



SEPTEMBER 2023

**PRESERVING MANITOBA'S  
AFFORDABILITY ADVANTAGE:**

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# **IMPROVING ACCESS TO HOMEOWNERSHIP**



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# Executive Summary

Housing affordability is a unique advantage in Manitoba that offers direct benefits to both existing residents and those who are new to the province. However, some groups are underrepresented in the housing market, and in recent years these inequities have worsened. Given the ongoing pressure on the cost of living, we must not take housing affordability for granted. During the pandemic, a housing supply crunch meant even more Manitobans experienced affordability challenges that underrepresented groups experience every day, which have become chronic in other provinces. Homeownership should not be unattainable for families making an average income – but that is exactly the outcome we have seen in major cities across Canada.

With the housing market stabilizing over 2022/2023, it means that Manitoba has the chance to take a proactive approach to this issue. Governments and all interested and affected parties, need to work together to ensure that homeownership remains available to all Manitobans, from various stages and walks of life and across the housing continuum.

MREA has developed concrete, actionable solutions under **three pillars: inclusivity, sustainability, and supply**. MREA's recommendations focus on removing barriers for Manitobans hoping to enter the housing market, particularly for groups that have historically been underrepresented in homeownership. The proposed solutions also aim to address challenges for Manitobans seeking to maintain their current homes. An inclusive, sustainable, and well-supplied market is the key to protecting housing affordability in Manitoba for years to come.

We can use lessons from the pandemic to inform the future of housing in Manitoba, as we move towards the end of 2023 and beyond.

# Introduction:

## *Why Now is the Time to Act*

### **Manitoba's Affordability Advantage Must be Protected**

Historically, Manitoba has had a more affordable housing market than other provinces. This advantage has played a crucial role, not only in our culture and community, but in our economy. When housing is affordable and readily available, young people growing up in Manitoba can envision a future here and newcomers from around the world choose to make our province their home. Likewise, employers are drawn to Manitoba when looking for an affordable place for their employees to live and work.

According to a study commissioned by the MREA and the Winnipeg Regional Real Estate Board in 2021, more than eight in ten Manitobans say they'd prefer to own a home instead of renting.<sup>1</sup> At the same time, nine in ten Manitobans feel that purchasing a home is becoming less affordable.<sup>2</sup> This sentiment is widespread, but it is especially strong among young adults, and particularly young women. This affordability challenge was exacerbated by the pandemic housing crunch; in 2021, the average sale price of a residential-detached home in Manitoba increased by more than 22% in comparison to 2019.<sup>3</sup> As a result, we understand why further MREA research in 2022 found that housing affordability ranked as a high priority for eight in ten Manitobans.

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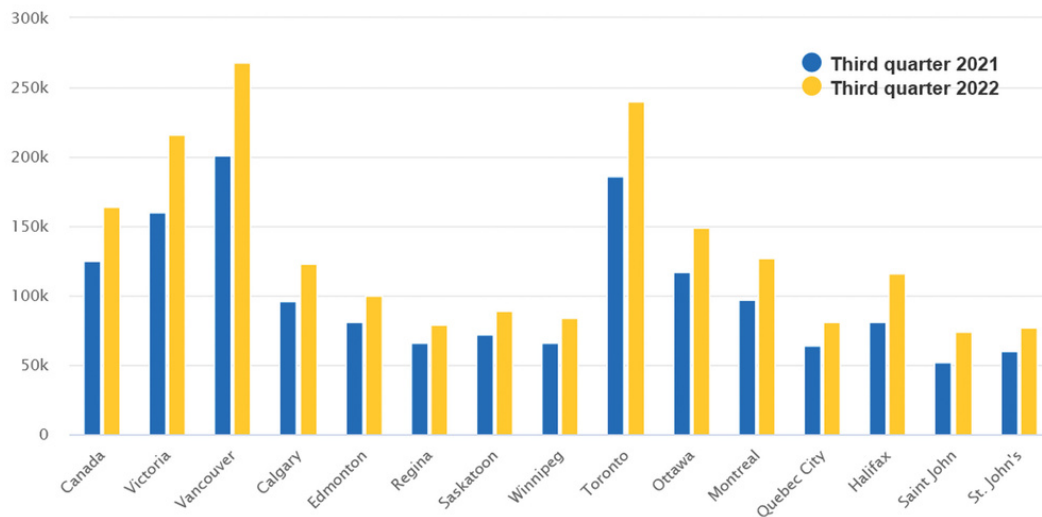


According to RBC Economics, in comparison to markets in other major Canadian cities, Winnipeg is still one of the most affordable. However, housing across the country has become less affordable in recent years and Winnipeg has not been immune to this trend.

