Since then, MHRC has been responsible for social housing in Manitoba, but it too has reduced its role. MHRC can do much more to meet low-income Manitobans' housing needs. As a Crown corporation, MHRC can:

- Construct new housing.
- Acquire existing housing and land.
- Purchase and bank land for future use.

- Rehabilitate housing.
- Make grants and loans.
- Invest in housing and borrow funds.
- Provide loan guarantees.
- Provide the non-profit housing sector with institutional and financial support.
- Enter into inter-governmental agreements for renewal and funding of housing.
- Lobby the federal government to increase its level of support for social housing.

## Investment in social housing delivers many benefits

Building assets (housing) helps offset the cost of borrowing on the Crown's balance sheet. Assets can be further leveraged for more borrowing for more construction and/or housing programs.

Government, including Crown corporations can always borrow money at a lower interest rate than the private sector, and obtain or offer longer amortization periods. Government investment removes the need to make a profit, estimated between four and eight percent, so cost is lower. The rent the Crown collects provides a stream of revenue to help pay for the cost of building and maintaining new units.

Housing poorly-housed or unhoused Manitobans has far reaching social and economic benefits. It can reduce costs in healthcare and policing. It can increase family stability, leading to improved education and employment outcomes for kids and their parents.

MHRC can implement procurement policies to support social enterprises that train and hire multi-barriered workers who would otherwise have no attachment to the labour force.

Large government expenditure stimulates the economy through increased spending and employment. In a report commissioned by the Canadian Housing and Renewal Association, Deloitte found that "Bringing Canada's community housing stock to the OECD average by 2030 would boost economic productivity by a staggering 5.7% to 9.3%". The increase in productivity would come from the improvement in social conditions noted above which, in turn, would lead to non-inflationary economic growth.

When governments work together, they can take advantage of co-funding opportunities, increasing the value of every dollar spent. They can also work more effectively by sharing resources and expertise.

## Manitoba has the institutional and legislative framework to embark on an ambitious social housing investment plan as outlined in the Social Housing Action Plan. Using MHRC, it should commit to the following four investment priorities:

### **1. Invest in public infrastructure by taking on lower-interest government debt and provide grants, loans (forgivable or low interest) and low-interest mortgages with long amortization periods.**

- Such borrowing allows us to invest in public-housing assets that offset government debt on the balance sheet. It would allow us to establish a long-term capital fund to create 1,000 net new social housing units annually for 10 years. New units could be constructed or acquired from existing properties to be repurposed for social housing.

- Using self-support debt (revenues from rent) helps cover a portion of the cost of government borrowing.
- Funding a provincial capital maintenance fund can bring existing social housing buildings up to code and support the maintenance needs of new social housing units.
- Manitoba should continue taking advantage of existing federal programs such as the National Housing Strategy and provide matching funding when required.
- Manitoba needs to advocate for new federal programs to support the expansion and preservation of social housing for as long as needed.

## 2. Provide Operating Funds to:

- Immediately extend all “post-85” agreements with non-profit housing providers that will expire in the next two years.
- Establish an operating subsidy program and fund that, combined with the capital maintenance fund called for above and the existing Rent Assist program, would support sustainable operations of new and existing public and non-profit social housing assets in perpetuity.
- Be ready to jump on new federal programs that provide operating subsidies and co-invest if necessary. Preference should be given to programs that provide long-term operating agreements that cover full-building operating costs and allow for RGI rents. Although less encompassing, rent supplements tied to units can also be used to expand the number of RGI units.

## 3. Build Land and Housing Assets by:

- Increasing land bank holdings to ensure sufficient land is available for new social housing development today and in the future. The nine downtown surface parking lots owned by the province are low-hanging fruit.
- Establishing an acquisition fund for the purchase of naturally occurring affordable housing.
- Expanding the menu of building acquisitions to include empty office buildings, hotels and motels that can be converted into apartments.
- Establishing a vendor tax credit for vendors that sell to the non-profit or public housing sectors would give social housing providers a leg up in acquiring rental properties from the private sector and/or in the acquisition of office buildings.
- Considering a right of first refusal policy so government and/or nonprofits have a better chance of acquiring rental properties from the private sector. The vendor tax credit would apply to sellers who use the right of first refusal option.

## 4. Support the Non-Profit Housing Sector

As a partner of the Manitoba Non-Profit Housing Association, MHRC is well positioned to provide more support, including technical, and resources to the sector. It should:

- Collaborate with the non-profit housing sector to facilitate community and trusts, housing co-ops, acquisition of existing properties, and new construction. Grants and loans, such as were made available by the BC government are essential for building equity that then allows the provider to seek further financing for new builds and/or acquisition of existing buildings.
- Provide loan guarantees and letters of credit to help non-profits secure financing and protect non-profits in the case of mortgage default. For example, a loan guarantee issued to the Thompson Lions Seniors Manor Non-Profit Housing Coop Inc. was called by the mortgagor. MHRC paid off the debt and took over the mortgage.
- Provide a capacity building fund to help the non-profit sector hire and train staff and build and maintain capacity to plan and execute new housing developments.
- Continue using TIFs and other tax credits to make it easier for social housing providers to stack financing.

A 2023 Scotia bank report called on governments across the country to “double the supply of social housing” stating that “the moral case to urgently build out Canada’s anemic stock of social housing has never been stronger”. Committing to these four investment priorities would allow Manitoba to address this moral challenge.

This summary is based on the Right to Housing Coalition report titled *Thinking Inside the Box: Financing Social Housing in Manitoba* by Lynne Fernandez. The full report can be found at <https://policyalternatives.ca/offices/manitoba>.

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