**Minute No. 304**
**Report – Executive Policy Committee – April 14, 2010**

**Item No. 1 Comprehensive Review of City of Winnipeg Housing Programs**
**eFile EX**

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the review of the City's housing programs as outlined in Appendix 1 to the report of the Winnipeg Public Service dated March 12, 2010, be received as information.

2. That the Winnipeg Public Service, together with representatives of the Province of Manitoba Government, investigate the possibility of focusing housing improvement initiatives in smaller multi-block areas as a mechanism of leveraging the greatest impact.

3. That the Winnipeg Public Service be directed to update and consolidate the following 5 of 6 existing housing programs currently funded by the Housing Rehabilitation Investment Reserve into a single comprehensive program that identifies categories of eligibility criteria for funding;

   A. Neighbourhood Housing Program
   B. Minimum Home Repair Program
   C. Development Cost Offset Program
   D. Housing Plans and Advocacy Program
   E. Downtown Housing Program

4. That together with the leadership of Liveability, Zoning, and Vacant and Derelict Building By-law enforcement groups, develop a clear strategy related to the active and timely enforcement of these by-laws with a view to allocating and/or prioritizing enforcement resources towards focused neighbourhoods and areas of specific distress, with semi annual reporting to Council of said enforcement.

5. That accurate and regular tracking of derelict buildings and vacant lots in core neighbourhoods be established, which will be used as one of the indicators of neighbourhood health / distress provided by a semi annual report to Council.

6. That the Proper Officers of the City be authorized to do all things necessary to complete the intent of the foregoing.

**Report – Executive Policy Committee – April 14, 2010**

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,
That the recommendation of the Executive Policy Committee be adopted.

Carried

Councillors Gerbasi and Smith asked to be recorded as having voted against the item in accordance with Rule 47(7) of the Procedure By-law 50/2007.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 14, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Housing Steering Committee and submitted the matter to Council.

WINNIPEG HOUSING STEERING COMMITTEE RECOMMENDATION:

On April 6, 2010, the Winnipeg Housing Steering Committee concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Add the following Recommendations after Recommendation 3. and renumber the remaining recommendation accordingly:

  "4. That together with the leadership of Liveability, Zoning, and Vacant and Derelict Building By-law enforcement groups, develop a clear strategy related to the active and timely enforcement of these by-laws with a view to allocating and/or prioritizing enforcement resources towards focused neighbourhoods and areas of specific distress, with semi annual reporting to Council of said enforcement."

  "5. That accurate and regular tracking of derelict buildings and vacant lots in core neighbourhoods be established, which will be used as one of the indicators of neighbourhood health / distress provided by a semi annual report to Council."

and forwarded the matter to the Executive Policy Committee.

**Report – Executive Policy Committee – April 14, 2010**

DECISION MAKING HISTORY (continued):

WINNIPEG HOUSING STEERING COMMITTEE RECOMMENDATION (continued):

On December 15, 2008, the Winnipeg Housing Steering Committee passed the following motion:

WHEREAS the City of Winnipeg, through the Affordable Housing Initiative, currently offers the following housing programs:

- Neighbourhood Housing Program;
- Development Cost Offset Program;
- Minimum Home Repair Program;
- Housing Plans and Advocacy Program;
- Aboriginal Housing Program; and
- Downtown Housing Program;

AND WHEREAS the City of Winnipeg has designated the following areas as Housing Improvement Zones:

- Spence;
- West Broadway;
- Centennial;
- William Whyte; and
- North Point Douglas;

AND WHEREAS many inner city communities have set up neighbourhood associations which play an important grassroots role in developing and implementing neighbourhood housing policies, programs and initiatives;

AND WHEREAS it is desirable to examine the current status of housing programs in the City of Winnipeg, in order to ensure that program goals are being met and to identify areas in which programs could be improved or enhanced;

THEREFORE BE IT RESOLVED THAT the Winnipeg Public Service be directed to undertake a comprehensive review of all City of Winnipeg housing programs, including:

1. the current status of designated Housing Improvement Zones; and
2. alternate policy tools the City can use to promote affordable housing,

and report back to the Winnipeg Housing Steering Committee with recommendations by March 31, 2009.

# ADMINISTRATIVE REPORT

**ISSUE: To respond to the direction from the Winnipeg Housing Steering Committee to undertake a comprehensive review of City's Housing Programs**

**Critical Path: Winnipeg Housing Steering Committee – Executive Policy Committee**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| S. Dueck | D. Joshi | N/A | G. Laubenstein |

## RECOMMENDATIONS

1. To accept as information the review of the City's housing programs (attached as Appendix 1)
2. That the Public Service, together with representatives of the Manitoba Government, investigate the possibility of focusing housing improvement initiatives in smaller multi-block areas as a mechanism of leveraging the greatest impact.
3. That the Public Service be directed to update and consolidate the following 5 of 6 existing housing programs currently funded by the Housing Rehabilitation Investment Reserve into a single comprehensive program that identifies categories of eligibility criteria for funding;
    a. Neighbourhood Housing Program
    b. Minimum Home Repair Program
    c. Development Cost Offset Program
    d. Housing Plans and Advocacy Program
    e. Downtown Housing Program
4. That the Proper Officers of the City be authorized to do all things necessary to complete the intent of the foregoing.

## IMPLICATIONS OF THE RECOMMENDATIONS

This review of the City's Housing Programs only includes those programs and activities financed via the Housing Rehabilitation Investment Reserve (HRIR), and *does not* include other programs such as the Neighbourhood and Downtown Multifamily / Mixed-use Building Grant Programs, the Residential Infill Tax Credit Program, and the Residential Rehabilitation Assistance Program (RRAP).

Results of housing revitalization efforts funded by the HRIR and delivered by the City's Housing Programs are generally positive; however, analysis and consultation indicate that these neighbourhoods are still fragile, and that additional attention and investment is necessary to establish long-term stability in these markets.

Indicators of success include:

- Rising values of owner-occupied dwellings, which in three Housing Improvement Zones (HIZ) exceed the City's average rate of increase;
- Increased gross rents for rental properties;
- Reduced number of vacant lots; and
- Positive responses given by representatives of resident associations and by other housing stakeholders.

Indications of fragility include:

- Market values in most HIZs remain lower than replacement costs for residential units;
- HIZ neighbourhoods contain higher-than-average rental tenure in single-family dwellings; and
- Residents of HIZ neighbourhoods report increasing incidence of housing in need of major repair.

The $1 million allocation in the City's 2009 operating budget for the HRIR is allocated as follows:

- $200,000 for Aboriginal Housing
- $160,000 for each of the existing 5 Housing Improvement Zones

As there now exists a certain sense of expectation regarding this funding allocation, any discussion about redefining or adding areas targeted for housing renewal will likely result in community stakeholders voicing concern about funding availability.

As a result of the findings of this Housing Program review, the Public Service will take the following actions:

a. The Public Service, under the leadership of the Liveability, Zoning, and Vacant and Derelict Building By-law enforcement groups, will develop a clear strategy related to the active and timely enforcement of these by-laws with a view to allocating and/or prioritizing enforcement resources towards focused neighbourhoods and areas of specific distress and not simply on a complaint-driven basis.

b. The Public Service will be pro-active in establishing an accurate registry and regular tracking of derelict buildings and vacant lots in core neighbourhoods, which will be used as one of the indicators of neighbourhood health / distress;

c. The Public Service will work with housing stakeholders to establish clear and measurable criteria to determine the eligibility of areas to receive targeted housing-related funding;

d. The Public Service will provide ongoing review of all Winnipeg neighbourhoods through regular periodic evaluation of existing neighbourhood conditions and their resulting categorization;

e. The Public Service, as part of a greater review of the Winnipeg Housing Policy (in conjunction with a review of Our Winnipeg) and building on the clear and measurable criteria established with housing stakeholders, will engage in a process to recommend either confirmation of existing areas or designation of new areas targeted for housing renewal and will measure the funding needs of those areas based on established goals. As part of this process, the Public Service will consider defining housing improvement zones by boundaries not necessarily corresponding to neighbourhood boundaries.

f. The Public Service, in cooperation with community stakeholders, will explore opportunities to share existing resources provided in existing Housing Improvement Zones (e.g. Housing Coordination resources) with other Housing Improvement Zones and with neighbourhoods not designated as Housing Improvement Zones but with potential to revitalize housing.

g. In conjunction with the Our Winnipeg process, and in partnership with other areas of the Public Service, community representatives and other stakeholders, the Planning, Property and Development Department will explore the feasibility of creating secondary suites and other less conventional options for affordable housing in Winnipeg's existing neighbourhoods.

