

Meeting of the

Association of Manitoba Municipalities



with

The Honourable Gord Mackintosh

Minister of Family Services and Housing

February 20, 2007

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Executive Summary

Departmental Issues

1. Housing in Manitoba

- The Affordable Housing Initiative (AHI) has played a crucial role in the development of affordable housing, particularly in Manitoba's largest urban centres of Winnipeg, Brandon and Thompson
- Currently the department is in the process of evaluating the focus of housing programs in anticipation of new funding from the Federal housing trusts and municipalities should be viewed as a stakeholder in this review.
- Limited resources and capacity has minimized the impact that the AHI has had on smaller communities.
- Municipalities across Manitoba require flexible resources to meet the needs of their communities.
- The Provincial Government's program review needs to involve all relevant stakeholders including the AMM and that funding and ensure that programs are equitably available province-wide.
- The Provincial Government needs to provide flexible programming that addresses the changing housing needs for seniors.

Therefore, the AMM requests an update on new housing programming and urges the Provincial Government to address the inequities in the current provincial housing programs by increasing accessibility to funding for all communities across Manitoba.

2. Neighbourhoods Alive! Program

- Essential funding for community-driven renewal initiatives and economic development strategies in Winnipeg, Brandon and Thompson has been obtained through Neighbourhoods Alive!
- There is definitely a strong demand in the designated areas for targeted revitalization efforts and affordable housing investment and the AMM does not suggest a reduction in funding to these communities.
- The recent expansion of the Neighbourhoods Alive! Program to all of Manitoba's communities will increase revitalization efforts province wide.

Therefore, the AMM is pleased that the Provincial Government has expanded the Neighbourhoods Alive! program province-wide, however would like to stress that funding needs to be maintained in the original communities of Winnipeg, Brandon and Thompson.

General Issues

1. Creating Fiscal Balance

- Manitoba's municipal governments continue to take on increasingly greater responsibilities. As the importance of local community increases, it is necessary that the roles, responsibilities and resources of municipal government be examined.
- Unclear legislation, such as the Water Protection Act, concern municipal governments because the financial costs in implementing and enforcing this Act are great. Infrastructure needs in municipalities throughout the province are at the top of municipal agendas however the municipal budgets are stretched thin.
- Some options to support municipal governments to serve their communities effectively are removing education tax from property and exempting municipal governments from the Provincial Sales Tax.
- Provincial/territorial municipal associations are developing a cross Canada perspective of municipal responsibilities and finances to inform municipalities of the similarities and inequalities that are currently being experienced nation-wide.

The AMM urges the Province to work collaboratively with municipalities to create a fiscal balance for all orders of government in Manitoba.

Departmental Issues

1. Housing in Manitoba

Municipal Housing Needs

Housing provides countless benefits to a diverse group of people. The Federal and Provincial Governments have allocated a total of \$73.8 million to the Canada-Manitoba Affordable Housing Initiative over the past five years. This agreement has played a crucial role in the development of affordable housing, particularly in Manitoba's largest urban centres of Winnipeg, Brandon and Thompson. Currently the Affordable Housing Initiative (AHI) is reaching the end of the five-year term, and consequently the department is in the process of evaluating the focus for newly anticipated funding from the Federal housing trusts.

The development of new programs for low-income renters and homeowners should continue to build on past successes while extending benefits province wide. Priority for housing projects has been in Winnipeg, Brandon and Thompson. Due to limited resources and capacity this system has minimized the impact that the AHI has had on smaller communities. Although several rural communities have received funding, AHI programs tend to be limited to Manitoba's largest urban centres. Many smaller communities are thriving yet need to provide affordable options for low-income residents. Low-income individuals and families should not be compelled to reside in large urban centres in order to access affordable housing, and Provincially-funded options should be available to all communities regardless of size or location.

There are diverse housing needs throughout Manitoba, based on local demographics, and many commonalities in terms of the need for greater investment in alternative housing systems for low-income individuals and families. Methods for allocating funding for housing should guarantee that all communities have sufficient opportunity to qualify for available program funding.

