Residential Back Taxes and Revitalization: A Study of Winnipeg’s Spence Neighbourhood

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with

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Research Report #41

Institute of Urban Studies

2002
PUBLICATION DATA
Janzen, Tom
Yauk, Noah
Residential Back Taxes and Revitalization: A Study of Winnipeg’s Spence Neighbourhood

(Research Report 41)


I. The University of Winnipeg. Institute of Urban Studies II. Title. III. Series: Research Report(The University of Winnipeg, Institute of Urban Studies); 41.

This publication was funded by the Institute of Urban Studies but the views expressed are the personal views of the author(s). The Institute accepts no responsibility for them.

Published by:

Institute of Urban Studies
The University of Winnipeg
346 Portage Avenue
Winnipeg, Manitoba
R3C 0C3

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My city’s still breathing (but barely, it’s true) through buildings gone missing like teeth.

- The Weakerthans, *Left and Leaving*
Abstract

The City of Winnipeg considers the Spence neighbourhood a Major Rehabilitation Area. Socio-economic conditions have deteriorated and the number of boarded-up and abandoned homes has increased. Community groups are calling for revitalization as the conditions escalate toward irreversible decay. Unfortunately, there are numerous barriers to urban revitalization; one obstacle for the redevelopment of homes in this area is the City of Winnipeg’s stringent tax policy. Many of the abandoned units have back taxes owing and are left vacant for up to five years before the city claims title to the property. If a private homeowner is in tax arrears and wants to give or sell the home for a nominal amount to a non-profit group, the city stresses that back taxes still have to be paid. Once the five-year tax sale process is completed, homes are easy to acquire from the city. The purpose of this investigation is to illustrate how detrimental a five-year waiting period can be for the already neglected housing stock and the perception of the neighbourhood, as well as its role in accelerating urban decay.
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1. INTRODUCTION

Like many of Winnipeg’s inner-city neighbourhoods, the Spence neighbourhood has been plagued by considerable deterioration over the past 25 years. Suburbanization of both residential dwellings and industry, combined with an ageing housing stock, are among the factors contributing to Spence’s decline. A number of homes and buildings have been abandoned, boarded-up, and demolished as deterioration in the area has accelerated. Although steps have been taken by the City of Winnipeg, community organizations and non-profit housing groups to spark revitalization in the neighbourhood, the number of vacant properties have continued to rise as a comprehensive revitalization strategy for the Spence neighbourhood has not yet been put into effect.

It is estimated that there are between 45 and 50 abandoned, boarded-up, vacant, or demolished dwellings and properties in the Spence neighbourhood, constituting nearly 9% of the homes (Spence Neighbourhood Association, 2002, p.5). However, an accurate number is difficult to obtain since not all vacancies and cases of abandonment are officially reported.

2. PURPOSE

The Spence neighbourhood is the main focus of this study. Neighbourhood indicators, such as the incidence of poverty, unemployment rates and education attainment, reveal that Spence is one of the most disadvantaged areas in Winnipeg. Furthermore, Spence has one of the highest incidences of vacant and boarded-up dwellings in the inner city.

Of the abandoned and vacant properties in the Spence neighbourhood, the vast majority have property back taxes owing. Additionally, many of them have been or are in the process of being taken by the City of Winnipeg through tax sale. With properties in tax arrears, the city has essentially only two options. They can either write-off the back-taxes as a loss, or charge the new purchaser, if one exists, the balance of the taxes owed.

This paper will argue that forgiving back taxes in special cases is the best option to spark new development and revitalization in struggling areas like the Spence neighbourhood. This paper will examine the issue of back-taxes on vacant and abandoned properties in the Spence neighbourhood, and how policies on those back taxes inhibit revitalization initiatives by non-profit housing programs and organizations.

In order to fully understand the severity of the situation, it is important to look at the Spence neighbourhood’s current housing stock and the number of abandoned properties in the area. Furthermore, this paper will examine the contributing factors of the deterioration of the neighbourhood and the process of contagious abandonment in order to fully understand the scope of the problem. Our focus will then shift to an examination of both the community’s and the City of Winnipeg’s position on the issue of back-taxes and tax arrears, and the steps that have been taken to revitalize both the Spence area and other inner-city neighbourhoods in Winnipeg.
Our purpose is to suggest new and flexible approaches to city back-tax policies. The intent of such policies is not to provide owners an avenue to avoid paying their property taxes, but rather to get vacant and boarded-up properties into better hands. Simply, the longevity of the current Tax Sale process encourages the neglect of properties with low marketability. This abandonment not only reduces the tax base and the number of affordable housing units, but also raises concerns about safety, as many abandoned homes become places for criminal activity such as arson. These issues are dealt with in greater detail in Section Six. Suggestions to correct this situation will be based on an analysis of the current situation in the Spence neighbourhood, but will also include a brief look at what other Canadian cities are doing and what many non-profit community organizations are lobbying for.

Our focus will be on making policy more malleable and accessible to non-profit housing initiatives, while illustrating the applications and benefits not only for the Spence neighbourhood, but also for Winnipeg as a whole. The city has recently attempted to address this issue through “The Vacant Dwellings By-Law” (By-Law 7983/2002). This study questions the by-law’s ability to effectively deal with the growing number of vacant, boarded and abandoned dwellings in Winnipeg. Furthermore, our strategies will focus on raising the public’s awareness and interest in Winnipeg’s urban housing crisis.

3. THE SPENCE NEIGHBOURHOOD HOUSING STOCK

The housing stock in the Spence neighbourhood is considerably old, and as a result much of it requires fairly extensive repairs and renovations to bring it up to standard (Figure 1). Of the dwelling units in the area, 50.2% were constructed prior to 1946 (City of Winnipeg & Statistics Canada, 1999, p.11). As for new construction in the Spence neighbourhood, it has been at a minimum compared to new construction in Winnipeg as a whole. Only 17.8% of the Spence neighbourhood housing stock were constructed between 1971-1996. During that same period, approximately 40.1% of Winnipeg’s total housing stock was constructed. Furthermore, within the last ten years, the number of homes demolished in the Spence neighbourhood have either equalled or exceeded the number of new housing starts in the neighbourhood (ibid., p.11).

