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The changing nature of social housing in Manitoba

What makes social housing 'social'? In part, social housing is different from private-market housing because it intentionally provides low-cost housing for low-income households. But it is also a way of taking housing out of the market. It's a way of keeping housing affordable, and of stabilizing housing as shelter, by removing the potential for speculation. And, it is provided collectively through community-based organizations and government programs, and funded collectively through taxes and government spending.

Today, social housing in Canada is changing as decades of consistent long-term federal and provincial funding are drawing to a close. This research explores the effects of this transition for non-profit and cooperative housing in Manitoba. Through interviews with nonprofit and cooperative housing providers, it examines the implications for both organizations and tenants, as well as for the housing system in Manitoba.

The history and present of social housing

Social housing development in Canada began before World War II, but it was in the 1950s and `60s that it took off. Public housing came first: a type of housing that is built, owned and managed by government. Next came federally-managed non-profit and cooperative housing programs, beginning in 1973. Religious groups, unions, service clubs and other community organizations stepped forward to create housing with funding provided by the federal and provincial governments. In Manitoba, about 30,000 units of housing were developed through the public, non-profit and cooperative housing programs. These include about 18,000 public units and 17,000 non-profit and cooperative units (Manitoba Government, 2016). Together, they offer an affordable, good quality alternative to market housing for tens of thousands of Manitoba households.

Each public, non-profit and cooperative housing project was established through an operating agreement signed with the federal government, and sometimes with the provincial government as well. The agreement lays out how the property will be managed: how many and what kind of subsidies are available, how many units are to be subsidised, and so on. It also includes limits on rents, how the property could be financed, and how much money the organization could contribute to its reserve fund. The agreements are usually set to expire when the mortgage is paid off, after 35-50 years.

Challenges and opportunities

Today, these agreements have been expiring for almost two decades, and will continue to expire for two more decades. The expiries offer several opportunities and challenges for nonprofit and cooperative housing providers. Opportunities include a shift in accountability from the Province to the board of directors, giving greater freedom for new directions; greater flexibility in managing an organization, including the chance to develop new policies and procedures to improve how the organization operates; and the chance to use the equity in the

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property to access private financing and mortgages to renovate or expand. For many organizations, these opportunities are energizing and exciting, and they outweigh the loss of subsidies and the challenges that also come with the end of the agreements.

The challenges are not, however, insignificant. The biggest challenge is perhaps the loss of operating and RGI (rent geared to income) subsidies. Organizations must be sure that they will be able to continue to provide housing once the agreement expires. If the subsidy makes up the difference between the rent a tenant pays and the operating cost of a unit, the organization must make up the difference. Housing providers estimate that at least 70-80 percent of the units must charge market rents in order to provide subsidies to the remaining 20-30 percent. If a majority of the units are RGI, it will not be possible.

This situation is complicated by aging buildings that may need repairs and upgrades. While all organizations have reserve funds for capital investment, the operating agreements often limited contributions to the fund. As a result (and because of Manitoba's slow rental market for many years), many organizations have very low reserves. Housing providers may need to increase rents to complete necessary repairs and to ensure that the reserve fund is sustainable.

To deal with these challenges, boards of directors must be ready to change how the organization operates. However, some boards do not have the capacity to deal with this new and evolving situation. In some cases, these challenges are compounded within one organization, making it even more complicated for the board. For some providers the only option is to sell the property, often to the private market—in which case the low-cost housing is likely to be lost.

Housing providers' responses to these challenges and opportunities depend on their outlook. While the opportunities for housing providers are significant, they require a business-oriented mindset that can adapt to the realities of a post-subsidy context. Providers that focus on providing low-cost housing to very low-income tenants may face greater difficulty after their agreement expires, as they may face a choice between providing low-cost housing and maintaining the organization. Overall, the post-expiry context is relatively new, and even those providers whose agreements were among the first to expire are still figuring out their next steps.

The "social" aspect of social housing

In Canada, most people access housing through the market—but not everyone can do so. Social housing has been removed from the market to respond to the social mandate to ensure that everyone has access to housing. This is called social property: property that is removed from the market for a social purpose.

Social property is a way to provide security to those who do not (and in some cases cannot) own actual property. In the same way that ownership of property can create individual wealth and stability, social property can reduce the risks of living in a capitalist system. Programs such as the Canada Pension Plan, provincial medicare, and unemployment insurance are all forms of social property. Although they are not a physical kind of property, the right to these programs provides the security that makes it possible for individuals to make choices about their lives, such as whether they can retire or take care of a sick child (Soron & Laxer, 2006). The programs that make up the social safety net are also a way to collectivize responsibility for social wellbeing. Everyone contributes to the social safety net through taxes, and everyone benefits through the social services provided as a result (Castel, 2002).

The social aspect of social housing is meant to provide housing security and affordability for households who cannot access housing in the market. By removing the housing from the market, the speculation and risk associated with market housing is reduced, and the cost of providing the housing is lowered. Government-provided subsidies reduce the cost of providing the housing even further, making it possible for very low-income households to afford the housing.

