

Discussion Paper on

Expiry of federal funding for Social Housing: Implications for the Territorial Housing Corporations



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EXECUTIVE SUMMARY

Key findings

- ◆ Social housing constitutes a very large proportion of rental housing in the North compared to the south
- ◆ Social housing is often the only option for middle and low-income families in rural northern communities
- ◆ Housing repair need and especially crowding problems are relatively higher in the North. Although affordability problems are lower than in southern jurisdictions, this is because the large amount of social housing eliminates a large part of the affordability problem. Housing needs are increasing, if only because of demographic factors
- ◆ Costs of operating social housing are much higher in the North because of climate and isolation; rents cannot cover operating costs resulting in permanent deficits
 - ◆ Housing deteriorates faster in the North
- ◆ Territorial governments spend relatively far more on housing than provincial governments and are facing a fiscal crunch
 - ◆ The decline in federal funding as a result of the expiry of social housing funding will exacerbate the situation
- ◆ Solutions applicable to private non-profits in southern urban centres cannot work in the North because of the absence of housing markets

This discussion paper examines the situation faced by Northern Housing corporations with respect to the decline in social housing funding from CMHC enshrined in the Social Housing Agreements signed by the three territorial housing corporations. The paper explores a number of issues that affect social housing. The intent of this paper is not to provide solutions, but rather to describe the implications of the Social Housing agreements on the three territories.

Background

By way of background, a number of significant differences between north and south are outlined and explored in the introductory sections. These include:

- ◆ The cold climate and attendant effects on housing (more insulation required, condensation, mould and rot, permafrost provisions, difficulty in providing municipal services, etc.)
- ◆ Extremely low population density and consequent isolation of communities
- ◆ The very high proportion of housing provided by government
- ◆ The near absence of private non-profit housing
- ◆ The extremely high proportion of the rental housing stock constituted by social housing, much more than any province
- ◆ Northern housing has a higher incidence of crowding and repair need, but affordability problems are lower mainly because the rent-geared-to-income in the large amount of social housing eliminates clients' affordability problems.
- ◆ The three territorial governments spend considerably more on housing, either per capita or as a proportion of the territorial budgets, than any provincial government despite being faced with a fiscal crunch.

Revenues and Expenses

Spending on social housing varies in each territory. Per unit costs are highest in Nunavut, followed by the Northwest Territories and then the Yukon. But in all three territories, rent revenues do not cover operating costs, let alone mortgage payments. The Yukon is most similar to southern jurisdictions in the types of social programs present, which include not only housing corporation-owned social housing, but also rent supplements and a small amount of private non-profit housing. All three territories spend a large amount for energy in social housing units because of the cold climate, with the Yukon having the lowest costs, followed by the Northwest Territories and then Nunavut.

In addition to spending on social housing, the three territories offer a number of housing renovation and access to home ownership programs. These programs use grants, forgivable loans, loan guarantees, and subsidised repayment loans. The reduction in the demand for social housing is one of the main explicit rationales for these programs.

Issues

Issues that directly affect social housing are discussed next. The issues that have been identified can be divided into needs-related issues and cost-related issues. Essentially, relatively greater needs and higher costs make it more difficult for governments to address housing problems. The issues include:

1. Lack of housing markets
Most communities outside of Yellowknife and Whitehorse are too small to have private sector rental housing. Even Whitehorse and Yellowknife are small towns with limited possibilities for specialized types of housing
2. Northern demographics & increasing need
The north has a higher birth rate than the south and household formation is projected to be high in the medium term. The proportion of seniors is forecast to increase faster than in the South over the next 25 years, albeit starting from a lower base.
3. Waiting lists
Although they are not necessarily a good indicator of need, waiting lists are high relative to the number of social housing units, about one for every four social housing units in all three territories.

4. **Faster deterioration of housing**
The climate results in housing deteriorating faster. Large temperature differentials between outside and inside houses in winter lead to large amounts of condensation, resulting in mould and premature rot. Movement due to permafrost freezing and thawing also takes a toll on houses.
5. **No funding for repair and replacement of ageing stock**
Despite the faster deterioration of the stock, there is insufficient provision for repairs and none for replacement in the Social Housing Agreements, leading to a potential loss of needed social housing stock.
6. **High operating costs**
The isolated nature of northern communities and their distance from major markets lead to higher costs for materials, labour and transportation and consequently of maintaining housing. As well, the north faces not only higher energy prices, but also much higher heating costs because of the long heating season and lower temperatures.
7. **High construction costs**
Materials, labour and transportation costs result in much higher construction costs in the North. Requirements due to the climate such as permafrost, the need for additional insulation and larger heating requirements increase the cost of building. Further permafrost and low water tables make it difficult to drill wells and prevent the construction of underground sewage or septic systems, which mean the installation of drinking water tanks and sewage holding tanks.
8. **Inflation**
Inflation poses two problems for social housing. First, rental revenue increases are insufficient to offset increase in operating costs. Social assistance rates and minimum wages have not kept pace with inflation. Secondly, construction costs have been rising faster in recent years as the mineral and gas/oil booms have put a crunch on the local construction industries.

Financial projections

The shortfall in funding for social housing was projected to 2031. CMHC payments under the Social Housing Agreements decline based on the original project operating agreements while costs increase and revenues also increase but at a lower rate. For Nunavut, shortfalls will almost triple over the next 30 years, going from about \$57 million in 2005 to \$155 million in 2037. In the Northwest Territories, shortfalls are expected to rise from about \$17 million in 2005 to almost \$74 million in 2038, representing a more than four-fold increase. In the Yukon, the shortfall in social housing funding is projected to increase by more than \$4.5 million, going from \$1.3 to \$6.1 million in 2031, representing an almost five-fold increase. In addition, the conversion of the Canada Winter Games athletes' village will add 48 social housing units and increase net spending on social housing in the Yukon by \$350,000 per year.

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Expiry of federal funding for Social Housing: Implications for the Territorial Housing Corporations

1 Introduction and background

Following the Canada Mortgage and Housing Corporation's (CMHC) withdrawal from funding new social housing in 1993, the Yukon Housing Corporation (YHC), the Northwest Territories Housing Corporation (NWT HC), and the Nunavut Housing Corporation (NHC), along with most other provincial housing agencies, each signed a "Social Housing Agreement" (SHA) with CMHC in the late 1990s.

This discussion paper examines the situation faced by Northern Housing corporations with respect to the decline in social housing funding from CMHC enshrined in the Social Housing Agreements. The paper explores a number of issues that affect social housing. The intent of this paper is not to provide solutions, but rather to describe the implications of the Social Housing agreements to the three territories.

Under these Social Housing Agreements, the territorial housing corporations receive annual funding from CMHC to operate most or all social housing projects that were originally partially or fully funded by CMHC. This funding gradually declines in accordance with the original project operating agreements or subsidy arrangements. The federal government will benefit from substantial savings, as expenditures on existing social housing will decline. These are known as "legacy savings". It is important to note that these savings accrue to the federal coffers and not to CMHC.

However, the declining level of federal subsidies poses serious problems for the continued operation of social housing. As the NWT Housing Corporation's 2004-05 Annual Report stated

The total withdrawal of federal funding for new social housing has put a severe strain on the Government of the Northwest Territories' ability to meet the housing needs of our residents.¹

The situation is worse in northern jurisdictions than in southern Canada. The purpose of this paper is to discuss the issues relating to the Social Housing Agreements common to the three northern Housing Corporations. The issues that have been identified can be divided into needs-related issues and cost-related issues. Essentially, relatively greater needs and higher costs make it more difficult for governments to address housing problems. The issues identified include:

1. Lack of housing markets
2. Northern demographics & increasing need
3. Waiting lists
4. Faster deterioration of housing
5. No funding for repair and replacement of ageing stock

¹ NWT Housing Corporation, *2004-05 Annual Report*, p.22

6. High operating costs
7. High construction costs
8. Inflation

Many of these problems and issues also apply to communities in the northern parts of the provinces. However, northern communities represent only a small proportion of provincial populations and of total housing need. While the problems may be difficult to solve, they make up a small part of the total resources required to resolve housing problems in the provinces.

1.1 Background: North vs South

This section presents information on some key relevant differences that affect the provision of social housing in the North compared to southern Canada:

- ◆ the prevalence of social housing,
- ◆ the incidence of need, and
- ◆ territorial government spending on housing.

Other factors affecting housing in the north, both in the territories and in the northern part of most provinces, include:

1. **The Arctic and sub-arctic climates** where extreme cold dominates result in construction requirements that exceed national standards (e.g. insulation, building envelope, provision for permafrost).
2. **An extremely small population base in a vast area of land.** The three territories account for 40% the landmass of Canada. However, they have a population of only approximately 100,000 and about 52% of the population are Aboriginal. The population density is the lowest in Canada at 0.03 persons per square kilometre compared to the Canadian average of 3.6 persons per square kilometre.
3. **The communities are isolated** from each other and from the rest of Canada by vast distances. Road transportation of goods and materials is impossible for many communities, they have to be flown in or barged in. There are no roads connecting any communities in Nunavut, while many NWT and Yukon communities also cannot be reached by road. Even the road-accessible communities are very far from large centres.
4. **The high proportion of housing necessarily provided by government.** A lack of market forces, high costs and underdeveloped infrastructure systems, among other factors, make the creation of new housing supply heavily dependent on public sector involvement. Independent home ownership is very costly and the development of private sector rental units at affordable rents is well near impossible.