Related to this is a consideration of the condition of residential buildings in the Spence area. When comparing Spence to Winnipeg as a whole, the proportion of homes in need of both minor and major repairs is higher in the Spence neighbourhood (Figure 2). In terms of dwellings requiring minor repairs, Spence had 30.4% of its total housing stock in need, while Winnipeg had 27.7% as of 1996. In terms of dwellings requiring major repairs, Spence had 11.0% in need, while Winnipeg had 9.0% as of 1996. Furthermore, the Spence neighbourhood housing stock’s condition has experienced significant deterioration as the costs of maintenance and repairs have been out of reach to many of the lower income residents living in the area. A study done by the City of Winnipeg’s planning department illustrates this decline in a comparison of the Spence housing stock’s condition in 1985 to the housing stock’s condition in 1993. In 1985, 39% of the housing stock was considered to be in good condition, while in 1993 that number had decreased to 18%. In 1985, 8% of the housing stock was considered to be in poor
condition, while in 1993 the percentage of dwellings in poor condition had increased to 26% (City of Winnipeg Community Services Department, 1998, p.16). It is also important to consider the proportion of dwellings in very poor condition was consistently 1% between the two periods. This consistency can probably be explained by the fact that much of the very poor housing is demolished, therefore keeping that percentage at a minimum. Moreover, the number of vacant lots in the Spence area in 1993 was 46, with the majority of them most likely the result of housing demolitions. That number seems to have decreased slightly over past three years, probably due to the activities of a number of community housing projects. However, according to city officials, it is estimated that 80%-90% of the very poor housing the city acquires through tax sale is demolished.

**Figure 1: Spence neighbourhood Dwellings by Period of Construction**

![Pie chart showing the percentage of dwellings by period of construction.](image)

Source: Adapted from Winnipeg’s Neighbourhood Profiles (City of Winnipeg, 1999)

**Figure 2: Spence neighbourhood Dwelling Condition**

![Pie chart showing the condition of dwellings.](image)

Source: Adapted from Winnipeg’s Neighbourhood Profiles (City of Winnipeg, 1999)
Housing prices also reflect the neighbourhood’s decline. Within the period 1989 and 1997, the average housing price in the multiple listing service area 5A, which includes the Spence neighbourhood, fell by about 31.7%, representing a loss of about $14,000. In 1997, the average residential selling price was approximately $30,000 (City of Winnipeg Community Services Department, 1998, p.18). Obtaining current selling price information is difficult, as most information is kept highly confidential by the Winnipeg Real Estate Board and by the City of Winnipeg. However, according to the Spence Neighbourhood Association the median selling price in 1999 was $16,500, while vacant lots sold for between $1,000 - $2,000 on average (Spence Neighbourhood Association, 2002). Of owner occupied dwellings, the average assessed value of dwellings in the Spence neighbourhood was 53.7% of what it was in the city as a whole. The average assessed value of a Spence dwelling in 1996 was $51,160, while the average assessed value of a dwelling in the city was $95,345 (City of Winnipeg & Statistics Canada, 1999, p.15).

3.1 Tenure

Tenure is also an important component of neighbourhood, and one indicating neighbourhood stability (City of Winnipeg Community Services Department, 1998, p.15). The Spence neighbourhood has a considerably higher proportion of rented units (80.6%) than Winnipeg overall (38.0%). On the other hand, only 19.4% of Spence’s dwelling units are owner occupied, significantly lower than in Winnipeg overall (62.0%) (City of Winnipeg and Statistics Canada, 1999, p.11).

Tenure and home ownership is also an important factor in the Spence neighbourhood’s decline and housing stock disrepair. Renters do not often have the same level of pride or respect homeowners have in their home. Therefore, maintenance and upkeep are not always a priority for renters. The incentives for upkeep are simply not as apparent to renters as they are for homeowners, as homeowners have a much larger investment at stake.

3.2 Contagious Abandonment

Abandonment of housing has occurred as inner city populations have declined and as inner city residential markets have deteriorated. Abandonment in Winnipeg has not been to the same extent as in some larger American cities, but many of the same signals of neighbourhood deterioration are evident. As Hartshorn describes,

...white flight from the city, physical deterioration of structures, the weakened demand for housing as a result of market manipulation as occurs with rent control, social disorganization, drugs, and crime in the neighbourhood. Following a period of disinvestment by landowners, even utility services can be withdrawn, which signals a complete collapse of the market. Not only do owners choose to leave the area, but tenants do as well. The housing market collapses as the unit
becomes a liability to the owner; it brings no income, but taxes on it still must be paid (Hartshorn, 1992 p. 264).

This type of situation has occurred in the Spence neighbourhood and in Winnipeg’s other inner-city neighbourhoods, and, as a result, many owners stop paying their property taxes. By abandoning their property and withholding their tax payments, the owners are, in essence, “selling the unit to the city” (Hartshorn, 1992, p. 264). However, the process by which ownership is transferred to the city, known as tax sale, usually takes four and up to five years to complete. By the time the city takes possession, a worthless building is all that is left, if one remains at all (the city can order demolition even before the tax sale process is completed).

John Adams’ Cyclical Process of Abandonment theory (Hartshorn, 1992), which was based on a study done in Philadelphia in the 1970s, categorizes the process into six stages:

- **Stage 0, neighbourhood deterioration**, occurs as the “preconditions” for abandonment begin to develop. As described above, preconditions include physical deterioration, weakening demand for inner city housing and a host of other social factors.

- **Stage 1, scattered abandonment** occurs over a “widely dispersed” area.

- **Stage 2, contagious abandonment**, transpires when housing abandonment becomes more intensified and consolidated. In this stage, revitalization and rehabilitation programs are focused on containing further widespread abandonment.

- **Stage 3, wholesale abandonment**, occurs when revitalization efforts fail and “entire neighbourhoods are junked.” In this phase, arson often becomes a significant social problem; something Winnipeg’s inner city has already been experiencing.

- **Stage 4, clearance and renewal** can occur as many units are completely destroyed. Initiatives and programs are developed in an attempt to revitalize the area. In this stage, new uses for land are often proposed, but due to the dismal conditions in the area, options for renewal are often quite limited.

- **Stage 5, pathological abandonment** can occur as market conditions further limit other uses for the neighbourhood’s property.
Figure 3: Vacant/Boarded Dwellings in the Spence neighbourhood

The Spence neighbourhood is currently at the front end of the contagious abandonment stage. Between 8% and 9% of all assessed properties (not including apartment buildings and stores) have been abandoned or demolished (Spence Neighbourhood Association, 2002). At first glance abandonment cases may appear somewhat dispersed, but upon more detailed observation the intensification and consolidation is very apparent. Much of what has been vacated or demolished has occurred in pockets of 2 or 3 homes, many of which are growing. As one house is vacated and boarded-up, neighbouring homes further deteriorate and eventually are also abandoned. It is a cyclical and contagious process as homeowner and neighbourhood pride is diminished along with the property values; the incentives to put money into maintenance and renovation become disincentives. To prevent the further intensification of abandonment it is crucial to have effective rehabilitation programs in place.

