



ASSOCIATION OF MANITOBA MUNICIPALITIES

**MEETING WITH**

Honourable Kerri Irvin-Ross  
Minister of Housing and Community Development

March 25, 2010

# Table of Contents

Executive Summary.....	3
Departmental Issues .....	5
1. <i>Increased Funding for Housing</i> .....	5
2. <i>Increased Funding for the Community Places Program</i> .....	7
General Issue.....	8
<i>The Core Challenges for Municipalities</i> .....	8
<i>Municipal Infrastructure Deficit</i> .....	9
<i>Ever Increasing Responsibilities</i> .....	11
<i>Alternate Revenues</i> .....	12
Appendix A – Active Resolutions.....	16

## Executive Summary

### Departmental Issues

#### *1. Increased Funding for Housing*

- As the Province moves forward with the implementation of its new housing strategy, it is essential to ensure that programs are accessible in all areas of the province in order to effectively address the needs of all Manitobans.
- Manitoba's increasing population of seniors has heightened demand for various housing types, including community living and supportive housing.
- Since the participation of Regional Health Authorities (RHAs) is critical to establishing effective supportive housing units, the Province should work with RHAs to promote the allocation of resources in order to complement the further expansion of supportive housing throughout Manitoba.
- A report from the Canada West Foundation found that the optimal approach to addressing affordable housing and homelessness is to decentralize this responsibility to the provinces, while providing federal funding and significant local input.
- Accessibility of program funding has been an ongoing municipal concern throughout previous affordable housing programs since previous programs had inherent barriers such as highly complex applications and short application timeframes.
- While low-income housing rates are consistent across the province, the cost of basic necessities varies depending on the region, particularly since it is more expensive to purchase goods in northern Manitoba which reduces the purchasing power of low-income individuals in these communities.
- Municipalities were pleased to see some gains recently in this area, including the amendment to the Canada-Manitoba Affordable Housing Program Agreement which has allowed several projects to move forward. It is critical that we continue to build on this progress.

**Therefore, the AMM urges the Provincial Government to ensure that housing programs are available province-wide and address the specific needs of demographic groups, such as seniors.**

## *2. Increased Funding for the Community Places Program*

- A long standing issue for our organization has been the need to boost funding for the Community Places Program (CPP) as municipalities are finding that the maximum funding from the program is not enough, especially as construction costs continue to rise.
- The current funding limits of 50% of the first \$15,000 of a project and up to one-third of the cost after that up to a maximum of \$50,000 is insufficient to have a meaningful impact.
- The AMM is pleased to see this program rolled into the new portfolio of Community Development as the projects supported by this program are the cornerstones of healthy, viable communities.

**Therefore the AMM requests the Province to increase overall funding to the Community Places Program to allow an increase in the maximum grants for projects.**

## **General Issue**

### *The Core Challenges for Municipalities*

- Municipal government plays a greater role in the lives of Canadians than any other time in history and the new realities facing municipalities have serious repercussions as they diligently try to balance growing responsibilities with stagnant revenues.
- Municipal infrastructure is the very foundation of a community, yet its current state leaves communities with little hope for prosperity. Nationally the municipal infrastructure deficit is in excess of \$123 billion and provincially it is estimated at over \$11 billion, or a staggering \$10,000 per Manitoban.
- As well, municipal responsibilities continue to grow, either through the intentional or unintentional offloading of responsibilities or new unfunded mandates being forced on municipalities.
- Because of these challenges municipalities must have access to new sources of revenues. Options include the Province collecting a one cent municipal tax to be allocated to municipalities for infrastructure, a rebate of the Provincial Sales Tax paid by municipalities, or an increase to existing revenue sources such as VLTs.
- Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada and while in some cases these types of programs are necessary it leaves municipalities having to compete against each other for limited dollars and restricts a municipality's ability to properly plan for much needed investment.

- For municipal government to be sustainable into the future, and for Manitobans to have access to the quality of life they deserve, municipalities need to have access to sustainable growth revenues. This is the only way municipalities will be able to even begin to address the core challenges they face.

