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FAST FACTS

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The Case for Public Housing

The Frontier Centre for Public Policy has called for the privatization of public housing in Manitoba, and the *Winnipeg Free Press* has endorsed this position, saying in an editorial (Dec.13, 2008) that government should be “getting out of a business in which it really has no place”.

Following this advice would be a colossal error. The error follows from what appears to be a misunderstanding of the problem.

The problem---and it is a huge one---is that there is a massive shortage of low-income rental housing. This has been acknowledged over and over by those involved with housing issues in Winnipeg, and throughout Canada.

This shortage exists all across the country because private, for-profit developers do not build low-income rental housing. They don't build low-income rental housing because doing so is not profitable to them. The low rents that can be earned from low-income rental---in part the result of the appallingly low shelter component of social assistance, and low minimum wage rates---prevent their making profits. Instead, private for-profit developers build large suburban sub-

divisions, where profits can be earned from mass production techniques and high sales prices, and condominiums, attractive to high-income earners. Low-income people in need of affordable rental housing are left out by the private, for-profit housing industry because meeting their needs is not profitable.

So to turn public housing over to private for-profit developers or landlords would make a bad situation worse. This is made clear by the Frontier Centre's admission that to make their privatization scheme work, the rent paid by low-income tenants would have to double. Few, if any, of those now living in public housing could afford a doubling of their current rent, and so the ranks of the homeless and those at food banks would expand yet again. Far from solving real problems, a privatization of public housing would make those problems worse.

The first step in solving any problem is to understand what the problem is. In this case, the problem is an already-existing shortage of low-income rental housing, the unfortunate but logical outcome of a housing industry organized on a for-profit basis. Low-income rental is not profitable, and so it is not built. This was an important lesson learned from the private sector focused federal/



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provincial Affordable Housing Agreement. Very few units for low-income renters were built because subsidies to reduce developers' costs were used by them not for low-income rental units, but rather for building a minimal number of mid-market units that turned out to be beyond the means of low-income renters.

The solution, therefore, can only be and must logically be a non-market solution---rental housing that is built by government, or by non-profit builders supported by government. It gets done that way or it doesn't get done.

There is simply no getting around the fact that rental housing for low-income people requires government action. The solution is the building of much *more* public rental housing to meet the great need in our community. Only governments can fill the gap in the provision of housing that is created by the failure of the private for-profit housing industry to invest in low-income rental housing.

It follows that the provincial government's recent decision to direct its economic stimulus dollars at the renovation of existing public housing is an exceptionally wise decision. The usable life of a valuable asset that is in short supply---low-income rental housing---will be extended; local people will be put to work doing the renovations; low-income communities will be strengthened; and the economy will be stimulated. Investment in infrastructure makes good sense. Public housing is infrastructure.

If one adds to this the exciting community development work well underway in some of Winnipeg's largest public housing projects, like Lord Selkirk Park, it becomes apparent that public housing is not a problem to be solved by turning it over to private for-profit developers and landlords.

Rather, public housing is an *asset* that can be the basis for re-building low-income communities.

Hopefully the Frontier Centre's predictable call for the privatization of public housing will be ignored by policy makers. Hopefully the *Winnipeg Free Press* will re-consider its view that there is no role for government in housing; this is simply not a defensible position.

Approximately 95 percent of housing in Canada is already in the private for-profit realm, and still we face a crippling shortage of low-income rental housing. Why then turn yet more housing over to the sector that has already demonstrated that it cannot meet this need?

We need practical solutions to real problems. The real problem here is a shortage of low-income rental housing. The practical solution is for governments to invest in the upkeep and management of that public housing which already exists, and to build *much more* public housing to meet the need that is there.

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