3.3 Market Gap

Market gap is the difference between the costs of getting a house to market and the purchase price the market will support (Carter, p.16). For example, if the cost of acquiring and refurbishing an inner-city home is $60,000 and the purchase price supported by the market is $45,000, a significant market gap exists. Older inner-city neighbourhoods experiencing difficulties reflected in declining household incomes, abandoned housing, increased rates of absentee home ownership and falling house prices are areas of “disinvestment” (Carter, n.d.). An appreciation of market gap in these neighbourhoods conveys the depth or intensity of “disinvestment”. It is, therefore, an important tool in comparative studies of neighbourhood stability and facilitates the targeting of areas for special consideration.

Market gap also alerts the private building and non-profit housing sectors to the real market forces that must be contended with in the consideration of neighbourhood rehabilitation. Neither sector can operate on a loss basis or in absence of mechanisms that will serve to close the gap. As already mentioned, the median market price in the Spence was $16,500 in 1999, representing a large market gap problem.

4. THE NEED FOR REVITALIZATION

The following sections will examine the overall decline in the Spence neighbourhood. The urgency for a swift and effective revitalization strategy is made evident by examining issues related to population loss and other socio-economic factors related to neighbourhood decline.

4.1 Population

One of the key areas of decline in the Spence neighbourhood has been in its population. Of all Winnipeg neighbourhoods, Spence has experienced the second greatest percentage loss of its population between the census years 1971 and 1996, with a loss of 36.8%; the greatest loss was in William Whyte (37.7%). In 1971 the Spence neighbourhood
population was 6,230 people. By 1996 that number had fallen by 2,290, to a population of 3,940. Meanwhile, many new suburban and ex-urban areas have experienced remarkable population increases. From 1991 to 1996, neighbourhoods outside of the inner city experienced a population increase of 1.4%, while the municipalities within the CMA boundary but outside the City saw a jump of 7.7% in their populations. During the same period, Spence incurred a population loss of 19.1% (City of Winnipeg & Statistics Canada, 1999, p. 1). This rapid rate of population decline has been detrimental to the Spence area, and it clearly illustrates the strong need for immediate revitalization programs.

4.2 Income and Employment

The income of a neighbourhood’s residents is also a strong indicator of neighbourhood decline. Average family and household incomes are significantly lower in the Spence area than they are in Winnipeg as a whole. According to 1996 census data, the average family income for a Spence area family was 60.4% less than that of the average Winnipeg family income overall. The total average family income in Spence was $21,608, while in Winnipeg overall it was $53,174. Furthermore, the incidence of low-income families in the Spence neighbourhood in the 1996 census was 67.6%, more than three times that of Winnipeg overall (19.4%). Related to this is the proportion of total income composed of government transfer payments. Government transfer payments accounted for 38.9% of total incomes in Spence, whereas in Winnipeg transfer payments only accounted for 13.9% of total incomes.

The average household income in Spence was 60.7% less than Winnipeg’s overall average household income. The Spence neighbourhood average household income was $17,674, significantly lower than Winnipeg’s overall average household income ($44,937). Of all Spence neighbourhood’s households, 66% of them live below the poverty line (Low Income Cut Off or L.I.C.O), while the percentage of Spence’s single parent households living below the poverty line was 79% (City of Winnipeg and Statistics Canada, 1999, p. 6). As Lezubski et al. point out,

Growing numbers of people in Winnipeg’s inner city... are struggling to make do in these inadequate and steadily worsening conditions. Poverty is now so high as to be far beyond anything that ought to be considered acceptable in our community. It constitutes an emergency, and demands immediate attention (Lezubski et al.,1999, p. 5).

Unemployment rates are also considerably higher in the Spence neighbourhood compared with Winnipeg overall. For Spence residents aged 15 years and older, the unemployment rate was 30.3%, considerably higher than for Winnipeg (8.2%). For residents between the ages of 15 and 24 years, the unemployment rate was 39.7%, whereas it was 14% for Winnipeg overall. Finally, for Spence area residents over the age of 25 years, the unemployment rate was 27.8%, whereas in Winnipeg it was only 6.9% (City of Winnipeg and Statistics Canada, 1999, p.10).
4.3 Family and Household Type

Family and household type is another important indicator of the needs of a neighbourhood. Spence’s household and family profile is consistent with most neighbourhoods in Winnipeg’s inner city. The number of families in the Spence neighbourhood has suffered significant decline between 1991 and 1996. In 1991, the number of census families was 1,015, by 1996 that number had decreased to 815. Of the families in the Spence neighbourhood, the percentage of married couples (46.0%) was significantly less than in Winnipeg overall (74.6%). Furthermore, the percentage of single-parent families is significantly higher in Spence (40.0%), than it is in Winnipeg (16.6%). Females accounted for approximately 75% of all the single parents in Spence. Average income for female single parent families in the Spence area is well below the L.I.C.O. at $15,131 (City of Winnipeg and Statistics Canada, 1999, p.4).

Another significant discrepancy between the Spence neighbourhood and Winnipeg is the number of non-family households. 51.9% of Spence area households are non-family households, well below the rate for Winnipeg overall (34.7%) (City of Winnipeg and Statistics Canada, 1999, p. 4).

4.4 Education

Education of residents is another important consideration when looking at neighbourhood decline factors. On average, Spence residents’ education levels are lower than Winnipeg’s, both in terms of secondary and post-secondary education. In terms of secondary education, 21% of Spence area residents 15 years and older have attained less than a grade nine education. In Winnipeg, 9.1% have attained less than grade nine. Similarly, the proportion of residents in the Spence area who have not received high school diplomas (35.2%) is considerably higher than Winnipeg overall (26.0%).

In terms of post-secondary education, the percentage of people who have non-university certificates or diplomas is considerably lower in Spence (10.3%) than in Winnipeg overall (19.1%). As for university education, the percentage of Spence area residents who have university degrees (5.7%) is considerably lower than for Winnipeg overall (15.1%). This lack of education attainment helps explain many of the other conditions leading neighbourhood deterioration. For example, education levels can impact labour force participation and income levels (City of Winnipeg and Statistics Canada, 1999, p.9).

4.5 Ethnicity

Ethnicity is another important component of the Spence neighbourhood. Spence’s ethnic mix is quite unique. People of aboriginal origin account for the largest and fastest growing ethnic group in Spence (Neighbourhood Revitalization Strategy 15). In 1986, aboriginal residents represented 11.6% of Spence’s population, in 1996 the aboriginal population had increased to 28% (City of Winnipeg and Statistics Canada, 1999, p.8). Winnipeg’s aboriginal population only represents 7.1% of the total population.
The Spence neighbourhood also has a considerably large visible minority population (39.2%), compared with Winnipeg overall (11.9%). Spence’s visible minority population is comprised mainly of persons of Filipino (42.2% of the total visible minorities) and Southeast Asian origins (21.4%).

