TERRITORIAL BUSINESS CASE FOR ON-GOING FEDERAL PARTNERSHIP IN HOUSING

Developed Collaboratively By:

Northwest Territories Housing Corporation
Nunavut Housing Corporation
Yukon Housing Corporation

FINAL REPORT

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TECHNICAL APPENDIX

A compendium of administrative information and data from the three Housing Corporations, and statistical data from Statistics Canada and the respective Bureau's of Statistics was developed through the research and development of the business case. The Technical Appendix is a separate document and available upon request.

LIST OF TABLES

1.0 INTRODUCTION

1.1 Purpose of the Report

The *Territorial Business Case for On-Going Federal Partnership in Housing* report consolidates the collaborative research and analysis work led by the respective presidents of the Yukon Housing Corporation, Nunavut Housing Corporation, and the Northwest Territories Housing Corporation during the period January to May 2015.

The business case outlines the context, rationale and presents quantitative evidence for continued partnership and federal engagement for housing that is longer-term, adequate, predictable, sustainable and flexible. The report presents shared pan-territorial and federal interest and priorities on which a continued partnership would focus through innovative, flexible and cost-shared mechanisms.

The four pan-territorial priorities and priority focus areas within each territory are encompassed within the following:

- Protection and modernization of the existing social housing portfolio
- Sustainability of the existing social housing portfolio
- Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing
- Move towards market housing options in smaller communities

1.2 Structure of the Report

The report is structured in the following interdependent sections. Section 2 presents the pan-territorial context and housing priorities. This includes the alignment with CHMC's strategic priorities.

Section 3, 4 and 5 present in detail the Northwest Territories context, priorities and rationale of the Northwest Territories, Nunavut and the Yukon, respectively.

The report is supported by a separate compendium of administrative information and data from the three Housing Corporations, and statistical data from Statistics Canada and the respective Bureau's of Statistics. The Technical Appendix is organized into two components: Administrative information and data; and, Statistical data. The administrative information and data are organized in the following general categories:

- Housing demand and supply
- Investment, housing portfolio (age and condition) and tangible capital assets
- Operating costs and rental revenue
- Tenant characteristics
- Construction costs
- Labour, income and employment impacts
- Fiscal capacity

The statistical data are organized in the following general categories, including data (where available) on market and non-market communities, and compared to Canada where data is available:

- Demographic and population projections
- Housing and tenure characteristics (territorial; market and non-market communities)
- Income (personal and household)
- Housing expenditures
- Labour, economic and fiscal capacity
- Homelessness, and shelter capacity

The *Business Case* report, with a few exceptions, uses rounded numbers throughout to facilitate clearer and more pragmatic communication of the rationale and supporting evidence. The detailed administrative and statistical data are fully contained in the Technical Appendix.

2.0 PAN-TERRITORIAL HOUSING CONTEXT

The *Territorial Business Case for On-Going Federal Partnership in Housing* is set within a pan-territorial framework that provides the broad housing context. The individual territorial context, priorities and rationale (as detailed in Sections 3, 4 and 5) are positioned and presented within the pan-territorial framework set out in the report.

Table 1 – *Pan-Territorial Context: Summary of Selected Characteristics* presents in brief a cross-section perspective on key dimensions of the housing context to introduce the business case and to provide a framework for the housing priorities presented in Section 2.1 – Shared Priority Agenda (see Table 2). Moreover, Table 1 efficiently characterizes the scope, challenges and opportunities of the Northern housing portfolio. The structure and quantitative content of the table is designed to facilitate focused discussion and action on selected aspects of housing with partners and stakeholders. All data sources are from the Technical Appendix and can be located through the respective table of contents.

The '*by the numbers*' perspective, developed through the statistical analysis, illuminates both the shared and unique characteristics of each territory. This encompasses pan-territorial housing priorities alignment with individual territorial priority focus areas (Table 2), as well as the alignment with Canada Mortgage and Housing Corporation (CMHC) corporate plans' priorities and initiatives during the 2013 to 2019 period – as presented in Table 3.

The pan-territorial context and framework sets out an evidence based rationale for continued partnership-based engagement between the three territories and Canada for housing that are longer-term, predictable, sustainable, flexible and cost-shared between Canada and the territorial governments. .

Table 1: Pan-Territorial Context: Summary of Selected Characteristics

Selected Characteristics	Territorial Jurisdiction		
	Yukon	Northwest Territories	Nunavut
Geographic Area (*million sq. km*)	0.48	1.3	2.0
Territorial Communities			
• *Total Communities*	15	33	25
• *Market Communities*	4	6	1
• *Non-Market Communities*	11	27	24
Demographic			
• *Population Total ('000)*	35	44	34
• *Market Communities Population (%)*	87	74	20
• *Non -Market Communities Population (%)*	13	26	80
• *Aboriginal Population (%)*	25	50	85
• *Population Change: 2001 to 2011 (%)*	+18	+11	+19
• *Seniors' Share of Total Population (%)*	10	10	6
• *Total Population Projections to 2031 (Medium Growth Scenario) (%)*	+19	+3	+27
• *Growth in Seniors Cohort by 2031 (%)*	+83	+96	+128
Housing and Households			
• *Total Households ('000)*	14	14.7	8.7
• *Market Communities Households (%)*	75	77	27
• *Non-Market Communities Households (%)*	25	23	73
• *Homeownership in Market Communities (%)*	67	52	24
• *Homeownership in Non-Market Communities (%)*	67	50	20
• *Housing Core Need (%)*	15	16	39
• *Rental Vacancy Rate (% Average for 2005 to 2014)*	2.3	2.9	1.2
Housing Corporation Operating Context			
• *Tangible Capital Assets (millions, 'book value')*	66	226	608
• *Social Housing Units*	650	2,300	5,100
• *Units Aged 30 Years and Over (%)*	61 (*35 years+*)	47	63
• *Social Housing Share of Total Territorial Households (%)*	5	15	60
• *Market Communities Share of Social Housing Units (%)*	85	37	10
• *Non-Market Communities Share of Social Housing Units (%)*	15	63	90
• *Seniors' Share of Total Population (%)*	10	10	6
• *Seniors in Social Housing (%)*	45	31	18
• *Operating Costs Per Unit ('000)*	15	19	28
• *Rent Revenue (million)*	4.3	5.5	14.2

Selected Characteristics	Territorial Jurisdiction		
	Yukon	Northwest Territories	Nunavut
• *Average Unit Rent and Operating Cost Subsidy Per Unit ('000 and %)*	6.3, 9.0 and 41%	2.6, 16.0 and 86%	2.8, 25.2 and 90%
• *Social Housing Tenants Receiving Social Assistance (%)*	26	23	---
• *Social Housing Tenants With Income Less Than $23,000 (%)*	---	---	80
Construction Costs			
• *Market Communities (average per sq. foot)*	232	296	551
• *Non-Market Communities (average per sq. foot)*	288	310	558
• *Relative to Southern Canada (%)*	+96%	+130%	+260%
Infrastructure Investment Economic Impacts			
• *Total Infrastructure Investment (millions, over period noted)*	183 *(2004-14)*	285 *(2006-14)*	726 *(2005-14)*
• *Labour Income Impact (millions)*	51	93	240
• *Jobs (FTEs) Impact*	1,025	996	2,540
Declining Federal Contribution (Social Housing Agreement)			
• *Territorial Government Contribution Share 2015 (millions)*	1.6	44.5	123.1
• *Territorial Government Contribution Share at SHA Expiry (millions)*	6.8	122.5	219.3
Territorial Fiscal Capacity			
• *Housing Expenditure of Total Territorial Revenue (1999-2009) (%)*	2.5	6.8	13.3
• *Aggregate Provincial/Territorial Expenditures (1999-2009) (% range)*	0.7 to 1.2	0.7 to 1.2	0.7 to 1.2
• *Territorial Government Total Budget 2015 (billion)*	1.3	1.8	1.8
• *Territorial Formula Financing Revenue (billion and %)*	0.9 and 69%	1.2 and 68%	1.5 and 80%
Income			
• *Territorial Household Median Income (2010 After Tax) ('000)*	67	85	73
• *Canada Household Median Income (2010 After Tax)*	54	54	54
• *Share of Market and Non-Market Households with Income of $100K + (%)*	29% and 20%	47% and 22%	49% and 27%
• *Average Territorial Personal Income (2012) ('000)*	51	39	48
• *Market Communities Average Territorial Personal Income (2012)*	53	64	72
• *Non-Market Communities Average Territorial Personal Income (2012)*	41	35	41
Labour Force			
• *Unemployment Rate for the Capital City and Rest of the Territory (2014) (%)*	3.9% and 7.7%	3.8% and 13%	4.1% and 18%
• *Participation Rate for the Capital City and Rest of the Territory (2014) (%)*	76 % and 65%	83% and 66%	82% and 57%
Household Expenditure 2012			
• *Territorial Food Expenditures ('000)*	9	11	15
• *Territorial Shelter Expenditures ('000)*	16	22	14
• *Canada Food Expenditures ('000)*	8	8	8
• *Canada Shelter Expenditures ('000)*	16	16	16

2.1 Shared Priority Agenda: Pan-Territorial Alignment with Federal Priorities and Interests

Pan-Territorial Housing Priorities

The pan-territorial housing priorities reflect the shared context, emergent factors, and opportunities encompassed in four substantive areas for action:

- *Protection and modernization of the existing social housing portfolio*
- *Sustainability of the existing social housing portfolio*
- *Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing*
- *Move towards market housing options in smaller communities*

Each territory has identified their specific priority focus areas within each of the four pan-territorial housing priorities. The pan-territorial housing priorities and their alignment with individual territorial focus areas are presented in Table 2.

Table 2: Pan-Territorial Housing Priorities Alignment with Individual Territorial Priority Focus

Pan-Territorial Housing Priorities	Northwest Territories Priority Focus
Protection and modernization of the existing social housing portfolio	• Age and condition of existing social housing stock and options for retrofit and/or replacement (implications for core need – as driven by 'adequacy' criteria) • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies • Continue to focus on the provision of basic housing '*needs*' (rather than wants) through repairs and replacement investments • In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs • Continue to develop options to contain the historically high capital construction costs
Sustainability of the existing social housing portfolio	• Decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation's mandate • Develop option to use the existing assets more effectively (i.e., 'having the right people in the right units') • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing	• Priority need for emergency shelters, transitional housing and supportive housing • Growing demand for senior's housing (with appropriate accessibility and mobility features) • Address the market rental housing gap • Partnering with Aboriginal organizations, municipal governments on land and housing development • Addressing the absence of non-government organizations with a housing mandate
Move towards market housing options in smaller communities	• Address the lack of conventional mortgage financing • Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector in many communities) • Develop options to incentivize private and not-for profit developers

Pan-Territorial Housing Priorities	Nunavut Priority Focus
Protection and modernization of the existing social housing portfolio	• The need for more additional basic social housing to respond to existing latent demand (some 3,200 families on waiting list) and the implications for core need – as driven by suitability criteria (i.e., overcrowding rate of 35%) • Address the impact of the existing housing shortage and how it precludes the option of writing-off units that may be sub-standard for occupancy – with implications for tenant safety and increased core need • Age and condition of existing social housing stock and options for retrofit options are out of necessity considered (in relative terms) a secondary priority focus area in Nunavut at this time • Addressing existing lack of responsiveness by contractors for small scale repair and construction tenders • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies • Continue to focus on the provision of basic housing '*needs*' (rather than wants) for new construction • In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs • Continue to develop options to contain the historically high capital construction costs
Sustainability of the existing social housing portfolio	• Continue to address the decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation's mandate • Continue to review options to use the existing assets more effectively (i.e., 'having the right people in the right units') • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing	• Priority need for emergency shelters, transitional housing and supportive housing • Growing demand for senior's housing (with appropriate accessibility and mobility features) • Address the market rental housing gap (from both an affordability and an existence perspective) • Addressing the absence of non-government organizations with a housing mandate (i.e., not-for-profit role) • Partnering with Inuit organizations and the City of Iqaluit on land and housing development • Develop options to incentivize private and not-for profit developers
Move towards market housing options in smaller communities	• Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector in many communities) • Address the lack of conventional mortgage financing • Partnering with Inuit organizations, the Government of Nunavut, and municipalities on land and housing development • Develop options to incentivize private and not-for profit developers

Pan-Territorial Housing Priorities	Yukon Territory Priority Focus
Protection and modernization of the existing social housing portfolio	• Capital asset management plan that captures age and condition of existing social housing stock and options for retrofit and/or replacement (and implications for core need) • Integrated housing strategy for YHC that matches needs to capital asset management • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs • Continue to focus on the provision of basic housing '*needs*' (rather than wants) through repairs and replacement investments • Continue to develop options to contain the historically high capital construction costs
Sustainability of the existing social housing portfolio	• Preventative maintenance planning • Develop option to use the existing assets more effectively (i.e., replace large units with multi-family that matches with needs) • Decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation's mandate • No Net loss in the number of YHC social housing units • Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing	• Implement the Housing Action Plan for Yukon to improve housing across the continuum • Increasing the number of supportive housing options through partnerships • Define the scope, scale and direction of the gaps in the housing continuum • Growing demand for senior's housing (with appropriate accessibility and mobility features) • Address the market rental housing gap
Move towards market housing options in smaller communities	• Implement the Housing Action Plan for Yukon to improve housing across the continuum • Includes housing with supports, rental housing, and market rental housing gap • Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector and conventional mortgage financing in many communities) • Through the Housing Action Plan, assist First Nations to Increase utilization of First Nation Settlement Land for residential purposes

Shared Priority Agenda: Alignment with CMHC's 2013 to 2019 Strategic Priorities

The pan-territorial housing priorities align and complement federal priorities and interests as taken from and reflecting CMHC's Corporate Plans for the 2013 to 2019 period. Examination of the *Corporate Plans* for 2013-2018 and 2015-2019 clearly illustrate a shared priority agenda and specific areas of alignment, which include.

- *Supporting access to sound, suitable and affordable housing for Canadians in need, particularly low to moderate income families, seniors, persons with disabilities and Aboriginal Canadians.*

- *Commitment to risk management by ensuring against financial loss and the protection of existing assets and infrastructure to promote the stability and sustainability of the housing system.*

- *Meeting federal and territorial obligations for the existing social housing stock by responding to the decline and expiry of the operating agreements through recognition that the pan-territorial operating reality of a disproportionately large number of low income social housing tenants have not and will not be able to generate sufficient rental revenues to cover operating expenses.*

- *With the declining funding through the operating agreement, the focus on improving the performance of the existing social housing stock through implementing increasingly cost effective maintenance and capital planning practices.*

- *A sound and stable housing market that provides a range of choices and creates jobs and economic growth, particularly in communities with high unemployment and limited options. Housing expenditures and construction contracting directly support northern and Aboriginal economic development through continued investment in maintenance, retrofitting and replacement of stock to improve housing performance. There are additional economic benefits, including taxation revenues flowing to the federal government, as well as other provincial and territorial governments.*

- *Responding to demographic shifts through appropriate options for seniors and their evolving needs along the housing continuum, including retirement and long-term care facilities.*

- *Market analysis and research to inform decision making that promotes housing affordability and choice. The Technical Appendix supporting the business case illustrates the pan-territorial commitment to contributing valid and reliable data for policy and investment.*

The areas of strategic alignment and opportunities for action through partnership are summarized in Table 3 – *Pan-Territorial Priorities Alignment with CMHC Corporate Plans Priorities and Initiatives.*

Table 3: Pan-Territorial Housing Priorities Alignment with CMHC Corporate Plans Priorities and Initiatives

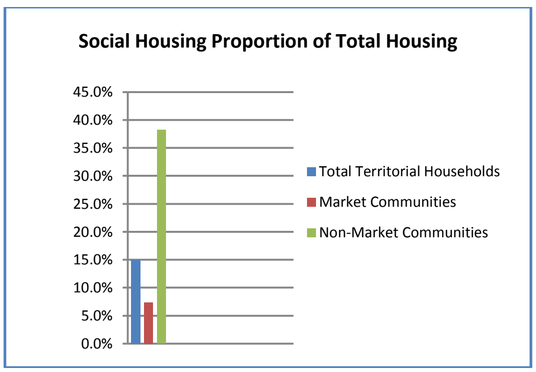
CMHC CORPORATE PLAN FOR 2013 - 2019 *Priorities and Initiatives*	PAN-TERRITORIAL HOUSING PRIORITIES			
	Protection and modernization of the existing social housing portfolio	Sustainability of the existing social housing portfolio	Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing	Move towards market housing options in smaller communities
Supporting access to sound, suitable and affordable housing for Canadians in need, particularly low to moderate income families, seniors, persons with disabilities and Aboriginal Canadians.	√		√	
Commitment to risk management by ensuring against financial loss and the protection of existing assets and infrastructure to promote the stability and sustainability of the housing system.	√	√		
Meeting federal and territorial obligations for the existing social housing stock by responding to the decline and expiry of the operating agreements through recognition that the pan-territorial operating reality of a disproportionately large number of low income social housing tenants have not and will not be able to generate sufficient rental revenues to cover operating expenses.		√	√	
With the declining funding through the operating agreement, the focus on improving the performance of the existing social housing stock through implementing increasingly cost effective maintenance and capital planning practices.	√	√		
A sound and stable housing market that provides a range of choices and creates jobs and economic growth, particularly in communities with high unemployment and limited options. Housing expenditures and construction contracting directly support northern and Aboriginal economic development through continued investment in maintenance, retrofitting and replacement of stock to improve housing performance. Additional economic benefits (i.e., taxation revenues) accrue to the federal and provincial governments.	√		√	√
Responding to demographic shifts through appropriate options for seniors and their evolving needs along the housing continuum, including retirement and long-term care facilities.	√	√	√	
Market analysis and research to inform decision making that promotes housing affordability and choice. The Technical Appendix supporting the business case illustrates the pan-territorial commitment to contributing valid and reliable data for policy and investment decisions in the North.		√	√	√

3.0 NORTHWEST TERRITORIES CONTEXT, PRIORITIES AND RATIONALE

3.1 Geographic, Demographic and Housing Context

The Northwest Territories spans over 1.3 million square kilometers representing 14% of Canada's land mass. In 2011 it had a population of some 44,000 of which some 50% were Aboriginal. Canada's Aboriginal population comprised 4% of total population. The territory is comprised of 14,700 households located in 33 communities. Housing tenure was characterized by 7,600 (52%) households that were owned, 7,000 (48%) rented, and 150 (1%) were band housing.

