

# State of the INNER CITY

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## PLACING COMMUNITY AT THE HEART OF THE RECOVERY FROM COVID

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# The Building Sustainable Communities Program After Two Years: Where Did the Money Go?

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IN APRIL 2019, the Manitoba government announced a new program called Building Sustainable Communities (BSC). It was described as a program that would “streamline and modernize support for non-profit organizations” by amalgamating a number of programs into one fund. These included the previous Community Places capital grant program, Neighbourhoods Alive! Community Initiatives program and Neighbourhood Renewal Fund; Home-town Manitoba, the Community Planning Assistance Program; Community Support Small Grants Program and Partner 4 Growth.

No new funding was made available for the BSC Program but a very different set of rules were established. At least \$2 million that previously flowed annually through Neighbourhoods Alive! (NA!) to neighbourhood revitalization in low-income, urban neighbourhoods and strategically targeted Northern and rural communities would now be part of the new

program (MacKinnon 2019). BSC fundamentally changes NA!, an initiative informed by research demonstrating the impact of targeted revitalization (Tatian et al 2012). NA! was initially inspired by the City of Minneapolis Neighbourhood Revitalization Program (NRP), which targeted funding to neighbourhoods in decline using a community-led approach. The NRP engaged neighbourhood residents “designing and implementing their own multiyear strategies aimed at combating blight and boosting neighborhood livability” (Nathanson 2014). In a 2010 evaluation, EKOS Research described NA! as a “best-practice example of a comprehensive, community-led revitalization program.” It embraced a holistic approach toward improving a number of social, environmental, cultural, physical and economic conditions.

Funds previously allocated to NA!, which mainly supported program delivery including staffing (rather than capital projects), were rolled into the BSC Program and made available to all communities across the province. Unlike Neighbourhoods Alive!, BSC does not fund existing initiatives nor does it cover the cost of salaries. Additionally, the BSC program requires 50% of project costs to be leveraged from other sources, 10% of which must be non-government funding. Another important difference with the BSC is that it isn't solely available to community-based non-profit organizations. Municipalities and local authorities, including planning districts across Manitoba, are eligible to apply. This means that there is more competition for a relatively small pot of money.

Inner-city community-based organizations were sceptical of the program early on.

Through 34 surveys and 17 Interviews, the Manitoba Research Alliance learned that community-based organizations both within and outside of Winnipeg receiving funding through NA! in past years were ‘blindsided’ by and concerned about the new amalgamated program. They noted that although the change would have a serious impact on their work in the community, they had not been consulted. One Executive Director (E.D.) of an inner-city community-based organization (CBO) said the BSC criteria “... essentially means that BSC is out of reach for our organization.” In response to the government’s claims that the BSC Program would “streamline and reduce red tape,” another E.D. noted, “there may be less red tape for the government, but BSC creates more difficulties for the sector.” Concerned with the emphasis on capital projects and ineligibility of costs to operate programs, another E.D. summarized it this way: “BSC seems to fund things and not people. CBOs need stable, long-term core funding for staffing but the BSC has made staffing an ineligible expense.”

Those interviewed observed that the new rules favoured rural municipalities with greater capacity to leverage matching funds. One E.D. pointed out a number of concerns with this new approach that gives municipalities the edge:

1. The BSC caps administration fees at 2.5 percent. This creates a barrier for non-profit organizations and works to the advantage of municipalities that have greater administrative capacity.
2. Unlike municipalities, non-profit organizations rely on charitable donations. The new rules stipulate that “donations of materials, equipment and labour are encouraged and will be recognized as part of the assessment of the project... however donations will not be considered part of the matching contributions.” This E.D. further noted that “they want non-profit organizations (NPOs) to include volunteerism and donations for the project and to track these contributions, [yet] we are not able to use this as part of the budget approval process. This forces NPOs to work even harder and use even more of our limited resources to meet the fund criteria.”
3. The evaluation and consultation process for the program has fundamentally changed. BSC replaces community organizations with the Association of Manitoba Municipalities (AMM) in the consultation and evaluation process. This has been particularly concerning for urban CBOs because “rural municipalities dominate the AMM, which gives them a stronger voice.”