1.1.1 Private vs Public

There is very little private non-profit housing in the North. The options identified by the Canadian Housing and Renewal Association (CHRA)² apply mainly to urban areas and especially to the non-profit/co-operative sector. The vast majority of social housing units are owned and operated by the territorial housing corporations and their local housing authorities/organizations, except for the Yukon where First Nations governments have been able to access on-reserve housing

² Canadian Housing and Renewal Association, *Expiry of Social Housing Agreements: A National Roundtable*, February 2002, and Connelly Consulting Services in association with Focus Consulting and Paul Dowling Consulting, *Guaranteeing a Future: The Challenge to Social Housing as Operating Agreements Expire*. A Report to the Canadian Housing and Renewal Association, June 2003.

programs. Unlike the Yukon, on-reserve housing programs have not been available in the Northwest Territories and in Nunavut.

Table 1 Private non-profit vs public social housing in the North

	<i>Private Non-profit and co-operative units</i>	<i>Public social housing units</i>	<i>On-reserve housing¹</i>
Northwest Territories	481	2,321	0
Nunavut	36	3,955	0
Yukon	186	556	450
Canada	266,423 ²	313,600 ³	45,415

Sources: Unless otherwise noted, source was the respective territorial housing corporations
¹ From CMHC. *CHS - Public funds and National Housing Act (Social Housing)*. 2005. Table 55.
² Calculated from CMHC. *CHS - Public funds and National Housing Act (Social Housing)*. 2005, Table 52
³ Calculated from CMHC. *CHS - Public funds and National Housing Act (Social Housing)*. 2005, Table 52 and Table 55 by subtracting estimated on-reserve, non-profit and co-operative units from the total.

Another result of non-profit housing being almost entirely public is that there are no replacement reserves. These were not required in public non-profit units; instead, a modernization and improvement budget was negotiated each year.

1.1.2 Rental housing and social housing.

Outside of the Yukon's and the NWT's territorial capitals, the majority of the rental housing stock is social housing. In the Yukon, this also includes Band or On-reserve housing. The private market plays a very small part in supplying rental housing in rural communities across the North.

Table 2 Social housing and rental housing

	<i>Total rental units¹</i>	<i>Social housing units²</i>	<i>Social housing as percentage of total rental</i>
Northwest Territories	5,880	2,321	39.3%
<i>Excluding Yellowknife</i>	3,215	2,022	62.9%
Nunavut	5,440	3,955	72.7%
Yukon	4,210	1,320	31.4%
<i>Excluding Whitehorse</i>	1,440	767	53.3%
Canada	3,952,585	605,000 ³	15.3%

¹ Includes Band housing and total rental units from the 2001 Census

² Includes Social housing per housing corporation sources plus band housing according to 2001 Census

³ Calculated from Calculated from CMHC. *CHS - Public funds and National Housing Act (Social Housing)*. 2005, Table 55.

It should be noted that CMHC's "On-reserve housing" program is not available in the Northwest Territories and Nunavut. With the end of new social housing commitments in 1993, however, this has meant that there has been no new CMHC-funded social housing in those two territories, unlike the provinces and the Yukon where On-reserve housing has been available.

1.1.3 Housing needs

Housing needs in the North differ considerably from the South. While affordability problems tend to predominate in southern Canada, they are relatively less important in the North's rural communities because of the prevalence of social housing which eliminates affordability problems for renters. Crowding and inadequate housing are major problems, relatively much more important in the North. Nevertheless, affordability problems are important in Whitehorse and Yellowknife at levels similar to the rest of Canada.

The following table provides 2001 Census data on housing problems. Note that the crowding numbers only include those in core Housing Need (i.e. households who suffer from a crowding problem and who theoretically could not afford an average-priced dwelling in their community). The total crowding numbers are higher, at 13.1% for the Northwest Territories, 26.8% for Nunavut and 7.0% for the Yukon compared to 6.1% for Canada.³

Table 3 Affordability problems, major repair needs and crowding, percentage of households

	<i>Core housing need</i>	<i>Affordability problem</i>	<i>Major repair need</i>	<i>Crowding (Core Housing Need suitability)</i>
Northwest Territories	17.4%	16.4%	16.0%	5.8%
Yellowknife	11.9%	19.1%	9.9%	3.1%
Rural NWT	22.3%	14.0%	22.0%	8.2%
Nunavut	38.8%	10.6%	19.0%	22.3%
Yukon	15.8%	21.0%	13.9%	3.0%
Whitehorse	13.6%	22.0%	10.6%	2.3%
Rural Yukon	23.8%	17.5%	29.6%	5.6%
North	22.0%	16.6%	15.9%	8.8%
Canada	13.7%	24.1%	8.2%	2.0%

Source: Core Housing Need and Crowding: CMHC, *Housing in Canada On-line* (forthcoming). Affordability and Major Repair, Statistics Canada, 2001 Census.

The significance of these problems was reiterated by the Northwest Territories' 2004 Community Housing Survey, which found that:

The most common type of housing problem in the Northwest Territories is adequacy with 14% of households reporting major problems with the physical condition of their dwelling. Households in smaller NWT communities were most likely to identify adequacy problems.

Suitability, or problems associated with overcrowding, were identified by 9% of territorial households. Although this problem was also the most common in smaller NWT communities, the differences across communities is somewhat smaller than for adequacy problems.

Affordability, which is related to the cost of housing, was identified by 11% of territorial households. Affordability problems are generally less common in

³ : CMHC "The Adequacy, Suitability, and Affordability of Canadian Housing", Research Highlights, Socio-economic Series 04-007.

smaller NWT communities, while this is the largest problem in Yellowknife and Inuvik.⁴

Crowding problems are especially prevalent in Nunavut, indicating a need for much greater amounts of housing construction. The *Nunavut Ten-Year Inuit Housing Action Plan* prepared by the Nunavut Housing Corporation and Nunavut Tunngavik Inc. indicated an immediate need for the construction of 3,000 new housing units to bring Nunavut's crowding need in line with the rest of Canada's. The construction of another 2,730 new units over the next ten years is needed to keep Nunavut's housing needs from falling behind projected population growth.⁵

1.1.4 Fiscal capacity of territorial governments

Despite, or perhaps because of, the greater levels of housing needs, each of the three territorial governments spends more on housing as a percentage of their budget than any province. The capacity of the territorial governments to spend more on housing is limited. The following table presents the percentage of the territorial budgets spent on housing and compares it to that for the Canadian average as well as that for the two highest housing spending provinces.

Table 4 Percentage of territorial/provincial budget spent on housing, three territories and selected provinces, fiscal year ending, March 2006

	<i>% of territorial/provincial expenditures</i>
Northwest Territories	5.1%
Nunavut	12.8%
Yukon	1.7%
North	7.0%
Saskatchewan	1.4%
Nova Scotia	1.2%
Canada average	0.7%

Source: Calculated from Statistics Canada, *Consolidated provincial and territorial government revenue and expenditures, by province and territory*, CANSIM table 385-0001.

The high levels of government spending in the territories mean that the territorial governments also spend absolutely considerably more per capita on housing. There are two reasons for the Yukon's figure being lower than the other two territories. First, the Yukon's figure excludes "on-reserve" housing, which is administered by First Nations governments rather than the territorial government. Secondly, housing spending in Nunavut and the Northwest Territories includes relatively large amounts for the high "utility" charges imposed by municipal governments on social housing.

⁴ NWT Housing Corporation and NWT Bureau of Statistics, *2004 NWT Community Survey: Community Housing Needs Overall Results*, March 2004, p. 2

⁵ Nunavut Housing Corporation and Nunavut Tunngavik Inc., *Nunavut Ten-Year Inuit Housing Action Plan*, September 2004.

Table 5 *Per capita territorial/provincial spending on housing, three territories and selected provinces, fiscal year ending March 2006*

<i>Territory/province</i>	<i>Per capita spending on housing</i>
Northwest Territories	\$1,672.20
Nunavut	\$4,710.55
Yukon	\$448.30
North	\$2,204.64
Saskatchewan	\$142.08
Nova Scotia	\$107.02
Canada average	\$61.15

Source: Calculated from Statistics Canada, *Consolidated provincial and territorial government revenue and expenditures, by province and territory*, CANSIM table 385-0001, and July 1, 2006 population figures in Statistics Canada, *The Daily*, 27 September 2006, "Canada's Population".

The three territorial governments get most of their revenues from transfers by the federal government, considerably more than the equalization payments received by the provincial governments. The following table presents the percentage of territorial revenue coming from the federal government for each of the three territories as well as the provinces with relatively large equalization payments.

Table 6 *Federal transfers as percentage of territorial/provincial revenues, 2006*

	<i>% of territorial/provincial revenues</i>
Northwest Territories	76.1%
Nunavut	89.8%
Yukon	81.3%
North	82.3%
Newfoundland	56.4%
Nova Scotia	37.0%
Canada average	18.5%

Source: Calculated from Statistics Canada, *Consolidated provincial and territorial government revenue and expenditures, by province and territory*, CANSIM table 385-0001.

As well, all three territorial government currently face budget deficits. Given the small size of the tax base in the three territories, tax increases are unlikely to significantly affect spending capacity on housing.

2 Current social housing in the North

This section provides a short description of the current social housing portfolio in the territories, including number of units and current budgets and a comparison of costs.

Social housing is not the only housing program in the North. The three territorial governments have created a slate of other programs mainly designed to reduce the demand on social housing, which is seen as the most expensive solution. The other programs and their rationales are briefly described below.

2.1 NWT programs and units

The NWT Housing Corporation and its local housing authorities manage a total of 2,321 public housing units. The 2005-06 Operations and Maintenance expenses for public housing were \$45.2 million and \$4.8 million was for capital expenses. CMHC funded \$33.0 million towards both budgets.