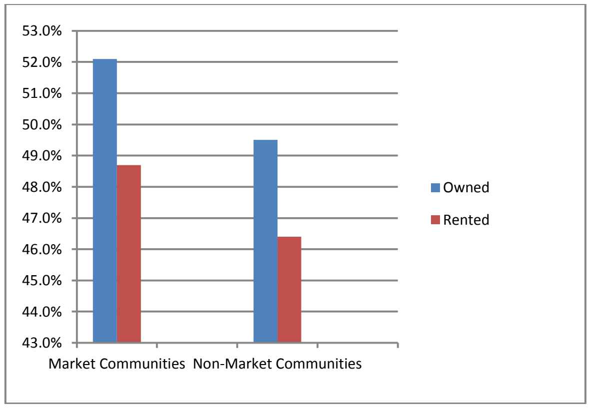
There are over 2,300 social (*public*) housing units across the territory, with an additional 348 affordable housing units. Market communities had 833 units (39%) and non-market communities had 1,294 units (61%). Overall, at the territorial level public housing comprised some 15% of total households. The corresponding figure for market and non-market communities was 7% and 38%. Clearly, social housing continues to play a major role in non-market communities, including significant government support through homeownership support programs.



The total tangible capital assets (land and buildings) owned by the NWT Housing Corporation was $225.6 million at March 31, 2014. This comprised of land ($6.4 million), public housing ($160.1 million), affordable housing - market, supported lease and Homeownership Entry Level Program (HELP) housing ($53.1 million), and construction in progress ($6.1 million).

Of the 33 communities, the six largest centres (Yellowknife, Hay River, Fort Smith, Fort Simpson, Norman Wells and Inuvik) are defined as '*housing market*' communities. Together they represent a population of 32,000 (74% of territorial total), and over 11,000 (77% of territorial total) households. Some 5,900 (52%) are owned, with another 5,400 (48%) rented, with band housing accounting for 10 (0.1%) households.

The 27 smaller communities are considered non-market, with a population of some 11,000 (26% of territorial total) [11,489, 26.41%] and consist of 3,300 (23% of territorial total) households. Some 1,700 (49%) are owned, with another 1,600 (46%) [1,570, 46.4%] rented, with band housing accounting for 140 (4%) households.



Housing Core Need

Based on the 2011 National Household Survey special tabulation by CMHC, the overall incidence of core need in Canada was 12.5%. The Northwest Territories experienced an overall rate of some 16%, encompassing over 2,200 households, with owners and renters having rates of 10% and 22%, respectively. The corresponding figures for Canada owners and renters were 26% and 7%, respectively.

Examination of 2011 core need by type indicated that adequacy was the most significant for some 2,500 (17%) [2,535, 17.2%] households. Affordability was the next largest type of need, experienced by some 2,000 (14.0%) [2,055, 14.0%] of households. Additionally, some 1,600 (11%) [1,585, 19.8%] of households experienced suitability problems.

Housing core needs trends in the Northwest Territories show a relative decline from 17.4% in 2001 to 15.7% in 2011. This historical trend was also evident at the national level with a decline from 14% (13.7%) in 2001 to 13% (12.5%) in 2011. The *2009 NWT Community Survey* found a total core need of 19.0%.

The *2014 NWT Community Survey – Summary of Housing Results*, which includes a dedicated housing component sponsored by the NWT Housing Corporation, provides a more current and detailed insight into housing core need by tenure and market and non-market communities. Core need increased from 16% in 2011 based on the results of the National Household Survey to near 20% in 2014.

There were significant differences in core need by tenure and type of community. The following are the key findings.

Overall, market communities experienced a core need rate of 16%, with affordability as the most prevalent problem (13.1%). The rates for owned, public housing, and Other Rentals were 11.2%, 6.8% and 24.0%, respectively. Affordability problem (12.2%) was the most significant, followed by adequacy (3.6%). Of note was the significant affordability problem experienced by other rental households at 20.6%.

Overall, non-market communities experienced a core need rate of 32%, with adequacy problems being the most significant 21%. The rates for owned, public housing, and other rentals was 38%, 28% and 23%, respectively. Adequacy problems 12% were the most significant, followed by suitability 10%. Of note was the significant adequacy problem experienced by owned households at 26%.

3.2 Historical Population Growth and Trends

While over the last twenty years the Northwest Territories has experienced only modest population growth, some 12% in total, virtually zero increase during the 2006 to 2011 period, and a projected modest increase of between 3% and 8% based on different growth model scenarios to the year 2031. On January 1, 2015 the population stood at 43,600, virtually unchanged from the 2011 total of 44,000.

From a broader context, The Northwest Territories can be characterized by a population trend of 'increasing at a decreasing rate' and reflecting resource development cycles and the associated in and out-migration, such as the decrease of some 6% between 1996 and 2001, while the growth rate for the entire 1981 to 2011 period was some 38%. To illustrate the broad demographic pattern and trend it is useful to consider the growth rates for selected ten year periods between 1981 and 2011:

1981 to 1991:	**21%**
1991 to 2001:	**3%**
2001 to 2011:	**11%**

In terms of year-over-year change, the Northwest Territories and the Yukon both experienced a population decline of 0.5%. In contrast, Nunavut was the second highest of all provinces and territories with a 2.1% growth rate.

There are two significant demographic dynamics that are shaping the communities and regions, and impacting the housing demand side: decreasing fertility (birth) rates and the corresponding aging of the population; and, growing concentration in the regional centres. In 2011, almost 70% of the total population lived in the four largest centres, and of that nearly half, some 20,000, lived in Yellowknife. These factors impact housing options and programs.

Population Projections to 2031: Statistics Canada projections based on the *Medium Growth Scenario* indicate that the Northwest Territories will increase from 43,500 in 2011 to 44,800 by 2031. This represents a growth of 1,300 persons (3%). The corresponding numbers based on the *High Growth Scenario* are 47,000, an increase of 3,500 (8%).

Aging Population: In 2011, some 22% of the territorial population was under 15 years of age; 73% was of working age (15 to 64 years); and, less than 6% of the population was 65 years of age and older. From a pan-territorial perspective, housing programs define 'seniors' as those 60 years and over. The 2011 census shows over 4,100 (10%) seniors (60 years and over) in the territory. This reflects the impact of increased life expectancy and decreasing birth rates.

While the territory still has a relatively young population structure compared to Canada, there are a number of significant trends impacting housing demand and supply. Although the territory has a relatively small proportion of seniors, the 'share' has more than doubled and it has been the fastest growing age cohort over the last 20 years. To illustrate, between 2001 and 2014 the growth in the seniors cohort was some 2,300, representing an increase of 90%.

Projections based on the *Medium Growth Scenario* indicate that the Northwest Territories will experience an increase in those aged 60 years and over from 4,100 in 2011 to over 8,000 by 2031. This represents a growth of some 4,000 persons (96%).. The corresponding numbers based on projections on the *High Growth Scenario* are 4,200, an increase of 3,500 (103%)..

Beyond the modest demand for additional housing units out to 2031, this is and will continue to impact the housing demand side in aspects such as household formation rates (including the continuing growth in single person households), floor area requirements and design features (to accommodate mobility challenges and associated disabilities of an aging population). An example of the significance of household formation rates is evident from the change between 2006 and 2011, where the territorial population growth was virtually zero, occupied private dwellings increased by nearly 500, a growth of over 3%.

3.3 Priority: Protection and Modernization of the Existing Social Housing Portfolio

Social Housing
The NWTHC operates some 2,400 public housing units (rent geared to income), 350 affordable rental units, and provides direct support for over 100 clients in market rentals. Support for some 3,000 homeownership repair programs has been provided over the past eight years, as well as a variety of homelessness, emergency shelter, and transition housing projects are supported.

Aging Social Housing Stock
Period of Construction: The territorial social housing stock can be characterized by period of construction to gain an understanding of the aging stock and its fiscal, structural and adequacy sustainability implications.

Of the total 2,152 units in inventory, 1,134 units (53%) are less than 30 years old, while 540 units (25%) are between 30 and 39 years, and another 478 units (22%) are 40 plus years.

There are 800 units (37%) in market communities with the remaining 1,300 (63%) located in non-market communities. There are substantive differences in the age of the units, reflecting the significant investments made in social housing over the last decade in non-market communities, principally through partnership with CMHC. In the market communities, there are 300 units (36%) less than 30 years old, while 200 units (28%) are between 30 and 39 years, and another 300 units (36%) are 40 plus years. In the non-market communities, there are 846 units (63%) less than 30 years old, while 300 units (24%) are between 30 and 39 years, and another 200 units (14%) are 40 plus years.

Protection and Modernization of Social Housing Stock
The Corporation’s approach to protection and modernization social housing assets is based on a capital asset methodology that includes: First retrofit at age 20; Second retrofit at age 35; Replacement at age 50. While recognizing that a variance can occur in any given year reflecting unpredictable events – such as tenant damage, fire etc., the Corporation follows best practices principles, by capital budgeting for retrofitting 4% and replacing 2% of the stock annually. Average unit cost is estimated at $275,000, with construction costs inflated by 3% annually.

Based on the current age and condition of the social housing stock, the Corporation projects the following ‘average’ annual investment schedule to 2034: Replacing some 40 units and retrofitting another 90. In order to protect and modernize the existing stock, this translates into an order of magnitude capital budget requirement of some $18 million in 2015 and rising by 3% annually to $31 million by the year 2034. This excludes any other new investments through forced growth resulting from demographic and economic drivers.

The Corporation's modernization of the social housing stock is strategically linked to our on-going commitment to (a) reduce operating cost through continued achievement of energy and utility efficiencies – given that some 53% of the operating costs for the social housing program are for utilities. To illustrate, climate in Yellowknife is characterized by average January temperature of -26°C and 17°C in July; and, (b) by replacement of single detached units to multiplex units that have been designed with a more basic and smaller floor plans, more utilitarian equipment and furnishings, and a configuration that allows for unit modification to meet the needs of seniors and those with disabilities.

The success and continued potential of this strategy is evident in what has been achieved in the last decade through a key social housing construction metric – proportion of single detached units compared to multiplex: only 12% of new construction are single detached. This is contrast with units built 10 to 29 years ago and those built more than 30 years ago where the proportion of single detached units was 16% and 50%, respectively.

The Corporation has also implemented a more effective rental assessment and collection process. The impacts of which have resulted in rent collection rates that have increased from some 60% in 2009-10 to 97% in 2013-14. The increased rent revenues have enabled at least some cost containment (through cash flow) and expenditure growth in terms of the proportion covered by the territorial government under the Social Housing Agreement.

The Corporation is focused on providing basic housing needs that are reasonable but which do not create disincentives for tenants to consider other housing options within their circumstances and financial capacity.

Construction Costs

The Northwest Territories experiences significantly higher construction cost, both new construction and renovations, relative to southern Canada. Remote location, transportation, materials and labour costs are the primary drivers. This creates additional challenges for social and affordable housing programming. Current construction costs (excluding land and site development costs) per square foot range from $285 to $306 ($3,068 to $3,294 per square metre) in market communities to $282 to $338 ($3,035 to $3,638 per square metre) in non-market communities.

It is instructive to place the territorial construction costs into context. The *2014 Construction Cost Guide* (AltusGroup) indicates that medium quality row housing in Edmonton averages $115-$150 per square foot. This demonstrates that construction costs in the Northwest Territories are approximately 130% higher than in Edmonton [123% in market communities; 134% in non-market communities; average is 129%].

These higher costs create significant challenges for social housing as maintaining the units and replacing older units place much greater financial pressures than would be the case in the rest of Canada.

Economic Impacts

The economic impact and benefits in communities is significant and is proportionally larger in non-market communities given the distribution of existing social housing units, where unemployment levels are significantly higher and, with lower household income levels. The Corporation's infrastructure investment over the 2006-07 to 2013-14 period have been significant – totaling some $285 million, of which $183 million (64%) was invested in non-market communities. The investments are tracked through an economic impact model. The evidence indicates the following economic impacts and benefits: (a) Labour income (direct and indirect) totaled $93 million, of which $60 million (64%) were in non-market communities; and, (b) Job creation (full time equivalent - FTE) was an average of 124 annually, 80 of those jobs (65%) were in non-market communities. The Corporation's investment resulted in *industry intensity ratios* at the territorial level (that combine new and retrofit construction) of $0.33 per dollar invested, and the creation of 3.5 jobs per million dollars expended.

There are additional economic benefits, including taxation revenue flowing to the federal government as well as other provincial and territorial governments. Any variation in territorial and provincial industry intensity ratios reflects the structure of the impacted industries in each jurisdiction.

Economic Impact Category	Multiplier	NWT Investment	Economic Impact
Labour Income ***(Direct and Indirect)***	$0.33 *(Per $1 dollar Invested)*	$284.7 million	$93.4 million of labour income
Jobs Created ***(FTE Equivalent)***	$3.5 *(Per $1 million invested)*	$284.7 million	996 Jobs created

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Age and condition of existing social housing stock and options for retrofit and/or replacement (implications for core need – as driven by 'adequacy' criteria)
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
• Continue to focus on the provision of basic housing '*needs*' (rather than wants) through repairs and replacement investments
• In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs
• Continue to develop options to contain the historically high capital construction costs

3.4 Sustainability of the Social Housing Portfolio

Federal contributions towards amortizing the debt associated with the social housing stock and operating support is scheduled to decline annually until it is fully eliminated in 2037. This shifting of burden has created fiscal capacity challenges for the Corporation and for the territorial government overall, given the current and forecast fiscal outlook.

This situation is additionally constrained by the existing borrowing limits of $800 million set by the federal government, and the remaining available debt ceiling for the territorial government. The pending approval to raise the limit to $1.3 billion announced in the 2015 federal budget (April 21, 29015) provides marginally more flexibility given the large number of previously allocated infrastructure priorities.

Social Housing Operating Costs

An average annual operating cost per social housing unit in the territory was approximately $19,000 in 2013-14. Average rent assessed was about $2,600. This represents an operating cost subsidy per unit by the

Corporation of some $16,000 (86%). The economic challenges and situation faced by many social housing tenants impacts the rent revenue generated through the rent-geared-to-income model, which combined with the high construction and operating costs in the territory, results in the significant subsidy level required to meet basic program and service needs.

***Social Assistance Recipients in Social Housing**:* Of the 2,127 occupied social housing units, 486 units (23%) had tenants receiving social assistance. The corresponding figure for market and non-market communities was 151 (18%) and 335 (26%), respectively.

Projected Rent Revenues

By contrast with the declining federal contribution, projected rent revenues based on the rent-geared-to-income model, move from $5.5 million in 2015, which represent some 8% of total operating cost, to $7 million in 2038, representing a decline to 5% of total operating costs.

Declining Federal Contribution

CMHC recognized and acknowledged in the 2013-2017 and the 2014-2018 Corporate Plans that in terms of the long-term agreements "some projects *may not generate sufficient rental revenues to cover operating expenses*, depending on the number of rent-geared-to-income tenants that were previously subsidized".

Examination of the structure of the Social Housing Agreement indicates that based on the scheduled CMHC contribution, the territorial government's required contribution is some $45 million in 2015. This figure increases to $72 million by 2025, and then $123 million in 2038. This represents an overall increase in territorial government's contribution by some 175%.

From the NWT Housing Corporation's total budget perspective, the CMHC contribution decline is even more significant from a fiscal sustainability metric. The CHMC contribution as a percentage of the Corporation's total budget declined from $27 million in 2011-2012, representing 24%, to $22 million in 2014-2015, representing just 16%.

In broad terms, the territorial government would need to invest some 5% (range of 3.5% to 5.5% over the next 23 years) more annually between now and 2038 simply in order to maintain the existing basic level of social housing.