The City's continuation of the current Housing Programs funded by the HRIR for housing renewal in Winnipeg's core neighbourhoods will protect and build upon successes already achieved and implies a continued source of funding from the City's annual operating budget.

## HISTORY

On December 15, 2008, the Winnipeg Housing Steering Committee directed the Public Service to undertake a comprehensive review of City of Winnipeg housing programs, including the current status of designated Housing Improvement Zones and alternative policy tools the City can use to promote affordable housing, and to report back to its meeting by March 31, 2009. A 30 day extension was subsequently approved to allow inclusion of 2006 Census Data that was received in late March.

City Council in November 1999 approved in principle the Draft Winnipeg Housing Policy, and approved the Policy on March 22, 2000. The policy established a classification system for neighbourhoods, and introduced the concept of "Housing Improvement Zones" (HIZs) in which housing renewal efforts could be concentrated.

A Neighbourhood Designation Report was produced in 2000 that designated the city's 228 neighbourhoods into 14 "Major Improvement Areas", 21 "Rehabilitation Areas", 135 "Conservation Areas", and 23 "Emerging Areas". The study did not address designation of neighbourhoods as HIZs.

Four neighbourhoods were designated as Housing Improvement Zones by the Housing Steering Committee in 2000. These neighbourhoods were:

- West Broadway
- Spence
- William Whyte and
- North Point Douglas.

Additionally, funding was made available for housing development in the downtown. A fifth neighbourhood, Centennial, was designated as a Housing Improvement Zone in 2006. Appendix 2 provides a map depicting the location of these neighbourhoods.

Council also approved creation of a Housing Rehabilitation Investment Reserve (HRIR) on June 21, 2000, with the purpose to "fund City housing programs not provided for in operating budgets." The HRIR was seeded with $3.1 million upon creation, and has received additional funding through operational and capital budgets since that time. The HRIR received a total of $9.96 million in the period 2000 to 2008, and was allocated an additional $1 million in 2009 from the City's Operating Budget.

Approximately 2/3 of funding provided to the HRIR has been spent in HIZ neighbourhoods to repair, rehabilitate or develop housing. The remainder has been committed to housing-related projects in the downtown, in other areas designated as Major Improvement Areas (but not HIZs), or for improvement to Aboriginal housing.

In addition to HRIR funding, the City has contributed vacant land and derelict buildings with a cumulative cost and assessed value of $3.39 million to housing projects during the period 2000 to 2008.

Existing funding programs under the HRIR target primarily housing developers and non-profit organizations, and a relatively small percentage of funding flows to individual private property owners (landlords and homeowners). This strategy has shown success in addressing rehabilitation or demolition of derelict buildings and new development on vacant lots; however, they have been less effective in addressing rehabilitation of the majority of privately owned property. Following is a description and summary of existing funding programs under the HRIR:

- Neighbourhood Housing Program
  Supports implementation of Neighbourhood Housing Plans by addressing inner city housing issues and improving the quality of affordable housing and neighbourhood integrity. This program covers projects ranging from housing rehabilitation and infill development to support for employment of Housing Coordinators in Housing Improvement Zones. Approximately 68% of HRIR funding has been committed under this program.

- Aboriginal Housing Program
  Supports implementation of Aboriginal housing development as a strategic initiative identified in the document, "First Steps: Municipal Aboriginal Pathways" to provide safe and affordable accommodation for Winnipeg's Aboriginal citizens. This program has been effective in providing support for Aboriginal housing where other supports are limited or non-existent, and has become especially relevant as federal subsidy programs are expiring with regard to Aboriginal housing. Approximately 6.5% of HRIR funding has been committed under this program.

- Minimum Home Repair Program
  Provides financial assistance to owner-occupants to undertake minor critical repairs required for continued safe and healthy occupancy of homes. This grant has been used effectively to replace failed furnaces in winter, burst plumbing and other issues that create immediate health and safety issues for occupants. Approximately 14% of HRIR funding has been committed under this program.

- Development Cost Offset Program
  Assists neighbourhood organizations/proponents to plan and implement quality, affordable housing projects by providing financial assistance for pre-development costs and the reimbursement of City fees. This program provides support for pre-development costs that are necessary to evaluate and prepare for a project, but often create risk to proponents to a degree that projects are delayed or not pursued. Approximately 3.5% of HRIR funding has been committed under this program.

- Housing Plans and Advocacy Program
  Provides financial assistance and other support for community stakeholders to develop a Housing Plan or Strategy to build local capacity, to undertake housing initiatives, and to provide training and support for home ownership and tenancy. This program has enabled neighbourhoods to create initial neighbourhood housing plans in four Housing Improvement Zones, and to update those housing plans over time. Approximately 2% of HRIR funding has been committed under this program.

- Downtown Housing Program
  Encourages unique and innovative approaches that support downtown housing development and result in quality, affordable housing by providing financial assistance to proponents. This program was originally intended to support residential development in Winnipeg's downtown; however, this type of development is now the jurisdiction of CentreVenture Development Corporation, and the program is no longer supported. Approximately 2% of HRIR funding has been committed under this program.

Discussions were held with housing stakeholders in each of the existing HIZs regarding the topics of this report. Responses from communities were fairly consistent, with concerns expressed that while significant successes have been realized, neighbourhoods are still fragile and conditions might regress if funding were reduced or eliminated. Stakeholders preferred that funding continue to be allocated to specific neighbourhoods, rather than to broader areas (such as groups of neighbourhoods), and expressed the opinion that new HIZs should only be created if additional funding were provided (i.e. no reduction to existing HIZs). Stakeholders also expressed a desire for better enforcement of housing-related By-laws, and an interest in providing funding to private property owners.

Discussions were also held with City Councillors representing wards containing Housing Improvement Zones, and feedback was mostly consistent with that of housing stakeholders. Councillors felt that stronger measures are needed to address vacant and derelict buildings; that services and inspections should be better integrated; and that funding to the private sector for development and maintenance of housing stock should be considered. Councillors expressed concerns that funding not be spread too thinly by expanding funded areas without simultaneously increasing overall funding, and that existing neighbourhoods be given adequate support to prevent "backsliding" into past conditions.

Public Service observations suggest that programs have been effective to date, but require revision to address changes in the market environment and to expand effectiveness of future housing renewal. Rising costs have affected viability of projects to acquire and rehabilitate existing housing. Accordingly, non-profit organizations have reduced or eliminated their capacity to undertake this work. Concurrently, the quantity of available and buildable vacant lots has diminished, which in many neighbourhoods has restricted developers' ability to construct new infill housing.

Existing programs have been effective in renewing housing in targeted neighbourhoods; however, they have had little impact in other neighbourhoods that exhibit renewal needs. The current Housing Policy lacks criteria by which neighbourhoods can be designated as and graduated from HIZ status. Consistent and accurate data collection will also be necessary to conduct regular and ongoing assessments of housing conditions in target areas.

Opportunities exist to create new incentives for development of affordable housing. These include a program to support (financially and practically) creation of secondary suites in existing homes; creation of a program that specifically targets rehabilitation support for privately owned properties (with potential limits placed on rents charged or sale price for a specified time); and further review of existing programs to revise them as needed.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** February 9, 2010

**Project Name:**

**Review of City of Winnipeg's Housing Programs**

**COMMENTS:**

The recommendations contained in this report, if accepted, would provide direction to the Public Service regarding a number of planned courses of action.
There are no direct financial implications associated with these recommendations.

*"Original Signed By"*
Mike McGinn, CA
Manager of Finance

## CONSULTATION

**In preparing this Report there was consultation with:**

Community Services (By-law Enforcement)

## SUBMITTED BY

| | |
|---|---|
| Department | Planning, Property and Development |
| Division | Housing Development |
| Prepared by: | Dave Dessens |
| Date: | March 12, 2010 |
| File No. | |

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**APPENDIX 1**
**Housing Improvement Zones and Affordable Housing**

**BACKGROUND**

In the late 1990's, Winnipeg's inner city was experiencing significant deterioration. Many homes were in need of major repairs, and owners were increasingly abandoning homes once repair costs exceeded value of the property after repair. A high arson rate, declining property values and significant social problems threatened the future of inner city communities and the quality of life of residents. These issues directly impacted the City's overall health and vitality.

In response to these issues, City Council in November 1999 approved in principle the Draft Winnipeg Housing Policy with specific goals to bring new life back to older neighbourhoods through locally planned, community supported housing renewal initiatives; to support housing renewal strategies that integrate economic and structural change to improve the quality of life for local residents while building neighbourhood stability; and to create and provide tools to enable communities to implement renewal efforts, and to support, wherever possible, locally developed products, businesses and initiatives. The Policy established a classification system for neighbourhoods, and introduced the concept of "Housing Improvement Zones" in which housing renewal efforts could be concentrated. The Winnipeg Housing Policy was approved by Council on March 22, 2000.

