



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

there is an alternative.

April 1, 2016

Federal budget provides opportunities for social housing in Manitoba

Budget 2016 provides some welcome news for nearly 600,000 Canadian families who depend on social housing. The budget allocates \$2.3 billion dollars over two years for housing initiatives. While this announcement falls short of the amount housing activists have said is needed, and lacks many important clarifying details, it will provide relief for up to 100,000 families experiencing homelessness or at risk from unaffordable housing.

Prime Minister Justin Trudeau can be accused of overusing his government's catch phrase "Canada is back". In terms of housing, however, there is hope that with Budget 2016: Growing the Middle Class, the slogan is justified. After building 600,000 units of social housing during the 1960s to 1980s, Canada withdrew from the housing sector under the Mulroney and Chretien governments. Since 1993, support for social housing has been sporadic and trickling. Budget 2016 doubles spending for the Investment in Affordable Housing for two years, providing an opportunity for renewal for the sector.

The Investment in Affordable Housing fund supports the construction of new social and affordable housing. In Manitoba, the province has built 2000 units of social housing since 2009 with only scant help from the federal government. Doubling the housing fund will allow Manitoba to continue building new housing, perhaps at an even higher rate than the 300 units per year it is currently building. This will reduce the often long wait times for families hoping

to get into rent-geared-to-income and affordable housing.

Much of Canada's social housing stock is in need of repair. Many non-profits and housing cooperatives have inherited an aging stock of housing, with structural issues that require substantial refinancing. These same housing projects are scheduled to lose federal support just as repairs are needed.

The problem stems from operating agreements which were created between non-profit and coop housing providers and the federal government during the heyday of social housing development in the 1960s through 1980s. These funding agreements were generally tied to the length of the mortgage for the project. As mortgages are retired, the need subsidy remains, especially as many projects require refinancing for repairs.

Most operating agreements have due dates between 2010 and 2040. One local example involves a non-profit development in Winnipeg. It consists of 72 townhouses built in the 1980s. The majority of the units are affordable housing for moderate income families. A little over a dozen have deeper subsidies to provide rent-geared-to-income support for families with low incomes.

Their agreement is set to expire in 2019, just as repairs to the roof, basement and sidewalks are needed. The non-profit plans to refinance, but without federal subsidies, a new loan would mean either

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raising rents for all the affordable housing units, or eliminating the deep subsidies for the poorest residents. Neither option is appealing. “It’s a chicken and egg problem,” a board member explains. “Raising the rents will leave some tenants paying more for less.” However, getting rid of the deeper subsidy suites would affect the families that need help the most.

Budget 2016 could give some hope. There is a small fund of \$30 million over two years to help non-profits maintain subsidies in situations like this. It is not enough, and it is not a long term strategy. Ultimately, a national housing strategy is needed. Budget 2016 also announced that consultations would begin for a housing strategy, but it is late in the game, and many housing projects need support immediately.

Also potentially easing the burden for social housing projects, the budget calls for an immediate injection of \$500 million in energy and water retrofits for social housing. In Manitoba, if current policies are maintained, there could be added economic value from the retrofit program. Social enterprises like BUILD, Brandon Energy Efficiency Program (BEEP) and Manitoba Green Retrofit provide training and jobs for Indigenous and inner city workers who have struggled to get a foothold into the labour market. Contracts from Manitoba Housing have provided their most stable revenue. If funding continues to provide preference to these enterprises, it could provide triple bottom line opportunities with widespread social, environmental and economic benefits.

While federal involvement for renewal of social housing is welcome, the federal budget points to the need for willing partners at the provincial level, especially since housing delivery remains a provincial responsibility. The federal government has been pragmatic in giving priority to “shovel-ready” projects that can get off the ground quickly. Those provinces that are willing to play along will get first attention. Manitoba political parties announcing their housing platforms ahead of the April 19 election should take care to develop policies that are in sync with federal

funding opportunities. This will ensure Manitoba gets its share of social housing infrastructure.

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