Relative Fiscal Capacity

The constrained fiscal capacity of the Corporation is further informed by considering the relative fiscal capacity of the Government of the Northwest Territories by housing expenditures as a percentage of total annual government revenues (which include any housing transfer payments and any other form of transfer). Statistics Canada produced a special tabulation series based on Public Accounts of each jurisdiction for the 1999-00 to 2008-09 period. The key findings were:

- Over the decade, federal expenditures had been about 1%. This includes since 2006 the temporary effect of the Affordable Housing Trust Funds – which were booked in the three-year period of 2006-07 to 2008-09).
- By comparison, the aggregate expenditure ranged from a low of 0.7% to a high 1.2% by all provinces and territories 1.0%. In 2008-09 the provinces had individual expenditures ranging from a low of 0.7% in Prince Edward Island, to a high of 1.8% in Saskatchewan.
- By contrast, average housing expenditures by the Government of the Northwest Territories were 6.8%; this represents expenditures nearly seven times greater than the aggregate for all provinces

and territories. The expenditures ranged from a low of 6.0% to a high of 7.8%. Housing is clearly a territorial priority.

- The average housing expenditures by the Yukon Government were 2.5%; this represents expenditures two and a half times greater than the aggregate for all provinces and territories. The expenditures ranged from a low of 1.6% to a high of 3.5%. Housing remains an important territorial priority.
- The average housing expenditures by the Nunavut Government were 13.3%; this represents expenditures over thirteen times greater than the aggregate for all provinces and territories. The expenditures ranged from a low of 9.7% to a high of 15.5%. The scope and magnitude of the housing challenges in Nunavut clearly reflect the political priority and corresponding investment.

Territorial Revenues*:* The fiscal capacity of the Government of the Northwest Territories is further informed by examining total revenues and the proportion of revenues through the Territorial Formula Financing (TFF) for the 2007-08 to 2015-16 period. Examination of territorial public accounts and Finance Canada Fiscal Reference Tables shows the following:

- Total revenue during the period increased from $1.3 billion in 2007-08 to $1.8 billion in 2015-16.
- The Territorial Formula Financing revenue increased from $0.8 billion (60% of total revenues) in 2007-08 to $1.2 billion (68% of total revenues) in 2015-16.

This territorial fiscal capacity to invest in housing is additionally constrained by the existing borrowing limits of $800 million set by the federal government, and the limited remaining available debt ceiling. The pending approval to raise the limit to $1.3 billion announced in the 2015 federal budget (April 21, 29015) provides marginally more flexibility given the large number of previously allocated infrastructure priorities. The constrained fiscal capacity of the territorial government limits the options that can be undertaken unilaterally. A shared partnership with the federal government creates a critical mass of investment to achieve sustainable results in housing, and to advance economic growth across the North.

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation’s mandate
• Develop option to use the existing assets more effectively (i.e., ‘having the right people in the right units’)
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies

3.5 Priority: Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing.

Housing Continuum

The housing continuum encompasses emergency shelters, transitional housing and supportive housing (especially for seniors), and extends to social housing, private market rental and home ownership.

There are significant gaps and needs in the territorial housing continuum with respect to emergency shelters, transitional housing and supportive housing (especially for seniors). A common understanding of the definitions will inform the discussion:

- *Emergency Shelter*: Places for people to sleep on a temporary basis, and are usually the last alternative to street homelessness;
- *Transitional Housing:* Short and medium-term housing provided on a temporary basis, often in combination with support services in order to assist residents with moving towards more stable, independent living;
- *Supportive Housing:* Medium to long-term housing combined with on-site support services to assist people with more complex needs to live independently. The territorial priority focus is on the needs of seniors given the current demand and projected demographic growth. The objective is to enable them to live in their own accommodation as long as possible, and develop more cost effective options through cost containment and avoidance – where it is practical.

Within the context of the NWT Housing Corporation's mandate, and recognition that the government's lead responsibility is with the Department of Health and Social Services, it is coordinating with and supporting a range of public and private agencies to address gaps in the part of the housing continuum, including working towards social inclusion and poverty reduction through the Government of the *Northwest Territories Anti-Poverty Action Plan* (2014-2016).

Emergency Shelters and Transitional Housing
The Shelter Capacity Report 2013-14 (Employment and Social Development Canada) provides a national and territorial perspective on this part of the housing continuum.

Shelter capacity in the Northwest Territories is characterized as follows:

- There were 4 *emergency homeless shelters* comprising of 109 beds. These consisted of 1 men's shelter with 44 beds; 1 women's shelter with 23 beds; 1 youth shelter with 10 beds; and, 1 family shelter with 32 beds. All the shelters were located in Yellowknife.
- There were 2 *transitional housing* facilities with 37 beds. These consisted of 1 men's shelter with 32 beds, and 1 family shelter with 5 beds.
- There were 5 violence against women shelters comprising 44 beds.

Seniors, Independent/Supportive Housing and Risk Management
The rationale for investing in the housing continuum through services and supports for seniors is as follows.

Seniors in Social Housing*:* There are over 2,300 public housing units across the territory. Of the total, 2,100 were occupied public housing units (the rest were under repair or ready for occupancy). Overall, while seniors comprise some 10% of the territorial population, there were seniors resident in 700 units (31%). The corresponding figure for market and non-market communities was 300 (36%) and 400 (28%).

Falls, Injuries and Hospitalizations*:* As part of a growing call for a national strategy for seniors, various organizations (including the Canadian Medical Association) evidence emerging includes the following:

Nationally seniors represent some 14% of the population, yet utilize the health care system disproportionately: 45% of all provincial and territorial public sector health spending; account for 40% of acute hospital stays and 85% of hospital based continuing care; 82% of home care; and, 95% of residential care.

Of particular relevance to each of the territorial Housing Corporations due to health, safety and quality of life concern -, is the issue of falls and injuries from falls. Data from the report by Accreditation Canada, Canadian Institute for Health Information, and the Canadian Patient Safety Institute - *Preventing Falls: From Evidence To Improvement in Canadian Health Care* (2013) provide compelling evidence.

Nationally, falls are experienced by more than one-third of seniors (65 years and older). Falls are the leading cause of injury for seniors, accounting for over 85% of all injury related hospitalizations. This contributes to a significant burden on the health care system due to the resulting need for additional services, the occurrence of falls-related complications, and increased length of stay. Direct health care costs for falls in Canada are estimated at $2 billion annually.

The search for prevention and mitigation options includes consideration of options to enable senior to stay at home as long as possible based on an 'aging in place' strategy (which encompasses the importance of maintaining a '*quality of life'* under whatever circumstances exist, as well as economic impact considerations) for seniors based on a housing continuum that includes: Independent housing, supportive housing, assisted living/home care, residential based care, and hospital-based continuing care. The design and maintenance of housing for seniors is informed by the fact that over 50% of all falls across Canada *occur at home*.

Data from 2008-09 indicates that hospitalization from falls across Canada was at a rate of 15.5 per 1,000 seniors. The rate was highest in three territories with an average rate of 18.3 per 1,000 seniors.

Beyond the priority of seniors' safety, cost containment and/or avoidance are significant factors. Nationally, the cost of keeping an ill individual in a hospital bed is over $1,000 per day. The cost of keeping them in a home facility is about $130 (15% of the cost of a hospital bed), and $55 for home care (5% of the cost of a hospital bed).

The *2013 Northwest Territories Hospitalization Report* provides the specific territorial evidence for the period 2008-09 to 2010-11 the significance of falls, hospitalizations and the need for an expanded care and housing continuum.

Hospital utilization and average per capita cost based on patients per 1,000 populations, varies significantly by age. The rate for those aged 25 to 44 was 52 per 1,000 with an average cost of $854. The figures for those aged 65 to 74 and those aged 75 and older was 189 per 1,000 with a cost of $6,597, and 299 per 1,000 with a cost of $10,966, respectively.

Dementia related hospitalizations in the territory remain prominent, with falls being responsible for over 60% of the injury hospitalizations costs for seniors – age 75 and over. Dementia patients across the entire population had an annual average hospitalization rate of 1.1 per 1,000. In contrast, those aged 65 to 74, and those 75 and up had hospitalization rates of 6.4 and 28.5 per 1,000, respectively.

Dementia and other organic brain disorders involve the impairment of memory, thinking, understanding and judgment, and are generally degenerative (i.e. worsens over time). Organic brain disorders are due to a brain disease or a significant brain injury. Dementia-related diseases are the most common organic brain disorders, and generally affect older seniors.

Between 2008/09 and 2010/11, on an annual average basis, 46 patients (33 patients or 72% of those age 65 and older) were hospitalized 58 times, resulting in 1,438 bed days (81% was for those age 65 and older) at a cost of $2.9 million with dementia and other organic disorders. The average care cost for those 65 and over was $1,948 per day.

Older seniors, age 75 and up, represented over half of the hospitalizations, at 53% of the patients, and 46% of the costs. The population age 65 to 74 represented 19% of the patients resulting in 31% of the costs. Older adults accounted for 18% of the patients and 19% of the costs. Adults and youth, age 15 to 44, accounted for 10% of the patients and 4% of the costs. Notwithstanding the cost impacts, there needs to be continued consideration of the maintaining the highest quality of life possible under the circumstances.

The Northwest Territories Housing Corporation will, subject to available financial resources, continue to invest in modifications to social housing units and the design of new units (with a focus on multiplex design) to accommodate seniors with mobility and access limitations. This priority is aligned with CMHC's strategic priorities (as discussed in Section 2.1) – that includes "*responding to demographic shifts through appropriate options for seniors and their evolving needs along the housing continuum, including retirement and long-term care facilities*."

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Priority need for emergency shelters, transitional housing and supportive housing
• Growing demand for senior's housing (with appropriate accessibility and mobility features)
• Address the market rental housing gap
• Partnering with Aboriginal organizations, municipal governments on land and housing development
• Addressing the absence of non-government organizations with a housing mandate

3.6 Priority: Move Towards Market Housing Options in Smaller Communities

This pan-territorial housing priority focuses on developing options and mechanisms to encourage movement towards market housing options, both rental and homeownership, in communities where it is practical and fiscally sustainable. This recognizes the following territorial operating realities: Social housing will remain a significant component of housing tenure in the smallest communities for the foreseeable future; Given the strong correlation between total household income and tenure (where options actually exist), even within the current income distribution across and within communities, there are potential pools of households with adequate income to consider private rental or homeownership options. The intent is to bend the social housing demand curve downward, even slightly, in order to defer and/or avoid investing in additional social housing and the associated cumulative capital and operating liabilities.

Home Ownership in the Northwest Territories
Homeownership in the territory is characterized by the following patterns and trends:

- At the overall territorial level, home ownership as a tenure choice increased from 30% in 1981, to 49% in 1996 and peaked at 53% in 2001 and declined to 52% in 2011. This represents an increase of some 22%, or viewed from another perspective this was a 75% growth in home ownership during the period.

- The ownership rate has remained largely unchanged from 2001 to 2009 where it stood at about 53%, and then declined slightly in 2011 to 52% (52% in market communities and 50% in non-market communities). The corresponding national rate was 69%.
- The convergence of economic factors, housing policies, and housing supply and demand has contributed to the leveling off of home ownership rates. Moreover, the period since 2001 has been characterized by protracted low and stable cost of borrowing (based on the metrics of the Bank of Canada prime rate and conventional residential mortgages). Low borrowing costs historically are factors that would have contributed to drawing more households into ownership, but which appear to not have had this effect in the territory during that period.

***Determinants of Home Ownership*: There has been extensive research across Canada regarding the determinants of homeownership, including CMHC (Canadian Housing Observer, Vol. 14. No.3, 2006), and Lefebvre – *Housing: A Question of Income*, in Perspectives on Labour and Income. Statistics Canada, 2002, Cat. No.75-001).

There are two categories of factors that shape the likelihood of home ownership as a preferred tenure option: Internal (factors within the control of the individual and/or household); and, External (factors outside of the control of the individual and/or household). Within this array, a relatively small number emerge as critical determinants of a household's decision to own or rent their dwelling. The being *total household income*, which is influenced by type of household and age of the primary maintainer.

Examination of data from the *2011 National Household Survey* shows a significant correlation between income and homeownership nationally and territorially. The following observations regarding income ranges and ownership illustrate the relationship.

- There were a total of 14,700 (100.0%) households in the territory. 7,575 (52%) were owned and 6,975 (47%) were rented.
- In the under $10,000 income group, there were 430 households, of which 100 (23%) were owned, with 315 (73%) rented.
- In the $40,000 to $59,999 group, there were 1,415 households, of which 520 (37%) were owned, with 880 (62%) rented.
- In the $60,000 to $79,999 group, there were 1,430 households, of which 625 (44%) were owned, with 795 (56%) rented.
- In the $80,000 to $99,999 group, there were 1,420 households, of which 695 (49%) were owned, with 715 (50%) rented.
- In the $100,000 and over income group, there were 7,285 households, of which 4,940 (68%) were owned, with 2,335 (32%) rented.

The *2011 National Household Survey* methodology changes resulted in limitations on breakdown by market and non-market communities. However, data was available for Yellowknife. The same correlation was evident. The homeownership rate for the under $10,000 income rage was 20%. The corresponding rates for the $60,000 to $79,999, $80,000 to $99,999, and $100,000 and over were 35%, 40% and 69%, respectively.

The overall patterns of homeownership are also evident by household type both nationally and territorially. The highest ownership rate by household type was in the *couple family with children*, which tend to have higher total income than other household types. The lowest rate of ownership tends to be in *non-family* (i.e., single person) households. Review of data from the 2001 and 2006 census shows the same patterns and correlation between homeownership, household income and household type.

Market Rental Options and Vacancy Rates

There are two significant factors to consider. One, limited private market rental options (especially outside of the larger territorial centres) results in rental gaps, which is further compounded by historically low vacancy rates. Two, beyond the special surveys (which saw changes in methodology that make longitudinal trend comparison a challenge in certain areas) that are conducted by the respective bureaus of statistics and CMHC rental market reports and the *Northern Housing Reports*, there are data gaps regarding (a) availability and vacancy rates in the smaller communities, and (b) the actual cost of buying a home in the territories given that there are a large number of private house sales that do not involve a realtor and as such are not reflected in price data (as these are excluded as 'not-at-arms-length' transactions) released by the Canadian Real Estate Association – which significantly under represents house prices in the territories. Additionally, subsidized sales (i.e., sale of government staff housing) in the territories are included, which further reduces the actual market value (as compared to the 'book value').

The lack of valid and current data affects investors, renters and homeowners. To illustrate the relevance of valid data, in February 2015 the Canadian Real Estate Association released figures that show the average single detached house prices in Canada was $431,812. The average price for the Yukon and Northwest Territories was $295,220 and $296,200, respectively. The Yukon Bureau of Statistics data indicates that the price in December 2014 was $408,000, a difference of $111,800 (38%). There was no data available for Nunavut at that time.

Investment in private housing is further constrained by actual and/or perceived limited equity growth and resale options, high operating costs, the absence of housing services sector, as well as challenges with access to conventional mortgage financing in many communities.

Examination of the historical private market rental vacancy rates in the territory illustrates the challenges. For the period 2005 to 2014, average vacancy rates for the three territorial capitals were as follows:

- Yellowknife: Average rate of 2.9%. The rates ranged from a low of 0.9% in 2008 to a high of 6.0% in 2009
- Whitehorse: Average rate of 2.3%. The rates ranged from a low of 0.8% in 2010 to a high of 4.1% in 2013
- Iqaluit: Average rate of the 2006 to 2013 period for which data is available) was 1.2%. The rates ranged from a low of 0.0% in 2006 to a high of 2.7% in 2012

The average vacancy rate for Canada during the 2005 to 2013 period was 2.7%. The rates ranged from a low of 2.3% in 2008 to a high of 3.0% in 2009. The spike in vacancy rates corresponds to the global economic recession and corresponding out-migration of workers and the resulting drop in demand for rental housing.

Income Characteristics

Average Personal Income, 2001 to 2012

The average personal income in Canada increased from $32,000 in 2001 to $38,000 in 2006, and in 2012 was $44,000. The Northwest Territories overall experienced a declining trend in income with corresponding numbers of $57,000, $51,000 and $39,000, respectively.

The overall territorial trend distorts the dynamics in market and non-market communities. During that period both market and non-market communities experienced growth in income. Market community income increased from $43,000 in 2001 to $64,000 in 2012. The corresponding figures for non-market communities were $26,000 and $35,000, respectively.

From a territorial housing demand perspective, there are a number of historical patterns of significance:

- Non-market communities had average personal income levels some 55% to 60% of market communities.
- Total personal income in 2012 for the territory was $1.7 billion, of which $1.4 billion (85%) was in generated in the 6 market communities (that had some 74% of the total population), with the remaining $0.25 billion (15%) in the 27 non-market communities (that had some 26% of the total territorial population).
- The total personal income ratio has largely remained consistent over the 2001 to 2012 period. In 2001 the ratio was 85% to 15%. The corresponding figures for 2006 were 86% and 14%, respectively. This generally corresponds in terms of the ratio of actual tax filers in the market (77%) and non-market (23%) communities.