In other words: Manitoba still has a relative affordability advantage, but government will need to take action to keep that from deteriorating over time.<sup>4</sup>

### Buyers need much higher income to qualify for a mortgage

Pre-tax income needed to qualify\* for a mortgage on the purchase of a home at the benchmark price, in \$



Source: RPS, Statistics Canada, Bank of Canada, RBC Economics  
 | \* Based on a 20% down payment, 25-year amortization and 39% gross debt service ratio.

## Homeownership Should be Attainable for More Manitoba Families

While we've seen housing affordability improve since the peaks of the pandemic, the sharp increases during that time signaled risks ahead. We need all levels of government to take action to ensure that home prices remain affordable, and to improve access to housing for underrepresented groups.

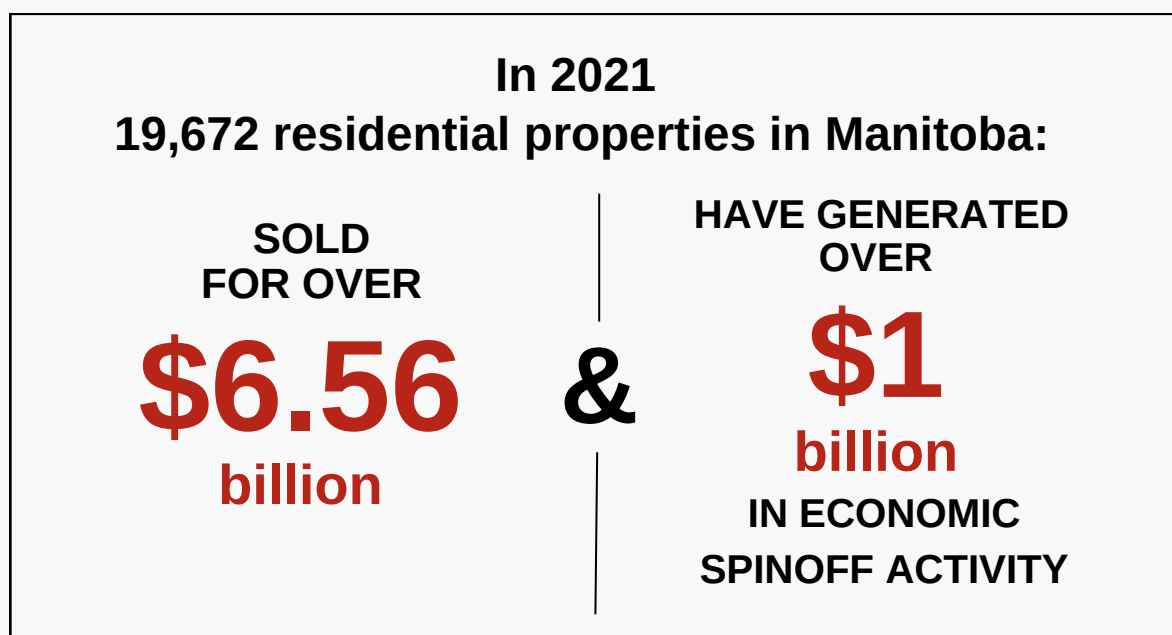
MREA wants to do our part to ensure that homeownership is broadly attainable: any Manitoba family with an average household income should be able to buy a home within their chosen community. We've seen the opposite happen in other provinces, where home ownership is increasingly out of reach, with negative ripple effects throughout society. We have a different vision for Manitoba's future.

In 2022, MREA established a Housing Affordability Task Force of REALTORS® to study this issue.



## **Situational Analysis:** ***The State of the Market Today***

Housing is a \$6 billion plus industry in Manitoba, and home sales are a major contributor to the provincial economy.<sup>5</sup> For example, in 2021, 19,672 residential properties in Manitoba sold for over \$6.56 billion in total dollars and generated over one billion dollars in economic spinoff activity. In 2022, 17,723 residential properties in Manitoba sold for over \$5.66 billion in total dollars and generated significant economic spinoff activity, including; spending on moving costs, furniture, household appliances, home renovations, and professional services. We want to support this important sector by ensuring home ownership stays within reach for the average first-time home buyer.





During peak years of the pandemic, housing markets across Canada experienced substantial price increases. While the market has stabilized since then there are valuable lessons we can apply to the future of housing in Manitoba.