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## **Building Sustainable Communities and COVID-19**

Less than one year after BSC was implemented, CBOs, especially those in the inner-city, were hit particularly hard by the pandemic. They scrambled to find new ways to support the most vulnerable in our communities. Funding agencies including the Winnipeg Foundation and United Way responded quickly, stepping up their support. Federal funding agencies also responded with more support for CBOs. The provincial government response was slow and inadequate. In May 2020, they announced a 25% increase to the BSC Program as part of its response to Covid-19, stating its “commitment to supporting projects that will help build thriving, sustainable communities and a better future for Manitobans.” These grants, said the government, “will help give community organizations a much-needed boost during this unprecedented time and this investment is another way our government is

helping rebuild Manitoba’s economy.” However, the criteria that CBOs say makes the BSC Program inaccessible remained firmly intact. An analysis of funding allocations suggests their concerns were warranted.

## Two Years Of BSC: Where Did the Money Go?

The Building Sustainable Communities Program has now been in place for two provincial budget cycles. Where did the money go? A list of projects supported through BSC has been made available through various press releases. While it is sometimes difficult to decipher exactly what is being funded, the following analysis and account is as accurate as possible.

Since it was first announced, more than 500 projects have been funded through the BSC. In the 2019–20 fiscal year, [the Manitoba government’s annual report](#) shows BSC allocated \$7.9<sup>1</sup> million for 227 projects. [In the 2020–21 fiscal year, the annual report](#) shows BSC allocated \$10.6 million for 353 projects.

The 2019–20 annual report for the Manitoba Department of Municipal Relations shows regional distribution of BSC funds (*Table 1*). The annual report further describes distribution going to 191 capital, equipment and related projects; 22 community and regional initiatives and planning projects; and

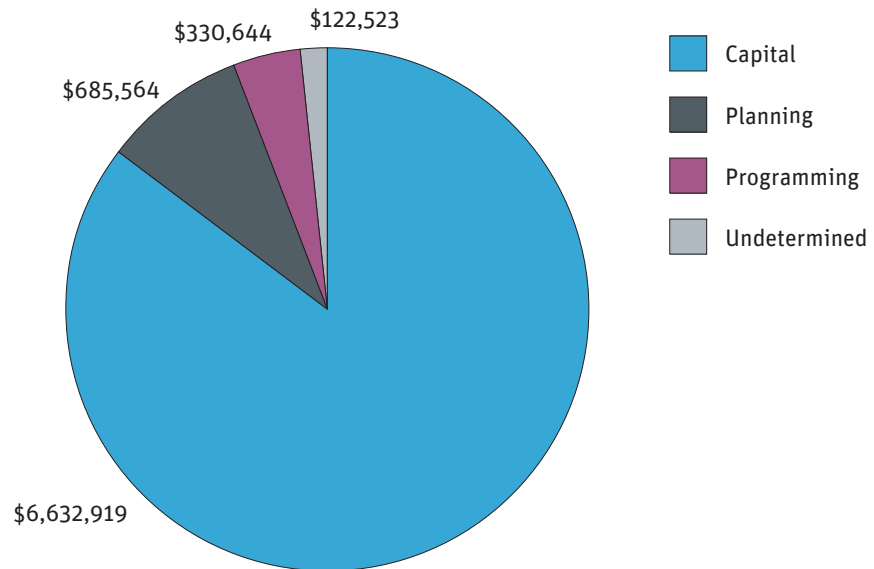
**TABLE 1** BSC by Association of Manitoba Municipalities (AMM) District

AMM District	Number of Approved Projects	Total Funding Approved (\$) 2019–2020
Central	22	740,401
Eastern	39	1,632,029
Interlake	28	795,059
Midwestern	24	513,248
Northern	9	407,680
Parkland	17	392,471
Western	36	1,159,933
Winnipeg	52	2,151,210
<b>Total</b>	<b>227</b>	<b>7,792,031</b>