**Therefore the AMM would like to see:**

- 1. A greater investment in municipal infrastructure by all levels of government**
- 2. An end to the downloading of responsibilities to municipalities and a requirement that new mandates come with new funding**
- 3. A commitment to provide new alternate revenues to municipalities**

## Departmental Issues

### *1. Increased Funding for Housing*

There is demand for affordable housing throughout Manitoba since low-income households are not exclusively found in large urban centres. While there are clearly place-specific demands based on local demographics, there are many province-wide commonalities that drive the need for greater investment in housing for low-income individuals and families. As the Province moves forward with the implementation of its new housing strategy, it is therefore essential to ensure that programs are accessible in all areas of the province in order to effectively address the needs of all Manitobans.

In particular, Manitoba's increasing population of seniors has heightened demand for various housing types, including community living and supportive housing. For this reason, programs such as Building Foundations are essential to communities. Recent commitments to communities like Thompson, The Pas and Brandon are greatly appreciated and more are welcome. Our membership has seen the value of these programs and in 2008 passed a resolution requesting the Province ensure that federal funding for seniors' housing is distributed throughout communities with such projects. As well, since the participation of Regional Health Authorities (RHAs) is critical to establishing effective supportive housing units, the Province should work with RHAs to promote the allocation of resources in order to complement the further expansion of supportive housing throughout Manitoba.

The Province must also consider other means of helping municipalities to invest in supportive housing projects. In 2008, the Canada West Foundation released a report that mapped out current federal, provincial and municipal policies regarding affordable housing and homelessness initiatives, called *A Roof Over Our Heads 2008*. The report suggests the optimal approach to addressing affordable housing and homelessness is to decentralize this responsibility to the provinces, while providing federal funding and significant local input. This is based on the reality that local governments do not have the revenue capacity to deal with these issues, and the federal government is too far removed from local circumstances to design effective programs. The provision of a municipal grant for supportive housing has been beneficial, however increasing construction and labour costs mean that municipalities are left to fund a greater proportion of the total project costs. For these projects to be economically viable, the Province must take on a greater role while including additional funding for municipal supportive housing projects in its overall strategy.

In addition, accessibility of program funding has been an ongoing municipal concern throughout previous affordable housing programs and we appreciated the opportunity to share these with your department recently. For instance, previous programs had inherent barriers such as highly complex applications and short application timeframes. This created disadvantages for municipalities with limited resources and resulted in funding that consistently targeted large urban centres. While there are certainly significant demands for affordable housing in large urban municipalities, there are also critical housing needs in other areas of the province that should not be neglected. Furthermore, while low-income housing rates are consistent across the province, the cost of basic necessities varies depending on the region. For instance, it is more expensive to purchase goods in northern Manitoba, which results in reduced purchasing power for low-income individuals in northern communities. To ensure that programs address the housing needs of low-income individuals across Manitoba, the low-income threshold should be adjusted to account for such regional discrepancies. The Province's new strategy is only effective to the extent that it supports low-income housing in urban, rural and northern areas of Manitoba.

The Provincial Government also has an important role in securing a federal commitment to fund affordable housing in Manitoba. Therefore, the AMM appreciates

that in July 2008 the Council of the Federation recognized the importance of renewing several cost-shared funding agreements and continuing the federal funding programs for housing due to terminate in 2009. The Federal Government received recommendations regarding the need for a national response to housing issues through the 2008 report of the Standing Senate Committee on Agriculture and Forestry – *Beyond Freefall: Halting Rural Poverty*. This report highlighted that previous national housing programs have been overwhelmingly urban focused and calls for the next generation of housing programs to be more sensitive to the needs of rural and remote Canada. These concerns are consistent with the current situation in Manitoba, and the Provincial Government should work with the Federal Government to continue housing funding into the future.

Municipalities were pleased to see some gains recently in this area. The amendment to the Canada-Manitoba Affordable Housing Program Agreement in June was a positive step that will result in \$192 million over the next two years. This amendment has allowed several projects to move forward and it is critical that we continue to build on this progress.