Even before the pandemic, Manitoba was experiencing a structural housing supply deficit. In 2018, CMHC published a report demonstrating how weak supply responsiveness to price increases led to affordability challenges in some of Canada’s largest urban cities. In its 2022 Estimating Supply Gaps Report, CMHC projected that Manitoba would require 260,000 additional incremental housing units beyond its “business as usual” by 2030 to ensure that a target level of 30% of the housing supply remains affordable.<sup>6</sup>

The surge in demand during the pandemic led to an acute housing supply crunch – and Manitobans learned just how quickly an undersupplied market can experience significant affordability pressures. While the housing market has cooled, in part due to rising interest rates, inflationary pressures mean that it is more challenging than ever for many families to manage costs day-to-day, and a mortgage may seem daunting, due to increasing interest rates.<sup>7</sup> Potential home buyers continue to struggle with a lack of supply, especially when it comes to “starter homes”, and even post-pandemic, realtors continue to see multiple offers and sales over asking price in desirable neighbourhoods. Given these volatile circumstances, interested and affected parties need to work together on a thoughtful approach.



In the near future, we have an opportunity to close the homeownership gap for underrepresented Manitobans and enable more first-time buyers to enter the market than ever before. However, even within a cooler market, Manitoba will continue to experience a housing shortage and needs to consider future demand. It is particularly important to be proactive given that building a new home in Manitoba typically takes around two years or more, meaning supply solutions will take some time to have an impact. Governments must take a forward-looking approach, working with interested and affected parties, to prevent shortages and to ensure the availability of a wide variety of homes at different price points.

MREA wants to see that additional steps are taken to ensure that the Manitoba housing market can withstand shocks and avoid the kind of crisis we have seen in other provinces. The provincial government has an important role to play in ensuring the right conditions are in place. Specific policy recommendations will be explored in the following pages under **three key pillars: inclusivity, sustainability, and supply.**

#### THE HOUSING CONTINUUM



Image Sourced from:  
<https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>.

### **MREA recognizes the need for new development across the housing continuum.**

As CMHC and others have established, it is important to foster mobility and create multiple entry points to secure housing. Improving supply in any one area will help alleviate challenges across the continuum. While MREA supports these efforts, recommendations specific to social and rental housing are outside the scope of this paper, which is focused on helping Manitobans secure their dreams of homeownership.



# PILLAR 1: INCLUSIVITY

**A market that is inclusive and accessible for underrepresented groups and first-time home buyers.**

Across Canada, minority groups are underrepresented in the housing market, and Manitoba is no exception. According to CMHC, gaps in homeownership for racialized Canadians are consistent even when studies consider for income, immigration levels, and location.<sup>8</sup> Creating a more inclusive housing market will require cooperation and dedication, with the opportunity for the provincial government to take a leadership role.

The land transfer tax offers several opportunities for adjustment and improvement, as the rates and thresholds have been unchanged since 2004. The tax should be considered within the context of the housing market we want to create for Manitoba and the importance of attracting newcomers. We want to enable homeownership, which allows newcomers to put down roots and plan to stay in the province long-term. **Manitoba is the only prairie province to impose a land transfer tax, making homeownership less affordable, especially for first-time and low-income buyers.**<sup>9</sup>

Other provinces that impose a similar tax have introduced exemptions and rebates for first-time buyers. For example, in Ontario, first-time homebuyers are eligible for a full or partial refund of the land transfer tax for up to \$4,000, on all newly constructed or resale homes.<sup>10</sup> Similarly, in British Columbia, first-time home-buyers may receive a full or partial exemption from the tax, contingent on the buyer's qualifications, as well as the market value and size of the property.<sup>11</sup> To support a more inclusive market, Manitoba could introduce exemptions for groups with additional challenges: for example, those with disabilities who must find or renovate homes for accessibility, or homebuyers experiencing a family breakdown and change in financial circumstance.

Land transfer tax revenue could also be invested in a deliberate and targeted way to support homeownership for underrepresented groups. In particular, more needs to be done to advance reconciliation as it relates to housing. A 2021 StatsCan report found that one in six Indigenous people live in homes that require major repairs; this is more than three times the rate of the non-Indigenous population.<sup>12</sup> Additionally, 17% of the Indigenous population in Canada was reported to be living in overcrowded housing.<sup>13</sup>

The Assembly of Manitoba Chiefs and the Manitoba Real Estate Association have partnered to administer the Manitoba Tipi Mitawa (MTM) program, which supports First Nations families wishing to purchase their first home. Since its creation in 2009, MTM has assisted 33 First Nations families in purchasing their own home by providing education and financial assistance, every step of the way. MTM families continue to successfully manage their mortgage obligations, with no defaults to date.