Private Households By Income Range (After-Tax), 2010

Examining total household income and tax data from 2010 provides an essential perspective on the relationship with tenure at the territory overall, as well as in market and non-market communities. Based on the special tabulation that was prepared, the following key observations were made:

- For the 14,700 private households, the median after-tax household income in the Northwest Territories overall was $85,000. This compares to Canada that had $54,000.
- *$0 to $29,999 income range:* In the territory overall, there were some 2,400 households (17%) that had total income from $0 to $29,999. This compares to Canada that had 24% of households in this range.
- *$0 to $29,999 income range:* In the *market* communities, there were some 1,400 households (13%) that had total income in this range. The corresponding figure for *non-market* communities, were some 1,000 households (29%).
- *$30,000 to $59,999 income range:* In the market communities, there were some 1,900 households (16%) that had total income in this range. The corresponding figure for non-market communities, were some 800 households (25%).
- *$60,000 to $99,999 income range:* In the market communities, there were some 2,700 households (24%) that had total income in this range. The corresponding figure for non-market communities, were some 800 households (24%).
- *$100,000 and over income range:* In the market communities, there were some 5,300 households (47%) that had total income in this range. The corresponding figure for non-market communities, were some 700 households (22%).
- *$100,000 to $124,999 income range:* In the market communities, there were some 1,600 households (14%) that had total income in this range. The corresponding figure for non-market communities, were some 300 households (9%).
- *$125,000 and over income range:* In the market communities, there were some 3,700 households (33%) that had total income in this range. The corresponding figure for non-market communities, were some 500 households (14%).

There is notable variation in distribution across the selected income ranges between market and non-market communities. This underscores the significant role of social and affordable housing, especially in non-market communities. In terms of the potential for private rental and homeownership, at least in the relatively larger non-market communities, there are potential pools of households with adequate after-tax income to consider private rental or homeownership options align with the *Core Need Income Threshold* (CNITs) in the territory.

Income by Source, 2010

Examination of data on income by source for those 15 years and older shows the proportion of income from *government transfer payments* (CPP/QPP, OAS/GIS, EI benefits, child benefits and other income from government sources) compared to *market income* (employment income (including wages and salaries & self employment income), investment income, retirement pensions, superannuation and other money income). Government transfer payments include.

For the Northwest Territories overall, the proportion between market income and government transfer payment was 92% and 8%. The corresponding figures for Canada were 88% and 12%, respectively.

Labour Force Activity: Participation, Employment and Unemployment

The Northwest Territories labour force activity in 2011 and 2014 can be characterized as follows.

- In 2011, the territory has some 24,800 persons in the labour force. The unemployment rate was 7.3%, and the participation rate and employment rates were 77% and 71%, respectively. The corresponding rates for Canada were 7.4%, 67% and 62%, respectively.
- There are differences in labour force activity by community type. In Yellowknife, which had some 54% of the territorial labour force, the unemployment rate was 4.1%, and the participation rate and employment rates were 84% and 81%, respectively. In contrast, the rates for the rest of the territory show an unemployment rate of 11.8%, with the participation rate and employment rates at 68% and 60%, respectively. The rates generally become less favourable in the smaller communities (i.e., non-market).
- In 2014, the territory has some 24,000 persons in the labour force. The unemployment rate was 7.4%, and the participation rate and employment rates were 72% and 67%, respectively. In Yellowknife the unemployment rate was 3.8%, and the participation rate and employment rates were 83% and 79%, respectively. In contrast, the rates for the rest of the territory show an unemployment rate of 13.0%, and the participation rate and employment rates were 66% and 57%, respectively.

Household Expenditures, 2012

The average household expenditures by key category in 2012 for the Northwest Territories and compared to Canada, is presented below and illustrates the relative 'cost of living', which impacts housing choices and affordability. The expenditure (% of total expenditures) profile of the territory essentially mirrors the Canada expenditure, although the absolute dollar expenditures are significantly higher in each category.

Expenditure Category	Northwest Territories ($)	Canada ($)
Total Expenditure (**and % of*)**	107,641 (100%)	75,443 (100%)
Total Current Consumption:	76,620	56,279
Food	11,022 (10.2%)	7,739 (10.3%)
Shelter	21,697 (20.2%)	15,811 (21.0%)
Household operation	5,777 (5.4%)	4,111 (5.4%)

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

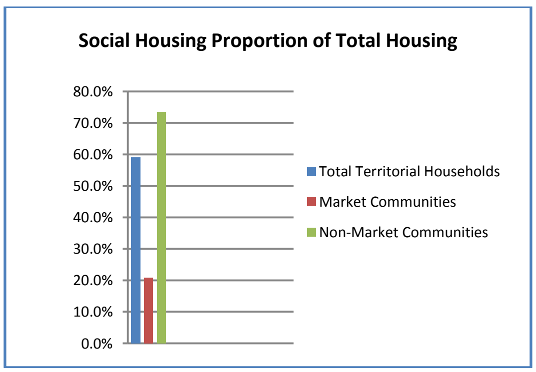
Territorial Specific Priority Focus
• Address the lack of conventional mortgage financing
• Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector in many communities)
• Develop options to incentivize private and not-for profit developers

4.0 NUNAVUT CONTEXT, PRIORITIES AND RATIONALE

4.1 Geographic, Demographic and Housing Context

Nunavut Territory spans over 2 million square kilometers, representing over 20% of Canada's land mass. In 2011 it had a population of some 34,000 of which some 85% were Aboriginal – predominantly Inuit. Canada's Aboriginal population comprised 4% of total population. The territory is comprised of 8,700 households located in 25 communities. Housing tenure was characterized by 1,800 (21%) households that were owned, 6,800 (79%) rented, which is a reverse image of the national tenure picture.

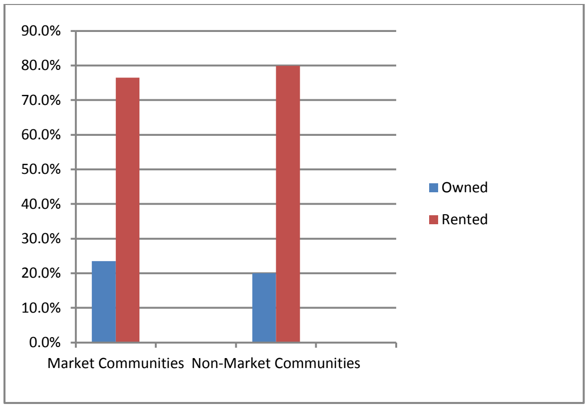
There are over 5,119 social (*public*) housing units across the territory, of which 4,859 were owned and 260 were leased units. Market communities (Iqaluit being the only market centre) had 490 units (10%) and non-market communities had 4,600 units (90%). Overall, territorial level public housing comprised some 60% of total households. The corresponding figure for market and non-market communities was 21% and 74%, respectively. Clearly, social housing continues to play a dominant role in market and non-market communities, including government support through homeownership and repair programs.



The total tangible capital assets (land and buildings) owned by the Nunavut Housing Corporation was $608 million at March 31, 2014. This represents 'net book value' – which given the age of the assets is correspondingly lower. This comprised of, social housing ($527 million), staff housing ($58 million), lease to purchase and capital lease costs ($4 million), land ($0.3 million) and, construction in process ($14 million).

Of the 25 communities, only Iqaluit is considered a market community. It is the largest centre, with a population of 7,000 (21% of total territorial population) and comprising some 2,400 households (27% of total territorial households). The four largest communities (Iqaluit, Arviat, Rankin Inlet and Baker Lake) have a combined population of just over 13,000, representing just over 40% of the territorial total. The demographic distribution is distinctly less urbanized and concentrated in comparison with the Yukon and the Northwest Territories.

The 24 non-market communities have a combined population of some 27,000 (80%) and consist of 6,300 (73%) households. Some 1,300 (20%) are owned, with another 5,000 (80%) rented households.



Housing Core Need

Based on the 2011 National Household Survey special tabulation by CMHC, the overall incidence of core need in Canada was 13%. Nunavut experienced an overall rate of some 39% encompassing over 3,400 households, with owners and renters having rates of 44% and 23%, respectively. The corresponding figures for Canada owners and renters were 26% and 7%, respectively.

Examination of 2011 core need by type indicated that suitability was the most significant for some 2,600 (31%) households. Adequacy was the next largest type of need, experienced by some 2,400 (28%) of households. Additionally, some 600 (6%) of households experienced affordability problems – which reflects the fact that the large number of households living in social housing based on a rent-geared-to-income model that is intended to mitigate affordability problems.

The findings of the 2011 National Household Survey generally correspond and reflect the results of the comprehensive *Nunavut Housing Needs Survey* (2009-2010). The findings included: 23% of dwellings needed major repairs; 35% were overcrowded; and, 49% were below housing standards by virtue of one or more housing problems (suitability, adequacy and affordability). The survey also provided the most detailed insight on the latent demand and the scale of waiting lists for social housing – with some 3,800 persons (aged 15 years and over) on a waiting list.

Housing core needs trends in Nunavut show a continuing high level of core need of 39% in both 2001 and 2011. This is in contrast to the historical trend at the national level with a decline from 14% in 2001 to 13% in 2011.

There is no specific data on core need by market and non-market communities in Nunavut. However, given that Iqaluit is the only market community, and the more balanced geographic distribution of population across communities, it is reasonable (from a statistical analysis perspective) to use the overall territorial results as a reference point.

4.2 Historical Population Growth and Trends

Nunavut has experienced significant population growth during the 1981 to 2011 period, with an overall increase of 105%. Historically, the high fertility (birth) rate was the primary demographic driver, with in-migration being a secondary contributing factor.

From a broader context, Nunavut can be characterized by a population trend of 'increasing at a decreasing rate'. Among the critical factors is evidence of a relative decline in historically high fertility rates (which remain higher than Canada overall, and the two other territories). To illustrate the broad demographic trend it is useful to consider the growth rates for selected ten year period between 1981 and 2011:

1981 to 1991:	**36%**
1991 to 2001:	**26%**
2001 to 2011:	**19%**

In 2011 the population stood at 34,000. This increased to nearly 37,000 as of January 2015. In terms of year-over-year change, Nunavut was the second highest of all provinces and territories with a 2.1% growth rate. In contrast, the Northwest Territories and the Yukon both experienced a population decline of 0.5%.

There are three significant demographic dynamics that are shaping the territory, and impacting the housing demand side: high (relative to Canada and the two other territories) but declining fertility (birth) rates and associated household formation rates (which are further influenced by cultural practices regarding family structure and household composition); the corresponding relative aging of the population; and, a population distribution patterns that is significantly less urbanized and concentrated that the Yukon and the Northwest Territories.

In 2011, Iqaluit was the largest centre, with a population of some 7,000, representing some 21% of territorial population. The four largest communities (Iqaluit, Arviat, Rankin Inlet and Baker Lake) have a combined population of over 13,000, accounting for some 41% of the territorial total. The relative even geographic distribution among the 25 communities, is demonstrated by the fact that even the ten largest communities account for only 70% of the total population. This is in contrast to the high degree or urbanization in the two other territories.

Population Projections to 2031: Statistics Canada projections based on the *Medium Growth Scenario* indicate that Nunavut will increase from 34,000 in 2011 to 44,000 by 2031. This represents a growth of some 9,000 persons (27%). The corresponding numbers based on the *High Growth Scenario* are 46,000, an increase of 12,000 (34%).

The Nunavut Bureau of Statistics projects the growth rate to be higher than the Statistics Canada model. Under either model or scenario, the demand for new housing will be significant, and exacerbated by the existing latent demand.

Aging Population: In 2011, some 33% of the territorial population was under 15 years of age; 64% was of working age (15 to 64 years); and, some 3% of the population was 65 years of age and over. From a pan-territorial perspective, housing programs define 'seniors' as those 60 years and over. The 2011 census shows some 2,000 (6%) seniors (60 years and over) in the territory. This reflects the impact of increased life expectancy, and a relative decrease in historically high fertility rates.

While the territory still has a relatively young population structure compared to Canada, there are a number of significant trends impacting housing demand and supply. Although the territory currently has a relatively small proportion of seniors, the ‘share’ has increased over the last 20 years. To illustrate, between 2001 and 2014 the growth in the seniors cohort was some 1,200, representing an increase of 105%.

Projections based on the *Medium Growth Scenario* indicate that Nunavut will experience an increase in those aged 60 years and over from 2,000 in 2011 to over 4,600 by 2031. This represents a growth of some 2,600 persons (128%). The corresponding numbers based on projections on the *High Growth Scenario* are 4,800, an increase of 2,800 (138%).

Beyond the already significant latent and projected demand for additional housing units out to 2031, this is and will continue to impact the housing demand side in aspects such as household formation rates (including the continuing growth in single person households), floor area requirements and design features (to accommodate mobility challenges and associated disabilities of an aging population). An example of the significance of household formation rates is evident from the change between 2006 and 2011, where the territorial population increased by 8%, occupied private dwellings increased over 10%.

4.3 Priority: Protection and Modernization of the Existing Social Housing Portfolio

Social Housing

The Nunavut Housing Corporation operates over 5,100, social housing units rent-geared-to-income, 260 of which are leased. The social housing units represent some 60% of total territorial households, with over 90% of the social housing units located in non-market communities. The Corporation also provides support through homeownership and repair programs, as well as homelessness, emergency shelter, and transition housing projects.

Aging Social Housing Stock

Period of Construction: The territorial social housing stock can be characterized by period of construction to gain an understanding of the aging stock and its fiscal, structural and adequacy sustainability implications.

Of the total 4,859 owned units in inventory, some 2,864 units (59%) are less than 30 years old, while 1,611, units (33%) are between 30 and 39 years, and another 384 units (8%) are 40 plus years.

There are 500 units (10%) in market communities (Iqaluit) with the remaining 4,600 (90%) located in non-market communities. Overall, territorial level public housing comprised some 60% of total households. The corresponding figure for market and non-market communities was 21% and 74%, respectively. There are substantive differences in the age (and corresponding condition) of the units, reflecting the significant investments made in social housing over the last decade, the majority in non-market communities, principally through partnership with CMHC.

The investments total some $726 million over the 2005-06 to 2014-15 period. Of the total investment, $106 million was for modernization and improvement of the existing aging stock, with an additional $564 invested in new social housing. Of that total investment, the Government of Nunavut invested $198 million (27%), with an additional $54 million invested in staff housing construction and modernization.

Protection and Modernization of Social Housing Stock

The Nunavut Housing Corporation's approach to protection and modernization social housing assets is based on capital asset maximization that includes retrofitting as required and where resources are available, while minimizing write-offs (virtually zero write-offs in the last several years) due to severe housing shortage and extensive waiting lists for social housing.

As an emerging asset management strategy, the Corporation is assessing the situational practicality of 'best practices' in other jurisdictions (such as the Northwest Territories' approach) that undertakes a first retrofit at age 20; Second retrofit at age 35; Replacement at age 50. Ideally, capital budgeting and partnership based investments would allocate for retrofitting 4% and replacing 2% of the stock annually. The projected capital investment is significant and the operating reality in Nunavut, including the limited fiscal capacity, will inform what can be achieved in the specific circumstances of a given community.

The current projected capital investment in public housing for the 2015/16 to 2019/20 period is some $115 million. The investment will be comprised of: $40 million for modernization and improvement of existing stock (this excludes the CMHC portion of $4.29 million per year for the next five years); and, $75 million for construction of new units. The significantly higher construction (new and renovation) costs in Nunavut will constrain the actual number of units that will be built and renovated. Nunavut construction costs are some 275% higher than southern centres, as discussed further in the following sections.

The Corporation's modernization of the social housing stock is strategically linked to the on-going commitment to (a) reduce operating cost through continued achievement of energy and utility efficiencies – given that over 60% [$86 million out of $144 total operating costs] of the operating costs for the social housing program are for utilities (a large portion of which is directly attributable to the funding approach for hamlet water delivery). To illustrate, climate in Iqaluit is characterized by average January temperature of -27°C and 8°C in July/ and, (b) by replacement of single detached units to multiplex units that have been designed with a more basic and smaller floor plans, more utilitarian equipment and furnishings, and a configuration that allows for unit modification to meet the growing needs of seniors and those with disabilities.

The success and continued potential of this strategy is evident in what has been achieved, and learned, over the last decade through the Nunavut Housing Trust. The Nunavut Housing Corporation now only constructs social housing multiplexes of 5 units or higher to optimize available land and maximize the amount of housing it can deliver with the available financial resources. Under the initial $100 million invested, the Corporation has/is building: 1 (one) 33-Plex; 17 10-Plexes; and 2 5-Plexes across 12 communities.

The Corporation is focused on providing functional and basic housing needs that are reasonable but which do not create disincentives for tenants to consider other housing options (where the option exists or may exists) within their circumstances and financial capacity.

Construction Costs

The Nunavut territory experiences significantly higher construction cost, both new construction and renovations, relative to southern Canada. Location, transportation, materials and labour costs are the primary drivers. This creates additional challenges for social and affordable housing programming. Construction costs for the 2013-15 periods (excluding land and site development costs) per square foot range from $551 ($5,931 per square metre) in Iqaluit as the only market community, to a range of $488 to $627 ($5,253 to $6,749 per square metre) in non-market communities for 10-Plex projects. The 'average' cost for a duplex, 5-Plex and 10-Plex across Nunavut was $546 per square foot.