Manitoba has established housing programs that demonstrate the Provincial Government's ability to develop and fund productive affordable housing projects. However, there are inherent geographical restrictions that severely limit funding beyond Manitoba's largest urban centres. Such restrictions are evident in the Affordable Housing Initiative's Homebuyer Down Payment

Assistance Program and Homeownership Supply Program. Other programs that are available to all communities can still favour urban municipalities due to the nature of program requirements. Increasing the time frame for individuals to complete the application requirements, following the announcement of a new program, would assist in making this process fair and equitable for urban and rural residents. It is also important to ensure that individuals can submit comprehensive applications using existing resources. The complexity of some application processes can act as a deterrent to applying and efforts should be made to improve the accessibility of program funding to accommodate the diverse resource base.

Municipalities are appreciative of the Proposal Development Funding that is designed to assist with the preparation of applications, however, short timelines and other barriers result in limited access to these funds. Furthermore, municipalities that have been approved for program support are experiencing considerable delays in receiving funding. Therefore, this program is creating disincentives for municipalities to pursue housing projects that provide much-needed support for low-income households.

The AMM would like to gain a better understanding of the Province's intended direction concerning strategies to enhance the provision of affordable housing in all areas of Manitoba. With the responsibility for different portions of housing held by all orders of government, funding held by the Federal Government, project development and funding accessibility held by the Provincial Government, and program implementation at the municipal level there is a need for all orders of government to work together to ensure that housing programs and funding mechanisms are efficient and effective. The AMM is interested in discussing the consequences for Manitoba's housing projects and how partnerships can assist in the advancement of affordable, safe and high quality housing for all residents. A high level of funding and support must be maintained and the Provincial Government must raise this concern at the Federal level to ensure that Manitoba's communities do not lose beneficial programming.

The Federal Government recently release the *Report of the Standing Committee on Finance - Canada: Competing To Win* in which, Recommendation 13 stated that the Federal Government, on a priority basis, should extend the Supporting Communities Partnership Initiative and the

Residential Rehabilitation Assistance Program. Moreover, the government should-in conjunction with the provincial/territorial governments-develop a national housing strategy and, on a priority basis, take action in order to ensure that the housing needs of Aboriginal Canadians and low-income families are met. This recommendation indicates that the Federal Government recognizes the importance of their role as a source for resources. The Provincial Government, in coordination with municipalities, needs to provide assistance in directing available funding equitably across Manitoba municipalities.

Therefore the AMM requests that the Provincial Government's program review involve all relevant stakeholders including the AMM and that funding and programs are equitably available province-wide.

Seniors Housing Needs

Manitoba's demographics are rapidly shifting, as baby boomers age. Housing needs therefore are in the process of transforming as well, and housing programs will need to address these changing requirements. Municipalities across Manitoba will require flexible resources to meet the needs of their communities.

The recent Provincial announcement to provide increased resources to the Safety Aid program will assist seniors in modifying their current living environments to increase comfort and safety. This permits seniors to remain in independent living situations for extended periods of time. The AMM appreciates this commitment and municipalities recognize the significance of having a diversity of people living in their communities.

Increased research will need to be completed so that housing programs are addressing real needs for seniors. This may mean that a variety of housing types are made priorities including independent living, assisted living, life leasing, companion care, supportive housing, intermediate personal care homes and personal care homes. A flexible set of programs that addresses a range of housing environments will assist individuals as well as municipalities and developers in the provision of sufficient housing supply. Research should be completed in consultation with key stakeholders, including the AMM. The AMM can assist the Province in addressing areas where municipalities will be impacted.

Therefore the AMM urges the Provincial Government to provide flexible programming that addresses the changing housing needs for seniors.

The shortage of affordable housing is among the most pressing issues facing municipalities, but municipal governments cannot deal with this complex social issue with the revenues and policy tools available to them. With the increasing challenges of sustainable development, community development, infill development, adaptive reuse and conversion, and the use of secondary suites, housing issues require cooperation and coordination between the Federal, Provincial and Municipal governments and their communities to ensure that all Manitobans, regardless of income, have access to decent, affordable housing.

Therefore, the AMM requests an update on new housing programming and urges the Provincial Government to address the inequities in the current provincial housing programs by increasing accessibility to funding for all communities across Manitoba.