A neighbourhood analysis was necessary to assess and compare conditions in Winnipeg's residential areas, and a study was carried out by a Working Group and an interdepartmental team utilizing community expertise. The analysis identified 15 objective indicators to measure housing conditions, crime rates, and socioeconomic factors of Winnipeg Neighbourhoods. The result of this analysis was a Neighbourhood Designation Study produced in 2000 that designated the city's 228 neighbourhoods into 14 "Major Improvement Areas", 21 "Rehabilitation Areas", 135 "Conservation Areas", and 23 "Emerging Areas". Another 35 neighbourhoods were not designated because they were industrial or non-residential. This study did not address designation of neighbourhoods as Housing Improvement Zones.

Four neighbourhoods were designated as Housing Improvement Zones by the Housing Steering Committee in 2000. These neighbourhoods are West Broadway, Spence, William Whyte and North Point Douglas. Additionally, funding was made available for housing development in the downtown. A fifth neighbourhood, Centennial, was designated as a Housing Improvement Zone in 2006.

Council also approved creation of a Housing Rehabilitation Investment Reserve (HRIR) on June 21, 2000, with the purpose to "fund City housing programs not provided for in operating budgets." The HRIR was seeded with $3.3 million upon creation, and has received additional funding through operational and capital budgets since that time. Table 1 depicts funds transferred to the HRIR through 2008.

**Table 1: Funds approved by City Council for HRIR**

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Funds transfer to HRIR | $3,313,990 | $1,000,000 | $1,000,000 | $704,992 | $0 | $940,000 | $1,000,000 | $1,000,000 | $1,000,000 | $9,958,982 |

Six programs exist to establish criteria for distribution of funds from the HRIR for housing-related projects. These programs are:

**Neighbourhood Housing Program:**

Supports implementation of Neighbourhood Housing Plans by addressing inner city housing issues and improving the quality of affordable housing and neighbourhood integrity.

| | |
|---|---|
| Total $ spent over 9 years: | $6,722k |
| Average $ spent over past 3 years: | $716k |
| Percentage of 2008 spending: | 63% |

**Aboriginal Housing Program (approved in 2006):**

Supports implementation of Aboriginal housing development as a strategic initiative identified in the document, “First Steps: Municipal Aboriginal Pathways” to provide safe and affordable accommodation for Winnipeg’s Aboriginal citizens.

| | |
|---|---|
| Total $ spent over 9 years: | $636k |
| Average $ spent over past 3 years: | $212k |
| Percentage of 2008 spending: | 27% |

**Minimum Home Repair Program:**

Provides financial assistance to owner-occupants to undertake minor critical repairs required for continued safe and healthy occupancy of homes.

| | |
|---|---|
| Total $ spent over 9 years: | $1,377k |
| Average $ spent over past 3 years: | $47k |
| Percentage of 2008 spending: | 5% |

**Development Cost Offset Program:**

Assists neighbourhood organizations/proponents to plan and implement quality, affordable housing projects by providing financial assistance for pre-development costs and the reimbursement of City fees.

| | |
|---|---|
| Total $ spent over 9 years: | $357k |
| Average $ spent over past 3 years: | $15k |
| Percentage of 2008 spending: | 1% |

**Housing Plans and Advocacy Program:**

Provides financial assistance and other support for community stakeholders to develop a Housing Plan or Strategy to build local capacity, to undertake housing initiatives, and to provide training and support for home ownership and tenancy.

| | |
|---|---|
| Total $ spent over 9 years: | $186k |
| Average $ spent over past 3 years: | $0 |
| Percentage of 2008 spending: | 0% |

**Downtown Housing Program:**

Encourages unique and innovative approaches that support downtown housing development and result in quality, affordable housing by providing financial assistance to proponents.

| | |
|---|---|
| Total $ spent over 9 years: | $220k |
| Average $ spent over past 3 years: | $0k |
| Percentage of 2008 spending: | 0% |

Funding is provided to Housing Improvement Zones through the HRIR, which also provides funding for Aboriginal housing development in the city. Downtown development is currently funded from sources other than the HRIR. The five designated neighbourhoods now receive equal portions of funding from the reserve, which funded annually through City's Operating Budget. Tables 2 through 5 summarize housing development through the HRIR as a result of the Winnipeg Housing Policy.

**Table 2: City of Winnipeg Funding Contribution by Program through HRIR**

| City of Winnipeg Housing Initiative Programs | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Aboriginal Housing | $0 | $0 | $0 | $0 | $0 | $0 | $222,755 | $210,500 | $203,000 | $636,255 |
| Development Cost Offset | $165,369 | $12,707 | $93,584 | $30,700 | $10,000 | $0 | $30,000 | $10,000 | $5,000 | $357,360 |
| Downtown Housing | $0 | $0 | $0 | $220,000 | $0 | $0 | $0 | $0 | $0 | $220,000 |
| Housing Plans and Advocacy | $90,000 | $7,125 | $15,000 | $30,000 | $15,000 | $29,250 | $0 | $0 | $0 | $186,375 |
| Minimum Home Repair | $24,457 | $775,221 | $317,513 | $37,610 | $40,025 | $41,857 | $51,706 | $53,529 | $35,243 | $1,377,161 |
| Neighbourhood Housing | $250,000 | $1,531,351 | $456,407 | $922,814 | $842,220 | $571,168 | $925,135 | $744,083 | $479,203 | $6,722,381 |
| Other: *includes housing forums, special events, etc.* | $3,967 | $9,601 | $3,592 | $43,061 | $36,086 | $59,379 | $35,212 | $128,577 | $38,400 | $357,875 |
| Total | $533,793 | $2,336,005 | $886,096 | $1,284,185 | $943,330 | $701,653 | $1,264,809 | $1,146,689 | $760,846 | $9,857,406 |

### Table 3: Number of Dwelling Units Repaired, Rehabilitated or Developed by HRIR Funded Program

| City of Winnipeg Housing Initiative Programs | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Aboriginal Housing | | | | | | | 38 | 16 | 40 | 94 |
| Development Cost Offset | 70 | 4 | 36 | 5 | 2 | | 8 | 1 | 1 | 127 |
| Downtown Housing | | | | 82 | | | | | | 82 |
| Housing Plans and Advocacy | | | | | | | | | | 0 |
| Minimum Home Repair | 10 | 271 | 115 | 21 | 15 | 17 | 19 | 17 | 17 | 502 |
| Neighbourhood Housing | 25 | 286 | 94 | 310 | 295 | 242 | 294 | 279 | 241 | 2,066 |
| Other: *includes housing forums, special events, etc.* | | | | | | | | | | 0 |
| Total | 105 | 561 | 245 | 418 | 312 | 259 | 359 | 313 | 299 | 2,871 |

### Table 4: Number of Dwelling Units Repaired, Rehabilitated or Developed through HRIR by Neighbourhood

| Neighbourhood | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Spence | 12 | 145 | 62 | 72 | 59 | 55 | 52 | 61 | 55 | 573 |
| West Broadway | 46 | 29 | 46 | 58 | 72 | 34 | 49 | 61 | 31 | 426 |
| Centennial | | | | | | | 52 | 15 | 25 | 92 |
| North Point Douglas | 3 | 15 | 16 | 83 | 79 | 73 | 63 | 95 | 62 | 489 |
| William Whyte | 40 | 83 | 46 | 122 | 91 | 73 | 73 | 65 | 67 | 660 |
| Other: *includes Dowontown, Aboriginal Funding, other MIAs, Flora Place, etc.* | 4 | 289 | 75 | 83 | 11 | 24 | 70 | 16 | 39 | 611 |
| Total | 105 | 561 | 245 | 418 | 312 | 259 | 359 | 313 | 279 | 2,851 |

**Table 5: City of Winnipeg Funding Contribution by Neighbourhood through HRIR**

| Neighbourhood | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Spence | 93,985 | 475,529 | 244,405 | 287,267 | 199,032 | 149,998 | 100,544 | 140,900 | 100,814 | $1,792,474 |
| West Broadway | 104,734 | 263,562 | 200,870 | 187,205 | 179,501 | 64,225 | 113,949 | 260,646 | 86,203 | $1,460,895 |
| Centennial | | | | | | 0 | 166,116 | 128,647 | 162,000 | $456,763 |
| North Point Douglas | 8,141 | 57,817 | 118,327 | 147,380 | 211,917 | 141,634 | 104,818 | 124,308 | 77,864 | $992,205 |
| William Whyte | 314,309 | 261,586 | 140,904 | 367,292 | 221,076 | 123,225 | 129,544 | 153,112 | 92,565 | $1,803,613 |
| Other: *includes Dowontown, Aboriginal Funding, other MIAs, Flora Place, etc.* | 12,624 | 1,277,511 | 181,590 | 295,041 | 131,805 | 222,571 | 649,838 | 339,077 | 241,400 | $3,351,456 |
| Total | $533,793 | $2,336,005 | $886,096 | $1,284,185 | $943,330 | $701,653 | $1,264,809 | $1,146,689 | $760,846 | $9,857,406 |

In addition to funding through the HRIR, the City contributes surplus land in neighbourhoods designated as Major Improvement Areas for housing development. These contributions have included vacant land as well as derelict buildings for rehabilitation. Tables 6 and 7 summarize contributions and resulting housing development.