It is instructive to place the Nunavut construction costs into context. The *2014 Construction Cost Guide* (AltusGroup) is recognized as an industry standard cost reference across Canada. Comparison of construction costs only (which excludes any costs related to site development, servicing, GST/HST etc.) provides a reference point as it includes an index for the Nunavut. The cost data is indexed to the Greater Toronto Area (GTA =100). The index shows the following cost variation: Iqaluit at 240 (%), and remote communities at 275 (%).

The resulting cost variance from the GTA index (based on a row townhouse) is some $299 per square foot (+119%) and, $269 per square foot (+93%) in territorial market and non-market communities, respectively. This indicates construction costs in Nunavut are about 275% higher than the GTA costs. These higher costs create significant challenges for social housing as maintaining the units and replacing older units place (particularly in the geographic distribution of housing units) that reduces economies of scale in services, much greater financial pressures than would be the case in the rest of Canada.

The Nunavut Housing Corporation has introduced a new tendering and contracting approach –'Supply, Ship and Erect or Design' to contain costs through greater economies of scale and risk mitigation. This bundling model is expected to increase interest from contractors who previously did not bid due to perceived project economics.

Economic Impacts

The economic impact and benefits in communities is significant and would be proportionally larger in non-market communities given the distribution of existing social housing units, and where unemployment levels are significantly higher and with lower household income levels (as discussed in. The Corporation's infrastructure investment (including staff housing) over the 2005-06 to 2013-14 period have been significant – totalling $726 million.

While Nunavut has not implemented tracking through an economic impact model, the models in place in the Yukon and the Northwest Territories provide a reasonable proxy, with the Northwest Territories model is a relatively closer alignment with the structure of the Nunavut economy. The findings for the NWT Housing Corporation economic impacts (as discussed in Section 3.3) resulted in *industry intensity ratios* (direct and indirect labour income) at the territorial level (that combine new and retrofit construction) of $0.33 per dollar invested, and the creation of 3.5 jobs (Full Time Equivalent- FTEs) per million dollars expended.

There are additional economic benefits, including taxation revenue flowing to the federal government as well as other provincial and territorial governments. Any variation in territorial and provincial industry intensity ratios reflects the structure of the impacted industries in each jurisdiction.

Based on the above industry intensity ratios ($0.33 per dollar invested, and 3.5 jobs per million dollar invested) and the investment of $726 million by the Government of Nunavut over the 2005-06 to 2014-15 period, the *approximated economic impacts* are summarized below. The impact for the full ten-year period is $240 million in labour income ($24 million per year), and 2,450 jobs (245 jobs per year).

Economic Impact Category	Multiplier	Nunavut Investment	Economic Impact
Labour Income ***(Direct and Indirect)***	$0.33 *(Per $1 dollar Invested)*	$725.7 million	$239.5 million of labour income
Jobs Created ***(FTE Equivalent)***	$3.5 *(Per $1 million invested)*	$725.7 million	2,540 Jobs created

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• The need for more additional basic social housing to respond to existing latent demand (over 3,200 families on waiting lists) and the implications for core need – as driven by suitability criteria (i.e., overcrowding rate of 35%)
• Address the impact of the existing housing shortage and how it precludes the option of writing-off units that may be sub-standard for occupancy – with implications for tenant safety and increased core need
• Age and condition of existing social housing stock and options for retrofit options are out of necessity considered (in relative terms) a secondary priority focus area in Nunavut at this time
• Addressing existing lack of responsiveness by contractors for small scale repair and construction tenders
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
• Continue to focus on the provision of basic housing '*needs*' (rather than wants) for new construction
• In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs
• Continue to develop options to contain the historically high capital construction costs

4.4 Sustainability of the Social Housing Portfolio

Federal contributions towards amortizing the debt associated with the social housing stock and operating support is scheduled to decline annually until it is fully eliminated in 2037/38. This shifting of burden has created fiscal capacity challenges for the Corporation and for the Nunavut Government overall, given the current and forecast fiscal outlook.

This situation is additionally constrained by the existing borrowing limits of $400 million set by the federal government, and the remaining available debt ceiling for the territorial government. The pending approval to raise the limit to $650 million announced in the 2015 federal budget (April 21, 29015) provides marginally more flexibility given the large number of previously allocated infrastructure priorities.

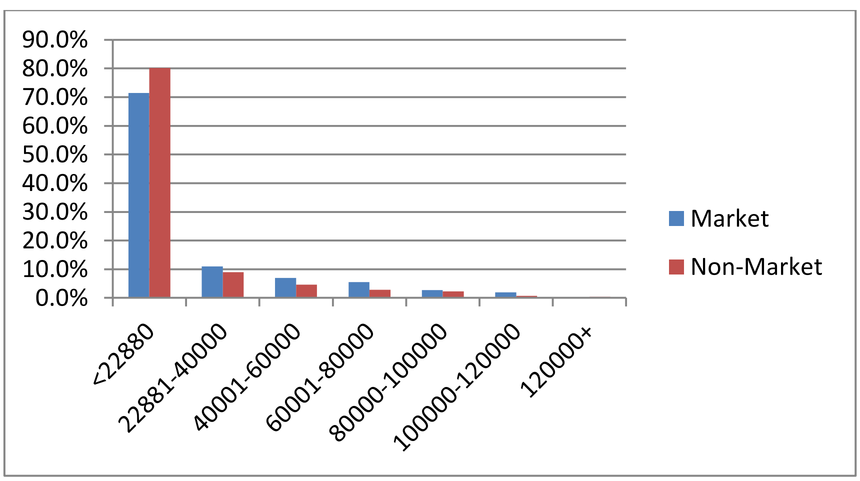
Social Housing Operating Costs

An average annual operating cost per social housing unit in the territory was approximately $28,000 in 2013-14. Operating costs per unit for market and non-market communities were some $20,000 and $29,000, respectively. Total rent assessed was about $2,800 per unit, and $14 million overall. This represents an operating cost subsidy by the Corporation of some $130 million. This represents an overall subsidy level by the Government of Nunavut of over 90%. The subsidy level in the only market community, Iqaluit, was 83%.

The economic challenges and situation faced by most social housing tenants (as discussed further below and detailed in Sections 4.5 and 4.6) impacts the rent revenue generated through the rent-geared-to-income model – that was amended in 2013-14 with the introduction of a new rent scale to respond to continued income challenges of tenants. Combined with the high construction and operating costs in the territory, results in the significant subsidy level required to meet basic program and service needs. The sustainability of the existing social housing portfolio is clearly a priority to be addressed jointly by the Government of Nunavut and the federal government.

Income Profiles of Tenants in Social Housing*:* The economic challenges faced by most of the over 19,000 tenants in social housing, and the constrained ability to generate rent revenues by the Nunavut Housing Corporation, is placed into context by examining the findings of income profile. The most significant fact is that some 80% of tenants had incomes of less than $23,000. The economic challenges are marginally less (71%) in market than in non-market communities (80%). Overall, there were less than 800 tenants (5%) with incomes between $60,000 and $100,000. Some 1% of tenants had incomes over $100,000.

Income Profiles of Public Housing Tenants in Nunavut



Projected Rent Revenues

By contrast with the declining federal contribution, projected rent revenues based on the rent-geared-to-income model, move from $12 million in 2015, which represent some 7% of *total* operating cost, to $15 million in 2037/38, representing a decline to 6% of total operating costs.

Declining Federal Contribution

CMHC recognized and acknowledged in the 2013-17 and the 2014-18 Corporate Plans that in terms of the long-term agreements "*some projects may not generate sufficient rental revenues to cover operating expenses*, depending on the number of rent-geared-to-income tenants that were previously subsidized".

Examination of the structure of the Social Housing Agreement indicates that based on the scheduled CMHC contribution, the territorial government's required contribution is some $123 million in 2015/16. This figure increases to $162 million by 2025, and then $219 million in 2038. This represents an overall increase in territorial government's contribution by some $96 million, or 78% from the 2015 base year.

From the Nunavut Housing Corporation's total budget perspective, the CMHC contribution decline is even more significant from a fiscal sustainability metric. The CHMC contribution as a percentage of the Corporation's total budget over the 2011-12 to 2014-15 period (that included extraordinary funding under Canada's Economic Action Plan, actually increased from $6 million in 2011-2012, representing 2%, to $76 million in 2014-15, representing some 23%.

In broad terms, the territorial government would need to invest some 4% to 6% over the next 23 years more annually between now and 2037/38 simply in order to simply maintain the existing basic level of social housing, let alone respond to latent and projected demand.

Relative Fiscal Capacity

The constrained fiscal capacity of the Corporation is further informed by considering the relative fiscal capacity of the Government of Nunavut by housing expenditures as a percentage of total annual government revenues (which include any housing transfer payments and any other form of transfer). Statistics Canada produced a special tabulation series based on Public Accounts of each jurisdiction for the 1999-00 to 2008-09 periods. The key findings were:

- Over the decade, federal expenditures had been about 1%. This includes since 2006 the temporary effect of the Affordable Housing Trust Funds – which were booked in the three-year period of 2006-07 to 2008-09).
- By comparison, the aggregate expenditure ranged from a low of 0.7% to a high 1.2% by all provinces and territories. In 2008-09 the provinces had individual expenditures ranging from a low of 0.7% in Prince Edward Island, to a high of 1.8% in Saskatchewan.
- The average housing expenditures by the Government of Nunavut were 13.3%; this represents expenditures over thirteen times greater than the aggregate for all provinces and territories. The expenditures ranged from a low of 9.7% to a high of 15.5%. The scope and magnitude of the housing challenges in Nunavut clearly reflect the political priority and corresponding investment.

Territorial Revenues*:* The fiscal capacity of the Government of Nunavut is further informed by examining total revenues and the proportion of revenues through the Territorial Formula Financing (TFF) for the 2007-08 to 2015-16 periods. Examination of territorial public accounts and Finance Canada Fiscal Reference Tables shows the following:

- Total revenue during the period increased from $1.2 billion in 2007-08 to $1.8 billion in 2015-16.
- The Territorial Formula Financing revenue increased from $0.9 billion (76% of total revenues) in 2007-08 to $1.5 billion (80% of total revenues) in 2015-16.

This territorial fiscal capacity to invest in housing is additionally constrained by the existing borrowing limits of $400 million set by the federal government, and the limited remaining available debt ceiling. The pending approval to raise the limit to $650 million announced in the 2015 federal budget (April 21, 2015) provides marginally more flexibility given the large number of previously allocated infrastructure priorities. The constrained fiscal capacity of the territorial government limits the options that can be undertaken unilaterally. A shared partnership with the federal government creates a critical mass of investment to achieve sustainable results in housing, and to advance economic growth across the North.

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Continue to address the decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation's mandate
• Continue to review options to use the existing assets more effectively (i.e., 'having the right people in the right units')
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies

4.5 Priority: Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing.

Housing Continuum

The housing continuum encompasses emergency shelters, transitional housing and supportive housing (especially for seniors), and extends to social housing, private market rental and home ownership.

There are significant gaps and needs in the territorial housing continuum with respect to emergency shelters, transitional housing and supportive housing (especially for seniors). A common understanding of the definitions will inform the discussion:

- *Emergency Shelter*: Places for people to sleep on a temporary basis, and are usually the last alternative to street homelessness;
- *Transitional Housing:* Short and medium-term housing provided on a temporary basis, often in combination with support services in order to assist residents with moving towards more stable, independent living;
- *Supportive Housing:* Medium to long-term housing combined with on-site support services to assist people with more complex needs to live independently. The territorial priority focus is on the needs of seniors given the current demand and projected demographic growth. The objective is to enable them to live in their own accommodation as long as possible, and develop more cost effective options through cost containment and avoidance – where it is practical.

Within the context of the Nunavut Housing Corporation's mandate, and recognition that the government's lead responsibility is with the Department of Health and Social Services, it is coordinating with and supporting a range of public and private agencies to address gaps in this part of the housing continuum, including working towards social inclusion and poverty reduction through the *Let's Build a Home Together: Framework for the GN Long-Term Comprehensive Housing and Homelessness Strategy*, and through interdepartmental coordination and production of the *GN Housing Action Plan*.

Emergency Shelters and Transitional Housing: The Shelter Capacity Report 2013-14 (Employment and Social Development Canada) provides a national and territorial perspective on this part of the housing continuum.

Shelter capacity in the Nunavut is characterized as follows:

- There were 2 *emergency homeless shelters* comprising of 34 beds. These consisted of 1 men's shelter with 22 beds; 1 women's shelter with 12 beds; There were no youth or family shelters designated. The shelters were located in Iqaluit.
- There were no *transitional housing* facilities.
- There were 5 *violence against women shelters* comprising of 44 beds.

Seniors, Independent/Supportive Housing and Risk Management

The rationale for investing in the housing continuum through services and supports for seniors is as follows.

Seniors in Social Housing*:* There are over 5,100 social housing units across the territory. Overall, while seniors (60 years and over) comprise some 2,000 (6%) of the territorial population, there were seniors resident in over 900 units (18%). The corresponding figure for market and non-market communities was over 100 (21%) and 800 (18%).

Falls, Injuries and Hospitalizations*:* The context regarding falls, injuries and hospitalizations was provided in Section 3.5 of the report. Provided below are selected highlights.

Nationally seniors represent some 14% of the population, yet utilize the health care system disproportionately: 45% of all provincial and territorial public sector health spending; account for 40% of acute hospital stays and 85% of hospital based continuing care; 82% of home care; and, 95% of residential care.

Of particular relevance to the territorial housing corporations due to health, safety and quality of life concern from to the Corporation is the issue of falls and injuries from falls. Research data provide compelling evidence.

- Nationally, falls are experienced by more than one-third of seniors. Falls are the leading cause of injury for seniors, accounting for over 85% of all injury related hospitalizations.
- Hospitalization from falls across Canada was at a rate of 15.5 per 1,000 seniors. The rate was highest in three territories with an average rate of 18.3 per 1,000 seniors.
- Beyond the priority of seniors' safety, cost containment and/or avoidance are a significant factor. Nationally, the cost of keeping an ill individual in a hospital bed is over $1,000 per day. The cost of keeping them in a home facility is about $130 (15% of the cost of a hospital bed), and $55 for home care (5% of the cost of a hospital bed).
- The search for prevention and mitigation options includes consideration of a options to enable senior to stay at home as long as possible based on an 'aging in place' strategy (which encompasses the importance of maintaining a '*quality of life'* under whatever circumstances exist, as well as economic impact considerations) for seniors based on a housing continuum that includes: Independent housing, supportive housing, assisted living/home care, residential based care, and hospital-based continuing care. The design and maintenance of housing for seniors is informed by the fact that over 50% of all falls across Canada *occur at home*.

The Nunavut Housing Corporation will, subject to available financial resources, continue to invest in modifications to social housing units and the design of new units (with a focus on multiplex design) to accommodate seniors with mobility and access limitations. A recent project involved the conversion of a five (5) bedroom house into supportive housing for individuals with mental health issues. Additional policy options are being considered that would enable Local Housing Organizations to designate one public housing unit to operate as a shelter, transitional, or other supportive housing facility.

This priority is aligned with CMHC's strategic priorities (as discussed in Section 2.1) – that includes "*responding to demographic shifts through appropriate options for seniors and their evolving needs along the housing continuum, including retirement and long-term care facilities*."

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Priority need for emergency shelters, transitional housing and supportive housing
• Growing demand for senior's housing (with appropriate accessibility and mobility features)
• Address the market rental housing gap (from both an affordability and an existence perspective)
• Addressing the absence of non-government organizations with a housing mandate (i.e., not-for-profit role)
• Partnering with Inuit organizations and the City of Iqaluit on land and housing development
• Develop options to incentivize private and not-for profit developers

4.6 Priority: Move Towards Market Housing Options in Smaller Communities

This pan-territorial housing priority focuses on developing options and mechanisms to encourage movement towards market housing options, both rental and homeownership ownership, in communities where it is practical and fiscally sustainable. This recognizes the following territorial operating realities: Social housing will remain a significant, if not dominant, component of housing tenure in the smallest communities across the territory for the foreseeable future; Given the strong correlation between total household income and tenure (where options actually exist), and in the context of the current Homeownership Income Eligibility Limit (HPIE) range from a low of $159,000 (Arviat) to a high of $186,000 (Resolute Bay) - even within the current income distribution across and within communities, there are some small but potential pools of households with adequate (after-tax) income to consider private rental or homeownership options. The intent is to bend the social housing demand curve downward, even slightly, in order to defer and/or avoid investing in additional social housing and the associated cumulative capital and operating liabilities.

Home Ownership in the Nunavut Territory
Homeownership in Nunavut is characterized by the following patterns and trends:

- At the overall Nunavut territorial level, home ownership as a tenure choice is low and decreased from 24% in 2001 to 23% in 2006, with a further decline to 21% in 2011. This represents a decrease of some 13%. The growth in social housing units (in response to high demand) is clearly a statistical factor to take into consideration.
- The ownership rate in market communities was 24% and 20% in non-market communities). The corresponding national rate was 69%.

***Determinants of Home Ownership*:** There has been extensive research across Canada regarding the determinants of homeownership, including CMHC (Canadian Housing Observer, Vol. 14. No.3, 2006), and

Lefebvre - *Housing a Question of Income*, in Perspectives on Labour and Income. Statistics Canada, 2002, Cat. No.75-001).