Many of the ethnic groups comprising the Spence neighbourhood, particularly the large aboriginal segment, have been historically marginalized. For a large majority of ethnic residents, they are disadvantaged with lower education levels, lower income, and higher unemployment. In the Spence neighbourhood it is these aspects of its large aboriginal and ethnic population that represent indicators of decline.

Table 1: Spence neighbourhood: 1996 Socio-Economic Comparison

<table>
<thead>
<tr>
<th></th>
<th>Spence</th>
<th>Winnipeg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Family Income</td>
<td>$21,608.00</td>
<td>$53,174.00</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$17,674.00</td>
<td>$44,937.00</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 15 and older</td>
<td>30.3%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Age between 15 and 24</td>
<td>51.9%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Over 25 years of age</td>
<td>27.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Household/Family</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Married Couples</td>
<td>46.0%</td>
<td>74.6%</td>
</tr>
<tr>
<td>% One parent families</td>
<td>41.7%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Low Income Households</td>
<td>70.5%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Low Income Families</td>
<td>67.6%</td>
<td>19.4%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Grade 9</td>
<td>21.0%</td>
<td>9.1%</td>
</tr>
<tr>
<td>No High School Diploma</td>
<td>35.0%</td>
<td>26.0%</td>
</tr>
<tr>
<td>University Degree</td>
<td>5.7%</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aboriginal Population</td>
<td>28.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Visible Minority</td>
<td>39.2%</td>
<td>11.9%</td>
</tr>
<tr>
<td><strong>Tenure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renters</td>
<td>80.6%</td>
<td>38.0%</td>
</tr>
<tr>
<td>Owners</td>
<td>19.4%</td>
<td>62.0%</td>
</tr>
</tbody>
</table>

Source: Adapted from Winnipeg’s Neighbourhood Profiles (City of Winnipeg, 1999)
5. PUBLIC CONSTRAINT TO EFFECTIVELY ADDRESSING THE PROBLEM OF TAX ARREARS

Government policy concerning revitalization too often suffers from disjointed preparation and lacks a co-ordinated vision and subsequent meaningful action. Additionally, government policy is too inflexible to accommodate the urgent need for revitalization. It is necessary to construct programs complementary to the efforts of community-based housing development groups rather than constraining or limiting them.

There have been attempts to develop policies and initiatives conducive to building community capacity. Some recent examples include the Winnipeg Housing and Homeless Initiative (WHHI), Neighbourhoods Alive! Initiative and the Government of Canada’s Supporting Community Partnerships Initiatives (SCPI). It is necessary to lay a foundation for interaction between government and community-based groups addressing a broad spectrum of concerns such as distribution of resources (funds, community-building expertise, and raw materials) and efficient communication. Recent efforts taken by the City of Winnipeg and the tripartite WHHI offer much promise in the way of co-ordination between government and non-profit housing and community groups.

5.1 Back Taxes: Current City Policy

The City of Winnipeg has no clear policy accommodating the waiving of municipal back taxes for the private sale of houses to non-profit or charitable agencies. Ultimately, city council has the power to decide this issue as presented on a case by case basis. However, it seems clear the City of Winnipeg remains reluctant to set such a precedent. In its reluctance, the city may feel it is sending a negative message to other taxpayers.

Table 2: Property Tax Arrears in the Spence neighbourhood

<table>
<thead>
<tr>
<th>Property</th>
<th>Current Arrears</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total Due</th>
<th>Demolished</th>
<th>Demolition Cost</th>
<th>Total Minus Demo Cost</th>
<th>Tax Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$7,767.56</td>
<td>$-</td>
<td>$-</td>
<td>$7,767.56</td>
<td>Yes</td>
<td>$6,870.91</td>
<td>$896.65</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>$260.87</td>
<td>$6,781.39</td>
<td>$246.30</td>
<td>$7,288.56</td>
<td>Yes</td>
<td>$5,674.84</td>
<td>$1,613.72</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>$268.85</td>
<td>$7,237.67</td>
<td>$95.78</td>
<td>$7,602.30</td>
<td>Yes</td>
<td>$5,980.06</td>
<td>$1,622.24</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>$1,101.43</td>
<td>$9,368.24</td>
<td>$-</td>
<td>$10,470.67</td>
<td>Yes</td>
<td>$8,119.62</td>
<td>$2,351.05</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>$3,849.70</td>
<td>$-</td>
<td>$-</td>
<td>$3,849.70</td>
<td>No</td>
<td>$-</td>
<td>$3,849.70</td>
<td>No</td>
</tr>
<tr>
<td>6</td>
<td>$1,169.71</td>
<td>$1,026.75</td>
<td>$-</td>
<td>$2,196.46</td>
<td>No</td>
<td>$-</td>
<td>$2,196.46</td>
<td>No</td>
</tr>
<tr>
<td>7</td>
<td>$381.10</td>
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<td>$-</td>
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Totals: $18,030.61 | $77,576.69 | $1,159.47 | $96,767.77 | $69,648.88 | $27,118.89
Averages: $1,386.97 | $7,052.43 | $231.89 | $7,443.67 | $8,706.11 | $2,086.07

Source: City of Winnipeg Tax Statements as of October 30th, 2000
Tax arrears have become a considerable setback to non-profit housing and community groups who are trying to rehabilitate inner-city neighbourhoods. When acquiring a property with outstanding taxes, the purchaser is required to pay those taxes off. In the Spence neighbourhood, based on a sample of 13 abandoned or boarded-up units, back-taxes on properties range anywhere from the highest at $20,528.23 to as low as a few hundred dollars (Table 2). On average, tax arrears on vacant properties in the Spence area are about $7,400. Of demolished dwellings, demolition costs account for 80.63% on average of the total back-taxes owed. This represents a considerably high cost to the purchaser, especially when considering the average selling price of an abandoned unit or piece of vacant property in the Spence neighbourhood.

It is the cost of back-taxes that deter or prevent a number of non-profit housing groups from purchasing these properties for rehabilitation projects. They simply cannot afford the cost. Therefore, it would be more beneficial in the long run for the city to write those taxes off to allow these community groups to acquire the properties. The city will certainly lose out on the large amount of tax written off, but the amount is even greater by the time they take the property over through tax sale (Figure 3), when the taxes will be written off anyway. Getting these properties into the possession of community housing projects sooner, allows property taxes to be collected from the new owner, which is better than the property sitting vacant and burdening the city with additional costs for maintenance and demolition.

6. IMPACTS OF A LENGTHY TAX SALE PROCESS: LOSS OF DWELLINGS

Once land is acquired by the city, it is not uncommon for it to be sold to a non-profit organization for the fee of one dollar. However, this does not take place until a lengthy tax sale process has occurred. This lengthy process is of extreme consequence since in eighty percent of tax arrears cases, when the City of Winnipeg finally takes a property, it is after the demolition of the dwelling. This poses a problem for groups that target the rehabilitation of the existing housing stock.

