"It's a self-perpetuating problem...social housing should be for everyone. But there is a shortage of stock, so what stock remains has to go to the people in greatest need...that's right, of course. We need to prioritise. So a high proportion of the allocation will go to those with the most complex needs... This creates a perception that social housing is only for the underclass; that people shouldn't aspire to social housing in and of itself. It's a difficult attitude to turn round."

The New Zealand report sums up the challenge well:

"until there is some acceptance that there is a permanent and growing demand for social housing, as a nation we are unlikely to fully appreciate both commitment we need to give to such housing and the potential it has to materially improve the lives of the most vulnerable."

KPMG is not entirely off the mark by pointing to Australia, New Zealand and the UK as examples. But they are more accurately examples of what NOT to do.

Rent Assist and Rent Geared to Income rates:

- Effective July 1 2017, low-income renters in private housing who are not on social assistance saw their deductible under the Rent Assist program rise to 28 per cent of their income from 25 per cent.
- Effective July 1, 2018, low-income renters in private housing who are not on social assistance saw their deductible under the Rent Assist program rise to 30 per cent of their income from 28 per cent.
- Effective Nov. 1, 2018 people in government owned housing saw their rents increase to 30 per cent of their income from 28 per cent.
- Effective July 1, 2019 the Province froze Rent Assist for individuals without disabilities on Employment and Income Assistance (EIA) and for individuals under the age of 55, not on EIA.

Housing supply:

- In 2019, there were approximately 7000 individuals/families on the Manitoba Housing waitlist.
- The province has greatly reduced investments to address current and deferred capital repair requirements from $120M annually in 2015/16 to $25.6M in 2018/19 and has eliminated a number of jointly funded home repair/modification programs.
- In 2017 and 2018, the Government of Manitoba sold 948 Manitoba Housing units to the private sector including 373 to for-profit companies, and 503 to non-profits. We don't know how many of these units have remained affordable.
- Since 2017 the Government of Manitoba has transferred 800 units to private sector (for-profit and not-for-profit) management.
- In 2016-17 Manitoba committed funding for 100 affordable housing units, none of which are social housing.
- In 2017-18 Manitoba committed funding for 137 affordable housing (not social housing) units including homeownership and private rental. They committed to funding an additional 50 shelter beds.

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CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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Taking Stock of Manitoba's Social Housing Plan

In 2017 the federal government announced a 10-year, $40 billion National Housing Strategy (NHS) to "help reduce homelessness and improve the availability and quality of housing for Canadians in need". The strategy aims to "remove 530,000 Canadians from housing need and reduce chronic homelessness."

The NHS requires cooperation from provincial governments. In June 2019 Manitoba signed an agreement with Canada that included some broad stroke commitments and the caveat that "in the event of inconsistency...of the Agreement and any Schedule, the Schedule prevails."

As outlined in Schedule C, Manitoba is required to release its 3-year "action plan" before the end of the 19/20 fiscal year outlining the outcomes and targets it plans to achieve with the funding. In addition to the action plan, the Manitoba government has promised to release a provincial housing strategy this year in response to its 2017 public consultations.

While the Agreement prioritizes "the most vulnerable", actions taken by the Manitoba government concern housing advocates. Since first elected in 2016, fewer households now qualify for rent subsidies and the amount of subsidy received is smaller. For example, the Pallister government has decreased the number of households qualifying for Rent Assist and low-income renters in private housing who are not receiving social assistance have seen their deductible for the Rent Assist program rise to 30 per cent of their income. People living in Manitoba owned housing have also seen their rents increase to 30 per cent of their income. Effective July 1, 2019 the Province froze Rent Assist for individuals without disabilities on Employment and Income Assistance (EIA) and for individuals under the age of 55, not on EIA.

Income supports and new supply

The NHS includes the Canada Housing Benefit (CHB) which is scheduled to start in 20/21. The NHS requires that the benefit be integrated with existing provincial programs (such as Rent Assist) and Manitoba is still negotiating details with the federal government. Rent Assist and the CHB are particularly important since the majority of low-income renters currently find their housing in an increasingly unaffordable private market.

The NHS targets include increasing the supply of social housing by 15 per cent. The Agreement emphasizes "community housing", which is defined as non-profit, co-operative or government owned. The parameters become less clear in Schedule B where it stipulates that MHRC may enter into arrangements with various government and non-government

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The Manitoba government has made it quite clear– its intention is to greatly reduce its public housing portfolio and look to the private sector to fill the gap.

entities "or other bodies to perform delivery functions..." This appears to open the door to for-profit managers.

The Manitoba government has made it quite clear– its intention is to greatly reduce its public housing portfolio and look to the private sector to fill the gap. Experiences elsewhere give housing advocates good reason to be concerned. In the absence of robust subsidies and income support, the private sector has demonstrated an inability to supply safe, well-maintained housing at the affordable threshold of less that 30 per cent of total before-tax household income.