There are two categories of factors that shape the likelihood of home ownership as a preferred tenure option: Internal (factors within the control of the individual and/or household); and, External (factors outside of the control of the individual and/or household). Within this array, a relatively small number emerge as critical determinants of a household's decision to own or rent their dwelling. The being *total household income*, which is influenced by type of household and age of the primary maintainer.

Examination of data from the *2011 National Household Survey* shows a significant correlation (the low rate of ownership notwithstanding) between income and homeownership nationally and territorially. The following observations regarding income ranges and ownership illustrate the relationship.

- There were a total of 8,700 (100.0%) households in the Nunavut territory. 1,800 (21%) were owned and 6,800 (79%) were rented.
- In the under $10,000 income group, there were 350 households, of which 15 (4%) were owned, with 335 (96%) rented.
- In the $40,000 to $59,999 group, there were 1,220 households, of which 130 (11%) were owned, with 1,085 (89%) rented.
- In the $60,000 to $79,999 group, there were 895 households, of which 140 (16%) were owned, with 760 (85%) rented.
- In the $80,000 to $99,999 group, there were 875 households, of which 160 (18%) were owned, with 715 (82%) rented.
- In the $100,000 and over income group, there were 3,530 households, of which 1,265 (36%) were owned, with 2,260 (64%) rented.

The *2011 National Household Survey* methodology changes resulted in limitations on breakdown by market and non-market communities.

The overall patterns of homeownership are also evident by household type both nationally and across all three territories. The highest ownership rate by household type was in the *couple family with children*, which tend to have higher total income than other household types. The lowest rate of ownership tends to be in *non-family* (i.e., single person) households. Review of data from the 2001 and 2006 census shows the same patterns and correlation between homeownership, household income and household type.

Market Rental Options and Vacancy Rates

There are two significant factors to consider. One, limited private market rental options (especially outside of the larger territorial centres) results in rental gaps, which is further compounded by historically low vacancy rates. Two, beyond the special surveys (which saw changes in methodology that make longitudinal trend comparison a challenge in certain areas) that are conducted by the respective bureaus of statistics and CMHC rental market reports and the *Northern Housing Reports*, there are data gaps regarding (a) availability and vacancy rates in the smaller communities, and (b) the actual cost of buying a home in the territories given that there are a large number of private house sales that do not involve a realtor and as such are not reflected in price data (as these are exclude as 'not-at-arms-length' transactions) released by the Canadian Real Estate Association – which significantly under represents house prices in the territories. Additionally, subsidized sales (i.e., sale of government staff housing) in the territories are included, which further reduces the actual market value (as compared to the 'book value').

The lack of valid and current data affects investors, renters and homeowners. To illustrate the relevance of valid data, in February 2015 the Canadian Real Estate Association released figures that show the average single detached house prices in Canada was $431,812. The average price for the Yukon and Northwest Territories was $295,220 and $296,200, respectively. The Yukon Bureau of Statistics data indicates that the price in December 2014 was $408,000, a difference of $111,800 (38%). There was no data available for Nunavut at that time.

Investment in private housing is further constrained by actual and/or perceived limited equity growth and resale options, high operating costs, the absence of housing services sector, as well as challenges with access to conventional mortgage financing in many communities. Nunavut has a significant public infrastructure deficit that is a contributing factor to housing development.

Examination of the historical private market rental vacancy rates in the territory illustrates the challenges. For the period 2005 to 2014, average vacancy rates for Iqaluit and the other territorial capitals were as follows:

- Iqaluit: Average rate for 2006 to 2013 (the period for which data is available) was 1.2%. The rates ranged from a low of 0% in 2006 to a high of 2.7% in 2012
- Whitehorse: Average rate of 2.3%. The rates ranged from a low of 0.8% in 2010 to a high of 4.1% in 2013
- Yellowknife: Average rate of 2.9%. The rates ranged from a low of 0.9% in 2008 to a high of 6.0% in 2009

The average vacancy rate for Canada during the 2005 to 2013 period was 2.7%. The rates ranged from a low of 2.3% in 2008 to a high of 3.0% in 2009. The spike in vacancy rates corresponds to the global economic recession and corresponding out-migration of workers and the resulting drop in demand for rental housing.

Income Characteristics

Average Personal Income, 2001 to 2012

The average personal income in Canada increased from $32,000 in 2001 to $38,000 in 2006, and in 2012 was $44,000. Nunavut overall experienced a trend in increasing income with corresponding numbers of $33,000, $39,000, and $48,000, respectively.

The overall territorial trend distorts the dynamics in market and non-market communities. During that period both market and non-market communities experienced growth in income, but at different rates. Market community income increased from $48,000 in 2001 to $72,000 in 2012. The corresponding figures for non-market communities were $28,000 and $41,000, respectively.

From a territorial housing demand perspective, there are a number of historical patterns of significance:

- Non-market communities had average personal income levels some 55% of market communities.
- Total personal income in 2012 for the territory was $0.9 billion, of which $0.3 billion (35%) was in generated in the one market community (that had some 20% of the total population), with the remaining $0.60 billion (65%) in the 24 non-market communities (that had some 80% of the total territorial population).
- The total personal income ratio has largely remained consistent over the 2001 to 2012 period. In 2001 the ratio was 34% to 66%. The corresponding figures for 2006 indicate a change to 23% and

77%, respectively. This generally corresponds in terms of the 2012 ratio of actual tax filers in the market (23%) and non-market (77%) communities.

Private Households By Income Range (After-Tax), 2010

Examining total household income and tax data from 2010 provides an essential perspective on the relationship with tenure at the territory overall, as well as in market and non-market communities. Based on the special tabulation that was prepared, the following key observations were made:

- For the 8,700 private households, the *median after-tax* household income in Nunavut overall was $73,000. This compares to Canada that had $54,000.
- *$0 to $29,999 income range:* In the territory overall, there were some 1,500 households (17%) that had total income from $0 to $29,999. This compares to Canada that had 24% of households in this range.
- *$0 to $29,999 income range:* In the market communities, there were some 300 households (12%) that had total income in this range. The corresponding figure for *non-market* communities, were some 1,200 households (19%).
- *$30,000 to $59,999 income range:* In the market communities, there were some 300 households (13%) that had total income in this range. The corresponding figure for non-market communities, were some 1,800 [households (28%).
- *$60,000 to $99,999 income range:* In the market communities, there were some 600 households (26%) that had total income in this range. The corresponding figure for non-market communities, were some 1,600 [households (26%).
- *$100,000 and over income range:* In the market communities, there were some 1,200 households (49%) that had total income in this range. The corresponding figure for non-market communities, were some 1,700 households (27%).
- *$100,000 to $124,999 income range:* In the market communities, there were some 300 households (13%) that had total income in this range. The corresponding figure for non-market communities, were some 600 households (10%).
- *$125,000 and over income range:* In the market communities, there were some 900 households (36%) that had total income in this range. The corresponding figure for non-market communities, were some 1,100 [households (17%). This income group may contain some potential homeownership candidates.

There is notable variation in distribution across the selected income ranges between market and non-market communities. This underscores the significant role of social and affordable housing, especially in non-market communities. In terms of the potential for private rental and homeownership, at least in the relatively larger non-market communities, there are small potential pools of households with adequate (after-tax) income to consider private rental or homeownership options align with the qualifying homeownership programs income threshold (as presented earlier*)*.

Income by Source, 2010

Examination of data on income by source for those 15 years and older shows the proportion of income from *government transfer payments* (CPP/QPP, OAS/GIS, EI benefits, child benefits and other income from government sources) compared to *market income* (employment income (including wages and salaries & self employment income), investment income, retirement pensions, superannuation and other money income). Government transfer payments include.

For Nunavut overall, the proportion between market income and government transfer payment was 87% and 13%. The corresponding figures for Canada were 88% and 12%, respectively.

Labour Force Activity: Participation, Employment and Unemployment
The Nunavut labour force activity in 2011 and 2014 can be characterized as follows.

- In 2011, the territory has some 14,100 persons in the labour force. The unemployment rate was 16.5%, and the participation rate and employment rates were 67% and 56%, respectively. The corresponding rates for Canada were 7.4%, 67% and 62%, respectively.
- There are differences in labour force activity by community type. In Iqaluit, which had some 29% of the territorial labour force, the unemployment rate was 4.1%, and the participation rate and employment rates were 84% and 81%, respectively. In contrast, the rates for the rest of the territory show an unemployment rate of 11.8%, with the participation rate and employment rates at 68% and 60%, respectively.
- In 2014, the territory has some 14,350 persons in the labour force. The unemployment rate was 12.3%, and the participation rate and employment rates were 61% and 53%, respectively. In Iqaluit, which had some 28% of the territorial labour force, the unemployment rate was 4.1%, and the participation rate and employment rates were 82% and 78%, respectively. In contrast, the rates for the rest of the territory show an unemployment rate of 17.5%, and the participation rate and employment rates were 57% and 47%, respectively.

Household Expenditures, 2012
The average household expenditures by key category in 2012 for Nunavut and compared to Canada, is presented below and illustrates the relative 'cost of living', which impacts housing choices and affordability. While the percentage expenditures (% of total expenditures) for shelter in Canada are higher (26%) than the average for the territory (21% and 16%, respectively), the territory expended significantly more in both relative and absolute terms -on food expenditures (65%), $14,744 (17%) compared to Canada at $7,739 (10%).

Expenditure Category	Nunavut ($)	Canada ($)
Total Expenditure (*and % of*)	86,997 (100%)	75,443 (100%)
Total Current Consumption:	61,730	56,279
Food	14,744 (17.0%)	7,739 (10.3%)
Shelter	13,610 (15.6%)	15,811 (21.0%)
Household operation	4,877 (5.6%)	4,111 (5.4%)

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

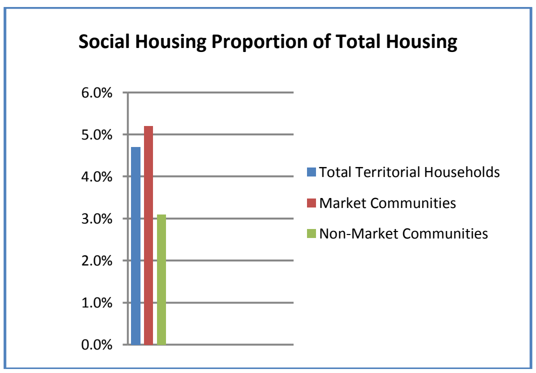
Territorial Specific Priority Focus
• Address the lack of conventional mortgage financing
• Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector in many communities)
• Develop options to incentivize private and not-for profit developers

5.0 YUKON CONTEXT, PRIORITIES AND RATIONALE

5.1 Geographic, Demographic and Housing Context

The Yukon Territory spans over 480,000 square kilometers, representing 5% of Canada's land mass. In 2011 it had a population of some 35,000 of which some 25% were Aboriginal. Canada's Aboriginal population comprised 4% of total population. The territory is comprised of 14,000 households located in 15 communities. Housing tenure was characterized by 9,400 (67%) households that were owned, 4,100 (29%) rented, and approximately 600 (4%) were band housing. The tenure pattern was essentially identical in market and non-market communities.

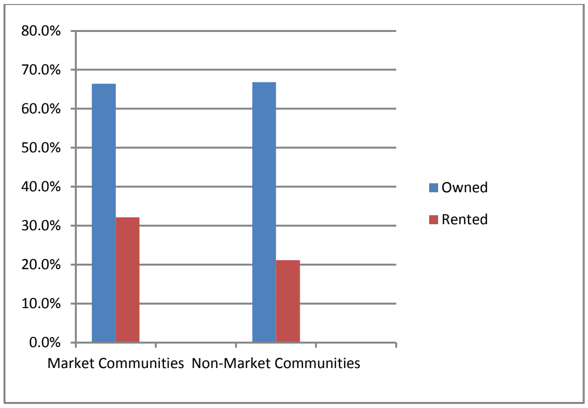
There are over 650 social (*public*) housing units across the territory. Market communities had 550 units (84%) and non-market communities had some 100 units (15%). Overall, at the territorial level social housing comprised some 5% of total households. The corresponding figure for market and non-market communities was 5% and 3%, respectively. Social housing comprises only a small component of the total housing in the Yukon, and in market and non-market communities. There continues to be significant government support through homeownership support programs, as reflected in the high rates of homeownership - which essentially match the national rate.



The total tangible capital assets (land, buildings and equipment) owned by the Yukon Housing Corporation was $66 million at March 31, 2014. This consisted of land ($4 million), social housing ($53 million), staff housing ($7 million [and, construction in progress ($5 million).

Of the 15 communities, the four largest centres (Whitehorse, Dawson, Watson Lake, and Haines Junction) are defined as housing market communities. Together they represent a population of 31,000 (87%), and nearly 11,000 (75%) households. Some 7,000 (66%) are owned, with another 3,400 (32%) rented, with band housing accounting for some 170 (2%) households.

The 11 smaller communities are considered non-market, with a population of some 4,200 (13%) and consist of 3,500 (25%) households. Some 2,400 (67%) are owned, with another 700 (21%) rented, with band housing accounting for 400 (12%) households.



Housing Core Need

Based on the 2011 National Household Survey special tabulation by CMHC, the overall incidence of core need in Canada was 13%. The Yukon experienced an overall rate of some 15% encompassing over 1,900 households, with owners and renters having rates of 25% and 10%, respectively. The corresponding figures for Canada owners and renters were 26% and 7%, respectively.

Examination of 2011 core need by type indicated that affordability was the most significant for some 2,700 (19%) households. Adequacy was the next largest type of need, experienced by some 2,300 (16%) of households. Additionally, some 1,000 (7%) of households experienced suitability problems.

Housing core needs trends in the Yukon show a modest decline in core need levels from 16% in 2001 to 15% in 2011. This parallels the historical trend at the national level with a decline from 14% in 2001 to 13% in 2011.

There is no specific data on core need by market and non-market communities in the Yukon. The Yukon Bureau of Statistics conducts a series of regular surveys and studies into housing related matters (i.e., rent survey; real estate surveys; employment and income; community specific housing reports; housing adequacy study (homelessness)) that inform the work of the Yukon Housing Corporation, who undertakes comprehensive research and analysis to address housing issues.

5.2 Historical Population Growth and Trends

The Yukon has experienced moderate population growth during the 1981 to 2011 period, with an overall increase of 46%. Historically, in-migration correlating with cycles of resource development was a significant driver of change, while natural increase in population was generally modest and a secondary factor.

From a broader context, Yukon can be characterized by a population trend of 'increasing at a decreasing rate' and reflecting resource development cycles and the associated in and out-migration, such as the decrease of some 7% between 1996 and 2001, while the growth rate for the entire 1981 to 2011 period was some 46%. To illustrate the broad demographic pattern and trend it is useful to consider the growth rates for selected ten year periods between 1981 and 2011:

1981 to 1991:	**20%**
1991 to 2001:	**3%**
2001 to 2011:	**18%**

In 2011 the population stood at just over 35,000. This increased to nearly 37,000 as of January 2015. In terms of year-over-year change, the Yukon and the Northwest Territories both experienced a population decline of 0.5%. In contrast, Nunavut was the second highest of all provinces and territories with a 2.1% growth rate.

There are two significant demographic dynamics that are shaping the territory, and impacting the housing demand side: decreasing fertility (birth) rates and the corresponding aging of the population; and, high concentration in the regional centres. In 2011, some 87% of the total population lived in the four largest centres (Whitehorse, Dawson, Watson Lake and Haines Junction), and of that two-thirds, some 23,000 (66%), lived in Whitehorse. These factors impact housing options and programs.

Population Projections to 2031: Statistics Canada projections based on the *Medium Growth Scenario* indicate that the Yukon will increase from 35,000 in 2011 to 42,000 by 2031. This represents a growth of 6,600 persons (19%). The corresponding numbers based on the *High Growth Scenario* are 44,700, an increase of 3,500 (26%).

Aging Population: From a pan-territorial perspective, housing programs define 'seniors' as those 60 years and over. Consequently, the 2011 census shows over 4,100 (10%) seniors in the territory.

While the territory still has a relatively young population compared to Canada, there are a number of significant trends impacting housing demand and supply. Although the territory has a relatively small proportion of seniors, the 'share' has more than doubled and it has been the fastest growing age cohort over the last 20 years. To illustrate, between 2001 and 2014 the growth in the seniors cohort was some 3,600, representing an increase of 131% and reflecting the impact of increased life expectancy.

Projections based on the *Medium Growth Scenario* indicate that Yukon will experience an increase in those aged 60 years and over from 5,300 [5,256] in 2011 to over 9,600 by 2031. This represents a growth of some 4,300 persons (83%). The corresponding numbers based on the *High Growth Scenario* are 10,000, an increase of 4,700 (90%).

Beyond the modest demand for additional housing units out to 2031, this is and will continue to impact the housing demand side in aspects such as household formation rates (including the continuing growth in single person households), floor area requirements and design features (to accommodate mobility challenges and associated disabilities of an aging population). Section 5.5 discusses this impact and the priorities of the Yukon Housing Corporation.

