



Affordable Housing

Affordable housing has become a national issue as an unacceptably high number of Canadians (estimated at one in five by a CMHC study done in 1996)) are still unable to afford decent shelter. A standard definition of affordable housing that is used in the United States as well is adequate and suitable housing where a household does not pay over 30 per cent of or more of their pre-tax income. The lack of an adequate supply of decent and affordable housing has obvious social implications for those families with limited or fixed incomes. It also can have significant economic impacts on business investment and growth since attracting needed labour and skilled trades or professionals to a city be they immigrants or within Canada can be very difficult if not impossible if there are no accommodations or reasonable living options for them to consider.

MPAC's position on affordable housing as outlined below wholeheartedly backs the Canadian Real Estate Association (CREA) federal affordable housing policy and local initiatives in the province such as the Winnipeg Real Estate Board-led Housing Opportunity Partnership (HOP) that is actively engaged in revitalizing a Winnipeg inner city neighbourhood through housing rehabilitation and introduction of new home ownership. Here are a number of recommendations that all three levels of government need to work together on in partnership with key stakeholders such as organized real estate.

1. The province needs to develop an affordable housing action plan similar to a business plan that clearly contains a number of goals and objectives that in part engages the private sector in a significant way to maintain and provide more housing. After all, the private sector is responsible for the vast majority of residential rental units in the country and construction of new rental units has dropped off considerably over the past number of years, leaving a huge deficit in much needed new rental affordable units. Making matters worse is the fact many existing rental units are being lost to demolition or condominium conversion at a pace greater than new construction.
2. RRAP funding needs to be strongly supported and increased in areas like Manitoba where the need is so great. A portion of the total allocation has to be targeted to designated neighbourhood rehabilitation areas to compliment the

determined efforts of not-for-profit community housing groups and government housing agencies.

3. Federal/Provincial/Territorial Ministers responsible for housing must lobby more vigorously on what they have promised in past forums in calling for a federal review of taxation and regulations that through reform can stimulate new private sector construction and maintenance of affordable housing units. CREA urges the federal government to amend the Income Tax Act to allow capital gains and capital cost rollovers when the proceeds of the sale of an income property are reinvested in another income property. They also advocate owners of rental units be allowed to qualify for small business deductions and that investors in rental housing be able to use capital cost allowances in determining income for tax purposes. Residential rents should be zero-rated under the GST so landlords can recover tax paid on purchases, repairs and improvements through GST input credits. The alternative of heavy public subsidies and spending becomes prohibitively expensive and unrealistic when talking about the large scale of new affordable housing units required.
4. Need to support and promote home ownership as a key plank in the province's affordable housing initiative. HOP has clearly demonstrated as have other community housing groups on a more limited basis like Spence and Lazarus Housing that homeowners have a much bigger stake and investment in the community and therefore are more committed to renewal efforts. There is built-in pride and incentive to maintain your home and improve the neighbourhood to uphold real estate values in the area. In the MLS® area that all of these housing groups are active in, 2003 residential-detached sales activity and the average sale price both increased 15 per cent over 2002. Another very encouraging indicator is the marked improvement in the sales to listing ratio. It went from only 40 per cent in 2001 to 60 per cent in 2002 to 71 per cent in 2003.
5. Commend the province in working in partnership with the federal government to develop an Affordable Housing Initiative that is creating new affordable housing units and rehabilitating existing ones in targeted neighbourhoods. Offering market gap funding to housing groups and down payment assistance to prospective buyers of these homes is making a difference and it needs to be continued until neighbourhood stability is well established. The Neighbourhoods Alive program is an essential piece in this effort too as it provides critical funding for much needed community infrastructure renewal.
6. Encourage the province to work closely with other levels of government in finding new and innovative ways to address affordable housing and home ownership needs among aboriginals – both on and off reserves. It deserves and requires immediate attention as there are some particularly deplorable conditions in remote communities.
7. There is a need to include a shelter component in the social safety net to house those in greatest need and through providing adequate support here, an opportunity exists to become more creative in revamping restrictive rent

control regulations where landlords have no incentive to upgrade their apartments, thereby leaving them to deteriorate and eventually be demolished. This neglect and lack of new construction has resulted in Winnipeg and Brandon having rental vacancy rates hovering dangerously low around 1 per cent and that points directly to the lack of affordable rental supply. The province needs to step up in this regard and remove regulations or at least minimize ones that distort the proper functioning of the housing market.

8. To make housing more affordable on a longer term basis, the province needs to address the overall costs of owning a house since it is becoming more onerous on all home owners. They include education taxes, heating and utility costs, land transfer taxes, insurance and maintenance. The province also has an important role to play in helping ensure there is a readily available supply of land for new construction since shortages will drive up prices and make housing less affordable.