Table 7 NWT Income and expenses for social housing, fiscal year 2005-06

	<i>Total amounts</i>	<i>Per unit average</i>
Income		
Rents	\$4,388,961	\$1,891
Other income	541,129	233
Total income	\$4,930,090	\$2,124
Expenses		
Energy (heating and power)	\$10,630,902	\$4,580
Repairs and maintenance	8,954,068	3,858
Administration	6,212,439	2,677
Interest and amortization	13,025,797	5,612
Other costs (utilities)	11,308,331	4,872
Total expenses	\$50,131,537	\$21,599
Net income	\$(45,201,447)	\$(19,475)
Capital and upgrading costs	\$4,829,061	\$2,081
Net deficit	\$50,030,508	\$21,556
Social housing agreement revenues	\$33,046,699	\$12,550

2.2 Nunavut programs and units

Nunavut Housing Corporation has a total of 3,955 Public Housing Program units of which 3,689 are owned and 266 rent supplement representing a total public investment of over \$495 million in public housing stock across the territory. The 2006/07 operations and maintenance budget for public housing is \$110 million with an additional capital budget of \$11.535 million for modernization and improvements with CMHC funding \$57.7 million towards both budgets.

Table 8 Nunavut Income and expenses for social housing, fiscal year 2005-06

	<i>Total amounts</i>	<i>Per unit average</i>
Income		
Rents	\$6,905,000	\$1,746
Other income	-	
Total income	\$6,905,000	\$1,746
Expenses		
Energy (heating and power)	\$23,070,000	\$5,833
Repairs and maintenance	15,267,000	3,860
Administration	8,550,000	2,162
Interest and amortization	38,423,000	9,715
Other costs (water, sewer, garbage, taxes and leases)	28,984,000	7,328
Total expenses	\$114,294,000	\$28,899
Net income	\$(107,389,000)	\$(27,153)
Capital and upgrading costs	\$7,269,000	\$1,838
Net deficit	\$114,658,000	\$28,991
Social housing agreement revenues	\$58,268,000	\$14,733

*Includes amortization costs of \$28,003,670 payable to CMHC

2.3 Yukon programs and units

The Yukon Housing Corporation directly owns manages 493 social housing units and another 38 of special purpose housing is managed directly by the Yukon Government's department of Health and Social Services. As well, there are 68 private non-profit units, 12 co-op units and 30 remaining Rural and Native Housing Home-ownership units.

The number of social housing units is slated to increase considerably in 2007, as the athletes' village built for the 2007 Canada Winter Games in Whitehorse will be turned into 48 social housing units. The Yukon government invested \$17,400,000 in building these 48 units and net annual cost of operating them as social housing units is estimated at \$350,000 per year. The operating costs of these units will be fully funded by the Yukon government and do not form part of the Social Housing Agreement.

Table 9 Yukon income and expenses for social housing, fiscal year 2005-06

	<i>Total amounts</i>	<i>Per unit average*</i>
Income		
Rents	\$2,511,928	\$5,322
Other income (RNH HO)	235,043	7,835
Total income	\$2,746,971	\$5,472
Expenses		
Energy (heating and power)	\$898,710	\$2,000
Repairs and maintenance	1,342,479	2,844
Administration	1,301,207	1,972
Interest and amortization	2,689,656	5,358
Other costs (utilities)	711,348	1,507
NP subsidies & rent supplements	1,114,330	7,053
Total expenses	\$8,057,730	\$12,209
Net income	\$(5,310,759)	\$(8,047)
Capital and upgrading costs	\$390,046	\$826
Net deficit	\$5,700,805	\$8,638
Social housing agreement revenues	\$4,432,344	\$6,716

* Figures in this column do not add up. Per unit numbers depend on the number of units to which the expense applies, not to total social housing units. Unlike the NWT and Nunavut where almost all social housing units were committed under the Rural and Native Housing Program, the Yukon has units that were committed under a wide variety of programs, including rent supplements, private non-profits, pre-1986 and post-1985 Section 95, special purpose housing, etc. So the YHC does not directly pay operating costs for a number of different housing projects, but rather provides a subsidy.

2.4 Comparison of costs

This section compares and offers brief explanations of the differences in costs among the territories.

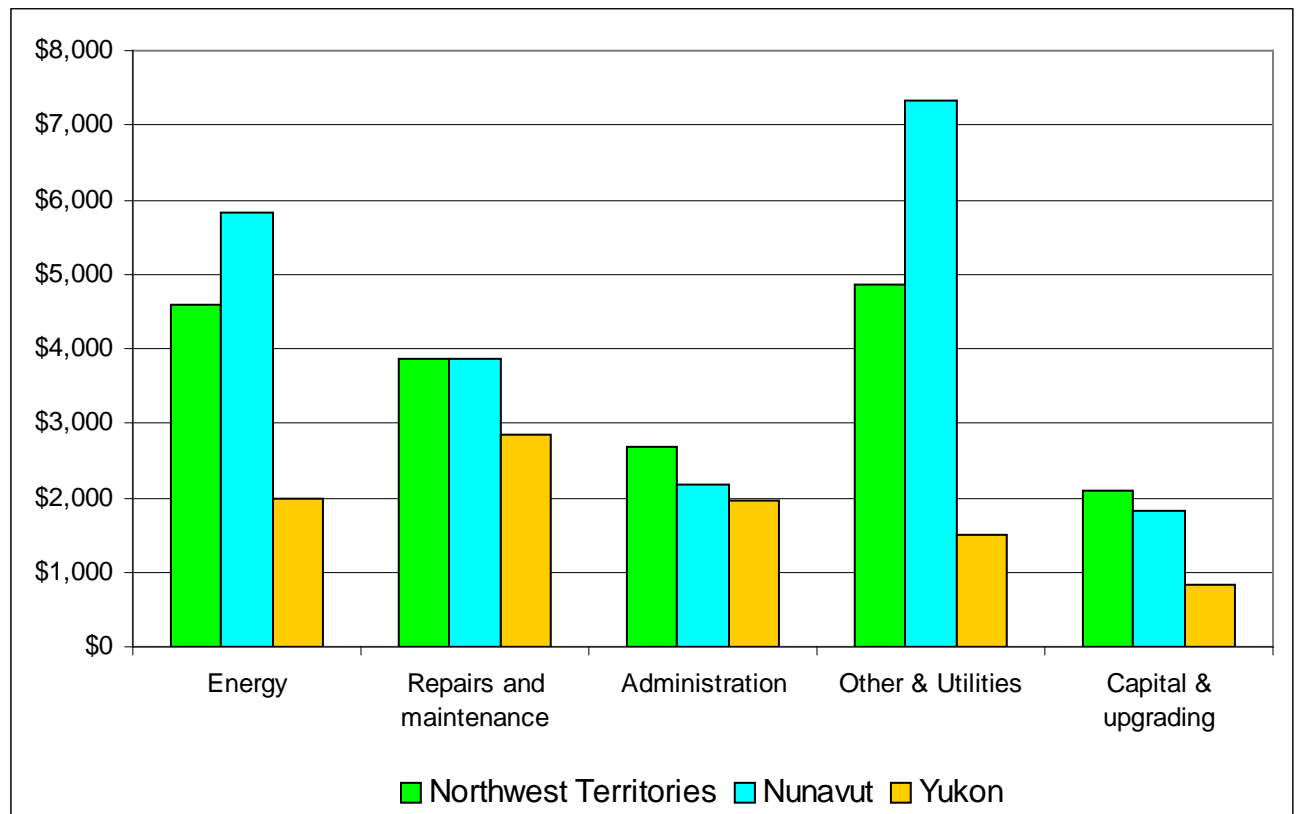


Figure 1 Costs per social housing unit, 2005-06

Energy costs follow the expected pattern, with the Yukon having the lowest costs because of the slightly milder climate in Whitehorse and generally less expensive energy costs. The base rate for residential electrical power costs is 10.5 cents per kilowatt-hour in all Yukon communities and is subsidised. However, Yukon Housing, pays a rate of 14.34 cents/kW-h for the first 1,000 kW-h and a varying rate for additional power. This relatively low rate for the north, albeit higher than in the provinces, reflects the presence of cheap hydroelectricity. As well, the relatively low number for the Yukon reflects the fact that well over half the Social Housing units are in multiple-unit buildings in Whitehorse, which also has the mildest climate in the Yukon. Energy costs per unit are considerably higher in rural communities.

In the NWT and Nunavut, government consumers pay the actual costs of generating power. In the NWT, residential rates range from 8.71 cents/kW-h (in Fort Smith) to \$2.37 per KW-h (Colville Lake). In Nunavut, electricity rates range from 40.91 cents to 81.72 cents per kW-h.

Utility costs are considerably higher in the NWT and Nunavut. This is mainly because the municipalities see government housing as a source of revenue and charge fairly high rates. In the Yukon, on the other hand, utilities are subsidised by the territorial government, either through

grants to the municipalities or through subsidised water delivery and the provision of sewage treatment. These subsidies are not reflected in housing budgets.

In the Yukon, costs for rent supplements and for subsidies provided to private non-profits are accounted for separately.

2.5 Other Housing Programs

All three territories use their own resources to offer series of housing programs relating to renovations and improving access to home ownership. These programs make use of a number of instruments including grants, forgivable loans, loan guarantees, and subsidised repayment loans. One of the main explicit rationales for these programs, especially home-ownership programs, is that they reduce pressure on social housing demand. Renovation programs are also considered to reduce the demand for social housing in the long run. By extending the life of older private market units, they safeguard the existence of affordable housing in the future.