**Table 6: Value of City Land Transferred for Infill Development by Neighbourhood**

| Neighbourhood | # of Lots | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Spence | 31 | 0 | 0 | 111,850 | 52,350 | 38,050 | 115,250 | 117,700 | 30,800 | 0 | $466,000 |
| West Broadway | 10 | 0 | 10,700 | 14,200 | 16,600 | 0 | 0 | 9,800 | 12,900 | 0 | $64,200 |
| Centennial | 33 | 0 | 0 | 0 | 0 | 10,400 | 12,200 | 385,800 | 47,500 | 50,350 | $506,250 |
| North Point Douglas | 19 | 0 | 0 | 0 | 16,850 | 23,800 | 3,100 | 89,300 | 12,200 | 6,800 | $152,050 |
| William Whyte | 63 | 0 | 52,750 | 66,050 | 123,550 | 26,550 | 60,000 | 151,451 | 33,250 | 79,000 | $592,601 |
| Other: *includes Dowontown, Aboriginal Funding, other MIAs, Flora Place, etc.* | 100 | 0 | 44,600 | 46,350 | 85,800 | 29,600 | 901,450 | 327,300 | 82,400 | 89,750 | $1,607,250 |
| Total | 256 | $0 | $108,050 | $238,450 | $295,150 | $128,400 | $1,092,000 | $1,081,351 | $219,050 | $225,900 | $3,388,351 |

**Table 7: Infill Housing Units Created from 2001 through 2008**

| Neighbourhood | Single-Family | Multi-Family | Total |
|---|---|---|---|
| Spence | 30 | 0 | 30 |
| West Broadway | 1 | 26 | 27 |
| Centennial | 15 | 0 | 15 |
| North Point Douglas | 17 | 11 | 28 |
| William Whyte | 32 | 0 | 32 |
| Total | 95 | 37 | 132 |

## ANALYSIS

### *Status of Housing Improvement Zones (HIZ)*

The current Winnipeg Housing Policy was established in an environment of declining property values, deterioration of inner city neighbourhoods, and abandonment of housing that required significant repair. The HRIR was created to provide necessary funding in targeted areas to address these issues. One strategy pillar of the HIZ program was that a multi-faceted, concentrated approach to neighbourhood housing renewal would work better than a scattergun approach employed through all distressed and at-risk neighbourhoods.

Results of housing revitalization efforts are generally positive. Indeed, some neighbourhoods have experienced tremendous gains and, considered through the lens of assessment values, private investment, and an active market for vacant lots, and have experienced significant progress in housing regeneration. However, analysis and consultation indicate that these neighbourhoods are still fragile, and that additional attention and investment is necessary to establish long-term stability in these markets.

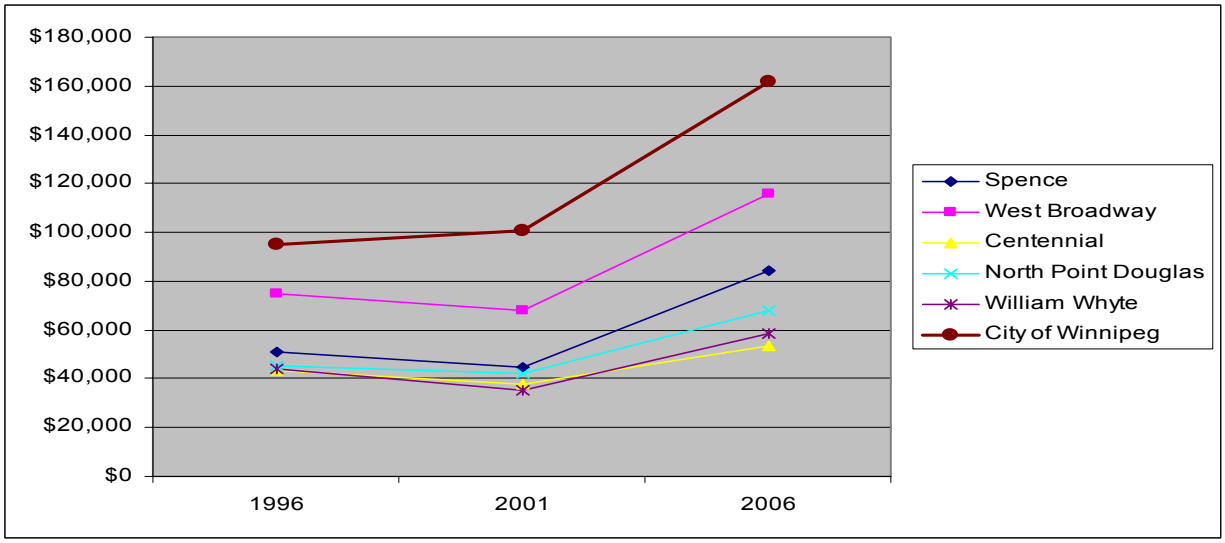
Funding has been provided for varying degrees of housing renewal in targeted neighbourhoods, with projects ranging from minor repairs to complete rehabilitation of derelict buildings and construction on new infill housing. Experience has shown that even relatively small exterior repair programs can spur community investment and collaboration on a broad scale that results in significant improvement in curb appeal and resident pride. Repairing or replacing derelict buildings, as well as constructing infill housing on vacant lots, can abate and even reverse deterioration of surrounding properties, as neighbouring property owners perceive greater return in investing in their own property.

Public investment in housing renewal (from all levels of government) has resulted in positive effects in core neighbourhoods, both in terms of perception and real value of housing. As stated in a letter from the Spence Neighbourhood Association, “The above programs have had a positive impact on the communities. Houses have been improved and apartments renovated. The value of housing stock has increased at twice the rate as that for the rest of the City. Private investors are starting to improve some of the higher potential properties.” Comments in a letter dated February 16, 2009 from the William Whyte Residents Association mirror these comments. “The City’s Housing Policy has been integral in assisting our community in addressing the decline of our housing stock.” These comments are supported by data on

housing values illustrated in Chart 1, which indicate declining values prior to implementation of the Housing Policy in 2000, but increasing values since that time.

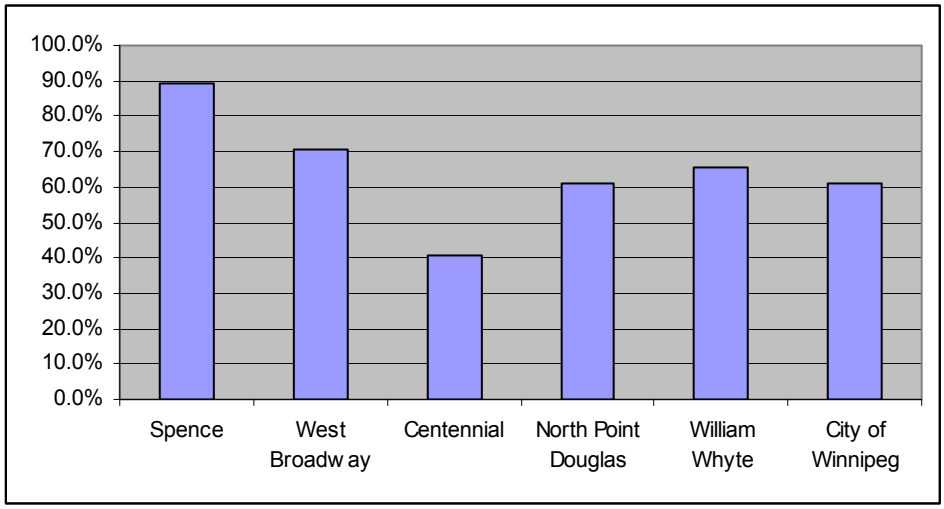
Chart 2 depicts these value increases as percentages rather than actual dollar values, indicating that property values in three Housing Improvement Zones (Spence, West Broadway and William Whyte) increased at a rate higher than the City's average from 2001 to 2006.