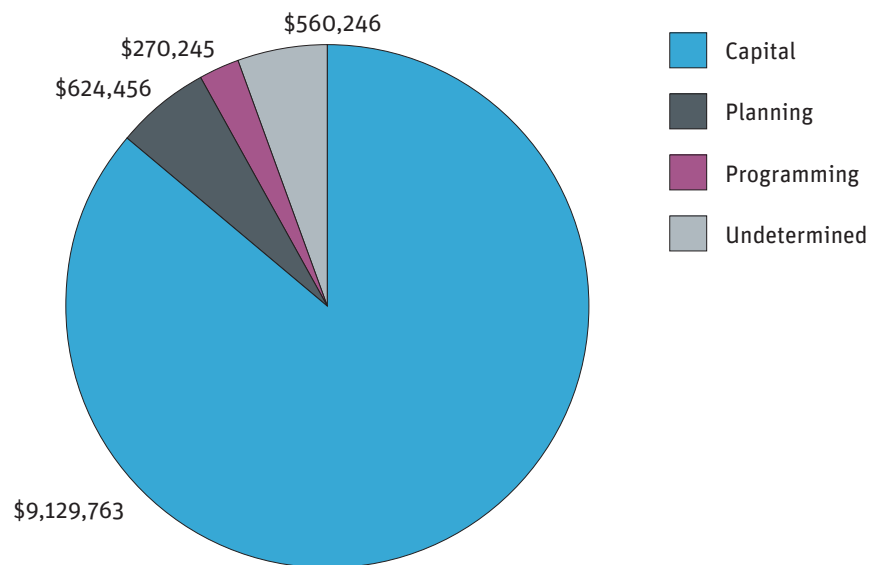
**Source** 2019–20 Annual Report for the Manitoba Department of Municipal Relations. Available: [https://www.gov.mb.ca/mr/annualreports/pubs/annual\\_report\\_2019\\_20.pdf](https://www.gov.mb.ca/mr/annualreports/pubs/annual_report_2019_20.pdf)

<sup>1</sup> Although the annual report states \$7.9 allocated, distribution as shown in Table 1 is \$7,792,031.00. Author’s calculations align with the latter.

**CHART 1** BSC Funding Distribution 2019–20



**CHART 2** BSC Funding Distribution 2020–21



14 capacity-building projects (community programs). Notably, the amount of funding allocated to the entire city of Winnipeg is comparable to the amount that was previously allocated to low-income inner-city neighbourhoods through Neighbourhoods Alive!.

The government's annual report shows that approximately 84% of all BSC-supported projects in 2019/20 were capital projects. Our analysis shows that approximately \$6.6 million (85%) of BSC funding went to capital projects across the province, with a relatively small amount (\$330,644 – 4%) directed to programming (*Chart 1*).

Further analysis shows that of the \$7.79 million allocated in 2019/20, \$4.8 million went to rural communities, \$2.2 million to projects in Winnipeg with approximately \$907,000 allocated to inner-city neighbourhoods. Approximately \$301,000 went to projects in Brandon and another \$408,000 to projects in northern Manitoba communities. Of the projects funded in Winnipeg's inner-city, \$684,750 (8.8%) supported capital projects, 131,250 (1.7%) went to planning projects and \$91,088 (1.17%) went to support programming. Analysis of funding in 2019/20 shows a clear shift away from funding inner-city projects (*Chart 3*).

The picture is quite similar when looking at 2020/21 (*Chart 2*). As of March 1, 2021, fully 86% (\$9.13M) of BSC funding went to capital projects across the province. A mere 2.5% (\$270,245) went to programming and 6% (\$624,456) for planning related projects. The remaining 5% of funding went to undetermined projects.<sup>2</sup>

Analysis of the BSC after two-years very clearly shows that inner-city organizations were correct to be concerned. Rural communities are getting the lion's share of Building Sustainable Communities funding.