2.5.1 Northwest Territories other housing programs

Independent Housing Program (IHP)	Provides subsidized loan towards the cost of purchasing and/or repairing a house. A portion of the loan is repayable based on income while the remainder is forgiven.
Senior Citizen Home Repair Program (SCHRP)	Provides a forgivable loan towards the cost of repairs to their home. The loan is completely forgiven over a ten-year period. The maximum assistance is \$20,000.00 plus freight costs.
Sale of Housing Material Packages	Allows clients to purchase housing materials from the NWT Housing Corporation, thereby benefiting from the NWT Housing Corporation's expertise in transporting and expediting construction materials to the North.
Elders On The Land Initiative	Provides repairs or replacement units to persons who live on the land in substandard dwellings. Forgivable loans up to \$30,000
Seniors/Disabled Preventative Maintenance Initiative	Provides a forgivable loan used to subsidize annual maintenance costs and minor repairs to a home.
Sale of Public Housing Initiative	Provides long-term public housing tenants with an opportunity to purchase their unit.
Corporate Loan Guarantee Program	Offers loan guarantees to lending institutions on bridge (interim) financing they provide to developers
Loan Guarantee Program	Offers banks and other financial institutions a loan guarantee on behalf of clients living on "land set aside" or otherwise unable to obtain financing
Expanded Downpayment Assistance Program (EDAP)	Provides a forgivable loan for a downpayment to build or purchase a home

2.5.2 Nunavut other housing programs

The Nunavut Housing Corporation also offers the following programs, mainly designed to reduce the demand for social housing.

Nunavut Downpayment Assistance Program (NDAP)	Provides a grant to encourage homeownership and reduce demand for GN/NHC units
Material Assistance Program (MAP)	Provides assistance in the form of a forgivable loan to pay for the material package of a selection of NHC designed homes.
Tenant-to-Owner Program (TOP)	Provides assistance for long-term public housing tenants to purchase their units.
Nunavut Home Renovation Program (HRP)	Assists homeowners repair, renovate and add onto their homes.
Senior Citizens Home Repair Program (SCHARP)	A grant for Seniors to renovate or improve their home.
Emergency Repair Program (ERP)	A grant to make emergency repairs that if not fixed would force the resident to move out of their unit.
Seniors and Disabled persons Preventative Maintenance Program (SDPMP)	A grant to assist seniors and disabled homeowners with annual preventative maintenance on their home.

2.5.3 Yukon other housing programs

The Yukon Housing Corporation is an active lender and offers a number of lending programs both for the acquisition of a home and for renovation or rehabilitation.

Lending Programs	
Accommodating Home Mortgage Program	Provides a tiered interest rate reduction on the mortgage financing of homes that meet or exceed the technical requirements of an “Accommodating Home”, which is a residence designed to provide greater ease of access, fewer accident risks, and simplified renovations related to ageing and physical disabilities.
Extended Mortgage Guarantee	Ensures that rural residents have access to insured mortgage financing through local banks for home construction. Homeowners can access up to 95% of the cost of a new home through their financial institutions.
Home Ownership	Provides mortgages for clients who cannot receive mortgage financing from banks. Helps ensure the continual entry of families into the homeownership market.

Mobile Home Program	Assists mobile home owners in rented stalls whose current living conditions are below standard to obtain homeownership on titled property. Assistance can include equity exchanges, mobile home relocation
Owner-Build	Provides construction financing for up to two years for clients building their own homes, where private sector financing is not available. The client contributes labour.
Green Mortgage	Provides a reduced interest rate for energy-efficient homes; either a new home or construction or an existing home upgrade.
Home Completion	Provides funding to homeowners in rural Yukon to complete home construction, which may include refinancing an existing mortgage or personal loan
Joint Venture Program	Leverages private sector financing to increase housing options and for the development and demonstration of technologies to improve the quality of housing. Proposals must address an identified housing related need in the community that is not likely to be met without Yukon Housing Corporation's involvement as lender of last resort
Repair/Upgrade Programs	
Home Repair Program	Provides low-interest financing of up to \$35,000 to address home improvement items.
Home Repair Enhancement Program	Provides complementary, higher-interest financing for home improvement projects.
Mobile Home Upgrade Program	Provides financing for undertaking mobile home improvements.
Mobile Home Emergency Repair Program	Provides emergency repair financing to address immediate health or safety issues.
Rental Suite Program	Provides low-interest financing with repayment terms of up to 10 years to upgrade an existing rental suite.
Rental Unit Rehabilitation Program	Provides up to \$30,000 financing for improvement of residential rental units.
Residential Electricity Management Program	Provides low-interest financing for up to seven years for Yukon homeowners who want to change their primary heating system from one using electrical power to a non-electrical one.

3 Issues

The main issues relating to social housing in the North have been identified as follows.

1. Lack of housing markets
2. Northern demographics & increasing need
3. Waiting lists
4. Faster deterioration of housing
5. High operating costs
6. High construction costs
7. Inflation
8. No funding for repair and replacement of ageing stock

The housing needs-related issues (lack of markets, demographics, waiting lists) point to a continued and increasing need for social housing. Given those needs, territorial governments will continue to have to provide social housing. The cost-related issues (faster deterioration, lack of replacement funding, higher operating and construction costs, inflation) identify the reasons for higher costs of providing housing in the North and point to the difficulty for the territorial governments in meeting the increasing needs. Each issue is reviewed below.

3.1 Lack of housing markets

All northern communities except Whitehorse and Yellowknife have been classified as non-market communities. In all other northern communities, with the current exception of Inuvik, houses can only sell for considerably less than their construction cost. For people wanting to own their homes, they need to have a large amount of equity if they are to obtain private sector financing. The fact that there is no market in smaller communities and limited market in Whitehorse & Yellowknife results in little marketable equity and few viable housing options.

The lack of a housing market and the small size of communities also mean that the development of private sector rental housing is simply not viable. Because of this, the territorial and federal governments are obliged to provide housing to their staff living in those communities. So social housing is the only alternative for many low to middle income households.

3.1.1 Lack of marketable equity

In southern jurisdiction, especially in major urban centres, it might be possible to sell social housing and use the equity to redevelop new housing in cheaper areas because of the increased value of land. In most northern communities, which are considered “non-market” communities, it might be almost impossible to sell housing. In addition, in some northern communities where a limited market exists, housing sells for considerably less than its construction cost. In Whitehorse and Yellowknife, where there is a housing market, it is subject to the vagaries of boom and bust economies. Essentially, the housing corporations have very little real marketable equity in the housing they own.

3.1.2 Lack of housing options

In larger urban markets, the private sector can provide wide range of housing for specialized needs. However, this is not the case in the north, where even Yellowknife and Whitehorse are small towns by southern standards with populations of, respectively, only 16,541 and 21,405. Yet the need for special purpose housing is commensurate with the population and will increase as the population ages.

3.2 Demographics and future housing needs

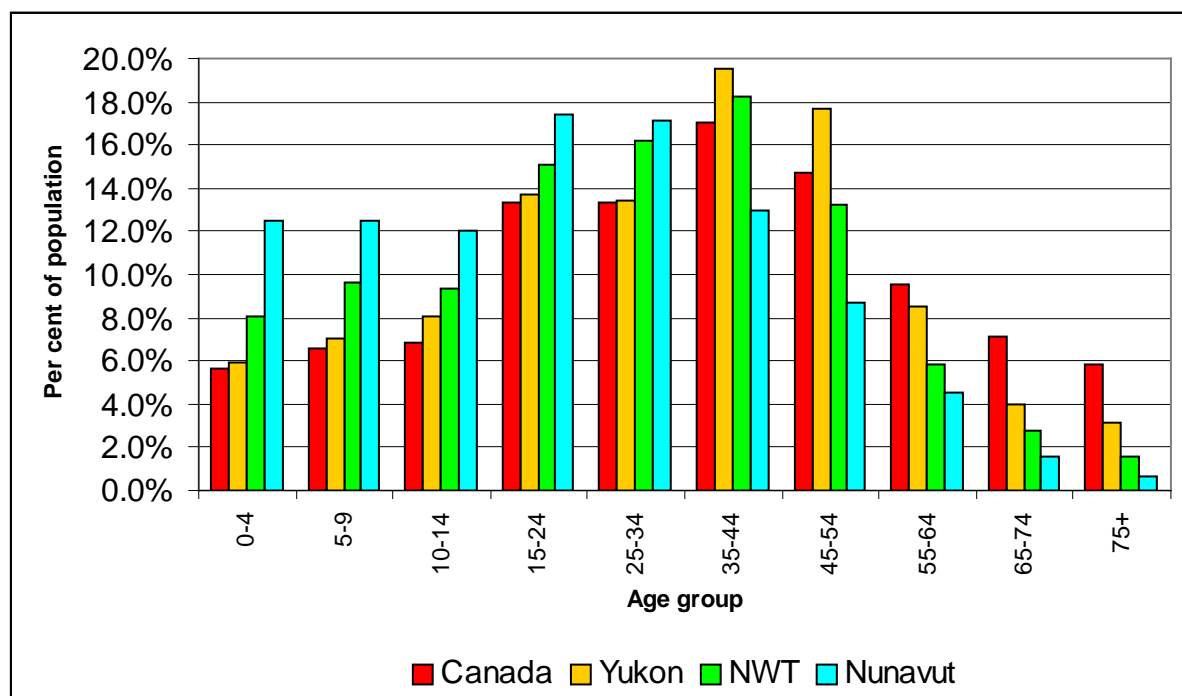
While the north is also facing an ageing population, birth rates are considerably higher, especially in aboriginal communities. This will put increasing demand on social housing in the relatively near future. Birth rates are considerably higher and the absence of market rental housing in most communities outside Yellowknife and Whitehorse means that only social housing can bridge the gap.