Changing housing, changing property

The expiring operating agreements result in changes to the low-cost part of Canada's housing system. Each nonprofit or cooper-

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ative housing provider must make choices to ensure its own survival. Cumulatively, as housing providers no longer offer as many, or as deeply subsidized, low-cost units, each individual change may add up to a huge change across the country. Formerly social housing becomes less secure, less affordable, and less collectively-provided than before.

Security: The operating agreements provided a stable structure for housing providers. They also offered subsidies that made it possible for nonprofits and cooperatives to offer very low rents. This resulted in security and a safety net for tenants, who could access housing at a cost that they could afford, and for housing providers, who had a predictable operating framework and a safety net for unexpected costs. Once the agreements expire, housing providers lose their safety nets, have less flexibility to meet operating costs or provide extra supports, and must often increase rents to make ends meet. Tenants may benefit from new internal subsidies set by some providers, but in other cases lose their housing as rents increase and providers change their tenant mix.

Affordability: Without the safety net of the subsidies, many housing providers have to raise rents to stabilize their organization. They must shift to a business-oriented mindset that is able to focus on a new, higher-income demographic. If housing providers re-mortgage, using the equity in the property, they may have to focus on meeting the bank's requirements, rather than on their tenants' housing needs. There is greater pressure on rents to support the organization and less potential for affordable units. And, instead of a tax-based subsidy, the internal subsidies offered by some housing providers mean that the households paying the full rent—who are still likely to be low-income—are directly subsidizing their neighbours.

Collectivity: The operating agreements made it possible for volunteer boards to provide low-cost housing, and provided funding gathered collectively through the state for the social safety net. Once the agreement has expired, nonprofits relate to the Province of Manitoba like any other private-market landlord, instead of as a social housing provider. The reduced stability of low-cost housing for many low-income households may result in reduced capacity for child-rearing, education, employment, and capacity to participate in other collective social institutions.

Moving forward: Implications

The 2017 National Housing Strategy (NHS) laid out a number of programs and policies that will shape low-cost housing into the future. However, it is not clear if social housing will be protected. There are about 55,000 units of federally-administered social housing across the country; these will continue to receive subsidies. Federal funding will be cost-matched by each province to "protect affordability for the total number of households currently living in community housing," about 300,000 units (Government of Canada, 2017). The intention here is to protect social housing, although the NHS does not specify that it must be currently existing units. An additional 55,000 units of community housing will be created, and there is funding to repair 300,000 units of housing, and 300,000 households to receive the Canada Housing Benefit rent supplement. However, many of the programs require cost-sharing with the provinces, and most of the funding is not slated to begin until after the next federal election. Also, much of the NHS focuses on market housing, rather than on removing housing from the market. As a result, much of the NHS is still up in the air.

The NHS notwithstanding, as the operating agreements expire, nonprofit and cooperative housing providers must find new ways to fulfil their mandates. As each agreement expires, the organization is free to reshape its rent structure and tenant mix, and to use its equity to refinance as needed. Some organizations are continuing to offer good quality affordable housing, while others are struggling. Each organization must find its own way forward, based on its own mandate, by creating new policies and processes to continue to provide housing in a context that is no longer shaped by the requirements of the operating agreements.

These changes are not neutral, however. As little, if any, social housing has been built in the last 25 years, the loss of any low-cost housing is likely to result in increased housing need. Most of the agreements that have already

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expired are for mixed-income housing: providers that offer RGI, lower-end-of-market, and affordable or market rents. However, the agreements that were signed in the 1980s and early 1990s were, for the most part, for 100 percent RGI housing. The majority of these agreements will begin to expire in 2021 (Institute of Urban Studies, 2016). Since RGI rents are usually lower than a unit's operating cost, it is impossible for providers to continue to offer the same level of low-cost housing without ongoing subsidies. At that point those organizations will need to make difficult decisions about how to move forward: for example, increasing rents and finding new tenants, or selling some units to subsidize others.

Indigenous housing providers also face particular challenges as their agreements expire. The Urban Native Housing Program emerged in the early 1970s as a result of advocacy by Indigenous people seeking greater self-determination in urban centres. For decades, Urban Native Housing providers have provided a supportive and culturally-appropriate model that houses hundreds of Indigenous households (Walker, 2008). The end of long-term funding allows for wealth to be extracted from Urban Native housing units as they are assimilated into market systems. Without recognition of the ongoing colonialism that creates poverty among Indigenous people, the loss of social housing units, and especially the Urban Native housing units, repeats experiences of colonial dispossession for low-income Indigenous households.

The withdrawal of state support for social housing is not an isolated decision. Today, the government is seen as a manager of markets, rather than as the social safety net. Its role is to support markets where they exist, and to create markets where there are none. As the social safety net is reduced, households must seek services from the private market. The current changes in social housing policy parallel changes in healthcare, pensions and employment insurance, and education, and are one way that the social safety net is changing and reducing many households' security and access to affordable housing. And the individuals and households who are least able to benefit from market-based interventions are also those who are most likely to lose their housing as the operating agreements expire.

For organizations that are strongly committed to providing low-cost housing to very low-income households, the loss of the subsidies is a significant challenge, and no amount of increased flexibility can make up for that. For tenants, the loss of secure, affordable, and collectively created housing is a key element in the slowly shrinking social safety net. The answer is not to increase the role of the market in housing provision, but to reinforce the right to housing through the provision of long-term social housing.

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