We want every Manitoban to feel that the opportunity to own a home can be a part of their future, and targeted efforts to support newcomer and racialized Canadians are the only way to make that a reality. We hope to work with all levels of government and other interested and affected parties, to continue to expand and provide relief to establish a more equitable housing market.



# PILLAR 1: INCLUSIVITY

## Proposed Recommendations

1

Reform the provincial Land Transfer Tax to reduce the cost barrier that the tax imposes on first-time, lower income home buyers, individuals with disabilities, or homebuyers experiencing a family breakdown and change in financial circumstance.

2

Allocate a percentage of the Land Transfer Tax revenue annually to invest in programs and market gap solutions to help underrepresented groups enter the housing market.

3

Advance reconciliation and support First Nations families living off-reserve to have the opportunity to own their first home, with targeted funding for programs to further these objectives.

4

Undertake a Shelter Spectrum Review, which will examine the role that government and the private sector can play to increase the impact of government programs, as well as establish government and private sector partnerships aimed at facilitating the transition from homelessness to homeownership.



# PILLAR 2: SUSTAINABILITY

## **New housing development that is economical and environmentally responsible.**

As we look to the future of housing in Manitoba, it is essential to consider sustainability. MREA wants to work with government to give Manitobans the ability to maintain and improve current housing stock, while ensuring new development is sustainable. We want to promote revitalization where homes and land are unused and encourage sustainable conversion projects to unlock areas for housing supply.

Increasing urban density is integral to meeting Manitoba's housing demand, while prioritizing the conservation of environmental resources such as land and water. In the Winnipeg Metro Region (WMR) 2050 Regional Growth and Servicing Plan, for example, the need for integrated housing development has been emphasized as a critical component to creating a sustainable future. The WMR has recommended the compact and contiguous development of a mix of land to reduce the consumption of agricultural land, while further supporting Manitoba's economic development.<sup>14</sup> While the servicing plan focuses on the Winnipeg Metro Region, sustainable development should be a priority across the province.

As of September 1, 2023 Manitoba has over 557 properties on the Contaminated Sites Registry, with 4 sites being confirmed as contaminated, 339 sites which have been impacted, and 213 sites which are pending certification from the department of environment and climate.<sup>15</sup> Various models for brownfield remediation exist across Canada, and Manitoba could benefit from a similar approach. For example, the Government of Ontario has a financial tax incentive program as a financing tool to help municipalities clean up brownfield properties.<sup>16</sup> Reclaiming existing land can allow for both densification and an efficient use of existing infrastructure, rejuvenating neighbourhoods that would otherwise be empty or even unsafe.

In addition to tackling housing supply through new builds, we want to ensure the maintenance and improvement of existing housing stock. Reduced energy bills will also help Manitobans afford and stay in their homes, establishing long-term roots in the province and enabling aging in place. Efficiency Manitoba is well-placed to support green renovations and could complement the federal government's Greener Homes Initiative.



# PILLAR 2: SUSTAINABILITY

## Proposed Recommendations

1

Incentivize brownfield reclamation and commercial conversion projects to increase opportunities for urban housing densification.

2

Establish a Provincial Housing Trust to help fund brownfield and contaminated site remediation, as well as sustainable conversion projects that 'unlock' new areas for affordable housing and mixed-use development, in partnership with the private sector and local governments.

3

Deliver incentive-based programming that prioritizes energy-saving products and technologies in the residential sector.



# PILLAR 3: SUPPLY

**A well-supplied market is the foundation of an affordable housing market.**

During the pandemic in Manitoba, we saw what can happen when housing demand far outpaces supply. An undersupplied market will only exacerbate the inequities and barriers facing underrepresented and racialized people. To make housing more affordable for everyone, Manitoba needs to take action to protect and improve supply, particularly when it comes to accessible housing, as well as supporting the infrastructure needed for development.

As part of the Investing in Canada Infrastructure Program (ICIP), the federal and provincial governments have initiated dozens of projects to support local water, wastewater treatment, and highway projects.<sup>17</sup> The provincial government has also recently introduced a three-year capital plan and committed to release a long-term capital strategy.<sup>18</sup> This transparency will help related industries, including housing and construction, better plan for the future, and we encourage the government to continue these crucial investments with an eye to enabling housing development.

