Fast FACTS
CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

January 25, 2017

Public housing plays an essential role in Manitoba's housing system

Public housing plays an essential role in Manitoba's housing system. It provides a specific form of housing: housing that has been removed from the market by focusing on its use as a home, rather than on its potential for financial gain, in order to make it affordable to low-income households. Across Canada, public housing has provided good quality, affordable housing for decades.

In many places across Canada, however, public housing is threatened by redevelopment, sale, or transfer to nongovernment organizations. Manitoba is not exempt: it, too, faces the potential loss of public housing units. The Province of Manitoba is negotiating the sale of two public housing complexes in Winnipeg to nonprofit organizations, and the recent KPMG report [1] produced for the Province of Manitoba recommends moving away from publicly-provided housing to a mix of housing vouchers for the private market and housing provided by private and nonprofit organizations through contract with the province. But what would be the implications for public housing as housing outside the market?

Historically, federal and provincial social housing programs decommodified housing in order to make it accessible to low-income households. First with public housing in the 1950s and '60s, and later with nonprofit and co-operative housing in the 1970s and '80s, federal and provincial programs enabled the development of hundreds of thousands of units of nonmarket, low-cost housing across Canada. In Manitoba alone there are 35,000 units of social housing.

Social housing is created through funding agreements between the federal and provincial governments and the housing provider that intentionally remove the housing from the market. These agreements limit how the equity in the property can be used, and require rents that are based on a household's ability to pay, rather than on what the market can command. The housing is no longer a commodity to be bought and sold to the highest bidder. Instead, it offers a way for households to access housing without spending a huge proportion of their income.

In recent years, the funding agreements have been expiring. Without the agreements, public and nonprofit housing providers no longer receive subsidies from the federal government. There is a key difference between public and nonprofit housing post-agreement: without the operating agreements in place, nonprofit housing providers are free to speculate by mortgaging or selling their property, and can change the tenant mix and rent structure. They must make choices to ensure the stability of the organization over the long term, which may mean reducing or eliminating rent-geared-to-income (RGI) or low-cost units. As such, the end of the funding agreements reflects the end of

there is an alternative.

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone
(204) 927-3200
email
ccpamb@policyalternatives.ca
website
www.policyalternatives.ca/manitoba
blog
www.policyfix.ca
twitter
@ccpamb

continued...

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone
(204) 927-3200

email
ccpamb@policyalternatives.ca

website
www.policyalternatives.ca/manitoba

blog
www.policyfix.ca

twitter
@ccpamb

the public mandate and policy framework governing non-profit housing provision; now, it is up to individual organizations whether and how they continue to provide low-cost housing.

On the other hand, while public housing must compete with other public policy areas in the Provincial budget, it still has access to public funds to fulfil its role as a provider of low-cost housing. As publicly owned and operated housing, it retains responsibility for fulfilling the public policy mandate to ensure that Manitobans are well-housed.

There are three key ways that the sale or transfer of public housing units thus risks the long-term affordability and security of low-cost housing. First, there is the risk of losing a substantial resource for the whole province. For over 60 years, the Governments of Canada and Manitoba have built and managed public housing, a significant investment of time and money. Manitoba Housing's lands and buildings offer a source of equity and value for Manitoba Housing projects. They also represent a collective public good, debated through democratic processes and paid for collectively through taxes. Once public housing lands and buildings have been transferred or sold, this resource is gone and the public no longer has a say in how it is managed.

Second, there is the risk of losing RGI rents. Nonprofit and co-operative housing providers are often unable, without government funding, to meet the demand for deep RGI subsidies. Although some providers have created minimum rents that operate in a similar way to RGI, these rents are often only possible with a mix of tenant incomes. Higher rents are also needed to ensure enough income to operate the property. The potential for RGI rents is reduced, and rather than having all members of society contribute to the provision of low-cost housing through their taxes, the burden of providing subsidies now depends on the willingness and capacity of a much smaller group of people. Without ongoing funding, it is likely that the number and depth of RGI subsidies will be reduced.

Third, a transfer of public housing units introduces a lack of stability into the landscape of low-cost housing provision. With public housing and with the funding agreements that govern and fund nonprofit housing, social housing is removed from the market, and the government—whether federal or provincial—has a clear responsibility for ensuring that there is a supply of low-cost housing available. Many nonprofit providers are committed to providing low-cost housing, but their capacity is limited without government subsidies. Transferring public housing units to nonprofit housing providers without ensuring their capacity to maintain deep RGI subsidies would be an abandonment of responsibility on the part of the Province, and would push the housing towards the market. In the long term, this will reduce the stability of low-cost housing.

The potential implications of a transfer of public housing to nonprofit housing providers are serious. The purpose of public housing is to offer housing that is outside the market and affordable to low-income households. As it currently stands, the public policy goal of maintaining decommodified, low-cost, RGI units cannot be guaranteed under a different ownership model.

The recent example of Lions Place, in Winnipeg, which will raise rents by $179 per month beginning August 1, 2018, shows how the end of long-term funding agreements can put vulnerable people at risk. Without long-term subsidies and policies to maintain the non-market nature of social housing units, a transfer of public housing to nonprofit organizations risks the long-term affordability and security of low-cost housing for the people who need it most, both now and in the future.

Sarah Cooper is a CCPA-MB research associate. She is currently completing her PhD in Urban Planning and Policy at the University of Illinois at Chicago.

[1] KPMG. 2017. Manitoba Fiscal Performance Review: Phase 2 Report Business Case—Social Housing. Available at: www.gov.mb.ca/asset_library/en/proactive/fpr-phase-2-7.pdf

References available upon request.