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# FAST FACTS

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## The Housing Crisis in Thompson

**W**hile much has been written about the lack of affordable housing in Winnipeg, the situation in other Manitoba communities has also reached crisis proportions. Thompson for example, has a zero percent rental vacancy rate. While residents continue to urge the provincial and federal governments to increase their investments in social housing, the City of Thompson is taking a more proactive role.

Thompson is Manitoba’s “service hub of the North”. With a population of some 13,256 it also serves as a trade centre for an additional 36,000 - 65,000 Manitobans. Approximately 36% of Thompson residents are Aboriginal, the largest Aboriginal population in any Canadian municipality.

Thompson is also a city with extreme income disparity. Thirteen percent of individuals over fifteen years reported income exceeding \$80,000 in 2005 while 25% earned less than 15,000. The disparity has grown considerably since 2001. The population increased by 3.7% between 2001 and 2006. The number of individuals earning less than 15,000 decreased slightly (about 5%). But more striking is the increasing number of high-income earners in this period—a 65% increase in those earning \$80,000 plus.

This has had significant implications for housing. In a community with an increasing number of high-income transient workers and a 0% rental vacancy rate, there is considerable incentive for landlords to do whatever necessary to increase rents. But doing so without the creation of new low-cost units has resulted in the displacement of low-income families.

For example, one privately owned rental-housing complex was renovated in 2008 after years of neglect. In accordance with the Residential Tenancy Act, the owner was given exemption from Manitoba’s rent guidelines resulting in a doubling of rents from \$509.00 to \$1000.00 for a 3 bedroom unit and \$568.00 to \$1200.00 for a 4 bedroom. While the freshly renovated units provided a welcomed source of housing for higher income earners, not so lucky were the many families displaced because they could no longer afford the rents. And with no other housing options available, many of the 96 families, including some 219 school age children, had no choice but to leave Thompson. More recently the owner of a 275-unit rental property has informed tenants that units will be converted into condominiums. The purchase price of a one bedroom will be approximately \$160,000. Many of the families and singles currently residing in the building can’t



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 MANITOBA OFFICE

309 - 323 Portage Avenue  
 Winnipeg, MB R3B 2C1  
 T 204.927.3200 F 204.927.3201  
 ccpamb@policyalternatives.ca  
 www.policyalternatives.ca

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## *FAST FACTS continued ...*

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afford the purchase price and are fearful of losing their homes. But other options are limited and new supply is not being built through the private market to replace affordable rental units lost.

However, people continue to migrate to Thompson. The dire housing situation and lack of opportunity in small northern communities leads many to the northern city in search of employment, education and homes. But the lack of housing means that many are unable to stay and this is creating challenges for the local economy. For example, education enrollments have decreased and there is a shortage of professional, labour and service workers.

### **The City of Thompson Takes Action**

Like other municipalities, Thompson's city government continues to press the provincial and federal governments to build more subsidized rental housing. The Provincial government is beginning to respond however progress is slow. Plans are now in place for forty new 'affordable' units, half of which will be subsidized with rents set according to income. But many more units are needed.

The City of Thompson has in the past not had a budget line for housing, although they have contributed land to at least one affordable housing project. They have also previously acted as a developer of residential land, at a net cost to the City.

But Thompson is taking a new approach. They have recently changed their 'land sale' policy; will no longer subsidize market housing development; and are determined to take a more proactive approach to support 'affordable' housing.

In 2008, within the guidelines of the Municipal Revenue Act, the City of Thompson passed a by-law that would allow them to raise revenues through local taxation to pay for some important needs in the community, specifically, affordable housing, infrastructure and public safety. With

support of the community, the by-laws proposed outlined a process to set taxes and dedicate revenue to reserve funds that would be allocated to the corresponding needs in the community. Revenue from a 2% hotel tax and restaurant meals would be allocated to a reserve fund for infrastructure projects. Revenue from a 2% tax on alcohol would be allocated to public safety, and a half of a percent tax on land transfers would be allocated to a fund for affordable housing. But the Manitoba government, having ultimate power over municipal bylaws, declined to approve the tax proposals. Instead, they allowed Thompson to introduce a hotel tax of 5%, similar to the City of Winnipeg tax that is primarily used to fund Destination Winnipeg.

Although disappointed with the rejection of their innovative plan, Thompson implemented the 5% tax, but with a different twist. They will allocate their revenue to reserve funds that have broader social benefit. In response to priorities determined by the community, sixty percent of the hotel tax revenue is allocated to an infrastructure reserve, twenty percent is allocated to a community safety reserve, and twenty percent to an affordable housing reserve. At an estimated \$465,000 per year in revenue, approximately \$93,000 will now be available for affordable housing.

The new reserve fund won't solve Thompson's housing crisis. More financial support from the federal and provincial governments is still desperately needed. But Thompson's willingness to take action and seek creative solutions to their housing crisis shows us what city governments can do when they take leadership and put community first.

*Shauna MacKinnon is the director of the Canadian Centre for Policy Alternatives – Manitoba.; Charlene Lafreniere is the Executive Director of the Thompson Neighbourhood Renewal Corporation and a Councillor for the City of Thompson.*



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