The shortage of affordable housing is a complex social issue that municipal governments cannot address with the current revenues and policy tools that are available at the local level. A comprehensive strategy should be developed with the cooperation of the Federal, Provincial and municipal governments to encourage flexible, local, long-term solutions so that all Manitobans can be assured decent, affordable housing.

**Therefore, the AMM urges the Provincial Government to ensure that housing programs are available province-wide and address the specific needs of demographic groups, such as seniors.**

## *2. Increased Funding for the Community Places Program*

A long standing issue for our organization has been the need to boost funding for the Community Places Program (CPP). This is a great program and municipal uptake has been strong, as nearly all of the projects funded are for municipal or community infrastructure.

Unfortunately municipalities are finding that the maximum funding from the program is not enough, especially as construction costs continue to rise. The current funding limits of 50% of the first \$15,000 of a project and up to one-third of the cost after that up to a maximum of \$50,000 is insufficient to have a meaningful impact. In some cases we have even learned that the requirements of receiving this funding, such as LEED certification, outstrip the funding received.

The AMM is pleased to see this program rolled into the new portfolio of Community Development as the projects supported by this program are the cornerstones of healthy, viable communities. The CPP is a valuable program however it is in desperate need of greater funding.

**Therefore the AMM requests the Province to increase overall funding to the Community Places Program to allow an increase in the maximum grants for projects.**

## General Issue

### *The Core Challenges for Municipalities*

Today's municipal government plays a greater role in the lives of Canadians than any other time in history. Municipalities no longer simply plow the streets and pick up the garbage. Sure today's municipal corporation still cleans the streets and collects garbage (and recyclables), but it also is sustainably managing growth through everything from state of the art transit systems to environmentally conscious land use and water planning. The pioneers of municipal government would be astonished to see today's council agenda where elected officials are doing everything from recruiting doctors from around the world to providing funding for daycares.

These new realities are having serious repercussions for municipalities as they diligently try to balance growing responsibilities with stagnant revenues. Everyday municipalities are facing new demands from both citizens and other orders of government and must try to balance these with existing priorities and scarce revenues that remain overly reliant on the ebb and flow of grant programs. The current

challenges facing municipalities are overwhelming and there must be a greater effort to address these if we want to see strong vibrant communities throughout our province.

While municipal concerns cut across every provincial department, there are two core issues that are most pressing for municipalities today - the ballooning municipal infrastructure deficit and the growing mandate of municipal government, either through intentional and unintentional offloading of responsibilities from other orders of government and unfunded mandates. These two challenges are crippling municipal government and keeping Manitoba communities behind.

### *Municipal Infrastructure Deficit*

It is no secret that municipalities are facing nearly insurmountable infrastructure challenges. We only need to take a look around our communities to see the deteriorating state of our infrastructure. Roads that are nearly impassable due to potholes and heaving, drafty libraries with crippling heating bills, recreation complexes with leaking roofs and water and sewer treatment plants that are running beyond capacity. These are the very foundation of a community, yet their current state leaves communities with little hope for prosperity. For Manitoba communities to thrive in the future these swelling infrastructure challenges must be addressed.

In Canada the municipal infrastructure deficit is in excess of \$123 billion for current needs. Most alarming is how quickly the deficit has been compounding, as it has doubled over the last 5 years. Equally alarming, the \$123 billion is only for the upgrade and repair of current municipal infrastructure, with another \$115 billion required for new infrastructure.<sup>1</sup>

These national trends hold true for Manitoba as well. The City of Winnipeg has recently calculated its infrastructure deficit at \$3.8 billion for existing infrastructure and \$3.6 billion for new strategic infrastructure.<sup>2</sup> Historically the municipal infrastructure deficit

---

<sup>1</sup> Saeed Mirza, "Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure", November 2007 (available at [www.fcm.ca](http://www.fcm.ca))