5.3 Priority: Protection and Modernization of the Existing Social Housing Portfolio

Social Housing

The Yukon Housing Corporation operates some 650 social housing units across the territory. Market communities had 550 units (85%) and non-market communities had 100 units (15%). Overall, at the territorial level social housing comprised some 5% of total households. The corresponding figure for market and non-market communities was 5% and 3%, respectively. The Corporation also provides support through affordable rental units, homeownership programs, as well as a variety of homelessness, emergency shelter, and transition housing projects are supported.

Aging Social Housing Stock

Period of Construction: The territorial social housing stock can be characterized by period of construction to gain an understanding of the aging stock and its fiscal, structural and adequacy sustainability implications.

Of the total 661 units in inventory, the age structure is:

- 227 units (35%) are less than 15 years old
- 109 units (17%) are between than 26 and 35 years old
- 61 units (9%) are between 36 and 45 years old, and
- 255 units (39%) are over 45 years old

There are 550 units (85%) in market communities with the remaining 100 (15%) located in non-market communities. There are notable differences in the age of the units, reflecting the investments made in social housing over the last decade, principally through partnership with CMHC. In the market communities, there are 198 units (36%) less than 15 years old, while 207 units (37%) are over 45 years old. The corresponding figures for non-market communities are 29 (29%) and 48 (48%), respectively.

Protection and Modernization of Social Housing Stock

The Yukon Housing Corporation is in the process of implementing a comprehensive asset management strategy to protect and modernize its social housing assets. As an emerging asset management strategy, the Corporation is assessing the situational practicality of 'best practices' in other jurisdictions (such as the Northwest Territories Housing Corporation) that undertakes a first retrofit at age 20; Second retrofit at age 35; Replacement at age 50. Ideally, capital budgeting and partnership based investments would allocate for retrofitting 4% and replacing 2% of the stock annually.

The current projected capital investment in housing for the 2015-16 to 2019-20 period is some $75 million. The investment will be comprised of: $4 million for modernization and improvement of existing stock; $12 million for construction of new units; and, $4 million for renovation and construction of staff housing. The projected capital investment is significant and the operating reality in the Yukon, including the constrained fiscal capacity, will inform what can be achieved in the specific circumstances of a given community.

The higher construction (new and renovation) costs in the Yukon will constrain the actual number of units that will be built and renovated. Yukon construction costs are some 96% higher than southern centres, as discussed further in the following sections.

The Corporation's modernization of the social housing stock is strategically linked to the on-going commitment to (a) reduce our operating cost through continued achievement of energy and utility efficiencies – given that some 39% of the operating costs for the social housing program are for utilities. To illustrate, climate in Whitehorse is characterized by average January temperature of -15 °C and 14°C in July; and, (b) by replacement of single detached units to multiplex units that have been designed with a more basic and smaller floor plans, more utilitarian equipment and furnishings, and a configuration that allows for unit modification to meet the needs of seniors and those with disabilities.

The approach being taken by the Yukon Housing Corporation regarding energy efficiencies and optimizing use of existing stock is illustrated below.

Energy Efficiency
The YHC has taken a proactive approach in supporting and funding energy efficiency. From affordable interests rates for loans to upgrade an existing home such as furnaces, windows and insulation or purchasing a new energy efficient home to all of the work that YHC has undertaken on existing and new social housing units. In all recent construction and construction that is currently underway, YHC units are being designed and constructed so that they obtain an EnerGuide rating of 85.

Optimizing The Use of Existing Stock
YHC's 2014/15 Capital Budget included $450 K for the conversion of single detached units into duplexes. Work is currently underway on 2 units in rural Yukon that will see the existing 3-bedroom units re-commissioned into 1 and 2-bedroom units. This will increase the availability of social housing in rural Yukon and better align our portfolio with client needs. The budget also includes $225 thousand to revitalize units that have previously been decommissioned so that they can be upgraded and brought back into service. Once again increasing the availability of social housing that address client needs.

The Corporation continues to focus on unit densification through multiplex design. The vast majority of new construction projects are multi-residential buildings ranging from six to forty-eight units in size. The success and continued potential of this strategy is evident in what has been achieved since the transfer of the responsibility from CMHC through a key social housing construction metric – proportion of single detached units compared to multiplex: Of the 224 units constructed by the Yukon Housing Corporation, a total of 14 were single detached. The remaining 210 (94%) of units constructed were in multiplexes.

The Corporation is focused on providing basic housing needs that are functional and reasonable but which do not create disincentives for tenants to consider other housing options within their circumstances and financial capacity.

The approach taken by the YHC has yielded significant results through focusing on functional but smaller units design. In 2013 the YHC made a substantive change to the size of units being constructed. This approach has reduced the per unit cost. The tables below illustrate the impact by comparing unit sizes constructed between 2007 to 2012 and after 2013, with an average reduction of some 130 square feet (15%).

Seniors Housing Construction 2007-2012

Community/Building	Square Feet	Square Meters
600 College Drive (48 units)	830	77.1
Haines Junction (9 units)	810	75.3
Faro (6 units)	855	79.5
Teslin (8 units)	855	79.5
Watson Lake (12 units)	860	80.0
Average	***842***	***78.3***

Seniors Housing Construction 2013- 2015

Community/Building	Square Feet	Square Meters
22 Waterfront (30)	745	69.2
207 Alexander (34 units)	750	70.0
Front Street (48 units)	680	63.2
Mayo (6 units)	690	64.0
Average	***716***	***66.6***

Construction Costs

The Yukon Territory experiences higher construction cost, both new construction and renovations, relative to southern Canada. Location, transportation, materials and labour costs are the primary drivers. This creates additional challenges for social and affordable housing programming. Construction costs for the 2008 to 2015 period (excluding land and site development costs) per square foot range from $151 to $312 ($1,625 to $3,358 per square metre) in market communities to $190 to $385 ($2,045 to $4,144 per square metre) in non-market communities.

It is instructive to place the Yukon construction costs into context. The *2014 Construction Cost Guide* (AltusGroup) indicates that medium quality row housing in Edmonton averages $115-$150 per square foot. This demonstrates that construction costs in the Yukon are approximately 96% higher than in Edmonton (75% in market communities; 117% in non-market communities). These higher costs create significant challenges for social housing as maintaining the units and replacing older units place much greater financial pressures than would be the case in the rest of Canada.

Economic Impacts

The economic impact and benefits in communities is significant in market and also in non-market communities where unemployment levels are significantly higher and with lower household income levels (as discussed in Section 5.6). The Corporation's infrastructure investments (including housing related loans) over the 2004 to 2014 period have been significant – totalling some $183 million.

The Yukon Housing Corporation tracks the economic impacts of its capital expenditures through an Input-Output (IO) model. The findings for the Corporation's economic impacts resulted in *industry intensity ratios* (direct and indirect labour income) at the territorial level (that combine new construction only) of $0.28 per dollar invested, and the creation of 5.6 jobs (Full Time Equivalent- FTEs) per million dollars expended. The impacts are slightly elevated for repair/renovation construction, $0.41 and 7.02 (FTEs) jobs, respectively.

There are additional economic benefits, including taxation revenue flowing to the federal government as well as other provincial and territorial governments. Any variation in territorial and provincial industry intensity ratios reflects the structure of the impacted industries in each jurisdiction.

Based on the above industry intensity ratios of $0.28 per dollar invested (*new construction only*), and 5.6 jobs per million dollar invested, the investment of $183 million by the Government of Yukon over the 2004 to 2014 period, was modeled. The economic impacts are summarized in the table below. . The impact for the full ten-year period is $51 million in labour income (annual average of $5 million), and 1,025 jobs (103 per year). There are additional economic benefits, including taxation revenue flowing to the federal government as well as other provincial and territorial governments. Any variation in territorial and provincial industry intensity ratios reflects the structure of the impacted industries in each jurisdiction.

Economic Impact Category	Multiplier	Yukon Investment	Economic Impact
Labour Income ***(Direct and Indirect)***	$0.28 *(Per $1 dollar Invested)*	$183.1 million	$51.3 million of labour income
Jobs Created ***(FTE Equivalent)***	5.6 *(Per $1 million invested)*	$183.1 million	1,025 Jobs created

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Capital asset management plan that captures age and condition of existing social housing stock and options for retrofit and/or replacement options (and implications for core need)
• Integrated housing strategy for YHC that matches needs to capital asset management
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies
• In new construction projects continue to build multiple units (densification) to achieve capital economies of scale and reduce operating costs
• Continue to focus on the provision of basic housing '*needs*' (rather than wants) through repairs and replacement investments
• Continue to develop options to contain the historically high capital construction costs

5.4 Sustainability of the Social Housing Portfolio

Federal contributions towards amortizing the debt associated with the social housing stock and operating support is scheduled to decline annually until it is fully eliminated in 2030/31. This shifting of burden has created fiscal capacity challenges for the Corporation and for the territorial government overall, given the current and forecast fiscal outlook.

This situation is additionally constrained by the existing borrowing limits of $400 million set by the federal government, and the remaining available debt ceiling for the territorial government.

Social Housing Operating Costs
An average annual operating cost per social housing unit in the territory was approximately $15,000 in 2013-14. Average rent assessed was about $6,300 ($6,695 in market and $6,020 in non-market)). This represents an operating cost subsidy per unit by the Corporation of some $9,000 (41%). The economic challenges and situation faced by many social housing tenants impacts the rent revenue generated through the rent-geared-to-income model, which combined with the high construction and operating costs in the territory, results in the substantial subsidy level required to meet basic program and service needs. The Corporation recovers about 30% of actual costs under rent supplement units, with average unit subsidy of just over $13,000.

Social Assistance Recipients in Social Housing*:* Of the 652 occupied social housing units, 177 units (27%) had tenants receiving social assistance. The corresponding figure for market and non-market communities was 148 (27%) and 29 (29%), respectively.

Projected Rent Revenues

By contrast with the declining federal contribution, projected rent revenues based on the rent-geared-to-income model (capped at 25% of gross household income), move marginally from $4 million in 2015, which represent some 42% of total operating cost, to $5 million in 2030/31, representing essentially no change to the total operating costs.

Declining Federal Contribution

CMHC recognized and acknowledged in the 2013-2017 and the 2014-2018 Corporate Plans that in terms of the long-term agreements "*some projects may not generate sufficient rental revenues to cover operating expenses*, depending on the number of rent-geared-to-income tenants that were previously subsidized".

Examination of the structure of the Social Housing Agreement indicates that based on the scheduled CMHC contribution, the territorial government's required contribution is some $1.6 million [$1,585,841] in 2015/16. This figure increases to $3 million by 2025, and then $7 million in 2031. This represents an overall increase in territorial government's contribution by some $5 million, or 329% from the 2015 base year.

From the Yukon Housing Corporation's total budget perspective, the CMHC contribution decline is even more significant from a fiscal sustainability metric. The CHMC contribution as a percentage of the Corporation's total budget over the 2011-12 to 2014-15 period (that included extraordinary funding under Canada's Economic Action Plan, decreased from $32.6 million in 2010-11, representing 64%, to $6.5 million in 2014-15, representing some 22%. The CMHC contribution over that period ranged from a high of 76% to a low of 6%, the variation illustrating the impact of the federal Economic Action Plan funding.

In broad terms, the Yukon territorial government would need to invest in the range of 5% to 20% (varies by year based on the shortfall created by the declining CMHC contribution) over the next 16 years more annually between now and 2031 simply in order to simply maintain the existing basic level of social housing.

Relative Fiscal Capacity

The constrained fiscal capacity of the Yukon Housing Corporation is further informed by considering the relative fiscal capacity of the Government of the Yukon by housing expenditures as a percentage of total annual government revenues (which include any housing transfer payments and any other form of transfer). Statistics Canada produced a special tabulation series based on Public Accounts of each jurisdiction for the 1999-00 to 2008-09 periods. The key findings were:

- Over the decade, federal expenditures had been about 1%. This includes since 2006 the temporary effect of the Affordable Housing Trust Funds – which were booked in the three-year period of 2006-07 to 2008-09).
- By comparison, the aggregate expenditure ranged from a low of 0.7% to a high 1.2% by all provinces and territories. In 2008-09 the provinces had individual expenditures ranging from a low of 0.7% in Prince Edward Island, to a high of 1.8% in Saskatchewan.
- The average housing expenditures by the Yukon Government were 2.5%; this represents expenditures two and a half times greater than the aggregate for all provinces and territories. The expenditures ranged from a low of 1.6% to a high of 3.5%. Housing remains an important territorial priority.
- The average housing expenditures by the Nunavut Government and Government of the Northwest Territories were 13.3% and 6.8%, respectively.

Territorial Revenues: The fiscal capacity of the Government of the Yukon is further informed by examining total revenues and the proportion of revenues through the Territorial Formula Financing (TFF) for the 2007-08 to 2015-16 period. Examination of territorial public accounts and Finance Canada Fiscal Reference Tables shows the following:

- Total revenue during the period increased from $0.8 billion in 2007-08 to $1.3 billion in 2015-16.
- The Territorial Formula Financing revenue increased from $0.50 billion (69% of total revenues) in 2007-08 to $0.9 billion (69% of total revenues) in 2015-16.

This territorial fiscal capacity to invest in housing is additionally constrained by the existing borrowing limits of $400 million set by the federal government, and the limited remaining available debt ceiling. The constrained fiscal capacity of the territorial government limits the options that can be undertaken unilaterally. A shared partnership with the federal government creates a critical mass of investment to achieve sustainable results in housing.

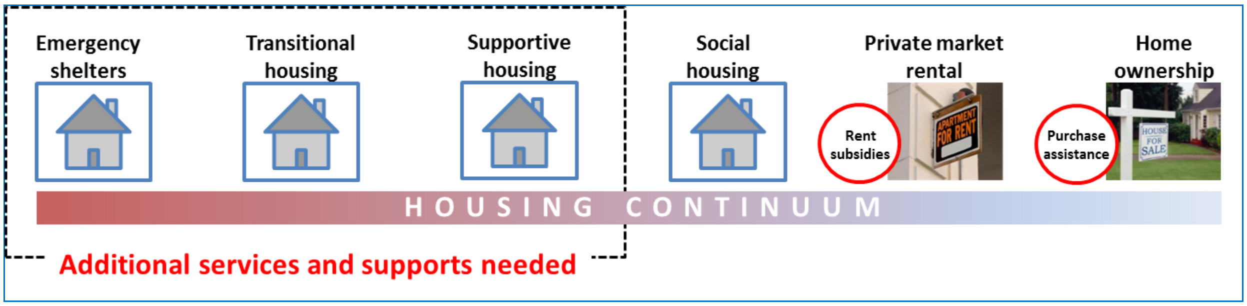
Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Preventative maintenance planning
• Develop option to use the existing assets more effectively (i.e., replace large units with multi-family that matches with needs)
• Decreasing funding through the Social Housing Agreement and the implications of the increasing proportion of the Corporation budget directed to meet social housing needs, with impacts on opportunity cost for the Corporation's mandate
• No Net loss in the number of YHC social housing units
• Continue to invest and achieve reduced operating costs through energy and utilities efficiencies

5.5 Priority: Address gaps and strengthen the housing continuum through services and supports for seniors, emergency shelters, and, transitional and supportive housing.

Housing Continuum

The housing continuum encompasses emergency shelters, transitional housing and supportive housing (especially for seniors), and extends to social housing, private market rental and home ownership. The Yukon Housing Corporation continuum model is illustrated below.



There are significant gaps and needs in the territorial housing continuum with respect to emergency shelters, transitional housing and supportive housing (especially for seniors). A common understanding of the definitions will inform the discussion:

- *Emergency Shelter*: Places for people to sleep on a temporary basis, and are usually the last alternative to street homelessness;
- *Transitional Housing:* Short and medium-term housing provided on a temporary basis, often in combination with support services in order to assist residents with moving towards more stable, independent living;
- *Supportive Housing:* Medium to long-term housing combined with on-site support services to assist people with more complex needs to live independently. The territorial priority focus is on the needs of seniors given the current demand and projected demographic growth. The objective is to enable them to live in their own accommodation as long as possible, and develop more cost effective options through cost containment and avoidance – where it is practical.

Within the context of the Yukon Housing Corporation's mandate, and recognition that the government's lead responsibility is with the Department of Health and Social Services, it is coordinating with and supporting a range of public and private agencies to address gaps in this part of the housing continuum, including working towards social inclusion and poverty reduction through the A *Better Yukon For All: Government of Yukon's Social Inclusion and Poverty Reduction Strategy* (2012), and the Yukon Housing Action Plan.

Emergency Shelters and Transitional Housing: The Shelter Capacity Report 2013-14 (Employment and Social Development Canada) provides a national and territorial perspective on this part of the housing continuum. Shelter capacity in the Yukon is characterized as follows:

- There were 3 *emergency homeless shelters* comprising of 16 beds. These consisted of 1 general shelter with 10 beds; 1 women's shelter with 2 beds; 1 youth shelter with 4 beds; there were no family shelters designated. The shelters were located in Dawson City and Whitehorse.

- There were no *transitional housing* facilities.
- There were 5 *violence against women shelters* comprising of 37 beds.

Seniors, Independent/Supportive Housing and Risk Management
The rationale for investing in the housing continuum through services and supports for seniors is as follows.

