



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

November 21, 2012

National Housing Day: Still waiting for a plan

November 22nd is National Housing Day in Canada. Canada is the only country in the G8 that does not have a national housing strategy.

There have been many attempts to rectify this in recent years, the most recent of which is Bill C-400, An Act to Secure Adequate, Accessible and Affordable Housing for Canadians introduced by NDP MP Marie-Claude Morin. This Bill was introduced on February 16th, 2012 and is scheduled for vote in the House of Commons on November 28th, 2012.

Think this doesn't affect you? Think again. Housing insecurity is associated with poor health, low education attainment, unemployment and a host of other issues that have social and economic implications.

This affects us all.

The dismal state of affordable housing in Canada can be attributed to many factors but particularly notable was the decision made by the federal Liberal government in the early 1990s to devolve the responsibility for social housing— housing with subsidies attached to ensure rents affordable for low-income households— to the provinces and territories. Since that time homelessness and housing insecurity has escalated to crisis levels in many communities and there has been minimal development of both market and non-market low-cost rental housing. By the end of the decade, the government recognized that some form of intervention was required but it was intent on seeking private market solutions. Agreements were signed between the federal

government and most provincial and territorial governments as well as many municipalities in an effort to increase the “affordable” private market rental supply.

Slight gains were made; however the emphasis on market housing meant that the lowest income households continued to have very limited options. In 2005 the minority Liberal government was arm-twisted by the NDP into increasing social spending in order to pass their budget. This resulted in an additional \$1.6 billion for the construction of affordable housing. While a long-term strategy remained out of sight, social housing seemed to be back on the table.

Shortly thereafter the Liberal government was defeated. The global recession followed close behind and the minority Conservative government reluctantly invested in an infrastructure development program to boost the economy. The provinces were able to negotiate investment in social housing as part of the package. But still no housing strategy.

The impact of federal policy on affordable and social housing in Manitoba

In 1993 the federal government stopped providing capital for social housing in Manitoba. In the late 1990s the Conservative government in Manitoba signed an agreement with the federal government which included a phasing

there is an alternative.

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out of federal responsibility for existing social housing as operating agreements were about to expire starting in 1999 through to 2032. In 2002, Manitoba and Canada signed the first federal/provincial Affordable Housing Initiative (AHI) agreement. The AHI had some success developing infill and homeownership opportunities for households of modest income and a number of subsidized units were built and rented at median market rents. But the critical need — rental housing for very low-income households— continued to go unmet. The challenge escalated throughout the 2000s. In 2005 Manitoba's Right to Housing Coalition began to call on the provincial government to turn its sights to social housing and asked for a commitment to build a minimum of 1500 new social housing units over five years as start. In 2006, a second phase of the AHI allowed for rent supplements in attempt to increase the number of rent-gear-to-income units but the need remained great. In 2009, the provincial government announced a commitment to social housing in the Throne Speech and the 2010 budget formally committed to build 1500 new units over five years.

This is progress. But social housing providers, including provincial governments and non-profit organizations, are beginning to feel a tighter squeeze as they attempt to maintain low-rental units while operating costs soar and agreements expire.

The Manitoba government has had little choice but to fill the gaps left by the federal government. Since 1999 the Province has seen a 13.8 percent reduction in funding from the federal government to an annual cumulative loss of \$8.5 million. This is a drop in the bucket of what is to come. Cost to the province will accelerate quickly in the next five years to a cumulative loss of \$21 million. This means that the Province will need to find a significant amount of revenue to maintain existing units for low-income households. It has

also had to dig deep to repair the aging supply. The Manitoba government reports having invested \$285 million in capital improvements since 2009 – the largest investment in social housing in Manitoba's history. But this is not sustainable.

The fiscal challenge facing provincial governments will only grow worse if the federal government does not return to the table with a comprehensive strategy that includes sustainable funding for low income housing. In Manitoba, operating funds will continue to decline annually and by 2032 the province will no longer receive any funding at all to operate social housing. The cumulative annual loss will be \$62,165,424 (1999 dollars).

The Manitoba experience is not unique— provinces and territories across the country are calling upon the federal government to help resolve the housing crisis by getting back to the table in a sustainable way. The federal government continues to resist.

Housing advocates in Manitoba will continue to press upon the provincial government to do more, and they should. But the affordable and social housing problem in Manitoba and in the rest of Canada will not be resolved without a sustained commitment from the federal government.

If passed, Bill C-400 will be a first step toward ending homelessness and housing insecurity in Canada. Housing advocates are keeping their fingers crossed, but they aren't holding their breath.

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