<sup>2</sup> City of Winnipeg Administrative Report, "Infrastructure and Possible Funding Options" Tabled at July 22<sup>nd</sup>, 2009 Council Meeting (available at [www.winnipeg.ca](http://www.winnipeg.ca))

outside of Winnipeg has been double that within Winnipeg so it is fair to extrapolate that the deficit outside Winnipeg is over \$7.5 billion, putting the total municipal infrastructure deficit in Manitoba in excess of \$11 billion, or a staggering \$10,000 per Manitoban. It is certainly an insurmountable amount for municipalities to tackle on their own since the total municipal taxes levied in 2007 were just over \$730,000,000.<sup>3</sup>

There is no doubt the current infrastructure deficit is crippling Manitoba's economy. Adequate infrastructure is an obvious prerequisite for economic development and unfortunately it is greatly lacking in many communities. FCM has investigated this principle in depth and found that an increase in municipal infrastructure spending of \$1 billion in 2008 (at nominal process and allocated to a representative mix of infrastructure) would increase the size of the real economy by roughly 0.13 percent or \$1.3 billion in nominal terms. While this would erode slightly over time with consistent investment, over a four year period it would still result in meaningful gains to the economy, dropping to a 0.6 percent increase in the final year. The resulting investment would be felt in the employment sector as well, since a great number of industries would benefit. A \$1 billion investment in 2008 would add 11,500 new jobs, which would be felt in industries from labour and material suppliers through to architects and engineers.<sup>4</sup>

Providing adequate infrastructure has both direct and indirect benefits for private-sector manufacturing. Infrastructure is an intermediate input into the production process, with businesses locating where there is access to water, hydro and transportation. New roads reduce fuel costs and haul times. Access to high quality (and adequate) water reduces input costs. There is also evidence that increased investments in public infrastructure allow private companies to use labour inputs more intensively, translating into more jobs.<sup>5</sup>

While the numbers are staggering, of far greater concern is the very real impact this infrastructure deficit is having on the people who live in Manitoba. Manitobans are

---

<sup>3</sup> Province of Manitoba, "Statistical Information 2007 – Municipalities of the Province of Manitoba", P.17

<sup>4</sup> Sonnen, Carl, "Municipal Infrastructure- Macroeconomic impacts of spending and level-of-government financing" May 31, 2008 (available at [www.fcm.ca](http://www.fcm.ca))

<sup>5</sup> Brox, James A. "Infrastructure Investment: The Foundation of Canadian Competitiveness - IRPP Policy Matters 2008" August, 2008 (available at [www.irpp.org](http://www.irpp.org))

experiencing longer commutes to work either because of impassable roads or slower speeds. We are also spending more time travelling to neighbouring communities to access recreation opportunities. Many have seen the outmigration of neighbours and friends who tire of dealing with these daily challenges.

Municipal councils want to create vibrant, welcoming communities, but this is nearly impossible with the state of infrastructure today. For example, there remain 137 boil water advisories in Manitoba, many in Manitoba municipalities.<sup>6</sup> This means in 2010 thousands of Manitobans do not have access to safe drinking water when they turn on the tap. It is unreasonable to think these communities can realistically compete with the rest of Manitoba and Canada if they do not have this essential infrastructure.

### *Ever Increasing Responsibilities*

A second core challenge for municipalities is ever increasing responsibilities. Municipalities are continually being asked to do more and more, either through the intentional or unintentional offloading of responsibilities from other orders of government or through new unfunded mandates being forced on municipalities by the provincial and federal government. These new responsibilities do not come with new revenue sources and result in municipal budgets being stretched thinner and thinner. The sad reality is that as municipalities are being forced to take on more the core municipal responsibilities suffer.

Municipal officials believe in their community. This is where they live, most often where they work and sometimes where they were born. They care greatly about their community and when they see a need they will do everything they can to address it. Many times municipal officials are their own worst enemy, as they step in and act where other orders of government have abdicated their responsibilities. Municipalities step up and do repairs on provincial roads, they recruit physicians from all corners of the world, and they help fund community health facilities. In some cases municipalities are just filling gaps in service unintentionally left by other orders of government and other times municipalities are stepping in because the provincial and federal

---

<sup>6</sup> Province of Manitoba “Provincial Boil Water Advisories” – January 11<sup>th</sup>, 2010

governments have made it clear their community will not get the service or investment unless they do.