Table 10 Birth rates

	<i>Total fertility rate per 1,000 females</i>
Northwest Territories	2,025.3
Nunavut	2,959.4
Yukon	1,666.8
Canada	1,525.8

The North has relatively more people in the younger age groups than the rest of Canada. This is likely to continue in the future given the higher birth rates. One can expect that, as these young people age, there will be an increased demand for housing. Figure 2 below shows that all three territories have relatively more people in the younger age groups, and relatively fewer older people. This is true for all three territories, but Nunavut has by far the relatively largest number of young people and the smallest number of older people, with the Northwest Territories in the middle and the Yukon closest to the Canadian average. This pattern of Nunavut being farthest from the Canadian average, the Yukon the closest and the NWT somewhere in the middle repeats itself for most demographic variables.

Figure 2 Age distribution of population, territories and Canada, 2001



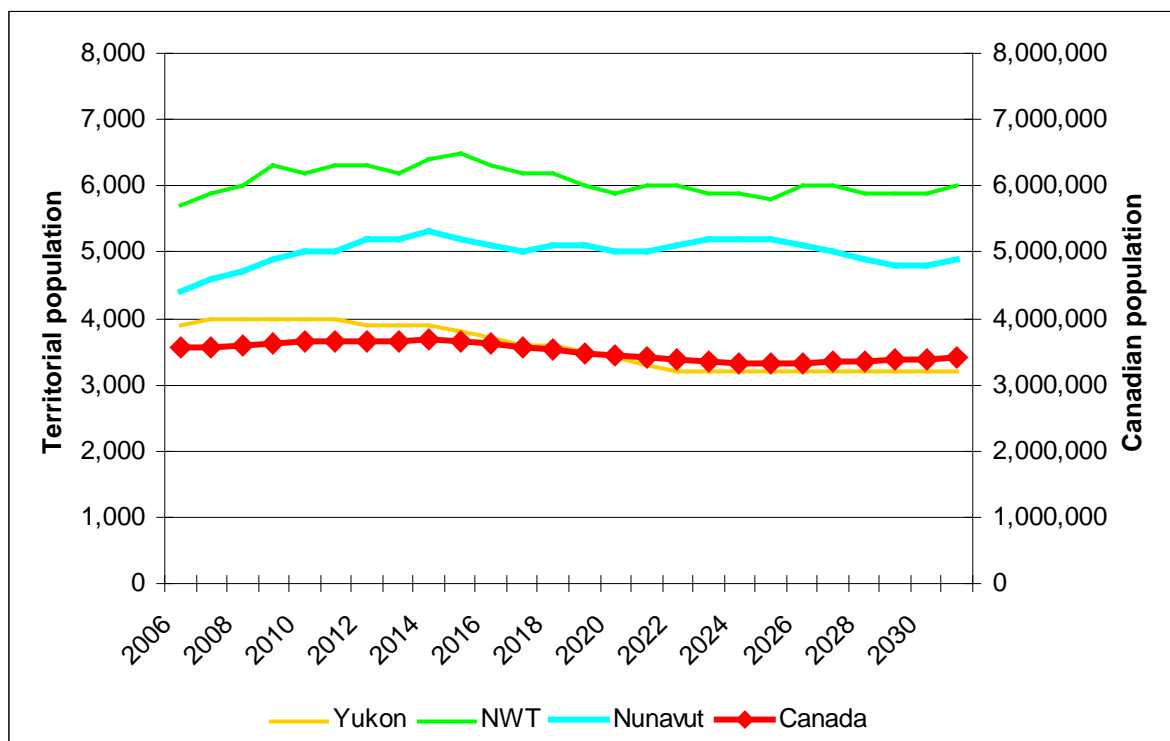
3.2.1 Population projections

The Nunavut Bureau of Statistics predicts the territory’s population will rise from 2001 levels of approximately 28,000 to almost 38,000 by the year 2016. Based on population and household projections, the Nunavut Housing corporation estimates that 2,730 new housing units will be required over the next 10 years.⁶ This is in addition to the 3,000 units that are immediately required to bridge the crowding gap between Nunavut and the Canadian average. The population projections prepared by Statistics Canada⁷ in 2005 reveal some important trends and can be used to compare the territories with the Canadian situation. In particular, they confirm the increasing need for family housing in the Northwest Territories and especially Nunavut. They also point to the relatively greater future need for senior’s housing in the territories.

3.2.2 Household formation

While there are no longer any household formation projection, the number of people reaching the ages of 18 to 25 can provide a useful indicator of the number of households to be formed in the future. Figure 3 outlines the need for new housing in the Territories over the next 10 years as a result of current children reaching adult age.

Figure 3 Projected number of people ages 18-25, Territories and Canada, 2006-2031, medium scenario



⁶ Nunavut Housing Corporation and Nunavut Tunngavik Inc., *Nunavut Ten-Year Inuit Housing Action Plan*, September 2004, pp. 10-11.

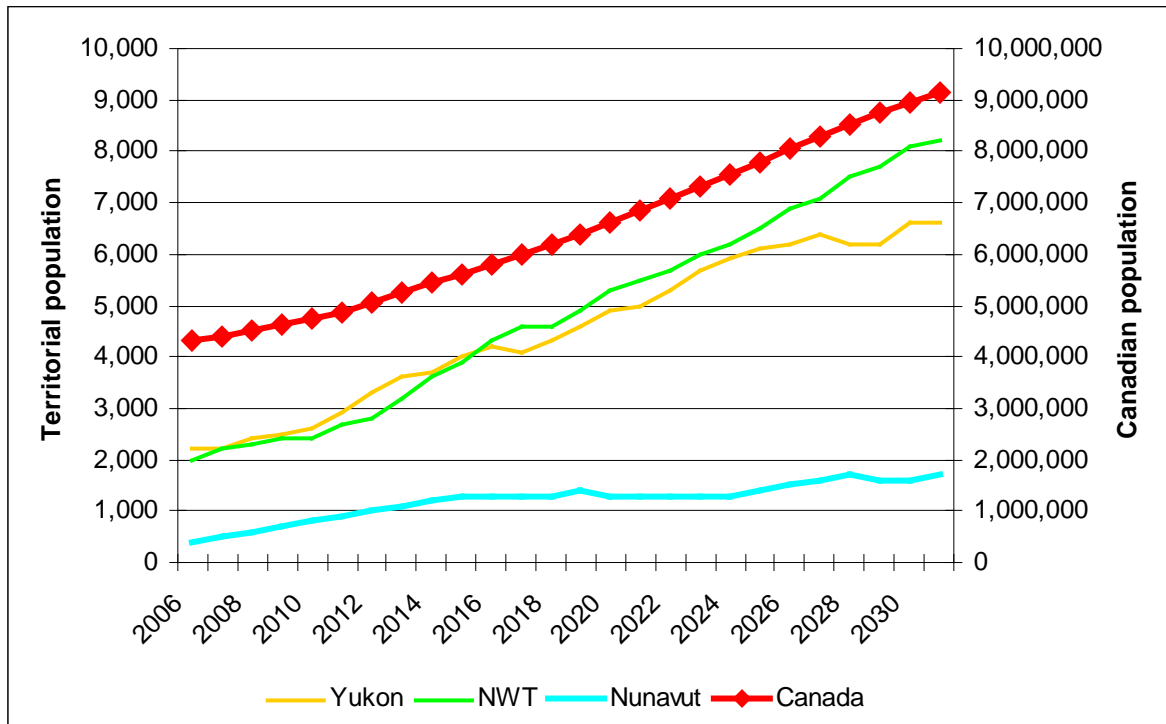
⁷ Statistics Canada. *Population Projections for Canada, Provinces and Territories: 2005-2031*. Catalogue no. 91-520-XIE. December 2005. Note that 13 different scenarios of population growth were prepared. The “Medium growth, medium migration” scenario is used here. The use of other scenarios would not substantially affect the conclusions on seniors and household formation presented below as most are driven by strictly demographic factors affecting the existing population.

In Canada as a whole, the number of people reaching adulthood will remain relatively steady over the next ten years, decline slightly until about 2024, and then level off. While the Yukon’s pattern is similar to Canada’s, it is very different in the Northwest Territories and, especially, Nunavut. The number of people reaching adulthood will increase considerably over the next ten years, then decline slightly until 2020 to then level off. The currently relatively large number of crowded households in the two territories is an indication of this and the situation can only get worse over the next ten years.

3.2.3 Seniors’ population

While the ageing of the baby-boomers and the expected large increase in the number of seniors in Canada is a well-known phenomenon, the situation is more dramatic in the territories. As Figure 4 shows, while Canada’s senior population is expected to double by 2031, that of the Yukon will triple and the number of seniors in the NWT and Nunavut will increase more than four-fold. In the Yukon, the number of seniors is projected to increase to 6,600 in 2031 compared to 2,200 today. In the Northwest Territories, the 2,000 seniors in 2006 will grow to 8,200, while in Nunavut the growth will be from 400 to 1,700.⁸ This will put a large amount of pressure on the social housing stock and on the provision of services to seniors.

Figure 4 Projected population aged 65 and over, Canada and the territories, 2006-2031, medium scenario



⁸ Statistics Canada. *Population Projections for Canada, Provinces and Territories: 2005-2031*. Catalogue no. 91-520-XIE. December 2005. This growth will occur regardless of which scenario is selected. The numbers are very similar in the low, medium and high growth scenarios as this is driven strictly by the ageing of the population.

3.2.4 Affordability problems and social housing

The affordability need figures presented in Table 3 on page 4 above show that a relatively small proportion of households suffer from affordability problems. However, the large number of social housing units (and band housing in the Yukon), especially in rural communities, has considerably reduced the affordability need figures. Social housing represents a very large proportion of the housing stock in rural communities in the North. Were it not for the presence of social housing which provides affordable housing (although the current stock does not necessarily solve crowding or adequacy problems of its residents), the housing needs figures would be much higher.