The longevity of the tax sale process can see a house sit vacant for up to five years. During this time, regular maintenance is neglected. The absence of heat during the winter months advances deterioration. These factors greatly increase the odds of abandoned dwellings in becoming demolished. As the number of vacant houses increases, a negative perception of the area emerges, causing more people to leave. As already described by the theory of contagious abandonment, neglect leads to more neglect strengthening the decline process. It is important to understand how a lengthy tax sale process can lead such theory into action.
6.1 Safety

The City is under pressure to address safety problems associated with abandoned buildings. Boarded properties can threaten neighbourhoods by lending themselves as places for mischief, illegal activities and as death traps for squatters. For example, young people may enter the building at risk of injury and the threat of fire is constant. These sites are often magnets for derelicts and drug users. As more buildings become vacant in declining neighbourhoods, these issues become a greater concern.

6.2 Arson

Winnipeg has gained the reputation as the arson capital of Canada. To combat arson, the city established an arson task force that is still active. This is a response to the “…decline that has left parts of the inner city looking like a war zone of burned and boarded-up homes” (Winnipeg Free Press, Feb. 31, 2000, A2)
Figure 4: City of Winnipeg Tax Sale Process

**Year of Default**
- Payment Deadline for annual taxes is June 30th.
- Interest penalty applies to unpaid taxes.
- By December 31st the property owner is given 2 years to pay or the property can be taken in tax sale.

**Year 2**
- 2 years worth of back taxes are owed either in whole or in part.
- Under the City of Winnipeg Act the property can be taken in Tax Sale.
- In practice properties are never taken after only 2 years of tax arrears.

**Between Years 2 & 3**
- A tax sale date is defined by the city (normally the following November or December).
- Tax sale date is confirmed by City Council.
- Tax reminder is sent to the owner that June.
- At this point partial payments are not accepted.

**Year 3**
- Property is added to the Tax Sale list. Notice of this appears in the Manitoba Gazette.
- The property tax can be redeemed by the owner for the full amount plus a 10% tax sale fee and monthly penalty charges.

**Year 4**
- City registers First Return on property indicating their intention to take property for taxes owing.
- The owner can retain property if taxes and penalties are paid within 1 year of First Return Registration.

**Year 5**
- City registers Second Return and applies for title, which takes 6 months.
- Owners can still retain property, but must go through Winnipeg Land Titles Office.
- City takes property title as payment for tax arrears.

The situation outlined here is unique to the City of Winnipeg. The process the land goes through to arrive at tax sale, and the length of time before action is taken against the defaulter, ties up vacant properties for exorbitant periods of time. This alone with severe climatic conditions intensifies the deterioration of vacant dwellings.

Source: Adapted from various sources at the City of Winnipeg Corporate Finance and Land and Development Departments (2000).
6.3 Crime

Aside from arson, abandoned dwellings lend themselves to other criminal activities. They become ideal places for the dealing and manufacturing of drugs as they can easily be fled to elude law enforcement officials. It is common for such criminals to constantly move their activities from one abandoned house to another (Lehotsky, 2000). Activities like this appear to justify demolition efforts on vacant properties. However, it is often the length of time a dwelling sits vacant that increases the chances of it being used for criminal activity. As a property sits neglected for a long period of time, people begin to take notice of it. The longer it sits vacant, the greater the chance it will be used for criminal activities.

6.4 Monies Owing on Vacant Properties

Currently, the collection of back taxes is foregone once a property is taken in tax sale by the City of Winnipeg (Wisielowski, 2000). The length of the tax sale process leads to expensive property tax bills which after a point, will not be collected from the owner. If the City demolishes the dwelling, it constitutes a further expense borne to the City as part of the overall tax bill. Five years of taxes plus a demolition charge averaging $7,000 per property in Winnipeg adds up to a large debt. This is a reason for the city to pursue tax sale dwelling rehabilitation. Until this is changed, the amount of taxes owing plus the demolition of salvageable homes leads to wasted funds, ultimately paid by taxpayers. This money which has to be accounted for at some point, could be used to decrease the market gap in neighbourhoods such as Spence by allowing it to be spent on the rehabilitation of dwellings instead of their removal.

6.5 The Cost of Vacancies: Missed Expenditures

While the amount of back taxes owing on abandoned dwellings in the inner city is exorbitant, so too is the missed economic expenditure as a result of these vacancies. With current policies that do not allow the waiving of taxes, community groups are forced to idly observe the neglect and demolition of missed rehabilitation opportunities. A number of economic costs directly relate to the vacancies of homes in the city’s Designated Housing Improvement Zones. Examining some of the lost revenues incurred by each abandoned housing unit is useful to illustrate this point. The neighbourhood loses $13,598.00 per dwelling per year in family related expenditures which would have been realized if the dwelling were occupied. School taxes become decreased by $367.08 per dwelling per year, exacerbating the further decline of inner city education. Another $186.96 per dwelling per year is lost in Provincial Education Taxes (Winnipeg Housing and Rehabilitation Corp [WHRC], 2000a).

The loss of municipal taxes accounts for $586.01 per dwelling, which affects all City of Winnipeg residents through a decreased tax base. Such neighbourhood disinvestment also spills over into the business sector. To offer a specific example, $2,527.00 per annum is the reduction in a consumer base realized by utility companies. As 80% of these dwellings are demolished by the time the city acquires ownership, demolition costs must be factored into the equation. Such costs, including legal and/or processing fees amount...
to at least $7000.00/home. This is accompanied by missed renovation opportunities, which are equated at about $45,000.00/dwelling. All of these factors add up to a tidy sum of $81,222.65/unit during the first year of demolition (WHRC, 2000a).

6.6 The Need to Protect Abandoned Housing for Future Opportunities

While new by-laws do address the negative consequences of vacant housing through demolition, it must be realized the quickest solution is not always the best solution. Incentives should favour dwellings that can be economically rehabilitated. Vacant lots appear as reflections of deteriorating neighbourhoods. It is ironic to see demolitions are being expedited in situations where revitalization efforts focus little attention on infill development. In the absence of clearly defined infill policies, one would expect greater emphasis on the rehabilitation of dwellings moving through the tax sale process. This is not to suggest that all dwellings can be rehabilitated, since some are beyond reach of financially prudent restoration.

Most housing rehabilitation activity is undertaken by non-profit organizations (excluding the Residential Rehabilitation Assistance Program (RRAP), which funds property owners directly). Given this fact, the City of Winnipeg should encourage non-profit groups to repair dwellings in tax arrears as part of a neighbourhood improvement strategy. This would require protection of the dwellings subjected to tax sale and a system of supports to non-profit operations.