Compounding this is the growing trend of unfunded mandates being heaped on municipalities by the provincial and federal governments. Too often new rules are implemented without adequate thought to how they can possibly be implemented. These unilateral decisions leave municipalities in the untenable position of either scarifying core programs and services or being in non-compliance of provincial rules. Unfortunately we are hearing more and more from municipalities that they are being forced to opt for the latter.

Municipalities cannot keep pace with the rapid increase in the offloading of responsibilities and unfunded mandates. These challenges are pushing municipalities further and further behind.

### *Alternate Revenues*

Now more than ever municipalities need new tools to deal with new responsibilities and new expectations. Currently Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada<sup>7</sup>. While in some cases these types of programs are necessary (for example large-scale infrastructure projects), it leaves municipalities having to compete against each other for limited dollars and restricts a municipality's ability to properly plan for much needed investment. The amount allocated to grant programs like the recent Municipal Rural Infrastructure Fund or community infrastructure funding under the Building Canada Fund is nowhere near the total demand, meaning there is no guarantee much-needed projects will ever receive funding.

Over-reliance on grants and transfers leaves municipalities without the tools required to meet demands. Many municipal issues, when stripped down to their core, are really issues of access to revenue. For example, the need to remove education tax from property is really a municipal revenue issue, as municipalities see education tax as eroding the property tax base, which is the single greatest source of municipal

---

<sup>7</sup> Slack, Kitchen, McMillan, Vaillancourt, "Roles, Responsibilities, Resources and Relationships – Report to the Provincial and Territorial Municipal Associations" June 15<sup>th</sup>, 2007.

revenue. Over the last number of years we have seen more and more municipalities speaking out on the need for greater municipal revenue sources.

It is important that the federal and provincial government contributions to municipalities are not forgotten. Federally, municipalities have benefited from a GST rebate, the sharing of the federal gas tax and the Building Canada Fund as well as Stimulus Funding. Provincially, municipalities have benefited from the sharing of provincial income tax, the Building Manitoba Fund, and supports in several other areas. We also appreciate the Province stepping up with their one-third share of recent federal programs. The message the AMM is hoping to convey is not that either order of government has completely forgotten about municipalities, but rather that despite these efforts municipalities still face enormous challenges and more is needed.

Municipalities must have access to new revenue sources. A greater reliance on property taxes and provincial and federal grants has created an ever-widening chasm between municipal revenues and needs, leaving future generations with what is quickly becoming an insurmountable infrastructure deficit. Municipalities are struggling to deliver core services as their budgets begin to crack under increased demands.

A new approach is needed, and for this reason we are asking the Province of Manitoba to collect a one cent municipal tax to be allocated to municipalities for infrastructure and split equally among municipalities on a per capita basis. This will provide municipalities with in excess of \$200 million a year. For a community of 1,000 people, this means roughly an investment of \$185,000 in their local infrastructure, or \$370,000 for a community of 2,000 people. A community such as Thompson could see close to \$2.5 million, while Winnipeg would expect to see over \$117 million. Although this funding alone will not erase the infrastructure deficit in Manitoba, it is a positive first step.

While the AMM is not necessarily asking for a new tax, there is support among Manitobans for a new tax dedicated to municipal infrastructure. Polling done by AMM in 2008 found that 94 percent of Manitobans see infrastructure as a high priority, including a 94 percent positive response rate in Winnipeg. The poll also found that 55 percent of Manitobans think that municipalities do not have the revenue sources

needed to cover infrastructure costs alone, including 50 percent in Winnipeg. Most interestingly, the poll found that 54 percent of Manitobans, including 51 percent of Winnipeggers, support an additional one percent municipal tax dedicated to infrastructure renewal projects<sup>8</sup>. As the infrastructure deficit continues to grow, support for this will only increase.

The AMM is also asking for other revenues sources for municipalities, such as a rebate of the Provincial Sales Tax as well as increases to existing sources such as VLT revenues. We would also ask that any new mandates for municipalities be accompanied with corresponding financial support.