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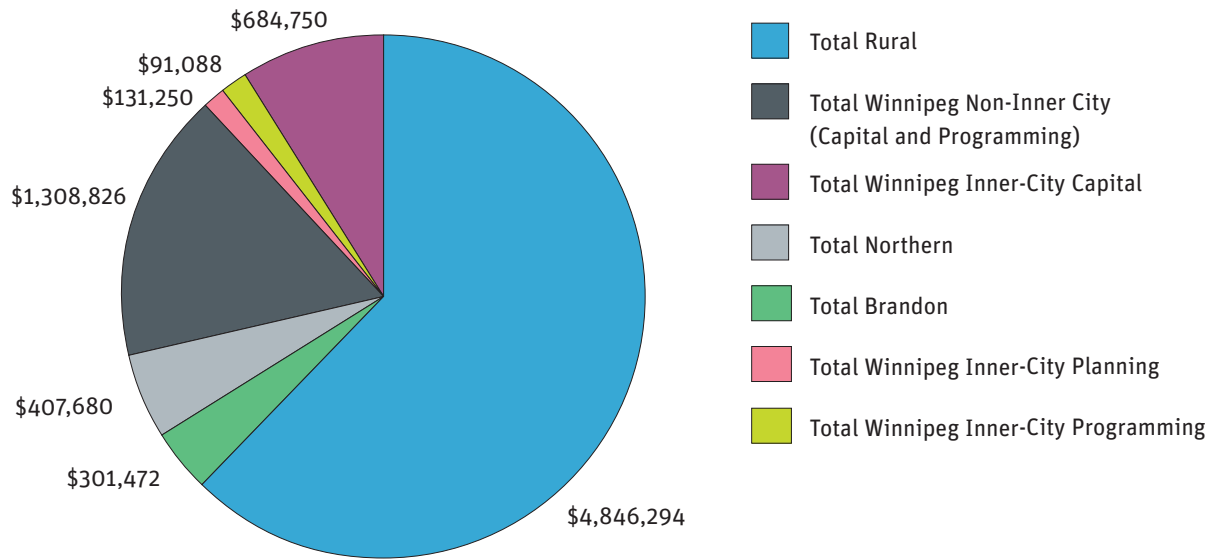
## Rural Municipalities

The analysis of funding distribution demonstrates that almost all of the funds previously allocated to inner-city neighbourhoods is now going elsewhere. Another notable difference is the amount of funding allocated to municipal governments and local authorities like planning districts. Despite the claims that the BSC aims to support non-profit organizations, it is notable that in 2019/20, approximately \$1.6 million of BSC funds went to municipal governments and related agencies. In 2020/21, more than \$2 million went to these agencies. With the exception of a small amount for

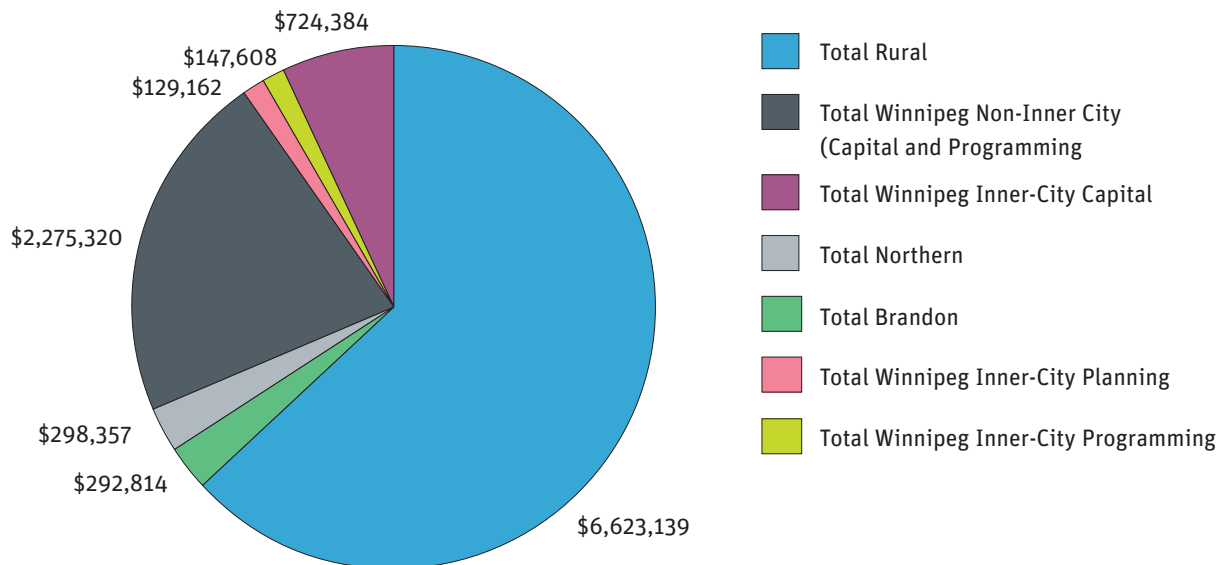
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<sup>2</sup> These appear to be capital projects however descriptions make it difficult to determine definitively.