Each abandoned dwelling in a neighbourhood such as Spence represents a lost affordable home. Maintaining an affordable housing stock is important to ensure people in low-income situations have housing opportunities. “Housing for low income families and individuals, natives, elderly, single parents and other high needs groups have no easy paths” (Kowlessar, n.d.). We must be careful not to take more than we have to from those who already have the least.

6.7 Housing Gains

In order for revitalization efforts to have an impact on declining neighbourhoods, it is important that they be comprehensive, as housing alone does not address social problems like unemployment. At the same time the physical rehabilitation of a neighbourhood can instil a positive image which may attract other investment spin-offs. For the success of revitalization efforts to be measured, a simple but effective measure may be an inventory of the number of dwellings lost versus the number of dwellings gained in a neighbourhood over a given period of time. While this ratio does not appear to be documented by the City of Winnipeg or any social agencies, it should be.

As programs through the WHHI are targeted at Major Improvement Areas, there is hope that this reflects a commitment to harness the problems in the areas in worst shape. This institution would be best served by such an inventory to locate where the battles must take place, perhaps before signs of deterioration become highly visible.
7. **THE TAX COLLECTION PROCESS**

The municipal tax bill comprises a municipal portion and an education portion. While the City of Winnipeg is responsible for collecting the entire amount, it only keeps the municipal portion, forwarding the rest to the Province of Manitoba and the Boards of Education. It is important to note that if taxes are not collected, the city is responsible for collecting the entire amount (Weselowski, 2000).

7.1 **Methods Available to Waive Back Taxes**

Under Section 242 of the City of Winnipeg Act, council has power to cancel any debts owed in whole or in part to the city. An exception to this is the lack of authority to cancel local improvement charges (i.e. sewer and water) (Manitoba Statutes, 1989, p. 149). This permits council to cancel taxes at the provincial level. In order for this to occur, council must vote unanimously in favour of the motion. As already discussed, the city must remit the province’s share regardless. Therefore, the cancellation of provincial taxes by city council merely shifts the onus from the legal property owner onto the City of Winnipeg. This same procedure also applies to the cancellation of education taxes received by the Board of Education, as their budget is predetermined with taxes set accordingly. It should be noted that council has never cancelled taxes, but have simply assumed the taxes after property has been received through tax sale.

Section 242 of the City of Winnipeg Act is not the only method that can be used to speed up the transfer of neglected properties (Manitoba Statutes, 1989, p.79). Under Section 138 of the City of Winnipeg Act (Manitoba Statutes, p.79), council has the power to provide grants. These could be used to resolve the amount of property taxes owed on an abandoned property. This Act does specify who the grants can be made out to and include: “charities; and philanthropic entities under the Charities of Endorsement Act for the purpose of aiding athletic and aquatic sport to support economic development; or for any other purpose that will provide itself as a benefit to City of Winnipeg inhabitants” (Manitoba Statutes, p.79).

7.2 **Political Climate and the Waiving of Taxes**

Of the vehicles available to waive or cancel back taxes, Section 242 may create turmoil among city residents. This is because the majority of the voter base is drawn from the suburbs who feel they are already taxed enough. As these people do not identify with the needs of core area residents, it is assumed that cancelling taxes would be met with hostility. For this reason, Section 138 may be the better route. The provision of a grant would have the same effect on nullifying the back taxes owing, but its indirect nature may be better received politically. However, it could be suggested such action would be discriminatory under the rules for Section 138 of the City of Winnipeg Act because the benefit is limited to a specific constituency and not to all residents. This, however, is a weak argument. It is the taxpayer who collectively pays for the property taxes left on a property taken in tax sale. The solution is simple: we can either pay the immediate costs or we can pay even more at a later date.
7.3 The Provincial and School Board’s Portion of Taxes

The Public Schools Finance Board generates its budget at the beginning of each year and passes the responsibility along to the City of Winnipeg for collection (Weselowski, 2000). The provincial government also counts on the city to collect its portion of property taxes owed. If the city were to waive the provincial education tax it would still have to remit that amount to the province. The problem is the City is put in an awkward position in waiving taxes, as it would have to pay them itself. One could use the argument that they will have to do this anyway when the property has been annexed through tax sale, which carries not only more taxes, but often the demolition costs for the house. Still, it seems unfair the city be completely responsible in covering the province’s share. In fact, as much as the city would benefit by encouraging a property to develop back into a household, the province would benefit as much or more. As the provincial share is a proportion of the assessed value, the province would have more to gain, as an occupied dwelling does more for adjacent dwellings than do abandoned ones. Thereby, expanding the tax base and increasing long-term provincial revenues.

7.4 The Need for a Shared Provincial/Municipal Ideology

To expedite the transfer of ownership of vacant homes to non-profit organizations, the province and the city must work together to achieve mutual support. The city should be willing to waive back taxes through either Sections 138 or 242 of the City of Winnipeg Act for non profit organizations and should be confident the province will back up the decision through a grant back to the city for its share of taxes received. Whatever method is used to achieve this will only serve as a means to an important end. The levels of government involved in inner city revitalization must take a progressive stance on this issue, even in the face of opposition. As neighbourhoods such as Spence have been neglected for years, there is simply no time left to watch outdated policy add to the problem. The City of Winnipeg must not be concerned with defending such an action in a neighbourhood with a 66% poverty rate (City of Winnipeg & Statistics Canada, 1999). Any action that can possibly be taken to regenerate and put a family back into a derelict home is a positive one.

8. CURRENT HOUSING INITIATIVES AND AREA CLASSIFICATION BY DEGREE OF DECLINE

The City of Winnipeg has re-established a focus on inner city housing, which is positive for such neighbourhoods as Spence. All city neighbourhoods have recently been classified into one of four categories relating to their overall degree of decline (City of Winnipeg, 2000). These include:

- **Major Improvement Areas** – decline is most severe; infrastructure requires total renewal.
• **Rehabilitation Areas** – decline is affecting the stability of the whole neighbourhood. Infrastructure improvements are needed. Intervention is needed to stimulate private business.

• **Conservation Areas** – stable areas showing initial criteria of decline. Areas will be monitored; intervention will occur in isolated cases.

• **Emerging Areas** – areas where new development may occur.

The focus of the city’s housing policy will be limited to Major Improvement and Rehabilitation Areas. Of the 228 Winnipeg neighbourhoods classified, 14 are considered Major Improvement Areas while 21 are deemed Rehabilitation Areas. As Spence is one of the Major Improvement Areas, this displays some type of commitment and acknowledgement of the decline problem by the City of Winnipeg. Financial allocations made to this project are estimated at a total of $7 million over the next five years. Specific programs will include housing revitalization; minimum home repair; neighbourhood housing plans and housing advocacy; technical support services / communication; and evaluation (City of Winnipeg, 2000). The estimate for the first years obligation has already been met through an approved civic budget of $2 million (Carrothers, 2000).