2. Neighbourhoods Alive! Program

Essential funding for community-driven renewal initiatives and economic development strategies in Winnipeg, Brandon and Thompson has been obtained through Neighbourhoods Alive! for several years. The program's focus on the areas of housing and physical improvements, employment and training, education and recreation, and safety and crime prevention represents a valuable contribution to fostering positive change in these communities. The recent expansion of the Neighbourhoods Alive! Program to all of Manitoba's communities will increase these positive revitalization efforts.

The AMM is pleased to see the expansion of the Neighbourhoods Alive! program to all communities in Manitoba, however would like to stress that this expansion should not decrease funding to the original three communities. There is definitely a strong demand in these areas for targeted revitalization efforts and affordable housing investment and the AMM does not suggest a reduction in funding to these communities. Affordable housing is a long-term investment and sustained funding to these targeted areas must continue. Nevertheless, increased attention to

affordable housing needs in more of Manitoba's communities is also required since low-income families and communities exist across the province. The expansion of the housing component of the Neighbourhoods Alive! program will provide valuable attention to this widespread need.

Municipalities also appreciate that the Lighthouses component of Neighbourhoods Alive! is available across Manitoba since it provides an important resource for alternative youth programming. The addition of five new Lighthouses locations announced in 2006 will enhance the investment in youth-targeted programming in schools and community clubs throughout the province.

Therefore, the AMM is pleased that the Provincial Government has expanded the Neighbourhoods Alive! program province-wide, however would like to stress that funding needs to be maintained in the original communities of Winnipeg, Brandon and Thompson.

General Issues

1. Creating Fiscal Balance

Municipal government is playing a more important role in the every day lives of Canadians. No longer is the local council seen as merely the local tax collector and tertiary service provider. Today, municipal governments have greater responsibilities, often playing a leading role in key areas that are not traditionally municipal in nature, such as health care and environmental protection. As the importance of the local community grows, municipal government, as the order of government closest to the people, is becoming more important. Yet, municipal governments do not have the tools they need to meet these new expectations. Many communities are starting to see the decay of key infrastructure and the unfortunate reduction in program delivery as a result of limited resources and increasing responsibilities. Municipal councils are left with the impossible task of delivering all the services expected by both the citizens and other orders of government, while only having access to limited resource streams. This is not sustainable and consequently it is necessary to undertake a major review of municipal government in Manitoba to create a fiscal balance between all orders of government.

Nationally, through the work of the Federation of Canadian Municipalities, municipal governments have been able to secure a full rebate of the GST as well as the New Deal for Communities or 'Gas Tax Rebate.' Community issues have become front and centre on the national stage, and the AMM is pleased with the recognition by the federal government of the importance of local government and the need to put resources in the hands of the order of government that delivers key services.

Provincially, municipal government in Manitoba has seen some advances as well. Most recently the Province announced the new Building Manitoba Fund that will link municipal grant money to provincial gas tax revenues. Manitoba is also unique in that the Provincial Government shares a percentage of income tax with municipalities through the previous Provincial Municipal Tax Sharing agreement.

While these initiatives are certainly positive, more is needed. Many of the resolutions currently being worked on by the AMM deal with issues of funding, or more specifically inadequate

funding levels. A serious discussion of the resources available to municipalities needs to be undertaken. However for this discussion to be fruitful, it must be raised within the greater context of what are and what should be the responsibilities of municipal government.

Municipal government in this province has embraced taking on additional responsibilities as these have been seen to be for the betterment of the local community. For instance, many municipalities have gone to great lengths to help provincial RHAs recruit physicians. As well, municipalities have undertaken projects to help reduce greenhouse gas emissions and improve the environment. Yet there are limits to how much municipalities can do with their current revenue streams.

We have consistently heard from the Province that Manitoba municipalities fare better than almost every other province in terms of funding transfers from provincial governments. However, this discussion is meaningless without a discussion of the responsibilities of these municipal governments. If Manitoba's municipalities are continually expected to take on additional responsibilities it is imperative that new revenue sources are made available.

Provincial and territorial municipal associations are in the process of developing a cross Canada perspective of municipal responsibilities and finances. Manitoba municipalities have heard many times that they receive more resources from other orders of governments than any other province or territory. This report, which is due to be released in May 2007, will inform all municipalities on the similarities and inequalities that are currently being experienced nation-wide and will assist in understanding the issues that need to be addressed within Manitoba.