The actual number of additional households who would be in need if they were not in social housing is difficult to calculate. The number of households in social housing cannot be added to the core housing needs number because that would result in some double counting, as a number of households in social housing still suffer from adequacy and/or suitability problems. It is instructive, however, to directly compare the number of households in need with the number of social housing units, which gives an indication to what extent core housing needs would be greater without social housing.

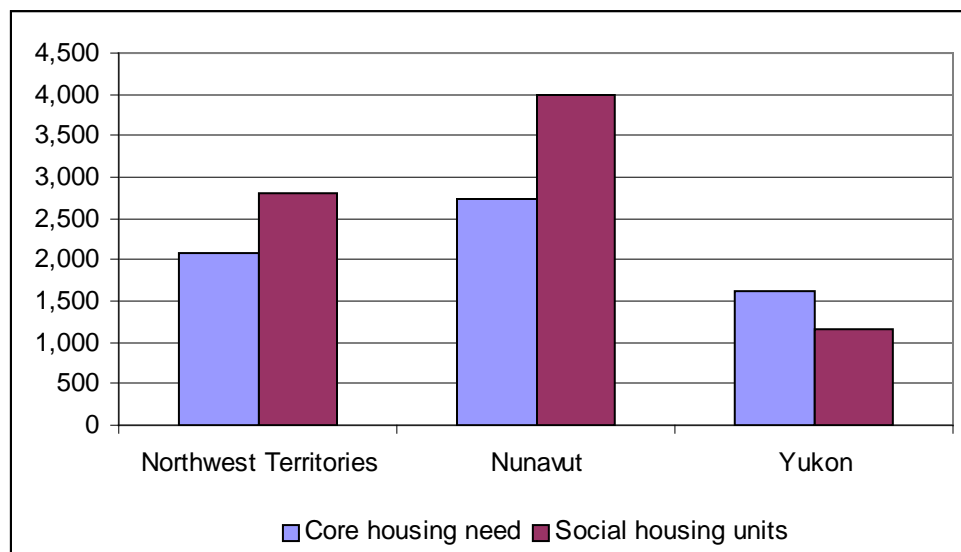


Figure 5 Social Housing units and number of households in core housing need

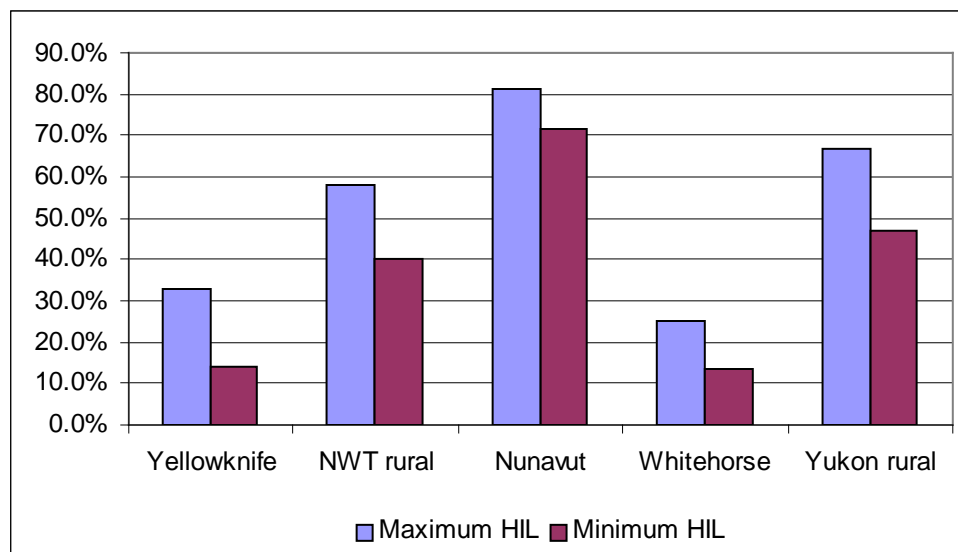
Household living in social housing generally could not afford other adequate and suitable housing in their communities. The Housing Income Limits (HIL), calculated in essentially the same way as Core Need Income Thresholds, give an indication of the income required to obtain adequate and suitable housing in northern communities. Housing Income Limits vary considerably, depending on the cost of housing and the number of bedrooms required. However, the Housing Income limits used in most rural communities are based on a three-bedroom unit. Given the absence of private sector rental housing in rural communities, housing income limits are based on the cost of building a new modest house. The income required are quite high, especially in Nunavut where the lowest HIL is \$79,500. The following table provides the ranges of current HILs in the three territories.

Table 11 Current Housing Income Limits

	<i>Minimum HIL</i>		<i>Maximum HIL</i>	
	<i>HIL</i>	<i>Location and bedrooms</i>	<i>HIL</i>	<i>Location and bedrooms</i>
Northwest Territories rural	\$45,500	Kakisa, 3-br	\$67,000	Wha Ti, 3-br
<i>NWT urban</i>	\$26,500	Hay River, 1-br	\$71,000	Yellowknife, 4-br
Nunavut	\$79,500	Pangnirtung, 3-br	\$94,500	Rankin Inlet 3-br
Yukon rural	\$40,500	1-br road accessible communities	\$68,000	Special access community, 4-br
<i>Whitehorse</i>	\$30,500	1-br	\$48,000	4-br

The Housing Income Limits can be compared to the income distribution in each territory, done in Figure 6 below. The percentage of families below the 2001 HIL was calculated using 2001 Census Data.⁹ In rural areas in all three territories, the majority of families have incomes below the highest Housing Income Limit, and over 40 per cent could not afford the house represented by the lowest HIL.

Figure 6 Percentage of families with incomes below minimum and maximum Housing Income Limits



⁹ Statistics Canada, *2001 Census*, “Family Income Groups in Constant (2000) Dollars and Economic Family Structure for Economic Families in Private Households, for Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 1995 and 2000 - 20% Sample Data”, Catalogue #97F0020XCB2001072.

3.3 Waiting lists

Waiting lists for social housing in the North are already high; even before the future demographic changes make themselves felt. The current supply of social housing is clearly inadequate. In the Yukon, the current waiting list for social housing is 124 strong, of whom 43 are seniors. This is for about 500 units. In Nunavut the waiting list for the 4000 public housing units continually exceeds 1,000 families, represent about 2,800 persons.¹⁰ In the Northwest Territories it is approximately 400 families for 2,321 units.

However, waiting lists are not a good indicator of need. Many eligible households simply do not apply for social housing even when they know they would qualify. This is often because they realize that they would be at the bottom of the list and the probability of actually obtaining housing is very low.

3.4 Faster deterioration of housing, ageing of housing stock

Temperature extremes and permafrost result in not only higher operating costs, but also make buildings deteriorate faster. One of the most prevalent problems is that the large temperature differentials between outside and inside houses in winter leads to large amounts of condensation, resulting in mould and premature rot. The high level of major repair need in the North despite the housing stock's relatively young age is evidence for the faster deterioration compared to other parts of Canada. Table 12 below shows that even new dwellings have a considerably higher incidence of major repair need outside the territorial capitals.

Table 12 Incidence of major repair need

	<i>Total</i>	<i>Dwellings less than 10 years old</i>	<i>Dwellings 10-20 years old</i>	<i>Dwellings older than 20 years</i>
NWT	16.0%	7.1%	14.5%	21.2%
Yellowknife	9.9%	2.6%	7.3%	15.3%
Nunavut	19.0%	8.4%	17.7%	29.8%
Yukon	13.9%	6.4%	12.9%	17.4%
Whitehorse	10.6%	2.9%	9.5%	14.1%
Canada	8.2%	2.4%	4.5%	10.5%

The deterioration of the housing stock imposes high costs for renovation and rehabilitation of the existing housing stock. The Yukon social housing evaluation found that:

Due to the age of a significant proportion of the housing units, the projected costs for renovation and rehabilitation in the next five years are anticipated to increase to approximately \$400,000 per year, which is about \$100,000 per annum more than the budgeted amount in the current fiscal year and about \$60,000 per annum more than the average expenditure in the previous five years. In the five to ten year horizon, the projected costs drop slightly to approximately \$397,000 per year.

¹⁰ Nunavut Housing Corporation and Nunavut Tunngavik Inc., *Nunavut Ten-Year Inuit Housing Action Plan*, September 2004, pp. 10-11.

In addition, a number of units are projected to require replacement within the next 15 years. These consist mainly of older modular homes and an apartment building in each of Whitehorse and Dawson City that are anticipated to require levels of renovation that instead suggest replacement. The general state of repair of the housing units is good; however, due to the age of the stock, significant upgrades and replacements are projected over the next ten years.¹¹

The Nunavut Housing Corporation identified the need for undertaking major renovations, retrofitting and expanding 1,000 existing units, at an average cost of \$100,000 per unit.

3.5 High operating costs

Repair costs are higher in the north because of the cost of materials, labour and transportation because of the isolated nature of northern communities and their distance from major markets. Of particular importance are energy costs where the north faces not only higher prices, but also much higher heating costs because of the long heating season and lower temperatures. In Nunavut, average annual utility costs were estimated at approximately \$11,370 per unit in 2004 and total operating costs were about \$18,000 per unit.¹² In Nunavut and the Northwest Territories, the cost of drinking water and sewage disposal is extremely high as houses depend on trucked water delivery and sewage tank pumpouts. In the Yukon, the costs are not as dramatic as these services are often subsidised by the territorial, municipal or First Nation governments under other programs.