### 8.1 Existing Housing Programs

To complement the Housing Implementation Framework, the federal, provincial and municipal governments have teamed together to create an entity called the Winnipeg Housing and Homeless Initiative, the purpose of which is to co-ordinate new and existing housing programs and resources among the different levels of government. These programs target Major Improvement and Rehabilitation Areas (Figure 4).
### Figure 5: Major Housing Programs Delivered Through the Winnipeg Housing and Homelessness Initiative

<table>
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<tr>
<th>PROGRAM</th>
<th>PROGRAM DESCRIPTION</th>
<th>AVAILABLE FUNDING</th>
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<td>City of Winnipeg Housing Policy</td>
<td>Funding primarily for housing rehabilitation in targeted inner city neighbourhoods under several programs: • Municipal Offsets Program • Housing Revitalization Program • Neighbourhood Housing Plans and Advocacy Program • Housing Demonstration Program • Minimum Home Repair Program</td>
<td>$7 million over 5 years (2000-2005): Up to $10,000/unit through the Municipal Offset Program and the Housing Revitalization Program; up to $3,000/unit under the Minimum Home Repair Program</td>
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<tr>
<td>Province of Manitoba Neighbourhood Housing Assistance (NHA), part of the Neighbourhoods Alive! Program</td>
<td>Funding for community based groups to support housing homeownership and rehabilitation initiatives</td>
<td>$8 million over 4 years (2000-2004): Up to $10,000/unit</td>
</tr>
<tr>
<td>Federal Residential Rehabilitation Assistance Program (RRAP)</td>
<td>Funding for shelter rehabilitation for low-income: • Rental RRAP • Homeowner RRAP • Rooming House RRAP • RRAP for Conversions • RRAP for Persons with Disabilities</td>
<td>Up to $18,000/unit for rental and $12,000 for rooming houses (fully forgivable); Up to $18,000/unit for homeowners ($12,000 forgivable); $18,000/unit max. for conversion</td>
</tr>
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$38,000 maximum total funding available per unit
8.2 The Benefit of Waiving Back Taxes in Conjunction with Existing Policies

Establishing policy allowing back taxes to be waived on behalf of non-profit and/or charitable organizations would complement existing programs and initiatives in target areas. Since all levels of government have a presence in the WHHI, this provides a suitable location to administer such a policy. It is easy to envision how a policy addressing a more expedient transfer of ownership can have a positive impact upon the neighbourhoods in dire need. However, it is just as easy to see how neglecting such a policy runs contrary to neighbourhood rehabilitation efforts. Allowing non-profit groups to purchase dwellings without having to wait until the completion of the tax sale process saves those dwellings from further decline, therefore reducing their chance of extinction.

8.3 Winnipeg’s Response and What Other Cities are Doing

Winnipeg’s situation regarding abandoned property is unique. This is reflected in the lack of literature dealing with this issue in other cities. It is understood in other cities that it is unheard of for a dwelling to sit vacant as long as five years. Even still, some cities have become more aggressive in addressing similar situations. The city of Regina "...may declare any building to be a nuisance if ...council is of the opinion that the building: a) is dangerous to the public safety or health; or b) substantially depreciates the value of other land or improvements in the vicinity" (The Urban Municipality Act of Saskatchewan, 1984). With this legislation, Regina's city council may order an owner to either demolish a building or remedy its condition. The time limit given to carry this out will be no less than 45 days. Winnipeg was reviewing the adoption of similar legislation. When this study was originally drafted in 2000, it was "...not an offence in the city of Winnipeg to have a house boarded-up for a certain period of time" (Report to the Standing Policy Committee on Property and Development, 2000, p.3). However, amendments to the City of Winnipeg Act on Dec. 15, 1999, for the City's Action Against Arson program paved the way for new by-laws to be passed to make abandoned buildings an offence. It should be noted that for some time Winnipeg has had the authority to "...order that dangerous or unsafe buildings be put into safe condition or demolished" under Section 477 of The City of Winnipeg Act and the Winnipeg Building and By-law No. 4555/87 (ibid., p.2).

Winnipeg has recently become much more aggressive on this issue with its 2002 adoption of By-law 7893/2002, which closely mirrors that of Regina's. Through this by-law, action is no longer limited to unsafe and dangerous buildings. The objective of the by-law is to restrict the amount of time a residential dwelling may be vacant and/or boarded-up. The by-law aims to ensure the vacant dwellings meet basic maintenance standards as to not detract from their surrounding neighbourhoods. It also aims to limit the number of boarded-up dwellings. Owners of vacant dwellings who choose to board up the dwelling must meet the requirements established under Schedule "A" and Schedule "B" (See By-law 7893/2002) as well as a Boarded Building Permit. A Boarded Building Permit allows the dwelling to remain boarded for up to six months. A maximum of three permits per dwelling may be issued within a five-year period. Although the cost of the initial permit is inexpensive at $10.00, the cost of each additional permit increases substantially: $200 for the second and $800 for the third.
After all three permits have run out, the owner can apply for an additional permit that costs $2,000 if granted. Failing to obtain a valid permit is to be guilty of an offence punishable by a minimum fine of $2,000. Additional fines may also be issued if the City determines the owner has since failed to comply with the by-law (By-law 7893/2002).

While such by-laws may have success in a place such as Regina, the effect and appropriateness of such action in Winnipeg needs to be seriously questioned. The abandoned houses in depressed Winnipeg neighbourhoods are symptoms of larger social ills and injustices. As a result of negative forces in Winnipeg's housing market, as emphasized by the market gap problem, it is often difficult to see the logic of an owner remedying a building that will not recoup those costs on the market. For Winnipeg to pass and enforce by-laws making abandoned buildings an offence would further add to the duress of such neighbourhoods, entirely missing the point.

9. STRATEGIES AND RECOMMENDATIONS

9.1 Inner-city Revitalization Task Force

To implement new and effective revitalization strategies more efficiently, the city needs to seriously consider developing a pro-active Inner-city Revitalization Task Force. This task force would be a highly visible organization focused on exposing inner-city-housing issues, raising public awareness, creating a sense of urgency for revitalization and developing and implementing new revitalization projects. The city discussed and began preliminary work towards developing such a task force, but nothing has transpired as of 2002.

This Inner-city Revitalization Task Force would be comprised of a wide range of representatives from the three levels of government, community and church groups, real estate agents, non-profit housing organizations and builders and developers. To be effective this task force would need to be an entity working at “arms length” from council (similar to the CentreVenture Development Corporation). This would allow greater administrative authority so projects could be implemented without unnecessary bureaucratic delays, supported by the ability to bend the rules creating these delays.