The province's own review of Manitoba's planning, zoning, and permitting activities in 2019 found inconsistency and inefficiencies that could be addressed, as we've seen in other provinces.<sup>19</sup> As part of this ongoing work, the province could conduct a land audit. Similar work is taking place across the country to ensure viable lots are not sitting vacant and to identify surplus and underutilized properties and buildings.<sup>20</sup>

This audit should occur in consultation with interested and affected parties, to ensure a balance between housing development projects and agricultural needs, as well as to protect Manitoba's green spaces.

# PILLAR 3: SUPPLY

## Proposed Recommendations

1

Establish housing's place in infrastructure. Prioritize the development of housing-enabling infrastructure, with clauses in future federal-provincial infrastructure agreements that emphasize cost-shared funding for local water, wastewater, roads, and servicing. Such agreements would enable new housing development and help to offset local costs.

2

Create a provincial red tape reduction task force and plan for housing development growth based on best practices in Manitoba and across Canada and develop incentives for communities to make it easier to build affordable and 'missing middle' homes.

3

Conduct a provincial land audit to identify land, property, as well as, abandoned and/or vacant homes that can be prioritized for sub-division and the development of new, low to middle-income housing.



## Conclusion

Manitoba has the opportunity to preserve our affordability advantage in housing, but we need to act now. MREA encourages the government to work closely with interested and affected parties to implement reforms to establish a more inclusive, sustainable, and well-supplied housing market, one where homes are affordable and accessible.

MREA looks forward to further discussion with officials and partners as we work to make this vision a reality.



# Acknowledgments

**MREA would also like to thank those who contributed to the report, including:**

## **The Housing Affordability Task Force:**

- Chair: Claude Davis - Winnipeg
- Kourosh Doustshenas – Winnipeg
- Michael Barrett – Brandon
- Jennifer Berthelette – Winnipeg
- Mandy Brown – Winnipeg
- Brad Hirst – Selkirk, Interlake
- Amit Bindra – Winnipeg

## **The MREA Political Action Committee (MPAC):**

- Chair: Lorne Weiss - Winnipeg
- Vice-chair: Michael Barrett - Brandon
- Claude Davis - Winnipeg
- Boris Mednikov - Winnipeg
- Kourosh Doustshenas - Winnipeg
- Stewart Elston - Winnipeg
- Julie Friesen - Steinbach
- Robert Hutchison - Winnipeg
- Cam Toews - Brandon
- Trudy Turner - Winnipeg
- Catherine Schellenberg – Winnipeg
- Dave Burgess – Brandon
- Observer: Peter Squire, Vice President, External Relations, Market Intelligence, Winnipeg Regional Real Estate Board

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# Overview of Recommendations



## Pillar 1: Inclusivity

**A market that is inclusive and accessible for underrepresented groups and first-time buyers.**

- 1** Reform the provincial Land Transfer Tax to reduce the cost barrier that the tax imposes on first-time, lower income home buyers, individuals with disabilities, or homebuyers experiencing a family breakdown and change in financial circumstance.
- 2** Allocate a percentage of the Land Transfer Tax revenue annually to invest in programs and market gap solutions to help underrepresented groups enter the housing market.
- 3** Advance Reconciliation and support First Nations families living off-reserve to have the opportunity to own their first home, with targeted funding for programs to further these objectives.
- 4** Undertake a Shelter Spectrum Review which will examine the role that government and the private sector can play to increase the impact of government programs, as well as establish government and private sector partnerships, aimed at facilitating the transition from homelessness to home ownership.

## Pillar 2: Sustainability

**New housing development that is economical and environmentally responsible.**

- 1** Establish a Provincial Housing Trust to help fund brownfield and contaminated site remediation, as well as sustainable conversion projects that 'unlock' new areas for affordable housing and mixed-use development, in partnership with the private sector and local governments.
- 2** Incentivize brownfield reclamation and commercial conversion projects to increase opportunities for urban housing densification.
- 3** Deliver incentive-based programming that prioritizes energy-saving products and technologies in the residential sector.

## Pillar 3: Supply

**A well-supplied market is the foundation of an affordable housing market.**

- 1** Establish housing's place in infrastructure. Prioritize the development of housing-enabling infrastructure, with clauses in future federal-provincial infrastructure agreements that emphasize cost-shared funding for local water, wastewater, roads, and servicing. Such agreements would enable new housing development and help to offset local costs.
- 2** Create a provincial red tape reduction task force and plan for housing development growth based on best practices in Manitoba and across Canada and develop incentives for communities to make it easier to build affordable and 'missing middle' homes.
- 3** Conduct a provincial land audit to identify land, property, as well as, abandoned and/or vacant homes that can be prioritized for sub-division and the development of new, low to middle-income housing.