**CHART 3** BSC Geographic Distribution 2019–20



**CHART 4** BSC Geographic Distribution 2020





planning activities, this funding supported capital projects ranging from various “equipment upgrades ” to “blackout motorized shades” awarded to the rural municipality of West St. Paul and “heating system upgrades” awarded to the W.B. Lewis Business Centre in Lac du Bonnet. As noted, community-based organizations expressed concerns early on that municipalities would have an edge because they have greater access to matching funds and administrative capacity. It is also not a surprising outcome given the active role that the Association of Manitoba Municipalities (AMM) has in the application approval process. The BSC guidelines note that applications are reviewed within government, however they also state that the AMM is involved in reviewing and providing feedback on project applications. It is also the case that municipal governments and regional development agencies have greater capacity to raise matching funds and identify other means to operate programs to meet the BSC criteria. These are all issues of concern raised by inner-city community based organizations.

*Chart 4* shows that fully 63% of BSC funds distributed in 2020/21 went to rural communities (excluding Brandon and northern communities which received 6% of total funding). Just 22% was allocated to initiatives in Winnipeg (non-inner city) and only 3% of that was allocated to programming in the inner-city.

## Inner-City of Winnipeg and Low-Income Communities

The Province is likely to say that projects awarded funding reflect the applications received. While that may be the case, inner-city CBOs have

**TABLE 2** BSC Allocation by Census Subdivision and Low-Income Measure

Census Subdivision	BSC 2019–2021	Percentage living below the LICO – AT*
Lac Du Bonnet	\$1,341,733	7.2
Riding Mountain	\$1,039,824	4
Turtle Mountain	\$979,456	3.5
Gimli-Interlake	\$872,658	4.6
Dauphin	\$721,102	7
Winnipeg Centre	\$415,000	24.6

Source Statistics Canada Census Profile 2016

\* Low Income Cut-Off After-Tax

\*\* Low Income Measure After-Tax

been very clear that the criteria of the BSC has made it near impossible to access funding, and many tell us they have chosen not to apply. As shown in *Table 2*, the inequity is quite stark. The inner-city of Winnipeg has been awarded approximately \$361,000 over two years to support programming in the lowest-income communities in our province compared to the previous NA! funding, which allocated the majority of its \$4 million to programming over a similar two-year span. Beyond NA!, inner-city organizations were also able to apply to the various other pools of funding amalgamated into BSC. BSC thus represents a significant drop in investments in low-income, urban neighbourhoods. Additionally, almost \$5 million out of the BSC's two-year total of \$18.3 million has gone to support projects in just five communities with a relatively small percentage of low-income households.

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## **Building Sustainable Communities Looking Forward**

In a January 2021 press release, the Manitoba Government announced that it has “expanded the BSC to include support for larger-scale capital projects.” Municipalities, non-profit and community-led organizations across Manitoba are now eligible for up to \$300,000 for capital projects. Budget 2021 confirmed “\$5.6 million more for the Building Sustainable Communities Program to fund more than 10 larger-scale community capital projects” with an additional \$5M announced in June 2021. Given that the 50% leveraging requirement continued to apply, it is unlikely that large-scale capital projects will take place in the inner-city.

Funding for other categories (planning and capacity building) remains unchanged with a maximum of \$75,000 available, again with a required matching contribution. That means we are likely to see very limited funding in the inner-city to support much needed programs and services.

What is clear about the BSC, and what differentiates it from the now extinct Neighbourhoods Alive! initiative, is that BSC criteria does not consider inequity and disparity across the province. The BSC Program works best for communities with the most capacity to leverage matching funds and operate programs through other means.

The BSC appears to be working best for rural communities, especially those in the southern part of the province. That should come as no surprise – the Progressive Conservatives have strong support in these communities. While these communities should have access to support for projects such as those

funded through the BSC, it should not come at the expense of low-income, racialized urban neighbourhoods in greatest need.

Manitoba continues to need a program tailored and targeted at low-income urban neighbourhoods. If the provincial government wants to demonstrate that it is not a government that favours its rural strongholds — that it recognizes the unique and urgent needs of low-income, racialized, inner-city neighbourhoods — it must create a comprehensive funding mechanism that responds to the needs and realities of these neighbourhoods and remove requirements that exclude community organizations from accessing much-needed funding.

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