***Seniors in Social Housing**:* There are over 650 social housing units across the territory. The Yukon Housing Corporation has designed and maintained specific units for seniors. Overall, while seniors comprise some 10% of the territorial population, there were seniors resident in some 300 units (45%). The corresponding figure for market and non-market communities was 270 (49%) and 30 (26%).

The implications of an aging population on housing demand were presented earlier in Section 5.2**,** but can be highlighted as follows: the number of seniors will increase from 5,300 in 2011 to over 9,600 by 2031. This represents a growth of some 4,300 persons (83%). The seniors' share of the total population will rise from 10% to 23%.

***Falls, Injuries and Hospitalizations**:* The context regarding falls, injuries and hospitalizations was provided in Section 3.5 of the report. Provided below are selected highlights.

Nationally seniors represent some 14% of the population, yet utilize the health care system disproportionately: 45% of all provincial and territorial public sector health spending; account for 40% of acute hospital stays and 85% of hospital based continuing care; 82% of home care; and, 95% of residential care.

Of particular relevance to the territorial housing corporations due to health, safety and quality of life concern from to the Corporation, is the issue of falls and injuries from falls. Research data provide compelling evidence.

- Nationally, falls are experienced by more than one-third of seniors. Falls are the leading cause of injury for seniors, accounting for over 85% of all injury related hospitalizations.
- Hospitalization from falls across Canada was at a rate of 15.5 per 1,000 seniors. The rate was highest in three territories with an average rate of 18.3 per 1,000 seniors.
- Beyond the priority of seniors' safety, cost containment and/or avoidance are a significant factor. Nationally, the cost of keeping an ill individual in a hospital bed is over $1,000 per day. The cost of keeping them in a home facility is about $130 (15% of the cost of a hospital bed), and $55 for home care (5% of the cost of a hospital bed).
- The search for prevention and mitigation options includes consideration of a options to enable senior to stay at home as long as possible based on an '*aging in place'* strategy (which encompasses the importance of maintaining a '*quality of life'* under whatever circumstances exist, as well as economic impact considerations) for seniors based on a housing continuum that includes: Independent housing, supportive housing, assisted living/home care, residential based care, and hospital-based continuing care. The design and maintenance of housing for seniors is informed by the fact that over 50% of all falls across Canada *occur at home*.

The Yukon Housing Corporation will, subject to available financial resources, continue to invest in modifications to social housing units and the design of new units (with a focus on multiplex design) to accommodate seniors with mobility and access limitations. This priority is aligned with CMHC's strategic priorities (as discussed in Section 2.1) – that includes "*responding to demographic shifts through appropriate options for seniors and their evolving needs along the housing continuum, including retirement and long-term care facilities*."

Housing options are limited in rural Yukon communities especially when dealing with the housing needs of an aging population. The seniors' buildings shown below (6-Plex in Faro) illustrates the Yukon Housing Corporation's approach to building and operating social housing units that compliment an aging in place approach. The entrances to these buildings, as well as the units themselves, are fully accessible for those who require wheelchairs. To promote tenant relations and personal interaction, integral to a successful '*aging in place'* approach, the buildings also have common areas including a sitting room, kitchen and dining room.

Projects to date include the new 34 unit seniors' social housing building on Alexander Street, and a new 48 unit apartment building on Front Street in Whitehorse. All include barrier free and fully accessible design elements. Additionally, the Corporation has undertaken unit renovations to respond to one of the most significant accessibility barrier encountered by Yukon seniors - the height of existing bathtubs. This has been identified as a significant factor in falls and hospitalization.

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Implement the Housing Action Plan for Yukon to improve housing across the continuum
• Increasing the number of supportive housing options through partnerships
• Define the scope, scale and direction of the gaps in the housing continuum
• Growing demand for senior's housing (with appropriate accessibility and mobility features)
• Address the market rental housing gap

5.6 Priority: Move Towards Market Housing Options in Smaller Communities

This pan-territorial housing priority focuses on developing options and mechanisms to encourage movement towards market housing options, both rental and homeownership ownership, in communities where it is practical and fiscally sustainable. This recognizes the following territorial operating realities: Social housing will remain a relatively small but important component of housing tenure in the smallest communities across all the territory for the foreseeable future; Given the strong correlation between total household income and tenure (where options actually exist), even within the current income distribution across and within communities, there are potential pools of households with adequate (after-tax) income to consider private rental or homeownership options. The intent is to bend the social housing demand curve downward, even slightly, in order to defer and/or avoid investing in additional social housing and the associated cumulative capital and operating liabilities.

Home Ownership in the Yukon
Homeownership in the Yukon Territory is characterized by the following patterns and trends:

- At the overall territorial level, home ownership as a tenure choice increased from 53% in 1981, to 59% in 1996 and increased further to 63% in 2001 and again to 67% in 2011. This represents an increase of some 14%, or viewed from another perspective this was a 26% growth in home ownership during the period.
- The territorial 67% ownership rate is the highest of the three territories, and essentially mirrors the national rate of 69%. The ownership rate was 66% in market communities and 67% in non-market communities.
- The convergence of economic factors (substantial resource development and employment), housing policies, and housing supply and demand has contributed to the continued growth in Yukon's home ownership rates. Moreover, the period since 2001 has been characterized by protracted low and stable cost of borrowing (based on the metrics of the Bank of Canada prime rate and conventional residential mortgages). Low borrowing costs historically are factors that have contributed to drawing more households into ownership.

Determinants of Home Ownership: There has been extensive research across Canada regarding the determinants of homeownership, including CMHC (Canadian Housing Observer, Vol. 14. No.3, 2006), and Lefebvre – *Housing: A Question of Income*, in Perspectives on Labour and Income. Statistics Canada, 2002, Cat. No.75-001).

There are two categories of factors that shape the likelihood of home ownership as a preferred tenure option: Internal (factors within the control of the individual and/or household); and, External (factors outside of the control of the individual and/or household). Within this array, a relatively small number emerge as critical determinants of a household's decision to own or rent their dwelling. The being *total household income*, which is influenced by type of household and age of the primary maintainer.

Examination of data from the *2011 National Household Survey* shows a *significant correlation* between income and homeownership nationally and territorially. The following observations regarding income ranges and ownership illustrate the relationship.

- There were a total of 14,120 (100.0%) households in the Yukon territory. 9,385 (67%) were owned and 4,140 (29%) were rented. There were an additional 590 (4%) band housing units.
- In the under $10,000 income group, there were 540 households, of which 205 (38%) were owned, with 305 (56%) rented.
- In the $40,000 to $59,999 group, there were 1,900 households, of which 1,085 (57%) were owned, with 675 (36%) rented.
- In the $60,000 to $79,999 group, there were 2,020 households, of which 1,340 (66%) were owned, with 620 (31%) rented.
- In the $80,000 to $99,999 group, there were 1,755 households, of which 1,295 (74%) were owned, with 400 (23%) rented.
- In the $100,000 and over income group, there were 4,880 households, of which 4,115 (84%) were owned, with 705 (14%) rented.

The *2011 National Household Survey* methodology changes resulted in limitations on breakdown by market and non-market communities. However, data was available for Whitehorse. The same correlation was evident. The homeownership rate for the under $10,000 income range was 33%. The corresponding rates for the $60,000 to $79,999, $80,000 to $99,999, and $100,000 and over were 66%, 78% and 88%, respectively.

The overall patterns of homeownership are also evident by household type both nationally and territorially. The highest ownership rate by household type was in the *couple family with children*, which tend to have higher total income than other household types. The lowest rate of ownership tends to be in *non-family* (i.e., single person) households. Review of data from the 2001 and 2006 census shows the same patterns and correlation between homeownership and household income, and household type.

Market Rental Options and Vacancy Rates

There are two significant factors to consider. One, limited private market rental options (especially outside of the larger territorial centres) results in rental gaps, which is further compounded by historically low vacancy rates. Two, beyond the special surveys (which saw changes in methodology that make longitudinal trend comparison a challenge in certain areas) that are conducted by the respective bureaus of statistics and CMHC rental market reports and the *Northern Housing Reports*, there are data gaps regarding (a) availability and vacancy rates in the smaller communities, and (b) the actual cost of buying a home in the territory given that there are a large number of private house sales that do not involve a realtor and as such are not reflected in price data (as these are exclude as 'not-at-arms-length' transactions) released by the Canadian Real Estate Association – which significantly under represents house prices in each of the territories. Additionally, subsidized sales (i.e., sale of government staff housing) in the territories are included, which further reduces the actual market value (as compared to the 'book value').

The lack of valid and current data affects investors, renters and homeowners. To illustrate the relevance of valid data, in February 2015 the Canadian Real Estate Association released figures that show the average single detached house prices in Canada was $431,812. The average price for the Yukon and Northwest Territories was $295,220 and $296,200, respectively. The Yukon Bureau of Statistics data indicates that the price in December 2014 was $408,000, a difference of $111,800 (38%). There was no data available for Nunavut at that time.

Investment in private housing is further constrained by actual and/or perceived limited equity growth and resale options, high operating costs, the absence of housing services sector, as well as challenges with access to conventional mortgage financing in many communities (due in part to land leasing policies versus fee simple title in areas of Aboriginal land claims).

Examination of the historical private market rental vacancy rates in the territory illustrates the challenges. For the period 2005 to 2014, average vacancy rates for the three territorial capitals were as follows:

- Whitehorse: Average rate of 2.3%. The rates ranged from a low of 0.8% in 2010 to a high of 4.1% in 2013
- Yellowknife: Average rate of 2.9%. The rates ranged from a low of 0.9% in 2008 to a high of 6.0% in 2009
- Iqaluit: Average rate of the 2006 to 2013 period for which data is available) was 1.2%. The rates ranged from a low of 0.0% in 2006 to a high of 2.7% in 2012

The average vacancy rate for Canada during the 2005 to 2013 period was 2.7%. The rates ranged from a low of 2.3% in 2008 to a high of 3.0% in 2009. The spike in vacancy rates corresponds to the global economic recession and corresponding out-migration of workers and the resulting drop in demand for rental housing.

The Yukon Housing Corporation continues to partner with Aboriginal/First nations organizations in land development and/or construction. In March 2015, the Government of the Yukon announced partnership agreements.

Yukon Asset Construction Agreements (YACA) are negotiated under Section 22 of some self-government agreements and are designed to provide opportunities for training, employment, new business or investment for the qualifying First Nation. A YACA opportunity is triggered when the Yukon government intends to construct an asset within the Traditional Territory of the qualifying First Nation.

The Government of Yukon entered into 2 such agreements with the Kwanlin Dun First Nation for the construction of new social housing units for Yukon Housing Corporation. This included 6 townhouses and 3 duplexes. The combined value of these 2 projects was approximately $3.2 million. Additionally, two First Nation economic development corporations, the Carcross-Tagish Management Corporation and the Carmacks Development Corporation, were approved for funding to build affordable rental housing in their respective communities. These construction projects will be a source of employment and skills development for local trade workers. The new housing units will have energy efficient components and are targeted to support low-income Yukoners.

Income Characteristics

Average Personal Income, 2001 to 2012

Average personal income in Canada increased from $32,000 in 2001 to $38,000 in 2006, and in 2012 was $44,000. The Yukon overall experienced an increasing trend in income with corresponding numbers of $34,000, $41,000 and $51,000, respectively.

The overall territorial trend somewhat distorts the relative dynamics in market and non-market communities. During that period both market and non-market communities experienced growth in income, in the range of 50% to 52%. Market community income increased from $35,000 in 2001 to $53,000 in 2012. The corresponding figures for non-market communities were $27,000 and $41,000, respectively.

From a territorial housing demand perspective, there are a number of historical patterns of significance:

- Non-market communities had average personal income levels some 77% to 79% of market communities. The variance is less than occurred in the Northwest Territories and Nunavut.
- Total personal income in 2012 for the territory was $1.3 billion, of which $1.2 billion (90%) was in generated in the 4 market communities (that had some 87% of the total population), with the remaining $0.13 billion (10%) in the 11 non-market communities (that had some 13% of the total territorial population).

The total personal income ratio has largely remained consistent over the 2001 to 2012 period. In 2001 the ratio was 90% to 10%. The corresponding figures for 2006 were 90% and 10%, respectively. This generally corresponds in terms of the ratio of actual tax filers

Private Households by Income Range (After-Tax), 2010

Examining total household income and tax data from 2010 provides an essential perspective on the relationship with tenure at the territory overall, as well as in market and non-market communities. Based on the special tabulation that was prepared, the following key observations were made:

- For the 14,120 private households, the median after-tax household income in the Yukon overall was $67,400. This compares to Canada that had $54,000.
- *$0 to $29,999 income range:* In the *territory overall*, there were some 2,500 households (18%) that had total income from $0 to $29,999. This compares to Canada that had 24% of households in this range.
- *$0 to $29,999 income range:* In the *market* communities, there were some 1,700 households (16%) that had total income in this range. The corresponding figure for *non-market* communities, were some 900 households (25%).
- *$30,000 to $59,999 income range:* In the market communities, there were some 2,500 households (24%) that had total income in this range. The corresponding figure for non-market communities, were some 1,200 households (33%).
- *$60,000 to $99,999 income range:* In the market communities, there were some 3,300 households (31%) that had total income in this range. The corresponding figure for non-market communities, were some 800 households (24%).
- *$100,000 and over income range:* In the market communities, there were some 3,100 households (29%) that had total income in this range. The corresponding figure for non-market communities, were some 700 households (20%).

- *$100,000 to $124,999 income range:* In the market communities, there were some 1,300 households (12%) that had total income in this range. The corresponding figure for non-market communities, were some 400 households (10%).
- *$125,000 and over income range:* In the market communities, there were some 1,900 households (17%) that had total income in this range. The corresponding figure for non-market communities, were some 400] households (10%).

There is notable variation in distribution across the selected income ranges between market and non-market communities. This underscores the significant role of social and affordable housing, especially in non-market communities. In terms of the potential for private rental and homeownership, at least in the relatively larger non-market communities, there are potential pools of households with adequate (after-tax) income to consider private rental or homeownership options align with the *Household Income Limits* (HILs) in the territory.

The Corporation undertook analysis of enhancing access to ownership for moderate income families (*Enhancing Access to Ownership for Moderate Income Yukon Families: Two Program Proposals*, Focus Consulting, 2012). The findings included identification of potentially eligible groups (i.e., entry level purchasers would require income in the $55,000 to $75,000 range). The analysis also re-confirmed the correlation between household income and homeownership in the Yukon.

Income by Source, 2010

Examination of data on income by source for those 15 years and older shows the proportion of income from *government transfer payments* (CPP/QPP, OAS/GIS, EI benefits, child benefits and other income from government sources) compared to *market income* (employment income (including wages and salaries & self employment income), investment income, retirement pensions, superannuation and other money income). Government transfer payments include.

For the Yukon overall, the proportion between market income and government transfer payment was 91% and 9%. This is generally consistent with the proportion found in the Northwest Territories (92% and 8%) and Nunavut (88% and 13%). The corresponding figures for Canada were 88% and 12%, respectively.

Labour Force Activity: Participation, Employment and Unemployment

The Yukon labour force activity in 2011 and 2014 can be characterized as follows.

- In 2011, the territory has some 20,500 persons in the labour force. The unemployment rate was 5.4%, and the participation rate and employment rates were 77% and 72%, respectively. The corresponding rates for Canada were 7.4%, 67% and 62%, respectively.
- There are differences in labour force activity by community type. In Whitehorse, which had some 86% of the territorial labour force, the unemployment rate was 4.5%, and the participation rate and employment rates were 78% and 74%, respectively. In contrast, the rates for the rest of the territory shows an unemployment rate of 10.7%, with the participation rate and employment rates at 67% and 60%, respectively. The rates generally become less favourable in the smaller non-market communities.
- In 2014, the territory has some 20,700 persons in the labour force. The unemployment rate was 4.3%, and the participation rate and employment rates were 75% and 72%, respectively. Whitehorse rates were 3.9%, 76% and 73%. In contrast, the rates for the rest of the territory **shows an**

unemployment rate of 7.7%, and the participation rate and employment rates were 65% and 60%, respectively.

Household Expenditures, 2012

The average household expenditures by key category in 2012 for Yukon and compared to Canada, is presented below and illustrates the relative 'cost of living', which impacts housing choices. The expenditure profile (% of total expenditures) of the territory essentially mirrors the Canada average expenditure, although both the absolute dollar expenditures were higher in each of the three categories.

Expenditure Category	Yukon ($)	Canada ($)
Total Expenditure (*and % of*)	86,958(100%)	75,443 (100%)
Total Current Consumption:	62,903	56,279
Food	8,678 (10.0%)	7,739 (10.3%)
Shelter	16,443(18.9%)	15,811 (21.0%)
Household operation	4,706 (5.4%)	4,111 (5.4%)

Within the context and rationale provided above, the Corporation has identified the following specific priority focus areas.

Territorial Specific Priority Focus
• Implement the Housing Action Plan for Yukon to improve housing across the continuum
• Includes housing with supports, rental housing, and market rental housing gap
• Incent homeownership by addressing the constraints to ownership in smaller communities (i.e., limited equity growth and resale options; operating costs; absence of housing services sector and conventional mortgage financing in many communities)
• Through the Housing Action Plan, assist First Nation to increase utilization of First Nation Settlement Land for residential purposes