The high energy and other operating costs mean that rental revenues do not cover operating costs in social housing. For example, in the Yukon, operating costs (excluding renovation and rehabilitation) were \$4,263,423 in 2002-03 compared to rental revenues of \$2,465,158.¹³ Recent increases in the price of fuel have only made the situation worse.

¹¹ Hanson and Associates, *Evaluation of the Social Housing Program*, Yukon Housing Corporation, September 20, 2004, p.3

¹² Nunavut Housing Corporation and Nunavut Tunngavik Inc., *Nunavut Ten-Year Inuit Housing Action Plan*, September 2004, p. 8.

¹³ Hanson and Associates, *Evaluation of the Social Housing Program*, Yukon Housing Corporation, September 20, 2004, p. 63.

3.6 High construction costs

Again, materials, labour and transportation result in much higher construction costs in the North. This is exacerbated by the lack of skilled labour. As well, climactic requirements such as permafrost and the need for additional insulation and larger heating requirements increase the cost of building. Further permafrost and low water tables make it difficult to drill wells and prevent the construction of underground sewage systems or septic systems. In most rural communities, houses require the installation of drinking water tanks and sewage holding tanks. In Nunavut, new housing construction costs in 2004 were \$330.00 per square foot.¹⁴ While construction costs are lower in most of the Yukon and NWT, they are still considerably higher than in the south. For example, current residential construction costs in the Yukon are in the neighbourhood of \$200.00 per square foot.¹⁵

The territories have experienced large increases in construction costs in the past few years as a result of increased demand on the construction industry by natural resource developments.

3.7 Inflation

Inflation poses two problems for social housing. First, the increase in operating costs is not offset by rental revenue increases. As all social housing units in the North are “Rent-g geared to income” (RGI), rents will increase at the same rate as the incomes of low-income people. There are no “market rent” units in the North as the Housing Corporations treats all “2% write-down” units as part of the social housing portfolio. Work by the CHRA indicates that the experience has been that RGI rents do not increase as fast as inflation.¹⁶ In fact, social assistance rates and minimum wages have not kept pace with inflation.

Second, the current social housing agreement does not account for inflation in construction costs. Not only are construction costs higher in the North, but they have been rising faster in recent years as the mineral and gas/oil booms have put a crunch on the local construction industries. In the Yukon, construction costs have increased by 17% from 2004 to 2005. Land development costs are on the rise for the same reasons.

3.8 No funding for repair and replacement of ageing stock

The Social Housing Agreement was signed when a large proportion of units were relatively new. The calculation of the CMHC contribution was based on the previous year’s expenditures and included only small amounts for capital expenditures. Ageing of the stock will impose greater rehabilitation and renovation costs. The Yukon Social Housing evaluation estimated that \$400,000 per year is currently needed to repair and rehabilitate social housing units, while the amount included in the Social Housing Agreement calculations was about \$250,000. In the Northwest Territories, \$2,133,000 was allocated to capital, and this amount will decline over the years as original agreements expire.

¹⁴ Nunavut Housing Corporation and Nunavut Tunngavik Inc., *Nunavut Ten-Year Inuit Housing Action Plan*, September 2004, p. 7.

¹⁵ Planning figure obtained from Program Delivery, Community & Industry Development, Yukon Housing Corporation

¹⁶ Steve Pomeroy, (Focus Consulting Inc), in association with Garry Charles, Allan Gaudreault and Paul Connelly, *Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements*, Prepared for the Canadian Housing and Renewal Association, June 2006, p. 5.

4 Financial projections

This section provides a high-level financial analysis of the impact of the Social Housing Agreements, including shortfalls in funding and its effects on the ability of the territorial housing corporations to offer social housing in the long term. Rent revenues are assumed to increase at 1% per year while operating costs and capital improvements are subjected to a 2% per year inflation. Note that the numbers are estimates only. These projections are only for the existing social housing portfolio, and do not take into account any needed increases in the social housing stock the costs of any new additional social housing that may be built.

4.1 Yukon

For the Yukon, shortfalls are expected to increase until 2014. In 2015 and 2016, shortfalls will decline considerably because of the expiry of a number of mortgage agreements. However, after that date, shortfalls will start to inexorably increase, estimated to reach close over \$6,000,000 in 2031. By 2030, the shortfall in social housing funding is projected to increase by more than \$4.5 million, going from \$1.3 to \$6.1 million, representing an almost five-fold increase. **In addition, the development of 48 social housing units from the athletes' village for the 2007 Canada Winter Games in Whitehorse will increase net spending by \$350,000 per year.**

Table 13 Projected costs, revenues and shortfalls, Social Housing, Yukon 2005-2031

	<i>Operating costs</i>	<i>Capital Improvement</i>	<i>Mortgage P&I</i>	<i>Total cost</i>	<i>Rent revenues</i>	<i>CMHC contribution</i>	<i>Shortfall</i>
2005	\$5,368,074	\$390,046	\$2,732,222	\$8,490,342	\$2,746,971	\$4,410,399	\$1,332,972
2006	\$5,475,436	\$400,000	\$2,732,223	\$8,607,659	\$2,774,441	\$4,410,399	\$1,422,819
2007	\$5,584,945	\$408,000	\$2,732,224	\$8,725,168	\$2,802,185	\$4,410,399	\$1,512,584
2008	\$5,696,643	\$416,160	\$2,721,349	\$8,834,153	\$2,830,207	\$4,408,489	\$1,595,457
2009	\$5,810,576	\$424,483	\$2,710,977	\$8,946,037	\$2,858,509	\$4,398,091	\$1,689,437
2010	\$5,926,788	\$432,973	\$2,656,548	\$9,016,309	\$2,887,094	\$4,393,424	\$1,735,790
2011	\$6,045,324	\$441,632	\$2,565,198	\$9,052,154	\$2,915,965	\$4,380,110	\$1,756,078
2012	\$6,166,230	\$450,465	\$2,516,252	\$9,132,947	\$2,945,125	\$4,325,040	\$1,862,782
2013	\$6,289,555	\$459,474	\$2,493,664	\$9,242,693	\$2,974,576	\$4,244,121	\$2,023,996
2014	\$6,415,346	\$468,664	\$2,436,222	\$9,320,232	\$3,004,322	\$4,201,676	\$2,114,234
2015	\$6,543,653	\$478,037	\$1,902,820	\$8,924,510	\$3,034,365	\$4,135,707	\$1,754,438
2016	\$6,674,526	\$487,598	\$1,239,096	\$8,401,220	\$3,064,709	\$3,991,048	\$1,345,464
2017	\$6,808,016	\$497,350	\$1,151,648	\$8,457,014	\$3,095,356	\$3,834,568	\$1,527,090
2018	\$6,944,177	\$507,297	\$1,066,810	\$8,518,283	\$3,126,309	\$3,704,761	\$1,687,213
2019	\$7,083,060	\$517,443	\$1,008,662	\$8,609,165	\$3,157,572	\$3,616,650	\$1,834,943
2020	\$7,224,721	\$527,792	\$947,181	\$8,699,694	\$3,189,148	\$3,570,588	\$1,939,958
2021	\$7,369,216	\$538,347	\$913,247	\$8,820,810	\$3,221,040	\$3,494,606	\$2,105,164
2022	\$7,516,600	\$549,114	\$828,415	\$8,894,129	\$3,253,250	\$3,423,565	\$2,217,314
2023	\$7,666,932	\$560,097	\$565,457	\$8,792,485	\$3,285,782	\$3,347,244	\$2,159,459
2024	\$7,820,271	\$571,298	\$526,247	\$8,917,816	\$3,318,640	\$2,875,656	\$2,723,520
2025	\$7,976,676	\$582,724	\$510,045	\$9,069,445	\$3,351,827	\$2,651,390	\$3,066,228
2026	\$8,136,210	\$594,379	\$399,026	\$9,129,615	\$3,385,345	\$2,205,519	\$3,538,751
2027	\$8,298,934	\$606,267	\$251,049	\$9,156,250	\$3,419,198	\$1,146,422	\$4,590,629
2028	\$8,464,912	\$618,392	\$192,209	\$9,275,514	\$3,453,390	\$995,261	\$4,826,862
2029	\$8,634,211	\$630,760	\$100,536	\$9,365,507	\$3,487,924	\$603,899	\$5,273,683
2030	\$8,806,895	\$643,375	\$75,857	\$9,526,127	\$3,522,803	\$227,862	\$5,775,461
2031	\$8,983,033	\$656,242	\$1,818	\$9,641,093	\$3,558,032	\$0	\$6,083,061

4.2 Nunavut

For Nunavut, shortfalls are expected to increase continuously until 2037 when funding under the Social Housing Agreement expires. Shortfalls will almost triple over the next 30 years, going from about \$57 million in 2005 to \$155 million in 2037.

