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Manitoba Non-Profit Housing Association: Incentivizing Amalgamation

Please consult the competition rules provided to your team. You may (and should) conduct outside research and use other sources of information beyond those provided in the case. However, teams are strictly prohibited from contacting or speaking with the Manitoba Non-Profit Housing Association's staff, funders or partners directly.

Case Background

For decades the looming threat of board senescence has vexed the social housing sector of Manitoba and has been a major cause of concern for its largest coalition: the Manitoba Non-Profit Housing Association (MNPHA). With approximately 200 member organizations, the MNPHA provides both organizational and sector capacity development and resourcing to Manitoba's non-profit housing providers and works to ensure the viability of the social housing sector through operations management and government funding.

Registered non-profit organizations that provide housing in Manitoba formed over time, starting in the 1970s during the federal government housing boom. Many service clubs (church groups, legions, etc.) created separate non-profit associations to construct social housing projects and help provide assistance to those in need. By appointing a board of directors to manage the building and its normal operations, many of these non-profit housing providers began operating under the 'One-Board, One-Building' model.

Other service organizations (such as the Canadian Mental Health Association), who provide support to specific population segments, have received funding to construct social housing and expand their services through the social housing sector.

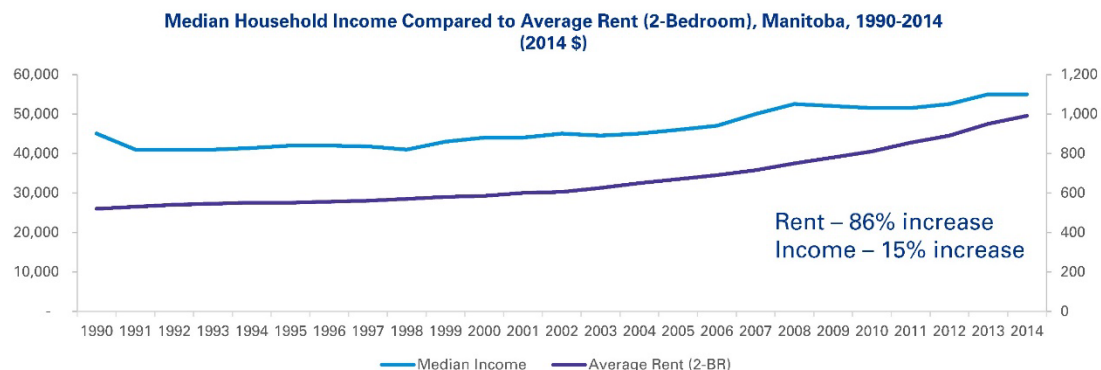
Despite the varied social housing models of its member organizations, Christina Maes Nino, executive director of MNPHA, and her management team remain intently focused on the association’s five-year strategic plan which, in recent years, has gravitated toward sector amalgamation. While the MNPHA supports a great number of independent housing providers, Christina and her team have noticed an increase in age-related absences by many prominent board members and floundering operations as a result of the augmented requirements of skills-based trades. In addition to societal factors such as reduced community and volunteer involvement by younger Canadians, long-time board members are finding it difficult to adapt in recognition of changing needs. “Volunteerism is not what it was 20 years ago” says Lito Agasino, executive director of portfolio management at Manitoba Housing. The financial model of the social housing sector has also become a greater issue in recent years, as it has become more difficult to recruit skilled and experienced employees willing to burden the load of managing the operations of a large residential building for a modest salary.

Pressures are mounting on non-profit housing providers to sell their building assets and remain financially viable. In 2023 one such housing provider, Lion Housing Centres, sold a beloved Winnipeg asset to a for-profit real estate company, enraging a host of tenants and exemplifying many of the struggles facing the social housing sector in Manitoba.

“Assuming organizations are well-intended and do want to take good care of the asset and the building to preserve it, they might not know what the options are because [those organizations] tend to be quite siloed in their thinking” says Christina Maes Nino.

Approximately half of Manitoba’s social housing providers currently serve the growing senior citizen population. As the latter ‘baby boomer’ generation retires and enters advanced ages, the demand for affordable senior housing across Manitoba is set to increase. According to a KPMG report on the current state of social housing in Manitoba, provincial residents over the age of 65 are expected to increase to 21% by the year 2026.

There are also a number of affordability challenges facing social housing. As the larger housing market becomes increasingly prohibitive, those residents benefitting from not-for-profit service organizations will begin to witness stricter eligibility requirements from social housing programs. The result will be an increase in homelessness and a greater burden on those family members who are forced to take in relatives affected by the lack of affordable housing options.



Source: Derived from information provided by MHRC.

