



April 25, 2024

The Honourable Adrien Sala
Minister of Finance

c.c. Minister Bernadette Smith

Re: 2024 Provincial Budget

Dear Minister Sala,

The Manitoba Non-Profit Housing Association (MNPCHA) was pleased to see that the 2024 budget responds to a number of our members' priorities for community housing. We look forward to working with your government in ensuring the funding is optimized. To that end, we have questions and recommendations on the new and existing initiatives.

1. Repairs and Capital Funding

MNPCHA recommended the government provide \$1.5 billion in funding over ten years, with a stream of financing developed for and by Indigenous-led housing organizations. This budget includes:

- \$67.8m for Manitoba Housing modernization and improvement
- \$4m for non-profit housing modernization and improvement
- \$4.4m for the new funding model to address expired and expiring agreements

Therefore, the amount committed in this budget is approximately half of the required annual investment. This is an increase from previous years and is the first time in many years there is funding earmarked for non-profit housing.

MNPCHA has the capacity to work with Manitoba Housing to provide effective asset management services for the non-profit housing sector, including supporting organizations to undertake property condition assessments and energy audits, and developing long-term capital plans to ensure the capital deficit is addressed in a strategic and cost-effective manner. This will improve the accuracy of the budget requirements for the sector, and help the sector and government understand and appropriately assess the safety and viability risks. The BC Non-Profit Housing Association has a long-standing and successful partnership with BC Housing to provide these services that we can learn from and adapt to Manitoba.

Until we can develop a capital planning program together, we would like to request information on the capital funding requests that your government receives during the roll out of the \$4m non-profit housing modernization and improvement program. Understanding the nature and scale of the capital requests will help MNPCHA to work with all levels of government and our members to develop programs and plans to address these capital needs in a strategic manner.

2. Operating Funding

The new funding model for expired or expiring operating agreements holds great potential to support the capital needs of organizations while maintaining affordable rents. We are very pleased that it provides for increases, including inflationary increases, in organizational budgets. We recommend that this positive aspect of the new funding model be applied to all Manitoba Housing programs including the Rent



Supplement Program and Sponsor Management Program. Due to inflation and staffing pressures, the maximum rental amounts through the Rent Supplement program no longer cover the cost of non-profit operations, making it harder for organizations to offer units affordable to the lowest income Manitobans by using the program. Sponsor Management Agreements have similarly had budgetary constraints that make it difficult for organizations to provide services that tenants expect of them.

3. Supports within Community Housing

Community housing is more than a door and four walls, it delivers home, community, and stability. The renewed investment in the Rent Relief Program and the Housing Supports Initiative allows MNPCHA to continue providing and funding essential homelessness prevention services and to promote successful tenancies. The additional \$1m to assist tenants whose housing is threatened because of pests is very welcome news for our members and the people they serve.

Over the next year, MNPCHA would like to work with Manitoba Housing to shift the \$1.3m/year Housing Supports Initiative to focus more on supports to create and maintain successful tenancies within community housing, which includes funding tenant support workers to begin moving towards the recommended target of one tenant support worker per 100 units in independent living housing.

Operating resources for supportive housing for those who require more intensive supports, including those who need mental and physical health supports and supports for those who have active addictions, are not identified in this budget despite major capacity and interest in the sector in creating more permanent supportive and assisted housing options. Organizations seeking to develop such housing now need to piece together operating and capital funding from a variety of sources with varied priorities, which makes the process cumbersome and often impossible. We hope that over the next year, we can work with your government to formalize a funding model for this urgently needed housing model.

4. New Housing Development

The provincial government must create 10,000 affordable, community-owned (non-profit, cooperative, and public) units over ten years to meet the current need. The budget is targeting 350 units, and we understand that it may lead to a higher number. Despite the increased investment, at the current pace of community housing development Manitoba will remain perpetually behind fulfilling the need.

We have recommendations to ensure this year's investment leads to the highest and best use of limited funds:

- The budget includes \$10m to partner with the private sector municipalities and Indigenous governments to facilitate the planning, development, conversion and building of new affordable housing units and \$6m for acquisition of new properties. Experience and research have demonstrated that the private sector can effectively *finance and build* affordable housing, and that the housing remains most affordable and sustainable when it is *owned and governed* by a community (government, non-profit, or cooperative) organization. Both new streams of funding should therefore be focused on community ownership of the asset.
- There are acquisition fund models in British Columbia, Nova Scotia, the City of Toronto, and a proposed model for a Canadian Housing Acquisition Fund that Manitoba can learn from. MNPCHA would like to work with your government in developing this fund and its implementation so that it is rapid, responsive, and can leverage new federal resources.
- It is not specifically stated in the budget if there will be a continuous proposal development program so non-profit groups can build the capacity necessary to develop a pipeline of



community housing projects. We recommend that a portion of the \$20m towards capital grants the not-for-profit sector be used towards the predevelopment work necessary to create successful and efficient projects.

5. Education Property Tax Rebate

The elimination of the tax rebate for all but homeowners will create financial problems for many organizations that provide affordable, non-profit housing. Many of these organizations depended on the education tax rebate to allow them to maintain their properties and make adequate investments in reserves during the two-year period that the government froze rents. Organizations that are not covered by rent control guidelines will have to raise rents at rates above inflation, while those that are covered by rent will have little choice but to under invest in maintenance and reserves to meet their operating costs. The Minister has indicated that the government may provide additional assistance for some organizations that have been affected by the reduction in scope of the property tax rebate: we recommend that the non-profit and co-operative housing sectors be included in the groups that receive such assistance. Ideally this would involve waiving the tax or at minimum keeping the credit consistent with previous years. Credits that go directly to the tenant do not address this challenge for the community housing sector.

As always, MNPHA would be pleased to meet with you, your colleagues, and the appropriate public servants to work through any of the recommendations or other opportunities to support community and affordable housing in the year ahead.

Sincerely,

Christina Maes Nino
Executive Director
Manitoba Non-Profit Housing Association