**Chart 1: Average Dwelling Value of Owner-Occupied Units**




Source: Statistics Canada Census Data

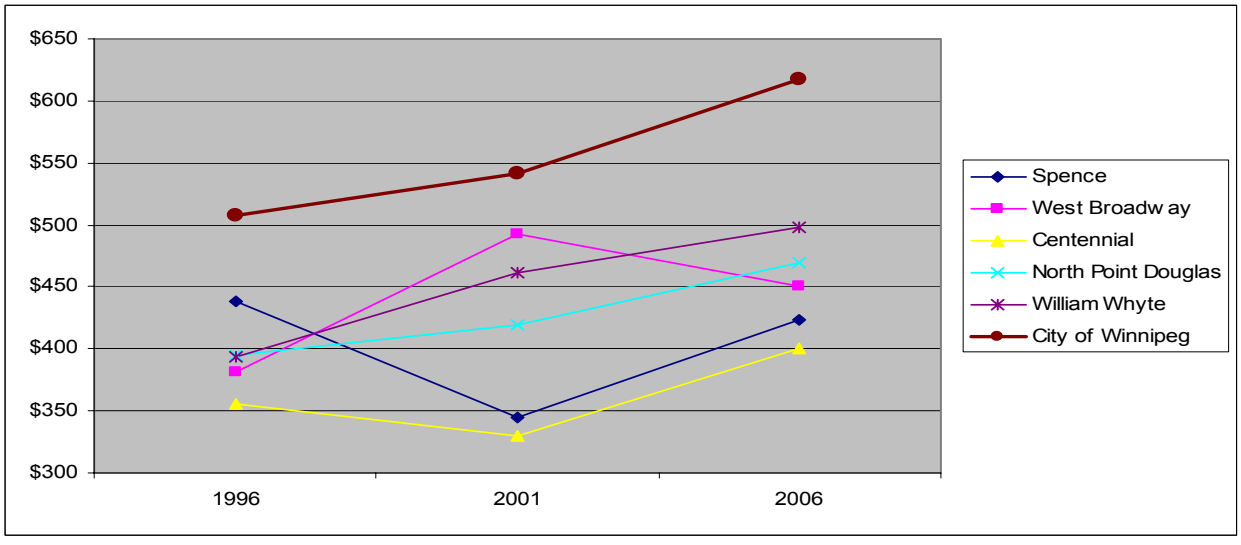
**Chart 2: Percentage Changes in Average Dwelling Value of Owner-Occupied Units for the Period 2001 to 2006**




Source: Statistics Canada Census Data

Average gross rents have also increased over time in core neighbourhoods, although at a lesser rate than the City average. This reduced rate of increase may be due in part to restrictions placed on rental housing developed with government funding in core neighbourhoods (including federal/provincial programs such as the Affordable Housing Initiative and the Residential Rehabilitation Assistance Program). Such programs target the outcome of longer-term affordable housing that is enforced with restrictions on rent increased. Chart 3 exhibits changes in rent over time.

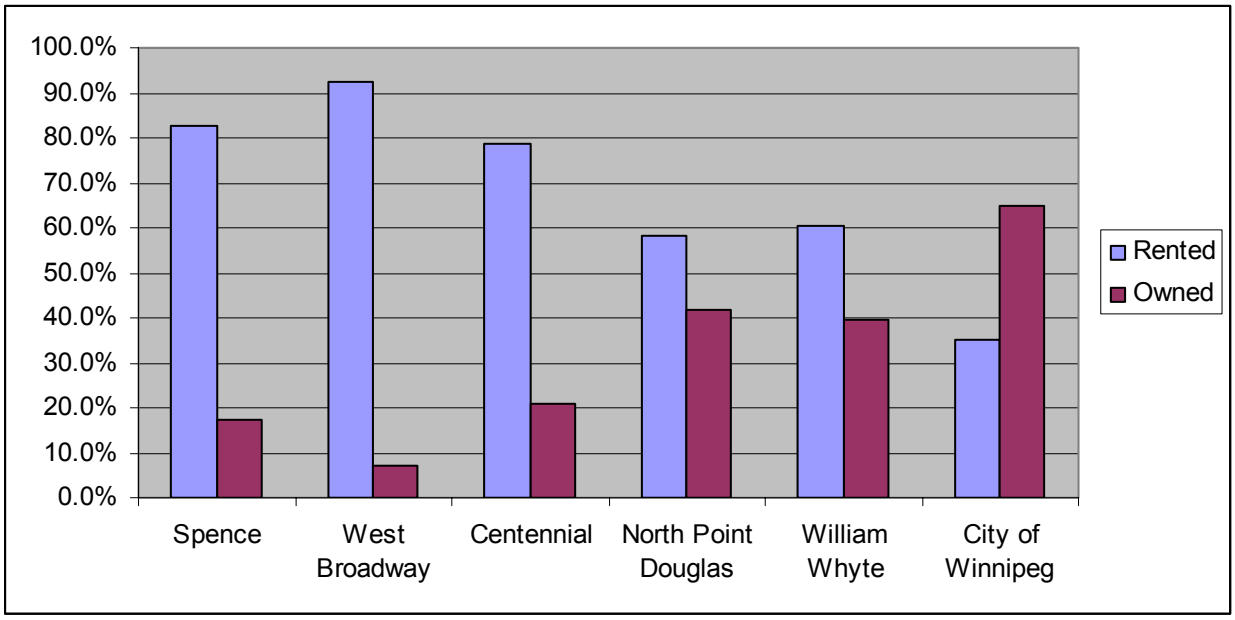
**Chart 3: Average Gross Rent for Tenant-Occupied Units**




Source: Statistics Canada Census Data

Even though rent increases in Housing Improvement Zones have not kept pace with the City average, these neighbourhoods still retain a high percentage of rental stock. As Chart 4 indicates, the percentage of housing units occupied by renters rather than homeowners is considerably higher than the City as a whole. This tenure is significant, because condition of rental stock is based on continued investment by the landlord, who in turn is often seeking to maximize return on investment. If rental revenue is not sufficient, property maintenance may be neglected.

**Chart 4: Property Tenure - 2006**




Despite the gains and the positive impact of public investment and grass-roots community organizing, these neighbourhoods and others designated as Major Improvement Areas continue to face challenges. First, housing in core neighbourhoods is typically older, as depicted in Table 8.

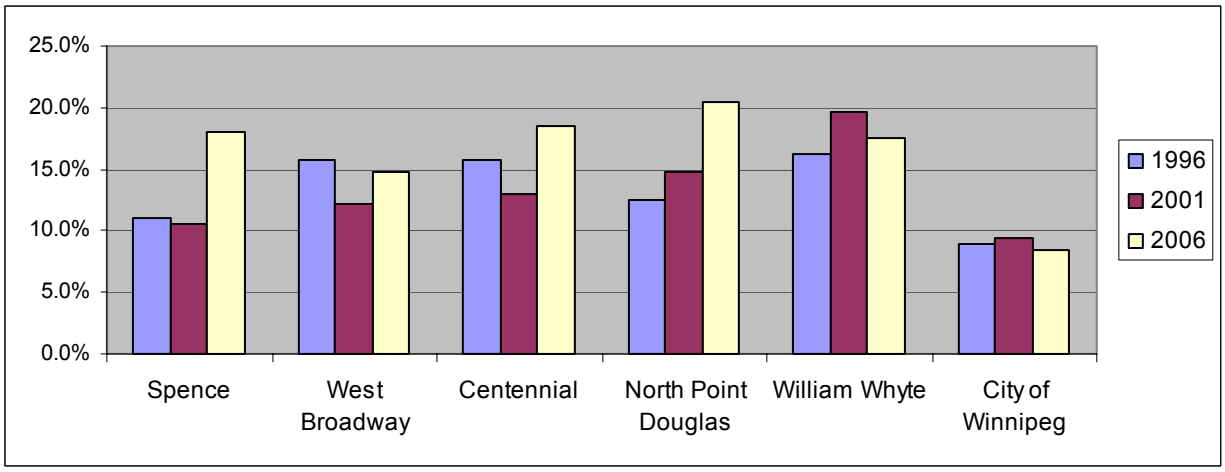
**Table 8: Percentage of Housing Constructed Prior to 1946**

| Neighbourhood | Total Dwelling Units | % Constructed Prior to 1946 |
|---|---|---|
| Spence | 1,765 | 43.9% |
| West Broadway | 2,920 | 59.8% |
| Centennial | 915 | 43.7% |
| North Point Douglas | 950 | 58.4% |
| William Whyte | 2,405 | 53.6% |
| **City of Winnipeg** | **261,085** | **19.5%** |

Source: Statistics Canada 2006 Census Data

Coupled with generally lower housing values and lower family incomes, the result is no surprise: less-than-adequate housing maintenance over time. The data make evident that much of the existing housing has reached a critical stage of deterioration and faces the need for major repairs or replacement. Therefore, even with investments in housing renewal in HIZ neighbourhoods to date, the number of units in need of major repair continues to climb. Chart 5 depicts housing in need of major repair in core neighbourhoods over time compared to the City as a whole.