The Power of Amalgamation

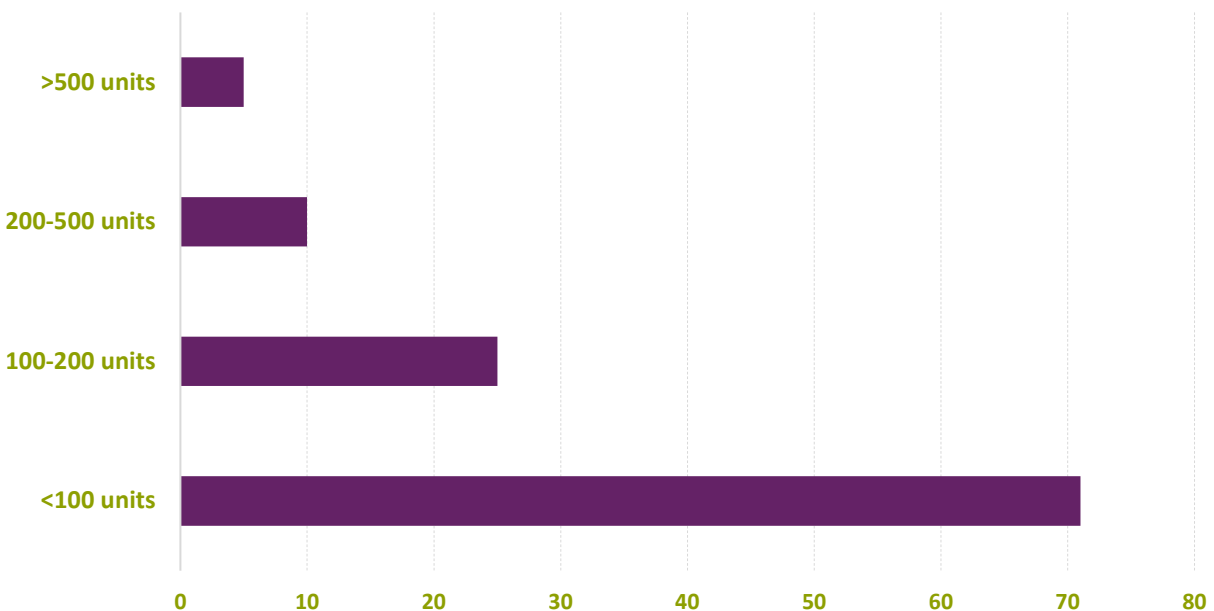
The amalgamation of not-for-profit housing providers can create larger and stronger housing organizations to manage and oversee the needs of a collective pool of building assets. “There will be a reduction in costs through economies of scale [...] and larger organizations will have greater financial leverage to maintain their depreciating assets” says Agasino. Prioritizing long-term, more robust, goals over small wins and quick changes was what led to the successful merger between Autumn House, a care providers charity located in Winnipeg, and Bethel Place, a similar housing initiative run by the Mennonite Seniors Housing Network. The new network jointly governs over 200 housing units for adults and seniors of 55 and over.

Another housing provider, Village Canadian Cooperative, amalgamated with the struggling Maurepaus Village Housing Co-Op to allow its sizeable operations to remain afloat. Together, the new cooperative provides 231 housing units to families in both Winnipeg and Selkirk: reducing operating costs and increasing efficiency in the social housing sector.

Number of housing units by region and service demographic

	Central Plains	Eastman	Interlake	Northern Manitoba	Parkland	Pembina Valley	Westman	Winnipeg
55+ Only	53	481	174	45	19	228	407	3,420
Life lease					40	117		284
Single Only				28	112			195
Family Only							223	2188
Homogeneous	184			155	160	249		17,460
Totals	237	481	174	228	331	594	630	23,547

Number of organizations by total housing units



Source: Manitoba Non-Profit Housing Association

While housing organizations are competitive for government grant funding, the real concern is governance and board strength. “Our members are less competitive with each other for government grant funding than some sectors, but that need for financial aid is nonetheless present” according to Maes Nino. Further, maintaining board diversity and independence is a major concern for many member organizations. Each member organization has a slightly different organizational chart. Settling on a structure with a single “housing manager” with oversight from a board of directors is a common model. Each board in those cases manages policy development and fundraising for the building asset, while the housing manager deals with its day-to-day operations.

Pain Points and Challenges with Amalgamation

While the MNPHA wishes to centralize and provide structure and governance, a major issue with amalgamating is the loss of independence and autonomy for the boards of each member organization. Though merging with other housing providers might offer greater financial strength, such an amalgamation would certainly hinder flexibility and introduce more bureaucracy in a sector where internal roadblocks ultimately impact service delivery and may risk decreased responsiveness to their community and population needs. Longstanding member organizations who have been successful in providing their services to those in need value their independence and dread the idea of answering to a higher authority.

Because simple communication of amalgamation benefits ultimately may not be enough to evoke action or change from member organizations, the MNPHA will require new and innovative ways of providing centralization while still providing member organizations with the autonomy and diversity that makes their institutions so effective. Given such a valid pain point with amalgamation, how can member organizations be enticed to unite their resources and contribute to strengthening the at-risk social housing sector in Manitoba?

Currently, the Manitoba Non-Profit Housing Association employs a passive amalgamation implementation model for its member organizations. But the association plans to segue to a more active engagement with a dedicated implementation officer by next year.

Based on the following case questions, what are your recommendations to Christina Maes Nino and the rest of her executive team?

Share Your Insights

- In your opinion, what is the future of the social housing sector in Manitoba?
- Based on best practices from your research, what are the various shapes of amalgamation available in the social housing sector? What would be your recommendation for the members of the Manitoba Non-Profit Housing Association?

- Identify the value proposition for amalgamations and provide potential measures for success (i.e: key performance indicators)
- How would you incentivize member organizations to amalgamate with each other and motivate them to operationalize such a strategy?
- What incentives should the MNPHA advocate to funders and regulators of the non-profit housing sector? Of those incentives, which ones could MNPHA develop itself?

ADDITIONAL CASE RESOURCES

A Betrayal of Trust: Exploring the Financialization of Lions Place in Winnipeg as a Case of Organizational Elder Abuse

<https://mra-mb.ca/wp-content/uploads/A-Betrayal-of-Trust-Lions-Place.pdf>

Manitoba Fiscal Performance Review Phase 2 Report Business Case – Social Housing

https://www.gov.mb.ca/asset_library/en/proactive/fpr-phase-2-7.pdf

The Financialization of Housing in Canada: A Summary Report for the Office of the Federal Housing Advocate

https://publications.gc.ca/collections/collection_2023/ccdp-chrc/HR34-7-2022-eng.pdf

Canadian Social Housing: Policy Evolution and Impacts on the Housing System and Urban Space

https://tspace.library.utoronto.ca/bitstream/1807/68158/1/Suttor_Gregory_201411_PhD_thesis.pdf