The sad reality is that while the Province of Manitoba has been leaders in some municipal areas, it has not been enough. We have the opportunity to visit every municipality in Manitoba within the four year election cycle and it is clear our communities are struggling and we are falling behind.

We understand that providing additional revenues to municipalities may become more difficult as the economy continues to fluctuate. While economic projections can never be taken as absolute fact, they are often a prophetic divining rod on economic times. However what should not be lost is the positive impact infrastructure investment would have for the provincial and national economy. Furthermore, delaying investment in these critical infrastructure projects will have serious long-term consequences for Manitoba's economy.

Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived. With a national municipal infrastructure deficit in excess of \$123 billion, and Manitoba's share in excess of \$11 billion, there is no shortage of work to be done. If municipalities are left to deal with this ballooning deficit alone armed only with property taxes and grants, it will continue to grow exponentially. Alternatively, providing municipalities with new revenue sources will not only begin to address this growing deficit, but will help build and strengthen our economy.

---

<sup>8</sup> Probe Research "Public Attitudes on Infrastructure Renewal Funding in Manitoba" September, 2008.

The time has come for a new approach to municipal funding. The expectations of today's municipalities are greater than any time in history. Regrettably so are the financial challenges facing municipalities. For municipal government to be sustainable into the future, and for Manitobans to have access to the quality of life they deserve, municipalities need to have access to sustainable growth revenues. This is the only way municipalities will be able to even begin to address the core challenges they face.

**Therefore the AMM would like to see:**

- 1. A greater investment in municipal infrastructure by all levels of government**
- 2. An end to the downloading of responsibilities to municipalities and a requirement that new mandates come with new funding**
- 3. A commitment to provide new alternate revenues to municipalities**

## Appendix A – Active Resolutions

### **AMM Resolution Number 26 - 2008**

#### **Topic: Seniors' Housing Project Funding**

Sponsor: LGD of Pinawa (Eastern District)

Department: Manitoba Housing and Community Development

WHEREAS the Province of Manitoba has provided a grant program for municipalities to develop supportive housing units;

AND WHEREAS municipalities are finding that the amount of the grants are inadequate for projects to be economically viable;

AND WHEREAS the Government of Manitoba receives funding for seniors' housing from the Federal Government;

AND WHEREAS municipalities meet the criteria as set out in the program;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to distribute the Federal Government funding for seniors to municipalities that have seniors' housing projects.

### **AMM Resolution Number 17 - 2007**

#### **Topic: Increased Funding for Supportive Housing**

Sponsor: RM of Brokenhead (Eastern District); Town of Russell (Midwestern District)

Department: Manitoba Housing and Community Development

WHEREAS the Province of Manitoba has provided a grant program for municipalities to develop supportive housing units;

AND WHEREAS the municipalities are finding that the amount of the grants are inadequate for the projects to be economically viable;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba for an increase to the grants provided to municipalities by the Province for the development of supportive housing units.

### **AMM Resolution Number 55 - 2001**

#### **Topic: Funding for Community Places Program**

Sponsor: Town of Neepawa, Village of Elkhorn (Midwestern District);

RM of North Cypress, Town of Rivers (Western District)

Department: Manitoba Housing and Community Development

WHEREAS the Manitoba Government has promised that 25 per cent of VLT profits would be distributed to rural Manitoba through direct grants, 10 per cent through economic development programs such as REDI, and 15 per cent through the Community Places Program;

AND WHEREAS the Province of Manitoba has decreased the amount of funding to the Manitoba Community Places Program since 1987;

AND WHEREAS the maximum allowable grant under this program is \$50,000 and the average grant awarded is \$13,750 per project;

AND WHEREAS this program is one of the few to assist with the renovation, replacement, or construction of recreation facilities within the province of Manitoba;

AND WHEREAS it is a known fact that recreation facilities are aging and in need of some major capital dollars as demonstrated by the over \$10 million in annual requests for a program of \$2.6 million;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province to:

- a) Increase the amount of available funds in the Manitoba Community Places Program; and,
- b) Increase the maximum funds allowable under the grant guidelines to better reflect the true costs of major capital projects.