**Chart 5: Dwellings in need of Major Repairs**




Source: Statistics Canada Census Data

On the surface, the above data may give the appearance that many of these targeted housing improvement neighbourhoods are in greater distress now than they were prior to the initiation of the City's housing programs. However, there also exists significant anecdotal and visible evidence of success in regards to housing rejuvenation, particularly in neighbourhoods such as West Broadway and Spence. How, then, does one reconcile the latest census data with the significant rise in property values in all of these neighbourhoods?

First, as with any bell curve of data, it is possible that the previous census data represented the first waves of issues associated with an aging housing stock. Early efforts focused on the 'tip of the ice-berg' with much of the housing stock in 1996 and 2001 still to reflect the full issues of its age. A second explanation is the issue of awareness and perception. The data is self-reported census data – not a quantitative assessment resulting from a physical building inspection. In 1996 and 2001, with houses on any given block in these neighborhoods showing evidence of significant disrepair, vacancy, or simply boarded up and derelict, it would be easy to see one's own house as not needing major repairs in comparison. Today, with infill housing occurring, and significant private and public investment throughout these neighbourhoods, the perception regarding the repair issues on one's own house is informed by a very different awareness.

Even if one was to take a pessimistic view of the data trend in Chart 6 – that the need for major repairs is higher than ever, there is cause for optimism. With the rise in housing values, the private sector is increasingly able to justify and finance these repairs. A financial recipe for an abandoned property or one relinquished in tax sale is one where the cost of rehabilitation is greater than the value of the underlying asset, and the cost to build new on a vacant property is

greater than its market value upon completion. Today, in many (but not all) of these neighbourhoods, even a distressed house represents a considerable market value, and the economic gap associated with building new is considerably less than in previous years.

Still, while physical evidence and statistical data indicate that significant improvements to housing in existing Housing Improvement Zones have occurred, additional work is still required. To date, funding has been used to support minor repairs to privately owned property, as well as to completely rehabilitate derelict housing or to construct new infill housing. However, as shown in Table 9, the City owns few vacant lots in core neighbourhoods, with the exception of William Whyte. Additionally, the City owns almost no derelict buildings as of February 2009. This indicates a need to expand incentives and supports to address housing repair needs beyond more traditional approaches of rehabilitation and infill development.

**Table 9: Vacant and Buildable City-Owned Lots as of February 2009**

| Neighbourhood | # Vacant City-Owned Lots |
|---|---|
| Spence | 2 |
| West Broadway | 0 |
| Centennial | 4 |
| North Point Douglas | 2 |
| William Whyte | 26 |

* Does not include commercial lots, lots designated for community gardens or greenspace, lots in process of transferring to housing developers for infill development or lots deemed unbuildable by Administration and/or developers

***Review of City of Winnipeg Housing Programs***

City funding from the HRIR has been used to rehabilitate inner city housing and to support housing affordability, but these programs are mostly limited to supporting housing development by third party (mostly non-profit) housing developers. Limited funds are provided through the Minimum Home Repair program, and additional small grants are distributed to private property owners through agreements with Community Renewal Corporations under the Neighbourhood Housing Program. Other than these programs little or no funding from the HRIR reaches private property owners in targeted neighbourhoods.

As described below, programs have shown varying degrees of effectiveness when applied in their present form. Some confusion has resulted from having a variety of programs all related to the same pool of funds, because proponents and stakeholders assume that each program has separate allocations of funding, rather than all drawing from the same pool. Consideration should be given to developing a single set of program criteria that would address the range of funding criteria currently identified in the six existing programs.

Effectiveness of existing programs is discussed below, with recommendations included regarding future applications of these programs. Note that recommendations refer to continuation of these existing programs, and that an alternative is to consolidate these existing

programs into a single comprehensive program that addresses the range of funding, criteria in the existing programs.

**Housing Plans and Advocacy Program:**

This program has enabled neighbourhoods to create initial neighbourhood housing plans in four Housing Improvement Zones, and to update those housing plans over time. These plans have provided a framework by which housing development could be considered and measured in each neighbourhood, and increased neighbourhoods' resident capacity to address housing issues. In this light, the Housing Plans and Advocacy Program has been very effective in supporting partnerships between communities and the City, and it recommended that this program be continued. Approximately 2% of HRIR funding has been committed under this program.

**Neighbourhood Housing Program:**

This program captures the majority of activity in housing development, and covers projects ranging from housing rehabilitation and infill development to support for employment of Housing Coordinators in Housing Improvement Zones. The strength of this program is its flexibility to allow funding for capital expenditures, for small grants to property owners, and for capacity building activity that is essential to healthy neighbourhood revitalization. A potential weakness of this program is its lack of differentiation between capital and non-capital project support, so that in a changing environment the focus of funding under this program could shift from actual housing development to more administrative activities in communities. To address this concern, the City's Administration has limited recommendations for purely administrative functions (such as neighbourhood housing coordination and support to resident associations) to 25% of the overall allocations for each designated area. It is recommended that this program be continued with possible revision to address areas of concern. Approximately 68% of HRIR funding has been committed under this program.

Additionally the primary investments in capital funding have been to not-for-profit housing organizations. It needs to be explored if there exists opportunities for partnership with the private sector to better leverage private capital investment.

**Development Cost Offset Program:**

This program provides support for pre-development costs that are necessary to evaluate and prepare for a project, but often create risk to proponents to a degree that projects are delayed or not pursued. Eligible expenditure include land acquisition, feasibility studies, surveys, demolition and site preparation, zoning variance and permit fees, building permit fees, utility hook-up fees and other similar costs. The program is most commonly used for feasibility studies and for demolition and permit costs, because problems uncovered at this pre-development stage can negate a project, with no chance for a proponent to recover related expenditures. Many eligible costs identified in this program are also eligible under the Neighbourhood Housing Program, if related to a project that proceeds to a construction phase. This program also duplicates funding that may be provided through Proposal Development Funding programs offered by both Canada Mortgage and Housing and by Manitoba Housing and Renewal Corporation; however, these alternate programs are designed for larger projects

with significant development costs. The City's Development Cost Offset Program is most effective for smaller projects with relatively minor pre-development costs. It is recommended that this program be continued with possible revision to restrict maximum grant amounts for larger projects. Approximately 3.5% of HRIR funding has been committed under this program.

**Minimum Home Repair Program:**

This program provides funding for minor but critical repairs which, if not repaired, could force an owner-occupied dwelling to become vacant. Eligible costs include emergency repairs to heating systems, chimneys, door and windows, minor foundation repairs, leaking roofs, plumbing, electrical systems, sewer connections and lot grading or window wells (Public Works referral only). Repairs needs must be verified through inspection before grants are approved. The program is not currently restricted by household income, and is there is no requirement that repairs bring the building to minimum property standards. Rather, the program is intended to address immediate critical problems. This grant has been used effectively to replace failed furnaces in winter, burst plumbing and other issues that create immediate health and safety issues for occupants. The program has also been used to cover costs for repairs that should have been made as regular property maintenance (such as roof repair), but were left untended until issues became critical. Problems have also arisen when additional health and safety issues are noted by the inspector, but are not being repaired. Caution is necessary in such cases to avoid creating a liability for the City in failing to require such repairs to be made. It is important to note that this grant is available on a one-time basis, and is contingent on availability of funding within a designated area. It is recommended that this program be continued upon review and revision to perhaps restrict and more clearly define eligible costs. Approximately 14% of HRIR funding has been committed under this program.

**Downtown Housing Program:**

This program was originally intended to support housing development in Winnipeg's downtown; however, this type of development is in the jurisdiction of CentreVenture Development Corporation. Funding was provided in the past to assist CentreVenture with development of a downtown housing plan, and to provide support through that organization to downtown developments. No funding has been allocated to this program since 2004, and the current structure of allocation to neighbourhoods does not accommodate such allocations in the future. As this program is not active, it is recommended that it be discontinued. Approximately 2% of HRIR funding has been committed under this program.

**Aboriginal Housing Program:**

This program was established to provide criteria for funding designated for Aboriginal housing through the HRIR in the City's 2005 Operating Budget. The program was modified from the existing Neighbourhood Housing Program to specifically target development and repair to housing for Aboriginal people, and to broaden boundaries to accommodate Aboriginal housing needs throughout the city. This program has been effective in providing support for Aboriginal housing where other supports are limited or non-existent, and has become especially relevant as federal subsidy programs are expiring with regard to Aboriginal housing. Communication with funders from other levels of government is essential to ensure that target properties are not eligible for funding from other programs or if they are eligible, that funding is complimentary rather than duplicate. It is recommended that this program be continued with regular review to

measure effectiveness. Approximately 6.5% of HRIR funding has been committed under this program.