Under this proposed inner-city task force, a number of further recommendations can be made towards the betterment of inner-city housing policy.

9.2 Improved Cohesion and Accessibility

For many inner-city property owners and non-profit community organizations, accessibility to government information and programs needs to be drastically improved. Despite programs like the Single Window which have combined the three levels of government to improve accessibility and cohesion issues, there remains a considerable gap. In gathering information for this project, this was experienced on a number of occasions, frequently holding back progress. The apparent lack of cohesion between departments and the levels of government creates unnecessary delays in obtaining public information regarding inner-city-housing initiatives. Furthermore, once the information is eventually obtained, it is often incomplete.
This lack of cohesion, and the inaccessibility it creates, can hamper the revitalization process, as many property owners and organizations find it intimidating and/or time-consuming to pursue the information they need. Therefore, programs like the Single Window are important but need to be improved, expanded and better integrated. Information sources and programs need to be consolidated to make them more accessible, which in turn makes them increasingly effective.

9.3 Increasing the Province’s Role

Related to the issue of cohesion, is the need for the Provincial government to step-up its role in housing and back-tax policy. The province and the city need to develop a more complimentary stance on the issue of back-taxes. As mentioned previously, the city still has to pay the province its proportion of the property taxes that the city waives. The province needs to re-evaluate this practice and consider waiving or subsidising their proportion. Doing so would certainly alleviate pressure on the city, and could possibly provide the city with enough leeway to increase its subsidies to inner-city housing initiatives. A combined initiative may be the only way to address the magnitude of the situation appropriately.

9.4 Comprehensive Focus

Tenacity is another area where the city’s revitalization strategies lack. While the City of Winnipeg currently acts on many of the specific recommendations stated below, they do so only on a case by case basis. The city needs to be more progressive and pro-active in its inner city neighbourhood improvement plan, and consider creative alternative uses for vacant lots. The city needs to have more comprehensive strategies for the vacant properties currently in the tax sale process or that have already been acquired through tax sale. A large portion of these properties remain vacant, as non-profit organizations with limited capacity and funding do not have the means to appropriate every single vacant property. The key is to get these properties into tax generating situations as quickly as possible. The city needs to adopt a more formal, systematic and long term policy framework so properties do not get lost in the shuffle. Six recommendations are suggested:

1) A strong effort is needed to get troubled properties into the hands of non-profit organizations for rehabilitation. Although the City has, in many instances, sold properties to non-profit agencies for nominal amounts, this takes place at the end of the tax sale process. At this point, the dwelling has seen up to five years of deterioration if it has not been demolished. The City must implement policy allowing non-profit groups to obtain these properties before the end of the tax sale process.

It is recognized that non-profits and community organizations have a limited capacity to deal with the renovation and rehabilitation of vacant properties. This would be further complicated in the initial stage of the implementation of such a policy because of the potential volume. Therefore, such policy would need to ensure an adequate commitment to funding on a consistent and ongoing basis.
2) The city could consider allowing property owners who owe back-taxes to donate their properties to the city or to non-profit groups for a tax receipt or for tax forgiveness. This would eliminate the time and costs of completing the tax sale process, and it would increase the chances of getting the property back onto a tax schedule. In the Spence neighbourhood’s deteriorating situation, timing is of the essence for an effective revitalization program, as it would support comprehensive revitalization initiatives, maintaining an affordable housing stock at the same time.

3) The city needs to take advantage of and cater to the wide variety of non-profit groups. Different organizations specialize in different areas. The city needs to recognize this and see how these specialities can be integrated into inner-city improvement in a complimentary fashion. For example, the city needs to look more carefully at organizations that specialize in infill housing. There is an obvious need for it, but infill projects have generally lacked in Winnipeg. It would be worthwhile for the city to consider creative projects that focus on infill.

4) As the number of tax sale properties accumulate, and deplete the tax base in depressed neighbourhoods, the city also needs to take a proactive role in marketing those properties back into tax collection. A list of these houses could appear in highly circulated local publications as well as being sent to non-profit groups as soon as they become available.

5) Another solution may be a city wide land trust program. Such a program would compliment swift renovation and infill activities as the ownership of the land would remain with the city, therefore eliminating legal encumbrances as well as decreasing the purchase price for non-profit groups by taking out the land cost. It would also allow inner city development to be controlled, encourage the duplication of successful programs as monitored over time and act as a vehicle to maintain affordable housing. This may incur a negative response in the real estate sector. This should be ignored, because no housing market can exist in the inner city without such initiatives.

6) The city could look at selling or giving vacant lots to neighbouring property owners with certain conditions applying that pertain to revitalization development. This would mean that vacant properties could be divided up and integrated into the neighbouring properties to increase their yard size and generate more property tax. Furthermore, this would complement a longer-range revitalization focus by creating larger lot sizes conducive to a wider range of future development.

9.5 Raising Public Awareness

Raising public interest and awareness is crucial for effective revitalization strategies. Having the public on side can be a boost to any project, as it can encourage investment from government and from the private sector. The city and community organizations need to make better use of various media tools in order to communicate the urgency for immediate action in inner-city rehabilitation. Initiatives are also needed to address negative public perception in these neighbourhoods. This is another area where an inner-
city task force would be effective. Using tactics borrowed from the successful *Arson Task Force*, an *Inner-city Revitalization Task Force* could garner public interest and support for inner-city housing rehabilitation and revitalization.

9.6 Increasing Flexibility

Constraints to the acquisition of houses by community-based development groups have been clearly listed in numerous documents. One of the most recent was a November 15, 2000 letter from the Winnipeg Housing and Rehabilitation Corporation concerning the issue of outstanding property taxes on vacant houses and the financial impediment these represent to community-based housing groups (2000b). Housing policy needs to be more flexible to accommodate the wide range of strategies and ability community organizations have. As explained earlier, the inner-city housing policy processes currently in place are rigid and somewhat limited in scope. Flexible housing policies would also improve the accessibility issue, as non-profit groups and individual property owners would feel their proposals would have a better chance of a thorough evaluation and approval. It must be realised that each situation is different and represents a different opportunity. A singular approach cannot adapt or react to the infinite number of multi-dimensional problems facing inner-city housing.

10. CONCLUSION

The Spence neighbourhood, and other inner-city neighbourhoods, are experiencing levels of deterioration that could become critical in the short-term, and in the long-term could lead to a situation where *wholesale abandonment* occurs. It is crucial that the city and province take a more pro-active and progressive stance on inner-city housing and the waiving of back-taxes. The current tax sale process is anachronistic and no longer represents the changing urban landscape in North America. It is especially unrepresentative of the downcast socio-economic conditions in the Spence neighbourhood. We can either sit by and watch the Spence neighbourhood fall into further decline or we can take action now and develop a complex plan to remove barriers to redevelopment.
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