Table 14 Projected costs, revenues and shortfalls, Social Housing, Nunavut 2005-2037

	<i>Operating costs</i>	<i>Capital Improvement</i>	<i>Mortgage P&I</i>	<i>Total cost</i>	<i>Rent revenues</i>	<i>CMHC contribution</i>	<i>Shortfall</i>
2005	\$75,871,000	\$7,269,000	\$38,423,000	\$121,563,000	\$6,905,000	57,866,760	\$56,791,240
2006	77,388,420	11,535,000	38,418,298	127,341,718	6,974,050	57,697,509	62,670,159
2007	78,936,188	11,765,700	37,896,314	128,598,203	7,043,791	56,442,481	65,111,931
2008	80,514,912	12,001,014	36,085,962	128,601,888	7,114,228	54,487,317	67,000,343
2009	82,125,210	12,241,034	34,383,325	128,749,569	7,185,371	52,122,046	69,442,153
2010	83,767,715	12,485,855	31,640,418	127,893,988	7,257,224	48,875,429	71,761,334
2011	85,443,069	12,735,572	27,469,669	125,648,310	7,329,797	44,224,927	74,093,587
2012	87,151,930	12,990,284	22,522,773	122,664,987	7,403,095	39,333,141	75,928,751
2013	88,894,969	13,250,089	18,724,641	120,869,699	7,477,126	35,840,429	77,552,144
2014	90,672,868	13,515,091	16,725,453	120,913,412	7,551,897	34,421,393	78,940,122
2015	92,486,326	13,785,393	16,578,191	122,849,909	7,627,416	34,139,461	81,083,032
2016	94,336,052	14,061,101	16,578,191	124,975,343	7,703,690	33,034,077	84,237,577
2017	96,222,773	14,342,323	16,578,191	127,143,287	7,780,727	30,940,173	88,422,387
2018	98,147,229	14,629,169	16,518,787	129,295,185	7,858,534	28,267,685	93,168,965
2019	100,110,173	14,921,752	15,739,593	130,771,519	7,937,119	27,539,087	95,295,312
2020	102,112,377	15,220,188	15,107,784	132,440,348	8,016,491	26,314,981	98,108,877
2021	104,154,624	15,524,591	13,733,892	133,413,107	8,096,656	24,728,031	100,588,421
2022	106,237,717	15,835,083	13,550,761	135,623,561	8,177,622	24,132,890	103,313,049
2023	108,362,471	16,151,785	13,550,761	138,065,017	8,259,398	24,077,596	105,728,023
2024	110,529,720	16,474,820	13,550,761	140,555,302	8,341,992	23,960,494	108,252,816
2025	112,740,315	16,804,317	13,550,761	143,095,393	8,425,412	23,430,311	111,239,670
2026	114,995,121	17,140,403	13,550,761	145,686,286	8,509,666	22,123,716	115,052,903
2027	117,295,024	17,483,211	13,539,236	148,317,471	8,594,763	20,685,045	119,037,663
2028	119,640,924	17,832,876	13,503,863	150,977,663	8,680,711	18,675,421	123,621,531
2029	122,033,743	18,189,533	13,235,574	153,458,849	8,767,518	16,199,422	128,491,909
2030	124,474,417	18,553,324	12,739,310	155,767,051	8,855,193	15,155,984	131,755,874
2031	126,963,906	18,924,390	11,369,026	157,257,322	8,943,745	12,895,360	135,418,217
2032	129,503,184	19,302,878	10,859,097	159,665,159	9,033,182	11,196,645	139,435,332
2033	132,093,248	19,688,936	10,082,510	161,864,693	9,123,514	10,574,575	142,166,604
2034	134,735,112	20,082,714	9,263,305	164,081,131	9,214,749	9,486,200	145,380,182
2035	137,429,815	20,484,369	5,603,398	163,517,581	9,306,897	6,059,786	148,150,898
2036	140,178,411	20,894,056	1,688,448	162,760,915	9,399,966	2,080,023	151,280,926
2037	142,981,979	21,311,937	0	164,293,916	9,493,965	0	154,799,951

4.3 Northwest Territories

As with Nunavut, shortfalls are expected to increase continually until 2038 when funding under the Social Housing agreement expires. Shortfalls are expected to rise from about \$17 million in 2005-06 to almost \$74 million in 2038, representing a more than four-fold increase.

**Table 15 Projected costs, revenues and shortfalls, Social Housing, Northwest Territories
2005-2038**

	<i>Operating costs</i>	<i>Capital Improvement</i>	<i>Mortgage P&I</i>	<i>Total cost</i>	<i>Rent revenues</i>	<i>CMHC contribution</i>	<i>Shortfall</i>
2005	\$37,105,740	\$4,829,061	\$13,025,797	\$54,960,598	\$4,930,090	33,046,699	\$16,983,809
2006	\$37,847,855	\$4,925,642	\$12,948,313	\$55,721,810	\$4,979,391	32,380,791	\$18,361,628
2007	\$38,604,812	\$5,024,155	\$12,300,906	\$55,929,873	\$5,029,185	30,976,398	\$19,924,290
2008	\$39,376,908	\$5,124,638	\$12,060,245	\$56,561,791	\$5,079,477	30,351,243	\$21,131,072
2009	\$40,164,446	\$5,227,131	\$11,342,894	\$56,734,471	\$5,130,271	28,690,492	\$22,913,707
2010	\$40,967,735	\$5,331,674	\$10,523,999	\$56,823,407	\$5,181,574	27,066,297	\$24,575,536
2011	\$41,787,090	\$5,438,307	\$9,631,838	\$56,857,235	\$5,233,390	25,262,304	\$26,361,541
2012	\$42,622,832	\$5,547,073	\$8,735,392	\$56,905,297	\$5,285,724	23,094,904	\$28,524,670
2013	\$43,475,288	\$5,658,015	\$7,473,567	\$56,606,870	\$5,338,581	20,809,121	\$30,459,168
2014	\$44,344,794	\$5,771,175	\$7,317,800	\$57,433,769	\$5,391,967	20,568,002	\$31,473,800
2015	\$45,231,690	\$5,886,598	\$7,295,360	\$58,413,648	\$5,445,886	20,508,260	\$32,459,502
2016	\$46,136,324	\$6,004,330	\$7,275,021	\$59,415,675	\$5,500,345	20,199,217	\$33,716,112
2017	\$47,059,050	\$6,124,417	\$7,102,138	\$60,285,606	\$5,555,349	19,382,648	\$35,347,609
2018	\$48,000,231	\$6,246,905	\$6,719,085	\$60,966,221	\$5,610,902	18,836,112	\$36,519,207
2019	\$48,960,236	\$6,371,843	\$6,378,536	\$61,710,615	\$5,667,011	18,370,100	\$37,673,504
2020	\$49,939,441	\$6,499,280	\$6,273,620	\$62,712,341	\$5,723,681	17,906,450	\$39,082,210
2021	\$50,938,229	\$6,629,266	\$5,921,751	\$63,489,246	\$5,780,918	17,080,818	\$40,627,510
2022	\$51,956,994	\$6,761,851	\$5,783,382	\$64,502,228	\$5,838,727	16,054,895	\$42,608,605
2023	\$52,996,134	\$6,897,088	\$5,754,808	\$65,648,031	\$5,897,115	15,233,987	\$44,516,929
2024	\$54,056,057	\$7,035,030	\$5,374,688	\$66,465,775	\$5,956,086	13,741,455	\$46,768,234
2025	\$55,137,178	\$7,175,731	\$4,996,175	\$67,309,083	\$6,015,647	12,376,133	\$48,917,304
2026	\$56,239,921	\$7,319,245	\$4,494,463	\$68,053,629	\$6,075,803	11,245,563	\$50,732,263
2027	\$57,364,720	\$7,465,630	\$4,716,814	\$69,547,164	\$6,136,561	9,511,872	\$53,898,731
2028	\$58,512,014	\$7,614,943	\$3,381,454	\$69,508,411	\$6,197,927	7,925,407	\$55,385,077
2029	\$59,682,254	\$7,767,242	\$3,048,411	\$70,497,907	\$6,259,906	6,683,506	\$57,554,495
2030	\$60,875,899	\$7,922,586	\$2,771,086	\$71,569,571	\$6,322,505	5,953,690	\$59,293,376
2031	\$62,093,417	\$8,081,038	\$2,543,067	\$72,717,523	\$6,385,730	5,364,627	\$60,967,166
2032	\$63,335,286	\$8,242,659	\$2,417,493	\$73,995,437	\$6,449,588	5,166,933	\$62,378,917
2033	\$64,601,992	\$8,407,512	\$2,025,367	\$75,034,871	\$6,514,083	4,387,810	\$64,132,977
2034	\$65,894,031	\$8,575,662	\$1,734,313	\$76,204,007	\$6,579,224	3,653,671	\$65,971,111
2035	\$67,211,912	\$8,747,176	\$1,535,671	\$77,494,758	\$6,645,016	3,224,128	\$67,625,614
2036	\$68,556,150	\$8,922,119	\$399,973	\$77,878,242	\$6,711,467	816,085	\$70,350,690
2037	\$69,927,273	\$9,100,561	\$35,125	\$79,062,959	\$6,778,581	63,346	\$72,221,032
2038	\$71,325,819	\$9,282,573	\$0	\$80,608,391	\$6,846,367	0	\$73,762,024

5 Conclusions

The three territories are facing major problems of increasing needs, reduced funding and deteriorating stock for social housing. The situation can be characterized as a crisis in Nunavut, but the other two territories are not exempt.

Social housing constitutes a very large proportion of rental housing in the North compared to the south, and is often the only option for middle and low-income families in rural northern communities that do not have housing markets.

Demographic factors such as the high birth rate and increasing proportion of seniors point to an increasing need for social housing. Housing repair need and especially crowding problems are relatively higher in the North. Although affordability problems are lower than in southern jurisdictions, this is because the large amount of social housing eliminates a large part of the affordability problem.

The costs of operating social housing are much higher in the North because of the climate and isolation; and housing deteriorates faster. The decline in federal funding as a result of the expiry of social housing funding can only exacerbate the situation. Territorial governments already spend relatively much more on housing than the provincial governments and have limited fiscal capacity to increase spending. Reduced funding will mean less social housing in the future, as the absence of housing markets means that solutions that might work in the south cannot be applied to the north.

Additional resources for social housing will have to be found if the existing stock is to be maintained and part of the housing needs continue to be met. Without additional resources, social housing units will continue to deteriorate at a relatively fast rate given the northern climatic conditions and the size of the stock will inexorably decline.

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