Community Observations

Discussions were held with housing stakeholders representing each of the Housing Improvement Zones and individual private developers. Feedback from these discussions confirms the need to continue supporting housing renewal in these neighbourhoods. Comments and suggestions are summarized as follows:

*Vacant properties*

- A faster response is needed to boarded and/or derelict buildings, as many are not in compliance with the Vacant and Derelict Building By-law. Confirmation is also needed that a boarding permit has been issued and has not expired.
- Surplus City-owned property should be offered to private developers for a nominal fee, as it is to non-profit organizations. This would encourage privately funded development in addition to government-funded development.
- Title to vacant and derelict buildings should be transferred to Community Renewal Corporations for redevelopment.

*Secondary Suites*

- Remove zoning restrictions to development of secondary suites, which might include variance requirements as well as size restrictions.
- Provide funding for development of secondary suites, which could cover permit costs as well as development costs.
- Provide supports such as mentoring and education to potential developers of secondary suites, since most homeowners have no experience renting property to tenants.
- Consider development of “laneway” housing (i.e. developing housing units in garages) in addition to more traditional secondary suites.

*Funding*

- More funding is needed in Housing Improvement Zones to support larger projects.
- A portion of funding should be set aside for projects that span more than one Housing Improvement Zone, or include services to neighbourhoods that are not designated as Housing Improvement Zones.
- The City should offer lines of credit or repayable loans to non-profit organizations wishing to purchase properties for redevelopment. Currently, organizations have limited access to funding for acquisition, and properties are often sold to a competing party before project funding can be approved.

- Funding should be used to repair private rental stock, with a caveat that rents remain affordable in return.
- Funding should be provided to private owner-occupied dwellings (beyond small grants that currently exist) to encourage and assist homeowners with more significant renovations.
- Consider allocating funding based on neighbourhood size, rather than allocating evenly to all neighbourhoods.
- Provide funding to supplement incentives from Manitoba Hydro for "green" developments.
- Bridge down payment requirements for first-time homebuyers with loans repayable through property tax collections.

*Miscellaneous*

- Review and enforce rooming house standards to eliminate sub-standard living conditions. Funding support for renewal could be provided to cost-share upgrades to buildings with owners.
- Provide technical assistance to first-time developers to better navigate issues related to zoning and permits.
- Allow mixed-use development along major corridors in properties zoned for commercial use, rather than restrict as a conditional use. This could also be accomplished by zoning commercial properties as Commercial Mixed-Use (CMU) in designated areas.

Discussion also ensued regarding designation of current and future Housing Improvement Zones. The question was raised whether Housing Improvement Zones should continue to be identified as individual neighbourhoods, or to be expanded to include groups of neighbourhoods with similar characteristics and designations as Major Improvement Areas. Reactions of stakeholders and especially of resident association representatives to this discussion were generally negative, and were based primarily on concern that existing Housing Improvement Zones would receive less support if existing funding were spread across more neighbourhoods. Comments by various individuals and organizations include:

- Each neighbourhood should have a dedicated Housing Coordinator (hired through a Community Renewal Corporation), rather than have one individual representing several neighbourhoods.
- Criteria are needed to determine status as a Housing Improvement Zone (both for initial selection and eventual graduation from this status). These criteria should ensure that fragile neighbourhoods continue to receive funding until they become stable in their improved states.
- Pooling of funds among several neighbourhoods (rather than designating allocations for individual neighbourhoods) would negatively affect relationships between neighbourhoods due to competition for funds.

- Increasing the number of neighbourhoods designated as Housing Improvement Zones should only be considered if accompanied by an equivalent increase in overall funding from the City. New Housing Improvement Zones should not be created at the expense of existing Housing Improvement Zones.

Councillor Observations

Individual meetings were held with City Councillors representing wards containing neighbourhoods designated as Housing Improvement Zones. In fact, these wards (Fort Rouge - East Fort Garry, Daniel McIntyre, Point Douglas and Mynarski) contain all 14 neighbourhoods designated as Major Improvement Areas. Comments and suggestions are summarized as follows:

- Housing programs have been successful to date, and have addressed a number of problems in core neighbourhoods. The City's partnership with other levels of government through the Winnipeg Housing and Homelessness Initiative has provided opportunity for appropriate municipal involvement in housing issues.
- Funding should be considered for neighbourhoods beyond Housing Improvement Zones.
- Private developers should be encouraged to participate in housing development opportunities in targeted neighbourhoods, and should be given access to incentives such as City-owned land for nominal price and funding that has traditionally been reserved for the nonprofit sector.
- Better integration is needed between Housing Improvement Zones, neighbourhood renewal and Neighbourhood Liveability By-law enforcement. As well, better integration is needed between the Housing Development, Police and Community Services.
- Need to address priority issues such as vacant and derelict buildings.
- The City needs stiffer penalties for violations to the Vacant and Derelict Building By-law.
- Building Code violations in older apartment buildings should be treated as a priority and should be addressed more aggressively, because tenants are afraid to complain lest they be evicted for the effort.
- Funding should be provided for improvements to private owner-occupied housing, with a caveat that the property must not be sold for at least two years after funding is provided (to prevent "flipping" of property renovated with government funding). Funding could be provided independently or as a supplement to other funding sources such as the Residential Rehabilitation Assistance Program (RRAP). Maintenance of existing housing should be a priority.
- Emphasis is needed on increasing homeownership in single-family detached dwellings in core neighbourhoods.
- Funding should be focused on infrastructure rather than administrative activities of housing proponents.

- Housing coordination is important at the neighbourhood level to ensure that local housing activities are effective.
- Varying opinions exist regarding the definition of Housing Improvement Zones:
    - Support was expressed for the geographic definition of Housing Improvement Zones, either as individual neighbourhoods or as broader geographic areas that could include multiple neighbourhoods. A level of success has been achieved in Housing Improvement Zones and we should not eliminate that model.
    - Alternatively, it was suggested that the model of geographic targeting of neighbourhoods be reconsidered, and instead provide funding based on needs and economic factors (i.e. household income and property values) throughout the city.
- Concern was expressed that expanding programs into new neighbourhoods or areas without increasing the overall level of funding for housing renewal could be detrimental to existing Housing Improvement Zones.
- Levels of support in existing Housing Improvement Zone neighbourhoods need to be considered through a more holistic approach. Different neighbourhoods may require different amounts of funding, depending on neighbourhood characteristics such as size and overall need.
- Strategic funding needs to be maintained that will prevent Housing Improvement Zone communities from regressing to their previous conditions. Do not punish success by withdrawing funding support prematurely.

Public Service Observations

- The market environment has changed
    - Property values have increased
        - Private property owners are recognizing value of inner-city properties, which in periods of neighbourhood decline were being abandoned and ultimately taken by the City through the tax-sale process. As property values rise due to neighbourhood revitalization, owners with delinquent taxes are increasingly willing to pay back taxes and retain ownership of these properties. The City is therefore acquiring fewer properties through the tax sale process.
        - Most buildable core-area City-owned lots have been sold to non-profit housing developers for a dollar.
        - Private owners are charging higher prices for privately-owned derelict buildings and vacant lots. Privately-owned derelict houses are often listed for $20,000 to $50,000, so that total project costs exceed limits of feasibility for rehabilitation

- Market value of inner-city housing has increased, which has caused increases in purchase price of affordable infill housing developed by non-profit housing developers using government subsidy. This increase decreases the gap between market value and cost of construction.
- Labour and materials costs have risen, thus increasing cost of projects; however, these cost escalations appear to have peaked. These cost increases have offset gains in market value of housing to a degree, but the rate of future increases in market value should outpace future increases in cost.

- The non-profit sector has less capacity to rehabilitate derelict housing
  - Reduced availability of derelict houses from the City restricts ability to propose feasible rehabilitation projects. Until 2005/06, the City held title (through tax sale) to numerous derelict houses in the inner city, although on a diminishing basis. Since 2002, these were transferred through participation with the Winnipeg Housing and Homelessness Initiative to non-profit housing developers for a dollar for rehabilitation or demolition. As real estate market conditions improved over the period 2003 to 2008, fewer and eventually no new derelict houses are being acquired. Accordingly, this source of properties for rehabilitation has mostly disappeared, leaving speculators in the private market as the primary source of housing that might otherwise be declared derelict. As previously noted, these properties are being offered for sale at prices beyond feasibility for rehabilitation.
  - Costs have risen to the point where new construction is same or less cost as rehabilitation. At the same time, non-profit developers must now pay relatively high market prices for derelict properties, thus rendering rehabilitation projects cost-prohibitive. As such, non-profit housing developers are more likely to subcontract construction of new infill housing, rather than rehabilitate an older structure for equivalent cost.