In Manitoba, a major municipal issue is the financial implications of the recently passed Water Protection Act. While the intent behind this legislation is laudable, the overwhelming lack of detail, especially in the area of responsibilities and finances, has many municipal governments concerned. Municipal governments cannot take on the financial costs associated with implementing and enforcing this Act. The Municipal budget is already stretched too thin.

The current municipal infrastructure deficit in Manitoba further compounds the need to re-examine the resources available to municipalities. Communities are facing crumbling roads, deteriorating community centres and inadequate water treatment facilities. It is estimated that Manitoba's infrastructure deficit is \$7.4 billion, which includes \$2 billion in rural municipal infrastructure and \$1 billion within the City of Winnipeg. These are staggering numbers when compared to the revenue streams available to these municipalities. When only 7 to 8 cents of every tax dollar goes to municipalities, it is evident there is a lack of resources to deal with this deficit.

This is why the AMM has been advocating for a 5-year plan to significantly reduce the reliance on property tax to fund education. Currently the property tax base is the principal source of revenue for municipalities. However, this tax base is diminished when education tax takes up over 50 per cent. Equally concerning is the continuing increases year after year which force municipalities to seriously re-consider any municipal tax increases, as there are limits to what local residents are able to withstand. The AMM fully supports maintaining and improving the quality of education in Manitoba, however the current system of education taxation is not sustainable and in reality it is hurting local communities by limiting municipal resources.

In addition to the removal of education tax from property, there are other options to provide greater revenue to municipalities. For example, the Provincial Government can follow the lead of the Federal Government with the GST and exempt municipal governments from the Provincial Sales Tax. Not only would this leave more money in the hands of municipalities, but it would significantly reduce the costs of many major infrastructure projects, thereby freeing up valuable funding for other areas of need. This would represent a significant shift away from the current tax and return system toward a new system that allows municipalities to retain resources for community needs.

Strong communities are the foundation of a strong province and a strong Canada. As the Association that represents all incorporated municipalities in Manitoba, we understand this. The AMM has long been advocating for municipal governments to look at ways of improving how they do business to ensure strong, sustainable communities across Manitoba. We also hear

firsthand the challenges communities are facing and we see the implications provincial actions are having on municipalities. It is for this reason that we believe it is time to take a closer look at the resources available to municipalities and take stock of the roles and responsibilities of municipal government in Manitoba. It is only through this type of examination that we can truly create fiscal balance in Manitoba.

The AMM urges the Province to work collaboratively with municipalities to create a fiscal balance for all orders of government in Manitoba.

Appendix A – Active Resolutions

Resolution Number 19/04

Topic: Low Income Housing

Sponsor: RM of Lac du Bonnet (Eastern District)

Department: Manitoba Family Services and Housing, Finance Canada

WHEREAS a need has been determined for low income housing in Manitoba;

AND WHEREAS the last government initiative addressed only the needs of the major urban centres;

AND WHEREAS rural areas and urban centres are deserving of equal consideration;

THEREFORE BE IT RESOLVED THAT the Association of Manitoba Municipalities lobby the Provincial and Federal Governments to participate in a fair and just program facilitating low income housing in all rural and urban areas.

Resolution Number 58/01

Topic: Rent Control

Sponsor: RM of Alexander (Eastern District)

Department: Manitoba Family Services and Housing

WHEREAS the rental controls imposed on rental units affects the community by discouraging construction of new units and also affects the upkeep and repairs on existing units which affect the quality of life for renters;

AND WHEREAS the federal government has lowered the capital gains which would assist in the development and construction of rental housing;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province to review the policy for rent controls in a manner which would encourage construction of new units in the province.

Resolution Number 38/03

Topic: Funding for Seniors Independent Living Program

Sponsor: Town of Virden (Western District), City of Portage la Prairie (Central District)

Department: Manitoba Health and Healthy Living

WHEREAS there is insufficient funding provided to the Regional Health Authorities by the Provincial Government for Seniors Independent Living Programs;

AND WHEREAS this is a service provided to seniors to allow them to remain living in their own homes;

AND WHEREAS this service costs the Department of Health substantially less than seniors residing in personal care homes;

THEREFORE BE IT RESOLVED THAT the Association of Manitoba Municipalities lobby the Provincial Government for additional funding for the Seniors Independent Living Programs across the Province.