The reality that that there are currently 7000 households on the Manitoba Housing waitlist reinforces the need for more social housing units where rents are geared to income (RGI).
However, despite the NHS social housing target, the Manitoba government has no plans to increase the supply of social housing. In fact, as recommended by KPMG, Manitoba has sold social housing to the private sector and is in the process of transferring management of the existing social housing stock to non-profit as well as for-profit agencies. Approximately 800-unit transfers have already occurred, and a great many more are expected.

While social housing advocates took some comfort in learning that a funding principle of the federal/provincial agreement requires "preserving, then expanding" the existing social housing supply, Manitoba officials have said that the level of subsidy does not need to be maintained. Does this mean that the obligation of the agreement would be met if rent thresholds for low-income units increase to as much as median market rents?

Maintenance and improvement?

As described in the KPMG report, the supply of social housing is in much need of repair. NHS stipulates that the Native Housing portfolio must be brought up to 'good condition', and that 20 per cent of existing social housing units be repaired. The Manitoba government has said that it wants to focus on maintenance and improvement yet their actions to date suggest otherwise. The province has already greatly reduced investments to address current and deferred capital repair requirements from $120M annually in 2015/16 to $25.6M in 2018/19 and has eliminated a number of jointly-funded home repair/modification programs. If the government is committed to improving the remaining Manitoba owned stock, it will need to reverse these deep cuts just to get Manitoba back on track.

Is the KPMG Report the Manitoba plan?

The Pallister government commissioned KPMG report "Phase 2 Report Business Case—Social Housing" appears to be the de facto housing strategy and roadmap going forward.

The KPMG report correctly describes the challenge: Manitoba's government owned stock is aging, demand is growing, there is insufficient market capacity, declining sources of funding and escalating costs. It goes on to offer three options for the government's consideration, none of which include seeking new ways to increase revenues so that Manitoba can build and maintain a decent social housing supply. Rather, it offers a suite of options to privatize the existing Manitoba Housing portfolio. It also recommends cost savings by charging Manitoba Housing tenants more and reducing Rent Assist, which the government has now done.

The option that KPMG recommends is described as a "hybrid" where tenants "requiring the least support [would] receive a voucher towards rent from a private landlord and most vulnerable tenants [would be] allocated to a social house provided under contract between government and a private provider."

As is the case in the U.K., Australia and New Zealand, housing advocates have long argued that the best way to address the housing needs of low-income Manitobans is by increasing the supply of social housing, adequately maintaining it, and providing supports for tenants.

Other jurisdictions?

KPMG makes the claim that "most jurisdictions" operate under a hybrid model and they specifically point to the UK, Australia and New Zealand as examples that have moved away from social housing. But they don't tell us how well privatization is working in those jurisdictions.

UK

The privatization of social housing in the UK dates back to the "Right to Buy" policy implemented by the Thatcher government in 1980. The premise was to provide households an opportunity to purchase publicly owned "council housing". Much has been written about the devastating impact this policy has had for low-income households. The UK's Shelter charity estimates that 1.2 million are waiting for social housing. In 2014, Scotland opted out of the Right to Buy and has since reinvested in the development and maintenance of social housing. Shelter Scotland, a national housing advocacy group has praised the government for "taking the plunge" while also calling for increased investments.

Australia

A study by the Australian Institute for Health and Welfare notes "considerable change in provision of social housing resulting from a gradual but steady policy focus transferring ownership to the community sector." Australia has lost some 20,000 public housing units in a decade. Advocates are calling on the government to reinvest in social housing.

They have raised a number of concerns including growing waitlists and an increase in homelessness. They note that private sector managers (non-profit and for profit) are less accountable to tenants, leases are less secure and there are no obligations to fill vacancies from waitlists. The relative decline in public housing has resulted in over-crowding and insufficient investment has left a large number of units untenantable. Research by the Australian Housing and Urban Research Institute (AHURI) concludes that 25 years of inadequate investment has resulted in a serious shortfall and direct public investment is the best way to tackle the issue.

New Zealand

Housing in New Zealand is among the most expensive in the world. Like other countries, social housing has eroded and there has been little appetite to reverse the decline. The current government committed to an affordable home-ownership scheme. But KiwiBuild came under fire for falling short of its goals and for building homes that are not affordable to first time buyers. New Zealand has been criticized for focusing too much on home ownership, leaving far too many renters vulnerable. Economist Shamubeel Eaqub argues that the government should switch its attention to building rental properties instead and a 2017 report by New Zealand's Salvation Army Social Policy and parliamentary Unit describes a growing need for social housing.

Social housing is essential

As is the case in the U.K., Australia and New Zealand, housing advocates have long argued that the best way to address the housing needs of low-income Manitobans is by increasing the supply of social housing, adequately maintaining it, and providing supports for tenants. Ideally that housing would be publicly owned and administered to ensure public accountability.

Naysayers argue that public housing is problematic because it ghettoizes the poorest and most vulnerable. This certainly can be the case, but as described by Shelter Scotland, this has nothing to do with public tenure.