- Market conditions in some HIZs are improving
  - As indicated in Chart 2, property values in most Housing Improvement Zones are increasing at a rate equal to or greater than the City average
  - Private investment has re-started in limited cases. Private developers have begun expressing interest in developing housing for market re-sale in the William Whyte neighbourhood, and private purchasers are competing for properties in Spence and West Broadway to the degree that non-profit housing developers are experiencing challenges in purchasing properties on the open market. Some of this competition may be due to investors speculating on increasing property values in target neighbourhoods.

- Improvements are still needed
  - As shown in Table 9, a limited number of vacant lots exist in some neighbourhoods. Most of these lots are marginal due to size; however, the City currently owns 27 vacant lots in the William Whyte neighbourhood (excluding lots already requested for development or other purposes).

- Some existing vacant lots are not appropriate for infill housing development. Examples include narrow lots (i.e. less than 25 feet in width), lots with no back lane, and oddly shaped lots that limit development options. Sections of several existing neighbourhoods are subdivided in ways that are inconsistent with today's zoning standards and best practices, and that inefficient design threatens the success of infill without redesign. Alternatively, opportunity exists to strategically acquire and "bank" these properties, which can then be consolidated and redesigning in a manner that enhances the long-term neighbourhood renewal process.
- Even though the street appearance has improved in most areas, the number of properties requiring major improvement has increased. This may be due to aging housing stock that is reaching a critical stage, to residents' increased awareness of housing condition, or to other reasons. Further research is needed in this area.
- Some existing housing stock is not worth repairing, due not only to extreme deterioration but also to the poor quality of original construction. In some areas of the inner city in particular, the original housing was developed as rooming houses and low-income rental property, and was not built to the same standard as other period housing. These properties have mostly surpassed their economic lifespan and should be replaced, rather than rehabilitated.
- As illustrated in Chart 4, the percentage of rental properties is high in core neighbourhoods. Landlords' willingness to invest in property maintenance can be correlated with return on investment (ROI) for that property, such that a low ROI will discourage investment other than critical maintenance in the asset. At the same time, tenants have no investment in property, so are unlikely to invest in building maintenance. A high prevalence of rental property can therefore have a negative affect on overall housing condition of a neighbourhood, if that rental stock is not properly maintained.
- As Chart 5 illustrates, the number of properties requiring major repairs is increasing in an environment of substantial government investment in housing renewal. Most of the City's housing programs provide funding to non-profit housing developers (either for development of housing for owner occupancy or for affordable rental occupancy); however, the majority of housing in most Housing Improvement Zones is privately owned (either by occupants or landlords). This indicates a need to shift funding to increase support for renewal of privately owned property.
- The current strategy of targeting specific neighbourhoods for renewal has been successful due to focusing funding investments in these areas. Further success may be achieved by targeting the most problematic sections within these neighbourhoods, rather than spreading funds more evenly. Experience has indicated that addressing housing renewal in the most deteriorated sections of a neighbourhood will maximize the positive impact of the overall neighbourhood. Consideration should therefore be given to focusing neighbourhood investment on the most distressed areas of targeted neighbourhoods, in order to better leverage the overall impact on surrounding areas.

- Accurate measurement data are needed
    - City inspections of vacant properties have historically been based on complaints rather than neighbourhood evaluations; therefore, the number of vacant and boarded houses has not been accurately measured over time. Additionally, information is not available to determine whether current vacant and boarded properties are the same properties that were vacant and boarded in the past. These data would indicate whether the overall population of vacant and boarded properties is static or dynamic.
    - Average condition of existing houses is based on subjective evaluation through Census data, rather than objective inspection. These data are therefore subject to changes in perception as well as changes in physical condition of housing.
    - The Neighbourhood Designation Study, which was the basis of designating neighbourhoods as Major Improvement Areas, Rehabilitation Areas, Conservation Areas and Emerging Areas, has not been updated since 2000, although draft data were collected in 2006. Regular periodic measurement through this study would indicate effectiveness of efforts to revitalize targeted neighbourhoods, and could be used to measure condition of other neighbourhoods that do not receive funding from the City's housing programs.
- Existing HIZs do not address all housing needs in core areas
    - Some bordering neighbourhoods are requesting HIZ status. These neighbourhoods include Daniel McIntyre, St. Matthews and West Alexander. In addition, two neighbourhoods currently designated as Rehabilitation Areas (Weston and Brooklands) have also expressed interest in becoming Housing Improvement Zones. Pockets of need exist in these and other neighbourhoods, and overall housing condition is at risk of declining if supports are not provided.
    - Objective review of conditions in Winnipeg's existing neighbourhoods is lacking. The original Neighbourhood Designation Study was completed in 2000, but it has not been officially updated since that time. This study or similar research is necessary on a regular ongoing basis to monitor changes over time that indicate where and when intervention is required.

## CONCLUSIONS AND RECOMMENDATIONS

Funding through the HRIR has been well received by inner city neighbourhoods, and has positively impacted communities through housing renewal and replacement. Programs were established in an environment of declining housing condition in target neighbourhoods, and were designed to address issues that were identified as priorities at that time. The housing market has changed significantly over the past decade, and current funding practices require ongoing review and revision to reflect the needs of this changing environment.

Funds were originally allocated for specific neighbourhoods designated as Housing Improvement Zones, and funds have predominantly been used to renew housing in these targeted areas. Criteria have not been clearly established by which ongoing status can be

evaluated, or by which new neighbourhoods might be designated. Additionally, housing renewal needs are not restricted by neighbourhood boundaries, and non-designated neighbourhoods are requesting HIZ designation to address pockets of need. The current system of allocating fund does not address needs beyond borders of Housing Improvement Zones; indeed, current allocation methods have encouraged a perception of neighbourhood entitlement for funding, rather than focusing on the need for funding that persists in these and other areas.

Conditions in Winnipeg's core neighbourhoods are improving in many respects, and to that effect funding programs have been very successful. Funding has supported housing repair and rehabilitation, infill housing development, creation of affordable housing, development of increased community capacity, and a positive relationship between communities and the City's administration. These supports have been valuable in efforts to improve inner city conditions, and should be retained to prevent "backsliding" in fragile neighbourhoods. Program modifications should also be explored to address needs of private property owners and of areas not currently designated as Housing Improvement Zones.

Recommendations for the future are:

- Continue providing funding support for housing renewal in Winnipeg's core neighbourhoods to protect and build upon successes already achieved.
- Together with the leadership of Liveability, Zoning, and Vacant and Derelict Building By-law enforcement groups, develop a clear strategy related to the active and timely enforcement of these by-laws with a view to allocating and/or prioritizing enforcement resources towards focused neighbourhoods and areas of specific distress.
- Establish accurate and regular tracking of derelict buildings and vacant lots in core neighbourhoods, which will be used as one of the indicators of neighbourhood health / distress.
- Work with housing stakeholders to establish clear and measurable criteria to determine the eligibility of areas to receive targeted housing-related funding.
- Provide ongoing review of all Winnipeg neighbourhoods through regular periodic evaluation of existing neighbourhood conditions and their resulting categorization.
- In cooperation with other civic departments and divisions, establish a framework to better integrate all civil services related to neighbourhood renewal and revitalization.
- Update existing funding programs related to the Housing Rehabilitation Investment Reserve to reflect current environmental needs, and review these programs annually to ensure their relevancy over time. Where appropriate, consolidate those programs with common funding allocations into a single comprehensive program that identifies categories of eligibility criteria for funding.
- As part of a greater review of the Winnipeg Housing Policy (in conjunction with a review of Our Winnipeg), establish the method of designating areas targeted for housing renewal and measuring the funding needs of those areas based on established goals.

- Consider defining housing improvements areas by boundaries not necessarily corresponding to neighbourhood boundaries.
- Analyze funding requirements and allocations for Housing Improvement Zones, and report back to the Winnipeg Housing Steering Committee on how allocations and other supports can be improved.
- In cooperation with community stakeholders, explore opportunities to share existing resources provided in existing Housing Improvement Zones (e.g. Housing Coordination resources) with other Housing Improvement Zones and with neighbourhoods not designated as Housing Improvement Zones but with potential to revitalize housing.
- In partnership with City Administration, community representatives and other stakeholders, explore feasibility of creating secondary suites and other less conventional options for affordable housing in Winnipeg's existing neighbourhoods.
- Investigate, together with the Province, the possibility of focusing housing improvement initiatives in smaller multi-block areas as a mechanism of leveraging the greatest impact.

**APPENDIX 2**
**Map of Major Improvement Areas and Housing Improvement Zones**

